

16. FINANCIAL PROPOSAL

16.1 The Financial Proposal of the Bid shall be accomplished and submitted using the Financial Bid Forms prescribed in Annex B-1.

16.1.1. For the electronic copy of Financial Proposal, Bidders shall only fill in values for cells in green. All other cells are either locked, or have automatic computation. Bidders shall provide the Name of the Bidder, Contract Term, Delivery Date, Power Plant Name, Power Plant Location, and indicate if the power plant's supply comes from a renewable source.

16.1.2. Bidder must select from the drop-down menu its specific plant type.

Annual allowed outages must not exceed the scheduled and unscheduled outages indicated in the reference table provided for specific plant types. In case the bidder inputs the declared outage before choosing the plant type and exceeds the maximum allowable outage, the cell will turn red and an error prompt will appear.

16.1.3. For the Type of Fuel and technology, the template automatically select when you select from the drop-down menu of the specific plant type.

Each types of fuel selected has a corresponding inflation factors to be used for the forecasting of fuel fee from Year 2 to Year 15. This inflation factor will be used for the purpose of bid evaluation.

16.1.4. The Bidder shall prepare Financial Proposals for Lot 1 and/or Lot 2, wherein:

- Lot 1 shall be the offer for baseload requirements of the NECA-member ECs
- Lot 2 shall be the offer for peaking requirements of the NECA-member ECs

NECA EC shall enter a PSA with the Winning Bidder with the following price structure:

Effective Rate = CRF + FOM + VOM + FUEL FEE

Where:

CRF = Capital Recovery Fee (CRF), Php/kWh

FOM = Fixed Operations and Maintenance, Php/kWh

VOM = Variable Operations and Maintenance, Php/kWh

FUEL FEE = amount of Fuel, including transportation and importation fees

16.1.5. The Bidder shall fulfill the Financial Proposal of the Bidder and shall detail the following wherein:

- CRF and FOM shall not exceed Php 2.6000/kWh for the baseload and Php 3.5000/kWh for the peaking for the whole duration of the contract. There shall be no escalation, indexation, and/or increase in these tariff components.
- VOM shall be based on the actual cost incurred for the VOM activities. Bidders must itemize all costs and components contributing to the computation of VOM Fee. The provided VOM components will be the definitive declared components in the PSA implementation. This will be reflected in Schedule 4 of the Agreement.

In the PSA implementation, the VOM Base Fee computation shall be based on the latest twelve (12) month data of the nominated power plants' VOM costs and Generated Net Energy. There shall be a monthly adjustment based on the latest available CPI data (n) against the previous CPI data (n-1) as found in the Philippine Statistics Authority website showing the Consumer Price Index for All Income Household in the Philippines-All Items. Furthermore, in order to reflect the actual costs, aside from the monthly adjustments based on CPI the VOM base fee shall be adjusted annually, based on the previous year's incurred VOM costs and generated kWh. These shall be supported with invoices for the amounts declared under Variable Operations and Maintenance. The actual costs of the VOM and the payments made against the VOM shall be reconciled before the annual adjustments.

In the bid proposal and for the purpose of evaluation, the VOM Base Fee computation shall be based on the June 2023 to May 2024 billing period data of the nominated power plants' VOM costs and Generated Net Energy for Year 1. For the succeeding years, the VOM Base Fee shall be escalated by pre-determined inflation factors to be provided in the Financial Proposal template.

Exchange Rate (April-May 2024)	=	57.36 PhP/\$
Foreign Components (April-May 2024)	=	3.30%
Local Components (April-May 2024)	=	3.80%

Bidder shall also provide the items/components of the expenses used in the computation of the VOM expensed. This is found in worksheet "VOM Declaration" of Annex B-1 – Financial Computation.

The invoices used as supporting documents in the bid proposal shall be the same relative documents to be used in the PSA implementation.

- Fuel Fee (FF) shall be based on the total costs (foreign and locally procured fuel) incurred for the billing period to generate the kWh for the same billing period.

In the PSA implementation, the FF computation shall be based on the latest three (3) month data of the nominated power plants' Fuel costs and Generated Net Energy. There shall be a monthly adjustment based on the latest available CPI data (n) against the previous CPI data (n-1) as found in the Philippine Statistics Authority website showing the Consumer Price Index for All Income Household in the Philippines-All Items. Furthermore, in order to reflect the actual costs, aside from the monthly adjustments based on CPI the FF base fee shall be adjusted quarterly, based on the previous quarter's incurred FF costs and generated kWh. These shall be supported with invoices for the amounts declared under Fuel Fee costs. The actual costs of the FF and the payments made against the FF shall be reconciled before the quarterly adjustments.

In the bid proposal and for the purpose of evaluation, the FF computation shall be based on the March 2024 to May 2024 billing period data of the nominated power plants' FF costs and Generated Net Energy for Year 1, **exclusive of VAT**. For the succeeding years, the FF shall be escalated by pre-determined inflation factors to be provided in the Financial Proposal template.

The invoices used as supporting documents, along with a narrative on how the values declared in the Bid Proposal were computed in the bid proposal shall be the same relative documents to be used in the PSA implementation.

Consumption Rate / Actual Fuel Rate – NET - For the purpose of the Bid Proposal, the Consumption Rate to be used for Years 1 to 15 shall be equal to the latest consumption rate computed (March-May 2024). However, in the implementation of the PSA, the actual consumption rate of the fuel shall be adjusted quarterly. The consumption rate to be used for adjustment shall be based on the latest billing quarter (n-1), provided that it shall not exceed the ERC range of approved fuel consumption rates.

Range of Approved Fuel Consumption Rates

Type of Technology	Fuel Consumption Rate
1. Coal	0.60kg/kWh to 1.0kg/kWh
2. Bunker/Diesel	0.2190li/kWh to 0.3009li/kWh

- 16.2. All values shall be encoded in the Financial Proposal as found in Annex B-1 shall be rounded off to four (4) decimal places. In the event that Bidder provided until the hundredths value only, NECA shall assume that the thousandths and ten thousandths value are zero (0).
- 16.3. Bidders may provide discounts and shall be declared in Php/kWh. Bidder shall also state the conditions in order to avail the discount. However, this shall not be considered in the initial evaluation of the bid.
- 16.4. The values declared by the Bidders in the Annex shall be firm and binding and translated into the Power Supply Agreement with the Winning Bidder.
- 16.5. The Winning Bidder shall not re-negotiate the computation of the electricity fees.
- 16.6. Bidders may offer additional services to provide voltage regulation and improve power quality within the distribution lines, which shall be included in the final draft of the PSA, but not be limited to direct technical assistance and may include equally important services such as CSR activities for the improvement of Member-Consumer Owner's welfare.