

XPRESS CASE STUDIES ON BARRIERS TO INVESTMENTS IN RENEWABLE ENERGY SOURCES

– SPAIN –

This case is based on interview with a representative from a Public Company in Spain.

PC-SPA-1 is a public company that carries out the following environmental services in the local municipality: wastewater treatment, public street cleaning, and solid waste collection and treatment. The company is located in a city with 200.000 inhabitants and a high seasonality that increases the population up to 4 times this value.

PC-SPA-1 was identified as a potential Case Study from TED according a contract to supply of electric light vans, official review service and final discharge management service for the vehicles of the year 2018. This contract was awarded to an SME, SPA-SME-2 that is the local dealership of a French car manufacturer. SPA-SME-2 was the only bidder in this case, that reflect the limited market available within the island. Currently, PC-SPA-1 is preparing another tender for the acquisition of electric vehicles.

PC-SPA-1 carries out procurement to purchase service and products required to conduct its operations. However, in many cases is the municipality that leads the procurement and PC-SPA-1 participates as a technical support. So, contracting related of renewable energy is usually done by the municipality, whereas the purchase of electric vehicles for the operation of PC-SPA-1 is done in-house.

Analysis of the current situation

a. Sustainability strategies, energy related strategies

From the side of PC-SPA-1, no municipal strategies/goals regarding sustainability are known, or at least has not been communicated. Regarding Public Procurement, the municipality approved a policy for sustainable and social procurement last year, but current application is unknown. Still, this document does not address adequately the sustainable procurement needs of PC-SPA-1 operation and the monitoring proposed is almost inexistent.

The mentioned document was not as flexible as to cover the specifications that different municipal areas/public companies might face. For example, it adopted Km0 as a key parameter, useful for food supply, but not for the specific chemical products required by PC-SPA-1 treatment tasks.

Nonetheless, PC-SPA-1 has its own PP practices and measure its performance according to the European Public Procurement Score Card. Procurement is a difficult task, so PC-SPA-1 tries to analyze product by product to improve its procurement policies. Not by imposing criteria to technical areas but by working together and learning by experience. Once, for the



procurement of paint, PC-SPA-1 followed the European recommendations on safety and health, and prior the tender process launched a consultation to verify if local SMEs could supply paint with such specific requirements, and the result was totally negative. That is the reason to not impose criteria that might not be feasible or might create a handicap for most of suppliers (being an island, the local market is very limited and tender volumes do not attract companies from the peninsula).

b. Public procurement strategy

Procurement is done through the Spanish online tender platforms and 95% of cases are open procedures with price as main evaluation criteria.

As a strategy, PC-SPA-1 focuses in supporting SMEs to overcome digitalization barriers (explanation below), but including environmental criteria is still very premature. Except in the case that an area already establishes an environmental requisite (i.e., vehicles must be electric), but not as evaluation criteria. Not even among the type of electric vehicles or its environmental characteristics (i.e., battery lifespan, battery post use treatment).

c. Public procurement and supplier engagement & SME

However, to maintain a good relationship with local suppliers, and have in mind the market limitations on the island, PC-SPA-1 conducts the following actions to promote SMEs participation: prior the tender process, are:

- The annual procurement plan is published so suppliers could be prepared towards the following 6 months. Given this plan, information related to the annual plan was communicated through the contracting platform.
- A mailing list has been created to disseminate useful knowledge and best practice (see 5.a).
- PC-SPA-1 has an open communication channel for bidders. In this, they inform about how to register in the platform, how to search a tender, etc. There is a registry of the received calls.

The main measures after the tender process are:

- Satisfaction survey to bidders sent by email.

It is worth to mention that these actions do not intend to prioritize SMEs over non-SMEs bidders. PC-SPA-1 is aware that most of local suppliers are SMEs, and that PC-SPA-1 operations heavily depend on the supply of products/services from these locals SMEs. It is a reciprocal relationship, almost as a symbiosis based on the island intrinsic characteristics. That is the reason behind PC-SPA-1 working to overcome digitalization barriers of local SMEs, for instance.



Barriers and drivers

Identified barriers and drivers

- One barrier that SMEs show is the low level of digitalization, even ignoring the basics as the existence of a contracting platform, what a CPV code is or how to digitally sign a document. In this sense, PC-SPA-1 works together with SMEs to assist them to overcome this barrier.
- Also, PC-SPA-1 is lowering the financial and warranty requirements to improve the chances of SMEs offering service/products.
- As mentioned, they also have a mailing list to inform SMEs about what an SME might do to improve their digitalization. This mailing list do not link to tender process, is only meant to disseminate best practices as “what is ROLECE (the Official Registry of Bidders)”, “what is a CPV code”, etc.

Possible solutions

Working together with local SMEs, as PC-SPA-1 currently does, might result in very positive results. According to the indicators measured since January 2020:

- Offers presented by SMEs: 82.27% (objective 60% according to the European Public Procurement Score Card).
- Tenders awarded to SMEs: 84.51% (objective 60% according to the European Public Procurement Score Card).

Barriers to PP for SMEs:

- ITC barrier, many enterprises do not have digital certificate to participate in online bids or do not even know the online tender platform.
- Green PP and Social PP is perceived as more expensive than regular PP. Requirements for SMEs to justify their products and services are indeed Green/Social might be high requesting.
- Strategic plans, as the one approved by the municipality last year for Green and Social PP, are usually shortsighted or do not properly cover the different sustainable requirements that different sectors might have (i.e. focusing the strategy on KMO products might be positive for food, but not for chemical supplies, in which the safety and health issues of their components are key).

Driver to PP for SMEs:

- There is close collaboration with local SMEs to guarantee tenders will be successfully awarded. This is caused by the limited market available on the island: number of suppliers is limited (compare to the national market) and most of them are SMEs.
- PC-SPA-1 helps local SMEs with formation activities about the online tender platform, search by CPV, the national supplier’s registry, etc.
- In the case of PC-SPA-1, the volume of services/products requested is adequate for SMEs.



Summary and Discussions

Being located in the remote area and limits the public procurement boundaries in which PC-SPA-1 might operate. This situation is the main force behind the public procurement practices PC-SPA-1 is putting in place, especially for the close collaboration with local SMEs. The main issues PC-SPA-1 deals with are related to basic good practices on PP those SMEs should be aware of, so including sustainability criteria within tenders is not even considered. The recommendations coming from the European Commission and the Spanish Government might not have in mind island's specificities or, moreover, might not even consider the huge differences on public procurement that municipal sectors or areas might have (i.e. food vs chemicals supplies). This does not mean that PC-SPA-1 does not work towards a more efficient and sustainable public procurement. They try to incorporate, or at least evaluate feasibility of such EU-wide recommendations before launching a tender, and when a sustainable improve is detected it is included as a tender requisite (not as an evaluation criteria).

