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ABOUT THE PROJECT

Coordinated energy-related PPI actions for cities



5 CITIES
AND
4 EXPERT PARTNERS



LOOKING FOR
SUSTAINABLE ENERGY
SOLUTIONS



THROUGH
PUBLIC PROCUREMENT
OF INNOVATION



TO ACHIEVE
ENERGY SAVINGS
OF 33 GWH PER YEAR

Birmingham (UK), Budapest (Hungary), Castelló & Valencia (Spain) and Wrocław (Poland) are joining efforts to look for **more sustainable energy solutions through a pro-innovation procurement** approach.

WHO ARE WE?

City Authorities supported by enabling partners with expertise in innovation procurement, energy efficiency and a European local authority network

City Authorities

- Birmingham
- Budapest
- Castelló
- Valencia
- Wrocław

Enabling Partners

- JERA
- Optimat
- STZ
- ICLEI European Secretariat

AIM & OBJECTIVES

The five cities will demonstrate that by selectively intervening in scheduled public tenders, **energy consumption can be reduced** and, consequently, **GHG emissions decreased**. (We also believe we can - and indeed should - deliver better broader outcomes).

- To launch tenders with a combined energy saving of 33GW/h within its three-year duration
- To build capacity within cities to embed PPI into tendering processes

Key feature: capacity building and action learning in innovation procurement approaches

April 2015 – March (July) 2018

INNOVATION?

The process of translating an idea or invention into a good or service that creates value or for which customers will pay.

“Innovation can be viewed as the application of better solutions that meet new requirements, in articulated needs, or existing market needs”.

innovation

/ˌɪnəˈveɪʃən/

noun

1. something newly introduced, such as a new method or device
2. the act of innovating

Innovation is significant positive change



- A key success factor for innovation is an accurate understanding of the **unmet need** it is targeting
- Successful innovation procurement requires that customers accurately define their unmet needs and requirements

- Undertaking procurement **in a way** that stimulates the supply chain to invest in developing better, more energy efficient and innovative goods and services to meet the unmet needs of the City Authorities
- This means **changing** the way we think about and undertake procurement
- Procurement in a way that unlocks the **creativity and innovation potential of suppliers** to deliver better outcomes, cost effectively
- Delivers better outcomes, societal benefits and better outcomes for public services.

“There is talk of innovation out there. Winds of change are headed our way. Lock your door, pull the shades and hide under your desk”.

“The goods and services you need, when you need them, at a price that reflects their value”.



(PS. Don't mention innovation)

“You can **always do something** to support innovation in the supply chain and encourage suppliers to bring forward more energy efficient solutions that better meet the needs of customers and end users”

Tool1: CEPPI PPI Action Plan

Based on the Forward Commitment Procurement methodology

FORWARD COMMITMENT PROCUREMENT

Identification

Market
engagement

Pro-
innovation
procurement

1. Customers
establish an
accurate
understanding
of their unmet
and future
needs

2. Customers
then
communicate
this **early** in an
accurate &
convincing way
to suppliers

3. Customers
provide an
opportunity to
offer new
solutions on an
equal playing
field

You get what you ask for.....

An energy efficient bed lamp



Step change in the patient experience and energy efficiency, future-ready bio-dynamic lighting



Efficiency
Quality AND
Sustainability



(future ready for
Organic LEDs)

FORWARD COMMITMENT PROCUREMENT

1. Identification

Recognise problems,
unmet needs &
opportunities

Consult with
stakeholders and
set up team

Define an outcome
based requirement

Prepare a FCP
project outline/
business case for
sign off

Wider market
demand

2. Market engagement

Market
Sounding

Market
Sounding review
& analysis

Supply chain
feedback

Market
Consultation

Market Consultation
Report

3. Pro-innovation procurement

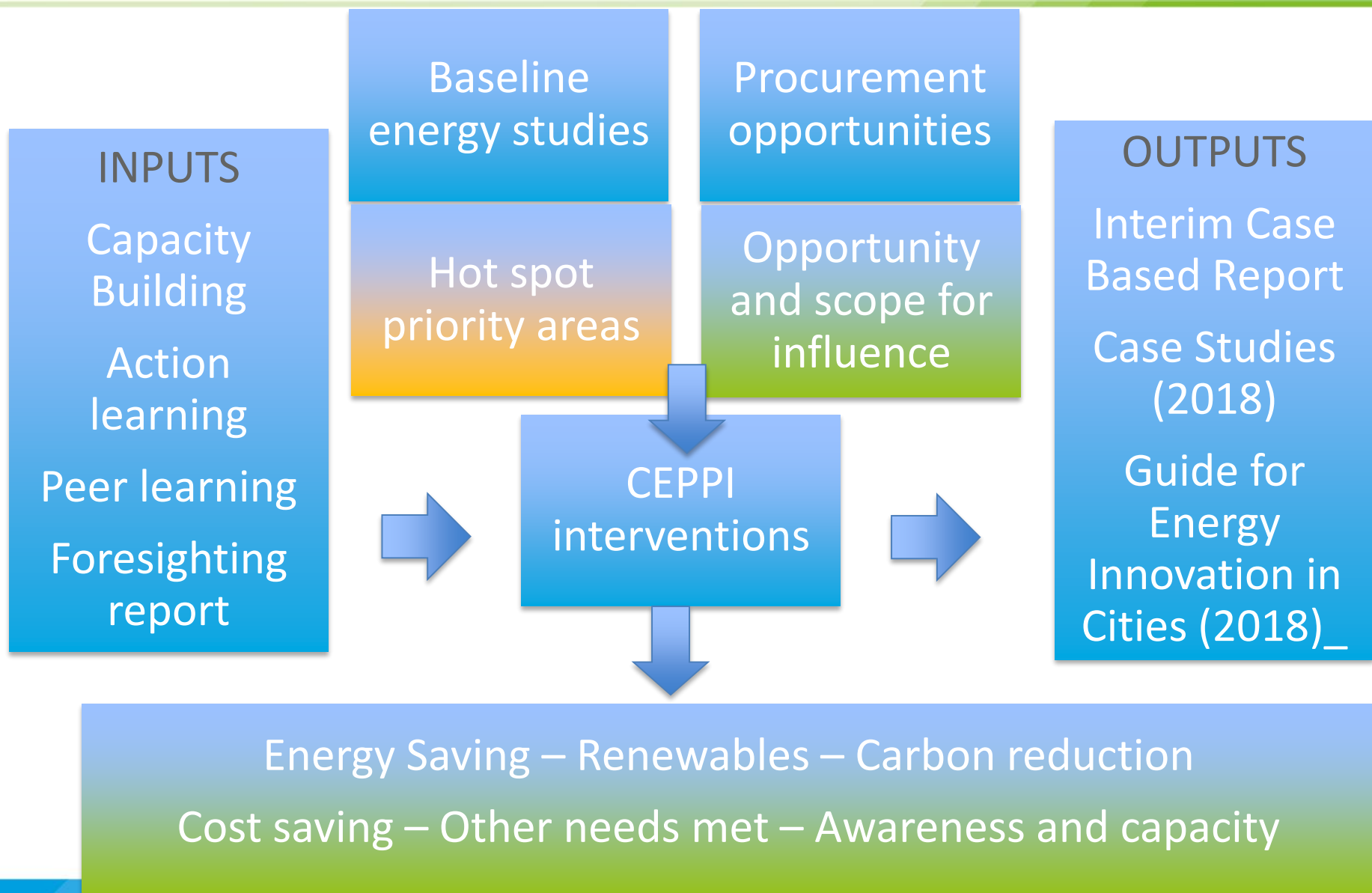
Develop
pro-innovation
procurement strategy

Feedback to
the supply chain
& stakeholders

Implement
procurement strategy

Negotiate
Procurement
Contract

OVERVIEW OF CEPPI METHOD



CEPPI PPI ACTION PLAN

Preparation Actions

Preparation and support actions

Identify procurement and secure permissions for intervention

Pro-innovation procurement

Procurement strategy

Outcome based specification

Evaluation on whole life costing / Total cost of ownership

Non cost based evaluation criteria

Competitive Dialogue

Wider market development

Research forthcoming tenders

Determine tenders with energy saving impact

Identifying the

procurement

suppliers

Alternatively - Identify

PPI Actions

Supporting innovative solutions

Identification of requirement

Market

Demonstration site

Stakeholder consultation

Joint P

First adopter

Review of current offering

Individual

Early adoption of a new technology

Review of case studies

Simple

Wider market development

Enrolment

Cross departmental procurement

Market

Monitoring of energy and cost savings

Outcome based requirement

Market Pounding Prospectus

Requiring progressive

Market Sounding Response form

Direct

Communication plan

Analysis of market sounding responses

Company Directory

Embedding in the organisation

Wider market development

Market Consultation

Market workshop

Site visits

Capacity Building

Technical Dialogue

Market engagement report

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CEPPI INTERVENTIONS

- **Birmingham:** Municipal Waste / Refrigeration Units for Markets / Multi-functional devices / Schools / Smithfield Market Redevelopment **Budapest:** Street lighting
- **Castelló:** Printing and photocopying (pilot)
- **Valencia:** Refurbishment Fire Station; Street Lighting
- **Wrocław:** Street Lighting ...but firstHospital Energy Challenges; Tenement Refurbishment for Energy Efficiency

BARRIERS?

- Annual budgets
- Elections
- Changing councillors
- Changing policies and priorities – organisational flux
- Very different approach to procurement - unfamiliar
- Resistance to change - “Not invented here”
- Time and resource pressures
- Policy- procurement gap
- Is innovation procurement really needed...more later ...

ENABLERS?

- Starting small.....but also
- Ambition!
- Incremental approach “you can always do something”
- Action learning - doing not talking
- Case examples
- Capacity building and peer learning events
- Technical support
- New procurement regulations
- External facilitators

ENERGY EFFICIENCY IS NOT THE WHOLE STORY

- Innovation can deliver much more than energy efficiency
- What customers and end users really need, and *of course* it has to be energy efficient
- *Eg Street lighting.....security, maintenance, light pollution, culture, architecture, finance, sustainability, integration with smart city technology..... many stakeholders*
- The conversation is moving beyond energy efficiency – energy transition in Cities (see Foresighting report)
- Technical AND financial innovation

FRAMEWORK CONDITIONS?

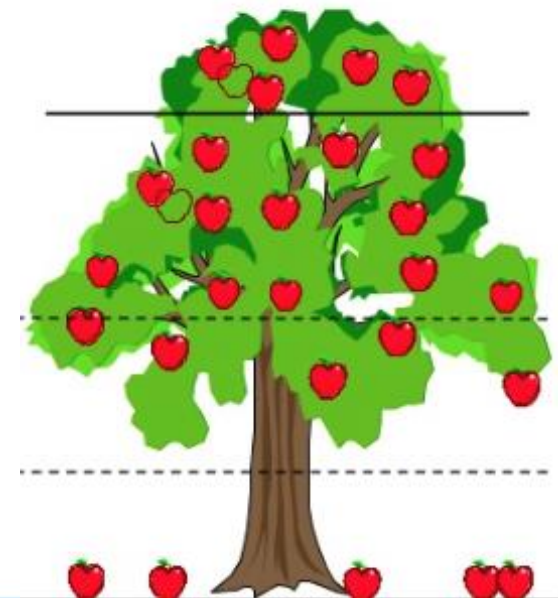
- The nature of the interventions determined by the framework conditions within the municipal authorities
- Policy, leadership and vision
- Energy strategy
- Attitude to innovation and risk
- Alignment with, and recognition of, procurement
- Roles and responsibilities
- Capacity and capability

A self assessment tool for City Authorities

- Different organisations are at different levels of development in terms of energy policy and targets. This influences what they can realistically achieve.
- Assessing level of development calibrates the potential for action. (You can only do what you can do....)
- The framework provides:
- A structure and a rationale for what is possible for different City Authorities
- An Energy Innovation Procurement roadmap and action planning tool
- A focus for the development of tools

From day to day operations to strategic interventions

1. Operational. All about energy efficiency, operational consumption.
2. Hot spots, renewables. Those more tricky issues, easy opportunities
3. Embedded. Looking beyond immediate energy use.
4. Influencing. Recognising the wider network of stakeholders and leadership role
5. Strategic. Longer term picture and more sophisticated options.



From allowing innovation to market transformation

1. Allows. Removes barriers to innovation
2. Encourages. Provides incentives
3. Demands. Requires innovation
4. Drives. Recognising the wider network of stakeholders and leadership role
5. Transform. Longer term picture and more sophisticated options.

THE FRAMEWORK – IN DEVELOPMENT

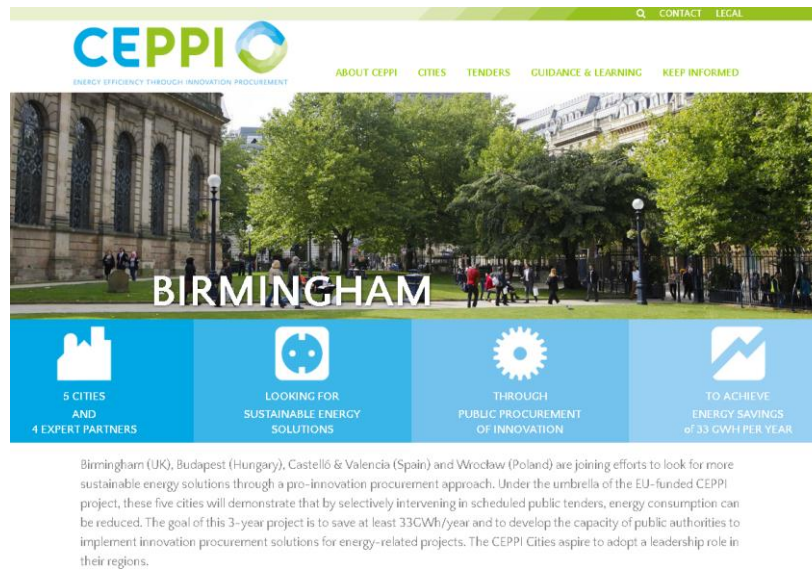


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The screenshot shows the CEPPI website homepage. At the top is the CEPPI logo and navigation links: ABOUT CEPPI, CITIES, TENDERS, GUIDANCE & LEARNING, and KEEP INFORMED. Below the navigation is a large banner image of a park in Birmingham with the word "BIRMINGHAM" overlaid. Under the banner are four blue boxes with icons and text: 5 CITIES AND 1 EXPERT PARTNERS, LOOKING FOR SUSTAINABLE ENERGY SOLUTIONS, THROUGH PUBLIC PROCUREMENT OF INNOVATION, and TO ACHIEVE ENERGY SAVINGS of 33 GWh PER YEAR. Below these boxes is a paragraph of text about the project's goals and participating cities.

Birmingham (UK), Budapest (Hungary), Castelló & Valencia (Spain) and Wrocław (Poland) are joining efforts to look for more sustainable energy solutions through a pro-innovation procurement approach. Under the umbrella of the EU-funded CEPPI project, these five cities will demonstrate that by selectively intervening in scheduled public tenders, energy consumption can be reduced. The goal of this 3-year project is to save at least 33CWh/year and to develop the capacity of public authorities to implement innovation procurement solutions for energy-related projects. The CEPPI Cities aspire to adopt a leadership role in their regions.

NEWSLETTER

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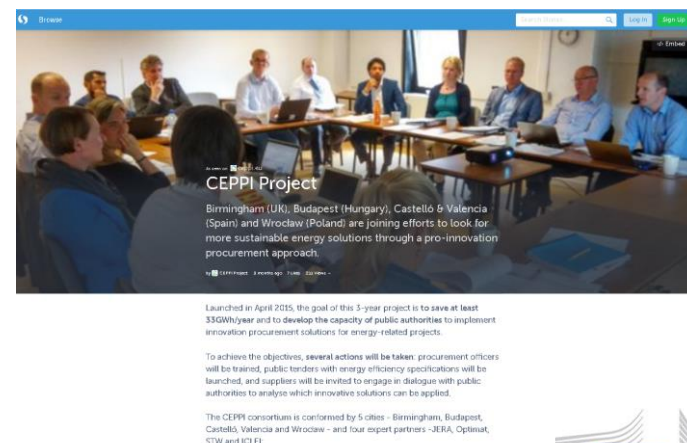
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THANK YOU

We will be happy to answer your questions.

E-mail us to: info@ceppi.eu