

# CCS Demonstration Project Industry Workshop 4 July 2007



Overview of Competition Process

# Agenda

- Public procurement
- Public procurement procedures
- Developing the procurement approach for the CCS demonstration project

# Public procurement

- HM Treasury requirement for “contracting authority” to
  - achieve value for money – normally through competition
  - ensure compliance with their legal obligations under the EU procurement rules
- Value for money
  - the optimum combination of whole life cost and quality (or fitness for purpose) to meet the user’s requirement
- EU procurement rules
  - the Directives / UK Regulations
  - other requirements

# Public procurement

- EU procurement Directives set out the legislative framework for the requirements for public procurement, based on the Treaty of Rome
  - freedom of movement of goods, freedom of establishment & freedom to provide services
- Principles
  - equal treatment
  - non-discrimination
  - mutual recognition
  - proportionality
  - transparency

# EU procurement Directives

- Directives
  - Directive (2004/18/EC) - on the co-ordination of procedures for the award of public works contracts, public supply contracts and public service contracts - **Classical Directive**
  - Directive (2004/17/EC) - entities operating in the water, energy, transport and postal services - **Utilities Directive**
- Directives are enacted in UK law through
  - UK Public Contracts Regulations – 2006 No.5
- Other requirements
  - Interpretive Communications, European Court of Justice rulings, guidance, other legislation (competition, State Aid etc.)...

# CCS competition - intention to follow public procurement approach

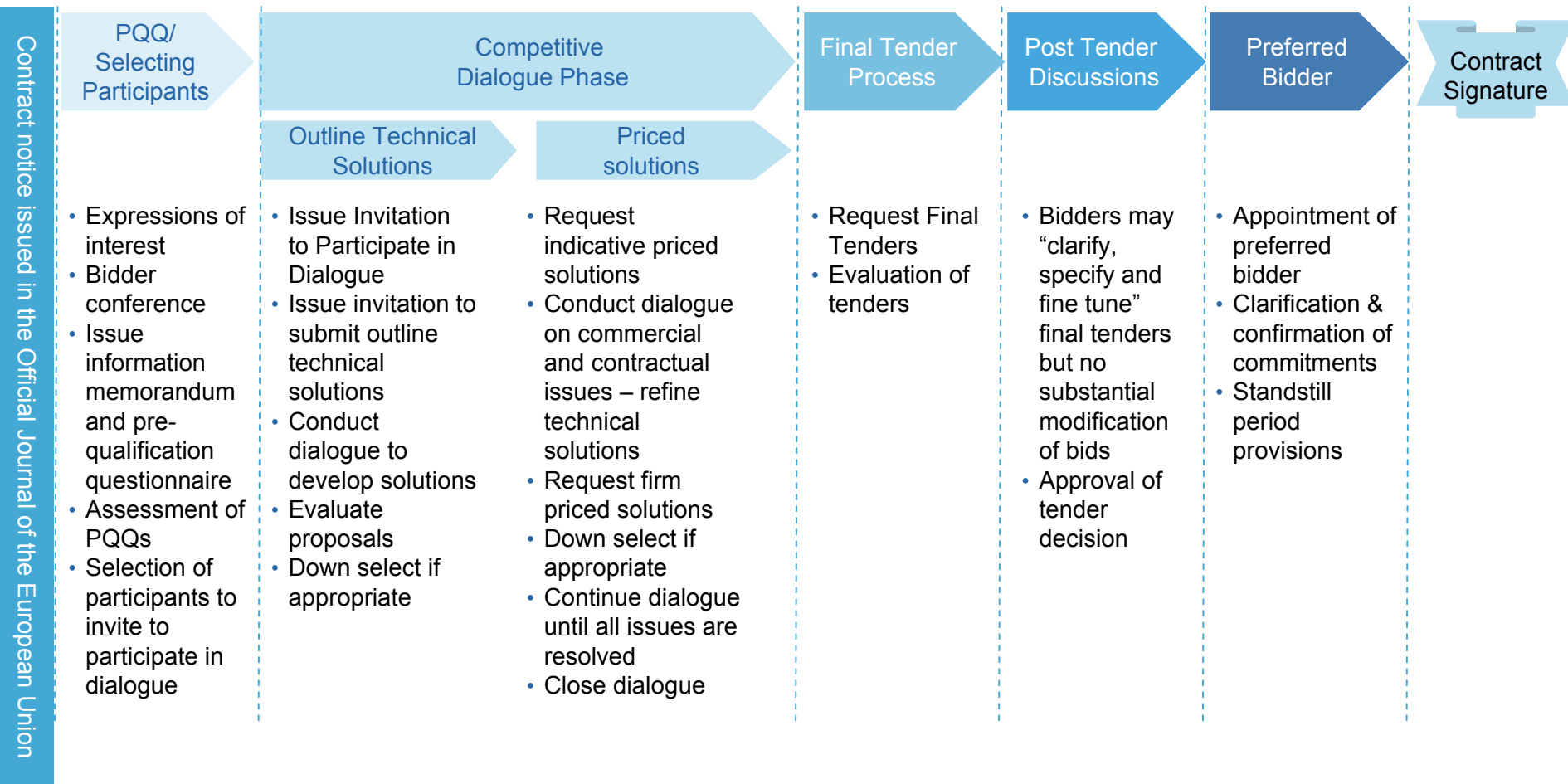
- Exact nature of support is uncertain
- Various exclusions may be applicable
- Intention is to undertake competition as if it is a public procurement under the Classical Directive
  - clarity as to approach to be taken
  - rigour of process
  - value for money

Subject to legal confirmation

# Public procurement procedures

- Classical Directive
  - Open
  - Restricted
  - Competitive dialogue
  - Negotiated (competitive)
- Open and restricted unlikely to be appropriate for a procurement of this complexity
- One or two phase competition process
- Decisions still to be made

# Competitive Dialogue procedure – by way of example



# Developing the procurement approach

- Competition has not started
  - starts with Contract Notice in Official Journal of the EU
- Industry consultation and market testing
- Developing a rigorous business case
- Determining procurement procedure
- Designing the competition
  - structure
  - timetable
  - approach and criteria
  - mitigating bidders concerns

# Preparation for the competition

- Contracting authority
  - competitive level playing field
  - efficient procurement process
- Potential bidders
  - understanding of public procurement implications
  - planning
  - capacity and capability
  - awareness

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