

SIXTH SCHEDULE
FEES AND ADJUSTMENTS

Parties agree on the following fees to reflect specific and verifiable fluctuations and inflation, fuel, and foreign exchange for the duration of the Agreement. In the event that the sources stated herein cease to provide indices or bases which are used in the calculation of the Total Electricity Fee, no unilateral nor automatic adjustment shall be performed by WINNING BIDDER unless an amendment reflecting such change is signed by both parties.

The Total Electricity Fees shall be computed, as follows:

1. The **Total Electricity Fees** to be paid by ORMECO for the supply of power by WINNING BIDDER shall be the sum of the Capital Recovery Fee, the Fixed O&M Fee, the Variable O&M Fee, Lube Oil Fee and the Fuel Fee, less the Prompt Payment Discount. The Billing Determinant is equal to the Monthly Contracted Energy as provided in Clause 7.

$$TEF_{month} = \sum_{Plant, Tech} EF_{month}^{PlantTech}$$

Where:

$$TEF_{month}^{PlantTech} = (CRF + FOMF + VOMF + FF + LF)_{month} - \text{Prompt Payment Discount}$$

2. **Capital Recovery Fee (CRF)** – The monthly Capital Recovery Fee to be paid by ORMECO shall be the product of Capital Recovery Rate and Energy Delivered by the NPP’s Power Plant in the Billing Month.

$$CRF_{month}^{PlantTech} = CR\ Rate \times Q_{month}^{PlantTech}$$

Where:

$Q_{month}^{PlantTech}$ - Energy Delivered by the NPP's Power Plant in the Billing Month

$CR\ Rate$ – Applicable Price of Capital Recovery for the Billing Month

For CR Rate;

$$CR_{month} = CRL_{Base}^{Plant} (CUF_{month})$$

$$CUF_{month} = \frac{Q_{month}}{TDCC - (H_T - H_{TFM})}$$

Where:

$CRL_{Base}^{Plant} (CUF_{month})$ – the Bid Price of local fixed capacity recovery cost at a given CUF in the Billing Month

CUF_{month} – Capacity Utilization Factor in the Billing Month

H_T – Total number of hours of the Billing Month

H_{TFM} – Equivalent Hours of Outages due to Force Majeure for the Billing Month

3. **Fixed O&M Fee** – The monthly Fixed Operation and Maintenance Fee to be paid by ORMECO shall be computed in accordance with the following formula:

$$FOMF_{month}^{PlantTech} = FOMRate \times Q_{month}^{PlantTech}$$

For FOMRate;

$$FOMRate_{month} = k_{local}^{FOM} \times FOM_{local,base}^{Plant} (CUF_{month}) \times \frac{PHCPI_{month-1}}{PHCPI_{Oct2022}} + (1 - k_{local}^{FOM}) \times FOM_{local,base}^{Plant} (CUF_{month}) + k_{foreign}^{FOM} \times FOM_{foreign,base}^{Plant} (CUF_{month}) \times \frac{USCPI_{month-1}}{USCPI_{Oct2022}} + (1 - k_{foreign}^{FOM}) \times FOM_{foreign,base}^{Plant} (CUF_{month}) \times \frac{FOREX_{month-1}}{FOREX_{Oct2022}}$$

Where:

$FOM_{local,base}^{Plant} (CUF_{month})$ - is the value of local Fixed O&M cost component at a given CUF in the Billing Month

$FOM_{foreign,base}^{Plant} (CUF_{month})$ – is the value of foreign Fixed O&M cost component at a given CUF in the Billing Month

$PHCPI_{month-1}$ – is the value of the Philippine Consumer Price Index on the month preceding the Billing Month

$PHCPI_{Oct2022}$ – is the base value of the Philippine Consumer Price Index (2018 = 100) of All Income Households for All Items for the reference month of October 2022, equal to 117.9, published by the Philippine Statistics Authority

$USCPI_{month-1}$ – is the value of the US Consumer Price Index on the month preceding the Billing Month

$USCPI_{Oct2022}$ – is the average of the US Consumer Price Index for All Urban Consumers (CPI-U) (1982-84 = 100, by expenditure category, for the reference month October 2022, equal to 298.012, published by the US Bureau of Labor Statistics

$FOREX_{month-1}$ – is the value of the Monthly Average Foreign Exchange between the Philippine Peso and US Dollar on the month preceding the Billing Month published by Bangko Sentral ng Pilipinas

$FOREX_{Oct2022}$ - is the value of the Monthly Average Foreign Exchange between the Philippine Peso and US Dollar on October 2022, equal to PhP per USD, as published by Bangko Sentral ng Pilipinas

k_{local}^{FOM} – is the indexation parameter in percent with an effective value between 0 (for no indexation) to 1 (for full indexation) for local Fixed O&M

$k_{foreign}^{FOM}$ - is the indexation parameter in percent with an effective value between 0 (for no indexation) to 1 (for full indexation) for foreign Fixed O&M

4. **Variable O&M Fee** - The monthly Variable Operation and Maintenance Fee to be paid by ORMECO shall be computed in accordance with the following formula:

$$VOMF_{month}^{PlantTech} = VOMRate \times Q_{month}^{PlantTech}$$

For VOMR;

$$\begin{aligned}
 VOMR_{month} = & k_{local}^{VOM} \times VOM_{local,base}^{Plant}(CUF_{month}) \times \frac{PHCPI_{month-1}}{PHCPI_{Oct2022}} \\
 & + (1 - k_{local}^{VOM}) \times VOM_{local,base}^{Plant}(CUF_{month}) \\
 & + k_{foreign}^{VOM} \times VOM_{foreign,base}^{Plant}(CUF_{month}) \times \frac{USCPI_{month-1}}{USCPI_{Oct2022}} \times \frac{FOREX_{month-1}}{FOREX_{Oct2022}} \\
 & + (1 - k_{foreign}^{VOM}) \times VOM_{foreign,base}^{Plant}(CUF_{month}) \times \frac{FOREX_{month-1}}{FOREX_{Oct2022}}
 \end{aligned}$$

Where:

$VOM_{local,base}^{Plant}(CUF_{month})$ - is the value of local variable Fixed O&M cost component at a given CUF in the Billing Month

$VOM_{foreign,base}^{Plant}(CUF_{month})$ - is the value of foreign variable Fixed O&M cost component at a given CUF in the Billing Month

k_{local}^{VOM} - is the indexation parameter in percent with an effective value between 0 (for no indexation) to 1 (for full indexation) for local Variable O&M

$k_{foreign}^{VOM}$ - is the indexation parameter in percent with an effective value between 0 (for no indexation) to 1 (for full indexation) for foreign Variable O&M

5. **Fuel Fee** - The monthly Fuel Fee to be paid by ORMECO shall be computed in accordance with the following formula:

$$FF_{month}^{Plant_{Tech}} = FC \times FuelRate \times Q_{month}^{Plant_{Tech}}$$

Fuel Fee is passed on charge based on actual market price i.e. Fuel Cost (FC) but limited to a fuel rate of 0.2725 Liter per kWh for diesel-fired power plants and 0.25 Liter per kWh for bunker C-fired power plant, and/or whichever is lower based on the actual consumption.

6. **Lube Oil Fee** - The monthly Lube Oil Fee to be paid by ORMECO shall be computed in accordance with the following formula:

$$LF_{month}^{Plant_{Tech}} = LOC \times Lube\ Oil\ Rate \times Q_{month}^{Plant_{Tech}}$$

Lube Oil is based on local market price i.e. Lube Oil Cost (LOC) but limited to a guaranteed lube oil consumption rate of 0.001 Liter per kWh for diesel-fired power plants and 0.00168 Liter per kWh for Bunker C-fired power plants, and/or whichever is lower based on the actual consumption.

7. Adjustments

- a. In the event that the guaranteed dependable capacity is not satisfied for the Billing Period, the average-to-contracted-capacity ratio shall be computed to determine the equivalent monthly contracted energy.

8. Prompt Payment Discount

ORMECO shall be entitled to a Prompt Payment Discount equivalent to ___ percent (___%) of the _____ if full payment is made within ___ calendar days upon receipt of the Billing Statement.

9. Late Payment

A payment is considered late if it is made thirty (30) calendar days upon receipt of the Billing Statement.

10. Other discounts

- a. The CRF and FOM rates shall not be applied to any excess from the monthly contracted energy.

11. Attachments to the Billing Statement

- a. Certificate of Delivered Energy
- b. Copy of Fuel Sales Invoice (indicating the amount of fuel delivery and the corresponding price)

- c. Certificate of Fuel Inventory
- d. Report of Hourly Dispatchable Capacity
- e. Fees Computation (indicating the fee for each tariff component, VAT-inclusive)

12. **Consumer Rate Protection**

For the interest and benefit of energy consumers, the Parties agree that the generation rates passed on to the consumers shall be the same as the ERC-approved SPUG rate provision of the Department of Energy (DOE) Circular No. 2004-01-001.

The Parties further agree that ORMECO shall file and submit before the NPC-SPUG an application for the UC-ME subsidy.