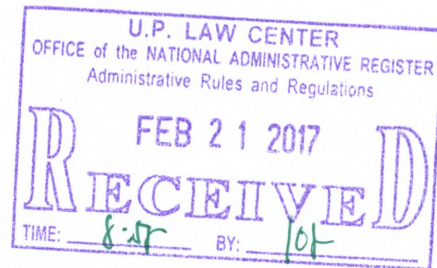




19 January 2017

MEMORANDUM No. 2017-003



TO : ALL ELECTRIC COOPERATIVES (ECs)

SUBJECT : POLICY IN THE CONDUCT OF COMPETITIVE SELECTION PROCESS (CSP) OF THE ECS' POWER SUPPLY AGREEMENT (PSA)

WHEREAS, Republic Act (RA) No. 10531, otherwise known as the National Electrification Administration (NEA) Reform Act of 2013, establishes a framework for introducing structural reforms in the NEA and the ECs;

WHEREAS, RA No. 10531 authorizes and empowers NEA to develop, set and enforce institutional and governance standards for the efficient operations of electric cooperatives such as, but not limited to, the observance of appropriate procurement procedure, including transparent and competitive bidding;

WHEREAS, the matter of CSP of PSAs is particularly covered by Department of Energy (DOE) Circular No. 2015-06-0008 - "Mandating all Distribution Utilities to Undergo Competitive Selection Process (CSP) in securing Power Supply Agreements" and the following DOE and ERC Issuances:

1. Joint DOE and ERC Resolution No. 1 Series of 2015- "A Resolution Enjoining All Distribution Utilities to Conduct Competitive Selection Process (CSP) in the Procurement of Supply for their Captive Market"
2. ERC Resolution No. 13, Series of 2015- "Resolution Enjoining All Distribution Utilities to Conduct Competitive Selection Process (CSP) in the Procurement of Supply for Their Captive Market"

3. ERC Resolution No. 1, Series of 2016- "Resolution Clarifying the Effectivity of ERC Resolution No. 13, Series of 2015"

WHEREAS, the transparency in ECs' power supply procurement and the opportunity to elicit the best price, if not the least cost, offers and other PSA terms and conditions that are beneficial to the ECs should be ensured;

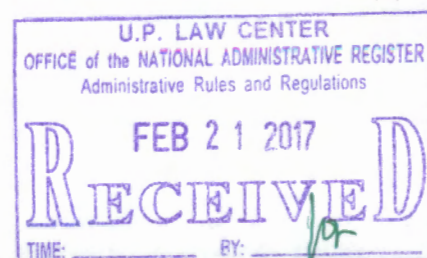
WHEREAS, in line with the said existing CSP Guidelines and with the directive for a policy to ensure that the conduct of CSP should not work to give undue advantage to potential bidders and the avoidance of rigged PSA contracts as well as pursue an Efficient, Transparent and Open and Public Competition, a policy should be promulgated herein;

NOW, THEREFORE, pursuant to NEA's mandate under RA No. 10531, all ECs are hereby directed to:

1. Submit the terms of reference (TOR) in their power supply procurement or their PSAs for NEA's review and approval prior to the publication/posting of their Invitation To Bid;

1.01 The TOR shall be submitted in both soft and hard copies to the Records Section Unit of the NEA, which shall, in turn, immediately forward the same to the Regulatory Affairs Office for processing.

2. Undergo procurement for their respective PSAs through the conduct of CSP pursuant to the provisions of the DOE and ERC Joint Resolution No. 01, Series of 2015, which is "A Resolution Enjoining All Distribution Utilities to Conduct Competitive Selection Process in the Procurement of Supply for their Competitive Market;"
3. Submit to the Information Technology and Communication Services Department (ITCSD) of NEA their Invitations to Bid in the procurement of PSAs for posting in the NEA website (www.nea.gov.ph) and simultaneously publish the same in a reputable newspaper of general circulation at least once a week for two (2) consecutive weeks;



4. Post in the EC's bulletin boards and likewise notify local government units, non-government offices and business groups within the coverage area of the EC of such Invitation to Bid;
5. Conduct the bidding procedure in an open and public venue, or such venue that encourages public attendance and participation, with proper video coverage thereto;
6. Prior to the execution/signing of the PSAs, submit to NEA a copy of the unsigned PSA for NEA's review; and
7. Submit a Joint Sworn Statement signed by all members of the Board of Directors and the General Manager of the EC that a transparent CSP had duly been conducted in accordance with the directive herein stated; that the power supply was acquired at the least cost; and that the entire provisions of the PSA are beneficial and advantageous to the EC.

No PSA shall be favourably endorsed to the DOE unless all the requirements above-enumerated are fully complied with.

This policy supersedes any and all NEA policies/issuances that are inconsistent herewith, and shall take effect immediately upon filing with the University of the Philippines Law Center pursuant to Presidential Memorandum Circular No. 11, dated 09 October 1992.

For your strict compliance.

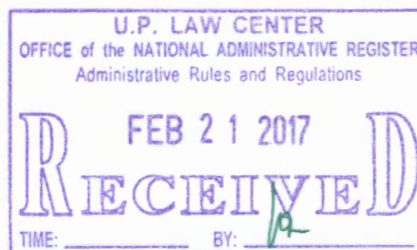

EDGARDO R. MASONGSONG
 Administrator

NATIONAL ELECTRIFICATION ADMINISTRATION
 Office of the Administrator



NEA-DA23699

Wfe
 7-13-17



REPUBLIC OF THE PHILIPPINES)

S. S.

JOINT AFFIDAVIT

We, (Name of Board President), (Name of Other Board Officers), (Name of Director, if not an Officer), and _____, all Members of the Board of Directors of (Name of EC in full), and (Name of GM), the General Manager of (Name of EC, abbr.), all of legal age, Filipinos, with principal office address at (EC Office Address), after having been duly sworn to in accordance with law, hereby depose and state that:

- 1. We are the Members of the Board of Directors and General Manager of ELCO, an electric cooperative duly organized and existing under the laws of the Philippines.
- 2. We hereby attest that in the procurement of power supply for ELCO, a transparent, open, public and efficient competitive selection process (CSP) had duly been conducted by the electric cooperative in accordance with the directive of NEA Memorandum No. 2017-003.
- 3. We further certify that the power supply was acquired at the best price, if not the least cost, offer and that the entire provisions of the Power Supply Agreement thereto are beneficial and advantageous to (Name of EC).

Further, affiants sayeth naught.

SUBSCRIBED AND SWORN TO before me on this ____ day of _____, 2017 in _____.

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2017.

