SPP REGIONS
REGIONAL NETWORKS FOR SUSTAINABLE PROCUREMENT

SPP Regions: LCC Workshop

Time and date:	Thursday 13 October, 11:30 - 12:30 and Friday 14 October, 12:00 – 16:30
Location:	Salone delle Fontane, Via Ciro il Grande 10/12, Rome

Workshop overview

The SPP Regions Life Cycle Costing expert workshop and user clinic that included presentations and opportunities to work with experts was held on October 13th and 14th at Salone delle Fontane, Roma, in the framework of the Italian event CompraVerde - BuyGreen Forum and the Procura+ European Sustainable Procurement Network Seminar.

The first part of the workshop (Thursday 13 October, 11:30 - 12:30) was included as part of the GPP Academy initiative of the CompraVerde - BuyGreen Forum, while the second part of the workshop (Friday 14 October, 12:00 – 16:30) was included as one of the Capacity Building sessions offered during the Procura+ Seminar.

In addition to giving practical advice to the participants, the discussion also provided themes and topics to be highlighted in the state of art report.

GPP Academy: Life cycle costing and environmental criteria: complimentary of competing tools?

This first session was shared between Helena Estevan (Ecoinstitut) and Lidia Capparelli (CONSIP SA).

Helena Estevan introduced some of the main LCC concepts:

- LCC definitions,
- cost elements,
- the role of LCC in the new procurement Directives,
- and the achievements to date

Afterwards, different “classical challenges” that appear when applying LCC tools were mentioned (such as the availability of data, uncertainties, users knowledge, etc.), while some “extra challenges” related to the use of LCC in the context of sustainable public procurement were highlighted (such as the complexity of environmental externalities or the possible dilemma between the most environmental friendly or the most cost-effective alternative. Finally, a clear environmental policy framework and a combination of economic and environmental tools were mentioned as some of the possible solutions.

Lidia Capparelli presented the new Italian legal framework, which reflects the LCC concepts included in the EU Directives. She highlighted the opportunity that LCC represents to purchasers, which may lead to skip the offers' technical assessment, with its consequent savings of time and public resources. By reviewing the LCC experiences and tools existing so far, it can be said that performing a "classic LCC" (which would include "only" direct costs) is more or less possible, while a common and accepted methodology to monetize externalities is missing. Wider and public Life Cycle Analysis (LCA) databases, the further development of the Product Environmental Footprint at EU level or a greater collaboration among universities, ministries, procurers, etc. could accelerate the transition of full LCC (including also indirect costs) in public tenders.

Capacity building session: Life cycle costing in action.

The capacity building session was divided in two parts, lasting one hour and a half each of them. For this session, 3 experts were invited in order to share with the participants their specific experiences on the use of LCC in the procurement of different procurement product categories.

The first part, started with a short presentation of each participant and their expectations (see annex I) and a brief introduction of the topic made by Helena Estevan.

Afterwards, Benoit Tarois, Purchasing Service Manager of the Ville de Niort (France), shared his experience in the use of LCC in the procurement of vehicles. They calculated and compared the cost per kilometre of each alternative, which included:

- acquisition and registration costs,
- fuel costs,
- maintenance cost (from the detailed data obtained by their own garage),
- and pollutant emissions costs (based on the Clean Vehicles Directive tool)

Karin Sonne, Procurement Consultant of the Syddjurs Kommune (Denmark), exposed the results and conclusions of applying the Danish EPA LCC tool in their procurement of bulbs. Their calculations included the:

- purchase price
- energy consumption
- products lifetime

The results showed very clearly that the LEDs longer lifetime (which reduces significantly the total high costs of replacing units) and its much lower energy consumption make them the best solution in the long run.

Ildikó Czeglédi, coordinator of the Working Group on Water Economics from the European Water Association, explained the difficulties found in applying the LCC methodology in the water infrastructure sector, because of:

- the specific market conditions of a first need natural supply,
- and the complexity of infrastructures projects (with big investments, long lifetimes, with many phases: planning, building

She also briefly introduced the Dynamic Cost Comparison (DCC), a tool for applying the life cycle approach during the planning phase.

During the second part of the capacity building session, two discussion tables were settled with the experts, where the participants had the opportunity to raise challenges, questions and share their experiences relating to this topic.

The main topics and conclusions of the discussions were summarized during the final part of the capacity building session. They are compiled in the next tables:

- Table conclusions: challenges and solutions
- Next steps in the framework of the Procura+ Network

TABLE CONCLUSIONS

CHALLENGES	SOLUTIONS
▪ Short procurement budget periods	▪ Leasing, third party financing, shared cost among years, etc.
▪ Departmental division	▪ High level political support
▪ Risk and uncertainty on price change, new technologies, guarantees, lifetimes, etc. ▪ Extra difficulties with long life products	▪ Sensitivity analysis? ▪ LCC performance clauses: ensure annual savings, LCC auditing ▪ Include maintenance in the contracts (ex. ESCOs) ▪ Product service-systems
▪ LCC still not commonly used, because of the perceived complexity ▪ Difficulties in the concepts definitions of methodologies, cost elements, … ▪ Lack of tools, data, ...	▪ Training ▪ Sharing examples, tools, data, etc.
▪ Extra difficulties for using LCC in the awarding phase	▪ Usefulness of performing feasibility studies (including LCC) prior to tender

▪ Externalities How to translate environment, health, etc. into money?	▪ Keep on using environmental labels, criteria, etc. in order to set minimum environmental standards, besides the use of LCC (as an economic tool).
▪ Few experience in the application of LCC for other than the energy cost during the use phase.	▪ Taking into account the cost differences in applying environmental good practices in gardening services would be an interesting exercise.

HOW COULD THE PROCURA+ NETWORK TAKE THIS DISCUSSION FORWARD AND WORK TOGETHER ON SOLUTIONS?

- Continue the topic. For example creating an LCC interest group, in order to help in finding future solutions
- Strengthen training and capacity building
- Distribute existing tools
- Share examples, including the data details
- Lobbying in order to get more support from the EU on that topic

ANNEX I. LCC CAPACITY BUILDING PARTICIPANTS' EXPECTATIONS

LCC CAPACITY BUILDING PARTICIPANTS' LIST

- Iben Sohn, Danish Environmental Protection Agency
- Maria Fray, City of Copenhagen
- Kristiina Bailey, Helsinki Region Environmental Services Authority
- Maximilian Müngersdorff, German Development Institute
- Desislava Koleva, Gabrovo Municipality
- Beat von Felten, City of Zurich
- Yolanda Morcillo Ripoll, Catalan Waste Agency
- Maria José Sarrias, Catalan Government
- Ditte Vesterager, Region Hovedstaden
- Hidemi Tomita, Lloyd's Register LRQA
- Roberta Centonze, University of Bologna
- Lidia Capparelli, CONSIP
- Benoit Taris, Mairie de Niort
- Karin Sonne, The municipality of Syddjurs
- Ildikó Czeglédi, European Water Association
- Simon Clement, ICLEI
- Bettina Schaefer, Ecoinstitut
- Helena Estevan, Ecoinstitut

LCC CAPACITY BUILDING PARTICIPANTS' EXPECTATIONS

- Learning about practical experiences and methodology implementations.
- Understand practical examples of LCC.
- Interested in LCC approach in order to promote recycled materials, since sometimes they are not the cheapest.
- Learning by examples to include in the LCC tool other dimensions than CO2 and Ozone Depletion.
- Are there documented results of savings achieved by applying LCC?
- Understand what should be done in practice, in tenders, in relation to LCC requirements from the new Directive.
- LCC methodology.
- Different models of procurement depending on the results of LCA. Specifications of products.
- Existing databases.
- LCA - who makes them at which stage? Are SMEs participating in LCA?
- Share my experience in order to inspire other to use the TCO considerations.

- Tools.
- Ideas to how implement LCC in procurement.
- Ideas for pilot projects.
- Carbon pricing.
- Good examples of concrete use of LCC / TCO.
- Method improvement.
- Share specialties of water infrastructure LCC and learn practice from other products than water.
- How to move on with LCC in practice?
- Learn from good examples.
- Looking for tools.
- Learn more about LCC.
- Arguments in favor.
- Receive great inputs, examples, etc. for the “LCC - State of the Art - Report”.

About SPP Regions

SPP Regions is promoting the creation and expansion of 7 European regional networks of municipalities working together on sustainable public procurement (SPP) and public procurement of innovation (PPI).

The regional networks are collaborating directly on tendering for eco-innovative solutions, whilst building capacities and transferring skills and knowledge through their SPP and PPI activities. The 42 tenders within the project will achieve 54.3 GWH/year primary energy savings and trigger 45 GWh/year renewable energy.

SPP Regions Partners

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