

## TERMS OF REFERENCE

Name of Utility: **COTELCO-PPALMA**

Target Date of Publication: **March 24, 2025**

Purpose of CSP:  As scheduled in the PSPP  For RPS Compliance

TERMS OF REFERENCE	REQUIREMENT															
<b>Area/s to be Served</b>	On-Grid															
<b>Demand Requirement</b>	Lot 1: Baseload Lot 2: Intermediate for RPS Compliance															
<b>Type of Contract</b>	Physical PSA															
<b>Pricing Structure</b>	Lot 1 & Lot 2: Energy-based															
<b>Contract Term</b>	Lots 1 and 2: 10 years from the Target Delivery Date															
<b>Target Delivery Date</b>	Lots 1 and 2: July 26, 2025 or the next immediate 26 <sup>th</sup> day of the month following the ERC issuance of the Provisional Authority or Interim Relief (as applicable), or Final Authority (if neither Provisional Authority nor Interim Relief was issued by the ERC) and fulfillment of conditions precedent stated on the PSA															
<b>Bid price in Philippine Peso per kilowatt-hour (PhP/kWh)</b>	Lot 1 and Lot 2: LCOE shall be subject to a pre-determined “ceiling price” which shall only be revealed during the Opening of Bids															
<b>For Energy-based PSA</b>	Lot 1: The total dispatchable energy shall be at a maximum of 69,120 MWh on the duration between Year 1 up to Year 10.  Lot 2: the total dispatchable energy shall be at a maximum of 35,040 MWh per annum.															
<b>Preferred Plant Location, if applicable</b>	Lot 1: Within Region 11 and 12 Lot 2: Within Visayas and Mindanao															
<b>Tariff Structure</b>	<p>The tariff structure shall be unbundled into components as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Component</th> <th style="text-align: center;">Unit</th> <th style="text-align: center;">Indexation</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">CRF</td> <td style="text-align: center;">Fixed PhP/kWh</td> <td style="text-align: center;">No indexation</td> </tr> <tr> <td style="text-align: center;">FOM</td> <td style="text-align: center;">Fixed PhP/kWh</td> <td style="text-align: center;">PhCPI</td> </tr> <tr> <td style="text-align: center;">VOM</td> <td style="text-align: center;">Variable PhP/kWh</td> <td style="text-align: center;">PhCPI and/or Forex</td> </tr> <tr> <td style="text-align: center;">Fuel</td> <td style="text-align: center;">Variable PhP/kWh</td> <td style="text-align: center;">Fuel price and Forex</td> </tr> </tbody> </table> <p>Responsibility of the Bidder: Each of the unbundled tariff component shall be accompanied by a derivation, computation, or simulated value for every year of the PSA, as applicable. *Provision of latest 3-Month Sample bills from the bidder</p>	Component	Unit	Indexation	CRF	Fixed PhP/kWh	No indexation	FOM	Fixed PhP/kWh	PhCPI	VOM	Variable PhP/kWh	PhCPI and/or Forex	Fuel	Variable PhP/kWh	Fuel price and Forex
Component	Unit	Indexation														
CRF	Fixed PhP/kWh	No indexation														
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<b>Evaluation Framework</b>	The Financial Proposal of the Bidders shall be evaluated by calculating the equivalent price in 2025 of the Levelized Cost of Electricity (LCOE) over the 10-year period from the base bid price and other bid parameters submitted in accordance with the Evaluation Methodology detailed in the Instructions to Bidders.															

	The LCOE, shall be the basis for the comparison of bid offers to determine the lowest calculated bids.
<b>Outage Allowances per plant</b>	No outage allowance
<b>Force Majeure</b>	The provisions on Force Majeure of ERC Resolution No. 16 Series of 2023 and NEA Memorandum 2023-057 shall govern.
<b>Replacement Power</b>	The supplier shall not be entitled to any outage allowance.  If the supplier fails to deliver the power supply of COTELCO-PPALMA due to circumstances not falling under force majeure, the supplier shall be responsible for sourcing the supply from its portfolio of plants or WESM provided that the price that shall be passed on to COTELCO-PPALMA shall be the ERC Approved rate under the PSA or WESM rate, whichever is lower.
<b>Form of Payment</b>	Mode of payment: Check to a nominated bank. Currency of Payment: Philippine Peso Billing Period: Monthly, to be defined in the power supply agreement
<b>Penalty provisions in cases of delay in construction of the power plant or commencement of commercial operations</b>	For Base Load, the Supplier shall be penalized to be covered under PSA subject for ERC approval in cases of the following events and circumstances: <ul style="list-style-type: none"> <li>• Delay in Target Delivery Date;</li> <li>• Failure of delivery of power; and</li> <li>• Failure of provision of replacement power</li> </ul> For Intermediate Load, the Penalties for the Supplier are: <ul style="list-style-type: none"> <li>• No Certificate of Compliance (COC) – Delivered energy shall be settled using NPC/TOU rates (Mindanao)</li> <li>• Unmet Delivery Period - The Seller shall procure an equivalent RE Certificate (REC) at the Seller's account.</li> <li>• Outages beyond the allowed limit - The Seller shall procure an equivalent RE Certificate (REC) at the Seller's account.</li> </ul>
<b>Reduction of Contract Capacity and/or Contract Energy</b>	At the option of COTELCO-PPALMA, from time to time upon and after the implementation of Retail Competition and Open Access (“RCOA”), Green Energy Option Program (“GEOP”), Renewable Portfolio Standards (“RPS”), Net Metering programs, and other similar government programs, BUYER shall deliver to SELLER written notice specifying the reduction in Contract Capacity and/or Contract Energy resulting from the implementation of RCOA, GEOP, RPS, Net Metering programs, and other similar government programs, indicating when such reductions shall take place. Any such reduction shall be limited to an amount that will allow Buyer to comply with its obligation to supply electricity in the least cost manner to its captive market.
<b>Ground for Termination</b>	Valid grounds for termination are: <ul style="list-style-type: none"> <li>• Event of default to be defined in the Power Supply Agreement (“PSA”);</li> <li>• Extended Force Majeure Events to be defined in the PSA;</li> <li>• Expiration of Term; and</li> <li>• Other reasonable ground for termination as may be indicated in the PSA</li> </ul>

	<p>Undelivered Contracted Capacity, upon termination of the PSA, shall not be at the account of the Buyer.</p>
<p><b>Eligibility Requirements</b></p>	<p style="text-align: center;"><u>Financial</u></p> <p>NFCC = [(Current assets minus current liabilities x 15)] minus the value of all unsecured outstanding or uncompleted portions of the projects under on-going contracts, including awarded contracts yet to be started coinciding with the contract to be bid.</p> <p>Bidders may submit a sworn statement executed by the President and Comptroller of its Subsidiary, Affiliate, or Parent Company categorically stating under oath that the NFCC of the Subsidiary, Affiliate, or Parent Company complies with the foregoing requirements. Further the Subsidiary, Affiliate, or Parent company must execute a Financial Support Guarantee as provided in the bidding documents.</p> <p>A Bidder who cites a Subsidiary, Affiliate, or Parent Company to comply with the financial capability requirement must present proof to establish that the cited entity is indeed its Subsidiary, Affiliate, or Parent Company.</p> <p style="text-align: center;"><u>Technical</u></p> <p>The Bidders, including its Affiliates, shall have the following aggregate generation portfolio at the time of submission of Bid:</p> <ul style="list-style-type: none"> <li>• Installed capacity of at least 10 MW in the Philippines for Lot 1;</li> <li>• Installed capacity of at least 5 MW in the Philippines for Lot 2; and</li> <li>• Installed capacity of at least 15MW in the Philippines for Lots 1 and 2.</li> </ul> <p>The Bidders shall have a track record of at least five (5) years of experience in operating power plants in the Philippines.</p> <p>In lieu of the foregoing Technical requirements, the Bidder may submit the following: (a) Key Personnel Experience – curriculum vitae of key personnel of the prospective Bidder showing they have sufficient experience in the electric power industry, particularly in the generation sector; and (ii) Other relevant information showing proof of the technical capabilities of the Bidder that would be helpful to the SBAC.</p>
<p><b>Other Terms and Conditions</b></p>	<ul style="list-style-type: none"> <li>• Delivery and metering of Contract Quantity at COTELCO-PPALMA’s Connection and Metering points to the Grid. Nominations are therefore referred to at the trading nodes where the delivery and metering points are located in the Grid.</li> <li>• All line rental and congestion charges in the delivery of power shall be for the account of the Supplier.</li> <li>• Guaranteed Supply of Baseload Capacity for the duration of the Power Supply Agreement (PSA).</li> </ul>