
REPORT OF
The Strategic Director for Place
TO
Procurement Board
ON
11th May 2022

TITLE: Approval to Award the Contract through the Go Neutral Smart Energy Framework for the design and build of up to 7 battery storage systems as part of the Public Sector Decarbonisation Scheme.

RECOMMENDATION:

Procurement Board to approve the award of the contract to design and build up to 7 battery storage systems as part of the Public Sector Decarbonisation Scheme to PolySolar Ltd. This has been procured in accordance with the Council's Contract Procedure Rules through the GMCA's Go Neutral Smart Energy Framework. The appointment is summarised in the table below:

Detail required	Answers
Title/Description of Contracted Service/Supply/Project	Design and build of up to 7 battery storage systems
Name of Successful Contractors	PolySolar Ltd
Status of Organisations <i>(to be supplied by Corporate Procurement)</i>	SME
Contract Value (£)	£924,234
Contract Duration	9 Weeks
Contract Start Date	16/05/2022
Contract End Date	24/07/2022
Optional Extension Period 1	2 months
Optional Extension Period 2	n/a

Detail required	Answers
Who will approve each Extension Period?	Strategic Director (extension < £150k)
Contact Officer (Name & number)	Peter Openshaw, Assistant Director Property
Lead Service Group	Place
How the contract was procured? <i>(to be supplied by procurement)</i>	Mini Competition through a Framework
Framework Details (where applicable) <i>(procurement body, framework reference & title, start/ end date)</i>	Go Neutral Smart Energy Call Off Framework GMCA Start date Jan 2022
Funding Source	Grant
Ethical Contractor (EC): Mayor's Employment Charter	
EC: Committed to sign up to charter	
EC: Accredited Living Wage Employer	Framework tender documents issued in October 2021, included that the GMCA expect our suppliers to be committed to considering formally adopting the Real Living Wage as a minimum. This would be confirmed in the contract award process.

EXECUTIVE SUMMARY:

The purpose of this report is to request approval appoint PolySolar from the Go Neutral Smart Energy Framework for the delivery of the above mentioned project.

Salford City Council is seeking to install battery storage systems across up to 7 sites to compliment the Solar PV install and maximise the benefit to Salford City Council in respect of reducing electricity costs. The proposed sites are as listed at Annex 1 and will be part of its contribution towards Greater Manchester's target of becoming a carbon-neutral city region by 2038.

Salix has agreed, with the GMCA, a change control to extend the delivery of the project from 30th Sept 21 to 30th June 2022 for those sites that need it. This will allow for battery storage systems to be installed and eligible for the grant funding which is £924,234 for the 7 sites. The delivery will complete after the 30th June but over 90%

of the costs will be incurred before the end of June. The remainder of the costs will be met through match funding from the SCC USB Capital budget for the project.

The Procurement Board on 2nd March 2022 approved that the council would seek to procure this through Lot 1 of the Go Neutral Smart Energy Framework.

Following the procurement process undertaken, this report outlines the successful contractor and mini competition process followed as per the Framework guidance.

BACKGROUND DOCUMENTS:

- Approval to go out to competition – 2nd March 2022

KEY DECISION: Yes

DETAILS:

1. Background

The GM 5 Year Environment Plan sets out five key environmental challenges that threaten the future health and prosperity of our City Region and the vision for Greater Manchester to be a clean, carbon neutral, climate resilient city region with a thriving natural environment and circular, zero-waste economy. Following the publication of the 5 Year Plan Salford CC declared a Climate Emergency, stating its commitment to the plan and to becoming carbon neutral by 2038. The plan sets out the urgent actions all of us need to take over the next five years.

Salford City Council was originally looking to install battery storage systems at 9 sites to increase the flexibility of local energy supply as part of its contribution towards Greater Manchester's target of becoming a carbon-neutral city region by 2038. The GM 5 Year Environment Plan commits GM to increasing local renewable energy generation by at least 45 MW by 2024 and councils need to be at the forefront of this work.

The addition of battery storage will allow for the opportunity to maximise the use of on-site generation at peak periods rather than exporting any excess energy generated to the grid, as well as the batteries being able to charge at the cheaper night tariff and for this stored energy being used on site and therefore reduce the reliance on grid supply at the higher day rate.

Through the delivery of the project the GMCA has identified spare budget capacity that could fund further installations and as such asked partners to submit the sites they could deliver within the extended timeframe to 30th June 2022.

The original sites identified for battery storage consisted of those solar PV sites that have a day/night tariff for electricity and therefore provide the best opportunity to maximise additional energy cost savings by storage of any excess PV generation as well as allowing for load shifting by storage of electricity at the cheaper night rate and for this to be used during the day. The sites vary in size and nature and have been

reviewed by the GMCA alongside the eligibility criteria for the funding. The GMCA has confirmed that the installations are eligible for the grant funding.

2. The Procurement Process

The approved route to procure by Procurement Board on 2nd March 2022 was the Go Neutral Smart Energy Framework that has been procured by the GMCA. This is a national Framework that is for use by GM authorities. The Framework has four lots and one specifically for the types of works that we are to commission for battery storage. Therefore, we ran a mini competition, as per the framework guidance, with the appointed framework contractors under Lots 1:

Lot 1. Roof Mounted Solar PV & Battery Storage

The Battery Storage sites were put out to mini competition through the Chest on 24th March 2022 and closed on 11th April 2022.

The following ratios were applied to the mini competition:

- Quality 40%
- Price 40%
- Social Value 20%

There are 8 suppliers on the lot and each was given the opportunity to conduct accompanied site visits on 28th April 2022. Two suppliers attended the site visits, this resulted in seven declining to tender and one supplier submitting a bid.

There were 3 evaluators of the bid to score the Price and Quality aspects of the tenders, with moderation sessions facilitated by GMCA Procurement to agree the final scores. The Procurement Team reviewed the Social Value submission.

Name of Bidder	% Price score Max 40%	% Quality score inc SV Max 60%	% Overall Score 100%
Polysolar Ltd	40%	39%	79%

The bid was evaluated and moderated to obtain the above score. Their submission was in line with their bid to be a Framework Supplier and the supplier is appointable based on their submission.

3. Social Value

Although there is a limited duration and scale of the project, consideration was given Social Value was at 20% of the evaluation criteria and we asked the bidders to utilise the SCC Themes, Outcomes and Measures (TOM's) to maximise the benefits to the community, local supply chain and environment.

The bidder demonstrated a satisfactory capacity to deliver Social Value outcomes which were valued at £305,377.56 and the achievement of these will be reported on as a KPI of the project.

There are in excess of 80 measures in the Social Value Portal TOM's. Some of the measures covered in the Social Value offer included in this project are; numbers of direct employees retained, percentage of local employees, voluntary hours donated, local supply chain spend, new local businesses added to the supply chain, spend through SME's, in kind donations, electric vehicle usage.

4. Timescales

The original tender specified an end date of 30th June for the completion of works which was based on the ability to draw down the relevant grant to fund the works. Given the information contained in the tender return, whilst the contractors will be able to undertake the majority of the preparation and plant installation there is a small element that will run past the 30th June deadline. This is estimated to be less than 10% of the overall value at c£65,000, assurance through clarification meetings has been given by the contractor and the contract contains a clause regarding liquidated damages if this were to increase. To facilitate the delivery of the scheme, and maximise the drawdown of grant, the GMCA has increased our grant for other projects so that SCC can utilise it's own funding, which is agreed from the SCC USB Capital budget, for all elements of the project to be delivered post 30th June.

5. Proposed Solution

Polysolar in conjunction with their technology partner Wattstor have produced a bespoke indoor battery energy storage solution (BESS) for each site which consists of both a hardware and an energy management software offering.

The hardware consists of a modular battery stack and inverter with a 25-year design life, specified for the climatic conditions of the site. The bidirectional inverter is specifically designed for high voltage batteries, discharging and charging the battery, so that time-of-use benefit can be optimised. It is highly efficient over the operating range, with a fast response time making it suitable for the peak shaving and grid services applications it will perform for the authority. The software element and energy management system (EMS) platform controls the battery and any building load to optimise energy usage and maximise revenue generation and carbon savings. This solution has been conformed as in use by other named local authorities.

The BESS system is provided with a 2-year product defects and workmanship warranty. The Inverters have a 5 - year product warranty, extendable to 10 on request and the batteries have a 10-year warranty. This includes a performance warranty of 75% capacity at 10 years or 3,650 cycles, or 70% capacity at 5,475 cycles, equivalent to 15 years.

To ensure battery storage systems used in conjunction with solar perform safely and optimally, it is essential that appropriate fire safety measures form part of the detailed design. A very high level of safety measures have therefore been specified as part of

the design specification for each site, which will not only include heat sensors, but also the installation of more advanced localised Li-ion Tamer fire detection system as well as the installation of Stat-X fire suppression system and where necessary, the installation of an air conditioning unit.

6. Energy savings

Estimated potential savings just from load shifting alone by charging up the batteries at cheaper night rate and then discharging this during the peak day rate are detailed below:

ENERGY BILL SAVINGS FROM LOAD SHIFTING*	Worsley Leisure Centre	Broughton Leisure Centre	Irlam & Cadishead Leisure Centre	Turnpike Depot	Salford Sports Village	Ordsall Leisure Centre	Alderbrook Primary
Average energy used to charge the battery during the night	113.1	113.1	113.1	113.1	113.1	113.1	113.1
Average cost of energy used to charge the battery during the night	£ 36.39	£ 36.47	£ 36.54	£ 35.59	£ 36.11	£ 36.86	£ 39.59
Average energy supplied by the battery to the building during the day	103.1	103.1	103.1	103.1	103.1	103.1	103.1
Average cost of grid electricity avoided from using the battery during the day	£ 42.71	£ 42.67	£ 42.74	£ 41.32	£ 43.20	£ 42.92	£ 42.33
Total average daily energy bill saving in Yr 1	£ 6.32	£ 6.20	£ 6.20	£ 5.73	£ 7.09	£ 6.06	£ 2.74
Financial net benefit year 1	£ 2,306.90	£ 2,264.19	£ 2,264.45	£ 2,090.29	£ 2,587.76	£ 2,210.85	£ 1,001.84
Total energy bill savings over lifetime (15 years)	£ 34,603.54	£ 33,962.87	£ 33,966.80	£ 31,354.32	£ 38,816.45	£ 33,162.71	£ 15,027.60

KEY COUNCIL POLICIES:

- Five year environment plan for Greater Manchester
- Great Eight Priority - Tackling the climate emergency
- Climate Emergency Declaration

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

There are no equality impacts arising as a consequence of this report.

ASSESSMENT OF RISK:

Timescales - to deliver the scheme and maximise the grant funding element. This relates the Supply chain and lead in time for the delivery of the battery units.

Assurance through clarification meetings has been given by the contractor and the contract contains a clause regarding liquidated damages if the project overran.

Technology – The technology is new to SCC. The tender return specifies Lithium-Ion battery technology and there are associated risks around it being flammable.

Therefore, the detailed design will include equipment linked to fire detection and suppression at each site.

SOURCE OF FUNDING:

93% grant funding

7% USB Capital Budget - Property

LEGAL IMPLICATIONS: Supplied by: Shared Legal Services

In order to access the grant funding made available by GMCA to the Council, a grant funding agreement will need to be entered into. Legal Services will be happy to review the terms of the agreement to ensure that these are suitable for the Council.

The Grant Agreement contains provisions enabling GMCA to either suspend/withdraw unpaid grant or seek clawback/reimbursement of any grant already paid, in the event that the Council is in breach of the agreement, therefore it will be very important for the Council to comply with the key terms and keep GMCA updated in the event of changing circumstances (in particular where these will/may result in a delay to the proposed timetable of delivery).

In particular it is noted that GMCA required delivery of the project by 30th June 2022, however following the procurement process, suppliers have confirmed that this is unlikely to be achievable (albeit it is estimated by the winning provider that 90% of the works should be able to be completed). This would mean that the Council would not have incurred all eligible expenditure prior to the expiry of the grant period (i.e. 30th June 2022), so there is a risk under the terms of the Grant Agreement that GMCA would not be obliged to reimburse the Council for the remaining 10% of costs (to be incurred after 30th June 2022) using the remainder of the Grant. However it appears that GMCA has indicated that notwithstanding this, they would be prepared to provide the grant funding for the remaining post-June elements of the project. This would have the effect of reducing that small risk significantly.

Following the procurement exercise set out in this report, Legal Services has provided advice regarding the proposed Works Contract to be entered into with the winning supplier. This includes a provision for liquidated damages as described above in the report, which should reduce the potential financial risk to the Council in the event of a delay in delivery of the project.

FINANCIAL IMPLICATIONS:

Submitted by: Gemma Singleton, Senior Accountant Tel: 0161 793 2578

Date: 21.4.22

Total project value is £924,234 for 7 sites, 100% externally grant funded. Delivery of the project extended from 30th Sept 2021 to 30th June 2022, this will allow for battery storage systems to be installed at the 7 sites to compliment the Solar PV install and maximise the benefit to Salford City Council in respect of reducing electricity costs.

The delivery will complete after the 30th June but over 90% of the costs will be incurred before the end of June 2022.

The project will have no unbudgeted impact on the council.

PROCUREMENT IMPLICATIONS: Supplied by: Procurement Team

The project was procured by means of mini competitions utilising the GMCA Go Neutral Smart Energy Framework agreement. All providers for the Lot were given the same opportunity to apply but upon completion only one provider submitted a compliant bid. The process undertaken is in line with the framework rules and complies with the Procurement Contract Regulations, therefore this complies with Salford City Councils contractual standing orders.

HR IMPLICATIONS: Supplied by:

N/a for this framework

CLIMATE CHANGE IMPLICATIONS: Supplied by: Hayley Nixon

Salford City Council is seeking to install battery storage systems at 7 sites to increase the flexibility of local energy supply as part of its contribution towards Greater Manchester's target of becoming a carbon-neutral city region by 2038. The GM 5 Year Environment Plan commits GM to increasing local renewable energy generation by at least 45 MW by 2024 and councils need to be at the forefront of this work.

OTHER DIRECTORATES CONSULTED:

N/a

CONTACT OFFICER: Hayley Nixon, Commercial Project Manager
Majid Maqbool, Energy Manager
TELEPHONE NUMBER: WFH

WARD(S) TO WHICH REPORT RELATE(S):
Specify the ward(s) affected, if all wards, state this fact.

All

Appendix 1 – Site List

Site
Worsley Leisure Centre
Broughton Leisure Centre
Irlam & Cadishead Leisure Centre
Turnpike Depot
Salford Sports Village
Ordsall Leisure Centre

Alderbrook Primary School