

ZAMBOANGA DEL NORTE ELECTRIC COOPERATIVE, INC.

ZANECO

General Luna St., Dipolog City

COMPETITIVE SELECTION PROCESS

Invitation to Submit Proposal for the Supply of 10MW Dependable Renewable Energy Supply for Zamboanga del Norte Electric Cooperative, Inc.

1. General Information

Zamboanga del Norte Electric Cooperative Inc. (“ZANECO”) is a duly franchised distribution utility engaged in the distribution of electricity within its franchise area specifically the Cities of Dapitan and Dipolog, and the Municipalities of Rizal, Sibutad, La Libertad, Piñan, Mutia, Polanco, S. Osmeña, Katipunan, Roxas, Manukan, Jose Dalman, Sindangan, Siayan, Leon Postigo, Salug, Godod, Liloy, Labason, Gutalac, Tampilisan, and Kalawit, all in the Province of Zamboanga del Norte of Mindanao, Philippines. ZANECO is in need of a steady and continuous supply of electric power to meet its obligations to its customers in its franchise area.

The invitation to Bid complies with Department of Energy (“DOE”) Memorandum Circular No. DC2018-02-0003 “Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market”

The invitation to Bid also complies with Department of Energy (“DOE”) Memorandum Circular No. DC20170-12-0015 on Promulgating the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for On-Grid Area (“RPS On-Grid Rules”).

ZANECO needs a qualified supplier that can supply a dependable capacity at a maximum of 10 MW of power to commence not earlier than January 1, 2024 subject to the approval of the Energy Regulatory Commission (ERC).

2. Minimum Requirement

ZANECO, through its Third Party Bids and Awards Committee (“TPBAC”), is inviting proposals with the following minimum Terms of Reference (“TOR”):

Item	Terms of Reference	Description	Requirement
1	Type of Procurement	The CSP is for the procurement of the requirement in the 2021 PSPP as scheduled and to comply with the RPS On Grid Rules. This supply is firm and intermediate.	Bidder to comply.

Item	Terms of Reference	Description	Requirement
2	Power Plant Type	The type of power plant technology that will be proposed by the bidder.	<p>Any Eligible Renewable Energy Power Plant as defined in the RE Law.</p> <p>Open to all Eligible RE Generating Companies with existing, under construction or new power plants.</p> <p>Must be embedded to ZANECO's system to address the power quality issues in ZANECO's franchise area, provide reactive and voltage support and lower transmission cost.</p>
3	Capacity (MW) of the Power Station	Installed and Dependable capacity of the Power Station	<p>Bidder to Bid at a maximum of 10MW Dependable Renewable Energy Capacity.</p> <p>The Bidder must indicate the installed capacity of the power plant to support the requirement, this is dependent on type of renewable energy technology and must declare the dispatchable energy.</p> <p>Other applicable technical parameters that will provide efficient power generation and likewise compliance to the standards of power industry.</p>
4	Dispatchable Energy	<p>The quantity of energy in kWh per year that can be generated and delivered by the proposed RE power plant to ZANECO</p> <p>The Dispatchable Energy will serve as the firm supply of the bidder and will be the basis of evaluation.</p>	<p>The total Dispatchable Energy should be at a maximum of 70,080 MWh per annum.</p> <p>Bidder must provide corresponding calculation of energy generation on a monthly basis that will satisfy the requirement of ZANECO.</p>
5	Plant Location	Location of the Power Plant	Bidder to provide Technical Description using PRS 92 georeferenced
6	Island Mode Operation	Can operate or start the power station in the absence of support from the grid or ZANECO distribution system.	Bidder to comply
7	Nature of Supply	The power demand satisfied by the supply	The power plant must be capable to supply for mid merit power requirements as indicated on the 2021 PSPP

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8	Renewable Energy Service Contract (RESC)	refers to the service agreement between the Government, through the President or the DOE, and an RE Development over an appropriate period as determined by the DOE in which the RE Developer has the exclusive right to explore and develop a particular RE area. The RE Contract shall be divided into two (2) stages: the pre-development stage and the development/commercial stage. The preliminary assessment and feasibility study up to the financial shall refer to the pre-development stage. The construction and installation of facilities up to the operation phase shall refer to the development stage.	The Bidder shall provide copy of approved and valid RESC.
9	Contract Period or Term of Supply	Number of years of the effectiveness of the power supply agreement.	<p>Twenty-five (25) years from the declaration of Commercial Operation Date (COD)</p> <p>Subject to the following:</p> <ul style="list-style-type: none"> • ERC PSA Approval • extension of Franchise License of ZANECO by 2030 and 2033. <p>In the event of expiration and non-renewal of ZANECO's franchise, ZANECO proposes that the successor-in-interest be required to continue the PSA based on the principle of non-impairment of obligation of contracts.</p> <p>In the event the successor-in-interest of ZANECO refuses continue the PSA, ZANECO proposes that the PSA be terminated with a payment to Genco of a buyout fee (75% of the net present value of the project multiplied by the remainder of the PSA term), chargeable to ZANECO's customers through an additional charge spread over a recovery period that is acceptable and fair to both the Genco and ZANECO's customers.</p> <p>The expiration of franchise term to be considered as an additional event of default</p>

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10	Start of Supply or Commercial Operation Date (COD)	First delivery of energy to ZANECO	January 1, 2024 – assuming ERC approval for the PSA is acquired by the Bidder, whether provisional or final, or the next immediate 26th day of the month following the approval of the ERC”, if the provisional authority is given after January 1, 2024.												
11	Cost and Tariff Structure	<p>This is the Total Landed Generation Cost in (PhP/kWh) considering all cost and including applicable charges below.</p> <ul style="list-style-type: none"> ○ Applicable Charges <ul style="list-style-type: none"> ● Connection Facilities ● Metering ● Communication Equipment ● Government Taxes 	<ol style="list-style-type: none"> 1. For Energy-based contract, the bidder shall specify its levelized Energy Payment Offer in PhP/kWh only. 2. The tariff formulas should clearly indicate the portions pertaining to the recovery of capital costs, operations and maintenance costs, and fuel costs, applicable taxes, as well as any other tariff components, as may be appropriate. <table border="1"> <thead> <tr> <th>Tariff Component</th> <th>Unit</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>Capital Recovery Fee</td> <td>PhP/kWhr</td> <td>CRF is not subject to any escalation or indexation during operations but CRF can be indexed to average FOREX during the construction period one time only</td> </tr> <tr> <td>Fixed O&M Fee</td> <td>PhP/kWhr</td> <td>If applicable, FOMF is no subject to any escalation or indexation</td> </tr> <tr> <td>V O&M Fee</td> <td>PhP/kWhr</td> <td>VOMF can be indexed to Philippine</td> </tr> </tbody> </table>	Tariff Component	Unit	Remarks	Capital Recovery Fee	PhP/kWhr	CRF is not subject to any escalation or indexation during operations but CRF can be indexed to average FOREX during the construction period one time only	Fixed O&M Fee	PhP/kWhr	If applicable, FOMF is no subject to any escalation or indexation	V O&M Fee	PhP/kWhr	VOMF can be indexed to Philippine
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12	Form of Payment	Currency of monthly payments of ZANECO to the Bidder.	In Philippine Peso and the mode of payment is either Cash or Check.						
13	Interconnection Scheme and Transmission Line Project	Technical description and design specification of the interconnection project for the proposed power plant.	<ol data-bbox="973 1137 1420 1713" style="list-style-type: none"> 1. The Power Plant interconnection must embedded through the 69kV Sub-Transmission Assets of ZANECO. 2. Details of any connection facilities including identification of the party that will develop and/or own such facilities, any costs related to such projects and specification of the parties responsible for recovery of any cost related to such projects. 3. Design of the connection facilities of the power plant must be specified which include corresponding protection system especially for embedded generation 						
14	Reactive Power and Voltage Support	The proposed power plant must be embedded to ZANECO's system to address the power quality issues in ZANECO's franchise area, provide reactive power and voltage support and lower transmission costs.	Bidder to provide documentary support.						

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15	Outages	<p>These following conditions shall be included in the PSA:</p> <ol style="list-style-type: none"> 1. Provision for specified outages allowances if necessary either scheduled or unscheduled outage 2. For power plants with N-1 capability and contingency reserve, there should be no outage allowance. 	<ol style="list-style-type: none"> 1. Provide number of outage allowance in days. <ol style="list-style-type: none"> a. Scheduled outage (days) b. Unscheduled outage (days) 2. Total for Schedule outage plus Unscheduled Outage should not exceed seven hundred twenty (720) hrs and must comply with ERC Resolution No. 10, Series of 2020. 3. All Scheduled Outages must be scheduled and declared twelve (12) months in advance. 4. There will be no carry-over of any unutilized outage allowances from a calendar year on the succeeding years. 5. No crediting of Outage Allowance from scheduled to unscheduled and vice versa. 6. If actual outage exceeds 720 hrs, Replacement Energy capability provision will apply. If Replacement Energy is not available, penalties are provided in item 16-4.
16	Replacement Energy Capability	<p>In case of delay in the COD or any outage beyond the maximum allowance, the Bidder shall provide the Replacement Energy up to the contracted capacity or energy during the period.</p>	<ol style="list-style-type: none"> 1. The replacement Energy must also come from RPS eligible plant. 2. If the Bidder fails to nominate its replacement energy ahead of time, the DU shall procure Replacement Power from other sources at the expense of the Bidder; 3. For on-grid area, in case of unexcused delay in the COD or any outage beyond the maximum allowance, the cost of Replacement Power provided by the Bidder shall be paid by the DU during the relevant period equal to WESM price or the ERC-approved rate under the PSA, whichever is lower. 4. If the Bidder cannot deliver Replacement Power, the DU shall charge the Bidder during the relevant period using the following formula (please specify): <p style="margin-left: 20px;">URPF = Energy Generation x (20% x PGR)</p>

Item	Terms of Reference	Description	Requirement
			<p>Where:</p> <p>URPF = Undelivered Replacement Power Fine Energy Generation = monthly calculated energy generation per item no. 4 above, or if none, monthly dispatchable energy as provided in the contract PGR = Previous month's average generation rate of ZANECO</p>
17	Force Majeure	The events that shall be deemed as Forced Majeure and analogous circumstances shall be in accordance to DOE CSP Policies.	<ol style="list-style-type: none"> 1. These requirements must be consistent with the PSA. 2. During events of Force Majeure, there will be no payment of fixed charges. ZANECO shall not be required to make payments for any of the following: <ol style="list-style-type: none"> a. Capacity / Energy that is unavailable; and b. Capacity / Energy that it cannot accept. 3. Upon execution of the PSA, the Winning Bidder and ZANECO shall jointly establish protocols for the operations of the power plant during Force Majeure. Such protocols / plans shall include, but not limited to demand control during electric power supply deficiencies.
18	Ground for Termination	Events or circumstance that will merit the termination of the PSA.	<ol style="list-style-type: none"> 1. Valid Grounds for Termination must be consistent with the PSA. The grounds for termination shall be discussed by ZANECO, Inc. and the winning bidder. <ol style="list-style-type: none"> a. The ZANECO may terminate the Agreement by written notice to the Supplier in cases of: Event of Default under the PSA b. Extended Force Majeure as agreed under the PSA. c. Expiration of Term and or Upon Mutual Agreement; d. Changes in the circumstances as agreed under the PSA. e. Non-fulfilment of conditions for effective date;

Item	Terms of Reference	Description	Requirement
			<ul style="list-style-type: none"> f. Non-occurrence of Commencement Date or Commercial Operation Date; When the Supplier fails to supply for a period of Sixty (60) days for reason wholly attributable to its fault and/or negligence, provided that, the Supplier fails to take reasonable actions or remedies to solve its inability to deliver capacity and energy. 2. Supplier may terminate the Agreement by written notice to the Buyer/Off-taker when the Buyer/Off-taker: <ul style="list-style-type: none"> a) Discontinue operations; b) Declares bankruptcy; or c) Any financial obligation of the Customer is not paid when due within any applicable grace period 3. Rate deductions made by the ERC shall not be a valid ground for the termination of the contract. ZANECO shall not pay for the said rate reduction or adjustments.
19	Liquidated Damages	These Liquidated damages shall apply to both the Bidder and ZANECO.	<ul style="list-style-type: none"> 1. These requirements must be consistent with the PSA. 2. Liquidated damages in case of default shall be equal to the present value of the Monthly Payment computed on a 365-day basis for the remaining term of the PSA. 3. The discount rate to be used shall be based on NEDA standards.

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20	Reduction of Contracted Capacity	ZANECO shall be allowed to reduce the contracted capacity if affected by the reduction of demand of its captive consumer.	<ol style="list-style-type: none"> 1. These requirements must be consistent with the PSA. 2. The reduction of contract capacity shall be allowed in case of (please check if applicable): <ol style="list-style-type: none"> a. Loss of captive customers due to Retail competition and Open Access (for on-grid areas only) b. Reduction of demand of the DU due to special circumstances beyond its control. 3. ZANECO may assign, transfer, designate or allocate its rights and obligations to purchase a portion of Contract it no longer requires to: <ol style="list-style-type: none"> a. Any of its business segments without the prior consent of Bidder; or b. Any affiliate or third party subject to the consent of Bidder 4. The consent by the Bidder shall not be unreasonably delayed or conditioned at the disadvantage of the DU. 5. Any reduction shall require approval of the ERC and must comply with applicable rules of competition set by the Government.
21	Regulatory Approvals	<p>The Bidder understand that the award of the PSA shall be subject to ERC review and approval.</p> <p>Downward adjustment on the rates shall not be a ground for the termination of the contract and ZANECO should not be made to shoulder the incremental difference.</p>	Bidder to comply
22	Obligations of ZANECO	ZANECO 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.	To be incorporated in the PSA.

Item	Terms of Reference	Description	Requirement
23	Bidders Qualification	<p>The following requirements but not limited to the following must be followed by the Bidder:</p> <ol style="list-style-type: none"> 1. All forms of business organizations including Joint Ventures are encouraged to participate in the bidding process subject to applicable government licenses and permits. 2. For bidders using indigenous and RE power plants, the bidder must comply with the constitutional requirement for ownership. 3. The capacity offer of the bidder must be compliant with all the ownership limitations prescribed under EPIRA. 4. For new Bidders, the qualification shall be based on: (i) the experience and competence of its personnel to manage and operate the plant; and, (ii) acceptability of its operational management plan during technical bid evaluation. 5. If a Bidder is formed as a partnership, corporation, consortium, joint venture or any similar association for purposes of this CSP, it must present an agreement showing that the Bidder and all its partners, shareholders, joint 	To be integrated in the Bidding Documents, will also be part of the evaluation process.

Item	Terms of Reference	Description	Requirement
		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.	
24	Other Terms and Conditions	Terms of power supply	All other terms and conditions in the power supply agreement provided by ZANECO

3. Indicative Schedule of Activities

Subject to appropriate and timely notice, the TPBAC reserves the right to amend the schedule of activities as shown below:

Activity	Schedule
Posting of Invitation to Bid	November 12, 2022
1 st Publication of Invitation to Bid	November 12, 2022
2 nd Publication of Invitation to Bid	November 19, 2022
Issuance of Bid Documents	November 12 to December 2, 2022
Pre-Bid Conference	December 5, 2022
Issuance of Bid Bulletins to Bidders and Final Instruction to Bidders, if any	November 12 to December 2, 2022
Deadline of Submission of Bids	December 6, 2022
Opening and Detailed Evaluation on Submitted Bids	December 7, 2022
Post-Qualification and Detailed Evaluation of Bids	December 8 to December 13, 2022
Issuance of Notice of Award to Winning Bidder	December 14 to December 16, 2022

Confirmation of ZANECO Board of Directors	December 19 December 22, 2022
Final Evaluation of PSA by NEA	December 23 to 27, 2022
Issuance of Notice to Proceed on the Signing of PSA	December 28, 2022
Signing of PSA	December 29, 2022
Filing of Joint ERC Petition for Approval of PSA	January 5, 2023

4. Instruction to Bidders

Interested parties may purchase a copy of the bidding procedures and pay a non-refundable bidding document fee of four hundred fifty thousand pesos (Php 450,000.00) from **November 12, 2022 to December 02, 2022 (9:00 AM to 4:00 PM)**, at the Office of the TPBAC Chairman, ZANECO, General Luna Street, Central Barangay, Dipolog City, Zamboanga del Norte. Upon purchase of the bid documents, the Bidder or its duly authorized representative shall execute an agreement with ZANECO wherein the Bidder binds itself to the terms of the bid. The signatory must be properly authorized through a board resolution.

A Bidder shall submit its bid, accompanied by a written formal proposal and a corporate resolution authorizing such proposal to ZANECO, **on or before 1200H of December 6, 2022** addressed to the Office of the TPBAC Chairman, , General Luna Street, Central Barangay, Dipolog City, Zamboanga del Norte.

ZANECO, through its TPBAC, shall evaluate the bids based on their compliance with the bidding procedures, the legal, financial and technical qualifications of the bidders, including their ability to provide timely and reliable supply, and the financial terms of the bids, including the price and all incidental costs of supply.

ZANECO expressly reserves the right to declare a failed bidding if it has not received any Expression of Interest together with a Confidentiality Undertaking by December 6, 2022. ZANECO also reserves the right to (a) waive the submission of certain requirements by reason of proven track record and good credit standing; (b) reject any or all proposals and not award any power supply agreement where ZANECO believes it will not redound to its benefit and (c) accept the offer it deems most advantageous to ZANECO, subject to the terms and conditions indicated in the ITB.

For further information, please refer to:

THE THIRD PARTY BIDS AND AWARDS COMMITTEE

Zamboanga del Norte Electric Cooperative Inc.

Business Address: Gen. Luna Street, Central Barangay, Dipolog City Zamboanga del Norte, Philippines

Contact Person: Karrene Wynne L. Adriatico, TPBAC Secretariat

Contact No.: 0938-3684094

Without any imposed formalities, conditions or incurring any liability to any affected proponents, ZANECO reserves, at any time prior to the signing of the power supply agreement, the right to reject any or all proposals, waive any minor defects therein, decide or resolve matters arising from the proceeding, and or accept the offer it deems most advantageous to ZANECO's customers.

Date: November 11, 2022

THIRD PARTY BIDS AND AWARDS COMMITTEE ZANECO

By:



ELMAR A. MARTINEZ, REE
Chairman