



Realising cost savings while procuring energy-efficient lighting for the London Underground



Public Procurement Principle: **Balance**



Procurement Stage: **Pre-tendering, Tendering**



Audience: **Policy maker, Procuring entity**

Description

Transport for London (TfL) sought to update the lighting system in the London Underground in 2015 as part of a wider push to reduce London's CO2 footprint. As part of this effort, TfL also identified the high maintenance expenses of the traditional lightning as a target for cost savings.

The procurement project was able to combine both goals – economy and environmental friendliness – successfully. In fact, the process proved so successful that has been expanded to other procurement needs.

The management of the procurement process included the following success factors:

- Early market engagement strategy with three effects: 1) allowing procurers to acquire the necessary technical knowledge to draft performance-based technical specifications, 2) sparking interest for innovation in the market, 3) increasing competition and with that improving value for money.
- Examining costs of the whole lifecycle of the product, including 1) how these Whole Lifecycle Costs (WLC) differ for the same product installed in different location, 2) a range of different costs beyond unit price, e.g. maintenance, energy use, installation, etc.

An analysis of options according to these two aspects revealed that:

1. the biggest savings were not from unit costs or costs of materials, but rather from elements along the lifecycle of a product, such as maintenance.
2. energy-efficient lighting options offered as much as 50% savings compared to the commonly installed (non-energy-efficient) option

Source: OECD (2019), [Public Procurement in Kazakhstan: Reforming for Efficiency](#), OECD Publishing, Paris

