**Specification for “Assessing the voluntary carbon offset market landscape in the UK”**

Tender Reference Number: BN/1221

**Specification of Requirements**

Invitation to Tender for Assessing the voluntary carbon offsets market landscape in the UK

Tender Reference Number: BN/1221

Deadline for Tender Responses: Wednesday 19th January

**Contents**

1. Introduction and summary of requirements / Preamble

2. Background

3. Aims and Objectives

4. Methodology

5. Outputs Required

6. Ownership and Publication

7. Quality Assurance

8. Timetable

9. Challenges

10. Working Arrangements

11. Required Skills

12. Consortium Bids

13. Budget

14. Evaluation of Tenders

**1 Introduction and summary of requirements / Preamble**

The Committee on Climate Change (CCC) is planning on publishing a report on voluntary carbon offsets in spring 2022. The report will characterise the current and anticipated status of voluntary offset usage in the UK, evidence the risks and opportunities that accompany that, and generate recommendations for policy-makers on how to direct voluntary offset activity in the UK.

To inform the CCC’s report, the CCC is tendering some work to (1) quantitatively characterise the scale and type of offset activity in the UK (2) summarise the key offsetting schemes and standards (3) assess the key drivers behind company decisions to invest in offsets in the UK.

Given timescales for publication, the tendered work needs to be delivered by end of March 2022, at the cost of £20,000 - £35,000.

# 2 Background

**The Committee on Climate Change**

The Committee on Climate Change (CCC) was set up as part of the Climate Change Act. The CCC is an independent body tasked with providing advice to Government on climate change issues, particularly the setting of carbon budgets, and the monitoring of progress towards meeting those budgets.

The Committee provided advice on the sixth carbon budget (setting a limit on UK emissions in the period 2033-2037) in 2020 and assessed UK progress in its annual Progress Report in June 2021.

**The Committee on Climate Change’s work in relation to offsets**

In November 2020, the CCC published a brief on ‘[The role of business in delivering the UK’s Net Zero ambition](https://www.theccc.org.uk/publication/the-role-of-business-in-delivering-the-uks-net-zero-ambition/)’, which set out high level principles for how businesses should approach ‘offsetting’ and outlined suggested offset usage by each sector by decade, aligned to the Sixth Carbon Budget pathway.

In the 2021 Progress Report, the CCC identified business action as a key driver of progress in reaching net zero, and noted plans in future to help businesses make informed decision in line with Net Zero, and to track how corporate commitments are progressing in the UK.

Removals are a ‘sector’ considered within CCC analysis, including the Sixth Carbon Budget and Progress Reports.

The CCC’s past reports are available here: <http://www.theccc.org.uk/reports/>.

# 3 Aims and Objectives

The objective of this project is to characterise the current and expected use of voluntary carbon offsets in the UK, to inform a CCC report in spring 2022 on offsets.

The primary aim of the project will be to produce a quantitative dataset that informs the CCC’s understanding of the value and categories of offset activity in the UK. Secondary aims of the project are to synthesise and assess the current standards and codes in the UK relating to offsetting, and to understand what drives company decisions around purchasing UK offsets.

The project’s main focus is on offset activity within England, Scotland, Wales and Northern Ireland. in particular carbon reduction/removal activity in the UK. However, offset activity in the UK sits within a complex global ecosystem – some reference to global offsetting standards, and consideration of the role of international companies/purchases by UK companies of offsets overseas should be included.

The five key tasks in this project are listed below, with rough anticipated division of resource between all five included as a percentage:

1. **What is the landscape of standards and schemes in the UK for voluntary offsets (<10%)?**
	1. Map at a high-level various UK offsetting standards and schemes within the UK
	2. List at a very high-level key principles for what constitutes a robust offset (drawing on existing standards, such as the Oxford Offsetting Principles)
	3. Assess how the existing schemes align to validated and verified offset standards
	4. Assess the degree of confidence that can be placed in the various codes to deliver carbon benefits

Task 1 is intended as a high-level framing exercise to inform the rest of the work, so should **not** be done in extensive detail, and should take less than 10% of time/budget.

1. **What is the present scale of the voluntary offset market in the UK (25%)?**
	1. What total tCO2 and monetary value of emissions offsets are purchased by companies who have operations in the UK?
		* If possible, this could be divided into companies who are fully UK based, and companies who are split across locations. Or the focus could solely be on listed/large UK companies
	2. What tCO2 and value of offsets are sold by companies who have operations in the UK?
		* If possible, this could be divided into companies who are fully UK based, and companies who are split across locations. Or the focus could solely by on listed/large UK companies
	3. What tCO2 and proportion of UK company emissions reductions plans use offsets?
		* If possible, this could be divided into companies who are fully UK based, and companies who are split across locations. Or the focus could solely by on listed/large UK companies
2. **What are the characteristics of the voluntary offset market in the UK (30%)?**
	1. What proportion of land in the UK is currently used (i) partially and (ii) fully for selling offsets or supporting a company’s carbon reduction plan?
		* What land-type is this?
		* How much of this land is purchased by international buyers who then sell offsets in the UK?
		* What region of the UK is this land in?
		* Does the current proportion reflect a substantial recent increase?
	2. What proportion of offsets bought by UK companies to offset their UK operations are ‘realised’ in the UK versus overseas (ie – what proportion would have implications for UK national emissions accounting)?
	3. What is the breakdown of offset type by tCO2 and monetary value that are (i) realised in the UK (ie activity happens in the UK) (ii) purchased in the UK and (iii) sold by UK companies?
		* Offset types should be as detailed as data allows, and include: removal/reduction/avoidance; for land-based offsets – woodland and forestry/peatlands/other; whether it includes co-benefits; region in UK
	4. What proportion of offsets used by large UK companies are being used to counterbalance emissions for which direct measures to reduce are available?
		* The CCC will provide a list of activities/sectors where low carbon measures (including both technologies and changed practices) are available
3. **What is the (range of) expected future demand and supply in UK offset market up until 2050, assuming no new policies (15%)?**
	1. What is the projected demand range for offsets of tCO2 in the UK?
	2. What is the projected expected supply range (tCO2)?
		* If possible include breakdown by offset type
	3. What are the key risks and dependencies to achieving future projections?
		* Include consideration of limits to tenancies and the UK ETS potential to cover agriculture
4. **What is the perspective of companies operating in the UK on offsets (15%)?**
	1. What are (perceived) advantages/disadvantages of UK-located offsets, compared to international offsets, for UK companies?
	2. What do UK companies consider when assigning a value to offsets?
	3. How do UK companies decide what is offset and not?

# Methodology

For Task 1:

* + - Conduct a literature review of the main offsetting standards and schemes in the UK, main principles for robust offsets and the main offset standards
		- Identify key criteria (5 – 15) for robust offsetting, based on the standards, principles, and background/organisational knowledge of carbon reduction/removal approaches
		- Map the criteria against the UK schemes/codes to highlight what schemes/codes meet what criteria
		- Draw on this mapping plus background knowledge of land-based carbon reduction to assess the credibility of the various schemes

For Task 2-4:

* + - The main component of these tasks is sourcing and combining data on offsets. Suppliers will have varying degrees of direct access to data on offset usage and so the best methodology will vary by supplier. Bids should outline how suppliers will access the data, the methodology they will use in synthesising data from different sources, and if needed, how they will scale up the data to size offset usage across the whole UK.
		- The CCC recognises data may not be readily available to answer all of the questions outline for Tasks 2 - 4. Where this is the case, bids should propose their planned approach to quantify the gaps (e.g. drawing on proxies or proposed assumptions/using ranges to capture the uncertainty).

For Task 5:

* + - Interview a representative sample of companies purchasing offsets **or** draw on existing market research into company preferences on offset **or** an alternative method. Suppliers should specify the approach they will use in their bid.
		- To assess the relative value companies place on offsets, the methodology should include reviewing carbon prices generated by the woodland code auctions and identifying common traits in offsets with the highest prices.

# Outputs Required

The outputs of the work should include:

* An **excel book**, including all outputs in relation to tasks 2-4 (including emissions, values, offset types, locations and land type).
	+ If relevant, the excel should include in a distinct tab showing any aggregated data in relation to task 5.
* A **detailed assumptions log**
	+ Detailing assumptions made for Tasks 2-4 (eg – to enable data gap filling) – each listed separately
	+ Where relevant, detailing assumptions made for Task 5
* A **report**, setting out the outputs from each of the Tasks.
	+ The report should be clearly formatted and easy to comprehend
	+ It should present the key findings of each of the 5 Tasks in turn in an accessible way, making clear at a high-level any key limitations or assumptions linked with the findings
	+ The suggested division is as follows (although the CCC is open to discuss alternative lengths depending on emerging findings):
		- Summarising in full the findings from Task 1 (c.2 pages, including a table comparing schemes to offsetting principles)
		- Summarising key answers to the questions in Task 2-4 using graphs and tables where appropriate (length tbd based on nature of findings – probably between 10-20 pages)
		- Summarising the findings in answer to task 5 (2-5 pages)
		- If possible/necessary – a brief methodology annex (c. 1 page) to explain any key techniques used to generate the data for Tassk 2-4
* If possible a **slide pack** with the key graphs and data findings, which can be used by the CCC to present the findings of the project to internal and externa stakeholders

Where excel workbooks are used these should be shared, fully unlocked and linked to rest of the excel workbook deliverable above, allowing future capability to update assumptions. They should be clearly set out and formatted, maximising ease of future use and reference for users not directly involved in the work.

We envisage that bidders may need to make use of pre-existing knowledge or data to enable delivery and welcome this. However, this should not limit the transparency of approaches used in this project and the written report should be provided such that any findings/graphs included are in a publishable format. In the event of any limitations on sharing (e.g. in wider sharing beyond the CCC), these should be specified as part of the tender.

We anticipate that disaggregated data on company offset purchases, and offset sales, may be commercially sensitive. The level of granularity/disaggregation that will be possible within the excel book should be specific as prat of the tender.

In addition to the above, we also expect interim deliverables to be provided – in particular a draft version of the report and a draft excel book in mid-March, and a slide presentation for the first milestone meeting in early March. See section 8 for specific dates.

# Ownership and Publication

The key deliverables will be handed over to the CCC. We anticipate we will use the findings in a future published report on voluntary offsets. However, the CCC may choose to publish the output from this project as supporting evidence on their website.

Spreadsheets should be open access and unrestricted, to enable full QA of results and assumptions.

# Quality Assurance

This project must comply with the ‘CCC – Quality Assurance of Evidence and Analysis’ guidance[[1]](#footnote-1) and bidders must set out their approach to quality assurance in their response to this ITT.

All research tasks and modelling must be quality assured and documented. Contractors should:

* Include a quality assurance (QA) plan that they will apply to all of the research tasks and modelling,
* Specify who will take lead responsibility for ensuring quality assurance and ensure that this responsibility rests with an individual not directly involved in the research, analysis or model development,
* Provide QA log to demonstrate the QA undertaken, including who undertook the QA and the scope, type and level of QA that has been undertaken (e.g. a log entry only stating ‘the data was checked’ will not be sufficient),
* Allow for a meeting with CCC staff to run through QA performed.

Sign-off for the quality assurance must be done by someone of sufficient seniority within the contractor organisation to be able take responsibility for the work done. Acceptance of the work by the CCC will take this into consideration. The CCC reserves the right to refuse to sign off outputs which do not meet the required standard specified in this invitation to tender.

The successful bidder will be responsible for any work supplied by sub-contractors and should therefore provide assurance that all work in the contract is undertaken in accordance with the quality assurance expectation agreed at the beginning of the project.

# Timetable

The proposed timetable for the project is set out in the following table. There is flexibility on the specific days, but the ultimate deadline for the final outputs is 31st March.

|  |  |
| --- | --- |
| **Date** | **Action** |
| Thurs 27th/ Fri 28th January | Kick-off meeting |
| Wed 2nd March/Thurs 3rd March  | First interim presentation/report on initial data findings  |
| Weds 23rd March | Delivery of excel tool with identified mitigation wedges and draft report  |
| Thurs 31st March | Latest date for delivery of final outputs:, final report, final excel and final assumptions log |

In addition to the formal reporting points, the CCC would expect to have brief regular scheduled discussions (weekly/fortnightly meetings or calls) to ensure the work is progressing as expected.

# Challenges

The specific challenges that the CCC envisage with this project include:

* Sourcing sufficiently wide-ranging and thorough data for offset usage in the UK
* Establishing an analytical methodology to fill gaps in offset usage data
* Developing an approach to understanding company perspectives on offsets, which is resource-light whilst still being robust and insightful

Bids should set out how these risks will be managed alongside any other risks and challenges to successfully undertaking this work.

Given the challenge of sufficient data, the CCC will consider bids who are not able to answer the full range of sub-questions within Tasks 2-4. Bids should make clear what sub-questions within Task 2-4 they can and cannot answer, and propose their planned approach to quantify the data gaps (e.g. drawing on proxies or proposed assumptions/using ranges to capture the uncertainty).

Tasks 2-4 are the priority of the project. Where bids are stretched on resource/time, greater priority should be given to these Tasks.

The successful contractor will be expected to identify one named point of contract through whom all enquiries can be filtered. A CCC project manager will be assigned to the project and will be the central point of contact.

# Working Arrangements

The successful contractor will be expected to identify one named point of contract through whom all enquiries can be filtered. A CCC project manager will be assigned to the project and will be the central point of contact.

# Skills and experience

 CCC would like you to demonstrate that you have the experience and capabilities to undertake the project. Your tender response should include a summary of each proposed team member’s experience and capabilities.

 Contractors should propose named members of the project team, and include the tasks and responsibilities of each team member. This should be clearly linked to the work programme, indicating the grade/ seniority of staff and number of days allocated to specific tasks.

Contractors should identify the individual(s) who will be responsible for managing the project.

# Consortium Bids

In the case of a consortium tender, only one submission covering all of the partners is required but consortia are advised to make clear the proposed role that each partner will play in performing the contract as per the requirements of the technical specification. We expect the bidder to indicate who in the consortium will be the lead contact for this project, and the organisation and governance associated with the consortia.

Contractors must provide details as to how they will manage any sub-contractors and what percentage of the tendered activity (in terms of monetary value) will be sub-contracted.

If a consortium is not proposing to form a corporate entity, full details of alternative proposed arrangements should be provided. However, please note CCC reserves the right to require a successful consortium to form a single legal entity in accordance with Regulation 28 of the Public Contracts Regulations 2006.

CCC recognises that arrangements in relation to consortia may (within limits) be subject to future change. Potential Providers should therefore respond in the light of the arrangements as currently envisaged. Potential Providers are reminded that any future proposed change in relation to consortia must be notified to CCC so that it can make a further assessment by applying the selection criteria to the new information provided.

# Budget

The budget for this project is £20,000 to £35,000 excluding VAT.

Contractors should provide a full and detailed breakdown of costs (including options where appropriate). This should include staff (and day rate) allocated to specific tasks.

Cost will be a criterion against which bids which will be assessed.

Payments will be linked to delivery of key milestones. The indicative milestones and phasing of payments can be adjusted and agreed with the contractor and Project Manager. Please advise in your tender response how this breakdown reflects your usual payment processes:

In submitting full tenders, contractors confirm in writing that the price offered will be held for a minimum of 60 calendar days from the date of submission. Any payment conditions applicable to the prime contractor must also be replicated with sub-contractors.

The Committee on Climate Change aims to pay all correctly submitted invoices as soon as possible with a target of 10 days from the date of receipt and within 30 days at the latest in line with standard terms and conditions of contract.

# Evaluation of Tenders

Contractors are invited to submit full tenders of no more than (15 – suggested 35 pages) pages, excluding declarations and CV’s. Tenders will be evaluated by at least three CCC staff.

CCC will select the bidder that scores highest against the criteria and weighting listed below, see the ITT for further information.

**EVALUATION CRITERIA AND SCORING METHODOLOGY**

|  |  |  |
| --- | --- | --- |
| Criterion | Description | Weighting  |
| 1 | RELEVANT EXPERIENCE / DEMONSTRATION OF CABABILITY | 20% |
| 2 | MANAGING YOUR RELATIONSHIP WITH THE CCC | 5% |
| 3 | QUALITY ASSURING THE SERVICES YOU PROVIDE | 5% |
| 4 | MANAGEMENT STRUCTURE | 5% |
| 5 | PROJECT TEAM – SKILLS AND KNOWLEDGE | 20% |
| 6 | METHOD, ABILITY AND TECHNICAL CAPACITY – 10% | 25% |
| 7 | UNDERSTANDING OF REQUIREMENTS | 10% |
| 8 | RISK AND CHALLENGES | 10% |
|  |  | 100% |

**Scoring Method**

Tenders will be scored against each of the criteria above, according to the extent to which they meet the requirements of the tender. The meaning of each score is outlined in the table below.

The total score will be calculated by applying the weighting set against each criterion, outlined above; the maximum number of marks possible will be 100. Should any contractor score 1 in any of the criteria, they will be excluded from the tender competition.

|  |  |
| --- | --- |
| **Score** | **Description** |
| 1 | Not Satisfactory: Proposal contains significant shortcomings and does not meet the required standard |
| 2 | Partially Satisfactory: Proposal partially meets the required standard, with one or more moderate weaknesses or gaps  |
| 3 | Satisfactory: Proposal mostly meets the required standard, with one or more minor weaknesses or gaps. |
| 4 | Good: Proposal meets the required standard, with moderate levels of assurance |
| 5 | Excellent: Proposal fully meets the required standard with high levels of assurance |

**Scoring for Pricing Evaluation**

Price will be marked using proportionate pricing. Please see the example below.

Marking proportionate to the lowest price.

Price will be scored as set out below.

There will be a maximum of e.g. 20 marks

The lowest priced bid will receive the full 20 marks, all other bids will then be marked as set out below.

Proportionate Pricing scoring example

If 20% = 20 marks

|  |  |  |
| --- | --- | --- |
| Supplier | Price | Marks |
| 1 (lowest bid) | £50,000 | 20 |
| 2 | £60,000 | 50/60 \* 20 = 16.7 |
| 3 | £75,000 | 50/75 \* 20 = 13.3 |

**Structure of Tenders**

Contractors are strongly advised to structure their tender submissions to cover each of the criteria above and supply a price schedule specifying the daily rates (ex-VAT) you will charge for each level of your staff.

**Evaluation for Interviews, if held**

CCC reserves the right to award the contract based on applicants’ written evaluation only if one candidate emerges from the evaluation stage as significantly stronger than the others.

Should interviews go ahead, CCC will shortlist the top three suppliers with the highest marks from the written proposals. Interviews are provisionally expected to be held on 24 January. If this date changes, CCC will notify applicants.

The areas to be covered in the interview, and markings allocated to each topic area will be sent to the shortlisted supplier prior to interview.

Further details of interviews will be sent to successful applicants on selection.

**Feedback**

Feedback will be given in the unsuccessful letters or emails.

1. [Quality Assurance (QA) of Evidence and Analysis (theccc.org.uk)](https://www.theccc.org.uk/wp-content/uploads/2020/04/CCC-%E2%80%93-Quality-Assurance-of-Evidence-and-Analysis.pdf) [↑](#footnote-ref-1)