

**NEGROS ELECTRIC COOPERATIVES ASSOCIATION**

**( N E C A )**

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**SECOND (2ND) MATRIX OF COMMENTS**

**Name of Bidder:** Malita Power Inc.  
**Authorized Contact Person** Mary Grace G. Ladao  
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**Contact Number:** 09177914524 / 09171474989

REFERENCE DOCUMENTS	ITEM/SECTION	PROVISIONS	CLARIFICATION/ RECOMMENDATION/ SUGGESTION	NECA JUSTIFICATION/ COMMENTS
Terms of Reference		CSP Schedule	Please confirm that NECA JTPBAC will no longer allow other interested Gencos to participate in the bid considering that the pre-bid has already been conducted on 17 May 2023.	NECA already publish a Bid Bulletin regarding the acceptance of bidders, only until 02 June 2023.
Terms of Reference	Item 1.2	Type of Contract  Our Query: Is the supply of entire NECA Baseload and/or Peaking requirements supposed to be sourced from a single nominated plant or a portfolio of plants?  NECA's answer: NECA will consider offer from the Bidder's portfolio of plants but will have to include on the post evaluation effect on the Line Rental.	If the Bidder will offer a portfolio of plants, please confirm that the Bidder just need to declare its portfolio of plants through Item 1.3.b of the Class "A" Documents - Technical Documents in the Checklist.	For Class "A" Documents - Technical Documents, the Bidder must declare all their existing plants. This data will be use for post evaluation.
Terms of Reference	Item 7	For existing plants, the total bid amount for the CRF and the Fixed O&M shall not exceed Php 1.50/kWh  Our Query: What is the rationale and calculation basis behind the price level limitation PhP1.50/kWh total for CRF and FOM for "existing plants" and not applicable for greenfield power plants?  NECA's answer to query: This was based on the assumption that the bidders who will be joining are existing plants. NECA reviewed ERC approved PSAs and we found out that the average CRF for the approved cases are in fact below the indicated price cap.	1. Is the price level limitation of PhP1.50/kWh applicable to both Baseload and Peaking supply? If yes, we believe limiting the total of CRF and FOM at only PhP1.50/kWh may result to potential Bidders being uninterested in the CSP  2. Why a price limitation only to existing plants while as defined, New Plants can also be an existing plant but only operating shorter than 5 years?  3. On NECA's answer: Yes this might be true for ERC-approved level at 100% load factor (LF) or capacity utilization factor (CUF) and NOT for lower LF/CUF specially for the Intermediate, which based on provided data is only less than 20%.	1. PhP1.50 cap for the CRF and FOM for the Base Load and the Peaking.  2. Based on the TOR, for baseload and peaking will still remain to PhP1.50 for the CRF and FOM for existing plants.  3. NECA will be consistent on the approved TOR by NEA and DOE.

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Terms of Reference	<p>Tariff Structure</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Specify formula for base fee adjustment affected by factors such as CPI, FOREX &amp; Escalation due to fuel degradation &amp; others.</li> <li><input type="checkbox"/> No indexation or escalation on Capital Recovery Fee (CRF).</li> <li><input type="checkbox"/> Fixed O&amp;M shall be indexed in the Philippines Peso.</li> <li><input type="checkbox"/> Variable O&amp;M fees shall be indexed on FOREX and Philippine CPI.</li> <li><input type="checkbox"/> Fossil Fuel is passed on charge based on actual market price but limited to guaranteed fuel rate per Li/kWh.</li> <li><input type="checkbox"/> Lube Oil is based on local market price Li/kWh.</li> <li><input type="checkbox"/> For RE, CRF can be indexed to average FOREX during the construction period.</li> <li><input type="checkbox"/> Present Levelized cost of electricity for the duration of the Contract</li> <li><input type="checkbox"/> For existing plants, the total bid amount for the CRF and the Fixed O&amp;M shall not exceed Php 1.50/kWh</li> <li><input type="checkbox"/> The variable O&amp;M cost shall be based on actual expenses</li> <li><input type="checkbox"/> Fuel cost shall be based actual cost</li> <li><input type="checkbox"/> Annual escalation only, beginning on the first day of the year 2 of the contract until year 15. Indicate escalated rate in Php/kWh to be in effect until next escalation date. In no case shall the rate increase exceed more than 2.50% in price level for local components, and 2.11% in price level for foreign components, and 3.00% for foreign exchange based on the prior year's rate.</li> </ul>	<p>Our Query:</p> <p>3. Will the "escalation" of Fixed Operation and Maintenance Fee, Variable Operation and Maintenance Fee and Fuel Fee be done on a monthly or annual basis?</p> <p>6. What is the rationale and calculation basis behind the annual price escalation cap of 2.5%, 2.11% and 3.00% for local, foreign and FX, respectively?</p> <p>7. Given that the required Tariff Structure is "capacity-based" (meaning CRF and FOM are expressed in Php/kWh-month), at what CUF/LF would the LCB be determined for Baseload and/or Peaking supply?</p> <p>NECA's Answer:</p> <p>3. Annual basis but shall be reconciled annually (please refer to Section 16.3.2 of the Instructions to Bidders,... In the implementation of the PSA, adjustments to applied shall be based on prior years' cost or the forecasted rate, whichever is lower)</p> <p>6. The limitation factors used in the escalation as indicated was based on the historical data.</p> <p>7. The Tariff Structure for NECA is Php/kWh/Month</p>	<p>3. What would be the basis for computation of "forecasted rates" to be used as benchmark to compare actual prior year's costs? Are these forecasted rates to be determined at Bid Submission?</p> <p>6. Those levels might be true 5-10 years ago but not necessarily the recent levels. Please consider setting cap based on current levels as supply and its corresponding costs are of current levels.</p> <p>7. We suggest the consistent use of Php/kWh for all components CRF FOM VOM and Fuel Fee and not Php/kWh/month</p>	<p>3. The bidder will base their computation for forecasted rate on the caps given for escalation. The rate increase exceed more than 2.50% in price level for local components, and 2.11% in price level for foreign components, and 3.00% for foreign exchange based on the prior year's rate.</p> <p>6. Please refer to our Bid Bulletin No. 04, Page 3.</p> <p>7. The unit for the tariff is Php/kWh.</p>
Terms of Reference	Item 8.2	<p>The Bidder must have a power plant connected to the Luzon-Visayas Grid which has an available and dependable capacity no lesser than the requirement of NECA. The full contracted capacity required by NECA must be sourced from the said power plant.</p>	<p>Malita Power Inc. ("MPI") [formerly SMC Consolidated Power Corporation ("SMCPC")] is the owner of the Malita CFB Power Plant in Malita, Davao Occidental. On May 5, 2023, MPI secured a copy of the Instructions to Bidders ("ITB") and upon checking of its contents, found out that one of the requirements, in particular, Section 8.2 thereof, is that the "Bidder must have a power plant connected to Luzon-Visayas Grid".</p> <p>Given that the interconnection of the Mindanao Grid to the Visayas Grid is to occur this year, we suggest that bidders from the Mindanao Grid be allowed to participate in the CSP.</p> <p>Further, in the event that this is not allowed, and considering that this requirement was only made known to MPI after reviewing the ITB, we request that our affiliate from Luzon be allowed to take our place</p>	<p>NECA will accept offer from the power plants in Mindanao PROVIDED that Bidder can provide NECA a certification from NGCP Certification that the Interconnection will be available by September 2023. This will be added in the Eligibility Requirements.</p>

REFERENCE DOCUMENTS	ITEM/SECTION	PROVISIONS	CLARIFICATION/ RECOMMENDATION/ SUGGESTION	NECA JUSTIFICATION/ COMMENTS
Terms of Reference	Item 10		<p>1. What is the rationale for allowing New Plants to supply Replacement Power up to four (4) years while it is not allowable for Existing Plants?</p> <p>2. What makes it so much different if a Nominated Greenfield power plant would supply from another plant/source while awaiting COD of the plant (can be up to 3 to 4 years) while a Nominated Plant from Mindanao Grid is not qualified to join the CSP despite a possibility of its availability within 2023 or in a few months by virtue of the commercial operations of the Mindanao-Visayas Interconnection Project</p>	<p>1. Based on the TOR, the four (4) years power replacement is applicable only for new plants and not for the existing power plants. Plants that are not yet available during the start of the delivery period.</p> <p>2. As we have stated, NECA will accept offer from the power plants in Mindanao PROVIDED that Bidder can provide NECA a certification from NGCP Certification that the Interconnection will be available by September 2023. This will be added in the Eligibility Requirements.</p>
Terms of Reference	Item 13 Penalties	<p>Our Query: Please confirm that the right to terminate shall not be applicable if the Power Suppliers' failure to perform its material obligation to supply contracted capacity for causes beyond its control.</p> <p>NECA's Answer:  Please specify events which will fall under "causes beyond its control".</p>	<p>"Causes beyond its control" of Winning Bidder will include:</p> <p>- The delayed energization of NGCP's Mindanao Visayas Interconnection Project which will prevent the Winning Bidder's Nominated Plant in Mindanao Grid from supplying from the plant.</p> <p>However, if providing Replacement Power from another plant in the Luzon/Visayas Grids or the WESM in the meantime is an acceptable option subject to payment by the NECA Member Cooperative at the applicable charge under the TOR/PSA, can the Winning Bidder resort to this?</p>	<p>For existing plants, the bidder must make its plant available during the delivery period. You cannot use the four (4) years power replacement. If the nominated existing plant cannot supply on the date of Delivery, it is cover on the Terms of Reference, Item No. 25.0, Termination of Contract.</p> <p>The Buyer/Off-taker may terminate the Agreement by written notice to the Supplier in cases of:</p> <ul style="list-style-type: none"> <li>• Events of default;</li> <li>• Non-occurrence of Commercial Operation Date after the four (4) years replacement power, in case of new plants;</li> <li>• Expiration of cooperation period and/or Upon Mutual Agreement;</li> <li>• Non-fulfillment of conditions for an effective date;</li> <li>• Events of Force Majeure; and</li> <li>• When the Supplier fails to supply for a period of sixty (60) days for a 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.</li> </ul>
Terms of Reference	Item 18	<p>Eligibility Requirements</p> <ul style="list-style-type: none"> <li>• Bidders <b>must offer additional services</b> to provide voltage regulation and improve power quality within the distribution lines, and this shall be considered in the evaluation of the bids, and,</li> <li>• Should NOT be a JV between or amongst individually unqualified suppliers.</li> </ul>	<p>Please confirm if "additional services" will not be limited to direct technical assistance and include equally important services such as CSR activities for the improvement of consumer-member's welfare and how will these additional services be quantified and considered in the post qualification proceedings.</p>	<p>Yes, NECA considered that.</p>

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Terms of Reference	Item 18	<p>Bidder must show proof of its good track record by providing the following:</p> <ol style="list-style-type: none"> <li>1. Company Profile</li> <li>2. List of Company's major customers for the last five (5) years.</li> <li>3. <b>Certificate of Good Performance from its existing and previous major customers.</b></li> </ol> <p>The bidders are to submit detailed plan on how it intends to operate and maintain the generating facilities (existing and proposed new) in accordance with the Philippine Grid and Distribution Codes, existing industry standards and applicable Philippine laws. The detailed plan must state how the bidder shall operate and maintain the generating facilities as well as the experience and technical capability of the persons, whether natural or judicial, who will operate and maintain the generating facilities. The detailed plan must contain the following:</p> <ol style="list-style-type: none"> <li>1. Executive Summary</li> <li>2. Description of the plan for the operation and maintenance of generating facilities</li> <li>3. Proposed table of organization including job descriptions, technical qualifications and experience of the management and technical team</li> <li>4. Environmental and social obligations compliance programs</li> </ol>	<p>Considering the pronouncement that Annex C (Checklist of Eligibility Requirements and Proposal) is the final list of documents for submission, please confirm that the Certificate of Good Performance and Detailed Plan indicated in the TOR are no longer needed for submission. (For Post Qualification)</p>	<p>This documents needed for the Post Qualification of the bidder, the JTPBAC advises to submit it during the submission of bids on their Eligibility Documents.</p>						
Terms of Reference	Item 18	<p>Bidder and its affiliates may satisfy the required qualifications under this Terms of Reference (TOR).</p>	<p>Please confirm that this Checklist of Eligibility and Bid Requirements (Annex C) is the final list to be followed to be able to comply with ALL the requirements of this bidding.</p>	<p>Yes.</p>						
Annex C	Item 1.3, c, v.		<p>This requirement is already covered by item 1.3, b, vi.</p>	<p>Yes.</p>						
Annex B2	Sheet 2a and 2b (Generation Portfolio and Customer Portfolio)		<p>Please be advised that the compliance with the requirement in Annex B2, table 2b (Customer Portfolio) to submit outages per customer is not possible considering that there is no accounting or identification of outages on a per customer basis. Therefore, we suggest that the information to be submitted under Item 1.3, c, be considered as sufficient.</p>	<p>The bidder will based their outages on their declaration to the NGCP.</p>						
Annex C	Item 1.3	<table border="1"> <thead> <tr> <th colspan="2">CHECKLIST FOR CONTENTS ELIGIBILITY REQUIREMENTS</th> </tr> <tr> <th>ITEM</th> <th>DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>1.3</td> <td>Folder 1-1: Class "A" Documents - Technical Documents</td> </tr> </tbody> </table>	CHECKLIST FOR CONTENTS ELIGIBILITY REQUIREMENTS		ITEM	DESCRIPTION	1.3	Folder 1-1: Class "A" Documents - Technical Documents	<p>Please confirm that this should be Folder 1-2</p>	<p>Yes</p>
CHECKLIST FOR CONTENTS ELIGIBILITY REQUIREMENTS										
ITEM	DESCRIPTION									
1.3	Folder 1-1: Class "A" Documents - Technical Documents									

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Annex C	Item 1, b	Envelope 2-1: TECHNICAL PROPOSAL Certificate of Compliance (COC) issued by the ERC Our Query: Please confirm that in lieu of COC, a valid PAO or a certification issued by the ERC indicating the status of the Bidder's application will suffice. NECA's answer: Maybe considered, but the needed data must be provided during the post evaluation.	We suggest that a valid PAO be considered as an alternative document in lieu of COC. (To be provided once available)	Yes, NECA considered that but it should be provided once available.
Annex D4		I am the authorized representative of (Bidder's Name) as per <b>Board Resolution No.</b> , dated, submitted in accordance with this Transaction;	May we suggest that the allegation no. 1 of the Certification (Annex D-4) be revised and state: "I am the authorized representative of (Bidder's name) as per Secretary's Certificate, dated _____, submitted in accordance with this Transaction;"	Yes
Annex D5		1.I am the authorized representative of (Bidder's name) as per <b>Board Resolution No.</b> , dated, submitted in accordance with the Transaction;	May we suggest that the allegation no. 1 of the Certification (Annex D-5) be revised and state: "I am the authorized representative of (Bidder's name) as per Secretary's Certificate, dated _____, submitted in accordance with the Transaction;"	Yes
Annex D6		1.I am the authorized representative of (Bidder's name) as per <b>Board Resolution No.</b> , dated, submitted in accordance with this Transaction;	May we suggest that the allegation no. 1 of the Certification (Annex D-6) be revised and state: "I am the authorized representative of (Bidder's name) as per Secretary's Certificate, dated _____, submitted in accordance with this Transaction;"	Yes
GENERAL COMMENT			Will the Response of the TPBAC to the Matrix of Comments of the Bidders form part of the Supplemental bid Bulletins to be released by NECA?	Yes
GENERAL COMMENT		During the Pre-Bid Conference, NECA presented some important reminder saying: 1. All documentation per envelope should be complete (refer to Bidding Documents) 2. <b>NFCC or CLC should not be taken for granted.</b>	Given that there are already certain financial ratios required to be provided by the Bidder, we believe that the NFCC/CLC are no longer necessary.	That's only a reminder Sir, but considering financial ratio, NFCC and CLC is no longer needed.