

ENERGY-EFFICIENT PROCUREMENT POLICY GUIDANCE

The fact that you are reading this guidance suggests that your local authority has made some kind of commitment to implementing energy efficiency and reducing its impact on climate change. Considering energy efficiency (EE) in your authority's procurement decisions is an important way in which your authority can support this commitment, with a potentially significant impact.

What is the purpose of this guide?

Energy efficient procurement within public authorities can be carried out at an individual or departmental level – depending on your authority's structure, and who is responsible for procurement of goods and services. In many authorities, energy efficient procurement is already taking place on an *ad hoc* basis.

However, if you wish to take a more systematic and efficient approach, then a supportive framework is necessary. This will include a policy obliging all staff to introduce EE principles into their day-to-day work, and an action plan to put the policy into practice.

The following document has been designed to support you in this. It provides guidance on:

- how to write an effective policy on energy-efficient procurement that is also in harmony with the new Directive on Energy End-use Efficiency and Energy Services (**Part I: Developing an Energy Efficient Procurement Policy – page 2**) and
- which elements and organisational measures need to be put in place in order to implement the policy and make it a success (**Part II: Operationalising your Energy Efficient Procurement Policy – page 22**)

Who is this guide for?

This guide is aimed at staff involved in developing procurement and energy policies and regulations in local authorities in Europe.

The recommendations given for products and services can be adopted in all European Union countries independently of the procurement procedures and regulations, as the key principles of energy efficiency are common to all countries.

Part I: Developing an Energy Efficient Procurement Policy

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Introduction

This document provides guidance to public authorities in developing a policy on energy-efficient procurement that will be in harmony with the new Directive on Energy End-use Efficiency and Energy Services Directive (hereafter called the Energy Services Directive)¹.

The Directive is targeted at those sectors who are not yet included in other EU-wide energy efficiency targets (e.g. Emissions Trading Scheme), namely:

- providers of energy efficiency improvement measures (e.g. energy distributors, distribution system operators and retail energy sales companies).
- the armed forces
- final customers

As ‘final customers’, the public sector is a key target of this Directive, which states that:

Art. 5.1

“Member States shall ensure that energy efficiency improvement measures are taken by the public sector, focussing on cost-effective measures which generate the largest energy savings in the shortest span of time.

Such measures shall be taken at the appropriate national, regional and/or local level, and may consist of legislative initiatives and/or voluntary agreements or other schemes with an equivalent effect. Without prejudice to the national and Community public procurement legislation:

- *at least two measures shall be used from the list set out in Annex VI;*
- *to facilitate this process, Member States shall publish guidelines on energy efficiency and energy savings as a possible assessment criterion in competitive tendering for public contracts.*

Member States shall facilitate and enable an exchange of best practices between public sector bodies, for example on energy-efficient public procurement practices, both at the national and international level [...].

¹ Source: Directive 2006/32/EC of the European Parliament and of the Council on Energy End-use Efficiency and Energy Services and repealing Council Directive 93/76/EEC, Annex V.

The measures in the Annex VI, indicated above are the following:

Annex VI: List of eligible energy-efficient public procurement measures

Without prejudice to the national and Community public procurement legislation, Member States shall ensure that the public sector applies at least two requirements from the following list in the context of the exemplary role of the public sector as referred to in Article 5:

- (a) requirements for the **use of financial instruments for energy savings, including energy performance contracting**, that stipulate the delivery of measurable and pre-determined energy savings (including whenever public administrations have outsourced responsibilities);
- (b) requirements to **purchase equipment and vehicles based on lists of energy-efficient product specifications of different categories of equipment and vehicles** to be drawn up by the authorities or agencies referred to in Article 4(4), using, where applicable, minimised life cycle cost analysis or comparable methods to ensure cost-effectiveness;
- (c) requirements to **purchase equipment that has efficient energy consumption in all modes, including in standby mode, using, where applicable, minimised life cycle cost analysis or comparable methods to ensure cost-effectiveness;**
- (d) requirements to **replace or retrofit existing equipment and vehicles** with the equipment listed in points (b) and (c);
- (e) requirements to **use energy audits and implement the resulting cost-effective recommendations;**
- (f) requirements to **purchase or rent energy-efficient buildings or parts thereof or requirements to replace or retrofit purchased or rented buildings** or parts thereof in order to render them more energy-efficient.

The proposed content for the energy-efficient procurement policy will consider those aspects in order to develop a document in compliance with, and supporting the Directive.

The policy can work as a stand-alone policy or as part of a wider policy on sustainable procurement or energy efficiency.

Section I: Preliminary steps before developing a policy

A) Clarify your basic objectives

Before writing your energy-efficient policy, it is important to define what the main objective of the policy is. For example, there may already be other policies or decrees in place in your authority that cover some of the aspects of this new policy, or perhaps a policy stating a certain level of green or sustainable procurement. By identifying any such policies and analysing their content, you will be able to ensure that your policy does not conflict with your local authority's other objectives, and this will be particularly useful when communicating the policy internally.

Once you have done this, your main objective can be more easily defined.

B) Identify relevant actors within the organisation

Three types of relevant actors should be identified:

B.1. Those who need to be involved/consulted on the drafting of the policy

This group should include any politicians that are likely to be involved in promoting the policy, and technical staff in the different departments that will be affected by it, since they will be able to help define objectives and timeframes.

The exact words that your local authority wishes to use in the policy should be agreed by this group and agreed at the necessary level within your local authority structure.

B.2. Those who will be directly affected by it

This group should include anyone who is responsible for procurement of items selected in the scope of the policy (see Section II). Involvement in procurement ranges from identifying a need through to approving expenditure, developing energy efficiency criteria for tendering documents, and specifying the terms of a contract. In some authorities, these activities are centralised whilst in others they are carried out by different departments.

This guidance recommends that your policy is aimed at all staff involved in these activities. It should explicitly mention them in the text so that they are left in no doubt as to the content and application of the policy in their daily work.

B.3. Those who will be indirectly affected by it

Your policy will have an impact on a wider range of stakeholders than those directly involved in procurement. The first step in energy efficiency is energy conservation, and this requires action on the part of all building occupants and equipment users.

Once the policy has been finalised, it is important that it is clearly communicated to this group, to let them know how they will be affected, and how they can assist.

C) Define the scope of the policy

As mentioned in the introduction, your energy efficient procurement policy should be in harmony with the Energy Services Directive. It is recommended, therefore, that you cover at least two of the following activities:

C.1. Procurement of energy-consuming equipment and vehicles

The Directive specifies the following measures:

- (b) Requirements to purchase equipment and vehicles based on lists of energy-efficient product specifications of different categories of equipment and vehicles to be drawn up by the authorities or agencies referred to in Article 4(4), using, where applicable, minimised life cycle cost analysis or comparable methods to ensure cost-effectiveness;*
- (c) Requirements to purchase equipment that has efficient energy consumption in all modes, including in standby mode, using, where applicable, minimised life cycle cost analysis or comparable methods to ensure cost-effectiveness;*
- (d) Requirements to replace or retrofit existing equipment and vehicles with the equipment listed in points (b) and (c);*

In terms of specific procurement items, this covers:

- Lighting – equipment and controls
- Heating – equipment and controls
- Air conditioning – equipment and controls
- Electronic goods, e.g. audio-visual, ICT, printers and photocopiers
- White goods, e.g. refrigerators, cookers, etc.
- Vehicles, e.g. fleet vehicles

From this list, you can choose as many items as you want for your policy, depending on your priorities and commitment.

You should note that, as indicated in the Energy Services Directive (Annex VI, section (d)) this applies not only to the procurement of energy efficient products to meet future needs, but also to the replacement of any old and inefficient equipment and vehicles.

Also, when selecting the products you should be aware that some of them might be purchased in a decentralised way and in small quantities, which can hide their contribution to the overall energy impact of the local authority. Therefore, before making any decision, you should try to aggregate those expenditures to have a better image of where the money is really spent and where the biggest energy consumption improvements can be achieved.

A tool developed within the DEEP project can help you to do this. It is called SASEATO, a Self-Assessment Energy Audit Tool. It is included in the DEEP Toolkit, and also available at www.iclei-europe.org/deep

C.2. New construction and renovation of buildings

The Directive specifies the following measures:

(f) Requirements to purchase or rent energy-efficient buildings or parts thereof, or requirements to replace or retrofit purchased or rented buildings or parts thereof in order to render them more energy-efficient.

In terms of specific procurement items, this covers:

- Building fabric, e.g. glazing, insulation, shading, etc.
- Building design
- Building construction
- Building refurbishment
- Facilities management

Again, you can decide to establish environmental objectives for all or as many of the items as you want, depending on your ambition and resources.

C.3. Auditing

The Directive specifies the following measures:

(e) Requirements to use energy audits and implement the resulting cost-effective recommendations;

Energy auditing is an important way of identifying energy efficiency improvements and is essential if you are going to proactively identify opportunities that would not otherwise be recognised.

There are different types of energy audits depending on the scope of them. There can be:

- Buildings energy efficiency audit: related to walls and windows isolation, heating and cooling systems, etc.
- Equipment's energy efficiency audit: analysing the lighting system, IT-equipment, heating and cooling systems, etc.
- Full building audit, considering the two above.
- Fleet vehicles audit.

As a complementary activity, in support of energy efficient procurement, this guidance recommends that you include a commitment to undertaking a programme of energy auditing

and implementation in your policy, the scope of it will depend again on the political commitment and support.

The SASEATO tool can also help you to carry out a basic audit in-house. It is included in the DEEP Toolkit, and also available at www.iclei-europe.org/deep

C.4. Procurement of energy

Although not included in the Directive, procurement of energy by the public sector has great potential to generate demand for sustainable energy. Many local authorities are already purchasing green electricity and there are many that wish to do so.

While it should not be seen as an easy fix in addressing energy consumption, procurement of green electricity can be an important element of your overall strategy in reducing your local authority's impact on climate change.

In addition the Energy Services Directive states that Member States shall ensure that energy distributors, distribution system operators and/or retail energy sales companies shall either:

Art. 6.2

(i) ensure the offer to their final customers, and the promotion, of competitively priced energy services; or

(ii) ensure the availability to their final customers, and the promotion, of competitively-priced energy audits conducted in an independent manner and/or energy efficiency improvement measures, in accordance with Article 9(2) and Article 12; or

(iii) contribute to the funds and funding mechanisms referred to in Article 11. The level of such contributions shall as a minimum correspond to the estimated costs of offering any of the activities referred to in this paragraph and shall be agreed with the authorities or agencies referred to in Article 4(4);

These options can also be considered alongside the procurement of energy.

C.5. Budgeting

Budgets for energy related items are normally independent from each other. For example, the budget to buy or rent new vehicles is not connected to the budget for the supply of fuels. Thus, the budget allocations for each can depend on different departments.

This should be taken into account when procuring, as decisions can be affected when such related costs are considered alongside each other. Therefore the policy should mention the necessity of considering life-cycle costing when purchasing.

Life-cycle costing

The Directive specifies the following measures:

- (b) *Requirements to purchase equipment and vehicles based on lists of energy-efficient product specifications of different categories of equipment and vehicles to be drawn up by the authorities or agencies referred to in Article 4(4), using, where applicable, minimised **life-cycle cost analysis** or comparable methods to ensure cost-effectiveness;*
- (c) *Requirements to purchase equipment that has efficient energy consumption in all modes, including in standby mode, using, where applicable, minimised **life-cycle cost analysis** or comparable methods to ensure cost-effectiveness;*

Life-cycle costing is a methodology that takes into account the overall cost of an item(s), including future expenses and benefits, rather than just the price of the product(s). It is particularly useful when assessing the cost of energy efficient products, since it takes into account the running costs, which, for energy efficient products, should be considerably lower than for non-efficient ones.

For procurement staff, it will probably be unconventional to use life-cycle costing when assessing the cost of an item(s) being procured. For this reason, it is important to formalise this requirement in your policy.

A Life Cycle Cost Analysis (LCCA) Tool has been developed within DEEP. It is included in the DEEP Toolkit, and also available at www.iclei-europe.org/deep

Section II: Developing a standard policy for energy efficient procurement

After analysing energy efficiency procurement policies from several different local authorities advanced in this area, some standard elements are identified as relevant in an energy-efficient procurement policy in order to make it understandable and efficient.

Those elements are:

- A) Commitment towards environmental protection and sustainable development
 - A.1. General framework/ commitment
 - A.2. Specific commitment
- B) Accompanying measures
 - B.1. Implementation activities
 - B.2. Information, communication and training activities
 - B.3. Monitoring and reviewing process activities

A) Commitment towards sustainable development

A.1. General framework or commitment

First of all the policy should provide the context for its adoption. This should include the environmental implications of energy production and use, actual trends and future issues..

The text should mention the global aim of reducing CO₂ emissions and combating climate change, through reducing the energy consumption of the authority.

e.g.

Our climate is already changing. Recent extreme weather events, such as flooding and the extremely hot summers, have shown that the climate can have a big impact on our society and that infrastructure and services need to be designed to meet the risk. It is in the interests of [insert name local authority] to act now to find sustainable solutions to minimise the impact of climate change and collaborate in climate protection by means of consuming less energy and thus reducing the emission of greenhouse gases such as CO₂.

If the public authority has a more general sustainable development policy or strategy, such as an Agenda21, a commitment to climate protection, or a broader sustainable procurement policy, the energy efficient procurement policy should ensure this is referred to in order to be consistent. It should also outline its main objectives or aims in relation to energy-efficiency achievements through procurement.

e.g.

In accordance with the sustainable development objectives established in our Local Agenda 21 and our desire to reduce our impact on climate change, [insert name local authority] aims to consider energy efficiency in all its procurement activities.

If the authority does not have such a general framework, the energy efficient procurement policy should be presented as one of the ways to achieve climate protection.

e.g.
In order to minimise our environmental impact and contribute to climate protection, [insert name local authority] will reduce its energy impacts through its procurement decisions by ensuring that energy-efficient goods, services and buildings are purchased.

A.2. Specific commitment by products and services

After the general section, the commitment should be further specified by products and services.

When writing the specific objectives, there are two approaches that can be taken:

i) One option is to be specific but without fixing any quantifiable target. In such cases, the commitment is clear and does not become outdated. However, with a lack of any quantifiable indicators, your progress in meeting the objective will be more difficult to monitor.

e.g.
[Insert name local authority] will buy or rent energy-efficient IT equipment.

ii) Another option is to establish **objective targets**, which the organisation will work towards. Those targets should be technically achievable, measurable, time bound and realistic but challenging.

In order to define them, the public authority should consider, among others:

Question	Recommendation
Which regulations and legislation are in place and which targets do they define (e.g. national energy efficiency regulations)?	You should set at least the same targets if not more ambitious ones.
Do I want to fix targets for certain products, services and works or for the procurement practices in general?	In order to make the policy clear, you should specify individual targets for each product, service and activity included in the policy.

What deadlines are appropriate?	This will depend on how ambitious your LA is.
Which target should I set for each of the selected items?	This will depend on: <ul style="list-style-type: none"> - the political commitment in your authority, - the market situation and/or - the attitude of each affected department.
How do you define an energy-efficient product or building?	Where products are already rated for energy-efficiency under labelling schemes, you should mention this in your policy. If they are not covered by any labelling schemes, it will be necessary to describe the standard of energy efficiency that you would like to demand. This could be an international, national standard or one imposed by yourself.

Examples of time-bound targets could be:

The target that [insert name local authority] aims to achieve by 2010 are:

- 25% of the new purchased or leased automobiles should be fuel-efficient cars.
- 50% of the energy purchased should come from renewable sources.
- 100% of the light bulbs should be low-energy lamps.
-

As optional, and with a more educational/ communication aim, a short paragraph can be included to explain why this product or service has been included in the policy. It should outline the impacts on the local authority's energy consumption, with local information and statistics where possible, indicate the existence of alternatives and describe the benefits of energy-efficient procurement practices.

Below you can find the list of the items that can be included in the policy and possible examples of policy targets and wording:

A.2.1. Procurement of products

- Lighting – equipment and controls
- Heating – equipment and controls
- Air conditioning – equipment and controls
- Electronic goods, e.g. audio-visual, ICT, printers and photocopiers;
- White goods, e.g. refrigerators, cookers, etc.

The DEEP Toolkit. TOOL 1.a: The Energy Efficient Procurement Policy Guide

- Vehicles, e.g. fleet vehicles

e.g.
[insert name local authority] will maximise energy-efficient procurement of products and vehicles by purchasing or leasing:

- Only white goods rated A under the EU Energy Label
- Only light bulbs rated A under the EU Energy Label
- Only energy-efficient office equipment (complying with the energy consumption requirements under the GEEA Programme)
- Only heating, lighting and air conditioning equipment that exceed national regulations on energy efficiency by at least x %
- Only vehicles that achieve a minimum fuel economy of x or /only vehicles rated A under the voluntary EU Energy Label

It is also recommended to include an objective in the policy to replace old and inefficient products with energy-efficient ones.

e.g.
[insert name local authority] will aim to replace all products that do not meet the above standard by 2010, with priority to those with the highest energy consumption.

A.2.2. Procurement of new buildings and renovation of existing buildings

There are many ways in which the energy efficiency of buildings can be improved and specified in designs, and it is impractical to include detail on all possible measures in your policy. Your policy should therefore define the standard of energy performance that you require all new buildings to meet and the standard of energy performance that you require all existing buildings to aspire to.

In terms of specific procurement items, this covers:

- Building fabric, e.g. glazing, insulation, shading, etc.
- Building design
- Building construction
- Building refurbishment
- Facilities management

e.g.
The built environment accounts for around 1/3 of Europe's total energy consumption. [insert

[insert name local authority] has an important role to play in reducing energy consumption of both new and existing buildings that it is responsible for designing, developing and managing (optional).

[insert name local authority] will ensure that all new buildings it commissions meet an energy performance rating of x.

[insert name local authority] will ensure that, by 2010, all its existing buildings meet an energy performance rating of x.

A.2.3. Life-cycle costing

Life-cycle costing is a methodology that takes into account the overall cost of an item(s), including future expenses and benefits, rather than just the price of the product(s). It is particularly useful when assessing the cost of energy efficient products, since it takes into account the running costs, which, for energy efficient products, should be considerably lower than for non-efficient ones.

For procurement staff, it will probably be unconventional to use life-cycle costing when assessing the cost of an item(s) being procured. For this reason, it is important to enshrine this requirement in your policy.

e.g.

When carrying out procurement activities for products, services and works life-cycle costs will be taken into consideration.

A Life Cycle Cost Analysis (LCCA) Tool has been developed within DEEP. It is included in the DEEP Toolkit, and also available at www.iclei-europe.org/deep

A.2.4. Procurement of electricity

As mention in section I, the procurement of green electricity does not affect the final energy consumption of your authority. However, it can be an important element of your overall strategy in reducing your local authority's impact on climate change. Therefore, we recommend including an objective for this item, e.g.

e.g.

[insert name local authority]'s primary objective is to reduce the amount of energy it consumes, and then be efficient in way that it uses that energy. In order to complement these efforts, [insert name local authority] would also like to ensure that as high a proportion as possible of the electricity it consumes is generated from renewable energy sources.

Therefore [insert name local authority] will increase its consumption of green electricity to consume 50% of its electricity from renewable sources by 2010.

A.2.5. Energy Services or Energy Performance Contracting

Energy Performance Contracting is an innovative financing technique that uses cost savings from reduced energy consumption to repay the cost of installing energy conservation measures. Normally offered by Energy Service Companies, this innovative financing technique allows the capture of benefits from energy savings without up front capital expenses on the part of the building owners, since the costs of the energy improvements are borne by the performance contractor and paid back out of the energy savings. Other advantages include the ability to use a single contractor to do necessary energy audits and retrofit and to guarantee the energy savings from a selected series of conservation measures.

If you are thinking of trying this service or if you have already contracted one of these services and want to continue using them, this guide recommends you to insert it in the policy:

e.g.

[Insert name local authority] will establish a contract with an Energy Performance Contracting Company for the introduction of energy efficiency measures in X municipal buildings.

B) Accompanying measures

As important as the policy statements are the measures that should accompany the policy, and support its implementation and improvement. These measures can be independent of the policy and be introduced in a separate action plan. However, their inclusion in the policy statement is recommended in order to highlight their importance.

The accompanying measures should include:

B.1. Implementation activities

In addition to products and services that you wish to procure, the policy should also consider which actions are going to be carried out in order to implement it. In this regard, this guidance document also recommends that your policy includes:

- Creation of a Working group/Technical Commission in charge of developing an action programme and guarantee the application of the policy.

e.g.

A Technical working group or Commission will be set up to promote the implementation of the policy. A representative of each Area (or department) will constitute the Commission. The Commission will prepare an annual report on the activities carried out and a work programme.

- Definition of who the policy is aimed at. The policy should explicitly state which staff the policy applies to, and what their responsibilities are in implementing it. This guidance recommends that your policy is aimed at anyone who is responsible for procurement of items selected in the scope of the policy. Involvement in procurement ranges from identifying a need through to approving expenditure, developing energy efficiency criteria for tendering documents, and specifying the terms of a contract. In some authorities, these activities are centralised whilst in others they are carried out within individual departments.

e.g.

This policy applies to all staff involved in procurement (from the approver of expenditures to the developer of tenders and the department procuring or contracting a service) and staff involved in building maintenance.

- Integration of green policies into other municipal procurement systems, such as online e-procurement or product catalogues, so that non-green products are filtered out.
- Integration of green procurement policies and practices into the environmental management system of the authority.

e.g.

The policy will be integrated with other tools and systems in place in [Insert name local authority] such as the environmental management systems, the electronic procurement system, product catalogues, etc. in order to be consistent and facilitate its implementation.

- Provision of mechanisms, information and materials to staff responsible for implementing the policy .

e.g.

In order to implement this policy, [insert name local authority] will develop guidance and materials for procurement staff to incorporate energy efficiency during each stage of their procurement activities and daily work.

B.1.1. Energy Auditing

Energy auditing is an important way of identifying energy efficiency improvements and is essential if you are going to proactively identify opportunities that would not otherwise be recognised.

As a complementary activity, which supports energy efficient procurement, this guidance recommends that you include a commitment to undertaking a programme of energy auditing and implementation in your policy.

e.g.

[insert name local authority] will carry out a programme of energy management (auditing and implementation of recommendations) to be carried out in its existing buildings, with priority to those with the highest energy consumption.

The SASEATO tool can also help you to carry out a basic audit in-house. It is included in the DEEP Toolkit, and also available at www.iclei-europe.org/deep

B.1.2. Information, communication and training activities

Commitment to the process is necessary from both the 'top-down' (e.g. the Chief Executive or Mayor and their senior management team), as well as from the bottom-up, i.e. from staff lower down the hierarchy who must also have ownership of the process. This bottom-up commitment

is particularly important, as it is very often staff at the lower end of the organisation who specify and order goods and services.

In order to achieve that support, **staff** need to be trained. Therefore the policy has to include the provision of training sessions and communication/dissemination channels with employees. It could even include targets for the number of staff trained in energy-efficient procurement, maintenance of buildings and users behaviours.

e.g.

[insert name local authority] will provide environmental training and awareness raising tools to its staff and ensure there is effective communication between our central purchasing unit and the individual departments.

Also **suppliers**, especially the local ones, need to be aware of the energy-efficient procurement policy and practices of the local authority in order to adjust to the new requirements.

e.g.

The local authority will form partnerships with suppliers to apply the council's principles in purchasing activities and to promote and encourage innovative improvement in energy efficiency performance.

At the same time the council should communicate to the public and stakeholders the benefits of its energy-efficient procurement strategy, also providing them with guidance for themselves.

e.g.

The policy will be promoted to other Local Authorities and to the community by various actions (e.g. leaflets, promotional website).

B.2. Monitoring and reviewing process activities

Sometimes, monitoring activities are not considered a priority when drafting a policy. However it is one of the most important parts, as without it authorities cannot know whether they are making any progress or even implementing the policy.

Again this aspect should be included in the implementation programme, but also referred to within the policy itself in order to ensure that it is also part of the commitment.

The reviewing process will help assess the municipality's performance against its targets, identify any barriers, and help improve the policy by identifying what has been achieved and what corrective actions may need to be taken.

e.g.

Once a year a review will be undertaken in order to control results and review and update our policy, setting new and stricter targets wherever possible and as the old ones are met.

Section III: Energy Efficient procurement policy statement

The City Council is committed to the following energy-efficient procurement policy:

(A.1. It should start with a general commitment):

- » *Our climate is changing. Recent extreme weather events, such as flooding, and the extremely hot summers, have shown that the climate can have a big impact on our society and that infrastructure and services need to be designed to meet the risk. It is in the interests of [insert name local authority] to act now to find sustainable solutions.*
- » *In order to contribute to climate protection and to minimise our environmental impact, [insert name local authority] will reduce its energy consumption and CO₂ emissions through its procurement decisions by ensuring that energy-efficient goods, services and buildings are purchased.*

(A.2. Then the statement should become more specific, including possibly objective targets and concrete product commitments):

- » *The targets that [insert name local authority] committees to achieve by 2010 are:*
 - *75% of the new purchased or leased office equipment comply with the energy consumption requirements under the GEEA Programme.*
 - *50% of the light bulbs should be low-energy lamps, rated A under the EU Energy Label.*
 - *25% of the new purchase or leased automobiles should be fuel-efficient cars, rated A under the voluntary EU Energy Label.*
 - *50% of the energy purchase should come from renewable sources.*
 - *all new buildings it commissions meet an energy performance rating of X and existing buildings are renovated to meet an energy performance rating of X.*

(B.1. Indicate how you will implement this policy):

- » *In order to promote the implementation of the policy a technical working group or Commission will be set up with the participation of a representative from each Area or Department. The Commission will prepare an annual report on the activities carried out and a work programme.*
- » *The responsables to implement the policy are all staff involved in procurement (from the approver of expenditures to the developer of tenders and the department procuring or contracting a service) and staff involved in building maintenance.*

- » *[Insert name local authority] will also develop guidance and materials for procurement staff to incorporate energy efficiency during each stage of their procurement activities and daily work.*
- » *Furthermore [insert name local authority] will carry out a programme of energy management (auditing and implementation of recommendations) to be carried out in its existing buildings, with priority to those with the highest energy consumption.*

(B.1. Indicate how you will communicate and deliver the policy within the organisation, the supply chain and the public in general and provide training):

- » *[insert name local authority] will provide environmental training and awareness raising tools to our staff and ensure there is effective communication between our central purchasing unit and the individual departments.*
- » *The local authority will form partnerships with suppliers to apply the council's principles in purchasing activities and to promote and encourage innovative improvement in energy efficiency performance.*
- » *The policy will be promoted to other Local Authorities and to the community by various actions (e.g. leaflets, promotional website).*

(B.2. State how you will monitor the implementation of your policy and how you will improve it):

- » *Once a year a management review will be undertaken in order to control results and review and update our policy, setting new and stricter targets wherever possible and as the old ones are met.*
- » *The Council will continually improve the procurement policy and our guidelines by regularly reviewing contracts and suppliers and benchmarking this strategy with others, integrate the council's procurement standards and process with our EMAS or ISO 14001 environmental management system (where it exists), and monitor our performance using environmental performance indicators.*

Part II: Operationalising your Energy Efficient Procurement Policy

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Introduction

In order to successfully implement any policy, you need to ensure that it has institutional support. This includes ensuring that staff are aware of the policy's existence, have the authority to enforce it, and are provided with the necessary tools to implement it in their daily work. In addition, it is crucial that it does not conflict with other authority policies and measures. For energy efficient procurement, this is particularly important, as there may be internal conflicts between trying to achieve best value and obtaining higher performance products, which may be more expensive at first sight.

This part of the guide will help you identify the organisational measures that should accompany your policy, in order to make it a success.

Your Energy Efficient Procurement Policy is likely to include one or more different elements, and this document provides separate guidance on each, enabling you to refer quickly to the sections that are relevant to you. For example if your policy includes the introduction of energy efficiency criteria for lighting and air conditioning/ heating systems, the guide recommends you to develop technical specifications and users measures for those items.

At the same time, however, it includes certain measures that should be carried out regardless of the technical aspects of your policy. These include awareness-raising, monitoring progress and communication.

This Part II of the guide contains the following sections:

- » **Checklist of Organisational Measures** - summarising the suggested actions for each element of the policy.
- » **Guidance on Organisational Measures** - describing the measures and providing links to other tools available from the project to carry out those activities.

Section I: Checklist of Organisational Measures

Table 1 presents a checklist of the organisational measures that should be taken to successfully implement your policy. The actions correspond to the various sections of your policy, as recommended in Part I of this guide: Developing an Energy-efficient Procurement Policy.

Once you have identified the measures to accompany your policy (using the Checklist below), you should develop a working plan defining the activities, the responsible person for each action, the timeplan and resources needed.

Table 1: checklist

Elements of the policy	Supporting Organisational Measures	DEEP tools available
1. General framework or commitment	Not relevant as the general framework should already have its own supporting measures in place.	
2. Specific commitment by products and services		
For each of the following elements selected in your policy you should:		
2.1. For products/ services/ works <i>Lighting, heating and/or air conditioning</i> <i>Electronic and white goods</i> <i>Vehicles</i> <i>Buildings</i> <i>Facilities management</i> <i>Green electricity</i>	Develop technical specifications ² and provide information on verification systems for these specifications	Tool 4
	Develop general recommendations	
2.2. Life-cycle costing (LCC)	Provide general information and training on LCC and how to consider LCC in tender documents as an award criteria	Tool 2
	Provide calculation methods	Tool 2
2.3. Energy Performance Contracting	Research available companies and services provided	
	Select buildings to pilot the Energy Services	
	Provide information to managers/ users	
3. Implementation activities		
3.1. Working group/Technical Commission	Select the members and champion/ leader	
	Define a working plan	

² Available for IT equipment, green electricity and buildings.

3.2. Integration with other municipal systems	Integrate in the electronic-procurement system and/or products catalogues	
	Integrate in the Environmental Management System (EMAS, ISO or others)	
	Establish an energy accounting procedure	
3.3. Energy Auditing	Decide which type of audit you will do (vehicles, buildings, equipment, the last two or everything)	
	Carry out energy audits and implement cost-effective recommendations	Tool 3
4. Information, communication and training activities		
4.1. Staff directly affected	Identify staff directly affected	
	Undertake special training on how to introduce energy-efficient criteria in tender documents	
	Undertake special training to staff in charge of building maintenance	
4.2. Users (rest of staff)	Identify existing communications channels and set up new ones if there aren't enough to provide information	
	Carry out continuous awareness raising sessions and training seminars	
4.3. Suppliers	Send letters/ leaflet to inform about the policy	
	Set up meetings to inform about the new policy	
4.4. Public in general	Publicise through local media (e.g. local newspapers/ magazines/ TV;/municipal or promotional website, etc.)	
5. Monitoring and reviewing process activities		
5.1. Monitoring	Develop a systematic procedure for contract monitoring	
	Introduce monitoring clauses in contracts	
	Set indicators	
	Produce an annual report	
5.2. Reviewing	Organisational Status Assessment	Tool 1.b

Section II: Guidance on Organisational Measures

This section provides a short description of the organisational measures listed in Table 1 (Checklist), plus links to the tools to help you carry them out.

1. General framework or commitment (Not relevant)

2. Specific commitment by products and services

2.1. For products, services and/or works

Develop technical specifications and provide information on verification systems for these specifications

When purchasing EE products, services and/or works, purchasers need to define energy-efficient technical specifications and criteria in tenders.

In order to make it easy for procurers, especially if they are not experts in the field, it is necessary to develop the technical specifications for them to use, inform them of their existence and have them available.

You will have to elaborate criteria for each of the products/ services/ works included in the policy. However the DEEP project has already elaborated ready-to-use, European-wide, energy-efficient criteria for:

- IT equipment
- Guidelines for construction and renovation of buildings
- Green electricity

These are available in the DEEP toolkit, and are also available for download at www.iclei-europe.org/deep, or www.procuraplus.org

If you have selected other products/services, you can use these examples as references to develop your own criteria or refer to European and/or national ecolabels and standards, in order to get guidance on which criteria to use.

Develop general recommendations

Provide good quality information to avoid confusion, rejection.

The practical guidance for energy efficient products should refer the procurer to the information they need to make the correct decision about which products to select. It should describe the labelling or certification schemes specified in the policy, and refer to databases or lists of compliant products, where they exist.

2.2. Life-cycle costing (LCC)

Provide general information and training on LCC and how to consider LCC in tender documents

As mentioned in the policy guideline document LCC is a methodology that takes into account the overall cost of an item(s), including future expenses and benefits, rather than just the price of the product(s). It is particularly useful when assessing the cost of energy efficient products, since it takes into account the running costs, which, for energy efficient products, should be considerably lower than for non-efficient ones.

In order to convince procurement staff to use a LCC approach when procuring, they need to know the concept and learn how to use it.

Within the DEEP project you can find this information in the LCCA Tool and use it in your staff training.

Provide calculation methods

You can find a basic LCC calculation method in the DEEP LCCA tool

2.3. Energy Performance Contracting

Research available companies and services provided

According to the principles of energy performance contracting (EPC), an Energy Services Company (ESCO) identifies, plans and implements energy-saving measures for your municipal facilities (schools, hospitals, sport centres, office buildings, etc.).

These measures can vary from replacing and installing new energy-efficient lighting, air-conditioning systems, energy management control systems, motors, variable-speed drives for pumps and fans, etc. Generally, an ESCO will include any improvement expected to recover its own cost (including maintenance and interest expense) in energy savings over the term of the agreement.

In addition to equipment installation, companies may propose various repair and maintenance services. Often they propose repairs to existing systems, such as reinstallation of damaged or missing controls or repairs of leaks in chilled water piping. Generally companies assume responsibility for preventive maintenance and repairs to all new equipment installed. They may also offer to take responsibility for maintenance and even operation of existing equipment. For example, by providing remote monitoring and adjustment of temperature set points with a computerised temperature control system.

Because any installed equipment is ultimately owned by the facility owner, companies should always provide documentation for all installed equipment, including as-built drawings and operating manuals and should train the on-site facility owner staff to operate and maintain the equipment.

You can also combine EPC with a complete renovation of your facilities. In this case, however, because the pay-back period would be too long to be recovered only through energy savings, normally the facility owner will have to pay a contribution towards the investment costs. All the remaining expenses will be covered by the energy savings.

Select buildings to pilot the Energy Services

To determine the feasibility of an energy performance contract, there are several factors to take into consideration. After bibliographic comparison, it is not possible to give a minimum amount of estimated energy savings per year required at European level for a ESCO to want to participate in an EPC as it will depend on the pay-back period and the contract length.

Some guides mention the need of energy savings of € 20.000 a year and pay-back periods of 5 to 7 years to be feasible. However numerous case studies show contracts for a longer time and therefore, lower energy savings per year.

However there is a list of basic principles that can help you decide if EPC is a possible solution for you. These are the following:

- How many facilities you want to include in the contract
- How far away these facilities are from each other
- The average total annual energy bill (all fuels) of the facilities selected
- The average electricity price per kWh that you pay
- The age of the selected facilities
- Years since any significant upgrade has been done to the selected facilities

EPC is most efficient where the facilities are older and in need of upgrade and where energy bills and prices are high. In these circumstances, a shorter payback can be expected.

Provide information to managers and users

You can find a good explanation on Energy Performance Contracting and Energy Services Companies in the guide "Energy Performance Contracting for Small and Medium-sized Municipalities: Guidelines for Success". Energie Verwertungsagentur. European Commission. 2004. < http://www.energyagency.at/publ/pdf/epcman_engl.pdf >

Further tools, guidelines and case studies are also available in the websites of two European Projects: Euro Contract (www.eurocontract.net) and Clear Contract (www.clearcontract.net).

3. Implementation activities

3.1. Working group/Technical Commission

Selection of the members and leader for the Working group/Technical Commission

Once a policy has been developed a senior manager needs to act as a champion for the policy to ensure it remains high profile, that there is clear leadership and that it is driven forward.

Apart from that, the Commission should be formed by a representative from each department directly affected by the policy, in order to reduce resistance and departmental conflicts.

Definition of working plan for the Working group/Technical Commission

To be effective and operational, the Commission needs to have a working plan to implement the policy. When defining this plan, it is very important to make sure that you allocate time and resources for the tasks and allocate/ delegate responsibilities within the different departments, as well as a timetable. If not, it is very likely that the plan will not be executed efficiently.

3.2. Integration with other municipal systems

Integration in the electronic-procurement system and/or products catalogues

The use of an e-procurement system can help you prevent off-contract spends and guarantee the procurement of only energy-efficient products and services by always making the system default to those, removing any non-environmental option, or by providing a pre green-filtered catalogue for staff.

If your organisation uses products catalogues, you should also include the energy-efficient and environmentally-friendly products at the beginning of their respective product group, so that those products are the first ones to be consulted.

Integration in the Environmental Management System (EMAS, ISO or others)

If you have an Environmental Management System (EMS) in place you should include also your procurement activities in general in it as well as the measures described in the policy in order to have a unified system for environmental aspects.

To help you systematise your procurement activities into an EMS you can consult tool B on the LEAP project available at www.leap-gpp-toolkit.org

Establish an energy accounting procedure

Normally energy costs are not separately identified, making it very difficult to have a control on what causes main expenditures and where major economical and energetic savings can/ are achieved.

Therefore, the accounting system should be modified or adjusted to be able to track energy savings and payback periods, something needed for the monitoring and reporting.

You can get some ideas for this by using the SASEATO tool developed within DEEP. This is included in the DEEP toolkit, and also available at www.iclei-europe.org/deep

3.3. Energy Auditing

Decide which type of audit you will do (vehicles, buildings, equipment, the last two or all)

Depending on the scope of your policy you can choose between different types of audits, as mentioned in the policy document. However, independently of the reach of your audit, you will also have to decide whether you conduct the audit in-house or through the contracting of an external energy management company and make sure that there is a compromise to implement the cost-effective recommendations resulting from the audit. In either case, you should be aware that energy auditing should be carried out by trained professionals. However, prior to contracting a professional audit, you should identify some simple measures that can be taken immediately to improve your energy efficiency.

Carry out energy audits

In order to carry out a basic self-assessment energy audit, you can use the SASEATO tool developed within DEEP. This is included in the DEEP toolkit, and also available at www.iclei-europe.org/deep developed within the project for that purpose.

4. Information, communication and training activities

Although normally efforts are concentrated in technical issues such as tender specifications, monitoring systems or economical balances, people-centred activities like training, motivation or marketing are just as important to the success of your energy efficient policy. By putting time and effort into communication and training, you will greatly increase the chances of success in implementing energy efficiency principles and practices in your authority.

4.1. Staff directly affected

Identify staff directly affected

If you have not already done so when defining your policy scope, you should identify who in your organisation is directly affected by the energy-efficient procurement policy. To do so, you should analyse your municipal budget and/or contracts in order to identify the items procured that now will be covered by the policy. When doing that, you should be able to identify which department has bought those products/ services. In order not to miss any department due to contract periods, etc. the analysis should cover at least 2 years.

With that information you could also include the contract periods and possible extension periods in order to develop your action plan with appropriate timeframes.

Apart from the departments directly procuring products there might be other departments that participate in the process either writing the technical specifications for the products, services and/or works contracted or approving the expenditures. Those staff also need to be identified as they play a key role in the introduction of energy-efficient criteria - either in developing them or in ensuring that they are introduced in the tender documents. To do so, you will have to find out the organisational structure for the procurement of the items included in your policy.

Special Training on how to introduce energy-efficient criteria in tender documents

One of the main barriers to introducing green criteria in public tenders is the fear of contravening public procurement legislation.

To avoid such a risk, you will need to conduct training seminars to procurers or staff responsible for writing tender documents on how to introduce energy-efficient criteria in tender documents.

In order to do it, you can use Chapter 3 of the Procura⁺ Manual, available for download at www.procuraplus.org

Special training to staff in charge of building maintenance

Energy efficiency is not only dependent on efficient equipment but also on efficient use and maintenance. In this area, building maintenance staff play a key role, and need to be trained in

The DEEP Toolkit. TOOL 1.a: The Energy Efficient Procurement Policy Guide

order to maximise the effectiveness of the measures introduced. Therefore, you will have to make sure that this aspect is included in the implementation plan of your policy.

As mentioned in the Energy Performance Contracting, this condition can also be included in your agreement with the Energy Service Company that you decide to contract.

4.2. Users (rest of staff)

Identify existing communications channels and set up new ones if necessary

To inform staff of the energy-efficient procurement policy, you will have to use the reporting channels available in your organisation. If these do not exist, already, you may have to establish new ones or adapt existing ones to communicate your policy effectively.

You should also check the type of channels there are and the access to them from staff. You will have to identify which systems are more effective when communicating particular types of information, so that appropriate channels are used.

Such channels may include organisation's Intranet, regular internal newsletters, special newsletters, information boards, special website, etc.

The information disseminated should include what products, services and/or works are to be purchased green, the energy-efficient criteria to be used, cost savings and environmental relief achieved, new information elements/ resources available, new training sessions...

Awareness raising/ training sessions

Develop a programme of training/knowledge sharing for all employees to promote and raise awareness on green procurement, its benefits and external drivers.

Training should be held regularly and should be tailor-made to inform end-users on the energy-efficient procurement policy and on the quality and performance of energy-efficient products, giving them tips to improve their efficiency by changing some basic habits.

4.3. Suppliers

Send letters/ leaflet to inform of the new policy

Your regular suppliers may not yet be prepared to offer you the energy-efficient products/ services or works that you wish to start procuring. They need to be informed of your new policy so that they can adapt their products or offers to it. Therefore, you should send them a letter or leaflet informing them of the new energy-efficient procurement policy and how it will affect them.

Set up meetings to inform about the new policy

Besides sending suppliers information on the new policy, this guide recommends you to work more closely with your present and potential suppliers to improve the quality of their green products, in this case those related to energy consumption, by organising meetings with them to present the policy and the criteria that you wish to introduce.

Those meeting should also be included in the action plan, and the timing should be related to the schedule for the new tendering process giving suppliers enough time to adapt.

To motivate and stimulate them you can market your activities through your authority's website.

4.4. Public in general

After having made the effort to consume less energy and play your part in climate protection, your organisation's objectives and achievements should also be disseminated/ communicated to the public in general with two aims:

- improve the image of the authority (increasing legitimacy)
- promote changes and good habits among citizens (environmental education)

To do so, you can use several dissemination channels such as local/ regional/ national newspapers, magazines, TV programmes, radio programmes, websites, posters and banners in the city or public buildings, etc.

5. Monitoring and reviewing process activities

5.1. Monitoring

Develop a systematic procedure for contracts monitoring

First of all a responsible person has to be assigned. Ideally this person should be someone in the finance department, as they will have to approve the budget and therefore can ask the own department to introduce the energy-efficiency criteria; or the legal department that checks the final tenders before publication. They could also identify the lack of green criteria and ask the responsible department to introduce them.

The responsible person should know of all contracts and procurements of energy-efficient products and services included in the policy, with the time of publication, award, extension period and renovation date as well as information on which department purchase/ contracts them.

After the award of contracts, he/she should collect the criteria introduced, the selected bidder contact details, the monitoring contract clauses and the renovation time. This information should also be given or made available to the general coordinator of the implementation plan and to the respective department purchasing.

Introduce monitoring clauses in contracts

In order to facilitate the collection of data and information, this guide recommends you to introduce in the clauses of your contracts with the suppliers for energy-efficient products or services the obligation to provide certain information useful for the monitoring and reporting of results.

For example, if you contract green electricity, you could introduce a clause in the contract that would say that the company has to provide information on the amount of green electricity consumed and the equivalent of CO₂ not emitted to the atmosphere as a result

For vehicles, we could include monitoring clauses in the petrol and oil contract. The filling of fuel should be controlled by an electro-magnetic card that would monitor the consumption of fuel in each car. The obligation to set this system should be in the fuel contract and with the results obtained you could monitor the progress in fuel consumption with the introduction of energy-efficient cars as well as compare the consumption of efficient cars and non-efficient cars.

Set environmental indicators

In order to report results and progress in relation to your targets, you will have to set indicators. When doing so, remember that in order for an indicator to be useful and practical it has to be: easy to understand and easy to calculate.

Indicators can also be used to stimulate action between departments, using them as benchmark if purchasing are decentralised among departments.

Examples of energy efficient indicators could be:

- % of new purchased/leased EE computers in relation to total purchased/leased;
- litres of fuel consumed by each car in your vehicle's fleet; etc.

Develop an annual report

Monitoring should ideally occur on a continuous basis with internal reviews and an appointed person responsible for collecting information and preparing reports on achievements of targets.

The reviewer should look for answers to the following questions:

- Have the planned measures and procedures been implemented?
- What has been achieved?
- What were the barriers?
- Is it possible to further improve the integration of energy efficiency issues into procurement operations?
- Which should be our corrective actions?
- What kind of new targets could we set?

These reports could be for internal use but should also be available to all workers and the public in general.

5.2. Reviewing

Organisational Status Assessment

Apart from the monitoring of the procurement activities, you also need to evaluate how your energy efficiency policy is working across the organisation as a whole. This means monitoring the status of implementation, acceptance and integration of the policy, which can be measured by level of internal awareness, relations with suppliers, etc.

To do this, you can use the Organisational Assessment matrix (tool 1.b) included within the DEEP toolkit. Also available for download at www.iclei-europe.org/deep

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