



Delivery models for Hydro

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APSE Hydro Event

Delivery Models for Hydro - A procurement perspective

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Delivery Approaches



Authority Led Projects

- Single Project
- Multi- Authority Collaborations

Developer Led Projects

- Land Development Projects

Partnership Projects

- Single Project
- Multi- Authority Collaborations

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Putting together a Project



Funding Package

- Loans
- Incentives and/or grants and/or subsidies
- Procurement costs

Contracts

- Works Contract – Design consultancy? Construction? Design and Build?
- Maintenance contracts
- Funding Agreements
- Offtake Agreement (PPA)
- Grid Connection Agreements
- Leases (75 years +)

Other

- Procurement documents / Approvals processes
- Financial Model
- Stakeholder engagement

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Self-Managed Projects



- Authority will need to procure contracts, arrange funding, agree the grid connection, consult with stakeholders and bear the commercial risk.
- Issues for the Authority:
 - Procurement costs
 - Resources and expertise
 - Risk appetite
- Best option for this model is to collaborate with other authorities and form a joint venture to share the costs and resources

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Developer - Led Projects



- This was the easiest option for authorities as no EU compliant tender process was required.
- The developer was leased the site with an option to develop for hydro. The authority was paid a rent plus a return based on the energy generated.
- With reductions in FITs, this approach is unlikely to be commercially viable for developers – the projects will not generate a sufficient return on investment for their funders.

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Partnership Model



- **The Authority brings:**

- Land
- Offtake Agreement
- Funding - public works loans

- **The Developer brings:**

- Contracts - Design and construction contracts procurement
- Maintenance management
- Grid connection
- Expertise in project delivery
- Stakeholder engagement
- Funding
- Risk transfer

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What about the EU Procurement Rules?



- The partnership model is likely to fall under the EU procurement rules.
- The importance of efficient procurement processes:
 - Market test your proposal
 - Keep your documents simple
 - Down-select early and aggressively
 - Award within 4-5 months
 - Understand and project manage around approvals processes
- Collaborate with other authorities – set up a framework to manage costs

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