

# Report on impacts on the market

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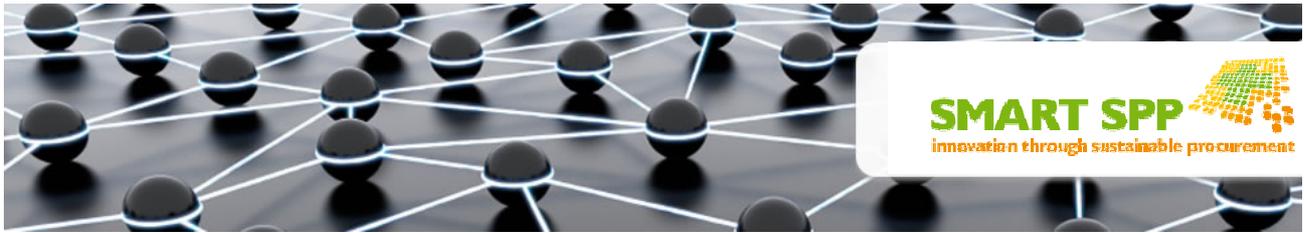
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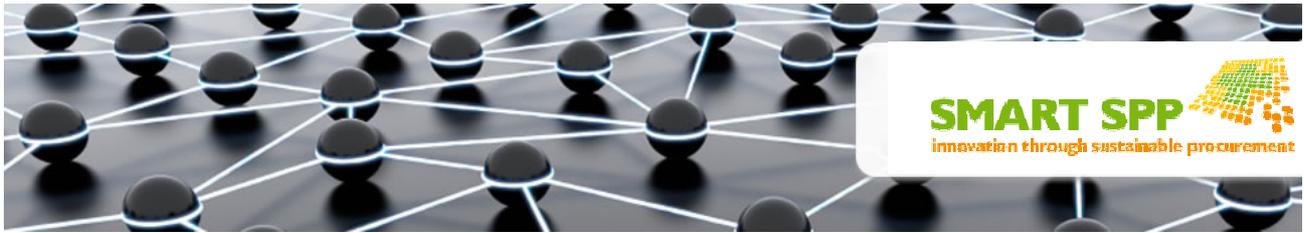
## 1. Aim of this report

This report aims to discuss the seen and unforeseen impacts of the project SMART SPP – innovation through sustainable procurement, which is a European project that promoted the introduction of new, innovative low carbon emission technologies and integrated solutions onto the European market. This was done by encouraging early market engagement between public authority procurers and suppliers and developers of new innovative products and services in the pre-procurement phase of public tenders.

## 2. Impacts from the early market engagement

SMART SPP developed a unique approach how to best engage with the market prior to tendering for innovative solutions. The impacts from our activities related this can be summarised as follows:

- In Portugal, Spain, Denmark and the United Kingdom SMART SPP raised awareness especially at the level of small and medium-sized enterprises (SMEs) how procurement of innovative solutions works in practise. This refers to standard tendering procedures and addressing the technical specifications correctly. For example, SMEs taking part in the tender for indoor lighting equipment at Kolding (Denmark) needed to provide detailed information on the life span, light output, and maintenance costs of the lighting equipment (LED light bulbs for more than 200 different applications). This extended data requirements compared to a standard tender that would not take into account the lifecycle costs nor other environmental characteristics (energy efficiency level) significantly changed the market response to public tendering towards a higher awareness of relevant criteria related to energy efficiency.
- SMART SPP provided a stimulus for regional suppliers to ask their sub-suppliers questions on the lifecycle costs and energy performance of the offered products. One example from Portugal also highlights this secondary impact on the supply chain. The Municipality of Cascais asked potential suppliers in the pre-procurement phase to provide data on the CO<sub>2</sub> emissions related to the use and production of the product (in this case: LED street lighting). The CO<sub>2</sub> emissions from the use phase were calculated taking data from the electricity provider of Cascais together with performance data of the offered lighting systems. Additionally, Cascais asked for the embedded emissions of the offered products that include CO<sub>2</sub> emissions from the production of the product, the transport and delivery to the end consumer. The suppliers realised that they were not able to provide precise data on this aspect while contacting their sub-suppliers and partly took action demanding their sub-suppliers to provide them with more precise figures on this aspect.



- In Barcelona (Spain) SMART SPP activities teamed up with the nation-wide electric vehicles charging network activities. Innovative companies from the region participated in the early market engagement seminars of SMART SPP, being informed at the one hand on the broader picture (i.e. the national context) and on the other hand on the specific requirement of Barcelona in order to build up a working charging point network. Developing the technical specifications in dialogue, but at the same time ensuring competitiveness, transparency and non-discrimination lead to an innovative environment where several market players could show their innovation potential. Furthermore, even the “so called losers” of the final tender (those who were not awarded the contract) could make use of the experience gained through the early market engagement and win tenders on other occasions.
- SMART SPP contributed to a fair and communicative environment between bidders and tenders, reducing the need to challenge the tendering procedure in front of court and thus reducing administrative burdens on the public authority side. SMART SPP has shown that transparent and inclusive communication before actually tendering out is crucial for reducing legal challenging.
- The LCC-CO<sub>2</sub> tool contributed to a better understanding on each side (the procurer and the bidder) about the cost effectiveness of one solution over the other.

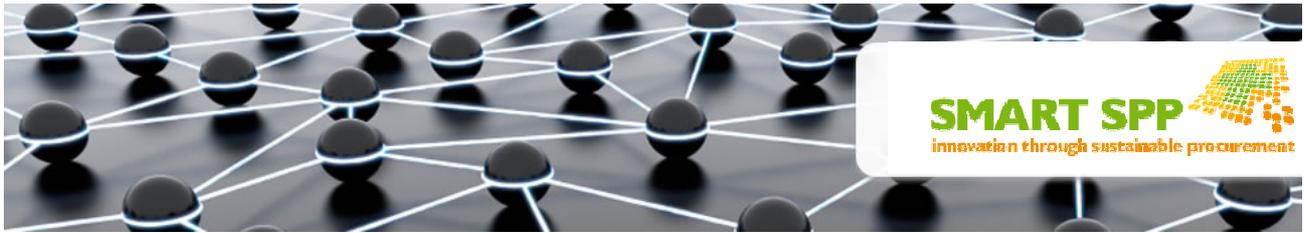
### 3. Impacts at the administrative level of public authorities

A key conclusion from SMART SPP is that tendering for highly energy efficient and innovative products needs increased dialogue between a manifold of departments within the public administration. This can be especially seen as follows:

- In Barcelona the department for environment takes on a leading role when it comes to implementing Green Public Procurement by advising procurers how to include green criteria into tendering. On the other hand the technical departments, the energy agency and the innovation district agency, just to list a few, took on commitment towards innovative solutions (electric mobility, vending machines) – their technical expertise was crucial to make the pre-procurement activities a success.
- In the United Kingdom SMART SPP partner ESPO took the lead in preparing framework agreements for its over 70 municipalities. The SMART SPP approach was used as pilot and was successfully concluded in a tendering for car park lighting in Cambridge.
- Kolding chose to work closely with the Danish Lighting Centre, an industry association of major manufacturers and suppliers of lighting solutions in Denmark. This co-operation in light of upcoming tenders was new for Kolding, but turned out to be very effective in terms of being able to on the one hand be far more precise in specifying the demand and on the other hand being able to discuss latest technology developments immediately. Especially in the case of LED lighting, the market

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availability of quality products increased tremendously from 2008 to 2011. Kolding together with a strong inter-departmental working group was able to make best use of this co-operation for the issued tender, as done together with 7 other municipalities in April 2011.

- The SMART SPP public authority partners realised that introducing lifecycle costing into tendering needs proper training of tools and approaches. Therefore, more than 250 procurers and energy managers have been trained on using the tool throughout the project. First results indicate that other associated and non-associated public authorities such as Torres Vedras (Portugal) and Newcastle and Redcar & Cleveland (UK) tested the tool in pre-procurement activities, e.g. comparing possible new technical solutions with the old solution installed (e.g. heating system).

#### 4. Impacts on other countries than Denmark, Portugal, Spain and the UK

The SMART SPP approach was closely followed by the US Environmental Protection Agency and the EcoBuy network in Australia, possibly leading to follow up projects in the field of lifecycle costing and public procurement.

The guidance and tool produced also raised interest in other countries and have been or are in process of being translated into Greek, Hungarian, French and Dutch. Furthermore, supported by the German Federal Ministry of Environment and Environmental Agency, ICLEI and Öko-Institut teamed up to develop an html-based online version of the LCC-CO<sub>2</sub> tool that will be available in English and German by end of 2011.

The SMART SPP LCC-CO<sub>2</sub> tool was also recommended to the European Commission as flexible and effective tool for public authorities in the framework of the Govenant of Mayors initiative and in light of the current revision and consultation on the Public Procurement Directives as initiated by DG MARKT earlier in 2011.

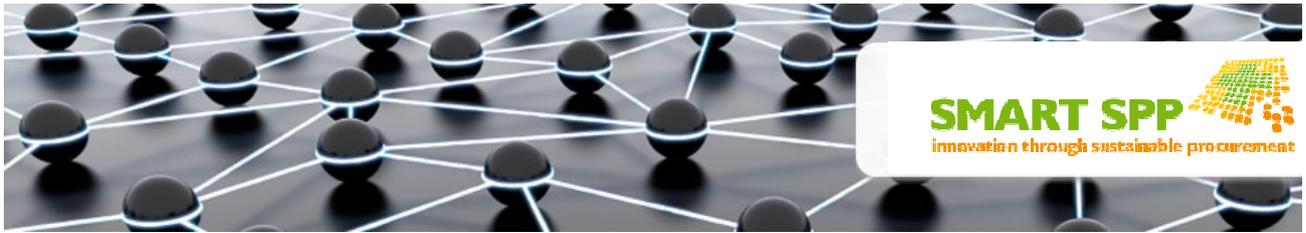
#### 5. Media response

SMART SPP was presented at a manifold of events such as:

- the EcoProcura 2009 conference
- the Electric Vehicles Symposium 2009, Norway
- the CA ESD 3rd meeting 2009, Riga
- the ICLEI World Congress 2009, Edmonton
- SOPO Conference (Society of Procurement Officers) in November 2009
- Procurex Conference in March 2010

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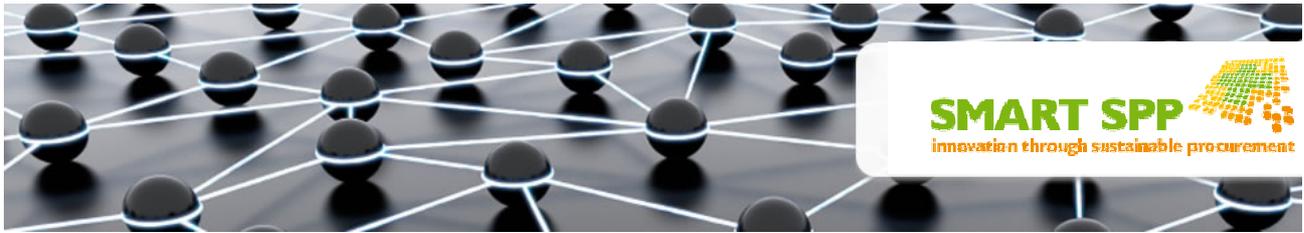
- National local government and other public sector bodies event hosted at the NEC, Birmingham 2009
- the Better Procurement for Climate Change at Cambridge 2010
- DG ENTR event “Promoting Innovation through Public Procurement” 2010, Brussels
- International conference of the International Green Purchasing Network, South-Korea 2010
- Procura+ Seminar Helsinki 2010
- Finish Eco-Procurement Network 2010
- and more regional dissemination activities in Spain, Portugal, Denmark, United Kingdom and with associate partner “prove” in Austria.

Furthermore, SMART SPP issued more than 10 press releases in several languages that lead to both local and European media coverage. Further information on this is available online at: <http://www.smart-spp.eu/index.php?id=7055>.

## 6. Outlook

SMART SPP successfully showed how early market engagement leads to energy efficient products purchased by public authorities. Our partners at the public authorities will use the developed approach in future tendering (e.g. vending machines 2<sup>nd</sup> phase in Barcelona, joint procurement tender in Denmark on in-door lighting and public street lighting full tender in Cascais, Portugal later in 2011). ESPO and Barcelona will train all their procurement officers in using the LCC-CO<sub>2</sub> tool. Kolding will use the SMART SPP guidance in their National Green Cities procurement project. Global to Local will inform its client base of over 1,000 professionals in the UK about the advantages of the approach, and has already started by successfully introducing life cycle costing approaches based on SMART SPP.

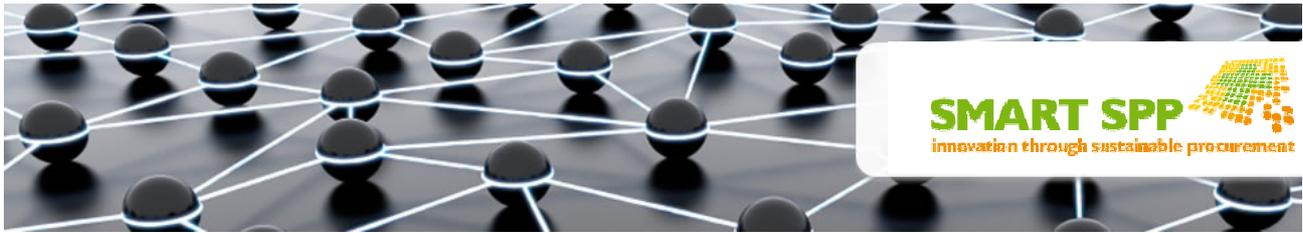
Many public authorities such as Leicestershire County Council, Vienna and Bristol test the SMART SPP approach and have set up similar projects looking into purchasing innovative and sustainable solutions.



## 7. Annex

Taking the broader project’s perspective, in summary, the results and impacts are listed as follows:

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| <p><b>Result 1:</b> Number of new and innovative highly energy efficient technologies in the scope of SMART SPP</p> <p><b>Indicator 1:</b> The 5 SMART SPP public tenders result in innovative technologies procurement with at least 3 different innovative highly energy efficient technologies</p> <p><b>Assessment 1:</b> The 7 (+2) tenders have showed how public authorities can drive the market. It is to highlight that the pilot of vending machines (Barcelona), the demand for LED technologies (Cascais, UK, Denmark) and the focus on electric mobility (Barcelona) show at least 3 different innovative solutions.</p> |
| <p><b>Result 2:</b> Successful meetings with public purchasers, developers and suppliers in each region</p> <p><b>Indicator 2:</b> Bring together at least 1 purchaser and 5 developers and suppliers per implementation partner (2 out of 5 are SMEs)</p> <p><b>Assessment 2:</b> Attendance at engagement seminars and events and informal meetings/telephone calls result in more than 200 contacts of suppliers and manufacturers (most of them were SMEs) as well as more than 60 public authority representatives being involved.</p>  |
| <p><b>Result 3:</b> Training and awareness-raising events on pre-procurement in each region</p> <p><b>Indicator 3:</b> In each region, 1 event in awareness-raising and training in the common integrated approach with 20-30 participants.</p> <p><b>Assessment 3:</b> Done in Portugal (35 participants), done in Barcelona (2 times, one over 50 participants, the other 15 participants), done in Kolding (20 participants), done in the UK (2 times, over 75 participants)</p>  |
| <p><b>Result 4:</b> Mutual awareness, networking and collaboration is enhanced for pre-procurement activities</p> <p><b>Indicator 4:</b> Guidance and assistance to public authorities during the pre-procurement and</p>  |



tendering is given

Assessment 4: Seven evaluation sheets have been filled out and send to the co-ordinator for taking comments into account for the completed revision phase (WP6).

Result 5: Guidance on pre-procurement is developed and used by public authorities.

Indicator 5: A guidance document on the common integrated approach available as print and electronically in four languages.

Assessment 5: 4,000 copies of printed guidance including CD-Rom in English, Spanish, Portuguese and Danish are available (also electronically).

Result 6: The guidance document including the tools is applicable and user friendly

Indicator 6: The quality level of the tools reach a high percentage of satisfaction (over 75%) within the participating public authorities.

Assessment 6: All PA partners are satisfied with the guidance, although the majority mentioned that the LCC-CO<sub>2</sub> tool needs a proper introduction at public authority (e.g. via training) and is not aimed to be a stand-alone document.

Result 7: Public authorities use the approaches and tools.

Indicator 7: 5 participating public authorities use the approaches and tools.

Assessment 7: All PA partners and associate PA partners have used and tested the guidance in a variety of forms such as for preparing the early market engagement seminars, assessing draft technical specifications, etc.

Result 8: Other non-project partners join the tendering using the common integrated approach for pre-commercial procurement

Indicator 8: At least 5 other public or semi-public authorities (one from Portugal) join the SMART SPP tenders or set up their own tender using the approach of SMART SPP

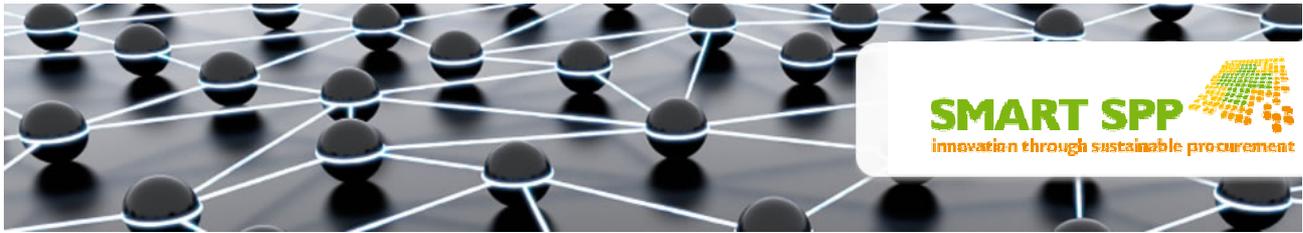
Assessment 8: Torres Vedras, the Greater London Authority, prove consulting, VITE Vienna, ZiT Vienna, Austrian City Association, City of Graz and Vienna joined as Associate Partners.

Result 9: There exists a certain variety of technologies tendered for in SMART SPP

Indicator 9: The variety of technologies that will be involved in the tenders consists of at least 3 different emerging technologies that are within the following sectors: construction,

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transport, ICT and lighting.

**Assessment 9:** The tenders include at least six technology groups (LED lighting systems for office, outdoor and signal lights, electric vehicles charging infrastructure, electric vehicles (passenger cars and supply cars), vending machines.

**Result 10:** Yearly energy savings and CO<sub>2</sub> savings achieved by the purchased technologies

**Indicator 10:** 5-6 GWh/a

**Assessment 10:** The indicative assessment carried out amounts to about 5,3 GWh per annum in savings generated through electric mobility compared to combustion engines, use of 2,000 vending machines and LED indoor lighting and street lighting. The later can achieve up to 90% of savings and form the major part of savings generated through SMART SPP.

**Result 11:** Budget spend by the participating public authorities to buy emerging technologies

**Indicator 11:** 4,000,000 EUR (sum of all issued tenders within SMART SPP)

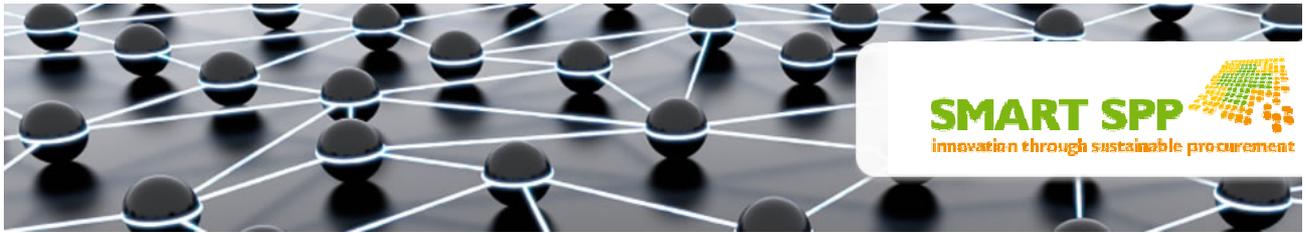
**Assessment 11:** About 5 Mio. EUR (street lighting Cascais, Sept. 2011), about 200,000 EUR (replacement of light bulbs, Kolding joint procurement), 190,000 EUR (electric vehicles charging points, Barcelona), about 150,000 EUR (replacement light bulbs car park UK), 0 EUR (vending machines Barcelona, because of service contract with no costs: concession). Furthermore, the planned 12 cities joint procurement in Denmark and the GLA group electric vehicles tenders will account for another about 80 Mio. EUR.

**Result 12:** Website and other dissemination channels/materials (details see WP 7)

**Indicator 12:** 10,000 visits on website per year, >2000 downloads of relevant documents from the EU-27, mainly from UK, DK, SP and POR. 4,000 copies of guidance document disseminated across Europe. Estimated 10,000 public procurers and other stakeholders reached through newsletters, leaflets, press releases and speaking at events.

**Assessment 12:** Over 27,000 visits since February 2009, about 2000 downloads (over 6,5 GB traffic). newsletters distributed to over 3,500 people, introductory and final leaflets distributed to more than 2,000 people, press releases send to about 7,000 people, 3,200 guidance documents disseminated (rest kept for major events in Sept. and Dec. 2011), >30,000 people reached via events

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Result 13: Local and regional training take place

Indicator 13: More than 200 participants in all events and trainings

Assessment 13: 35 participants at Barcelona training, 50 at Barcelona supplier/procurer seminar, 50 in Portugal, >75 in the UK (e.g. Newcastle) and 15 in Helsinki

Result 14: EcoProcura 2010 European conference carried out

Indicator 14: More than 300 participants attend the EcoProcura conference

Assessment 14: No EcoProcura 2010 conference took place. And alternative final conference in Brussels alongside the Breakfast at Sustainability's event has reached more than 500 invitees and 70 participants.