

Market Information Webinar Energy Recovery Facility – June 2020











North London Heat and Power Project David Cullen, NLHPP Programme Director



Safety moment



Behavioral Safety

On a challenging road project, after a redesign of the scheme and establishing safe systems of work, three alpinists were killed after unauthorised working outside a controlled zone.

What can we learn from this?

- Work which is planned well for safety has productivity benefits.
- Workers tend not to think the worst will happen to them, so need to continually focus management attention and action on reinforcing safe behaviour.
- RAMS must be communicated and enforced with no compromise.
- We must test workers' understanding and keep safe systems of work under review with feedback from the workface.











Introduction Martin Capstick, NLWA Managing Director



North London Waste Authority









COVID-19 update



- Paused construction onsite in March 2020 in line with government guidance and to ensure the safety of those working on site.
- Continued vital work behind the scenes to ensure key procurement activity can continue.
- **Produced a community video** to provide an update on the Project progress during the COVID-19 pandemic.
- Planned for the safe remobilisation of construction works onsite. Our contractors will commence work from June 2020.





North London Waste Authority



- 1. Safety Moment David Cullen, Programme Director
- 2. Introduction Martin Capstick, NLWA Managing Director
- 3. North London Heat and Power Project David Cullen, Programme Director
- **4. Technical** *Euston Ling, Head of Technical Assurance*
- 5. Procurement and Contract Robert Sedgman, Commercial Lead
- 6. Project delivery Richard Bean, Project Manager
- 7. Key takeaways Martin Capstick, NLWA Managing Director



Martin Capstick Managing Director



Euston Ling

David Cullen Programme Director

Head of Technical Assurance



Robert Sedgman Commercial Lead



Richard Bean ERF Project Manager







North London Heat and Power Project David Cullen, NLHPP Programme Director



Background to the NLHPP





The existing energy from waste plant at Edmonton EcoPark operated by London Energy Ltd.



NLHPP layout







Tackling the Climate Emergency



The NLWA has a statutory responsibility to deal with the waste left by our residents after recycling.

Our commitment to existing and future generations of north Londoners is to do so in a way that minimises the climate impact of this waste.





Project vision



"To create a waste management facility in which local communities take pride, demonstrates value and is a model for public sector project delivery"





Energy Recovery Facility





The Energy Recovery Facility will generate lowcarbon energy to supply heat and electricity for up to 127,000 homes



Impact of COVID-19



Whilst construction was paused to allow safe systems of work to be developed, our procurement, design and management development programmes have continued to plan through digital collaboration.





Mat - Project Management

Doug - Technical







Richard - Contractual





Jai - Procurement

Karen - Procurement





Annabel - Architectura





Heatand Impact of COVID-19 on construction

We have made a number of changes on our sites to ensure the safety of everyone.



Remobilisation has now commenced on the following sites:

- Laydown Area
- Hawley Road Transport Yard
- Northern Access Road •
- Sewer Diversion enabling works ٠

Power project



Construction progress



Construction started in January 2019 with Buckingham Group working on the temporary laydown area to the east of the River Lee.

We have since appointed contractors Galldris and Barhale over five contracts.



Construction works on the new Transport Yard at Hawley Road (photos taken 9 March 2020)

Construction work on the Northern Access (photo taken in February 2019)

Construction work on the Laydown Area (photo taken in February 2019) 16



Health, safety and wellbeing





"To achieve zero harm to everyone involved in the project and working and living in the local community, by putting health, safety and wellbeing as the number one priority"



Health, safety and wellbeing management



We have developed a Project-wide, client-led approach to the management of Health, Safety and Wellbeing.





Employment relations



NLWA has determined that the ERF site will be registered as a NAECI site for in-scope works.

National Agreement for the Engineering Construction Industry

2019 – 2020

NAECI



Source: Engineering Construction Industry Association website (https://www.ecia.co.uk/naeci/)



Role of the authority in connecting north sub-contractors and local suppliers london



- All subcontractors and local suppliers can register their interest to work on the Project.
- Organisations will be added to a list of potential subcontractors.
- This list will be included as an appendix to the procurement documents that are sent to the contractor.









Technical Euston Ling, Head of Technical Assurance



Bidders will be provided with a suite of documents that describes the scope of the works and the performance required. This information will:

- Define the plant performance required
- Define minimum quality requirements
- Set out the health & safety and quality demands
- Provide the environmental performance requirements
- Provide the conditions of contract and financial / commercial framework
- Set out project management arrangements and anticipated works timeline.





Supporting information will:

- Provide the site related information, permits and consents
- Set out matters related to operation and maintenance
- Explain the waste characteristics, intended site logistics and interfaces
- Provide a guide to the plant layout and architectural concept
- Explain the bidding process including evaluation criteria, the weight put on technical performance / guarantees and that on cost.



A high quality, robust facility



The key driver from a technical perspective is to achieve a high quality facility that encompasses:

- Well engineered, well proven (at this scale), long lasting equipment
- Consistently high processing capacity, availability and reliability
- Safe and efficient operations, consistent high power and heat output and compliant emissions
- Cost effective maintenance and a high degree of automation
- Robust infrastructure with supporting "digital" asset management systems







Procurement and Contract Robert Sedgman, Commercial Lead



Procurement Programme north Duration between OJEU and contract execution



ERF - Procurement Programme 2022 2019 2020 2021 Q2 Q3 Q4 Q1 Q2 Q3 Q3 01 Q2 04 01 04 ∇ Market Engagement Day 1 - The ERF Project $\overline{}$ Market Engagement Day 2 - Programme Update Market Engagement Day 3 - Pre-OJEU Gate 2 Gate 2 Review - Approval to commence procurement Tender Document Development ∇ Gate 3a OJEU Notice - Selection Questionnaire and ISDS Selection Questionnaire & Evaluation - 4 months ISDS to shortlisted Candidates Develop Detailed Solutions (including Site Visits) - 5 months Gate 3b Evaluation Period for ISDS - 1 month Dialogue Period for ISDS - 6 months ∇ Issue ISFT **V** Gate 3c Develop Final Tender - 4 months Evaluation of Final Tender - 2 months ∇ Gate 3 Gate 3 Review -Pre- Contract Members Approval (FID) - 1 month $\overline{}$ Notification of Contract award decision Pre-Contract and Standstill Period - 1 month **Contract Execution**



Selection Questionnaire

Scale and content



The Selection Questionnaire is a look at the capabilities and strength in delivering the project.

- Experience of the technology
- Experience of delivering the size and complexity of the required facility
- The delivery in other projects of health, safety and wellbeing
- References from previous clients
- Financial ability to deliver a contract of this size

Format

- Structured
- Identical for all bidders
- Consistent evaluation criteria
- Market standard



Selection Questionnaire Evaluation Criteria



Ref	Quality Criteria	Max Marks
1	Potential Supplier Information	Pass/Fail
2	Grounds for Mandatory Exclusion	Pass/Fail
3	Grounds for Discretionary Rejection	Pass/Fail
4	Economic and Financial Standing	Pass/Fail
5	Group Financial Information	Pass/Fail
6.1	Technical and Professional Ability	60
7	Modern Slavery Act 2015	Pass/Fail
8.1	Insurances	Pass/Fail
8.2	Skills and Apprentices	Pass/Fail
8.3	Supply Chain Management	5
8.5	Health and Safety Policy And Capability	20
8.6	Equal Opportunity and Diversity	Pass/Fail
8.7	Environmental Management Policy and Capability	5
8.8	Quality Management Policy and Capability	5
8.9	Building Information Modelling Policy And Capability	5
8.1	Backlisting	Pass/Fail



ISDS Tender Structure



By November 2020 a maximum of 3 bidders will be invited to participate in the ISDS process

5 months to develop a Detailed Solution – including site visits

1 month evaluation period

6 months of Dialogue

Issue of Invitation to Submit Final Tender

4 months to develop and issue Final Tender

2 months for Evaluation of the Final Tender

Internal approvals for 1 month

Notification of Contract Award

1 month stand still period

Contract Execution





- A maximum of three and a minimum of two bidders will be selected from the SQ submissions.
- This will help the dialogue and negotiation manageable with those best suited to the project.
- It will minimise the general level of bid costs.
- It will maximise the opportunity for success.



Procurement Programme Dialogue



- Dialogue is the most important part of the process
- It enables:
 - The Authority to fully understand every aspect of the bid so that it can be fairly and accurately scored,
 - \circ The bidder to understand and address the requirements of the Authority.
- The process will take place over 6 months.
- The meetings will be held in London or via Microsoft Teams.
- The meetings will be full day meetings and both the Authority and bidders will ensure that the appropriate personnel are available.



Procurement Programme Dialogue



- There are no restrictions on dialogue topics but the expected key workstreams are:
 - Technical solution including programme
 - Legal contract mark-up
 - **Commercial** pricing and risk allocation
 - Health and Safety keeping all safe
 - **Wellbeing** innovation to improve the working environment
 - Social Value the positive impact for the Community







- The criteria for evaluation are Technical, Commercial and Quality & Management
- <u>Technical</u> 46% greatest weighting to reflect the importance of ensuring that the proposals will achieve a reliable facility which operates to meet the required performance standards
 - Deliverability of the process system
 - The civil works
 - Implementation of the construction
 - Commissioning
 - Testing and implementation of operations
 - The training of operations staff for future service delivery
- <u>Commercial</u> 30% places greatest weight on the assessment of the whole life cost model
 - The whole life cost model has been created to test the cost of the proposed design during operations, so that the balance between capital cost during the construction period and operational cost can be assessed
 - The operational cost will not be in the contract, but this will mean that the Authority can have confidence that the cost to the NLWA and the Boroughs we serve is being assessed as part of this process
 - The other elements relate to the acceptance of contract terms and risk positions
- Quality and Management 24% contains the separate elements relating to other aspects of the contract which are of key importance in this
 procurement
 - Health, Safety and Wellbeing 10%
 - Delivery Management 5%
 - Social Value 5%
 - Stakeholder Engagement 4%
 - Although these weightings are not high once they are taken as a proportion of the section's allocation of 24%, the bidders will need to take account of these elements in putting forward their tenders, if they are to obtain the maximum marks



Risk Allocation



Risk allocation

- The principle that the party best able to control event and manage risk should hold the risk
 - Contractor will have risk of plant availability and quality of work
 - Ground condition will be Authority risk Contractor holds geotechnical risk relating to their piling solutions
- An allowance for risk has been identified and is within the NLHPP total budget.
- Working on an operational site creates its own risks. It is intended to have an agreement with LondonEnergy (to add to the existing site working arrangements) and provided the Contractor complies with that agreement, the Authority has the risk of interface with LEL operations on site.

NAECI and Industrial Relations

- The Authority will hold the risk for disputes that arise when the Contractor can demonstrate that they have followed the working rule agreement and ERCOP. The Authority will maintain a structured dialogue with the Contractor and Trades Unions to determine the cause of the dispute and who will carry the cost/time of such a dispute.
- The Special Conditions have been amended to read "industrial disputes including, but not limited to, disputes with the Unions, other than any solely confined to the Contractor, their Subcontractors or their personnel or arising as a consequence of the Contractor's failure to comply with its approved Employment Relation Plan in accordance with Sub-clause 28.8."



Changes to Bid Structures Flexibility of the process



The authority accepts that candidates may:

- Adjust the members of the consortium
- Change sub-contractors
- Or changes may occur to the financial position of the candidate or consortium members.

Therefore, if, at any time during the process, there are any changes:

- Must advise the authority as soon as practicable
- This also applies if its SQ response has been submitted prior to the SQ response deadline.
- The authority reserves the right to consider the effect of any changes
- The authority may request that a candidate re-submit its SQ response so that it may assess the candidate's changed response to the SQ.

The authority reserves the right to impose conditions on, or disqualify any candidate who makes or suffers changes to any aspect of their SQ responses, where such changes lead to a deterioration in the score that was obtained by that candidate, unless substantial justification can be provided to the satisfaction of the Authority.



Changes to Bid Structures

Important reminders



- By responding to the SQ, all candidates shall be deemed to have consented to future changes in any other candidate's contracting structure, consortium structure or membership.
- The authority will assess the effect that any changes may have on those candidates continuing to be included in the process and will take the steps necessary to ensure the authority meets its legal and procurement obligations.
- Where a consortium member is also a sub-contractor to another candidate or candidates, whether at the time of the making of any SQ response or subsequently, then:
 - As a potential sub-contractor, they should advise the relevant candidate that they are also participating as a consortium member within another candidate and, where relevant, as a sub-contractor to another candidate; and
 - Care should be taken by all parties to ensure that any information passing between the relevant candidate and the sub-contractor relates solely to the construction of the relevant sub-contract and that any information provided by one party to the other is provided on a strictly "need to know" basis and in compliance with the provisions of the non-collusion conditions
- Whilst a company may be a consortium member of one candidate, and a sub-contractor of another candidate, if more than one consortium is relying on the technical references and/or the economic or financial standing of a consortium member or sub-contractor, the authority will only invite the highest scoring such candidate to proceed to the detailed solutions stage.



EPC Structure Common Structure







EPC Structure Possible Alternative



Model C

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Requirements A group of legal entitties Capable of supplying references All Capable of passing financial strength test Any material change in circumstances must be notified Consortium can perform all the works under the contract NLWA will contract with parties on a Joint and Several Basis



Joint Venture

Requirements

Single Legal Entity - owned by a group of companies joined togeher in a legally binding arrangement to bid for works Capable of supplying references Refereances can be through named sub-contractor Capable of passing financial strength test Any material change in circumstances must be notified A single company with the capability to undertake Works Where the entity relies on the experience of a subcontractor for qualification and selection, the same subcontractor must be used for the Works

Model A Single Legal Entity - EPC Requirements Single Legal Entity Capable of supplying references Capable of passing financial strength test Any material change in circumstances must be notified Enitity can perform all the works under the contract

Single Legal Entity - EPC with Sub-Contractors

Requirements

Model B

Single Legal Entity

- Capable of supplying references
- Refereances can be through named sub-contractor
- Capable of passing financial strength test
- Any material change in circumstances must be notified A single company with the capability to undertake Works with Subcontractors
- Where the entity relies on the experience of a subcontractor for gualification and selection, the same subcontractor must be used for the Works

- These are examples of acceptable structures ٠
- This is not an exhaustive list •
- When preparing the SQ response there is a ٠ clarification opportunity – please use this
- We are happy to consider different EPC ٠ Structure Alternatives
- If you are looking to form a Consortium the ٠ Authority will look for a contract on a Joint & Several Basis







Richard Bean ERF Project Manager











Construction Methodology







Construction Programme



	2022		2023			2024			2025				2026				
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Contract Execution		7															
Access Date - Phase 1 Eastern Section			∇														
Access Date - Phase 2 Western Section					7												
Engineering / FEED																	
Environmental Agency (EA) Approval of Pilling			∇														
Bunker & Tipping Hall Area Earthworks (Eastern Section)																	
Construction of Landscape Retaining Wall Structure																	
Process Hall & Offices Earthworks (Western Section)																	
Bunker & Tipping Hall Building Work & Landscaping																	
Process Hall & Offices Building Works																	
Erection of Equipment on Site																	
Readiness Test Certificate For Cold Commissioning													∇				
Cold Commissioning																	
Readiness Test Certificate For Hot Commissioning															7		
Hot Commissioning																	
First Fire on Waste															▼		
Trial Operational Period (300 Hours Performance Test)																	
Take Over Certificate (O&M Engaged in Operations)																	/
Defect Liability Period (8000hrs Availability Test)											End C	2 2026	to End Q	2 2028			⇒
Final Take Over Certificate													Er	nd Q2 20	28		



From Construction into Operation North Iondon









Risks & Mitigations



Risk	Mitigation							
Consents and permits	DCO and LBE consent discharged. EPC to gain early approval of the piling plans from Environmental Agency.							
Site access	Phased approach to site handover to decouple the ERF programme from preceding NLHPP projects.							
Earthwork / civils design to support commencement on site	3 month period between contract execution and site access to prepare front end engineering and design.							
Ground conditions	Baseline survey data following intrusive surveys and monitoring. The Authority's progressive approach to risk.							
Constrained site	Laydown and amenity area. Early build of structural wall in the landscape area to allow placement of excavated spoil.							
Traffic movement	Operational traffic will access from the south and construction from the north.							
Continued operational of the existing EfW	Protection of existing services. Handover of pre-contract information pack and a detailed interface schedule.							







Key takeaways Martin Capstick, NLWA Managing Director



Key takeaways



- As a waste Authority, we have adapted as a result of COVID-19.
- We have listened to the market from our previous Market Information events.
- We have developed strong procurement documentation to take forward.
- We are clear on risk allocation and have accounted for flexibility in the process.
- We want to hear your questions and feedback. Please submit them to:

info@northlondonheatandpower.london



Your feedback & questions



• Please submit any feedback or questions to:

info@northlondonheatandpower.london

- If your question is submitted before midday on Tuesday 30 June we will respond to you by the end of the day.
- If your question is submitted after midday on Tuesday 30 June we will endeavour to respond within 24 hours.
- We will be launching the procurement through OJEU in July. This will be announced on our Project website:

northlondonheatandpower.london