

ITEM No ...9.....

REPORT TO: FAIR WORK, ECONOMIC GROWTH AND INFRASTRUCTURE COMMITTEE – 21 APRIL 2025

REPORT ON: ELECTRIC VEHICLE CHARGING INFRASTRUCTURE OPERATION AND MAINTENANCE CONCESSION CONTRACT TENDER REPORT

REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 131-2025

1 PURPOSE OF REPORT

1.1 This report details tenders received for the operation, maintenance and improvement of Dundee City Council's electric vehicle charging assets. The contract period is 20 years, with break clauses at years 10 and 15. The break clauses will only be invoked by mutual consent of the contractor and Dundee City Council although the Council can terminate the contract at any point with three months' notice in respect of failure to meet specified performance standards.

2 RECOMMENDATION

2.1 It is recommended that Committee:

- a approve the acceptance of the tender received from Swarco for Lot 1 - Off Street Charging Hubs; and
- b delegate authority to the Head of Sustainable Transport & Roads to retender Lot 2 - On Street Chargers.

3 FINANCIAL IMPLICATIONS

3.1 The Executive Director of Corporate Services confirms that the revenue costs associated with the work will be recovered by the supplier from tariff income. The concession contract transfers the risk ownership of electric vehicle charging demand and related income being sufficient to cover the costs of operating and maintaining the asset from the Council to the supplier. Should tariff income decrease due to reduced market demand, the Council will not be liable for any financial shortfall in fulfilling the contract's obligations.

3.2 In previous years the Council has received external grant funding for the servicing and maintenance of chargers, and Transport Scotland funded the provision of the Charge Place Scotland back-office directly. Renewals and upgrades of chargers have also to date been funded by external grants. Moving forward, these costs require to be funded from tariff income which will necessitate an increase in tariffs, albeit forecast growth in EV charging demand will increase the utilisation of assets and improve the cost recovery attainable constraining tariff rises required in future years.

3.3 Tenderers were invited to submit a rate per kWh for the operation, maintenance, and life cycle refurbishment of assets. The successful bidder's rate will be encompassed within the tariff fee to recover the cost. This method of financing will reduce the Council's risk exposure to variance in the demand growth profiled and provide cost certainty in respect of operation and asset management when setting tariff rates.

3.4 This is a concession contract and there are no outlays from the Council other than the payment of electricity costs. The Council will continue to pay these costs, which will be reimbursed by the concessionaire in line with the pricing of the Scottish Government's energy supply framework contract. Other than this the Council will receive a fixed amount per kWh charge from the concessionaire, paid monthly in arrears. All other costs associated with the contract are to be met by the concessionaire.

- 3.5 With reference to Article VII of the minute of the City Development Committee held on 9 September 2019 (Report 300-2019 refers), the Executive Directors of City Development and Corporate Services are delegated authority to set EV charging tariffs in future years to cover costs, minimise financial risk to the Council, and support future expansion of the charging network. To support social inclusion in access to zero emission transport, the Council currently operates a cost neutral EV tariff pricing strategy.
- 3.6 From the 1 June 2025 the tariffs listed in Table 1 will apply, with the £10 overstay charge remaining unchanged. The 38p connection fee currently charged will no longer apply, as the cost will be included in the kWh tariff fees noted in Table 1. The tariffs will be regularly reviewed and adjusted as required to reflect energy prices, inflation, and utilisation rates.

EV Charger Type	Current Tariff	Tariff from 1/6/25
Fast Charger (up to 22kW)	50p per kWh	57p per kWh
Rapid Charger (≥43kW AC or 50kW DC)	55p per kWh	69p per kWh
Ultra-Rapid Charger (100kW or 150Kw)	60p per kWh	69p per kWh

Table 1 – EV Tariffs from 1 June 2025

4 TENDER SUMMARY

- 4.1 The procurement exercise invited tenders for the operation and maintenance of the Council's EV charging infrastructure which comprises of 112 publicly accessible chargers, and 103 private chargers for use solely by Council vehicles. The charging infrastructure asset includes associated electrical inventory such as battery storage facilities, solar arrays, and cabling.
- 4.2 The operation of the EV charging network includes the provision of back-office administration, which has to date been provided by Charge Place Scotland on behalf of Transport Scotland, and the scope of maintenance includes renewal of assets at the end of their serviceable life, and upgrade of assets with new technology to ensure the system operation is efficient and in keeping with advancements in charging technology. The contract also includes provision to order expansion of the network to accommodate future funding available.
- 4.3 Tenders were invited for two individual lots (on-street chargers and off-street hubs & depots) due to the alternate suppliers operating in each distinct marketplace.

5 LOT 1 – OFF STREET CHARGING HUBS

- 5.1 Lot 1 covers the operation and maintenance of the Council's private depot charging estate and public access charging hubs.
- 5.2 One tender was received from Swarco, who are the Council's primary incumbent maintenance supplier for these assets, and also the current provider of back-office operation services through the Transport Scotland Charge Place Scotland commission.
- 5.3 The tender submitted for the initial 10 year term is estimated to value £18,093,080 and covers the provision of electricity, back-office services, inspection, testing, servicing, maintenance, fault response, and life cycle renewal and upgrade of assets.

6 LOT 2 – ON STREET CHARGERS

- 6.1 Lot 2 covers the operation and maintenance of the Council's 35 public access on-street chargers, and the installation of a further 125 new chargers to be financed through a combination of 20% capital funding by grant awarded from the Transport Scotland Electric Vehicle Infrastructure Fund (EVIF) with the remaining 80% being private sector investment recouped through future tariff income.
- 6.2 One tender submission was received for the on-street charging lot which was non-compliant in respect to commercial financing requirements for the provision of the 125 additional chargers.
- 6.3 While pre-tender market engagement identified supplier interest in private sector financing of on-street chargers on the terms specified in the tender, this interest hasn't materialised in compliant tenders being received to the procurement notice. Supplier feedback identifies a constraint in bidding attributed to the ownership model of the new chargers being specified as the Council rather than the supplier, which restricts private financing options.
- 6.4 With most forms of private financing of public sector assets, the concession contract provides future revenue certainty through contractual payment obligations over the term of the contract. This procurement differs in that the assets are funded in part through future income generation which places a financial recovery risk on the supplier should income generated fall short of forecast. To provide security against this risk, private sector lenders have sought supplier asset ownership as a form of investment security provision.
- 6.5 In recognition of the barrier to private financing identified it is proposed to retender the on-street charging lot with ownership of the existing chargers continuing to be retained by the Council, and supplier ownership of the additional 125 chargers. Tenders received to the procurement will be reported to a future committee for consideration of approval.
- 6.6 Transport Scotland have confirmed that the revised terms of the procurement proposed comply with the EVIF grant conditions.

7 POLICY IMPLICATIONS

- 7.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

8 CONSULTATIONS

- 8.1 The Council Leadership Team have been consulted in the preparation of this report and are in agreement with its content.

9 BACKGROUND PAPERS

- 9.1 Report 42-2024 – EV Operation & Maintenance Sourcing Strategy (19 February 2024)

Ewan Macnaughton
Head of Sustainable Transport and Roads

Author: Paul Menzies

Robin Presswood
Executive Director of City Development

Dundee City Council

Dundee House
Dundee

RP/EM/PM/KM

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