



SORSOGON II ELECTRIC COOPERATIVE

SORECO II
P.O. Box 14
Buhatan, Sorsogon City 4700 Philippines

Below are the minimum contract requirements for SORECO II for the supply of capacity requirement for the period of September 26, 2019 to September 25, 2022 (Short-term) and September 26, 2022 to September 25, 2029 (Medium-term), the terms of reference indicated herein are non-negotiable and bidder must be able to meet all the requirements of SORECO II.

LOT I: (September 26, 2019 to September 25, 2022)

TERMS OF REFERENCE	DESCRIPTION	REQUIREMENT
Type of Contract	Firm - Base load	<ul style="list-style-type: none"> ▪ Power Supplier that owns and operates, existing and operational power plant (s) in the Philippines ▪ Power Supplier with available capacity by September 26, 2019
Contracted Capacity (MW)		8 MW for Sep. 26, 2019 to Sep. 25, 2022
Contracted Energy (kWh per month or year)		No take-or-pay volume No Minimum energy off-take
Dependable Capacity (MW)		▪ 8 MW for Sep. 26, 2019 to Sep. 25, 2022
Contract Duration	The Power Supply Agreement shall take effect for a period of three (3) years commencing on the Commercial Operations Date of September 26, 2019 to September 25, 2022, unless earlier terminated in accordance with the provisions of the PSA.	▪ September 26, 2019 to September 25, 2022
Commercial Operation Date		September 26, 2019
Tariff Structure	Shall be broken down into: Capacity Fee (PHP/KW/month) Fixed O&M (PHP/KW/month) Variable O&M (PHP/kWh)	The Bidder shall specify the formula for the computation of Contract Price. The Bidder shall specify the tariff structure unbundled to: <ol style="list-style-type: none"> 1. Capacity fees 2. Variable Charges 3. Fixed Charges 4. Fuel fee



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	<p>Fuel Fee (PHP/kWh)</p>	<p>5. And other applicable charges</p> <ul style="list-style-type: none"> ▪ The Bidder 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 CPI, FOREX, and escalation due to fuel degradation and others ▪ No indexation on Capital Recovery fee ▪ Bidder must filled-up the attached Total Project Cost template, as deemed applicable, and may present basis and calculation of fees proposed.
<p>Outage Allowance per plant</p>	<p>The Seller will be allowed of outages for a contract year not exceeding to:</p> <ul style="list-style-type: none"> ▪ Scheduled Outages: 480 Hours ▪ Unscheduled Outages: 240 Hours 	<p>Any unutilized equivalent hours for either Scheduled Outages or Unscheduled Outages in any contract year cannot be carried forward to subsequent contract years. Likewise, if unutilized, allocated Unscheduled Outages cannot be credited to Scheduled Outages and allocated Scheduled Outages to Unscheduled Outages.</p>
<p>Force Majeure</p>		<p>The Party that is prevented by Force majeure from carrying out, in whole or part, its obligations shall always attempt to remedy the Force Majeure with all reasonable dispatch.</p> <p>The Bidder shall provide recovery and contingency plan if the Force Majeure occurs.</p> <p>SORECO II shall not be</p>

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		<p>required to make payments for any of the following:</p> <ul style="list-style-type: none"> i. Contract Capacity that is unavailable ii. Capacity that it cannot accept
Replacement Power		<p>Replacement power rate should be equal or lower than the ERC approved tariff. Replacement power shall be the main obligation of the supplier. But, if an outage (scheduled or unscheduled) starts and the supplier failed to provide the contracted capacity, SORECO II shall be allowed to source the replacement power at the expense of the supplier.</p>
Currency	Payment is denominated in PhP	Philippine Peso
Regulatory Approvals	The Power Supplier shall make the necessary adjustments in accordance with the directive of the ERC. Downward adjustment in the rates shall not be a ground for the termination of the contract and the EC should not be made to shoulder the incremental difference.	
Penalties	Party in default shall bear the Liquidated Damages	<ul style="list-style-type: none"> • If the Seller fails to deliver 8 MW upon effectivity of the contract and SORECO II secures an alternative supply, the cost of the power shall be at the expense of the Seller. • If during any contract year, the actual outage incurred by the Seller exceeds the allowable outages, the Seller shall procure power supply at Seller's own cost to satisfy the contracted capacity and shall

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		<p>indemnify SORECO II if Seller fails to deliver power.</p> <ul style="list-style-type: none"> • If the Seller fails to perform its material obligation to supply contracted capacity to SORECO II for sixty (60) days, SORECO II shall have the right, by written notice, to terminate the contract. By such, SORECO II shall require settlement of liquidated damages. • If the Seller and SORECO II do not reach satisfactory solution to resolve the issues arising from the Force Majeure event after one hundred eighty (180) days, the contract shall be terminated.
Source of Power	<ul style="list-style-type: none"> • Conventional Energy 	
Plant Capacity		The Bidder shall submit the details and specifications of its plant capacity.
Technical Specifications		The Bidder shall submit technical specifications of the generator set.
Billing Metering Point		The Billing Metering Point is through NGCP Metering.
Eligibility Requirements		<ul style="list-style-type: none"> • The Bidder must have at least five (5) years experience in the technology being offered • The Bidder shall provide Certificate of Good Performance (track record) from its existing and previous customers. • The Bidder may submit organizational structure and technical qualifications/capability of technical staff.
Security Deposit	SORECO II will not be required by the Seller of Security Deposits or	No Security Deposit

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Reduction in Contracted Capacity	Guarantees Capacity Reduction	SORECO II, at any billing period, shall be entitled to a reduction in the Contract Capacity equivalent to the reduction in the demand of its customers.
Treatment of Contestable Consumer	Existing consumer contestable consumer	The Seller shall agree not to be a competitor on Contestable Consumer within franchise area.
Nomination Protocol	Non-binding year-ahead, month-ahead, week-ahead and day-ahead nominations	SORECO II may revise the nominations due to unscheduled outages
Environmental Compliance Certificate	Environment Compliance Certificate (ECC) from the DENR	Bidder must present ECC from DENR as this is a newly promulgated requirement by the ERC for PSA approval
Application Process with the ERC	Joint application for Approval	Joint filing for the approval of the terms and conditions under the power supply agreement while the Seller shall shoulder all cost of said application

LOT II: (September 26, 2022 to September 25, 2029)

TERMS OF REFERENCE	DESCRIPTION	REQUIREMENT
Type of Contract	Firm - Base load	<ul style="list-style-type: none"> Power Supplier that owns and operates, existing and operational power plant (s) in the Philippines Power Supplier with available capacity by September 26, 2022
Contracted Capacity (MW)		10 MW for Sep. 26, 2022 to Sept. 25, 2029
Contracted Energy (kWh per month or year)		No take-or-pay volume No Minimum energy off-take
Dependable Capacity (MW)		<ul style="list-style-type: none"> 10 MW for Sep. 26, 2022 to Sep. 25, 2029



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Contract Duration	The Power Supply Agreement shall take effect for a period of seven (7) years commencing on the Commercial Operations Date of September 26, 2022 to September 25, 2029, unless earlier terminated in accordance with the provisions of the PSA.	<ul style="list-style-type: none"> September 26, 2022 to September 25, 2029
Commercial Operation Date		September 26, 2022
Tariff Structure	Shall be broken down into: Capacity Fee <i>(PHP/KW/month)</i> Fixed O&M <i>(PHP/KW/month)</i> Variable O&M <i>(PHP/kWh)</i> Fuel Fee <i>(PHP/kWh)</i>	The Bidder shall specify the formula for the computation of Contract Price. The Bidder shall specify the tariff structure unbundled to: 6. Capacity fees 7. Variable Charges 8. Fixed Charges 9. Fuel fee 10. And other applicable charges <ul style="list-style-type: none"> The Bidder 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 CPI, FOREX, and escalation due to fuel degradation and others No indexation on Capital Recovery fee Bidder must filled-up the attached Total Project Cost template, as deemed applicable, and may present basis and calculation of fees proposed.
Outage Allowance per plant	The Seller will be allowed of outages for a contract year	Any unutilized equivalent hours for either Scheduled

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	<p>not exceeding to:</p> <ul style="list-style-type: none"> ▪ Scheduled Outages: 480 Hours ▪ Unscheduled Outages: 240 Hours 	<p>Outages or Unscheduled Outages in any contract year cannot be carried forward to subsequent contract years. Likewise, if unutilized, allocated Unscheduled Outages cannot be credited to Scheduled Outages and allocated Scheduled Outages to Unscheduled Outages.</p>
Force Majeure		<p>The Party that is prevented by Force majeure from carrying out, in whole or part, its obligations shall always attempt to remedy the Force Majeure with all reasonable dispatch.</p> <p>The Bidder shall provide recovery and contingency plan if the Force Majeure occurs.</p> <p>SORECO II shall not be required to make payments for any of the following:</p> <ul style="list-style-type: none"> iii. Contract Capacity that is unavailable iv. Capacity that it cannot accept
Replacement Power		<p>Replacement power rate should be equal or lower than the ERC approved tariff.</p> <p>Replacement power shall be the main obligation of the supplier. But, if an outage (scheduled or unscheduled) starts and the supplier failed to provide the contracted capacity, SORECO II shall be allowed to source the replacement power at the expense of the supplier.</p>
Currency	Payment is denominated in PhP	Philippine Peso
Regulatory Approvals	The Power Supplier shall	

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	make the necessary adjustments in accordance with the directive of the ERC. Downward adjustment in the rates shall not be a ground for the termination of the contract and the EC should not be made to shoulder the incremental difference.	
Penalties	Party in default shall bear the Liquidated Damages	<ul style="list-style-type: none"> • If the Seller fails to deliver 10 MW upon effectivity of the contract and SORECO II secures an alternative supply, the cost of the power shall be at the expense of the Seller. • If during any contract year, the actual outage incurred by the Seller exceeds the allowable outages, the Seller shall procure power supply at Seller's own cost to satisfy the contracted capacity and shall indemnify SORECO II if Seller fails to deliver power. • If the Seller fails to perform its material obligation to supply contracted capacity to SORECO II for sixty (60) days, SORECO II shall have the right, by written notice, to terminate the contract. By such, SORECO II shall require settlement of liquidated damages. • If the Seller and SORECO II do not reach satisfactory solution to resolve the issues arising from the Force Majeure event after one hundred eighty (180) days, the contract shall be terminated.
Source of Power	<ul style="list-style-type: none"> • Conventional Energy 	
Plant Capacity		The Bidder shall submit the details and specifications of its

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Eligibility Requirements		<ul style="list-style-type: none"> • The Bidder must have at least five (5) years experience in the technology being offered • The Bidder shall provide Certificate of Good Performance (track record) from its existing and previous customers. • The Bidder may submit organizational structure and technical qualifications/capability of technical staff.
Security Deposit	SORECO II will not be required by the Seller of Security Deposits or Guarantees	No Security Deposit
Reduction in Contracted Capacity	Capacity Reduction	SORECO II, at any billing period, shall be entitled to a reduction in the Contract Capacity equivalent to the reduction in the demand of its customers.
Treatment of Contestable Consumer	Existing contestable consumer	The Seller shall agree not to be a competitor on Contestable Consumer within franchise area.
Nomination Protocol	Non-binding year-ahead, month-ahead, week-ahead and day-ahead nominations	SORECO II may revise the nominations due to unscheduled outages
Environmental Compliance Certificate	Environment Compliance Certificate (ECC) from the DENR	Bidder must present ECC from DENR as this is a newly promulgated requirement by the ERC for PSA approval
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