



PALAWAN ELECTRIC COOPERATIVE

Third-Party Bids and Awards Committee (TPBAC)
Km 3.35 North National Highway, Barangay Tiniguiban, Puerto Princesa City
paleco.csp@gmail.com; www.paleco.net; (048) 433-9144 loc. 863

BID BULLETIN NO. 05
December 01, 2023

Competitive Selection Process
For the 15 MW Supply of Power in the Municipality of El Nido, Palawan

Pursuant to the Department of Energy (“DOE”) Circular No. DC2018-02-003, Series of 2018, as amended by DOE Circular No. DC2021-09-0030, Series of 2021, Palawan Electric Cooperative (“PALECO”), through the Third-Party Bids and Awards Committee (“TPBAC”) as discussed and approved during the meeting of the TPBAC on 28 November 2023 hereby issues the Final Transaction Documents and Final Instruction to Bidders for the 15 MW supply of power in El Nido, Palawan.

FINAL TRANSACTION DOCUMENTS

The following amended documents shall compose the Final Transaction Documents incorporating all the amended provisions as provided in the Bid Bulletins as well as the accepted suggestions submitted by the Bidders and shall be effective upon publication in the official CSP portal.

1. Bidding Procedures, Guidelines and Requirements

Attachments:

- 1.1 Annex “A” to Annex “L” of Bidding Procedures
- 1.2 Annex “M” of Bidding Procedures: El Nido Power Supply Profile
- 1.3 Schedule 1 to Schedule 9 of Bidding Procedures
- 1.4 Schedule 10 of Bidding Procedures: Draft Power Supply Agreement (PSA)
 - 1.4.1 Schedule A-0 to Schedule H of Draft PSA

An electronic file of the sample computation in Annex “A.1” to Annex “A.4” of Schedule 5 to be provided to Bidders for reference purposes only.

Please be guided also of the revised upcoming schedule of CSP activities stated below:

Issuance of Bid Bulletin and Final Instruction to Bidders	December 01, 2023
Due diligence of Proponent	December 02 to 18, 2023
Submission and Opening of Bids	December 19, 2023, 9:00 a.m. at Hue Hotel
Evaluation of submitted Bids	December 20, 2023
Post Qualification and Detailed Evaluation of Bids	December 21 - 29, 2023
Submission to the Board of TPBAC Recommendation	January 03, 2024
Confirmation of the Board of TPBAC Recommendation	January 05, 2024
Issuance of Notice of Award to the Winning Bidder	January 05, 2024
Submission to NEA of Joint Sworn Statements (GM and BODs), Draft Power Supply Agreement (PSA) and TPBAC Report	January 08, 2024
Final Evaluation and Assessment of PSA by NEA	January 23, 2024
Review of PSA through EVOSS	January 23, 2024
Issuance of Notice to Proceed to sign PSA	January 24, 2024
Signing of PSA	January 26, 2024
Filing of Joint ERC Application for Approval of PSA	February 12, 2024

Further, we shall accommodate at most three (3) representatives inside the venue during the Submission and Opening of Bids.

Kindly acknowledge receipt of this Bid Bulletin in the space below and return the signed copy to the TPBAC through paleco.csp@gmail.com. For inquiries, please contact TPBAC Secretariat Peter Vincent S. Mendoza at Telephone No. (048) 433-9144 loc. 863.

For your information and guidance.

Approved by: TPBAC

ATTY. WILFREDO L. TAGLE
Chairperson

RGB/ALRMCP/JPS

We hereby acknowledge receipt and acceptance of the terms and conditions outlined in this Bid Bulletin.

Received by: _____

Name of Company: _____

Date: _____



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Kilometer 3.35 North National Highway, Barangay Tiniguiban, Puerto Princesa City

Competitive Selection Process
For the 15 MW Supply of Power in the Municipality of El Nido, Palawan

**BIDDING PROCEDURES,
GUIDELINES AND REQUIREMENTS**

IMPORTANT NOTICE

These Bidding Procedures and Guidelines (Procedures) are being issued by Palawan Electric Cooperative (PALECO) to bidders who want to participate in the Competitive Selection Process (CSP) for the 15MW supply of power in the Municipality of El Nido, Palawan. These Procedures provide the instructions and evaluation criteria that bidders must meet in order to submit a valid bid proposal for the transaction.

These Procedures do not purport to contain all the information that an Interested Party may need or desire. It has been prepared to assist bidders in making their own independent evaluation. In all cases, bidders should conduct their own investigations and analysis of the information provided in these Procedures.

Neither the Third-Party Bids and Awards Committee (TPBAC) or PALECO, makes any representation or warranty, express or implied, as to the accuracy or completeness of these Procedures or the information contained herein and shall have no liability for it or for any other written or oral communication transmitted to or received by the interested bidder in the course of such party's evaluation of the proposed tender. Only those particular representations and warranties which may be made by the TPBAC in a definitive written communication, when and if one is issued, and subject to such limitations and restrictions as may be specified in such communication, shall have any legal effect.

These Procedures may contain certain interpretations, explanations and/or summaries of Philippine laws, procedures or regulations, prepared solely to acquaint the interested bidders with the matters described in a general manner only, and are not intended to be definitive or to disclose or deal with all aspects of such laws, decrees, regulations, licenses or other governmental authorizations that may be important to any interested bidder.

These Procedures do not constitute an offer to sell or solicitation of an offer to buy any security or shares, nor does it constitute an offer to sell or a solicitation of an offer to buy any security or share in any jurisdiction in which such an offer, solicitation or sale is not authorized, or to any person to whom it is unlawful to make such an offer, solicitation or sale.

Further, the PALECO Board of Directors (BOD) may intervene in the conduct of the CSP upon justifiable and reasonable grounds. The BOD reserves the right to reject any or all bids, to declare a failure of bidding or not to award the contract in the following situations:

1. If there is prima facie evidence of collusion between the TPBAC and any of the bidders, or if the collusion is between or among the bidders themselves, including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition;
2. If the TPBAC is found to have failed in following the prescribed bidding procedures; or
3. Any justifiable and reasonable ground where the award of the contract will not redound to the benefit of the consumer-members, subject to the approval of the DOE.

PART I – FINAL INSTRUCTIONS TO BIDDERS

I-01 REQUIREMENTS FOR ISSUANCE OF BIDDING DOCUMENT PACKAGE AND TRANSACTION DOCUMENTS

The Bidding document package which includes bidding procedures and transaction documents is being issued by Palawan Electric Cooperative (PALECO) to eligible bidders who want to submit proposals for the 15MW supply of power in the Municipality of El Nido, Palawan in accordance with the Invitation to Bid published in the September 1 and 10, 2023 issues of Philippine Daily Inquirer.

Only eligible bidders shall receive the bidding document package upon payment of non-refundable fee of Two Hundred Twenty-Five Thousand Pesos (P225,000.00). These documents shall be issued from September 11 to 27, 2023.

Eligible bidders are required to acknowledge receipt of these Documents, accept the terms and conditions of the Bidding Procedures and treat all documents with utmost confidentiality by submitting the forms attached hereto as **Annex A and Annex B** (Acceptance of the Bidding Procedures and Confidentiality Agreement) on or before the Prebid Conference (September 28, 2023).

The final version of the Transaction Documents (Final Transaction Documents), which incorporates changes, if any, to the Transaction Documents, as provided for in the Bid Bulletins, shall be issued to the Bidders before the deadline of the Submission.

I-02 SUBJECT OF THE BID PROPOSAL

Bid proposals shall cover the power supply requirement in El Nido (subject to future interconnection of the northern and southern municipalities) in accordance with the terms of the Power Supply Agreement (PSA). The provisions of the TOR attached hereto as **Annex L** shall prevail should there be any conflicting provisions between the TOR, PSA and Bidding Guidelines. The winning bidder shall enter into a 15-year PSA with PALECO.

The scope of supply includes the specified capacity needs of PALECO throughout the term of the PSA covering conventional and/or renewable energy (RE) technologies beginning on COD with a provision of Additional Ancillary Services equivalent to 40% of the Contracted Capacity.

The Contracted Capacity (CC) of 15MW plus 40% Capacity Margin could be delivered to the 13.2kV and 69 kV connection points, which shall be made available not later than the Commercial Operation Date (COD) for dispatch by PALECO.

As there is no “take or pay” for the energy-based billing determinants, means there is no Minimum Energy Offtake (MEOT).

During the Delivery Period, the winning bidder may incorporate the use of RE in compliance with the requirements of Renewable Portfolio Standards (RPS).

For firm, non-intermittent RE alternatives, such capacity shall be counted as part of the DC. Moreover, the reserve capacity required to maintain the supply reliability of such RE units shall be the responsibility of the New Power Provider (NPP).

In addition, the Winning Bidder shall comply with all the applicable provisions and requirements of the Renewable Energy Act (Republic Act No. 9513), its implementing rules and regulations, and other issuances of the relevant Governmental Body when installing and operating generation units that utilize Renewable Energy sources.

I-03 ADDENDA AND CLARIFICATIONS TO THE BIDDING PROCEDURES

The TPBAC reserves the right to amend, revise, modify, or clarify the Pre-Qualification/Eligibility Guidelines and Bidding Procedures. Such amendments, revisions, modifications, or clarifications, if any, will be made through Bid Bulletins, copies of which will be made available to all bidders at least fourteen (14) days prior to the Submission Deadline. Upon the issuance of a Bid Bulletin, the same shall automatically be incorporated into and made an integral part of the Guidelines/Bidding Procedures. In case material changes

are made to the Bidding Procedures through Bid Bulletins, the TPBAC, may, in its discretion, extend the Proposal Submission Deadline.

Bidders are required to acknowledge receipt and acceptance of the terms and conditions of the Guidelines/Bidding Procedures and each Bid Bulletin on the space provided in the letter of transmittal.

Failure to acknowledge receipt and acceptance of the terms and conditions of the Bidding Procedures and each Bid Bulletin may cause the Proposal to be considered as not responsive to the Procedures, which could result in the disqualification and/or rejection of the Proposal.

Should a Bidder find discrepancies or omissions in the Bidding Procedures, or should it be in doubt as to the meaning of any provision thereof, it should at once call the attention of the Chairman of the TPBAC to obtain clarification or interpretations thereon. The TPBAC will issue Bid Bulletin/s regarding the clarification/s the TPBAC desires to make at any time. It shall be the responsibility of the Bidder to inquire and secure the Bid Bulletins that may be issued by the TPBAC.

Failure of a bidder to secure the Bid Bulletins shall constitute a waiver of its right to be informed thereof.

In any case, it is conclusively presumed that the information and procedures set forth in the Guidelines/Bidding and other Related Documents and each Bid Bulletin have been taken into account by the Bidder in preparing its Proposal.

I-04 BIDDING INFORMATION

No official or employee of the PALECO, or any entity involved in the preparation of these Documents shall directly or indirectly give, nor shall any bidder be entitled to, any information regarding the Bidding Process or the other Bidders, other than what is contained in the Bidding Procedures, Bid Bulletins and in the official announcement of the Bid results.

PART II - BIDDING GUIDELINES

The Bidding Process will be conducted in accordance with these guidelines. These procedures set forth the rules for carrying out a bidder's due diligence, the requirements for the submission of Technical and Financial Proposals, the criteria that will be used in evaluating the proposals, and all the steps to be followed until a Winning Bidder is declared and an award is made.

II-01 SCHEDULE OF BIDDING ACTIVITIES

Activity	Schedule
Publication of Invitation to bid in a newspaper of general circulation and posting to DOE web portal and NEA website	September 01 & 10, 2023
Issuance of TOR and Bidding Documents to Registered Bidders	September 11 to 27, 2023
Pre-bid Conference	September 28, 2023; 9:00 a.m.
Deadline for submission of Written Comments	October 2, 2023
Issuance of Bid Bulletin and Final Instruction to Bidders	<u>December 01, 2023</u>
Due diligence of Proponent	<u>December 02 to 18, 2023</u>
Submission and Opening of Bids	<u>December 19, 2023; 9:00 a.m.</u>
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The Schedule may be changed by the TPBAC without prior notice. Bidders will be notified promptly of any changes thereto.

Unless otherwise expressly specified in writing, all references to times and dates shall refer to Manila time. Should any of the above dates fall on a holiday, the deadline shall be extended to the same time of the immediately succeeding Business Day. Unless otherwise expressly specified in writing, the venue of all the above shall be at the PALECO Main Office in Puerto Princesa City.

II-02 GENERAL RULES FOR THE VIRTUAL CONDUCT OF CSP

A. Virtual Platforms:

1. The PALECO Third Party Bids and Awards Committee (TPBAC) shall utilize Zoom Application in addition to face-to-face meeting for the purpose of observers that can't be physically present in all the activities relative to the conduct of the Competitive Selection Process (CSP).
2. The TBAC Secretariat will provide the Meeting ID and password to all observers at least one day before the scheduled activity.
3. All announcements of the Committee shall be through PALECO's official website, www.paleco.net, and TPBAC's designated e-mail address, paleco.csp@gmail.com.

4. Only queries from bidders sent through TPBAC's e-mail address shall be considered as official. Bidders may already e-mail their inquiries/clarifications upon receipt of the bid documents.
5. Dissemination of Bid Bulletins shall be through www.paleco.net – Bid Announcements and e-mail address, paleco.csp@gmail.com. The Bid Bulletin shall be issued at least seven (7) working days before the deadline for the submission and receipt of bids.

B. House Rules in the Virtual Meeting:

1. Upon joining the virtual platform, participants should ensure that the bidder's name and the name of its authorized representative are properly reflected on their respective videos.
2. All participants shall be required to be in front of their respective laptop monitors, screens or cameras, at all times during the conduct of the activity.
3. Permission to leave shall be required before any participant is allowed to be excused.
4. For proper facilitation, participants are advised to always keep their microphones muted. The participants shall wait to be acknowledged before proceeding to speak or they may also utilize the Chat Box and/or Raise Hand features provided in the platform for that purpose. When permitted to speak, the participant shall first state his/her name and the company/organization which he/she is representing.
5. The virtual meeting shall be recorded by the TPBAC through the features provided in the designated platform or by any other means as it may deem appropriate. Any recording of the virtual meeting, without prior leave of the TPBAC, shall be prohibited.
6. The participants shall maintain proper decorum at all times.

C. Pre-bid Conference:

1. The Pre-bid Conference will be held through a combination of physical and virtual meeting where the members of the TPBAC shall be at a designated venue as stated in the schedule of the CSP activities.
2. The Conference is a one-day activity where bidders will be allotted 30 minutes to clarify and discuss all their concerns regarding the Bid Documents. The order of meeting shall be based on the time of registration.
3. The attendance of the bidder is optional.
4. Any representations made during the Conference shall not modify the terms of the Bid Documents unless adopted by the TPBAC and published as Bid Bulletin.

II-03 RESPONSIBILITIES OF BIDDERS

Bidders shall be responsible for the following:

1. Carefully examining the Bidding Procedures and Undertakings and accepting all the terms and conditions hereof;
2. Fully informing itself and understanding all conditions and matters affecting or that could affect its Proposal, participation or undertaking in the Bidding or the implementation of the transaction;
3. Conducting an independent due diligence investigation of the energy supply situation in Palawan, all matters related to the Bidding process and the contemplated transactions; and
4. Securing, examining and accepting the terms and conditions of all Bid Bulletins.

Failure to observe any of the above responsibilities shall be at the risk of the bidder. For this purpose, an eligible bidder shall execute a sworn statement, in the form attached as **Schedule 2** of the Bidding Procedures, attesting to the foregoing responsibilities to be submitted by the eligible bidder.

By submitting a Bid Proposal, the bidder acknowledges that it has reviewed, is fully acquainted with, and unconditionally accepts the terms of the Bidding Procedures, each Bid Bulletin and the Final Transaction Documents. Bidder will not be granted relief on the plea of negligence, error or mistake in their proposal.

II-04 BIDDER'S EXCEPTIONS

The TPBAC will eliminate or minimize as much as possible, post-bidding discussions of bidder's deviations or exceptions. The TPBAC shall not accept any proposed deviation or exception by the Bidder, other than any correction, revision, or clarification that may be established in a Bid Bulletin issued by the TPBAC to all bidders prior to the Submission Deadline.

Proposed deviations or exceptions made in a Proposal will cause the Proposal to be considered as not responsive to the Bidding Procedures, which could result in the rejection of the Proposal. Nothing contained in this Section should be deemed to impair the rights reserved by PALECO in the Invitation for Expression of Interest.

II-05 DUE DILIGENCE AND BID BULLETINS

Bidders shall be allowed to conduct due diligence on the electricity demand and supply, financial and operating performance of PALECO during business days. The conduct of the Due Diligence shall be optional on the part of the bidders. Any cost and risk associated with the conduct of the due diligence shall be for the sole account of the bidder.

Any comment, query or request of a bidder that has been accepted or acted upon by the TPBAC shall be contained either in the (1) Bid Bulletins and/or (2) revisions to the Bidding Documents. The TPBAC shall not be responsible for any instructions communicated to a bidder, except when such statement is specifically issued as a Bid Bulletin.

II-06 PREPARATION OF BID PROPOSALS

1. Each bid shall be composed of two (2) separate envelopes containing the First Envelope (Pre-qualification/Eligibility Requirements) and Second Envelope (Bid Proposal). The Second Envelope shall be composed of two folders namely; Technical Proposal and Financial Proposal.
2. Each requirement shall be prepared in two (2) copies (one original/certified true copy of the issuing agency, and one photocopy).
3. The documents must be submitted in the following format:
 - a) Printed in long bond paper size (8.5x13);
 - b) Font type should be Arial with 11-point font size;
 - c) Single space

*Note: Documents prepared and issued by entity other than the bidder can be in any format.

4. All submission must be properly arranged, indexed and bound either ring bind or hard bound.
5. Bidders shall properly and completely accomplish all documents submitted with the proposal. No alterations of the documents, including the Technical and Financial Bid Forms, Bid Security, and the Final Transaction Documents shall be allowed.
6. Bidder must type/print/stamp its name below the signature of its authorized representative on each and every page of all the documents submitted with the Proposal.
7. Proposal from a partnership, corporation or consortium shall be signed (1) in the name/s of the entity by an authorized partner, officer/s authorized representative/s of the Lead Bidder/Bidder, as the case may be, followed by the (2) name/s, signature/s and designation of the person/s authorized to sign the Proposal and the Final Transaction Documents.

8. Notwithstanding the Eligibility Requirements, a Proposal signed by a person/s who affixes to his/their signatures/s the word “president”, “secretary”, “agent” or other designations without disclosing his principal shall be held personally liable for the Proposal. The person/s signing on behalf of a partnership, corporation, or consortium shall furnish the TPBAC satisfactory proof of such authority from the partnership, corporation or consortium; otherwise, the person/s whose signature/s appears on the Bidding Forms shall be considered the Bidder.
9. All Proposals, documents, specifications, and all other information pertinent thereto shall be prepared and submitted in the English language.
10. Documents provided by non-Filipino affiliate for consortium members may be submitted in a language other than English accompanied by their official English translations.
11. Should a Bidder’s affiliate or member of consortium does not have a Philippine address, it shall designate, under oath, a resident agent in the Philippines authorized to receive communications, correspondences, notices and legal processes. Post office box as an address shall not be allowed.
12. The designated resident agent shall present an authorization specifying his term of authority (i.e. during Proposal Validity Period, or up to the end of the Commercial Operations Period, or other period) and the extent of his authority to act on behalf of his principal (i.e. to attend meetings, to receive and/or submit documents under these Bidding Procedures or otherwise).
13. Financial Proposals shall be prepared using the Levelized Rate methodology.
14. The Levelized Rate evaluation takes into account all costs germane to the 15-year PSA:
 - a) Tariff charges and related adjustments (e.g. forex rate, heat rate)
 - b) Interconnection facilities payment
 - c) Government Remittances and Payables (e.g. ER1-94, VAT, RPT)
 - d) Replacement, backup power and other ancillary service-related costs
 - e) Line rentals, if applicable

In each part of the Financial Proposal, prices shall be expressed in written words and figures expressed in Philippine Pesos. In case of discrepancies between prices in words and figures, the prices in words shall be considered as the Financial Bid.

Amounts expressed in currencies other than those specified in other parts of the Bid Package shall be rejected outright.

15. Erasures or other changes in the Proposal after deadline of submission shall not be allowed.
16. The TPBAC may exercise its discretion to disqualify or otherwise interpret proposal not in accordance with this section.

II-07 SUBMISSION OF ELIGIBILITY REQUIREMENTS & BID PROPOSALS

Bidder’s bidding documents and proposals must be physically and actually received by the TPBAC Secretariat **not later than nine o’clock (9:00) in the morning on December 19, 2023**. The flap or the tape binding the sealed envelope must be signed by the bidder or his duly authorized representative and shall marked as follows:

Company Name: _____
 Address: _____

ATTY. WILFREDO L. TAGLE
 Chairperson, Third Party Bids and Awards Committee
 Km. 3.35, North National Highway,
 Barangay Tiniguiban, Puerto Princesa City

Re: Competitive Selection Process for the 15 MW Supply of Power

in the Municipality of El Nido, Palawan

If bidder submitted its bids via courier, the TPBAC shall not be liable for the delay, loss, damages and insufficiency of any and all documents therein.

Proposals submitted or received after the Submission Deadline shall be rejected and returned unopened to the bidder. A bidder shall not be allowed to submit more than one (1) Proposal neither shall joint Proposals between two or more bidders be allowed.

The TPBAC shall not accept the Proposals submitted by the following bidder if:

1. A Bidder which by itself or by anyone on its behalf has offered or paid, directly or indirectly, any PALECO Board of Director, official or employee or any member of the Committee any consideration or commission for the Bidding or Final Transaction Documents or a Bidder which by itself or by anyone on its behalf has exerted or utilized any corrupt or unlawful influence to secure or solicit the Bidding, for any consideration or commission;
2. A Bidder which by itself or by anyone on its behalf, from the issuance of the Confidentiality Agreement and Undertaking, fails at any time to comply with Philippine Law, including Republic Act No. 9160, (the Anti-Money Laundering Act), as amended; or
3. A Bidder which is barred or blacklisted from participating in any bidding by any Governmental Body and by PALECO.

Should the Committee determine that any Bidder falls under any one of paragraphs 1, 2, or 3 above, then it shall not receive nor accept for submission the Proposal of such Bidder.

II-08 ELIGIBILITY REQUIREMENTS (ENVELOPE 1)

The submission of eligibility requirements aim to determine which interested bidders are qualified to tender their bid proposals. To be able to participate in the Competitive Selection Process (CSP), a bidder or each member in case of a consortium, must submit the following requirements:

A. LEGAL DOCUMENTS

1. A. **Executive Summary** - the bidder must provide the company's brief description of the history and the structure and capabilities. In the event that the bidder is a Consortium, an Executive Summary must be provided for each member. The Executive Summary shall also provide a brief description of any existing or prior relationships among the Consortium members, if applicable.

B. **Organizational Structure** - the bidder or each member of the Consortium must provide basic information, its legal status and its organizational chart.

2. For the following documents, Bidder or each member of the consortium (Local or Foreign Company), may submit copies either a) CERTIFIED TRUE COPIES as certified by the concerned agency, such as BIR if tax clearance, SEC if SEC registration/GIS/Articles and By-Laws, etc.,

OR b) PHOTOCOPY provided the ORIGINAL DOCUMENTS are presented to the TPBAC during the scheduled opening of prequalification requirements. If in consortium with a foreign company, foreign government issued documents shall be submitted as equivalent to Philippine based eligibility requirements. FAILURE TO COMPLY SHALL MEAN DISQUALIFICATION OF THE BIDDER.

For Articles of Incorporation and By-Laws, if amended submit the original and amended versions.

- a. Certified true copies of the Certificate of Registration with the Philippine Securities and Exchange Commission (SEC), Certification of Incorporation, Articles of Incorporation and Bylaws of the bidder, Partnership, or each of its members in case of a consortium, Department of Trade and Industry (DTI) for sole proprietorship, or CDA for cooperatives.
- b. Latest General Information Sheet stamped received by the Securities and Exchange Commission of the bidder, or each of its members if planning to form a Consortium.

- c. Valid/Unexpired Mayor's/Business Permit issued by the City or Municipality where the principal place of business of the prospective bidder is located, or the equivalent documents for Exclusive Economic Zones or Areas.
 - d. BIR Certificate of Registration (Must be VAT registered)
 - e. Annual Income Tax Return (Stamped Received by BIR)
 - f. Compliance with EO No 398:
 - i. Proof of VAT Payment for the past six months or the last two quarters (EFPS, e-mail or BIR acknowledgement receipt of payment) - Use **Annex J** to summarize proof of VAT Payment.
 - ii. Valid/Unexpired BIR Tax Clearance.
3. Original or Certified true copies of all corporate/legal documents [e.g., Board Resolution or Notarized Secretary Certificate/Power of Attorney (**Annex C or Annex E, whichever is applicable**)] evidencing grant of authority vested in the individual/s submitting the proposal and signing the Final Transaction Documents and making representation on behalf of the bidder (and where the bidder is a Consortium each member thereof). In the event of a Consortium, each Consortium member must also submit a Power of Attorney and/or a copy of the board resolution or Secretary Certificate evidencing grant of authority vested in the Lead Bidder of that Consortium to submit the proposal on behalf of the Consortium and represent and irrevocably bind the Consortium in all matters connected to the Transaction (**use Annex C and E**).
 4. If Bidder is a partnership, corporation, consortium, joint venture, or any similar association for purposes of this CSP, submit the original copies of all agreement(s)/contract(s) showing that the Bidder and all its partners, joint venture, associates, as may be applicable, are jointly and severally liable to the electric cooperative for any and all costs and obligations arising from this CSP and the resulting PSA. The agreement/contract must also show who is the lead bidder, and states that the Consortium members is/are authorizing the Lead Bidder to enter into binding commitments on their behalf (**Annex D**).
 5. Bidder's notarized certification that the bidder and/or each member of its Consortium is not prohibited or restricted from participating in the bidding process of this transaction in any manner under applicable law, agreement or license (**Annex "D-0"**).
 6. If a sole bidder or a consortium is planning to form a Project Company, bidder or consortium members shall be required to submit an **Undertaking** to incorporate a project company to be registered with the Securities and Exchange Commission (SEC) (**Annex D or Annex D-2**). For bidders using indigenous and RE power plants, the bidder must comply with the constitutional requirement for ownership.
 7. If already registered, Project Company shall submit an undertaking to amend the SEC Registration. (**Annex D-1**)
 8. All bidders shall execute the **Affidavit of No Conflict (Annex F)** stating that the bidder including its affiliates has no existing dispute, protest, or any legal action against PALECO that is in conflict with this bidding or concerning any bidding that PALECO previously conducted with attached Certification from PALECO issued by the General Manager.
 9. In case of consortium, the bidders shall submit the **Accession Undertaking (Annex G)**.
 10. All documents provided as Certified True Copy shall be dated not older than the date from the first date of publication of the ITB.
 11. **Statement under Oath** against offering or paying commission or any form of consideration, pecuniary or otherwise, to any person or official, personnel or representative of the government, PALECO officials and employees, and members of Third-Party Bids and Awards Committee (TPBAC) in relation to this Competitive Selection Process (**Annex H**).

B. FINANCIAL DOCUMENTS/FINANCIAL CAPABILITY INFORMATION

1. To show the financial capability the following must be submitted by the bidder and its affiliate, or each member in case of a consortium:
 - a. **Complete Audited Financial Statements (AFS)**, which shall include balance sheet, income statement, statement of changes in equity, statement of cash flows, notes to financial statement and statement of Management responsibility for the latest two (2) full financial years (individual AFS for 2021 and 2022) duly certified by a Certified Public Accountant. For Philippine-registered companies the AFS must be stamped received by the Bureau of Internal Revenue or Securities and Exchange Commission, or the equivalent offices in case of foreign registered companies.
 - b. The bidder's **Net Financial Contracting Capacity (NFCC)** for both years audited financial statement (Stamped Received by BIR or SEC) should be at least twenty-five percent (25%) higher than the Bidder's Project/Facility Cost.

Bidders may use the indicative project/facility cost based on the assumption of Seventy-Five Million Pesos (P75,000,000.00) per MW which is equivalent to One Billion One Hundred Twenty-Five Million Pesos (P1,125,000,000.00) for 15 MW, provided that PALECO and TPBAC is not precluded or estopped to consider different or higher final project/facility cost.

The computation of a bidder's NFCC is calculated as follows:

$$\text{NFCC} = [(\text{Current assets minus current liabilities}) \times (20)] \text{ minus the value of all unsecured outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract to be bid.}$$

The bidders must submit a duly notarized list/statement of all its ongoing government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid (**Annex I**).

The statement shall state whether each contract is ongoing or awarded but not yet started, within the relevant period, where applicable. Each contract should include the following:

- a. The name of the project.
- b. Name, address, contact person, contact number and email address previous clients.
- c. Contract duration in dates (start and end).
- d. Amount of contract and value of outstanding contracts.

The values of the domestic bidder's current assets and current liabilities shall be based on the latest Audited Financial Statements (separate AFS for 2021 and 2022) submitted to the BIR (Stamped Received by the BIR or SEC).

For purposes of computing the foreign bidders' NFCC, the value of the current assets and current liabilities shall be based on their Audited Financial Statements prepared in accordance with international financial reporting standards and submitted to the equivalent offices (SEC or BIR) in case of foreign registered companies.

For clarity, the NFCC of the bidder must be at least Two Hundred Eighty-One Million Two Hundred Fifty Thousand Pesos (PhP281,250,000.00).

As alternatives, a Bidder, or any member of consortium may either a) use the financial criteria of one affiliate of its member, b) on its own financial criteria, or with another member of a consortium, or c) use the financial criteria of members of the consortium and one affiliate of consortium member.

In such case, a bidder or a member of the consortium shall provide sufficient proof of its affiliation.

To prove the financial capability of the affiliate, the bidder must submit the audited financial statements of the former for the last two years.

C. TECHNICAL DOCUMENTS/TECHNICAL CAPABILITY INFORMATION

1. The bidder must submit proof that it has at least five (5) years of experience operating an electricity generation plant similar or comparable to the technology of the plant the bidder will offer, preferably servicing a utility with an aggregate of at least 15 MW of generation capacity.
2. For new power suppliers and in case the required years of experience or aggregate capacity are not met, the qualification shall be based on the submission of:
 - (a) the experience and technical capability of the persons, whether natural or juridical, who will operate and maintain the generating facilities
 - (b) a detailed plan on how it intends to operate and maintain the generating facilities 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. The detailed plan must contain the following:
 - Executive Summary;
 - Description of the plan for the operation and maintenance of generating facilities;
 - Proposed table of organization including job descriptions, technical qualifications, and experience of the management and technical team; and
 - Environmental and social obligations compliance programs.
3. If a bidder is a consortium, at least one member with a minimum of 40% participation in the Consortium should have at least 5 years of experience in operating an electricity generation plant with an aggregate of at least 15 MW of generating capacity. Else, item **C.2** above will apply.

A Bidder or only one member of the consortium may use and submit the technical pre-qualification documents from one or more of its Affiliates, as long as its affiliation is sufficiently proven. An "Affiliate" shall mean any Person which, alone or together with any other Person, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with another Person. Affiliates shall include a subsidiary company and parent company and subsidiaries, directly or indirectly, of a common parent." "Control" shall mean the power to direct or cause the direction of the management policies of a Person by contract, agency or otherwise.

The bidder shall submit any of the following proof of experience and capability showing the capacity and years of operation:

1. ERC decision on Power Supply Agreement/Renewable Energy Purchase Agreement/Electric Service Agreement;
2. Certificate of Good Standing from Offtaker/DU;
3. Certificate of Operation/Completion from Offtaker/DU;
4. Engineering Procurement and Construction Contract; or
5. Any analogous agreement.

II-09 CONTENTS OF BID PROPOSAL (ENVELOPE 2)

The Second Envelope shall contain two folders. The First Folder shall be marked "Technical Proposal" and shall contain the following (Please refer to Schedules to Bidding Procedures for the Annexes):

1. Acceptance of Final Transaction Documents to be submitted before the schedule of the Submission and Opening of Bids (**Schedule 1**);
2. A certification under oath, in the form provided for in **Schedule 2**, issued by the Bidder or his authorized representative that:
 - i. each of the documents submitted in satisfaction of the Bidding Procedures is an original copy or a true and faithful reproduction or copy of the original; and
 - ii. the Bidder undertakes all the responsibilities set forth in Section II-05 (Responsibilities of Bidders)
3. The proposed Technical Bid Form/Project Implementation Plan, as set forth in **Schedule 3** and its **Annexes A to E**;
4. Bid Security payable to Palawan Electric Cooperative as guarantee that the successful bidder shall enter into contract from receipt of the Notice of Award. Absence of bid security shall cause automatic rejection of the bid;
5. Form of Undertaking to Re-post Bid Security and to Retain Original Bid Proposal (**Schedule 6**);
6. Form of Undertaking to Post Performance Securities (**Schedule 7**);
7. Form of Undertaking for the lease or ownership of the plant site (**Schedule 8**);
8. Certification from the host barangay that the proposed project design and technology is socially acceptable (**Schedule 9**).
9. Duly filled out Power Supply Agreement and Schedules to PSA (**Schedule 10**):

Full compliance with the above requirements shall be the basis of the TPBAC in evaluating the Second Folder (Financial Proposal). The Second Folder shall be marked "Financial Proposal." and it shall contain the following

1. A Financial Term Sheet showing pertinent details of its bid as set forth in **Schedule 4**;
2. Two (2) copies of the duly executed Financial Bid Form in the form attached as **Schedule 5** and its **Annex A.1 to A.4**.

The bidder shall strictly follow the requirements in accomplishing the Financial Proposal. The Financial Proposal requires the signature on each page of the bidder's authorized representative which must be acknowledged (i.e. notarized) before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths.

Compliance with the requirements of the Technical and Financial Proposal shall be the basis of the TPBAC in evaluating the Winning Bidder as provided in Section II-12.

The First and Second Envelopes shall be submitted in accordance with Sections II-06 to II-12. The two (2) envelopes shall be submitted as one package. Furthermore, the First and Second Proposal Envelopes must be signed by the bidder or his duly authorized representative on the envelope flap, or the tape binding the envelopes (should several envelopes be used), or the joint where the packing papers meet.

Kindly refer to the checklist of requirements provided in a separate sheet (**Annex K**).

II-10 VALIDITY OF PROPOSALS

A Proposal must be valid for a period of not less than Three Hundred (300) days from the Bid Submission Deadline until Effective Date of the Power Supply Agreement ("Bid Validity Period"). A Proposal with a validity period shorter than the Proposal Validity Period shall be rejected outright. The TPBAC may request a reasonable extension of the Proposal Validity Period. A Bidder who refuses to extend the validity of its Proposal shall be disqualified from participating further in the Bidding Process.

II-11 BID SECURITY

The Second Envelope – Technical Proposal shall be accompanied by a bid security. The Bid Security shall guarantee that each Bidder shall comply with its obligations from the Bid Submission Deadline until the Issuance of the Notice of Award to the Winning Bidder, and/or as guarantee that the successful Bidder shall

enter into contract from receipt of the Notice of Award. However, for the Winning Bidder the Bid Security shall also cover all its obligations until the issuance of ERC Interim Relief or Provisional Authority.

The Bid Security must be in accordance with the following terms and conditions:

- a) It is an amount expressed in Philippine Pesos;
- b) The amount must be equivalent to Fifteen Million Pesos (PhP15,000,000.00);
- c) The Bid Security shall be issued in favor of PALECO in the form of cash, cashier's/manager's check, bank draft/guarantee, or irrevocable letter of credit issued by a Universal or Commercial Bank. Provided, however, that the security shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank to be included in the First Proposal Envelope. However, instead of submitting the Cashier's Check or Manager's Check during the Opening of Bids, the bidder may submit a validated deposit slip or any proof showing that the bid security is already an available balance to PALECO's Bank Account at least three banking days before the deadline of submission of bids:

Banco de Oro (BDO) Puerto Princesa
Account Name: Palawan Electric Cooperative
Account No. 008300137985

- d) The Bid Security is deductible upon notice of material violation by the Bidder of any of the provisions of the Bidding Procedures, notwithstanding any conditions, demands or objections by the Bidder;
- e) Non-compliance of the said schedule of posting of bid security and /or absence or insufficiency of bid security shall cause automatic rejection of the bid.
- f) **If the Bidder opt to issue SBLC as the form of Bid Security, it shall have an initial validity period of one-year. The SBLC shall be renewed at least ten (10) days before the expiration.** Failure to renew within the period shall trigger the right of PALECO to make a demand under the letter of credit.

All Bid Securities shall be returned without interest to the Bidders subject to a written request within thirty (30) days after the issuance of the Notice of Award to the Winning Bidder. The Bid security of the Winning Bidder shall be returned upon posting of Construction Security while bid securities of bidders whose First Proposal Envelope (Technical Proposal) was rated "failed" shall be returned outright.

Bid Security Deduction and Forfeiture:

The Bid Security shall cover Winning Bidder's obligations during the Proposal Validity Period, or any extension thereof. Should the Bidders violate its obligations during this period, the TPBAC may implement the following:

A. Forfeiture of the full amount of the Bid Security for the following instances:

- i. Material misrepresentation made by the Winning Bidder in any of the documents submitted to the TPBAC;
- ii. Breach in the warranties and representations made by the Winning Bidder;
- iii. Refusal of the Winning Bidder as the case may be, to accept the award;
- iv. Failure of the Winning Bidder to submit the requirements as indicated in the Notice of Award.
- v. Change in the composition of the members of the Consortium;
- vi. Any material violation or breach of the Bidding Procedures or PSA prior to COD (except obligations expressly covered by the Construction Security), other than those specifically provided for in this section.
- vii. Withdrawal of Proposal or any part thereof after Submission Deadline.

B. Among the instances resulting in the deduction of the Bid Security in the amount of Fifty Thousand Pesos (P50,000.00) per day for each type of delay include:

- i. Delay by the Winning Bidder in posting the Construction Security in accordance with Section II-16 (Construction Security);

- ii. Delay by the Winning Bidder in incorporating the project company in accordance with Section II-19 (Incorporation of Project Company);
- iii. Delay which is solely attributable to the Winning Bidder in filing the application with the ERC for the approval of the PSA and the NPP-TCGR in accordance with the PSA

Bid Security deduction or forfeiture shall be applicable only to instances of default or delay attributable solely to the fault of the Bidder. Default or delay caused by force majeure or through no fault of the Bidder shall not be a cause for deduction or forfeiture of his Bid Security.

In addition to the Bid Security, each bidder is required to execute an undertaking in the form provided herein as **Schedule 7 (Undertaking to Post Performance Securities)** wherein the Bidder undertakes to post Construction and Operation Security in favor of PALECO to guarantee prompt, faithful and complete performance of its obligations under the PSA.

The Committee reserves the right to accept or reject any Bid Security and the Bid for non-compliance with this Section.

II-12 OPENING, INVENTORY AND EVALUATION OF ELIGIBILITY REQUIREMENTS

Opening and evaluation of Eligibility Requirements shall be conducted physically. Proceedings can be viewed virtually via Zoom Application. The link shall be provided one day before the deadline.

As stipulated in Section II-08 (Eligibility Requirements), at exactly 9:00 a.m., the TPBAC shall commence the Opening. Each submission shall be numbered in the order received, and recorded in the order of receipt specifying the date and the time. All Bidders or their representatives present at the opening of bids shall register in the attendance sheet provided.

Only three (3) representatives from each bidder shall be allowed to witness the proceedings subject to TPBAC's rules. Further, bidders must observe the IATF guidelines on health and safety protocols for Authorized Person Outside Residence (APOR), if necessary. The attendee/s (owner/representatives) shall present or prove that they are the duly authorized representative/s to act for and in behalf of the Bidder. However, failure to be present shall be considered a waiver of the right to witness the opening and/or evaluation of their submitted proposals.

Opening, inventory and preliminary evaluation of the required documents will immediately follow after the declaration of the Order of Opening.

The TPBAC and the TPTWG shall open and conduct a brief inventory and preliminary evaluation of the contents of the Eligibility Documents to determine whether all the documents and information required to be submitted are present and within the requirements. If a bidder meets the requirements, it shall be rated "passed". Hence, bids that fail to include any requirement or are incomplete or insufficient shall be considered "failed".

After the TPBAC has evaluated the Eligibility Documents of each bidder, it shall declare whether the Eligibility Documents was rated either "Passed" or "Failed", all Eligibility Documents of bidders shall not be returned.

II-13 ADDITION TO, MODIFICATION OR WITHDRAWAL OF PROPOSALS

Bidder shall not be allowed to add to, modify or withdraw its Proposal after submission thereof, except when the Bidder permanently withdraws from the Bidding Process. The Bid Security of a Bidder that withdraws its Proposal or any part thereof after Submission Deadline shall be automatically forfeited by the TPBAC.

Proposal that has been modified or withdrawn after their submission shall be rejected outright and returned unevaluated to the Bidder.

II-14 OPENING OF THE BID PROPOSALS

After the TPBAC has evaluated the First Envelope (Eligibility Requirements) of each bidder, it shall declare whether the First Envelope was rated either "Passed" or "Failed." The Second Envelope of bidders whose First Envelope was rated failed shall be returned unopened.

Only the Second Envelope of the bidder whose First Envelope was rated "passed" shall be opened. The Second Envelope shall contain the Technical and Financial Proposals that shall be placed in separate folders. The Technical Proposal shall be evaluated by the TPBAC and TPTWG. If the proposal meets the requirements, it shall be rated "passed". Hence, bids that fail to include any requirement or are incomplete or insufficient shall be considered "failed." Further, the Bid Security shall be returned or refunded to bidders whose Technical Proposal was rated "failed."

Financial proposal contained in the Second Folder shall then be tabulated and ranked in ascending order based on bidder's True Cost Generation Rate/Tariff Rate.

Every page of each financial proposal shall be signed by all members of the TPBAC.

The TPBAC reserves the right to change the date, time and venue for the submission, opening and/or evaluation of Proposals.

II-15 EVALUATION OF PROPOSALS

1. Evaluation Criteria for the Technical Proposal

- i. Provided that Envelope 1 (Eligibility Documents) was rated "passed", the TPBAC shall proceed to publicly open the Envelope 2 First Folder (Technical Proposal). In opening the First Folder (Technical Proposal), the TPBAC shall conduct an inventory of the contents and read out the Technical Proposal in public.
- ii. The TPBAC, including the TPTWG, shall then proceed to verify the conformity of the format of the Technical Proposal with respect to the requirements of the Bidding Procedures and will be rated in a "Pass/Fail" criterion. Any Technical Proposal which does not conform to the format and does not pass the criteria required by these Bidding Procedures shall be declared non-compliant and shall be rejected. Should no Technical Proposal conform to the format and pass the criteria required by these Bidding Procedures, the TPBAC shall declare a failure of bidding.
- iii. The TPBAC has the sole discretion to allow the correction of clerical errors.

2. Evaluation of Financial Proposal

- i. Provided that First Folder (Technical Proposal) was rated "passed", the TPBAC shall proceed to publicly open the Second Folder (Financial Proposal). In opening the Second Folder (Financial Proposal), the TPBAC shall conduct an inventory of the contents and read out the Financial Proposal in public.
- ii. The TPBAC, including the TPTWG, shall then proceed to verify the conformity of the format of the Financial Proposal with respect to the requirements of the Bidding Procedures. Any Financial Proposal which does not conform to the format required by these Bidding Procedures shall be declared non-compliant and shall be rejected. Should no Financial Proposal conform to the format required by these Bidding Procedures, the TPBAC shall declare a failure of bidding.
- iii. Financial Proposals shall be evaluated using the *Financial Bid Form (Schedule 5)*.
- iv. Following the evaluation of all Financial Proposal, the TPBAC shall proceed to rank the bidders in order of ascending Bid Price/Tariff Rate.
- v. The lowest calculated bid shall undergo a detailed evaluation and post-qualification.
- vi. The TPBAC has the sole discretion to allow the correction of clerical errors.

II-16 DETAILED EVALUATION AND POST QUALIFICATION OF PROPOSALS

The detailed evaluation and post qualification shall be conducted by the TPBAC through a non-discretionary “pass/fail” criterion. The following parameters shall be considered in the evaluation:

- a) Legal capacity
- b) Financial bid and capability
- c) Technical bid and capability

Financial Proposals shall be evaluated using the *Financial Bid Form*.

The post-qualification by the TPBAC shall also include verification and validation of all statements made and documents submitted by the bidder as to:

- a) Legal Requirements: licenses, certificates, permits, and agreements submitted by the bidder, and the fact that it is not included in any “blacklisted” company of any government agencies and by PALECO.
- b) Technical Requirements: compliance in the requirements specified in the Bidding Documents, including, where applicable:
 - (i) verification and validation of the bidder’s stated competence and experience of the bidder’s key personnel to be assigned to the project.
 - (ii) verification of availability and commitment, and/or inspection and testing for the required capacities and operating conditions, of equipment units to be owned/under purchase by the bidder for use in the contract under bidding, as well as checking the performance of the bidder in its on-going government and private contracts.
 - (iii) onsite visit of power plants operated by the Bidder.
- c) Financial Requirements: financial documents and bid price proposal of the bidder to determine compliance in the requirements specified in the Bidding Documents.

The TPBAC shall submit the evaluation report and/or recommendations to the General Manager for endorsement to the Board of Directors for the declaration of the Winning bidder.

II-17 DETERMINATION OF THE WINNING BIDDER

The bidder with the lowest calculated bid and has passed the post-qualification process shall be selected as the Winning Bidder, otherwise, the bidder with the next (2nd) lowest calculated bid shall be subject to post-qualification. If the 2nd lowest bidder failed the post qualification, the TPBAC shall declare a failure of bidding.

Further, the bid with the lowest bid/tariff shall be declared the winning bidder provided that the lowest bid will pass the detailed the legal, technical and financial evaluation and post-qualification process.

II-18 FAILURE OF BIDDER TO ENTER INTO AGREEMENT

In the event of refusal, inability or failure of the winning bidder to enter into agreement with PALECO within the specified time in the Bidding and Transactions Documents, its bid security shall be forfeited in favor of PALECO. In such an event, PALECO shall consider for award the qualified bidder with the next-ranked lowest and most responsive complying proposal.

II-19 AWARD AND SIGNING OF POWER SUPPLY AGREEMENT

Within five calendar days from the date the post evaluation shall have been completed, the TPBAC will submit to the General Manager for endorsement to the Board of Directors, recommendation of award. The TPBAC will prepare and submit a detailed evaluation/assessment report on its decision regarding the evaluation of the proposal and explain in clear terms the basis of its recommendations. The Board of

Directors shall evaluate the recommendation and decide on the award. The approval and instruction to sign and issue "Notice of Award" shall be manifested by a Board Resolution. The General Manager shall sign the "Notice of Award" to the Winning Bidder within five (5) calendar days from approval thereof.

All unsuccessful bidders shall be informed in writing of the decision of PALECO to award the project to the Winning Bidder. Such decision shall be made available to the public when requested.

The TPBAC shall serve the "Notice of Award" to the Winning Bidder indicating, among others, the submission of the following:

- a) Copy of the corporate approvals authorizing the execution, delivery and performance by the Winning Bidder (by each member, in the case of a Consortium) of the Final Transaction Documents;
- b) Copy of the legal opinion of the Winning Bidder's counsel (of each member, in the case of a Consortium) certifying to the Winning Bidder's corporate standing as well as the due execution, validity and binding effect of the Final Transaction Documents; and
- c) Details of the Winning Bidder's implementation plan for the project, specifically an overview of the implementation plan to achieve COD.

Failure to submit the above requirements within five (5) calendar days will result to the forfeiture of the bid security. Within fifteen (15) calendar days upon receipt of the above requirements for award, the General Manager through the TPBAC shall determine and notify the Winning Bidder of its compliance of all the conditions stated in the Notice of Award.

The authorized signatory(ies) of the Winning Bidder and the Chairman of the Board of PALECO shall execute and sign the PSA and other Transaction Documents. Further, the winning bidder shall pay PALECO a non-refundable transaction fee in relation to the conduct of the CSP and execution and approval of the PSA, which includes but not limited to publication expenses, researches, due diligence, post-qualification expenses, legal expenses and representations, in the amount of Five Million Five Hundred Thousand Pesos (PhP5,500,000.00) within three (3) calendar days after the signing of the PSA.

Upon issuance of ERC the corresponding provisional authority, PALECO shall issue the Notice to Proceed to the Winning Bidder. In case the 69kV connection point is not yet available, PALECO shall issue a Notice to Commence to the Winning Bidder to start the construction of the 69kV facilities of the power plant once the construction of the 69kV Palawan Grid or the 20/25MVA EI Nido PALECO Substation commenced.

II-20 PROTEST MECHANISM

Decision of the TPBAC at any stage of the CSP may be questioned by filing a written request for reconsideration within three (3) calendar days upon receipt of written notification. The TPBAC shall decide on the request for reconsideration within seven (7) days from receipt of thereof.

In the event, that the request for reconsideration is denied, decision of the TPBAC may be protested in writing to the Board of Directors PALECO.

The protest must be filed within seven (7) calendar days from receipt of the resolution denying its request for reconsideration. A protest shall be made by filing a verified position with the Board of Directors of PALECO, accompanied by the payment of a non-refundable protest fee of 0.25% of the total project cost amounting to Two Million Eight Hundred Twelve Thousand Five Hundred Pesos (PhP2,812,500.00) in the form of cash or manager's check.

The verified position paper shall contain the following information: name, bidder, address, name of project, brief statement of facts, issue to be resolved and such other matter and information pertinent and relevant to the proper resolution of the protest.

The position paper is verified by an affidavit that the affiant has read and understood the contents thereof and that allegations therein are true and correct of his personal knowledge or base on authentic records. An unverified position paper shall be considered unsigned and produces no legal affect and non-payment of protest fee will result to the outright dismissal of the protest.

Protests shall be resolved with seven (7) calendar days from receipt thereof. Decision of the Board of Directors PALECO shall be final. Court action may be resorted after protests have been resolved with finality.

II-21 OBSERVERS

To ensure all parties to the CSP for power supply that the process employed is conducted in an open, transparent, effective, efficient, and equitable manner, the TPBAC shall invite Observers.

An invitation in writing and e-mail shall be given at least five (5) working days before the date of the procurement stages.

The Observers may attend the activities physically and virtually. They shall be requested for a confirmation of their attendance in order for the TPBAC Secretariat to provide necessary access. Attendance of Observers will be through a registration sheet or link via Google Forms.

Observers are encouraged to have a maximum of two representatives in the conduct of all CSP activities or two accounts for the virtual viewing.

II-22 PERFORMANCE SECURITIES

The winning bidder shall be required to submit the following securities:

1. **Construction Security** - Not later than five (5) days before Effective Date the winning bidder shall post this security in form of cash, cashier's/manager's check or bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank. Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank: based on the projected dispatched energy for six months multiplied by the blended TCGR of NPC-SPUG less the approved tariff multiplied by projected energy dispatch for the next 6 months allowed as extension multiplied by 1.25 or Fifty Million Pesos (PhP50,000,000.00) whichever is lower.
2. **Operations Security** –Not later than thirty (30) days before Commercial Operations Date the winning bidder shall post this Security in form of cash, cashier's/manager's check or bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank. Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank: For each year beginning of COD, the amount of the operation shall be 8760 hours multiplied by 15MW guaranteed dependable contracted capacity multiplied by the NPP TCGR multiplied by 5% or Fifty Million Pesos (PhP50,000,000.00) whichever is lower.

II-23 TRANSACTION DOCUMENTS

The transaction documents shall include the draft Power Supply Agreement and Schedules to PSA.

As part of the submission of the Technical Proposal, each Bidder shall deliver two (2) sets of duly filled-up identical versions of the Draft PSA and Schedules to PSA (Schedule 10).

Bidder must type/print/stamp its name below the signature of its authorized representative on each and every page of all the documents submitted with the Proposal.

On Signing Date, the TPBAC will present for signature to PALECO the Final Transaction Documents which incorporate details as provided for in the Winning Bidder's Proposal as well as other non-material changes to the said documents.

All Bidders are notified that no post-bidding or post award negotiation shall be allowed or entertained by the TPBAC, other than negotiations that incorporate non-material changes to the Final Transaction Documents.

II-24 EFFECTIVITY OF FINAL TRANSACTION DOCUMENTS

The effectivity of the Final Transaction Documents shall be as stated in the Final Transaction Documents.

II-25 GENERAL CONDITIONS

1. The TPBAC shall not assume any responsibility for interpretations or conclusions drawn by a Bidder from data furnished by the TPBAC or any of Bidders investors or for the accuracy or completeness of data furnished by the TPBAC.
2. Before submitting a Proposal, a Bidder is deemed to have become familiar with and must at all times comply with Philippine Laws.
3. All risks, taxes, costs, fees and expenses incurred, directly or indirectly, by a Bidder in the preparation of his Proposal, inclusive of his due diligence effort as well as the cost incurred in securing the Bid Security, including fees and disbursements of his advisors, if any, shall be borne and paid by such Bidder whether his Proposal is accepted or rejected for any reason.

PALECO Board of Directors, General Manager and TPBAC shall not be held liable for such risks, taxes, costs, fees, expenses and liabilities and in the event that a court of competent jurisdiction or other governmental authority declares the Bidding Process, selection and/or award invalid or sets it aside, for any reason whatsoever at any future date.

4. Requesting and/or receiving Proposals or any other information or document will not constitute an invitation or commitment by PALECO to enter into any agreement, undertaking or covenant with a Bidder.
5. All deadlines set out by the TPBAC as outlined in the Bidding Procedures and other relevant documents or communications that may be issued from time to time during the course of the Bidding must be adhered to strictly. Late submissions will not be accepted.
6. The TPBAC, with the authority given by the Board of Directors of PALECO, reserve the right to: (i) accept or reject any or all Proposals or any part thereof; (ii) waive any defect contained therein; (iii) draw upon the Bid Security, in part or for the full amount, should any condition for drawing contained therein occur with respect to such Bidder; and (iv) exercise any other remedy granted by Philippine Law or the Bidding Procedures.
7. The TPBAC reserves the right to add to, modify, supplement or change the Bidding Procedures, including the Schedule, at any time, for any reason whatsoever, without prior notice.
8. Bidder undertake to carefully examine the Bidding Documents Package, including the Bidding Procedures, all Bid Bulletins and the Final Transaction Documents, and fully inform themselves of all conditions and matters that could in any way affect their Proposal, participation or undertaking in the Bidding Process. A Bidder, by submitting his Proposal, declares that he has read and understood each and every section and page of the Bidding Procedures, each Bid Bulletin and the Final Transaction Documents, and the respective provisions, terms and conditions of the same; and accepts and agrees to be bound and fully abide by and comply with Bidding Procedures, each Bid Bulletin and the Final Transaction Documents.
9. Bidders shall be responsible for their own due diligence investigation of the electricity supply and demand in El Nido, the financial and operational performance of PALECO and all matters relating thereto, the Bidding Procedures and the Process. PALECO does not make any representation or warranty concerning any matter affecting this transaction except for the representations and warranties of PALECO or the NPC-SPUG that are set out in the Final Transaction Documents which shall be binding on the PALECO and the NPC-SPUG only on the Signing Date.
10. In computing a period, the first day shall be excluded and the last day included.

11. Disqualification:

The following Bids shall be rejected outright during the evaluation of the First Envelope or Second Envelope, as the case may be:

- a) Eligibility Documents submitted without complying with the requirements of the Eligibility Guidelines or any portion thereof;
- b) Eligibility Documents and Proposals which are materially defective;

- c) Bidders who have materially breached with the Affidavit of No Conflict as provided in **Annex F**;
- d) Bidders makes a material misrepresentation in any of the documents submitted to the TPBAC or any supporting documentation or otherwise, whether written or oral, including the statement of nationality;
- e) the Eligibility Documents submitted by any such Bidder is in any material respect inconsistent with, or demonstrates a failure to comply with the Eligibility Guidelines;
- f) Bidder fails to promptly comply with reasonable requests of the TPBAC for further information or clarification in relation to documents, information or the Eligibility Documents submitted by such Bidder;
- g) Upon the occurrence of events or material omissions that provide a ground for disqualification contained elsewhere in the Eligibility Guidelines;
- h) Proposal submitted without a Bid Security or without complying with the requirements set forth in Section II-09 (Bid Security);
- i) Proposals which do not comply with the requirements of either the First Proposal Envelope or Second Proposal Envelope;
- j) Proposals from parties who are not Bidders;
- k) Joint Bids between two or more Bidders;
- l) Proposals with amounts expressed in currencies other than those specified in the Bidding Document Package;
- m) Proposals that do not comply with the Bidding Procedures or any portion thereof, including but not limited to Contents of Bid Proposals; and
- n) Proposals that offer secondary rate/tariff or more than one TCGR.

The following Proposals shall be disqualified during the evaluation of the Proposals or anytime during the Validity Period:

- a) Proposals of parties who are disqualified or blacklisted from participating in public bidding or in any kind of contract with the Government;
- b) Proposals from Bidders who breach the warranty against offering or paying commission or consideration to any government officer or any official or employee of PALECO provided in Section III-01 (Warranty Against Offering or Paying Commission or Consideration to any Government Officer or any Official or Employee of PALECO and Disclosure of Commission Paid to private person);
- c) Proposals from Bidders who breach the warranty against conflict in interest as provided in Section III-02 (Warranty Against Conflict In Interest);
- d) Proposals from Bidders who have materially breached the warranty on Compliance with the Philippine Law as provided in Section III-16 (Warranty on Compliance with Philippine Law);
- e) Proposals from Bidders who (or any of its Affiliates) have any conflict, dispute, protest or legal action against PALECO that is in conflict with this bidding or any bidding that PALECO previously conducted with attached Certification from PALECO issued by the General Manager;

In addition to the grounds for rejection of Proposals stated above and the other provisions of the Bidding Procedures, the TPBAC shall be entitled in its sole discretion, without prejudice to any other rights or remedies of the TPBAC, **to disqualify a Bidder from further participation** in the Bidding Process in the event that:

- a) such Bidders makes a material misrepresentation in any of the documents submitted to the TPBAC or any supporting documentation or otherwise, whether written or oral, including the statement of nationality;
- b) the Proposal submitted by any such Bidder is in any material respect inconsistent with, or demonstrates a failure to comply with the Bidding Procedures;
- c) such Bidder fails to promptly comply with reasonable requests of the TPBAC for further information or clarification in relation to documents, information or the Bid submitted by such Bidder;
- d) a supervisor, receiver, administrator or liquidator or other encumbrancer takes possession of or is appointed over or any distress, execution or other process is levied or enforced (and not discharged within 21 days) upon the whole or any substantial part of the assets of such Bidder;
- e) a court petition is presented or a meeting is convened for the purpose of considering the winding up, bankruptcy or dissolution of such Bidder, or circumstances come into existence that would permit such a court petition to be presented;
- f) such Bidder submits a Proposal with conditions or delivers a Bid Security that does not comply with the requirements of Section II-09;

- g) such Bidder breaches any of the conditions of the Bidding Procedures; and
- h) upon the occurrence of events or material omissions that provide a ground for disqualification contained elsewhere in the Bidding Procedures.

12. All documents which are required to be submitted under oath, sworn to or acknowledged must be sworn to or acknowledged before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths.

13. All documents submitted shall be certified as true copies by the governmental entity issuing such document or by the duly authorized custodian of the corporate records of the entity concerned provided the original documents are presented to the TPBAC during the opening of the bid envelope.

14. Whenever an address is required, the full address must be given. Post office box as an address is not allowed.

II-26 COMPOSITION OF THE THIRD PARTYBIDS AND AWARDS COMMITTEE AND TECHNICAL WORKING GROUP

The Third-Party Bids and Awards Committee (TPBAC) is composed of five (5) members, namely:

Atty. Wilfredo L. Tagle
Engr. Rogelio G. Baylon, Jr., PEE
Engr. Adrian L. Rey, PEE
Myra C. Padon, CPA
Engr. John Rhey P. Sales

The Third-Party Technical Working Group (TPTWG) is composed of five (5) members namely:

Engr. Renato B. Briones, Jr.
Engr. Ricardo S. Adajao
Rona L. Traje, CPA
Engr. Crizaldy Felicisimo B. Venus
Napoleon M. Cortes, Jr.

The TPTWG shall assist the TPBAC in evaluating the Proposals for purposes of determining the Winning Bidder.

PART III – GENERAL PROVISIONS

III-01 WARRANTY AGAINST OFFERING OR PAYING COMMISSION OR CONSIDERATION TO ANY GOVERNMENT OFFICIAL OR EMPLOYEE, ANY OFFICIAL OR EMPLOYEE OF PALECO, MEMBERS OF THE COMMITTEE AND DISCLOSURE OR COMMISSION PAID TO PRIVATE PERSON

Each of the Interested Parties Bidders and the Winning Bidder warrants that neither he nor anyone on his behalf has offered or paid, directly or indirectly, any director, official or employee or any member of the TPBAC of PALECO and any government official or employee any consideration or commission for the Bidding or Final Transaction Documents, nor has he or anyone on his behalf exerted or utilized any corrupt or unlawful influence to secure or solicit the Bidding, or the Final Transaction Documents for any consideration or commission. Any violation of this warranty shall constitute a sufficient ground for the rescission or cancellation of the Final Transaction Documents, enforcement of the Bid Security, without prejudice to the filing of civil and/or criminal action under Philippine Law, including the Anti-Graft and Corrupt Practice Act (Republic Act No. 3019) against the Interested Party, Bidders and the Winning Bidder and/or his representatives and the PALECO officials/employees involved.

III-02 WARRANTY AGAINST CONFLICT IN INTEREST

By submitting a Proposal, the Bidder warrants that it does not have any conflict of interest that would give it any unfair advantage in the Bidding Process, or would allow it to influence the decision of the TPBAC or acquire information about the Transaction which is not in the public domain or that has not been disclosed to all Bidders. The Bidders, or any of its directors, officers, and employees, should not have participated in the preparation of the Transaction, which is the subject of the Bidding Process. A Bidder shall disclose in writing detailed information regarding any existing, potential, possible or future conflict of interest that it may have with the Transaction, the TPBAC, and PALECO.

III-03 VARIANCE IN DOCUMENTS

In case of conflict or discrepancy between the Bidding Procedures and its Bid Bulletins on the one hand, and other documents on the other hand, the Bidding Procedures and its Bid Bulletins shall prevail.

III-04 LANGUAGE

The official language to be used in the Bidding, Bidding Procedures and the Final Transaction Documents, reports, communications, and correspondence between the parties, as well as all orders, procedures, work instructions, and safety notices shall be English.

III-05 GOVERNING LAW

The Bidding Procedures and the Final Transaction Documents shall be governed by and construed in accordance with Philippine Law.

III-06 NON-WAIVER OF RIGHTS

The TPBAC's failure to exercise, or delay in exercising, any of its rights under the Bidding Procedures and the Final Transaction Documents shall not operate as a waiver thereof, nor shall the TPBAC's single or partial exercise of any right preclude any other or further exercise thereof, or the exercise of any other right. The right and remedies provided herein are cumulative and not exclusive of any right or remedies provided by Philippine Law.

III-07 INDEMNITY

The Interested Parties, Bidder and the Winning Bidder shall indemnify the Committee and the PALECO, and hold it harmless against any and all losses, claims, liabilities, damages and expenses arising out of or relating to its fault or negligence in the Bidding, including without limitation any claims by third parties for personal injuries, property damage, or consequential damages as further provided in the Final Transaction Documents.

III-08 LIMITATION OF LIABILITY

The TPBAC, TPTWG and PALECO shall not be liable to the Interested Party, Bidders and the Winning Bidder or any third party in contract, tort or otherwise for any loss or damage sustained in connection with the Transaction including without limitation to any claims for loss of use, loss income or consequential damages, except as provided for in the Final Transaction Documents executed by each PALECO, NPC-SPUG and the Winning Bidder.

III-09 TAXES, CUSTOMS, DUTIES, FEES, COSTS OR CHARGES

The Winning Bidder shall (i) pay any and all costs, expenses, fees and taxes, including all documentary stamp taxes payable in connection with the execution, and any amendment or other modification of the Final Transaction Documents (including any taxes applicable to any draws made upon the Performance Securities); and (ii) pay all costs, expenses, fees and taxes related to and arising from its exercise or performance of its obligations under the Bidding, Bidding Procedures or the Final Transaction Documents.

III-10 NOTICES

All notices and communications with the Committee pursuant to the Bidding Procedures and the Transaction Documents shall be in writing and shall be sent to:

ATTY. WILFREDO L. TAGLE

Chairperson, PALECO Third Party Bids and Award Committee
Competitive Selection Process for the 15 MW Supply of Power
in the Municipality of El Nido, Palawan
Barangay Tiniguiban, Puerto Princesa City, Philippines
E-mail: paleco.csp@gmail.com

Bidders shall include with their bids the designation of the person or organization to whom notices or other communications shall be sent.

III-11 INCORPORATION OF THE TERMS OF THE FINAL TRANSACTION DOCUMENTS

The terms and conditions of the Final Transaction Documents are deemed incorporated herein by reference and made an integral part hereof.

III-12 FORCE MAJEURE

The TPBAC and PALECO shall not be liable for any loss or damage arising out of any delay or its inability to perform its obligations under the Bidding, Bidding Procedures and the Final Transaction Documents if the same is due to causes beyond their reasonable control and which could not be reasonably remedied or overcome, including without limitation to acts of God, accidents, acts of war, labor shortages or labor difficulties, strikes which are parts of a wider industrial dispute materially affecting employees of other firms or entities, civil disturbances, insurrections, riots, revolutions, acts of sabotage, governmental actions, delays or failures by the appropriate government authorities to issue necessary licenses, permits or authorizations, delays or accidents occurring in the course of transportation, unavailability of material or equipment, acts of or failures to act by third parties, and acts of or failures to act by the Winning Bidder or his contractors, suppliers, agents, or employees.

III-13 CONFIDENTIAL INFORMATION

The terms and conditions of the Confidentiality Agreement are deemed incorporated herein by reference and made an integral part hereof.

Each bidder agrees that its officers, directors, employees, affiliates, outside auditors and legal, technical, financial advisors or other representatives are covered by the terms of the Confidentiality Agreement of such Bidder.

III-14 WARRANTY ON COMPLIANCE WITH PHILIPPINE LAW

Each of the Interested Parties, Bidder and the Winning Bidder hereby represent and warrant that from issuance of the Confidentiality Agreement, it shall at all times comply with Philippine law, including Republic Act No. 9160, (the Anti-Money Laundering Act), as amended. Any violation of this warranty shall constitute a sufficient ground for the rescission or cancellation of the Final Transaction Documents, enforcement of the Bid Security, without prejudice to the filing of civil and/or criminal action under Philippine Law against the Interested Party, Bidder and the Winning Bidder and/or his representatives.



PALAWAN ELECTRIC COOPERATIVE
Kilometer 3.35 North National Highway, Barangay Tinguiban, Puerto Princesa City

Competitive Selection Process
For the 15 MW Supply of Power in the Municipality of El Nido, Palawan

ANNEXES OF BIDDING PROCEDURES

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FORM OF ACCEPTANCE OF BIDDING PROCEDURES
(To be submitted on the stationery/letterhead of the Bidder)

(Location, Date)

ATTY. WILFREDO L. TAGLE

Chairperson, Third Party Bids and Awards Committee

Competitive Selection Process for the 15 MW Supply of Power in the Municipality of El Nido, Palawan

Sir:

Acceptance of Bidding Procedures

We refer to the Bidding Procedures, Guidelines and Requirements, dated _____ as amended or otherwise supplemented, for the Competitive Selection Process for the 15 MW Supply of Power in the Municipality of El Nido, Palawan.

(Bidder's name) hereby declares, represents and warrants that:

1. It has read and understood every section and page of the Bidding Procedures, its provisions, terms and condition, and any amendment, supplement or modification thereto; and accepts and agrees to be bound and fully abide by and comply with the terms and conditions of the Bidding Procedures and any amendment or modification thereto as well as the decisions of the amendment, supplement or modification thereto as well as the decisions of the Committee;
2. It shall not disclose or bring all Motion for Reconsideration, protest or questions regarding the decision of the TPBAC to any other agencies whether government or private;
3. It waives any right it may have to seek and/or obtain a writ of injunction or prohibition or restraining order against the Committee, the EC and its officers to prevent or restrain the Bidding Process or any proceeding related thereto, the holding of the bidding related thereto, the selection of the Winning Bidder, the performance of the Final Transactions Documents, and/or the commencement of direct negotiations in the event that at least two (2) failed biddings have occurred;
4. It shall at all times comply with Philippine Law; and
5. It unconditionally and irrevocably waives any defect, deviation, fault or infirmity in the Bidding Process conducted by the Committee up to and including the Bid Submission Deadline.
6. By submitting this acceptance, it is understood that violation of any provision herein shall mean disqualification from this transaction.

Yours sincerely,

Authorized Signatory

Name and Title

Name of Bidder/Firm

Address

ACKNOWLEDGEMENT

Republic of the Philippines }
_____ } S.S.

BEFORE ME, a Notary Public, for and in _____, Philippines, this ____ day of _____, 20__, personally appeared _____, known to me to be the same person who executed and signed the foregoing **Acceptance of Bidding Procedures**, he acknowledged to me that the same is the corporate act and deed of _____ and that he is duly authorized to sign the same. The said _____ exhibited to me his Government ID/Passport No. _____, issued at _____ on _____, 20__.

WITNESS MY HAND AND SEAL on the date and the place first above-written.

Doc. No. _____
Page No. _____
Book No. _____
Series of 2023.

CONFIDENTIALITY AGREEMENT

(To be submitted on the stationery/letterhead of the Bidder, or each member of the Consortium)

[Location, Date]

ATTY. WILFREDO L. TAGLE

Chairperson, Third Party Bids and Awards Committee
Competitive Selection Process for the 15 MW Supply of Power
in the Municipality of El Nido, Palawan

SUBJECT: Confidentiality Agreement

Sir:

This document is written with regard to the Competitive Selection Process for the 15 MW Supply of Power in the Municipality of El Nido, Palawan (the “transaction”).

We, the (Bidder’s Name), acknowledge that Palawan Electric Cooperative (PALECO) (the “Transaction Party”) is prepared to furnish us with proprietary documents, confidential and other private information concerning the business and properties of the Transaction Party, and information pertaining to the Transaction. All such information is herein referred to as the “Evaluation Material”.

We hereby acknowledge, recognize and agree that it is imperative that all Evaluation Material should remain confidential. Accordingly, to maintain the confidentiality of the Evaluation Material, we hereby agree and undertake as follows:

- a) Not to use or allow the use for any purpose of any Evaluation Material or any notes, summaries or other material derived from, or containing any of, the Evaluation Material (collectively, the “Evaluation Notes”) except to evaluate the terms of the Transaction in order to determine whether we wish to propose to participate;
- b) Not to disclose or allow disclosure of any Evaluation Material or any Evaluation Notes to any other person except to our officers and employees, to officers and employees of our affiliated companies and to our attorneys and advisors (together, the “Authorized Persons”), in each case, only to the extent necessary to permit any such Authorized Persons to assist us in making the evaluation and determination referred to in clause (a) above and provided such Authorized Person has agreed in writing to be bound by the terms of this Letter Agreement;
- c) Not to disclose or allow disclosure to any person, other than an Authorized Person, of any of the following: (i) that the Evaluation Material has been made available to us, (ii) that we have inspected any Evaluation Material or (iii) that we may be considering participating in the Transaction or have had, are having or propose to have, any discussions with respect thereto; and,
- d) To destroy all copies of the confidential Evaluation Material should there be no further need for the information gained in the said documents or endeavor to keep the said materials in a manner that would prevent other parties from gaining information on the provided Evaluation Materials.

Without prejudice to any rights the Transaction Party may have against us or any Authorized Person, we agree to be responsible for any breach of this Letter Agreement by us or any Authorized Person. We also undertake to maintain a list of all Authorized Persons, together with a copy of their written agreement to comply with the terms hereof, and make them available to PALECO upon request.

We hereby acknowledge that the Transaction Party may elect at any time to terminate further access by us or the Authorized Persons to the Evaluation Material and agree that at any time after such termination, within fourteen (14) days from the request by the PALECO, return all original copies of the Evaluation Material and the Evaluation Notes that remain in our possession or the Authorized Persons’ possession.

No such termination will affect our obligations or those of the Authorized Persons hereunder, all of which obligations shall continue in effect.

This Letter Agreement shall not apply to any Evaluation Material which (i) becomes generally available to the public other than as a result of breach of the terms of this Letter Agreement, (ii) is already known or becomes available to us or Authorized Person from sources which, to our knowledge or the knowledge of any Authorized Person after due inquiry, are under no obligation to the Transaction Party to keep such information confidential.

If we or any Authorized Person is requested or required by law or governmental regulation, action of any court or tribunal to disclose any Evaluation Material or Evaluation Notes, we will provide the Transaction Party with prompt written notice thereof and will exercise our best efforts to seek to extend the time allowed for compliance with any such request or requirement in order to give the Transaction Party sufficient time to take appropriate actions. If requested by the Transaction Party, we will use our best efforts to obtain reliable assurance that confidential treatment will be accorded to the Evaluation Material and the Evaluation Notes.

We understand and acknowledge that neither the Transaction Party, nor any of its advisors, attorneys or affiliated entities, by providing any Evaluation Material, is making any representations or warranties, express or implied, with respect to the accuracy or completeness of the Evaluation Material or any part thereof and that neither the Transaction Party, nor any of its advisors, attorneys or affiliated entities shall have any liability to us or to the Authorized Persons resulting from the selection or use of the Evaluation Material by us or by Authorized Person.

This Letter Agreement and all obligations hereunder will terminate after three (3) years from the date hereof. This Letter Agreement may be enforced in the courts of the Republic of the Philippines.

Very truly yours,

(Bidder's Name)

By: _____

President

Accepted and Agreed:

Palawan Electric Cooperative

By: _____

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
(_____)SS

BEFORE ME, on this _____ at _____, personally appeared:

Name	ID No./Passport No.	Expiration Date
------	---------------------	-----------------

known to me and to me known to be the same person who executed the foregoing **Confidentiality Agreement** and who acknowledged to me that the same is true and voluntary act a deed, and that of the Corporation which he represents.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

Doc. No.
Page No.
Book No.
Series of 2023.

POWER OF ATTORNEY SECRETARY'S CERTIFICATE

(For Corporation or each member of the Consortium)

[For Corporations]

Republic of the Philippines)
) S.S.

I, [name], [nationality], of legal age, with office address at [address], after having been sworn in accordance with law hereby state that:

- 1. That I am the duly elected and qualified corporate secretary of [name of corporation] ("Corporation").
2. At the meeting of the board of directors of the Corporation held on [date of meeting], at which a majority of the directors was present, the following resolution quoted hereunder was approved and adopted by a majority vote of the directors present:

"RESOLVED, that the Corporation be, as it hereby is authorized, names, constitutes and appoints:

[name of representative]

as he is hereby named, constituted and appointed, a true and lawful Attorney in Fact of the Corporation, with full power of substitution, with the power to negotiate, sign and execute, on behalf of the Corporation, contracts and agreements relating to the bid proposal submitted Participation for the 15 MW Supply of Power in El Nido, under such terms and conditions as he may deem proper.

GIVING AND GRANTING to said Attorney in Fact full power and authority to do all and every act and thing whatsoever requisite and necessary to be done relative to the foregoing resolutions, as fully and to all intents and purposes as the principal might or could do, hereby ratifying and confirming all that the Attorney in Fact, his delegates or substitutes shall lawfully do or cause to be done."

IN WITNESS WHEREOF, I hereby set my hand this ____ day of [month] [year], in [City], Philippines.

[Name]
Corporate Secretary

ACKNOWLEDGEMENT

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

REPUBLIC OF THE PHILIPPINES)
()SS

BEFORE ME, on this _____ at _____, personally appeared:

Name ID No./Passport No. Expiration Date

known to me and to me known to be the same person who executed the foregoing **Power of Attorney - Secretary's Certificate** and who acknowledged to me that the same is true and voluntary act and deed, and that of the Corporation which he represents.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

Doc. No.
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REPUBLIC OF THE PHILIPPINES)
) S.S.

UNDERTAKING TO INCORPORATE THE CONSORTIUM

We, [REPRESENTATIVE OF COMPANY A], [REPRESENTATIVE OF COMPANY B], and [REPRESENTATIVE OF COMPANY C], being the duly authorized representatives of the Consortium between [COMPANY A], [COMPANY B], and [COMPANY C], (collectively the "Consortium Members"), do hereby declares undertake:

1. That, [COMPANY___ , and its representative], shall be the lead bidder and authorizes him to enter into binding commitments on our behalf.
2. To formally incorporate the project company, [PROJECT COMPANY NAME], within forty-five (45) days from Notice of Award, should we be proclaimed the winning bidder;
3. To maintain the agreed percentage participation of the Consortium members in the project company we will incorporate;
4. To collectively keep at least seventy percent (70%) equity ownership in the project company for the entire duration of the PSA; Provided that each of the member/s of the Consortium that complied with the technical requirements in the bidding procedures shall maintain at least forty percent (40%) equity ownership in the project company. **The term equity shall mean the equity that is declared in the financial term sheet.**
5. That COMPANY _____ which is the lead bidder must be the majority shareholder of the [PROJECT COMPANY NAME].

This Certification is being issued in connection with the Consortium Members' participation to bid for the 15 MW Supply of Power in the Municipality of El Nido, Palawan, and for whatever legal purpose this may serve.

IN WITNESS WHEREOF, we have hereunto affixed our hands this ____ of _____, 20__ at [PLACE], Philippines.

[COMPANY A]
By:

[COMPANY B]
By:

[COMPANY C]
By:

NAME
POSITION

NAME
POSITION

NAME
POSITION

Signed in the presence of:

ACKNOWLEDGEMENT

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

REPUBLIC OF THE PHILIPPINES)
()SS

BEFORE ME, on this _____ at _____, personally appeared:

Name ID No./Passport No. Expiration Date

known to me and to me known to be the same person who executed the foregoing **Undertaking to Incorporate the Consortium** and who acknowledged to me that the same is true and voluntary act and deed, and that of the Corporation which he represents.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

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CERTIFICATION OF NON-PROHIBITION TO PARTICIPATE IN THE BIDDING PROCESS

[Location, Date]

ATTY. WILFREDO L. TAGLE

Chairperson, Third Party Bids and Awards Committee
Competitive Selection Process for the 15 MW Supply of Power
in the Municipality of El Nido, Palawan

Sir:

We certify that our company or any of our affiliates and/or each member of our Consortium is not prohibited or restricted from participating in the bidding process of this transaction in any manner under applicable law, agreement or license.

Sincerely,

Authorized Signature

Name and Title Signatory
Name of Firm
Address

ACKNOWLEDGEMENT

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

REPUBLIC OF THE PHILIPPINES)
()SS

BEFORE ME, on this _____ at _____, personally appeared:

Name	ID No./Passport No.	Expiration Date
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known to me and to me known to be the same person who executed the foregoing **Certification of Non-Prohibition to Participate in the Bidding Process** and who acknowledged to me that the same is true and voluntary act an deed, and that of the Corporation which he represents.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

Doc. No.
Page No.
Book No.
Series of 2023.

Note: To be used if a bidder is a consortium or Special Purpose Vehicle (SPV) and is already SEC registered.

REPUBLIC OF THE PHILIPPINES)
) S.S.

UNDERTAKING TO AMEND THE SEC REGISTRATION OF PROJECT COMPANY

I, _____, being the duly authorized representative of the Project Company or SPV __ (Name of Company _____, do hereby declare to undertake the following should we be proclaimed the winning bidder:

1. To formally amend the articles of incorporation/by laws of the project company, [PROJECT COMPANY NAME], within forty-five (45) days from Notice of Award; and
2. To collectively keep at least seventy percent (70%) equity ownership in the project company for the entire duration of the PSA; Provided that each of the member/s of the Consortium that complied with the technical requirements in the bidding procedures shall maintain at least forty percent (40%) equity ownership in the project company.

This Certification is being issued in connection with our participation to bid in the Competitive Selection Process for the 15 MW Supply of Power for El Nido and for whatever legal purpose this may serve.

IN WITNESS WHEREOF, I have hereunto affixed my signature this ____ of _____, 20__ at [PLACE], Philippines.

By:

NAME
POSITION

Signed in the presence of:

ACKNOWLEDGEMENT

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

REPUBLIC OF THE PHILIPPINES)
()SS

BEFORE ME, on this _____ at _____, personally appeared:

Name	ID No./Passport No.	Expiration Date
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known to me and to me known to be the same person who executed the foregoing **Undertaking to amend the SEC Registration of Project Company** and who acknowledged to me that the same is true and voluntary act an deed, and that of the Corporation which he represents.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

Doc. No.
Page No.
Book No.
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Note: To be used if a bidder is a single company and plans to form a project company.
REPUBLIC OF THE PHILIPPINES)
) S.S.

UNDERTAKING TO REGISTER A PROJECT COMPANY

I, [REPRESENTATIVE OF COMPANY A] being the duly authorized representative of the [COMPANY A] do hereby declare to undertake:

- 1. To formally register to form the project company, [PROJECT COMPANY NAME], within forty-five (45) days from Notice of Award, should we be proclaimed the winning bidder;
- 2. To maintain the declared participation of [COMPANY A] in the project company I will incorporate;
- 3. To keep at least seventy percent (70%) equity ownership in the project company for the entire duration of the PSA; and

This Certification is being issued in connection with the [COMPANY A]'s participation to bid the Competitive Selection Process for the 15 MW Supply of Power for El Nido and for whatever legal purpose this may serve.

IN WITNESS WHEREOF, we have hereunto affixed our hands this ____ of _____, 20__ at [PLACE], Philippines.

[COMPANY A]
By:
NAME
POSITION

Signed in the presence of:

ACKNOWLEDGEMENT

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

REPUBLIC OF THE PHILIPPINES)
(_____)SS

BEFORE ME, on this _____ at _____, personally appeared:

Name	ID No./Passport No.	Expiration Date
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known to me and to me known to be the same person who executed the foregoing **Undertaking to Register a Project Company** and who acknowledged to me that the same is true and voluntary act and deed, and that of the Corporation which he represents.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

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POWER OF ATTORNEY
(For bidder who is a Sole Entity)

[For individuals]

KNOW ALL MEN BY THESE PRESENTS:

I, [name], [nationality], of legal age, with address at [address], hereby NAME, CONSTITUTE and APPOINT:

[name of representative]

AS HE IS HEREBY named, constituted and appointed, as my true and lawful Attorney in Fact, with full power of substitution, with the powers to negotiate, sign and execute, on behalf of the corporation, contracts and agreements relating to the bid submitted for the Competitive Selection Process for the 15 MW Supply of Power for El Nido under such terms and conditions as he may deem proper.

GIVING AND GRANTING to said Attorney in Fact full power and authority to do all and every act and thing whatsoever requisite and necessary to be done relative to the foregoing resolutions, as fully and to all intents and purposes as the principal might or could do, hereby ratify and confirm all that the Attorney in Fact, his delegates or substitutes shall lawfully do or cause to be done.

This Special Power of Attorney shall be governed by and construed in accordance with Philippine law and shall be effective from the date hereof unless I revoke it sooner.

In WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____ at _____.

[signature]
[name]

ACKNOWLEDGEMENT

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

REPUBLIC OF THE PHILIPPINES)
(_____)SS

BEFORE ME, on this _____ at _____, personally appeared:

Name	ID No./Passport No.	Expiration Date
------	---------------------	-----------------

known to me and to me known to be the same person who executed the foregoing **Power of Attorney** and who acknowledged to me that the same is true and voluntary act and deed, and that of the Corporation which he represents.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

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Series of 2023.

AFFIDAVIT OF NO CONFLICT

[Location, Date]

ATTY. WILFREDO L. TAGLE

Chairperson, Third Party Bids and Awards Committee
Competitive Selection Process for the 15 MW Supply of Power
in the Municipality of El Nido, Palawan

Sir:

We declare that our company or any of our affiliates in this bidding has no existing dispute, protest or any legal action against the Palawan Electric Cooperative (PALECO) that is in conflict with this bidding or any bidding that PALECO previously conducted.

Sincerely,

Authorized Signature

Name and Title Signatory
Name of Firm
Address

ACKNOWLEDGEMENT

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

REPUBLIC OF THE PHILIPPINES)
()SS

BEFORE ME, on this _____ at _____, personally appeared:

Name	ID No./Passport No.	Expiration Date
------	---------------------	-----------------

known to me and to me known to be the same person who executed the foregoing **Affidavit No Conflict** and who acknowledged to me that the same is true and voluntary act and deed, and that of the Corporation which he represents.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

Doc. No.
Page No.
Book No.
Series of 2023.

ACCESSION UNDERTAKING

THIS ACCESSION UNDERTAKING (the "Undertaking") is entered into this _____ day of _____ between:

[member of consortium], a company organized and existing under the laws of the Republic of the Philippines, with its principal offices at [▪], represented herein by its President, authorized under its charter to engage in power generation business [▪], who is authorized to represent it in this Undertaking, hereinafter referred to as [▪],

[member of consortium], a company organized and existing under the laws of the Republic of the Philippines, with its principal offices at [▪], represented herein by its President, authorized under its charter to engage in power generation business [▪], who is authorized to represent it in this Undertaking, hereinafter referred to as [▪],

[member of consortium], a company organized and existing under the laws of the Republic of the Philippines, with its principal offices at [▪], represented herein by its President, authorized under its charter to engage in power generation business [▪], who is authorized to represent it in this Undertaking, hereinafter referred to as [▪],

(each a "Party" and together the "Parties").

RECITALS:

On [date], the Palawan Electric Cooperative (PALECO) conducted a competitive selection process pursuant to the Department of Energy ("DOE") Circular No. 2018-002-003 for the procurement of a private power provider to supply its electricity requirements of up to 15MW with 40% margin.

Under the terms of [▪]¹ the Parties formed a Consortium. The Consortium participated in the competitive selection process and was selected the winning bidder.

As the selected new power provider, the Consortium executed a Power Supply Agreement with PALECO on [▪] ("PSA").

Under the PSA, the execution of this Undertaking and the incorporation of a project company are conditions precedent to the effectivity of COD.

NOW, THEREFORE in view of the foregoing premises and in consideration of the mutual covenants and agreements hereinafter set forth, the Parties hereby agree as follows:

1. Definition and Interpretation

1.1 Definition. The terms used in this Agreement shall have the respective meanings given to them in the PSA, unless the context otherwise provides.

1.2 Rules of Interpretation. In this Agreement, the rules of Interpretation provided under the PSA shall govern.

Agreement/Contract between members of the consortium submitted in compliance with the Bidding Procedures.¹

2 The Project Company

2.1 Incorporation of Project Company. The Parties shall incorporate the Consortium as a company ("Project Company") and register the same with the Securities and Exchange Commission within forty-five (45) days from Effective Date of the PSA.

2.2 Equity Ownership in the Project Company. The equity ownership of each Party in the Project Company shall be in the same percentage as its participation in the Consortium as submitted in the Consortium's bid in the competitive selection process.

3 Maintenance of Equity Ownership. In accordance with the PSA, for a period of five (5) years from the Effective Date of the PSA, the Parties shall:

- 3.1. keep at least seventy percent (70%) equity ownership in the Project Company for entire PSA period.
- 3.2. ensure that at least one member of the consortium (in case two different entities were used to comply with the technical requirements) which complied with the technical requirements in the competitive selection process shall keep at least forty percent (40%) equity ownership in the Project Company for the same period.
- 3.3. secure prior written consent from OFFTAKER in case of divestment of the Parties' equity ownership in the Project Company within the period from Effective Date until Commercial Operations Date of the PSA.
- 3.4. secure prior written consent from OFFTAKER in case of divestment of the Parties' equity ownership in the Project Company within the period from Commercial Operations Date until the expiration of the term of the PSA.
- 3.5. for any divestment made within the same period, the Project Company or its direct shareholders must continue to meet the financial requirements of the competitive selection process after the divestment.

The Parties hereby recognize and acknowledge that the failure to comply with this Section constitutes an Event of Default under the PSA and is subject to the effects and penalties provided therein.

4 Terms of Accession

4.1 Accession of the Project Company. The Project Company shall perform all the obligations, comply with all the warranties and covenants, and assume all the liabilities of the SUPPLIER under the PSA and all agreements ancillary thereto. The Project Company shall also be entitled to all the rights, benefits and interests of the SUPPLIER under the PSA and all agreements ancillary thereto.

4.2 References to SUPPLIER. All reference to the SUPPLIER in the PSA and all agreements ancillary thereto shall be construed to be reference to the Project Company to the fullest extent necessary to give effect to Clause 2.

5 Effective Date

This Undertaking shall be effective commencing on the date this Undertaking is executed and delivered by the Parties hereto.

6 Representation and Warranties

The Parties hereby represent and warrant, which representations and warranties shall subsist during the effectivity of this Undertaking, the following.

6.1 Corporate Existence. Each Party is duly organized, validly existing, in good standing and qualified to do business under Philippine Law or, in case of foreign corporations, under the law of its registration or organization, and each holds the corporate power and authority to enter into,

perform and carry out all the respective obligations and covenants under and pursuant to this Undertaking.

6.2 Consents. The execution, delivery and performance by each Party of this Undertaking has been duly approved and authorized by all necessary corporate action, and does not require any approval or consent of any holder (or any trustee for any holder) of any indebtedness or other obligation of such Party or of any other person or entity, except approvals or consents which have been obtained or as set forth or expressly excepted herein.

6.3 Full Force and Binding Agreement. This Undertaking is in full force and effect, has been duly executed and delivered on behalf of each Party by the appropriate officers, and constitutes a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms upon the approval and/or ratification of this Undertaking by the respective Board of Directors.

6.4 No Litigation. There is no litigation, action, suit, proceeding or investigation pending or threatened, to the best of each Party's knowledge, against it before any court, administrative agency, arbitration tribunal, government authority, body or agency which, if adversely determined, individually or in the aggregate, substantially and materially: (i) could adversely affect the performance by such Party of its obligations hereunder; (ii) could have a material adverse effect on its condition (financial, technical or otherwise), business or operations; or (iii) question the validity, binding effect or enforceability of this Undertaking any action taken or to be taken pursuant hereto or any of the transactions contemplated herein.

6.5 No Violation or Breach. The execution, delivery and performance by each Party of its obligations under this Undertaking and the consummation of the transactions contemplated herein will not result in any violation of any term of such articles of incorporation or by-laws, or of any contract or undertaking to which it is party or by which it or its property is bound, or, of any Applicable Law applicable to it, except any such violations which, individually or in the aggregate, would not adversely affect the performance by such Party of its obligations under this Undertaking.

6.6 Warranty Against Corruption. Each Party represents and warrants to the other that it and its representatives, affiliates or subsidiaries have complied with all laws dealing with corrupt or illegal payments, gifts, or gratuities. Each Party agrees not to (and to cause its representatives, affiliates or subsidiaries not to) in connection with the activities contemplated by this Undertaking pay, promise to pay, seek, accept, or authorize the payment of any money or anything of value, directly or indirectly, to any person or entity (whether a governmental official or private individual) for the purpose of illegally or corruptly influencing any governmental employee or official, any political party or official thereof or any candidate for political office. Furthermore, each Party agrees that in connection with this Undertaking and the activities contemplated hereby it and its representatives, affiliates or subsidiaries will not take any action, or fail to take any action, which act or failure to act would subject the other Party or any of its representatives, affiliates or subsidiaries to liability under the laws of its country of domicile dealing with corrupt payments. Each Party agrees to indemnify the other Party from and against any loss, liability or damage (including reasonable attorney's fees) arising from or relating to such Party's breach of its representations, warranties, and obligations under this Section. Each Party represents and warrants to the other Party that prior to the date of this Undertaking, it and its representatives, affiliates or subsidiaries have not taken any action in continuation of the foregoing in connection with the subject matter hereof.

7 Governing Law. This Undertaking shall be governed by and construed in accordance with the laws of the Republic of the Philippines.

8 Separability. If any provision of this Undertaking shall be determined to be invalid, such provision shall be deemed separate and distinct, and the remainder of this Undertaking shall remain in full force and effect.

9 Substitute Provision. In the event any provision or part of this Undertaking is declared invalid, the Parties shall meet in good faith to agree, to the fullest extent allowed by Applicable Law, on a substitute provision that most closely approximates the intention and commercial bargain contained in the invalid provision and amend this Undertaking accordingly.

10 Execution of Counterparts. This Undertaking may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any Party may enter into this Agreement by signing any such counterparts.

11 Amendments. This Undertaking may only be amended or modified by a written instrument signed by each of the Parties.

IN WITNESS WHEREOF, each of the Parties has caused this Undertaking to be executed in more than one copy each of which shall be deemed to be an original as of the date and year first above written.

[member of consortium]

Name:

Position:

[member of consortium]

Name:

Position:

[member of consortium]

Name:

Position:

ACKNOWLEDGEMENT

(before me a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

REPUBLIC OF THE PHILIPPINES)

()SS

BEFORE ME, on this _____ at _____, personally appeared:

Name

TIN/ Passport No.

Expiration Date

known to me and to me known to be the same person who executed the foregoing **Accession Undertaking** and who acknowledged to me that the same is true and voluntary act and deed, and that of the Corporation which he represents.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

Doc. No.

Page No.

Book No.

Series of 2023.

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF _____) S.S.

AFFIDAVIT OF UNDERTAKING

I, [NAME OF REPRESENTATIVE] being the duly authorized representative of the [Name of bidder], after being duly sworn to, under oath and in accordance with law, do hereby depose and state that (Name of Bidder) did not offer, give or pay directly or indirectly, any commission, amount, fee, or any form of consideration, pecuniary or otherwise, to any person or official, personnel or representative of the government, PALECO officials and employees, and members of the Third-Party Bid and Awards Committee (TPBAC) in relation to this Competitive Selection Process.

IN WITNESS WHEREOF, we have hereunto affixed our hands this ____ of _____, 20__ at [PLACE], Philippines.

[Name of Bidder]

By:

(SIGNATURE)
NAME OF AUTHORIZED REPRESENTATIVE
POSITION

ACKNOWLEDGEMENT

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

REPUBLIC OF THE PHILIPPINES)
(_____)SS

BEFORE ME, on this _____ at _____, personally appeared:

Name	ID No./Passport No.	Expiration Date
------	---------------------	-----------------

known to me and to me known to be the same person who executed this **Affidavit of Undertaking** and who acknowledged to me that the same is true and voluntary act and deed, and that of the Corporation which he represents.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

Doc. No.
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**LIST/STATEMENT OF ALL ITS ONGOING/AWARDED BUT NOT YET STARTED GOVERNMENT
AND PRIVATE CONTRACTS**

Name of Project	Name, address, contact person, contact number and email address previous clients	Contract Duration		Amount of Contract and Value of Outstanding Contracts	Status (On-going or Awarded but Not Yet Started)
		Start Date	End Date		

Authorized Signatory
Designation

ACKNOWLEDGEMENT

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

REPUBLIC OF THE PHILIPPINES)
(Principal Address of Bidder)SS

BEFORE ME, on this _____ at _____, personally appeared:

Name ID No./Passport No. Expiration Date

known to me and to me known to be the same person who executed the foregoing **List/Statement of all its Ongoing/Awarded but not yet started Government and Private Contracts** and who acknowledged to me that the same is true and voluntary act and deed, and that of the Corporation which he represents.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

Doc. No.
Page No.
Book No.
Series of 2023.

PROOF OF VAT PAYMENT FOR THE PAST SIX MONTHS OR THE LAST TWO QUARTERS

Month	Amount	BIR Acknowledgement Receipt	Transaction Number
January			
February			
March			
April			
May			
June			

**With proper index/tab per payment*

CHECKLIST OF REQUIREMENTS

(ENVELOPE 1)

Note: All documents with check (√) are required to be submitted.

LEGAL/ELIGIBILITY REQUIREMENTS (1 Softcopy and 2 Hard Copies of the following)			
FOLDER1: LEGAL DOCUMENTS		For Sole Bidder (Corporation or Project Company)	Each member in case of a Consortium
1	Acceptance of Bidding Procedures (Annex A) <i>*to be submitted before the Pre-Bid Conference</i>	√	√
2	Confidentiality Agreement (Annex B) <i>*to be submitted before the Pre-Bid Conference</i>	√	√
3	Executive Summary	√	√
4	Organizational Structure	√	√
5	Certified true copies of the Certificate of Registration with the SEC, DTI or CDA Certification of Incorporation, Articles of Incorporation and Bylaws	√	√
6	Latest General Information Sheet	√	√
7	Valid/Unexpired Mayor's/Business Permit	√	√
8	BIR Certificate of Registration (Must be VAT registered)	√	√
9	Annual Income Tax Return	√	√
10	Proof of VAT Payment for the past six months (Annex J) and Valid Unexpired BIR Tax Clearance.	√	√
11	If the bidder is a Consortium, copies of all agreement evidencing the obligations of its members in respect of the Transaction.		√
12	Where the bidder is a Consortium, duly certified true copies of the agreement amongst the Consortium members authorizing the Lead Bidder to enter into binding commitments on their behalf (Annex D).		√
13	Corporate/legal documents [e.g., Board Resolution or Notarized Power of Attorney (Annex C or Annex E , whichever is applicable) evidencing grant of authority vested in the individual/s submitting the proposal and signing the Final Transaction Documents and making representation on behalf of the bidder (and where the bidder is a Consortium each member thereof).	√ Board Resolution or Secretary's Certificate (Annex C)	√ Board Resolution or Secretary's Certificate (Annex C)
14	Bidder's certification that the bidder and/or each member of its Consortium is not prohibited or restricted from participating in the bidding process of this transaction in any manner under applicable law, agreement or license. (Annex D-0)	√	√
15	If a sole bidder or a consortium planning to form a Project Company, bidder or consortium members shall be required to submit an undertaking to register a project company to be registered with the SEC (Annex D or Annex D-2)	√ Annex D-2	√ Annex D
16	If already registered Project Company shall be required to submit an undertaking to amend the SEC Registration. (Annex D-1)	√	
17	All bidders shall execute the Affidavit of No Conflict hereto attached as (Annex F)	√	√
18	Certificate of No Conflict issued by the PALECO's General Manager	√	√

20	In case of consortium, the bidders shall submit the accession undertaking hereto attached as (Annex G)		√
21	Statement under Oath against offering or paying commission or any form of consideration, pecuniary or otherwise, to any person or official, personnel or representative of the government, PALECO officials and employees, and members of Third-Party Bids and Awards Committee (TPBAC) in relation to this Competitive Selection Process (Annex H).	√	√
FOLDER 2: FINANCIAL DOCUMENTS			
1	Latest two (2) full financial years (separate AFS for 2021 and 2022) Audited Financial Statements (AFS) which shall include balance sheet, income statement, statement of changes in equity, statement of cash flows, notes to financial statement, and statement of Management responsibility certified by public accountant.	√	√
2	The bidder's Net Financial Contracting Capacity (NFCC) for both years' audited financial statement should be at least twenty-five percent (25%) higher than the indicative Project/Facility Cost.	√ (If will use Affiliate, submit also the AFS of the affiliate)	√ (If will use Affiliate, submit also the AFS of the affiliate)
3	Duly notarized list/statement of all its ongoing government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid (Annex I).	√	√
FOLDER 3: TECHNICAL DOCUMENTS			
1-A	Proof that Bidder has at least five (5) years of experience operating electricity generation plants, with an aggregate of at least 15 MW of generation capacity.	√	
1-B	If a bidder is a consortium, at least one member (with at least 40% participation in the Consortium) should have at least 5 years of experience operating electricity generation plant with an aggregate of at least 15 MW of generating capacity to meet the requirements of this section, or,		√
1-C	A Bidder or only one member of the consortium may use and submit the technical pre-qualification documents from one or more of its Affiliates, as long as its affiliation is sufficiently proven. An "Affiliate" shall mean any Person which, alone or together with any other Person, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with another Person. Affiliates shall include a subsidiary company and parent company and subsidiaries, directly or indirectly, of a common parent." "Control" shall mean the power to direct or cause the direction of the management policies of a Person by contract, agency or otherwise. The bidder shall submit any of the following proof of experience and capability showing the capacity and years of operation: 1. ERC decision on Power Supply Agreement/Renewable Energy Purchase Agreement/Electric Service Agreement; 2. Certificate of Good Standing from Offtaker/DU; 3. Certificate of Operation/Completion from Offtaker/DU;	√ (If with 5-year experience and aggregate of 15MW capacity)	√ (If with 5-year experience and aggregate of 15MW capacity)

	<p>4. Engineering Procurement and Construction Contract; or</p> <p>5. Any analogous agreement.</p>		
1-D	<p>In case the required years of experience or aggregate capacity are not met, the bidder shall submit a detailed plan on how it intends to operate and maintain the generating facilities 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 juridical, who will operate and maintain the generating facilities. The detailed plan must contain the following:</p> <ul style="list-style-type: none"> i. Executive Summary ii. Description of the plan for the operation and maintenance of generating facilities. iii. Proposed table of organization including job descriptions, technical qualifications and experience of the management and technical team. iv. Environmental and social obligations compliance programs. 	<p>√ (If no 5-year experience or aggregate of 15MW capacity)</p>	<p>√ (If no 5-year experience or aggregate of 15MW capacity)</p>
2	<p>Statement under oath against offering or paying commission or consideration to any government and PALECO official or employees, members of TPBAC and disclosure of commission paid to private person.</p>	<p>√</p>	<p>√</p>



PALAWAN ELECTRIC COOPERATIVE
THIRD-PARTY BIDS AND AWARDS COMMITTEE (TPBAC)
 Kilometer 3.35 North National Highway, Barangay Tiniguiban, Puerto Princesa City
PALECO.csp@gmail.com; www.PALECO.net

Contracted Capacity of 15MW for the Supply of Power in the Municipality of El Nido, Palawan

CHECKLIST OF BID PROPOSALS (ENVELOPE 2)

TYPE	NO	SECTION	REQUIREMENTS (1 Softcopy and 2 Hard Copies of the following)
FOLDER 1 (TECHNICAL PROPOSAL)			
TECHNICAL	A	Schedule 1	Acceptance of Final Transaction Documents <i>*to be submitted before the scheduled of the Submission and Opening of Bids</i>
TECHNICAL	B	Schedule 2	A certification under oath, in the form provided for in Schedule 2, issued by the Bidder or his authorized representative that: i. each of the documents submitted in satisfaction of the Bidding Procedures is an original copy or a true and faithful reproduction or copy of the original; and ii. the Bidder undertakes all the responsibilities set forth in Section II-05 (Responsibilities of Bidders)
TECHNICAL	C	Schedule 3	The proposed Technical Bid Form/Project Implementation Plan;
TECHNICAL	C	Annex A	Project Description Checklist
TECHNICAL	C	Annex B	Simulation of Generation Mix For The Proposed Technology Combination
TECHNICAL	C	Annex C	Design and Operational Description of SCADA with Respect to the Propose Power Stations
TECHNICAL	C	Annex D	Design and Operational Description of Energy Management System with Respect to the Propose Power Stations
TECHNICAL	C	Annex E	Battery Specifications
TECHNICAL	D		Bid Security payable to Palawan Electric Cooperative as guarantee that the successful bidder shall enter into contract from receipt of the Notice of Award. Absence of bid security shall cause automatic rejection of the bid;
TECHNICAL	E	Schedule 6	Form of undertaking to re-post bid security and to retain the original bid proposal
TECHNICAL	F	Schedule 7	Form of undertaking to post performance securities
TECHNICAL	G1	Schedule 8	Duly filled-up Power Supply Agreement
TECHNICAL	G2		Duly filled-up Schedules to PSA and attachments
TECHNICAL	H	Schedule 9	Form of Undertaking for the lease or ownership of the plant site.
TECHNICAL	I	Schedule 10	Certification from the host barangay that the proposed project design and technology is socially acceptable
TYPE	NO	SECTION	REQUIREMENTS (1 Softcopy and 2 Hard Copies of the following)
FOLDER 2 (FINANCIAL PROPOSAL)			
FINANCIAL	A	Schedule 4	A Financial Term Sheet showing pertinent details of its bid as set forth in Schedule 4; <i>(Also supported by either of the following set of documents)</i>

FINANCIAL	A	1.2A	(A) Indicative Term Sheet and (B) Conditional Loan Agreement
FINANCIAL	A	1.2B	OR Credit Line Certification supported by: (A) letter from banks stating willingness to lend, and (B) letter from banks with indicative term sheet for project financing (stating that initial discussion/negotiation has begun).
FINANCIAL	B	Schedule 5	Duly executed Financial Bid Form in the form attached as Schedule 5
FINANCIAL	B		Capacity Recovery Fee (CRF) - Conventional
FINANCIAL	B		Capacity Recovery Fee (CRF) - RE
FINANCIAL	B		Fixed Operations and Maintenance Fee (FOMF)- Conventional
FINANCIAL	B		Fixed Operations and Maintenance Fee (FOMF)-RE
FINANCIAL	B		Variable Operations and Maintenance Fee (VOMF) - Conventional
FINANCIAL	B		Variable Operations and Maintenance Fee (VOMF) - RE
FINANCIAL	B		Fuel Fee (FF) - Conventional
FINANCIAL	B		Fuel Fee (FF) - RE
FINANCIAL	B		Total Fee - Non-RE
FINANCIAL	B		Total Fee - RE
FINANCIAL	B		Total Fee _{bd}
FINANCIAL	B		TCGR _{bd}
FINANCIAL	C	Annex A.1 to A.4: Schedule 5	Annex A.1 of Schedule 5 (Levelized Rate Template)

TERMS OF REFERENCE

A. GENERAL INFORMATION																	
Name of Utility	PALECO																
Area to be Served	Off-Grid, Municipality of El Nido																
Current Year of Filing	2023																
Compliance with TOR Submission																	
<i>DOE Approval of TPBAC Selection</i>	24-Dec-2021																
<i>DOE Approval of DDP-PSPP 2023-2032</i>	20-July-2023																
<i>NEA issuance of Notice to Proceed</i>	16-Aug-2023																
<i>Date of Publication</i>	01-Sept. & 10-Sept.-2023																
B. REQUIREMENTS																	
1. General Supply Description																	
1.1 Purpose of Procurement	As scheduled in the PSPP																
1.2 Supply Type	Firm supply contract																
1.3 Supply Side	Baseload and Peaking (Bundled/Take-All Supply)																
1.4 Generation Sources	Open Technology, embedded new power plant The Winning Bidder shall comply with <i>DOE DC No. 2018-08-0024</i>																
1.5 Dependable Capacity	<ul style="list-style-type: none"> a. The Dependable Capacity of the power plant must have at least a 40% margin of the Contracted Capacity referred to at the Connection Points. b. The Dependable Capacity is equal to the installed gross plant capacity less plant losses and station use loads. c. The installed capacity of technologies with intermittent output and without firming ancillary services (non-firm capacity) would not be included in the computation of Dependable Capacity. 																
1.6 Commercial Operation Date (COD)	<p>The following is the indicative COD for each type of technology:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Technology</th> <th style="width: 33%;">Target COD from issuance of Provisional Authority from ERC</th> <th style="width: 33%;">Indicative COD</th> </tr> </thead> <tbody> <tr> <td>Conventional</td> <td>1 year + 6 months allowable extension</td> <td>Jul. 1, 2025</td> </tr> <tr> <td>RE-Solar</td> <td>0-1 year + 6 months allowable extension</td> <td>Jul.1, 2025</td> </tr> <tr> <td>RE-Biomass, Wind</td> <td>2 years + 6 months allowable extension</td> <td>Jul.1, 2026</td> </tr> <tr> <td>RE-Hydro, Ocean, Others</td> <td>3 years + 6 months allowable extension</td> <td>Jul.1, 2027</td> </tr> </tbody> </table> <p>Except for force majeure events, the allowable extension is subject to a penalty as stipulated under 4.1.</p>		Technology	Target COD from issuance of Provisional Authority from ERC	Indicative COD	Conventional	1 year + 6 months allowable extension	Jul. 1, 2025	RE-Solar	0-1 year + 6 months allowable extension	Jul.1, 2025	RE-Biomass, Wind	2 years + 6 months allowable extension	Jul.1, 2026	RE-Hydro, Ocean, Others	3 years + 6 months allowable extension	Jul.1, 2027
Technology	Target COD from issuance of Provisional Authority from ERC	Indicative COD															
Conventional	1 year + 6 months allowable extension	Jul. 1, 2025															
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RE-Biomass, Wind	2 years + 6 months allowable extension	Jul.1, 2026															
RE-Hydro, Ocean, Others	3 years + 6 months allowable extension	Jul.1, 2027															
1.7 Power Plant Location	<p>To be located within or near Brgy. Pasadeña, El Nido, Palawan at coordinate 11.25101° N, 119.43128°S where the proposed PALECO's 25MVA El Nido Substation would be installed by 2026.</p> <p>Bidder to consider 69kV tie-line losses and voltage drop in selecting plant location.</p>																
2. Terms of Supply Service																	
2.1 Contracted Capacity (CC)	<ul style="list-style-type: none"> a. 15MW composed of 10MW Baseload Supply and 5MW Peaking Supply b. Zero Minimum Energy Off-take 																
2.2 Monthly Capacity Utilization Factor (CUF)	<ul style="list-style-type: none"> a. Baseload Supply CUF: 44%-94% b. Peaking Supply CUF: 6%-13% c. Total monthly CUF: 31%-67% 																
2.3 Dispatch Time	<ul style="list-style-type: none"> a. Baseload Supply Capacity: 0001H-2400H b. Peaking Supply Capacity: As per dispatch schedule instruction by the PALECO 																

2.4 Energy Forecast	<p>The following is the schedule of the committed energy subject for CSP</p> <table border="1" data-bbox="500 234 1386 777"> <thead> <tr> <th data-bbox="509 234 607 333">Year</th> <th data-bbox="607 234 737 333">Baseload Annual Energy (MWh)</th> <th data-bbox="737 234 867 333">Baseload Supply CUF (%)</th> <th data-bbox="867 234 997 333">Peaking Annual Energy (MWh)</th> <th data-bbox="997 234 1127 333">Peak Load Supply CUF (%)</th> <th data-bbox="1127 234 1256 333">Total Annual Energy (MWh)</th> <th data-bbox="1256 234 1386 333">Total Supply CUF (%)</th> </tr> </thead> <tbody> <tr><td>Jul-Dec 2025</td><td>19,132</td><td>44%</td><td>1,328</td><td>6%</td><td>20,460</td><td>31%</td></tr> <tr><td>2026</td><td>44,853</td><td>51%</td><td>2,512</td><td>6%</td><td>47,365</td><td>36%</td></tr> <tr><td>2027</td><td>50,415</td><td>58%</td><td>2,588</td><td>6%</td><td>53,003</td><td>40%</td></tr> <tr><td>2028</td><td>56,912</td><td>65%</td><td>2,519</td><td>6%</td><td>59,432</td><td>45%</td></tr> <tr><td>2029</td><td>63,712</td><td>73%</td><td>3,060</td><td>7%</td><td>66,772</td><td>51%</td></tr> <tr><td>2030</td><td>71,827</td><td>82%</td><td>3,331</td><td>8%</td><td>75,158</td><td>57%</td></tr> <tr><td>2031</td><td>69,228</td><td>79%</td><td>3,363</td><td>8%</td><td>72,591</td><td>55%</td></tr> <tr><td>2032</td><td>75,382</td><td>86%</td><td>4,231</td><td>10%</td><td>79,613</td><td>60%</td></tr> <tr><td>2033</td><td>76,836</td><td>88%</td><td>4,613</td><td>11%</td><td>81,449</td><td>62%</td></tr> <tr><td>2034</td><td>78,036</td><td>89%</td><td>4,692</td><td>11%</td><td>82,728</td><td>63%</td></tr> <tr><td>2035</td><td>79,176</td><td>90%</td><td>4,752</td><td>11%</td><td>83,928</td><td>64%</td></tr> <tr><td>2036</td><td>80,854</td><td>92%</td><td>4,948</td><td>11%</td><td>85,801</td><td>65%</td></tr> <tr><td>2037</td><td>82,270</td><td>94%</td><td>5,038</td><td>12%</td><td>87,307</td><td>66%</td></tr> <tr><td>2038</td><td>82,332</td><td>94%</td><td>5,057</td><td>12%</td><td>87,389</td><td>67%</td></tr> <tr><td>2039</td><td>82,774</td><td>94%</td><td>5,564</td><td>13%</td><td>88,338</td><td>67%</td></tr> <tr><td>2040</td><td>82,774</td><td>94%</td><td>5,564</td><td>13%</td><td>88,338</td><td>67%</td></tr> </tbody> </table>	Year	Baseload Annual Energy (MWh)	Baseload Supply CUF (%)	Peaking Annual Energy (MWh)	Peak Load Supply CUF (%)	Total Annual Energy (MWh)	Total Supply CUF (%)	Jul-Dec 2025	19,132	44%	1,328	6%	20,460	31%	2026	44,853	51%	2,512	6%	47,365	36%	2027	50,415	58%	2,588	6%	53,003	40%	2028	56,912	65%	2,519	6%	59,432	45%	2029	63,712	73%	3,060	7%	66,772	51%	2030	71,827	82%	3,331	8%	75,158	57%	2031	69,228	79%	3,363	8%	72,591	55%	2032	75,382	86%	4,231	10%	79,613	60%	2033	76,836	88%	4,613	11%	81,449	62%	2034	78,036	89%	4,692	11%	82,728	63%	2035	79,176	90%	4,752	11%	83,928	64%	2036	80,854	92%	4,948	11%	85,801	65%	2037	82,270	94%	5,038	12%	87,307	66%	2038	82,332	94%	5,057	12%	87,389	67%	2039	82,774	94%	5,564	13%	88,338	67%	2040	82,774	94%	5,564	13%	88,338	67%
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2.5 Delivery Period	a. Fifteen (15) years from <u>COD</u> , non-extendable and non-renewable.																																																																																																																							
2.6 Delivery Voltages	69kV and 13.2kV																																																																																																																							
2.7 Connection Points	<p>The power supply shall be delivered either to the following connection points or both.</p> <p>(a) For the 13.2kV supply connection point (“CP1”), at the PALECO’s existing primary pole with ID No. E0211(GPS Coordinates:11.25101° N,119.43128°S).</p> <p>(b) For the 69kV supply connection point (“CP2”), at the 69kV bus of the PALECO’s proposed 25MVA El Nido Substation to be completed on December 2026 and located 40 meters from CP1.</p>																																																																																																																							
2.8 Delivery and Metering Points	<p>The supply shall be delivered at two (2) delivery points and measured at the two (2) metering points co-located at:</p> <p>(a) For the 13.2kV power supply, at CP1 indicated in 2.7.and to be designated as Revenue Meter 1 (“RM1”).</p> <p>(b) For the 69kV power supply, at the high voltage side of the power transformer of the SUPPLIER that is connected and embedded near the 69kV bus where the CP2 indicated 2.7 is located and to be designated as RM2.</p>																																																																																																																							
2.9 Conditions Precedent to COD	<p>a. ERC approval of the PSA.</p> <p>b. Deposit of the <i>Operation Security</i> not later than 30 days before COD.</p> <p>c. Execution of the <i>Interconnection Agreement</i> to include the conduct of a Distribution Impact Study (DIS) to interconnect to the 13.2kV El Nido Distribution System</p> <p>d. <i>Undertaking for the lease</i> or ownership of the plant site is required.</p> <p>e. SUPPLIER, PALECO, and NPC-SPUG have executed the tri-partite <i>Subsidy Agreement</i> and said agreement is in effect.</p> <p>f. Parties’ respective submissions of the documents and evidence set forth in the PSA.</p>																																																																																																																							
2.10 Amount of Security	The following securities shall be issued in favor of the PALECO. The amount of security shall be in Philippine Pesos in the form of cash, cashier’s/manager’s check,																																																																																																																							

	<p>bank draft/guarantee, or irrevocable letter of credit issued by a Universal or Commercial Bank. Provided, however, that the security shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</p> <p>a. Bid Security Amount: PhP15,000,000.00 The Bid Security shall guarantee that each bidder complies with its obligations under the bidding procedures during the Bid Validity Period. Refusal of the Winning Bidder to accept the award shall cause forfeiture of the Bid Security; however, the Bid Security shall not be forfeited should the failure of the Winning Bidder to accept the award and enter into a contract caused by force majeure or through no fault of its own. For the Winning Bidder, Bid Security shall be returned upon posting of Construction Security.</p> <p>b. Construction Security covering the period from ERC issuance of relief/provisional authority to COD to be remitted to the PALECO within five (5) days from receipt of ERC issuance of relief/provisional authority.</p> <p><i>Computation of Construction Security Amount:</i> Based on the projected dispatched energy for six months multiplied by the blended TCGR of NPC-SPUG less the approved tariff multiplied by projected energy dispatch for the next 6 months allowed as extension multiplied by 1.25 or Fifty Million Pesos (PhP50,000,000.00) whichever is lower.</p> <p>Formula: Construction Security = $PE_6(TCGR - AT)(1.25)$</p> <p><i>PE₆ = Projected Dispatch Energy for the 6 (six) months extension</i> <i>TCGR = TCGR of NPC-SPUG</i> <i>AT = Approved Tariff of NPP</i> <i>1.25= 1 is for securing the availability of supply, and 0.25 is to compensate PALECO's exposure to the risk of a delayed project.</i></p> <p>c. Operation Security covering the from COD until the end of the term of the Power Supply Agreement to be paid not later than 30 days before COD.</p> <p><i>Computation of Operation Security Amount:</i> For each year beginning of COD, the amount of the Operation Security shall be 8760 hours multiplied by 15MW contracted capacity multiplied by the NPP TCGR multiplied by 5% or Fifty Million Pesos (PhP50,000,000.00) whichever is lower.</p>
3. Other Terms of Supply	
<p>3.1 Quality, Reliability, Efficiency, and Safety</p>	<p>a. All monitoring instruments of the power stations and generating units must be integrated or ready to be integrated into PALECO SCADA for system operation.</p> <p>b. Proposal must be compliant with the provisions of the Philippine Small Grid Guidelines (PSGG), Philippine Grid Code (PGC), and the Philippine Distribution Code, such as maintaining a minimum of 0.85 lagging and 0.9 leading power factor.</p> <p>c. The power plants shall be capable of being synchronized with the Palawan Main Grid in preparation for the interconnection of the PALECO's El Nido distribution system to the said Grid.</p> <p>d. SUPPLIER must install Energy Management System (EMS), for power supply with RE component</p>
<p>3.2 Mandatory Ancillary Services</p>	<p>a. Pursuant to <i>ERC Res. No. 2015, Series of 2013</i>, the generating facilities of the SUPPLIER must provide the mandatory ancillary services such as</p> <ol style="list-style-type: none"> i. Regulation of Active Power to provide Frequency Control under normal operating conditions ii. Regulation of Reactive Power to control the terminal voltage iii. Black start capability iv. Fast start capability, if any

	<p>b. For a power plant with RE Technology, it must have grid balancing and firming services such as the use of batteries and other ancillary resources to provide a stable power supply and to address intermittent characteristics of RE sources, if applicable. If a storage system would be applied, it must be capable to supply the expected electrical output within the affected period from RE for at least 20 minutes.</p>
3.3 Additional Ancillary Services	<p>a. SUPPLIER shall allocate an aggregated 2MW as a spinning reserve service for the baseload and peaking load.</p> <p>b. SUPPLIER shall provide one (1) unit of generator set as a backup reserve for both the baseload and peaking load rated 3-5MW and 1-2MW, respectively. The size of the backup unit must be equal to the unit with the largest installed capacity.</p>
3.4 Generating Equipment	<p>a. If using heat engines, the units must be brand new and manufactured at most two (2) years prior to COD.</p> <p>b. If using heat engines, the primary main and backup engines shall be manufactured and assembled in any of the G7-member countries (Canada, France, Germany, Italy, Japan, United Kingdom, United States, and the European Union) and specifically of brands Caterpillar/MAK, Cummins, Duetz, Waukesha, GE Jenbacher, MAN Energy Solutions, MTU Friedrichshafen, Mitsubishi Heavy Industries, Niigata, Rolls-Royce, Wartsila, Yanmar, Anglo Belgian Corporation and <u>Daihatsu</u> for low-speed and high-speed engines.</p> <p>c. If using heat engines, the units utilized for a particular type of supply (baseload or peaking load) shall be identical in brand and model including their major auxiliaries.</p> <p>d. <u>If using heat engines, each Genset shall have a rated prime capacity ranging from 1MW to 5MW for baseload and peaking load; for baseload supply, the Bidder must utilize medium-speed gensets rated ≤ 720rpm. For peaking load, the Bidder may provide medium-speed gensets rated ≤ 720rpm, or high-speed gensets rated ≤1,800 rpm.</u></p> <p>e. If using heat engines, the primary Gensets for both baseload and peaking load should include an N-1 generator outage contingency scheme to serve as a backup reserve. The backup unit shall be based on the maximum size of the primary gen sets with the same technical specifications as the primary units.</p> <p>f. All generating plants utilizing fuel-based input shall <u>ensure availability of a three (3)-month storage capacity with 50 percent fuel inventory at all times or equivalent of 1 ½ month operation to ensure the delivery of contracted capacity and committed energy.</u></p>
3.5 Connection Point Facilities	<p>Proposal to include the following facilities to connect to the Connection Points:</p> <p>a. 13.2kV and 69kV protection equipment and revenue metering assemblies,</p> <p>b. Dedicated 13.2kV and 69kV tie lines, and</p> <p>c. Isolating/step-up power transformers for the 69kV and 13.2kV supply. The 13.kV isolating transformer would still be provided even if the generation nominal voltage output is 13.2kV.</p>
3.6 Assignment of Contract	<p>The Winning Bidder shall not sell or assign the executed PSA resulting from successful CSP to any entity, company, or person without the consent of PALECO.</p>
3.7 Dispatch by PALECO	<p>a. PALECO and the System Operator shall have the right to dispatch the SUPPLIER's Power Plant up to its dependable capacity in accordance with the economic merit order.</p> <p>b. SUPPLIER shall control and operate the Power Station consistent with PALECO's systems dispatch requirements within the limitations of the manufacturer's recommendations, best operation, and maintenance practices.</p>
4. Penalties and Charges	
4.1 Penalty for Delay in COD	<p>The amount of the daily penalty for delay in COD is equivalent to the computed Construction Security indicated in 2.10.d divided by 180 days for each day of delay beyond the target COD. The imposition of a penalty for each day of delay of COD will be automatically deducted from the Construction Security, provided that if the penalty exceeds the Construction Security the penalty shall be paid in cash.</p>
4.2 Dispatch Shortfall Charges	<p>Any Ex-Ante and Post-Ante Dispatch Shortfall charges shall be automatically deducted and reflected in the power bills of the PALECO immediately upon of the occurrence the covered shortfalls.</p>
4.3 Penalty for Unscheduled Power Outage due to Supplier's Fault	<p>The penalty shall be computed when there are more than 30 minutes of power interruption causing a total blackout and tripping of units. The amount shall be equivalent to at least 1 hour of DSM+RF revenue loss until the number of hours the system returned back to normal operation. A fraction of an hour will be considered one hour. The computed revenue loss shall be based on the same period on the</p>

	same type of day a week before the occurrence of the loss. The amount computed shall be deducted from the latest power bill of the PALECO.												
4.4 Penalty for Failure to Deliver Ancillary Services	<p>a. The following are the penalties for failure of the Supplier to sustain the delivery of the ancillary services listed in 3.2 and 3.3 based on the monitoring report of the ancillary services to be provided monthly by PALECO.</p> <table border="1" data-bbox="574 443 1377 623"> <thead> <tr> <th>Required Ancillary Services</th> <th>Computation of Penalty</th> </tr> </thead> <tbody> <tr> <td>Regulation of Reactive Power to control the terminal voltage</td> <td>1.50x of DSM+RF revenue loss recovery</td> </tr> <tr> <td>Black start capability</td> <td>DSM+RF Revenue loss recovery</td> </tr> <tr> <td>Fast start capability, if any</td> <td>DSM+RF Revenue loss recovery</td> </tr> <tr> <td>Spinning Reserve</td> <td>1.25x of DSM+RF revenue loss recovery</td> </tr> <tr> <td>Back-up Unit</td> <td>1.25x of DSM+RF revenue loss recovery</td> </tr> </tbody> </table> <p>b. The computation of the amount of the penalties shall be based on 4.3 with the applicable multiplier, if any.</p>	Required Ancillary Services	Computation of Penalty	Regulation of Reactive Power to control the terminal voltage	1.50x of DSM+RF revenue loss recovery	Black start capability	DSM+RF Revenue loss recovery	Fast start capability, if any	DSM+RF Revenue loss recovery	Spinning Reserve	1.25x of DSM+RF revenue loss recovery	Back-up Unit	1.25x of DSM+RF revenue loss recovery
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4.5 Penalty for Failure to Deliver the Firm Renewable Energy Supply	<p>The computed penalty is equivalent to the difference between the actual total bill based on the actual dispatch and the total bill if the declared allocation mix was dispatched by the SUPPLIER, if applicable.</p> <p>The penalties shall be deducted from the power bills of the PALECO.</p>												
4.6 Penalty for Failure to Conduct Preventive Maintenance	The non-compliance would result in a multiplier of 2 on the computed Ex-ante Dispatch Shortfall as a penalty. The penalty using the multiplier shall be imposed within the period starting from the non-availment of the scheduled preventive maintenance until the next scheduled preventive maintenance of the same unit.												
5. Cost and Tariff Structure													
5.1 New Power Provider True Cost of Generation Rate (TCGR)	<p>a. Should there be two types of technologies to be used, the Bidder shall compute separately the resulting rate for Plant A and Plant B using each tariff structure to determine the New Power Provider True-Cost Generation Rate at Php/kWh.</p> <p>b. The Bidder shall provide the detailed calculation of its payment offers including formula and references. All cost items shall be itemized as may be applicable.</p> <p>c. The components to compute the TCGR shall be the Capital Recovery, Fixed O&M, Variable O&M, and Fuel Cost.</p> <p>d. The reference values for the indices for purposes of computing the TCGR rate will be provided by the TPBAC.</p>												
5.2 Capital Recovery Fee (CRF)	<p>a. CRF shall be fixed throughout the 15-year Delivery Contract at Php/kW for firm supply and Php/kWh for non-firm supply.</p> <p>b. CRF shall not be subject to any indexation.</p> <p>c. CRF shall not be subject to degradation factor.</p> <p>d. Capacity payment shall only be paid when capacity is available on the particular billing period.</p> <p>e. No payment of any capacity fee in case of an outage during force majeure.</p> <p>f. Included in the computation of the CRF:</p> <ol style="list-style-type: none"> 1. Pre-development costs 2. Construction/Development costs <ol style="list-style-type: none"> i. Land and land rights ii. Plant and Equipment <ul style="list-style-type: none"> • Power plant with the required ancillary service capability • SCADA-ready substation • SCADA-ready connection point facilities • SCADA-ready revenue metering facilities • Connection/Tie Line iii. Capitalized Finance Cost iv. Other development costs 												
5.3 Fixed O&M Rate (FOMR)	<p>a. The FOMR shall only be subject to the Philippine CPI index.</p> <p>b. The payment FOMR shall be <i>Take-or-Pay</i> based on CC at Php/kW rate for generation plants with dependable capacity; and for RE generation plants with non-firming ancillary service, the FOMR will be <i>Take-and-Pay</i> based on supplied energy at Php/kWh rate.</p>												
5.4 Variable O&M Rate (VOMR)	<p>a. The VOMR shall only be subject to FOREX and Philippine CPI indices.</p> <p>b. The payment of VOMR shall be <i>Take-and-Pay</i> based on the supplied energy at Php/kWh rate.</p>												

5.5 Fuel and Lube Pass-Through Cost	<p>a. The payment of the Fuel Cost shall be based on the energy supplied by the generating plant utilizing fuel.</p> <p>b. Pass-on fuel cost is based on the local market price but is limited to a guaranteed fuel rate of 0.21Li/kWh at generator terminal. The bidder may offer a lower fuel rate cap to be considered in the financial bid assessment.</p>
5.6. Transmission Losses	<p>a. All losses for the delivery of power from the SUPPLIER's plant to the 13.2kV Connection Point of the PALECO shall be on the account of the SUPPLIER.</p> <p>b. All transmission losses related to the delivered replacement power to the Grid Revenue Meter shall be on the account of the SUPPLIER.</p>
5.7 Total Landed Generation Cost, P/kWh	Bidder shall specify its Total Landed Generation Cost in PhP/kWh equivalent to NPP TCGR based on levelized cost and shall serve as the Financial Bid Price .
5.8 Regulatory Approvals and Compliance	<p>a. The SUPPLIER shall make the necessary adjustments immediately in the next billing period upon receipt of a decision, order, or directive from the ERC or upon the specific date of effectivity directed by the ERC.</p> <p>b. In case ERC approves a downward adjustment in the rates, the PALECO shall not be made to shoulder the incremental difference which shall take effect upon the approval of the ERC.</p> <p>c. The SUPPLIER shall comply with all regulatory requirements of government offices such as but not limited to BIR, DOE, PCSD, DENR, ERC, SEC, HLURB, NWRB, SSS, Philhealth and Pag-ibig.</p>
6. Payment Modalities	
6.1 Mode of Payment	Check
6.2. Currency of Payment	Philippine Pesos
6.3 Billing Period	Monthly
6.4. Discount and Incentives	BIDDER shall specify in its bid proposal an offer of a prompt payment discount of not less than 3% discount if payment is made by the PALECO within calendar 10 days upon receipt of the power bill. The Bidder may offer other incentives aside from the prompt payment discount.
7. Outage Allowance	
7.1 Maximum Allowed Scheduled Outage	<p>Maximum of 120 hours per year</p> <p>Maintenance of generating units should be in accordance with the manufacturer's standards, provided that the maintenance schedule is subject to the approval of the PALECO and the System Operator.</p> <p>Preventive maintenance of substation, switchgear and other plant auxiliaries including tie-line should be in accordance with the manufacturer's standards, provided that the maintenance schedule is subject to the approval of the PALECO and the System Operator.</p>
7.2. Maximum Allowed Forced Outage	<p>72 hours per year</p> <p>Corrective maintenance of generating units, substations, switchgear, and other plant auxiliaries including tie-line should be in accordance with the manufacturer's standards, provided that the maintenance schedule is subject to the approval of the PALECO and the System Operator.</p>
7.3 Total maximum allowed schedule and unscheduled outages	<p><u>Must not exceed 192 hours</u></p> <ul style="list-style-type: none"> All Scheduled Outages must be scheduled and declared twelve (12) months in advance. There will be no carry-over of any unutilized outage allowance from a calendar year to the succeeding years.
8. Replacement Power	
8.1 During Delay in COD or Any Outage	<p>a. SUPPLIER to provide Replacement Power up to the Contracted Capacity during the delay in the COD.</p> <p>b. SUPPLIER may assist the OFFTAKER/PALECO in sourcing for the Replacement Power up to the Contracted Capacity during the Delivery Period in the <u>event of allowed and scheduled outages</u>.</p> <p><i>Timeline:</i></p> <p><i>69kV Taytay-El Nido Transmission Line to be completed by NPC in 2025. 69/13.2kV 25MVA El Nido Substation by PALECO in 2026.</i></p>

8.2 Payment of Replacement Power	The cost of Replacement Power shall be paid by the PALECO during the relevant period equal to the ERC-approved rate under the PSA net of the cost on any transmission losses. The billing determinant of the Replacement Power shall be based on the Delivery and Metering Points specified in 2.8.
8.3 Failure to Deliver Replacement Power	Penalty for failure to provide Replacement Power due to delayed COD shall be covered in 4.1.
9. Force Majeure	
9.1 Force Majeure Events	<ol style="list-style-type: none"> a. The events that shall be deemed as Force Majeure and analogous circumstances shall be in accordance with the DOE CSP Policies. b. The non-payment of the Subsidy shall qualify as an event of Force Majeure should non-payment occur over five (5) successive Billing Months.
9.2 In the Case of FME	<ol style="list-style-type: none"> a. In the event of FM covered by item 9.1.a, both Parties shall be excused from performing their respective obligations under the PSA upon the occurrence of an Event of Force Majeure for a period not exceeding 180 days during the Delivery Period ("Temporary Force Majeure Period"). b. In the event of FM covered by item 9.1.b, the Supplier shall be excused from performing its obligations on the next day after of the due date of the unpaid Subsidy Fee indicated in the cumulative 5th power bill which will occur on the 6th of the billing month.
9.3 Non-payable Charges	<p>The PALECO shall not be required to make payments for any of the following due to force majeure:</p> <ul style="list-style-type: none"> • Capacity that is unavailable • Capacity that it cannot accept
10. Grounds for Contract Termination	
10.1 Valid Grounds for Termination	<p>The following are valid grounds for termination of the contract:</p> <ol style="list-style-type: none"> a. Failure to cure an event of Default b. Expiration of Delivery Period c. Failure to achieve COD extendable for another six months subject to penalty for delayed COD unless the delay is due to force majeure. The erring Winning Bidder shall be blacklisted and prohibited from participating in any CSP conducted by the PALECO and from entering any kind of PSA with the PALECO. d. Failure to deliver the Contracted Capacity for two (2) consecutive months after the maximum allowable COD. e. Failure to meet the required standards of the Philippine Small Grid Guidelines (PSGG) for two (2) consecutive months f. Mutual agreement by both parties g. Extended Force Majeure as agreed under PSA indicated in item no. 9.1.b h. Changes in the circumstances as agreed under the PSA i. Failure to submit pertinent documents for application of PSA j. Failure to provide within 15 days after signing of PSA the pertinent documents for the application for rate approval to ERC due to Winning Bidder's fault k. Due to Winning Bidder's fault, PALECO failed to apply within sixty (60) calendar days after the signing of the PSA for a probationary approval/interim relief from ERC.
10.2 Not Valid Ground for Termination	Rate reductions made by the ERC shall not be a valid ground for the termination of the contract.
11. Liquidated Damages	
11.1 In Case of Default	Damages shall be equal to the present value of the CRF Payment computed on a 365-day basis for the remaining term of the PSA.
11.2 Discount Rate	The discount rate to be used in the computation shall be at least 9.75%.
12. Reduction of Contracted Capacity	
12.1 CC Assignment and Allowed CC Reduction	<ol style="list-style-type: none"> a. The reduction of contract capacity shall be allowed in case of reduction of demand of PALECO due to special circumstances beyond the control of PALECO with equivalent adjustment of tariff. b. PALECO may assign, transfer, designate or allocate its rights and obligations to purchase a portion of the contract it no longer requires to: <ol style="list-style-type: none"> i. Any of its business segments without the prior consent of Power Supplier; or ii. Any affiliate or third party subject to the consent of Power Supplier. c. The consent by the Power Supplier shall not be unreasonably delayed or conditioned at the disadvantage of PALECO.

	<p>d. Any reduction shall require approval of the ERC and must comply with applicable rules of competition set by the Government.</p>
<p>13. Obligations of PALECO</p>	
<p>13.1 For New PowerPlant</p>	<p>a. PALECO shall provide assistance to the successful bidder in the processing of permits and similar requirements from all national agencies and local government units.</p> <p>b. PALECO to extend the EI Nido PSA with NPC to cover the months prior to the COD of the SUPPLIER.</p>
<p>14. Bidder Qualifications and Bidding Process</p>	
<p>14.1 Bidding Process</p>	<p>a. All forms of business organizations including Joint Ventures are encouraged to participate in the bidding process subject to applicable government licenses and permits.</p> <p>b. The capacity offer of the bidder must be compliant with all the ownership limitations prescribed under EPIRA.</p> <p>c. All bidders shall be subjected to Prequalification/Eligibility Process. All bid proposals shall be evaluated on their legal, financial capability, and technical aspect</p> <p>d. The bidding will follow a two-stage process.</p> <ol style="list-style-type: none"> i. The first stage shall be a pre-qualification process. ii. Those pre-qualified shall participate in the second stage on the bid submission date and shall submit Technical/Legal and Financial documents in one package but in separate envelopes. iii. Both the first stage- pre-qualification and the second stage-Technical of this bidding will be evaluated on a "pass/fail" basis, of non-discretionary criteria. iv. Only bidders who passed the technical evaluation will have their financial proposal evaluated. The financial documents of a bidder who failed the technical evaluation will not be opened and will be returned back to the said bidders including all the other documents submitted. v. Bidders would be required to submit their financial offer rates using the Financial Term Sheet (FTS) templates that best reflect their true cost of generation. <p>e. The bidder with the lowest calculated bid based on a Levelized Rate shall undergo the post-qualification process.</p> <p>f. The bidder with the lowest calculated bid and has passed the post-qualification process shall be selected as the Winning Bidder, otherwise, the bidder with the next (2nd) lowest calculated bid shall be subject to post-qualification. If the 2nd lowest bidder failed the post qualification, the TPBAC shall declare a failure of bidding.</p> <p>g. The provisions in the TOR shall prevail should there be inconsistencies with the provisions of the documents executed in relation to this CSP.</p> <p>h. The Winning Bidder shall pay the corresponding Transaction Fee.</p>
<p>14.2 Eligibility Requirements</p>	<p>a. Legal Documents</p> <ol style="list-style-type: none"> i. Executive Summary ii. Organizational Structure iii. Certificate of Registration with SEC, DTI, or CDA duly certified as true copy from the issuing agencies iv. Latest General Information Sheet with SEC-issued QR Code v. Mayors/Business Permit vi. BIR Registration vii. Annual Income Tax Return duly stamped received by BIR and certified as a true copy by the BIR viii. Compliance with EO No. 398 ix. If Bidder is a partnership, corporation, consortium, joint venture, or any similar association for purposes of this CSP, it must present a SEC Certificate of Incorporation and an agreement showing that the Bidder and all its partners, shareholders, joint venture, associates, as may be applicable, are jointly and severally liable to the electric cooperative for any and all costs and obligations arising from this CSP and the resulting PSA. x. If a Sole Bidder or a consortium is planning to form a Project Company, the bidder or consortium members shall be required to submit an undertaking to incorporate a project company to be registered with the SEC. xi. For bidders using indigenous and RE power plants, the bidder must comply with the constitutional requirement for ownership. xii. <i>Affidavit of No Conflict</i> stating that the bidder including its affiliates has no existing dispute, protest, or any legal action against PALECO that is in conflict with this bidding or concerning any bidding that PALECO previously conducted with attached Certification from PALECO issued by the General Manager. Bidders earlier issued with a Certification must secure a new certificate.

xiii. All documents provided as Certified True Copy shall be dated not older than the date of the publication of the ITB.

b. Financial Documents/Financial Capability Information

- i. Complete audited financial statements for CY 2021 and 2022 stamped by SEC
- ii. NFCC

The average Net Financial Contracting Capacity (NFCC) from the last two years' audited financial statements should be at least twenty-five percent (25%) higher than the Project Cost.

NFCC = [(Current assets minus current liabilities) x (20)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract to be bid.

c. Technical Documents/Technical Capability Information

- i. The bidder must submit proof that it has at least five (5) years of experience operating an electricity generation plant similar or comparable to the technology of the plant the bidder will offer, preferably servicing a utility with an aggregate of at least 15 MW of generation capacity.
- ii. For new power suppliers and in case the required years of experience or aggregate capacity are not met, the qualification shall be based on the submission of:
 - (a) the experience and technical capability of the persons, whether natural or juridical, who will operate and maintain the generating facilities
 - (b) a detailed plan on how it intends to operate and maintain the generating facilities 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. The detailed plan must contain the following:
 - Executive Summary;
 - Description of the plan for the operation and maintenance of generating facilities;
 - Proposed table of organization including job descriptions, technical qualifications, and experience of the management and technical team; and Environmental and social obligations compliance programs.
- iii. If a bidder is a consortium, at least one member with a minimum of 40% participation in the Consortium should have at least 5 years of experience in operating an electricity generation plant with an aggregate of at least 15 MW of generating capacity. Else, item 14.2.c.ii above will apply.

EL NIDO POWER SUPPLY PROFILE
(For Reference Purposes Only)

[Separate Sheet]



EL NIDO Power Supply Profile



Background of PALECO

Palawan Electric Cooperative (PALECO) was established on January 25, 1974 as a non-stock, non-profit organization under Presidential Decree No. 269 and registered with the National Electrification Administration by virtue of Republic Act No. 6038.z

The National Electrification Commission has granted authority to PALECO to operate an electric light and power service through the following Certificates of Franchise for a period of 50 years issued in various dates as follows:

1. On August 8, 1979 covering the City of Puerto Princesa and the municipalities of Aborlan and Narra.
2. On December 8, 1982 covering the municipalities of Cuyo, Brooke's Point and Magsaysay.
3. On August 10, 1989 covering the municipality of Quezon.
4. On July 11, 1991 covering the municipalities of Roxas and Taytay.
5. On June 9, 1995 covering the municipalities of El Nido, Araceli and Balabac, and
6. On August 7, 1996 covering the municipalities of Bataraza, Rizal and San Vicente.

An application for the expansion of franchise to operate light and power service in the municipalities of Agutaya, Cagayancillo and Dumaran was approved by the National Electrification Administration on January 27, 2000 for a period of 24 years or until January 27, 2024.

On August 01, 2006, PALECO registered with the Cooperative Development Authority (CDA) under CDA Registration Number QC-1616-3012. Its By-Laws and Articles of Cooperation were ratified by the General Assembly on March 10, 2007 conforming to the provisions of the Cooperative Code of the Philippines otherwise known as RA 6938. The said By-Laws and Articles of Cooperation were unanimously confirmed by the member-consumers through district assemblies conducted by PALECO. PALECO was re-registered with the CDA on March 17, 2010 under CDA Registration No. CIN-0102040234, which is in compliance with the provisions of RA 9520 otherwise known as the Philippine Cooperative Code of 2008. In the Amended Articles of Cooperation, PALECO is to exist for a term of 50 years from and after the date of registration with the CDA. Since May 18, 2011, and every year thereafter, PALECO has been issued with a Certificate of Good Standing by the CDA for being compliant with all the requirements under CDA rules and regulations.

Through this new set-up, PALECO has focused to distribute, promote and encourage the fullest use of electricity within its franchise area. Its vision is a member-customer-owner focused electric cooperative. To realize its goal, PALECO formulated its mission which serves as the centerpiece of its existence, that is, "to provide efficient, quality and reliable electric service consistent with mandated standards."

Level of Electrification

As of July 2023, 282 out of 371 barangays or 76.01% of its total coverage area have been electrified. In terms of connections, 215,185 or 76.70% have access to electricity, with Puerto Princesa City having the highest level of electrification and Araceli with the lowest level.

The Table below summarizes the level of electrification per municipality/city.

Electrification Status as of JULY 2023.

(Source: PALECO ISD)

City/Municipality		Barangays/Connections			House Connection		
		PALECO Coverage	Electrified	%	Potential	Actual	%
1	Puerto Princesa City	66	64	96.97	82,134	76,220	92.80
2	Aborlan, Palawan	19	17	89.47	9,715	7,970	82.04
3	Narra, Palawan	23	23	100.00	19,513	17,539	89.88
4	Brooke's Point, Palawan	18	18	100.00	18,478	16,680	90.27
5	Sofronio Espanola, Palawan	9	8	88.89	9,918	6,161	62.12
6	Bataraza, Palawan	22	10	45.45	21,294	12,945	60.79
7	Balabac, Palawan	20	10	50.00	9,267	5,974	64.47
8	Cuyo, Palawan	17	15	88.24	5,482	6,604	120.47
9	Magsaysay, Palawan	11	11	100.00	2,973	3,118	104.88
10	Agutaya, Palawan	10	9	90.00	3,174	1,920	60.49
11	Quezon, Palawan	14	9	64.29	16,206	10,380	64.05
12	Rizal, Palawan	11	7	63.64	14,028	7,347	52.37
13	Roxas, Palawan	31	24	77.42	17,287	9,145	52.90
14	Araceli, Palawan	13	4	30.77	3,505	2,177	62.11
15	Dumaran, Palawan	16	8	50.00	5,714	2,537	44.40
16	Cagayancillo, Palawan	12	12	100.00	1,367	1,277	93.42
17	Taytay, Palawan	31	14	45.16	19,482	12,158	62.41
18	San Vicente, Palawan	10	8	80.00	8,388	7,573	90.28
19	El Nido, Palawan	18	11	61.11	12,632	7,460	59.06
	TOTAL	371	282	76.01	280,557	215,185	76.70

PALECO's Performance

Financial Performance

during the five-year period 2018 to 2022 PALECO posted average growth of 7.13% in annual operating revenue, while the cost of power increased by 7.83% yearly. The EC posted steadily increasing gross margin averaging around 4.20% during the period and consistent in registering positive net profit averaging 62.56%. The main driver to the positive earnings is its low system loss averaging 8.11%, well below the cap of 14% and the continuous availment of the 3% prompt payment discount from the National Power Corporation (NPC) power bills.

PALECO's Statement of Operation

Particulars	2018	2019	2020	2021	2022
Total Revenue	2,169,444,811.00	2,341,219,245.00	2,168,042,361.00	2,246,592,672.00	2,794,499,665.00
Re-Investment Income	-				
Cost of Power	-1,842,159,212.00	-1,983,602,921.00	-1,862,148,939.00	-1,905,669,163.00	-2,428,778,248.00
Other Cost of Services	-134,855,193.00	-133,567,322.00	-125,478,079.00	-108,744,964.00	-170,631,235.00
Other Income	65,448,227.00	67,824,986.00	70,038,688.00	112,879,157.00	81,135,357.00
Gross Income	257,878,633.00	291,873,988.00	250,454,031.00	345,057,702.00	276,225,539.00
Operating Expenses	-251,938,631.00	-281,652,816.00	-239,266,153.00	-310,671,815.00	-255,126,544.00
Net Operating Income	5,940,002.00	10,221,172.00	11,187,878.00	34,385,887.00	21,098,995.00
Financing Costs	-927,391.00	-1,410,612.00	-1,510,772.00	-87,070.00	-291,559.00
Prior period adjustments					-10,454,036.00
Income Tax Expense			-2,612,576.00	-4,744,819.00	
Total Comprehensive Income	5,012,611.00	8,810,560.00	7,064,530.00	29,553,998.00	10,353,400.00

Source: PALECO Audited Financial Statements

El Nido, Palawan General Profile

El Nido, formerly known as Bacuit, is a coastal municipality in the island province of Palawan.

The municipality has a land area of 923.26 square kilometers or 356.47 square miles which constitutes 6.30% of Palawan's total area. Its population as determined by the 2020 Census was 50,494. This represented 5.37% of the total population of Palawan province, or 1.56% of the overall population of the MIMAROPA Region. Based on these figures, the population density is computed at 55 inhabitants per square kilometer or 142 inhabitants per square mile.

Map of El Nido, Palawan



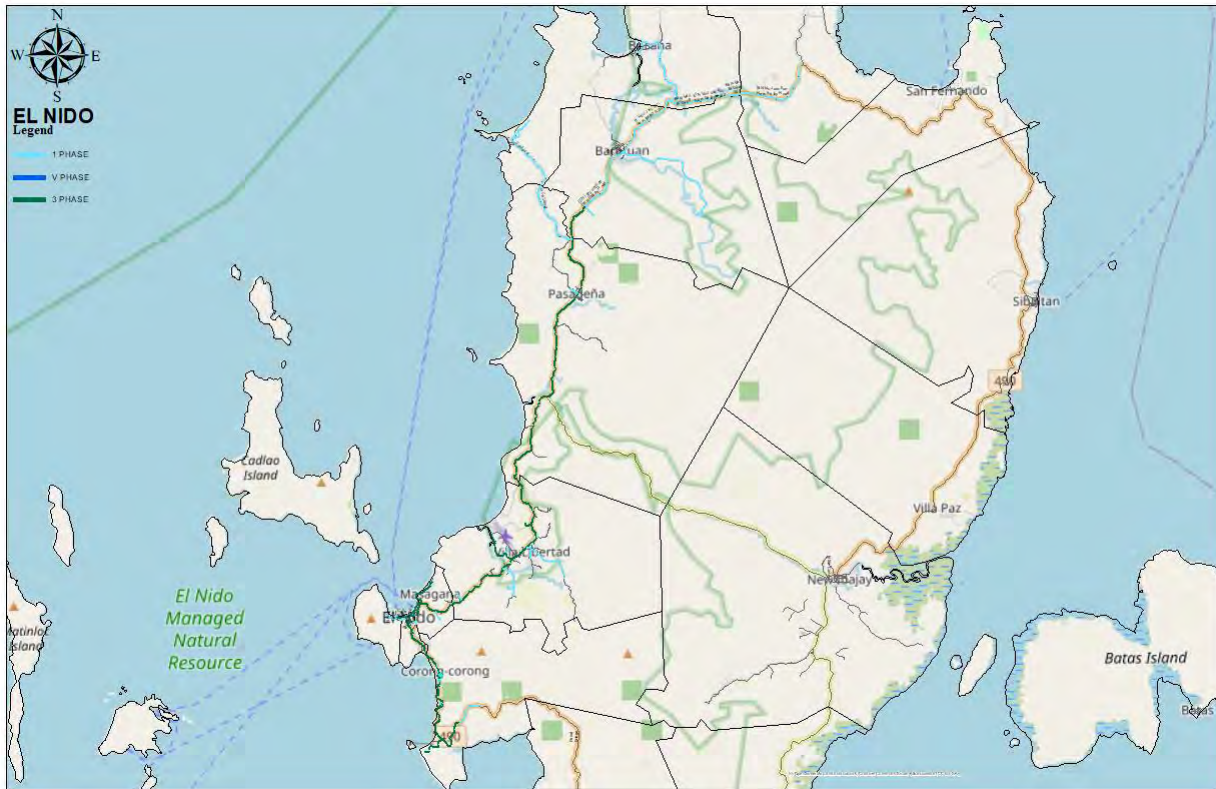
El Nido Electric Distribution System

El Nido distribution system was energized in June 03, 1993. At present, PALECO already energized 282 barangays with 76.01 percent household connections. The dates of energization per barangay and number of households are presented below.

Number of Households Connection Per Barangay as of July 2023

Barangay	Date Energized	2020 Potential consumers	Number of Household Energized	Percent (%)
Buena Suerte Poblacion	June 03,1993	600	651	108.50
Maligaya Poblacion	-	352	341	96.88
Masagana Poblacion	-	579	630	108.81
Corong-Corong Poblacion	-	931	768	82.49
Villa Libertad	December 23, 2009	1,459	841	57.64
Pasadeña	April 29, 2010	784	360	45.92
Barotuan	August 10, 2010	603	453	75.12
Bucana	August 17, 2010	1,473	602	40.87
Aberawan	August 25, 2010	364	26	7.14
Sibaltan	August-13	555	588	105.95
Bagong Bayan	July 2007 (DOE/PPRM/FA/Spain)*	309	33	10.68
Bebeladan	Dec 2007 (Mirant)*	504	387	76.79
Mabini	Dec 2001 (POPS/DOE)*	433	26	6.00
Manlag	Dec 2007 (Mirant)*	681	338	49.63
New Ibajay	July 2007 (DOE/LGU/UNDP)*	829	268	32.33
San Fernando	July 2007 (DOE/LGU/PGP)*	614	331	53.91
Tenequiban	May 15, 2020	1,213	716	59.03
Villa Paz	July 2007 (DOE/LGU/PGP)*	349	101	28.94

Figure shows the distribution line network of El Nido with a total of 55.921 kilometers of primary line and 23.728 kilometers of open secondary line. For 2023, its peak demand is 6.40MW in April 2023.



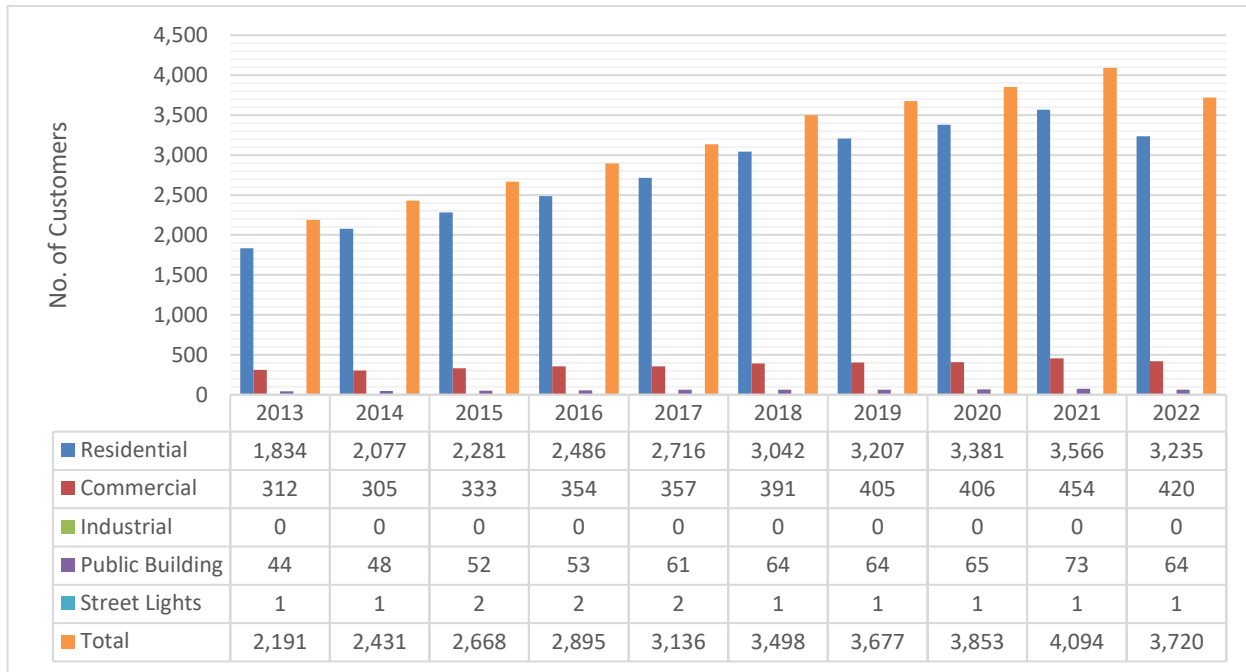
Distribution Line Network of El Nido, Palawan

As presented in **Error! Reference source not found.** below, the market base of El Nido distribution system is mostly residential (85.71%). Commercial users accounted to 12.56%. In terms of energy sales, residential and commercial are at 34.30% and 61.55%, respectively.

Customer Profile as of July 2023

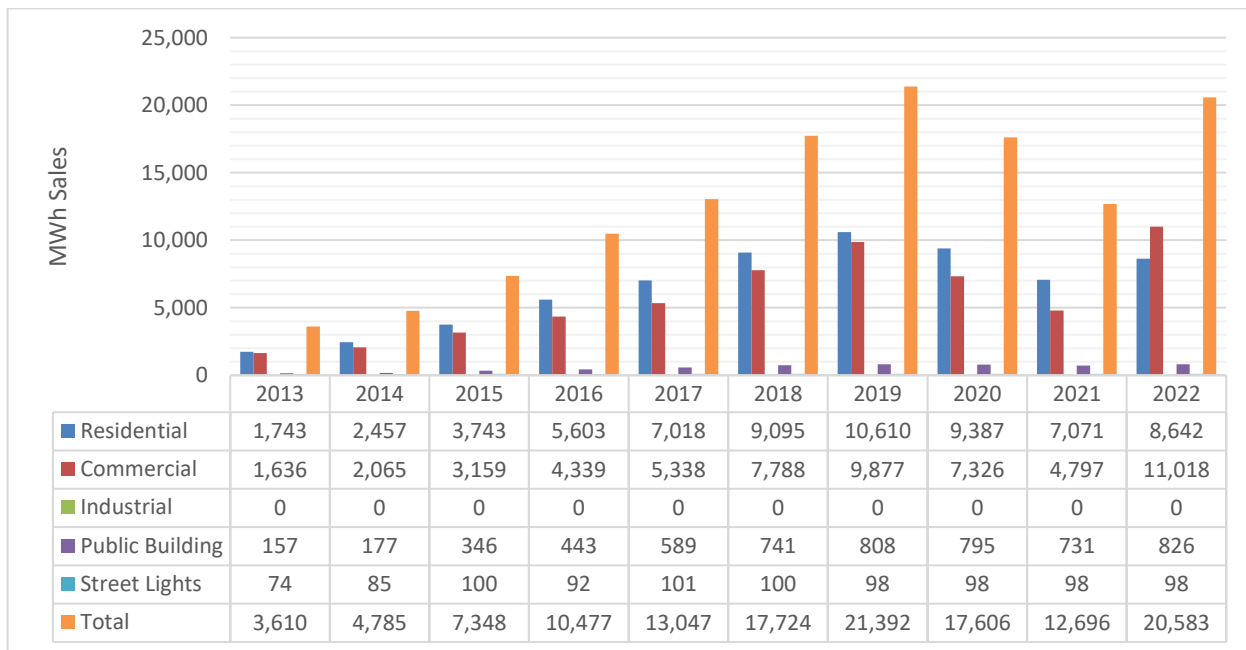
Customer Type	Number of Customer (as of July 2023)	Energy Sales (kWh) (for the month of July 2023)
Residential	3,521	958,378
Commercial	516	1,719,767
Public Buildings	69	107,399
Industrial	1	420
Street Light	1	8,133
TOTAL	4,108	2,794,097

Based on the historical customer profile in Figure, the average growth rate in eight (8) years is 5.04%.



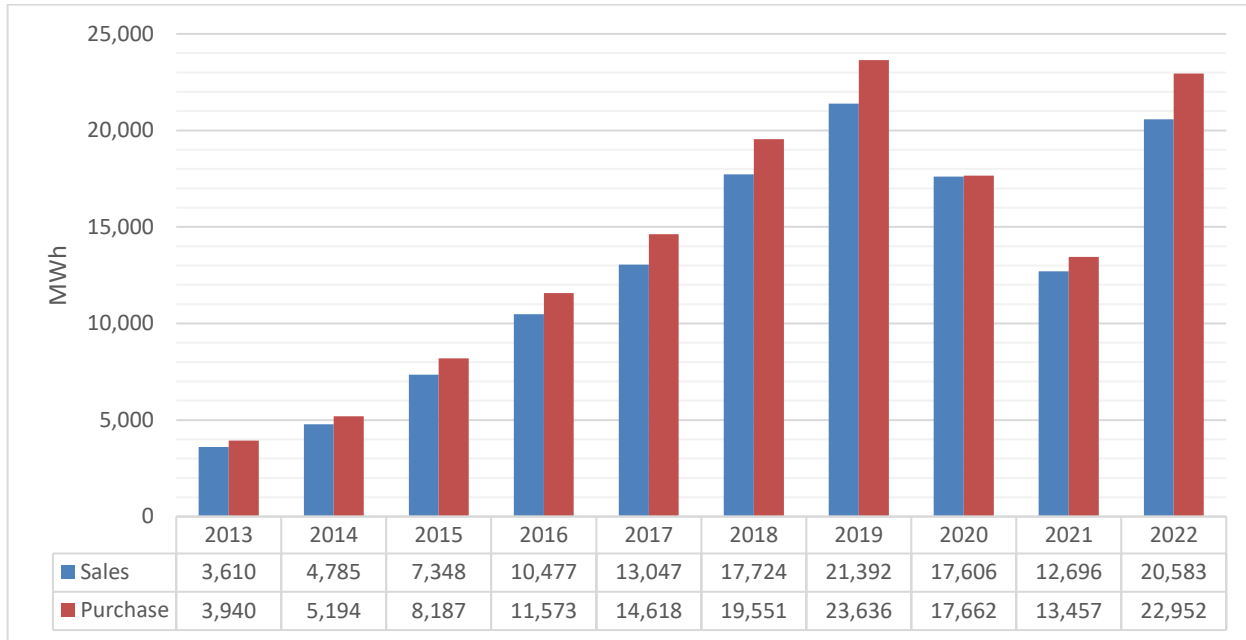
Historical Customer Profile (2015-2022)

Figure shows the historical energy sales per customer type. The average yearly increase is 20.06%.



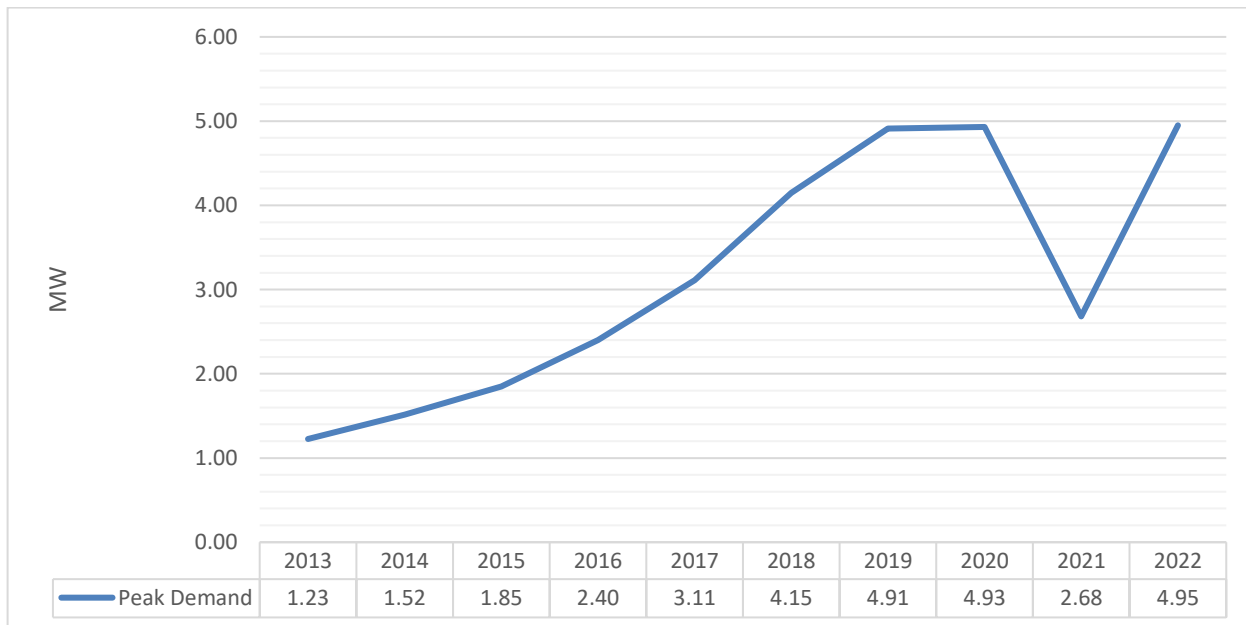
Historical Energy Sales Per Customer Type (2015-2022)

The historical annual energy sales and purchases in **Error! Reference source not found.** show an increase of 20.06 and 20.54 percent respectively.



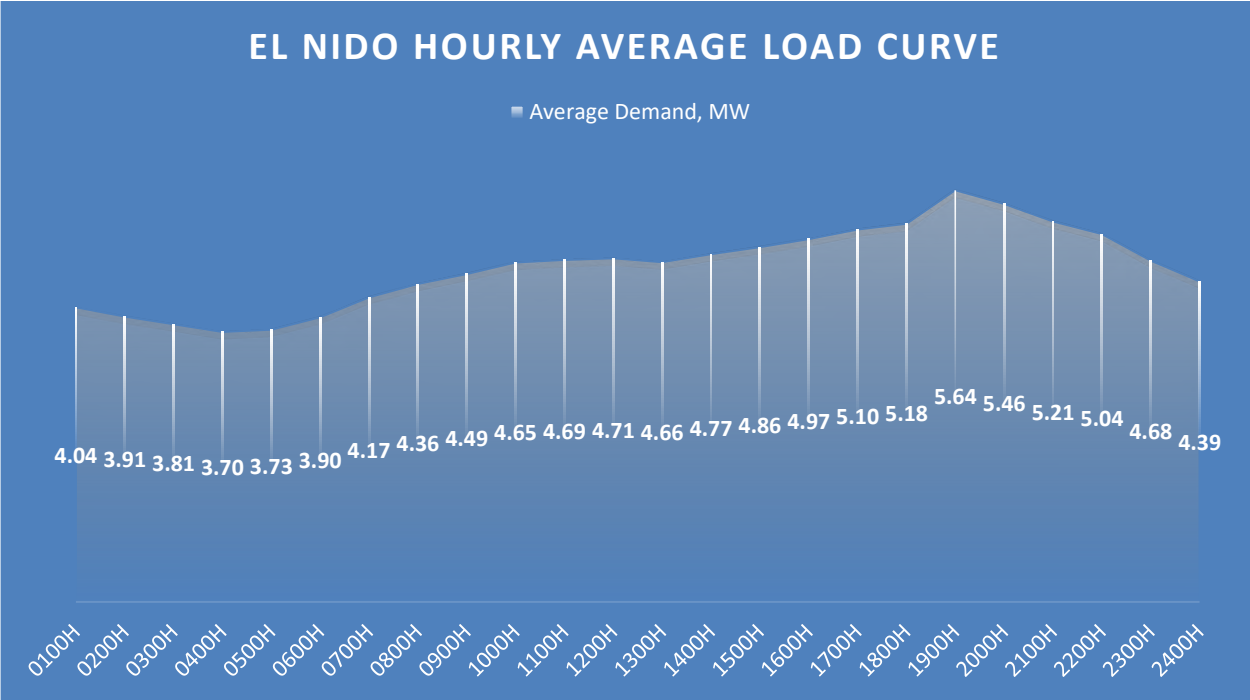
Historical Energy Sales and Purchased (2015-2022)

Figure shows a highly increasing peak load demand from 2013 to 2019 and a decreasing trend thereafter from 2020 to 2021 due to the pandemic period. However, demand started to increase again from 2021 to 2022 after pandemic restrictions have been lifted. The highest reached at 5.129 MW in 2022.



Historical Peak Demand

Figure shows the recent hourly average load demand of El Nido. The highest peak is recorded at 7:00 p.m.



Present El Nido Hourly Demand Curve (January – September 2023)

El Nido Load Forecast

	FORECASTED DATA (EL NIDO)															
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Energy Forecast (kWh)																
Residential	13,478.28	14,720.84	16,103.09	17,642.72	19,356.94	21,262.58	23,376.17	25,713.99	27,794.10	30,578.58	33,630.31	36,964.68	40,597.01	44,542.53	48,816.40	53,433.73
Commercial	12,019.90	13,128.01	14,360.70	15,733.74	17,262.47	18,961.92	20,846.81	22,931.67	25,870.41	28,462.17	31,302.68	34,406.27	37,787.20	41,459.64	45,437.70	49,735.46
Industrial																
Public Buildings	1,063.60	1,161.65	1,270.73	1,392.22	1,527.49	1,677.87	1,844.66	2,029.14	2,121.84	2,334.41	2,567.38	2,821.93	3,099.23	3,400.44	3,726.71	4,079.20
Street Lights	136.78	149.39	163.42	179.05	196.44	215.78	237.23	260.96	256.33	282.01	310.16	340.91	374.41	410.80	450.21	492.80
<i>Potential Big Load - LIO</i>	<i>11,570.42</i>	<i>13,677.55</i>	<i>16,168.42</i>	<i>19,112.92</i>	<i>22,593.65</i>	<i>26,708.27</i>	<i>31,572.22</i>	<i>37,321.96</i>	<i>44,118.81</i>	<i>52,153.46</i>	<i>61,651.33</i>	<i>72,878.90</i>	<i>72,878.90</i>	<i>72,878.90</i>	<i>72,878.90</i>	<i>72,878.90</i>
Total Energy Sales	38,268.97	42,837.45	48,066.37	54,060.65	60,937.00	68,826.43	77,877.09	88,257.72	100,161.49	113,810.63	129,461.86	147,412.69	154,736.75	162,692.30	171,309.93	180,620.09
Total Energy Requirement (Energy Purchase, kWh)	42,410.36	47,365.31	53,003.01	59,431.67	66,771.73	75,158.45	84,744.87	95,705.34	108,239.47	122,576.94	138,982.96	157,764.88	165,146.94	173,372.21	182,082.04	191,508.14
Customer Forecast																
Residential	3,515	3,598	3,676	3,750	3,821	3,889	3,955	4,017	4,078	4,136	4,192	4,246	4,299	4,350	4,399	4,448
Commercial	444	454	464	474	483	491	499	507	515	522	529	536	543	549	556	562
Industrial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Buildings	70	72	73	75	76	78	79	80	81	83	84	85	86	87	88	89
Street Lights	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total Customer	4,030	4,125	4,214	4,300	4,381	4,459	4,534	4,605	4,675	4,742	4,806	4,868	4,929	4,987	5,044	5,100
Peak Demand																
Base Peak Demand, MW	6.38	6.93	7.53	8.18	8.90	9.68	10.54	11.48	12.51	13.63	14.84	16.17	17.61	19.16	20.83	22.64
<i>Potential Big Load - LIO</i>	2.20	2.60	3.08	3.64	4.30	5.08	6.01	7.10	8.39	9.92	11.73	13.87	13.87	13.87	13.87	13.87
Total Peak Demand	8.58	9.53	10.61	11.82	13.20	14.76	16.55	18.58	20.90	23.55	26.57	30.04	31.47	33.02	34.70	36.51



PALAWAN ELECTRIC COOPERATIVE

Kilometer 3.35 North National Highway, Barangay Tinguiban, Puerto Princesa City

Competitive Selection Process
For the 15 MW Supply of Power in the Municipality of El Nido, Palawan

SCHEDULES TO BIDDING PROCEDURES

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SCHEDULE 1

ACCEPTANCE OF FINAL TRANSACTION DOCUMENTS

(To be submitted on the stationery/letterhead of the Bidder and duly notarized)

[Location, Date]

ATTY. WILFREDO L. TAGLE

Chairperson, Third Party Bids and Awards Committee
Competitive Selection Process for the 15 MW Supply of Power in the Municipality of El Nido, Palawan

Sir:

Acceptance of Final Transaction Documents

We refer to the Final Transaction Documents, dated _____, as amended or otherwise supplemented for the Competitive Selection Process for the 15 MW Supply of Power in the Municipality of El Nido, Palawan, such as:

1. El Nido Power Supply Outlook
2. Bidding Procedures including Annexes and Schedules
3. Power Supply Agreement
4. Schedules to Power Supply Agreement

[Bidder 's name] hereby declares, represents and warrants that:

1. It has read and understood each and every section and page of all the Final Transaction Documents, its provisions, terms and conditions, and any amendment, supplement or modification thereto; and accepts and agrees to be bound and fully abide by and comply with the terms and conditions of the Final Transaction Documents and any amendment, supplement or modification thereto as well as the decisions of the Third-Party Bids and Awards Committee (TPBAC);
2. It waives any right it may have to seek and obtain a writ of injunction or prohibition or restraining order against the TPBAC and/or PALECO to prevent or restrain the Bidding Process or any proceedings related thereto, the holding of a bidding related thereto, the selection of the Winning Bidder and the performance of the Final Transaction Documents;
3. It shall at all times comply with Philippine Law; and
4. It unconditionally and irrevocably waives any defect, deviation, fault or infirmity in the Bidding Process conducted by the TPBAC up to and including the Bid Proposal Submission Deadline.

Yours sincerely,

Authorized Signatory
Name and Title
Name of Bidder /Firm
Address

Acknowledgement

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

SCHEDULE 2

FORM OF CERTIFICATION ON SUBMISSIONS

Certification

I, [name], [nationality], of legal age, with office address at [address] hereby state that:

1. I am the duly authorized representative of [Bidder 's Name], [a corporation/partnership duly existing under and by virtue of Philippine laws, with office address at [address] or a consortium composed on the following corporations, partnerships, individuals duly existing under and by virtue of Philippine laws: (list names of corporations/partnerships/individuals and addresses)];
2. Each of the documents submitted by the Bidder in satisfaction of the Bidding Procedures in the Competitive Selection Process for the 15 MW Supply of Power in the Municipality of El Nido, Palawan ("Bidding Procedures") is an original copy or a true and faithful reproduction or copy of the original;
3. The Bidder has carefully examined the Bidding Procedures and accepts all the terms and conditions thereof;
4. The Bidder is fully informed and understands all conditions and matters affecting or that could affect the Proposal, participation or undertaking in the Bidder or the implementation of the sale and other contemplated transactions;
5. The Bidder has conducted an independent due diligence investigation of all matters related to the Bidding process and the contemplated transactions;
6. The Bidder has secured, carefully examined and accepts the terms and conditions of all Supplemental Bid Bulletins; and
7. The Bidder acknowledges that it has reviewed, is fully acquainted with, and unconditionally accepts the terms of the Bidding Procedures, each Supplemental Bid Bulletin and the Final Bidding Document Package.

This certification is being issued in connection with the Bidding Procedures and for whatever legal purpose this may serve.

[Authorized Signature]
[Name]

Acknowledgement
(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

SCHEDULE 3

TECHNICAL PROPOSAL FORM

1. Information Required from Bidders

Bidders would be required to present the following information:

1.1. General Description:

Provide an overall description of the Bidder's proposed project implementation for each power plant to meet the requirements of the PSA. Describe the proposed technology/ies, including commissioning schedule of the generation plants, indicating proposed percentage of available/dispatchable capacity from each technology on an annual basis, if any.

In providing a description of its project implementation, the Bidder shall be guided by the checklist of requirements provided.

Bidder must not fail to provide the complete specifications of the fuel(s) for the generating unit(s), in particular its Percent Sulfur content. Bidder must not also fail to clearly describe how its generating units will comply with the Philippine Standards on Stack Emission on Sulfur Oxides and Ambient Air Quality on Sulfur Dioxide.

1.2. Power Station Technical Information:

For the power station, provide information on the items below.

- 1.2.1. Power Station Name or Designation:
- 1.2.2. Station Site/Location:
- 1.2.3. Power Station Total Installed Generating Capacity, kW:
- 1.2.4. Power Station Total Gross Capacity, kW:
- 1.2.5. Power Station Total Dependable Capacity, kW:
- 1.2.6. Number of Generating Units:
- 1.2.7. Station Service and In-house load requirements, kW

Bidder shall provide a summary tabulating the above information in accordance with Section 1.3.

1.3. Generating Unit Technical Information:

For each generating unit, provide information on the items listed below.

[Note: All the information provided by the Bidder in response to the requirements of this Schedule will be an integral part of the Power Supply Agreement.]

Table [n]. Generating Unit Technical Information

Power Station No.	Generating	Installed/Rated	Gross	Station Use, kW	Plant Losses, kW	69kV Connection Losses, kW	Dependable Capacity, kW	Country of Origin/ Brand:	Engine Model	Nameplate Gross Rating, kW	Speed (rpm)	Type of Governing System	Fuel	Reactive Capability MVAR	Power Factor Capability	Fuel Consumption Rate (liters/kWh)	Allowable	Heat Rate, Btu/kwh	Fuel Calorific Value (LHV), Btu/lb;	Manufacturing Date	Energy Production	
	Unit No	Capacity, kW	Capacity, kW										Type				Downtime, Hours per year		Btu/liter		(kWh/month)	
Fossil-Based & Renewable Energy with Firm Capacity																						
1	1	A	B=A*(80-90%)																			
1	2	A	B=A*(80-90%)																			
1	3	A	B=A*(80-90%)																			
1	4	A	B=A*(80-90%)																			
1	5	A	B=A*(80-90%)																			
1	...	A	B=A*(80-90%)																			
1	n	A	B=A*(80-90%)																			
Power Station 1 Total		C = Sum of above cells	D = Sum of above cells	E	F= Sum of above cells	U	G = D - (E+F+U)															
Renewable Energy with Non-Firm Capacity																						
2	1	G	I=G*(CF)																			
2	2	G	I=G*(CF)																			
2	3	G	I=G*(CF)																			
2	4	G	I=G*(CF)																			
2	5	G	I=G*(CF)																			
2	...	G	I=G*(CF)																			
2	n	G	I=G*(CF)																			
Power Station 3 Total		H = Sum of above cells	J = Sum of above cells	K	L= Sum of above cells																	
Additional Mandatory Requirement																						
3	Back-up	M	O=M*(80-90%)		Q		S = O - Q															
3	Spinning	N	P=N*(80-90%)		R		T = P - R															
							Total Dependable Capacity	w= G + S + T														

Annex A [of Schedule 3 of the Bidding Procedures]

Project Description Checklist

1. Power Plant Technology
 - General description of power plant technology

2. Power Plant Data:
 - 2.1. Plant Capacity: provide the information in accordance with the following table; Refer to Table of Section 1.3

 - 2.2. Plant Single line diagram, showing each generating units, power circuit breakers, transformers and substations.

 - 2.3. Generator Data
 - 2.3.1. MW, MVAR and MVA Rating
 - 2.3.2. Plant Flexibility Performance Data
 - a) Rate of loading following cold shutdown (generating unit and generating plant)
 - b) Rate of loading following hot/warm shutdown (generating unit and generating plant)
 - c) Block load following synchronizing
 - d) Rate of load reduction from normal rated MW
 - e) Regulating range
 - f) Load rejection capability while still synchronized and able to supply load
 - 2.3.3. Speed-Droop Characteristics
 - 2.3.4. AVR Characteristic
 - 2.3.5. Governor Characteristic and response

 - 2.4. Interconnection on existing 13.8 kV PALECO distribution line and planned 69 kV NPC transmission line
 - 2.4.1. Main substation diagram and layout
 - 2.4.2. Tapping and interconnection plan and layout

 - 2.5. Fuel System and Fuel Treatment
 - 2.6. Cooling System
 - 2.7. Fast Start Capability
 - 2.8. Environmental System
 - 2.8.1. Compliance Plan with Environmental Standards

Pollutants	Philippine Standards	Values for proposed technology
Stack emissions		
a. Particulate Matter	150 mg/Ncm for urban / industrial area, 200 mg/Ncm for other areas	
b. Nitrogen Oxides (NO _x)		
- Oil fired	500 mg/Ncm new source; 1500 mg/Ncm existing source (as NO ₂)	
- Engine-driven plants	2000 mg/Ncm existing source (as NO ₂)	
c. Sulfur Oxides (SO _x)	1500 mg/Ncm existing source; 700 mg/Ncm new source (as SO ₃) 1500 mg/Ncm (as SO ₂)	
Ambient Air Quality		
Particulate matter (TSP)	300 µg/m3 (60 mins averaging time)	

Particulate matter (PM ₁₀) ³⁰	200 µg/m ³ (60 mins averaging time)	
Nitrogen dioxide	375 / 260 ig/m ³ (30/60 mins averaging time)	
Sulfur dioxide	470 / 340 µg/m ³ (30/60 mins averaging time)	

- 2.8.2. Emission Monitoring
- 2.8.3. Noise Reduction and Mitigation
- 2.8.4. Waste and waste water treatment, if applicable

2.9. Fuel

- 2.9.1. Fuel Type and Source and Specifications
- 2.9.2. Fuel Storage and Storage Capacity
- 2.9.3. Fuel Supply Agreement
 - a) LOI from prospective fuel supplier(s) indicating % fuel supply requirements
 - b) Contingency Plan if main fuel supplier(s) should fail to supply fuel

3. Project Construction and Management

- 3.1. Method of procurement and contracting (Engineering Procurement and Construction, Turn-key, etc.)
- 3.2. Project Development Schedule (PERT CPM format) per milestone (COD)
- 3.3. Operation and Maintenance (O&M) Program
- 3.4. Overhauls and Maintenance Schedules
- 3.5. Staffing Plan (present detailed organizational chart and indicate key positions)

Annex B [of Schedule 3 of the Bidding Procedures]

Generation Mix for The Proposed Technology Combination

Year	Annual Generation Mix, kWh		
	Conventional	RE	Total
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
Total			

Annex C [of Schedule 3 of the Bidding Procedures]

Design and Operational Description of SCADA with Respect to the Proposed Power Stations

Annex D [of Schedule 3 of the Bidding Procedures]

Design and Operational Description of Energy Management System with Respect to the Proposed
Power Stations

Annex E [of Schedule 3 of the Bidding Procedures]

Battery Specifications

(if Proposal Contains Battery)

Parameters	Values
Battery Technical Specifications	
Manufacturer	
Ramp Rate (MW/Sec)	
Technology	
Duration (hours)	At least 20 minutes
Power (MWh)	
Capacity (MWh)	
Service Life (years)	
AC Round trip efficiency (%)	
Cycle Life	
Cost per kW (\$/kW-AC)	
Cost per MWh (\$/kWh-AC)	

SCHEDULE 4

FINANCIAL TERM SHEET

1. FINANCING PLAN

The bidder will be responsible for mobilization of the financing for the Power Station. Agreements required to secure financing for the Power Station will be entered into between the bidder and the institutions providing the financing for the Power Station and shall be based on the financial plan presented by the bidder in its Proposal. In addition to this term sheet, Bidder shall submit the Indicative Term Sheet and the Conditional Loan Agreement with the financing institution completely filled-out with the same information contained herein. In the event that the contract is awarded to the Bidder, the aforementioned financial instruments (Indicative Term Sheet and Conditional Loan Agreement) become executable.

In lieu of Conditional Loan Agreement, Credit Line Certifications shall be acceptable. In case of Credit Line Certificates this must be equal to the amount of debt portion of the project cost, supported by the following:

- a. Letter from banks stating willingness to lend the winning bidder.
- b. Letter from the banks with indicative term sheet for project financing (stating that initial discussion/negotiation have begun).

Any subsequent changes to the financial plan after finalization of the Final Transaction Documents will require the approval of PALECO.

The financial plan provided by the bidder will describe the sources of funds and the terms of financing for both debt and equity as applicable. For the avoidance of doubt, shareholder loans will be treated as equity provided that they are subordinated to all other debt. The bidder will provide details on the financing sources as outlined in the Table 1 below. The financing should be in an amount sufficient to cover all estimated Power Station costs.

Table 1

SOURCES OF FUNDS					
Items / Sources	USD	+	Local Currency (Pesos)	=	Equivalent Total in Pesos (indicate Php/USD exchange rate used)
1.1 Total Facility Costs* (Excluding stand-by credit facility)					
1.2 Equity					
• Lead Member Name: _____					
• (Member of Consortium) Name: _____					
• (Member of Consortium) Name: _____					
• Contractor/Supplier Name: _____					
• Contractor/Supplier Name: _____					
• Other sources (specify) Name: _____					
• Other sources (specify) Name: _____					
Total Equity:					

SOURCES OF FUNDS					
Items / Sources	USD	+	Local Currency (Pesos)	=	Equivalent Total in Pesos (indicate Php/USD exchange rate)
1.3 Debt Financing					
• Export Credit Agencies (List individually)					
• Export Credit Agency Name: _____					
• Export Credit Agency Name: _____					
• Export Credit Agency Name: _____					
• Commercial Sources (List individually)					
• Commercial Source Name: _____					
• Commercial Source Name: _____					
• Commercial Source Name: _____					
• Multilateral Sources (List individually)					
• Multilateral Source Name: _____					
• Multilateral Source Name: _____					
• Other Sources (List individually)					
• Other Source Name: _____					
Total Debt:					

* The indicated facility costs should comply the requirement that the average Net Financial Contracting Capacity (NFCC) from the last two-year audited financial statement should be at least twenty-five percent (25%) higher than the Project Cost.

2. DOCUMENTATION

In support of the financing plan provided above, the following documents must be provided.

- 2.1 Financial Plan certified by the Chief Executive Officer or Treasurer /Controller of each of the companies stating that the company will provide the amount of equity stated in Section 1.2 of Table 1 at the relevant time.
- 2.2 Letters of Interest with term sheets from the Export Credit Agencies, Commercial Sources and /or Multilateral Sources and /or financial institutions verifying the amount of debt financing stated in Section 1.3 of Table 1. The document should also indicate the repayment period and interest rates (fixed or variable) applicable to the commitment.
- 2.3 If the Bidder has obtained an underwriting for all or part of the amount, a letter from the financing institution of such undertaking shall be provided.
- 2.4 If the Bidder has appointed a financial advisor/arranger for the project, Bidder shall provide the name of the organization, the lead person who will perform the services from the organization, and the qualification statement for the organization and the lead person.

- 2.5 Should the Bidder plan to have financing for the project at a later date, *i.e.* on or following the COD, details of financing arrangements prior to the long-term financing being effective shall be provided.
- 2.6 The Bidder shall provide a detailed schedule of activities leading to financial close in its Bid.
- 2.7 Bidder shall provide Letter of undertaking/support from parent company, if applicable.

3. PROJECT INTERNAL RATE OF RETURN

The project Internal Rate of Return is [_____].

SCHEDULE 5

FINANCIAL BID FORM

(To be submitted on the stationery/letterhead of the Bidder, if available)

[Location, Date]

ATTY. WILFREDO L. TAGLE
Chairperson, Third Party Bids and Awards Committee
Competitive Selection Process for the 15 MW Supply of Power in the Municipality of El Nido, Palawan

Sir:

Financial Proposal Form

We refer to the Bidding Procedures, dated _____ as amended or otherwise supplemented, (the "Bidding Procedures") for the Competitive Selection Process for the 15MW Supply of Power in the Municipality of El Nido, Palawan (the "Transaction").

We hereby submit this Financial Bid Form to the Third-Party Bids and Award Committee (TPBAC) after having completed a comprehensive and complete business, legal, technical and financial due diligence of the electricity demand and supply, financial and operating performance of Palawan Electric Cooperative (PALECO).

Capitalized Terms used but not defined herein shall have the meaning given in the Bidding Procedures.

We unconditionally, voluntarily and irrevocably declare and state that this document:

1. Represents our voluntary offer to undertake the Transaction, on the basis and terms set forth in the Final Transaction Documents which we executed and delivered;
2. Constitutes an unconditional and irrevocable offer, which shall be valid, and may be accepted by the TPBAC within three hundred (300) days from the Submission Deadline irrespective of any event that may occur within such period or as may be extended, as provided in the Bidding Procedures.
3. [Bidder's name] declares that has read and understood each and every section and page of the Bidding Procedures and each Supplemental Bid Bulletin, the respective provisions, terms and conditions thereof, and any amendment, supplement or modification thereto as well as the decisions of the TPBAC; and accepts and agrees to be bound and fully abide by and comply with the terms and conditions of the Bidding Procedures and any Supplemental Bid Bulletin or amendment, supplement or modification thereto as well as the decisions of the TPBAC;
4. [Bidder's name] represents and warrants that the Bidder and its representatives have conducted an independent due diligence, investigation, analysis and verification of the electricity demand and supply, financial and operating performance of PALECO and the Bidder confirms that it and its representatives have been provided adequate access to the data, personnel, premises and records of PALECO pertaining to the Transaction;
5. [Bidder's name] waives any and all claims and causes of action against the TPBAC, PALECO or any of their advisors and consultants in the event that the bidding, selection and/or award be (i) stopped or terminated by the TPBAC; or (ii) declared invalid or is set aside by a court or competent jurisdiction or any Governmental Body for any reason whatsoever;
6. [Bidder's name] is not barred or blacklisted from participating in any bidding by any Governmental Body;
7. [Bidder's name] or any officer or director of the Bidder is not related to the Chairman, President, members of the Board of Directors of PALECO, the TPBAC members and TPTWG members, by consanguinity or affinity up to the fourth civil degree.

8. [Bidder 's name] hereby represents and warrants that neither he (or in case of a corporation, its incorporators, past or present shareholders and directors) nor his directors, officers, employees, representatives or agents have given, authorized or offered any money or other consideration directly or indirectly to any past or present officer, director, employee or agent of any Governmental Body, or to PALECO which violates any Philippine Law, including the "Revised Penal Code" (Act Number 3815, as amended) and the "Anti-Graft and Corrupt Practices Act" (Republic Act Number 3019, as amended);
9. [Bidder 's name] represents and warrants that it shall at all times comply with Philippine Law;
10. [Bidder 's name] waives any right it may have to seek and obtain a writ of injunction or prohibition or restraining order against the TPBAC, PALECO and/or its advisors and consultants, to prevent or restrain the Bidding Process or any proceedings related thereto, the holding of a bidding or any proceeding related thereto, the selection of the Winning Bidder, the performance of the Final Transaction Documents;
11. [Bidder 's name] unconditionally and irrevocably waives any defect, deviation, fault or infirmity in the Bidding Process conducted by the Committee or by any of its advisors or consultants up to and including the date hereof;
12. [Bidder 's name] represents and warrants that the Bidder is a Filipino citizen, Filipino-owned corporation/company, or _____;
13. The Second Proposal Envelope contains a financial proposal with a single value for each of the following bid parameters, which shall be exclusive of VAT:

- Capacity Recovery Fee (CRF), expressed in PhP/mo and rounded to two decimal places;

$$\begin{aligned} \text{CRF} &= \text{CRR} \times \text{CC} = \text{Php } \underline{\hspace{2cm}} / \text{kW} \times 15,000 \text{ kW} = \underline{\hspace{2cm}} \text{ for conventional or firm RE} \\ \text{CRF} &= \text{Php } \underline{\hspace{2cm}} / \text{kWh} \times \text{Energy Delivered} = \underline{\hspace{2cm}} \text{ for non-firm RE} \end{aligned}$$

- Fixed Operations and Maintenance Fee (FOMF), expressed in PhP/mo and rounded to two decimal places; and

$$\begin{aligned} \text{FOMF} &= \text{FOMR} \times \text{CC} = \text{Php } \underline{\hspace{2cm}} / \text{kW} \times 15,000 \text{ kW} = \underline{\hspace{2cm}} \text{ for conventional or firm RE} \\ \text{FOMF} &= \text{Php } \underline{\hspace{2cm}} / \text{kWh} \times \text{Energy Delivered} = \underline{\hspace{2cm}} \text{ for non-firm RE} \end{aligned}$$

- Variable Operations and Maintenance Fee (VOMF), expressed in PhP and rounded to two decimal places, and

$$\begin{aligned} \text{VOMF} &= \text{VOMR} \times \text{kWh Energy Delivered} = \underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ for conventional or firm RE} \\ \text{VOMF} &= \text{VOMR} \times \text{Energy Delivered} = \underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ for non-firm RE} \end{aligned}$$

- Fuel Fee (FF), expressed in PhP and rounded to two decimal places, optimally apportioned based on least cost mix to achieve lowest Energy Fee

$$\begin{aligned} \text{FF} &= \underline{\text{FR}} \times \text{Energy Delivered} = \underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ for conventional or firm RE} \\ \text{FF} &= \underline{\text{FR}} \times \text{Energy Delivered} = \underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ for non-firm RE} \end{aligned}$$

1. The above parameters shall be used to determine the Total Fee at Bid Date (TF_{bd}), which shall be inclusive of VAT except RE, using the following formula:

$$\text{TF}_{\text{bd}(\text{non RE})} = \text{CRF} + \text{FOMF} + \text{VOMF} + \text{FF} + \text{VAT}$$

$$\begin{aligned} \text{TF}_{\text{bd}(\text{RE})} &= T F_t = \text{CRF}_t + \text{FOMF}_t + \text{VOMF}_t + \text{FF}_t && \text{(for biomass)} \\ \text{TF}_{\text{bd}(\text{RE})} &= T F_t = \text{CRF}_t + \text{FOMF}_t + \text{VOMF}_t && \text{(for other REs)} \end{aligned}$$

$$\text{TF}_{\text{bd}} = \text{TF}_{\text{bd}(\text{non RE})} + \text{TF}_{\text{bd}(\text{RE})}$$

2. Based on the above formula for calculating the TF_{bd}, the Total Fee:

$$TF_{bd} = \text{Php} \frac{\quad}{\quad}$$

(rounded to two decimal places)

3. Based on the above formula for calculating the $TCGR_{bd}$, the following constitutes our Financial Proposal Price:

$TCGR_{bd} = \frac{\quad}{\quad} \text{Ph/kWh}$ <p>(Rounded to four decimal places)</p>

14. Bidder hereby attaches the computations of each Tariff component classified according to its applicability of indexation and completely filled-out templates as shown in Annex A.1 to A.4 of Schedule 5.

**ANNEX A.1 OF SCHEDULE 5: FINANCIAL BID FORM
POWER GENERATION ALLOCATION**

Color Coding

Mandatory data input

Instruction

Adjust values of generation allocation during allowed outages.

Technology	Start Month/Year	Installed Capacity, MW	Dependable Capacity, MW	
Conventional	Jul-25			
RE Firm	Jul-25			
RE Non-Firm	Jul-25		MRU	
Total Power Generation Allocation				
Conventional	RE Firm	RE Non-Firm	Total	
998,299,781	19,315,410	57,946,231	1,075,561,422.64	
No. of Months	180	180	180	
Ave. Monthly Generation	5,546,110	107,308	321,924	
Annual Degradation Factor		0.05%	0.05%	
Min RE Monthly Generation		81,502		
Energy Allocation				
Month	Conventional	RE Firm	RE Non-Firm	Total
M1				3,159,271.23
M2				3,123,279.70
M3				3,121,603.43
M4				3,492,938.44
M5				3,682,134.21
M6				3,880,538.29
M7				3,746,883.43
M8				3,900,910.72
M9				3,602,658.30
M10				4,512,501.63
M11				4,582,700.12
M12				4,169,505.26
M13				3,528,380.21
M14				3,488,017.54
M15				3,486,128.89
M16				3,900,851.25
M17				4,112,108.84
M18				4,333,690.96
M19				4,192,664.06
M20				4,364,984.29

M21				4,031,228.49
M22				5,049,306.16
M23				5,127,895.35
M24				4,665,572.95
M25				3,948,184.47
M26				3,903,201.52
M27				3,901,090.05
M28				4,365,174.72
M29				4,601,582.51
M30				4,849,538.89
M31				4,701,210.37
M32				4,894,436.00
M33				4,520,199.85
M34				5,661,766.15
M35				5,749,883.02
M36				5,231,479.67
M37				4,427,074.39
M38				4,376,635.76
M39				4,374,270.21
M40				4,894,642.72
M41				5,159,729.28
M42				5,437,760.21
M43				5,281,853.95
M44				5,498,948.75
M45				5,078,493.30
M46				6,361,055.37
M47				6,460,050.67
M48				5,877,615.70
M49				4,973,857.15
M50				4,917,189.37
M51				4,914,533.72
M52				5,499,174.07
M53				5,797,005.22
M54				6,109,374.43
M55				5,945,293.94
M56				6,189,661.52
M57				5,716,396.17
M58				7,160,059.19
M59				7,271,484.13
M60				6,615,887.01
M61				5,598,607.97
M62				5,534,822.82
M63				5,531,835.68
M64				6,189,908.10
M65				6,525,153.03
M66				6,876,756.95

M67				6,703,638.37
M68				5,846,164.97
M69				5,430,961.34
M70				6,839,700.95
M71				6,918,936.14
M72				6,263,789.36
M73				5,431,036.26
M74				5,431,034.29
M75				5,255,817.80
M76				5,728,620.75
M77				6,191,778.25
M78				6,546,976.04
M79				6,323,805.27
M80				6,719,765.09
M81				6,026,161.45
M82				7,199,701.10
M83				7,439,736.27
M84				7,199,789.46
M85				5,877,436.34
M86				5,803,034.38
M87				5,831,817.89
M88				6,621,420.84
M89				7,127,778.36
M90				7,439,776.15
M91				7,439,805.36
M92				6,959,765.21
M93				7,439,761.57
M94				7,271,701.25
M95				7,514,136.41
M96				6,479,789.57
M97				6,323,836.42
M98				6,323,834.46
M99				6,119,817.98
M100				6,323,820.93
M101				6,479,778.48
M102				6,770,176.26
M103				6,695,805.46
M104				6,887,765.33
M105				6,323,761.69
M106				7,307,701.39
M107				7,551,336.54
M108				7,199,789.67
M109				6,249,436.51
M110				6,175,034.54
M111				6,407,818.07
M112				7,067,821.02

M113				7,307,778.59
M114				7,551,376.37
M115				7,142,205.56
M116				6,786,965.44
M117				7,514,161.81
M118				7,523,701.54
M119				7,618,668.67
M120				7,199,789.78
M121				7,291,036.59
M122				6,547,034.63
M123				6,430,138.17
M124				6,695,821.11
M125				6,479,778.70
M126				6,695,776.49
M127				7,365,405.66
M128				6,887,765.56
M129				6,918,961.93
M130				7,379,701.69
M131				7,625,736.80
M132				7,307,789.88
M133				6,770,236.67
M134				6,695,834.71
M135				6,767,818.26
M136				7,439,821.20
M137				7,199,778.81
M138				7,439,776.60
M139				7,439,805.75
M140				7,133,765.68
M141				7,365,362.05
M142				7,595,701.84
M143				7,588,536.93
M144				7,271,789.99
M145				6,993,436.75
M146				6,993,434.79
M147				6,767,818.35
M148				7,439,821.28
M149				7,379,778.92
M150				7,625,776.71
M151				7,439,805.85
M152				6,887,765.79
M153				6,993,362.17
M154				7,379,701.99
M155				7,588,537.06
M156				7,271,790.09
M157				7,142,236.83
M158				7,142,234.87

M159				6,767,818.44
M160				7,477,021.37
M161				7,379,779.03
M162				7,625,776.82
M163				7,514,205.95
M164				6,988,565.91
M165				7,067,762.29
M166				7,523,702.14
M167				7,774,537.20
M168				7,199,790.20
M169				7,365,436.91
M170				7,253,834.96
M171				7,199,818.53
M172				7,551,421.46
M173				7,307,779.14
M174				7,588,576.93
M175				7,514,206.04
M176				6,988,566.03
M177				7,067,762.41
M178				7,523,702.29
M179				7,774,537.33
M180				7,199,790.30

ANNEX A.2 OF SCHEDULE 5: FINANCIAL BID FORM ASSUMPTIONS

Notes:

Assumptions and mandatory values are required to arrive at comparable assessment of proposals. Detailed information shall be provided by the Winning Bidder for purposes of PSA application before the ERC.

Color Coding
Instruction

Mandatory data input

TECHNICAL ASSUMPTIONS

Conventional Dependable Capacity		MW
RE Firm Dependable Capacity		MW
RE Non-firm Capacity		MWp
Back-up Dependable Capacity		MW
Spinning Dependable Capacity		MW
COD		
Life of the Assets		years

RE	Dependable Capacity Factor for FIRM RE Only
Solar PV*	
Hydro	
Biogas	
Wind	

*Based on minimum monthly generation

Bidder may expand assumptions for computation of the Annualized Value of the Project

PROJECT FINANCIALS

Computation of Cost of Equity

Particular	TPBAC Assumptions	Bidder
Market Risk Premium	7.89%	
Multiple By Releveled Beta	1	
Equals	7.89%	
Plus Risk-Free Rate	6.56%	
Cost of Equity (pre-tax)	14.45%	

TPBAC Reference

2023 CRP by Aswath Damodaran of NYU, Stern

2023 Bureau of the Treasury

	TPBAC Assumptions	Bidder	Remarks
Debt Financing Share	60%		
Equity Financing Share	40%		
Corporate Tax Rate	25%		
Cost of Debt, pre-tax	9.00%		
Cost of Debt, post-tax	6.75%		
Cost of Equity, pre-tax	14.45%		
Cost of Equity, post-tax	10.84%		
WACC, pre-tax	11.18%		
WACC, post-tax	8.39%		
Terminal Value	5.00%		of Project Cost
A/P	0.127		
A/F	0.015		

	TPBAC Assumptions	Bidder	Reference
Forex, PhP/USD	56.8270		https://www.bsp.gov.ph/SitePages/Statistics/ExchangeRate.aspx
US CPI	307.789		https://www.bls.gov/news.release/cpi.t01.htm
Philippine CPI ₂₀₁₈₌₁₀₀	123.900		https://psa.gov.ph

*Available data
as of October
26, 2023*

Year	FOREX (USD)	Local Inflation	US Inflation
-2	57	3.25%	2.40%
-1	57	3.25%	2.40%
1	58	3.25%	2.40%
2	58	3.25%	2.40%
3	58	3.00%	2.00%
4	58	3.00%	2.00%
5	59	3.00%	2.00%
6	59	3.00%	2.00%
7	59	3.00%	2.00%
8	59	3.00%	2.00%
9	59	3.00%	2.00%
10	59	3.00%	2.00%
11	60	3.00%	2.00%
12	60	3.00%	2.00%
13	60	3.00%	2.00%
14	60	3.00%	2.00%
15	60	3.00%	2.00%

**ANNEX A.3 OF SCHEDULE 5: FINANCIAL BID FORM
PROJECT COST AND EXPENDITURES**

Color Coding
Instruction

Mandatory
Optional

A. 15MW POWER SUPPLY

1. PROJECT COST

Component	Component, PhP			Sub-Total
	Conventional	RE Firm	RE Non-Firm+ BESS	
Item 1-n				
[expand as needed]				
TOTAL				
Terminal Value				
Annualized Value of the Project Cost				
Annualized Value of the Terminal Value				
Return on 2-months Working Capital				
Annual Levelized Recovery Fee				
Plant Cost/MW				

2. FIXED OPERATING COSTS

Component	Component, PhP			Sub-Total
	Conventional	RE Firm	RE Non-Firm	
Item 1-n				
[expand as needed]				
Sub-total				
Annualized Value of the Fixed Operating Costs				
Local Cost Component, PhP				
Excluded from Indexation, PhP				

3. VARIABLE OPERATING COSTS

Component	Component, PhP			Sub-Total
	Conventional	RE Firm	RE Non-Firm	
Item 1-n				
[expand as needed]				
Sub-total				
Annualized Value of the Variable Operating Costs				
Foreign Cost Component, PhP				
Local Cost Component, PhP				
Excluded from Indexation, PhP				

4. FUEL COSTS

Fuel Efficiency Consumption Rate (Plant), Liter/kWh

Fuel	TPBAC Assumptions*	Conventional	RE
HFO	0.250		
LFO	0.005		
Lube Oil	0.0015		

Basis: Operational efficiency performance of bunker plants in Palawan

Fuel Unit Cost, PhP/Liter

Fuel (Ex-VAT)	TPBAC Assumptions	Conventional	RE
HFO	46.7300		
LFO	58.3844		
Lube Oil	161.7609		

Basis: Landed fuel cost of bunker plants in Palawan as of September 2023

Fuel Rate, PhP/kWh	12.2171		
---------------------------	---------	--	--

Fuel Cost (Exclusive of TLL), PhP

Fuel	TPBAC Assumptions	Conventional	RE
HFO		-	
LFO		-	
Lube Oil		-	
Total		-	

Note: For other fuel-based technologies, for Bidder to provide efficiency rate and fuel unit cost for the computation of Fuel Rate

GAS/LNG FUEL		Bidder	Basis
GAS PRICE (All-in, Ex-VAT)	USD/MMBTU		Indicate basis of cost for validation
CONTRACT HEAT RATE	BTU/kWh		GFST Range 9000-11000 BTU/KWH
FUEL RATE	USD/kWh		CCGT Range 7000-9200 BTU/KWH
FUEL RATE	PhP/kWh		

Indicate landed fuel cost referred in El Nido, Palawan based on average cost in September 2023

COAL FUEL		Bidder	Basis
COAL PRICE (All-in, Ex-VAT)	USD/TON		Indicate basis of cost for validation
CONTRACT HEAT RATE	BTU/kWh		Range 9000-9900 BTU/KWH
FUEL RATE	USD/kWh		
FUEL RATE	PhP/kWh		

Indicate landed fuel cost referred in El Nido, Palawan based on average cost in September 2023

**ANNEX A.4 OF SCHEDULE 5: FINANCIAL BID FORM
COMPUTATION OF FINANCIAL BID**

A. POWER SUPPLY MONTHLY FEE

COMPONENTS	MONTHLY RECOVERY FEE, PHP/MONTH			TOTAL
	CONVENTIONAL	FIRM RE	NON-FIRM RE	
CRF				
FOMF				
VOMF				
FUEL FEE				
TOTAL FEE BEFORE VAT				
VAT-CRF, FOMF, VOMF				
VAT-FUEL				
TOTAL FEE	-	-	-	-

B. ADDITIONAL ANCILLARY SERVICE MONTHLY FEE

COMPONENTS	2MW SPINNING RESERVE FEE, PHP/MONTH		
	CONVENTIONAL	FIRM RE	SUB-TOTAL
CRF			
FOMF			
VOMF			
FUEL FEE			
TOTAL FEE BEFORE VAT			
VAT-CRF, FOMF, VOMF			
VAT-FUEL			
TOTAL RECOVERY FEE	-	-	-

COMPONENTS	___ MW BACKUP RESERVE FEE, PHP/MONTH			TOTAL
	CONVENTIONAL	RE FIRM	SUB-TOTAL	
CRF				
FOMF				
VOMF				
FUEL FEE				
TOTAL FEE BEFORE VAT				
VAT-CRF, FOMF, VOMF				
VAT-FUEL				
TOTAL RECOVERY FEE	-	-	-	-

C. TOTAL LEVELIZED FEE AND RATES

	ALLOCATION, KWH			
	CONVENTIONAL	FIRM RE	NON-FIRM RE	TOTAL
ENERGY GENERATION	-	-	-	-
69KV LOSSES	-			-
TOTAL				-

COMPONENTS	LEVELIZED MONTHLY FEE			
	POWER SUPPLY	LINE LOSS, PHP	ADDITIONAL ANCILLARY SERVICE CHARGE	TOTAL MONTHLY FEE
CRF				
FOMF				
VOMF				
FUEL FEE				
TOTAL FEE BEFORE VAT				
VAT-CRF, FOMF, VOMF				
VAT-FUEL				
TOTAL	-	-	-	-

COMPONENTS	LEVELIZED RATE		
	POWER SUPPLY	ADDITIONAL ANCILLARY SERVICE CHARGE	TOTAL RATE
CRR			
FOMR			
VOMR			
FUEL RATE			
TOTAL RATE BEFORE VAT			
VAT-CRR, FOMR, VOMR			
VAT-FUEL			
TOTAL LEVELIZED RATE	-	-	-

SCHEDULE 6

FORM OF UNDERTAKING TO RE-POST BID SECURITY AND TO RETAIN THE ORIGINAL BID PROPOSAL

(To be submitted on the stationary/letterhead of the Bidder)

[Location, Date]

ATTY. WILFREDO L. TAGLE
Chairperson, Third Party Bids and Awards Committee
Competitive Selection Process for the 15 MW Supply of Power in the Municipality of El Nido, Palawan

Sir:

Undertaking to Re-Post Bid Security and to retain the original bid proposal.

We refer to the Bidding Procedures, dated _____ as amended or otherwise supplemented, (the "Bidding Procedures") for the Competitive Selection Process for the 15 MW Supply of Power in El Nido, Palawan.

In the event we are not declared as the Winning Bidder and we have already refunded our bid security and the Winning Bidder failed to comply the necessary requirements within the validity period, we hereby undertake to re-post Bid Security in the form of Manager's Check upon notice of Palawan Electric Cooperative (PALECO) so that our submitted bid will be post qualified by the TPBAC.

Yours sincerely,

Authorized Signatory
Name and Title
Name of Bidder /Firm
Address

Acknowledgement
(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

SCHEDULE 7

FORM OF UNDERTAKING TO POST PERFORMANCE SECURITIES

(To be submitted on the stationary/letterhead of the Bidder)

[Location, Date]

ATTY. WILFREDO L. TAGLE
 Chairperson, Third Party Bids and Awards Committee
 Competitive Selection Process for the 15 MW Supply of Power in the Municipality of El Nido, Palawan

Sir:

Undertaking to Post Performance Securities

We refer to the Bidding Procedures, dated _____ as amended or otherwise supplemented, (the "Bidding Procedures") for the Competitive Selection Process for the 15 MW Supply of Power in in the Municipality of El Nido, Palawan.

In the event we are declared the Winning Bidder, we hereby undertake to post the Performance Securities in Manager's Check in favor of Palawan Electric Cooperative, (PALECO) to guarantee prompt, faithful and complete performance of our obligations under the Power Supply Agreement in accordance with the requirements of the Bidding Procedures.

The Performance Securities are the (1) Construction Security and (2) Operations Security which shall be posted pursuant to and in compliance with Section II-19 of the Bidding Procedures, thus.

Period of Coverage	Amount of security in form of Manager's cash, cashier's/manager's check or bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank. Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.	Required Date of Posting
Construction Security		
From Effective Date to COD	Based on the projected dispatched energy for six months multiplied by the blended TCGR of existing power plants less the approved tariff multiplied by projected energy dispatch for the next 6 months allowed as extension multiplied by 1.25	Not later than five (5) days before Effective Date
Operations Security		
From COD of conventional technology component until the end of the term of the Power Supply Agreement	The amount of the operation shall be 8760 hours multiplied by 15 MW contracted capacity multiplied by the NPP TCGR multiplied by 5%	Not later than thirty (30) days before Commercial Operations Date

Yours sincerely,

Authorized Signatory
 Name and Title
 Name of Bidder /Firm
 Address

Acknowledgement

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

SCHEDULE 8

FORM OF UNDERTAKING FOR THE LEASE/OWNERSHIP OF THE PLANT SITE

[Note: Bidder may expand and revise this form to include relevant provision of the agreement with the landowner].

KNOW ALL MEN BY THESE PRESENTS:

This Undertaking is made and executed by:

Mr./Ms. _____ (LESSOR/BUYER) of legal age,
single/married, _____ citizen, presently residing at _____.
in favor of Mr./Ms. _____ (LESSEE/SELLER) of legal age,
single/married, _____ citizen, presently residing at _____.

WITNESSETH:

That the LESSOR/BUYER is the registered owner of property covered under TCT No. _____/CCT No. _____ located in _____, Philippines, and more particularly described as follows, to wit:

“Insert Lot Description”

That the LESSOR/BUYER intends to lease/purchase the above-described parcel of lot for the total price of _____.

That the LESSEE/SELLER hereby warrant his/her title over the land above-described, with full right to utilize as plant site for the supply of power for the Municipality of El Nido, Palawan.

IN WITNESS WHEREOF, the parties hereto have signed these presents this _____ day of _____ 2023, in the City/Municipality of _____.

LESSOR/BUYER

LESSEE/SELLER

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGEMENT

(before a Philippine Notary Public or Philippine Consular Official authorized to administer oaths)

SCHEDULE 9

CERTIFICATION FROM THE HOST BARANGAY

OFFICE OF THE PUNONG BARANGAY

CERTIFICATION

TO WHOM IT MAY CONCERN:

This is to certify that the Sangguniang Barangay of Barangay _____, Municipality of El Nido, Palawan has no objection in the proposed _____ of _____.

This certificate has been issued for whatever purpose it may serve.

Issued this ____ of _____ 2023 at _____, Palawan.

Punong Barangay

[Note: The Certification must bear the official header of the Barangay]

SCHEDULE 10

DRAFT POWER SUPPLY AGREEMENT

[REFER TO SEPARATE SHEET]

PALECO Board Chairman

SCHEDULE 10 OF BIDDING PROCEDURES

PALECO General Manager

[Instruction to Bidder: Only portions shaded in GREEN are to be filled-up by the Bidder. When no RE component is included, strikethrough the inapplicable provisions.]

NPP 2nd Authorized Representative

**15MW
POWER SUPPLY AGREEMENT**

between

PALAWAN ELECTRIC COOPERATIVE

NPP 1st Authorized Representative

and

[NEW POWER PROVIDER]

Witness

Witness

[DATE OF SIGNING]

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PALECO Board Chairman

PALECO General Manager

NPP 2nd Authorized Representative

NPP 1st Authorized Representative

Witness

Witness

PALECO Board Chairman

PALECO General Manager

NPP 2nd Authorized Representative

NPP 1st Authorized Representative

Witness

Witness

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PALECO Board Chairman

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PALECO General Manager

NPP 2nd Authorized Representative

NPP 1st Authorized Representative

Witness

Witness

PALECO Board Chairman

POWER SUPPLY AGREEMENT

THIS POWER SUPPLY AGREEMENT (the "Agreement") is entered into this [Date] day of [Month] 2023 between:

PALECO General Manager

PALAWAN ELECTRIC COOPERATIVE, an electric cooperative duly organized by virtue of Presidential Decree No. 269, as amended, and duly registered with the Cooperative Development Authority (CDA) under Registration Number QC-1616-EC-012 with principal office address at Km 3.35, North National Highway, Puerto Princesa City, Palawan, Philippines, represented by its **Board Chairman EFREN B. ABEJO** and **General Manager REZ L. CONTRIVIDA, PEE** who are the authorized to representatives in this Agreement, hereinafter referred to as the "**OFFTAKER**"; and

NPP 2nd Authorized Represent

[REDACTED], a company organized and existing under the laws of the Philippines, with its principal office at [REDACTED], represented herein by its **[1st representative]**, and **[2nd representative]**, who are the authorized representatives in this Agreement, hereinafter referred to as the "**SUPPLIER**",

(each a "Party" and together the "Parties").

NPP 1st Authorized Representa

RECITALS:

- A. OFFTAKER is an electric cooperative engaged in the distribution of electricity in the province of Palawan, Republic of the Philippines.
- B. Pursuant to the policy of the State declared in Republic Act No. 9136 and consistent with the terms of its franchise, OFFTAKER seeks to ensure the quality, reliability, security and affordability of supply of electric power within its franchise area.
- C. It is also the policy of the State declared in Republic Act No. 9136 to enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors.
- D. Pursuant to the Department of Energy ("DOE") Circular No. 2018-02-003 as amended by DOE Circular No. DC2021-09-0030, and NEA Memorandum No. 2019-007, and consistent with the declared policies of the State, OFFTAKER, had undertaken a Competitive Selection Process (CSP) for the appointment of a New Power Provider to provide a Contracted Capacity of 15MW to OFFTAKER.
- E. As a result of the CSP undertaken by OFFTAKER, SUPPLIER was selected to provide a **Contracted Capacity of 15MW** to OFFTAKER.
- F. The Dependable Capacity shall include a capacity margin to comply with the required Additional Ancillary Services.
- G. The Parties desire then to enter into this Agreement to define their respective rights and obligations regarding the supply of electricity to OFFTAKER by SUPPLIER.

Witness

Witness

NOW, THEREFORE in view of the foregoing premises and in consideration of the mutual covenants and agreements hereinafter set forth, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions.

Wherever used in this Agreement, Schedules, Attachments or Annexes, unless the context otherwise requires, the following items shall have the following meanings:

“Active Power” or “Active Power Requirements” shall have the meaning given in the Philippine Distribution Code.

“Applicable Law” means laws, statutes, orders, issuances, rule, ruling, regulation, code, decision, opinion or interpretation of a Government Authority pertinent to or affecting a Party or both Parties during the term of this Agreement.

“Additional Ancillary Services” shall mean the availability of 2MW as a spinning reserve service, one (1) unit of generator set as a backup reserve for both the baseload and peaking load rated 3M-5MW and 1-2MW, respectively, if using heat engines and using different speed rating.

“Backup Reserve” is defined in the Philippine Distribution Code.

“Bid Date” means the submission deadline of bids for the Competitive Selection Process conducted by OFFTAKER resulting in the selection of SUPPLIER.

“Bid Security” means the security posted by the SUPPLIER to guarantee its obligations as a bidder in relation to the competitive selection process conducted by the OFFTAKER.

“Billing Dispute” means the dispute or disagreement between SUPPLIER and OFFTAKER under Section 6.8 of this Agreement.

“Billing Month” means the period commencing immediately after the inspection and recording of the electricity meters of the Power Station on the 26th day 1300HH of the previous calendar month and ending upon the inspection and recording on the 25th day 1200HH of the current month, provided that the first Billing Month shall commence after the first inspection and recording at the commencement of the Delivery Period, and the last Billing Month shall end at the last inspection and reading at the end of the Delivery Period.

“Capacity Margin” means the additional plant capacity in MW to comply with the provision of the Additional Ancillary Services. For clarity, it is at least 6MW of additional capacity equivalent to at least 40% of the Contracted Capacity.

“Capacity Recovery Fee” means such portion of the Total Fee to recover capital costs computed in accordance with Schedule G, Section 3.

“Commercial Operation Date or COD” shall mean the operation and maintenance of the power station and the deliverable CC on specific dates, as defined by Section 4.6 (Operation and Maintenance of the Power Station)

“Committee Resolution” means the procedure by which the Steering Committee resolves or seeks to resolve a dispute under Section 15 of this Agreement.

“Competitive Selection Process” means the process conducted pursuant to Department of Energy (“DOE”) Circular No. 2018-02-003 as amended by DOE Circular No. DC2021-09-0030, NEA Memorandum No. 2019-007 and the Energy Regulatory Commission (ERC) Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary Electrification Areas, approved in ERC Resolution No. 11, Series of 2005, as amended by ERC Resolution No. 21, Series of 2011 by which SUPPLIER was chosen to provide OFFTAKER’s

PALECO Board Chairman

PALECO General Manager

NPP 2nd Authorized Representative

NPP 1st Authorized Representative

Witness

Witness

PALECO Board Chairman

power requirements and on which basis this Agreement was entered into by SUPPLIER and OFFTAKER.

“Connection Agreement” means the contract or agreement between OFFTAKER and SUPPLIER which specifies the terms and conditions pertaining to the connection of the Delivery Point to OFFTAKER’s distribution system, as contemplated and required under the Philippine Distribution Code.

“Connection Facilities” means the structures, fixtures, fittings, machinery and equipment which the SUPPLIER is required to install, operate and maintain pursuant to the Connection Agreement.

PALECO General Manager

“Contracted Capacity” or “CC” means the total generating capacity of the Power Station expressed in Megawatt that the SUPPLIER is required to make available to OFFTAKER subject to availability factor beginning on COD until the end of the Delivery Period as provided in Section 4.6.1.

“Construction Security” means the security required to be posted by the SUPPLIER under Sections 4.3.6 and 7.1.1.

NPP 2nd Authorized Representative

“Contract Year” means each successive period of 12 consecutive Billing Months during the Delivery Period.

“Conventional Technology” means fossil-based generation technology.

“Cooperative Development Authority” or CDA means the government authority crated by RA 9520.

“Cure Period” means the period given to the Defaulting Party in Section 12.2.1 within which to cure or remedy an Event of Default.

NPP 1st Authorized Representative

“Defaulting Party” means the Party causing the Event of Default in Section 12.1.

“Delivery Period” refers to the cooperation period or the term of PSA which is 15 years from COD.

“Delivery Points” means the metering points defined in Schedule F.

“Department of Energy” or “DOE” means the government agency created pursuant to Republic Act No. 7638, as amended by Republic Act No. 9136.

Witness

“Dependable Capacity” in this Agreement means the capacity of the power plant must have at least a 40% Capacity Margin of the Contracted Capacity referred to at the Delivery Points. The margin shall include the required backup and spinning reserve capacities. The installed capacity of technologies with intermittent output and without firming ancillary services (non-firm capacity) will not be included in the computation of Dependable Capacity.

“Dispatch Shortfall Penalty” is defined in Section 4.7.2.

“Dispute Notice” means the written notice issued pursuant to Section 15.2.1.

Witness

“Dispute Notification Date” means the date upon which the applicable Party receives a copy of the Dispute Notice.

“Disputed Amount” means the Total Fee or portion thereof subject to dispute in accordance with Schedule H.

PALECO Board Chairman

“Effective Date” shall be as defined in Section 3.2 of this Agreement.

“Emergency State” is defined in Schedule E.

“Energy Regulatory Commission” or “ERC” means the agency created under Section 38 of Republic Act No. 9136.

“Events of Default” means the events and circumstances listed in Section 12.1 of this Agreement.

PALECO General Manager

“Event of Force Majeure” and “Force Majeure” means the condition provided for in Section 9.1.

“Events of Termination” means the events and circumstances listed in Section 12.3 of this Agreement.

“Ex-Ante Dispatch Shortfall” is defined in Section 4.7.2.

“Ex-Post Dispatch Shortfall” is defined in Section 4.7.3.

NPP 2nd Authorized Representative

“Extended Force Majeure” means the condition provided for in Section 9.5 in which an Event of Force Majeure subsists beyond the 30-day consultation period following a Temporary Force Majeure Period.

“Financial Bid Form” means the financial bid submitted by SUPPLIER pursuant to the competitive selection process conducted by OFFTAKER

“Forced Outage” means any instance of inability of SUPPLIER to meet the load demand or to provide Spinning Reserve by supplying power to which the Power Station has been dispatched by the OFFTAKER, except for events of Force Majeure.

NPP 1st Authorized Representative

“Frequency Regulation” shall have the meaning given in the Philippine Distribution Code.

“Fuel Fee” means such portion of the Total Fee to account for energy costs computed in accordance with Schedule G, Section 8.

“Generating Unit” means a conversion apparatus including auxiliaries and associated equipment, functioning as a single unit, which is used to produce electric energy from some other form of energy

Witness

“Government Authority” means any agency, office, authority, commission, department, or political subdivision of the Republic of the Philippines, whether national, regional, provincial, municipal or otherwise.

“Government Consents” means permits, licenses, agreements, orders, certificates, registrations, filings, authorizations, consents, and other approvals or clearances by, with or from a Government Authority.

“Indemnified Party” means the Party required to be indemnified or compensated by the other in accordance with Section 11.1 of this Agreement.

Witness

“Indemnifying Party” means the Party required to indemnify or compensate the other in accordance with Section 11.1 of this Agreement.

“Joint Certification” means the written certification by the representatives of SUPPLIER and OFFTAKER that tests have been completed evidencing that the Power Station is capable of

PALECO Board Chairman

generating and delivering the Contracted Capacity to OFFTAKER at the Delivery Point in compliance with Section 8 of this Agreement.

“Metering Equipment” is defined in Schedule F.

“National Electrification Administration” or “NEA” means the government agency created under Presidential Decree No. 269, as amended.

“National Power Corporation-Small Power Utilities Group” or “NPC-SPUG” means the department or division in NPC that directly administers and performs the missionary electrification function of NPC pursuant to Section 70 of Republic Act No. 9136.

PALECO General Manager

“New Power Provider True Cost Generation Rate” or “NPP TCGR” means the rate incurred by SUPPLIER to generate the supply of electricity to OFFTAKER during the Delivery Period. The NPP TCGR shall be the rate reflected in SUPPLIER’s Financial Bid Form as approved or adjusted by the ERC, set and adjusted in accordance with Section 6.1.1 of this Agreement.

“Non-Defaulting Party” means the Party entitled to certain remedies against the Defaulting Party in accordance with Section 12.1 of this Agreement.

NPP 2nd Authorized Representative

“Notice of Award” means the document issued by the OFFTAKER to the SUPPLIER formally notifying SUPPLIER that it was awarded the right to supply power under this Agreement as a result of the Competitive Selection Process held therefore.

“Notice to Proceed” means the document issued by the OFFTAKER to the SUPPLIER pursuant to the Competitive Selection Process formally notifying SUPPLIER to commence all activities required to achieve the COD, or a particular activity to comply a certain directive.

“Notice of Tests” means the written notice issued in accordance with Sections 4 of this Agreement.

NPP 1st Authorized Representative

“OFFTAKER Fee” means all or such portion of the Total Fee due from OFFTAKER in accordance with Schedule G, Section 11.

“Operations and Maintenance Fee” means such portion of the Total Fee to recover non-fuel costs computed in accordance with Schedule G, Sections 5-7.

“Operations Security” means the security referred to in Sections 4.3.6 and 7.1.2 of this Agreement.

Witness

“Option Period” means the period referred to in Section 12.5.1.

“Payment Period” means the 30-day period referred to in Section 6.4.

“Power Station” means the generating facility/ies owned, operated and maintained by SUPPLIER during the Delivery Period, as the case may be, with the specifications provided in Schedule A, including all associated equipment and accessories.

“Project Company” means the corporation established or to be established by the members of the consortium in accordance with the Accession Undertaking referred to in Section 3.2.5.

Witness

“Project Internal Rate of Return” or “PIRR” means the SUPPLIER’s weighted average cost of capital for the project as embodied in the Term Sheet submitted by SUPPLIER during the Competitive Selection Process.

“Prompt Payment Discount” or “PPD” means the amount deducted from the OFFTAKER Fees referred to in Section 6.4.2.

PALECO Board Chairman

“Renewable Energy” means Renewable Energy Resources as defined under Republic Act No. 9513.

“Reorganization and Insolvency” means the status in which either Party becomes subject of reorganization or passing of a resolution by its shareholders or members for the bankruptcy, insolvency, winding up, liquidation of, or other similar proceeding; or the issuance by a court or agency having jurisdiction of an order winding up or otherwise confirming the bankruptcy or insolvency of a Party, which order has not been set aside or stayed.

PALECO General Manager

“Replacement Power” means substitute power source when SUPPLIER cannot provide the required capacity.

“Residual Termination Fee” means the amount remaining as the value of the Power Station payable by OFFTAKER upon termination of this Agreement under Section 12.5.1(b)(iii).

“SAGR” or “Subsidized/Approved Generation Rate” means the generation tariff approved by the ERC to be charged to OFFTAKER by SUPPLIER for the supply of electricity under this Agreement computed in accordance with the terms of Schedule G, Section 10.

NPP 2nd Authorized Representative

“Site” means the area or areas occupied by the Power Station.

“Sound Value” shall be the value of the Power Station and related assets and equipment owned by SUPPLIER and payable by OFFTAKER pursuant to Section 12.5, as determined by a reputable independent appraiser appointed by the Steering Committee or, in case of disagreement in the appointment, the appraiser appointed by the DOE.

“Steering Committee” means the committee established pursuant to Section 15.1 of this Agreement.

NPP 1st Authorized Representative

“Step-In Commencement Date” means the first day of the Step-In Period in accordance with Section 12.2.5.

“Step-In Period” means the period in which OFFTAKER or its assignee operates and maintains the Power Station in accordance with Section 12.2.5.

“Step-In Rights” means OFFTAKER’s rights to temporarily take-over the operations of the Power Station pursuant to Section 12.2.5 of this Agreement.

“Subsidy Agreement” means the agreement amongst SUPPLIER, OFFTAKER and NPC-SPUG pursuant to Section 5(a)(1)(3) of the SPUG Circular.

Witness

“Subsidy Fee” means the portion of the Total Fee payable by NPC-SPUG to SUPPLIER in accordance with Schedule G, Section 11, if any.

“Subsidy Invoice” means the charge or demand for payment issued by SUPPLIER to NPC-SPUG pursuant to the Subsidy Agreement and referred to in Section 6.3 of this Agreement.

“SUPPLIER Invoice” means the charge or demand for payment issued by SUPPLIER to OFFTAKER pursuant to Section 6 of this Agreement.

Witness

“Target Commercial Operations Date”, “Target COD” means [REDACTED] years after the ERC approval of the PSA, unless otherwise changed or modified in accordance with this Agreement.

“Temporary Force Majeure Period” means the 90-day period commencing upon the occurrence of the Event of Force Majeure as provided in Section 9.2.

PALECO Board Chairman

“Term” means the period commencing on the COD or Deemed COD until the end of the Delivery Period, unless otherwise earlier terminated pursuant to this Agreement.

“Termination Date” means the date this Agreement expires, terminates or ceases to have effect under Section 12.4 of this Agreement.

“Termination Fee” means the fee payable under Section 12.5 of this Agreement.

“Termination Notice” means the written notice issued under Section 12.4 of this Agreement.

PALECO General Manager

“Test Protocols” means the set of procedures, standards and terms set by the Parties for the testing of the Power Station under Section 4.2.

“Total Dispatch Shortfall” is defined in Section 4.7.2.

“Total Fee” means, collectively, to the set of fees and charges collectible by SUPPLIER from OFFTAKER and NPC-SPUG for the supply of electricity under this Agreement during the Delivery Period as provided in Section 6 and computed in accordance with Schedule G, Section 1 of this Agreement.

NPP 2nd Authorized Representative

1.2 Interpretation.

In this Agreement, Schedules, Attachments or Annexes, unless the context otherwise requires:

NPP 1st Authorized Representative

- (a) headings are for convenience only and do not affect the interpretation of this Agreement;
- (b) the singular includes the plural and vice versa;
- (c) reference to a natural person includes any corporation or legal entity;
- (d) reference to a party in any document includes that party’s successors and permitted assigns;
- (e) reference to an Article, Section, Schedule, Attachment or Annex is to an article, section of, attachment to, or annex to this Agreement, and any such Annex or Schedule referred to should be incorporated by this reference and is an integral part of this Agreement;
- (f) unless otherwise provided herein, reference to a document includes an amendment or supplement to, or replacement or novation of, that document but disregarding any amendment, supplement, replacement or novation made in breach of this Agreement;
- (g) “including” shall not be construed as being by way of limitation and “otherwise” shall not be construed as limited by words with which it is associated;
- (h) any reference to a governmental ministry, department, authority or agency shall be construed as including a reference to any governmental ministry, department, authority or agency which succeeds to the functions thereof;
- (i) the word “reasonable” appearing before “approval”, “consent”, “satisfaction” or any similar word shall mean that the approval, consent, expression of satisfaction or other decision to be made as to the particular matter or thing concerned shall not unreasonably be withheld or delayed. Conversely, if the word “reasonable” does not

Witness

Witness

so appear, the approval, consent, expression of satisfaction or other decision to be made may be given or made solely at the unfettered discretion of the Party concerned;

- (j) the expression “to the best of its knowledge” shall mean to the best of the knowledge and belief of the Party concerned, having made all due and reasonable enquiry, and
- (k) days should mean calendar days unless otherwise specified.

1.3 Abbreviations.

In this Agreement, Schedules, Attachment or Annexes:

- (a) “Hz” means Hertz’
- (b) “kV” means kilovolt;
- (c) “kVAR” means kilovolt ampere reactive;
- (d) “kVARh” means kilovolt ampere reactive hours;
- (e) “kW” means kilowatt;
- (f) “kWh” means kilowatt hour;
- (g) “kW-Month” means kilowatt month;
- (h) “MW” means megawatt; and
- (i) “PhP” and “Peso(s)” mean the lawful currency of the Republic of the Philippines.

2. SCOPE OF AGREEMENT

2.1 General.

Except as otherwise provided in this Agreement, SUPPLIER shall be responsible for maintaining the Contracted Capacity and the control and possession, operation and maintenance of the Power Station in accordance with Sections 4 of this Agreement, which OFFTAKER may dispatch in accordance with this Agreement. OFFTAKER shall nominate the dispatch of the Power Station for its real and reactive power requirements in accordance with the Dispatch Protocols in Schedule E, and pay the Fees in accordance with Sections 4 and 6 of this Agreement. It is understood that, except as otherwise expressly provided in this Agreement, the OFFTAKER shall pay the capacity fee and the fixed operations and maintenance fee based on the applicable Contracted Capacity and actual energy billing quantities. As there is no “take or pay” on the energy-based quantity provision in the Power Supply Agreement, there is no Minimum Energy Offtake (MEOT).

2.2 Responsibilities of SUPPLIER.

At its own cost, SUPPLIER shall be responsible for the following:

- (a) Acquisition of the Site by purchase, lease or any other arrangement entitling SUPPLIER to possession, use and occupation thereof until the termination of the Delivery Period;
- (b) Cooperate with and assist OFFTAKER in securing any contract with NPC, the consent of or approvals from the Energy Regulatory Commission (the

PALECO Board Chairman

“ERC”), and any other office or agency or Government Authority necessary for the operation of the Power Station and implementation of this Agreement and related agreements, provided that SUPPLIER shall pay the necessary application fees, costs of publication and other expenses necessary in obtaining such consents and approvals;

PALECO General Manager

(c) Procurement, mobilization, construction, installation, control and possession, commissioning, operation and maintenance of the Power Station, including obtaining all necessary Government Consents and their renewals, such as but not limited to environmental approvals, required in connection therewith, in accordance with Good Industry Practice, the technical parameters set forth in Schedule B and in compliance with Applicable Law;

(d) Procurement, mobilization, construction, installation, control and possession, commissioning, operation and maintenance of the Connection Facilities;

NPP 2nd Authorized Representative

(e) Provide and maintain the Construction and Operations Securities in accordance with Section 7.1 (Construction and Operation Securities) of this Agreement;

(f) Making available at the Delivery Point for nomination by OFFTAKER the Contracted Capacity in accordance with the standards and requirements set forth in Section 4 (Delivery Period Beginning COD) of this Agreement;

NPP 1st Authorized Representative

(g) All generating plants utilizing fuel-based input shall ensure availability of a three (3)-month storage capacity with 50 percent fuel inventory at all times or equivalent of 1 ½ month operation to ensure the delivery of contracted capacity and committed energy.

(h) Conduct of Preventive Maintenance of the generating units.

(i) Provide Replacement Power in the event that SUPPLIER is not able to provide the Contracted Capacity from its Generating Units. For avoidance of doubt, the Fees to be paid to the SUPPLIER by the OFFTAKER for the provision of Replacement Power shall be determined based on the formula provided in Schedule G, provided that, in no case shall the Fees exceed the approved tariff under this Agreement.

2.3 Responsibilities of OFFTAKER.

Witness

At its own cost, OFFTAKER shall be responsible for the following:

(a) Assist SUPPLIER (at SUPPLIER’s cost) in identifying and procuring suitable generation sites for the Power Station;

(b) Assist SUPPLIER in providing information, acknowledgments, confirmations and consents necessary for SUPPLIER to obtain financing for the Power Station;

Witness

(c) Assist SUPPLIER to put into effect an orderly and effective transition arrangement at the commencement and end of Term to ensure the least interruption of service to OFFTAKER’s end-users;

(d) Provide available documents/information needed by the SUPPLIER in securing necessary permits for the construction of the power plant;

PALECO Board Chairman

(e) Assist SUPPLIER (at SUPPLIER's cost) in procuring any required rights of way to enable SUPPLIER to connect to the 69kV and 13.2kV Bus;

(f) Assist SUPPLIER to obtain any contract with NPC or such other parties, the consent of or approvals from the ERC, and other Government Authority to enable OFFTAKER's system to take electricity from the Power Station and in implementation of this Agreement;

(g) Appoint two (2) representatives to the Steering Committee during PSA signing;

PALECO General Manager

(h) Nominate the dispatch of the Power Station in accordance with the Dispatch Protocols in Schedule E following the merit order table (MOT);

(i) Make payments of SAGR to the SUPPLIER in accordance with Schedule G, subject to the provisions of Section 6.4.2 (PPD) and Section 4.8 (Dispatch) of this Agreement; and

(j) Operate, upgrade and maintain its distribution system as to achieve the reliability indices set by the ERC in compliance with Section 3.3.2 of the Philippine Distribution Code, in order to maintain its offtake quantity.

NPP 2nd Authorized Representative

2.4 Control of the Power Station and Connection Facilities.

SUPPLIER shall maintain possession and control of the Power Station and all the structures, fixtures, fittings, machinery and equipment on the Site or used in connection with the Power Station, including the Connection Facilities.

NPP 1st Authorized Representative

3. TERM

3.1 Term.

This Agreement shall have a term (the "Term") commencing from the COD of the conventional technology and expiring on the last day of the fifteenth (15th) year subject to the provisions of Section 4 (Commercial Operations Beginning COD) of this Agreement, unless extended pursuant to DOE CSP Guidelines or earlier terminated in accordance with this Agreement occurring within the effectivity of the franchise that will expire on June 2045 for the Municipality of El Nido, Palawan.

3.2 Conditions Precedent to Effective Date.

The following shall constitute the Conditions Precedent to Effective Date. The Effective Date shall be declared through a joint declaration to be issued by the parties after all Conditions Precedent below shall have occurred, which must be any date within the forty-five (45) days after issuance of Notice of Award.

Witness

(a) Corporate Approvals. Each Party has furnished the other Party with copies of the resolutions adopted by its respective board of directors, certified by its corporate secretary, authorizing the execution, delivery, and performance by it of this Agreement.

Witness

(b) Debt Financing. Loan and Security Agreement between SUPPLIER and Lenders for the Generating/Facility Costs.

PALECO Board Chairman

(c) Legal Opinions. Each Party has furnished the other with the legal opinion of its general counsel certifying to the Party’s corporate standing as well as the due execution, validity and binding effect of this Agreement on such Party.

(d) Construction Security. During the Effective Date, SUPPLIER has furnished the Construction Security in favor of OFFTAKER in the amount stated in Section 7.1.1 (Provision and Maintenance of Securities; Construction Security) of this Agreement covering the period from its issuance until the COD. Such security shall be returned to SUPPLIER once construction has finished, subject to applicable provisions on delay.

PALECO General Manager

(e) Accession Undertaking and Project Company. If SUPPLIER submitted its bid and was selected as a consortium, to include as Attachment 2 the duly executed Accession Undertaking and SUPPLIER has incorporated the Project Company with the Securities and Exchange Commission within forty-five (45) days from issuance of Notice of Award. For the avoidance of doubt, incorporation shall mean the issuance by the Securities and Exchange Commission of a Certificate of Registration in the name of the Project Company.

(f) PSA signing. SUPPLIER and OFFTAKER have executed the PSA.

NPP 2nd Authorized Representative

4. DELIVERY PERIOD BEGINNING ON COD

4.1 COD

4.1.1. The Parties agree to work together to achieve the following COD after issuance of ERC Provisional Approval/Interim Relief:

- a) within two (2) years for Conventional Technology
- b) within [REDACTED] year/s for the Firm Renewable Energy Technology.

NPP 1st Authorized Representative

4.1.2. The COD maybe extended for up to six months subject to penalty. Failure to meet the Target COD shall be governed by the applicable provisions on Force Majeure, Default and Penalty.

4.1.3. OFFTAKER shall issue a Notice to Commence to SUPPLIER for the construction of the 69kV substation and connection facilities to align with the completion of the El Nido 69kV Palawan Connection Bus of NPC and the activation of the 69kV Metering and Connection Point.

4.2 Testing Prior to COD.

Witness

4.2.1. OFFTAKER and SUPPLIER shall develop the test procedures (Test Protocols) in accordance with the standards of the National Electrical Manufacturer’s Association of similar industry standards during the start-up and commissioning of the Power Station and the initial synchronization with the OFFTAKER’s distribution system. The parties may mutually agree to any changes to the Test Protocols. At least 30 days prior to the scheduled testing, SUPPLIER shall notify OFFTAKER in writing of the scheduled tests (“Notice of Tests”). With prior notice to SUPPLIER, OFFTAKER, and representatives of City and Provincial government, NEA, ERC, DOE, Chamber of Commerce, academe, non-government organizations to witness the testing.

Witness

4.2.2. OFFTAKER, at the request of SUPPLIER or its contractors, shall provide or cause to provide the electricity requirements during the testing, commissioning and start-up of the Power Station at the cost of SUPPLIER.

- 4.2.3. Power generated and supplied to the OFFTAKER during testing and commissioning shall be paid at VOM & Fuel rates, provided that proper metering is in place and provided further that OFFTAKER shall only be liable up to the SAGR and any excess between VOM & Fuel and SAGR shall be recovered by the SUPPLIER from NPC.

4.3 Conditions Precedent to COD.

On or before the Target COD or as otherwise provided in this Agreement, the Party/ies responsible shall have accomplished the following:

- (a) Site Acquisition. SUPPLIER has acquired by purchase or lease the Site at which the Power Station required for the COD shall be built or installed.
- (b) Debt Financing. Final Loan and Security Agreement between SUPPLIER and Lenders for the Generating/Facility Costs.
- (c) Subsidy Agreement. SUPPLIER, OFFTAKER and NPC-SPUG have executed the Subsidy Agreement and said agreement is in effect.
- (d) ERC Approval. The OFFTAKER and SUPPLIER has obtained ERC approval of the NPP TCGR, provided that a provisional authority granted by the ERC shall be considered as a satisfaction of this condition.

For purposes of securing ERC approval, the SUPPLIER shall provide within 15 days from PSA signing, provided that Section 3.2 Conditions Precedent to Effective Date, are complied with, all needed documents by the OFFTAKER required in the filing before the ERC the application for approval of (1) this Agreement, (2) the NPP TCGR.

- (e) ERC Delay. Should the failure to achieve COD be due to failure to comply with this Section (ERC Approval), not due to the fault of either Party, the following conditions shall apply. In each case, there shall be no penalty imposed on either Party.
 - (j) Should ERC fail to issue a decision within the period provided in its Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary Electrification Areas, the period for achieving the COD shall be automatically extended until the ERC issues a provisional authority/**interim relief** or its final decision.
 - (ii) Should ERC modify the terms of this Agreement, the Parties shall renegotiate the terms within ninety (90) days to make this Agreement comply with the order of the ERC. Should the Parties fail to reach an agreement on the modified terms, this Agreement shall be deemed terminated.
 - (iii) Should the ERC completely disapprove this Agreement, it shall be deemed terminated.
- (f) Power Delivery/Connection Agreement. Should the 69kV transmission system already available by before COD, the SUPPLIER shall have executed with NPC and OFFTAKER the Agreement for the use of the 69kV transmission system in the island of Palawan.
- (g) Joint Certification. The Parties have signed the Joint Certification referred to in Section 8 (Joint Certification), unless the condition in Section 4.4.3 has occurred.
- (h) Operations Security. SUPPLIER has provided the Operations Security in favor of the OFFTAKER to secure the performance of its obligations under this Agreement in the amount stated in Section 7.1.2 (Provision and Maintenance of Securities; Operations

Security) of this Agreement.

- (i) Government Consents. Each Party has obtained the appropriate Government Consents, as applicable (unless the Party is exempted from obtaining said consent), and has furnished the other Party with certified true copies of such consent, permit, approval or license. For the avoidance of doubt, Government Consents required from the SUPPLIER shall include all Government Consents required to operate the Power Station and Connection Facilities, and to supply power to the OFFTAKER beginning on COD (including but not limited to the Strategic Environmental Plan Clearance issued by the Palawan Council for Sustainable Development, DENR Environmental Compliance Certificate and ERC Certificate of Compliance for the Power Station, and Service Contract for RE from the DOE).

4.4 Failure to Achieve Target COD.

In the event that the conditions in Section 4.3 (Conditions Precedent to COD) are not satisfied on or before the Target COD, the following provisions shall apply:

- 4.4.1 Automatic Extension. If delay shall be due to an Event of Force Majeure not exceeding 180 days, then the Target COD shall be adjusted, without need of further agreement or consent, by a period equal to the period of delay, subject to compliance of the procedure set out in Section 9.6 (Procedure to Claim Force Majeure) by the Party invoking Force Majeure.
- 4.4.2 SUPPLIER Delay. If delay shall be due to the fault of SUPPLIER, not exceeding 180 days, then OFFTAKER shall, by notice to SUPPLIER, impose a penalty for each day of delay equivalent to the projected dispatched energy for six months multiplied by the TCGR of existing power plants in El Nido less the approved tariff multiplied by projected energy dispatch for the next 6 months multiplied by 1.25 divided by 180 days, which will be automatically deducted from the Construction Security, provided that if the penalty exceeds the Construction Security the penalty shall be paid in cash within fifteen (15) days from receipt of the billing statement;

The OFFTAKER's right to impose penalties pursuant to this Section shall be without prejudice to its right to terminate pursuant to Section 12.3.1 (Failure to Cure an Event of Default) of this Agreement.

- 4.4.3 OFFTAKER Delay. "If delay shall be due to the fault of OFFTAKER, not exceeding 180 days, and the Power Station would otherwise have been ready for testing as SUPPLIER had issued the Notice of Testing, then SUPPLIER shall be entitled to declare, by written notice to OFFTAKER, that the COD has commenced ("Deemed COD") and the provisions of Sections 6 shall take effect. If results of tests at a later date show that the SUPPLIER is incapable of generating and delivering the Dependable Capacity invoiced to and paid by the OFFTAKER, then appropriate fee adjustments will be made. The SUPPLIER shall reflect the appropriate fee adjustments in the SUPPLIER Invoice/s for the subsequent Billing Month/s.
- 4.4.4 Extended Delay. In the event of any delay of more than 180 days past the Target COD, for reasons not contemplated above, the Parties shall meet and consult each other regarding the terms by which this Agreement may continue. If the Parties fail to meet or reach an agreement within 30 days beyond the 180 day period, either Party may exercise its right to terminate this Agreement pursuant to the provisions of Section 12.3 (Events of Termination).

4.5 Early COD.

Nothing in this Agreement shall preclude the Parties from achieving the COD at a date earlier than the Target COD, provided that all the conditions in Section 4.3 (Conditions Precedent to COD) have been satisfied.

4.6 Operation and Maintenance of the Power Station.

Beginning on COD, the Power Station shall be operated and maintained as follows:

4.6.1 Contracted Capacity. Beginning on COD or Deemed COD, subject to the dates indicated below, the SUPPLIER shall make available by OFFTAKER the Contracted Capacity of 15MW with [REDACTED] MW margin composed of conventional technology and Firm Renewable Energy subject to a total of [REDACTED] hours of total outage allowance, provided that it must be 100% available for the months of April, May, June, November and December.

A total CC of 15MW plus [REDACTED] MW margin on or before (to be indicated in the NTP) for conventional technology and on or before (to be indicated in the NTP) for renewable energy.

Delays and defaults on providing the specified CC on the indicated date shall be governed by Section 4.4 (Failure to achieve target COD).

Penalties involving computations regarding CC shall take note of the date when the CC is due.

4.6.2 Nominated Dispatch. For any power supply requirements by OFFTAKER, OFFTAKER shall nominate the dispatch of the Power Station up to the Contracted Capacity according to the dispatch protocol, subject to any technical or transmission constraints.

4.6.3 The contracted capacity of 15MW and the 2MW spinning reserve could be delivered at the 69kV of the SUPPLIER and/or at 13.2kV of the OFFTAKER, which shall be made available not later than one year after ERC final approval of the PSA for dispatch by OFFTAKER.

4.7 Dispatch of the Contracted Capacity and Availability of Ancillary Services.

4.7.1. SUPPLIER shall make available, except during events of Force Majeure, for dispatch by OFFTAKER, the Contracted Capacity.

4.7.2 Ex-Ante Dispatch Shortfall: SUPPLIER shall be deemed to have a shortfall (the “Ex-Ante Dispatch Shortfall”) if, for any Schedule Day during the Term of this Agreement, the Capability and Availability Declaration prepared by SUPPLIER and in consideration of allowed downtime of each unit, submitted to OFFTAKER on a daily basis, in accordance with Section 7.2 of Schedule E, results in a total available capacity of the Power Station that is insufficient to meet the OFFTAKER’s Ex-Ante Required Capacity for that Schedule Day.

The Ex-Ante Dispatch Shortfall for the Billing Month shall be the sum of the daily Ex-Ante Dispatch Shortfall from the 26th day of the previous month to the 25th day of the current month.

The amount of the Ex-Ante Dispatch Shortfall, expressed in kWh, shall be computed using the formula below:

$$EADS_o = \sum |CC_t - DC_t| \times S$$

PALECO Board Chairman

PALECO General Manager

NPP 2nd Authorized Representative

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Witness

Witness

PALECO Board Chairman

where,
EADS_o *Ex-Ante Dispatch Shortfall for the Schedule Day*
CC_t *Contracted Capacity for active power, in kW, from the Power Station at the hourly interval t of the Schedule Day*
DC_t *Declared Capacity, in kW, for that day of the Power Station at the hourly interval t in accordance with Section 7.2 of Schedule E*
S *Shortfall formula switch where*
S = 0, if CC_t ≤ DC_t, or within allowable downtime
S = 1, if CC_t > DC_t
t *hour's interval with the first of such interval occurring after midnight*

PALECO General Manager

4.7.3. Ex-Post Dispatch Shortfall: SUPPLIER shall be deemed to have a shortfall (the “Ex-Post Dispatch Shortfall”, expressed in kWh) if:

- (a) SUPPLIER is unable to comply with the Generation Schedule defined in accordance with Section 7.4 of Schedule E or suffers a Forced Outage.
- (b) SUPPLIER is unable to comply with revisions of the Generation Schedule to respond to transpiring system conditions provided that revisions were communicated by OFFTAKER to SUPPLIER at least one (1) hour beforehand and that any generating unit is being dispatched only up to its declared Capability and Availability for the day.

NPP 2nd Authorized Representative

The amount of the Ex-Post Dispatch Shortfall for the Billing Month shall be calculated based on the metering data obtained for the Billing Month and using the formula below:

$$EPDS = \sum (DQ_{ea} - PG_{ep}) \times P \times 1.2$$

NPP 1st Authorized Representative

where
EPDS *Ex-Post Dispatch Shortfall*
DQ_{ea} *Dispatch Quantity, in KW, for the Power Station at nth hourly interval based on the OFFTAKER’s daily Generation Schedule*
PG_{ep} *Plant Generation, in kW, based on metering data at the nth hourly interval*
P *Ex-Post Dispatch formula switch where*
P = 0, if DQ_{ea} ≤ PG_{ep} or within allowable downtime
P = 1, if DQ_{ea} > PG_{ep}
 1.2 *Due to the risk encountered*

Witness

4.7.4 Penalties and Default Because of Shortfalls:

4.7.4.1 Dispatch Shortfall Penalty (active power): The sum of the Ex-Ante Dispatch Shortfall for each Billing Month and the Ex-Post Dispatch Shortfall for each Billing Month shall be the Total Dispatch Shortfall for the Billing Month. SUPPLIER shall have a penalty equal to the Total Dispatch Shortfall multiplied by the applicable NPP TCGR of the prior Billing Month (the “Dispatch Shortfall Penalty”). OFFTAKER shall be responsible for accounting the shortfall and computing the Dispatch Shortfall Penalty and shall notify NPC of its calculation thereof. Not later than the payment date, OFFTAKER shall provide its calculation of the Dispatch Shortfall Penalty to SUPPLIER and NPC. The OFFTAKER is entitled to a deduction from the SUPPLIER Invoice the entire SAGR of the Dispatch Shortfall Penalty on the same month the penalty was incurred. SUPPLIER agrees that NPC may also deduct outright a subsidy portion of the Dispatch Shortfall Penalty.

Witness

PALECO Board Chairman

PALECO General Manager

NPP 2nd Authorized Representative

NPP 1st Authorized Representative

Witness

Witness

4.7.4.2 Dispatch Shortfall Penalty (reactive power): The sum of the Ex-Ante Dispatch Shortfall for each Billing Month and the Ex-Post Dispatch Shortfall for each Billing Month shall be the Total Dispatch Shortfall for the Billing Month. SUPPLIER shall have a penalty equal to the Total Dispatch Shortfall multiplied by the applicable NPP TCGR x (tan [cos-1 pf_{required}] - tan [cos-1 pf_{actual}]) of the prior Billing Month (the “Dispatch Shortfall Penalty”). OFFTAKER shall be responsible for accounting the shortfall and computing the Dispatch Shortfall Penalty and shall notify NPC of its calculation thereof. Not later than the payment date, OFFTAKER shall provide its calculation of the Dispatch Shortfall Penalty to SUPPLIER and NPC. The OFFTAKER is entitled to a deduction from the SUPPLIER Invoice the SAGR portion of the Dispatch Shortfall Penalty. SUPPLIER agrees that NPC may also deduct outright a subsidy portion of the Dispatch Shortfall Penalty.

4.7.4.3 Dispatch Compliance: It shall be an Event of Default and the provisions of Section 12 (Default and Termination) shall apply if SUPPLIER commits any of the following for three (3) successive Billing Months.

- (a) The Average Dispatched Capacity Shortfall for a Billing Month exceeds one (1) MW of the Nominated Capacity for such Billing Month.
- (b) The number of cumulative hours, where the Power Station’s total capacity based on the Day-Ahead Capability Report of the SUPPLIER is lower than the Contracted Capacity after taking into consideration the allowable downtime, exceeds a total of 120 hours in any Billing Month.

4.7.5 Penalty for Unscheduled Power Outage due to Supplier’s Fault

4.7.5.1 There shall be penalty when there are more than 30 minutes of power interruption to the supply of the OFFTAKER due to the fault of the SUPPLIER causing a total blackout and tripping of units.

4.7.5.2 The amount of penalty shall be equivalent to at least one (1) hour of the Distribution, Supply and Metering (DSM), and Reinvestment Fund revenue loss until the number of hours the system returned back to normal operation. A fraction of an hour will be considered one hour.

4.7.5.3 The computed revenue loss shall be based on the same period on the same type of day a week before the occurrence of the loss. The amount computed shall be deducted from the latest power bill of the PALECO.

4.7.6 Penalty for Failure to Deliver Ancillary Services

4.6.6.1 The following are the penalties for failure of the SUPPLIER to sustain the delivery of the mandatory and Additional Ancillary Services based on the monitoring report of the ancillary services to be provided monthly by PALECO.

<i>Required Ancillary Services</i>	<i>Penalty</i>
<i>Regulation of Reactive Power to control the terminal voltage</i>	<i>1.50x of computed DSM and RF revenue loss</i>
<i>Black start capability</i>	<i>Computed DSM and RF revenue loss</i>
<i>Fast start capability, if any</i>	<i>Computed DSM and RF revenue loss</i>
<i>Spinning Reserve</i>	<i>1.25x Computed DSM and RF revenue loss</i>
<i>Back-up Unit</i>	<i>1.25x Computed DSM and RF revenue loss</i>

PALECO Board Chairman

4.6.6.2 The computation of the amount of the penalties shall be based on Section 4.7.3 of this Agreement with the applicable multiplier, if any.

4.7.7 Disputes on Dispatch Shortfall and Other Penalties:

PALECO General Manager

4.7.7.1. If SUPPLIER disputes an amount or item in the OFFTAKER’s calculation of the Dispatch Shortfall Penalties and other penalties under this section, it shall notify OFFTAKER in writing of said disputed amount or item and the basis thereof not later than fifteen (15) days from the date the OFFTAKER has given SUPPLIER of such calculation (the “Dispatch Shortfall Penalty Dispute”). Failure by SUPPLIER to present a Dispatch Shortfall Penalty Dispute within this period constitutes a waiver of its right to question or dispute any amount or item in the Dispatch Shortfall Penalty Dispute for the applicable Billing Month.

4.7.7.2. The penalties under this section shall be deducted by SUPPLIER in its invoice subject to full or partial reimbursement or offsetting in the Billing Month immediately succeeding the resolution of the dispute if the dispute is resolved, in full or in part, in favor of SUPPLIER.

NPP 2nd Authorized Representative

4.7.7.3. Within five (5) days from receipt of the penalties under Dispute, the Parties shall then meet and resolve the matter within thirty (30) days.

4.7.7.4. Interest at the rate of 12% per annum shall be imposed on the penalties under Dispute or such portion thereof, subject to the reimbursement or offsetting beginning on the date of the settlement of the dispute until the date of the actual reimbursement.

NPP 1st Authorized Representative

4.7.7.5. If the Dispute is not resolved by the Parties within the period agreed upon, the procedure for settlement of disputes under Section 15.2 (Dispute Procedure) shall then be observed.

4.8 Dispatch of Renewable Energy Technology

Witness

4.8.1 Beginning on COD or Deemed COD for Renewable Energy, the SUPPLIER shall make available for dispatch by OFFTAKER the Contracted Capacity of 15MW composed of [redacted] MW conventional technology and [redacted] MW of Renewable Energy (identify if firm/non-firm) for real and reactive power in accordance with Schedule E.

4.8.2 Failure to dispatch the RE technology component shall be subject to penalty equivalent to the difference between the actual total bill based on the actual dispatch and the total bill if the generation mix was dispatched.

4.8.3 Penalties shall be deducted from the latest power bill. To observe the provisions under Section 4.7.7 of this Agreement if SUPPLIER disputes an amount or item in the OFFTAKER’s calculation.

4.9 Preventive Maintenance.

Witness

4.9.1 The SUPPLIER shall conduct preventive maintenance to ensure that the generating sets are in good running conditions.

4.9.2 Failure to conduct maintenance due to SUPPLIER’s fault or negligence would result to a penalty equivalent to revenue loss of the OFFTAKER multiplied by 5.

PALECO Board Chairman

The revenue loss is equal to the actual demand at the time of outage occurrence multiplied by the number of hours of total system restoration, multiplied by OFFTAKER's current DSM rate.

- 4.9.3 Penalties shall be deducted from the latest power bill. To observe the provisions under Section 4.7.5 of this Agreement if SUPPLIER disputes an amount or item in the OFFTAKER's calculation of the and other penalties under this section.

4.10 Dispatch of Power Station.

PALECO General Manager

OFFTAKER shall nominate the dispatch of the Power Station and pay the OFFTAKER Fee in accordance with Section 6.1 (Total Fees and Charges), provided that OFFTAKER shall pay only for the capacity fee and actual energy delivered, except on the following instances and only for the purposes specified below:

- (a) upon the occurrence of OFFTAKER delay in Section 4.3 (Conditions Precedent to COD), SUPPLIER shall be entitled to Total Fee computed in accordance with the formula provided in Schedule G, Items 13 (a) and (b); and
- (b) in case of an OFFTAKER default in Section 12.1.2 (Default and Termination; Offtaker's Default), OFFTAKER shall make payments in accordance with Section 12.2.2 (Default and Termination; Effects of Default; Obligation not Suspended) and the formula provided in Schedule G, Item 13.

NPP 2nd Authorized Representative

4.11 Fuel Supply.

Throughout the Term of this Agreement, SUPPLIER shall be responsible for the supply, delivery, storage and security of fuel necessary for the operation of the Power Station.

5 SUPPLY OF ELECTRICITY

NPP 1st Authorized Representative

5.1 Supply.

SUPPLIER agrees to sell electricity and OFFTAKER agrees to take all electricity delivered from the Power Station in accordance with the Delivery Procedures set out in Schedule C Section 2 and the Dispatch Protocols in Schedule E. SUPPLIER shall dedicate the entire Power Station CC and the Additional Ancillary Services to OFFTAKER.

5.2 Delivery and Metering Points.

- 1. The Delivery Points and Metering Points shall be co-located at:
 - (a) For the 13.2kV power supply, at connection point ("CP1") of the OFFTAKER's existing primary pole with ID No. E0211 and to be designated as Revenue Meter 1 ("RM1").
 - (b) For the 69kV power supply, at the high voltage side of the power transformer ("CP2") of the SUPPLIER and to be designated as Revenue Meter 2 ("RM2").
- 2. The OFFTAKER shall shoulder all risks associated with the delivery of electricity starting at the Delivery Points.

Witness

6 TOTAL FEE AND CHARGES

Witness

6.1 Total Fee.

For the supply of electricity from the Power Station during a Billing Month, SUPPLIER is

PALECO Board Chairman

entitled to receive a payment equal to the Total Fee calculated using the applicable formulas in Schedule G Section 1. The terms and conditions for the SUPPLIER’s right to receive the Subsidy Fee, if any, from NPC-SPUG shall be governed by the Subsidy Agreement.

PALECO General Manager

1. NPP TCGR and SAGR. The New Power Provider True Cost Generation Rate (NPP TCGR) and Subsidized/Approved Generation Rate (SAGR) for a Billing Month during the Delivery Period shall be calculated using Formulas 9 and 10 respectively in Schedule G, Sections 9 and 10.
2. Fee Formula. The Fee to be paid to the SUPPLIER by OFFTAKER and by NPC-SPUG will be determined based on the formula provided in Schedule G.
3. Prompt Payment Discount. The Fee to be paid by OFFTAKER shall be subject to a Prompt Payment Discount in accordance with Section 6.4.2 (Prompt Payment Discount).
4. Dispatch Shortfall Penalties and Other Penalties. The OFFTAKER is entitled to a deduction from the SUPPLIER Invoice the SAGR portion of the Dispatch Shortfall Penalty and other applicable penalties.
5. Mandated Rate Reduction. The obligation for the mandated rate reduction provided under Section 72 of Republic Act No. 9136 shall not be borne by the SUPPLIER or the OFFTAKER.

NPP 2nd Authorized Representative

6.2 Billing to OFFTAKER.

Within five (5) business days from the end of each Billing Month during the Delivery Period, SUPPLIER shall deliver to OFFTAKER the SUPPLIER Invoice setting forth the amount out of the Total Fee that is due from OFFTAKER for the preceding Billing Month and the corresponding Value-Added Tax thereon.

NPP 1st Authorized Representative

6.3 Billing to NPC.

Following the fee formula in Schedule G Section 11, if SFT> 0, within fifteen (15) calendar days from the end of each Billing Month during the Delivery Period, SUPPLIER shall deliver to NPC-SPUG a Subsidy Invoice setting forth the amount of Subsidy Fee (SF) due from NPC-SPUG and the corresponding Value-Added Tax thereon.

6.4 Payments.

Witness

Each SUPPLIER Invoice shall be due and payable no later than 30 calendar days from receipt of SUPPLIER Invoice by OFFTAKER (“Payment Period”). If the last day of the Payment Period falls on a Saturday, Sunday or holiday, then payment shall be made immediately on the succeeding business day.

1. Manner of Payment. All sums indicated in the SUPPLIER Invoice shall be paid by OFFTAKER in Philippine Pesos in a form check.
2. Prompt Payment Discount.
 - a) OFFTAKER shall be entitled to a discount at the rate of (%) of the amount paid within ten (10) calendar days from receipt of SUPPLIER Invoice, provided that OFFTAKER does not have any overdue payment of OFFTAKER Fees.
 - b) SUPPLIER shall, before the end of each month, issue a Credit Memo for such Prompt Payment Discount, which SUPPLIER shall deliver to OFFTAKER

Witness

PALECO Board Chairman

together with the SUPPLIER Invoice. OFFTAKER may apply such Credit Memo as payment for OFFTAKER Fees and may use the same as payment for purposes of availing of the discount provided in Section 6.4.2(a).

c) It is agreed that, in the computation of the Prompt Payment Discount, the fuel component of the rate shall be excluded as this cost is pass through.

PALECO General Manager

3. No deduction. Except as otherwise provided in this Agreement, all payments made by OFFTAKER shall be free and clear of and without any deductions, bank draft or delivery charges, set-offs, counterclaims, taxes or other similar fees and charges, except taxes required to be withheld by the OFFTAKER under the laws in effect on the date of the Agreement, as may be required by Applicable Law, or as mutually agreed in writing by the Parties.

4. Interest. All sums not paid within the period indicated in this Section shall bear an interest at the rate of 1% per month (a fraction of a month shall be considered as one month) from the date payment was due until payment is received by SUPPLIER.

NPP 2nd Authorized Representative

5. Payment Account. Should OFFTAKER fail to make timely payments in accordance with this Section 6.4 for four (4) consecutive Billing Months, SUPPLIER shall be entitled to require OFFTAKER to make payments in accordance with Schedule H of this Agreement.

6.5 Payment of Subsidy Fee.

The terms and conditions of the payment of the Subsidy Fee shall be governed by the Subsidy Agreement.

6.6 Contract Re-Opener.

During the Delivery Period, upon the occurrence of certain extraordinary events affecting the Fees, the affected or relevant Party shall have the right to avail of the remedies set out in this Section:

NPP 1st Authorized Representative

6.6.1 Contract Re-opener Events. The affected or relevant Party shall have the right to refer the matter to the Steering Committee within the period specified below:

Witness

(a) Any material adverse change in laws or its interpretation in effect as of the Bid Date, provided that the matter is referred to the Steering Committee within 15 days from the date the change in law takes effect:

(i) The regulatory framework by which the SAGR and the Subsidy Fee applicable to this Agreement was determined, or

(ii) The applicable tax rates, customs duties and other fees and charges affecting the costs or revenues of a Party, or

(iii) Environmental laws affecting the Power Station, including local legislations pertaining thereto; or

Witness

(b) In the event that the Subsidy Agreement is terminated for any reason or is otherwise revoked or invalidated by a Government Authority, and after the lapse of thirty (30) days after the termination of the Subsidy Agreement during which the Parties shall have met and discussed, the Parties shall have failed to agree on the terms by which this Agreement may continue, or

(c) Within 30 days in case of introduction of Renewable Energy Sources in compliance with Renewable Portfolio Standards.

6.6.2 Pass-Through Events. In the event of any change in applicable tax rates, customs duties and other fees and charges which would impose additional costs (other than capital investments) on the SUPPLIER or Power Station, SUPPLIER shall have the right to pass through such additional cost and make the corresponding adjustment in the Total Fee in the SUPPLIER Invoice for the Billing Month subsequent to the date in which the event materially increased the costs of the SUPPLIER.

Within 15 days of the date when the event which materially increased its costs occurred, the SUPPLIER will notify the OFFTAKER and the Steering Committee in writing of the occurrence of such event and the corresponding adjustment in Total Fee and provide the necessary evidence and analysis to support the computation of the adjustment. Failure to issue this notice within the 15 day-period will delay the right to pass-through such additional costs for one Billing Month.

Immediately after receiving notice from the SUPPLIER, the Steering Committee shall review, approve or disapprove, within 30 days, the adjustment claimed by the SUPPLIER. If the Steering Committee disapproves or modifies the adjustment claimed by SUPPLIER, the excess or reduction in the adjustment shall be deducted or added, as the case may be, in the subsequent SUPPLIER Invoice. The decision of the Steering Committee shall be final and binding on the Parties.

6.6.3 Capital Adjustments. In the event that any material adverse change resulting from the events in Section 6.6.1 (a) (Contract Reopener Events) requires SUPPLIER to make any capital or other investments, the Steering Committee shall determine, within 30 days, the impact of the change in the relevant law on the Total Fee and the required adjustments in fees. The increase in Total Fee shall be based on the following formula:

$$A = \{ INV / R \} \times \{ (R - 1) / (R^n - 1) \}$$

Where:

- A Amount in PhP by which the Total Fee shall be increased to recover the required investment determined by the Steering Committee;
- INV Capital investment entailed to address a material adverse change in the amount determined by the Steering Committee.
- R = $1 / (1 + PIRR / 12)$
- PIRR Project Internal Rate of Return as indicated in the Financial Term Sheet submitted by SUPPLIER during the Competitive Selection Process
- n Number of months in the remaining life of the Delivery Period during which the capital investment will be recovered

The decision of the Steering Committee shall be final and binding on the Parties, and shall be applied in the immediately succeeding Billing Month following the Billing Month in which the decision is made.

6.6.4 Upon the occurrence of an event in Section 6.6.1 (Contract Reopener Events) that does not qualify as a Pass-through Event or a Capital Adjustment, the Steering Committee shall, upon submission or referral of such matter, shall determine, within 30 days, the impact of the event on the Total Fee, the required adjustments in fees, and the period during which the adjusted Total Fee shall apply. Such fee adjustment/s shall be calculated with the aim of preserving the SUPPLIER's Project IRR, as submitted by the SUPPLIER pursuant to the Competitive Selection Process, at the same level SUPPLIER would have earned had the Contract Reopener Events in Section 6.6.1 not occurred. The decision of the Steering

PALECO Board Chairman

PALECO General Manager

NPP 2nd Authorized Representative

NPP 1st Authorized Representative

Witness

Witness

PALECO Board Chairman

Committee shall be final and binding on the Parties, and shall be applied in the immediately succeeding Billing Month following the Billing Month in which the decision is made.

6.7 ERC Approval.

Upon the determination of the Steering Committee that the Contract Re-opener Event changes the NPP TCGR previously approved by the ERC under Section 4.3.3 (Conditions Precedent to Effective Date; ERC Approval), the Parties shall submit the proposed adjustments to the NPP TCGR to the ERC for its approval.

PALECO General Manager

6.8 Billing Dispute.

OFFTAKER may dispute the amounts stated in the SUPPLIER Invoice pursuant to the mechanics noted in Schedule H.

NPP 2nd Authorized Representative

6.9 Fuel Mix Compliance.

In the event that the actual energy delivered by the SUPPLIER in a particular Billing Month from non-renewable fuel sources results in a VAT higher than the VAT computed based on the Fuel Mix submitted by SUPPLIER during the competitive selection process, the OFFTAKER and NPC shall be entitled to pro-rata discounts equivalent to the difference between the actual VAT and the VAT computed based on the Fuel Mix submitted during the competitive selection process. The SUPPLIER shall include the discounts on its invoices to the OFFTAKER and NPC.

Only the non-renewable energy portion shall be subject to the appropriate VAT, which shall be passed on by operation of law.

NPP 1st Authorized Representative

7 CONSTRUCTION AND OPERATIONS SECURITIES

7.6 Provision and Maintenance of Securities.

The responsibility of the SUPPLIER to provide and maintain the Construction Security and the Operations Security referred to in Section 4 (Delivery Period beginning COD) of this Agreement are governed by the following:

Witness

7.6.1 **Construction Security.** The Construction Security shall be in effect starting from Effective Date and shall be maintained by the SUPPLIER until the date of the commissioning of the power plant that will provide the 15MW CC and 40% capacity margin capacity requirement.

The amount shall be in Philippine Pesos in the form of cash, cashier’s/manager’s check, bank draft/guarantee, or irrevocable letter of credit issued by a Universal or Commercial Bank. Provided, however, that the security shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.

The required amount for the Construction Security is computed as follows:

Witness

Based on the projected dispatched energy for six months multiplied by the El Nido TCGR of NPC-SPUG less the approved tariff multiplied by projected energy dispatch for the next 6 months allowed as extension multiplied by 1.25 or Fifty Million Pesos (PhP50,000,000.00) whichever is lower.

PALECO Board Chairman

Formula:

$$\text{Construction Security} = PE_6(TCGR - AT)(1.25)$$

Where:

<i>PE₆</i>	<i>Projected Dispatch Energy for the 6 (six) months extension</i>
<i>TCGR</i>	<i>TCGR of NPC-SPUG</i>
<i>AT</i>	<i>Approved Tariff of NPP</i>
<i>1.25</i>	<i>1 is for securing the availability of supply, and 0.25 is to compensate PALECO's exposure to the risk of a delayed project.</i>

PALECO General Manager

This Construction Security shall cover the SUPPLIER's obligation to install the Contracted Capacity on COD, and penalty for delayed COD. For each day of delay beyond target COD penalty equivalent to the computed Construction Security divided by 180 days shall be automatically deducted from the Construction Security, provided that if the penalty exceeds the Construction Security the penalty shall be paid in cash.

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7.6.2 Operations Security. The SUPPLIER shall at all times maintain the Operations Security for the duration of the Delivery Period. The amount shall be in Philippine Pesos in the form of cash, cashier's/manager's check, bank draft/guarantee, or irrevocable letter of credit issued by a Universal or Commercial Bank. Provided, however, that the security shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.

The Operation Security covering the from COD until the end of the term of the Power Supply Agreement shall be paid not later than 30 days before COD and computed as follows:

For each year beginning of COD, the amount of the Operation Security shall be 8760 hours multiplied by 15MW contracted capacity multiplied by the NPP TCGR multiplied by 5% or Fifty Million Pesos (PhP50,000,000.00) whichever is lower.

NPP 1st Authorized Representa

8 JOINT CERTIFICATION

In the Joint Certification referred to in Section 4 (Delivery Period Beginning COD), the Parties shall certify that:

- (a) The Power Station has been completed in accordance with the capacity specification of each unit in Schedule A;
- (b) The Parties have determined through testing conducted pursuant to Section 4 that each of the generating units is capable of delivering its dependable capacity in accordance with Schedule A; and
- (c) Each generating unit has operated during its testing and commissioning at its dependable capacity for a continuous period of 48 hours.

Witness

9 FORCE MAJEURE

9.1 Events of Force Majeure.

Witness

Events of Force Majeure shall mean any circumstance not within the reasonable control of the Party affected, but only if and to the extent that such circumstance, despite the exercise of reasonable diligence, cannot be or caused to be prevented, avoided or removed by such Party and is not attributable to the negligence or willful misconduct or the failure of such Party to perform any of its obligations. Events of Force Majeure shall include but shall not be limited

to the following:

- a. acts of war or the public enemy whether war be declared or not, as well as any other military action;
- b. acts or campaigns of terrorism, invasion, armed conflict, public disorders, civil disturbance, insurrection, rebellion, sabotage, riots or violent demonstrations, acts of foreign enemy, blockades, embargoes, quarantine, revolution and sabotage, strikes or lockouts or other industrial action by workers or employees of a Party;
- c. accidents, epidemic, pandemic, explosions, fires, earthquakes, typhoons, tsunami, tidal wave, tornados, storm surges, flooding, drought, lightning, volcanic eruptions, other seismic, tectonic, or volcanic activity, sinkholes, mudslides, landslides, or other natural calamities or acts of God in any of the areas where either Party operates;
- d. ionizing radiation or contamination by radioactivity from any nuclear fuel, or from any nuclear waste from the combustion of nuclear fuel, radioactive toxic explosives, or other hazardous properties of any explosive nuclear assembly or nuclear components thereof;
- e. unavailability of facilities or materials, or transportation failures, which are unforeseeable and against which a reasonably prudent person would not have taken precautions;
- f. discovery of hazardous materials or historical artifacts at the relevant QTP area;
- g. adverse geological or underground conditions, or exceptionally severe
- h. any action or failure to act by any Government Authority, including without limitation to, expropriation, compulsory acquisition, license or permit to operate, the denial of or delay in the granting of any Government Consent which the Parties have agreed to waive for an agreed time period past the Effective Date, the failure of any such Government Consent once granted to remain in full force and effect or to be renewed on substantially similar terms, and any delay in the importation of equipment or supplies into the Philippines resulting from any action or failure to act by Governmental Authority of the Republic of the Philippines, provided that in any of these cases, the affected Party complied with the timely and full submission of requirements published by the Government Authority.

For avoidance of doubt, Government Authority shall not include NPC, whose actions or failures are particularly covered in specific provisions of this Agreement likewise, Government Consent shall not include ERC approval of the PSA application, the delay or denial of which is specifically addressed in a separate provision.

9.2 Temporary Force Majeure.

Both Parties shall be excused from performing their respective obligations under this Agreement upon the occurrence of an Event of Force Majeure for a period not exceeding 180 days during Delivery Period (“Temporary Force Majeure Period”).

9.3 NPC-SPUG Failure to Pay Subsidy.

The failure by NPC-SPUG, directly or through its agent, to comply with its payment obligations for five (5) successive Billing Months under the Subsidy Agreement shall be deemed an Event of Force Majeure affecting SUPPLIER; provided SUPPLIER shall be excused from performing its obligations under this Agreement soonest on the day after of the due date of the unpaid Subsidy Fee indicated in the cumulative 5th power bill which said due date will occur on the 6th of the billing month, and Sections 9.4 (Consultation Period), 9.5 (Extended Force Majeure) and 9.6 (Claiming Force Majeure) of this Agreement shall govern.

PALECO Board Chairman

PALECO General Manager

NPP 2nd Authorized Representative

NPP 1st Authorized Representative

Witness

Witness

9.4 Consultation Period.

The Parties shall consult with each other upon the occurrence of an Event of Force Majeure, such consultation period not exceeding 30 days after the end of the Temporary Force Majeure Period. During the Consultation Period, the parties shall decide whether to apply the provisions of Section 6.6 (Contract Reopener) of this Agreement before exercising their right to terminate this Agreement.

9.5 Extended Force Majeure.

Events of Force Majeure subsisting beyond the 30-day consultation period referred to in Section 9.4 shall be considered Extended Force Majeure and shall give the Parties the right to terminate the Agreement pursuant to Section 12.3.2 (Events of Termination; Extended Force Majeure).

9.6 Procedure to Claim Force Majeure.

A Party invoking Force Majeure shall follow the procedure below:

- 9.6.1 Notice. No later than three (3) days after the occurrence of the Event of Force Majeure, the Party invoking Force Majeure shall notify the other Party in writing of (i) the occurrence and nature, (ii) the date of commencement, and (iii) the expected duration of the Event of Force Majeure.
- 9.6.2 Limitation. The suspension of performance of obligation resulting from the Event of Force Majeure shall be limited to the scope and duration as may be reasonably required or affected by such event.
- 9.6.3 Not excused. Either Party's failure to perform its obligations arising before the occurrence of the Event of Force Majeure shall not be excused by the later occurrence of the event.
- 9.6.4 Duty to mitigate. The Party invoking Force Majeure shall make all reasonable efforts to prevent and mitigate the effects of such Event of Force Majeure, and shall use commercially reasonable efforts to resume the regular performance of its obligations in accordance with the terms of this Agreement.

10 INSURANCE

Upon COD, the SUPPLIER shall obtain and maintain, or cause to obtain and maintain through its contractor/s, the insurance policies required by Applicable Law and such other insurance covers under commercially reasonable terms. In case of an insurable event affecting or causing damage to the Power Station, all proceeds of insurance policies received by SUPPLIER shall be used to reinstate the Power Station. Unless SUPPLIER or OFFTAKER determines and the Steering Committee has confirmed such determination in writing that the Power Station/OFFTAKER's system cannot be restored or reinstated to its operational condition.

11 INDEMNIFICATION**11.1 Cross Indemnity.**

Each Party (the "Indemnifying Party") shall indemnify, defend and hold harmless the other (the "Indemnified Party"), its officers, directors, employees, contractors, and agents from and against all damages, losses and reasonable expenses, including without limitation reasonable legal fees, suffered or paid by the Indemnified Party as a result of any and all claims for personal injury, death or property damage (except economic loss) to third parties due to an

PALECO Board Chairman

event occurring during the Term of this Agreement and arising directly out of or resulting from any act or omission of the Indemnifying Party or its agents or employees, except to the extent that it was caused by any act or omission of the Indemnified Party or the failure by it to take reasonable steps in mitigation thereof. In the event such injury or damage results from the joint or concurrent negligent or intentional act or omission of the Parties, each shall be liable under this Section in proportion to its relative degree of fault.

11.2 Notice of Claim.

The Indemnified Party shall deliver a notice of claim to the Indemnifying Party within 10 working days after the commencement or actual knowledge of the action that gave rise to such claim. In the event that such notice is not given within the period of claim, the Indemnifying Party's obligation shall be limited to the amounts that would have been payable had such notice been delivered within the said period.

PALECO General Manager

11.3 Consequential Losses.

In no case shall any Party be entitled to its indirect or consequential losses or damages, whether or not such losses or damages are subject to the indemnities.

NPP 2nd Authorized Representative

11.4 Survival.

The provisions of this Section shall survive termination of this Agreement with respect to an event occurring before the termination.

11.5 Limitation on Liability.

Neither Party shall be liable to the other Party for any amount of whatsoever nature pursuant to this Agreement provided that this Section shall cease to apply in cases of liabilities for default, fees (including, but not be limited to, Termination Fee), charges, penalty interest, indemnification, and consequential losses, which are specifically addressed in separate provisions of this Agreement.

NPP 1st Authorized Representative

12 DEFAULT AND TERMINATION

12.1 Events of Default.

As regards the Party specified below (the "Defaulting Party"), the following events constitute an Event of Default and entitle the other Party (the "Non-Defaulting Party") to the exercise of the remedies provided in this Section:

Witness

12.1.1 SUPPLIER Default. The following shall constitute a SUPPLIER default:

- a) Unjustified failure to submit required documents for application for rate approval to ERC 30 days from PSA signing pursuant to Section 4.3.4;
- b) Failure to obtain all necessary Government Consents and their renewals, as applicable, including environmental approvals, required in connection with the Power Station and the Connection Facilities; except where such failure is not due to the supplier's fault;
- c) Failure to cooperate and assist OFFTAKER in securing any contract or consent of or approval of the ERC, and other Government Authority necessary for the operation of the Power Station and the implementation of this Agreement;

Witness

PALECO Board Chairman

- d) Failure to coordinate with OFFTAKER to put into effect an orderly and effective transition arrangement at the commencement and end of Term to ensure the least interruption of service to OFFTAKER’s end-users;
- e) Failure to operate, maintain the Power Station in accordance with Best Industry Practices based on Philippine Small Grid Guidelines, Philippine Distribution Code, Philippine Grid Code, the technical parameters set forth in Schedule A, the Operating Parameters in Schedule B, and in compliance with Applicable Law;

PALECO General Manager

- f) Failure to subject the power plant to yearly quality audit by a duly accredited external auditing firm, and non-submission of result to the OFFTAKER within a reasonable period upon request of the OFFTAKER;
- g) Failure to comply with the environmental standards such as pollution control for air, water and land (yearly), ECC issuance (yearly or upon end of effective term), SEP clearance (yearly or upon end of effective term);

NPP 2nd Authorized Representative

- h) Failure to make available the Contracted Capacity at the Delivery Points for nominated dispatch by OFFTAKER in accordance with Section 4 (Delivery Period Beginning COD);
- i) Failure to make available the Additional Ancillary Services for a consecutive period of six (6) months.
- j) Causing total blackout due to tripping of generating units for more than two occurrences in a month;

NPP 1st Authorized Representative

- k) Failure to maintain at all times control and possession of the Site, the Power Station, the Connection Facilities and all structures, fixtures, fittings, machinery and equipment on the Site indispensable to the maintenance and operation of the Power Station and Connection Facilities;
- l) Failure to control, operate and maintain the Power Station in accordance with ERC issuances, codes, rules and regulations applicable to the operation of a Power Station, and the engineering standards and practices as are generally acceptable in the Philippines;

Witness

- m) Altering or failing to maintain the configuration of the Power Station such that the outage of the largest generating unit will cause the capability of the Power Station to be reduced to lower than the Contracted Capacity;
- n) Failure to supply electricity to OFFTAKER in accordance with the Dispatch Protocols in Schedule E;
- o) Failure to dedicate the entire Power station output, net of Power Station requirements, to OFFTAKER;

Witness

- p) Failure to apply all the proceeds received from insurance policies to the reinstatement of the Power Station in case of an insurable event affecting or causing damage to the Power Station;
- q) Failure to indemnify, defend and hold harmless the OFFTAKER, its officers, directors, employees, contractors, and agents from and against all damages, losses and reasonable expenses suffered or paid by the OFFTAKER as a result of any and all claims for personal injury, death or property damage (except economic loss) to third parties due to an event occurring during the Term of

PALECO Board Chairman

this Agreement and arising directly out of or resulting from any act or omission of the SUPPLIER or its agents or employees, as provided in Section 11.1 (Cross Indemnity);

PALECO General Manager

- r) Failure to comply with Applicable Law in the performance of its obligations under this Agreement;
- s) Material breach of the warranties provided in Section 14 (Representation and Warranties);

NPP 2nd Authorized Representative

- t) Failure to appoint two (2) representatives to the Steering Committee during PSA signing;
- u) Assignment of SUPPLIER's rights and obligations under this Agreement without the prior written notice and consent of OFFTAKER and except as otherwise provided in Section 16 (Assignment);

NPP 1st Authorized Representative

- v) Failure of SUPPLIER to maintain at least seventy (70%) percent equity ownership in the Project Company for the entire PSA term from Effective Date, or failure of the member/s of the consortium which complied with the technical requirements in the Competitive Selection Process to each keep at least forty percent (40%) equity ownership in the Project Company for the same period;

- w) In case of divestment of the SUPPLIER's equity ownership in the Project Company within the period from Effective Date of this Agreement until COD, failure to secure prior written consent from NPC and OFFTAKER;

- x) In case of divestment of the SUPPLIER's equity ownership in the Project Company within the period from COD until the expiration of the term of this Agreement, failure to secure prior written consent from OFFTAKER;

- y) For any divestment made during the PSA term, failure of the SUPPLIER (or its direct shareholders in case the SUPPLIER participated in the Competitive Selection Process as a consortium), to meet the financial requirements of the Competitive Selection Process after the divestment;

- z) Failure of the SUPPLIER to install the Contracted Capacity in accordance with the provisions of Section 4 of this Agreement (Delivery Period Beginning COD);

Witness

- aa) Disclosure to any third party or use of Confidential Information or any part thereof by SUPPLIER, its employees, officers, directors, or agents without OFFTAKER's prior written approval;

- bb) Failure of SUPPLIER in providing replacement power supply when not able to provide the Contracted Capacity;

- cc) Failure to install the conventional technology within two (2) years from COD extendable for another six months unless if the delay is due to force majeure;

- dd) Failure to install the non-firm RE technology component of the PSA within from COD extendable for another six months unless if the delay is due to force majeure;

Witness

- ee) Failure to deliver the Contracted Capacity and the Additional Ancillary Services for three (3) consecutive months;

PALECO Board Chairman

- ff) Failure to meet the frequency requirement of the Philippine Small Grid Guidelines (PSGG) Section 3.1.1.1.2. (59.2 to 60.8Hz); and
- gg) Reorganization or Insolvency of SUPPLIER as long as SUPPLIER is performing within the parameters of the PSA, this should not be an Event of Default.

PALECO General Manager

NPP 2nd Authorized Representative

NPP 1st Authorized Representative

Witness

Witness

12.1.2 OFFTAKER Default. The following shall constitute an OFFTAKER default:

- a) Failure to dispatch the Power Station in accordance with the Dispatch Protocols in Schedule E except when due to grid stability and least cost operations based on merit order table (MOT);
- b) Causing a generating unit of the Power Station to exceed its declared dependable capacity when dispatching any generating unit of the Power Station;
- c) Nominating for its power supply requirements to generating units without satisfying the MOT, except when due to technical constraints;
- d) Failure to indemnify, defend and hold harmless the SUPPLIER, its officers, directors, employees, contractors, and agents from and against all damages, losses and reasonable expenses suffered or paid by the SUPPLIER as a result of any and all claims for personal injury, death or property damage (except economic loss) to third parties due to an event occurring during the Term of this Agreement and arising directly out of or resulting from any act or omission of the OFFTAKER or its agents or employees, as provided in Section 11.1 (Cross Indemnity);
- e) Assignment of OFFTAKER'S rights and obligations under this Agreement without the prior written notice and consent of SUPPLIER;
- f) Disclosure to any third party or use of Confidential Information or any part thereof by OFFTAKER, its employees, officers, directors, or agents without SUPPLIER's prior written approval;
- g) Insolvency of OFFTAKER as determined by competent court of law.

12.2 Effects of Event of Default.

At any time after the occurrence of an Event of Default, the following provisions shall apply:

12.2.1 Notice of Default and Cure Period. The Non-Defaulting party shall give a written notice ("Notice of Default") to the Defaulting Party, stating therein the nature of the default. The Defaulting Party shall have the Cure Period, defined below, within which to cure or remedy its default.

- a) The Cure Period shall be ninety (90) days from receipt of the Notice of Default.
- b) For Events of Default where the date the default occurred ("Date of Default") can be determined with certainty, the Non-Defaulting Party shall state the Date of Default in the Notice of Default and the Cure Period shall be 90 days from receipt of the Notice of Default.

PALECO Board Chairman

PALECO General Manager

NPP 2nd Authorized Representative

NPP 1st Authorized Representative

Witness

Witness

12.2.2 Obligations Not Suspended. During the Cure Period, the Parties shall continue to comply with their respective obligations pursuant to the terms of this Agreement notwithstanding the failure to comply with the obligation arising from the default.

12.2.3 Penalty for SUPPLIER Default. In the event of a default by SUPPLIER referenced in Section 12.1.1 above which results to a shortfall in the Contracted Capacity shall be automatically deducted from the power bills of SUPPLIER.

12.2.4 Penalty for revenue loss. In the event of total blackout of the OFFTAKER's distribution system caused solely by tripping of units of the SUPPLIER and without fault or negligence on the part of the OFFTAKER, the revenue loss computed based On Section 4.7.5 will be deducted from latest power bill of SUPPLIER.

12.2.5 Exercise of Supervisory Rights. In the event of an uncured SUPPLIER default in Section 12.1.1 (h) (Failure to make available CC as nominated) and (n) (Failure to Supply Electricity per dispatch protocol) beyond the Cure Period, OFFTAKER shall have the right to exercise supervision over the Power Station through its duly authorized representative for the specific purposes to ensure that the SUPPLIER retains the integrity of the Power Station and to protect the residual interest of the OFFTAKER in the Power Station, by sending SUPPLIER a written notice ("Exercise of Supervisory Right Notice") indicating that it intends to exercise supervision over the Power Station for a period not to exceed 90 days commencing on the Supervision Commencement Date ("Supervision Period"). The Supervision Commencement Period shall commence not earlier than 15 days after SUPPLIER's receipt of the Exercise of Supervisory Right Notice ("Supervision Commencement Date"). During the Supervision Period, the obligation to operate and maintain the Power Facility shall remain with the SUPPLIER.

- a) For the duration of the Supervision Period, OFFTAKER's payment obligations pursuant to Section 6 (Total Fees) shall be suspended.
- b) On the day following the end of the Supervision Period, OFFTAKER shall return the possession of the Power Station to SUPPLIER, and SUPPLIER shall accept the Power Station, in the same condition as when OFFTAKER started supervising the same on the Supervision Commencement Date.
- c) OFFTAKER's Supervisory Rights shall be subordinate to any right, interest or privilege held by the SUPPLIER's lenders, if any, under the terms of the financing instruments.
- d) OFFTAKER's temporary assumption of SUPPLIER's responsibilities under this Section for the duration of the Supervision Period shall not constitute or be construed as a transfer or assignment of SUPPLIER's rights, ownership and interest over the Power Station to OFFTAKER.

12.3 Events of Termination.

This Agreement may be terminated during the Delivery Period by the respective Party upon the occurrence of the relevant event and subject to the applicable procedure provided in Section 12.4 (Termination):

12.3.1 Failure to Cure an Event of Default. The Non-Defaulting Party shall have the right to terminate this Agreement in the event the Defaulting Party fails to cure or remedy the Event of Default within the Cure Period or within such extended period as may be agreed to between the Parties.

12.3.2 Extended Force Majeure. Either Party may terminate this Agreement due

PALECO Board Chairman

to Extended Force Majeure.

12.3.3 Uninsured Force Majeure. Either Party may terminate, notwithstanding Sections 9.2 (Temporary Force Majeure) and 9.3 (Failure to pay Subsidy) above, upon the occurrence of an Event of Force Majeure that renders the Power Station inoperable and such event or the resulting damage from such event is not insured against by OFFTAKER or SUPPLIER, and after the lapse of thirty (30) days after the occurrence of the Event of Force Majeure during which the Parties shall have met and discussed, the Parties shall have failed to agree on the terms by which the Agreement may continue.

PALECO General Manager

12.3.4 Failure to Achieve COD. Either Party may terminate this Agreement pursuant to Section 4 (Delivery Period Beginning COD) of this Agreement.

12.3.5 ERC Modification or Disapproval of the Agreement. This Agreement shall be deemed terminated in the cases provided in Sections 4.3.4.2 (ERC Modification) or 4.3.4.3 (ERC Disapproval) of this Agreement subject to the limitations of Agreement termination provided in the Terms of Reference.

NPP 2nd Authorized Representative

12.3.6 Rate reduction that will allow parties to renegotiate in good faith. Should the Parties fail to reach an agreement on the modified terms, this Agreement shall be deemed terminated."

12.4 Termination.

Upon the occurrence of an Event of Termination, the relevant Party specified in Sections 4.4.4 and 12.3 above and shall exercise its right to terminate this Agreement by giving written notice of its intent to terminate this Agreement (the "Termination Notice") which notice shall specify its basis for such termination under this Agreement. Termination shall be effective on the date such notice is received by the receiving Party (the "Termination Date").

NPP 1st Authorized Representative

12.5 Termination Fee.

Upon termination of this Agreement pursuant to Section 12, the Non-Defaulting Party shall be entitled to claim a Termination Fee in accordance with this Section:

(a) Payable by OFFTAKER. Upon OFFTAKER's default, SUPPLIER shall be entitled to claim a Termination Fee in accordance with this Section:

Witness

a.1. After Effective Date and prior to COD, such Termination Fee shall be equivalent to the aggregate of all project and project-related costs, as well as an amount sufficient to provide SUPPLIER with a return equivalent to the present value of foregone project return computed at prevailing rate of Treasury Notes and discounted at the same rate for a period of five (5) years. The value of the project and project related costs shall be certified by an independent auditor jointly appointed by the Parties, or, if the Parties fail to agree, appointed by the Administrative Council; and

Witness

a.2. During the Commercial Operations Period, such Termination Fee shall be the greater of (i) the Sound Value of the Power Station, or (ii) an amount equivalent to the outstanding debt, cash equity, and present value of foregone project return computed at the prevailing rate of Treasury Notes, plus any lease breakage fees payable by SUPPLIER under the lease agreement plus incidental fees including without limitation, loan prepayment penalty, less any insurance proceeds received or due to

SUPPLIER. The determination and payment of the Termination Fee in this event shall be subject to the following conditions:

- (i) OFFTAKER shall have the option to pay the Termination Fee computed in accordance with the above provision and, as a result, purchase the Power Station at its condition on Termination Date.
 - (ii) Within thirty (30) days from Termination Date, the Steering Committee shall appoint an independent appraiser who shall be required to determine the Sound Value of the Power Station and the amount equivalent to outstanding debt, cash equity and present value of foregone project return.
 - (iii) If OFFTAKER decides not to exercise its option to purchase the Power Station or if it fails to inform SUPPLIER of its decision within the Option Period, SUPPLIER may:
 - 1. Dismantle and re-deploy the Power Station and sell such equipment, facilities or parts thereof to third parties. SUPPLIER shall then deduct from the Sound Value of the Power Station the total amount by which it sold the equipment, facility or parts and inform OFFTAKER of the residual value of the remaining equipment, facilities or parts of the Power Station and dismantling costs ("Residual Termination Fee"). OFFTAKER is required to pay the Residual Termination Fee, provided that the total amount of the equipment, facilities or parts deducted by SUPPLIER from the Sound Value of the Facility shall not be less than estimated value of each equipment, facility or part proportionate to the Sound Value; or
 - 2. Assign its rights and interests arising from this Agreement to a third party pursuant to Section 16 hereof.
- (b) Payable by SUPPLIER. Upon SUPPLIER's default at any time after the Effective Date, OFFTAKER shall be entitled to a Termination Fee equivalent to the full amount of the Construction Security (in case of termination prior to COD) or Operations Security (in case of termination after the COD) posted by SUPPLIER.
- (c) Payment of Other Sums Due and Payable. Notwithstanding payment of the Termination Fee, both Parties shall be liable for any amounts due and payable prior to the receipt of the Termination Notice.
- (d) OFFTAKER's Rights and Obligations Upon Termination.
- i. Upon OFFTAKER's full payment of the amounts in Sections 12.5.1 (Offtaker's Default) and 12.5.3 (Payment of other Sums), all of SUPPLIER's rights, title and interests in the Power Station, including the assets comprising thereof, shall transfer to OFFTAKER and thereupon this Agreement and all of the Parties' obligations shall be deemed terminated.
 - ii. In the event of termination due to SUPPLIER's default, Extended Force Majeure or Uninsured Force Majeure during the Delivery Period in Section 12.3 (Events of Termination), OFFTAKER shall have the option to purchase

PALECO Board Chairman

the Power Station at the Sound Value less any received or receivable insurance proceeds and any amounts received or receivable under the Subsidy Agreement. However, should OFFTAKER decide not to purchase the Power Station, SUPPLIER may avail of any of the option to dismantle the Power Station or assign its rights, in accordance with Section 12.5.1(b)(iii)(1) (Offtaker's Option to redeploy) or (2) (Assignment of the Contract).

PALECO General Manager

- iii. OFFTAKER shall have the right to assign its rights and obligations to pay the sums arising from sub-sections (i) and (ii) above to a third party with prior approval of SUPPLIER.
- iv. The Parties agree to cooperate and develop a proper transition of operations and transfer procedures to ensure that there is no interruption of service to OFFTAKER's end-users.
- v. The Parties agree to take all future action as may be required to fully effect the provisions of this Section, among others, including but not limited to execution of any and all documents, powers of attorneys, registrations, filings or other such forms as may be required to effect the transfer of SUPPLIER's rights, title and interests in the Power Station, including the assets comprising thereof.

NPP 2nd Authorized Representative

13 COVENANTS

13.1 Maintenance of Equity Ownership.

Should SUPPLIER transfer its rights and obligations under this Agreement to a Project Company, SUPPLIER to maintain at least seventy (70%) percent equity ownership in the Project Company for the entire PSA term from Effective Date, or failure of the member/s of the consortium which complied with the technical requirements in the Competitive Selection Process to each keep at least forty percent (40%) equity ownership in the Project Company for the same period.

NPP 1st Authorized Representative

13.2 Cooperation.

OFFTAKER agrees to extend full cooperation to SUPPLIER in the performance by it of its respective obligations under this Agreement. The Parties shall coordinate to put into effect an orderly and effective transition arrangement at the commencement and end of Term to ensure the least interruption of service to OFFTAKER's end-users.

Witness

13.3 Assistance to SUPPLIER.

The Parties acknowledge and agree that this Agreement is subject to review by SUPPLIER's prospective lenders, if any, in relation to financing, arranging/rearranging financing for the Power Station. As may be necessary to obtain financing, OFFTAKER shall provide assistance to SUPPLIER and execute such documents and consents requested by such lenders pursuant to this Agreement.

Witness

13.4 Compliance with Applicable Law.

The Parties, in the performance of their obligations, shall comply with Applicable Law. SUPPLIER shall control, operate and maintain the Power Station in accordance with ERC issuances, codes, rules and regulations applicable to the operation of a Power Station, and the engineering standards and practices as are generally acceptable in the Philippines. The Parties acknowledge and confirm that at the time this Agreement is

executed, the pertinent ERC issuance governing the Power Station refers to the Philippine Distribution Code, as may be amended from time to time.

13.5 No Implied Renewal.

This Agreement shall not be renewed unless otherwise agreed to by the Parties in writing on mutually acceptable terms and conditions and approved by ERC.

13.6 Right of First Offer.

If at the end of the Delivery Period SUPPLIER decides to sell the Power Station, SUPPLIER shall first inform, by written notice, the OFFTAKER of its intent to sell the Power Station at least sixty (60) days prior to the end of the Delivery Period. Within thirty (30) days after receipt of the notice, the OFFTAKER shall have the right to make the first offer to purchase the Power Station. SUPPLIER shall entertain, in good faith, any offer made by the OFFTAKER, however, it is understood that SUPPLIER shall not be obliged to accept any offer made by the OFFTAKER.

13.7 Change of Technical Partner.

If the SUPPLIER submitted its bid and was selected as a consortium, the SUPPLIER shall not replace the member of the consortium which complied with the technical requirements in the Competitive Selection Process (“Technical Partner”).

14 REPRESENTATIONS AND WARRANTIES

The Parties hereby represent and warrant, which representations and warranties shall remain effective throughout the Term of this Agreement:

14.1 Corporate Existence.

OFFTAKER is an electric cooperative, and SUPPLIER is a Philippine corporation, both duly organized, validly existing, in good standing and qualified to do business under Applicable Law, and each holds the corporate power and authority to enter into, perform and carry out all the respective obligations and covenants under and pursuant to this Agreement.

14.2 Consents.

The execution, delivery and performance by each Party of this Agreement has been duly approved and authorized by all necessary corporate action, and does not require any approval or consent of any holder (or any trustee for any holder) of any indebtedness or other obligation of such Party or of any other person or entity, except approvals or consents which have been obtained or as set forth or expressly excepted herein.

14.3 Full Force and Binding Agreement.

This Agreement is in full force and effect, has been duly executed and delivered on behalf of each Party by the appropriate officers, and constitutes a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms upon the approval and/or ratification of this Agreement by the respective Board of Directors.

14.4 No Litigation.

There is no litigation, action, suit, proceeding or investigation pending or threatened, to the best of each Party’s knowledge, against it before any court, administrative agency, arbitration tribunal, government authority, body or agency which, if adversely

PALECO Board Chairman

determined, individually or in the aggregate, substantially and materially: (i) could adversely affect the performance by such Party of its obligations hereunder; (ii) could have a material adverse effect on its condition (financial, technical or otherwise), business or operations; or (iii) question the validity, binding effect or enforceability of this Agreement any action taken or to be taken pursuant hereto or any of the transactions contemplated herein.

14.5 No Violation or Breach.

PALECO General Manager

The execution, delivery and performance by each Party of its obligations under this Agreement and the consummation of the transactions contemplated herein will not result in any violation of any term of OFFTAKER's franchise or by-laws, or SUPPLIER's articles of incorporation or by-laws, or of any contract or agreement to which it is party or by which it or its property is bound, or, of any Applicable Law applicable to it, except any such violations which, individually or in the aggregate, would not adversely affect the performance by such Party of its obligations under this Agreement.

14.6 Warranty Against Corruption.

NPP 2nd Authorized Representative

Each Party represents and warrants to the other that it and its representatives, affiliates or subsidiaries have complied with all laws dealing with corrupt or illegal payments, gifts, or gratuities. Each Party agrees not to (and to cause its representatives, affiliates or subsidiaries not to) in connection with the activities contemplated by this Agreement pay, promise to pay, seek, accept, or authorize the payment of any money or anything of value, directly or indirectly, to any person or entity (whether a governmental official or private individual) for the purpose of illegally or corruptly influencing any governmental employee or official, any political party or official thereof or any candidate for political office. Furthermore, each Party agrees that in connection with this Agreement and the activities contemplated hereby it and its representatives, affiliates or subsidiaries will not take any action, or fail to take any action, which act or failure to act would subject the other Party or any of its representatives, affiliates or subsidiaries to liability under the laws of its country of domicile dealing with corrupt payments. Each Party agrees to indemnify the other Party from and against any loss, liability or damage (including reasonable attorney's fees) arising from or relating to such Party's breach of its representations, warranties, and obligations under this Section. Each Party represents and warrants to the other Party that prior to the date of this Agreement, it and its representatives, affiliates or subsidiaries have not taken any action in continuation of the foregoing in connection with the subject matter hereof.

NPP 1st Authorized Representative

15 DISPUTES

15.1 Steering Committee.

Witness

Upon Effective Date, SUPPLIER and OFFTAKER shall each appoint two (2) representatives composed of a member of each Party's management and an expert or consultant to sit as members of a Steering Committee, which representatives shall jointly appoint a fifth representative to sit on the committee and in the event of failure to agree on the identity of the fifth committee representative, the Philippine Chamber of Commerce and Industry (Committee on Energy), or its designated officials, shall appoint the fifth committee representative. The Steering Committee shall, from time to time, meet and discuss the issues that may arise from each Party's performance of its obligations under this Agreement from Effective Date until the expiration of the Term of this Agreement.

15.2 Procedure.

Witness

All disputes between the Parties arising from this Agreement shall be addressed in the manner noted below, except for Billing Disputes in Section 6.9 that must initially be addressed pursuant to the procedure provided in Schedule H, Part II.

15.2.1 Dispute Notice. The Party claiming or raising a dispute arising from this Agreement shall notify the other Party in writing of its claim and shall provide sufficient details thereof.

15.2.2 Internal Resolution. Not later than five (5) days from the Dispute Notification Date, the respective chief executive officers of the Parties shall meet and discuss to resolve the dispute.

16 **ASSIGNMENT**

This Agreement shall be binding upon the Parties hereto, their successors and assignees. Each Party may assign its respective rights and obligations under this Agreement subject to prior written notice and consent of the other Party. This notwithstanding, SUPPLIER may assign all or any of its rights or obligations hereunder to lenders or such other persons for purposes of arranging or rearranging financing for the Power Station, subject only to prior written notice to OFFTAKER. The assignment or transfer by SUPPLIER to lenders or such other persons that may have arranged or rearranged financing for the Power Station shall not relieve SUPPLIER of its obligations under this Agreement.

17 **MISCELLANEOUS**

17.1 **Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the Republic of the Philippines.

17.2 **Non-Waiver.**

None of the provisions of this Agreement shall be considered waived by either Party except when such waiver is given in writing. The failure of either Party to insist, in any one or more instances, upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

17.3 **No Partnership.**

Nothing contained in this Agreement shall be construed to create an association, trust, partnership, or joint venture or impose a trust or partnership duty, obligation, or liability on or with regard to either Party, or to create any principal/agent relationship between the Parties, or to create any duty, standard of care or liability to any person or entity not a Party hereto. Each Party shall be liable individually and severally for its own obligations under this Agreement.

17.4 **Entire Agreement.**

This Agreement, its Schedules, attachments and annexes supersede any previous agreement, arrangements or representation between the Parties, whether oral or written, in respect of the subject matter of this Agreement and shall constitute the entire agreement between the Parties in relation thereto.

17.5 **Notices.**

PALECO Board Chairman

Unless otherwise stated, each communication to be made hereunder shall be made in writing and, unless otherwise stated, may be made by letter, delivered in person, by hand, air mail, telex, facsimile or established courier service to the address noted below or such other address as such Party notifies in writing to the other Party from time to time and which notice shall be effective upon receipt.

To: **OFFTAKER**

PALAWAN ELECTRIC COOPERATIVE
Km. 3.35 North National Highway,
Bgy. Tinguiban, Puerto Princesa City,
Palawan

Attention: _____
The CHAIRMAN

Telephone No. (6348) 433- 9144

PALECO General Manager

To: **SUPPLIER**

Attention:
The PRESIDENT

Telephone No. _____
Fax No. _____

NPP 2nd Authorized Representative

17.6 Separability.

If any provision of this Agreement shall be determined to be invalid, such provision shall be deemed separate and distinct, and the remainder of this Agreement shall remain in full force and effect, provided that the remaining provisions are sufficient to render to each Party the benefits contemplated hereby.

NPP 1st Authorized Representative

17.7 Substitute Provision.

In the event any provision or part of this Agreement is declared invalid in accordance with Section 17.6 above, the Parties shall meet in good faith to agree, to the fullest extent allowed by Applicable Law, on a substitute provision that most closely approximates the intention and commercial bargain contained in the invalid provision and amend this Agreement accordingly.

Witness

17.8 Amendments.

This Agreement may only be amended or modified by a written instrument signed by each of the Parties.

Witness

17.9 Confidentiality.

Parties to this Agreement, each of its employees, officers, directors, and agents shall hold in confidence all information, documentation, data or know-how disclosed to it by the other Party and designated in writing as "Confidential" ("Confidential Information"), and will not disclose to any third party or use Confidential Information, this Agreement or any part of this Agreement without the other Party's prior written approval; provided, that Confidential Information may be disclosed to (i) a Government Authority required pursuant to a judicial order, notice or mandated by Applicable Law; (ii) financial institutions, bona fide potential investors, consultants, contractors, and legal advisors

PALECO Board Chairman

whose duties reasonably require such disclosure, provided that, provided that, except for a bona fide disclosure to independent legal advisors, such other party shall first have agreed not to disclose the relevant Confidential Information to any other person for any purposes whatsoever. These restrictions shall not apply, or shall cease to apply, to any part of the Confidential Information that is in the public domain other than by reason of a breach of this Section, or was in the rightful possession of the recipient Party or an employee, officer, director or agent of the recipient Party at or prior to the time of the disclosure, or was obtained by the recipient Party in good faith from a third party duly entitled to disclose it.

PALECO General Manager

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed in more than one copy each of which shall be deemed to be an original as of the date of this Agreement.

**PALAWAN
ELECTRIC COOPERATIVE**

[SUPPLIER]

By:

By:

NPP 2nd Authorized Representative

Chairman

President

General Manager

[2nd representative]

NPP 1st Authorized Representative

Signed in the presence of:

Witness

Witness

**ACKNOWLEDGEMENT
(SUPPLIER)**

Republic of the Philippines }
_____} S.S.

BEFORE ME, a Notary Public, for and in _____, Philippines, this ____ day of _____, 20__, personally appeared _____ representing to be the _____ of _____, known to me to be the same person who executed and signed the foregoing instrument consisting of ___ pages including the annexes and schedules attached hereto and the acknowledgement portions for and in behalf of _____ and he acknowledged to me that the same is the corporate act and deed of _____ and that he is duly authorized to sign the same. The said _____ exhibited to me his Government ID/Passport No. _____, issued at _____ on _____, 20__.

WITNESS MY HAND AND SEAL on the date and the place first above-written.

Doc. No. _____
Page No. _____
Book No. _____
Series of 2023

PALECO Board Chairman

PALECO General Manager

NPP 2nd Authorized Representative

NPP 1st Authorized Representative

Witness

Witness

**ACKNOWLEDGEMENT
(OFFTAKER)**

Republic of the Philippines }
[REDACTED] } S.S.

BEFORE ME, a Notary Public, for and in _____, Philippines, this ____ day of _____, 2023, personally appeared [REDACTED] and [REDACTED] representing to be the authorized representatives of OFFTAKER, known to me to be the same person who executed and signed the foregoing instrument consisting of ___ pages including the annexes and schedules attached hereto and the acknowledgement portions for and in behalf of OFFTAKER and they acknowledged to me that the same is the corporate act and deed of OFFTAKER and that they are duly authorized to sign the same. The said [REDACTED] and [REDACTED] exhibited to me their Government ID/Passport No. [REDACTED], issued at [REDACTED] on [REDACTED], 20__ and Government ID/Passport No. [REDACTED], issued at [REDACTED] on [REDACTED], 20__, respectively.

WITNESS MY HAND AND SEAL on the date and the place first above-written.

Doc. No. _____
Page No. _____
Book No. _____
Series of 2023

PALECO Board Chairman

PALECO General Manager

NPP 2nd Authorized Represent

NPP 1st Authorized Representa

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Schedule A-O

CONTRACT CAPACITY

Billing Month	Hours (Net of Outage Allowances)	Contract Capacity (kW)	Contract Energy (kWh)	Minimum Contract Energy (kWh)
January		15MW	0	0
February		15MW	0	0
March		15MW	0	0
April		15MW	0	0
May		15MW	0	0
June		15MW	0	0
July		15MW	0	0
August		15MW	0	0
September		15MW	0	0
October		15MW	0	0
November		15MW	0	0
December		15MW	0	0

No scheduled outage for the months of April, May June, November and December.

Schedule A-1

Power Station Specifications Conventional Technology

Generating Equipment Specifications

This Schedule sets forth the general description of the Power Station. SUPPLIER shall design, construct, commission and operate and maintain its Power Station in El Nido, Palawan with the following configuration:

1. The Power Station shall have the following specifications:

1.1. Engine Status:

Unit No.	Manufacturer	Manufactured in	Brand	Model	Date of Manufacture (Indicative date if not yet available)

1.2. Engine Rated Capacity:

Generating Unit	Fuel Type	Installed Capacity, MW (Rated)	Heat Rate, Btu/kWh	Fuel Caloric Value (LHV), Btu/lb; Btu/liter	Fuel efficiency in li/kWh*	Speed (rpm)

*Rated at generator terminals

Maintenance of generating units should be in accordance with the manufacturer’s standards, provided that maintenance schedule is subject to OFFTAKER’s approval.

1.3. Main Alternator Rated Capacity:

Alternator Unit	Installed Capacity, MW (Rated)	Output Voltage (kV)	Dependable Capacity, MW	Min & Max Loading (MW)	Min & Max Loading (Mvar)	Power Factor	Frequency (Hz)	Xd	Xd’	Xd’’

1.4. Dependable Capacity

Alternator Unit	Installed Capacity, MW (Rated) (A)	Station Use and Other losses up to the CPs, MW (B)	Dependable Capacity, MW (Dispatchable) (A-B)

--	--	--	--

1.5 Plant Fuel Efficiency (Indicate only applicable fuel or add when not listed)

Fuel (Select applicable fuel)	Plant Fuel Efficiency	Heat Rate
HFO		
LFO		
Lube Oil		
LPG		
LNG		
Coal		

During the Delivery Period, the Power Station shall meet the maximum ___ MW Contracted Capacity and additional mandatory ancillary services.

The minimum Dependable Capacity, equivalent to at least ___MW of the power plant, includes the 40% margin (additional mandatory ancillary services) of the ___MW Contracted Capacity referred to at the Connection Points.

- 1.1. Type and Expected Mode of Operation: The Power Station shall be operated as the power supply source for El Nido, Palawan as it will be dispatched 24/7 while in standalone configuration while it will be dispatched in accordance with Merit Order Table when connected to Palawan Grid and to continuously provide power supply up to the Contracted Capacity as well as other parameters, as applicable.

At anytime after COD and at no additional cost to OFFTAKER, SUPPLIER may replace any generating unit of the Power Station or supplement its generating capacity, provided that (i) the CC of the Power Station after any unit is replaced or supplemented shall not be less than 15MW (inclusive of the 40% margin), (ii) the replacement unit(s) shall also be firm and dependable capacity capable of being dispatched as part of the CC, (iii) the supplementing unit(s) may come from Non-Conventional and Renewable Energy (NCRE) sources as capacity in addition to CC and (iv) the OFFTAKER approves the replacement and conducts inspection of the Power Station. Provided that (1) such generating units utilize dispatchable energy technology (2) the viability and dependability of using such RE has been sufficiently established and (3) the use of such technology shall be subject to applicable provisions relating to and including penalties for non-delivery of electricity and contract reopener under the PSA.

Moreover, the SUPPLIER shall comply with all the applicable provisions and requirements of the Renewable Energy Act (Republic Act No. 9513), its implementing rules and regulations, and other issuances of the relevant Governmental Body when installing and operating generation units that utilize Renewable Energy sources.

The point of connection or delivery point shall be at:

- (a) For the 13.2kV supply connection point ("CP1"), at the PALECO's existing primary pole with ID No. E0211 (GPS Coordinates:11.25101° N, 119.43128°S).
- (b) For the 69kV supply connection point ("CP2"), at the 69kV bus of the PALECO's proposed 25MVA El Nido Substation to be completed on December 2026 and located 40 meters from CP1.

- 1.6. Rated Voltage: The Power Station shall have a rated voltage of 13.2kV and 69 kV and shall be capable of being synchronized with other IPPs, when applicable.
- 1.7. Step-up Power Substation: The SUPPLIER shall provide step-up power substation as may be required to safely convey the full output of the Power Station and to satisfy the requirements of the Philippine Small Grid Guidelines (PSGG). The step-up power substation shall have (quantity), ___MVA power transformer/s, DS, and circuit breakers and shall be rated at 13.2kV and 69 kV accordingly.
- 1.8. Speed Droop Settings: SUPPLIER shall install generating units with adjustable speed droop settings enabling the generating units to cope up with the speed droop settings of other generating units that are currently installed belonging to other IPPs in Palawan Grid. Shall be

able to demonstrate such capability during the testing and commissioning of the Power Station.

- 1.9. Reactive Power Capability Curve: SUPPLIER shall provide the OFFTAKER the Reactive Power Capability Curves of the generating units prior to the testing and be able to demonstrate that the reactive power requirement of the entire power system is being shared proportionately among all the online units during testing and commissioning of the Power Station.
- 1.10. Capability to maintain engine speed and excitation of the main field after taking a block load which is **20% of Rated Capacity** within ____ seconds.
- 1.11. Capability to maintain engine speed and excitation of the main field after removing a block load which is **50% of Rated Capacity** within ____ seconds.
- 1.12. Regulating range: **Voltage : $\pm 5\%$, Frequency : ± 0.3 Hz**
- 1.13. Capability to reject load at **80% of Rated Capacity** preventing the genset to shutdown within ____ seconds.
- 1.14. Generating unit shall have fuel efficiency of at least 0.21 li/kWh at the generator terminals.
- 1.15. Each genset shall have instrumentation indicating real power, reactive power, apparent power, voltage, current, power factor and frequency.
- 1.16. All instruments shall be compliant with **IEC 61850** standard.
- 1.17. All instruments, power stations, and generating units must be integrated or ready to be integrated into PALECO SCADA for system operation.
2. The Power Station shall have a circuit breaker that is capable of interrupting the maximum short circuit current at the point of connection. Disconnect switches shall also be provided and arranged to isolate the circuit breaker for maintenance purposes. The type of circuit breaker shall be specified. The outgoing feeder shall have instrumentation indicating real power, reactive power, apparent power, voltage, current, power factor and frequency.
3. For the purpose of meeting the Contracted Capacity, SUPPLIER shall provide synchronous generators only.

Schedule A-2

Power Station Specifications Renewable Energy Technology

This Schedule sets forth the general description of the Power Station. SUPPLIER shall design, construct, commission and operate and maintain its Power Station in El Nido, Palawan with the following configuration:

1. The Power Station shall have the following specifications:
 - 1.1 Generator Rated Capacity:

Parameters	FIRM RE	NON-FIRM RE
Solar PV System		
DC System Size (kW)		
Module Type		
Array Type		
Array Tilt (deg)		
Array Azimuth (deg)		
System Losses (%)		
DC to AC Size Ratio		
Inverter Efficiency (%)		
Main Battery for 24/7 supply, Amp-Hours		
Backup Reserve Battery, Amp-Hours		
Spinning Reserve Battery, Amp-Hours		
Dependable Capacity with 24/7 Battery, kW		
Backup Reserve, kW		
Spinning Reserve, kW		

Dependable capacity of Solar PV means the ability to deliver both the power supply and spinning reserve 24/7.

Rated Capacity given above is indicative and installed capacity may vary marginally from quoted

values. SUPPLIER will provide final capacity and other relevant electrical parameters to OFFTAKER upon award of SUPPLIER's purchase order(s) for supply of mechanical/electrical equipment.

1.2 Projected Annual Deliverable Energy, with Monthly Estimates

1.2.b For Solar Project

Installed Capacity, MW <small>DC-peak</small>	FIRM RE		NON-FIRM	
	Monthly Production kWh	Ave. Plant Capacity MW	Monthly Production kWh	Ave. Plant Capacity MW
Max Energy Production, kWh				
Average Annual Capacity Factor				
Month	Monthly Production kWh	Ave. Plant Capacity MW	Monthly Production kWh	Ave. Plant Capacity MW
Jan				
Feb				
Mar				
Apr				
May				
Jun				
Jul				
Aug				
Sep				
Oct				
Nov				
Dec				

Annual				
Hour	Production	Ave. Plant Capacity	Monthly Production	Ave. Plant Capacity
	kWh	MW	kWh	MW
6:00 am				
7:00 am				
8:00 am				
9:00 am				
10:00 am				
11:00 am				
12:00 pm				
1:00 pm				
2:00 pm				
3:00 pm				
4:00 pm				
5:00 pm				
6:00 pm				
Annual				

Maintenance of generating units should be in accordance with the manufacturer’s standards; provided that maintenance schedule is subject to OFFTAKER’s approval.

1.3 Contracted Capacity

SPV System No.	Installed Capacity, MW (Rated)	Station Use and Other losses up to the CPs, MW	Dependable Capacity, MW (Dispatchable)	Contracted Capacity (MW) <i>(Indicate allocated MW if combined with Conventional)</i>
1				<i>N/A if non-firm</i>
2				
3				
4				
5				
Total				

During the Delivery Period, the Power Station shall meet the maximum ___ MW Contracted Capacity and additional mandatory ancillary services if to be solely supplied from purely Firm RE generation plant.

The minimum Dependable Capacity, equivalent to at least ___MW of the power plant, includes the 40% margin (additional mandatory ancillary services) of the ___MW Contracted Capacity referred to at the Connection Points.

1.4 Type and Expected Mode of Operation:

The Power Stations shall be operated as standalone power supply for El Nido, Palawan and one of the power supply sources for the Palawan Grid. As [RE technology] Generating Plants, they will have Priority Dispatch in the Merit Order Table, and so as to continuously provide power supply with all available Deliverable Energy on an “as and when available” basis.

At anytime after COD and at no additional cost to OFFTAKER, SUPPLIER may replace any generating unit of the Power Stations or supplement its generating capacity with additional or alternative hydropower turbines/solar panels/generators.

The SUPPLIER shall comply with all the applicable provisions and requirements of the Renewable Energy Act (Republic Act No. 9513), its implementing rules and regulations, and other issuances of the relevant Governmental Body when installing and operating generation units/solar panels that utilize Renewable Energy sources.

The point of connection or delivery point shall be at:

- (a) For the 13.2kV supply connection point ("CP1"), at the PALECO's existing primary pole with ID No. E0211 (GPS Coordinates:11.25101° N, 119.43128°S).
 - (b) For the 69kV supply connection point ("CP2"), at the 69kV bus of the PALECO's proposed 25MVA El Nido Substation to be completed on December 2026 and located 40 meters from CP1.
- 1.5 Rated Voltage: The Power Station shall have a rated voltage of 13.2kV and 69 kV and shall be capable of being synchronized with other IPPs, when applicable .
 - 1.6 Step-up Power Substation: The SUPPLIER shall provide step-up power substation as may be required to safely convey the full output of the Power Station and to satisfy the requirements of the PSGG. The step-up power substation shall have (quantity), ___MVA power transformers, DS, and circuit breakers and shall be rated at 13.2kV and 69 kV accordingly both at the station side and Connection Points.
 - 1.7 Speed Droop Settings: SUPPLIER shall install generating units with adjustable speed droop settings enabling the generating units to cope up the speed droop settings of other generating units that are currently installed belonging to other IPPs in Palawan Grid. Shall be able to demonstrate such capability during the testing and commissioning of the Power Station.
 - 1.8 Reactive Power Capability Curve: SUPPLIER shall provide the OFFTAKER the Reactive Power Capability Curves of the generating units prior to the testing and be able to demonstrate that the reactive power requirement of the entire power system is being shared proportionately among all the online units during testing and commissioning of the Power Station.
 - 1.9 Regulating range: **Voltage : ± 5%, Frequency : ± 0.3 Hz**
 - 1.10 The RE system shall have instrumentation indicating real power, reactive power, apparent power, voltage, current, power factor and frequency.
 - 1.11 All instruments shall be compliant with IEC 61850 standard.
 - 1.12 All instruments, power station and generating units must be integrated or ready to be integrated to PALECO SCADA for system operation.
 - 1.13 An Energy Management System (EMS) shall be installed to address intermittent characteristic of renewable energy resources.
2. The Power Station shall have a circuit breaker that is capable of interrupting the maximum short circuit current at the point of connection. Disconnect switches shall also be provided and arranged to isolate the circuit breaker for maintenance purposes. The type of circuit breaker shall be specified. The outgoing feeder shall have instrumentation indicating real power, reactive power, apparent power, voltage, current, power factor and frequency.

Schedule B

Operating Parameters

1. SUPPLIER shall operate Power Station in accordance with the operating criteria and guidelines consistent with operating and safety requirements of OFFTAKER's distribution system. SUPPLIER shall cooperate with OFFTAKER in establishing emergency procedures including, but not limited to, recovery from local or widespread electrical blackout, voltage regulation to effect curtailment, and other contingencies which may arise.
2. Power Station Output:
 - 2.1. The Power Station generating units shall be capable of continuously supplying power output within the frequency range of 59.2 Hz to 60.8 Hz. Any decrease of power output occurring in the frequency range of 59.2 Hz to 60.8 Hz shall not be more than the required proportionate value of system frequency decay.
 - 2.2. The Power Station generating units shall be capable of supplying its active power and reactive power outputs within the voltage variation specified in the Philippine Small Grid Guidelines (PSGG).
 - 2.3. The Power Station generating units shall be capable of supplying its active power output within the limits of 0.85 power factor lagging and 0.90 power factor leading and callable when required by OFFTAKER.
3. Frequency Withstand Capability
 - 3.1. If OFFTAKER's system frequency momentarily rises to 62.4 Hz or falls to 57.6 Hz, the Power Station generating units shall remain in synchronism with the island grid for at least 5 seconds pursuant to Section 4.3.2 of PSGG.
 - 3.2. SUPPLIER shall be responsible for protecting its generating units against damage from frequency excursions outside the range of 57.6 Hz and 62.4 Hz. SUPPLIER may decide whether or not to disconnect its generating units from the island grid.
4. Unbalanced Loading Withstand Capability:
 - 4.1. The Power Station generating units shall meet the requirements for voltage unbalance as specified in Section 3.1.1.3 of the PSGG.
 - 4.2. The Power Station generating units shall withstand without tripping the unbalance loading during clearance by back-up protection of a close-up phase-to-phase fault of the distribution system
5. Protection Arrangements

The protection of the Power Station generating units and their connection to the 13.2kV and 69 kV system shall be designed, coordinated and tested to achieve the desired level of speed, sensitivity and selectivity in fault clearing and to minimize the impact of faults on the distribution system.
6. Load Sharing Operation:

The Power Station generating units shall proportionately share the real and reactive power components of the load depending on the dispatch requirements of OFFTAKER.
7. Operation Mode:

It is intended that the Power Station shall be operated such that it delivers dependable capacity listed in Schedule A. The Power Station is expected to operate 24 hours a day.

Schedule C

Operating and Delivery Procedures

1. Operating Procedures

1.1 Dispatch Procedure

SUPPLIER shall control and operate the Power Station consistent with OFFTAKER's systems dispatch requirements within the limitations of the manufacturer's recommendations, best operation and maintenance practices.

1.2 Engineering Standards

The Power Station including, but not limited to, the protective apparatus shall be operated and maintained in accordance with best engineering practices in respect of synchronizing, voltage and reactive power control.

1.3 Protective Devices

The Power Station shall be operated with all of its protective apparatus in service whenever the facility is connected to or is operated in parallel with OFFTAKER's electric system. Any deviation for brief period of emergency or maintenance shall only be by mutual agreement.

1.4 Integrity Loss

If, at any time, OFFTAKER has reason to doubt the integrity of any SUPPLIER protective apparatus and suspects that such loss of integrity could jeopardize OFFTAKER electric system, SUPPLIER shall demonstrate, to OFFTAKER's satisfaction, the correct calibration and operation of the equipment in question with expenses to be shouldered by the SUPPLIER

Any equipment that are not in compliance within the engineering standards shall be replace within 30 days after testing.

1.5 Testing of Protective Devices

SUPPLIER shall have yearly testing of all protective devices with qualified personnel on the first month of each year. Test results shall be submitted to OFFTAKER within five days after the test.

Any equipment that are not in compliance within the engineering standards shall be replace within 30 days after testing.

1.6 Notice of Tests

SUPPLIER shall notify OFFTAKER at least fourteen (14) calendar days prior to any milestone testing, such as: (1) the initial parallel operation of each SUPPLIER generator and (2) testing of all protective apparatus. OFFTAKER shall have the right to have a representative present at such times.

1.7 Service Commitment

SUPPLIER shall make all reasonable efforts to deliver its Contracted Capacity as needed by the OFFTAKER.

1.8 Daily Operating Report for Record Purposes

SUPPLIER shall submit to OFFTAKER on the prescribed excel template the daily operating schedule, generation capability of its Power Station, EMS and SCADA logs upon written request by any representative of the OFFTAKER.

1.9 Records.

SUPPLIER shall maintain the operating and maintenance records for each generating unit at SUPPLIER's Power Station for a period of at least five (5) years with records of: real and reactive power production, changes in operating status, outages, protective apparatus operations, test results after maintenance of generating units, and any unusual conditions found during

inspections. Changes in the setting of protective apparatus shall also be logged. In addition, SUPPLIER shall maintain records applicable to the Power Station, including the electrical characteristics of the generator and settings or adjustment of the generator control equipment and protective devices. Such information shall be submitted to OFFTAKER within three (3) days after the reading of the kWh meter for each billing period.

2. Delivery Procedures

2.1 Delivered Energy

SUPPLIER shall generate electricity with its own fuel and deliver the same to the OFFTAKER, and OFFTAKER shall take such electricity delivered as requested in accordance with the daily operating schedule based on the demand requirement of the OFFTAKER.

SUPPLIER shall ensure 2MW ancillary reserve at all times to cover the required 24 hours a day operation.

2.2 Notice in Change of Output

Specific procedures for notifications of power requirements shall be agreed upon between SUPPLIER and OFFTAKER prior to the Commercial Operations Date. Subject to such procedures, the outputs of the Power Station shall be as required by OFFTAKER from time to time, provided that changes in output requested by OFFTAKER shall be in accordance with procedures and are within the Power Station Specifications and the Operating Parameters,

2.3 Notice of Required Electricity:

The annual, monthly and weekly system operating plans will be prepared by OFFTAKER in consultation with SUPPLIER. It is agreed that the daily plan will be the control plan and will be that plan referred to as "normal operation plan".

2.4 Normal Operations

Normal operations of the generating units are as defined below:

- 2.4.1 Operating in accordance with the daily normal operation plan as agreed in writing between OFFTAKER and SUPPLIER
- 2.4.2 Operating in accordance with the Operating Parameters in Schedule B
- 2.4.3 Frequencies of the island grid system to be within the limits of the Operating Parameters.
- 2.4.4 Operating at a system voltage of 13.2 kV and 69 kV plus or minus 5%.

Start-up synchronizing and loading to be within the limits of the Operating Parameters.

Schedule D

Government Consents

1.1 SUPPLIER Government Consents required

- **Bureau of Internal Revenue**
 - BIR Certificate of Registration
 - BIR VAT or non-VAT Registration
 - Registration of books of accounts
- **Department of Energy**
 - DOE endorsement stating that SUPPLIER can register as a Private Sector Generation Facility
 - Service/Operating Contracts for Renewable Energy Developer
- **Securities and Exchange Commission**
 - Certificate of Registration
- **Department of Environmental and Natural Resources – Environmental Management Bureau**
 - Environmental Compliance Certificate/s (ECC) granted to SUPPLIER for the construction, installation and operation of the Power Station.
- **Local Government Unit**
 - Endorsement from the following Local Government Units: (1) Barangay, (2) City/Municipality and (3) Province where the power station will be constructed that the proposed technology is socially acceptable.
- **Palawan Council for Sustainable Development**
 - Strategic Environmental Plan (SEP) Clearance as pre-requisite to the application for ECC.
 - Certification that the proposed technology has environmental compatibility and socially acceptable in the Province of Palawan and local area.
- **Energy Regulatory Commission**
 - Certificate of Compliance for the Power Station
- **Housing and Land Use Regulatory Board**
 - Locational Clearances (if applicable)
- **National Water Resources Board**
 - Water Use Permits (if applicable)
- **Social Security System, Philhealth and Home Development Mutual Fund (Pag-ibig)**
 - SUPPLIER's Registration as Employer and Registration of Employees

1.2 **OFFTAKER Government Consents required**

a. Department of Energy

- Certification on the Conduct of the Competitive Selection Process

b. National Electrification Administration

- Copy of OFFTAKER's Certificate of Franchise

c. Cooperative Development Authority

- Copy of OFFTAKER's Certificate of Registration

Schedule E

Dispatch Protocols

1) Definition of Terms

Active Energy – the integral part of the Active Power with respect to time, measured in watt-hour or multiples thereof. Unless otherwise qualified, the term “Energy” refers to Active Energy;

Adverse Weather – a weather condition that results in abnormally high rate of forced outages for exposed components while such conditions persist, but does not qualify as Major Storm Disaster. An Adverse Weather Condition can be defined for a particular System by selecting the proper values and combinations of the weather conditions reported by the Philippine Atmospheric Geophysical and Astronomical Services Administration (PAGASA) including thunderstorm, wind velocity, precipitation and temperature;

Automatic Load Dropping (ALD) – the process of automatically and deliberately removing pre-selected Loads from a power System in response to an abnormal condition to maintain the integrity of the System;

Capability and Availability Declaration – refers to the data submitted by the SUPPLIER for its Scheduled Generating Unit, which is used by the OFFTAKER in preparing the day-ahead Generation Schedule. It includes declaration of capability and availability, Generation Scheduling and Dispatch Parameters;

Central Dispatch – the process of issuing direct instructions to the SUPPLIER and other suppliers of electricity by the OFFTAKER to achieve an economic operation while maintaining Power Quality, Stability and the Reliability and Security of the Island Grid;

Component – a piece of Equipment, a line or circuit, a section of a line or circuit, or a group of items, which is viewed as a unit for a specific purpose;

Connection Point – the point of connection of the User System or Equipment to the Island Grid (for Users of the Island Grid) or to the Distribution System (for Users of the Distribution System);

Contingency Reserve – generating capacity that is intended to carry the load of the largest synchronized Generating Unit that shutdown;

Critical Loading – refers to the condition when the loading of transmission lines or substation Equipment is between 90 percent and 100 percent of the continuous load carrying rating of such equipment;

Customer – any person/entity supplied with electric service under a contract with a Distribution Utility;

Customer Demand Management – the reduction in the supply of electricity to a Customer or the disconnection of a Customer in a manner agreed upon for commercial purposes;

Demand – the Active Power and/or the Reactive Power at a given instant or averaged over a specified interval of time, that is actually delivered or expected to be delivered by an electrical Equipment or supply System. It is expressed in watts (W) and/or VARs and multiples thereof;

Demand Control – the reduction in Demand for the control of the Frequency when the Island Grid is in an Emergency State. This includes Automatic Load Dropping, Manual Load Dropping, demand reduction upon instruction by the OFFTAKER, demand disconnection initiated by Users, Customer Demand Management, and Voluntary Load Curtailment;

Dispatch – the process of making the scheduled generating units online and providing Capacity for use by the Demand in order to achieve the operational requirements of balancing Demand with Supply that will ensure the Security of the Island Grid;

Dispatch Instructions – refers to the instructions given by the System Operator to the SUPPLIER with Scheduled Generating Units to implement the final Generation Schedule in real time pursuant to the OFFTAKER’s nomination;

Distribution System – the network of wires and associated facilities belonging to the OFFTAKER;

Dynamic Instability – a condition that occurs when small undamped oscillations begin without any apparent cause because the Island Grid is operating too close to an unstable condition;

Emergency State – the Island Grid operating condition when a Multiple Outage Contingency has occurred without resulting in a Total System Blackout and any of the following conditions is present: (a) generation deficiency exists; (b) Island Grid transmission voltages are outside the limits of 0.9 and 1.10 percent; or (c) the loading level of any transmission line or substation Equipment is above 110 percent of its continuous load carrying rating;

End-User – a person or entity that requires the supply and delivery of electricity for its own use;

Energy – unless otherwise qualified, refers to the Active Energy;

Equipment – all apparatus, machines, conductors, etc. used as part of, or in connection with, an electrical installation;

Event – an unscheduled or unplanned occurrence of an abrupt change or disturbance in a power system due to a fault, Equipment Outage, or Adverse Weather Condition;

Fast Start – the capability of a Generating Unit or Generating Plant to start and synchronize with the Island Grid within 15 minutes;

Flicker – the impression of unsteadiness of visual sensation induced by the light stimulus whose luminance or spectral distribution fluctuates with time;

Generating Plant – a facility consisting of one or more Generating Units, where electric Energy is produced from some other form of energy by means of a suitable apparatus;

Generating Unit – a conversion apparatus including auxiliaries and associated Equipment, functioning as a single unit, and is used to produce electric Energy from some other form of Energy;

Generation Schedule – refers to the schedule that indicates the hourly output of the Scheduled Generating Units;

Generator – refers to any person or entity, including the SUPPLIER, authorized by the ERC to operate a facility used in the Generation of Electricity;

Imminent Overloading – refers to the condition when the loading of transmission lines or substation Equipment is between 100 percent and 110 percent of the continuous load carrying rating;

Interruption – the loss of service to a Customer or a group of Customers or other facilities, resulting from one or more Component Outages;

Island Grid – the high voltage backbone distribution System of 13.2 KV, substations, 69 KV sub-transmission lines, if applicable, and related facilities and immediate feeders for the purpose of conveyance of bulk power and its distribution in the Island of Palawan;

System Operator - the NPC-SPUG unless taken over by OFFTAKER

Load – an Entity or an Electrical Equipment that consumes electric Energy;

Manual Load Dropping (MLD) – the process of manually and deliberately removing pre-selected Loads from a power System, in response to an abnormal condition, and in order to maintain the integrity of the System;

Multiple Outage Contingency – an event caused by the failure of two or more Components of the Island Grid including Generating Units, transmission lines, and transformers;

Normal State – the Island Grid operating condition when the System Frequency, voltage and transmission line equipment and loading are within their normal operating limits, the Operating Margin is sufficient, and the Island Grid configuration is such that any fault current can be interrupted and the faulted equipment isolated from the Island Grid;

Operating Margin – the margin of generation over total Demand plus losses that is necessary for ensuring Power Quality and the Security of the Island Grid; including the Contingency Reserve;

Outage – the state of a Component when it is not available to perform its intended function due to some event directly associated with the Component; it may or may not cause an Interruption of service to Customers;

Power Quality – the quality of the voltage, including its frequency and resulting current that are measured in the Island Grid, Distribution System, or any User system;

Primary Response – the automatic response of a Generating Unit to Frequency changes, released increasingly from zero to five seconds from the time of Frequency Change, and which is fully available for the next twenty five seconds;

Reactive Power – the component of electrical power representing the alternating exchange of stored Energy (inductive or capacitive) between sources and loads or between two systems, measured in VAR or multiples thereof. For AC circuits or systems, it is the product of the RMS value of the voltage and the RMS value of the quadrature component of the alternating current; in a 3-phase system, it is the sum of the reactive power of the individual phases;

Reliability – the probability that a System or Component will perform a required task or mission for a specified time in a specified environment; it is the ability of a power System to continuously provide service to its Customers;

Secondary Response – the automatic response to Frequency which is fully available 25 seconds from the time of Frequency change to take over from Primary Response, and which is sustainable for at least 30 minutes;

Security - the continuous operation of a power system in a Normal State, ensuring safe and adequate supply of power to End-Users, even when some parts or Components of the System are on Outage;

Schedule Day – the period from 0000H to 2400H each day;

Scheduled Generating Plant – a Generating Plant whose Generating Units are subject to Central Dispatch by System Operator (OFFTAKER);

Scheduled Generating Unit – a Generating Unit within a Scheduled Generating Plant;

Scheduling – the process of matching the supply from Generating Units to provide Energy and Capacity with the Island Grid demand and the operational support required by the Island Grid, to prepare the Generation Schedule, which takes into account the operational constraints in the Island Grid;

Significant Incident – an Event on the Island Grid, a Distribution System, or the System of any User that has serious or widespread effect on the Island Grid, the Distribution System, or any User System;

Spinning Reserve – the component of the Contingency Reserve which is synchronized to the Island Grid and ready to take on Load; it is also called Hot Standby Reserve;

Stability – the ability of the dynamic Components of the power System to return to a normal or stable operating point after being subjected to some form of change or disturbance;

Synchronized – the state when connected Generating Units and/or interconnected AC Systems operate at the same frequency and where the phase angle displacements between their voltages vary about a stable operating point;

System – refers to the Island Grid or Distribution System or any User System; it also refers to a group of Components connected or associated in a fixed configuration to perform a specified function;

Transient Instability – a condition that occurs when undamped oscillations between parts of the Island Grid result in Island Grid separation; such Island Grid disturbances may occur after a fault and the loss of Generating Units and/or transmission lines;

User – a person or entity that uses the Island Grid or Distribution System and related facilities;

Voltage Fluctuations – the systematic variation of the voltage envelope or random amplitude changes where the RMS value of the voltage is between 90 percent and 110 percent;

Voltage Instability – a condition that results in Island Grid voltages that are below the level where voltage control Equipment can return them to normal level; and

Voluntary Load Curtailment (VLC) – the agreed self reduction in Demand by identified industrial End-user/s to assist in the Frequency Control when generation deficiency exists.

2) Performance Standards

2.1 Power Quality Standards

2.1.1 It is the objective of the OFFTAKER to operate the Main Grid by adopting the Power Quality Standards under section 3.2 of the Philippine Grid Code to avoid giving rise to a Power Quality problem. The SUPPLIER shall design, build, operate and maintain its Generating Plant in a manner consistent with these standards.

2.1.2 A Power Quality problem exists when at least one of the following conditions is present and significantly affects the normal operation of the System:

- a. The System Frequency has deviated from the nominal value of 60 Hz;
- b. The Voltage magnitudes are outside the allowable range of variation;
- c. Harmonic Frequencies are present in the System;
- d. There is imbalance in the magnitude of the phase voltages;
- e. The phase displacement between voltages is not equal to 120 degrees;
- f. Voltage Fluctuations cause Flicker that is outside the allowable Flicker Severity limits; or
- g. High frequency over-voltages are present in the Island Grid.

2.2 Reliability Standards: It is the objective of the OFFTAKER to operate the Island Grid by adopting the Reliability Standards under section 3.3 of the Philippine Grid Code. The SUPPLIER shall design, build, operate and maintain its Generating Plant in a manner consistent with these standards.

3) Island Grid Operating Criteria

The Parties shall mutually cooperate with each other to achieve the following operating criteria:

- 3.1. The Island Grid shall be operated so that it remains in the Normal State.
- 3.2. The Island Grid shall be operated and maintained to meet the Power Quality standards set forth in section 2.1 above.
- 3.3. The Security and Reliability of the Island Grid shall be based on a pre-determined Contingency Reserve. This means that: (a) the Island Grid shall be capable of operating in the Normal State following the loss of the largest generation capacity in any Peak Period hour of the day between 11 AM to 3 PM and 6 PM to 10 PM, or (b) in any hour other than the Peak Period.
- 3.4. The Island Grid Frequency shall be shared equally among the Suppliers.
- 3.5. The Island Grid voltage shall be operated at safe level to reduce the vulnerability of the Island Grid to Transient Instability, Dynamic Instability and Voltage Instability problems.
- 3.6. A sufficient Fast Start capacity shall be available at locations agreed upon by the Parties to facilitate the restoration of the Island Grid to a Normal State following a Total System Blackout.

4) Operational Responsibilities

4.1 Operational Responsibilities of the System Operator

- 4.1.1 The SYSTEM OPERATOR is responsible for ensuring that load-generation balance is maintained during emergency conditions and for directing Island Grid recovery efforts following these emergency conditions.
- 4.1.2 The SYSTEM OPERATOR is responsible for controlling Island Grid Voltage Variations during emergency conditions through a combination of direct control and timely instructions to SUPPLIER and other Island Grid Users.
- 4.1.3 The SYSTEM OPERATOR shall be responsible for Operating and maintaining Power Quality in the Island Grid during normal conditions, in accordance with the provisions of Section 2.1, and in proposing solutions to Power Quality problems.
- 4.1.4 The SYSTEM OPERATOR shall be responsible for determining, acquiring, and nominating for dispatch the capacity needed to supply the Island Grid Ancillary Services.
- 4.1.5 The SYSTEM OPERATOR is responsible for designing, installing, and maintaining the Island Grid protection System that will ensure the timely disconnection of the faulted facilities and Equipment.
- 4.1.6 The SYSTEM OPERATOR is responsible for preparing the Island Grid Operating and Maintenance Program.
- 4.1.7 The SYSTEM OPERATOR is responsible for performing all necessary studies to determine the safe operating limits that will protect the Island Grid against any instability problems, including those due to Multiple Outage Contingencies.

4.2 Operational Responsibilities of the OFFTAKER

- 4.2.1 The OFFTAKER is responsible for the preparation of weekly load nomination for dispatch in accordance with the provisions of Section 2.1 of the Agreement and Schedule E, Annex 1.

4.3 Operational Responsibilities of the SUPPLIER

- 4.3.1 The SUPPLIER is responsible for maintaining its Generating Plant to fully deliver the capabilities of the Agreement
- 4.3.2 The SUPPLIER is responsible for providing accurate and timely planning and operations data to the OFFTAKER.
- 4.3.3 The SUPPLIER shall submit plant weekly power outlook to the OFFTAKER.
- 4.3.4 The SUPPLIER shall be responsible for ensuring that its Generating Units will not disconnect from the Island Grid during disturbances except when the Frequency or Voltage Variation would damage SUPPLIER's Equipment or when the OFFTAKER has agreed to such disconnection.
- 4.3.5 The SUPPLIER is responsible for executing instructions of the SYSTEM OPERATOR and/or OFFTAKER during emergency conditions.

4.4 Island Grid Operations Notices

- 4.4.1 The SYSTEM OPERATOR shall notify the SUPPLIER and the OFFTAKER without delay of the following notices of an existing alert state:
 - a. Yellow Alert when the Contingency Reserve is less than the capacity of the largest Synchronized Generating Unit or power import from a single interconnection, whichever is higher.
 - b. Red Alert when the Contingency Reserve is zero or a generation deficiency exists or if there is Critical Loading or Imminent Overloading of transmission lines or Equipment.

- c. Weather Disturbance Alert when a weather disturbance has entered the Philippine Area of responsibility;
 - d. Blue Alert when a tropical disturbance is expected to make a landfall within 24 hours; and
 - e. Security Alert when peace and order problem exist, which may affect Island Grid operations.
- 4.4.2 A Significant Incident Notice shall be issued by OFFTAKER or the SUPPLIER if a Significant Incident has transpired on the Island Grid or the System of the SUPPLIER. The notice shall be issued within 15 minutes of the occurrence of the Significant Incident, and shall identify the possible consequences on the Island Grid and/or the System of other Users and any initial corrective measures that were undertaken by the System OFFTAKER or SUPPLIER, as the case may be.

5) Scheduling and Dispatch Responsibilities

5.1 Responsibility of OFFTAKER

- 5.1.1 The OFFTAKER shall be responsible for the preparation and issuance of Nomination for dispatch of the Scheduled Generating Units in accordance with Section 6 hereof.

5.2 Responsibility of SYSTEM OPERATOR:

- 5.2.1 The SYSTEM OPERATOR shall be responsible in providing Central Dispatch for the Scheduled Generating Units.

5.3 Responsibilities of SUPPLIER:

- 5.3.1 The SUPPLIER shall ensure the availability of generating capacity for intermediate, peaking and contingency reserves.
- 5.3.2 The SUPPLIER is responsible for submitting the Capability and Availability Declaration, Generation Scheduling and Dispatch Parameters, and other data for its Scheduled Generating Units.
- 5.3.3 The SUPPLIER shall be responsible for ensuring that all Dispatch Instructions from the SYSTEM OPERATOR are implemented.

6) Scheduling and Dispatch Principles

6.1 Island Grid Operating Margin

- 6.1.1 The Operating Margin of the Island Grid shall include the generating capacity required to respond to changes in Demand during normal conditions and the appropriate reserve needed to respond to sudden reduction in generation during emergency conditions.

6.2 Scheduling and Dispatch Criteria

- 6.2.1 The SYSTEM OPERATOR shall ensure that synchronized generating capacity shall be sufficient to match, at all times, the forecasted Island Grid Demand and the required Reserve to ensure the Security and Reliability of the Island Grid. SUPPLIER shall make available the generating capacity of the Agreement.
- 6.2.2 The SYSTEM OPERATOR shall ensure the availability of Generating Units so that the Island Grid will continue to operate in the Normal State including the loss of the largest Generating Unit. SUPPLIER shall comply with its obligations the Agreement.

- 6.2.3 The SYSTEM OPERATOR shall take into account the technical and operational constraints of the Island Grid and the Generating Units of the SUPPLIER such as unit minimum stable loading and maximum dependable capacity.
- 6.2.4 The SYSTEM OPERATOR in coordination with the OFFTAKER shall take into account the following factors in preparing the Generation Schedule
- a. The registered parameters of the Scheduled Generating Units;
 - b. The requirements for voltage control and Reactive Power; and
 - c. The need to provide an Operating Margin including the loss of the largest unit.

The SUPPLIER shall make available to the OFFTAKER the operating parameters of its Generating Units to enable OFFTAKER to prepare the Generating Schedule.

7) Generation Scheduling Procedure

7.1 Preparation of Generation Schedule

- 7.1.1 The OFFTAKER in coordination with the SYSTEM OPERATOR shall prepare a cohesive forecast of hourly Island Grid Demand, which shall include System Loss in the Island Grid.
- 7.1.2 The OFFTAKER in coordination with the SYSTEM OPERATOR shall prepare a Dispatch Nomination and SUPPLIER shall make available its Generating Units in accordance with such Nomination to the extent that such availability is consistent with the Agreement and respect of OFFTAKER's contractual obligations.

7.2 Capability and Availability Declaration

- 7.2.1 The SUPPLIER shall provide the OFFTAKER the Capability and Availability declaration of its Generating Units for the Next Schedule Day not later than 9 AM daily.
- 7.2.2 If the Generating Unit Capability and Availability Declaration for the Next Schedule Day have not been submitted in the prescribed deadline, the Generating Unit shall be excluded in the Next Schedule Day and SUPPLIER shall be deemed to have availed of the Allowable Downtime for such Generating Unit.
- 7.2.3 The following data shall constitute the Capability and Availability Declaration of each Scheduled Generating Unit:

a) Capability and Availability Data:

- Generating Unit Availability (start time and date) and Capability (gross and net);
- Generating Unit loss of capability (day, start time, end time);
- Time required to Synchronize;
- Initial Conditions (time last Synchronized or Shutdown); and
- Additional Generation Capacity above the Net Declared Capacity.

b) Generation Scheduling and Dispatch Parameters

- Generating Unit inflexibility (description, start date and time, end date and time, MW);
- Generating Unit synchronizing intervals (hot interval, Shutdown time);

- Generating Unit Shutdown Intervals;
- Generating Unit Minimum Stable Loading;
- Generating Unit Minimum Downtime;
- Generating Unit Minimum Uptime;
- Generating Unit Synchronizing Generation (Hot Synchronizing Generation, Shutdown time);
- Generating Unit ramp rates hot and cold; and
- Other information as may be reasonably required by the OFFTAKER.

7.3 Nomination

- 7.3.1 The OFFTAKER shall prepare a Nomination Table, showing the capacity of Generating Units arranged in an ordered list of priority based on merit order table to meet the hourly demand for active power.
- 7.3.2 Once prepared, the Nomination Table shall be used in determining which Generating Unit will be committed for the day-ahead Generation Schedule.

7.4 Issuance of Generation Schedule

- 7.4.1 The Generation Schedule for the next Schedule Day shall be issued by the OFFTAKER before 5 PM everyday.
- 7.4.2 The final Generation Schedule shall indicate the hourly output of each Scheduled Generating Unit for the next day. It shall also indicate the Generating Units that are providing specific Ancillary Services.

8) Central Dispatch Procedure

8.1 Dispatch Instructions

- 8.1.1 The Dispatch Instructions shall contain the following:
- a. The specific Generating Unit to which the instruction applies;
 - b. The MW and MVAR output required;
 - c. Target time of Scheduled Generating Units Ramp-up and Ramp-down rates;
 - d. Start and synchronization time of Scheduled Generating Units; and
 - e. The Dispatch Instructions issuance time.
- 8.1.2 In addition to instructions relating to Active Power, the Dispatch Instructions may also include:
- a. Target voltage levels at instructed generating capacity level or the individual Reactive Power output at the Bus or at the Connection Point; and
 - b. Instructions relating to abnormal conditions; such as an Adverse Weather Condition or high/low Island Grid voltage.
- 8.1.3 The Dispatch Instructions shall be recorded in a logbook or other means of recording.

- 8.1.4 The OFFTAKER shall issue the Dispatch Nomination to SYSTEM OPERATOR copy furnished the SUPPLIER regarding the week-ahead hourly Generation Schedule through an agreed means and channel of communications.
- 8.1.5 The hourly loading and load reduction embodied in the Generation Schedule issued to a Scheduled Generating Unit shall remain valid unless superseded by another Dispatch Instruction.
- 8.2 Dispatch Instructions for Scheduled Generating Units
 - 8.2.1 The Dispatch Instruction to a Scheduled Generating Unit shall contain the scheduled time and the Power Output of the Generating Unit.
 - 8.2.2 Ramp-up and Ramp-down rates shall be in accordance with the Generation Schedule unless otherwise stated. If a different Ramp-up or Ramp-down rates are required, the target time to achieve the results shall be stated accordingly.
 - 8.2.3 The Dispatch Instruction to Synchronize shall be issued by the SYSTEM OPERATOR in coordination with the OFFTAKER specifying the time and sequence of synchronization. The Dispatch Instruction for canceling the previous instruction to Synchronize shall be issued accordingly when necessary.
- 8.3 Scheduled Generating Units Response to Dispatch Instructions
 - 8.3.1 The SUPPLIER shall acknowledge immediately and comply with the Dispatch Instructions received from the SYSTEM OPERATOR.
 - 8.3.2 A Scheduled Generating Unit already synchronized, but not yet operating at its Net Declared Capability, shall be ready to implement subsequent Dispatch Instructions, or shall notify the SYSTEM OPERATOR of any possible time delay if not ready to implement such instructions.
 - 8.3.3 In the event that in carrying out the Dispatch Instructions, an unforeseen problem arises, the SUPPLIER shall notify the SYSTEM OPERATOR and OFFTAKER immediately.
 - 8.3.4 Where there are changes in conditions, the SUPPLIER shall report such changes to the SYSTEM OPERATOR and OFFTAKER for updating the appropriate Dispatch Instructions.
 - 8.3.5 The SUPPLIER shall immediately notify SYSTEM OPERATOR and OFFTAKER of any Scheduled Generating Unit, previously Synchronized with the Main Grid, that gets isolated and SUPPLIER shall state the cause of isolation.

Schedule F

Monitoring and Measuring of Delivery

1. Meter Ownership and Maintenance

SUPPLIER shall own and maintain meters and related equipment to be utilized for the measurement of electric power and energy in determining OFFTAKER's payments to SUPPLIER pursuant to this Agreement which shall consist of the revenue meters, the instrument transformers and all interconnecting cables, wires, associated devices, and protection (the "Metering Equipment").

2. Metering Equipment Standards

- a) All voltage and current transformers shall have an accuracy class of 0.3 or better. The burden in each phase of the voltage or current transformer shall not exceed the specified burden of such instrument transformer. The voltage or current transformers shall be connected only to the revenue meter with a burden which will not affect the accuracy of measurement.
- b) The meter shall be capable of three phase measurement and shall measure and locally display the kW, kWh, kVAR and kVARh, and cumulative demand.
- c) A cumulative record of the parameters measured shall be available on the meter.

3. Meter Location

The equipment used for metering the power and energy delivered to OFFTAKER shall be located at first private tie-line pole from tapping point at 13.2 kV side and at the high voltage side of the step-up power transformer tapped in the 69 kV Connection Point (the "Metering Point"). The quantity of power and energy delivered to OFFTAKER shall be given by the in/out meters as shown in Annex 1 of this Schedule.

4. Meter Reading and Verification

In order to verify the quantity of electricity delivered by SUPPLIER to OFFTAKER in each month, OFFTAKER, SUPPLIER and NPC-SPUG shall be on the twenty fifth (25th) day of each month, at noon or at such other time agreed between OFFTAKER, SUPPLIER and NPC-SPUG, take a photograph of the electricity meters in the Power Station recording the supply of electricity by SUPPLIER, provided always that if either party shall not be present at the relevant meter or meters at the agreed time, the above-mentioned photograph shall be taken by the party present and shall be binding on the party absent.

5. Meter Equipment Testing and Maintenance

- a) The Metering Equipment shall be tested every six months with expenses to be shouldered by the SUPPLIER. Other tests may be conducted at any reasonable time upon request by either party, at the requesting party's expense. Meter test results conducted by an independent third party jointly appointed by the Parties shall be deemed final and conclusive.
- b) OFFTAKER shall keep all test results, maintenance programs, and sealing records.
- c) OFFTAKER shall ensure that all metering equipment used in the measurement of meter accuracy or in the establishment of test condition for the determination of meter accuracy shall be calibrated and traceable to the National Institute of Standards or to any reputable international standard body.
- d) NPC-SPUG shall have the right to have a representative present at such times.

6. Meter Accuracy

Metering equipment found to be inaccurate shall be repaired, adjusted, or replaced by SUPPLIER such that the accuracy of said equipment shall be within 0.3 accuracy class. The correct amount of power energy delivered during the previous Billing Month shall be estimated by SUPPLIER and agreed upon by the parties. Adjustment of meter for accuracy shall cover only the current Billing Month and the Billing Month immediately preceding it, except when such meter inaccuracy is due to fraud.

7. Meter Seals and Inspection

Meters shall be sealed and the seals shall be broken only when the meters are to be inspected or tested.

Schedule F

Delivery Points, Meter Location and Specifications

A. DELIVERY POINTS:

The Delivery Points shall be at (a) the 13.2kV supply connection point (“CP1”), at the PALECO’s existing primary pole with ID No. E0211(GPS Coordinates:11.25101° N,119.43128°S) and at (b) the 69kV supply connection point (“CP2”), at the 69kV bus of the PALECO’s proposed 25MVA El Nido Substation to be completed on December 2026 and located 40 meters from CP1.

The Parties shall agree on the exact location of the tapping points; provided that SUPPLIER shall be responsible for providing the connecting lines from the Meter Locations to the tapping point, and shall be the owner of said connecting lines. For avoidance of doubt, all costs incurred in construction, operation and maintenance of the required facilities from the delivery points to the Power Station shall be at the expense of the SUPPLIER.

B. METER LOCATION:

The supply shall be delivered at two (2) delivery points and measured at the two (2) metering points co-located at (a) the 13.2kV power supply, at CP1 pursuant to Section A of Scheduled F and to be designated as Revenue Meter 1 (“RM1”) and (b) the 69kV power supply, at the high voltage side of the power transformer of the SUPPLIER that is connected and embedded near the 69kV bus where the CP2 is indicated and to be designated as RM2.

C. METERING EQUIPMENT TECHNICAL SPECIFICATIONS:

Current Input Ratings:	ANSI Class 20;
Current Range:	0.025% of Class Amps
Test Amps:	2.5 Amps
Starting Current:	0.005 Amps
Voltage Input Ratings:	120-480VAC Auto-ranging on a 1-Phase Power Supply; 120–480VAC Auto-ranging on a 3- Phase Power Supply
Voltage Range:	-20% to + 105% of Nominal Range
Frequency Range:	45 – 65 Hz
Temperature Range:	-40 °C to 85 °C
Humidity Range:	0 to 95% Non Condensing
Reference Conditions	
for Data Accuracy;	
- Voltage:	Nominal Voltage = ± 3%
- Current:	Test Amps to Class Amps
- Temperature:	+ 23 °C ± 3 °C

General Specifications:

The meter, which shall be provided by the SUPPLIER, shall be a solid-state multi-measurement, multi-function, poly-phase meter. It shall have the capability to measure and display real, apparent and reactive power in all four quadrants.

- Shall meet or exceed the accuracy standard for ANSI C12.20: 1997 for class 0.2 meters & ANSI C12.18-1996 & C12.19-1997 compliant.
- Shall have an auto-ranging three-phase power supply (120-480 VAC), with instrument and diagnostic tools for installation verification.
- Maximum, present, projected, previous, cumulated, continuous cumulative and coincident demands.
- Pulse outputs & inputs, on-site diagnostic system & flexible configuration for various metering application
- Configuration event & error logging, power factor (avg., min., inst.) & provisions for internal modem board
- Provisions for RS-232 board & automatic recognition of service type

Standard Compliance and Surge, Impulse and RF Interface:

In terms of safety and performance, the meter design, construction and operation shall conform to the requirements established in the following standards:

- ANSI C12.1: 1995 Code for Electricity Metering
- ANSI C12.20-1998 American National Standard for Electricity Meters
- ANSI C12.16 Solid-State Electricity Meters
- ANSI C12.18: 1996 Protocol Specification for ANSI Type 2 Optical Ports
- ANSI C12.19: 1997 Utility Industry End Device Data Tables
- ANSI C12.21-1998 Protocol Specification for Telephone Modem Communication
- ANSI C37.90.1 Standard Surge Withstand Capability (Oscillatory and fast-transient waveforms)
- ANSI C62.45 Ringing Wave Form
- ANSI C62.41 Surge Suppression
- IEC 61000-4-4 Electrical Fast Transients
- IEC 61000-4-2 Electrostatic Discharge Requirements
- FCC Part-15 (Class B)
- IEC 61850 SCADA protocol

1.0 ELECTRICAL SPECIFICATIONS:**1.1 Voltages:**

The meter shall be nominal 60Hz auto-ranging 120-480 Volts on a 1-phase power supply on a 3-phase power supply. The meters shall actually operate at 60 Hz between 96-528 Volts on a 1-phase power supply or 45-332 Volts on a 3-phase power supply.

1.2 Clock:

- The meter clock accuracy shall be $\pm 0.003\%$ @ 25°C, $\pm 0.02\%$ full temperature range.
- The internal clock shall have two modes of operation:
 - Synchronization to the line frequency
 - Synchronization to the internal crystal.

The mode of operation of the clock shall be programmable.

1.3 Batteries:

When the meter utilizes a battery the following specifications shall apply:

Minimum shelf life	25 years
Minimum carryover time	12 years

The battery shall be securely attached to the meter. The battery connectors should be designed to avoid from being installed with reverse polarity.

1.4 Current Transformer:

Philippine Distribution Code Section 8.4.2

1.5 Voltage Transformer:

_____ V primary, _____ V secondary, single-phase
60 Hertz, dry-type, _____ kV class, Metering Accuracy class 0.3

2.0 MECHANICAL:**General:**

The meter shall not pose any danger when operating under rated conditions.

2.1 Solar Radiation:

The function of the meter shall not be impaired, the appearance of the meter shall not be altered, and the eligibility of the nameplate and other labels should not be reduced due to exposure to solar radiation throughout the service life.

2.2 Cover:

The cover should have the following attribute:

- The cover shall be a polycarbonate material.
- The cover shall be resistant to ultraviolet radiation.
- The optical port shall be compliant with ANSI C12.18 Type 2
- The method of securing the meter to the socket shall be with a sealing ring
- The demand reset mechanism shall accommodate a standard utility seal and shall remain in place with friction if not sealed.
- The cover shall be available without a demand reset or with a key-lock reset.
- A phone line through the cover shall be available for modem meters

2.3 Nameplate:

The nameplate shall comply with the requirements of ANSI C12.10 and shall have the following attributes:

- Mounted on the front of the meter.
- Readable when the meter is in the meter socket.
- Includes the manufacturing year and week produced, manufacturing schedule line item identifier and Type/Mode and Serial Number.

3.0 FUNCTIONAL SPECIFICATIONS:**3.1 Measured Quantities:**

The meter shall be capable of measuring delivered kWh energy and delivered kW demand. It also capable of measuring the following:

- kWh/kW (Delivered, Received, Net)
- kVARh/kVAR (Delivered, Received, Net, Q1, Q2, Q3, Q4)
- kVAh/kVA (Delivered, Received, Net)
- Qh (Delivered and Received)
- Amp-hour/Amps (A²h (Aggregate), Per Phase Ah/A, Neutral Ah)
- Volt-hours (V²h (Aggregate), Per Phase Vh)
- PF (min, instantaneous, previous average)

3.2 Displayable Parameters:

Wh, watts (maximum, present, previous, projected, cumulative, continuous cumulative), power factor (avg., min., inst.) and instantaneous per phase voltage and current

3.3 Demand Register Type and Instantaneous Values:

Block and rolling demand intervals with programmable interval and subinterval lengths & thermal demand calc.

3.4 Clock Synchronization and Display Modes:

Internal crystal or line synchronized. Normal mode, alternate mode, test mode, & toolbox mode

3.5 Displayable Errors and User-defined Demand Alarm Thresholds:

Low battery, loss of phase, clock, TOU error, reverse direction, load profile, full scale error, Watt & PF

Schedule G

Computation of Total Fee

1.0 Total Fee

The Total Fee (TF) for Billing Month *t* shall be calculated using Formula 1 below:

$$TF_t = CRF_t + FOMF_t + VOMF_t + FF_t + VAT_t \quad \text{(for conventional technology)} \quad [Formula 1.1]$$

$$TF_t = CRF_t + FOMF_t + VOMF_t \quad \text{(for REs)} \quad [Formula 1.2]$$

Where:

- t* = Billing Month *t*
- TF_t = Total Fee for Billing Month *t* expressed in PhP
- CRF_t = Capacity Recovery Fee for Billing Month *t* calculated using Formula 3 and expressed in PhP
- $FOMF_t$ = Fixed Operations and Maintenance Fee for Billing Month *t* calculated using Formula 5 and expressed in PhP
- $VOMF_t$ = Variable Operations and Maintenance Fee for Billing Month *t* calculated using Formula 5 and expressed in PhP
- FF_t = Fuel Fee for Billing Month *t* calculated using Formula 6 and expressed in PhP (conventional technology and Biomass)
- VAT_t = Value Added Tax for Billing Month *t* expressed in PhP (conventional technology)

2.0 Initial Capacity Recovery Fee Adjustment

The Capacity Recovery Fee at commencement date of Delivery Period (CRF_{COD}) shall be calculated using Formula 2.1 below:

$$CRF_{COD} = CRF \quad [Formula 2.1]$$

Where:

- CRF = Capacity Recovery Fee as defined in Financial Bid Form submitted by Supplier and expressed in PhP;

Where for technology with firm capacity:

$$CRF = CRR \times CC$$

CRR = the Capital Recovery Rate during each billing month *t* set at PhP _____/kW-month

CC = Contracted Capacity of ____ kW

Where for technology with non-firm capacity:

$$CRF = CRR \times ED_t$$

CRR = the Capital Recovery Rate during each billing month *t* set at PhP _____/kWh

ED_t = Energy Delivered from all generation sources during Billing Month *t* as determined by Section 5 of the PSA, the Dispatch Protocols and Schedule F, expressed in kWh

The Capacity Recovery Fee at the Deemed COD (CRF_{DCOD}) shall be calculated using Formula 2.2 below:

$$CRF_{DCOD} = CRF \quad [Formula 2.2]$$

Where:

$CRF =$ Capacity Recovery Fee as defined in Financial Bid Form submitted by Supplier and expressed in PhP

Where for technology with firm capacity:

$$CRF = CRR \times CC$$

CRR = the Capital Recovery Rate during each billing month t set at PhP _____/kW-month

CC = Contracted Capacity of ____ kW

Where for technology with non-firm capacity:

$$CRF = CRR \times ED_t$$

CRR = the Capital Recovery Rate during each billing month t set at PhP _____/kWh

ED_t = Energy Delivered from all generation sources during Billing Month t as determined by Section 5 of the PSA, the Dispatch Protocols and Schedule F, expressed in kWh

3.0 Capacity Recovery Fee

The Capacity Recovery Fee (CRF) for Billing Month t shall be calculated using Formula 3 below:

$$CRF_t = CRF_{COD} \quad [Formula 3]$$

Where:

$CRF_{COD} =$ Capacity Recovery Fee as calculated using Formula 2.1 and expressed in PhP

4.0 Initial Fixed Operations and Maintenance Fee Adjustment

The Fixed Operations and Maintenance Fee at commencement date of Delivery Period ($FOMF_{COD}$) shall be calculated using Formula 4.1 below:

$$FOMF_{COD} = FOMF \times \left[A \times \left(\frac{XR_{COD}}{XR_0} \right) + B \times \left(\frac{CPI_{COD}}{CPI_0} \right) + C \right] \quad [Formula 4.1]$$

Where:

$FOMF =$ Fixed Operations and Maintenance Fee as defined in Financial Bid Form submitted by Supplier and expressed in PhP

$$FOMF = FOMR \times CC$$

Where for technology with firm capacity:

$$FOMF = FOMR \times CC$$

FOMR = the Fixed Operations and Maintenance Rate during each billing month t set at PhP _____/kW-month

CC = Contracted Capacity of ____ kW

Where for technology with non-firm capacity:

$$FOMF = FOMR \times ED_t$$

FOMR = the Fixed Operations and Maintenance Rate during each billing month t set at PhP _____/kWh

ED_t = Energy Delivered from all generation sources during Billing Month t as determined by Section 5 of the PSA, the Dispatch Protocols and Schedule F, expressed in kWh

XR_{COD} =	Average Foreign Denomination (US Dollars) to PhP exchange rate during the month immediately before the commencement date of Delivery Period and reported by the Bangko Sentral ng Pilipinas
XR_0 =	Average Foreign Denomination (US Dollars) to PhP exchange rate during the month immediately before the Bidding Date as reported by the Bangko Sentral ng Pilipinas
CPI_{COD} =	Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the commencement date of Delivery Period
CPI_0 =	Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the Bid Date
A =	Ratio between the component of FOMF to be subjected to indexation due to changes in foreign exchange rate and FOMF; unit less
B =	Ratio between the component of FOMF to be subjected to indexation due to changes in local consumer price and FOMF; unit less
C =	Ratio between the component of FOMF that is not to be subjected to indexing and FOMF; unit less

The Fixed Operations and Maintenance Fee at the Deemed Initial COD ($FOMF_{DCOD}$) shall be calculated using Formula 4.2 below:

$$FOMF_{DCOD} = FOMF \times \left[A \times \left(\frac{XR_{DCOD}}{XR_0} \right) + B \times \left(\frac{CPI_{DCOD}}{CPI_0} \right) + C \right] \quad [Formula 4.2]$$

Where:

$FOMF$ = Fixed Operations and Maintenance Fee as defined in Financial Bid Form submitted by Supplier and expressed in PhP

Where for technology with firm capacity:

$$FOMF = FOMR \times CC$$

FOMR = the Fixed Operations and Maintenance Rate during each billing month t set at PhP _____/kW-month

CC = Contracted Capacity of ____ kW

Where for technology with non-firm capacity:

$$FOMF = FOMR \times ED_t$$

FOMR = the Fixed Operations and Maintenance Rate during each billing month t set at PhP _____/kWh

ED_t = Energy Delivered from all generation sources during Billing Month t as determined by Section 5 of the PSA, the Dispatch Protocols and Schedule F, expressed in kWh

XR_{DCOD} = Average Foreign Denomination (e.g. US Dollars, Japanese Yen, Euro Dollars) to PhP exchange rate during the month immediately before the Deemed COD and reported by the Bangko Sentral ng Pilipinas.

XR_0 = Average Foreign Denomination (e.g. US Dollars, Japanese Yen, Euro Dollars) to PhP exchange rate during the month immediately before the Bidding Date as reported by the Bangko Sentral ng Pilipinas.

CPI_{DCOD} = Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the Deemed COD

$CPI_0 =$	Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the Bid Date
$A =$	Ratio between the component of FOMF to be subjected to indexation due to changes in foreign exchange rate and FOMF; unit less
$B =$	Ratio between the component of FOMF to be subjected to indexation due to changes in local consumer price and FOMF; unit less
$C =$	Ratio between the component of FOMF that is not to be subjected to indexing and FOMF; unit less

5.0 Fixed Operations and Maintenance Fee

The Fixed Operations and Maintenance Fee (FOMF) for Billing Month t shall be calculated using Formula 5 below:

$$FOMF_t = FOMF_{COD} \times \left[A \times \left(\frac{XR_t}{XR_{COD}} \right) + B \times \left(\frac{CPI_t}{CPI_{COD}} \right) + C \right] \quad [Formula 5]$$

Where:

$FOMF_{COD} =$	Fixed Operations and Maintenance Fee as calculated using Formula 4.1 and expressed in PhP
$XR_t =$	Average Foreign Denomination (US Dollars) to PhP exchange rate during the month immediately before the Billing Month t as reported by the Bangko Sentral ng Pilipinas
$XR_{COD} =$	Average Foreign Denomination (US Dollars) to PhP exchange rate during the month immediately before the commencement date of Delivery Period and reported by the Bangko Sentral ng Pilipinas
$CPI_t =$	Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the Billing Month t
$CPI_{COD} =$	Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the commencement date of Delivery Period
$A =$	Ratio between the component of $FOMF_{COD}$ to be subjected to indexation due to changes in foreign exchange rate and $FOMF_{COD}$; unit less
$B =$	Ratio between the component of $FOMF_{COD}$ to be subjected to indexation due to changes in local consumer price and $FOMF_{COD}$; unit less
$C =$	Ratio between the component of $FOMF_{COD}$ that is not to be subjected to indexing and $FOMF_{COD}$; unit less

6.0 Initial Variable Operations and Maintenance Rate Adjustment

The Variable Operations and Maintenance Rate at commencement date of Delivery Period ($VOMR_{COD}$) shall be calculated using Formula 6.1 below:

$$VOMR_{COD} = VOMR \times \left[A \times \left(\frac{XR_{COD}}{XR_0} \right) + B \times \left(\frac{CPI_{COD}}{CPI_0} \right) + C \right] \quad [Formula 6.1]$$

Where:

$VOMR =$	Variable Operations and Maintenance Rate as defined in Financial Bid Form submitted by Supplier and expressed in PhP/kWh
$XR_{COD} =$	Average Foreign Denomination (US Dollars) to PhP exchange rate during the month immediately before the commencement date of Delivery Period and reported by the Bangko Sentral ng Pilipinas
$XR_0 =$	Average Foreign Denomination (US Dollars) to PhP exchange rate during the month immediately before the Bidding Date as reported by the Bangko Sentral ng Pilipinas
$CPI_{COD} =$	Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the commencement date of Delivery Period
$CPI_0 =$	Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the Bid Date
$A =$	Ratio between the component of $VOMR$ to be subjected to indexation due to changes in foreign exchange rate and $VOMR$; unit less
$B =$	Ratio between the component of $VOMR$ to be subjected to indexation due to changes in local consumer price and $VOMR$; unit less
$C =$	Ratio between the component of $VOMR$ that is not to be subjected to indexing and $VOMR$; unit less

The Variable Operations and Maintenance Rate at the Deemed Initial COD ($VOMR_{DCOD}$) shall be calculated using Formula 6.2 below:

$$VOMR_{DCOD} = VOMR \times \left[A \times \left(\frac{XR_{DCOD}}{XR_0} \right) + B \times \left(\frac{CPI_{DCOD}}{CPI_0} \right) + C \right] \quad [Formula 6.2]$$

Where:

$VOMR =$	Variable Operations and Maintenance Rate as defined in Financial Bid Form submitted by Supplier and expressed in PhP/kWh
$XR_{DCOD} =$	Average Foreign Denomination (US Dollars) to PhP exchange rate during the month immediately before the Deemed Initial COD and reported by the Bangko Sentral ng Pilipinas
$XR_0 =$	Average Foreign Denomination (US Dollars) to PhP exchange rate during the month immediately before the Bidding Date as reported by the Bangko Sentral ng Pilipinas
$CPI_{DCOD} =$	Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the Deemed Initial COD
$CPI_0 =$	Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the Bid Date
$A =$	Ratio between the component of $VOMR$ to be subjected to indexation due to changes in foreign exchange rate and $VOMR$; unit less
$B =$	Ratio between the component of $VOMR$ to be subjected to indexation due to changes in local consumer price and $VOMR$; unit less
$C =$	Ratio between the component of $VOMR$ that is not to be subjected to indexing and $VOMR$; unit less

7.0 Variable Operations and Maintenance Fee

The Variable Operations and Maintenance Fee (VOMF) for Billing Month t shall be calculated using Formula 7 below:

$$VOMF_t = ED_t \times VOMR_{COD} \times \left[A \times \left(\frac{XR_t}{XR_{COD}} \right) + B \times \left(\frac{CPI_t}{CPI_{COD}} \right) + C \right] \quad [Formula 7]$$

Where:

ED_t = Energy Delivered from all generation sources during Billing Month t as determined by Section 5 of the PSA, the Dispatch Protocols and Schedule F, expressed in kWh

$VOMR_{COD}$ = Variable Operations and Maintenance Rate as calculated using Formula 6.1 and expressed in PhP/kWh

XR_t = Average Foreign Denomination (US Dollars) to PhP exchange rate during the month immediately before the Billing Month t as reported by the Bangko Sentral ng Pilipinas

XR_{COD} = Average Foreign Denomination (US Dollars) to PhP exchange rate during the month immediately before the commencement date of Delivery Period and reported by the Bangko Sentral ng Pilipinas

CPI_t = Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the Billing Month t

CPI_{COD} = Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as reported by the National Statistics Office (NSO) during the month immediately before the commencement date of Delivery Period

A = Ratio between the component of $VOMR_{COD}$ to be subjected to indexation due to changes in foreign exchange rate and $VOMR_{COD}$; unit less

B = Ratio between the component of $VOMR_{COD}$ to be subjected to indexation due to changes in local consumer price and $VOMR_{COD}$; unit less

C = Ratio between the component of $VOMR_{COD}$ that is not to be subjected to indexing and $VOMR_{COD}$; unit less

8.0 Fuel Fee

The Fuel Fee (FF) for Billing Month t shall be calculated using Formula 8 below:

$$FF_t = ED_t \times FR \times I_t \quad [Formula 8]$$

Where:

ED_t = Energy Delivered during Billing Month t , expressed in kWh

FR = Fuel Rate in PhP/kWh.

Formula for Fuel Rate:

For Conventional technology

$$FR_t = (HFO_t \times HFR) + (LFO_t \times LFR) + (LO_t \times LOR)$$

HFO_t = Delivered cost of Heavy Fuel Oil Consumed by Supplier during each Billing Month t expressed in PhP/Liter (ex-VAT)

HFR = Heavy Fuel Oil Consumption Rate of _____ liter/kWh or actual consumption rate whichever is lower

LFO_t = Delivered cost of Light Fuel Oil Consumed by Supplier during each Billing Month t expressed in PhP/Liter (ex-VAT)

LFR = Light Fuel Oil Consumption Rate of _____ liter/kWh or actual consumption rate whichever is lower

LO_t = Delivered cost of Lubricating Oil Consumed by Supplier during each Billing Month t expressed in P/Liter (ex-VAT)

LOR = Lube Oil Consumption Rate of _____ liter/kWh or actual consumption rate whichever is lower

ED_t = Energy delivered to PALECO as indicated in the Billing Meters during each Billing Month t expressed in kWh

For RE Technology

- Biomass

$$FR_t = \frac{PhP}{kWh} \text{ based on fuel consumption of proposed biomass}$$

- Other RE

$$FR_t = 0$$

Formula for Fuel Index:

$I_t =$ Index for fuel type (i)

If (i) = renewable generation source, $I_t = 1$

$$\text{If (i) = oil-based consuming generation source, } I_t = \left(\frac{MOPS_t}{MOPS_0} \right)$$

Where:

$MOPS_t$ = Average of the daily Mean Oil Platts Singapore (MOPS) for Fuel Oil reported in United States Dollars (USD) per barrel during the month immediately before the Billing Month t and converted to PhP at the USD to PhP average exchange rate during the month immediately before the Billing Month t reported by the Bangko Sentral ng Pilipinas

$$MOPS_0 = [\quad] \text{ USD/Bbl}$$

9.0 True Cost Generation Rate

The True Cost Generation Rate (TCGR) for Billing Month t shall be calculated using Formula 9 below:

$$TCGR_t = \frac{TF_{t,conventional} + TF_{t,RE}}{ED_{t,conventional} + ED_{t,RE}} \quad [Formula 9]$$

10.0 Subsidized / Approved Generation Rate

The Subsidized / Approved Generation Rate (SAGR) for Billing Month t shall be calculated using Formula 10 below:

$$SAGR_t = SAGR_{t-1} \times \left(1 + T\right)^{\left(\frac{m}{12}\right)} \quad [Formula 10]$$

Where:

$t - 1 =$	Previous Billing Month
$m =$	Number of months in between $t-1$ and t
$SAGR_{t-1} =$	SAGR for Billing Month $t-1$ expressed in PhP/kWh. If the Energy Regulatory Commission (ERC) has approved a new SAGR during Billing Month $t-1$, then $SAGR_{t-1}$ shall be equal to the SAGR approved by the ERC during Billing Month $t-1$
$SAGR_t =$	SAGR for Billing Month t expressed in PhP/kWh
$SAGR_0 =$	SAGR at Commercial Operations Date and equal to PhP[•]/kWh
$T =$	Transition Index, if applicable, as defined by the Energy Regulatory Commission. If the Energy Regulatory Commission has defined a Transition Index then T would be equal to 0 (zero)

11.0 Computation of OFFTAKER Fee and Subsidy Fee

(a) If $TCGR_t > SAGR_t$ then –

OFFTAKER shall pay SUPPLIER an OFFTAKER Fee (OF) for Billing Month t expressed in PhP and determined as:

$$OF_t = SAGR_t \times ED_t \quad [Formula 11.1]$$

Where:

$OF_t =$	OFFTAKER Fee for Billing Month t
$SAGR_t =$	Subsidized / Approved Generation Rate for Billing Month t as determined by Formula 10 in Schedule G
$ED_t =$	Energy Delivered by SUPPLIER during Billing Month t as determined by Section 6 of the PSA, the Dispatch Protocols and Schedule F

NPC-SPUG shall pay SUPPLIER a Subsidy Fee (SF) for Billing Month t expressed in PhP and determined as:

$$SF_t = TF_t - OF_t \quad [Formula 11.2]$$

Where:

$SF_t =$	Subsidy Fee for Billing Month t
$TF_t =$	Total Fee as determined by Formula 1 in Schedule G

(b) In all other cases –

OFFTAKER shall pay SUPPLIER an OFFTAKER Fee (OF) for Billing Month t expressed in Php and determined as:

$$OF_t = TF_t \quad [Formula 11.3]$$

12.0 Prompt Payment Discount

OFFTAKER shall be entitled to a _____% Prompt Payment Discount (PPD) if OF_t is paid within ten (10) calendar days from date of receipt by the OFFTAKER of the Supplier Invoice. The PPD shall be calculated as follows:

- 1.1.1. **Rate Eligible for Discount:** The Rate Eligible for Discount (RED) shall be calculated using the following formula:

$$RED_t = CR_t + FOMR_t + VOMR_t$$

Where:

t = Billing Month t
 RED_t = Rate Eligible for Discount for Billing Month t expressed in Php/kWh
 CR_t = The Capacity Rate applicable for Billing Month t expressed in Php/kWh
 $FOMR_t$ = The Fixed O & M Rate applicable for Billing Month t expressed in Php/kWh
 $VOMR_t$ = The Variable O & M Rate applicable for Billing Month t expressed in Php/kWh

- 1.1.2. In the event that RED_t is less than or equal to $SAGR_t$, then the PPD_t shall be calculated using the following formula:

$$PPD_t = RED_t \times \text{____\%} \times ED_t$$

Where:

t = Billing Month t
 PPD_t = Prompt Payment Discount for each Billing Month t expressed in Pesos
 RED_t = Rate Eligible for Discount for each Billing Month t expressed in Php/kWh

- 1.1.3. In the event that RED_t is greater than $SAGR_t$, then PPD_t shall be calculated using the following formula:

$$PPD_t = SAGR_t \times \text{____\%} \times ED_t$$

Where:

t = Billing Month t
 PPD_t = Prompt Payment Discount for each Billing Month t expressed in Pesos
 $SAGR_t$ = Subsidized / Approved Generation Rate for the Billing Month t as defined as the SAGR prevailing during the submission of the bid which is at ____Php/kWh.

- 1.1.4. In the event the OFFTAKER is eligible for PPD_t , then OFFTAKER shall pay SUPPLIER the amount calculated using the following formula:

$$DOF_t = (OF_t - PPD_t)$$

Where:

t = Billing Month t
 DOF_t = Discounted Offtaker Fee for Billing Month t expressed in Pesos
 OF_t = Offtaker Fee for Billing Month t expressed in Pesos
 PPD_t = Prompt Payment Discount applicable for each Billing Month Period t expressed in Pesos

13.0 Computation of Fees for Deemed Initial COD Scenario and upon OFFTAKER Default

- (a) In the case of the OFFTAKER delay, the CRF_t , $FOMF_t$ and $VOMF_t$ used to compute TF_t in accordance with Formula 1 will be calculated using Formulas 13.1, 13.2 and 13.3 below

$$CRF_t = CRF_{DCOD} \times \left[A \times \left(\frac{XR_t}{XR_{DCOD}} \right) + B \times \left(\frac{CPI_t}{CPI_{DCOD}} \right) + C \right] \quad [Formula 13.1]$$

$$FOMF_t = FOMF_{DCOD} \times \left[A \times \left(\frac{XR_t}{XR_{DCOD}} \right) + B \times \left(\frac{CPI_t}{CPI_{DCOD}} \right) + C \right] \quad [Formula 13.2]$$

$$VOMF_t = ED_t \times VOMR_{DCOD} \times \left[A \times \left(\frac{XR_t}{XR_{DCOD}} \right) + B \times \left(\frac{CPI_t}{CPI_{DCOD}} \right) + C \right] \quad [Formula 13.3]$$

Where:

CRF_{DCOD} = Capacity Recovery Fee at Deemed Initial CODs calculated using Formula 2.2 above and expressed in PhP

$FOMF_{DCOD}$ = Fixed Operations and Maintenance Fee at Deemed Initial COD as calculated using Formula 4.2 above and expressed in PhP

$VOMR_{DCOD}$ = Variable Operations and Maintenance Rate at Deemed Initial COD as calculated using Formula 6.2 above and expressed in PhP/kWh

$hours_t$ = Number of hours since the Deemed Initial COD

XR_t = Average Foreign Denomination (US Dollars) to PhP exchange rate for Billing Month t as reported by the Bangko Sentral ng Pilipinas

XR_{DCOD} = Average Foreign Denomination (US Dollars) to PhP exchange rate at Deemed Initial COD and reported by the Bangko Sentral ng Pilipinas

CPI_t = Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as published by National Statistics Office (NSO) during or before Billing Month t

CPI_{DCOD} = Monthly Consumer Price Index for the Philippines for All Income Households (All Items) as published by National Statistics Office (NSO) at Deemed Initial COD

A = Ratio between the component of CRF, FOMF, VOMR to be subjected to indexation due to changes in foreign exchange rate and CRF, FOMF, VOMR; unit less

B = Ratio between the component of CRF, FOMF, VOMR to be subjected to indexation due to changes in local consumer price and CRF, FOMF, VOMR; unit less

C = Ratio between the component of CRF, FOMF, VOMR that is not to be subjected to indexing and CRF, FOMF, VOMR; unit less

- (b) In the case of the OFFTAKER delay, the OF_t will be calculated using Formula 13.4 below.

$$OF_t = CRF_t + FOMF_t \quad [Formula 13.4]$$

Where:

$OF_t =$	OFFTAKER Fee for Billing Month t
$CRF_{DCOD} =$	Capacity Recovery Fee at Deemed Initial COD as calculated using Formula 2.2 above and expressed in PhP
$FOMF_{DCOD} =$	Fixed Operations and Maintenance Fee at Deemed Initial COD as calculated using Formula 4.2 above and expressed in PhP

When the event causing the delay has been resolved and the Delivery Period has commenced, the Capacity Recovery Fee (CRF) and Operations and Maintenance Fee (OMF) shall be calculated using Formulas 3 and 5 above and the OFFTAKER fee (OF) shall be calculated using Formulas 11.1 or 11.3

- (c) In the case of the OFFTAKER event of default, the OF_t will be calculated using Formula 13.5 below.

$$OF_t = CRF_t + FOMF_t \quad [Formula13.5]$$

Where:

$OF_t =$	OFFTAKER Fee for Billing Month t
$CRF_{DCOD} =$	Capacity Recovery Fee at Deemed Initial COD as calculated using Formula 2.2 above and expressed in PhP
$FOMF_{DCOD} =$	Fixed Operations and Maintenance Fee at Deemed Initial COD as calculated using Formula 4.2 above and expressed in PhP

Schedule H

Billing Dispute Mechanism

If OFFTAKER disputes an amount or item in the SUPPLIER Invoice, it may notify SUPPLIER in writing not later than ninety (90) days from the date of the SUPPLIER Invoice of the Disputed Amount and the basis thereof (the "Billing Dispute"). Failure by OFFTAKER to present a Billing Dispute within this period constitutes a waiver of its right to question or dispute any amount or item in the SUPPLIER Invoice for the applicable Billing Month.

The Disputed Amount shall be paid by OFFTAKER subject to full or partial reimbursement or offsetting in the Billing Month immediately succeeding the resolution of the dispute if the dispute is resolved, in full or in part, in favor of OFFTAKER.

Within five (5) days from receipt of the Billing Dispute, the Parties shall then meet and resolve the matter within thirty (30) days or within such longer period as the Parties may agree.

Interest at the rate of 12% per annum shall be imposed on the Disputed Amount, or such portion thereof, subject to the reimbursement or offsetting beginning on the date of the settlement of the dispute until the date of the actual reimbursement.

If the Billing Dispute is not resolved by the Parties within the period agreed upon, the procedure for settlement of disputes under Section 16.2 of the PSA shall then be observed.

PSA Attachment 1

Form of Power Delivery/Connection Agreement

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[To be accomplished by Winning Bidder as one of the Pre-conditions prior to COD]

For CSP reference purposes only

PSA Attachment 2

ACCESSION UNDERTAKING

[USE ANNEX G OF BIDDING PROCEDURES FORMAT]