



South Cotabato II Electric Cooperative, Inc.

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SOCOTECO II

SERVICE is our Mission.

INVITATION TO BID

**Contract Capacity of 85,000 MWh/yr intended for Renewable Portfolio Standard (RPS),
COD 2023**

1. BID INFORMATION

SOUTH COTABATO II ELECTRIC COOPERATIVES, INCORPORATED ("SOCOTECO II") is a non-stock and non-profit electric distribution utility within the franchise area of General Santos City, Sarangani Province and the Municipality of Polomolok and Tupi, South Cotabato.

SOCOTECO II is in need of the supply of electricity for its renewable source portfolio requirements to meet the demand of its consumers.

SOCOTECO II needs a qualified supplier that can supply **85,000 MWh/yr intended for Renewable Portfolio Standard (RPS)** to commence on **2023** which date for the start of supply shall be subject to the approval of the **Energy Regulatory Commission ("ERC")**.

2. MINIMUM REQUIREMENTS OF SUPPLY

Pursuant to the **Department of Energy ("DOE")** Circular No. DC2018-02-0003, Series of 2018, SOUTH COTABATO II ELECTRIC COOPERATIVES, INCORPORATED (SOCOTECO II), through the **Third Party Bids and Awards Committee ("TPBAC")**, hereby invites all interested and qualified suppliers (**each, a "Bidder"**) to participate in the **Competitive Selection Process ("CSP")** in respect of the following minimum requirements to supply ("**Bid**"):

BRIEF DESCRIPTION OF THE TERMS OF REFERENCE ("T.O.R")			
Item	Terms of Reference	Description	Requirement
1	Dispatchable Energy	The quantity of energy in kWh that can be generated and delivered by the proposed RE power plant to SOCOTECO II.	At least 85,000 MWh of energy as minimum energy to be delivered to SOCOTECO II in a year. The Dispatchable Energy should be firm supply and will be the basis of the evaluation
2	Renewable Energy Service Contract (RESC)	This refers to the service agreement between the Government, through the President or the DOE, and an RE Developer over an appropriate period as determined by the DOE in which the RE Developer has the exclusive right to explore and develop a particular RE area. The RE Contract shall be divided into two (2) stages: the pre-development stage and the development/commercial stage. The preliminary assessment and feasibility study up to the financial shall refer to the pre-development stage. The construction and installation of facilities up to the operation phase shall refer to the development stage.	The Bidder shall provide a copy of the approved and valid RESC.
3	RESC Declaration of Commerciality	This refers to a written declaration by the RE Developer stating that the electricity	The Bidder shall provide a copy of the certificate of Confirmation of Commerciality as issued by DOE.

		generation from the RE Resource in Commercial Quantities.													
4	Kind of Power Plant	Source of power of the power station.	Single power plant from any Renewable Energy Eligible Source												
5	Nature of Supply	The power demand satisfied by the supply.	1. Firm, Base load power and dispatchable energy												
6	Time of Delivery of Dispatchable Energy during cold start or force majeure events	Time, in minutes, for the first kwh of energy that will enter SOCOTECO 2 distribution System if applicable	Bidder to indicate Significant if the winning bidder is an embedded generator												
7	Contract Period	Number of years of the effectiveness of the Power Supply Agreement.	Fifteen years (15) from start of commercial operation, unless earlier terminated in accordance with the provisions in the PSA. Shortening of contract period is upon mutual agreement of both parties : the customer and the supplier												
8	Method of Fuel Procurement (as applicable)	Source of Fuel	Bidder to indicate fuel supply procurement, as may be applicable												
9	Receiving Point / Delivery Point	Designated SOCOTECO 2 Metering Points	Bidder to comply. Used for landed cost break-down. For Grid suppliers a transmission charge will be added during bid evaluation												
10	Effective Tariff (as applicable) a. Capital Recovery Fee b. Fixed O&M c. Variable Charges Others	The tariff structure of the power station shall be unbundled. Evaluation of the Effective Tariff in Annex B will be Landed cost basis – this refers to the total generation cost to be billed to SOCOTECO 2 inclusive of recovery of capital costs, operations and maintenance costs, interconnection facility costs, transmission charges, metering charges, and fuel costs, applicable taxes, as well as any other tariff components, as may be appropriate. The Landed cost is determined at the Receiving Point.	<table border="1"> <thead> <tr> <th>Tariff Component</th> <th>Unit</th> </tr> </thead> <tbody> <tr> <td>True Cost of Generation Rate</td> <td>Php/kWhr</td> </tr> <tr> <td>a.) Capital Recovery</td> <td>Php/KW/month</td> </tr> <tr> <td>b.) Fixed Operation and Maintenance</td> <td>Php/KW/month</td> </tr> <tr> <td>c.) Variable Operation and Maintenance</td> <td>Php/kWhr</td> </tr> <tr> <td>d.) Fuel Fee</td> <td>Php/kWhr</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The Bidder must fill-up the Total Project Cost Template, as deemed applicable, and may present basis and calculation of fees proposed to be provided by SOCOTECO II. The Bidder must submit sample bills in excel format for the process of evaluation. Specify formula for base fee adjustment affected by factor such as CPI, FOREX & Escalation due to fuel degradation & others. No indexation or escalation on Capital Recovery Fee (CRF) 	Tariff Component	Unit	True Cost of Generation Rate	Php/kWhr	a.) Capital Recovery	Php/KW/month	b.) Fixed Operation and Maintenance	Php/KW/month	c.) Variable Operation and Maintenance	Php/kWhr	d.) Fuel Fee	Php/kWhr
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			<ul style="list-style-type: none"> • Fixed O&M fee shall be indexed on Philippine Peso • Variable O&M fee shall be indexed on FOREX and Philippine CPI • Fossil fuel is passed on charge based on actual market price but limited to guaranteed fuel rate per Li/kWhr • Lube Oil is based on local market price Li/kWhr • For RE, CRF can be indexed to average FOREX during the construction period • Present levelized cost of electricity for the 10 years term
11	Form of Payment	In Philippine Peso or Foreign Currency denominated.	In Philippine Peso, PHP
12	Start of Supply or Commercial Operation Date (COD)	First delivery of energy to SOC2	<p>End of Year 2022 -assuming ERC approval for the PSA is acquired by the bidder, whether provisional or final; or the next immediate 26th day of the month following the approval of the ERC.</p> <p>If supplier assumes to deliver energy to SOCOTECO II without the Final Approval (FA) or Provisional Approval (PA) from ERC, then the rate to be used must be indicated.</p>
13	Replacement Energy Capability	<p>Provision of replacement energy when the power plant exceeds the committed outage allowance which includes both scheduled outage and unscheduled outage or failure to achieve item No. 15 of this Annex.</p> <p>The replacement power should be equal to the contracted power</p>	<p>The winning bidder shall be responsible to provide replacement power during the cooperation period under the PSA</p> <p>Price of the replacement energy should be equal to or less than the ERC- approved tariff of the power plant subject of this CSP. If said ERC-approved rate is lower than the existing rate, the difference should be translated to lower the actual rate passed on to the consumers.</p> <p>The Supplier shall indicate its replacement power plant, which should be an RE power plant. If not, the supplier must provide the necessary REC's.</p> <p>The Supplier shall be responsible to provide replacement power in the following cases except for a Force Majeure Event, supplier guarantees the supply for the Contracted/Dispatchable Demand and Energy:</p> <p>a) During any delay of the Start of</p>

			<p>Delivery of Supply;</p> <p>b) When its power plant is on scheduled or unscheduled outage to ensure continuity of supply in compliance with the cooperation period.</p> <p>In the event that the supplier is unavailable or unable to supply the Contracted/Dispatchable Demand and Energy in whole or in part due to a Force Majeure Event, the supplier may find Replacement Energy for the customer as its own discretion, to be charges at the Contract Price. The customer has the right to refuse said Replacement Energy during such cases.</p> <p>Replacement power shall be the main obligation of the supplier. In the event of failure by the supplier to provide the replacement power, the EC shall be allowed to source the replacement power at the expense of the supplier.</p>
14	Penalties	<p>Penalties for bidders:</p> <ol style="list-style-type: none"> 1. Delay in COD (monthly contracted dispatchable energy x 40% of the approved rate) 2. Exceeding Allowable Outage Allowance in the event that replacement power will not be available (difference in rate of the replacement power shall be charged to the bidder) 3. REC's will be charged to Non-RE replacement power <p>Failure to deliver the Annual Contracted Energy (The monetary equivalent of the energy not delivered)</p>	<p>Additional penalties:</p> <ul style="list-style-type: none"> o Cost of foregone revenue and surcharge o Ground for termination of contract o Ground for the power supplier to be blacklisted o Failure of provision of replacement power; and o Other violations under the resulting PSA <p>2. The Supplier shall have Deficiency Payment which will be the penalty in excess to the allowable outage allowance except Force Majeure Event. Deficiency Payment amount is equivalent to the Contract Price or WESM exposure whichever is higher.</p> <p>3. The Supplier shall have Default Penalty in the event of non-delivery in start of COD which is equivalent to one (1) month estimated monthly bill.</p>
15	Taxes	Applicable taxes	Other Taxes (except Supplier's Corporate Income Tax)
16	Plant Location	Technical description of the location of the proposed Power Plant	Bidder to indicate (bidder should indicate nearest NGCP substation/line)

17	Interconnection and Transmission Line Project	Details of any transmission projects including identification of the party that will develop and/or own such facilities, any costs related to such projects and specification of the parties responsible for recovery of any cost related to such projects if applicable.	Design of the power plant's associated connections facility to its proposed connection point to the grid must be specified indicating the corresponding diagrams (e.g. SLDs, TDS, etc.) with respect to the Mindanao Main Grid and/or SOCOTECO II Distribution system if applicable.
18	Force Majeure	<p>During events of Force Majeure events, there will be no payment of fixed charges and CRF.</p> <p>SOCOTECO 2 shall be allowed to defer payments on any of the following:</p> <ol style="list-style-type: none"> a. Capacity / Energy that is unavailable. b. Capital Recovery Fee and other fees subject to government regulations c. Unreconciled capacity and energy charges d. SOCOTECO II shall have the authority to reduce contracted capacity on a case to case basis <p>Upon execution of the PSA, the Bidder and SOCOTECO 2 shall jointly establish protocols for the operations of the power plant during Force Majeure. Such protocols / plans shall include recovery from a local or wide spread electrical blackout.</p>	<p>Force Majeure means:</p> <ul style="list-style-type: none"> o Means any event, matter or circumstances that is unforeseen by or is outside the reasonable control of a Party and that prevents or restricts the performance that Party of its obligations her under- under, and shall include; (i) acts of Gods; (ii) acts of war of the public enemy; (iii) strikes, lock outs, riots and labor disputes; (iv) natural calamities; (v) expropriation and any other event of similar nature stated in the contract which prevents the Supplier from delivering electricity to the Customer, or prevents the Customer from receiving energy from Supplier o Neither Party shall be liable for any failure or delay in the performance of its obligations under the PSA if such failure or delay arises out of, but only to the extent caused by, any event of Force Majeure; Provided that the relief granted by the condition in the Force Majeure shall be available only if and to the extent that the Party claiming has and continues to take all steps reasonably within its control to mitigate the effects of such Force Majeure event, and in no event shall late payment or non-payment of money due be excused by any event of Force Majeure o The Party seeking to rely on an event of Force Majeure to excuse failure of delay in the performance of its obligations pursuant to the above condition hereof shall notify the other party as soon as reasonably possible of the nature of the Force Majeure claimed and to the extent the Force Majeure claimed affects the party's obligation under the Force Majeure Agreement, and such Party shall resume the performance of its obligations as soon as reasonably possible after the event of Force Majeure ceases to exist

			<p>o Such other Force Majeure Condition shall be included to the PSA including Pandemic and all other calamities subject to local and national government regulations and policies.</p>
19	Outages	<p>These following conditions shall be included in the PSA:</p> <ol style="list-style-type: none"> 1. Provision for specified outages allowances if necessary either schedule or unscheduled outage 	<p>These following conditions shall be included in the PSA:</p> <ol style="list-style-type: none"> 1. Provision for specified outages allowances if necessary either schedule or unscheduled outage 2. No carry-over of Outage Allowance to any subsequent contract year 3. No crediting of OA from scheduled to unscheduled and vice versa. c. Penalty clause should be determined based on the EC approved timeline of scheduled outage 4. On unscheduled outage, delay on return to service of genset per pre- determined timeline by the EC and power provided must also have a penalty clause notwithstanding provision on replacement power <p>Scheduled Outages - average is thirty (30) days, for each Contract Year during which times reduced or no deliveries will be available to the Buyer.</p> <p>Unscheduled Outages – average is fifteen (15) days, for each Contract Year during which times reduced or no deliveries will be available to the Buyer.</p> <p>Note: In the event that the Renewable Energy supplier failed to deliver the scheduled contracted energy, the renewable energy supplier shall be liable for the deficiency. Thus, will pay deficiency fee to the off-taker.</p> <p>Moreover, should there be replacement power offer, it shall be RE technology.</p>
20	Reduction on Contracted Capacity	<p>SOC2 shall be allowed to reduce the contracted capacity if affected by the reduction of demand of its captive consumer due the implementation of Open Access. Provision for "Automatic reduction clause" should be incorporated in</p>	<p>The Contract Capacity/ Associated Energy may be reduced equivalent to the reduction in the demand of the captive customers of SOCOTECO II by reason of the implementation of Retail Competition and Open Access, the Renewable Energy Law</p>

		the PSA.	and other Laws and Legal Requirement.
21	Regulatory Approvals	<p>The Bidder understands that the award of the PSA shall be subject to ERC review and approval.</p> <p>Downward adjustment on the rates shall not be a ground for the termination of the contract and SOCOTECO 2 should not be made to shoulder the incremental difference.</p>	<p>The Bidder understands that the award of the PSA shall be subject to ERC review and approval and shall make the necessary adjustments in accordance with the directive of the ERC</p> <p>o Downward adjustment on the rates shall not be a ground for the termination of the contract and SOCOTECO 2 should not be made to shoulder the incremental difference.</p> <p>o In case that the applied rate is pending for approval before the ERC and the application rate was the basis for the billing rate to the customer, the Customer and Supplier should conduct reconciliation on the billed rates. The customer has the right to refund from the supplier the excess payment to the supplier, upon approval of rates by the ERC.</p> <p>o The terms and conditions under the PSA, including tariff shall be subject to approval of ERC.</p>
22	Renewable Energy Supplier	The distribution utility will re-market excess supply to WESM to reduce cost of CRF and Fixed O&M	Re-marketing to consider reduction on Capital Recovery Fee and Fixed O & M pro-rata if actual energy delivered subject to ERC approval and availability of WESM in Mindanao.
23	Grounds for Termination		<p>The Customer may terminate the Agreement by written notice to the Supplier in cases of:</p> <p>a. Event of default</p> <p>b. Expiration of Term and or Upon Mutual Agreement</p> <p>c. Non-fulfilment of conditions to effective date</p> <p>d. Non-occurrence of Commencement Date</p> <p>e. Events of Force Majeure as mentioned in Section 18 of this TOR</p> <p>f. Fails to supply for a period of sixty (60) days for reason wholly attributable to its fault and/or negligence, provided that, the Supplier fails to take reasonable actions or remedies to solve its inability to deliver capacity and energy</p>

			<p>The Supplier may terminate the Agreement by written notice to the Customer when the Customer:</p> <ul style="list-style-type: none"> a) Discontinue operations; b) Declares bankruptcy.
24	Prudential Guarantee	SOCOTECO II shall only pay 1 month security deposit	1 month deposit
25	Eligibility Requirements		<p>Eligibility Requirements:</p> <p>1. The Supplier shall submit the following:</p> <ul style="list-style-type: none"> o Proof of ownership of the property or proof of rights/possession of the property where the power plant is constructed but in known case the lease period should not be less than the contract period; o Service contract issued by DOE o Design of the power plant's associated connection facilities to its proposed grid connection point must be specified indicating the corresponding diagrams (e.g. SLDs, TDS, etc.) with respect to the Mindanao Main Grid and/or DOE o Copy of the certificate of Certificate of Commerciality as issued by DOE; o Renewable Energy Service Contract RESC o NCIP Certificate; o Experience and technical capability/qualification of Management team/consultants comprising of the firm. <p>2. Consider power supplier with available capacity on or before the target Commercial Operation Date</p>
26	Other Terms and Conditions	Terms of power supply	<p>All other terms and conditions in the power supply agreement provided by SOCOTECO 2</p> <p>Prompt Payment Discount and other discounts, if any.</p> <ul style="list-style-type: none"> o Value Added Services o Nomination Protocol : <p>Non-binding year-ahead, month-ahead, week-ahead and day-ahead nominations</p>

			o SOCOTECO II may revise the nominations due to unscheduled outage
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3. PRE-QUALIFICATION REQUIREMENTS

Parties intending to bid (“**Prospective Bidders**”) shall be required to comply with the following pre-qualification requirements (“**Pre-Qualification Requirements**”) which must be delivered by hand and received by TPBAC at SOCOTECO II Main Office J. Catolico St. Lagao General Santos City, Philippines or send thru email at socoteco2.tpbac@gmail.com and acknowledge by SOCOTECO II TPBAC Secretariat.

- a.) Submission of:
 - (i) Notarized Letter of Intent (“L.O.I”) signed by an authorized representative, shall state the full name, address, telephone numbers, email address and fax numbers of interested bidder and name of the Principal.
 - (ii) Board Resolution Authorizing the Prospective Bidder to participate in the bid
 - (iii) Notarized Non-Disclosure Undertaking
 - (iv) Written Acceptance of the Bid documents with the Terms of Reference (“T.O.R”)
- b.) Payment of non-refundable processing and participation fee of **ONE HUNDRED THOUSAND PESOS** (Php. 100,000.00), VAT Inclusive.

4. INSTRUCTION TO BIDDERS

Upon compliance and submission of the Pre-Qualification Requirements a complete set of Bidding Documents will be available from **November 29, 2021** to **December 14, 2021** during office hours (Monday to Friday) from *8:00A.M to 5:00P.M* at SOCOTECO II Main Office.

Only Prospective bidders that have complied with the Pre-Qualification Requirements on time may be allowed to participate in the Bid and to obtain bidding documents, including the detailed terms of reference and bid procedures. This is to ensure that they fully understand the bidding contents and requirements. The duly authorized representative of the bidder is must know the changes and/or amendments on the bidding documents as discussed and recorded in the Minutes of the Pre-Bidding Conference as specified in the Supplemental Bid Bulletin.

5. TENTATIVE ACTIVITIES AND SCHEDULE *(refer to the ITB)*

Upon due Notice to Pre-Qualified Prospective Bidders, SOCOTECO II reserves the right to amend and/or change the indicative schedule below and will be announced through Bid Bulletins, as follows:

ACTIVITIES	SCHEDULE
Notice to Proceed from DOE	September 13, 2021
Publication of the Invitation to Bid and Posting to DOE web portal and NEA website	November 19-28, 2021
Availability of Bid Documents	November 29, 2021 to December 14, 2021 <i>(via SOCOTECO II portal)</i> Note: Pre-condition compliance must be submitted and paid.
Deadline of Submission of Comments and Questions on the Bid	December 14, 2021
1 st Pre-Bid Conference	December 15, 2021 – 9AM via Zoom Note: Pre-condition of A.P.O.R to quarantine policy of L.G.U
Issuance of Bid Bulletin/s, if any	January 4, 2022
Deadline for Eligibility Requirements and Submission of Bids (“Bid Submission Deadline”)	January 18, 2022 – 9AM <i>(via SOCOTECO II portal)</i>
Opening of Bids	January 18, 2022
Post-Qualification and Detailed Evaluation of Bids	January 24-28, 2022
Confirmation from HOPE	February 14-17, 2022
Issuance of Notice of Award	March 3, 2022

Unless otherwise specified in writing, all references to times and dates shall refer to PAGASA. Late submissions and request for additional time shall not be allowed and accepted in all stages of the bidding.

5.1) In consideration of Health Protocols amidst the COVID-19 Pandemic situation and in compliance with NEA Regulatory Advisory No. 2020-002; “The Conduct of Competitive Selection Process Under the State of Community”, area under GCQ may conduct Pre-Bid Conference and Opening of Bids as long as it is in line with the provisions of Section 4 (12) of the Guidelines for Areas under General

Community Quarantine, but with extra precaution on the observance of precautionary health and safety measures to prevent any possible contamination in the activities.

In addition, Participants are enjoined to strictly observe the directives under the Omnibus Guidelines on the Implementation of Community Quarantine, provided hereunder;

5.1.1 **Observe health and safety standards** – This refers to proper hygiene, physical and area disinfection, wearing of protective masks, face shield, etc.

5.1.2 **Practice physical distancing** – An open or wider venue for the bidding activity shall be provided.

5.1.3 **Limit the number of participants** – This can be best implemented by limiting the physical presence of participants to only one (1) representative from each prospective bidder, the TPBAC Chairperson and Members, the TWG-Chair and the Secretariat, while observers and members of the TWG can join the bidding process virtually.

However, face to face opening of bids is subject to discussion, deliberations and agreement during the pre-bidding conference.

6.) Also, in consideration of Health Protocols amidst the COVID-19 Pandemic situation and in compliance with Local Government Unit (L.G.U) and Regional Inter-Agency Task force (R.I.A.T.F) Guidelines on Authorized Personnel Outside Residence (A.P.O.R) Quarantine Assessment and Protocols. Kindly prepare the following documents upon entry in General Santos City:

6.1) Negative RT-PCR Swab Test Result which should be taken at most seventy-two hours (72 hours) before arrival in General Santos City;

6.2) Travel Order from the office/company indicating the purpose;

6.3) Company I.D;

6.4) Hotel Booking;

6.5) Return flight itinerary ticket;

6.6) Fully Vaccinated Cards/Certification

7.) List of inspected and evaluated General Santos Hotels with its room rate and amenities by our Safety Officer which comply with the safety standards will also be included in the bidding documents for the prospective bidder representative place to stay if when necessary.

8.) The **TPBAC** reserves the right to declare a failed bidding in the event that less than two (2) Prospective Bidders comply with Pre-Qualification Requirements. Further, the **TPBAC** reserves the right to reject any or all bids and to waive deficiencies embodied therein without assuming any obligations whatsoever for any expenses or losses that may be incurred by the bidder in the preparation of the bid. Furthermore, the **TPBAC** reserves the right to: (i) Reject a proposal or not proceed with an award that is reasonably determined not to redound to the benefit of the SOCOTECO II consumers; (ii) Waive the submission of any requirement considering the credit standing and established capability of the bidder; (iii) Cancel the bidding process at any time without liability by the TPBAC and SOCOTECO II; (iv) Declare failure of bidding or not award the PSA at any time prior to PSA award without thereby incurring any liability to the affected bidders; (v) Decide or resolve matters arising from the bid, as it deems most advantageous to SOCOTECO II consumers without any imposed formalities, conditions or incurring any liability to the affected bidder.

9.) SOCOTECO II TPBAC will not be held accountable, responsible and liable in any Covid-19 Infection of the bidders authorized representatives during the entire bidding process wherein face to face conference is required if agreed upon.

10.) For Further Information, please refer to:

SOCOTECO II TPBAC Secretariat

SOCOTECO II Main Office

J. Catolico St. Lagao General Santos City

Look for **RAISA C. JOVERO**

Contact No. (083) 552-3964 local 116 or +639495494275

Email Add: socoteco2.tpbac@gmail.com

C E R T I F I C A T I O N

As Chairman of SOCOTECO II's Third Party Bids and Awards Committee ("TPBAC"), I hereby certify that this Invitation to Bid, including the Terms of Reference and its accompanying Bid Requirements, were discussed and approved by the TPBAC on November 18, 2021 at SOCOTECO II General Santos City, Philippines.

**THIRD PARTY BIDS AND AWARDS COMMITTEE
OF SOCOTECO II**

ATTY. CHERRY JOIE B. LIMA-PONCE
Chairperson, TPBAC