

Invitation to tender

Summative assessment for Heat the Streets

CPV codes

73300000-5 Design and execution of research and development.

1. Background

1.1 The Project

Kensa Utilities Limited (KUL), a Kensa Group company, is a unique infrastructure asset company created to fund, own and maintain Shared Ground Loop Arrays.

Heat the Streets is a ground-breaking scheme delivering heavily subsidised ground source heat pumps to 500 homes in Cornwall. The two-year, £8.7 million project developed by Cornish ground source heat pump infrastructure and asset company, KUL, is supported by £6.2 million of grants from the European Regional Development Fund (ERDF).

The project was awarded funding through the European Regional Development Fund England Operational Programme 2014 to 2020 under PRIORITY AXIS 4: Supporting the Shift Towards A Low Carbon Economy In All Sectors and specifically Priority Axis 4 (a): Promoting the production and distribution of energy derived from renewable sources and Priority Axis 4 (c): Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.

The programme will be measured against the following outputs in accordance with ESIF-GN-1-002_ERDF_Output_Indicators_Guidance_v 9:

Additional capacity for renewable energy production (C30) - The project will add 3.5 MW of renewable heat

Estimated Green House Gasses reductions (C34) – 786 tonnes of Green House Gasses will be saved each year following completion of works delivered by this project

Number of households with improved energy consumption classification (C31) – 500 households will benefit from improved energy consumption

1.2 The Product

Heat the Streets is pioneering a new business model that installs highly efficient low carbon ground source heat pumps on a street-by-street basis, making the technology accessible to more households across the country and helping the UK realise its ambitious net-zero carbon targets.

Every installation will benefit from a smart control with load shifting capability to reduce running costs. Project beneficiaries will own the internal components and pay an annual fee for connection to the ground array infrastructure which will remain the responsibility of KUL.

Many of the installations will take place in the rural off-gas Cornish community of Stithians to create a sustainable 'heat pump village'.

1.3 Rationale

Heating is the United Kingdom's biggest source of carbon emissions, which are the fossil fuel gases that contribute to climate change. In June 2019, parliament passed legislation requiring the government to reduce the UK's net emissions of greenhouse gases by 100% relative to 1990 levels by 2050. Doing so would make the UK a 'net zero' emitter. Prior to this, the UK was committed to reducing net greenhouse gas emissions by at least 80% of their 1990 levels, also by 2050.

The Energy Technologies Institute estimates that 20,000 households per week would need to be switched from the gas grid to low carbon heating between 2025 and 2050 to meet our current decarbonisation commitments

District heat networks are considered to be a low carbon solution. Currently supply only 2% of UK heat demand, predominantly gas-powered central plant, high heat loss, low consumer acceptance and trust.

Ground Source Heat Pumps (GSHP) offer carbon savings of over 60% compared to direct electric and fossil fuel heating systems. Over time these carbon savings will increase as more renewable energy sources are added to the grid.

There are several significant barriers to heat pump deployment at the scale required to meet the government's target of 600,000 per year by 2028.

- High upfront cost
- Grid capacity
- High running cost compared to natural gas

Heat the Streets seeks to address each of these issues, demonstrating a solution for the decarbonisation of heat that works for consumers, industry and the environment.

1.3.1 High upfront cost

By treating the ground array as shared infrastructure akin to the gas network. By charging an annual connection fee rather than the entire installation cost we can make installation more accessible for consumers.

Street by street installation rather than scatter gun approach is necessary to reduce the capital cost of infrastructure. This can only be achieved through significant investment and demonstration of the value of such an installation is required in order to unlock investment.

1.3.2 Grid Capacity

With aging infrastructure, a wide variation in energy use across the year and throughout the day combined with the fluctuations in renewable energy generation it has been suggested that the grid can't cope with the high additional capacity required to electrify heat.

Time of use tariffs provide incentives to move electrical consumption to times of the day that are not oversubscribed. Smart controls installed as standard in **Heat the Streets** homes come with automated load shifting capability. Machine learning predicts the heat up and cool down time of the property based on weather predictions, combines this with user preference and price signals from time of use tariffs and uses the information to schedule heat pump operation outside of periods of peak demand.

With GSHP delivering upwards of 325% efficiency and automated load shifting, the KUL Heat Network can deliver clean heating without the need for extensive upgrades to the National Grid. This can potentially save the UK billions of pounds whilst saving the environment. Every 4 million homes converted this way saves £30 billion (if using nuclear) or £6 billion (if using offshore wind).

1.3.3 Running cost

The prevalence of gas boilers in the UK combined with the very low price of natural gas (~4p/kW hr compared to 17p/kW hr electricity) sets consumer expectations as to the cost of home heating.

For every kW of electricity, a ground source heat pump produces over 3kW of heat. By also using load shifting smart controls and a time of use tariff, the running cost of ground source heat pumps can be brought down lower than a gas system providing the same comfort level.

This allows KUL to charge a connection fee for use of the infrastructure without a significant increase in the annual cost to the customer.

2. Tender Objectives

KUL is seeking to commission an experienced supplier to undertake a robust assessment of **Heat the Streets** against its target objectives, outcomes and outputs. This must be completed according to ESIF guidance:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/896857/ESIF-GN-1-033_ERDF_Summative_Assessment_Guidance_v4.pdf

and

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915448/ESIF-GN-1-034_ERDF_Summative_Assessment_Guidance_Appendices_v4_updated.pdf

Applicants must read this guidance prior to preparation of a response to this tender.

The evaluation will consist of three phases with separate reporting requirements:

2.1 Baseline setting and assessment planning – completed by May 2022

This initial piece of work will explore the original project proposal and Logic Model and create a plan of work to effectively assess, improve and learn from project delivery. Activities will include a minimum of:

- Review Logic Model
- Create Summative Assessment plan
- Determine the method of assessment prior to commencement of capital works
- Determine suitable method for impact analysis
- Agree roles in relation to data collection and handling

Project evaluation will include data collection and feedback from stakeholders and project beneficiaries. An impact analysis is to be undertaken and as part of your response to detail the choice of methodology or methodologies chosen. The risk of research fatigue must also be considered in development of the plan.

Deliverables:

- Summative Assessment Plan
- Updated Logic model (if required)

2.2 Interim Evaluation – September 2022

The Interim Evaluation will focus on project progress and delivery of project outputs. Activities will include:

- Evaluate project progress against Summative Assessment Plan
- Highlight what went well and areas for improvements
- Make recommendations for future programme delivery

Deliverables:

- Interim report
- Executive summary

2.3 Final Evaluation – April 2023

This final piece of work is to include a Summative Assessment Final Report and Report Summary. This must be completed according to the funding requirements (ESIF-GN-1-033 and ESIF-GN-1-034).

Deliverables:

- Final report
- Executive summary

2.4 Summary Reports

KUL is active in lobbying for strategic industry investment from the government. Learnings and evidence gained through delivery of **Heat the Streets** will be invaluable in this work. It is therefore a requirement that summary reports (two sides A4) are created, of key findings of the project evaluation, that will help KUL promote the benefits of networked heat pumps and move the UK towards strategic heat decarbonisation.

These reports are intended to act as summaries of how **Heat the Streets** overcomes the market failures identified in the Logic Model. The Tenderer is to include within their response the costs for 3 Summary reports to be agreed with KUL as a result of the final project evaluation and might cover topics such as:

- Value for money
- Stakeholder views
- Whole-life ownership costs of heating systems
- Cost comparison between strategic decarbonisation with networked heat pumps and the sporadic decarbonisation encouraged by government grants
- Local authority, central government and national grid benefits of strategic heat decarbonisation

2.5 Branding and Publicity Guidelines

This project is partly funded through ERDF and to raise awareness of the opportunities it offers the European Commission requires all European funded projects to actively promote and publicise that they have received investment and to acknowledge it on any publicity materials or project documentation relating to the funded activity. These requirements are set out in formal regulations and failure to comply with them may result in projects having to repay grant. Therefore, any material produced under this contract must comply with the EU Publicity regulations which is

contained in the ERDF National Publicity Guidelines

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/836956/ESIF-GN-1-005 ESIF Branding and Publicity Requirements v8 updated.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/836956/ESIF-GN-1-005_ESIF_Branding_and_Publicity_Requirements_v8_updated.pdf)

3. Tender Timetable

Milestone	Date
Publication of ITT	25/02/2022
Final date for receipt of clarifications	11/03/2022
Deadline to return tender	25/03/2022
Notification of outcome	30/03/2022
Contract signing	01/04/2022
Project inception meeting	04/04/2022
Completion of Summative Assessment Plan	18/04/2022
Completion of Interim Report	30/09/2022
Completion of Final Report	28/04/2023

4. Tender submission requirements

Please include the following information in your Tender submission.

4.1 Covering letter (two sides of A4 maximum) to include:

- 4.1.1 A single point of contact for all contact between the tenderer and KUL during the tender selection process, and for further correspondence.
- 4.1.2 Confirmation that the tenderer has the resources available to meet the requirements outlined in this brief and its timelines
- 4.1.3 Confirmation that the tenderer accepts all the Terms and Conditions of the Contract attached Enclosure 5
- 4.1.4 Confirmation that the tenderer holds current valid insurance policies as set out below and, if successful, supporting documentation will be provided as evidence (see 10.1)
- 4.1.5 Conflict of interest statement (see 10.10)
- 4.1.6 Confirmation that the tenderer will be able to meet the Corporate Requirements (see Section 10) to include confirmation that Equality and Diversity, Environmental and Data Protections policies are in place and, if successful, supporting documentation will be provided as evidence

4.2 Evidence of expertise in Project Evaluation and Summative Assessment

4.2.1 Staff and Experience: evidence of the relevant experience of the staff who would carry out the work based directly on the nature of the work specified within this project (Max 1 page per member of staff)

4.2.2 Company Experience: three examples of other relevant commissions held by your organisation with contact details of referees, approximate costs and outcomes and details of the similarities between the example and the work being tendered for (Max 1 page per example)

4.3 Proposal for Submission

Organisations should prepare a proposal of no more than 20 pages setting out:

- 4.3.1 Your understanding of the outlined evaluation requirements, and specific summative assessment guidelines
- 4.3.2 Project proposal: A methodology outlining how you will approach / deliver the project.

- 4.3.3 The approach to meet those requirements and guidelines
- 4.3.4 Project risks and mitigations
- 4.3.5 Breakdown of research tasks, the number of days allocated to each, who will do them and a timeline

4.4 Budget

Provide a breakdown of costs for the following elements:-

- 4.4.1 A **fixed fee** for this work, to exclude VAT but include all travel and other expenses
- 4.4.2 A schedule of day rates for any additional work that may be required (this is for information only and will not be appraised as part of the tender evaluation)

5. Tender clarifications

Any clarification queries arising from this Invitation to Tender which may have a bearing on the offer should be raised by email to:

info@kensautilities.com by 11/03/2022 and strictly in accordance with the Tender & Commission Timetable in section 3.

Responses to clarifications will be anonymised and uploaded by KUL to Contracts Finder and will be viewable to all tenderers.

No representation by way of explanation or otherwise to persons or corporations tendering or desirous of tendering as to the meaning of the tender, contract or other tender documents or as to any other matter or thing to be done under the proposed contract shall bind KUL unless such representation is in writing and duly signed by a Director/Partner of the tenderer. All such correspondence shall be returned with the Tender Documents and shall form part of the contract.

6. Tender evaluation methodology

Each Tender will be checked for completeness and compliance with all requirements of the ITT. Tenders will be evaluated to determine the most economically advantageous offer taking into consideration the award criteria.

Tender returns will be assessed on the basis of the following tender award criteria

Acceptable covering letter including confirmation of the requirements detailed at 4.1	Pass/ Fail
4.2 Evidence of expertise	30 marks
Project Evaluation and Summative Assessment: relevant experience of the staff	
Project Evaluation and Summative Assessment: examples of other relevant commissions	

Evidence of relevant industry experience and understanding of energy systems and the impact of related government policies	
4.3 Project Proposal and Methodology	50 marks
Project proposal including a methodology outlining how you will approach / deliver the project.	
4.4 Budget	30 marks
A fixed fee for this work (exc VAT) including travel and other expenses. The lowest bid will be awarded the full 20 marks. Other bids will be awarded a mark that is proportionate to the level of their bid in comparison to the lowest bid i.e. Marks awarded = 20 x lowest bid / bid	

7. Assessment of the Tender

The reviewer will award the marks depending upon their assessment of the applicant's tender submission using the following scoring to assess the response:

Scoring Matrix for Award Criteria		
Score	Judgement	Interpretation
100%	Excellent	Exceptional demonstration of the relevant ability, understanding, experience, skills, resource and/or quality
80%	Good	Above average demonstration of the relevant ability, understanding, experience, skills, resource and/or quality measures required to provide the goods/works/services. Majority evidence provided to support the response.

60%	Acceptable	Demonstration of the relevant ability, understanding, experience, skills, resource and/or quality measures required to provide the goods/works/services, with some evidence to support the response.
40%	Minor Reservations	Some minor reservations of the relevant ability, understanding, experience, skills, resource and/or quality measures required to provide the goods/works/services, with little or no evidence to support the response.
20%	Serious Reservations	Considerable reservations of the relevant ability, understanding, experience, skills, resource and/or quality measures required to provide the goods/works/services, with little or no evidence to support the response.
0%	Unacceptable	Does not comply and/or insufficient information provided to demonstrate that there is the ability, understanding, experience, skills, resource and/or quality measures required to provide the goods/works/services, with little or no evidence to support the response.

During the tender assessment period, KUL reserves the right to seek clarification in writing from the tenderers, to assist it in its consideration of the tender. Tenders will be evaluated to determine the most economically advantageous offer taking into consideration the award criteria weightings in the table above. KUL is not bound to accept the lowest price or any tender. KUL will not reimburse any expense incurred in preparing tender responses. Any contract award will be conditional on the Contract being approved in accordance with KUL's internal procedures and KUL being able to proceed.

8. Tender Award

Any contract awarded as a result of this tender process will be in accordance with the attached KUL standard terms and conditions (Enclosure 5)

9. Tender Returns

Please submit the Tender document by email by **17:00 on 09/02/2022**.

Please send by email to info@kensautilities.com with the following wording in the subject box:

"Tender XXXXXXXX Strictly Confidential Kensa Utilities Summative Assessment"

Tenderers are advised to request an acknowledgement of receipt when submitting by email.

10. Corporate Requirements

10.1 Indemnity and Insurance

The contractor must affect and maintain with reputable insurers such policy or policies of insurance as may be necessary to cover the contractor's obligations and liabilities under this contract, including but not limited to:

- Professional indemnity insurance with a limit of liability of not less than £2 million;
- Public liability insurance with a limit of liability of not less than £5 million;
- Employers liability insurance with a limit if liability of not less than £5 million

All insurances shall cover for any one occurrence or series of occurrences arising out of any one event during the performance of this contract. The tenderer will be required to provide a copy of their insurance policies if successful in securing this contract.

In addition, the contract will be subject to the following legislation.

10.2 Data Protection

The contractor will comply with its obligations under Data Protection Legislation (DPL), being the UK Data Protection Legislation and the General Data Protection Regulation (GDPR) and any other directly applicable European Union legislation relating to privacy.

The tenderer will be required to provide a copy of their Data Protection policy and privacy statement if successful in securing this contract.

10.3 Freedom of Information Legislation

KUL may be obliged to disclose information provided by bidders in response to this tender under the Freedom of Information Act 2000 and all subordinate legislation made under this Act and the Environmental Information Regulations 2004 (Freedom of Information Legislation). Tenderers should therefore be aware that the information they provide could be disclosed in response to a request under the Freedom of Information Legislation. KUL will proceed on the basis of disclosure unless an appropriate exemption applies. Tenderers should be aware that despite the availability of some exemptions, information may still be disclosed if it is in the public interest.

10.4 Prevention of Bribery

Tenderers are hereby notified that KUL is subject to the regulations of the Bribery Act 2010 and therefore has a duty to ensure that all tenderers will comply with applicable laws, regulations, codes and sanctions relating to antibribery and anti-corruption including, but not limited to, this legislation.

10.5 Health and Safety

The Consultant must at all times comply with the requirements of the Health and Safety at Work Act 1974, the Management of Health and Safety at Work Regulations 1992 and all other statutory and regulatory requirements.

10.6 Exclusion

KUL shall exclude the tenderer from participation in this procurement procedure where they have established or are otherwise aware that the organisation, to include administrative, management or supervisory staff that have powers of representation, decision or control of the applicant's company, has been the subject of a conviction by final judgment of one of the following reasons:

- Participation in a criminal organisation
- Corruption
- Fraud
- Terrorist offences or offences linked to terrorist activities
- Money laundering or terrorist financing
- Child labour and other forms of trafficking in human beings

10.7 Sub-contracting

Tenderers should note that a consortium can submit a tender but the subcontracting of aspects of this commission after appointment will only be allowed by prior agreement with KUL.

10.8 Content ownership

By submitting a tender application, the tenderer acknowledges that the copyright to all material produced during the project will be the property of KUL.

10.9 Document Retention

All documentation (electronic and hard copy) produced as part of this contract will need to be returned to KUL at the end of the contract so that we can retain them for future reference/audit. The contractor will not be expected to store these documents for future reference.

10.10 Conflicts of Interest

Tenderers must provide a clear statement with regard to potential conflicts of interests. Therefore, **please confirm within your tender submission whether**, to the best of your knowledge, there is any conflict of interest between your organisation and KUL or its project team that is likely to influence the outcome of this procurement either directly or indirectly through financial, economic or other personal interest which might be perceived to compromise the impartiality and independence of any party in the context of this procurement procedure.

Receipt of this statement will permit KUL to ensure that, in the event of a conflict of interest being notified or noticed, appropriate steps are taken to ensure that the evaluation of any submission will be undertaken by an independent and impartial panel.

10.11 Equality and Diversity

KUL is committed to providing services in a way that promotes equality of opportunity. It is expected that the successful tenderer will be equally committed to equality and diversity in its service provision and will ensure compliance with all anti-discrimination legislation. The tenderer will be required to provide a copy of their Equality and Diversity Policies/Practices if successful in securing this contract.

10.12 Environmental Policy

KUL is committed to sustainable development and the promotion of good environmental management. It is expected that the successful tenderer will be committed to a process of improvement with regard to environmental issues. The tenderer will be required to provide a copy of their Environmental Policies/Practices if successful in securing this contract.

11. Disclaimer

The issue of this documentation does not commit KUL to award any contract pursuant to the tender process or enter into a contractual relationship with any provider of the service. Nothing in the documentation or in any other communications made between KUL or its agents and any other party, or any part thereof, shall be taken as constituting a contract, agreement or representation between KUL and any other party (save for a formal award of contract made in writing by or on behalf of KUL).

Tenderers must obtain for themselves, at their own responsibility and expense, all information necessary for the preparation of their tender responses.

Information supplied to the tenderers by KUL or any information contained in KUL's publications is supplied only for general guidance in the preparation of the tender response. Tenderers must satisfy themselves by their own investigations as to the accuracy of any such information and no responsibility is accepted by KUL for any loss or damage of whatever kind and howsoever caused arising from the use by tenderers of such information.

KUL reserves the right to vary or change all or any part of the basis of the procedures for the procurement process at any time or not to proceed with the proposed procurement at all.

Cancellation of the procurement process (at any time) under any circumstances will not render KUL liable for any costs or expenses incurred by tenderers during the procurement process.

Enclosures

- Enclosure 1: Logic Model
- Enclosure 2: Terms and conditions of the contract