

LONDON DEVELOPMENT AGENCY

BEEP: BUILT-IN SAVINGS

Background

BEEP – the Buildings Energy Efficiency Programme – helps organisations reduce their energy bills and the carbon footprint of their buildings.

BEEP seeks to introduce energy conservation measures in a cost effective way. It uses a commercial model that gets the best operational, technological and financial expertise in the energy market.

The BEEP approach has been developed through successful trials. The first phase involved 42 GLA family properties across Transport for London, the London Fire and Emergency Planning Authority and the Metropolitan Police Authority. This tested an energy performance contract and developed the capacity of the retrofit market.

BEEP is now being extended across more GLA family buildings. It has also been set up so that it can promote energy performance contracting across the rest of the public sector in London and the rest of the United Kingdom

Key themes

The programme shows how innovative procurement can drive environmental improvements. It sets out a clear process for contracting and provides buying organisations with the contractual vehicle, documentation and guidance they need to run tendering competitions.

Under BEEP, public sector organisations will invite tenders from the framework agreement panel of twelve contractors to implement energy conservation measures in packages of their public sector buildings. Contractors have to guarantee levels of reduced energy consumption and CO₂ over a specified payback period, provide full details of their solutions, and specify the savings in energy costs that they calculate will be made. If the savings fail to materialize, the contractor has to pay the difference. The goal is to encourage innovation and competition in the market to deliver sustainable reductions in energy efficiency, carbon emissions, and cost effective solutions.

Buying organisations will draw up a project brief which specifies the buildings to be included in the scope of requirements, and will provide information on at least their current use, occupation levels, the type of buildings, and their energy use now and in future. >>



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Mark Lundy
LDA BEEP procurement manager

Three contracting options are available to follow:

- a desk-top assessment, using a paper-based process.
- full proposals for a sample of specified buildings.
- bids for a full package of all buildings within the scope of the contract.

In options two and three, site visits, baseline information verification, proposal preparation and the submission of detailed bids are required. In every case, a minimum payback period is specified and a minimum level of acceptable CO₂ emissions reductions must be guaranteed.

Extensive preparatory work has been undertaken with organisations that might use the framework contract, clarifying roles, responsibilities and governance processes, and briefing those who will be involved in implementation. The contract will be open for use by all London boroughs and other public sector bodies in London and across the United Kingdom. By adopting the BEEP model, organisations get access to the required contracting documentation, a ready-made toolkit and guidance, plus programme and technical support from the LDA. More than 50 buying organisations have been involved in initial discussions about using the framework.

Outcomes

The key benefits of BEEP, in terms of realised energy efficiency savings, will materialise when contracts are put in place and energy efficiency measures are installed. With the first contracts likely to be introduced in 2010, these benefits are likely to emerge from 2011 onwards.

The BEEP trial covered 42 GLA properties. Energy audits were completed, and business cases developed for investment. These showed average energy savings of 28% over an average seven year simple payback. This means an estimated annual saving of approximately 6,000 tonnes of CO₂. Work on a further 58 buildings has identified CO₂ savings of approximately 8,300 tonnes.

As BEEP is extended and is used with more than 2,000 buildings, estimated savings will be 340,000 tonnes of CO₂. Total investment in this phase is projected to be of the order of £400million.

According to Mark Lundy, the LDA BEEP procurement manager: “The programme is a cost-neutral way for organisations to reduce their property-related energy expenditure and carbon footprint. By requiring suppliers to guarantee a set level of energy savings over a defined time period, organisations get both energy improvements and cost reductions. Implementing BEEP provides a great opportunity to demonstrate the UK public sector’s commitment to tackling climate change”.



For any additional information on this case study or other LDA related work in this area, please contact the Central Responsible Procurement Team at responsibleprocurement@tfl.gov.uk