

**SUMMARIZED RESULTS OF THE MEETINGS
WITH INTERESTED SUPPLIERS REGARDING THE COMPETITIVE PROCEDURE WITH
NEGOTIATION "CABLE DUCTS, CHANNELS/MANHOLES AND SUPPORTING
COMPONENTS DELIVERY PROCUREMENT PREPARATION FOR RAIL BALTICA"**

1. Scope of the market research

To introduce potential suppliers with the Rail Baltica project time schedule and procurement plan for cable ducts, channels/manholes and supporting components delivery and during consultations receive feedback regarding main production and supply conditions to be taken into account for planning and organizing upcoming procurements.

The cable ducts, channels/manholes and supporting components delivery includes a production and delivery of prefabricated cableway elements for the entire Rail Baltica Global project including:

- a) Cable ducts,
- b) Cable manholes and covers,
- c) Cable channels.

The consolidated delivery of cable ducts, channels/manholes and supporting components will ensure the deployment of an economically and technically feasible solutions for the railway operation needs in order to maximize the environmental benefits.

2. Meetings using MS Teams from 27.10.2020. - 28.10.2020.

Dates of the meetings:

27, 28 October 2020

Location:

via Microsoft Teams;

Participants from RB Rail AS:

Aigars Smuškovs - Stakeholder Manager, Project Planning and Control department;

Kaupo Sirk – Head of Civil Works and Stations;

Baba Zauere – Head of Legal Department

Baiba Ūbele -Procurement Specialist, Procurement department;

Jānis Lukševics - Procurement Specialist, Procurement department

Mārtiņš Blaus – Procurement Manager;

Valdemar Kačanovskij - Real Estate and Construction Lawyer, Legal department;

Andrejs Mislēvičs – Signaling and Communications Team Leader;

Andris Losāns – Technical project manager;

Andy Billington – Innovation and Sustainability Expert;

Ivars Žukovskis – Business Relation Manager;

Kaspars Briškens – Head of Strategy and Development Department;

Other participants:

Representatives of interested suppliers:

KOPOS KOLÍN a.s.;

PREfabrica SIA;

Dzelzsbetons MB Ltd;

CentralTubi Spa;

Höhle OÜ;

Consolis Latvija;

ACTE Rail;

Pipelife;

Evopipes SIA;

Framm AS;

Meeting Agenda:

- Introduction to the Rail Baltica project and the project schedule;
- Information on the scope and timeline of Cable ducts, channels, manholes and supporting components delivery for the Rail Baltica project;
- Q&A session:
 - o Part 1: RB Rail AS' questions to suppliers;
 - o Part 2: Supplier's answers;
 - o Part 3: Supplier's questions;
 - o Part 4: RB Rail AS' answers.

Discussion summary:**(1) Scope of cable system elements and project timeline:**

Participants from RB Rail AS explained to interested suppliers status of the Rail Baltica Global project and its current timeline (please refer to the Annex with presentation material for more details).

(2) Technical requirements on cable system elements and procurement timeline:

Participants from RB Rail AS explained to interested suppliers details of the procurement plan for competitive procedure with negotiation for "Cable ducts, channels/manholes and supporting components delivery procurement preparation for Rail Baltica" (hereinafter – Component delivery services) as well RB Rail AS expectations from the meetings.

(3) Topics of discussion during question and answers session and provided responses:

No	Topic	Responses received / Explanations
1.	Technical requirements on cable system elements – multiducts and ducts	<p>RB Rail representative explained RB Rail cable duct system concept solution, expected product application cases and addressed questions regarding proposed products, technical, certification and application experience.;</p> <p>Supplier feedback and answers where collected regarding discussed product groups:</p> <p>Multiducts:</p> <p>Suppliers presented Multiduct system with microducts for optical cable installation which fits to RB Rail concept requirements. Multiducts are</p>

		<p>produced in EU and are certified accordingly and used in high speed railway.</p> <p>Several suppliers proposed to procure Multiducts separately from manholes and channels in case if these are requested to be produced from concrete. Multiducts are light products and may be delivered to any of 3 Baltic states without any issue from production capacity perspective and without significant increase of delivery costs.</p> <p>Duct 750N and 1250N:</p> <p>Suppliers presented 750N and 1250N HDPE ducts for multiduct and cable installation which fits RB Rail concept requirements. Ducts are produced worldwide and are certified <u>accordingly and</u> are used in high speed railway.</p> <p>There were proposed PVC ducts as alternative to HDPE ducts.</p> <p>Duct suppliers proposed to procure 750N and 1250N ducts separately from manholes and channels in case if these are requested to be produced from concrete. Ducts are light products and may be delivered to any of 3 Baltic tates without any issue from production capacity perspective and without significant increase of delivery costs.</p>
2.	<p>Technical requirements on cable system elements – manholes and surface cable channels</p>	<p>Manholes:</p> <p>Suppliers presented concrete manhole supply capabilities for cableway system installation which fits to RB Rail concept requirements. Manholes are produced in EU, are certified accordingly.</p> <p>Several suppliers presented capability to supply plastic (HDPE) manholes as alternative to concrete manholes; Plastic manholes provide additional advantage in installation cost reduction, which shall be evaluated together with procured material, installation and maintenance costs. The environmental impact of concrete vs HDPE should also be assessed. Issue with concrete/plastic cable channel interface shall be solved, because connection element with cable channel was not proposed.</p> <p>Suppliers proposed to procure manholes together with cable channel and separately from multiducts and ducts.</p> <p>Surface cable channels:</p>

		<p>Suppliers presented surface concrete cable channels supply capabilities for cable duct and cable installation which fits to RB Rail concept requirements. Cable channels are produced in EU and are certified accordingly.</p> <p>Several suppliers presented capability to supply plastic (HDPE, PP and PVC) cable channels as alternative to concrete cable channels.</p> <p>Plastic channels provide additional advantage in installation cost reduction, which shall be evaluated together with procured material, installation and maintenance costs. The environmental impact of concrete vs HDPE should also be assessed. Issue with concrete/plastic manhole interface shall be solved, because connection element with manhole was not proposed.</p> <p>Suppliers proposed to procure cable channels together with manholes and separately from multiducts and ducts.</p>
3.	Logistics and delivery conditions related requirements	<p>RB Rail provided indicative information on possible locations for materials to be delivered to each Baltic state.</p> <p>There were no comments/ disagreements from the market regarding the delivery places indicated.</p> <p>Most of the concrete material producers indicated readiness to deliver their products directly to the locations required by the client.</p> <p>Determination of destination points for DAP (INCOTERMS 2020) type delivery to customer is preferred. Unloading of materials by Client is preferred option from market, but will be determined in the procurement documents.</p> <p>Most of the local players as well as significant international players have their warehouses across the Baltics and claimed to be ready to keep the necessary storage there including safety stock needed.</p> <p>The lead-time including the time for the logistics needs to be taken into account, especially for deliveries from the warehouses outside the Baltic's</p> <p>Most optimal delivery/order size could be achieved by ordering goods in full truck loads for delivery to the site.</p> <p>The limiting factor will be the total cargo weight (max. payload for all possible truck deliveries 40 tons) or limitations caused by cargo dimensions (e.g. number of cable drums or pre-casted</p>

		<p>materials physically could be loaded (eg.in to 40ft containers or directly in to the truck trailers or semitrailers).</p> <p>During the market consultations it became evident that there is a pretty distinct separation between production of plastic (e.g. cable ducts) and concrete (surface cable channels) materials. At the same time it was identified that market is offering both – plastic solutions for the cable ducts and for the surface cable channels, therefore commercial aspects including potential savings during the material lifecycle, logistics and most importantly the technical compliance needs to be assessed and taken in consideration for decisions to be made on TS regiments and procurement strategy to be made.</p> <p>In overall most of cable producers in general showed great capacity to produce necessary amount of cable ducts/pipes, other related materials needed.</p> <p>Some (not all) market players have multiple locations where production of different type of materials could be organized at the same time. Also, some of the market players are specializing themselves in production of just limited type of material while other materials are produced at other locations eg. sister companies and/or produced by business partners.</p> <p>In some of the cases the distances and therefore connected logistics chains are substantially longer versus others and therefore much more accurate and long-term planning will be required.</p> <p>Depending on the material type and quantity the orders could be delivered within lead time starting from 2-4 and up to 8 weeks + time for the delivery. In general long-term rolling forecast (e.g. planned assembling/construction speed expected) will be required for all type of materials. Provision of the rolling forecast could shorten the lead time down to even 48 hours.</p> <p>Same could be achieved for the concrete material producers, however production and delivery from local market players might be preferable (primarily due to number, distance and the costs of the deliveries).</p> <p>Prior starting the concrete material production sufficient lead time needs to be taken in consideration. Proxy 4-8 weeks are needed to prepare all the drawings and start preparation of moulds etc. Altogether ca 6-8 months are needed prior first delivery could take a place.</p>
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4.	Expectations towards the procurement process, requirements, evaluation and documentation	<p>RB Rail representative addresses question regarding the possible qualification requirement (previous experience), i.e., if the tenderers have performed at least 2 (two) supplies of goods of a similar kind in the amount of 100% of the anticipated amount, within the last 5 years.</p> <p>Indication from the market that the requested experience in general is acceptable and the time frame for the requested experience is sufficient.</p> <p>RB Rail representative addresses question, if the tenderers have quality management system, that complies with ISO 9001:2015 standard or equivalent, in place.</p> <p>Indication form the market – not all the tenderers have quality management system, that complies with ISO 9001:2015 standard or equivalent, in place. Part of the tenderers have their own in-house quality management systems, other part – ISO or equivalent.</p> <p>RB Rail representative addresses question, if the tenderers have environmental management system, that complies with ISO 14001:2015 standard or equivalent, in place.</p> <p>Indication from the market – not all the tenderers have environmental management system, that complies with ISO 14001:2015 standard or equivalent, in place. Part of the tenderers implement different measures to comply with environmental requirements (use of recycled materials etc.), other part - ISO or equivalent.</p>

		<p>RB Rail representative addresses question if the tenderers can ensure that the goods/supplies are in conformity with CE marking requirements.</p> <p>Indication from the market – respective requirement is acceptable, and goods/supplies to be proposed by the tenderers conforms with CE marking requirements (where applicable).</p> <p>RB Rail representative addresses question if the tenderers would prefer advance payment.</p> <p>Indication from the market – advance payment is necessary only for a part of the tenderers.</p> <p>Indication from the market – the subject matter of the procurement should be divided into several lots.</p> <p>Suppliers have indicated some “green procurement” requirements related to energy consumption efficiency and reduction of greenhouse gas emissions (e. g. Energy Management System compliant with ISO 500001, EPD (Environmental Product Declaration) which are widely used in Scandinavia region and could be used for setting requirements for the tenderers and their products.</p> <p>Suppliers have indicated that it isn’t reasonable to fix prices for long term contract (> 1 year). For long term contracts price indexation is required. Product prices could be indexed according exchange prices for key components (e.g. steel, polypropylene, polyethylene etc.) used for production.</p> <p>Assignment orders for products shall be launched 4 – 6 months prior scheduled supply. Of course, it depends also from volume of each supply.</p>
5.	Legal and administrative issues, expectations towards main contractual requirements	<p>RB Rail representative addresses question regarding usage of international standard agreement (for example NAC 4).</p> <p>The suppliers have indicated that they are using tailor made agreement instead of international standard agreements.</p> <p>RB Rail representative addresses question regarding the possible pricing indexation throughout the duration of the agreement.</p> <p>Indication from the market as that indexation of the unit price would be welcomed, however, and</p>

		<p>would reflect at least annual inflation rate. Market would appreciate indexation after a year.</p> <p>RB Rail representative addresses question regarding advance payment.</p> <p>International suppliers have indicated that advance payment is not obligatory, Baltic States' suppliers indicated that normal market practice is to have 20% of total agreement amount advance payment.</p> <p>RB Rail representative addresses question regarding payment duration requirements.</p> <p>The suppliers have specified that invoice payment period should not exceed 30 days from the acceptance of the invoice. Longer payment period would result in a necessity to use other financing sources which may increase the final price by to 2%.</p> <p>RB Rail representative addresses question regarding invoicing period.</p> <p>The suppliers have indicated that expected invoicing period would be 1 month, after deliver each delivery and submission of CMR.</p> <p>RB Rail representative addresses question regarding performance security amount and institution issuing it.</p> <p>The suppliers have requested not to require performance security from the bank as it is not common in agreements with the producers. If required, a possibility to submit performance security from the insurance company should be foreseen.</p> <p>RB Rail representative addresses question regarding possible schedule of supply and production.</p> <p>The suppliers have indicated that around 2-month period is needed to start full scale production and delivery schedule may be changed 3-4 months in advance. Total delivery schedule (starting from submission of request – 4-6 months).</p> <p>RB Rail representative addresses question regarding possible warranty periods.</p> <p>The suppliers have specified that a 5-year warranty period and defect warranty period security are standard.</p>
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6.	Product price influencing conditions related requirements on cable system elements	<p>Suppliers explained that scope of the lots/amount of the suppliers per framework provides economy of the scale.</p> <p>Distance is cost impactive condition in transporting heavy weight concrete materials from supplier's warehouse to RB Rail's warehouse.</p>

Statement:

Information described in the summarized results of the meetings with interested suppliers is provided only for the information purposes and shall not be treated as definite requirements whatsoever of the procurement regulations. Procurement documentation will be drafted by a procurement commission and procurement will be launched in accordance with the Public Procurement Law of the Republic of Latvia. The requirements included in the procurement documentation may differ from the information provided during the meetings with the interested suppliers as well as in the summarized results of the meetings.

Annex:

1. 27-28.10.20_Meetings with suppliers_ Cable ducts_manholes-final;