



NEGROS ELECTRIC COOPERATIVES ASSOCIATION (NECA)

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INVITATION TO BID

- Pursuant to the Department of Energy (DOE) Circular No. DC2018-02-0003, Series of 2018 and DC2021-09-0030, Series of 2021, the Negros Electric Cooperative Association (NECA) through the Joint Third-Party Bids and Awards Committee (JTPBAC), invites all interested and qualified bidders to participate in the Competitive Selection Process (CSP) for the Procurement of 53 MW Baseload AND 18 MW Peaking Power Supply.

2. TERMS OF REFERENCE

ITEM	TERMS OF REFERENCE	DESCRIPTION	REQUIREMENTS
1.0	Type of Contract	Firm <ul style="list-style-type: none"> Baseload Peaking 	<ul style="list-style-type: none"> Power Supplier/ Company shall submit its technical capability. Additional documents such as experiences and Certificate of Good Performance/ Track Record with other customers may also be submitted. In case of new power plants, they must be capable of supplying the entire requirement of NECA by 2023.
2.0	Contracted Capacity (MW)	53 MW (Baseload) 18 MW (Peaking)	<ul style="list-style-type: none"> 53 MW Baseload capacity requirement effective May 26, 2023 <ul style="list-style-type: none"> NORECO I – 5 MW NORECO II – 18 MW NOCECO – 10 MW NONECO – 20 MW 18 MW Peaking capacity requirement for May 26, 2023 <ul style="list-style-type: none"> NORECO I – 3 MW NORECO II – 10 MW NONECO – 5 MW

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3.0	Contracted Energy (kWh per year)	464,280,000 kWh (Baseload) 25,185,000 kWh (Peaking)	Baseload <ul style="list-style-type: none"> • NORECO I – 43,800,000 kWh • NORECO II – 157,680,000 kWh • NOCECO – 87,600,000 kWh • NONECO – 175,200,000 kWh Peaking <ul style="list-style-type: none"> • NORECO I – 3,285,000 kWh • NORECO II – 14,600,000 kWh • NONECO – 7,300,000 kWh
4.0	Contract Duration	<p>The PSA shall take effect for a period of 15 years, unless earlier termination in accordance with the provision of the PSA.</p> <p>Date of Expiration of Franchise:</p> <p>NONECO – February 9, 2033 NOCECO – June 11, 2050 NORECO I – June 30, 2029 NORECO II – February 9, 2033</p> <p>Contracts that will be affected due to non-renewal of a franchise shall be covered by NEA Regulatory Advisory No. 2021-003 and Item-26 Assignability in which the parties will have to come to an agreement on the transfer of contract for the affected electric cooperative.</p>	<p>Contract Period</p> <ul style="list-style-type: none"> • NORECO I, May 26, 2023 – May 25, 2038, 15 Years • NORECO II, May 26, 2023 – May 25, 2038, 15 Years • NOCECO, May 26, 2023 – May 25, 2038, 15 Years • NONECO, May 26, 2023 – May 25, 2038, 15 Years <p>Throughout the duration of the contract, authorized representatives of the ECs and the winning bidder shall meet not later than the first billing period of the 5th and 10th year of the contract period to discuss any concern arising from the implementation of the contract to ensure that arrangements between Parties proceed on a mutually satisfactory basis.</p> <p>Grounds for what will be considered the satisfactory basis will be discussed further in the draft Power Supply Agreement.</p>
5.0	Cooperation Period		<p>Cooperation period shall take effect for a period of fifteen (15) years starting from May 26, 2023 to May 25, 2038. If the provisional authority of the ERC is issued later than May 26, 2023, the Cooperation Period shall commence on the 26th day of the month immediately after the issuance of said provisional authority.</p>

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6.0	Schedule of Delivery (kWh per Year)	Please see "Annex 1" for both Baseload and Peaking capacities													
7.0	Tariff Structure (as applicable)	<ul style="list-style-type: none"> • Capital Recovery Fee (PhP/kWh/month) • Fixed O&M (PhP/kWh/month) • Variable Charges (PhP/kWh) • Fuel Costs (PhP/kWh) • Others 	<table border="1" data-bbox="959 451 1393 817"> <thead> <tr> <th>Tariff Components</th> <th>Unit</th> </tr> </thead> <tbody> <tr> <td>True Cost of Generation</td> <td>Php/kWh</td> </tr> <tr> <td>a. Capital Recovery</td> <td>Php/kWh/Month</td> </tr> <tr> <td>b. Fixed Operation and Maintenance</td> <td>Php/kWh/Month</td> </tr> <tr> <td>c. Variable Operation and Maintenance</td> <td>Php/kWh</td> </tr> <tr> <td>d. Fuel Fee</td> <td>Php/kWh</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Specify formula for base fee adjustment affected by factors such as CPI, FOREX & Escalation due to fuel degradation & others. • No indexation or escalation on Capital Recovery Fee (CRF). • Fixed O&M shall be indexed in the Philippines Peso. • Variable O&M fees 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/kWh. • Lube Oil is based on local market price Li/kWh. • For RE, CRF can be indexed to average FOREX during the construction period. • Present Levelized cost of electricity for the duration of the Contract • For existing plants, the total bid amount for the CRF and the Fixed O&M shall not exceed Php 1.50/kWh • The variable O&M cost shall be based on actual expenses • Fuel cost shall be based actual cost • Annual escalation only, beginning on the first day of the year 2 of the contract until year 15. Indicate escalated rate in Php/kWh to be in effect until next escalation date. In no case shall the rate increase exceed more than 2.50% in price level for local components, and 2.11% in price level for foreign components, and 3.00% for foreign exchange based on the prior year's rate. 	Tariff Components	Unit	True Cost of Generation	Php/kWh	a. Capital Recovery	Php/kWh/Month	b. Fixed Operation and Maintenance	Php/kWh/Month	c. Variable Operation and Maintenance	Php/kWh	d. Fuel Fee	Php/kWh
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8.0	Outage Allowance per Plant	<p>The Power Supplier will be allowed outages for a contract year not exceeding to:</p> <ul style="list-style-type: none"> • Schedules Outages: 480 Hours • Unscheduled Outages: 240 Hours 	<ul style="list-style-type: none"> • Scheduled Outages: 480 hours/year • Scheduled outages shall be provided by the Supplier as determined by the grid System Operator. • Unscheduled Outages: 240 hours/year • No carry-over of Outage allowance (OA) to any subsequent contract year. • No crediting of OA from scheduled to unscheduled and vice versa. • The penalty clause should be determined based on the EC-approved timeline of the scheduled outage. • On unscheduled outage, delay on return to service per predetermined timeline by the EC and power provider must also have a penalty clause notwithstanding on replacement power.
9.0	Force Majeure	<p>Force majeure are events beyond the control of both parties, including but not limited to:</p> <ul style="list-style-type: none"> • Earthquake • Typhoon • Flood • Landslide • Fire • Pandemic 	<ul style="list-style-type: none"> • The Party that is prevented by Force majeure from carrying out, in whole or part, its obligations shall always attempt to remedy the Force Majeure with all reasonable dispatch. • The Power Supplier shall provide Emergency procedures and provide a contingency plan if a Force Majeure occurs. • NECA MEMBER COOPERATIVE shall not be required to make payments for any of the following: <ul style="list-style-type: none"> i. Unavailable contract Capacity ii. A capacity that it cannot accept, including transmission line limitation/outages
10.0	Replacement Power		<p>The Supplier shall be responsible for providing replacement power in the following cases, except for Force Majeure Events:</p> <ol style="list-style-type: none"> a) During any delay of the Start of Delivery of Supply; and b) When its power plant is on scheduled or unscheduled outage to ensure continuity of supply in compliance with the cooperation period. <p>The cost of the replacement power should either be the actual price of the replacement power or the prevailing WESM</p>

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			<p>Rate but shall in no case exceed the ERC-approved tariff rate.</p> <p>Replacement power shall be the obligation of the Supplier. In the event of failure by the Supplier to provide the replacement power, NECA members shall be allowed to source the replacement power at the Supplier's expense.</p> <p>Replacement power shall not exceed four (4) years if the plant is not available from the date of deliver, otherwise, the same shall be a ground for termination of the Contract.</p>
11.0	Currency	Payment is denominated in Php	Philippine Peso
12.0	Regulatory Approvals		<p>The resultant Power Supply Agreement shall become effective only upon approval of the Energy Regulatory Commission, provisional or otherwise. Power Supplier shall make the necessary adjustments in accordance with the final approval of the ERC. In the event that the ERC approved a rate lower than that agreed by the parties, the adjustment shall not be a ground for the termination of the Contract, but both parties shall meet and endeavor to resolve the same. At any rate, in no case shall the NECA Member Cooperative be made to shoulder any incremental difference resulting from ERC approval.</p>
13.0	Penalties	<p>Party in default shall bear the Liquidated Damages.</p> <p>The following penalties, among others, shall be imposed for non-adherence to provisions of the PSA such as:</p> <ul style="list-style-type: none"> • Forfeiture of Performance Bond • Payment of Cost of foregone revenue and surcharges • Unilateral termination of Contract 	<ul style="list-style-type: none"> • If the Power Supplier fails to deliver 53 MW or 18 MW Peaking upon effectivity of the Contract and NECA MEMBER COOPERATIVE secures an alternative supply, the cost of the power shall be at the expense of the Power Supplier. • Suppose during any contract year, the actual outage incurred by the Power Supplier exceeds the allowable outages. In that case, the Power Supplier shall procure power supply at the Power Supplier's own cost to satisfy the contracted capacity and shall indemnify NECA MEMBER COOPERATIVE if Power Supplier fails to deliver power. • Suppose the Power Supplier fails to perform its material obligation to

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		<ul style="list-style-type: none"> • Payment of Legal/ Litigation fees • Power Supplier shall be blocklisted 	<p>supply contracted capacity to NECA MEMBER COOPERATIVE for one (1) year. In that case, NECA MEMBER COOPERATIVE shall have the right, by written notice, to terminate the Contract. By such, NECA MEMBER COOPERATIVE shall require settlement of liquidated damages.</p> <ul style="list-style-type: none"> • If the Power Supplier and NECA MEMBER COOPERATIVE do not reach a satisfactory solution to resolve the issues arising from the Force Majeure event after one hundred eighty (180) days, the Contract shall be terminated.
14.0	Source of Power	Open Technology	The Bidder should be able to provide proof that the Power Plant will be able to generate the entire Contracted Capacity based on the NECA Load Profile, subject to technical evaluation.
15.0	Plant Capacity	Shall not be lower than the entire contract capacity	<p>The Bidder shall submit the details and specifications of its power plant.</p> <p>The NECA Member Cooperatives shall be prioritized on the electrical output of the winning bidder's generating plant and shall be contracted under a separate Power Supply Agreement (PSA) with each NECA Member Cooperatives.</p>
16.0	Technical Specifications		The Bidder shall submit the technical specifications of the power plant, subject to technical evaluation by the NECA Member Cooperative
17.0	Billing Metering Point		<ul style="list-style-type: none"> • The Billing Metering Point is at the delivery point (plant gate) through NGCP Metering
18.0	Eligibility Requirements	<ul style="list-style-type: none"> • Bidders must offer additional services to provide voltage regulation and improve power quality within the distribution lines, and this shall be considered in the evaluation of the bids, and, • Should NOT be a JV between or amongst 	<p>Bidder must show proof of its good track record by providing the following:</p> <ol style="list-style-type: none"> 1. Company Profile 2. List of Company's major customers for the last five (5) years. 3. Certificate of Good Performance from its existing and previous major customers. <p>The bidders are to submit detailed plan on how it intends to operate and maintain the generating facilities (existing and proposed</p>

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		individually unqualified suppliers.	<p>new) 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 judicial, who will operate and maintain the generating facilities. The detailed plan must contain the following:</p> <ol style="list-style-type: none"> 1. Executive Summary 2. Description of the plan for the operation and maintenance of generating facilities 3. Proposed table of organization including job descriptions, technical qualifications and experience of the management and technical team 4. Environmental and social obligations compliance programs <p>Bidder and its affiliates may satisfy the required qualifications under this Terms of Reference (TOR).</p>
19.0	Other Terms and Conditions		<ul style="list-style-type: none"> • Bidders must secure the required permits for the development and construction of the power plant. • Power Supplier must enter into a non-discriminatory power supply agreement with all NECA Member Cooperatives
20.0	Security Deposit	The Power Supplier shall not require NECA MEMBER COOPERATIVE of Security Deposits or Guarantees	No Security Deposit; otherwise, it will form part of the bid evaluation.
21.0	Method of Fuel Procurement	Source of Fuel	The Bidder to indicate the source of fuel, method of procurement, and any applicable charges that affect the power rates
22.0	Taxes	Applicable taxes	Bidder to indicate applicable taxes
23.0	Changes on Contracted Capacity	Capacity Reduction	<ul style="list-style-type: none"> • NECA MEMBER COOPERATIVE shall be allowed to reduce the contracted capacity if affected by the reduction of demand of its captive consumer due to the implementation of Open Access. Provision for the "Automatic reduction clause" should be incorporated in the PSA.

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24.0	Application Process with ERC	Joint Application for Approval	<ul style="list-style-type: none"> • There shall be joint filing for the approval of the terms and conditions under the power supply agreement and the power supplier shall shoulder all cost of the said application. • Each NECA Member Cooperative must have an individual Power Supply Agreement.
25.0	Grounds for Termination of Contract	<p>The grounds for termination shall be discussed by NECA members and the Supplier.</p> <p>Contracts that will be affected due to non-renewal of a franchise shall be covered by NEA Regulatory Advisory No. 2021-003 and Item-26 Assignability in which the parties will have to come to an agreement on the transfer of contract for the affected electric cooperative.</p>	<p>The Buyer/Off-taker may terminate the Agreement by written notice to the Supplier in cases of:</p> <ul style="list-style-type: none"> • Events of default; • Non-occurrence of Commercial Operation Date after the four (4) years replacement power, in case of new plants; • Expiration of cooperation period and/or Upon Mutual Agreement; • Non-fulfillment of conditions for an effective date; • Events of Force Majeure; and • When the Supplier fails to supply for a period of sixty (60) days for a 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>The Supplier may terminate the Agreement by written notice to the Buyer/Off-taker when the Buyer/Off-taker:</p> <ul style="list-style-type: none"> • Discontinue operations; • Declares bankruptcy; or • Any financial obligation of the Customer is not paid when due within any applicable grace period.
26.0	Assignability		The Parties may not sell, assign, novate or otherwise transfer its right and obligation under the Agreement without prior approval of the other Party.

3. INDICATED SCHEDULE OF ACTIVITIES

Activities	Target Dates
Publication of Invitation to Bid	April 26, 2023 & May 3, 2023
Issuance of Bid Documents	April 27, 2023
Pre-Bidding Conference 1	May 17, 2023
Pre-Bidding Conference 2 (If applicable)	May 24, 2023
Issuance of Bid Bulletin and Final Instruction to Bidders	May 31, 2023
Due Diligence of the Bidders	April 27, 2023 – May 30, 2023
Submission and Opening of Bids	June 14, 2023
Post Qualification and Evaluation of Bids	June 15, 2023 – June 29, 2023
Issuance of Notice of Award	July 13, 2023
Final Evaluation/Assessment of PSA by NEA	July 28, 2023
Issuance of Notice to Proceed and the signing of PSA	August 4, 2023
Joint Application of PSA for ERC approval	August 17, 2023

4. Upon due notice to the participants, the NECA JTPBAC may amend the above schedules.
5. Bid Documents fee of Php1,000,000.00 for Baseload (Lot 1) and Php200,000 for Peaking (Lot 2), non-refundable, and exclusive of taxes. Bidders shall send the bank transaction slip through email to the JTPBAC Secretariat for issuance of official receipts.
6. Complete set of Bid Document may be acquired upon payment of a non-refundable Bid Documents fee and securing official receipt through the BAC Secretariat. Payment may be deposited to:

Bank/Branch : BDO Victorias
Account Name : NONECO
Account No. : 003790042816
7. Venues for the pre-bidding and bid opening shall be announced through the bid bulletins. Only bidders who purchased bid documents shall be allowed to attend the pre-bidding and the bid opening.
8. NECA JTPBAC reserves the right to amend the schedule of activities, reject any or all bids, declare failure of bidding in accordance with CSP Rules and other pertinent issuance that may be applicable and assumes no obligation to compensate or indemnify any bidder for expenses or losses that may be incurred in the preparation of bid, nor does it guarantee that an award will be made.

For further inquiries, please refer to:

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