SPP REGIONS

REGIONAL NETWORKS FOR SUSTAINABLE PROCUREMENT

LCC in action

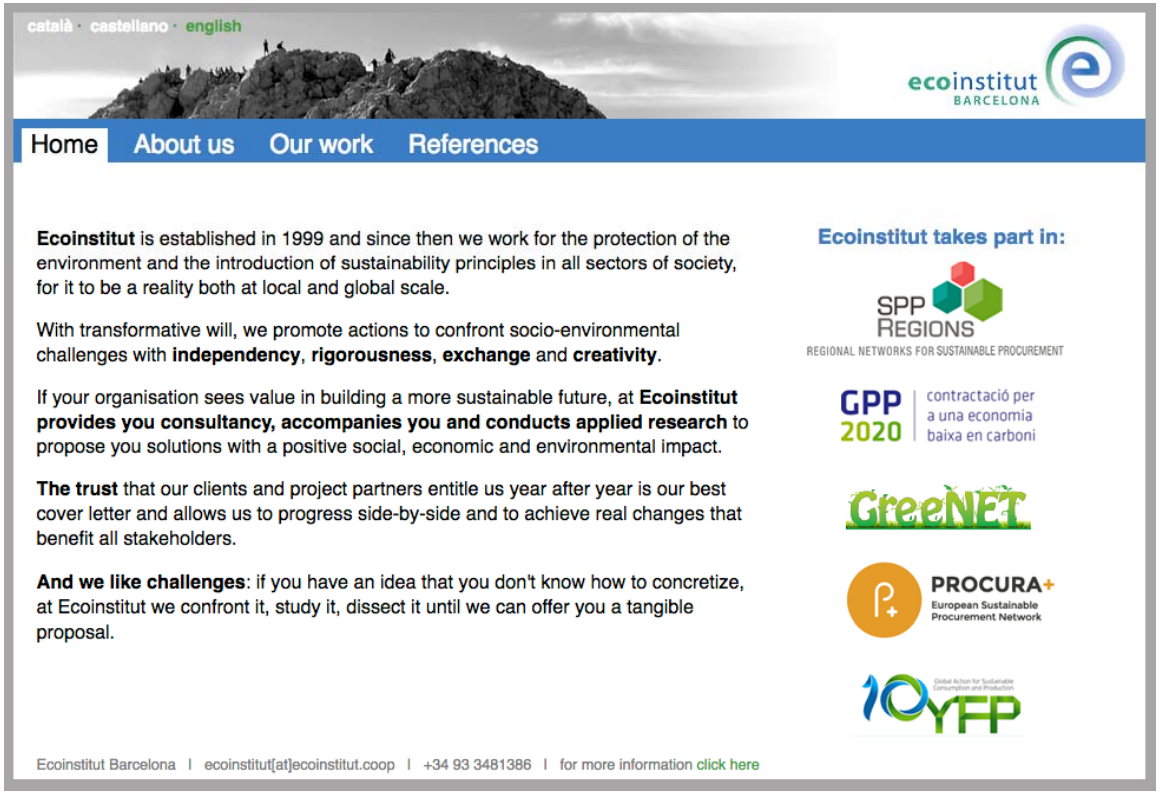
Capacity building session - Group 4

PROCURA+

European Sustainable Procurement Network

ecoinstitut BARCELONA

ABOUT ECOINSTITUT



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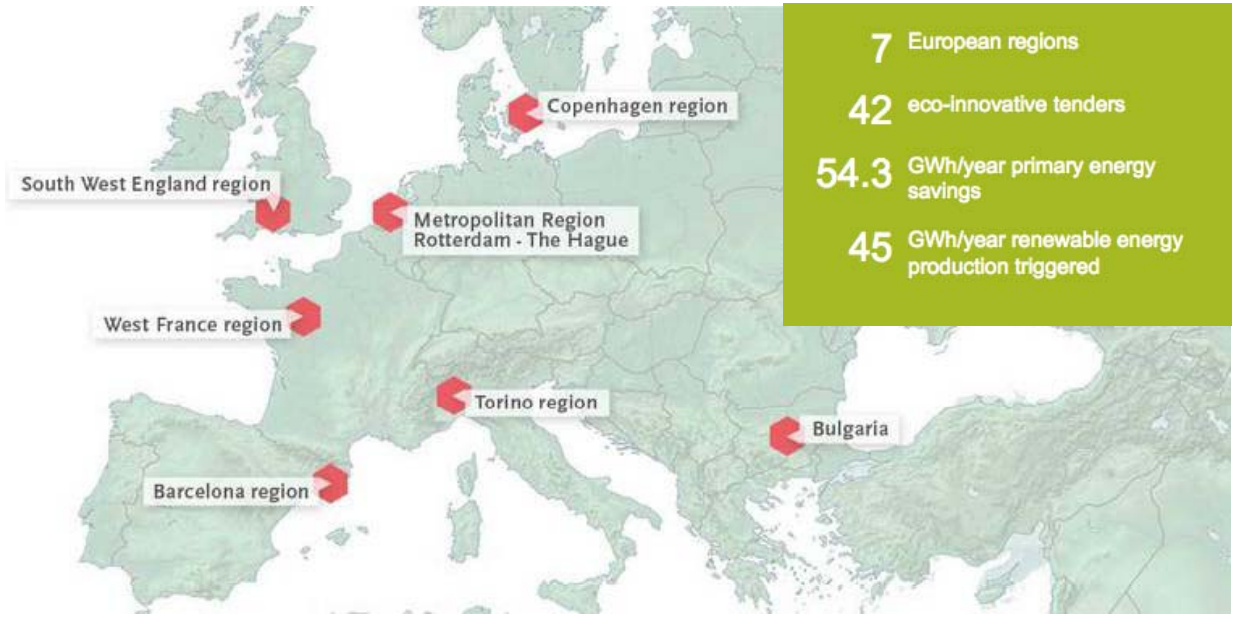
ABOUT SPP REGIONS

SPP Regions promotes the creation and expansion of European regional networks of municipalities working together on sustainable public procurement (SPP) and public procurement of innovation (PPI).



ABOUT SPP REGIONS

The SPP Regions consortium will be producing reports, guidance and other tools for public authorities interested in sustainable procurement and procurement of innovation:

- Six reports on existing SPP and PPI networks
- An updated Procura+ Manual, as part of the European Sustainable Procurement Network
- Reports from regional networks on their experiences
- State-of-the-art reports on market engagement, life cycle costing, performance-based specifications and circular procurement
- Three tools for calculating CO_2 and energy savings
- 42 eco-innovative case studies
- How-to videos

ESTRUCTURE OF THE SESSIONS

12:00 - 13:30 Session 1

13:30 Lunch

15:00 - 16:30 Session 2

16:30 Coffee break

17:00 Results and outlook (plenary)

SESSION 1:

- Presentation of the participants and expectations
- Brief introduction to the topic
- Experts presentations:
  - LCC in vehicles. Benoit Taris - Ville de Niort, France
  - LCC in lighting. Karin Sonne - Syddjurs Kommune, Denmark
  - LCC in water infrastructure - Ildikó Czeglédi, European Water Association

SESSION 2:

- Round tables with the experts (30 min. x 2)
- Common conclusions:
  - Problems and challenges
  - Solutions
  - Recommendations
  - Procura+ Network role

SESSION 1:

- Presentation of the participants and expectations

SESSION 1:

- Brief introduction to the topic

Life Cycle Cost (LCC) definition:

"A*ll costs associated with the product, system or structure as applied over the defined life cycle".*

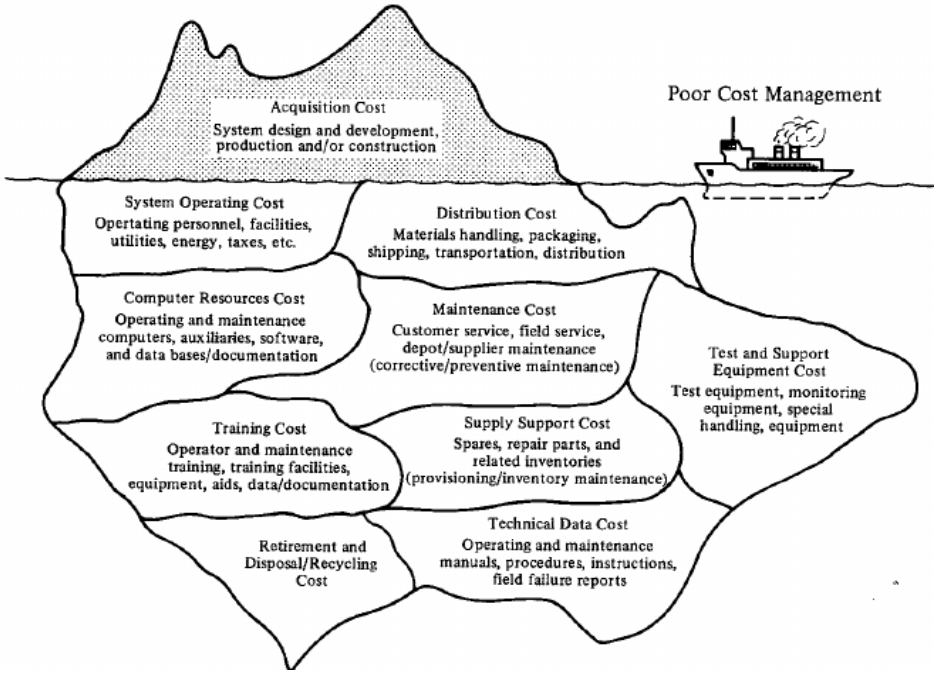
Fabrycky and Blanchard (1998)

LCC costs in procurement (Adell et al. 2011):

- Acquisition: purchase, investments, installation, initial costs
- Operation: consumptions, annual taxes or fees, etc.
- Maintenance: maintenance, spare parts, etc.
- Remnant value or end-of-life costs

SESSION 1:

- Brief introduction to the topic



SESSION 1:

- Brief introduction to the topic

DIRECTIVE 2014/24/EU

Subsection 3. Award of the contract

Article 67. Contract award criteria

2. The **most economically advantageous tender** from the point of view of the contracting authority shall be identified on the basis of the price or cost, using a cost-effectiveness approach, such as **life-cycle costing** in accordance with Article 68, and may include the best price-quality ratio, which shall be assessed on the basis of criteria, including qualitative, environmental and/or social aspects, linked to the subject-matter of the public contract in question. [...].

SESSION 1:

- Brief introduction to the topic

DIRECTIVE 2014/24/EU

Subsection 3. Award of the contract

Article 68. Life-cycle costing

1. Life-cycle costing shall to the extent relevant cover parts or all of the following costs over the life cycle of a product, service or works:

(a) costs, borne by the contracting authority or other users, such as:

(i) costs relating to acquisition,

(ii) costs of use, such as consumption of energy and other resources,

(iii) maintenance costs,

(iv) end of life costs, such as collection and recycling costs.

(b) costs imputed to environmental **externalities** linked to the product, service or works during its life cycle, **provided their monetary value can be determined and verified**; such costs may include the cost of emissions of greenhouse gases and of other pollutant emissions and other climate change mitigation costs.

SESSION 1:

- Brief introduction to the topic

MAIN EXISTING LCC TOOLS

NAME	PRODUCT / SERVICE CATEGORIES	LINK
European Commission LCC tool (in development)	▪ Office IT equipment ▪ Office & street lighting ▪ White goods ▪ Vending machines ▪ Electrical medical equipment	http://ec.europa.eu/environment/gpp
SMART-SPP EU project LCC and CO2 tool and users guide.	▪ General tool	http://www.smart-spp.eu html-version: http://www.lcc-tool.eu
Danish Environmental Protection Agency TCO calculators and guidance documents.	▪ Self-serving machines ▪ Bulbs and lighting systems ▪ Office IT equipment ▪ Refrigerators and freezers ▪ Bidet toilet seats	http://mst.dk/virksomhed-myndighed/groen-strategi/groenne-indkoeb/totalomkostninger/
Swedish Environmental Management Council (SEMCO), currently The National Agency for Public Procurement, excel tools.	▪ General tool ▪ Professional kitchens (fridges and freezers) ▪ Indoor and outdoor lighting ▪ Bending machines.	http://www.upphandlingsmyndigheten.se/en

SESSION 1:

- Brief introduction to the topic

LCC RELATED LITERATURE

- Adell A., Esquerra J., Estevan H., Clement S., Tepper P., Acker H., Seebach D. Existing approaches to encourage innovation through procurement. The SMART SPP consortium, c/o ICLEI – Local Governments for Sustainability (2009).
- European Commission - DG Environment. Life-cycle costing (LCC) Fact sheet. (GPP) Training Toolkit - Module 1: Managing GPP Implementation (2008).
- Gluch P. and Baumann H. The life cycle costing (LCC) approach: a conceptual discussion of its usefulness for environmental decision-making. Building and Environment, 39: 571–580 (2004).
- Huppes G., van Rooijen M., Kleijn R., Heijungs R., de Koning A. and van Oers L. Life Cycle Costing and the Environment. CML (2004).
- Joint Research Centre. Cost-Benefit Analysis for EU GPP criteria (2015).
- Perera O., Morton B. and Perfrement T. Life Cycle Costing in Sustainable Public Procurement: A Question of Value. A white paper from IISD. International Institute for Sustainable Development (IISD) (2009).
- Studio Fieschi & soci Srl and Scuola Superiore Sant'Anna. LCC calculation tool. Technical specifications (2016).
- Westminster Sustainable Business Forum. Costing the future: Securing value for money through sustainable procurement (2008).

SESSION 1:

- Brief introduction to the topic

LCC AVAILABLE CASE STUDIES

- SMART SPP EU Project
  http://www.smart-spp.eu/
- Clean Fleets EU Project
  http://www.clean-fleets.eu/case-studies/
- SCI Network EU Project
  http://www.sci-network.eu/snapshots/
- Danish Forum on Sustainable Procurement
  http://www.ansvarligeindkob.dk/cases/
- EU GPP in practice
  http://ec.europa.eu/environment/gpp/case_group_en.htm
- GPP 2020 EU Project
  http://www.gpp2020.eu/low-carbon-tenders/

SESSION 1:

- Experts presentations:
  - **LCC in vehicles procurement**
    Benoit Taris, Purchasing Service Manager - Ville de Niort, France
  - **LCC in lighting procurement**
    Karin Sonne, Procurement Consultant - Syddjurs Kommune, Denmark
  - **LCC in water infrastructure procurement**
    Ildikó Czeglédi, Coordinator of Working Group on Water Economics - European Water Association

SESSION 2:

- Round tables with the experts (30 min. x 2)
- Common conclusions:
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SESSION 2:

- Common conclusions:
  - Problems and challenges
  - Solutions
  - Recommendations
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Inputs, examples, resources, etc will be welcome!!
helena.estevan@ecoinstitut.coop

Thank you very much!

Visit our website: www.sppregions.eu

Email us: info@sppregions.eu

Join the conversation in Twitter: #SPPregions

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