

PANAY - GUIMARAS EC POWER CONSORTIUM, INC.



JOINT THIRD PARTY BIDS AND AWARDS COMMITTEE

**Competitive Selection Process (CSP) for the procurement of the power supply requirement
for base load, intermediate and peaking of seven (7) Electric Cooperatives
in Panay and Guimaras**

SUPPLEMENTAL BID BULLETIN NO. 06

Date : **July 4, 2022**
To : **All Prospective Bidders of Lot No. 4 and Observers**
Subject : **Replies and Clarifications on Advance Queries and Concerns Raised during the Pre-Bid Conference**

The PGEPCCI-JTPBAC hereby issues this Supplemental Bid Bulletin No. 06 to address the queries and clarifications raised by the Bidders for the above-stated project as well as the amendments in the schedule of CSP activities and the draft PSA.

Attached herewith as Annexes to this Supplemental Bid Bulletin are the following:

- Annex BB-05-A - Revised Draft Power Supply Agreement (PSA)
- Annex BB-05-B - Revised Annex D-2
- Annex BB-05-C - Checklist of Required Documents for Bid Opening
- Annex BB-05-D - Evaluation Worksheet
- Annex BB-05-E - Evaluation Worksheet Guide
- Annex BB-05-F - TOR Template
- Annex BB-05-G - TOR Sample Template

This Supplemental Bid Bulletin No. 06 and all its Annexes shall form part of the Bidding Documents. Any terms, conditions and provisions inconsistent with this Bid Bulletin are hereby amended, modified, and superseded accordingly.

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SCHEDULE OF CSP ACTIVITIES

ACTIVITY	ORIGINAL DATE	AMENDED DATE
First Publication	April 22, 2022	Retained
Second Publication	April 29, 2022	Retained
Deadline of Payment of bidding documents	May 13, 2022 @ 5:00 p.m.	May 24, 2022 @5:00 p.m.
Deadline for Submission of Letter of Intent (LOI)	May 13, 2022 @ 5:00 p.m.	May 24, 2022 @ 5:00 p.m.
Submission of advance questions /queries	May 15, 2022 @ 5:00 p.m.	May 24, 2022 @ 5:00 p.m.
Pre-Bid Conference - Lot 1	May 24, 2022 @ 9:00 a.m.	May 31, 2022 @ 9:00 a.m.
Pre-Bid Conference - Lot 2	May 25, 2022 @ 9:00 a.m.	June 1, 2022 @ 9:00 a.m.
Pre-Bid Conference - Lot 3	May 26, 2022 @9:00 a.m.	June 2, 2022 @ 9:00 a.m.
Pre-Bid Conference - Lot 4	May 27, 2022 @ 9:00 a.m.	June 3, 2022 @ 9:00 a.m.
Deadline for Bidders' Request for Clarification		Ten (10) calendar days before the date of the Opening of Bids
Deadline for the Issuance of the Final Bid Bulletin		Seven (7) calendar days before the date of the Opening of Bids
Opening of Bids - Lot 1	June 28, 2022 @ 9:00 a.m.	July 19, 2022 @ 9:00 a.m.

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ACTIVITY	ORIGINAL DATE	AMENDED DATE
Opening of Bids - Lot 2	June 29, 2022 @ 9:00 a.m.	July 20, 2022 @ 9:00 a.m.
Opening of Bids - Lot 3	June 30, 2022 @ 9:00 a.m.	July 21, 2022 @ 9:00 a.m.
Opening of Bids - Lot 4	July 1, 2022 @ 9:00 a.m.	July 22, 2022 @ 9:00 a.m.
Post-Qualification of Bidder with the Lowest Calculated Bid	July 21-22, 2022	August 11-12, 2022
Recommendation of JTWG/JTPBAC to PGEPCCI	August 24-25, 2022	September 8-9, 2022
Notice of Award (NOA)	September 7, 2022	September 22, 2022
Signing of Power Supply Agreement (PSA)	September 14, 2022	September 29, 2022
ERC Joint Filing	September 29, 2022	October 14, 2022

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QUERIES/COMMENTS/CLARIFICATIONS

1. INSTRUCTION TO BIDDERS

Section/Source Data	Description	Comments/Questions/Clarifications	JTPBAC Response
<p>9. Eligibility Requirements</p>	<p>9.1.1. Class "A" Documents Technical Documents</p> <p>- ii - Statement in matrix form of all power plants owned/operated. The statement shall include, for each power plant, the following:</p> <p>a) The name of the power plant;</p> <p>b) Installed, dependable and available capacity of the power plant;</p> <p>c) Type of power plant according to fuel or energy source;</p> <p>d) Location (address) of the power plant;</p> <p>e) Year the power plant was built and commissioned; and</p> <p>f) Number and average duration of scheduled and unscheduled outages for the last five (5) years or the actual outage data for new power plants operating for less than five years supported by a certification issued by the System Operator.</p> <p>g) For new power plants which are not yet operational, a notarized undertaking stating adherence to the allowed outages under "Outage Allowance" in the Terms of Reference. The statement shall be supported by a valid Certificate of Compliance (COC) issued by the</p>	<p>What is required is to only submit, For new/proposed plant for LOT 4 bidders, a notarized undertaking that they shall comply with the licensing/registration requirements prescribed by the ERC and any other government agencies as required.</p>	<p>Only Item g of 9.1.1.ii is applicable for Lot 4 (New Plants).</p> <p>Item iii is not also applicable for bidders without existing customer/s with Power Supply Agreement (PSA).</p>

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Section/Source Data	Description	Comments/Questions/Clarifications	JTPBAC Response
	<p>ERC or a Certification by the ERC that the application for a COC is under review. For new/proposed plant for LOT 4 bidders, a notarized undertaking that they shall comply with the licensing/registration requirements prescribed by the ERC and any other government agencies as required.</p> <p>iii. Statement, in matrix form, of customers with power supply contract. The statement shall include, for each customer, the following: a) Name and address of company; b) Telephone, cellular phone, and fax numbers, website URL, and e-mail address of the company; c) Name and position of authorized contact person(s); and d) Telephone and cellular phone number and e-mail address of contact person(s.) “</p>		

2. TERMS OF REFERENCE

Section/Source Data	Description	Comments/Questions/Clarifications	JTPBAC Response
5. Contracted Energy	Energy requirement: 14.6MWh	Is 14.6MWh on a daily basis?	The 14.6MWh of energy requirement is equivalent to the total maximum requirement on a yearly basis.
6. Capacity Utilization Factor	Load factor	What is the formula of load factor for this CSP? Is this recognized on an AC or DC basis?	The computation of 25% load factor is base on 6 hours of daily operation of the Alternating Current (AC) output.

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Section/Source Data	Description	Comments/Questions/Clarifications	JTPBAC Response
10. Interconnection Agreement	*Certification from NGCP (approved feasible GIS) for additional installation of the maximum aggregated requirement”	What does GIS pertain to here? Will this be required if the nominated power plant is already existing and does not need any additional installation?	Since the interconnection of supply is embedded and will be connected to 13.2 kV distribution line, the requirement is a Distribution Impact Study (DIS) in coordination with ILECO I, through the JTPBAC. The DIS must be submitted and part of the bidding documents during the bidopening.
14. Delivery Point	Delivery points		The JTPBAC will provide a franchise map showing the location of substations and Single Line Diagram (SLD) of Tigbauan substation and other related data for the conduct of DIS.
		What does it mean by that “the evaluation of generation cost will be on the yearly Fixed cost for the duration of contracted period”? What would be the “yearly Fixed cost” and how will it be calculated for the duration of the contract period?	The evaluation of LCOE will be based on the result of evaluation worksheet referred as Table_A or in the separate template referred as Table_C. The instructions, references, computations, and results of evaluation worksheet were discussed in the evaluation worksheet guide provided.

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Section/Source Data	Description	Comments/Questions/Clarifications	JTPBAC Response
	<p>3. Additional information to consider in the preparation of generation cost:</p> <ul style="list-style-type: none"> • Specify formula for base fee adjustment affected by factor such as CPI, FOREX & Escalation due to fuel degradation & others. • No indexation or escalation on Capital Recovery Fee (CRF). • Fixed O&M fee shall be indexed on Philippine Peso. • Variable O&M fee shall be indexed on FOREX and Philippine CPI. • Fossil fuel is passed on charge based on actual market price but limited to guarantee fuel rate per Li/kWhr. • Lube Oil is based on local market price Li/kWhr. • For RE, CRF can be indexed to average FOREX during the construction period. • Present levelized cost of electricity for the duration of the contract. <p>Market fees should not be included as Buyer's obligation to pay.</p>	<p>1. Fixed O&M to be indexed only on Peso? Why does it not take into account the foreign portion of the Fixed O&M as are in other CSPs? Why is its index only limited to Philippine Peso?</p> <p>2. Fossil Fuel is limited to guaranteed fuel rate per Li/kWh"; what is the reason for limiting it to a fuel rate per Li/kWh? How would this be reasonable to be applied to other forms of fuel that does not use the unit of Li/kWh such as coal? If the fossil fuel is passed on charge based on actual market price, what is the reason for limiting it to a "guaranteed fuel rate"? Does this mean that the actual fuel cost at its 100% supply rate and amount will not be passed on to the Buyer but in fact will be limited in its amount and cost?</p>	<p>1. Based on the reference and template, the Fixed O&M are index on Peso while Variable O&M and Fuel are based on fixed and escalating values in RPCPI and USCPI.</p> <p>2. The segregation of rate components is only for the reference in ERC filing and also to determine the component of the total bid offer. However, the basis for the implementation of rate is on the annual incremental fixed rate as computed from the template provided or from the separate offer of the bidder.</p>
<p>16. Outage Allowance</p>		<p>What is Buyer's maintenance allowance and what is it for? What does it imply to the contract? How will it be applied under Outage Allowance?</p>	<p>"Buyer's Maintenance Allowance" - is the total of Allowed Scheduled and Unscheduled Outages computed as maximum demand multiplied by thirty (30) days and by twenty-four (24) hours and shall be defined in kilowatt-hours (kwh).</p>

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17. Replacement Power	During Outage Allowance: [...] For this purpose, Replacement Power during Allowed Outage shall be billed at Contract Rate, or WESM Rates, whichever is applicable	What's the basis for choosing Contract versus WESM rates?	This is Not Applicable (N/A) because the supply is interconnected to ILECO 1 13.2kV distribution lines and the power flow will not go upstream on the 69kV side of power transformer.
18. Force Majeure	Grid outages	Can extension of term or payment of forgone revenues be inserted into PSA?	No, because grid outages are not applicable because the supply will not go upstream of ILECO 1 substation.
21. Regulatory Approvals		Please clarify what it means by “the EC should not be made to shoulder the incremental difference”? Does it mean that EC will not shoulder the increased difference should there be any upward price adjustment by the ERC?	Yes. The EC will implement rate based on the fixed rate offered by the bidder. All the incremental factors and discounts were already considered or included in the submission of bid offer.
22. Penalties	Delay in Commercial Operation Date (COD)	Please confirm that this is applicable only for Lot 4, new plants	Yes. This is applicable to Lot 4.
26. Reservation Clause		Please clarify what the last paragraph means; it does not look a complete sentence. Also, the bid offer or LCOE is a price at a point in time of the bidding period; please clarify what it means by “throughout the duration of contracted period”. If the bid offer or LCOE is to be evaluated for each year throughout the duration of contracted period, how will this be feasible? And would the bid offer with higher price that the simulated rate of the Buyer be definitely disqualified or may the TPBAC choose to allow the bidder to continue with the bidding process as “the TPBAC has the right to disqualify”?	Last paragraph of Reservation Clause: “In the event that the bid offer or Levelized Cost of Energy (LCOE) throughout the duration of contracted period is higher than the simulated rate impact of any of the participating coop, the TPBAC has the right to disqualify the said bid offer. The simulated average lowest generation cost of participating coop per lot will be the basis of the reserve/cap rate that will be open during the opening of bids prior to the opening of technical and financial proposal. In case of reduction of demand due to

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			<p>the expansion of franchise of other distribution or private utility or other circumstances that may affect the EC's franchise and will eventually result to the transfer of customers or takeover of existing distribution assets or facilities, the contracted demand of affected EC's will have a provision for automatic reduction of demand equivalent to the takeover capacity."</p> <p>The yearly fixed rate offered by the bidder will base on the separate template (Table_C) or in the result of the evaluation worksheet (Table_A). The rate will be fixed and will increment yearly based in the LCOE. The lowest LCOE will be the basis to determine the Lowest Calculated Bid (LCB) and considering all other documents were passed during the post qualification, then the offer will be considered as a LCRB.</p>
18. Force Majeure	Grid outages	Can extension of term or payment of forgone revenues be inserted into PSA?	No, because grid outages are not applicable because the supply will not go upstream of ILECO 1 substation.
21. Regulatory Approvals		Please clarify what it means by "the EC should not be made to shoulder the incremental difference"? Does it mean that EC will not shoulder the increased difference should there be any upward price adjustment by the ERC?	Yes. The EC will implement rate based on the fixed rate offered by the bidder. All the incremental factors and discounts were already considered or included in the submission of bid offer.

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Section/Source Data	Description	Comments/Questions/Clarifications	JTPBAC Response
22. Penalties	Delay in Commercial Operation Date (COD)	Please confirm that this is applicable only for Lot 4, new plants	Yes. This is applicable to Lot 4.
26. Reservation Clause		<p>Please clarify what the last paragraph means; it does not look a complete sentence. Also, the bid offer or LCOE is a price at a point in time of the bidding period; please clarify what it means by “throughout the duration of contracted period”. If the bid offer or LCOE is to be evaluated for each year throughout the duration of contracted period, how will this be feasible? And would the bid offer with higher price than the simulated rate of the Buyer be definitely disqualified or may the TPBAC choose to allow the bidder to continue with the bidding process as “the TPBAC has the right to disqualify”?</p>	<p>Last paragraph of Reservation Clause: “In the event that the bid offer or Levelized Cost of Energy (LCOE) throughout the duration of contracted period is higher than the simulated rate impact of any of the participating coop, the TPBAC has the right to disqualify the said bid offer.</p> <p>The simulated average lowest generation cost of participating coop per lot will be the basis of the reserve/cap rate that will be open during the opening of bids prior to the opening of technical and financial proposal.</p> <p>In case of reduction of demand due to the expansion of franchise of other distribution or private utility or other circumstances that may affect the EC’s franchise and will eventually result to the transfer of customers or takeover of existing distribution assets or facilities, the contracted demand of affected</p> <p>EC’s will have a provision for automatic reduction of demand equivalent to the takeover capacity.”</p>

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			<p>The yearly fixed rate offered by the bidder will base on the separate template (Table_C) or in the result of the evaluation worksheet (Table_A). The rate will be fixed and will increment yearly based in the LCOE. The lowest LCOE will be the basis to determine the Lowest Calculated Bid (LCB) and considering all other documents were passed during the post qualification, then the offer will be considered as a LCRB.</p>
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3. GENERAL COMMENTS

Section/Source Data	Description	Comments/Questions/Clarifications	JTPBAC Response
		<p>We would like to confirm that we can qualify as a new entrant to bid for LOTS 4 considering that we presently do not own a power plant.</p>	<p>Yes. As long as qualified in the Eligibility Requirements for New Power Plant.</p>
		<p>Kindly Explain in detail the financial proposal template or the Evaluation Worksheet Template (excel).</p>	<p>The financial proposal or the evaluation of LCOE will base on the result of evaluation worksheet referred as Table_A or on the separate template referred as Table_C. The instructions, references, computations, and results of evaluation worksheet were discussed in the evaluation worksheet guide provided.</p>

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FINANCIAL RATIOS

I. Solvency Ratios

a. Debt Ratio = $\frac{\text{Total Liabilities}}{\text{Total Assets}}$

b. Debt to Equity Ratio = $\frac{\text{Total Liabilities}}{\text{Total Equity}}$

c. Interest Coverage Ratio = $\frac{\text{EBIT}}{\text{Interest Expense}}$

II. Liquidity Ratios

a. Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

b. Quick Ratio = $\frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$

c. Cash Ratio = $\frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}}$

III. Price Ratio

a. Dividend Payout Ratio = $\frac{\text{Total Dividends}}{\text{Total Net Earnings}} \times 100\%$

IV. Profitability Ratios

a. Profit Margin = $\frac{\text{Profit After Tax}}{\text{Total Revenue}}$

b. Return on Equity (ROE), after Tax = $\frac{\text{Net Income after Tax}}{\text{Shareholder's Equity}}$

c. Return on Assets (ROA) = $\frac{\text{Net Income after Tax}}{\text{Average Total Assets}}$

d. Gross Margin = $\frac{\text{Gross Profit}}{\text{Total Revenue}}$

e. Operating Margin (Return on Sales) = $\frac{\text{EBIT}}{\text{Revenue}}$

V. Activity Ratios

a. Asset Turnover (days) = $\frac{\text{Revenue}}{\text{Average Total Assets}} \times \frac{365 \text{ days}}{\text{Asset Turnover}}$

b. Receivable Turnover (days) = $\frac{\text{Net Sales}}{\text{Average Accounts Receivable}} \times \frac{365 \text{ days}}{\text{Receivable Turnover Ratio}}$

c. Inventory Turnover (days) = $\frac{\text{Cost of Goods Sold}}{\text{Average Inventory}} \times \frac{365 \text{ days}}{\text{Inventory Turnover}}$

a. Dividend Payout Ratio = $\frac{\text{Total Dividends}}{\text{Total Net Earnings}} \times 100\%$

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Please note that the template for the draft Power Supply Agreement (PSA), ITB Annex D-2 and Checklist of Required Documents for Bid Opening were revised accordingly as a result of the queries/clarifications and concerns by the Bidders from Lot Nos. 1 and 3 as reflected in the Annexes "BB-05-A" until "BB-05-C."

Further, Bidders are required to submit in advance through electronic mail to the TPBAC-PGECPCI a Board Resolution and Secretary's Certification (Notarized) of the Bidder's Authorized Representative/s to attend the Opening of Bids. Original copy of such document shall be presented to the TPBAC Secretariat not later than 8:45 a.m. of the scheduled Bid Opening date. Only a maximum of three (3) authorized representatives per Bidder shall be allowed to enter the venue.

Finally, kindly acknowledge receipt of this bid bulletin and email it upon receipt to tpbac.pgecpci@gmail.com

Thank you very much.

**THE JOINT THIRD PARTY BIDS AND AWARDS COMMITTEE
PANAY-GUIMARAS EC POWER CONSORTIUM, INC.**

By:

HERMO PATACSI
Chairman, JTPBAC

ACKNOWLEDGMENT RECEIPT

This is to acknowledge the receipt of Supplemental Bid Bulletin No. 5 issued by the Joint Third-Party Bids and Awards Committee (JTPBAC) of Panay-Guimaras EC Power Consortium, Inc. (PGECPCI).

Received: _____
Signature Over Printed Name

Position: _____

Company: _____

Date Received: _____