INVITATION TO BID

CONTRACT CAPACITY OF 300 MW (NET), EFFECTIVE FEBRUARY 26, 2023

Pursuant to the Department of Energy ("**DOE**") Circular No. DC2018-02-003, Series of 2018, as amended by DOE Circular No. DC2021-09-0030, Series of 2021, Manila Electric Company ("**Meralco**"), through the Third Party Bids and Awards Committee ("**TPBAC**"), hereby invites all interested and qualified parties (each, a **"Bidder")** to participate in the competitive bidding **("Bidding")** in respect of the following peaking requirement:

Terms of Reference Table ("**TOR Table**")

Contract Capacity	300 MW (net)
Bid Type	• Pay-as-Bid • The minimum Offered Contract Capacity per Bidder shall be at least 50 MW (net)
Operations Effective Date ("OED")	February 26, 2023
Required Contract Period	February 26, 2023 until July 25, 2023
Conditions Precedent to OED	a. Meralco and Power Supplier's respective corporate approvals for the execution, delivery and performance of the Power Supply Agreement ("**PSA**"); b. Meralco and Power Supplier's respective submissions of the documents and evidence set forth in the PSA; c. Meralco and Power Supplier's respective certifications to the effect that their representations and warranties in the PSA shall be true and correct in all material respects; d. All Governmental authorizations which are required to be obtained in connection with the execution, delivery and commencement of performance of this Agreement shall have been obtained and be in full force and effect, including relevant permits and all other authorizations required pursuant to EPIRA, the Public Service Act, Energy Regulations 1-94 promulgated by DOE pursuant to Executive Order No. 215, all applicable Environmental Laws and regulations of the Department of Environment and Natural Resources of the Philippines;

	e. On or before seventy-five (75) Days from the filing of the ERC Application, the ERC shall have issued an ERC Approval, including the pricing structure as set out in the PSA (or as otherwise acceptable to Power Supplier); and f. Acceptance Date has occurred For avoidance of doubt, Meralco and Power Supplier shall immediately implement the PSA upon issuance of provisional authority by the ERC.
Plant Type	• Peaking (firm and dispatchable during daily peak hours of Meralco) • Maximum Plant Capacity Factor (PCF) per month is fifty percent (50%) • Single or Portfolio of Plant/s • Separate Delivery Points for each power plant generating unit as registered with the WESM
Tariff Structure of Contract Price	• Two-part tariff consisting of Fixed and Variable Costs • Capital Recovery Fee component of the Tariff should be fixed for the Required Contract Period and in PhP/kW-month. • Fixed O&M Fee Dollar and/or Peso component of the Tariff should be fixed for the Required Contract Period and in USD/kW-month and/or PhP/kW-month, respectively. • Variable O&M Fee Dollar and/or Peso component of the Tariff should be fixed for the Required Contract Period and in USD/kWh and/or PhP/kWh, respectively. • For purposes of evaluation in this bidding, the Bidder shall submit either of the following: (a) Latest three (3) month average actual landed fuel cost of its Nominated Power Plant/s inclusive of supporting documents (*i.e., supported by actual invoices from its fuel supplier/s*); or (b) Forecasted landed fuel cost. Upon implementation where the Winning Power Supplier provided "(a)", Fuel Cost component will be treated as a full pass-through and shall be based on the actual landed fuel cost (i.e. supported by actual invoices from fuel supplier/s) and in USD/kWh and/or PhP/kWh. In the event however that Bidder chose to submit "(b)" and is declared the Winning Power Supplier, such forecasted landed fuel cost shall be used as the basis of its fuel cost, which shall not be subject to escalation during the Required Contract Period (*i.e., Bidder cannot pass-through its actual landed fuel cost*). • No Take-or-Pay on Variable Costs, which includes Fuel and Variable O&M

	• Separate line item proposal for the Bidder's Value Added Tax (VAT) rate that is applicable to its Tariff – The VAT status declared by Bidder upon submission of its Bid is binding upon said Bidder for the Required Contract Period of the PSA. – If the VAT status of the Bidder changes in the future, then costs resulting from such change cannot be passed on to consumers. • Separate line item proposal for monthly Line Rental cap, as proposed by Bidder, which shall be fixed during the Required Contract Period but not exceed PhP0.1000/kWh • In view of DOE Circular No. DC2019-012-0018, a monthly Ancillary Services ("**AS**") Cost Recovery cap, as proposed by Bidder, with a floor value of PhP0.28/kWh, will be considered in computing the Total Delivered Headline Rate. However, the lower between actual AS cost and the AS Cost Recovery cap will be implemented only upon the effectivity of regulations that mandate a proportionate allocation of AS charges among affected generation companies, which is considered pass-through cost pursuant to existing government regulations. Proposed AS Cost Recovery cap shall be fixed during the Required Contract Period.
Payment Modalities	• Mode of Payment: All payments by Meralco shall be made by wire transfer of cleared funds to such account/s as Power Supplier may notify in writing. • Currency of Payment: Philippine Peso (PHP) and, in case fuel component is billed in US Dollar (USD), USD • Billing Period: (i) The period from and including the OED until the twenty-fifth (25th) Day of the calendar month when the OED occurs, or if the OED occurs after the twenty-fifth (25th) Day of the calendar month, the Billing Period is from such date until the twenty-fifth (25th) Day of the next calendar month; (ii) Each successive period ending on the twenty-fifth (25th) Day of each successive calendar month thereafter; and (iii) For the final Billing Period, the period starting immediately after the end of the next to last Billing Period of the Required Contract Period to the last Day of the Required Contract Period, or if the PSA is terminated earlier in accordance with its terms, from the twenty-sixth (26th) Day of the calendar month preceding the calendar month in which the PSA is terminated until the Day of termination.

Supply and Replacement Power	• No Outage Allowance • One hundred percent (100%) guaranteed availability of the Contract Capacity for twelve (12) hours daily covering peak hours of Meralco ("**Availability of Supply**"). The peak hours of Meralco are from **09:00 AM to 9:00 PM**. • Supply shall primarily be sourced from the Plant, provided that when the Plant is not capable of delivering a portion of or the entire Contract Capacity, Power Supplier shall supply from WESM or any other source, to be paid for by Meralco at the lower between the WESM price and Variable Price (in each case inclusive of all relevant transaction costs and taxes). • At the time of the OED of the PSA, no capacity and electrical output of the Plant, within the Contract Capacity and Availability of Supply, shall be contracted under an agreement apart from the resulting PSA. • In case Power Supplier cannot provide supply of power from its Nominated Power Plant/s, WESM, or any other source, Power Supplier shall pay a fine equivalent to Nine Hundred Eight Philippine Pesos (PHP908) multiplied by each MWh during a Day, which shall be used to reduce the generation charge to the consumers.
Force Majeure	• An Event of Force Majeure shall mean any circumstance not within the reasonable control, directly or indirectly, of the Party affected, but only and to the extent: (a) Such circumstance, despite the exercise of reasonable diligence, cannot be prevented, avoided, or removed by such Party; and (b) Such event prevents such Party from performing its obligations under the PSA. • The affected Party shall be excused from performance of, and shall not be considered to be in default with respect to, any obligation under the PSA (including any obligations of Meralco to pay the Contract Price) for so long as failure to perform such an obligation shall be due to an Event of Force Majeure. In case of an Event of Force Majeure affecting Power Supplier, Parties may agree that Power Supplier shall make available the Contract Capacity and deliver the Associated Energy from WESM and/or any other source, and MERALCO shall pay Power Supplier at the Contract Price. For avoidance of doubt and notwithstanding any other provision of this Agreement, should the Parties decide not to exercise such option, Meralco shall not be required to pay any Capacity Recovery Fee and Fixed O&M Fee in respect of (i) any Contract Capacity and

	Associated Energy that is unavailable due to an Event of Force Majeure, or (ii) any Contract Capacity and Associated Energy that Meralco cannot receive or deliver to its customers due to an Event of Force Majeure. In respect of (ii) in the foregoing sentence, Power Supplier shall not be required to supply Meralco and may freely sell the Contract Capacity or the affected portion thereof to interested parties, including the WESM.
Grounds for Termination	• Event of Default • Non-Occurrence of OED • Expiration of Term • Material Adverse Government Action
Liquidated Damages	Upon the occurrence of an Event of Default ("**EOD**"), the non-defaulting Party shall be entitled to liquidated damages, in lieu of all other damages to which it may be entitled in respect of such EOD, in the amount of One Hundred Thousand Pesos (PhP100,000.00) per MW per day of the Contract Capacity for the remaining Required Contract Period of the PSA.
Reduction in Contract Capacity	The Contract Capacity and Associated Energy may be reduced equivalent to the reduction in the demand of captive customers of Meralco by reason of the implementation of Retail Competition and Open Access, the Renewable Energy Law, or other Laws and Legal Requirements.
Obligations of Meralco	Meralco shall purchase from Power Supplier, to the extent of Meralco's relevant day-ahead nominations, the Contract Capacity and Associated Energy.
Other Relevant Information	All Bids shall be evaluated based on a Total Headline Rate at 50% PCF (inclusive of VAT, line rental cap, and AS Cost recovery cap) over the Required Contract Period. The Bidder's Total Headline Rate is subject to a pre-determined Reserve Price, which will only be revealed by the TPBAC to Qualified Bidders during the opening of the Bids.

In order to become an Interested Bidder and obtain a copy of the Bidding Documents in this Bidding, parties interested should submit, using the email of its authorized representative indicated in the Expression of Interest, a clearly scanned copy (.pdf file format) of an accomplished Expression of Interest, Confidentiality Undertaking and Acknowledgement and Consent Form for Data Privacy, in the form and substance made available on Meralco's website <*https://company.meralco.com.ph/csp/ongoingbids*> and/or alternative cloud-based sharepoint site <*https://tinyurl.com/MERALCO-300MWCSP*>, to the **TPBAC Secretariat through its email address: *tpbacsecretariat@meralco.com.ph* no later than 4:00 P.M. of 5 January 2023** ("**Expression of Interest Deadline**"). For this purpose, the subject of all email communications should start with "**300 MW CSP –** [*proceed to state subject matter*]" and the official time and date of receipt of

the emailed submissions shall be the electronic time and date stamp of receipt by the TPBAC Secretariat's email. Upon the TPBAC Secretariat's receipt of said submission, it will electronically acknowledge the receipt thereof and proceed to evaluate if the submissions were properly made and is in accordance with the Terms of Reference Table. If the submissions are in order or found compliant, the TPBAC Secretariat will then send to the concerned party the payment instructions of the Participation Fee (defined below), which may include the bank account details for the cash, manager's check deposit, or online fund transfer payment, with instruction for the transmittal of the scanned copy (.pdf file) of the proof of payment (e.g. cash/manager's check deposit slip, or online fund transfer acknowledgment). After the TPBAC Secretariat's validation of MERALCO's receipt of the concerned party's proof of payment, the TPBAC Secretariat shall then transmit by email the corresponding scanned copy of the Official Receipt of the payment of the Participation Fee. This email will be accompanied by a link to a cloud-based online repository/folder containing its Bidding Documents, which shall be accessible and available only for that particular party through the registered email/s of its authorized representative/s indicated in its Expression of Interest and/or bidder-specific passwords.

Furthermore, in order to become an Interested Bidder and obtain a copy of the Bidding Documents, payment by cash, manager's check deposit, or online fund transfer of a non-refundable fee of the higher between Three Hundred Thousand Pesos (PHP300,000.00), and Five Thousand Pesos (PHP5,000.00) multiplied by MegaWatt (MW) of Offered Contract Capacity, *inclusive of VAT and net of creditable withholding tax* ("**Participation Fee**"), **which must also be made no later than Expression of Interest Deadline**. If an interested party is a zero-rated VAT entity or exempt from VAT, it shall pay the Participation Fee exclusive of VAT together with a copy of the certificate issued by the Philippine Economic Zone Authority ("PEZA") or the Board of Investments ("BOI") that the payment of Participation Fee by such entity is subject to zero percent (0%) VAT, or a copy of certification that the said entity has exemption under special laws or international agreements which effectively subjects the payment of Participation Fee to zero percent (0%) VAT.

After the Expression of Interest Deadline, Interested Bidders may increase (but not decrease) their indicated Offered Contract Capacity and/or change their indicated Nominated Plant/s no later than **4:00 P.M. of 26 January 2023**, subject to the Interested Bidder's simultaneous payment of the additional proportionate Participation Fee and submission of a new Expression of Interest form reflecting the said change/s.

The TPBAC shall conduct a Pre-Bid Conference at **1:30 P.M. to 4:00 P.M. on 12 January 2023** through virtual video conferencing. Prior to the Pre-Bid Conference, Interested Bidders are requested to submit advance queries or requests for clarifications to the Bidding Documents **on or before 4:00 P.M. of 9 January 2023** to the TPBAC Secretariat through the following email address: *tpbacsecretariat@meralco.com.ph* and using the Bidder's queries/comments matrix template made available on Meralco's website. The TPBAC shall consolidate the said advance queries and prioritize the discussion thereof during the Pre-Bid Conference, however, if time permits, the TPBAC may entertain and discuss additional queries

raised by the Interested Bidders. Only the Interested Bidder's authorized representatives (not more than three (3) persons) indicated in the Expression of Interest are allowed to attend and participate in the Pre-Bid Conference, together with the invited DOE and ERC observers.

In order to qualify to bid, an Interested Bidder shall submit to the TPBAC Secretariat, **on or before 9:00 A.M. of 2 February 2023** (the "**Bid Submission Deadline**"), by uploading to the cloud-based online repository/folder assigned to the Interested Bidder, three (3) separate and password-protected zip folder (.zip file) containing the scanned copies (.pdf file) of its (a) Qualification Documents (Envelope 1) to demonstrate its compliance with all the Legal and Financial Qualification Requirements; (b) Technical Proposal (Envelope 2); and (c) Bid Price (Envelope 3), which includes the **Bid Security** (comprised of the Base Amount and any increments thereto required from the Bidder as a result of the applicable circumstances prescribed in the Bid Requirements) **equivalent to Two Million Seven Hundred Thousand Pesos (PhP2,700,000.00)** multiplied by MegaWatt (MW) of Offered Contract Capacity. As part of the Bid Submission Deadline, **between 8:00 A.M. to 9:00 A.M. of 2 February 2023,** the Interested Bidder shall submit at the **Lobby, Lopez Building, Meralco Center, Ortigas Ave., Pasig City** the Original Copy of all the said documents, including the latest original copy of the Expression of Interest, Confidentiality Undertaking and Acknowledgement and Consent Form for Data Privacy, all placed in a sealed box. Immediately after the Bid Submission Deadline, the TPBAC Secretariat shall begin to switch the Interested Bidder/s' ability to edit/write/upload to the cloud-based online repository/folder to the read-only mode and the original copies of all documents submitted may no longer be replaced.

Thereafter, the opening, assessment and evaluation of the said bid submissions will proceed at **9:30 A.M. of 2 February 2023,** through virtual video conferencing, and will continue such opening, assessment and evaluation on such other day/s as may be determined by the TPBAC. During the opening of the bid documents, only when the Interested Bidder's name is called will it be instructed to email to the TPBAC Secretariat the password for the pertinent zip folder/file to be opened by the TPBAC. Only the Interested Bidders that timely and completely submitted their bid documents (represented by their authorized representative/s named in their Expressions of Interest) by the Bid Submission Deadline in accordance with requirements and conditions specified in the Instructions to Prospective Bidders are allowed to attend and participate in the opening of the bid documents, together with the DOE and ERC observers invited by the TPBAC.

Late submissions and requests for additional time shall not be accepted/allowed in all stages of the Bidding.

CERTIFICATION

As Chairman of Meralco'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 circulated and approved by the TPBAC at Pasig City, Philippines.

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Atty. Ferdinand A. Domingo
Chairman