crossing borders in energy

Market Consultation

Hystock (Construction)

Reference Number: WS2496161629

Contact Person: R. Meints
Version: Definitive

N.V. Nederlandse Gasunie
Groningen, April 2025

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1 GENERAL INFORMATION

1.1 Introduction

The HyStock project is an initiative of N.V. Nederlandse Gasunie aimed at hydrogen storage in Zuidwending. The goal of HyStock is to provide an efficient and sustainable solution for hydrogen storage, which is essential for the energy transition and reducing CO2 emissions. Gasunie believes in a sustainable future with a balanced energy mix and a lasting role for gas from various sources.

For more information about the project, see: https://www.hystock.nl/

1.2 N.V. Nederlandse Gasunie

Gasunie is an energy infrastructure company. Our network, with 17,000 kilometers of pipelines in the Netherlands and northern Germany, is one of the largest high-pressure pipeline networks in Europe. We transport natural gas and green gas through subsidiaries Gasunie Transport Services (GTS) in the Netherlands and Gasunie Deutschland in Germany. In addition, we also offer other services in the field of gas infrastructure, including gas storage and LNG.

Our energy is changing. Less and less natural gas, more and more green. Gasunie's network has been an important energy connection for the Netherlands for over 60 years, keeping homes warm and businesses running. To continue to play that connecting role in the future, we are now transforming our infrastructure. From natural gas transport to a new system for hydrogen, green gas, heat, and CO2 storage. This way, we are working towards less natural gas and more clean energy. Together with our partners in the market and government. So that the Netherlands can continue to rely on sufficient energy, for home and business.

How do we do that? Read more at www.gasunie.nl.

1.3 Purpose of Market Consultation

Gasunie aims to call on market parties to express their interest in this assignment through this market consultation. Through this inventory, Gasunie hopes to get answers to the question of whether there are (still) enough market parties to register for the assignment. In addition, Gasunie wants to get answers from market parties to a number of questions so that a (possible) tender can be better aligned with the market. Insights gained from the market consultation are used by Gasunie (where relevant) in the preparation of the tender. Gasunie reserves the right not to use these insights or not to use them fully. Gasunie tries to work as transparently as possible by using the results of the market consultation to prepare the tender.

2 INFORMATION ABOUT THE PROCEDURE OF THIS MARKET CONSULTATION

This chapter describes the working method, planning, and conditions of the market consultation.

2.1 Organisation and Design

The market consultation will take place with a number of selected parties in the form of multiple Teams meetings of 1.5 hours per party. **If your organization is interested in participating in this market consultation, you must notify the contact person via email in order to be registered as interested party.**

The questions that are central to this market consultation will be sent to the selected parties in advance. Last year, a first market orientation was already organized. The information from this market orientation is attached (Annex 1). Before the tender is put on the market, Gasunie wants to discuss a number of topics with a number of parties again. The possible topics that Gasunie wants to discuss are: market developments, possible selection criteria, pricing principles, and award criteria. Gasunie will invite parties that form a good representative reflection of the market in terms of size and different specialism. Therefore, Gasunie *will not engage in a conversation with every* party that registers for this market consultation.

2.1.1 Information Exchange

Communication about this market consultation must be done in writing, via email, mentioning "Market Consultation Tender Hystock Construction".

All communication regarding this market consultation goes through the following contact person: Mr. Reinier Meints (r.meints@gasunie.nl), senior buyer Gasunie.

For clear communication with the participants, Gasunie wishes to have communication with the participants of the market consultation through a fixed contact person. The name, address, phone number, and email address of the contact person of the participating market party must be mentioned.

2.1.2 Uncertainties or Questions About the Procedure of This Market Consultation

If the market consultation document leads to questions and/or uncertainties about the procedure, the opportunity is given to ask questions. Questions must be asked via email (r.meints@gasunie.nl). The deadline for asking questions is **Wednesday, April 16, 13:00.**

2.1.3 Completion of Market Consultation and Feedback of Results

The market consultation is completed by sending an (anonymized) report to all participating market parties. In addition, the report of the market consultation is published as an appendix to a (possible) tender. The report will contain an abstract representation of the obtained information and insights in the various parts of the project. If you wish to share competition-sensitive and/or business related confidential information, please indicate this explicitly so that this information will not be shared in the to be published report.

2.2 Planning

Description	Date
Publishing Market Consultation	Monday, April 6, 2025
Opportunity to Ask Questions	Wednesday, April 16, 2025
Meetings with Market Parties (1.5 hours per party)	Thursday, May 1, 2025
Meetings with Market Parties (1.5 hours per party)	Tuesday, May 6, 2025
Meetings with Market Parties (1.5 hours per party)	Wednesday, May 7, 2025

2.3 Principles and Conditions

This market consultation is non-binding for Gasunie and all involved.

- Information in this market consultation may differ from information provided later (in the context of a tender or other acquisition process). No rights can be derived from the information provided in the context of the market consultation. The information is indicative and solely intended to improve the quality of the (possible) tender. If this information conflicts with the information provided later (in the context of a tender or other acquisition process), the latter is leading.
- Gasunie treats all information sent by participating market parties confidentially if it is explicitly indicated and substantiated why this is confidential before the information is shared. Confidential information is only shown to employees and advisors directly involved in the market consultation. Gasunie is entitled to use the provided information to prepare (possible) tender documents and will not refer to participants in the market consultation or previously indicated confidential information.
- Participation in the market consultation is free of charge, but any costs incurred by you will not be reimbursed.
- Acquisition as a result of this market consultation is not appreciated.
- A final report will be made of the market consultation. This final report will reflect all questions and answers anonymously and the report will be published on TenderNed.

ANNEX 1 MARKET CONSULTATION 2024

Market consultation (week 18 en week 19 2024) Construction HyStock

Department
Procurement

Report
Marketconsultation Construction HyStock

Date, version
14 May 2024, definitive

Our characteristic
FPO 24.HyStock

Purpose of the market consultations

Consulting the market. Are there (a consortium with) Civil/WTB/E&I contractors who are interested in a project like HyStock. Which meet the following requirements:

Safety is paramount;
- Help as a partner with the success of the project;
- Can be involved in the feasibility of the design;
- Ideally can realize both Early Works and the total installation;
- Can be flexible in terms of timing;
- Is motivated to work efficiently, and dares to take limited risks for this;
- Can work largely emission-free (priority Sustainability).

We achieve the best price/quality with a relationship of trust in which all parties are motivated to meet obligations.

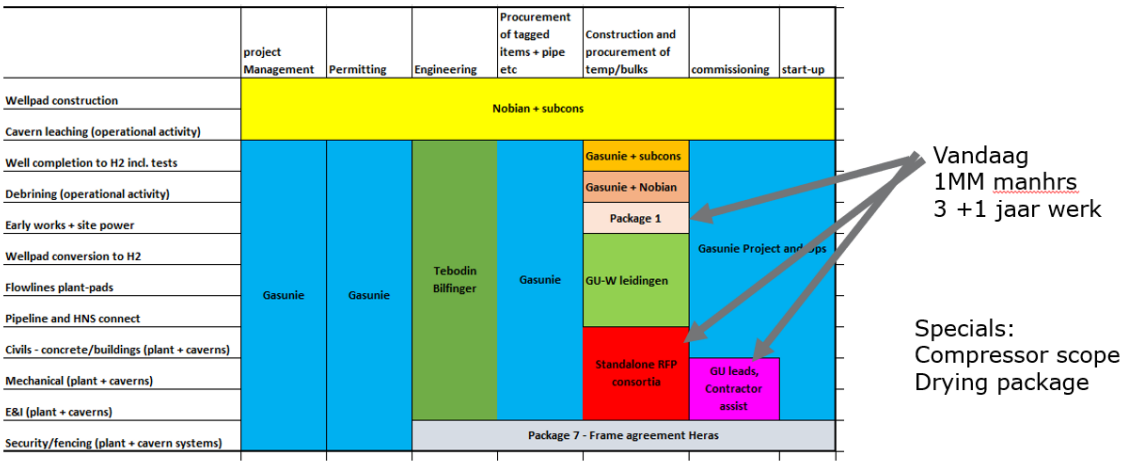
Are the consulted partners interested? If so, to what extent? What is important? Consortium versus alliance.

Context of the market consultations

- Putting Hystock on the map, it is the largest non-pipeline project for Gasunie/region
- Complexity of hydrogen requires high quality and innovation
- Good lessons from recent tenders
- Wish to involve implementation/construction/commissioning partners early
- Relationship with Gasunie's framework agreements
- Tightness on the market regarding resources
- Need for consortia formation

Based on the Contract Quilt, the market consultations concern:
Package 1 – Early Works
Package 2 – Civil works, WTB works and E&I works.
Package 3 – Commissioning

Period of construction is three years with 1 year extension for the construction of the extra works, i.e. additional work.



Scope of Work construction HyStock Plant

The construction of HyStock consists of several components. The components discussed concern the following components:

- Early Works: groundwork, cables, paving, sewerage, etc.
- Construction of the installation, consisting of:
  - Civil works, concrete works, buildings. This for both the installation and the caverns.
  - WTB works for the installation and for the caverns.
  - E&I works for the installation and for the caverns.
- Commissioning of the entire installation and the caverns.

Zuidwending natural gas storage – above ground:

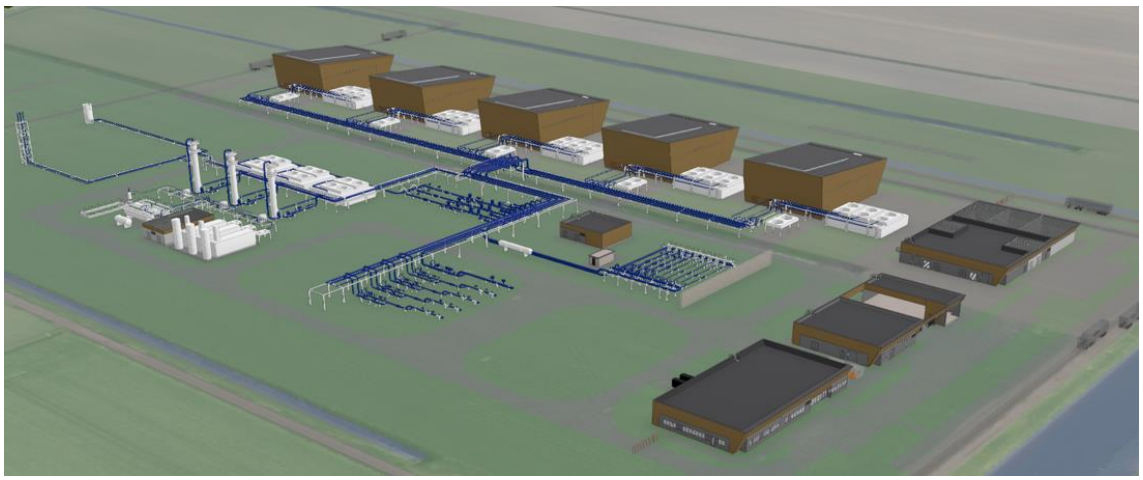


The HyStock Hydrogen Storage Project:



Orange is existing natural gas pipeline, which will be taken over by HNS.
Yellow pipelines are the new pipelines, which will be included in the GU-W TL contract.
Green is the new installation.

Basic design of the installation:



Risk allocation

- Fair and transparent.
- Objective: optimal outcome for all parties
  - For the client – best balance between price and quality;
  - For contractors – best balance between risk and return;
  - Jointly – minimize the chance that risks manifest.
- Risk must be borne by the party that has the most influence on the input, or that can most influence the manifestation of the risk.
- If risk does not have a clearly identifiable ''owner''?
- If risk occurs very rarely – not in prices/prepayment.

Do the consulted partners see any additional risk?
Yes, additional risks have surfaced. These are discussed in the observations.

	Risks that can occur prior to and during construction	Hystock	Contractor
Procurement	GU supply materials become more expensive	★	
	GU supply materials are delivered late	★	
	Contractor supply material shortage (bulks, concrete etc)		★
Permits	Permits are later than anticipated during negotiations	★	
	Permits are more constraining (e.g. electrification req's)	★	
Design	Technical issues/rework arising from GU/Hystock vendors	★	
	Design change (e.g. clashes, design mistakes/misses)	★	
	Unforeseen ground conditions, UXO or archeological finds	★	
	Quantity changes in MTO	★	
Funding	Schedule changes initiated by GU/Hystock – accelerate/defer	★	

	Risks that can occur prior to and during construction	Hystock	Contractor
Execution	Productivity of workforce		★
	Bad weather affecting performance of the work	★	
	Delays by GU vendors (e.g.compressor supervision)	★	
	Delay due to safety standdown arising from poor performance		★
	Delay due to no work permit >30 minutes (Contractor manages PTW)		★
	Planning interface between consortium (civil/mech/E&I)		★
	Construction equipment cost (type, standby and availability etc)		★
	Subcontractor cost escalation (quantity + duration) e.g. scaffold		★
Commissioning	All risks after Mechanically complete sign off (H2)	★	
Unforeseen	Labour rates go up in CBA´s (CAO) mid-project	★	
	Protest/blockades	★	

Contract models for consideration

1. Lumpsum, contractor bears all inflation, productivity, coordination and subcontractor risks.

Strengths	Weaknesses
Easier to compare bids	All risks for contractor priced in during the tender (higher initial price)
Contractor should be motivated to be efficient with its resources	Many exclusions mean that contractor can attribute lack of productivity to Gasunie risk items
It feels ´comfortable´ for the owner	It can feel uncomfortable for the Contractor
More price certainty?	Contract model typically leads to claim culture
	Not all contractors can offer a large LS

2. Unit rates – list of categories with price per unit.

Strengths	Weaknesses
Contractor has to manage productivity within the unit rate category	Complicated to tender and administer
Productivity incentive implicit in the unit rate	Many exclusions mean that contractor can attribute lack of productivity to Gasunie risk items (we have to be sure we can deliver our parts)
Owner will feel a degree of price certainty/internal interface risk coverage	Difficult to capture all events and interfaces in unit rates
	Overheads and margin/profit always tricky

3. Direction with an incentive.

Strengths	Weaknesses
Better working relationships	Target price mechanism is complex
Absence of claim culture	Assessing the margin/bonus element can be subjective
Risks do not have to be priced in during tender	In consortia – how to divide pain/gain elements fairly?
Delays in GU permits or company supplied items can be managed more easily	Lack of price certainty for owner
Incentive can motivate contractors to perform	

Tender timeline/ EU Tender

Design:

- Early Works RFP package available from 1/10/2024.
- Main plant 60% model completion 1/10/2024.
- Full RFP construction package for the plant April 2025.
- Key procurement items (compressors, flares, drying trains) tendered Q4 2024.

Start construction (permit dependent):

- Start Early Works Q1 2026 – (permit in hand): stripping, cables, roads, cables, temporary facilities, chain park.
- Mobilize and start main plant works in Q3 2026.

Expected EU tender period, approximately 12 months from start of RFI to award.

Option A – late tender and award

- Nearly complete detailed design.
- Fixed price.
- RFP process starts Q2 2025.
- Early Works to be tendered separately.

Option B – Early tendering and awarding

- At 60% complete detailed design
- unit rate of target price
- RFP starts Q3/4 2024.
- Early Works can be included
- Target price update for major changes compared to 60% detailed design, or to support FID
- Mechanism for target price/bonus/penalty to be agreed in advance

Findings, or results of market consultations

Project Positioning:

- HyStock is an attractive project to have on the order list. Also because Northern Netherlands seems quieter than Western Netherlands.
- HyStock is the only project that has progressed so far and will probably continue, unlike Elektrolyse and other projects.
- Contractor market is wary of Southern European parties with less attention to working conditions
- Understanding for not using framework agreements

Timing of the tender:

- Tender early, because the market is over-requested, by Gasunie and third parties. There is simply no capacity for WarmtelinQ + WNL + CO2 + Hystock + Tennet + Vitens + RWS + private customers.

- Start ~Sept-Oct 2024 with RFI based on detailed engineering at that time.
- Permit timing uncertainty can be absorbed by indexation after award

Consortia formation:

- Consortia formation this summer.
- No one can do it alone. One party is the only party who can do WTB, E&I alone, with the help of a Civil partner. All other parties go to a consortium/ VOF of 3 or more partners.

Commercial:

- Confirmation of our notion that Unit Rate and Lumpsum are not feasible.
- Target Price concept based on MTO and RFP package is a good basis for a tender. With indexation for staff, material and subcontractors.
- Possibility to work completely emission-free varies between the parties. Some had no problem with it, others saw this as a problem and very cost-increasing.
- Include Early Works in the same tender, so do not tender separately.
- Prefab is mentioned to reduce hours on site (up to 50%).

As with framework agreements, consider a fee for drawing up a good quality tender.

Next steps

- Receive successful commercial example models for target price contracts (from contractors).
- Formation of consortia by contractors (summer 2024).
- Compile RFI with correct risk allocation and commercial structure.
- Start European tender, approximately October 2024.
- Award mid-2025.