

**BERR**

Department for Business  
Enterprise & Regulatory Reform

UK CCS Demonstration Project

Industry Day – 30<sup>th</sup> November 2007

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# The Journey to the starting gate...

- 2005** UK G8 and EU Presidency  
£35m Small Scale Demonstration Fund  
Carbon Abatement Technologies (CAT)  
Strategy
- 2006** Consultation on Barriers to deployment of  
CCS
- 2007** Consulting Engineers looked at Costs  
Competition Announced (March)  
Competition Launched (19 November)

# The Government proposition (1)

- Project is major building block to UK's commitment to tackle climate change
- Imperative to move fast
- Highest level political commitment – Prime Minister, CHX, John Hutton, Hilary Benn, David Miliband
- UK leadership is real – only Norway and USA supporting comparable demonstrations
- Post combustion capture on coal is the most globally relevant technology

# The Government proposition (2)

- Programme to put in place other building blocks for demonstration – regulation, EU ETS
- Up to 100% funding available
- We have listened to you – longer time for prequalification, and have moved away from 2008 end date
- Conscious of what it will take for you to bid – aim to run a well-planned, tight process
- Negotiation process is collaborative

# Way of Working During the Competition

- More formal relationship
- Cannot give informal views to individual companies – but can listen
- Questions put to us will be published on our website, with the answers
- State aids
- Welcome views on other ‘industry days’ – possibilities:
  - More detailed EU procurement ‘teach in’
  - The EU package expected late January

# The Wider Picture

Sharing  
information  
internationally

Working towards  
Deployment

CCS UK  
Demonstration

Regulation:  
- International  
- UK

R&D and  
Component  
Demonstration

# CCS Demonstration Project Industry Workshop 30 November 2007



## Overview of Procurement Process

# Agenda

- Procurement approach to the CCS project
- Undertaking a competitive process
- Public procurement is different
- Preparing for the competition

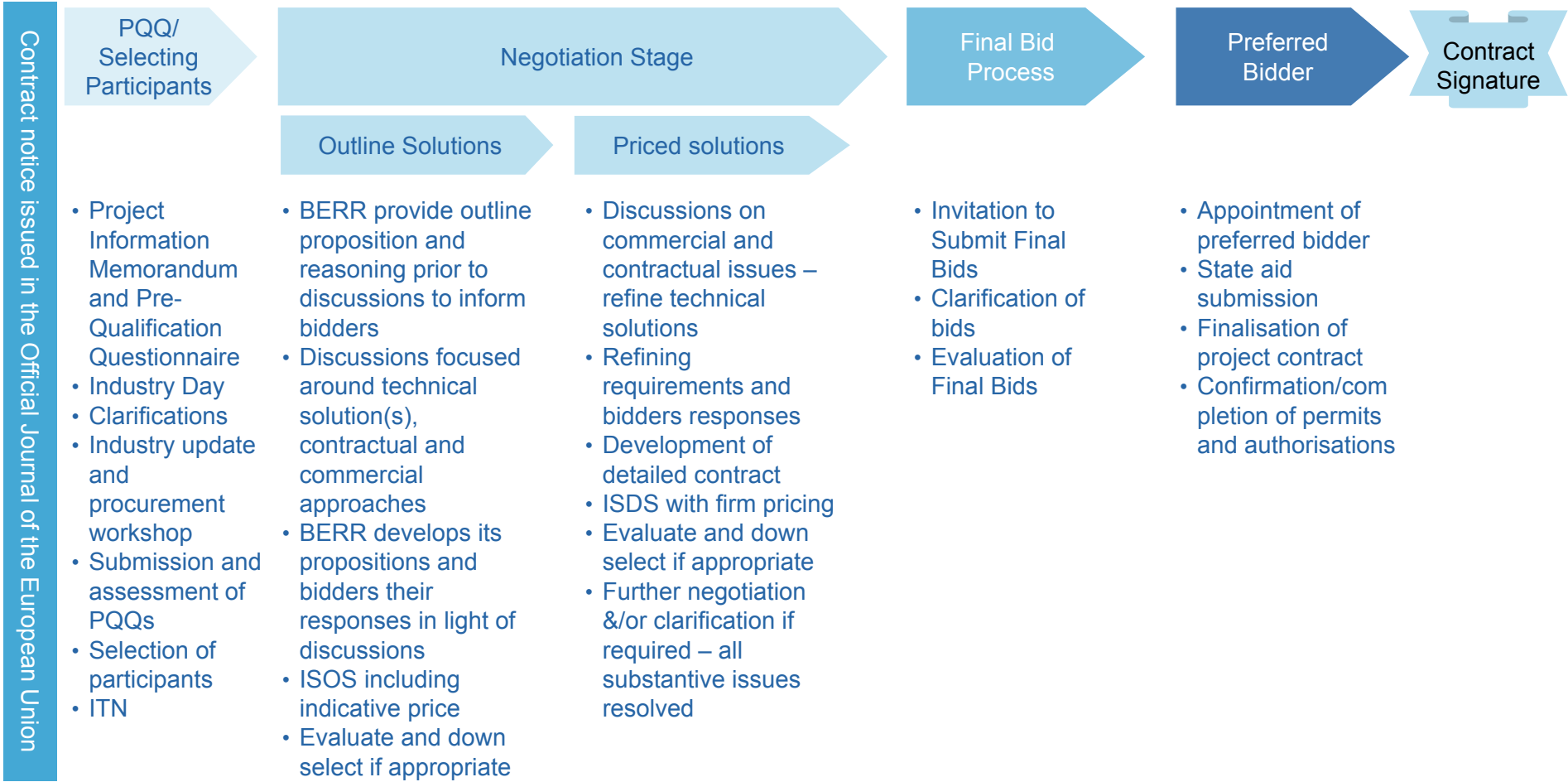
# Procurement approach to the CCS project

- BERR reserve its position as to whether the Public Procurement Regulations apply to this project
  - support or procurement
- Using the negotiated procedure
  - specific circumstances of the project
  - able to develop procurement process suitable to bespoke project
- Outputs specification approach
  - requirements
  - technical solution
  - commercial elements

# Procurement approach to the CCS project

- Utilising a discussion approach to
  - refine needs and requirements
  - enable bidders to respond to evolution of requirements
  - develop appropriate commercial approach and risk allocation
- Flexibility in structure
  - ability but not requirement to down select at different stages
  - balancing competitive intensity with procurement costs
- While observing public procurement requirements
  - equal treatment, transparency, non-discrimination

# Summary procurement procedure for the CCS Demonstration Project



# Undertaking a competitive procurement process

- BERR need to objectively demonstrate Value for Money
  - for taxpayers
  - for State aid reasons
- Achieved and demonstrated through running an effective competition
  - proposition
  - process

# Undertaking a competitive procurement process

- Creating interest
  - defining the project in overall (output) terms
  - defining an attractive proposition
  - developing an appropriate process
- Maintaining competitive tension
  - right number of participants at each stage
  - a realistic chance of winning
  - an attractive outcome
  - efficient and effective process and execution
- Getting the balance right

# Public procurement is different

- Restrictions on the contracting authority as to how it is run
  - regulations and procedures
  - approvals and accountability
- Implications for potential bidders
  - understanding of public procurement implications
  - planning and awareness
  - capacity and capability

# Preparing for the competition

- Bidding structure/approach
  - assembling the required capabilities and capacities
  - proposed structure for bidding and delivery
  - allocation of roles and responsibilities
  - means of and incentivisation for working together effectively
- At PQQ stage do not have to have formalised relationships but need to be clear as to how the structure will work and when and how it will be formalised

# Preparing for the competition

- Prequalification
  - an assessment of capability and capacity of the applicant entity to deliver
  - need to demonstrate
    - evidence of relevant experience and;
    - understanding and application to a project of this nature
  - is not an assessment of views on or approach to this project
  - have to answer all questions/provide sufficient evidence
  - individual minimum thresholds as well as overall scoring
  - is a competitive process if down selection is required

# Preparing for the competition

- Capacity and capability
  - technical capability across a range of key roles
  - financial strength and ability to secure funding
  - project management and delivery, governance across supply chain
- Bidding teams/resources
  - negotiation stages will be resource intensive
  - parallel discussion and development of propositions/bids

# The competition process

- Negotiation undertaken during the competitive stage of the procurement process
  - strictly limited negotiation post final bid submission and appointment of preferred bidder
  - public procurement requirements
  - State aid requirements
- Final bids are final
  - internal approvals have to be in place

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# Summary indicative competition timetable

Stages	Activities	Month												
		0	1	2	3	4	5	6	7	8	9	10	11	12
		O	N	D	J	F	M	A	M	J	J	A	S	O
Pre - OJEU	Industry Day	█												
OJEU Contract Notice	BERR issues OJEU, PIM and PQQ		●	Competition launch										
Pre-qualification Selection	Bidders prepare and submit PQQ responses		█	█	█	█	█							
	BERR evaluates responses and selects pre-qualified bidders							█	● Selection of pre-qualified bidders					
First Negotiation Stage	BERR issues Invitation to Submit Outline Solutions (including indicative price)							█						
	Negotiations							█	█	█	█			
	Bidders prepare and submit outline solution (including indicative price)											█		
	BERR evaluates responses and possible downselect								Possible downselect			█	█	●

# Summary indicative competition timetable

Stages	Activities	Month									
		13	14	15	16	17	18	19	20	21	22
		N	D	J	F	M	A	M	J	J	S
Second Negotiation Stage	BERR issues Invitation to Submit Detailed Solutions (including fully priced bid)	█									
	Negotiations	█	█	█							
	Bidders prepare and submit detailed solutions (including fully priced bid)			█							
	BEER evaluates responses and possible downselect			█	●	Possible downselect					
Further Negotiations	If required: Further negotiation and/or clarifications				█						
Final Tender Process	BERR issues Invitation to Submit Final Bids				█						
	Bidders prepare final bids					█					
	BERR evaluates final bids and appoints preferred bidder	Appoint preferred bidder						█	█	●	
Post Final Tender	Finalise Project Contract										█
	Alcatel stand still period (10 days) and BERR approvals										█
	Contract signature and Financial Close							Contractual close			●