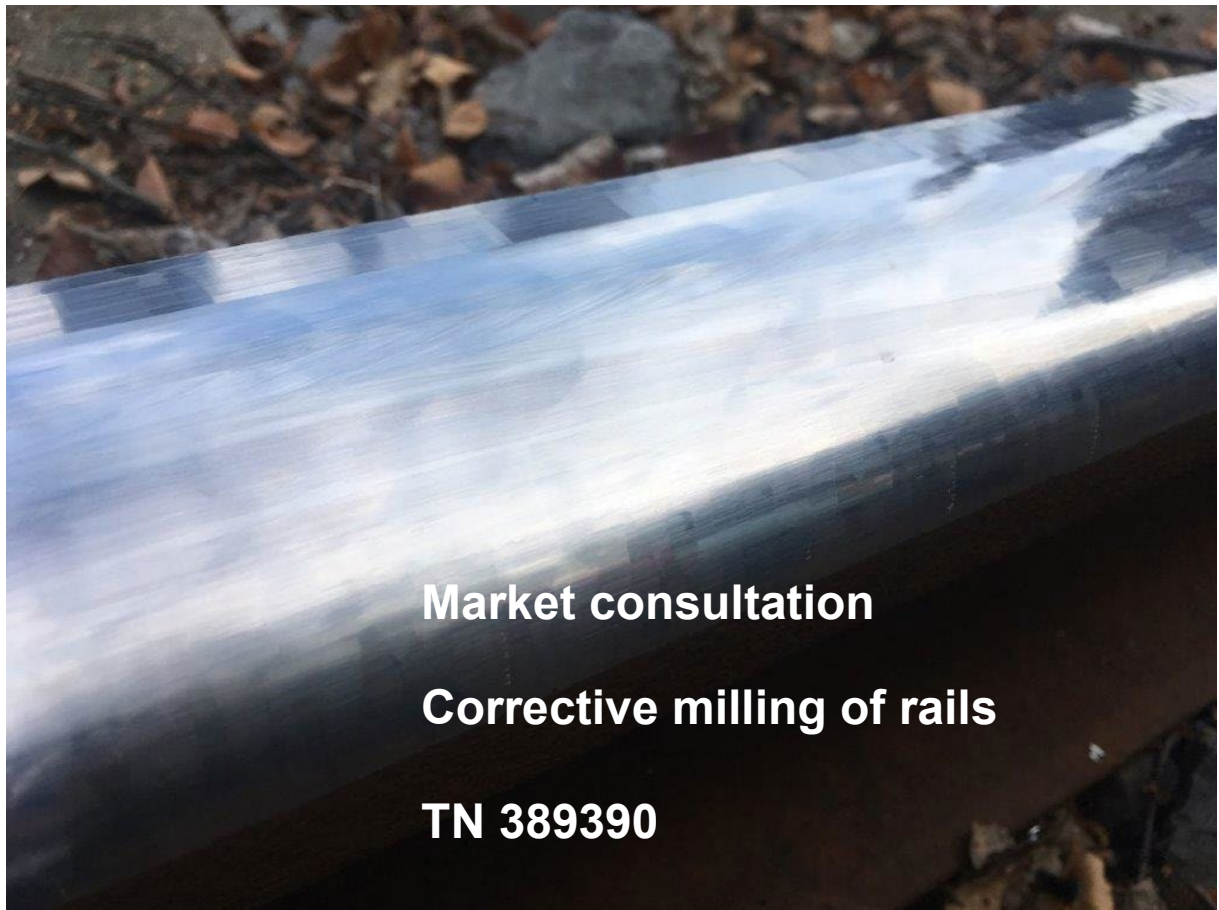




**Market consultation**

**Corrective milling of rails**

**TN 389390**

|              |                                                                       |
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## 1 Introduction

ProRail B.V. is responsible for the Dutch railway network. This entails construction, management and safety. Our employees ensure that every day, 24/7, 1,200,000 passengers and 100,000 tonnes of goods reach their destinations, with 6,550 trains on over 7,000 kilometres of track. Indeed, the railway network is the beating heart of mobility in the Netherlands.

ProRail is working on accessibility in the Netherlands by providing an optimal railway network.

We allocate capacity on the railways, control all train traffic, build and manage stations and lay new tracks.

ProRail also maintains existing infrastructure, such as tracks, points, signals and level crossings.

### 1.1 Rail maintenance in the Netherlands

Since 2019, ProRail has made an explicit distinction between two forms of major rail maintenance:

1. Cyclic grinding. This involves periodic maintenance with a limited steel removal per shift. The purpose of cyclic grinding is to suppress superficial crack initiation in rails and thus control rail degeneration. Cyclic grinding thus has a strong preventive character.
2. Corrective milling. This concerns damage-driven interventions involving a relatively large volume of steel removal. Corrective milling is used to remove significant rail defects from the track, so that the rail is delivered clean and can then be kept in condition through cyclic grinding. The nature of corrective milling is highly dependent on the damage pattern found in the field.

This market consultation covers corrective milling. ProRail currently (Autumn 2022) has a contract for corrective milling with Vossloh Rail Services. This contract ends by operation of law in August 2023. Based on the experience gained with Vossloh Rail Services, ProRail chooses to explicitly require milling as a machining technique in a subsequent tender. This means that alternative machining techniques will not be allowed.

ProRail aims to award the contract in the summer of 2023. This allows the contractor time to start planning and preparing the first milling shifts which should be executed in Q1 2024. In the meantime (summer '23 to jan-'24) the milling machine(s) of the contractor should be certified to meet the technical specifications of ProRail.

## 1.2 Purpose and dealing with uncertainties

### 1.2.1 Purpose of market consultation

Through this market consultation, ProRail wants to gain insight into whether and which parties are interested in competing in the tender for corrective milling. ProRail also wants to find out:

1. How it should structure its tender in order to maximise the opportunities offered by the market.
2. How it can design its contract to do justice to the high degree of uncertainty of the volume of work to be commissioned, about which more below.

### 1.2.2 Explanation of uncertainties

There is a high degree of uncertainty of the volume of work to be commissioned by ProRail under the future contract. There are two factors driving this uncertainty:

1. Corrective milling is damage-driven and therefore by definition prompted by defects found in the field. The occurrence of rail damage depends on many variables which make it impossible that ProRail cannot possibly indicate before the start of the contract to be concluded what the volume and geographical distribution of milling work will be.
2. In the coming years, ProRail will increasingly depend on Rail Maintenance Companies (PCAs) when it comes to initiating corrective milling. ProRail has divided the Netherlands into 21 areas where Performance-Based Maintenance (PGO) is carried out by PCAs engaged by ProRail. The areas are shown in the map in Annex 1.

An important fact is that the responsibility for and initiative of corrective milling differs in these 21 PGO areas. Another important fact is that the responsibility for and initiative of corrective milling may change per area as a result of the fact that a new PGO contract with amended agreements will eventually be in force in this area.

Specifically, three variants can be distinguished when it comes to the responsibility for corrective milling contracted under PGO.

1. PGO 2.X: ProRail is responsible for corrective milling
2. PGO 3.X: ProRail is not responsible for corrective milling
3. PGO 4.0: The PCA can call on ProRail to carry out a milling shift.

Re 1 concerning PGO 2.X:

- In figure 1, the coverage in geography and time of this variant is marked in red.
- These milling shifts are therefore in scope of the contract to be concluded.
- Figure 1 shows that this variant will disappear over time.

Re 2 concerning PGO 3.X:

- In figure 1, the coverage in geography and time of this variant is marked in green.
- In the areas where this variant is in force, ProRail does not perform corrective milling. However, there is a chance that the PCA may have rails correctively milled on its own initiative.
- Milling shifts that might be requested directly by the PCA are therefore out of scope of the agreement to be concluded.
- Figure 1 shows that this variant will disappear in the medium term.

Re 3 concerning PGO 4.0:

- In figure 1, the coverage in geography and time of this variant is marked in yellow.
- In the areas where this variant is in force, ProRail does not, as a rule, independently take the initiative for corrective milling. The initiative for corrective milling must come from the PCA in that area, which can call for milling shifts from ProRail.
- ProRail will forward the requests to the contracted rail milling firm, making ProRail the formal commissioning party of the milling shifts.
- These milling services thus fall in scope of the agreement to be concluded.
- Figure 1 shows that, based on current understanding, this variant will eventually replace the earlier two variants and will over time cover the entire country.

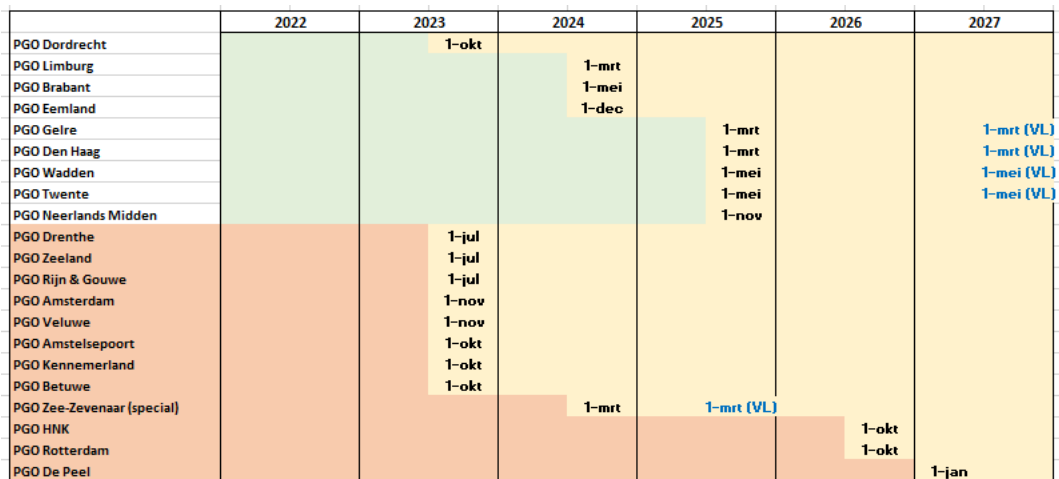


Figure 1. The term of the current PGO contracts and projected start dates of the new contracts per area. Note: this concerns an indicative planning, no rights can be derived therefrom!

## 1.2.3 Dealing with uncertainties

ProRail is committed to address the uncertainties identified above in the areas as effectively as possible:

1. Planning
2. Pricing model

### Planning

- ProRail will strive to bundle all milling scope resulting from PGO 2.X and PGO 4.X annually in the summer period. For PGO 4.X, this means that ProRail expects its PCAs to submit their applications annually in the summer period.
- Annually in September, ProRail will hand over all milling scope for the year n+1 to the contracted rail milling firm. The contractor will therefore know in September what the volume of work and geographical spread for year n+1 will be. The contractor is responsible for the planning of scope into work packages per shift and planning shifts on an execution date, arranging machine(s), possession and all safety resources needed.
- By using the above annual rhythm, ProRail thus enables its contractor to reserve man and machine capacity in good time and use this capacity economically, in such a way as to avoid unnecessary downtime of capital-intensive milling machines.

### Pricing model

- ProRail is happy to enter into consultation with you to explore with an open mind what type of pricing model does justice to the uncertainties outlined above.

## **1.3 Scope**

The services will consist of the corrective milling of the open track, switches, level crossings, tunnels and bridges, where a track section speed of > 40 km/h applies.

## **1.4 Proposed mode of contracting**

### **1.4.1 Division into contracts**

Based on current understanding, ProRail aims to conclude a framework agreement with a term of 4 years with possible extension options. The maximum term will never exceed 8 years.

### **1.4.2 Tendering procedure**

ProRail regards a (non-)public EU tender as the most efficient procurement procedure to find the suitable supplier.

## 2 Questions

### 2.1 Company details

1. Name and address details of your organisation; company name, contact name, address details, your business, representation?
2. What is the turnover of your company over the past three years?
3. In which countries do you carry out corrective maintenance work on rails by milling?
4. Can you independently take the necessary safety measures to work independently on the Dutch railways or do you need to contract a separate party for this?
5. Do you have a back office with sufficient planning capacity? Please note: the planning process of planning scope into work packages per shift and planning shifts on a date (arranging machine(s), possession and safety resources needed) is the responsibility of the contractor.
6. Do you have a CO2 performance certificate and, if so, at what step is your company?

### 2.2 Deployment of milling machines

7. Are your machines available to come to the Netherlands in Q1 every year to carry out the milling campaign? If not: can you inform us about conflicting activities (f.e. overhaul of equipment)?
8. What Euro standards do your milling machines comply with?
9. What milling machines (number and type) do you have at your disposal?
10. Do you have to arrange specific admissions before you can start the work on our network?
11. What is the operating speed of your milling machines at which volumes of steel removal over which objects?
12. Do your milling machines operate on bridges, level crossings and switches?
13. What method do you execute to prevent any residue to be left in the track?

### 2.3 Tendering and conditions

14. Which duration of a framework agreement is ideally of interest to you?
15. In order to assess more than by price, ProRail wants to apply sustainability (emissions, nuisance, noise, dust) as an award criterion in order to achieve its own objectives in this regard. Do you have any ideas to further shape such an award criterion?
16. If ProRail informs you in September of the milling scope for Q1 of the following calendar year, do you have enough time to plan this scope, to secure your personnel and machine capacity in order to realise the implementation in accordance with your planning? Perhaps redundantly, it is the contractor's responsibility to schedule the use of resources in accordance with the scope, including over time (annually in Q1).
17. What type of pricing model do you think does justice to the uncertainties described in this document, taking into account that the volume and geographical distribution of the work may differ from one contract year to another (think of, but not limitative: variable factors include graduated pricing, lump sum per execution year, fixed fee for mobilisation costs, etc.)?

## **3 Market consultation procedure**

### **3.1 Open and honest**

Participation in the market consultation is entirely non-binding and will not lead to any preferential treatment in the event of a tendering procedure. Conversely, failure to participate in the market consultation will not lead to the exclusion from any tendering procedure.

By participating in this market consultation, you agree that the information provided by you may be used by ProRail in (preparing) the tendering procedure. ProRail will respect the confidentiality of commercial statistical data provided by you.

ProRail attaches great value to a transparent process. It is not the intention to favour the market parties participating in the market consultation or to put non-participating parties at a disadvantage. From this perspective, all relevant information resulting from the market consultation will be made available to all potential tenderers upon publication of the tender or will be added to the tender dossier.

Any costs for participating in this market consultation will not be reimbursed.

### **3.2 We are eager to hear your ideas!**

In preparation for the proposed tender, ProRail wants to find out the opinion of market parties on this and the feasibility of the strategy drawn up.

We would like to exchange views on the feasibility of ProRail's request within the set frameworks and the details of the tendering process and associated contract form.

In preparation for a proposed tender, ProRail would like to gain more insight into the market and whether you are interested in participating in a tender.

With this market consultation, we expect to get a picture of the available suppliers and to what extent ProRail can make the scope and execution interesting.

### **3.3 Procedure**

This market consultation has been published on TenderNed and elsewhere as an open market consultation. This means that all parties in the market have the opportunity to participate.

The market consultation takes place in writing. First, you will be asked to submit the attached questionnaire by email before the date stated in section 3.4.

If the answers given are unclear or raise follow-up questions, ProRail may subsequently seek clarification.

The results of the market consultation will be summarised, establishing the main conclusions. In any event, no competitively sensitive information will be shared in this report. This document will be shared with all participants afterwards and - if applicable - will be attached to the tender dossier of a future tendering



procedure for information purposes. Where ProRail considers it possible and useful, the conclusions will be implemented in the tender dossier and/or the tendering procedure.

The market consultation consists of two steps:

1. Written: answering the questions (See Chapter 2).
2. Individual interviews with (some of) the market parties that have responded.

First, you will be asked to submit the attached questionnaire by email before the date stated in section 3.4. ProRail will then analyse the responses and on the basis of this analysis can determine whether it wishes to schedule a follow-up consultation with all or some of the participants. The purpose of a follow-up consultation may arise from further questions arising from answers given by a participant.

A report will be drawn up of each individual consultation and submitted to the participant for approval. ProRail will subsequently prepare a single integral (anonymised) report of all interviews in which the most important conclusions from the written reactions and the interviews are recorded. In any event, no competitively sensitive information will be shared in this report. This document will then be sent in draft form to all the participants in the consultation round, with the request that they review it and pass any comments on to ProRail. After all participants have been given the opportunity to comment, the document will be finalised by ProRail. The definitive document will be added to the tender dossier of a future tendering procedure for information purposes. Where ProRail considers it possible and useful, the conclusions will be implemented in the tender dossier and/or the tendering procedure.

### 3.4 Planning

| Date        | Activity                                                                     |
|-------------|------------------------------------------------------------------------------|
| 1/12/2022   | Publication / invitation to market consultation by ProRail                   |
| 23/12/2022  | Deadline for submitting your responses to our questionnaire                  |
| Week 2-2023 | Optional: offer further explanations on answers (via MS Teams or physically) |
| 23/01/2023  | Send final report to market consultation participants                        |

### 3.5 Contact

For questions about this market consultation and to register, please contact:

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Tel.: 06-4108 5996

# ProRail

Annex 1: overview contract areas ProRail

