



PAMPANGA I ELECTRIC COOPERATIVE, INC.

Sto. Domingo, Mexico, Pampanga

Tel. Nos.: (045) 361-2329 • Telefax No.: (045) 361-2330

Hotline Nos. (CALLS ONLY) 0917-554-0565, 0917-324-7983, 0932-842-6791, 0932-856-4909

0939-904-5226, 0939-923-5220

(TEXTS ONLY) 0917-553-6111

E-mail Address: contact.us@pelco1.org.ph; pelco1_mexico72@yahoo.com

Website: www.pelco1.org.ph

August 28, 2024

Supplemental Bulletin No. 2024-04

Procurement of Baseload and Peaking Power Supply Agreements

This is in reference to the written requests for clarification submitted by Sual Power Inc. last August 20, 2024. In this regard, the responses of the PELCO I CSP BAC are stated in the attached document. This document shall form part of the Bidding Documents.

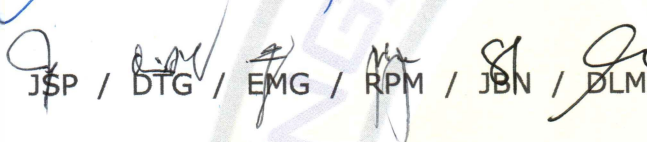
For your information and guidance.

Approved by: **PELCO I CSP BAC**

Noted by:


ENGR. OLIVER S. VERGARA, MEM
BAC Chairman


ENGR. ALLAN E. DAVID
General Manager


JSP / DTG / EMG / RPM / JBN / DLM

AREA COVERAGE:

ARAYAT
0917-543-0705
(045) 885-0041

CANDABA
0917-543-0707
(045) 875-1765/966-0269

MAGALANG
0917-543-0706
(045) 866-0656

MEXICO
0917-543-0707
(045) 875-1765 / 966-0269

SAN LUIS
0917-543-0708

STA ANA
0917-543-0707
(045) 875-1765 / 966-0269

MATRIX OF COMMENTS

Name of Bidder: SUAL POWER INC.

Reference Document	Item/Section	Provision	Clarification/Recommendation/Suggestion	PELCO I CSP-BAC Response																																				
Instructions to Bidders	Annex A - Terms of Reference (TOR)	<table border="1"> <tr> <td>Prompt Payment Discount</td> <td> <ul style="list-style-type: none"> Three percent (3%) of the current total bill </td> </tr> </table>	Prompt Payment Discount	<ul style="list-style-type: none"> Three percent (3%) of the current total bill 	<p>1. We suggest to allow the option to which component of the Generation Rate shall the 3% PPD be applied.</p> <p>Option 1: CRF only Option 2: CRF & FOM Option 3: CRF, FOM & VOM Option 4: CRF, FOM, VOM & Fuel</p> <p>2. Can a Bidder be allowed to offer a higher level of PPD but applicable only to certain component/s of the Generation Rate excluding Fuel Fee considering that the Fuel Fee is supposed to be a pass-through cost?</p>	<p>Current Total Bill is equivalent to the charges billed by the supplier before fuel fee, any taxes or other charges including line rental. Thus, PPD applies to CRF, FOM, and VOM only, excluding Fuel Fee, applicable taxes, and other charges.</p> <p>PPD is fixed at 3%.</p>																																		
Prompt Payment Discount	<ul style="list-style-type: none"> Three percent (3%) of the current total bill 																																							
Computation worksheet	NPV / Annuity	<table border="1"> <tr> <td>39</td> <td>Annual Contracted Energy</td> <td>KWh</td> <td>1,181,908,200</td> </tr> <tr> <td>40</td> <td></td> <td></td> <td></td> </tr> <tr> <td>41</td> <td></td> <td></td> <td></td> </tr> <tr> <td>42</td> <td></td> <td></td> <td></td> </tr> <tr> <td>43</td> <td>Annual Payment</td> <td>Php</td> <td>#REF!</td> </tr> <tr> <td>44</td> <td></td> <td></td> <td></td> </tr> <tr> <td>45</td> <td>Net Present Value (NPV) - Payment</td> <td>Php</td> <td>#REF!</td> </tr> <tr> <td>46</td> <td></td> <td></td> <td></td> </tr> <tr> <td>47</td> <td>Annuity Factor</td> <td></td> <td>7.19</td> </tr> </table>	39	Annual Contracted Energy	KWh	1,181,908,200	40				41				42				43	Annual Payment	Php	#REF!	44				45	Net Present Value (NPV) - Payment	Php	#REF!	46				47	Annuity Factor		7.19	<p>Please correct the following:</p> <p>1. Row 39: Annual Contracted Energy to Total Contracted Energy for ten (10) years</p> <p>2. Row 43: Annual Payment to Total Payment for ten (10) years</p> <p>3. Row 45: Net Present Value (NPV) - Payment to Net Present Value - Payment for ten (10) years</p>	Accepted.
39	Annual Contracted Energy	KWh	1,181,908,200																																					
40																																								
41																																								
42																																								
43	Annual Payment	Php	#REF!																																					
44																																								
45	Net Present Value (NPV) - Payment	Php	#REF!																																					
46																																								
47	Annuity Factor		7.19																																					
Computation worksheet	LCOE	<p>Formula/Computation</p> <table border="1"> <tr> <td>49</td> <td>LCOE</td> <td>Php/KWh</td> <td>#REF!</td> </tr> </table>	49	LCOE	Php/KWh	#REF!	<p>We suggest to revise the formula to determine the LCOE:</p> $LCOE = \frac{NPV \text{ of Payment for ten (10) years}}{NPV \text{ of Contracted Energy for ten (10) years}}$ <p>NOTE: This formula is without any consideration of Annuity but purely based on NPV of the amount and energy (accepted ERC and other ECs/DUs LCOE calculation)</p>	Accepted. The original formula with an annuity factor and the proposed formula using net present value will yield the same LCOE result because the annual contracted energy is the same over the ten (10) years period.																																
49	LCOE	Php/KWh	#REF!																																					

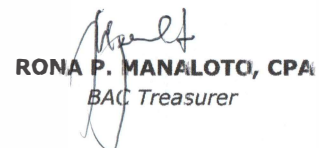
Bid Form worksheet	Fuel Cost Component Shares	<p>FUEL COST COMPONENT SHARES</p> <table border="1"> <thead> <tr> <th>Fuel</th> <th>Fuel Type</th> <th>Fuel Cost, Php/kWh</th> <th>%Share</th> </tr> </thead> <tbody> <tr> <td>Fuel1</td> <td>Australian Coal</td> <td>1.0000</td> <td>60.00</td> </tr> <tr> <td>Fuel2</td> <td>Indo-Coal</td> <td>1.5000</td> <td>40.00</td> </tr> <tr> <td>Fuel3</td> <td></td> <td>N/A</td> <td></td> </tr> </tbody> </table>	Fuel	Fuel Type	Fuel Cost, Php/kWh	%Share	Fuel1	Australian Coal	1.0000	60.00	Fuel2	Indo-Coal	1.5000	40.00	Fuel3		N/A		<p>We suggest to break the fuel fee into commodity and non-commodity components and allow option to indicate escalation for each component.</p> <p>FUEL COST COMPONENT SHARES</p> <table border="1"> <thead> <tr> <th>Fuel</th> <th>Fuel Type</th> <th>Fuel Cost, Php/kWh</th> <th>%Share</th> <th>Commodity</th> <th>Non-Commodity</th> </tr> </thead> <tbody> <tr> <td>Fuel1</td> <td>Australian Coal</td> <td>1.0000</td> <td>60.00</td> <td></td> <td></td> </tr> <tr> <td>Fuel2</td> <td>Indo-Coal</td> <td>1.5000</td> <td>40.00</td> <td></td> <td></td> </tr> <tr> <td>Fuel3</td> <td></td> <td>N/A</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Fuel	Fuel Type	Fuel Cost, Php/kWh	%Share	Commodity	Non-Commodity	Fuel1	Australian Coal	1.0000	60.00			Fuel2	Indo-Coal	1.5000	40.00			Fuel3		N/A				<p>Bidders are encouraged to propose a Fuel Fee Formula with details on fuel commodity and non-fuel commodity costs, but subject to evaluation and approval of the BAC.</p> <p>Bidders may submit their proposed fuel fee formula until September 2, 2024.</p> <p>The Final Fuel Fee formula will be reflected in the Final Instructions to Bidders.</p>
Fuel	Fuel Type	Fuel Cost, Php/kWh	%Share																																									
Fuel1	Australian Coal	1.0000	60.00																																									
Fuel2	Indo-Coal	1.5000	40.00																																									
Fuel3		N/A																																										
Fuel	Fuel Type	Fuel Cost, Php/kWh	%Share	Commodity	Non-Commodity																																							
Fuel1	Australian Coal	1.0000	60.00																																									
Fuel2	Indo-Coal	1.5000	40.00																																									
Fuel3		N/A																																										
Type of fuel worksheet	alpha	<table border="1"> <thead> <tr> <th>Type</th> <th>alpha</th> </tr> </thead> <tbody> <tr> <td>Australian Coal</td> <td>4.92%</td> </tr> <tr> <td>EU Gas (LNG)</td> <td>-4.64%</td> </tr> <tr> <td>US NatGas</td> <td>-8.14%</td> </tr> <tr> <td>Indo-Coal</td> <td>3.61%</td> </tr> <tr> <td>FOREX</td> <td>1.95%</td> </tr> <tr> <td>USCPI</td> <td>3.97%</td> </tr> <tr> <td>PhCPI</td> <td>4.13%</td> </tr> </tbody> </table>	Type	alpha	Australian Coal	4.92%	EU Gas (LNG)	-4.64%	US NatGas	-8.14%	Indo-Coal	3.61%	FOREX	1.95%	USCPI	3.97%	PhCPI	4.13%	<p>Please provide the details to these alpha figures/indices to enable Bidders to validate its accuracy and reasonability.</p>	<p>These values of fuel adjustment rate (alpha) were obtained from the following:</p> <table border="1"> <thead> <tr> <th>alpha</th> <th>Value</th> <th>Source</th> </tr> </thead> <tbody> <tr> <td>α_1</td> <td>4.92%</td> <td>6-year Historical (2014-2019), Australian Coal Price, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://www.statista.com/statistics/1303095/monthly-coal-price-index-worldwide/</td> </tr> <tr> <td>α_2</td> <td>-4.64%</td> <td>6-year Historical (2014-2019), European Union Natural Gas Import Price, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://tradingeconomics.com/commodity/eu-natural-gas</td> </tr> <tr> <td>α_3</td> <td>-8.14%</td> <td>6-year Historical (2014-2019), US Natural Gas, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://tradingeconomics.com/commodity/natural-gas</td> </tr> <tr> <td>α_4</td> <td>3.61%</td> <td>6-year Historical (2014-2019), Indonesian Coal Price, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://www.statista.com/statistics/1264936/indonesia-average-coal-benchmark-price/</td> </tr> </tbody> </table> <p>These values are not yet final and still subject to comment by the Bidders. The Bidders may propose other fuel indices, value/s of fuel adjustment rate (alpha), provided they will explain the basis and submit supporting data such as the monthly historical fuel prices from January 2013 to July 2024. BAC will evaluate the proposed indices and adjustment rates and include the final values in the Final Instructions to Bidders.</p>	alpha	Value	Source	α_1	4.92%	6-year Historical (2014-2019), Australian Coal Price, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://www.statista.com/statistics/1303095/monthly-coal-price-index-worldwide/	α_2	-4.64%	6-year Historical (2014-2019), European Union Natural Gas Import Price, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://tradingeconomics.com/commodity/eu-natural-gas	α_3	-8.14%	6-year Historical (2014-2019), US Natural Gas, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://tradingeconomics.com/commodity/natural-gas	α_4	3.61%	6-year Historical (2014-2019), Indonesian Coal Price, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://www.statista.com/statistics/1264936/indonesia-average-coal-benchmark-price/									
Type	alpha																																											
Australian Coal	4.92%																																											
EU Gas (LNG)	-4.64%																																											
US NatGas	-8.14%																																											
Indo-Coal	3.61%																																											
FOREX	1.95%																																											
USCPI	3.97%																																											
PhCPI	4.13%																																											
alpha	Value	Source																																										
α_1	4.92%	6-year Historical (2014-2019), Australian Coal Price, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://www.statista.com/statistics/1303095/monthly-coal-price-index-worldwide/																																										
α_2	-4.64%	6-year Historical (2014-2019), European Union Natural Gas Import Price, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://tradingeconomics.com/commodity/eu-natural-gas																																										
α_3	-8.14%	6-year Historical (2014-2019), US Natural Gas, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://tradingeconomics.com/commodity/natural-gas																																										
α_4	3.61%	6-year Historical (2014-2019), Indonesian Coal Price, Annual Average Growth Rate (AAGR,%) in 2014-2019, https://www.statista.com/statistics/1264936/indonesia-average-coal-benchmark-price/																																										

The COMPETITIVE SELECTION PROCESS - BIDS AND AWARDS COMMITTEE (CSP-BAC)


ENGR. OLIVER S. VERGARA, MEM
 BAC Chairperson


JACKIE LOU S. PEÑA, CPA
 BAC Vice Chairperson


DANILO T. GALANG, LL.B.
 BAC Secretary


RONA P. MANALOTO, CPA
 BAC Treasurer


ENGR. ENRICO M. GO
 BAC Auditor