



Energy efficient operational car leasing and fleet management

Municipality of Holbaek

- 233 tons CO₂ reduced during the leasing period



Standard product

- Less energy efficient cars

GPP (PRIMES) tender

- Operational leasing of cars with improved energy efficiency

Results

- CO₂ savings: 233 tons
- Energy savings: 95 tons diesel

Introduction to case

1.1 SUMMARY

The Municipality of Holbaek operates a car fleet of approx. 235 cars, whereas only 8 cars are ELV's. A new tender for leasing of 270 new cars in the 2016-2019 has been conducted and the possibilities for improving energy efficiency and reduce CO2 emissions without affecting price are assessed.

Procurement of operational leasing of EVL was considered and investigated to reduce CO2 emissions and contribute to Holbaek Municipality's climate reduction objectives as stipulated in the SEAP. Thus, these plans were postponed because of general cut requirements in expenditures and our financial assessment of replacing with EVL's document it may lead to smaller increases in expected expenditures.

1.2 CASE CONTENT AND ISSUE

The Municipality of Holbaek renews the tender for car leasing every fourth year. The leasing model has shown most feasible from a financial perspective the previous years, and it was decided to continue with leasing in the new tender of 270 new cars from 2016-2019. Due to this it was investigated whether ELV should be a demanding requirement for a part of the fleet because of its positive CO2 impacts. While the financial comparison between EVL and diesel cars was in favor of diesel cars, it was decided political, not to define a target for a certain EVL share of the fleet. However the priority is lowest cost and best energy efficiency in a TCO perspective.

The tender is announced in October 2016 and contract is negotiated December 2016. The impacts from the new fleet models are therefor estimated.

1.3 SOLUTIONS APPLIED

The tender is an open tender comprising leasing of 270 cars in a 48 month period following a fixed plan for replacement from 2016-2019 and including fleet management. The tender weighted best price and quality in operation period.

Contract tendered

- a) Subject matter: Procurement of car-leasing – 48 months period
- b) Value of the contract: 1,225.000 €

- c) Type of procedure: Open tender
- d) Type of contract: the tender comprised supply of leasing cars
- e) Nature of contract: Direct contract
- f) Division in lots: None

Procurement objectives

The objective with the procurement of car leasing was to replace old car fleet with new and more energy-efficient cars. The procurement include operational leasing of cars and fleet management.

The financial aspects for the full operational of cars driving 15.000 km/year and 30.000 km/year are addresses as a key part of the evaluation.

It was investigated whether specific requirement for energy efficiency and CO2 emission should be applied, but conclusion were that best price in operation (including fuel, duties, service etc.) would assure this priority due to impact of lower cost from fuel consumption and vehicle excise duty. The cost will be reducing relatively the more energy efficient the car is.

Procurement approach

The procurement was an open tender comprising car leasing and fleetmanagement in 48 months.

The tender used standard eligible criteria for financial, legal and technical capacity and all suppliers registered in ESPD (EU registration format) can apply.

The award criteria was:

- Price (50%)
- Quality (50%)

Evaluation of price is assed as lowest total price for operational car leasing per year including fuel, service, insurances and duties. Price are calculated on basis of a leasing contract for a car with 15.000 km and 30.000 km per year.

Evaluation of price is assessed based on offered services and how user friendly the fleet management systems are.

Criteria development

Before development of tender, the Task Force assisted with an assessment of CO₂ emission benefits if replacing diesel cars with EVL. Furthermore the necessary infrastructure for expanding the EVL fleet was considered. The main conclusion from the assessment was that EVL could not compete financially with leasing of diesel cars and an extended procurement budget would therefor be necessary. Nevertheless the obvious CO₂ emission benefits, this priority was not politically supported. Tender was therefor organized more traditionally with criteria emphasizing lowest price etc.

Because of the implicit driver for offering energy efficient cars when using a criteria of best price in operation, there is no specific requirement to energy amended. Thus it is a basic condition that all car models comply with EURO 6.

Results

With the new procurement it is reasonable to expect a further improvement of energy efficiency and CO₂ reduction in a level of 3 km more per liter diesel and 10 g less CO₂ pr. km. Based on monitored data from previous four years period (2013-2016), the total km per year with leased cars are 5.850,000 km/year.

	Investment volume (€)	Energy savings (€/year)	CO ₂ reduction (tCO _{2e} /year)	Payback time (€)
Lot	1.225,000	28.000 €	58	Not relevant

The yearly energy saving from a total of 270 cars is approx. 23,5 tonnes diesel and related energy cost saving from operation of the new cars are approx. 28.000 €/year.

Total CO₂ reductions from replacement of 270 appliances are approx. 233 tonnes CO₂ in a period of four years operation.

Lessons learned

This case can be replicated.

Procurement of EVL in operational leasing models is still not competitive with traditional fuel based cars. And a new statutory order on tax duties on EVL has decreased competitiveness further. The main points from assessment of EVL in operational leasing is following:

- EVL reduce CO2 emission with approx. 75% compared to fuel cars
- Users ranks EVL high, however appropriate procedures for charging when you have more users of same car is important
- New increased tax duties on EVL weakens the business case (DK conditions only)
- Service is still an uncertainty. Some municipalities with experiences in procurement of EVL's in operational leasing has faced lack of service and spare parts
- EVL's require infrastructure. It is important to assess the need and cost for infrastructure development before implementation. There are examples of extra cost because charging points required new enlarged electric installations



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About PRIMES



Across six countries in Europe; Denmark, Sweden, Latvia, Croatia, France and Italy, PRIMES project seeks to help municipalities overcome barriers in GPP processes, many of which lack capacity and knowledge.

PRIMES aims to develop basic skills and provide hands-on support for public purchasing organisations in order to overcome barriers and implement Green Public Purchasing. This will consequently result in energy savings and CO₂ reductions.– www.primes-eu.net

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About GPP 2020



GPP 2020 aims to mainstream low-carbon procurement across Europe in support of the EU's goals to achieve a 20% reduction in greenhouse gas emissions, a 20% increase in the share of renewable energy and a 20% increase in energy efficiency by 2020.

To this end, GPP 2020 will implement more than 100 low-carbon tenders, which will directly result in substantial CO₂ savings. Moreover, GPP 2020 is running a capacity building programme that includes trainings and exchange. – www.gpp2020.eu



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Disclaimer

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