



**RULES GOVERNING THE PROCUREMENT, EXECUTION, AND EVALUATION OF POWER SUPPLY AGREEMENTS ENTERED INTO BY DISTRIBUTION UTILITIES FOR THE SUPPLY OF ELECTRICITY TO THEIR CAPTIVE MARKET**

Document	Article / Section	Discussion of Comment/s and/or Questions for Clarification	Suggestions / Proposed Change(s)
PSA Rules	Sec. 47	“reasonableness” is a subjective criteria, considering that the contract is awarded to the Lowest Calculated Responsive Bid already.	There should be a benchmark rate against which the “reasonableness” of the proposed price is evaluated. This benchmark rate should already be available by the time the proposed CSP Rules are promulgated – this way, even the DUs can already use the bench mark rate in evaluating the Lowest Calculated Responsive Bid.
	Sec. 47	If the CSP has to go through such a rigorous selection process, why is there a need for the ERC to review the details of the proposed price such that it can still “prohibit some or all costs from being passed through”?	We respectfully submit that, after going through the selection process, the ERC’s review process should be left to the following: (1) whether the CSP complied with all the requirements under the Rules (2) whether the PSA complies with all the standards provided by the Rules and (3) whether the resulting price is correctly the Lowest Calculated Responsive Bid, compared to the offers of the other bidders and when the proposed price is adjusted according to current indices, if any. The existing ERC review process usually results in a reduction of the price. This will again be the case under the proposed Rules; however, if after evaluating the costs and the ERC finds that the proposed price is below the revenue requirements of the bidder, will the ERC approve an increase in the price? (we assume that the bidder will offer a price sufficiently low enough to out-price the other bidders.)

Appendix A	1-22	The Performance Bond is calculated as a percentage of the project cost.	We respectfully submit that the Performance Security should be calculated in the same manner as the Bid Security – one year contract cost.
Appendix B	No comment		
Appendix C	No comment		
Appendix D	No comment		