



# Procurement of vehicles

## Region Kronoberg

- Lower carbon footprint
- Reduced CO<sub>2</sub>-emissions
- Higher demand for renewable fuel



Standard product / conventional tender

- Fossil fuel vehicles

GPP (PRIMES) tender

- Renewable fuel vehicles
- More energy efficient cars

Results

- CO<sub>2</sub> savings
- Higher demand for RES
- Less use of energy

## Introduction to case

### 1.1 PITCH-TALK – SUMMARY

- With the starting point in an ambitious target, that by 2018 75% of all business travel carried out by vehicle from carpool should be done with cars using renewable fuel, the politicians set the standard for the Region Kronoberg's new vehicles procurement. Through a successful collaboration between the procurement unit and the environmental department, the organization managed to save CO2 and to raise the demand for renewable fuels in the region.
- The Region Kronoberg is responsible for health care, public health, culture, public transport and areas concerned with regional development, and growth. There are 5700 employees in the organization and during 2014, these employees drove 2 587 335 km, when on duty. The standard vehicles were cars using fossil fuel, procured with no special criteria for energy efficiency or renewable energy.

### 1.2 CASE CONTENT AND ISSUE

The mission was to figure out “how to get tenders of vehicles that runs on renewable fuels”. Region Kronoberg realized that not all sizes and types of vehicles were manufactured to run on renewable energy. There was a certain risk that the type of vehicle that were manufactured with the least energy efficient and climate friendly (e.g SUV or 4 wheel drives) would have to set the standard for which criteria that could be used. The argument here is that if you have the same requirements for all vehicles that should be bought the requirements would have to be set with lower requirements to be able to get bids also for types of vehicles that can not fulfill higher requirements.

### 1.3 SOLUTIONS APPLIED

The procurement started out by doing a thorough analysis of the current car fleet, focusing on the type of vehicles and for what purposes they were used. Then an analysis was conducted to define the need of various types of vehicles in terms of size and equipment. After finishing the analysis, it was possible to define different categories of vehicles and to divide the procurement after these categories' different levels of requirements and criteria to ensure the best vehicle in each category from an energy and climate-friendly point of view. It is therefore of importance how the contract is used during its lifetime; the organization must educate the civil servants so they are able to ensure that the subcontracts are executed in accordance with energy- and climate goals and strategies.



## Tender features

- Subject matter: Vehicles that is more fuel efficient, have low emissions or use renewable fuels
- Value of the contract: The value of the 55 already purchased cars is about 1,1 million EUR with a rest value of around 50% (the estimated value for the total of 150 cars is 3 million EUR)
- Type of procedure: Open
- Type of contract: Leasing including service and all costs of the car
- Nature of contract: Framework contract for 2 years with a right for the purchaser to extend for a maximum of two years with one year at a time
- Division in lots: Separated so that it was possible to give a tender for one, a few or all types of the vehicles below:
  - Medium passenger car
  - Medium passenger car Biogas
  - Mid car plug-in hybrid
  - Large passenger car
  - Large passenger car Biogas
  - Large plug-in hybrid car
  - Minibus



Acquisition/suborders occurs continuously over the contract period.

The supplier must inform Region Kronoberg, in writing, when the contractual models will be updated or replaced. This must be done 30 days before the updating of the existing model or launch of new model. The purchaser must approve the new model before it is accepted as part of the agreement.

## Procurement objectives

- The reason for public procurer to go for GPP:
  - Following national, regional, and high local climate targets
  - It is also within the frame of the SEAPs – part of Covenant of Mayors' obligations
  - Ambitions to reduce CO<sub>2</sub>, reduce fuel consumption, increase the use of renewable fuels and save costs

The main focus was to get tenders on so many energy efficient and renewable vehicles as possible in each category.

Since it was possible to submit the tenders separately there was a more widespread competition, and more suppliers could attend to the procurement.

4



## Procurement approach

- Evaluation was done by the lowest price. One supplier was approved for each vehicle type (7).
- Vehicles with a maximum of six seats, excluding the driver's seat must meet the criteria for environmental definition from 1 January 2013 or equivalent SFS 2006: 227 §11. Vehicle emissions of carbon dioxide shall be calculated using the formula:
  - Gasoline and diesel: Emissions of CO<sub>2</sub> = 95 + 0.0457 \* (curb weight-1372)
  - Gas and biofuel1: CO<sub>2</sub> = 150 + 0.0457 \* (curb weight-1372)

Verification Information from the Road Traffic Register or equivalent foreign register, information from the vehicle manufacturer.

- Contract clauses
  - No clauses related to environmental performance in the final contract.

## Criteria development

- The criteria is developed in the organization from previous experiences and with inspiration from EU (also EU GPP criteria) and national targets for renewables as well as the regional goals for Kronoberg:
  - Fossil Fuel Free 2030
  - Filling stations for renewable fuels (in addition to E85) available in all municipalities in Kronoberg County in 2020.
  - Year 2018 - 75% of all business travel carried out with vehicles from carpool should be done with renewable fuel?
- Did you develop the criteria following consultations, workshops etc. with the market (companies, SMEs etc.)? Yes, there has been consultations and market investigations before the procurement.
- Any other partners or stakeholders that helped you with the development of the criteria for your tender? The Energy Agency of South East Sweden and the County Administrative Board of Kronoberg have been involved in building networks for easier dialogue with the market and other procurers in the region and spreading good examples



## Results (expected results)

Results are presented for the part of the procurement that is already implemented and expected results are estimated for the final outcome, when all vehicles are purchased in new leasing agreements. Currently 55 new vehicles have been purchased of the total expected amount of 150 vehicles.

- Older cars, running on fossil fuels, are replaced with a mix of more efficient diesel cars, gas driven cars or hybrid vehicles and ethanol driven cars.
- The procurement led to reduced CO<sub>2</sub> emissions, possibilities to meet the need in every department with the best energy- and climate option and an increased demand for renewable fuels in the region which will make it possible to establish more filling stations
- During a period of just over a year the following results have been achieved:

	CO <sub>2</sub> e emissions	Energy consumption
<b>Low Carbon Solution (expected final results)</b>	<b>96,78 t CO<sub>2</sub>/year (263,94 t CO<sub>2</sub>/year)</b>	<b>N/A</b>
<b>Last Tender/or „worst case“ (expected final comparison)</b>	<b>154,11 t CO<sub>2</sub>/year (420,29 t CO<sub>2</sub>/year)</b>	<b>N/A</b>
<b>Total savings (expected final savings)</b>	<b>57,33 t CO<sub>2</sub>/year (156,35 t CO<sub>2</sub>/year)</b>	<b>N/A</b>

The table show the saved CO<sub>2</sub>-emissions per year for the 55 purchased cars (and the expected savings for the total 150 cars that will be purchased according to the agreement).

The calculation is composited by a comparison of new cars and replaced cars with consideration to fuel consumption, fuel type and CO<sub>2</sub>-emission per unit of fuel. The same average driving distance per year (25 000 km) is used in the calculation to summarize on a yearly basis.

## Lessons learned

- Clear political goals have made it easier to set ambitious criteria in the procurement
- Internal reference group was important for an efficient and clear internal work
- Divide the procurement in parts made it possible for more suppliers to participate
- Internal information is always important between involved actors for the best final result
- Good internal control of the vehicle fleet is important as a source in the procurement to know which vehicles are used for certain activities, which vehicle types that exist today and the need for the future.
- Some difficulties to get the staff to fill the tank with gas. More information or education efforts is necessary.
- Good with a separated procurement and with all the costs of the car included. The costs were reduced compared to the previous leasing agreement (no data available of the cost reduction).



## Contact

Christel Liljegren, The Energy Agency for Southeast Sweden,

christel.liljegren@energikontorsydost.se

Per-Anders Persson, County Administrative Board of Kronoberg

per-anders.persson@lansstyrelsen.se

## About PRIMES



Across six countries in Europe; Denmark, Sweden, Latvia, Croatia, France and Italy, PRIMES project seeks to help municipalities overcome barriers in GPP processes, many of which lack capacity and knowledge.

PRIMES aims to develop basic skills and provide hands-on support for public purchasing organisations in order to overcome barriers and implement Green Public Purchasing. This will consequently result in energy savings and CO<sub>2</sub> reductions.– [www.primes-eu.net](http://www.primes-eu.net)

## About GPP 2020



GPP 2020 aims to mainstream low-carbon procurement across Europe in support of the EU's goals to achieve a 20% reduction in greenhouse gas emissions, a 20% increase in the share of renewable energy and a 20% increase in energy efficiency by 2020.

To this end, GPP 2020 will implement more than 100 low-carbon tenders, which will directly result in substantial CO<sub>2</sub> savings. Moreover, GPP 2020 is running a capacity building programme that includes trainings and exchange. – [www.gpp2020.eu](http://www.gpp2020.eu)



Co-funded by the Intelligent Energy Europe  
Programme of the European Union

The sole responsibility for the content of this case study lies with the authors. It does not necessarily reflect the opinion of the European Union. Neither the EACI nor the European Commission are responsible for any use that may be made of the information contained therein.

#### **Disclaimer**

*The above text contains general information on the referred procurement procedure. This information is **for general guidance only and shall not be treated as legal advice**. In case you have any questions related to the procedure please contact the partner as indicated in this document.*

