NATIONAL ELECTRIFICATION ADMINISTRATION
"The 1st Performance Governance System-Institutionalized National Government Agency"
57 NIA Road, Government Center, Diliman, Quezon City 1100

30 April 2018

MEMORANDUM No. 2018-031

TO : **ALL ELECTRIC COOPERATIVES**

SUBJECT : **DOE's COMPETITIVE SELECTION PROCESS ADVISORY dated 21 March 2018 regarding Department Circular No. DC2018-02-003 Entitled "ADOPTING AND PRESCRIBING THE POLICY FOR THE COMPETITIVE SELECTION PROCESS IN THE PROCUREMENT BY THE DISTRIBUTION UTILITIES OF POWER SUPPLY AGREEMENT FOR THE CAPTIVE MARKET"**

May we apprise you of the attached DOE's Memorandum to All Distribution Utilities dated 21 March 2018 regarding the Competitive Selection Process (CSP) Advisory on the Department Circular No. DC2018-02-003 entitled "Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities Power Supply Agreement for the Captive Market".

Along with the CSP Advisory is the PSPP template for your reference.

Your usual cooperation and utmost compliance is appreciated.

EDGARDO R. MASONGSONG
Administrator

NATIONAL ELECTRIFICATION ADMINISTRATION
Office of the Administrator
NEA-OA-252319
5/16/18

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Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

MEMORANDUM

TO	:	**ALL DISTRIBUTION UTILITIES**
FROM	:	**UNDERSECRETARY FELIX WILLIAM B. FUENTEBELLA**
SUBJECT	:	**COMPETITIVE SELECTION PROCESS ADVISORY**
DATE	:	**21 MARCH 2018**

To effectively implement Department Circular No.DC2018-02-0003 entitled, **"ADOPTING AND PRESCRIBING THE POLICY FOR THE COMPETITIVE SELECTION PROCESS IN THE PROCUREMENT BY THE DISTRIBUTION UTILITIES OF POWER SUPPLY AGREEMENT FOR THE CAPTIVE MARKET"**, the Department of Energy (DOE) hereby issues the following:

1. The DOE emphasizes that the CSP policy aims to promote the needs of the consumers as presented in the Distribution Development Plans (DDPs) and Power Supply Procurement Plans (PSPPs) of the Distribution Utilities (DUs). The DU shall embrace the principle of technology neutrality and consider the reliability of energy services in a least cost manner. The DU shall also ensure that it can meet the demand for its Captive Market at any given time.

   Hence, Section 1, Subsection 1.4 of the CSP Circular is further clarified, to wit:

   1.1. Item (iii) means that the fuel resource to be indicated in the Terms of Reference (TOR) shall describe the capability of the power generation plant needed to meet the load or demand behavior, which can either be conventional or renewable energy. The specific types of fuels enumerated are provided as examples only of conventional and renewable sources of energy.

   1.2. The parameter on emerging technology under Item (iv) is optional and may only be specified when necessary, based on the load or demand behavior of the customers.

   While new technologies are being encouraged to participate in the CSP, the TOR or the procurement process shall not refer to a specific type of technology or power plant.

2. Pursuant to Section 5 of the CSP Circular, all DUs are hereby advised to establish their respective Third Party Bids and Awards Committee (TPBAC), TPBAC Technical Working Group (TWG) and TPBAC Secretariat.

   Further, the selection process on the representatives of the captive customers to the TPBAC of each DU shall be submitted to the DOE for review and approval.

   The same applies to the establishment of the Joint TPBAC, Joint TPBAC TWG and Joint TPBAC Secretariat.

3. In accordance to Section 4, all DUs are advised to prepare their respective PSPPs to be incorporated on the DDP. Attached as "Annex A" is the PSPP template for the guidance of the CSP participants.

4. In accordance with the "buyers' market principle" under the RA 9136, the CSP Circular does not allow unsolicited proposals from suppliers. All PSAs shall be procured through the CSP and shall be based on planning and scheduling of power supply requirements, as specified in the PSPP.

5. In accordance with the transparency principle in the administration of the CSP, all stages enumerated under Section 8.5 (Publication and Posting) shall be posted in the DOE CSP Portal.

   In the interim, all updates related to the CSP activities and invitation to DOE as CSP Observers must be submitted to the DOE through e-mail address *doe.csp@gmail.com*.

For your guidance and compliance.

FELIX WILLIAM B. FUENTEBELLA
Undersecretary

NAME OF DU

POWER SUPPLY PROCUREMENT PLAN

In compliance with the Department of Energy's (DOE) Department Circular No. DC 2018-02-0003, "Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market" or the Competitive Selection process (CSP) Policy, the Power Supply Procurement Plan (PSPP) Report is hereby created, pursuant to the Section 4 of the said Circular.

The PSPP refers to the DUs' plan for the acquisition of a variety of demand-side and supply-side resources to cost-effectively meet the electricity needs of its customers. The PSPP is an integral part of the Distribution Utilities' Distribution Development Plan (DDP) and must be submitted to the Department of Energy with supported Board Resolution and/or notarized Secretary's Certificate.

The Third-Party Bids and Awards Committee (TPBAC), Joint TPBAC or Third Party Auctioneer (TPA) shall submit to the DOE and in the case of Electric Cooperatives (ECs), through the National Electrification Administration (NEA) the following:

a. Power Supply Procurement Plan;
b. Distribution Impact Study/ Load Flow Analysis conducted that served as the basis of the Terms of Reference; and
c. Due diligence report of the existing generation plant

All Distribution Utilities' shall follow and submit the attached report to the Department of Energy for posting on the DOE CSP Portal. For ECs such reports shall be submitted to DOE and NEA. The NEA shall review the submitted report within ten (10) working days upon receipt prior to its submission to DOE for posting at the DOE CSP Portal.

The content of the PSSP shall be consistent with the DDP. The tables and graph format to be use on the PSPP report is provided on the following sheets. Further, the PSPP shall contain the following sections:

I. Table of Contents
II. Introduction
III. Energy and Demand Forecast (10 year historical and forecast)
IV. Energy Sales and Purchase
V. Daily Load Profile and Load Duration Curve
VI. Existing Contracts & Existing GenCos due diligence report
VII. Committed Energy and Demand for CSP
VIII. Currently approved SAGR for Off-Grid ECs to be passed-on to consumers;
IX. DU's Current Supply and Demand
X. Distribution Impact Study
XI. Schedule of Power Supply Procurement
XII. Timeline of the CSP

For inquiries, please contact us through:
DOE: doe.csp@gmail.com, telephone numbers (02) 840-2173 and (02) 479-2900 local 202
NEA: raonea.gov.ph@gmail.com, telephone numbers (02) 929-1909 local 180

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INTRODUCTION

DISTRIBUTION UTILITIES PROFILE

DU's Franchise MAP

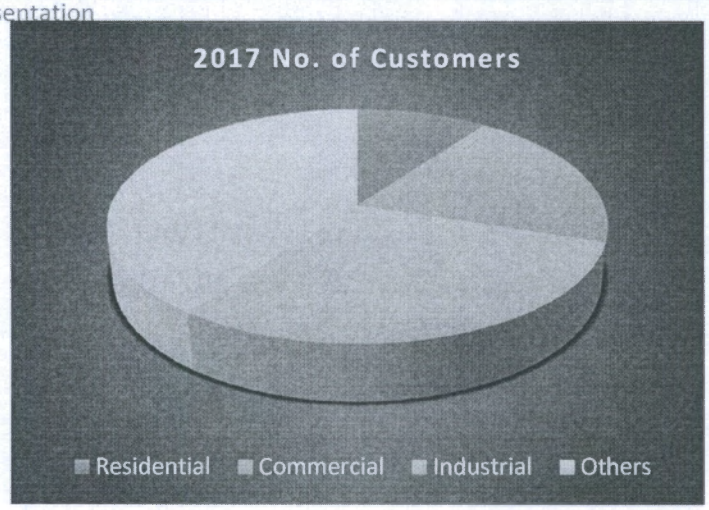
Brief description of DUs Franchise including among others the DUs status of operation and performance, customer count and household energization level

DUs Franchise Map

Number of Customer	ACTUAL	FORECAST									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential	1										
Commercial	2										
Industrial	3										
Others	4										
Contestable Customers served by RES											
Total (Captive Customers)											

Note: Data are sample only for graph presentation

Brief highlight on the increase of demand (eg. Entry of big loads etc.)

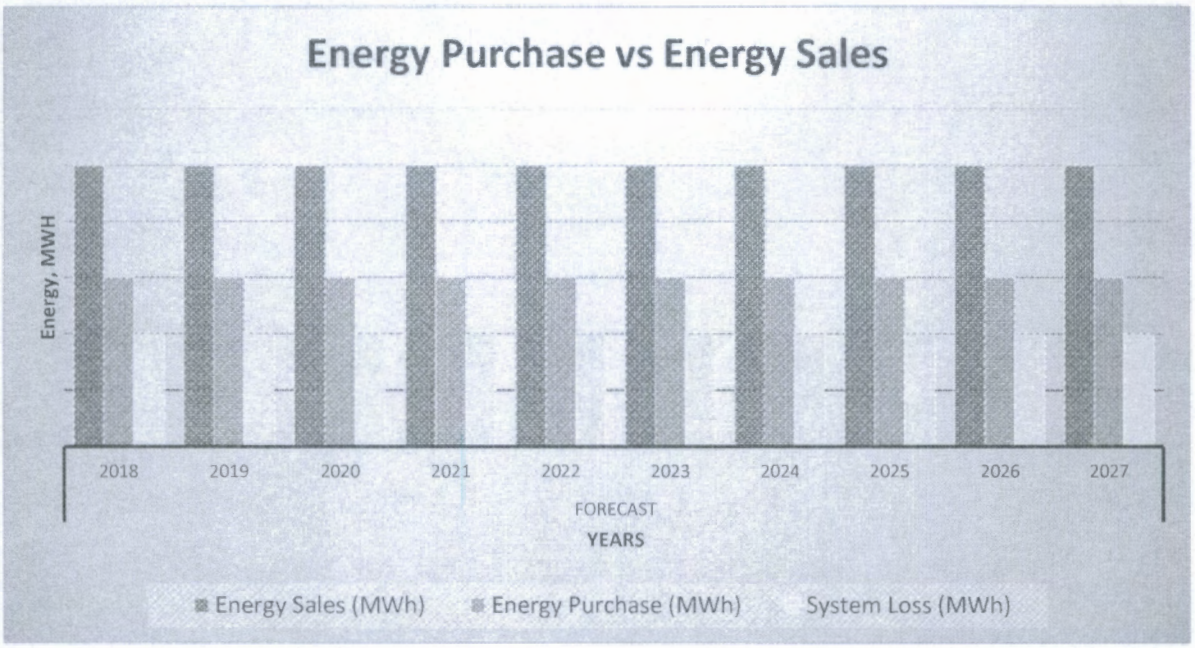


ENERGY SALES AND PURCHASE

ENERGY SALES AND PURCHASE	HISTORICAL									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Energy Sales (MWh)										
Energy Purchase (MWh)										
System Loss (MWh)										

ENERGY SALES AND PURCHASE	FORECAST									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Energy Sales (MWh)	5	5	5	5	5	5	5	5	5	5
Energy Purchase (MWh)	3	3	3	3	3	3	3	3	3	3
System Loss (MWh)	2	2	2	2	2	2	2	2	2	2

Note: Data are sample only for graph presentation



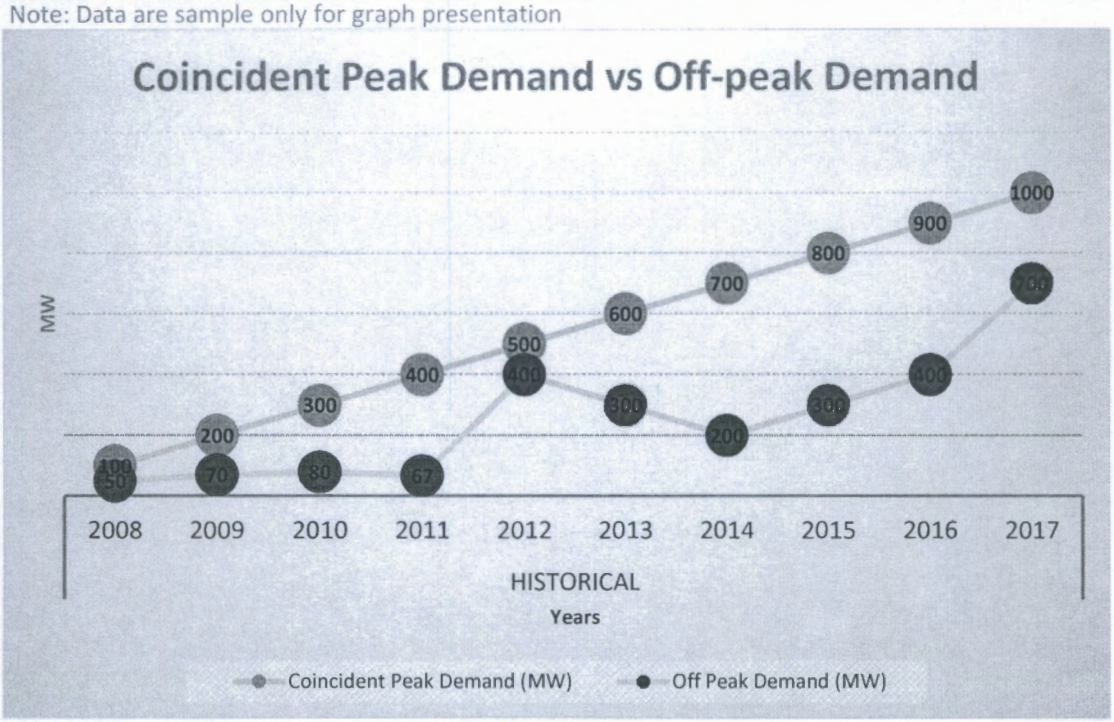
Brief highlight/report

DEMAND

Demand	HISTORICAL									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Coincident Peak Demand (MW)										90
Off Peak Demand (MW)										

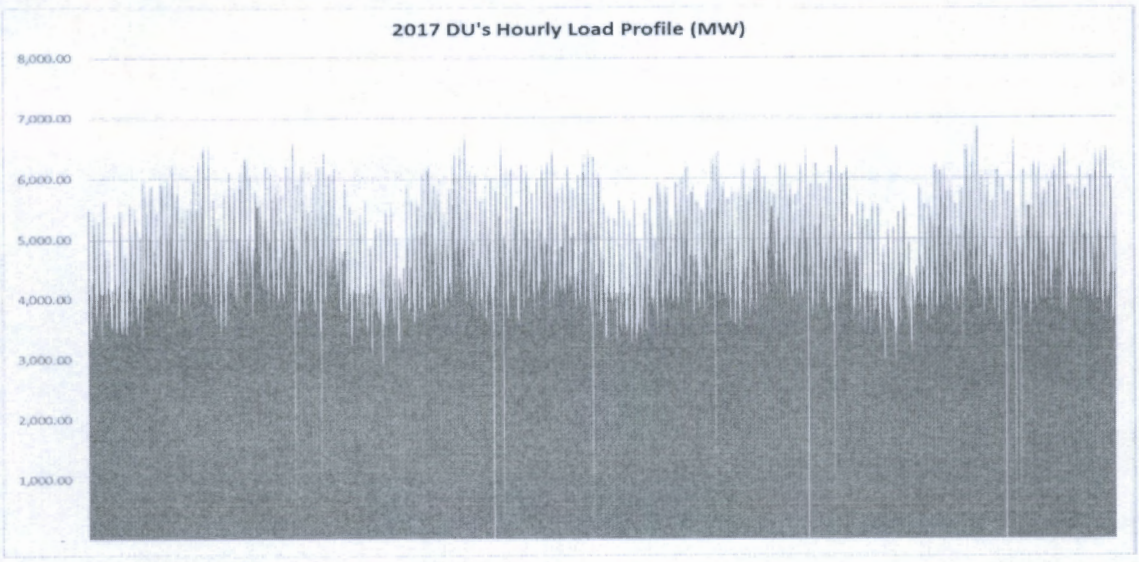
Demand	HISTORICAL									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Coincident Peak Demand (MW)	100	200	300	400	500	600	700	800	900	1000
Off Peak Demand (MW)	50	70	80	67	400	300	200	300	400	700

Note: Data are sample only for graph presentation

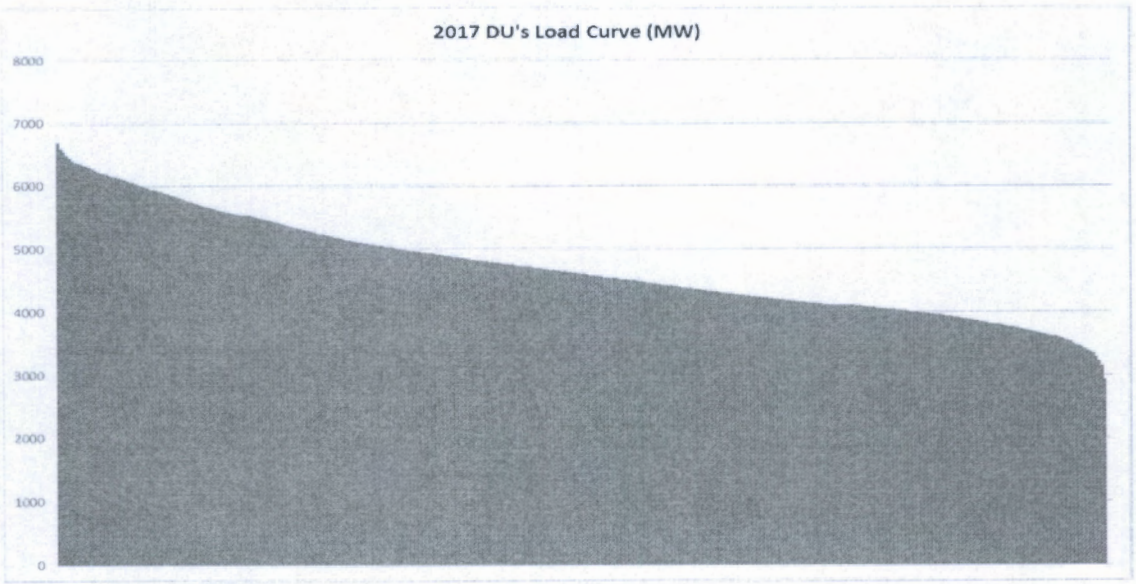


Brief highlight of historical demand and forecasting methodology and result

LOAD PROFILE AND LOAD DURATION CURVE



GRAPH PROVIDED HERE IS SAMPLE ONLY



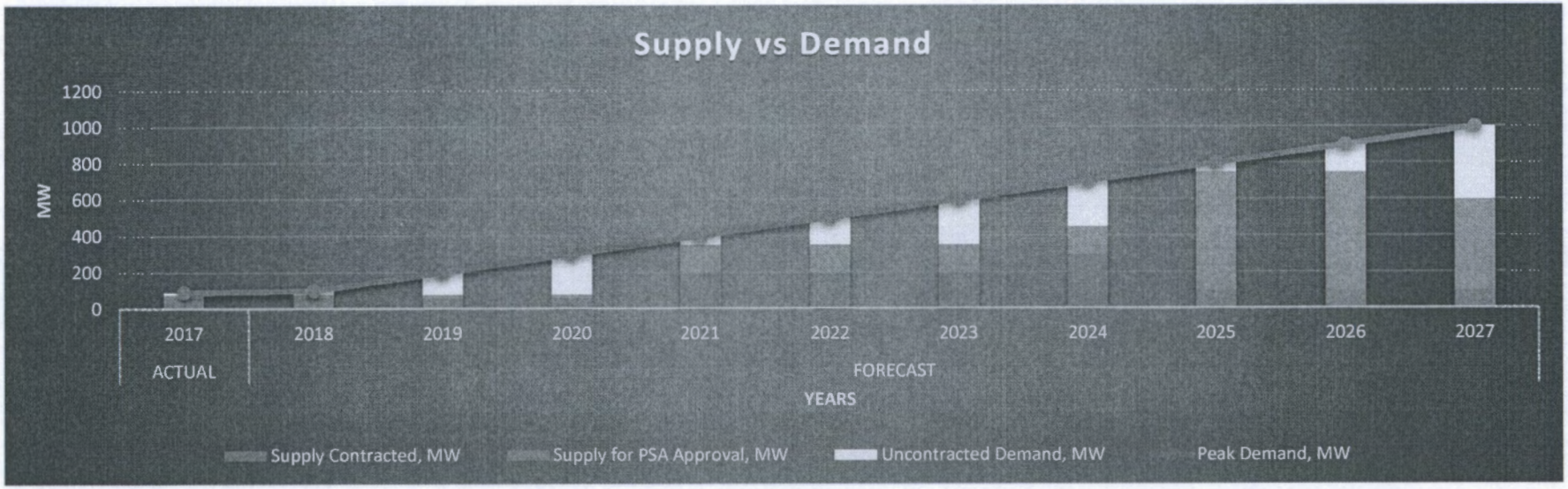
Brief highlight:

Base on the load curve identify the base-load, mid-merit and peaking. As such the data can be used for the strategy in contracting the DUs demand requirement.

MIXSUPPLY VS DEMAND AND THE OPTIMAL SUPPLY

Supply Demand	ACTUAL	FORECAST									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Peak Demand, MW	**90**	**100**	**200**	**300**	**400**	**500**	**600**	**700**	**800**	**900**	**1000**
Supply Contracted, MW	**60**	**60**	**60**	**60**	**200**	**200**	**200**	**300**	**100**	**100**	**100**
Generation Plant Name 1	60	60	60	60							
Generation Plant Name 2					200	200	200	200			
Generation Plant Name 3								100	100	100	100
Supply for PSA Approval, MW	**20**	**20**	**20**	**20**	**150**	**150**	**150**	**150**	**650**	**650**	**500**
Generation Plant Name 1	20	20	20	20							
Generation Plant Name 2					150	150	150	150	150	150	
Generation Plant Name 3									500	500	500
Uncontracted Demand, MW	**10**	**20**	**120**	**220**	**50**	**150**	**250**	**250**	**50**	**150**	**400**

Note: Data are sample only for graph presentation



List of Existing Contracts and Details

Supply Contracted	Plant Owner/ Operator	Capacity Factor	PSA Effectivity (MM/YR)	PSA Expiration (MM/YR)	Contracted Capacity, MW	Contracted Energy, MWH	Base / Mid-merit / Peaking	Embedded/ Grid Connected	Utility-owned/ NPC/ IPP/ NPC-IPP	Status	Fuel Type	Installed Capacity (MW)	Net Dependable Capacity (MW)
GenCo 1													
GenCo 2													
GenCo 3													
GenCo 4													
GenCo 5													

Discuss the following:
Performance of the existing Contracted Generation Companies.
For off-grid DUs specify the approved SAGR
Further, discuss the **optimal supply mix** for the DU given the load curve, performance of the existing contracted generation companies and other factors as found significant

DISTRIBUTION IMPACT STUDY

Brief discussion on the following:
Readiness of substation, distribution lines on the forecasted increase of loads
Impact on the entry of a new power plant which may affects transmission congestion
Loading of substations
Compliance with the PDC and PEC

SCHEDULE OF CSP

Base / mid-merit / peaking	For CSP		Capacity Factor	Proposed contract period		Proposed schedule (MM/YYYY)						
	Demand (MW)	Energy (MWh)		Start Month and Year	End Month and Year	Publication of Invitation to Bid	Pre-bid Conference	Submission and Opening of Bids	Bid Evaluation	Awarding	PSA Signing	Joint Application to ERC

10 Year Monthly Forecasted Data

Year	Forecast			Contracted and For PSA Approval Demand and Energy		ıtracted Demand and E		Committed for CSP	
	Coincident Peak Demand (MW)	Off Peak Demand (MW)	Energy Requirement (MWh)	Demand (MW)	Energy (MWh)	Uncontracted Demand (MW)	Uncontracted Energy (MWh)	Demand (MW)	Energy (MWh)
2018									
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10 Year Monthly Historical Data

Year	Historical			Contracted and For PSA Approval Demand and Energy		Uncontracted Demand and Energy		Committed for CSP	
	Coincident Peak Demand (MW)	Off Peak Demand (MW)	Energy Requirement (MWh)	Demand (MW)	Energy (MWh)	Uncontracted Demand (MW)	Uncontracted Energy (MWh)	Demand (MW)	Energy (MWh)
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