



Joint procurement of electricity

Croatian Regional energy agency North

- 45% of electricity made from renewable sources
- REA North as central purchasing body for 29 public procurers
 - Joint procurement



Standard product / old tender = benchmark

- Replacement of conventional electricity
- 1428,80 t CO₂ emissions

Primes GPP tender

- 45 % green electricity = 0tCO₂
- 55% conventional electricity = 785,4 t CO₂ emissions

Results

- 45% = 643,40 t reduction of CO₂ emissions

Introduction to case

1.1 PITCH-TALK – SUMMARY

It was first green tender for all beneficiaries, REAN as central purchasing body took all responsibility and action on procurement process for 29 public procurers.

1.3 CASE CONTENT AND CASE ISSUE

In this case study it is described how Regional energy agency North as central purchasing body for 29 public procurers managed to purchase 45% energy made out of renewable sources instead of the standard energy.

1.4 SOLUTIONS APPLIED

As in previous cases for 28 out of 29 public procurers was lowest price and conventional energy, REAN as part of Primes project decided to purchase electricity made from renewable sources and implement the economically advantageous procedure in which it incorporated the most vital specification, the price would not be the only award criteria as the 10% of the award points would go to the bidder with the most green electricity offered.

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Contract tendered

- Electricity from renewable energy sources for 10 public institutions and street lightning
- Approximate quantity of electric energy put up for tender for a year-based calculation was 3.800.000 kWh.
- 1 year contract
- Total cost: 146.800,00 € (excluding VAT)
- Economically advantageous tendering procedure
- This tender forms part of the EU supported project *Procurement in Municipalities focusing on Energy Efficient Solutions (PRIMES)*

Procurement objectives

The ambition of the public tender was to increase the use of electricity from renewable sources and to improve sustainable consumption of energy in local government. The approach was to award the suppliers which offer more energy made from renewable sources.

Procurement approach

Tendering followed the open procedure:

Procurement of electricity	
<p>Technical specifications</p> <ul style="list-style-type: none"> - Purchase of at least 30% electricity from renewable energy sources - Verification: : During the contract period, the tenderer must be able to present guarantees of origin of the electricity each quarter and any other time upon request. 	<p>Award criteria / most economically advantageous tender:</p> <ul style="list-style-type: none"> • 90% price • 10% for the offer of more than minimum of 20% of electricity from renewable sources

Contract clauses

Upon completion of contract, selected bidder must provide a statement with supporting documentation as a proof that the delivered energy is made from renewable sources

Criteria development

As award criteria was economically advantageous tender, procurer have used combination of two formulas to calculate points. Winner of tender was supplier with more points. Maximum of points that supplier could have was 100 (the sum of price points and points for green electricity). Additional points would be awarded in proportion to the electricity to be supplied from renewable energy sources above the minimum requirement in the specification.

Formula for price points was:

$$C = C_{min}/C_n \times 90$$

C – price points,

C_{min} – the lowest price offer

C_n – compared offer price

Green electricity formula:

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$$Z = \frac{10}{Z_{max} - Z_{20}} \times (Z_y - Z_{20})$$

Z = green electricity points

Z_y = % of green electricity in compared offer

Z₂₀ = asked 20% of green electricity

Z_{max} = % from offer with maximum % of green electricity

$$\text{Total offer points} = C + Z$$

Results

	Investment volume (€)	Energy savings (€/year)	CO ₂ triggered (tCO _{2e} /year)	RES triggered (toe/year)
Standard procurement – conventional energy	146.800	0	1428,80	326
GPP – Green energy	146.800	0	785,40	326
Total savings	0	0	643,40	0

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Lessons learned

The requirement for renewable electricity had no impact on the purchase price since a there was a large number of small procurers joined in the procurement, which is encouraging for future development of green joint procurement .

Contact

REA North

Miroslava Krlež 81,

48 000 Koprivnica

Croatia

info.rea@rea-sjever.hr

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 CO₂ reductions. – www.primes-eu.net

About GPP 2020

GPP
2020

procurement
for a low-carbon
economy

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 CO₂ savings. Moreover, GPP 2020 is running a capacity building programme that includes trainings and exchange. – www.gpp2020.eu



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