



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

<b>Document</b>	<b>Article / Section</b>	<b>Discussion of Comment/s and/or Questions for Clarification</b>	<b>Suggestions / Proposed Change(s)</b>
PSA Rules	Article IV / Section 2.	<p>The requirement of indicating in the TOR the generation sources might restrict fair competition among technologies. At least, the TOR should only indicate the intended dispatch—baseload, mid-merit or peaking.</p> <p>Section 43, of EPIRA states that the ERC shall “promote free market competition” and ensure that the “allocation or pass through of bulk purchase cost... is transparent, non-discriminatory...”</p> <p>In addition, the Competitive Selection Process Advisory by the DOE for DOE DC 2018-02-0003 mandates technology neutrality.</p> <p>The six-month completion period should be extendible for causes beyond the control of distribution utility.</p>	<p>Section 2. xx Xxx</p> <p><del>(b) Generation sources (Hydro, Coal, Natural Gas, Diesel, Renewable Energy and others)</del></p> <p>The entire CSP process including the award of contract should be completed within six (6) months from the publication of the invitation to bid, unless extended by the ERC for reasonable grounds.</p>

	Article IV / Section 4.1	On the submission of a lower price proposal, the Commission must clearly state whether it allows a comparative offer using a different technology.	For consideration.
	Article IV / Section 5	<p>Emergency Supply Procurement.</p> <p>The cooperation period of one year should be extendible. Presumably, within the one-year period, the DU would conduct the CSP, but the intended power plant (procured thru regular CSP) may not be completed/operational within such period. Thus, the cooperation period should be extendible until such time that the power plant procured under the regular CSP becomes operational.</p> <p>On the application submitted to the ERC within 90 days from the implementation of the emergency supply contract—what would be the basis for ERC to grant or deny such application? In case of denial, what guarantees can the genco have to recover its investment?</p>	<p>Section 5. Emergency Supply Procurement. XXX XXX</p> <p>Provided, that the cooperation period of the corresponding PSA shall not exceed one (1) year, <u>unless extended by the ERC upon application by the parties</u>; Provided further, that the rate shall not be higher than the latest ERC approved generation tariff for same or similar technology in the are.</p>
	Article IV/Section 7	The composition of the BAC is different from the Third-Party BAC mandated by the DOE DC 2018-02-0003.	Consider harmonizing with DOE Circular.
	Article V/ Section 2	Other information (item (d)) required together with the application for PSA approval should be allowed to be filed after filing so as not to delay the application process.	<del>(d)</del> Other information that ERC shall require during the approval process may be filed as supplemental submissions.
	Article V/Section 4	The ERC should publish its approved WACC annually.	For consideration.
	Article V/Section 7	Unqualified prohibition of walk-away clauses may violate the parties' right to contract freely as constitutionally and statutorily guaranteed.	Consider deletion.

Appendix A	1-03  1.    9.	<p>Publishing once should be sufficient. Consider posting on DOE/NEA website to substitute 2<sup>nd</sup> publication.</p> <p>Ensure against duplication of the process considering that similar pre-qualification already required bidders to submit financial and technical proposals.</p> <p>Post-qualification should only focus on modificatory documents or those documents prepared in the course of the CSP (after pre-qual).</p>	
	1-23	<p>When is the performance bond required to be posted? When is the period of effectivity? When will it be returned?</p>	
	PSA Rate Evaluation	<p>Consider standardizing the method to compute the lowest calculated bid. Short of dictating the technology as well as the sources, the ERC/BAC should indicate all terms, figures and formulae that can be used by the bidders to ensure accurate comparison of bids.</p>	
Appendix B	Term of the Contract Period	<p>“...The term of the PSA should not exceed ten (10) years.”</p> <p>It is suggested that the PSA term should be extended from a maximum of 10 years to 20 years. It should be noted that the rate decreases as the PSA term increases. Further, it would be more difficult to secure financing for a ten-year contract.</p> <p>The parties should just be given leeway to re-visit, via contract re-opener, certain terms after a period of ten years.</p>	For consideration.
	Transmission and Interconnection	<p>Consider including provision for off-grid areas where the NPC only requires the Connection Agreement but not the Transmission Service Agreement.</p>	

		Also, the provision should also allow for embedded generators especially in the off-grid areas.	
Appendix C	II. Annex V	<p>Some items are not applicable for off-grid areas (Annex V-3).</p> <p>V-1 and V-2 are no longer necessary considering the rate impact simulation in Annex W.</p> <p>Can the annexes in Item V be collapsed in one to two annexes provided all <b>applicable</b> information is present?</p>	