

Invitation to Submit Bid

For the Supply of Power to Bantayan Island Electric Cooperative, Inc. (BANELCO)

1. Bid Information

Bantayan Island Electric Cooperative, Inc. (BANELCO) is a duly franchised distribution utility engaged in the distribution of electricity within its franchise area in Bantayan Island Cebu, for the Municipalities of Bantayan, Madrideojos & Sta. Fe. BANELCO is in need of the supply of electricity for its load requirements to meet the demand of its customers.

BANELCO needs a qualified supplier that can supply 15MW of power to commence March 1, 2021 which date for the start of supply shall be subject to the approval of the Energy Regulatory Commission.

2. Minimum Requirements of Supply

BANELCO, through its Third Party Bids and Awards Committee ("**TPBAC**"), is inviting proposals with the following Minimum Requirements of Supply ("**Bid**"):

| TERMS OF REFERENCE | DESCRIPTION | REQUIREMENT |
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| Type of Contract | Firm · Full load requirement | Load Following |
| Contracted Capacity (MW) | 15 | Demand based |
| Dependable Capacity (MW) | Net Dispatchable Capacity shall be determined by adding the Dependable Installed Capacity for all the generating units and subtracting there from the Station Service and in-house load requirements and the Installed Dependable Capacity of the largest generating unit. The remainder should equal to or more the Forecasted Peak Demand for each operating year. | |
| Contract Duration | The PSA shall take effect for a period of 15 years commencing on the Commercial Operations Date of March 1, 2021 to March 1, 2036 , unless earlier terminated in accordance with the provisions of the PSA. <input type="checkbox"/> exclusive of construction period <input type="checkbox"/> limited to maximum of 15 years | |
| Target Commercial Operation Date (MM/DD/YYYY) | March 1, 2021 | |
| Tariff Structure | Shall be broken down into: | Rationale of indexation including the sources, reference date and weight of indexation. Derivation of the formula for the charges shall included. |
| | Capacity Fee (PHP/KW/month) | No indexation Capital Recovery Fee rate |
| | Fixed O&M (PHP/KW/month) | No Foreign Currency indexation Fixed O&M Fee rate |
| | Variable O&M (PHP/kWh) | No Foreign Currency indexation Variable O&M Fee rate |
| | Fuel Fee (PHP/kWh) | No minimum fuel payment or take-or-pay arrangement on fuel Pass-through fuel cost Fuel Recovery Fee rate |
| | True Cost Generation Rate (PHP/kWh) | - |

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| Plant Outage Allowance | <i>Scheduled Outages (60 hours)</i> | Under ERC 2018-002RM (PSA Appendix B, No. 9) The Seller is allowed Not to exceed 720 hours for scheduled outages and 360 hours for unscheduled outages for each Contract Year during which times reduced or no deliveries will be available to the buyer. Any unutilized Scheduled Outage periods shall not be used for Unscheduled Outages and Vice Versa. But however, BANELCO is an off-grid DU and there is only sole power supplier these outage allowance (ERC 2018-002RM PSA Appendix B, No. 9) is not beneficial and may cause power and economic crisis to the island. |
| | <i>Unscheduled Outages (60 hours)</i> | |
| Force Majeure | For the duration of the Agreement, when BANELCO will not be able to receive electricity at the receiving point due to force majeure, BANELCO shall not pay Fixed Charges aforementioned with in. BANELCO <i>shall not be required</i> to make payments for any of the following: <ul style="list-style-type: none"> <input type="checkbox"/> Capacity that is unavailable <input type="checkbox"/> Capacity that it cannot accept | |
| Replacement Power | <ul style="list-style-type: none"> <input type="checkbox"/> Replacement power rate should be equal or lower than the ERC approved tariff. <input type="checkbox"/> Replacement power shall be the main obligation of the supplier. But in the event of failure by the supplier to provide the contracted capacity, the EC shall be allowed to source the replacement power at the expense of the supplier | |
| Currency | Price offer should be in Philippine Peso | |
| Regulatory Approvals | The Power Supplier shall make the necessary adjustments in accordance with the directive of the ERC. Downward adjustment in the rates shall not be a ground for the termination of the contract and the EC should not be made to shoulder the incremental difference. | |
| Dispatch by Utility (Off Grid) | BANELCO shall have the right to Dispatch the Power Plant up to its Dependable Capacity following the dispatch protocol in accordance with the economic merit order. | |
| Penalties | BANELCO shall list a set of penalties included in the PSA for the power supplier not limited to the following: <ul style="list-style-type: none"> <input type="checkbox"/> <i>Before and during commercial operation</i> <input type="checkbox"/> <i>Cost of foregone revenue and surcharge</i> <input type="checkbox"/> <i>Ground for termination of contract</i> <input type="checkbox"/> <i>Ground for the power supplier to be blacklisted</i> <input type="checkbox"/> <i>Penalty on Outages</i> | |
| Source of Power | <input type="checkbox"/> Conventional Energy | |
| Plant Capacity | <i>Total Installed Capacity (MW) = 15MW + Cold Reserve + N-1</i> NOTE: All Gensets should be manufactured not earlier than 2017. Cold Reserve and N-1 contingency Gensets should be of the same rated capacity of the largest genset. The largest genset should be capable to supply the BANELCO's base load during off-peak. | |

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| Plant Fuel Storage Capacity | <input type="checkbox"/> 8 Settling Tanks with 24,000 liters capacity each tank <input type="checkbox"/> 4 Service Tanks for bunker fuel with 15,000 liters capacity each tank <input type="checkbox"/> 2 Service Tanks for diesel fuel with 15,000 liters capacity each tank |
| Take-off Structure | Design of take-off structure from power plant to distribution line with specified protection equipment may be required especially for embedded generation |
| Eligibility Requirements | At least 5 Years of experience of the supplier employing the same technology. Certificate of Good performance / track record with other customers is required. |
| | Technical capability/qualification of technical staff and organizational structure is required. At least 5 years of experience employing the same technology. |
| Other Terms and Conditions | |
| <i>Method of Procurement of Fuel</i> | All details on the procurement process of fuel including the Fuel Supply Agreement Sworn Statement detailing how the fuel was competitively procured, contract terms, unbundled price components (product cost, transshipment, delivery, etc.) shall be submitted to BANELCO. |

3. Pre-Qualification Requirements

Parties intending to bid ("**Prospective Bidders**") shall be required to submit with the following pre-qualification requirements ("Pre-Qualification Requirements") in five (5) copies (one (1) original or certified true copy and four (4) photocopies):

- (a) Executive Summary - brief description of the Bidder's Company History and Structure, including relevant capabilities in the construction, operation and maintenance of power plant;
- (b) Organization Structure – Basic information of the Bidder's organizational chart and legal status such as
 - (i) Certified true copy of the Articles of Incorporation duly registered with SEC. If individual, DTI registration and a photocopy of the first two (2) pages of his passport if foreigner. Latest General Information Sheet of the bidder stamped and received by the Securities and Exchange Commission.
 - (ii) Valid and current Mayor's Permit
 - (iii) Clearance of Good Standing from the Securities of Exchange Commission (SEC) which shall be indicated as issued for purposes of participation in the CSP of BANELCO
 - (iv) Sworn Statement that the Participant have no pending dispute/case with any electric cooperative or distribution utility
 - (v) Statement that the Interested Party is not "blacklisted" or barred from participating in a Competitive Selection Process or Bidding by any electric cooperative or distribution utility and the government or any of its agencies, offices, corporation of Local Government Units including the non-inclusion in the Consolidated Blacklisting Report issued by the Government of the Philippines
 - (vi) As may be applicable, the Interested Party which has a foreign shareholder or director, as the case may be, shall submit a proof that such shareholder or director has no pending record with the Interpol, the National Bureau of Investigation and the Philippine National Police

(c) Financial Information –The Bidder shall submit the following;

- (i) 2018 Audited Financial Statements.
- (ii) Original or Certified Copies of Taxpayer TIN and VAT Registration Certificate;
- (iii) Certified Copies of latest/current and valid Tax Clearance issued by the BIR;
- (iv) Certified copies of VAT Payments in the last two (2) years stamped received by the BIR or filed thru EFPS;
- (v) The Bidder should have had a Net Worth of at least Five Hundred Seventy Million Pesos (Php 570,000,000.00) or equivalent at the end of the most recent Financial year based on the Audited FS submitted to and stamped received by the BIR;
- (vi) The Bidder should have had an Annual Gross Revenue of at least One Billion Pesos (Php1,000,000,000.00) equivalent for the recent two (2) Financial years based on the Audited FS submitted to and stamped received by the BIR;
- (vii) Any other relevant information regarding track record and capabilities of the Bidder that it believes would be helpful to the Committee.

(d) Technical capability Information – The Bidder shall submit the following to demonstrate compliance with the technical criteria established in the TOR:

- (i) List of projects undertaken over the last five (5) years that demonstrates that the Bidder has met the technical criteria established in the Pre-Qualification Requirements.
- (ii) List of power generation plants that the Bidder has operated with the similar technology it is proposing and the referred power plant/technology offered is still operational to date and having an aggregate total capacity of at least five (5) MW, to demonstrate that the Bidder has met the technical criteria established in the Pre-Qualification Requirements.
- (iii) Statement under oath that the Bidder is in the power generation business in Small Power Utilities Group (SPUG) area in the Philippines currently operating at least five (5) megawatt net capacity power plant, attaching the original or certified copy of the current and valid permit to Operate issued by the Department of Environment and Natural Resources (DENR) and Certificate of Compliance (COC) issued by the ERC.
- (iv) Statement under oath stating that the Design and Engineering Consultant have the following qualifications:
 - 1. Minimum of fifteen (15) years of design and engineering experience on power generation facilities.
 - 2. Minimum of 20MW design and engineering of power plant project experience.
- (v) Notarized Letter of Intent of Licensed Civil-Electromechanical Contractor which must state its willingness and availability for the Project. It shall attach as supporting document the valid Contractor's License.
- (vi) Statement of all Completed Projects of the Participant or Consultant Similar to the Proposed Project for the Transaction – for ENGINEERING AND DESIGN.
- (vii) Statement of all Completed Projects of the Participant or Contractor Similar to the Proposed Project for the Transaction – for CIVIL-ELECTROMECHANICAL WORKS.
- (viii) Certified True Copy of the Certificate of Commercial Operation issued by the Electric Cooperative or Distribution Utility proving that the Participant is currently operating for at least five (5) years of at least 5 MW power plant in the SPUG Area. For avoidance of doubt the five (5) years period is considered includes at the time of submission of Pre-Qualification requirements.

- (ix) Any other relevant information regarding technical capabilities of the Bidder that it believes would be helpful to the Committee.
- (e) Conflict of Interest – The bidder must disclose detailed information regarding any existing, potential or future conflict of interest that a bidder may have with the TPBAC.
- (f) Confirmation of Eligibility – The bidder shall confirm its eligibility, if applicable, as follows:
 - (i) The Bidder shall confirm that it is not disqualified from bidding for the supply of the DU's electricity requirements.
 - (ii) An authorized signatory of the bidder must sign the Prequalification Requirements (PQR) on each and every page, submit a duly notarized Special Power of Attorney, Secretary's Certificate or Board Resolution evidencing such authority.
- (g) Power of Attorney and other documents – Each Bidder must submit the following documents:
 - (i) Original or Certified true copies of all corporate/legal documents (e.g. Board Resolution, Power of Attorney) evidencing grant of authority to the individual submitting the Bid and making representation on behalf of the Bidder.
 - (ii) Certification by the Bidder to the effect that it is not prohibited or restricted in any manner under applicable law or any agreement or license from participating in the Bidding Process of the Transaction.
 - (iii) Sworn undertaking that the Bidder, if applicable, as well as their affiliates, assigns and successors-in-interest, shall abide by the decisions of the DU TPBAC, shall hold DU its Board Members, Officers and Management, and TPBAC free and harmless from any claim or cause of action arising from the conduct and award of the Project; and shall undertake not to institute of file any case or claim before any court of competent jurisdiction and administrative agency in relation to the conduct and award of the Project."

4. Instruction to Bidders

Prospective Bidders may obtain a copy of Pre-Qualification Documents at the BANELCO Office, Balintawak Bantigue, Bantayan Cebu or by sending an email request to banelconline@yahoo.com starting July 22, 2019 . Prospective Bidders shall submit the Pre-Qualification Documents at the BANELCO Office, Balintawak Bantigue, Bantayan Cebu on July 22 to August 5, 2019.

On August 14, 2019, the TPBAC shall notify a Prospective Bidder whether it meets the Eligibility Requirements for timeliness, completeness and conformity.

Only Prospective Bidders that have complied with the Pre-Qualification Requirements on time may be allowed to participate in the Bid and to obtain and purchase all bidding documents, including the detailed terms of reference and bid procedures of non-refundable amount of **PhP100,000.00**.

The TPBAC reserves the right to declare a failed bidding in the event that less than two (2) Prospective Bidders comply with the Pre-Qualification requirements. Further, the TPBAC reserves the right to (i) waive the submission of any requirement considering the credit standing and the established capability of a bidder; (ii) reject a proposal or not proceed with an award that is reasonably determined not to redound to the benefit of the consumers of BANELCO; and (iv) cancel the bidding process at any time without liability to the TPBAC and BANELCO.

5. Indicative Schedule

| No. | Description | Date (Period) |
|-----|---|---------------------------|
| 1 | Advertisement | July 19 & 26, 2019 |
| 2 | Accept letters of Interest, w/ company Profile (through e-mail, fax, or mail, or any other courier service) and Submission of Prequalification Requirements and Availability of Bidding Documents | July 22 to August 5, 2019 |

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| 3 | Prequalification and Announcement of Qualified Bidders, thru mail / text / Email | August 13-14, 2019 |
| 4 | Last Day Issuance of Bidding Documents | August 15, 2019 5:00PM |
| 5 | Pre Bidding Conference of Qualified Bidders | August 16, 2019 10:00AM |
| 6 | Deadline for Submission of Comments and Questions on the Bidding Documents of Qualified Bidders | August 27, 2019 |
| 7 | Last day of Issuance of Bid Bulletins if Any | August 30, 2019 |
| 8 | Deadline of Submission and Opening of Bids of Qualified Bidders (BANELCO Office) | September 5, 2019 10:00AM |
| 9 | EC evaluation of submitted bids | September 6, 2019 |
| 10 | Post Qualification | September 7- October 6, 2019 |
| 11 | Notice of award to the winning Bidder | October 11, 2019 |

Any amendment to the Schedule will be announced through Bid Bulletins.

Unless otherwise expressly specified in writing, all references to times and dates shall refer to Manila time.

Unless otherwise expressly specified in writing, the venue of all the above shall be at the BANELCO Office, Balintawak Bantigue, Bantayan Cebu.

For further information, please refer to:

MARIA RUBY V. CAPUNDAG
 Secretariat, Third Party Bids and Awards Committee
 Bantayan Island Electric Cooperative, Inc. (BANELCO)
 Balintawak Bantigue Bantayan Cebu 6052
 Tel No. 032-4609112 /Fax No. 032-4609281

Without any imposed formalities, conditions or incurring any liability to any affected proponents, BANELCO reserves, at any time, the right to reject any or all submissions, waive any minor defects therein, decide or resolve matters arising from the bid, as it deems most advantageous to BANELCO's customers.

THIRD PARTY BIDS AND AWARDS COMMITTEE
Bantayan Island Electric Cooperative, Inc. (BANELCO)

By:

(SGD) ENGR. RONALD D. ALOYAN
 TPBAC Chairman

July 19, 2019