



Horizon 2020 Energy Efficiency
Webinar

Public Procurement of Innovative solutions for energy efficiency

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Agenda

- **Welcome**
- What is PPI for energy efficiency?
- How to prepare a convincing proposal?
- Examples of projects
- Where to find information?
- Q&A → email us on EASME-Energy@ec.europa.eu

Welcome



*PPI for energy-efficiency provides you with **35% of EU-funding to cover the price of the procured solution and related coordination & networking activities;***

- Specific Grant Agreement for PPI action:
http://ec.europa.eu/research/participants/data/ref/h2020/mga/pcp_ppi/h2020-mga-pcp-ppi-cofund-multi_en.pdf;
- Annexes D & E of the Work Programme 2016-2017:
http://ec.europa.eu/research/participants/data/ref/h2020/other/wp/2016-2017/annexes/h2020-wp1617-annex-ga_en.pdf
- Helping the public sector to purchase solutions that meet exactly their needs, enabling them to deliver more efficient public services of a higher quality, with lower energy consumption at lower life-cycle costs;
- Demand driven innovation can open markets for industry/researchers creating growth & jobs in Europe;

The budget is there, the challenge is yours!!!

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PPI for EE The Challenge



Public sector is a driver of market transformation towards sustainable energy products, services and buildings

Energy Efficiency Directive requirements

Untapped potential in energy efficiency



EE-19-2017

PPI for energy efficiency

Deadline for submission 7 June 2017

Public Procurement?



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- Public authorities
- Competitive process
- Buying
- goods, services and works

Definition – Directive 2014/24/EU Article 1.2

"Procurement within the meaning of this Directive is the **acquisition by means of a public contract of works, supplies or services by one or more contracting authorities from economic operators** chosen by those contracting authorities, whether or not the works, supplies or services are intended for a public purpose."

Public procurement of innovative solutions?



Use public procurement to **trigger demand-driven innovation**

Challenge requiring a solution **almost or already on the market in small quantity** (not widely commercially available yet)

Public sector acts as launching customer / **early adopter** / first buyer for innovative products, services and works

Establishing a **buyers group with critical mass** to trigger industry to scale up its production chain and bring solutions on the market

*" Public procurement is at the centre of recent demand-side innovation policy initiatives. Because of their large purchasing power governments can **pull demand for innovation** and can also create a signalling effect as lead user and influencing the diffusion of innovations more broadly".*

DEMAND-SIDE INNOVATION POLICIES – © OECD 2011

PPI for EE

The scope



Public authorities to buy **more energy-efficient products, services and works** at a lower lifetime cost

Solutions **not yet available** on a large-scale commercial basis

With **energy performance levels** better than the best levels available on the market

Focusing on public authorities' **needs** -> to get fit-for-purpose solutions from the market

Joint/coordinated procurements to pull demand -> buyers group

PPI for EE

The scope



What?

Co-financing actions enabling a buyers group to undertake together:

- A **joint PPI** procurement
- Or several separate but **coordinated PPI** procurements
- **Coordination and networking** activities

Purchase of innovative solution(s)

First application/
Commercialisation (no R&D)

Removal of market barriers

Awareness and knowledge sharing

Consortium



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Lead Procurer

Buyers Group

Public procurer
Country A

Public procurer
Country B

Public/Private/NGO Procurer

OR

Other entity
Country C

At least: 3 partners
in 3 countries
(MS/AC)

Other entities
End-users,
certification bodies,
dissemination, etc



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www.prolitepartnership.eu

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Understand the 35% EU-funding rule



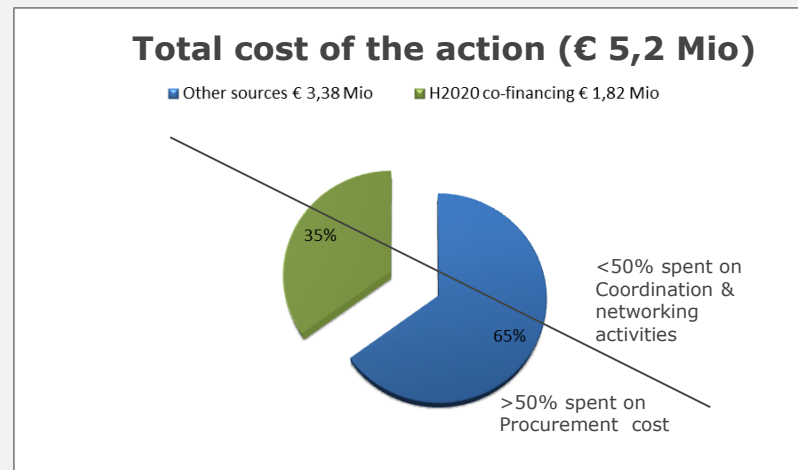
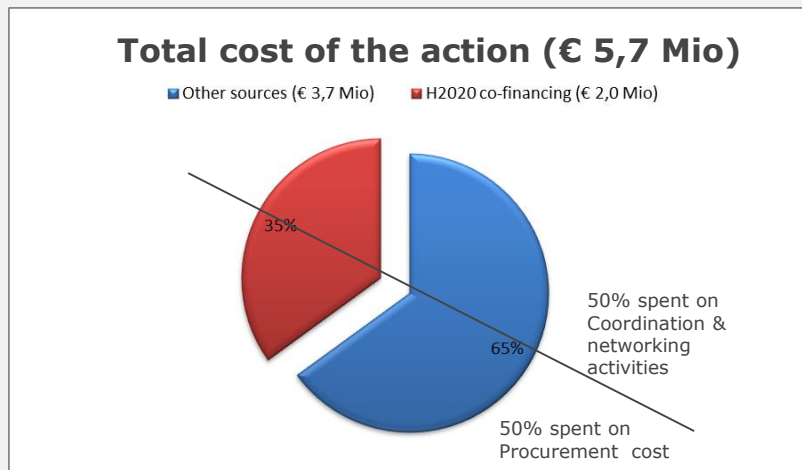
EU Contribution 1.0 – 2.0 Mio EUR (this does not preclude submission and selection of proposals requesting other amounts)

- 35% of the total estimated eligible costs of your PPI action
- Flat rate for all partners and costs categories
 - PPI subcontracting
 - Coordination and networking activities (max 50% of total requested EC contribution for the entire project)
 - (b1) Direct personnel costs;
 - (b2) Other subcontracting costs;
 - (b3) Other direct costs;
 - (b4) Indirect costs (flat rate of 25% of direct costs b1 + b3)

General Annex D & E of the H2020 Work Programme "Specific requirements for innovation procurement (PCP/PPI) supported by Horizon 2020 grants"

Understand the 35% EU-funding rule

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35% H2020 co-financing can be distributed as follows (theoretical example):

- Maximum allowed amount for coordination and networking (50%) = € 1,0 Mio
- 50% for actual procurement = € 1,0 Mio

Own contribution also contributes then

- 50% to coord & network cost = € 1,85 Mio
- 50% to procurement cost = € 1,85 Mio

35% H2020 co-financing can also be distributed as follows (theoretical example):

- Less than 50% (43,9%) for coordination and networking i.e. € 0,8 Mio
- Leaving € 1,02 Mio for actual procurement

Own contribution also contributes then

- <50% to coord & network cost = € 1,48 Mio
- >50% to procurement cost = € 1,9 Mio

H2020 co-financing reduces your risk, by taking on board part of the coordination and networking costs and the actual procurement costs of the innovative solution

What about the remaining 65%?



- Own procurement budgets;
- Regional / National ministries (responsible for the area) concerned;
- National / regional competence centers / support programs for PPI;
- Creative ways
 - Crowdfunding-like fundraising (Magdeburg university, IMAILE);
- Some participants of the consortium of the buyers group may receive co-funding from the ESIF, others H2020
 - MUST NOT: use ESIF and H2020 funding accumulatively to finance the same cost/expenditure item;
 - MUST NOT: finance the own contribution of the participant from H2020 or ESIF
 - Guide on the synergies between H2020 and the ESIF:
http://ec.europa.eu/research/regions/pdf/publications/h2020_synergies_201406.pdf

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How does the proposal look like?



Proposal - your application:

- **Part A:** on-line administrative form templates:
 - Basic proposal details and contact data
 - Budget breakdown by organisation and cost category
- **Part B Section 1-3:** Objectives, impacts, implementation
- **Part B Section 4-5:** Description of partnership & CV's and Ethics (where applicable)
- **Annexes:** Letters of support, background documents



- Cover page
- **1. Excellence**
 - Progress beyond state of the art
 - Clarity & pertinence of objective of the PPI–common challenge
 - Credibility of the proposed concept and methodology
- **2. Impact**
 - Expected impacts (check those under topic calling for the PPI)
 - Measures to maximise impact
- **3. Implementation**
 - Work plan, work packages, deliverables
 - Management structure, milestones & decision making procedures
 - Consortium as a whole
 - Resources to be committed

Page limit: max 70 pages
For sections 1, 2, and 3 together



Progress beyond state of the art

The existing state of the art

- On the supply side: What's already offered on the market/under development? Results of any IPR/patent search?
- On the demand side: What are most advanced solutions already deployed / to be deployed by customers & other public procurers?
- Framework conditions: sectorial rules/policies, standardisation, certification;

Progress beyond the state of the art

- Shortcomings in existing solutions justifying the start of a PPI (e.g. quality, efficiency, interoperability);
- Ambition of the quality and/or efficiency improvements;
- Innovation level at the supply side required to satisfy the procurement need and reach quality/efficiency improvements;
- Improvements towards framework conditions to bring solution to the market;



Clarity & pertinence of objective of the PPI

'COMMON CHALLENGE'

Unmet need shared by participating procurers, requiring innovative solutions with same core functionalities and performance characteristics across all countries involved + Additional 'local' functionalities related to local context;

- What is the common challenge addressed by the PPI & which portion of challenge is common core part vs local part?
- How does it address an unmet need of buyers group and/or other potential users? Reference to prior analysis (needs assessment, cost-benefit analysis, benchmarking) can be used;
- Motivation behind the unmet need:
 - Internal motivations? (Desire to improve quality / efficiency); and/or
 - External (regulatory) motivations?



Credibility of the proposed concept & methodology to achieve the project objectives

- Identify key roles: lead procurer, buyers group, (if applicable) third parties; sole participants => specific rules;
- Approach in preparation phase: open market consultation, common specifications development & evaluation criteria;
- Approach in implementation phase: tender process, evaluation of offers, awarding procedure, deployment of solutions (monitoring, who deploys what, validation, testing, certification), ex-post evaluation?
- Performance indicators: clear, measurable and realistic objectives, define SMART performance indicators for PPI and coordination and networking activities



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<http://lowcarbon-healthcare.eu/>



Impacts in WP under the topic (EE-19) calling for PPI action

- Prepare and implement the PPI procurement and PPI contracts within the timeframe of the project to ensure the first application / commercialisation of the innovative solutions;
- Energy performance levels of new buildings should be at least 25% better than current regulations or reach NZEB performance levels;
- For existing buildings, energy savings of at least 60% compared to the existing building should be reached, using innovative solutions;
- Products and services, should demonstrate at least 25% better performance in terms of energy efficiency than the available performance levels;

Tip: Innovative solutions can be combined with state of the art solutions to reach the impacts for EE-19

Impacts for all PPI actions in Annex H of Work Program

- More forward-looking procurement, ambitious quality/efficiency improvements;
- Reducing fragmentation of demand for innovative solutions;
- Improving competitiveness and growth of companies via development of innovations meeting needs of European and global procurement market;



Measures to maximise impact

- **Demand side measures to encourage wide deployment of solutions**
 - Explain how you will encourage a wide deployment of the innovative solution;
- **Measures to encourage wide exploitation of results by supply side**
 - Explain how you will allow participating providers to commercialise the innovative solution;
- **Communication activities and dissemination of results**
 - Draft communication/dissemination plan = admissibility condition!!!
 - A project website is required;
 - Target groups and communication means;
 - Communication during PPI about ongoing activities and benefits of undertaking a PPI;
 - Dissemination of project results/impacts after PPI has finished



Work plan

- **Obligatory work packages** (foresee separate work packages for)
 - Consortium management;
 - Preparation of the PPI (open market consultation, common procurement specifications, joint procurement agreement, etc.);
 - Procurement/tendering stage (tendering process, evaluation procedure, draft evaluation criteria, etc.);
 - Contract implementation stage & follow-up and monitoring;
 - Communication, exploitation & dissemination;
 - Additional related coordination and networking activities;



- **Obligatory deliverables**

- At end preparation stage: call for tender docs, report on outcome preparation phase, commitment on availability financial commitments;
- At end of tender evaluation: info on total nr bids received, data on winning tenderer(s), abstract of winning tenders + final ranked list of selected projects, final scores and qualitative assessment per evaluation criterion for each received bid, minutes of the evaluation meeting;
- At the end of action: report on the assessment of validation of the innovative solutions resulting from the PPI + demonstration of solutions to Commission;

Resources to be committed

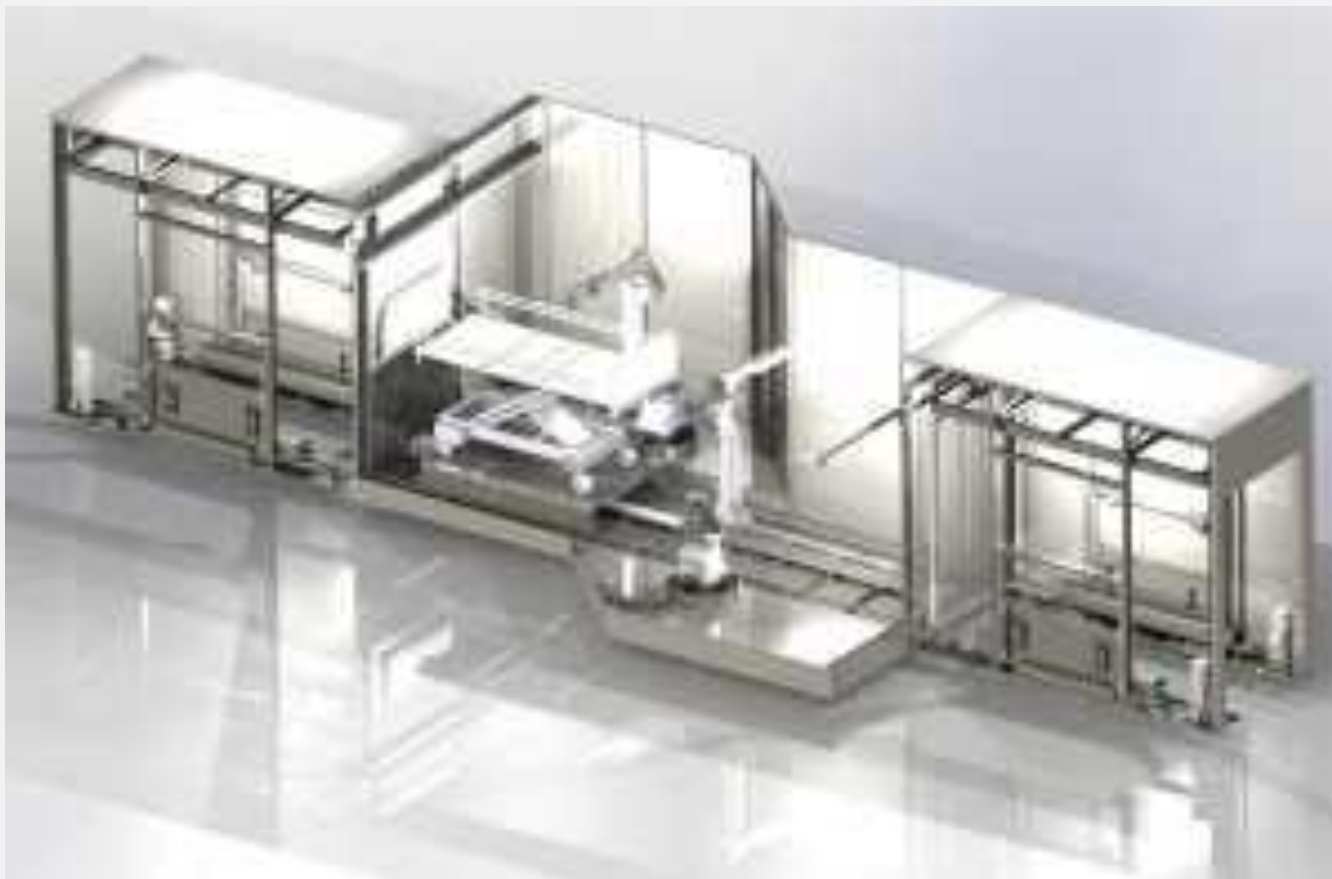
- Show that the project mobilises the resources necessary to carry out the action (incl. own contribution);
- Dependencies in mobilising resources (e.g. additional funding from national or other Community programs such as ESIF) should be clearly indicated;

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Relevant projects



- **CEPPI 2 (coordination & support)**
 - **Capacity building** for city authorities to embed (PPI) principles within the normal procurement processes of cities;
 - Five peer learning workshops open to interested cities;
 - <http://www.ceppi.eu/home/>
- **SPP Regions (coordination & support)**
 - Promote **networking and collaboration** at European and subnational regional level on sustainable and innovative procurement (SPP/PPI);
 - Establish a Sustainable Procurement and Innovation Network;
 - <http://www.sppregions.eu/home/>



- **EURECA (coordination & support)**
 - Development of common practices & procedures for PPI and PCP for the procurement of **Green Data Centres**;
 - Platform for networking activities for public procurers;
 - Tailored procurement practical training & awareness programmes on environmental, legal, social, economic and technological aspect of data centre procurement;
 - <http://eureca-project.eu/home>
- **PAPIRUS PROJECT (CIP – programme)**
 - PPI for providing materials characterized by near zero energy consumption for the **repair and construction of buildings**;
 - E-learning course on PPI;
 - <http://www.papirus-project.eu/>



- **PRO-LITE partnership (PPI Action)**
 - Procurement of innovative *lighting technologies* and solutions in Europe;
 - Develop new procurement frameworks or contracts for lighting;
 - Case studies & guidance;
 - <http://www.prolitepartnership.eu/>

“The project has successfully demonstrated how public sector organisations across Europe can overcome public procurement and other barriers to deliver innovative and cost-effective technologies for their organisations”

Dr Leon Smith, Project director (TfL)

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Where to find information?



Relevant initiatives

- **Procurement of Innovation Platform**
 - Web site, Procurement Forum & Resource center on PPI & PCP;
 - <https://www.innovation-procurement.org>
- **European Assistance for Innovation Procurement**
 - Toolkit for policy makers, public procurers and legal services on PCP and PPI procurement procedures;
 - No assistance to EU funded project (cross-funding!!!);
 - <http://eafip.eu/>
- **EU procurement forum**
 - <https://procurement-forum.eu/>
- **Linkedin (e.g. PCP/PPI Linkedin group)**
 - <https://www.linkedin.com/groups/3971446/profile>

Where to find information?



Relevant initiatives

- **Ongoing PCP/PPI initiatives in countries around Europe**
 - <https://ec.europa.eu/digital-single-market/news/innovation-procurement-initiatives-around-europe>
- **National/regional competence centres/support programmes for PCP/PPI**
 - <https://ec.europa.eu/digital-single-market/news/innovation-procurement-initiatives-around-europe>
- **Horizon 2020 participant portal**
 - <http://ec.europa.eu/research/participants/portal/desktop/en/funding/index.html>
- **National Contact Points for Horizon 2020**
 - http://ec.europa.eu/research/participants/portal4/desktop/en/support/national_contact_points.html



EASME

Executive Agency for Small and Medium-sized Enterprises

THANK YOU FOR YOUR ATTENTION

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