



BID BULLETIN NO. 06
31 July 2024

*FOR PALAWAN ELECTRIC COOPERATIVE 40MW BASELOAD SUPPLY AND 15MW
 PEAKING SUPPLY OF POWER FOR THE PALAWAN MAIN GRID*

Pursuant to *I-03, paragraph 1 of the Bidding Procedures* for the Competitive Selection Process conducted by the National Electrification Administration (NEA) for Palawan Electric Cooperative’s (PALECO) 40MW baseload supply and 15MW peaking supply of power for the Palawan Main Grid (the “Transaction”) as well as the prevailing regulations of the Energy Regulatory Commission and NEA, the NEA-Special Bids Awards Committee (NEA-SBAC) hereby issues Bid Bulletin No. 6.

The NEA-SBAC’s official response to the questions and issues raised by the prospective Bidders during the 2nd Pre-Bid Conference is attached as **Annex “A”** to this Bid Bulletin.

In response to the comments raised by the prospective Bidders as well as the independent evaluation of the NEA-SBAC, the *Final Terms of Reference (Annex “B”)* and *Final Transaction Documents* are hereby issued. The NEA-SBAC shall distribute the *Final Transaction Documents* to the prospective Bidders via their registered email addresses.

Prospective Bidders are reminded to refer to the *Final Transaction Documents* and no longer rely on the previous versions. Relief will not be granted to any prospective Bidder for any plea of negligence, error, or mistake resulting from reliance on the previous version of the Transaction Documents.

Bidder’s bidding documents and proposals must be physically and actually received by the NEA-SBAC Secretariat from 15 August 2024 to 16 August 2024 at the following time and venues:

- If Bidder shall submit on 15 August 2024, submission must be between 9:00AM – 4:00PM at the PALECO Main Office;
- If Bidder shall submit on 16 August 2024, submission must be between 8:00AM – 9:00AM at the Convention A, 2nd Floor, Aziza Paradise Hotel Brgy. San Manuel, Puerto Princesa City.

Bidders are reminded that the opening and evaluation of bids shall be on 16 August 2024 at 10:00AM at the Convention A, 2nd Floor, Aziza Paradise Hotel Brgy. San Manuel, Puerto Princesa City.

Kindly acknowledge receipt of this Bid Bulletin and accomplish the form provided below and send to the NEA-SBAC through paleco.nea.csp.secretariat@gmail.com. For inquiries, please contact NEA-SBAC Secretariat Diana Jean G. Maala at (02) 8929-1909 loc. 8180.

For the guidance and information of all concerned.

Approved by: NEA-SBAC


ENGR. ERNESTO O. SILVANO, JR.
 Chairperson

 This is to confirm the receipt of Bid Bulletin No. 06 and to manifest acceptance of the terms and conditions outlined therein.

Received by : _____
 Name of Company : _____
 Date : _____

RESPONSE TO THE WRITTEN COMMENTS AND QUERIES OF DELTA P, INC.

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
1.	Schedule 3, Acceptance of Bidding Documents	<p>Acknowledgment</p> <p>"xxx known to me and known to be the same persons who executed the foregoing</p> <p>Acceptance of the Bidding Documents consisting of"</p> <p>Replace "Acceptance of Bidding Documents" with "Certification on Acceptance of Transaction Documents"</p>	To be consistent with the actual title reflected in Schedule 3.	Adopted.
2.	Schedule 6, Bidding Procedures, Page 196	<p>"The template states the following:</p> <p>[Any other appropriate government agency/ies mentioned or referred to in Bidder's submission]"</p> <p>We would like to clarify if bidders should list down all government agencies which issued certified true copies of the documents submitted.</p>	The clarification will specifically determine the requirements for the bid submission and enable bidders to comply therewith.	In Schedule 9, Bidders shall indicate all the names of the government agencies and banks mentioned in their respective submissions, not only those institutions that issued certified true copies. For example, if the Bidder submits an <i>original</i> copy of its Articles of Incorporation issued by the SEC, the Bidder should include the SEC in Schedule 9. If the Bidder submits a <i>photocopy</i> of its Credit Line Certification from Bank A, the Bidder should include the Bank A in Schedule 9.
3.	Schedule 7, Certificate of Non- Applicability	<p>2nd par:</p> <p>"2. I am the authorized representative of [Bidder's Name] as per</p>	Bidder does not have Board Resolution Nos., as such would like to request NEA- SBAC if item 2 can be rephrased as	Acceptable. The Bidder may revise Schedule 7 accordingly.

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		Board Resolution No. _____ dated __, submitted in accordance with this Transaction."	follows: "2. I am the authorized representative of [Bidder's Name] as unanimously approved and adopted by the Board during a special/regular meeting on _____ , which a quorum was present and existed throughout, submitted in accordance with this Transaction."	
4.	Schedule 13, Affidavit to Infuse Equity	On behalf of the Corporation, I hereby certify and attest that the Corporation shall infuse the required equity contribution to the Bidder in amount of _____ Pesos (Php_____) should the Bidder be declared as the Winning Bidder in the Transaction. Proposed revision: On behalf of the Corporation, I hereby certify and attest that the Corporation shall infuse the required equity contribution to the Bidder in amount of _____ Pesos (Php____) to develop and operate the proposed power facility should the Bidder be declared as the Winning Bidder in the Transaction.	We suggest that the portion stating a specific amount of investment be revised to a more general statement, considering the amounts to be infused would require a determination of whether the project will be funded purely by equity or if project financing will be secured-which cannot be determined as of bid submission date.	Adopted.
5.	Schedule 16, Undertaking	Suggestion to add a signature portion and attestation:	The template provided for Schedule 6 does not have a	Adopted.

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		<p>(Authorized Representative)</p> <p>Affiant</p> <p>SUBSCRIBED AND SWORN to before me, this _____ day of _____ at _____, Philippines, affiant exhibiting to me his/her _____ issue d on _____ at _____, Philippines. Doc No. _____ Page No. _</p>	signature portion. Considering this is an Undertaking, an attestation is necessary.	
6.	Schedule 16, Undertaking	<p>For completion of statement:</p> <p>I, (name), (citizenship), of legal age, with office address at (address), as the (position/designation) of (name of Bidder), a (corporation/partnership) organized and existing under and by virtue of the laws of the (country of incorporation) (the “Bidder”), state as follows:</p>	The statement provided by NEA-SBAC is incomplete.	Adopted.
7.	Schedule 17 - A - Technical Simulation Form Lot 1; Row 48-49	<p>AMDE in MWh for 27MW uses 8760 as a multiplier. Since the 27MW is only applicable for 4 months, the corresponding multiplier should also reflect the same.</p> <p>Result AMDE uses 2208 as a multiplier. What is the basis? There should be consistency in the multipliers using 4 months period for 27MW capacity. May we also know how 79572 was computed? Should we assume 100% capacity factor for 27MW with 2208 as multiplier, AMDE would only be at 59616</p>	We seek clarification as to the computation of the AMDE to aid the bidders in providing accurate data.	<p>The multiplier for the <i>Lot 1 Technical Simulation Form</i> for 27 MW shall be revised to 2,952, which is the hours from 01 October 2024 to 31 January 2025.</p> <p>For purposes of complying with the Technical Simulation Form for Lot 1 (27 MW), the offered capacity must reach 79,704,000 kWh, which is 27 MW</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		at a maximum.		<p>multiplied by the hours from 01 October 2024 to 31 January 2025 at 100% capacity factor.</p> <p>The Terms of Reference was corrected to reflect 59,616,000 kWh as the AMDE for year 2024 for Lot 1.</p> <p>The figure of 79,572,000 kWh was an inadvertent error in calculation. It is mathematically impossible to produce 79,572,000 kWh from October 2024 to December 2024 at a capacity of 27 MW, even assuming a 100% capacity factor.</p>
8.	Annex H - Technical Bid Evaluation Form, Item 4, Page 4	Considering the OEM is in a better position to issue the sworn certification, would a sworn certification issued by the OEM with the pertinent snippets of the manual be sufficient to comply with this requirement?	In item 4 of Annex H, the requirement is to submit a manual or a sworn certification showing that the power plant is capable of running for baseload and peaking supply. The sworn certification is typically issued by the OEM. However, in item 4, the requirement says to submit "a sworn certification from its existing or prospective Engineering-Procurement-Construction ("EPC") contractor."	<p>Acceptable. The Bidder shall submit a sworn certification from its existing or prospective Original Equipment Manufacturer (OEM) or from its existing or prospective Engineering-Procurement-Construction ("EPC") contractor showing the following:</p> <p>a. For Baseload (Lot 1): the power plant offered shall be capable of running at least at 70% Capacity Factor and have a Ramp Up Rate of 222 kW/minute.</p> <p>b. For Peaking (Lot 2): the power plant offered shall be capable of running at least at 30% Capacity Factor and have a Ramp Up Rate of 830 kW/minute.</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response		
9.	Annex H - Technical Bid Evaluation Form, Item 4, Page 4	<p>Suggestion is to allow certification from OEM declaring the proposed plant can supply the baseload demand for Lot 1 or peaking demand for Lot 2.</p> <p>Please refer below for the snippet of the requirement:</p> <table border="1" data-bbox="655 578 1494 1068"> <tr> <td data-bbox="655 578 728 1068">4.</td> <td data-bbox="728 578 1494 1068"> <p>The CSP shall be open for all technology that can supply the baseload demand for Lot 1 and the peaking demand for Lot 2, subject to the environmental limitations, regulations, and promulgations of the local government units of Palawan</p> <p>For this requirement, the Bidder shall submit the manual from its existing or prospective Original Equipment Manufacturer (OEM) or a sworn certification from its existing or prospective Engineering-Procurement-Construction ("EPC") contractor showing the following:</p> <ul style="list-style-type: none"> i. <u>For Baseload (Lot 1)</u>: the power plant offered shall be capable of running at least at 70% Capacity Factor and have a Ramp Up Rate of 222 kW/minute. ii. <u>For Peaking (Lot 2)</u>: the power plant offered shall be capable of running at least at 30% Capacity Factor and have a Ramp Up Rate of 830 kW/minute. </td> </tr> </table>	4.	<p>The CSP shall be open for all technology that can supply the baseload demand for Lot 1 and the peaking demand for Lot 2, subject to the environmental limitations, regulations, and promulgations of the local government units of Palawan</p> <p>For this requirement, the Bidder shall submit the manual from its existing or prospective Original Equipment Manufacturer (OEM) or a sworn certification from its existing or prospective Engineering-Procurement-Construction ("EPC") contractor showing the following:</p> <ul style="list-style-type: none"> i. <u>For Baseload (Lot 1)</u>: the power plant offered shall be capable of running at least at 70% Capacity Factor and have a Ramp Up Rate of 222 kW/minute. ii. <u>For Peaking (Lot 2)</u>: the power plant offered shall be capable of running at least at 30% Capacity Factor and have a Ramp Up Rate of 830 kW/minute. 	Capacity factor is a lagging indicator and is not part of engine specifications. Capacity factor depends on how the plant is dispatched by the system operator and actual unavailable hours. Thus, this is not included in technical manuals or commercial brochures.	Please see answer to Question 8.
4.	<p>The CSP shall be open for all technology that can supply the baseload demand for Lot 1 and the peaking demand for Lot 2, subject to the environmental limitations, regulations, and promulgations of the local government units of Palawan</p> <p>For this requirement, the Bidder shall submit the manual from its existing or prospective Original Equipment Manufacturer (OEM) or a sworn certification from its existing or prospective Engineering-Procurement-Construction ("EPC") contractor showing the following:</p> <ul style="list-style-type: none"> i. <u>For Baseload (Lot 1)</u>: the power plant offered shall be capable of running at least at 70% Capacity Factor and have a Ramp Up Rate of 222 kW/minute. ii. <u>For Peaking (Lot 2)</u>: the power plant offered shall be capable of running at least at 30% Capacity Factor and have a Ramp Up Rate of 830 kW/minute. 					
10.	Bidding Procedures, I-02 Subject of the Bid Proposal, Item 4 Table 1.1 - Lot 1, page 4	The annual maximum deliverable energy for 2024 is left blank.	We seek clarification as to whether means that annual maximum deliverable energy will not be applicable for 2024.	Please see answer to Question 7.		
		The schedule of bidding activities indicates that the bid	Kindly clarify if the bid	Bidder shall submit their proposals from 15		

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
	Bidding Procedures, II-08 Submission of Eligibility Requirements and Bid Proposals, Item 1, page 13	submission is on August 15, 2024. However, II-08 Submission of Eligibility Requirements and Bid Proposals and II-16 Bid Opening and Evaluation of Bid Proposals mentions that the bid submission is on August 16, 2024.	submission will be on August 15 or August 16, 2024.	August 2024 (at 9:00am – 4:00pm) to 16 August (strictly by 9:00am) 2024. The deadline for submission is 9:00 AM on 16 August 2024. Proposals received after this time will not be considered.
11.	Bidding Procedures, II-09 Eligibility Requirements, page 13, first par.	"The Bidder shall submit the Eligibility Requirements listed below and shall arrange them in the order prescribed in the Legal, Technical, and Financial Eligibility Requirements Checklist as provided in Annex D. "	We seek clarification as to where to place documents not found in Annex D. For those required documents that are found in the other parts of the Bidding Procedures, but are not reflected in Annex D, will the NEA-SBAC prefer to attach the said documents (e.g. Schedule 3) at the last part of the related Eligibility Requirements (e.g. Legal)?	Please see the revised Legal Eligibility Documents
12.	<ol style="list-style-type: none"> 1. Bidding Procedures, II-09 Legal Eligibility Documents, item 8(d), page 15 2. Bidding Procedures, II-09 Legal Eligibility Documents, item 12, page 15 3. Bidding Procedures, II-09 Legal Eligibility Documents, item 13, page 15 	In Bid Bulletin No. 5, the NEA-SBAC stated that no separate Omnibus Certification is required for the Legal Eligibility Documents items 11-14. Considering all the required statements are included in the Omnibus Sworn Certification, does the Bidder need to re-attach the Omnibus Certification for each of these requirements? Or will attaching the Omnibus Certification once in the folder suffice? If one is sufficient, where should the bidder attach or place the Omnibus Certification?	The clarification will clarify the requirements for the bid submission and enable bidders to comply therewith.	Please see the revised Legal Eligibility Documents. Attaching the Omnibus Certification once shall suffice.

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
	<p>4. Bidding Procedures, II-09 Legal Eligibility Documents, item 14, page 15</p> <p>5. Bidding Procedures, II-09 Legal Eligibility Documents, item 15, page 16</p>			
13.	Bidding Procedures, II-10 Technical Proposal, item 7, page 20	What if the Supplier will incur costs to comply with the Philippine Grid Code as a result of its connection to the Grid? How will such costs be recovered?	Suggest to add a contract reopener event that would allow the parties to discuss possible changes/upgrades to the plant or the infrastructure of PALECO, in compliance with the Philippine Grid Code or any amendment thereto.	The Winning Bidder and PALECO may negotiate on this concern.
14.	Bidding Procedures, II-14 Bid Security, item 1, page 29 and Annex F	<p>II-14 Bid Security, item 1, page 29 provides:</p> <p>"The Bidder shall submit a Bid Security equivalent to three (3) - month contract cost of the proposed power supply agreement computed using the bid price offered at the Monthly Minimum CUF for either Lot 1 or Lot 2. For the purpose of computing the Bid Security, the price to be used shall be Bidder's the Levelized Cost of Electricity ("LCOE") over the 15-year period as determined using the Financial Bid Form provided by the NEA-SBAC. (see Annex F)</p> <p>The Bid Security for Lot 1 shall be at least: $\{(BBBBBBBBBBB's\ s\ LLLLLLL)\} \times (40,000\ kkkk) \times (50\%) \times [(2190\ hooooBBss)]$ The Bid Security for Lot 2 shall be at least: $\{(BBBBBBBBBBB's\ s\ LLLLLLL)\} \times (15,000\ kkkk) \times (20\%) \times [2190\ hooooBBss]$"</p>	Suggest to update Annex F to reflect the changes in the Bidding Procedures.	See revised Annex F of the Bidding Procedures.

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		<p>However, Annex F was not updated to reflect the underscored phrase above, and the formula. Annex F provides:</p> <p>"Bid Security equivalent to three (3) - month contract cost of the proposed power supply agreement computed using the bid price offered at the Monthly Minimum CUF for either Lot 1 or Lot 2. For purpose of computing the Bid Security, the bid price to be used shall be Bidder's the base price.</p> <p>The Bid Security for Lot 1 shall be at least:</p> <p>{(Bidder's Base Price) × (40,000 kW) × (50%) × [(2190) hours]}</p> <p>The Bid Security for Lot 2 shall be at least:</p> <p>{(Bidder's Base Price) × (15,000 kW) × (20%) × [2190 hours]}"</p>		
15.	Bidding Procedures, II-18 Financial Bid Evaluation, Item 2, Page 32	<p>"II-18 Financial Bid Evaluation item 2 provides,</p> <p>""2. The Bidder shall refer to <u>Annex</u> for instructions on completing the Standard Response Form""</p> <p>For clarification, what Annex is being referred to in the instructions on completing the <i>Standard Response Form</i>?</p>	The clarification will specifically determine the requirements for the bid submission and enable bidders to comply therewith.	The Bidder shall refer to Annex G of the Bidding Procedures.
16.	Bid Bulletin No. 3, Page 2-3	Based on Bid Bulletin No. 3, the SBAC has responded to DPC as follows:	We would like to clarify if the bidders can still submit copies of digitally acknowledged	Yes, receipts, approvals, documents which are digitally submitted to the concerned government agency(ies) with the

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		<p>The pertinent government agency from which the document originated shall be the same agency which shall issue the Certified True Copy of the said document. Considering that there's still time before bid submission, the <u>NEA SBAC encourages bidders to promptly secure the pertinent CTCs of public documents</u> from the government agencies that issues them.</p> <p>However, based on Bidding Procedures Section II-07 Preparation of Bids:</p> <p>For the documents required to be submitted in this Transaction, the Bidder may submit either: (i) original copies; (ii) certified true copies; or (iii) photocopies, provided the original copies shall be preserved to the NEA-SBAC during the Bid Opening. <u>Receipts, approvals, documents which are digitally submitted to the concerned government agency with the corresponding digital acknowledgment receipt may be submitted</u> by the Bidder and shall be accepted as original copies provided that the NEA-SBAC can verify the document's authenticity.</p>	documents.	corresponding digital acknowledgment receipt may be submitted
17.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 2.1. Sale and Purchase of Capacity, page 3	2.1 Subject to and in accordance with the terms of this Agreement, the SUPPLIER shall make available and sell to OFFTAKER, and OFFTAKER shall purchase from the SUPPLIER the firm and dispatchable supply of Contracted Capacity as provided in SCHEDULE 2 from and after the <u>Delivery Date</u> until the expiry of the Term or termination of this Agreement.	Delivery Date is defined in Clause 5. For clarity and consistency in determining dates, we suggest to use either "Commencement Date" or "Delivery Date" throughout the Agreement.	Section 2.1 of the draft PSA shall refer to "Delivery Date."

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		For clarity and consistency in determining dates and references, we suggest to use either "Commencement Date" or "Delivery Date."		
18.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 2.2. Sale and Purchase of Capacity, page 4	<p>2.2. SUPPLIER shall supply PALECO’s base load supply at:</p> <ul style="list-style-type: none"> • 27 MW Contracted Capacity from <u>October, November, and December 2024</u> and January 2025; and • 40 MW Contracted Capacity from February 2025 to September 2039. 	For confirmation against CPs to Delivery Date/Commencement of Supply which requires ERC Approval prior to commencement of delivery.	See revised Schedule 2 of the draft PSA
19.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 3.1. Term, page 4 In relation to Bid Bulletin No. 5, Item 54	<p>3.1. This Agreement shall take effect immediately from Effective Date, and from such date shall remain in force and effect for FIFTEEN (15) YEARS FROM <u>COMMENCEMENT OF SUPPLY</u>, unless sooner terminated in accordance with this Agreement and upon approval by the ERC.</p> <p>We propose that the underlined term be replaced with "Delivery Date."</p>	<p>"Commencement of supply" is unclear and has not been defined in the Agreement. Its use in this provision may lead to confusion as to the reckoning point of the 15-year period. In Bid Bulletin No. 5, Item No. 56, the SBAC confirmed that commencement of supply is the same as delivery date.</p> <p>Thus, for clarity and consistency in determining dates and references throughout the Agreement, we suggest that the PSA use either "Commencement Date" or "Delivery Date" when referring to dates."</p>	Section 3.1 of the draft PSA shall refer to "Delivery Date."
20.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 3.2. Term, page 4	3.2. The Parties shall execute a certification indicating the exact date when the supply from the SUPPLIER to the OFFTAKER shall commence , which certification shall be the reckoning point	This replacement will provide better clarity and consistency in references and clearly identify	Acceptable. Please see revised Section 3.2 of the draft PSA

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		<p>of the fifteen (15) year Term of this Agreement. We propose to replace the words stricken off with "Delivery Date," since it refers to a term already defined in Clause 5.</p>	<p>the subject matter of the certification to be executed by the parties.</p>	
21.	<p>Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 4.1. Effective Date, page 4</p>	<p>4.1. Except for the obligation to delivery the Contracted Capacity, the Parties' rights and obligations under this Agreement shall commence on Effective Date, which shall be the date upon which all of the following conditions are satisfied:</p> <p>We suggest that "y" be deleted.</p>	<p>The "y" is a typographical error.</p>	<p>Adopted.</p>
22.	<p>Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clauses 4 and 5. Effective Date and Delivery Date, pages 4-5</p>	<p>1. We would like to clarify if the Effective Date is the reckoning date to start construction. 2. If yes, we suggest to move the following conditions from Delivery Date to Effective Date to give assurance to the winning bidder of cost recovery prior to implementation:</p> <p>a. ERC Approval b. Subsidy Agreement c. Connection Agreement</p> <p>BB No. 5: The Winning Bidders may begin construction upon the signing of the PSA at its own risk, so long as it is able to comply with the provisions of the PSA.</p>	<p>With the current provisions on Delivery Date, the Supplier cannot draw on the project financing unless ERC approval is given on the subject PSA. As a result, the Supplier will not be able to complete construction based on the Effective Date if ERC approval is not provided.</p> <p>Thus, we suggest that the requirement for ERC approval be moved as one of the requirements to reach the Effective Date and make Effective Date as the reckoning point for construction. This will align with the needs of lenders when providing project financing and enable the Supplier to draw on the financing to finish</p>	<p>Section 3.2(b) of the template PSA of the ERC 2023 CSP Guidelines provides that:</p> <p>“3.2 Effective Date</p> <p>The Parties' rights and obligations under this Agreement shall commence on Effective Date, which shall be the date upon which all of the following conditions are satisfied</p> <p>xxx</p> <p>b) Government Authorizations. All governmental authorizations (except ERC) which are required to have been obtained in connection with the execution, delivery and commencement of performance of this Agreement, shall have been obtained and be in full force and effect</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
			construction of the project.	
23.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 4.1. d. Effective Date, page 5	<p>4.1 d. <i>PSA</i> signing. SUPPLIER and OFFTAKER have executed this Agreement.</p> <p>We suggest that the term "PSA" be replaced with the term "Agreement" and that all references to "PSA" also be replaced with "Agreement."</p>	<p>"PSA" is not a defined term in the Agreement. The use of "PSA" may lead to confusion. To make it clear that this refers to the same agreement as this document, we suggest replacing the term "PSA" with "Agreement" all throughout. Alternatively, the NEA-SBAC may also define "PSA" and consistently refer to this defined term throughout the document.</p>	Adopted.
24.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 5.2.f. Delivery Date, page 5	<p>5.2 f. The SUPPLIER shall commence delivery of power supply to OFFTAKER on <i>Delivery Date.</i></p> <p>We propose to replace the underlined phrase with "xxx on THE DECLARED Delivery Date, CONSISTENT WITH CLAUSE 3.2 xxx"</p>	<p>This replacement will provide better clarity to determine the exact Delivery Date, based on the date specified in the certification under Clause 3.2 of the Agreement.</p>	Adopted.
25.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 5.2.f. Delivery Date, page 5	<p>5.2. f. The SUPPLIER, OFFTAKER, and NPC-SPUG have executed the Subsidy Agreement. The OFFTAKER and SUPPLIER shall endeavor to execute the Subsidy Agreement within thirty (30) days from signing of this Agreement; and</p> <p>We suggest to retain this provision as an obligation to be done <i>after</i> I ERC's approval or Order.</p>	<p>We request that NEA-SBAC consider revisiting the timeline provided because it is unlikely that the Winning Bidder would be able to execute a Subsidy Agreement with NPC within 30 days from the signing of the PSA.</p>	<p>The obligation to execute the UCME-SA is no longer a condition precedent for Delivery Date but shall be an obligation of both the Winning Bidder and PALECO.</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
			<p>This is because the ERC's approval of the PSA, with the corresponding authority to recover subsidy from the NPC, is a necessary precondition before a Subsidy Agreement can be entered into between the NPC and the Winning Bidder.</p>	
	<p>Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 5.3.b. Delivery Date, page 6</p>	<p>5.3. b. SUPPLIER Delay. If, for any reason, SUPPLIER fails to commence supply to OFFTAKER by Delivery Date, SUPPLIER shall arrange an alternative supply for OFFTAKER for a maximum period of twelve (12) months from Delivery Date, subject to the approval of the ERC and confirmation from NPC that the Subsidy Fee will be available to the Parties. By the end of the 12-month period from Delivery Date, SUPPLIER must ensure that the <i>power plant</i> that it committed to construct shall be installed and commissioned.</p>	<p>"Power plant" is not defined in the Agreement. For consistency and clarity, we suggest that a global change throughout the Agreement should replace "power plant" with "Power Station."</p>	<p>Acceptable. For consistency, the word "Power Station" shall be used.</p>
<p>26.</p>	<p>Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 5.3.b. Delivery Date, page 5</p>	<p>5.3. b. SUPPLIER Delay. <u>If, for any reason, SUPPLIER fails to commence supply to OFFTAKER by Delivery Date,</u> SUPPLIER shall arrange an alternative supply for OFFTAKER for a maximum period of twelve (12) months from Delivery Date, subject to the approval of the ERC and confirmation from NPC that the Subsidy Fee will be available to the Parties. By the end of the 12-month period from Delivery Date, SUPPLIER must ensure that the power plant that it committed to construct shall be installed and commissioned.</p>	<p>We suggest that NEA-SBAC consider carving out provisions that consider delays that are not attributable to the SUPPLIER. Clause 5.2 f., for example, is subject to the ERC issuing an FA/PA with authority to collect UCME subsidy from the NPC.</p>	<p>Please see the revised Section 5.3.B of the draft PSA</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
27.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 5.3.b. Delivery Date, page 6	<p>5.3. b. SUPPLIER Delay. If, for any reason, SUPPLIER fails to commence supply to OFFTAKER by Delivery Date, <u>SUPPLIER shall arrange an alternative supply for OFFTAKER for a maximum period of twelve (12) months from Delivery Date, subject to the approval of the ERC and confirmation from NPC that the Subsidy Fee will be available to the Parties.</u> By the end of the 12-month period from Delivery Date, SUPPLIER must ensure that the power plant that it committed to construct shall be installed and commissioned.</p>	<p>We would like to clarify this provision. If there is a need to arrange for alternative supply, the conditions that ERC will approve this supply and NPC will pay the Subsidy Fee will further delay the delivery of alternative supply. Thus, the exact commencement of the provision of alternative supply and the reckoning point of the 12- month period is unclear.</p>	<p>Please see the revised Section 5.3.B of the draft PSA</p>
28.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 5.3.c. Delivery Date, page 6	<p>5.3. c. OFFTAKER Delay. If delay is due to OFFTAKER’s fault and such delay does not exceed 180 days, and the Power Station would otherwise have been ready for testing as SUPPLIER had issued the Notice of Testing, SUPPLIER may issue a written notice to the OFFTAKER declaring that the Delivery Date has commenced (“Deemed Delivery Date”).</p> <p>Suggestion to correct to: 5.3. c. OFFTAKER Delay. If delay is due to OFFTAKER’s fault and such delay does not exceed <u>one hundred eighty</u> (180) days, and the Power Station would otherwise have been ready for testing as SUPPLIER had issued the Notice of Testing, SUPPLIER may issue a written notice to the OFFTAKER declaring that the Delivery Date has commenced <u> (“Deemed Delivery Date”)</u>.</p>	<p>For consistency, we suggest that a global change in the document referring to numbers in words then the figures in parentheses should be reflected</p> <p>We also suggest that ("<u>Deemed Delivery Date</u>") be underlined for clarity and consistency and to inform the reader that this is this provision defines this term.</p>	<p>Noted</p>
29.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2,	<p>5.3 d. Extended Delay. Except as provided in Section 5.4(b), in the event of any delay of more than one hundred eighty (180) Days from Effective Date, the Parties shall meet and</p>	<p>We would like to clarify if the underlined portion refers to Section 12, and not Section 11.</p>	<p>Section 5.3.D refers to Section 12 of the draft PSA</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
	Clause 5.3.d. Delivery Date, page 6	consult each other regarding the terms by which this Agreement may continue. If the Parties fail to reach an agreement within thirty (30) Days from commencement of consultations, the non-delaying or non-defaulting Party may exercise its right to terminate this Agreement pursuant to the provisions of <u>SECTION 11.</u>		
30.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 6.2, Performance Bond, page 6	<p>In case the Performance <u>b</u>ond is issued by an international bank, said security has to be confirmed and validated by its local branch in the Philippines or by a bank that is duly registered and authorized by the BSP. xxx</p> <p>We suggest that "b" be capitalized.</p>	We suggest that the underlined letter be capitalized, (<i>i.e.</i> , "Bond") to correct the typographical error.	Adopted
31.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 7.1, Testing and Commissioning, page 7	<p>7.1. The Parties shall develop the test procedures (the “Test Protocols”) during the startup and commissioning of the SUPPLIER’s Power Station and initial synchronization with OFFTAKER’s distribution system. The agreed Test Protocols shall be provided to the SUPPLIER at least thirty (30) Days prior to scheduled testing. The Commissioning Fees shall be provided in <u>SCHEDULE 4</u> of this Agreement.</p> <p>We suggest to add the phrase "xxx FORMULA 5 of SCHEDULE 4 xxx" should be added to the underlined phrase.</p>	Schedule 4 contains various formulae, which may lead to confusion as to which one this provision refers to. The proposed addition will better define the exact reference for the Commissioning Fees and lessen any ambiguity in this provision.	Adopted
32.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2,	7.2. Any change to the Test Protocols shall be by mutual written agreement between the Parties. At least <u>30 Days</u> prior to the scheduled testing, the SUPPLIER shall notify the OFFTAKER	The proposed suggestion will make the reference to periods clearer and more consistent.	Adopted

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
	Clause 7.2, Testing and Commissioning, page 7	<p>in writing of the scheduled tests (“Notice of Tests”). The OFFTAKER may send representatives to witness the testing, subject to written notice to the SUPPLIER.</p> <p>We suggest that this be replaced with "thirty (30) day period."</p>		
	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 8.1, Supply of Energy, page 7	<p>8.1. Beginning on the Delivery Date, until the termination or expiration of this Agreement, SUPPLIER shall <u>supply</u> and deliver the Contract Capacity to OFFTAKER at the Delivery Point, and OFFTAKER shall purchase and pay SUPPLIER the Contract Capacity as provided in SCHEDULE 4, resulting from the CSP and subject to the approval of the ERC.</p> <p>We propose that "supply" be replaced with "make available."</p>	This suggestion is made to improve the clarity and form of the Agreement and limit the use of the word "supply."	Adopted
33.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 8.4, Supply of Energy - Outage Allowance, page 8	<p>8.4. Outage Allowance. As long as SUPPLIER is able to operate at the Monthly Minimum CUF, the SUPPLIER shall be allowed an Outage Allowance (“OA”), Planned and Unplanned, of <u>45 days or 1080 hours</u> per annum per unit subject to the following conditions:</p> <p>We suggest that the figures be stated in words, with the numerals in parenthesis throughout the Agreement, <i>i.e.</i> "forty-five (45) days or one thousand eighty (1080) hours."</p>	The proposed replacement will provide clarity and consistency when referring to periods throughout the Agreement.	Adopted
34.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 8.5.c., Supply of Energy - Scheduled Outages, page 8	8.5. c. Within fifteen (15) days from receipt of the Scheduled Outage Periods for the remainder of the Year (in which the Delivery Date occurs) and within sixty (60) days from receipt of the Scheduled Outage Periods for the subsequent Years, the OFFTAKER must send a written notification to the SUPPLIER	The proposed replacement will emphasize the mandatory nature of this provision.	Adopted

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		<p>indicating whether the requested Scheduled Outage Periods are acceptable or not. If the OFFTAKER fails to provide such notice within the periods stated herein, the Scheduled Outages <u>will</u> be deemed approved.</p> <p>We propose that the underline word be replaced with "shall."</p>		
35.	<p>Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 10.9, Compensation, Payment, and Billing - Prompt Payment Discount, page 12</p>	<p>10.9. Prompt Payment Discount. The SUPPLIER shall extend a three percent (3%) Prompt Payment Discount (“PPD”) based on the non-fuel fee (sum of Capital Recovery Fee, Fixed O&M Fee, and Variable O&M fee) to OFFTAKER as prompt payment if</p>	<p>Due to the BIR policy that prompt payment discount should be provided automatically without reference to a future event such as the payment of the billing with 10 days from receipt of invoice, we would like to suggest to add a penalty provision instead should the offtaker fail to pay within 10 days. This is to ensure that there will be no income tax exposure to the supplier due to the automatic prompt payment discount.</p>	<p>This may be negotiated with PALECO by the Winning Bidder.</p>
36.	<p>Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 11.1.a, Force Majeure - Acts of God, page 13</p>	<p>11.1 a. Acts of God – Acts of God, should only be considered as Force Majeure <u>sufficient to terminate the Agreement</u> if –</p>	<p>For the NEA-SBAC's reconsideration, we suggest that this provision be expanded to include other scenarios outside the control of the Supplier. For instance, in a scenario where, as a result of a typhoon, fire, tornado or other calamity, the</p>	<p>The NEA-SBAC understands the concern of the prospective Bidder. Additional scenarios to be considered as Force Majeure may be negotiated with PALECO by the Winning Bidder.</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
			plant is completely damaged (e.g. burned to the ground), it would be impossible to continue operations. Is it the NEA-SBAC's intention that the PSA will continue to be in effect in a scenario like this, even if the calamity <i>did not</i> lead to the death or injury to the Parties' employees or Agent?	
37.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 11.7, Force Majeure - Extended Force Majeure, page 15	11.7. Extended Force Majeure. If the Force Majeure subsists beyond the <u>Thirty (30) Day</u> from the consultation period referenced in SECTION 10.6, the same shall be considered as Extended Force Majeure and shall give the Party experiencing the Force Majeure the right to terminate the Agreement pursuant to SECTION 11 and such termination shall be subject to the approval of the ERC. We suggest that the underlined portion be changed to "thirty (30)-day period."	The omission of "period" may be a typographical error.	Adopted
38.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 12.1.a, Defaults and Termination - Events of Default, page 15	12.1 a. A Party fails to make any payment required pursuant to this Agreement when due and payable and such payment is not made within <u>30 Days</u> after the due date; We suggest that the underlined portion be changed to " a thirty (30)-day period. "	The omission of "period" may be a typographical error.	Adopted
	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 12.1.b, Defaults and Termination - Events of	12.1 b. A Party breaches any of its material representations, warranties, covenants or obligations under this Agreement;	We suggest that this provision be qualified to exclude delays resulting from circumstances not within the control of the Party,	This may be negotiated with PALECO by the Winning Bidder.

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
	Default, page 15		e.g. government delays or even 4.1(d), which from the onset is improbable to fulfill.	
39.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 12.4.b, Defaults and Termination - Termination upon Event of Default, page 16	12.4. b. During the period of Ninety (90) Days (or such longer period set out in the Termination Notice or as the Parties may agree) following the giving of such Termination Notice, the Parties shall negotiate as to what steps shall be taken with a view to mitigating or remedying the consequences of the relevant event having regard to all the circumstances.	We suggest to remove "or such longer period set out in the Termination Notice or as the Parties may agree". This is to remove ambiguity on the period of negotiation.	This may be negotiated with PALECO by the Winning Bidder.
40.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 13, Liquidated Damages, page 17	<p>13. LIQUIDATED DAMAGES</p> <p>In implementing Section 13.5 hereto, the penalty on any given Billing Period should not exceed the performance bond of the SUPPLIER. If penalties exceed the performance bond, such an event shall be a cause for PALECO to terminate this Agreement.</p>	We would like to clarify if the liquidated damages will be deducted from the performance bond. We also refer to the response provided by the SBAC in BB No. 5 stating that the revised draft PSA already provides the drawing events of the performance bond. We would like to clarify if the drawing events refer to the events stated under liquidated damages.	Please see the revised Section 13.3 of the draft PSA.
41.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 13.1, Liquidated Damages - Liquidated Damages in Case of Default of OFFTAKER, page 17	13.1. Liquidated Damages in Case of Default of OFFTAKER. Where OFFTAKER fails to comply with its obligations and is thereby in default as defined under SECTION 12 of this Contract, OFFTAKER shall pay an amount of fifty thousand <u>peos</u> (PhP50,000.00) per day that the OFFTAKER continues with the default and any fraction thereof, to be paid within thirty (30) Days after written demand for payment.	The omission of the "s" is a typographical error.	Adopted

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		We suggest that the underlined word be corrected " pesos. "		
42.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 13.2, Liquidated Damages - Liquidated Damages in Case of Default of SUPPLIER, page 17	<p>13.2 PALECO’s prevailing DSM rate is 1.7453 Php/kWh. 1 If a different DSM rate would be approved by the ERC in the future, PALECO shall immediately inform the <u>Suppliers</u> in writing of such rate. The new DSM rate shall be applied on the next Billing Month after SUPPLIER’s receipt of the written notification from PALECO.</p> <p>We suggest that the underlined term be changed to "SUPPLIER."</p>	For clarification, will there be multiple suppliers that are parties to this Agreement? If only one supplier will be a party of this, we suggest that the term be changed from plural to singular for clarity.	“Suppliers” in Section 13.2 shall be revised to “SUPPLIER.”
43.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 13.3 iii., Liquidated Damages, page 18	<p>13.3 iii. Liquidated damages shall be paid if SUPPLIER’s <u>actual capacity dispatched</u> is of a lesser volume from its Day-Ahead Dispatch Schedule, which reduction resulted in a curtailment or load-shedding by the System Operator. In such a case, SUPPLIER shall pay the difference between SUPPLIER’s (i) Day-Ahead Dispatch Capacity Schedule and</p> <p>(ii) Actual Capacity Dispatched multiplied by the total hours where SUPPLIER has not provided the capacity as per its Day Ahead Dispatch Capacity Schedule multiplied by the Prevailing DSM Rate per kWh.</p>	We suggest to revise as follows: Liquidated damages shall be paid if SUPPLIER’s <u>available capacity, considered allowed scheduled and unscheduled outages</u> , is of a lesser volume from its Day-Ahead Dispatch Schedule, which reduction resulted in a curtailment or load-shedding by the System Operator. In such a case, SUPPLIER shall pay the difference between SUPPLIER’s (i) Day-Ahead Dispatch Capacity Schedule and (ii) Actual Capacity Dispatched multiplied by the total hours where SUPPLIER has not provided the	Adopted

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
			capacity as per its Day Ahead Dispatch Capacity Schedule multiplied by the Prevailing DSM Rate per kWh.	
44.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 13.3 v., Liquidated Damages, page 19	13.3. v. SUPPLIER shall pay liquidated damages in the amount of 1% of 1% of the Performance Bound amount for every instance where <u>SUPPLIER fails to provide the <i>Fast-Start Capability</i></u> .	We would like to clarify if the fast-start capability is required for the plant only or for the entire distribution system.	The Fast-Start Capability refers to the capability of the Supplier's power station
45.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 13.3, Liquidated Damages, page 19	In implementing <u>Section 13.5</u> hereto, the penalty on any given Billing Period should not exceed the performance bond of the SUPPLIER. If penalties exceed the performance bond, such an event shall be a cause for PALECO to terminate this Agreement.	We seek the NEA-SBAC's clarification as to what section it is referring to, as there is no Section 13.5 in the draft agreement.	This has been corrected
46.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 4.1.b., Effective Date, page 4	Instead of the term "Government Authorizations" in 4.1 b. which is not a defined term, we suggest to use "Government Consents" which is defined in Schedule 1 (Definitions)	The suggested change will make this provision clearer and more consistent with the rest of the Agreement.	Acceptable
47.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 4.1, Effective Date, page 4	In Clause 4.1, "Except for the obligation to deliver (<i>sic</i>) the Contracted Capacity, the Parties' rights and obligations under this Agreement shall commence on Effective Date, which shall be the date upon which all of the following conditions are satisfied: xxx xxx b. Government Authorizations. xxx"	To make the provision capable of implementation and prevent an impossible scenario, we suggest that the exact authorizations or consents required to effect this provision be specified or limited to those that will not require the start of construction to be issued or given.	The required Government Authorizations/Consents primarily depend on the Winning Bidder's circumstances. The NEA SBAC cannot provide a list. PALECO and the Winning Bidder may negotiate on the "Government Authorizations/Consents" required for the commencement of the Effective Date.

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		<p>Government Authorizations (but see previous comment) refer to a general enumeration of "permits, licenses, agreements, orders, certificates, registrations, filings, authorizations, consents, and other approvals or clearances by, with, or from a Government Authority."</p> <p>We suggest that these authorizations/consents be specified or limited to those that are achievable without requiring start of construction.</p>	<p>Otherwise, this enumeration might be taken to mean permits like the ECC, which will take time to process or can only be issued at the start of construction because of the nature of these permits. With this interpretation, the Effective Date might never occur because the permits are not in place.</p>	
48.	<p>PSA-Lot 1, 5.2. b. Delivery Date, page 5</p> <p>PSA-Lot 2, 5.2. b. Delivery Date, page 5</p>	<p>Clause 5.2 enumerates the conditions for Delivery Date. We suggest that 5.2. b. be moved and considered a condition to achieve Effective Date, and not as condition to achieve Delivery Date:</p> <p>b. SUPPLIER has acquired by purchase, lease, or other similar tenurial instruments ... [the plant site should have already been available for use much earlier, especially when proof of this should have been given during the bid submission].</p>	<p>The obligation in 5.2(b) should have been complied with prior to Delivery Date when the plant should already been built on the plant site.</p>	Acceptable
49.	<p>Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 5.2., Delivery Date, page 5</p>	<p>Clause 5.2 - Delivery Date shall be on 1 Oct 2024 or next immediate 26th day after ERC's issuance of Provisional Authority or Interim Relief, as applicable.</p> <p>Does this mean that, if the Winning Bidder is able to deliver on 1 Oct 2024, there is no need to wait for ERC's approval?</p>	<p>We would like clarification as to the intent and phrasing of Clause 5.2 to provide allow the Supplier to more clearly determine the Delivery Date.</p>	<p>The Delivery Date shall be later of either 01 October 2024 (00:00H) or the next immediate 26th day of the month following the ERC's issuance of a Provisional Authority ("PA") or Interim Relief ("IR"), as applicable, for the implementation of this Agreement as well as the fulfillment of the conditions stated in Section 5.2.</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
				Please take note of the provisions in the draft PSA providing <i>Deemed Delivery Dates</i> .
50.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 8.2., Supply of Energy, page 7	<p>Clause 8.2 allows OFFTAKER to reduce Contracted Capacity because of RCOA, GEOP, RPS, and Net Metering programs, to an amount that will allow OFFTAKER to supply at least cost to its captive market.</p> <p>On the part of the SUPPLIER, will it be given a chance to re- open the contract to adjust its rates? We suggest that this fall under Change in Law, whereby the OFFTAKER is required to comply with the law that will result to changes to the parties' obligations.</p>	<p>This suggestion is to balance the SUPPLIER's compliance with RCOA, GEOP, RPS and provide least cost supply to captive customers with the need for OFFTAKER to operate in a viable manner.</p> <p>We would also like to confirm if PALECO has any existing contracts which allows reduction in contracted capacity.</p>	This may be negotiated with PALECO by the Winning Bidder.
51.	Bid Bulletin No. 5, No. 42, Page 26	<p>In reference to number 2 of the order of priority, it says "2. To PALECO's power supplier with the highest average actual generation rate during the immediately preceding 12-month period, <u>provided that the power contract between them allows for a reduction in capacity</u> without cost to PALECO. xxx"</p> <p>We would like to ask if there are any existing PSAs that include provisions for a reduction of capacity, or if this will be the first time such provisions are included?</p>	The confirmation that there are existing PSA with provisions on the reduction of capacity is to help us consider additional factors that will affect our plant operations.	PALECO's existing PSAs do not contain a similar provision.
52.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, page 13	We propose a new provision on "Contract Reopener Events," which will include	The proposed addition will give the parties the opportunity to preserve the contract by updating	This may be negotiated with PALECO by the Winning Bidder.

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		<p>"Material adverse change in laws in effect as of Bid Submission Date, including changes to the (i) the regulatory framework by which the SAGR and the Subsidy Fee applicable to this Agreement was determined, (ii) the applicable tax rates, customs duties and other fees and charges affecting the costs or revenues of a Party, or (iii) environmental laws affecting the Power Station, including local legislations pertaining thereof; or (iv) the Subsidy Agreement, through the termination for any reason, revocation, or invalidation by a Government Authority thereof; (v) material costs incurred to comply with the Philippine Grid Code when OFFTAKER is connected to the grid; (vi) reduction in Contracted Capacity as a result of the implementation of the RCOA, Net Metering programs, GEOP, and the WESM."</p> <p>Under such events, the affected Party may ask for a renegotiation of the PSA.</p>	<p>its terms and conditions to reflect material changes in law that may occur after entry into the Agreement.</p>	
53.	<p>PSA-Lot 1, 8.2 Other Obligations of the OFFTAKER, page 214 PSA-Lot 2, 8.2 Other Obligations of the SUPPLIER (e), page 258</p>	<p>We would like to suggest to add renewal of franchise as an obligation of the oftaker.</p> <p>BB 5 Response: PALECO cannot guarantee congressional approval.</p>	<p>We would like to reword the suggestion to obligation to apply for the renewal of franchise. We would also like to suggest that should the approval not be granted by congress; this event should be treated as a force majeure or a contract re-opener.</p>	<p>Whether the denial of franchise be considered as a Force Majeure or a contract re-opener may be negotiated with PALECO by the Winning Bidder.</p>
54.	<p>PSA-Lot 1, 7.4 Scheduled Outages (c), page 211 PSA-Lot 2, 7.4 Scheduled Outages</p>	<p>"OFFTAKER shall not request that such Scheduled Outage be rescheduled <i>more than a month from the original request.</i>"</p>	<p>There is no mechanism in the Minimum Functional Specifications on how the rescheduling will be done. To avoid ambiguity in the rescheduling procedure, we</p>	<p>This may be negotiated with PALECO by the Winning Bidder.</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
	(c), page 255		<p>suggest that postponement shall be no more than a month from the original request date.</p> <p>To ensure the longevity of plant assets and to prevent longer outages due to asset breakdown, manufacturer-recommended maintenance schedules must be adhered to as closely as possible.</p>	
55.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 14.1, Dispute Resolution, page 20	<p>14.1. If any dispute or disagreement (“Dispute”) shall arise between the Parties in connection with this Agreement, either Party may request in writing that their respective representatives meet within 10 Days and attempt to resolve the Dispute. The Parties shall exert every effort to first resolve the Dispute amicably by mutual consultation.</p> <p>Suggestion to remove "s."</p>	This is a typographical error.	Acceptable
56.	Draft PSA (as of July 10, 2024), Lot 1 and Lot 2, Clause 14, Dispute Resolution, page 20	<p>We also suggest to form an Administrative Council:</p> <p>Within 15 days from the Effective Date, the SUPPLIER and the OFFTAKER shall each appoint three (3) representatives from their respective officers or senior employees, with the proper authorizations, as members of the Administrative Council. The OFFTAKER shall be entitled to appoint an additional member (i.e., a 7th member) who shall be the Chairman. The Chairman shall preside at the meeting and shall vote only in case of a tie.</p>	The Administrative Council will encourage regular coordination and communication between the parties and prevent or minimize dispute. Also, this suggestion is consistent with the Termination Fee payment suggested as a result of default by Offtaker	The formation of an Administrative Council may be negotiated by PALECO with the Winning Bidder

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		<p>Throughout the term of this Agreement, the Administrative Council shall meet regularly at least once every two (2) months, or as the need arises, to discuss the progress of the installation of the Power Station and implementation of the Agreement to ensure that the arrangements between the parties proceed on a mutually satisfactory basis.</p> <p>The affected or relevant Party shall have the right to refer the matter to the Administrative Council within the period specified below:</p> <p>d. Any material adverse change in laws in effect as of the execution of this Agreement, provided that the matter is referred to the Administrative Council within fifteen (15) Calendar Days from the date the change in law takes effect:</p> <ul style="list-style-type: none"> i. The regulatory framework by which the SAGR and the Subsidy Fee applicable to this Agreement was determined, or ii. The applicable tax rates, customs duties and other fees and charges affecting the costs iii. Environmental laws affecting the Power Plant, including local legislations pertaining thereto; or <p>b) Extraordinary increase in the premium rates of property insurance covering the Power Plant since the execution of this Agreement, provided that such premium rate increase is not due to the adverse insurance claims history of the SUPPLIER and that the matter is referred by the SUPPLIER to the Administrative Council no later than fifteen (15) Calendar Days from the date of notification of the premium rate increase; or In</p>		

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		the event that the Subsidy Agreement is terminated for any reason or is otherwise revoked or invalidated by a Government Authority, and after the lapse of thirty (30) Calendar Days after the termination of the Subsidy Agreement during which the Parties shall have met and discussed, the Parties shall have failed to agree on the terms by which the Agreement may continue.		

RESPONSE TO THE WRITTEN COMMENTS AND QUERIES OF FLG MANAGEMENT & DEVELOPMENT CORPORATION

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
57.	TOR - Source of Power/	In reply to Question No. 101, SBAC quoted ERC Resolution No. 15, series of 2014 or its future amendments, if any, which provides that: " <i>5.2.2.4. Renewable energy (RE) resources shall be given priority, whenever available, to the extent of the capacity of the islands/area grid can accommodate without affecting reliability and security</i> ". In addition, SBAC concluded that the Bidder's RE power plant shall be given priority in dispatch for the demand requirement it shall supply.	It is worth noting that ERC Resolution No. 15 (Section 5.2.2.4) does not distinguish Between baseload and peaking demand requirement. It simply states that RE should be dispatched whenever available as long as the dispatched RE will not affect reliability and security. During the pre-bid conference conducted on July 16, 2024, a Bidder raised a concern to the effect that this priority dispatch will encroach into the baseload dispatch. While this	PALECO or the SO, as the case may be, shall abide by ERC Resolution No. 15, series of 2014 and DOE Department Circular No. DC2023-05-0014. Specifically: ERC Resolution No. 15, series of 2014 or its future amendments, if any, which provides that: 5.2.2.4. Renewable energy resources shall be given priority in dispatch whenever available to the extent of the capacity the island/area grid can accommodate without affecting system reliability and security.” and

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
			<p>should be considered, the baseload plant/s under Lot 1 are protected by its contract, which, pays CRF based on a CUF of only 50%. The CRF for both lots 1 and 2 are capacity based, not energy based; hence, the baseload contracts are protected.</p>	<p>DOE Department Circular No. DC2023-05-0014 or its future amendments, if any, which provides that:</p> <p>Section 11 Dispatch of RE Generation under the RPS Rules RE generation facilities shall be given priority dispatch by the Small Grid System Operator (SGSO) to the extent of the demand of the Missionary and Off-grid Areas</p> <p>With the exception of MGSPs, the RE Developer shall comply with the requirements and follow the dispatch instructions of the SGSO in order to effectively implement its priority dispatch without affecting grid reliability and security.</p> <p>The SGSO shall be guided by the following: a) The dispatch of RE generation facility and other generation facilities shall follow the dispatch protocols based on existing applicable rules and regulations; and (b) In the event that there is more than one (1) RE generation facility the area, priority dispatch shall be given to the RE generation facility with the least-cost True Cost of Generation Rate (TCGR), inclusive of cash generation-based incentive, if availed of by the RE Developer.</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
58.			FLG plans to build a hybrid plant in Roxas with conventional gensets (8MW) and solar component (4MW) with BESS (4MWH) to address instability.	Noted. Considering that the solar component to be installed is 4MW with a 4MWHr Battery Energy Storage System, Bidder must still offer the entire 8MW conventional gensets for the entire 15-year term.
59.	II-09 - Legal Eligibility Documents	In response to Question No 109, SBAC states that "for Bidders offering an RE plant, Bidder shall submit a copy of the executed RE Service Contract from the DOE".	On June 14, 2024, the DOE in its Media Release (<i>copy attached</i>), announced that there will be new guidelines in the application for service contracts. To facilitate implementation, the Energy Virtual One-Top Shop (EVOSS) will undergo enhancements for five (5) months during which period, the DOE will not entertain any applications. This makes the requirement of the SBAC impossible to comply as we only received Bid Bulletin No. 5 on July 12, 2024.	Bidders offering an RE plant, Bidder shall submit a copy of the executed RE Service Contract from the DOE. Allowing bidders to offer an RE power plant without the corresponding DOE service contract within the boundaries of either Lot 1 or Lot 2 is disadvantageous to PALECO and might affect the fairness of the competition for this CSP. It would be disadvantageous to PALECO as there would be no reasonable guarantee regarding when the prospective bidder could install and commission the RE power plant, given the uncertainty of obtaining the DOE service contract.
60.			As mentioned earlier, the planned hybrid plant will have conventional genset that can run while the RE component	This approach could also affect the fairness of the competition for this CSP, as the bidder would be able to include an RE plant in their financial proposal

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
			remains pending so as not to disrupt power supply in the Palawan grid as planned. It is suggested that Bidders that plant to set-up an RE plant be allowed to submit an Undertaking to Submit an Application for RE Service Contract as soon as EVOSS is up and ready to process applications again.	without being able to specify when the RE plant would become operational.
61.	II-18 Financial Bid Evaluation/14	The bunker price that will be used for the financial bid evaluation in the amount of P26.1248/liter is very low compared to actual landed prices in Palawan. For an affiliate operating in the Palawan Grid, following are the prices for Jan - May 2024: Jan - P40.4879, Feb - P40.9932, Mar - P41.2473, Apr - P42.7324 and June - P45.2225. These prices are based on Mean of Platts Singapore (MOPS), which is the reference for HFO supply in Palawan.	While it may seem that there is no effect whatsoever since bids will be evaluated based uniform prices, this assumption is only acceptable when the plant being offered is not a hybrid plant. For a hybrid plant that aims to run its RE plant in lieu of conventional genset/s, very low reference HFO price will tend to understate the impact of lower cost of RE sources. For example, if the HFO cost to be used is P26.1248 per liter and the heat rate is 0.25/kWh, the cost of fuel per liter will only be P6.5312/kWh. This cost is comparable or approximates the	The prescribed fixed price per fuel type is based on appropriate online references from similar periods (i.e., January to May 2024) and are verifiable by all prospective bidders. Additionally, the references used for this CSP have also been utilized in other CSPs in off-grid areas.

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
			<p>cost of RE sources. However, if we use the actual cost as of May 2024 in the amount of P45.225/li using the same heat rate, the cost of fuel per liter will be P11.3056/kWh, which is higher by P4.7744/kWh than the proposed reference price. Therefore, the benefit of offering RE source to bring down power cost is not reflected when the reference HFO price used is unrealistic or very low.</p>	

RESPONSE TO THE WRITTEN COMMENTS AND QUERIES OF DMCI POWER CORP.

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
62.	II-11 Financial Proposal	We request to include Lube Oil as part of the Total Generation Cost in the PSA.		<p>Item 9 of Schedule 20 of the Bidding Procedures provides that:</p> <p>“Bidder shall be allowed to propose “Other Fuel Components” (i.e., LFO and LO), if necessary. The FCR range provided in the Bidding Procedures shall not apply for the “Other Fuel Components.” Failure of the Bidder to encode entries for the “Other</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
				Fuel Components” shall constitute a waiver on the part of the Bidder from recovering said other fuel components from PALECO.”
63.	II-11 Financial Proposal – Item 3d Fuel Fee	Kindly include in the PSA that the Fuel Fee is subject to different fuel consumption rates (FCR) depending on the CUF, provided that the FCR shall be within the range provided in the bidding documents.		II-18, Section 13 provides that: “Bidders shall be allowed to provide a FCR at different capacity factors (at 10% increments) for Lot 1 from 50% to 100% and for Lot 2 from 20% to 100% provided that the FCR shall be within the range provided in the table above.” The same provision shall incorporated in the PSA.
64.	PSA 7.6 - Replacement Power Cost	Please include in the PSA an illustration as to how to compute for the Replacement Power cost equivalent to the undelivered portion of the Contracted Capacity, which would then be compared to the actual Replacement Power cost, within the 12-month period from Delivery Date.		Please see the revised Section 5.3.B of the draft PSA.
65.	NEA-PALECO’s reply to item 101 under Bid Bulletin No. 5 Annex A	If the Winning Bidder proposed an RE plant for Lot 2 and thereafter be granted priority dispatch, this could cause impairment of the rights and obligations in the existing contracts executed by PALECO with other GenCo/Suppliers for the following reasons: 1. The existing conventional baseload Supplier will be replaced as being the priority dispatch. Peaking plant should not be allowed as		PALECO or the SO, as the case may be, shall abide by: ERC Resolution No. 15, series of 2014 or its future amendments, if any, which provides that:

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
		<p>the baseload plant so as not to displace and to respect the existing contractual obligations of PALECO</p> <p>2. If RE will be granted priority dispatch, it would defeat the purpose of the peaking requirement. The peaking requirement shall be supplied by a peaking plant.</p> <p>3. Not all RE plants can comply with the Peaking requirement such as Solar and Wind Power Plant</p>		<p>5.2.2.4. Renewable energy resources shall be given priority in dispatch whenever available to the extent of the capacity the island/area grid can accommodate without affecting system reliability and security.”</p> <p>and</p> <p>DOE Department Circular No. DC2023-05-0014 or its future amendments, if any, which provides that:</p> <p>Section 11 Dispatch of RE Generation under the RPS Rules RE generation facilities shall be given priority dispatch by the Small Grid System Operator (SGSO) to the extent of the demand of the Missionary and Off-grid Areas</p> <p>With the exception of MGSPs, the RE Developer shall comply with the requirements and follow the dispatch instructions of the SGSO in order to effectively implement its priority dispatch without affecting grid reliability and security.</p> <p>The SGSO shall be guided by the following: a) The dispatch of RE generation facility and other generation facilities shall</p>

No.	Section and Page	Comment / Suggested Revision	Explanation for the Comment / Suggested Revision	NEA-SBAC Response
				<p>follow the dispatch protocols based on existing applicable rules and regulations; and (b) In the event that there is more than one (1) RE generation facility the area, priority dispatch shall be given to the RE generation facility with the least-cost True Cost of Generation Rate (TCGR), inclusive of cash generation-based incentive, if availed of by the RE Developer.</p>

TERMS OF REFERENCE
FOR THE COMPETITIVE SELECTION PROCESS CONDUCTED BY THE NATIONAL
ELECTRIFICATION ADMINISTRATION FOR PALAWAN ELECTRIC COOPERATIVE

TERMS OF REFERENCE	REQUIREMENT								
Area/s to be Served	<ul style="list-style-type: none"> • Palawan Main Grid 								
Demand Requirement	<ul style="list-style-type: none"> • Lot 1, Baseload supply at: <ul style="list-style-type: none"> ○ 27 MW from October, November, and December 2024 and January 2025; and ○ 40 MW from February 2025 to September 2039. • Lot 2, Peaking supply at 15 MW for October 2024 to September 2039. <ul style="list-style-type: none"> ○ Lot 2 shall be divided into two (2) locations: <ul style="list-style-type: none"> ▪ 8 MW should be placed in the <i>north</i> side of the Palawan Grid, near the Roxas substation; and ▪ 7 MW should be placed in the <i>south</i> side of the Palawan Grid, between the Aborlan - Narra 69kV Transmission Line. 								
Type of Contract	<ul style="list-style-type: none"> • Firm and Dispatchable Supply up to the Maximum Deliverable Energy as defined below. • Physical Power Supply Agreement (“PSA”) consistent with PALECO's latest and duly posted Power Supply Procurement Plan. 								
Pricing Structure	<ul style="list-style-type: none"> • Capacity-based PSA for the Capital Recovery Fee (“CRF”) and Fixed Operation and Maintenance Fee (“FOMF”) components. • The SUPPLIER shall provide a Capacity Utilization Factor (“CUF”) <i>Table</i> for its proposed CRF depending on the actual monthly CUF level of PALECO (the “CUF Table”). • The Variable Operations and Maintenance Fee (“VOMF”) and Fuel Fee (“FF”) shall strictly be computed based on the actual energy delivered for any given Billing Period. 								
Contract Term	For both Lot 1 and Lot 2, fifteen (15) years from commencement of supply								
Delivery Date	<p>The SUPPLIER shall commence delivery on the later of either 01 October 2024, (00:00H) for Lot 1 and Lot 2, as the case may be, or the next immediate 26th day of the month following the Energy Regulatory Commission’s (“ERC”) issuance of a Provisional Authority or Interim Relief, as applicable, and the fulfillment of other conditions precedent stated on the PSA.</p> <p>The SUPPLIER shall be responsible to provide Replacement Power or pay penalties for failure to deliver the contracted capacities by the Delivery Date.</p>								
Contracted Capacity	<p>On a monthly basis, PALECO shall purchase and utilize the power plant/s of the Winning Bidder/s at the Monthly Minimum CUF as provided below.</p> <p>Nonetheless, the Winning Bidder/s must make available for dispatch the Annual Maximum Deliverable Energy per Lot as provided below, subject to allowable outages.</p> <p>Table 1.1-Lot 1</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">Capacity</th> <th style="text-align: center;">Monthly Minimum CUF</th> <th style="text-align: center;">Annual Maximum Deliverable Energy (in kWh)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2024</td> <td style="text-align: center;">27</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">59,616,000</td> </tr> </tbody> </table>	Year	Capacity	Monthly Minimum CUF	Annual Maximum Deliverable Energy (in kWh)	2024	27	50%	59,616,000
Year	Capacity	Monthly Minimum CUF	Annual Maximum Deliverable Energy (in kWh)						
2024	27	50%	59,616,000						

2025	40	50%	318,288,000
2026	40	50%	318,288,000
2027	40	50%	318,288,000
2028	40	50%	318,288,000
2029	40	50%	318,288,000
2030	40	50%	318,288,000
2031	40	50%	318,288,000
2032	40	50%	318,288,000
2033	40	50%	318,288,000
2034	40	50%	318,288,000
2035	40	50%	318,288,000
2036	40	50%	318,288,000
2037	40	50%	318,288,000
2038	40	50%	318,288,000
2039	40	50%	318,288,000

On a monthly basis, PALECO shall pay the associated energy at 50% CUF level for Lot 1 or the actual energy delivered, whichever is higher.

Table 1.2-Lot 2

Year	Capacity	Monthly Minimum CUF	Annual Maximum Deliverable Energy
2024	15	20%	32,850,000
2025	15	20%	131,400,000
2026	15	20%	131,400,000
2027	15	20%	131,400,000
2028	15	20%	131,400,000
2029	15	20%	131,400,000
2030	15	20%	131,400,000
2031	15	20%	131,400,000
2032	15	20%	131,400,000
2033	15	20%	131,400,000
2034	15	20%	131,400,000
2035	15	20%	131,400,000
2036	15	20%	131,400,000
2037	15	20%	131,400,000
2038	15	20%	131,400,000
2039	15	20%	131,400,000

On a monthly basis, PALECO shall pay the associated energy at 20% CUF level for Lot 2 or the actual energy delivered, whichever is higher.

Plant Location and Connection Requirements	<p>The power supply to PALECO can be sourced from a single or portfolio of power plants. Bidders must indicate in their Bids the power plant/s that will supply PALECO’s energy requirements.</p> <p>The power plant/s per Lot shall be located in the following locations:</p> <p style="text-align: center;"><u>For Lot 1</u></p> <ul style="list-style-type: none"> • The power plant/s should be within the following distances: <ul style="list-style-type: none"> ○ 20 KMs from the National Power Corporation’s (“NPC”) Irawan Substation; and ○ 20 KMs from PALECO’s Tiniguiban Substation
---	--

	<ul style="list-style-type: none"> • The power plant/s should be connected to the NPC Palawan 69kV Main Grid via bus-in connection or cut-in connection with the corresponding installation of a switching station • The power plant/s should be capable of grid-connected and island operation modes • The power plant/s should be connection-ready to PALECO's distribution system through a 13.8kV and 69kV bus connection. <p style="text-align: center;"><u>For Lot 2</u> <i>Roxas (8 MW)</i></p> <ul style="list-style-type: none"> • The power plant/s should be within the following distances: <ul style="list-style-type: none"> ○ 10 KMs from NPC's Roxas Substation • The power plant/s should be connected to the NPC Palawan 69kV Main Grid via bus-in connection or cut-in connection with the corresponding installation of a switching station • The power plant/s should be capable of grid-connected and island operation modes • The power plant/s should be connection-ready to PALECO's distribution system through a 13.8kV and 69kV bus connection. <p style="text-align: center;"><i>Between the Aborlan - Narra 69kV Transmission Line (7 MW)</i></p> <ul style="list-style-type: none"> • The power plant/s should be within the following distances: <ul style="list-style-type: none"> ○ 10 KMs from NPC's 69kV Transmission Line and Poblacion area. • The power plant/s should be connected to the NPC Palawan 69kV Main Grid via bus-in connection or cut-in connection with the corresponding installation of a switching station • The power plant/s should be capable of grid-connected and island operation modes • The power plant/s should be connection-ready to PALECO's distribution system through a 13.8kV and 69kV bus connection.
Bid Type	<p>Bidders may submit Bids for either Lot 1 or Lot 2, or both.</p> <p>Bidders shall submit an offer for the entire Contracted Capacity per Lot.</p> <p>A Bidder shall submit a Bid indicating its bid price as of bid submission date in Php/kWh for the entire offer.</p> <p>There shall only be one (1) Winning Bidder per Lot.</p>
Source of Power	<p>The CSP shall be open for all technology that can supply the baseload demand for Lot 1 and the peaking demand for Lot 2, subject to the environmental limitations, regulations, and promulgations of the local government units of Palawan.</p>
Connection Point	<p>Must be connected to the NPC 69kV Transmission System and capable to connect to PALECO's distribution system.</p> <p>If connection is via bus-in: The SUPPLIER shall construct a dedicated line and install the Connection Assets at the Connection Point (existing substation facilities) in coordination with NPC as Grid owner or with PALECO, the Substation Facility owner.</p> <p>If connection is via cut-in: The SUPPLIER shall have the responsibility to construct its connection asset (e.g., transmission line and step-up transformer) and switching station with synchronizer for its connection to NPC's 69kV Transmission System and installed 69kV and 13.8kV bus available connection to PALECO.</p>

Metering Point	<p>For connection to NPC’s transmission system via bus-in: At connection point to NPC’s existing substation/switching station facility.</p> <p>For connection to NPC’s transmission system via cut-in: At SUPPLIER’s switching station at the 69kV connection point.</p> <p>For connection to PALECO’s distribution system: At SUPPLIER’s plant gate.</p> <p>The metering system to be provided by the SUPPLIER shall be installed at the Connection Point equipped with the metering equipment specified in Section 8 of the Philippine Small Grid Guidelines (“PSGG”).</p>																
Tariff Structure	<p>The tariff structure shall be unbundled into components as follows:</p> $\text{Total Generation Charge} = CRF_{CUF} + FOMF + VOMF + FF$ <p>Capital Recovery Fee (“CRF”): The CRF_{CUF} shall be calculated as the product of the Capital Recovery Rate (“CRR_{CUF}”) and the quantity delivered for the Billing Period.</p> $CRF_{CUF} = CRR_{CUF} \times Q$ <ul style="list-style-type: none"> • The CRR_{CUF}, in PhP/kWh, shall be determined using the <i>CUF Table</i> to be provided by the Bidder. • Without exception, no form of indexation allowed for the CRF. • Unless revised in the Final Bidding Documents, the CUF shall be calculated in accordance with the formula below: $CUF = \frac{Q}{CC \times (H_T - H_O - H_{FM})}$ <p>Where</p> <table border="1" data-bbox="558 1365 1328 1746"> <tr> <td>CUF</td> <td>Capacity Utilization Factor</td> </tr> <tr> <td>Q</td> <td>Energy delivered during the Billing Period, provided that the energy delivered shall not be less than the Associated Energy equivalent of the Monthly Minimum CUF</td> </tr> <tr> <td>CC</td> <td>Contract Capacity, stated in kW</td> </tr> <tr> <td>H_T</td> <td>Total number of hours in the Billing Period</td> </tr> <tr> <td>H_O</td> <td>The Equivalent Hours of actual Scheduled Outages and Unscheduled Outages in the Billing Period</td> </tr> <tr> <td>H_{FM}</td> <td>The Equivalent Hours of actual outages due to Force Majeure</td> </tr> </table> <p>Fixed O&M Fee (“FOMF”): The FOM shall be calculated as the product of the Fixed O&M Rate (“FOMR”), in PhP/kW-month, and the CC for the Billing Period, minus the capacities which were not available to PALECO due to Force Majeure and Scheduled Outages and Unscheduled Outages. The FOMR may be escalated to the PH CPI (“PHIndex”) or to a Foreign CPI (“FIndex”).</p> $FOMF = \{FOMR \times [(K \times PHIndex) + ((1 - K) \times FIndex)]\} \times [CC \times \{1 - \frac{(H_O + H_{FM})}{H_T}\}]$ <p>Where:</p> <table border="1" data-bbox="558 2163 1328 2265"> <tr> <td>PHIndex</td> <td>$PHCPI_{n-1} / PHCPI_0$</td> </tr> <tr> <td>$PHCPI_{n-1}$</td> <td>Monthly Consumer Price Index for All Income Households in the Philippines by Commodity</td> </tr> </table>	CUF	Capacity Utilization Factor	Q	Energy delivered during the Billing Period, provided that the energy delivered shall not be less than the Associated Energy equivalent of the Monthly Minimum CUF	CC	Contract Capacity, stated in kW	H_T	Total number of hours in the Billing Period	H_O	The Equivalent Hours of actual Scheduled Outages and Unscheduled Outages in the Billing Period	H_{FM}	The Equivalent Hours of actual outages due to Force Majeure	PHIndex	$PHCPI_{n-1} / PHCPI_0$	$PHCPI_{n-1}$	Monthly Consumer Price Index for All Income Households in the Philippines by Commodity
CUF	Capacity Utilization Factor																
Q	Energy delivered during the Billing Period, provided that the energy delivered shall not be less than the Associated Energy equivalent of the Monthly Minimum CUF																
CC	Contract Capacity, stated in kW																
H_T	Total number of hours in the Billing Period																
H_O	The Equivalent Hours of actual Scheduled Outages and Unscheduled Outages in the Billing Period																
H_{FM}	The Equivalent Hours of actual outages due to Force Majeure																
PHIndex	$PHCPI_{n-1} / PHCPI_0$																
$PHCPI_{n-1}$	Monthly Consumer Price Index for All Income Households in the Philippines by Commodity																

	Group, ALL ITEMS for the month preceding the Billing Period , from the Philippines Statistics Authority (https://psa.gov.ph/price-indices/cpi-ir)
PHCPI _o	Monthly Consumer Price Index for All Income Households in the Philippines by Commodity Group, ALL ITEMS for [reference month, year to be determined], from the Philippines Statistics Authority (https://psa.gov.ph/price-indices/cpi-ir). The reference month and year for PHCPI _o shall be finalized by the BAC in consultation with the Bidders during the course of the CSP.
FIndex	$FCPI_{n-1} / FCPI_o$
FCPI _{n-1}	Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category, for the month preceding the Billing Period , from the U.S. Bureau of Labor Statistics (https://www.bls.gov/news.release/cpi.t01.htm) Or other Foreign CPI as determined by the SBAC.
FCPI _o	Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category, for [reference month, year to be determined], from the U.S. Bureau of Labor Statistics (https://www.bls.gov/news.release/cpi.t01.htm) Or other Foreign CPI as determined by the SBAC. The reference month and year for USCPI _o shall be finalized by the SBAC in consultation with the Bidders during the course of the CSP.
K	% of rate indexed on PHIndex
1 – K	% of rate indexed on FIndex

Note for Bidders:

- **For Lot 1:** The Bidder shall provide a *CUF Table* containing the bid price corresponding to the CRF_{CUF} ranging from 50% to 100% in increments of 1%, which shall be strictly binding on the Bidder during the implementation of the PSA without exception.
- **For Lot 2:** The Bidder shall provide a *CUF Table* containing the bid price corresponding to the CRF_{CUF} ranging from 20% to 100% in increments of 1%, which shall be strictly binding on the Bidder during the implementation of the PSA without exception.
- Should PALECO fail to dispatch the SUPPLIER at the Monthly Minimum CUF, and the SUPPLIER has made the same available for dispatch, PALECO shall pay to SUPPLIER the CRF_{CUF} at the associated energy for 50% CUF level for Lot 1 and 20% CUF level for Lot 2, as the case may be.
- The computation of CRF shall be based on the Monthly Minimum CUF or the SUPPLIER's actual utilization, whichever is higher in the Billing Period.
- BAC reserves the right to adopt other foreign consumer price indices and currency exchange rate as may be necessary. Such will be issued in the Instruction to Bidders or Bid Bulletins.

	<p>Variable O&M Fee (“VOMF”): The VOMF shall be calculated as the product of the Variable O&M Rate (“VOMR”), in PhP/kWh, and the Actual Energy Delivered for the Billing Period. The VOMR may be escalated to the PHIndex or to a FIndex, and the applicable foreign exchange rate (“FOREX”), if any.</p> $VOMF = \left\{ VOMR \times \left[(K \times PHIndex) + ((1 - K) \times FIndex) \times \frac{FOREX_{n-1}}{FOREX_0} \right] \right\} \times \text{Actual Energy Delivered}$ <ul style="list-style-type: none"> • The VOMF shall be strictly based on Actual Energy Delivered for the Billing Period. • BAC reserves the right to adopt other foreign consumer price indices and currency exchange rate as may be necessary. Such will be issued in the Instruction to Bidders or Bid Bulletins. <p>Fuel Fee (“FF”): The FF shall be calculated as the product of: (i) the summation of the Fuel Price (“FP”); (ii) the Fuel Consumption Rate (“FCR”) per fuel type; and (iii) the Actual Energy Delivered for the Billing Period per fuel type.</p> <p><i>Where</i></p> $FF = \sum FP \times FCR \text{ (depending on technology used)} \times \text{Actual Energy Delivered (depending on technology used)}$ <ul style="list-style-type: none"> • The Fuel Fee shall be a pass-through component of the price. • The BAC shall prescribe a fixed price per fuel type, based on appropriate references, which shall be used in the evaluation of bids. • The BAC shall prescribe a range of acceptable FCR for each fuel type based on ERC-approved cases. The Bidder must offer an FCR within the acceptable range provided by the SBAC, which shall be binding on the Bidder during the implementation of the PSA. The range of acceptable FCR shall be provided in the Instruction to Bidders. <p>For the purpose of evaluation, the Bidder shall indicate in its Technical Bid the power plant/s (and its corresponding fuel type) that would supply PALECO’s energy requirements for the entire 15-year period, which shall be consistent with the Bidder’s Financial Bid.</p> <p>Note for Bidder:</p> <ul style="list-style-type: none"> • Except for Value-Added Taxes (“VAT”) which shall be a pass-through component of the price, all other taxes and government dues including ER 1-94 (Benefits to Host Community), shall be to the account of the SUPPLIER/s.
Evaluation Framework	<p>The Financial Proposal of the Bidders shall be evaluated by calculating the equivalent price in 2024 of the Levelized Cost of Electricity (LCOE) over the 15-year period from the base bid price and other bid parameters submitted in accordance with the Evaluation Methodology detailed in the Instruction to Bidders.</p> <p>The LCOE shall be the basis for comparison of bid offers to determine the lowest calculated bids.</p>
Outage Allowances	<p>As long as it is able to operate at the Monthly Minimum CUF, the SUPPLIER shall be allowed an Outage Allowance (Planned and Unplanned) of 45 days per annum per unit subject to the following conditions:</p> <ul style="list-style-type: none"> • No plant-level planned outage and Preventive Maintenance Schedule (“PMS”) during peak months April, May, June, and December; • The PMS of any of the generating units at a power plant shall be scheduled separately such that SUPPLIER shall not conduct

	<p>simultaneous PMS for more than one (1) generating unit at any given time;</p> <ul style="list-style-type: none"> • All Planned Outages must be scheduled with the PALECO and the System Operator at least 12 months prior the PMS, subject to the dispatch protocol to be agreed by the SUPPLIER, PALECO, and the System Operator; and • Even during Outage Allowance, the SUPPLIER must nonetheless be able to supply the Monthly Minimum CUF. <p>Any outage categorized under “Outside Management Control” as defined by ERC under Resolution No. 9 Series of 2022 (A Resolution Adopting the Rules and Procedures to Govern the Monitoring of Reliability Performance of Small Grid Generating Units), shall not be charged against the SUPPLIER’s outage allowance.</p>
Force Majeure	The provisions on Force Majeure of ERC Resolution No. 16 Series of 2023 and NEA Memorandum 2023-057 shall govern.
Replacement Power	<p>The SUPPLIER shall provide Replacement Power under the following conditions:</p> <ol style="list-style-type: none"> 1. It exceeds the outage allowance per unit; 2. It will not be able to operate at Monthly Minimum CUF level at a given month due to its own fault or negligence; 3. It will incur a scheduled plant-level outage or conduct a PMS for a generating unit during peak months (April, May, June, and December); and 4. It will conduct simultaneous PMS for more than one (1) generating unit. <p>The rates to be charged for the procurement of Replacement Power shall be a) the actual price of the Replacement Power; or b) the approved charge for the PSA, whichever is lower.</p>
Form of Payment	<p>Mode of payment: Check or bank transfer to a nominated bank. Currency of Payment: Philippine Peso Billing Period: Monthly to be defined in the power supply agreement</p>
Liquidated Damages	<p>The SUPPLIER shall be penalized at a rate equivalent to PALECO’s Distribution Supply and Metering (“DSM”) charge on top of the Replacement Power cost in case of:</p> <ol style="list-style-type: none"> 1. Delay in Delivery Date; 2. Failure to provide Replacement Power; or 3. Failure to secure prior approval for any scheduled outage. <p>Other penalty provisions will also apply under the resulting PSA provided that the penalty on any given Billing Period should not exceed the performance bond of the SUPPLIER.</p> <p>Penalties shall not be passed on to PALECO or its consumers.</p>
Reduction of Contract Capacity and/or Contract Energy	At the option of PALECO, 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.

Prompt Payment Discount	<p>The SUPPLIER shall extend a three percent (3%) discount based on the non-fuel fee (i.e. CRF, FOMF, and VOMF) to PALECO as prompt payment if:</p> <ol style="list-style-type: none"> 1. payment is made within 10 Calendar Days from receipt of Seller's billing, and 2. buyer is up to date with all its payment obligations under the power supply agreement. <p>For the avoidance of doubt, the prompt payment discount shall not be included in the Financial Proposal evaluation.</p>
Ground for Termination	<p>Valid grounds for termination are:</p> <ol style="list-style-type: none"> 1. Event of default to be defined in the Power Supply Agreement (“PSA”); 2. Extended Force Majeure Events to be defined in the PSA; 3. Expiration of Term; and 4. Other reasonable ground for termination as may be indicated in the PSA
Assignment or Transfer of Contract Capacity	<p>The Winning Bidder shall not be allowed to sell and/or assign the executed PSA resulting from a successful CSP to any other entity, except under the following conditions: (1) assignment to the Winning Bidder’s subsidiary project company, provided that the Deed of Assignment shall state that the Winning Bidder and its stockholders shall be jointly and severally liable for any violation of the PSA terms and these Guidelines committed by its Assignee project company; and (2) upon ERC’s approval and determination of the assignee or buyer’s legal, technical and financial eligibility</p>
Eligibility Requirements	<p style="text-align: center;"><u>Legal</u></p> <p>The following entities shall be eligible to participate in this bidding:</p> <ul style="list-style-type: none"> • Duly licensed individuals or sole proprietorships; • Partnerships duly organized under the laws of the Philippines; • Corporations duly organized under the laws of the Philippines; and • Joint Ventures and Consortiums duly organized under the laws of the Philippines. <p>Bidders must submit proof of its right to occupy or use the land upon which the power plant/s will be constructed (i.e., Certificate of Title, Right of Way Agreements, Lease Agreements, or any other similar tenurial instruments.)</p> <p>Bidders must secure a Certificate of Good Standing from PALECO. Bidders who have shown their previous inability to timely comply with their obligations to PALECO shall not be given a Certificate of Good Standing.</p> <p>Bidders must also secure a Certificate of Good Standing from all of their current off-takers whether such off-taker be a private distribution utility or an electric cooperative.</p> <p style="text-align: center;"><u>Financial</u></p> <p>The bidder’s Net Financial Contracting Capacity (“NFCC”) based on its Latest Audited Financial Statement (Stamped-received by BIR or SEC) should at least be twenty-five percent (25%) higher than the Bidder’s Project/Facility Cost.</p> <p>Bidders shall use the indicative project/facility cost based on the assumption of Seventy-Five Million Pesos (P75,000,000.00) per MW.</p> <ul style="list-style-type: none"> • If joining for Lot 1 only, the required NFCC would be calculated as follows: $NFCC = 125\% \times \text{PhP}75\text{M} \times 40 \text{ MW}$ • If joining for Lot 2 only, the required NFCC would be calculated as follows: $NFCC = 125\% \times \text{PhP}75\text{M} \times 15 \text{ MW}$

	<ul style="list-style-type: none"> • If joining for both Lot 1 and Lot 2, the required NFCC would be calculated as follows: $NFCC = 125\% \times \text{PhP}75\text{M} \times 55 \text{ MW}$ <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 an 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"> • Installed capacity of at least 40 MW in the Philippines for Lot 1; • Installed capacity of at least 15 MW in the Philippines for Lot 2; and • Installed capacity of at least 55MW in the Philippines for Lot 1 and 2. <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 BAC.</p>
Bid Security	In accordance with Appendix B, Section 10 of ERC Resolution No. 16 Series of 2023, each Bidder shall submit, as part of its bid submission, a Bid Security equivalent to three (3) month contract cost of the proposed PSA computed using the bid price offered by the Bidder.
Performance Bond	<p>Within ten (10) calendar days from the execution of the contract, the Winning Bidder shall post a Performance Bond equivalent to the three (3)-month contract cost of the proposed PSA computed using the bid price offered by the Winning Bidder.</p> <p>Failure to post the required Performance Bond within the prescribed period will result in the forfeiture of the Bid Security. Failure, inability or refusal of the Winning Bidder to join in the timely filing of the application will result in the forfeiture of the Performance Bond.</p>
Other Term and Condition	<p>Power Plant/Generating Units must have the following capabilities:</p> <ul style="list-style-type: none"> • Regulation of Active Power to provide frequency control under normal operating conditions based on the requirement under the PSGG. The frequency variation must be within the limits of 59.4 Hz to 60.6 Hz at normal operating conditions • Regulation of Reactive Power to control terminal voltage based on the requirement under the PSGG • Fast-Start Capability depending on technology

- Black-Start Capability
- Capable to operate both on grid and island mode
- The generating units and switching station shall have 69kV synchronizing equipment
- Fuel reserve is equivalent to 30 days at Monthly Minimum CUF operation
- Power plant/s must be able to integrate with System Operator's SCADA
- The power plant/s connected and synchronized to the Palawan Grid shall comply with the latest edition of the PSGG and the Philippine Grid Code, as may be necessary.
- For power plant with Renewable Energy technology, it must have grid balancing and firming services such as the use of batteries and ancillary resources to provide a stable power supply and to address intermittent characteristics of RE sources, if applicable. If a storage system would be applied, it must be capable to supply the expected electrical output within the affected period from RE for at least 24hours for Lot 1 and 4-5hours for Lot 2.
- The Bidder shall construct the following:
 - Protection equipment, if applicable, and revenue metering assemblies at the connection points;
 - Dedicated Point-to-Point facilities for its connection to the NPC 69kV Transmission System.

Notwithstanding the above, the SBAC and/or PALECO reserve the right to amend or include other technical parameters which must be complied by the Bidders.

- In the event that PALECO's franchise to operate as an electric distribution utility is not renewed or terminated, or its coverage area is reduced, PALECO shall have the obligation to assign the rights and obligations under the PSA affected by the said non-renewal, termination, or reduction to the new utility with the franchise to operate in the area affected by the non-renewal, termination, or reduction of PALECO's coverage area. The SUPPLIER shall have the corresponding obligation to accept such assignment.

If such assignment fails to occur due to reasons not attributable to the fault or negligence of PALECO and/or the SUPPLIER, the Parties must agree on a transition period, subject to the terms of the PSA. During this period, both the SUPPLIER and PALECO must make all reasonable efforts to prevent any power supply disruption to the Palawan Main Grid.