

District Heating and green public procurement



Thomas Keller

Junior Consultant

MVV Energie AG
Mannheim / Germany



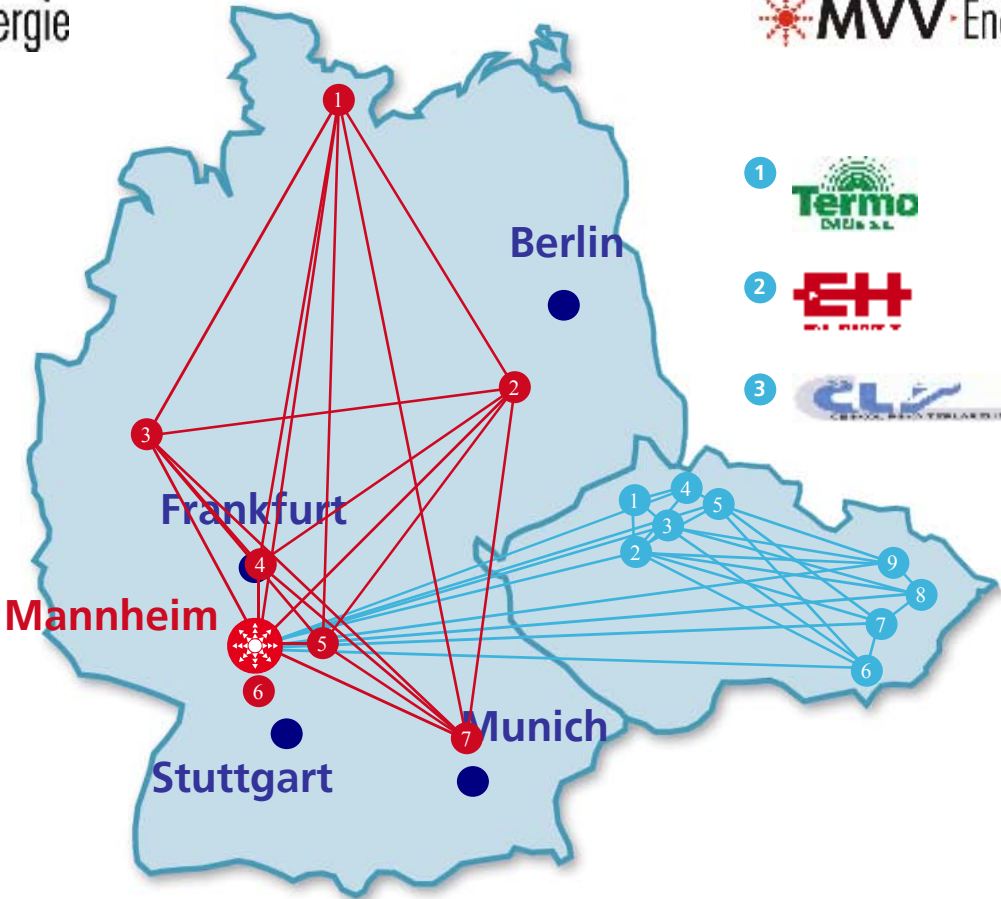
Overview

- ▶ Professional background
- ▶ Green public procurement
- ▶ The DHC industry and green public procurement

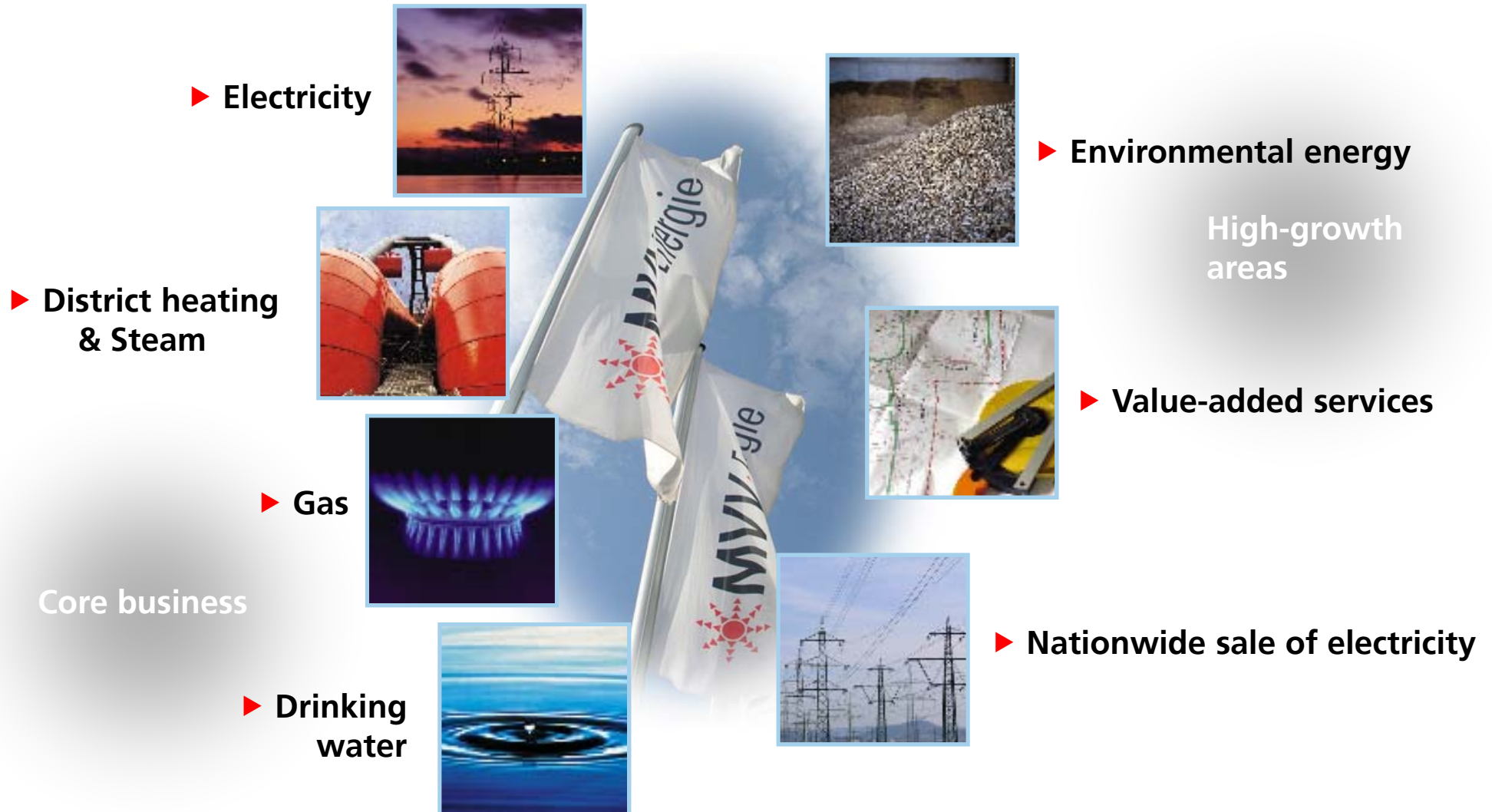
Professional background



MVV Energie Mannheim and the municipal utility network



Products and business areas



District heating: Key figures



In Germany ranked No. 5

In Europe with Czech Republic participations one of the top ten suppliers of district heating

MVV Energie in total

▶ Sales by distributors:

- MVV Energie AG Euro 106 million
- EVO AG, Offenbach Euro 30 million
- SWK, Kiel Euro 56 million
- SWI, Ingolstadt Euro 4 million
- Köthen Energie AG Euro 2 million
- MVV Energie CZ, Prague Euro 92 million

▶ Hot water volume in kWh 5,224 million

▶ Steam volume in kWh 337 million

▶ District-heating grid in km
(Hot water and steam) 1,369

Green public procurement



What is green public procurement (GPP)?

- ▶ Public procurement:
Process of obtaining goods and services by public authorities or bodies (e.g. governments, regional- or local authorities)
- ▶ Green public procurement (GPP):
Environmental aspects are taken into account for evaluation.
- ▶ GPP should not be confused with “sustainable public procurement” which furthermore considers social and ethical issues.
- ▶ Public authorities buy a wide range of goods – office consumables and furniture can be examples as well as buildings and complete infrastructure systems like public transport.
- ▶ Public purchasing is a huge market.

Estimated annual purchasing power of public authorities: 16% of EU's GDP

2,000,000,000,000.- EUR

Why does the EU promote GPP?

Environmental Targets

- ▶ EU seeks to reduce environmental impact of goods and services.

Public procurement

- ▶ Public authorities purchase a large amount of goods and services.

- ▶ In the first instance, the EU tries to encourage public authorities to purchase environmental friendly.

--> **Direct influence**

- ▶ Public authorities as role models might influence the habits of private consumers.

--> **Indirect influence**

- ▶ Increasing demand in environmental friendly goods and services should stimulate innovation in environmental technologies, products and services.

--> **Indirect influence**

Initial EU activities

EU activities

- ▶ Public procure activities are governed by a series of European rules, including e. g. equal treatment of bidders
- ▶ A Communication by the European Commission in 2003 built a basis for including environmental aspects. Two directives on public procurement followed (2004/17, 2004/18).
- ▶ The Commission clarified details in a GPP handbook, identified priority sectors and developed a Training Toolkit for endorsement in National Action Plans.

First set of priority sectors

- ▶ Construction (materials, building technologies, operational aspects etc.)
- ▶ Food and catering services
- ▶ Transport and transport services
- ▶ Energy
- ▶ Office machinery and computers
- ▶ Clothing, uniforms and other textiles
- ▶ Paper and printing services
- ▶ Furniture
- ▶ Cleaning products and services
- ▶ Equipment used in the health sector

GPP at EU and national level: Status quo

Implementation at national level

- ▶ A study in 2006 showed: low take up of GPP at national level by now
- ▶ Identified barriers include:
 - Low awareness of possibilities and benefits
 - Lack of best practice exchange

Further steps an EU level

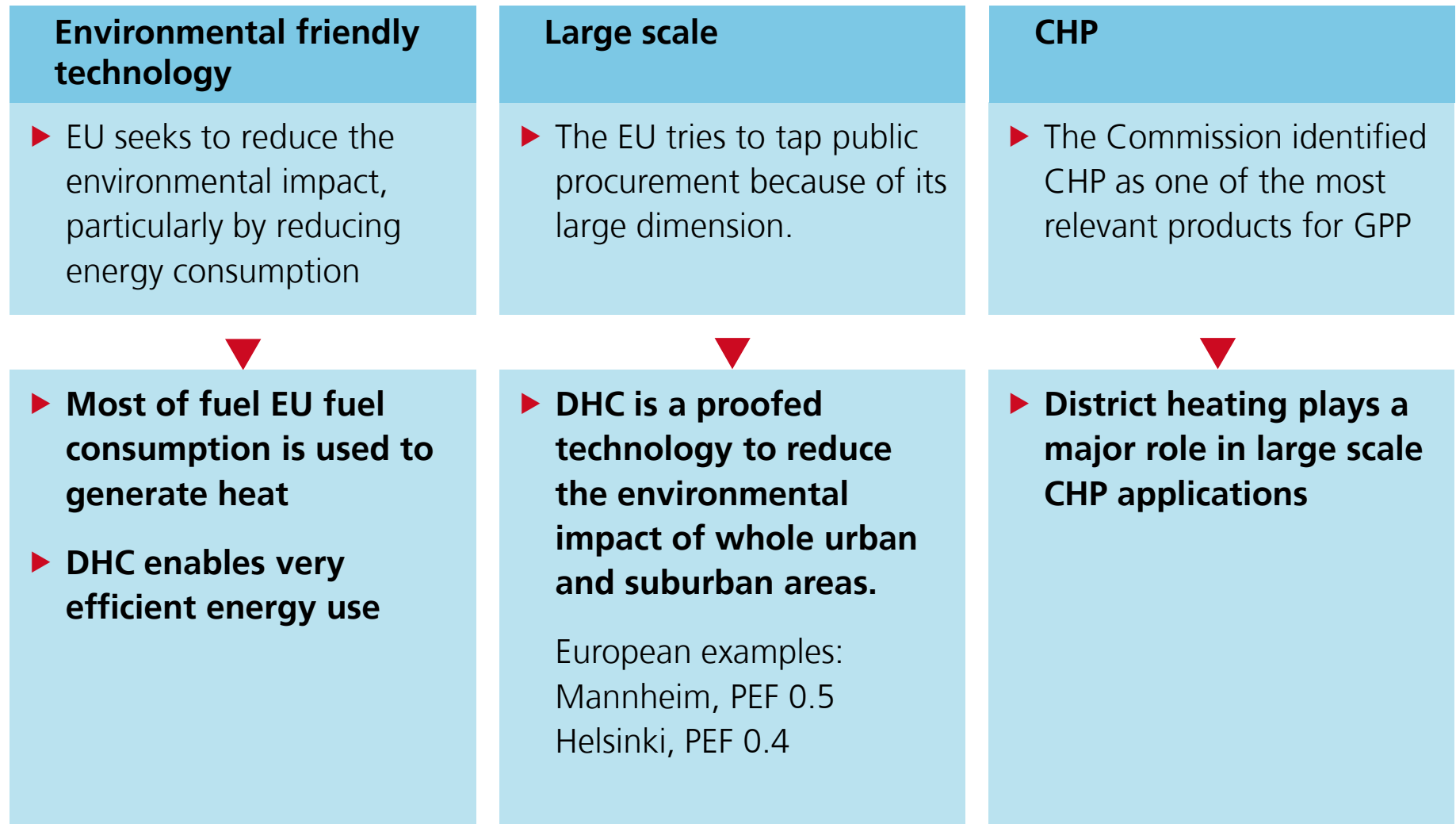
- ▶ In a further communication in 2008, the Commission proposes a baseline target: 50% of all tendering procedures in the EU Member States should endorse GPP criteria by 2010.
- ▶ The Council welcomes the 50% target and to develop detailed GPP recommendations further.

Ongoing Project at European Commission: Development of GPP criteria for ten further products and sub-products - including CHP

The district heating industry and green public procurement



Connection between DHC and GPP



Suitable evaluation criteria for public purchases of CHP

- What do you think?

Dilemmas

- ▶ Holistic view <-> focus on single final energies
- ▶ Primary energy ratings <-> promotion of single energy sources
- ▶ Uniformity with EU regulation and standards <-> tailored criteria

Commission's criteria suggestions (CHP for GPP)

- ▶ Strong focus on on-site CHP applications
- ▶ Focus on electricity
- ▶ Promotion of renewables in particular
- ▶ Criteria additional to existing measurements

Is a diversification of criteria beyond existing framework helpful ?
- It conflicts with harmonisation processes

Outlook

Short term tasks

- ▶ Dialogue with the Commission concerning CHP GPP criteria
- ▶ Support work on ecolabeling for DHC systems

Future challenge: Get on step ahead of current developments

- ▶ Preparation of preferred set of criteria
 - Project proposal: Quality DHC

District Heating and green public procurement



Thomas Keller

MVV Energie AG
Mannheim / Germany

t.keller@mvv.de

+49 (0)621 290 3981

