BIDDING
BASELOAD CONTRACT CAPACITY OF 260 MW (NET),
EFFECTIVE 26 FEBRUARY 2024

BID BULLETIN NO. 3

To all Interested Bidders:

1. A matrix containing the set of queries that have been received by, and the corresponding responses of, the Meralco's BAC-PSA are set out in **ANNEX A**.

2. A matrix showing the amendments to the Invitation to Bid/Terms of Reference, Bid Requirements and Instructions to Prospective Bidders (dated 3 January 2024) ("IPB") is provided herein as **Annex B.**

For your guidance and information.

Issued on 30 January 2024.

Bids and Awards Committee-Power Supply Agreements ("BAC-PSA")
Manila Electric Company

(sgd)
Lawrence S. Fernandez
Chairman

COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 260 MW (NET), EFFECTIVE 26 FEBRUARY 2024

FORMATTING/PROCEDURAL-RELATED QUERIES/COMMENTS				
	TOPIC / BID DOCUMENT REFERENCE	**ARTICLE / SECTION / PAGE NO.**	**DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION RECOMMENDATIONS / PROPOSED WORDING**	**BAC-PSA's RESPONSE**
1.	IPB	4th paragraph of item 2 of Annex QD-4	Can the Prospective Bidder delete portions/provisions of the template documents if not applicable to the bidder, i.e., 4th paragraph of item 2 of Annex QD-4?	This is confirmed. Bidders may propose to amend or delete any portions or provisions of the template documents as prescribed in the IPB if it deems that the same are not applicable to it. However, prior to any deletion or amendments to the portions of the template documents, Bidders must submit any proposed amendments or deletions to the template document to the BAC-PSA for approval first, as stated under Section 2.1 of the IPB, thus: "2.1. BIDDING DOCUMENTS xxx The soft copies (in MS Word format) of the Annexes of this IPB will be provided to the Interested Bidders for ease of preparation and use. **The Interested Bidders shall not change/deviate from the required wording of the Annexes, without prior request to and approval by the BAC-PSA**."
2.	IPB	Annex A of Annex QD-6	In relation to Annex A of Annex QD-6, if this is not applicable, is there an alternative document that can be executed, or should NA be indicated in the tables? In relation to Annex QD-6-A (COUNTERPARTY'S CERTFICATION), if the Prospective Bidder has no counterparty/ies, is there an alternative document that should be filled up?	Annex QD-6 refers to the certifications of no unsatisfactory performance and any counterparty certification. Thus, if the certification is not applicable since the Bidder has no counterparty, then it is confirmed that a write up of non-applicability may be submitted by the Bidder.

<table>
<tr><th colspan="5">INSTRUCTIONS TO PROSPECTIVE BIDDERS / BIDDING DOCUMENTS-RELATED QUERIES/COMMENTS</th></tr>
<tr><th></th><th>TOPIC / BID DOCUMENT REFERENCE</th><th>ARTICLE / SECTION / PAGE NO.</th><th>DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION RECOMMENDATIONS / PROPOSED WORDING</th><th>BAC-PSA's RESPONSE</th></tr>
<tr><td>1.</td><td>Invitation to Bid/Terms of Reference</td><td></td><td>Can we consider this power supply arrangement as financial in nature? Nominated power plant (a hydro plant) has sufficient installed capacity but due to hydrological conditions may be incapable of supplying the entire contract capacity. Can this power plant be allowed to acquire replacement power and charge its entire rate to MERALCO diminished by the lower of cost of replacement or full tariff rate?</td><td>Please refer to the following provisions of the Invitation to Bid/Terms of Reference:

<table>
<tr><td>"Nature of Power Supply Agreement ("PSA") and Plant Type</td><td>• Physical PSA xxx</td></tr>
<tr><td colspan="2">xxx</td></tr>
<tr><td>Supply and Replacement Power</td><td>• xxx
• 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, the procurement of any Replacement Power shall be the responsibility of the Power Supplier. The rates to be charged for the procurement of Replacement Power shall be a) the actual price of the Replacement Power; or b) the approved rate for the PSA ("Price"), whichever is lower. xxx"</td></tr>
</table>

As stated in the above provisions of the Invitation to Bid/Terms of Reference, the (a) Power Supply Agreement (PSA) resulting from this bidding is physical in nature, and (b) in the event that Plant is not capable of delivering a portion of or the entire Contract Capacity, the procurement of any Replacement Power shall be the responsibility of the Power Supplier and the rates to be charged for the procurement of Replacement Power shall be (i) the actual price of the Replacement Power; or (ii) the approved rate for the PSA ("Price"), whichever is lower.

That the PSA resulting from this bidding is physical in nature is also apparent on the requirement that "[s]upply shall primarily be sourced from the Plant xxx" and it is only</td></tr>
</table>

<table>
<tr><td></td><td></td><td></td><td></td><td>when "xxx the Plant is not capable of delivering a portion of or the entire Contract Capacity xxx" may Power Supplier source elsewhere.</td></tr>
<tr><td>2.</td><td>Invitation to Bid/Terms of Reference</td><td></td><td>Can Meralco reconsider WESM registration of aggregate units (single node) under the definition of unit?</td><td rowspan="2">We understand that Bilateral Contract Quantities (BCQ) are declared at the Delivery Point (defined in the template PSA as "xxx the trading node[/s] of Power Supplier registered with the Market Operator xxx") and such Delivery Point may be composed of multiple generating unit/s in the case of peaking plants whose unit/s are typically small in rating. Hence, we are amenable with the proposal which will be limited for this peaking CSP.

For this purpose, the following revisions shall be introduced in the Bidding Documents:

Invitation to Bid/Terms of Reference:

<table><tr><td>Nature of Power Supply Agreement ("PSA") and Plant Type</td><td>• xxx
• Single or Portfolio of Plants <u>per Delivery Point</u></td></tr><tr><td colspan="2">xxx</td></tr><tr><td>Technical Parameters</td><td>• xxx
• If multiple units, <u>total capacity of connected generating units per Delivery Point must be a</u> minimum of 50 MW (gross) and <u>each generating unit</u> should have the same fuel type</td></tr></table>
Bid Requirements:

"Technical Proposal (Envelope 2)
xxx
(a) Technical characteristics of the Plant showing evidence of compliance to the technical requirements stated in the Invitation to Bid's Terms of Reference Table ("TOR Table"). If multiple units, <u>total capacity of connected generating units per Delivery Point must be a</u> minimum of 50 MW (gross) and <u>each generating unit</u> should have the same fuel type;

<u>Instructions to Prospective Bidders:</u></td></tr>
<tr><td></td><td>Invitation to Bid/Terms of Reference</td><td></td><td>Under the Nature of Power Supply Agreement ("PSA") and Plant type, to revise "Single or Portfolio of Plants" to "Single or Portfolio of Plants per Delivery Point";

Under the Technical Parameters, to revise "If multiple units, minimum of 50 MW (gross) per unit and should have the same fuel type" to "If multiple units, minimum of 50 MW (net) per Delivery Point and should have the same fuel type".

The said proposed revisions would greatly improve the reliability and ensure the availability of the capacity. If there are more units with smaller capacity per delivery point, there would be a lesser chance of an unexpected full outage because a set-up with multiple units with smaller capacity would allow partial outage. For instance, if a technical problem occurs on a single 50 MW unit, there is a big chance that the whole 50MW would not be produced by such single unit. On the other hand, if the 50MW capacity is produced through a sector of five (5) units with 10MW capacity each, the chance of the 50MW not being available is mitigated because if a unit among the sector of five (5) units has a technical problem, the other four (4) could still deliver its capacity. Thus, improving the reliability of on the availability of the offered capacity.</td></tr>
</table>

"3.2 Technical Proposal

xxx

(a) Technical characteristics of the Plant showing evidence of compliance to the technical requirements stated in the Invitation to Bid's Terms of Reference Table ("**TOR Table**"). If multiple units, **total capacity of connected generating units per Delivery Point must be a** minimum of 50 MW (gross) and **each generating unit** should have the same fuel type;

xxx

ANNEX TP-1
TECHNICAL PROPOSAL
(NOMINATED PLANT)

Required attachments:

xxx

2. Technical characteristics of the Plant showing evidence of compliance to the technical requirements stated in the Invitation to Bid's Terms of Reference Table ("**TOR Table**") using the following format and duly signed by the Bidder's authorized representative:

xxx

Plant Type	• xxx • Single or portfolio of Plant/s **per Delivery Point**	• xxx
Technical Parameters	• xxx If multiple units, **total capacity of connected generating units per Delivery Point must be a** minimum of 50 MW (gross) and **each generating unit** should have the same fuel type. xxx"	• xxx

Please see Annex "B" of this Bid Bulletin No. 3 reflecting the amendments to the Invitation to Bid/Terms of Reference, Bid Requirements and Instructions to Prospective Bidders.

3.	IPB Bid Security	Item 2, Annex Bid-2	In relation to item 2 of Annex Bid-2 (BID SECURITY), what is the procedure in drawing the bid security and returning the balance in case the Marginal Bidder or candidate recipient of Notification of Best Bid refused to accept the reduction of its Offered Capacity up to the extent of the required Contract Capacity? Under the Bid Security, MERALCO shall make one drawing of the entire amount.	Please refer to Section 4.5.2 of the IPB which provides: "xxx If the resulting stack of Offered Contract Capacities goes beyond the required Contract Capacity (i.e., more than 260 MW), the Qualified Bidder's Marginal Bid Offer shall have its Offered Contract Capacity reduced accordingly up to the extent of the required Contract Capacity at its Proposed Tariff. A Bidder with the Marginal Bid Offer and a candidate recipient of a Notification of Best Bid, which refuses to accept the reduction of its Offered Contract Capacity up to the extent of the required Contract Capacity at its Proposed Tariff, shall have its Bid Security forfeited equivalent to the proportionate percentage amount of the Bidder's Bid Security, based on the ratio of the required Contract Capacity that needs to be filled up (which the Bidder with the Marginal Bid Offer refused) to the Bidder's Offered Contract Capacity. For example, if the Marginal Bid Offer is for 100 MW but only 20 MW is needed to fill up the required Contract Capacity, Meralco shall draw on the entire amount of the Bid Security, retain twenty percent (20%) of its value, and return the balance to Bidder. xxx" As stated in Section 4.5.2, Meralco shall first draw on the entire amount of the bid security, then retain the amount equivalent to the proportionate percentage amount of the Bidder's Bid Security, based on the ratio of the required Contract Capacity that needs to be filled up (which the Bidder with the Marginal Bid Offer refused) to the Bidder's Offered Contract Capacity, and, thereafter, return the balance of the bid security to the marginal bidder.
4.	IPB Bid Security	Item 2, Annex Bid-2	For further clarification, may we ask for the timeline of the return of the amount to the marginal bidder?	As relayed by MERALCO DU's Treasury: The balance of the bid security will be returned to the marginal bidder ten (10) calendar days after the drawing.

AMENDMENTS TO THE INVITATION TO BID / TERMS OF REFERENCE

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AMENDMENTS TO THE INSTRUCTIONS TO PROSPECTIVE BIDDERS / BIDDING DOCUMENTS ((ated 3 January 2024)

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		Technical Parameters	• xxx • If multiple units, **total capacity of connected generating units per Delivery Point must be a** minimum of 50 MW (gross) and **each generating unit** should have the same fuel type. xxx"	• xxx