



**Cabinet**  
26 January 2015

**Report from the Strategic Director of  
Regeneration & Growth**

Wards affected:  
Kilburn

**South Kilburn Regeneration Decentralised Energy  
System**

## **1.0 Summary**

1.1 This report updates Members in respect of the South Kilburn Decentralised Energy System, recommending that an Energy Service Company contract tender process be re-started.

## **2.0 Recommendations**

That Cabinet approve:

- 2.1 That the tender process for the procurement of the South Kilburn decentralised energy system be re-started, noting the risks associated with this as set out in paragraph 3.13.
- 2.2 The inviting of tenders for the procurement of the South Kilburn Regeneration decentralised energy system on the basis of the pre-tender considerations as set out in Appendix 2.
- 2.3 That tenders referred to in 2.2 above be evaluated in accordance with the evaluation criteria set out in Appendix 2.

## **3.0 Background**

3.1 On 11 November 2013 the Executive noted the requirement to deliver a localised sustainability strategy as part of the delivery of the South Kilburn Regeneration Programme, in order to ensure new and future development achieve a 40% carbon reduction in accordance with the Greater London Authority (GLA) London Plan planning requirements and current Building Control Regulations.

- 3.2 In order to achieve this, the GLA actively encouraged the development of an estate wide energy centre as part of a decentralised energy supply scheme. This would comprise of an Energy Service Company (ESCo) financing, installing, managing and maintaining the system and delivering heat to all the properties developed as part of the regeneration of South Kilburn.
- 3.3 It was envisaged the project would deliver:
- a) Lower energy costs for residents (based on average consumption data).
  - b) A district heating solution that is no more costly to developers than individual block heating solutions.
  - c) CO2 savings contributing toward the level required by the London Plan and Building Regulations.
  - d) The means to achieve higher Sustainable Design Code Levels in the future.
  - e) A technically sound and reliable energy centre.
  - f) A high standard of customer service to residents.
- 3.4 On 18<sup>th</sup> July 2011 the Executive confirmed authority to take steps to procure an EU compliant contract with an ESCo to bring forward the decentralised energy system for South Kilburn. The tender process in 2012 resulted in the selection of three organisations that were to be invited to participate in a competition to deliver the energy centre project pursuant to the terms of the Invitation to Tender (ITT). In preparing the ITT the need for additional legal and technical support was identified.
- 3.5 Pinsent Mason LLP solicitors were subsequently appointed to advise on the tender process and to prepare the legal agreements. As agreed by the Executive on 11 November 2013 Parsons Brinkerhoff Ltd were awarded a contract to project manage the delivery of the project and to provide commercial and strategic financial advice in respect of the project.

### Project structure

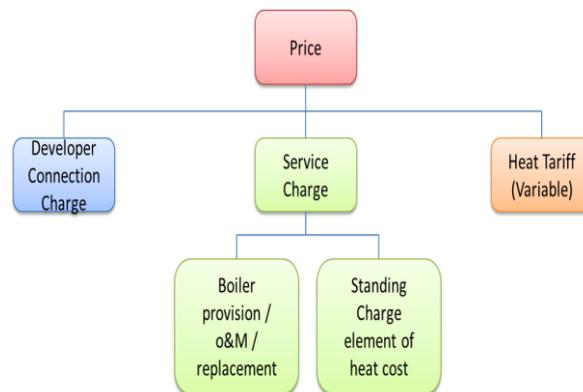
- 3.6 Since appointment Parsons Brinkerhoff has developed the invitation to participate in dialogue (ITPD) and Invitation to Submit Outline Solution (ISOS) documentation which requires the appointed ESCo to:
1. Design, finance, construct and operate a district energy centre and primary network.
  2. Secure planning approval for the district heat network.
  3. Submit a design for the energy centre that does not require a material change to Gloucester and Durham planning approval.
  4. Take Construction Design and Management responsibility.
  5. Provide connection to all existing developments supplying heat to households in South Kilburn direct.
  6. Connect to all new developments supplying heat to households directly and take on operation and management responsibility of secondary network/heat interface to unit (no bulk supply agreements).
  7. Ensure 'heat on' to Gloucester and Durham house by November 2017.

8. Manage and maintain the system to ensure the agreed service levels for the provision of heat and customer care are achieved.
9. Take bad debt risk, void risk, billing management and customer care responsibility.
10. Consider a low or zero carbon solution in line with the lifecycle replacement strategy.

3.7 As part of this project proposal, the council will be required to:

1. Set mandatory terms for connection and supply agreements (on retrospective connections obliging developers to pass direct costs charged to households).
2. Approve all connection agreements with developers.
3. Pass liquidated damages for connection delay to developers.
4. Agree annual pricing formula review.
5. Ensure pricing information is published annually.
6. Monitor fixed price reduction on tariff charges.
7. Inform ESCo of changes in the development programme.

### Pricing



3.8 The pricing structure will comprise:

a. Connection Charge:

- i. Completed developments will comprise of a connection charge - payable by Brent to the ESCo (from funds currently held by Brent in respect of s106 contributions) for connection to the phase 1, phase 2A and phase 2B properties to the district heating (DH) network. Brent is seeking detailed State Aid advice on the most appropriate method to structure these payments; or
- ii. The pricing structure for the new developments (i.e. phase 3A onwards) will comprise of a connection charge payable by the developer directly to the ESCo for connection to the district heating (DH) network. The connection fee should be no more than the alternative cost to the developer for complying with Part L of the building regulations (avoided cost).

b. Service Charge – The service charge is comprised of two elements:

- i. The annual charge required to cover the operation, maintenance and plant replacement costs of the DH system, including internal building systems and customer interfaces. The service charge should reflect the cost that the end user would otherwise pay for the maintenance and future replacement of a standalone boiler and heating system.
  - ii. The service charge should also include the standing charge element of the energy cost that would otherwise be paid by end users for their alternative utility supply and reflects the fixed costs of making the supply available.
- c. Energy Tariff – the unit charge for consumption of heat from the district heating system, payable by the end user to the ESCo. The Energy Tariff should represent a percentage reduction against the current unit cost of heat payable by the end user, the exact level is to be determined through the dialogue process, and however a minimum of 10% is expected.

3.9 A clause will be included in the Development Agreement and Connection Agreement to ensure obligations on the developers not duplicate the charge for operation and maintenance within the resident's service charge.

#### Planning permission

3.10 In August 2014 planning permission was granted on the site of the existing Gloucester and Durham Houses for the delivery of 236 new homes (of which 102 are affordable and for existing South Kilburn residents and 134 for private sale), an energy centre for the South Kilburn Neighbourhood Heating System, replacement play space, associated landscaping, general public amenity space and car parking. On 17 September 2014 the GLA confirmed they were content to allow Brent to determine this planning case itself, subject to any action that the Secretary of State may take, and do not therefore wish to direct refusal or to take over the application for their own determination.

#### Procurement

3.11 As it has been two years since the decision to take forward 3 bidders to the ITT stage, officers felt it appropriate to review whether it was appropriate to continue with the current process or if there were strong commercial and procurement drivers for starting the process again. Having discussed this with the council's advisors there was a firm view that there was strong justification for starting the process once again and that this should not have an adverse impact on the Council's ability to achieve the South Kilburn Programmes target 'heat on' date of November 2017.

3.12 The reasons for supporting a decision to commence a new procurement are as follows:

- Residual concerns remain with the approach which had been adopted under the original procurement
- A significant period of time that has lapsed since the original procurement was commenced.
- In this time it is not unreasonable to suggest that both the financial and technical capability of the three shortlisted bidders may have changed such

that the council's decision to invite them forward may no longer retain its integrity.

- The ESCo market has continued to develop and evolve such that there are now a number of new entrants within this sector who might be both capable and interested in delivering the South Kilburn energy centre.

3.13 Risks associated with starting the procurement again is noted as:

- Increased time and cost;
- That the current bidders could raise issue about the decision to re-tender;
- The withdrawal of a number of the three shortlisted bidders from a new process, even though they would not be precluded from bidding.

3.14 On balance it is considered the benefits of starting a new process both commercially and in the context of risk mitigation outweigh the risks that this might attract.

#### GLA Support

3.15 The GLA have confirmed support to the Council restarting the procurement process informing:

“given the limitations created by your current prequalified bidders, recent ESCo market developments, now well defined project objective and consented energy centre, there is a compelling argument to retender the project to ensure the borough and the connected customers get the very best deal”.

Peter North, Senior Manager – Programme Delivery (Sustainable Energy), Development & Environment, Greater London Authority, 21 November 2014. See Appendix 1 for a formal letter of support from the GLA.

#### Next Steps

3.16 Officers intend to take the steps detailed in the equalities action plan in section 6.7, which includes a commitment for ongoing resident consultation and engagement.

3.17 In accordance with Contract Standing Orders 88 and 89, pre-tender considerations including a project plan and timetable are set out in Appendix 2.

3.18 For the purposes of this procurement as per Brent's Contract Procurement and Management Guidelines, the standard PQQ questions and instructions as revised in June 2013 will be adapted to include the technical questions as per Appendix 2 of this report.

3.19 The standard questions will be evaluated on a pass or fail basis, with exception of the technical questions at Appendix 2 which will be evaluated on a scoring basis using the scoring table in the same appendix of this report.

3.20 The project plan detailed in Appendix 2 proposes Officers update Cabinet on this procurement and seek approval to award the Contract in October 2015.

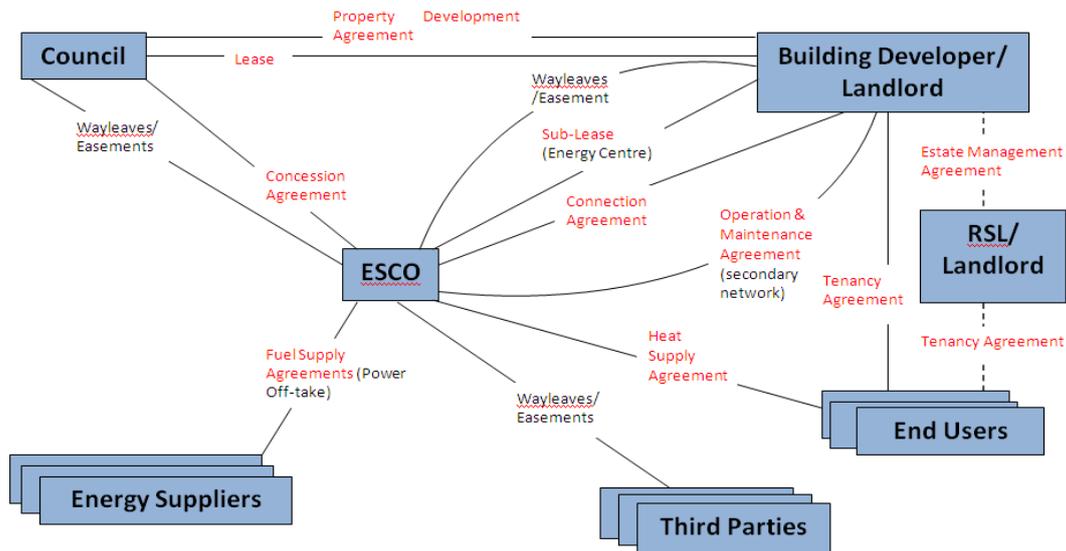
## **4.0 Financial Implications**

- 4.1 The Council's Contract Standing Orders state that contracts for supplies and services exceeding £500k or working contracts exceeding £1m shall be referred to the Cabinet for approval to invite tenders.
- 4.2 The amount available for sustainability measures in South Kilburn including providing the Energy Centre/connection to the District Energy Network is £2,111,487.80; these funds collected through Section 106 agreement are currently projected for expenditure in 16/17.
- 4.3 Revised forecast expenditure in respect of project management. Commercial and strategic advice, incurred as a result of the decision to commence a new procurement, will need to be met from within South Kilburn regeneration budget.
- 4.4 If after evaluation of bidder's interest progression with this project is not deemed financially viable, the Council would look for alternative energy solutions that could help delivery a similar package of energy and consumer heating benefits.
- 4.5 The contract value will be between £10m and £15m. This capital investment will be provided by the successful ESCo partner and recovered through the revenue associated with the heat supply agreement and power sales.
- 4.6 A study undertaken by Cyril Sweett (included as Appendix 4) indicates that the potential reduction in capital cost to developers that can be achieved through connecting to a district energy network can be upto £6,200 per home.
- 4.7 The Council will therefore collect the difference either through S106 planning obligations or by reducing the price of land sold to its framework partners. Noting that the land value is higher because the build cost requirements from the developer would be lower.

## **5.0 Legal Implications**

### ESCo Legal Structure

- 5.1 Pinsent Mason LLP solicitors have developed the concession agreement to be entered between the Council and the ESCo (once procured), which provides for the ESCo to assume all risks associated with the design, build, operation and finance of the energy network in consideration for all revenue generated through the supply of heat and electricity. The legal structure is illustrated below and provides for, amongst other matters, the ESCo to contract directly with each stakeholder to regulate the risks it assumes under the concession agreement.
- 5.2 The Council's role is limited, from a contractual perspective, to that of a facilitator and provides a number of safeguards to ensure that the ESCo performs and delivers on its commitments to the end users (e.g. customer care charter).



5.3 The concession agreement will only take effect once certain conditions have been satisfied (e.g. planning permission for the secondary heat network and energy centre lease with the Gloucester and Durham developer) and will remain in place for 40 years (subject to a Council break option at year 25). In summary, the concession agreement will contain the following key provisions:

1. The ESCo will be obligated to achieve a heat-on date (i.e. November 2017 for Gloucester and Durham House) and shall be liable for liquidated damages in the event of any delay;
2. The ESCo (where it is a subsidiary with a parent company) will be required to procure and maintain a parent company guarantee in favour of the Council along with a financial covenant test;
3. A number of performance standards (e.g. KPIs) will be included which shall trigger rectification and termination rights;
4. A mechanism requiring the ESCo to invest in CHP engine once certain agreed thresholds have been satisfied;
5. A strategy to reduce carbon over time;
6. Mandatory terms to be included in all connection agreements and heat supply agreements (e.g. customer care, disconnection policy and pricing reviews);
7. A mechanism for fixing and varying connection charges and heat tariffs; and
8. Transition / hand-back and early termination provisions.

## Property

5.4 Planning drawings for Gloucester and Durham house identify the energy centre as located in the basement of proposed new buildings (Appendix 3). This area will be leased to the ESCo for the duration of the contract term, although there will initially be a licence for the building period.

## Procurement

- 5.5 As the proposed contract is a High Value Contract under the council's Contract Standing Orders and Financial Regulations, the Cabinet must approve the pre-tender considerations set out in Appendix 2 and the inviting of tenders.
- 5.6 Officers intend to re-commence the procurement process for the reasons set out in paragraphs 3.11 and 3.12. As detailed in section 3.13 there are risks associated with starting this procurement process again, however as the first procurement was only to PQQ stage with questions focused on bidder organisation, capacity and experience Officers don't consider that bidder organisations will have incurred significant time or costs in the procurement process to date. This together with the fact that there are good reasons for re-commencing the procurement is likely to reduce the probability of previously shortlisted bidders complaining.
- 5.7 As the proposed recommended procurement will not differ significantly from the procurement operated to date, it will be possible for the council to use much of the documentation already developed by consultants, subject to minor amendments.
- 5.8 Once the tendering process is undertaken, Officers will report back to the Cabinet in accordance with Contract Standing orders explain the process undertaken in tendering the contract and recommending award.

## **6. Diversity Implications**

- 6.1 The Executive Report dated 17 October 2011 from the Director of Regeneration and Major Projects, wards affected: Kilburn, called 'South Kilburn Regeneration: Authority to Tender Contract for A Decentralised Energy System and the Executive report 11 November 2013, from the Director of Regeneration and Growth, ward affected: Kilburn, 'South Kilburn Regeneration: Decentralised Energy System' and accompanying equality analysis identified the following equalities action plan:
1. Commitment to consult.
  2. A user friendly system and is easy to understand and operate.
  3. Billing available in different format including Braille and a helpline available.
  4. Aim to improve energy bills reducing 'fuel poverty'.
  5. Endeavour to negotiate a discount pricing formula with an annual review mechanism for different uses against fixed and standard charge.

### Impact on Protected Groups & Census 2011

- 6.2 The Executive report dated 11 November 2013 and accompanying equality analysis identified that the following protected groups are negatively impacted as they tend to spend more time at home and are likely to consume more energy: age, disability, pregnant and maternity and race. Analysis of the Census 2011 data identified that Asian households made up a minority of the local community (12% with Asians households in the rest of Brent making up an average of 35%) and Muslims made up the second largest majority religion (20%), based on previous experience both groups can be 'hard to reach' even in areas where they represent a majority. To lessen or mitigate against these

impacts and to ensure plans are as best they can be future consultation proposals will target the following impacted and hard to reach groups:

- Minority groups those below 19 and over 65, in order to better understand the needs of minority residents.
- Disabled people, in order to better understand resident needs.
- Asian people can be hard to engage, future consultation plans should include proposals on how this group will be targeted and encouraged to be involved.
- Muslims communities can sometimes be hard to reach, with low levels of responses even in areas where they make up a sizeable part of the local population.

### Equality Act 2010 & Social Value

6.3 Aligning with Brent's emerging Employment Skills and Enterprise strategy 2014/15, through this procurement:

6. We will ask bidders to detail their approach to local job creation, apprenticeships and training aiming to ensure that in one of Brent's most deprived neighborhoods we secure opportunities for local people and ensure equality and advancement of opportunity positively impacting households of working age.

### Consultation

- 6.4 A consultation event was advertised in August 2012 in the South Kilburn Newsletter, on 24 September 2012 the attendance sheet logged 2 names, questions noted were around the difference between the existing system at William Dunbar House and new proposal and if the new system would connect to older flats, there were questions around costs, billing and over the number of utility companies that residents will deal with in future. Action points arising from this consultation and are detailed above 6.1 point 5.
- 6.5 Further public consultation was undertaken in May 2014 and captured in the statement of community involvement put together by Fielden Clegg Bradley Studio the architect appointed to secure planning consent on Gloucester and Durham Court in South Kilburn, the statement was for the purposes of supporting Brent's planning applications and comments in respect of the Energy Centre focused on design elements in particular the height and diameter of the proposed centre.
- 6.6 Our consultants Parsons Brinckerhoff attended the South Kilburn tenant steering group meeting on 6 November 2014 to talk through the South Kilburn Energy Centre. At the meeting residents raised the following questions to which the following response was supplied is detailed in the equality analysis appendix 5 (Equality Analysis Appendix 2). Taking on Board feedback from consultation, in respect of the issue of energy supply monopolisation, a matter that has the potential to negatively impact all protected groups, in-order to lessen/mitigate against any negative the following action is proposed:

7. The Greater London Authorities Energy Centre advisors have suggested we might want to ask a consumer of energy supplied by a ESCo through a district heating system to talk to tenants in-order to help better understand the pro's and cons of the proposed energy center and inform this procurement plan;
8. Officers have offered that the South Kilburn tenants steering group Chair nominate a resident to sit in on the procurement process in-order that they can feed through to residents and influence outcomes; and
9. Officers will ask ESCo's through the procurement process to set out their approach to consultation after contract award in-order to ensure ongoing resident feed into plans.

### Equality action plan

6.7 The mitigation proposals are captured in the Equality Action which is as detailed in this section of this report and numbered points 1-9. This action plan will be reviewed and refreshed in November 2015 when reporting to Cabinet on the outcome of this proposed procurement.

6.8 We recognise the mitigations may not fully mitigate all negative impacts and that some may not work for various reasons, however the principle aim of this proposal is to, deliver an environmentally friendly energy solution that is no more expensive than other utility supplies, or preferably cheaper than average with advice informing costs could be up-to 10% less, therefore reducing energy costs and fuel poverty for residents in a deprived area positively impacting all protected groups, while future proofing further development ensuring homes can be built in accordance with required building regulation and environmental sustainability standards enabling regeneration now and in future.

### **7.0 Staffing/Accommodation Implications (if appropriate)**

7.1 There are no staffing or accommodation implications.

### **Background Papers**

1. Executive Report 17 October 2011, from the Director of Regeneration and Major Project, wards affected: Kilburn, 'South Kilburn Regeneration: Authority to Tender Contract for a Decentralised Energy System'.
2. Executive report 11 November 2013, from the Director of Regeneration and Growth, ward affected: Kilburn, 'South Kilburn Regeneration: Decentralised Energy System'.

### **Appendix**

1. GLA letter of support
2. Pre-tender considerations, PQQ - technical questions & evaluation
3. Plan showing the proposed location of the energy centre
4. Cyril Sweett 'indicative cost implications on large scale residential development of obtaining CSH Level 4 compliance via connection to a District Heating Network (DHN) in lieu of on site provision', 9 November 2011.
5. Equality Analysis

## Contact Officers

Sarah Chaudhry  
Head of Strategic Property  
0208 937 1705  
[Sarah.Chaudhry@Brent.gov.uk](mailto:Sarah.Chaudhry@Brent.gov.uk)

Richard Barrett  
Operational Director Property & Projects

Andrew Donald  
Strategic Director Regeneration & Growth

**MAYOR OF LONDON**

**Richard Barrett**

Operational Director, Property & Projects,  
Regeneration & Growth  
Brent Council  
[SARAH.CHAUDHRY@brent.gov.uk](mailto:SARAH.CHAUDHRY@brent.gov.uk)

**Date:** 15 December 2014

Dear Mr Barrett

I writing in regard to your South Kilburn regeneration project and the procurement of an Energy Services Company to build finance and operate a decentralised energy (DE) scheme for the site. This DE project is an exemplar of the levers boroughs can pull to ensure residence and other users are provided with affordable and sustainable heat and your project would provide a much valued contribution towards the Mayor's target that 25 per cent of London's energy demand should be met from local sources by 2025. I am looking forward to it being a great success.

The Mayor's Decentralised Energy Project Development Unit has provided support to your project from the outset, and although the programme is coming to an end, I will ask the team to continue that support in as far as it can.

I look forward to hearing about the progress of your project.

Yours sincerely,



**Matthew Pencharz**

Senior Advisor – Environment and Energy

City Hall, London, SE1 2AA • [london.gov.uk](http://london.gov.uk) • 020 7983 4000

## Appendix 2 Pre-tender considerations

In accordance with Contract Standing Orders 88 and 89, pre-tender considerations have been set out below for the approval of the Cabinet.

Ref.	Requirement	Response
(i)	The nature of the service.	The design, installation, operation and maintenance of the decentralised energy system in South Kilburn.
(ii)	The estimated value.	£10-15m.
(iii)	The contract term.	40 years with a 25 year break clause.
(iv)	The tender procedure to be adopted.	Competitive approach – leading to a concession agreement.
(v)	The procurement timetable.	<p><b>Indicative dates:</b></p> <ol style="list-style-type: none"> <li>1. Brent Cabinet approval to re-starting procurement 26/01/2015</li> <li>2. Publish OJEU Notice (Pre-Qualification Questionnaire (PQQ) documentation) 03/02/2015</li> <li>3. Bidder Day 17/02/2015</li> <li>4. PQQ submissions to be returned 05/03/2015</li> <li>5. PQQ evaluation 22/03/2015</li> <li>6. Invitation to Participate in Dialogue (ITPD) to be issued to 3 bidders 25/03/2015</li> <li>7. Initial dialogue sessions 12 19 26/4/15</li> <li>8. Submission of Invitation to Submit and Outline Solution (ISOS) 23/05/2015</li> <li>9. Evaluation of ISOS completed 16/06/2015</li> <li>10. Issue of Invitation to Continue Dialogue (ITCD) 23/06/2015</li> <li>11. Detailed dialogue 30/6 &amp; 6 13/7/15</li> <li>12. Draft final bid submission 11/08/2015</li> <li>13. Evaluation and feedback on draft final bid 18/08/2015</li> <li>14. Close dialogue 25/08/2015</li> <li>15. Final bid submission 15/09/2015</li> <li>16. Evaluation completed 27/10/2015</li> <li>17. Cabinet or Operational Director sign off November 2015</li> <li>18. Notification of award (commence standstill) November 2015</li> <li>19. Standstill ends December 2015</li> <li>20. Contract award Late December 2015</li> </ol>
(vi)	The evaluation criteria	1. At selection (pre-qualification stage)

Ref.	Requirement	Response
	and process.	<p>shortlists are to be drawn up in accordance with the Council's Contract Procurement and Management Guidelines by the use of a pre qualification questionnaire to identify organisations meeting the Council's financial standing requirements, technical capacity and technical expertise (see technical questions below and evaluation criteria).</p> <p>2. At tender evaluation stage, the panel will evaluate the tenders against the following criteria:</p> <p>i. 60% Quality &amp; 40% Price.</p> <p>ii. Quality questions to assess the ability to deliver the contract as per the following criteria:</p> <ol style="list-style-type: none"> <li>1. Project objectives (as per 3.3 of this report);</li> <li>2. Technical solution (design build, operate, maintain to include health and safety);</li> <li>3. Proposal with regard to equalities, social value and consultation approach.</li> <li>4. Governance and legal matters.</li> </ol>
(vii)	Any business risks associated with entering the contract.	<ol style="list-style-type: none"> <li>1. Demand guarantee (insufficient demand associated with building delays);</li> <li>2. Customer credit risk; and</li> <li>3. Complexity of contract (various elements which are design, building, service, maintenance, etc.).</li> </ol>
(viii)	The Council's Best Value duties.	The project will be advertised in OJEU. The evaluation criteria will encourage higher capital contribution from suppliers, lower customer heat price and better customer services through open competition thus providing value for money.
(ix)	Consideration of Public Services (Social Value) Act 2012	Social Value proposals will form part of the evaluation criteria and social value considerations will form part of the contract questions and evaluation process.
(x)	Any staffing implications, including TUPE and pensions.	None.
(xi)	The relevant financial,	See section 5 and 6 of this report.

Ref.	Requirement	Response
	legal and other considerations.	

## Appendix 2 PQQ technical questions & references

**Note to Bidders: the response to all questions in this section should be limited to no more than 500 words**

1. Please provide by reference to previous experience, evidence of your experiences of working with **subcontractors** and **supply chain** members on comparable decentralised energy projects.
2. By reference to previous experience please set out your approach to working with **multiple stakeholders** and aligning the interests of a number of organisations to **deliver comparable decentralised energy projects**.
3. Please provide two examples from the past 5 years of **designing decentralised energy systems**, to include energy centres, heat networks and customer interfaces. Your response should detail how your designs have responded to **carbon reduction targets** contained in Building Regulations, the Code for Sustainable homes and local planning guidance.
4. By way of your previous experience please set out your approach to **delivering a district heating solution** that represents **better value for developers** compared with alternative means of complying with Building Regulations, the Code for Sustainable homes or local planning guidance.
5. Please provide two examples from the past 5 years of **constructing decentralised energy systems**, to include energy centres, heat networks and customer interfaces. Your response should detail how you have engaged with, and **involved the local community** throughout the construction phase of your examples.
6. Please provide two examples from the past 5 years of **operating decentralised energy systems**, to include energy centres, heat networks and customer interfaces. Your response should detail how you have previously **performed against service level agreements** and key performance indicators relating to the decentralised energy network.
7. Please provide two examples from the past 5 years of where you have **provided customer services** for decentralised energy systems, including metering and billing and management of credit risk. Your response should explicitly detail how your example schemes have **reduced the cost of energy supply for customers** and addressed the issue of **fuel poverty**.
8. Please provide two examples from the past 5 years of where you have delivered a comparable decentralised energy scheme which has **provided jobs for local people, apprenticeships and training opportunities**. Please include details of the opportunities created during both the **construction** and **operational** phases of the project

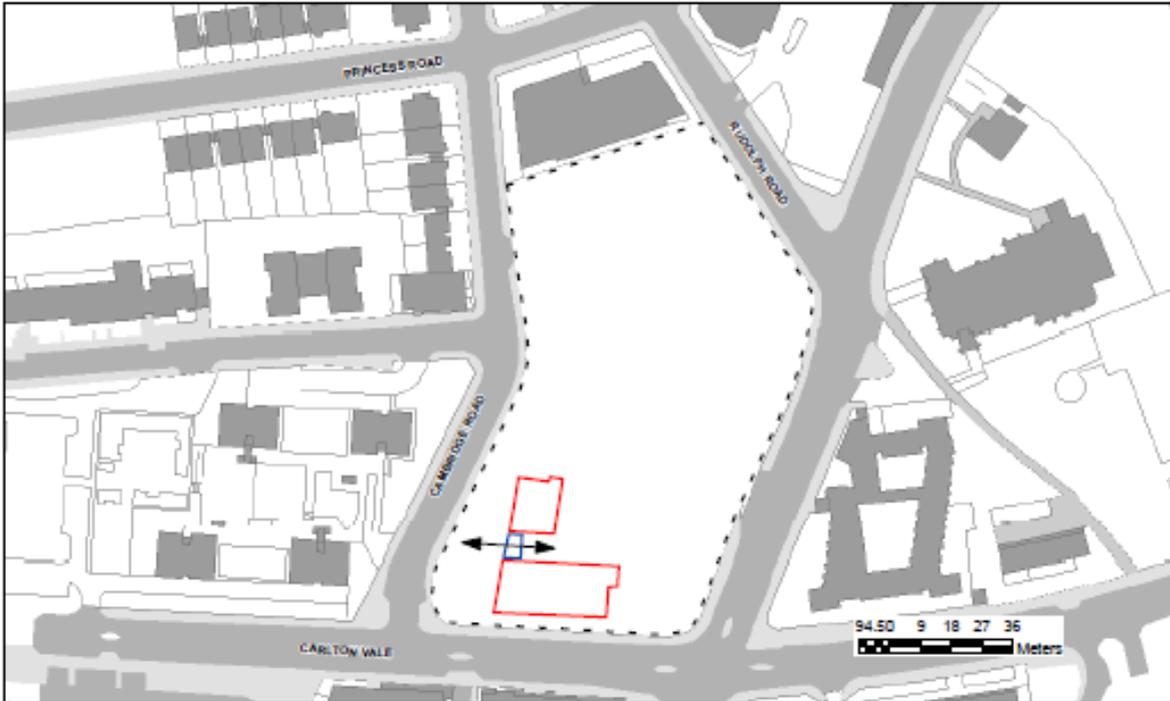
Names of 2 references will be requested.

## Appendix 2 Evaluation

Question	Guidance	
Technical questions	Deficient – examples and experience are not relevant to designing, constructing or operating decentralised energy systems	0
	Limited – poor experience or irrelevant examples provided for decentralised energy systems, cannot demonstrate experience for all project stages or for all elements of a decentralised energy system	1
	Acceptable – demonstrates limited experience and examples which include energy centre district heating networks customer interfaces that meet all basic requirements of the project.	2
	Comprehensive – demonstrates expert experience and examples which include energy centres, district heating networks and customer interfaces that meet all the basic requirements of the project and are in excess of the basic requirements for some phases of the project.	3
	Superior – demonstrates market leading experience and exemplar examples which include energy centres, district heating networks and customer interfaces that meet and are in excess of the basic requirements for all phases of the project	4

# APPENDIX 3

## Energy Centre Location



<p> <span style="border: 1px dashed black; display: inline-block; width: 20px; height: 10px; margin-right: 5px;"></span> Development Site         </p> <p> <span style="border: 1px solid red; display: inline-block; width: 20px; height: 10px; margin-right: 5px;"></span> Basement Energy Centre         </p> <p> <b>1:1,250</b>            Plan to stated            scale if printed at A3.         </p>	<p> <span style="border: 1px solid blue; display: inline-block; width: 20px; height: 10px; margin-right: 5px;"></span> Plant Replacement Hatch         </p> <p> <span style="display: inline-block; width: 20px; height: 10px; border-left: 1px solid black; border-right: 1px solid black; margin-right: 5px;"></span> Access         </p> <p> <small>PSMA OS copyright statement © Crown copyright and database rights 2014 Ordnance Survey 100025260            OS Open data copyright statement: Contains Ordnance Survey data © Crown copyright and database right 2014</small> </p>
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Appendix 4 Cyril Sweett 'indicative cost implications on large scale residential development of obtaining CSH Level 4 compliance via connection to a District Heating Network (DHN) in lieu of on site provision', 9 November 2011.

**London Borough of Brent  
South Kilburn Regeneration Phase 2  
Indicative Cost Implications on large scale residential development of  
obtaining CSH Level 4  
compliance via connection to a District Heating Network (DHN) in lieu of on site  
provision  
Date: 9 November 2011**

1.0 Estimated cost impact:

Ref	Item	£/unit
1.1	Fabric enhancements: omission for fabric enhancements over Part L 2010, including · increased allowance for insulation to external walls, floors and roof · triple glazing in lieu of double to achieve HLP < 1.3	(2,100)
1.2	MVHR: assumed to be omitted	(1,600)
1.3	CHP: omission of on-site CHP plant, including · CHP plant and flues · gas boilers · thermal store · pump sets, controls etc.	(2,600)
1.4	Connection to DHS: allowance for heat exchanger on-site; lump sum circa £25,000	100
	<b>Potential reduction in capital cost through designing project to achieve CSH Level 4 via connection to a District Heating Network (DHN)</b>	<b>(6,200)</b>
	<b>equivalent £/m<sup>2</sup> based upon an average unit area of 75m<sup>2</sup>:</b>	<b>(83)</b>

2.0 Notes:

- 2.1 The above costing is indicative based upon a project in the order of 200 residential units.
- 2.2 The figures have been obtained from similar studies carried out by Cyril Sweett on comparable projects.
- 2.3 It assumes that the overall build cost for the proposed development would be in the order of £1,700/m<sup>2</sup> GIFA.
- 2.4 The costs assume that in connecting to a DHN, it would be possible to revert to a less onerous fabric specification, more in line with CSH Level 3
- 2.5 Clearly, however, there may be other factors influencing, for instance, the use of triple glazing or MVHR, which may mean that the full estimated saving might not be achievable.
- 2.6 No omission is made for renewables. We assume that planning requirements would likely dictate the inclusion of renewables in addition; most possibly PV.

- 2.7 No adjustment has been made against the cost of meters. It is assumed that individual units would still be metered in the same way.
- 2.8 No adjustment is made in respect of on-site distribution. This is not expected to change.
- 2.9 We have assumed that the connection to the DHN can be made close to the boundary of the site. No allowance has been included above for builder's work outside the site boundary.
- 2.10 No allowance has been included for any capital contribution to the construction of the DHN itself.
- 2.11 We would estimate that for a project of this size, there might be a reduction in plant space requirement in the order of 70m<sup>2</sup>. This is not included as a cost saving above as the nature of each individual scheme may seek to reuse rather than omit any redundant area generated.
- 2.12 Builder's work within the boundary of the site is included in the figures.
- 2.13 The above costs make no inclusion for: fees, contingencies or VAT.