

**ORIENTAL MINDORO ELECTRIC COOPERATIVE, INC.****(ORMECO, Inc.)**

Brgy. Sta. Isabel, Calapan City

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E-mail: ormeco_coop@yahoo.comWebsite: www.ormeco-inc.com**TERMS OF REFERENCE FOR THE CONDUCT OF THE
COMPETITIVE SELECTION PROCESS FOR THE 41MW
GUARANTEED DEPENDABLE CAPACITY POWER SUPPLY**

I.	Type of Contract <ul style="list-style-type: none">- Baseload- Load-Following- Peaking																
II.	Guaranteed Dependable Capacity (GDC) <ul style="list-style-type: none">- Lot I: 8 MW (Baseload)- Lot II: 30 MW (Load-Following) & 3 MW (Peaking) <p>Notes:</p> <ol style="list-style-type: none">1. Load-Following Capacity shall be dispatched in three (3) different utilization schedules: (a) 30% for January, February, and December, (b) 60% for March and November, and (c) 100% from April to October.2. Peaking units shall be used only for four (4) months from June to September.																
III.	Type of Technology <ul style="list-style-type: none">- Open																
IV.	Contracted Energy <ul style="list-style-type: none">2023 – 68,742,000.00 kWh2024 – 150,768,000.00 kWh2025 – 173,340,000.00 kWh2026 – 204,480,000.00 kWh2027 – 211,032,000.00 kWh2028 – 211,032,000.00kWh2029 – 211,032,000.00kWh2030 – 185,904,000.00 kWh <p>*Please see Annex A for the monthly schedule of delivery of Contracted Energy</p>																
V.	Contract Duration <p>The Power Supply Agreement (PSA) shall take effect for a period of (i) 68 months for Lot I and (ii) 89 months for Lot II commencing on the Commercial Operation Date until October 2030, unless earlier terminated in accordance with the provisions of the PSA.</p>																
VI.	Commercial Operation Date (COD) <p>01 June 2023</p> <ul style="list-style-type: none">- Peaking- Load-Following <p>01 March 2025</p> <ul style="list-style-type: none">- Baseload																
VII.	Schedule of Delivery <ol style="list-style-type: none">1. The Winning Bidder is required to install at least seven (7) MW on 01 Jun 2023. This shall form part of the Load-Following Schedule as shown below: <p>Baseload:</p> <table border="1"><thead><tr><th>Schedule No.</th><th>Start Month</th><th>Capacity (in MW)</th><th>Location</th></tr></thead><tbody><tr><td>1</td><td>01 March 2025</td><td>3</td><td>Calapan</td></tr><tr><td>2</td><td>01 March 2026</td><td>5</td><td>Calapan</td></tr><tr><td>TOTAL</td><td></td><td>8</td><td></td></tr></tbody></table>	Schedule No.	Start Month	Capacity (in MW)	Location	1	01 March 2025	3	Calapan	2	01 March 2026	5	Calapan	TOTAL		8	
Schedule No.	Start Month	Capacity (in MW)	Location														
1	01 March 2025	3	Calapan														
2	01 March 2026	5	Calapan														
TOTAL		8															

Load-Following:

Schedule No.	Start Month	Capacity (in MW)	Location
1	01 June 2023	7	Roxas
2	01 August 2023	20	Roxas
3	01 March 2024	3	Roxas
TOTAL		30	

Peaking:

Schedule No.	Start Month	Capacity (in MW)	Location
1	01 June 2023	3	Roxas

VIII. Tariff Structure

ORMECO, Inc. shall specify the formula, provided through a template, for the computation of True Cost of Generation Rate (TCGR) inclusive of delivery charges at the plant site, unbundled to the components as shown below:

Tariff Component	Monthly Rate
True Cost of Generation Rate	Php/kWh
a. Capital Recovery Fee (CRF)	Php/kWh
b. Fixed Operation and Maintenance (FOM)	Php/kWh
c. Variable Operation and Maintenance (VOM)	Php/kWh
d. Fuel Fee (FF), if applicable	Php/kWh
e. Lube Oil Fee (LF), if applicable	Php/kWh

- The bidders shall prepare separate tariff structures (as shown in Table above) for energy attributable to Load-Following, Baseload, and Peaking. Components should only be included in the tariff structure when applicable.

- No indexation or escalation on Capital Recovery Fee (CRF).

- Fixed and Variable Operation and Maintenance Fees (FOMF and VOMF) shall consider the economic movement in the Philippines. Both should be multiplied by the ratio of the current-to-base Philippine Consumer Price Index (PH CPI). The values to be used should be referenced to those published by the Philippine Statistics Authority (PSA) for all commodity groups. The base PH CPI to be used will be determined at the time of bidding.

- VOMF shall be indexed by the current-to-base foreign exchange (ForEx) rate. The values to be used should be referenced to those published by the Bangko Sentral ng Pilipinas (BSP). The base ForEx rate to be used will be determined at the time of bidding.

- Fossil fuel is passed on charge based on actual market price but limited to a guaranteed fuel consumption rate of 0.2725 Liter per kWh for diesel-fired power plant and 0.25 Liter per kWh for bunker C-fired power plant, and/or whichever is lower based on the actual consumption.

- Lube Oil is based on local market price but limited to a guaranteed lube oil consumption rate of 0.001 Liter per kWh for diesel-fired power plant and 0.00168 Liter per kWh for Bunker C-fired power plant, and/or whichever is lower based on the actual consumption.

- For bid comparison, the proposed rate to be offered by the bidders shall be based on TCGR with applicable EVAT

- The rate shall not be higher than the latest ERC-approved generation tariff for the same or similar technology in the area.

- ORMECO, Inc. shall not be required to make payments for the capacity that is unavailable and shall be computed in pro rata to the net dispatchable capacity.

- The following formula shall be used in the computation of the Total Electricity Fee (TEF) for a Billing Period:

$$TEF_{month} = \sum_{Plant, Tech} EF_{month}^{Plant, Tech}$$

Where:

$$EF_{month}^{Plant, Tech} = (CRF + FOM + VOM + FF + LF)_{month} - Prompt\ Payment\ Discount$$

IX.	Outage Allowance (OA)
	<ul style="list-style-type: none"> - There will be no outage allowance. - The guaranteed dependable capacity (GDC) is required to be available for dispatch throughout the cooperation period as designated in the delivery schedule.
X.	Force Majeure
	ORMECO, Inc. and the winning Bidder shall determine the Force Majeure events and shall jointly establish action plans to be followed by both Parties which shall also form part of the PSA. The Winning Bidder shall comply with the emergency procedures and provide a contingency plan if a force majeure occurs.
	ORMECO, Inc. shall not be required to make payments for any, but not limited to, of the following: <ol style="list-style-type: none"> 1. Capacity that is unavailable. 2. Energy that it cannot accept. 3. Force Majeure events as defined in the PSA.
XI.	Replacement Power
	The Winning Bidder shall be responsible to provide replacement power up to the Guaranteed Dependable Capacity during the cooperation period under the PSA, in the following cases: <ol style="list-style-type: none"> a. During any delay of the Start of Delivery of Supply; and b. When its power plant or its generating unit/s is on outage/breakdown or reduced capacity, to ensure continuity of supply in compliance with the cooperation period;
	Recovery of replacement power should be based on the ERC-approved rate. If said ERC approved rate is lower than the existing rate, the difference should be translated to lower the actual rate passed on to the consumers.
	Replacement power shall be the main obligation of the Winning Bidder. In the event of failure by the Winning Bidder to provide the replacement power, ORMECO, Inc. shall be allowed to source the replacement power at the expense of the Winning Bidder and with corresponding payment of damages in favor of ORMECO, Inc.
	If the Winning Bidder fails to perform its obligation to supply power to ORMECO, Inc. for sixty (60) days, ORMECO, Inc. may terminate the contract and shall require settlement of liquidated damages.
	If the Power Supplier cannot deliver Replacement Power, ORMECO shall charge the Power Supplier during the relevant period using the following formula: $Penalty\ Fee_{shortfall} = Energy\ Shortfall * (CRF + FOM)$
XII.	Payment Modalities
	Currency: Philippine Peso
	Mode of Payment: Check
	Billing Period: Monthly
	Bidder shall specify its offer of prompt payment discount and other incentives to ORMECO, Inc. in its bid proposal.
XIII.	Regulatory Approvals
	<ul style="list-style-type: none"> - ORMECO, Inc. and the Winning Bidder shall file with the ERC the joint application for the approval of the PSA in accordance with the ERC Rules in 30 calendar days after Notice of Award, including the application for the availment of UCME subsidy. - Winning Bidder shall make the necessary adjustments in accordance with the directives of the ERC. Any downward adjustment in the rates shall not be a ground for the termination of the contract and ORMECO, Inc. shall not shoulder the incremental difference.
XIV.	Source of Power
	<ul style="list-style-type: none"> - Brand new and/or refurbished generator units will be installed in the power plant sites to be placed in the City of Calapan, 8.0MW Baseload, and the Municipality of Roxas, 30MW Load-Following and 3MW Peaking, Oriental Mindoro.
XV.	Billing Meter
	<ul style="list-style-type: none"> - The Billing and Metering shall be at the Connection Point (Calapan and Roxas)
XVI.	Connection Asset
	<ul style="list-style-type: none"> - The cost of Connection Assets needed to connect the Power Plant to the grid shall be at the expense of the Winning Bidder.

	<ul style="list-style-type: none"> - The Connection Scheme shall be either Cut-in or Bus-in to the NPC's 69 kV Transmission System, made through the application of the Connection Agreement between the Winning Bidder and NPC. The Cut-in scheme may be adopted if the location of the small grid user exceeds at least twenty circuit kilometers from the nearest substation.
XVII.	Technical Specifications
	<ul style="list-style-type: none"> - The Bidder shall submit technical specifications of the total plant design, including the generating equipment, power transformers, switchgear, etc., for ORMECO, Inc.'s information and reference.
XVIII.	Plant Capacity
	<ul style="list-style-type: none"> - N-1 Contingency for Baseload Plant - N-1 Contingency for Load-Following Plant - N-1 Contingency for Peaking Plant
XIX.	Eligibility Requirements
	<ul style="list-style-type: none"> - All forms of business organizations including Joint Ventures are encouraged to participate in the bidding process subject to applicable government licenses and permits. <p>If Bidder is formed as a partnership, corporation, consortium, joint venture, or any similar association for purposes of this CSP, it must present an affidavit showing that the bidder and all its partners, shareholders, joint venture, associates, as may be applicable, are jointly and severally liable to ORMECO, Inc. for any and all costs and obligations arising from this CSP and the resulting PSA.</p> <ul style="list-style-type: none"> - Submit organizational structure and qualifications of technical staff. - Submit a certificate of good standing with the current off-taker, if applicable. - Any lease agreement that will affect the delivery of supply and the performance of the contract should be within the cooperation period under the PSA. - Complete list of requirements shall be provided in the bidding documents. - For bidders using indigenous and RE power plants, the bidder must comply with the constitutional requirement for ownership. - The bidder's capacity offer must comply with all the ownership limitations prescribed under EPIRA. - For new power suppliers, the qualification shall be based on: (i) the experience and competence of its personnel to manage and operate the plant; and, (ii) the acceptability of its operational management plan during technical bid evaluation.
XX.	Nomination Protocol
	<ul style="list-style-type: none"> - With-binding year-ahead, month-ahead, week-ahead, and day-ahead nominations; - System Operator may revise the nominations due to unscheduled outages.
XXI.	Application Process with the ERC
	<ul style="list-style-type: none"> - Joint filing of Application for Approval of PSA and UCME Subsidy Availment
XXII.	Penalties
	<p>The Winning Bidder shall be penalized (monetary, etc.) in cases of the following events and circumstances such as, but not limited to:</p> <ol style="list-style-type: none"> 1. Delay in Commercial Operation Date (COD); 2. Failure to deliver guaranteed dependable capacity and contracted energy; 3. Failure of provision of replacement power; and 4. Other violations under the resulting PSA.
XXIII.	Liquidated Damages
	<p>In case of Default, Liquidated Damages to be applied shall be equal to the present value of the Capacity Payment, computed on a 365-day basis for the remaining term of the PSA</p> <p>The discount rate to be used shall be defined in the PSA.</p>
XXIV.	Grounds for Termination
	<ul style="list-style-type: none"> - Event of Default - Non-occurrence of Commercial Operation Date - Expiration of cooperation period - Mutual agreement by both parties - Extended Force Majeure as agreed under the PSA - Changes in the circumstances as agreed under the PSA

	<p>Termination can only be effected upon the mutual agreement of both Parties on cases outside the events of default.</p> <p>Rate reductions made by the ERC shall not be a valid ground for the termination of the contract. ORMECO, Inc. shall not pay for the said rate reduction or adjustments.</p>
XXV.	Environmental Compliance Certificate
	The winning bidder must present/submit an Environmental Compliance Certificate (ECC) from the DENR within six (6) months upon approval of the contract. The failure of the winning bidder to secure the ECC within the six-month period shall be considered an event of default.
XXVI.	Interconnection of Mindoro Grid to the Main Grid
	<p>Once ORMECO is connected to the Main Grid, the reduction of contract capacity shall be allowed in case of:</p> <p>a. Loss of captive customers due to Retail Competition and Open Access (RCOA). b. Reduction of demand of the ORMECO due to special circumstances beyond its control.</p> <p>ORMECO may assign, transfer, designate or allocate its rights and obligations to purchase a portion of the Contract if no longer requires to:</p> <p>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 the Power Supplier</p> <p>The consent by the Power Supplier shall not be unreasonably delayed or conditioned at the disadvantage of ORMECO.</p> <p>Any reduction shall require approval of the ERC and must comply with applicable rules of competition set by the Government.</p>
XXVII.	Rate Review/ Repricing
	For every two (2) years of the Contract Duration, a rate repricing and evaluation shall be performed to assess timely performance against the Bid Price.
XXVIII.	Obligations of ORMECO, Inc.
	ORMECO Inc. shall provide assistance to the successful bidder in the processing of permits and similar requirements from national agencies and local government units, especially if the resulting PSA involves the construction of a new power plant.
XXIX.	Others (to be defined in the PSA)
	- Conditions precedent to Start of Supply and other provisions shall be included and defined under the PSA

ANNEX A

MONTHLY CONTRACTED ENERGY

YEAR	MONTH	BASELOAD	LOAD-FOLLOWING	PEAKING	ENERGY FOR CONTRACTING
		TOTAL	TOTAL	TOTAL	
2023	Jun	-	3,780,000.00	1,080,000.00	4,860,000.00
2023	Jul	-	3,780,000.00	1,080,000.00	4,860,000.00
2023	Aug	-	14,580,000.00	1,080,000.00	15,660,000.00
2023	Sep	-	14,580,000.00	1,080,000.00	15,660,000.00
2023	Oct	-	14,580,000.00	-	14,580,000.00
2023	Nov	-	8,748,000.00	-	8,748,000.00
2023	Dec	-	4,374,000.00	-	4,374,000.00
2024	Jan	-	4,374,000.00	-	4,374,000.00
2024	Feb	-	4,374,000.00	-	4,374,000.00
2024	Mar	-	9,720,000.00	-	9,720,000.00
2024	Apr	-	16,200,000.00	-	16,200,000.00
2024	May	-	16,200,000.00	-	16,200,000.00
2024	Jun	-	16,200,000.00	1,080,000.00	17,280,000.00
2024	Jul	-	16,200,000.00	1,080,000.00	17,280,000.00
2024	Aug	-	16,200,000.00	1,080,000.00	17,280,000.00
2024	Sep	-	16,200,000.00	1,080,000.00	17,280,000.00
2024	Oct	-	16,200,000.00	-	16,200,000.00
2024	Nov	-	9,720,000.00	-	9,720,000.00
2024	Dec	-	4,860,000.00	-	4,860,000.00
2025	Jan	-	4,860,000.00	-	4,860,000.00
2025	Feb	-	4,860,000.00	-	4,860,000.00
2025	Mar	2,160,000.00	9,720,000.00	-	11,880,000.00
2025	Apr	2,160,000.00	16,200,000.00	-	18,360,000.00
2025	May	2,160,000.00	16,200,000.00	-	18,360,000.00
2025	Jun	2,160,000.00	16,200,000.00	1,080,000.00	19,440,000.00
2025	Jul	2,160,000.00	16,200,000.00	1,080,000.00	19,440,000.00
2025	Aug	2,160,000.00	16,200,000.00	1,080,000.00	19,440,000.00
2025	Sep	2,160,000.00	16,200,000.00	1,080,000.00	19,440,000.00
2025	Oct	2,160,000.00	16,200,000.00	-	18,360,000.00
2025	Nov	2,160,000.00	9,720,000.00	-	11,880,000.00
2025	Dec	2,160,000.00	4,860,000.00	-	7,020,000.00
2026	Jan	2,160,000.00	4,860,000.00	-	7,020,000.00
2026	Feb	2,160,000.00	4,860,000.00	-	7,020,000.00

2026	Mar	5,760,000.00	9,072,000.00	-	14,832,000.00
2026	Apr	5,760,000.00	15,120,000.00	-	20,880,000.00
2026	May	5,760,000.00	15,120,000.00	-	20,880,000.00
2026	Jun	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2026	Jul	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2026	Aug	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2026	Sep	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2026	Oct	5,760,000.00	15,120,000.00	-	20,880,000.00
2026	Nov	5,760,000.00	9,072,000.00	-	14,832,000.00
2026	Dec	5,760,000.00	4,536,000.00	-	10,296,000.00
2027	Jan	5,760,000.00	4,536,000.00	-	10,296,000.00
2027	Feb	5,760,000.00	4,536,000.00	-	10,296,000.00
2027	Mar	5,760,000.00	9,072,000.00	-	14,832,000.00
2027	Apr	5,760,000.00	15,120,000.00	-	20,880,000.00
2027	May	5,760,000.00	15,120,000.00	-	20,880,000.00
2027	Jun	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2027	Jul	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2027	Aug	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2027	Sep	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2027	Oct	5,760,000.00	15,120,000.00	-	20,880,000.00
2027	Nov	5,760,000.00	9,072,000.00	-	14,832,000.00
2027	Dec	5,760,000.00	4,536,000.00	-	10,296,000.00
2028	Jan	5,760,000.00	4,536,000.00	-	10,296,000.00
2028	Feb	5,760,000.00	4,536,000.00	-	10,296,000.00
2028	Mar	5,760,000.00	9,072,000.00	-	14,832,000.00
2028	Apr	5,760,000.00	15,120,000.00	-	20,880,000.00
2028	May	5,760,000.00	15,120,000.00	-	20,880,000.00
2028	Jun	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2028	Jul	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2028	Aug	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2028	Sep	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2028	Oct	5,760,000.00	15,120,000.00	-	20,880,000.00
2028	Nov	5,760,000.00	9,072,000.00	-	14,832,000.00

2028	Dec	5,760,000.00	4,536,000.00	-	10,296,000.00
2029	Jan	5,760,000.00	4,536,000.00	-	10,296,000.00
2029	Feb	5,760,000.00	4,536,000.00	-	10,296,000.00
2029	Mar	5,760,000.00	9,072,000.00	-	14,832,000.00
2029	Apr	5,760,000.00	15,120,000.00	-	20,880,000.00
2029	May	5,760,000.00	15,120,000.00	-	20,880,000.00
2029	Jun	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2029	Jul	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2029	Aug	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2029	Sep	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2029	Oct	5,760,000.00	15,120,000.00	-	20,880,000.00
2029	Nov	5,760,000.00	9,072,000.00	-	14,832,000.00
2029	Dec	5,760,000.00	4,536,000.00	-	10,296,000.00
2030	Jan	5,760,000.00	4,536,000.00	-	10,296,000.00
2030	Feb	5,760,000.00	4,536,000.00	-	10,296,000.00
2030	Mar	5,760,000.00	9,072,000.00	-	14,832,000.00
2030	Apr	5,760,000.00	15,120,000.00	-	20,880,000.00
2030	May	5,760,000.00	15,120,000.00	-	20,880,000.00
2030	Jun	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2030	Jul	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2030	Aug	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2030	Sep	5,760,000.00	15,120,000.00	1,080,000.00	21,960,000.00
2030	Oct	5,760,000.00	15,120,000.00	-	20,880,000.00