



# QUEZON I ELECTRIC COOPERATIVE, INC.

Brgy. Pootol, Pitogo, Quezon 4308

Tel. No. (042) 318-8156

## TERMS OF REFERENCE (TOR)

### A. GENERAL INFORMATION

1. NAME OF UTILITY: Quezon I Electric Cooperative, Inc.
2. AREA TO BE SERVED: Grid
3. CURRENT YEAR OF FILING : 2021
4. PRE-REQUISITE FOR TOR SUBMISSION DATE  

<input checked="" type="checkbox"/> DOE Approval of TPBAC Selection	January 16, 2021
NEA-Endorsed DDP to DOE (Current Year)	April 18, <u>2021</u>
NEA-Endorsed PSPP to DOE (Current Year)	April 18, <u>2021</u>
NEA Issuance of Notice to Proceed (for ECs)	_____
5. TARGET DATE OF PUBLICATION: Immediate upon receipt of COP from DOE and NTP from NEA

### B. REQUIREMENTS

#### 1. GENERAL SUPPLY DESCRIPTION

Note: Proposed technology must be consistent with the supply requirements

##### 1.1 Purpose of Procurement

As scheduled in the PSPP

Emergency

##### 1.2 Supply Type

Firm

Non-Firm

##### 1.3 Supply Side

Baseload

Mid-Merit

Peaking

Load Following  
(NonFirm only)  
Escalating Capacity

## 2. TERMS OF SUPPLY SERVICES

### 2.1 Contract Capacity and Contract Energy:

YEAR	PERIOD	CONTRACT CAPACITY BASELOAD (MW)	CONTRACT ENERGY (MWhr)
1	June 26,2022 to Dec. 25,2022	5	21,600
2	Dec. 26,2022 to Dec. 25, 2023	6	51,840
3	Dec. 26,2023 to Dec. 25, 2024	7	60,480
4	Dec. 26,2024 to Dec. 25, 2025	8	69,120
5	Dec. 26,2025 to Dec. 25, 2026	9	77,760
6	Dec. 26,2026 to Dec. 25, 2027	10	86,400

**2.2 Delivery Period:** five years and six months (66 months)

**2.3 Inclusive Dates:** June 26, 2022 To: December 25, 2027

Start of delivery will be on the immediate 26<sup>th</sup> day of the month upon completion of the conditions precedent to start supply or ERC issuance of Provisional Authority

**2.4 Source of Power:** Open Technology (Conventional or Renewable Energy)

Any power plant capable of supplying Baseload requirement

The power plant shall be compliant with the prevailing DENR's emission and environmental standard

**2.5 Technical Parameters :**

Delivery Point - The Receiving Point shall be at Seller Nodes.

The Line Rental shall be for the account of the Seller

Plant Capacity -The minimum generating capacity of the Seller shall be no less than the contracted capacity

Plant Location –The generating capacities shall come from anywhere in the Philippines.

**2.6 Conditions Precedent to Start Supply:**

a. ERC Issuance of Provisional Authority

b. Security Deposit : No Security Deposit

## 3. COST AND TARIFF STRUCTURE **Note:** Must be consistent with ERC regulations

3.1 For Capacity-based contract, the bidder shall specify both its levelized **Capacity Payment Offer in PhP/kW/month** and **Energy Payment Offer in PhP/kWh** in its bid proposal. For Energy-based contract, the bidder shall specify its levelized **Energy Payment Offer in PhP/kWh** only.

3.2 The Bidder shall provide the detailed calculation of its payment offers including formula and references. All cost items such as capital cost, fuel, and other operation and maintenance costs shall be itemized and classified into Fixed Cost and Variable Cost as

may be applicable:

- Fixed Cost
  - Capital Cost
  - Others (please specify) \_\_\_\_\_
- Variable Cost
  - Operation and Maintenance
  - Fuel Cost
  - Others (please specify) \_\_\_\_\_

3.3 Bidder shall also specify all other applicable charges incorporated in its payment offers such as, but not limited to connection facilities, wheeling charges, metering communication equipment, and government taxes or levies.

- Applicable Charges
  - Connection Facilities
  - Wheeling Charges
  - Metering
  - Communication Equipment
  - Government Taxes/Levies

3.4 Bidder shall specify its **Total Landed Generation Cost in PhP/kWh** covering items 3.2 to 3.3 and shall serve as Financial Bid Price.

3.5 Capacity payment shall only be paid when the capacity is available on the particular billing period.

- The Seller must also specify the base fee adjustment formula, if any, and applicable adjustment in percent that each component is being affected by factor such as Consumer Price Index (CPI), and escalation due to fuel degradation.
- There should be no indexation or escalation in Capital related fees.
- The Seller must fill-up the attached Total Project Cost template, as deemed applicable, and may present basis and calculation of fees proposed.
- Present levelized Cost of Energy (LCOE) for the contract period.
- Lube oil is based on local market price at guaranteed fuel rate per Li/kWh
- Capacity payment shall only be paid when the capacity is available on the particular billing period.
- Currencies of each price component shall only be local or php/kwh
- Fuel shall be indexed to the monthly average pump prices of petroleum fuel published by Department of Energy in its website or to fuel prices published by a reference market to be agreed prior to the bid submission.
- The Seller must submit sample bills in excel for the process of evaluation.

#### 4. PAYMENT MODALITIES

4.1 Mode of payment Cash or Check

4.2 Currency of Payment Philippine Peso

**4.3 Billing Period**                      **Monthly**

**4.4 Bidder shall specify its offer of prompt payment discount and other incentives to the DU in its bid proposal.**

**5. OUTAGE ALLOWANCE**

5.1 Maximum Allowed Scheduled Outage: 720 hours per year. Bidder to specify its plant scheduled outage in its bid proposal.

5.2 Maximum Allowed Force Outage : 360 hours per year. Bidder to specify its plant unscheduled outage in its bid proposal.

5.3 Total maximum allowed scheduled and unscheduled outages must not exceed **1080 hours** per year (full load equivalent)

5.4 All Scheduled Outages must be scheduled and declared twelve (12) months in advance.

5.5 There will be no carry-over of any unutilized outage allowances from a calendar year on the succeeding years.

**6. REPLACEMENT POWER**

6.1 If the Power Supplier fails to provide its replacement power, the DU shall procure Replacement Power from other sources at the expense of the Power Supplier and subject to the payment of administrative fee as defined in the power supply agreement.

6.2 The cost of Replacement Power provided by the Power Supplier shall be paid by the DU based on the ERC-approved rate under the PSA or actual or WESM price, whichever is lower.

6.3 Power Supplier shall provide replacement power in the following cases, except for Force Majeure events:

- (a) During any delay from the target delivery date;
- (b) Scheduled or Unscheduled outages; and
- (c) Any extension on allowable outages

6.4 Replacement Power shall be the focal responsibility of the Seller either it is sourced-out from the WESM or other Power Plant which shall be specified by the Power Supplier

**7. FORCE MAJEURE**

7.1 The events that shall be deemed as Forced Majeure and analogous circumstances shall be in accordance to the DOE CSP Policies.

7.2 Arrangements in case of any force majeure shall be agreed upon by parties and shall form part of the PSA.

7.3 There will be no payment of any capacity fee in case of outage during any force majeure.

**8. GROUNDS FOR CONTRACT TERMINATION**

8.1 Valid grounds for termination are:

- a. Event of Default
- b. Expiration of cooperation period
- c. Failure to achieve COD

- d. Mutual agreement by both parties
- e. Extended Force Majeure as agreed under the PSA
- f. Changes in the circumstances as agreed under the PSA.

**8.2** Rate deductions made by the ERC shall not be a valid ground for the termination of the contract. DU shall not pay for the said rate reduction or adjustments.

## **9. LIQUIDATED DAMAGES**

In case of default bidder shall be required to pay Liquidated Damages as specified in the PSA.

## **10. REDUCTION OF CONTRACT CAPACITY**

**10.1** The DU has the right to reduce its contract capacity if there are:

- a. Loss of captive customers due to Retail Competition and Open Access (RCOA) and Green Energy Option Program (GEOP)
- b. Reduction of demand of the DU due to special circumstances beyond the control of the DU.
- c. Capacity reduction on the implementation of Renewable Energy law (RA 9513) and RPS compliance.

**10.2** DU may assign, transfer, designate or allocate its rights and obligations to purchase a portion of Contract it no longer requires to:

- a) Any of its business segments without the prior consent of Power Supplier; or
- b) Any affiliate or third party subject to the consent of Power Supplier

**10.3** The consent by the Power Supplier shall not be unreasonably delayed or conditioned at the disadvantage of the DU.

**10.4** Any reduction shall require approval of the ERC and must comply with applicable rules of competition set by the Government.

## **11 OBLIGATIONS OF THE DU**

The DU shall provide assistance to the successful bidder in the processing of permits and similar requirements from all national agencies and local government units especially if the resulting PSA involves the construction of a new power plant.

## **12 NOMINATION PROTOCOL**

**12.1** Day-Ahead nomination shall be allowed until 1500H

**12.2** Renomination shall be allowed in the following events:

- (a) Force Majeure
- (b) NGCP and Local scheduled/unscheduled interruption
- (c) Off-peak season

**12.3** The DU may revise any nominations in accordance with the WESM rules

## **13 BIDDERS QUALIFICATIONS**

**13.1** All forms of business organizations including but not limited to Joint Ventures are encouraged to participate in bidding process subject to applicable government licenses and permits.

**13.2** For bidders using indigenous and Renewable Energy (RE) power plants, the bidder must comply with the constitutional requirement for ownership.

**13.3** The capacity offer of the bidder must be compliant with all the ownership limitations prescribed under EPIRA.

**13.4** For power suppliers-bidders, the qualification shall be based on:

- (i) the experience and competence of its personnel to manage and operate the

- plant;
- (ii) acceptability of its operational management plan during technical bid evaluation.

#### **14 ELIGIBILITY REQUIREMENTS:**

##### **Legal Documents**

- An agreement showing that the Bidder and all its partners, shareholders, joint venture, associates, as may be applicable, are jointly and severally liable to (EC) for any and all costs and obligations arising from this CSP and the resulting PSA if Bidder is formed as a partnership, corporation, consortium, joint venture or any similar association.
- Build, own and/or operate existing and operational power plant/s in the Philippines (Must include the list of the power plant/s for replacement power)
- Statement showing the available capacity on target delivery date
- Company Profile and technical capability/qualifications of key officers, technical staff, and management team/consultants.
- Certification of Compliance (COC) issued by the ERC

##### **Financial Documents**

- Complete set of audited financial statements, stamped "received" by the BIR, for two consecutive years (2019 and 2020) which includes the following:
  - (1) Balance Sheet
  - (2) Income Statement
  - (3) Statement of Changes in Equity
  - (4) Cash Flow Statement
  - (5) Notes to Financial Statement
  - (6) Statement of Management Responsibility for Financial Statement

**15 PENALTY :** The Seller shall be penalized with an administrative fee of PHP0.35/kWh multiplied by the undelivered energy if the seller fails to provide the replacement power in any of the following cases:

- (1) During any delay from the target delivery date;
- (2) During scheduled or Unscheduled outages; and
- (3) Any extension on allowable outages

#### **16 OTHER KEY PARAMETERS:**

Prompt Payment Discount, Collection Efficiency Discount, etc.

The Bidder may indicate any distinctive characteristics of their power generating plant such as technology of the plant

Value Added Services