

Draft No. 2 Rules Governing the Procurement, Execution, and Evaluation of Power Supply Agreements Entered into by DUs for the Supply Of Electricity to their Captive Market
How a DU should proceed with its CSP

- a. **Preferred Technology, if any, and justification for such preference:** Stipulate key plant operating parameters and technical limits:
- i. Fuel: Coal with the following specifications
 - Calorific Value (GAR, kcal/Kg): 4500 – 4800
 - Ash: 1.3 – 11.7%
 - ii. Minimum Technology class:
 - iii. Guaranteed Unit Capacity
 - iv. Pmin Voltage limit
 - v. Reactive Power
 - vi. Grid System Fault Level
 - vii. Critical Fault Detection and Clearing Time Limits
 - viii. Start-up Times
 - Ambient Cold Start
 - Cold Start
 - Warm Start
 - Hot Starts
 - Dispatch Ramp rates (MW/Minute)
 - Warm Condition
 - Cold Condition
 - Ambient Condition
- b. **Target Commercial Operation Date:** Stipulate COD.
- c. **Enumeration of cost items to be passed-on to the captive customers:** Stipulate power tariff structure:
- i. Capital Recovery: Fixed rate stated in PhP/kW-year and based on guaranteed availability and its adjustments for outage allowances
 - ii. Dollar Fixed O&M: Fixed rate stated in US\$/kW-year, escalating with US CPI and based on guaranteed availability and its adjustments for outage allowances
 - iii. Peso Fixed O&M: Fixed rate stated in PhP/kW-year, escalating with RPI CPI and based on guaranteed availability and its adjustments for outage allowances
 - iv. Peso Variable O&M: Variable rate stated in PhP/kWh, escalating with RP CPI based on metered energy

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- v. Fuel: formula payment based on Guaranteed Net Plant Heat Rate (in step MW of percent capacity rating) for each trading interval based on metered energy, indexed to Newcastle coal, and actual shipping cost
 - vi. Interconnection Facilities payment: Comprising of fixed rate stated in PhP/kW-year for the recovery of the interconnection cost and a fixed rate for O&M of the interconnection stated in PhP/kW-year, escalating with RP CPI
 - vii. Reimbursable Cost Payment: reimbursement of actual Real Property Tax payment, Shut-Down and Start-up payment for shut-down or start-ups requested by DU, and Supplemental Payments (applicable Energy and Environmental Tax, any NGCP charges or Ancillary Services Charges, ER 1-94, etc)
- d. **Penalty Provisions in cases of delay in construction and commercial operations for new generating capacities:** Stipulate penalty or termination clauses
- i. If COD has not occurred by Scheduled COD, Supplier delivers Replacement Power to DU, if not available, Power Supplier shall pay P 908/MWh up to 60 Days after Delay Limit (180 Days after Scheduled COD). From and after lapse of Excused Delay Limit, either Party may terminate PSA
 - ii. An Excused Delay Event (Forced Majeure, DU breach, no back-feed, etc.) is subject to 180 day Excused Delay Limit; upon lapse of Commercial Operations Date or Excused Delay Limit, DU may forfeit Performance Security and exercise remedies at law.
- e. **Grounds for termination of the PSA during cooperation period:** Stipulate Supplier Events of Default, its consequences if un-remedied beyond the Curing Period.
- f. **Eligibility Requirements:**
- i. Eligibility Requirements for Bidders
 - The Bidder shall be a Generating Company (or a wholly-owned subsidiary thereof), that, partly or wholly (and by proportion of its equity) owns and operates existing generating facilities in the Philippines or in other countries with at least an aggregate of __ MW installed capacity.
 - A generating facility which has been commissioned and has achieved commercial operations not earlier than __ as evidenced by its Certificate of Compliance issued by the ERC, may be deemed as a “New Power Plant” and may be allowed to Bid under this RFP to the extent of its uncontracted capacity throughout the term of the PSA can meet the Guaranteed Capacity.
 - The Bidder represents that it does not have any of the disqualification as a generation company under the Republic Act 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (“EPIRA”), particularly under Section 45 thereof.

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- If the Bidder is an affiliate or associated firm of DU, it represents that it does not have existing bilateral power supply contracts with said DU after the effectivity of the EPIRA which, taken together with the energy requirement covered by this RFP, will constitute more than fifty percent (50%) of the total captive demand of DU.
- g. **Corporate Profile of bidders:** In addition of the usual requirements for general corporate **information** (SEC registration, Articles of Incorporation, etc), the following shall be required to be submitted:
- i. Environmental Compliance Certificate (ECC) duly approved by the DENR;
 - ii. Connection Agreement (CA), Transmission Services Agreement (TSA), Metering Services Agreement (MSA) with NGCP;
 - iii. Memorandum of Agreement on the establishment of Trust Accounts by the Generation Company with DOE on the Benefits to Host Communities as required under Rule 29 of EPIRA IRR;
- h. **Technical Proposal Requirement:**
- i. The Bidder shall provide all the information necessary to enable DU to fully understand the technical capability of the Bidder, which shall include all relevant technical characteristic of the generating facility/facilities wholly or partially owned and/or operated (directly or by contract) by the Bidder or its affiliates, and details of the transmission or distribution interconnection, and fuel supply arrangements in respect of such facility/facilities.
 - ii. The Bidder shall develop, build and operate a New Power Plant that will support the Bidder's obligations in the PSA. The Bidder shall provide all the information necessary to enable DU to fully assess the new power plant including the associated infrastructure and grid connection using at a minimum _____ steam conditions for conventional thermal steam turbine power. The Bidder shall be responsible for selecting the location of its power plant, obtaining the land for its site and associated facilities and its interconnection to the Luzon Grid. The Bidder is required to submit a convincing proof that the key components of the Plant (i.e., Boiler, Turbine and Generator) be of proven design and technology, which means that power plants elements of similar design must have been engaged in reliable commercial operation for at least one (1) year at two (2) different projects situated on different sites in North America, Europe, Australia, South Korea or Japan. A project will be considered to have been in "reliable" commercial operation for the purposes of this requirement if XX's Independent Engineer determines that the equipment proposed has an average forced outage factor that has not been above five percent (5%) and its average Unit equivalent availability factor has not been below eighty nine percent (89%) for the duration of the commercial operation period except in a year of a major planned overhaul. A plant consisting of two or more units, constructed under a single PSA or project contract does not qualify as two or

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more different projects. However, two or more units installed at the same site, under different PSAs or XX contracts qualify as two or more projects, respectively.

- iii. EPC Contract: Bidder must provide proof of duly executed EPC contract whose inception
- iv. Site Control: The Bidder shall provide sufficient and convincing evidence that it will be able to acquire ownership of right, title, or interest in the proposed site(s) and the right to use the energy resource where applicable, or alternatively, a letter from the land owner or appropriate government agency indicating that Bidder will be able to acquire such right if the Bidder is awarded the PSA under this RFP. In case of land lease, letter from the landowner of their commitment to lease the land for plant site should the Bidder be awarded the PSA will suffice.
- v. Interconnection:
 - Copy of the Bidder's Interconnection Agreement (or, as the case may be, Connection Agreement) with NGCP.
 - Certified true copy for the System Impact Study (SIS) and facility Study duly approved by the NGCP providing for the interconnection of the Plant to the Luzon Grid
 - Description of the necessary work to be performed by NGCP to effect the interconnection including but not limited to: (i) status of the ERC's approval of NGCP's capital expenditure for such interconnection; (ii), status and extent of the acquisition of the right-of-way for such interconnection, (iii) , progress of NGCP's implementation of the construction of the interconnection and the tapping substation for such interconnection

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First Stage:

- Subject to payment of a steep “Bid Participation Fee” (e.g., PhP 25 Million), non-refundable
- Bidders will be short-listed following a detailed examination of eligibility and prequalification requirements (financial, institutional, technical, marketing and operating capability and experience, proof of working design and technology, and possession of key permits, financing and interconnection to proceed with plant construction and commissioning by [2022])
- Plant type and “Bidder’s Allowable Maximum Demand” that Short-listed Bidders may offer will be established
- Short-listed Bidders will be provided full terms and conditions in a Pro-forma PSA which will be the basis of their Price Proposal;
- DU sets a “Ceiling Price” of offers it will accept

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Second Stage:

- Only the Short-listed Bidders who accepts the Pro-forma PSA will be allowed to submit a “Price Proposal” comprising of the Bidders Tariff Proposal (based on Meralco’s prescribed structure), Heat Rate Proposal, Outage Allowance & Heat Rate Degradation Proposal
- Bidders enter proposal using a Meralco-issued flash drive containing a transparent evaluation algorithm to calculate resulting rate and required Bid Security
- Bid Security (~ 2 months payment of CY1 bill) is submitted with Price Proposal