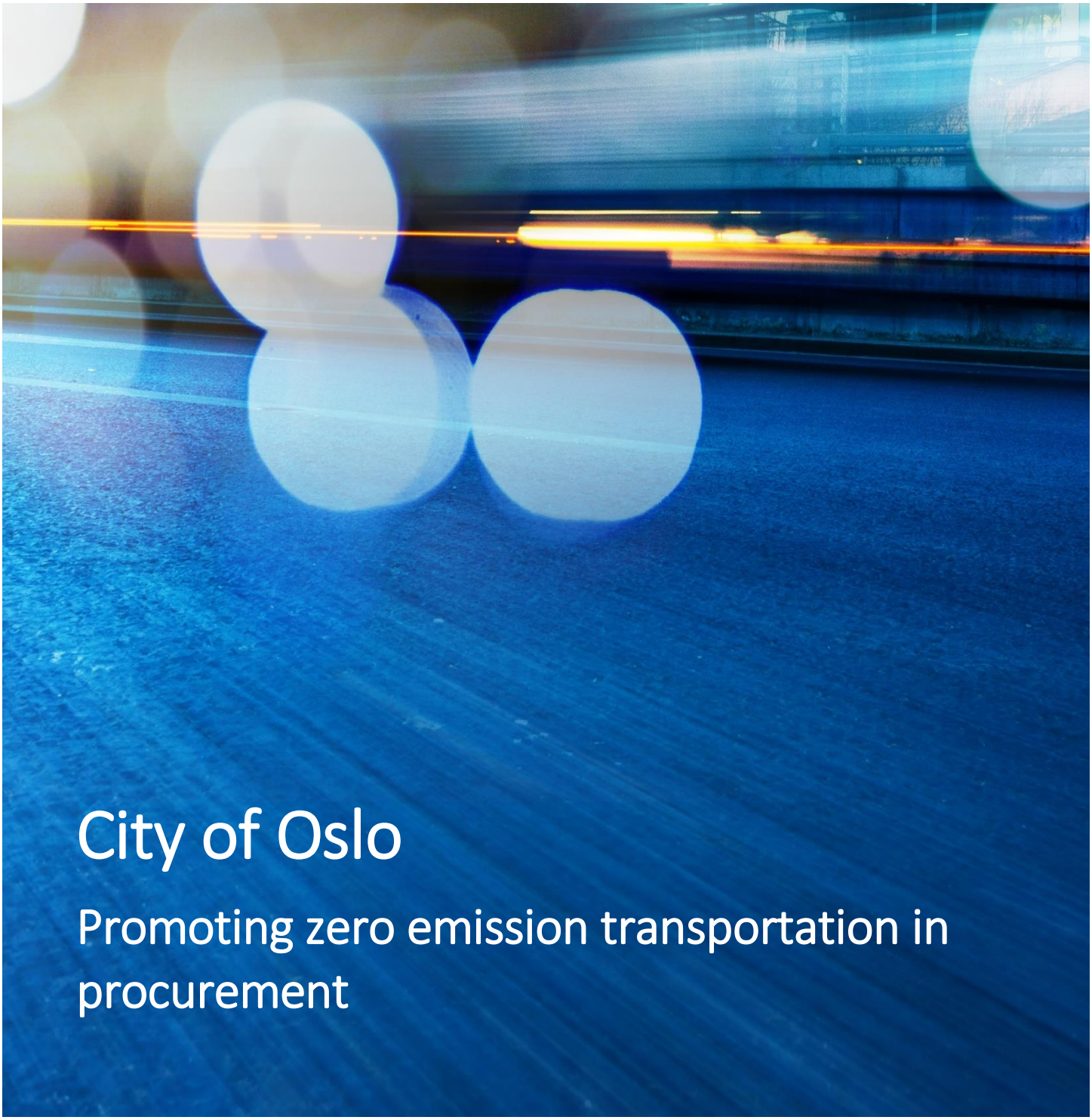

City of Oslo

Promoting zero emission transportation in procurement

Author: Geir Rossebø, City of Oslo

DATE APRIL 2019

BuyZET

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 724101

CIVITAS

THE CIVITAS INITIATIVE IS CO-FINANCED BY THE EUROPEAN UNION

Introduction

This document contains a plan on how the City of Oslo will achieve zero-emission (ZE) transport in all future procurements made by the municipality. The plan has been prepared by the Procurement Unit at the Agency for Improvement and Development[1] (UKE), and includes a method for appropriate preparations and requirements that should be implemented in upcoming tenders. The proposed method is suitable for most types of procurements, including those which have been in focus during the BuyZET project: *craftsman services* and *facility waste*.

The plan is intended for all procurements that have an element of transport, this means both regular procurements and framework agreements that the various agencies in the municipality are responsible for. In accordance with the BuyZET methodology this include category 2 and (Procurement of transport services) and category 3 (Procurements of other services and goods).

The method is also applicable for different tender procedures, including: regular tenders, negotiated tenders as well as dynamic purchase systems (DPS). The Procurement Unit is responsible for the method and will continue to develop it with regard to improvements in zero-emission vehicles (ZEV), infrastructure or new technologies, as well as feedback from procurement officers and other stakeholders.

UKE is responsible for the citywide framework agreements at the municipality. These agreements have served as a testing-lab for the development of new environmental criteria and methods for interacting with suppliers.

The City of Oslo method to achieve ZE transport in procurements, is composed of two parts. Some of the elements are already implemented while others are to be developed in the time to come. The first part is the procurement approach which includes environmental requirements and guidance on how to use these properly. The second part is complementary measures such as dissemination of the methodology and interactions needed between municipal agencies to enable a full transition to ZE urban delivery of goods and services.

Part 1 - Guidance on market dialogue, environmental criteria and contract management:

- How to perform market dialogue, including an interview guide and additional information on how to obtain knowledge of the readiness and solutions for the suppliers.
- How to include environmental requirements in tender documents and how to evaluate the supplier's offers.
- How to perform successful contract management.

[1] In Norwegian: Utviklings- og kompetanseetaten (UKE)

Part 2 – Additional activities needed to succeed:

- Necessary interactions with other agencies in the municipality, in regard to infrastructural questions, such as parking regulations, battery charging stations and energy stations.
- Involvement of other public buyers.
- Strategy on how and when the dissemination of the guidance will be done.

The full guidance document, together with the full calculation models and tenderer request forms, is available in English here: http://www.buyzet.eu/core-cities/oslo/

In order to reach Oslo's climate target with a reduction in greenhouse gases (GHG) of 95% by 2030, serious measures need to be implemented. The Procurement Unit has already achieved great results in using environmental criteria for transport, and believes that this method is a necessary contribution to reach the target. Using the same requirements across agencies in the municipality also give suppliers predictability and thus reduces the risk of investing in ZEV's. The stipulated requirements are in line with the municipality's procurement strategy[2] and the sub-objective "Oslo Municipality's procurements are to make Oslo a greener city", and specifically the strategic provision: "Vehicles and construction machinery used in connection with performing work for Oslo Municipality are to have zero emission technology as a main rule [..]"

[2] Download: Oslo Municipality's Procurement Strategy

Procurement approach

The Procurement Unit has formulated two targets which need to be reached in order to achieve ZE transport in future procurements:

(1) increase the level of competence on green public procurements (GPP) for procurers in the municipality

(2) create standardized environmental requirements to be used in tender documents

The proposed method is to create guidance which aims to cover all aspects related to achieving ZEV's in procurements, and therefore seeks to meet both targets. The Procurement Unit has already launched an initial version of the recommended requirements for transport on the municipality's intranet, with the intention to cover the following areas in more detail: Market dialogue activities, environmental requirements and contract follow-up routines.

Market dialogue

Market dialogue prior to the tendering process is important to gain knowledge about suppliers' readiness to introduce ZEV's in contracts. Market dialogue may also reveal unknown opportunities and barriers in using ZEV's.

For the moment the Procurement Unit has prepared an interview guide to be used for market dialogue. The purpose is to get information on how advanced the suppliers are in terms of using ZEV's or other eco-friendly alternatives. The plan is to further develop the guidance on how to properly use the obtained information and select proper level requirements to maximize the potential outcome. The interview guide[3] can be found on the BuyZET website: http://www.buyzet.eu/core-cities/oslo/.

Environmental requirements

The Procurement Unit has developed environmental criteria to be used in procurements of all goods and services which involve an element of transportation in their delivery. To assist the procurers a thorough guidance document has also been published. The requirements are formulated as a combination of award criteria, minimum requirements and contract requirements. The requirements complement each other and are intended to be applied together.

The environmental criteria have already been used in several citywide frameworks and have resulted in five contracts with solely the use of ZEV's. For the time being the requirements work as

[3] Interview guide is presented in the document: *GPP Guidance - About using environmental requirements in tenders*

recommendations, but UKE is tasked to make a version of the requirements which will be mandatory to use in all municipal procurements.

Contract follow-up routines

When a contract is signed it is important to have good routines to ensure that the suppliers comply with the terms. The contract formulations is the framework that contract follow-up should be based on. Guidance on how and when these actions should be conducted is missing. In the meantime environmental concerns and how the suppliers perform regarding use of vehicles and fuel technology, is carried out as regular contract management.

Tender documentation

This section contains excerpts from the environmental requirements. The full version, together with accompanying forms and lists, is available on the BuyZET website: http://www.buyzet.eu/core-cities/oslo/. Since developing these requirements is an ongoing process they are most likely to be revised in near future.

Minimum requirements

All vehicles used to deliver on the contract must, as a minimum, satisfy the European emission standard 6/VI.

Award criteria: Environmental performance

The City of Oslo has goals to improve local air quality and reduce greenhouse gas emissions. This will in part be achieved by reducing traffic volumes and phasing in climate and eco-friendly vehicles. The municipality is systematically working to ensure efficient infrastructure is in place, by establishing charging stations and energy stations offering electricity, hydrogen, biogas and other sustainable biofuels.

In the evaluation, the Municipality (contractor) will assign the vehicles the Supplier (or sub-contractor) plans to use under this contract a score depending on how climate and eco-friendly they are.

The assessment will be made on the basis of all of the vehicles listed.

The Municipality will prioritise fuel technologies in the following order in the evaluation:

a) Hydrogen vehicles or 100% battery-driven electric vehicles.
b) Biogas vehicles: compressed biogas (CBG) or liquefied biogas (LBG).
c) Vehicles that use other sustainable fuels.

The following factors will also be given weight in the evaluation

- Vehicles with high payloads (2,000 kg or more) will score the highest.
  Gradual reduction in points for vehicles with lower payloads.
- Vehicles that will be ready from the contract start date will score the highest.
  Gradual reduction in points for vehicles that will be introduced during the first year of the contract.
- The following applies to b) and c) only: vehicles that use plug-in hybrid technology with a minimum range of 50 km on electricity will score slightly higher than vehicles that do not.

Vehicles that satisfy the minimum requirements for Euroclass 6/VI and at the same time use fossil fuels will score no points (0 points), although the vehicles will nevertheless be included as part of the overall evaluation.

Documentation requirements:
When a contract is signed, copies of the vehicle registration documents for the vehicles that will be used from the contract start date must be presented. In the case of vehicles that have been ordered, or that will be ordered by the supplier (or sub-contractor) if a contract is awarded, documentation from the dealer, importer, rental company or leasing company confirming that the vehicles have either been ordered or can be ordered, and their expected delivery date, must be also be enclosed. Since it normally takes some time from the delivery date before a vehicle is ready to be used, the list of vehicles must state the likely date the vehicle will be ready for use under the contract. In the case of vehicles that will be introduced during the contract period, a copy of the vehicle registration document must be presented when this is ready.

Contract requirements

A series of clauses are recommended in the contracts. Some examples:

- The Supplier undertakes to use the vehicle technologies and/or fuel types specified in the response to the request for tender. New vehicles or fuel types introduced during the contractual relationship shall, as a minimum, be equally eco-friendly as the ones originally agreed. The number of vehicles used for the contract may be increased or decreased as long as the overall environmental impact is not negatively affected. The Client must be given advance notice in the event of changes to vehicles or transitions to other fuel types.

- If the Supplier has undertaken to use hydrogen vehicles for this contract,
  the Supplier shall, at all times, be able to produce documentation confirming that hydrogen has been procured. The documentation should contain information such as:
  fuel producer, fuel supplier, quantity, origin and certification.

- Engine idling shall not occur at the Municipality's addresses.

Complementary measures

The Agency for Urban Environment[4] (BYM) and The Climate Agency[5] (KLI) have collaborated on the BuyZET-project and have been important assets since they are involved in different projects and initiatives which can enable the green shift for urban deliveries.

BYM is responsible for development and management of public urban spaces in the City of Oslo. They are also head of planning and building of public EV charging infrastructure in the municipality. UKE has already started a dialogue with BYM on different locations that could be preferable for new fast chargers. The need for strategic placement of charger arise from UKE's market dialogue with suppliers that see a need for a network of charging stations to be able to serve the city with ZEV's. UKE plan to continue the dialogue with BYM and give them input based or knowledge from the supplier market.

The Climate Agency have an ongoing project to pilot the establishing of energy stations in Oslo. The energy stations will function as regular gas stations, but with the key difference that they will offer battery charging and as well as hydrogen or liquefied biogas (LBG) for all public and private users. The hope is that energy stations will boost the demand for investments especially for hydrogen and LBG vehicles. UKE follows the development in this project closely, as it could be decisive for investments in the municipality's own vehicle fleet as well as for our suppliers.

Other buyers

UKE has long tradition in inviting other public buyers in Oslo and neighbouring municipalities to join the citywide framework agreements in advance. When this occurs the other buyers follow the terms that UKE has agreed on with the selected supplier, but each of the contracting partners need to sign their own contracts with the suppliers. In the contracts listed in the table in the next section, there are many examples of other public buyers that have joined the different contracts. Since the environmental requirements in the tenders only hold geographically for Oslo, some of the neighbouring municipalities will not have deliveries done with ZEV's. The reason behind this is both of a technological and economic character. Some of the travel distances to the other municipalities are too long to meet today's technological standards. UKE believes this is a matter of time before this problem is solved, and ZEV's with sufficient driving range will be introduced to the market. The economic challenge is that prices agreed on in contract does not include ZE transport of goods and services to the other regions. UKE wants to investigate this matter and seek solutions such that all transport on citywide framework agreements are performed with solely ZEV's.

[4] In Norwegian: Bymiljøetaten (BYM)
[5] In Norwegian: Klimaetaten (KLI)

The Agency for Public Management and eGovernment (Difi) is among other things responsible for guiding the public sector on procurement related issues. Difi has already shown great interest in the BuyZET project, and have been a good discussion partner. This collaboration will continue after the project has ended since both parties benefit from the good dialogue in developing guidance on GPP.

UKE have been in contact with many other public purchasing bodies while the BuyZET project has lasted. UKE has also shared the guidance on environmental requirements with other purchaser and advisers which are working on the same matter. On several occasions an idea on creating a forum for procurement officers, legal advisers and sustainability advisers working with ZE urban delivery has been brought up. UKE supports such an initiate and will investigate if this could be done.

Application

The use of environmental performance as an award criteria had quite an impact in several of the recently signed citywide framework agreements. The criteria have been given different weighting, spanning from 10-30%.

In the table below results from the citywide framework agreements the past two years are presented. For the agreements on Mobile phones and Occupational health services, the environmental performance were decisive, meaning that the suppliers won the contract based on their ability to use ZEV.

Citywide framework agreement	Contract start (dd.mm.yy)	Proportion ZEV's	Proportion biofuels vehicles
Mobile phones	01.05.19	100%	
Locksmith services	15.01.19	100%	
Dairy products	02.01.19		100%
Occupational health services	21.12.18	100%	
Food and beverages (groceries)	01.11.18	17%	33%
Fruits and vegetables	01.09.18	20%	60%
Charging stations for electric cars	30.05.18	100%	
Cleaning products; paper; plastic and disposable products	04.04.18	90%	10%
Floor mats (removable)	05.10.17	100%	

The satisfactory results from these procurements strengthen our belief that we have chosen an appropriate method for future procurements.

Next steps

As already stated the City of Oslo's procurement plan consists of developing a thorough guidance on: how to conduct market dialogue, use environmental requirements in tenders and perform contract follow-up. All three of them will be further developed and presented on the municipal intranet as soon as possible.

Most effort has been put into the development of the recommended environmental requirements. The reason for this was the promising signals we got from our suppliers and our own willingness to test if we could get any results by challenging them through our tenders. The requirements and the evaluation model has proved to work and has given impressive results. Based on the good experiences and results the City Management has tasked UKE to make a mandatory criteria set, which will include environmental requirements that all agencies in the municipality must use in their tenders. The process of making this is already started and will be completed within 2019.

The recommended environmental requirements only considers vehicles and fuel types. There are also other aspects for urban deliveries we want to pilot and possible make guidance on. This concerns the use of alternative means of transport (bicycles, public transport, etc.), route optimisation for goods deliveries and transport services and demand drivers with a completed course in eco-driving. Requirements on these topics would not fit in all tenders, and could also demand a certain level of competence from the procurement officers. An initial idea is therefore to create an advanced guidance to be used for more experienced procurement officers.

UKE has been given the responsibility to developed standard environmental requirements to be used in municipal construction sites. The goal for City of Oslo is to have ZE construction machines and vehicles on all construction sites by 2025. The requirements includes the transport of materials, waste and soils. Guidance text will also be created and will be in accordance with the criteria used for transport.

In the longer run we wish to investigate if the system borders can be expanded. The environmental requirements are now only concerned with last mile deliveries. This means that no requirements are put on the transport earlier in the supplier chain. Which methods that should be piloted is not agreed on, but Life cycle costs (LCC) which include environmental impact could be an interesting option to explore.

Internal promotion

The Procurement Unit already has different forums and events where sustainability and environmental issues are on the agenda. Each year the Procurement Unit holds a certification course for new procurement officers in the municipality. As part of this course the contestants learn which strategic provisions are important and how to approach them. A great deal of attention is put on ZE urban deliveries, and in upcoming courses new guidance and requirements will be a part of the agenda.

The City of Oslo is awarded European Green Capital for 2019, and has therefore been tasked by the city government to arrange a full day procurement event for staff in the municipality working with procurement. The topic will focus on how to make sustainable procurements. The guidance and new mandatory requirements is planned to be presented at the event.

The Procurement Unit offers consulting to procurement officers in the municipality. There are already many cases where we have advised other agencies on how to use environmental requirements in able to achieve ZEV's in contracts. Sharing of best practice is a good way to increase the competence level amongst the purchasers, as well as getting satisfactory results.

Sustainability advisers from the Procurement Unit often attend climate- and environment events held by the other agencies in the municipality. The guidance on environmental requirements will be natural to share in these events

UKE is tasked to take a larger role in the implementation of the municipality's procurement strategy. To inform and help the other agencies in how to succeed with GPP and the use environmental requirements on transport is therefore an important task for the Procurement Unit for the years to come.

Replicability

We believe that other public buyers in Europe can replicate our models with only minor adjustments. These adjustments could be changes in the order of prioritization of fuel types in award criteria or changes to the different contract clauses.

The overall plan to provide guidance on the different phases of the procurements is strongly recommended from the City of Oslo. Standardization of environmental requirements has proven to be efficient in achieving results and also creates predictability for the suppliers.

There are some external factors which have helped Norway becoming leading on this field. These include support schemes, favourable taxes, free parking and free road taxes for ZEV's. Also heavy investment has been made in charging infrastructure which is necessary for a transition to an emission free transport system. The low electricity prices in Norway are also playing a key role, decreasing the fuel cost for battery electric vehicles to a minimum.

We believe that the instrumental factors above are important to succeed, but equally important is the responsibility that public buyers should take in achieving carbon neutral cities across Europe.

About BuyZET

BuyZET stands for BuyZET 'Procurement of innovative solutions for zero emission urban delivery of goods and services'.

The BuyZET project will develop innovative procurement plans to help the participating cities achieve their goals of zero emission urban delivery of goods and services.

Partners Logos

Contact details

Reach us:	For more information:
Visit the project website: http://www.buyzet.eu Join the discussion at the BuyZET Procurement Forum Group: https://procurement-forum.eu/ Follow BuyZET on Twitter: @BuyZETproject Join the BuyZET LinkedIn Group: BuyZET Project	Please, contact the project coordinator at ICLEI EUROPE: **Simon Clement** Phone: +49-761 / 3 68 92-0 Email: simon.clement@iclei.org Or the project communication manager at Polis: **Giacomo Lozzi** Phone: +32 2 500 56 86 Email: glozzi@polisnetwork.eu