



ALBAY POWER AND ENERGY CORP.
concessionaire of
 ALBAY ELECTRIC COOPERATIVE, INC.



INVITATION TO SUBMIT BID PROPOSALS

To all Prospective Bidders:

The Albay Electric Cooperative, Inc. (ALECO), through Board Resolution No. 036, Series of 2022, has enjoined the Third Party Bids and Awards Committee (TPBAC) to conduct a Competitive Selection Process (CSP) for the electric power requirements of the Albay Province.

The Albay Power and Energy Corp. (APEC), as the Concessionaire of ALECO, and in compliance with the guidelines issued by the Energy Regulatory Commission (ERC), the Department of Energy (DOE), and the National Electrification Administration (NEA), invites interested Power Generators to participate in the Competitive Power Supply Procurement (CPSP) for the Base, Intermediate and Peaking Capacity Supply for a term of fifteen (15) years covering the period from June 3, 2023 to June 2, 2038.

ALECO and its concessionaire APEC are inviting interested existing Power Generators to bid for the following capacity and energy, to wit:

Contract Period	Contract Capacity (MW)	Annual Contract Energy (MWh)
June 3, 2023 to June 2, 2038.	An aggregate Contract Capacity of 100 MW segregated into the following: Lot 1: 66 MW Baseload Capacity; Lot 2: 25 MW Intermediate Capacity; and Lot 3: 9 MW Peaking Capacity.	An annual energy of 564 GWh (or 47 GWh per month)

Interested parties must submit a Letter of Intent (LOI) by hand to the TPBAC for a per lot or aggregate bid. The LOI, signed by an authorized representative, shall state the full name, address, telephone numbers, email address and fax numbers of the interested party and name of the principal contact. It must be delivered and be received by the TPBAC at the APEC Main Office with office address at W. Vinzons St., Old Albay District, Legazpi City, Albay, not later than 5:00 P.M., on December 3, 2022.

The details of the CPSP Package are contained in the bidding document, which interested parties must secure from the TPBAC Secretary, Ms. Jona M. Avila, during office hours (8:00 A. M. to 12:00 NN and 1:00 P. M. to 5:00 P. M.) from December 4, 2022 to December 10, 2022 upon payment of a non-refundable fee of Seven Hundred Fifty Thousand Pesos Only (PhP 750,000.00). Only interested parties or bidders who purchased the Bidding Documents will be allowed to participate in the pre-bid conference on December 19, 2022 at exactly 1:30 P. M. to 7:00 P. M. at Hotel Venezia, Renaissance Garden, F. Aquende Drive, Legazpi City.

ATTY. LEANDRO M. MILLANO
 Chairman, Third Party Bids and Awards Committee

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ITEMS	REQUIREMENTS
<p>a. Contract Capacity and Type of Supply and Energy Volumes</p>	<ul style="list-style-type: none"> • An aggregate Contract Capacity of 100 MW segregated into the following: <ul style="list-style-type: none"> ➢ Lot 1: 66 MW Baseload Capacity ➢ Lot 2: 25 MW Intermediate Capacity ➢ Lot 3: 9 MW Peaking Capacity • An annual energy of 564 GWh (or 47 GWh per month) • A bidder may bid for one lot only. • TPBAC shall expound further this provision during the Pre-Bid Conference/s to have a common understanding with the participating bidders.
<p>b. Generation Sources, Plant Location and Supply Availability Factor</p>	<ul style="list-style-type: none"> • The Nominated Plant must have all the following: <ul style="list-style-type: none"> ○ For Portfolio nominated plant bidders, the plant location is not necessary as long as the winning bidder/s will provide power supply to EC at all times. ○ Directly Connected to the NGCP's transmission system for added security and reliability ○ Nominated plant must be operational prior to the Bid Submission Deadline, and ○ Has an availability factor of one hundred percent (100 %) • Bidder must submit valid proof of the availability of the Contract Capacity from the Nominated Plant at the Bid Submission Deadline. • The nominated plant must be available 24/7 at the Bid Submission Deadline. • The power plant must be available before the target delivery date. • The bidder must be a direct WESM Member.

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	<ul style="list-style-type: none">• The bidder must submit an existing Transmission Service Agreement.• The bidder must guarantee that it can source replacement power from the grid through the WESM.
c. Cooperation/Contract Term Period	<ul style="list-style-type: none">• 15 years from <u>Supply Effective Date</u>
d. Target Delivery Date	<ul style="list-style-type: none">• By June 3, 2023 or upon issuance of an interim relief or provisional authority or final approval from ERC, whichever is earlier
e. Levelized Cost of <u>Electricity</u> (LCOE), PhP/kWh	<ul style="list-style-type: none">• Bidders shall indicate their respective rates per lot requirement for the entire Contract Term. The LCOE shall be subject to a pre-determined Reserve Price, which shall be included in the instruction to bidder (ITB).• The lowest LCOE (VAT-exclusive) for each lot for the Contract Term shall be at the following discount rates:<ul style="list-style-type: none">➢ 8 % p.a. if Price is subject to floating fuel and forex costs; or➢ 12 % p.a. if Price is subject to fixed fuel and forex costs.
f. Unbundled Tariff Structure to support the LCOE, (including Derivation)	<ul style="list-style-type: none">• Must be in Philippine Peso denominated units• Capital Recovery Fee (CRF) shall be a fixed amount during the Contract Term.• Variable O&M Fee (VOM) and Fixed O&M Fees (FOM) may have indexation on local and foreign price indices, and USD to PhP exchange rates. Indices to be used as of December 2021• Base fuel prices to be stated by the EC for HFO, LFO, MT of coal, MMBTU for gas• Bidders shall use their own specific fuel consumption as liter/kWh (for Diesel or bunker-fired plants), kg/kWh (for coal), and MMBTU/kWh (for gas)

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<p>g. Form of Payment</p>	<ul style="list-style-type: none"> • In Philippine Pesos • Bidders must indicate their offered payment terms to the EC: <ul style="list-style-type: none"> ➤ Cash ➤ Check ➤ Bank Transfer
<p>h. Guaranteed Availability of Supply</p>	<ul style="list-style-type: none"> • Bidders are required to always provide supply through Replacement Power if power suppliers encountered their own scheduled and unscheduled outages.
<p>i. Replacement Power Charges</p>	<ul style="list-style-type: none"> • In the event of scheduled and unscheduled outages of the power supplier, portfolio bidders must always provide to the EC at actual cost or at the ERC approved rate for the PSA, whichever is lower. If said ERC-approved rate is lower than the existing rate, the difference should be translated to lower the actual rate passed-on to consumers • Delivery of replacement power shall be the obligation by the Supplier. In the event of failure by the Power Provider to provide the contracted capacity or no available replacement power from the Grid or other sources, the EC shall be allowed to source replacement power at the expense of the Power Provider. The Power Provider for its penalty shall deduct the amount of replacement power not supplied from the contract capacity.
<p>j. EC Nomination Protocol</p>	<ul style="list-style-type: none"> • Non-binding year-ahead, month-ahead, week-ahead and day-ahead nominations by the EC on capacity and energy with reference to Annex A hereof

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	<ul style="list-style-type: none"> • EC may revise the nominations due to scheduled and forced outages.
k. Delivery/Metering Point	<ul style="list-style-type: none"> • EC revenue metering point(s)
l. Line Rental and other WESM Charges	<ul style="list-style-type: none"> • All WESM Charges, i.e. line rental charge, net settlement surplus (NSS), price substitution methodology (PSM), site specific loss adjustment (SSLA), must run unit (MRU)/merit order table, and market fees shall be for the account of the Supplier
m. Regulatory Approvals	<ul style="list-style-type: none"> • Suppliers shall make the necessary adjustments in accordance with the Order or Decision by the ERC on the PSA. Any downward adjustment in the tariff shall not be a ground for the termination of the PSA, and the EC shall not shoulder the incremental cost difference between the Contract Price and the PSA rate approved by the ERC.
n. Eligibility Requirements	<ul style="list-style-type: none"> • The Bidding shall be open to all bidders that meet the financial, technical, commercial and legal requirements of this Terms of Reference and the Instructions to Bidders. • If a Bidder is formed as a partnership or corporation for purposes of this CSP, it must present a binding agreement showing that the Bidder and all its partners/shareholders, as may be applicable, are jointly and severally liable to the EC for any and all costs and obligations arising from this CSP and the resulting PSA. • Bidders, through or jointly with their Affiliates, must have the following qualifications:

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	<ul style="list-style-type: none">➤ Own, operate or control the generation capacity of existing and operational power plants in the Philippines.➤ Have sufficient experience in dealing with Distribution Utilities (DUs) and Electric Cooperatives (ECs)➤ Must be financially stable, adequately capitalized and technically competent to operate generation plants• Technical capability / qualification of technical staff and organization structure• The supplier shall have available and adequate capacity on or before COD• Experience and technical capability/qualification of the Management Team/Consultants comprising of the firm• Bidder shall submit Certificate of Compliance issued by the ERC.• Bidders shall submit their latest Two-Year audited financial statements for existing power plants.
o. Application Process with the ERC	<ul style="list-style-type: none">• Winning Bidder and the EC shall ensure joint filing of application for approval of the PSA.• Winning Bidder shall shoulder the filing fees, publication costs <u>and other associated costs.</u>
p. Security Deposit or Guarantee	<ul style="list-style-type: none">• Security deposit or guarantee may be required from the EC under the PSA.
q. Reduction in Contracted Capacity	<ul style="list-style-type: none">• Reduction of Contract Capacity shall be allowed as may be required for the implementation of RCOA and GEOP rules and guidelines and the RE Law, or other relevant laws• No penalty shall be imposed on the off-taker if there is a reduction of energy purchase

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	<p>due to the implementation of RCOA, and GEOP rules and guideline and the RE Law, or other relevant laws. Revision of monthly minimum energy off take shall be undertaken by both parties</p>
<p>r. Penalties (except for force majeure events)</p>	<ul style="list-style-type: none">• If the Supplier fails to deliver to EC the required Contract Capacity at any time during the Contract Term except during Force Majeure Events, Supplier shall pay a fine equivalent to PhP1,325.00 multiplied by each MWh during the day not replaced with Replacement Power, which shall be used to reduce the Generation Charge to the consumers in the event that the supplier cannot provide replacement power to EC.
<p>s. Force Majeure</p>	<ul style="list-style-type: none">• Force Majeure is an extraordinary event which cannot be foreseen or which though foreseen, cannot be avoided. The event must render it impossible for a Party to fulfill its obligation in a normal manner despite the exercise of due care. Force Majeure shall not excuse either Party from exercising due care to prevent it or minimize its effects.• If power was delivered and consumed during the force majeure event, the parties will meet and come to an agreement on the settlement of their respective obligations accruing during the force majeure event. This applies to all Force Majeure Events whether it is a typhoon, earthquake, volcanic eruption or pandemic.

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<p>t. Grounds for Termination of the PSA</p>	<ul style="list-style-type: none">• The Buyer/Off-taker may terminate the Agreement by written notice to the Supplier in the following situations:<ul style="list-style-type: none">a. Events of default;b. Expiration of Term and or Upon Mutual Agreement;c. Change in Law which means the adaption or taking effect, after the date of this Agreement, of a new law, rule, regulation or treaty by the duly authorized Government Authority that substantially affects the rights and obligations of the parties.d. Non-fulfillment of condition for effective date;e. Non-occurrence or Commencement Date of Commercial Operation Date;f. Events of Force Majeure; andg. When the Supplier fails to supply for a period of (60) days for reason wholly attributable to its fault and/or negligence, provided that the Supplier fails to take reasonable remedies to solve its inability to deliver capacity and energy.• The Supplier may terminate the Agreement by written notice to the Buyer/Off-taker when Buyer/Off-taker:<ul style="list-style-type: none">a. Events of default;b. Expiration of Term and or Upon Mutual Agreement;c. Change in Law;d. Discontinue operations;e. Declares bankruptcy; orf. Any financial obligation of the customer is not paid when due within any applicable grace period.
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<p>u. Value Added Items</p>	<ul style="list-style-type: none">• Implement a Corporate Social Responsibility (CSR) Program on the following areas:<ol style="list-style-type: none">1. <u>Education</u>;2. <u>Environment</u>;3. <u>Health</u>; and4. <u>Livelihood</u>.• Offer Financial incentives beneficial to the EC and consumers
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ANNEX "A"

Basis of the Competitive Selection Process CSP

2021 Forecast Month	Coincident Peak Demand (MW)	Energy Requirement (MWH)	Average Monthly Energy (MWH)	Capacity Allocation (MW)		
				Base	Intermediate	Peaking
January	83	39,096		66	20	7
February	95	44,846		66	22	8
March	97	46,722		66	23	8
April	89	48,530		66	21	8
May	98	49,079		66	23	8
June	105	56,035		66	25	9
July	104	55,141		66	24	9
August	106	52,124		66	25	9
September	106	54,988		66	25	9
October	103	51,661		66	24	9
November	72	34,911		66	17	6
December	83	39,768		66	20	7
Maximum / Total	106	572,901	47,742			

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Definition of Terms

"Baseload" means the minimum amount of electric power needed to be supplied to the electrical grid at any given time.

"Capital Recovery Fee (CRF)" means the cost for the recovery of capital or investment incurred in putting up the power plant. Fixed for the duration of the project life/plant economic life.

"Capacity" means the maximum output of electricity that a generator can produce under ideal conditions.

"Delivery" means the transmission of electricity from the generating plant to the Point(s) of Delivery of CUSTOMER.

"Delivery Point" means the revenue metering point defined and as mutually agreed by both Parties.

"Distribution Utility" refers to any electric cooperative, private corporation, government-owned utility or existing local government unit which has an exclusive franchise area to operate a distribution system.

"Electricity Generation" refers to the amount of electricity that is produced over a specific period of time.

"Fixed Operations and Maintenance (O&M) Fees (FOM)" refers to the recurring annual cost that occurs regardless of the size or architecture of the power system.

"Force Majeure" refers to a clause that is included in contracts to remove liability for natural and unavoidable catastrophes that interrupt the expected course of events and prevent participants from fulfilling obligations.

"Forced Outage" refers the shutdown condition of a power station, transmission line or distribution line when the generating unit is unavailable to produce power due to unexpected breakdown.

"Generation Charge" refers to the cost of power generated and sold to the distribution utility.

"Generation Sources" refers to the three (3) major categories of energy for electricity generation are fossil fuels (coal, natural gas, and petroleum), nuclear energy, and renewable energy sources.

"Green Energy Option Program (GEOP)" provides end-users the option to choose Renewable Energy Sources as their sources of energy.

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"High Fuel Oil" describes fuels used to generate motion and/or fuels to generate heat that have a particularly high viscosity and density.

"Intermediate" means the amount needed during the transition between base load and peak load demand.

"Levelized Cost of Electricity (LCOE)" refers to the estimates of the revenue required to build and operate a generator over a specified cost recovery period. It measures lifetime costs divided by energy production and calculates present value of the total cost of building and operating a power plant over an assumed lifetime.

"Light Fuel Oil" is a crude oil distillate used mostly for the production of heat in domestic and small commercial liquid-fuel burning equipment. It is light in color and has on average a specific gravity in the range of 0.82 to 0.86.

"Line Rental Charge" refers to the cost of electricity that was used in transmitting a certain volume of electricity (the bilateral contract quantity or BCQ) from a particular generator node to a particular customer node.

"Merit Order Table" means the sequence in which power stations contribute power to the market, with the cheapest offer made by the power station with the smallest running costs setting the starting point.

"Must Run Unit (MRU)" refers to a power plant dispatched to operate by the System Operator.

"Net Settlement Surplus (NSS)" means the settlement surplus remaining after all market transactions have been accounted for, including the assignment of transmission line rentals to Network Service Providers.

"Outages" refers to the loss of the electrical power network supply to an end use.

"Peak" means the amount needed to be supplied when there is a high demand.

"Scheduled Outages" means any planned reduction or suspension of the electrical output from the power plant or unavailability of the power plant in whole or in part as a result of the inspection, maintenance, or repair of equipment that is scheduled in accordance with the agreement with the customer off-taker.

"Replacement Power" means the alternative power supply during outages.

"Retail Competition and Open Access (RCOA)" allows power suppliers to directly transact with any customer designated by the ERC as part of the contestable market. It also allows these contestable customers to decide which electricity suppliers to source power from. The establishment of RCOA is mandated by the Electric Power Industry Reform Act of 2001 (EPIRA).

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"Retail Electricity Supplier (RES)" refers to any entity licensed by the Energy Regulatory Commission (ERC) to sell, broker, market or aggregate electricity to End-users.

"Variable Operations and Maintenance (O&M) Fee (VOM)" means the portion of the O&M costs that are a function of the level energy production (MWh) of the generating unit over any period of interest.

Abbreviations:


- (a) "CSP" Competitive Selection Process;
- (b) "DOE" means Department of Energy;
- (c) "GW" means gigaWatt;
- (d) "GWh" means gigaWatt-hour;
- (e) "kV" means kiloVolt;
- (f) "kW" means kiloWatt;
- (g) "kWh" means kiloWatt-hour;
- (h) "L" means liter;
- (i) "MW" means megaWatt;
- (j) "MWh" means megaWatt-hour;
- (k) "MMBTU" means Million British Thermal Unit (BTU);
- (l) "MT" means Metric ton;
- (m) "PhP" and "Pesos" means the lawful currency of the Republic of the Philippines
- (n) "PSA" means Power Supply Agreement;
- (o) "WESM" means Wholesale Electricity Spot Market


ATTY. LEANDRO M. MILLANO
Chairperson

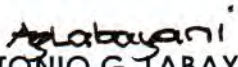

MR. JOSE MISAEL B. MORALEDA
Vice - Chairperson

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Members:



ATTY. IAN M. MACASINAG



ANTONIO G. LABAYANI



CARLOS B. LAROZA