



**BIDDING**  
**BASELOAD CONTRACT CAPACITY OF 1,200 MW (NET)**  
**FOR CONTRACT PERIOD FROM 26 DECEMBER 2023**

**BID BULLETIN NO. 2**

To all Interested Bidders:

1. A matrix containing the set of advance queries for the Pre-Bid Conference 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, Instructions to Prospective Bidders (dated 29 November 2023) ("IPB") and Power Supply Agreement ("PSA") template is provided herein as **Annex B.**

For your guidance and information.

Issued on 19 December 2023.

**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 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023**

|    | <b>TOPIC /<br/>BID<br/>DOCUMENT<br/>REFERENCE</b>                                 | <b>ARTICLE<br/>/<br/>SECTION<br/>/<br/>PAGE<br/>NO.</b> | <b>DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION<br/>RECOMMENDATIONS / PROPOSED WORDING</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>BAC-PSA's RESPONSE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|-----------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Bid Requirements Technical Proposal<br><br>Invitation to Bid Technical Parameters | Page 12<br><br>Page 6-7                                 | <p>"Pursuant to MERALCO's Long-Term Sustainability Strategy, the Bidder shall provide a description for the Nominated Plant, and of its use of fuel using a high efficiency, low emission ("HELE") technology as manifested to have emissions of low nitrogen oxide (NOx) and sulfur oxide (SOx) at or below 60 ppm, and carbon monoxide (CO) at or below 30 ppm, using reference O2 at 15% when calculating the emissions at 100% capacity, as certified by the BAC-PSA's Independent Engineer;"</p> <p>This emission standard is relatively very strict, CO at or below 30 ppm, although achievable, might require additional pollution control equipment to achieve this level continuously.</p> | This appears to be an observation and not a query. This is nevertheless noted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 2. | Bid Requirements Technical Proposal                                               | Page 13                                                 | <p>The Nominated Plant must be covered by a Certificate of Compliance (COC) or Provisional Authority to Operate (PAO) from the ERC at the start of the OED of the PSA, as submitted by the Bidder as a certified true copy by (i) the ERC; or (ii) the corporate secretary/assistant corporate secretary, in which case it must be under oath and notarized.</p> <p>If PAO was issued to the Nominated Plant but its validity already expired, will Meralco accept the PAO that was automatically extended until 2024 as per Section 35, Article IX of the newly released ERC Resolution 17, Series of 2023?</p>                                                                                    | Yes, COCs/PAOs that were automatically extended until 2024 by virtue of Section 35, Article IX of ERC Resolution No. 17, Series of 2023 will be accepted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 3. | Invitation to Bid Terms of Reference (TOR) Required Contract Period               | Page 2                                                  | The term of the PSA is beyond the validity of MERALCO's franchise which is June 28, 2028? If Congress will not grant renewal, what happens to the PSA?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>Noting the concern on this matter, the BAC-PSA has consulted the DU/MERALCO, and as relayed by MERALCO to the BAC-PSA:</p> <p>"Prudence dictates that MERALCO does not plan on the basis that its franchise will not be renewed. As an entity imbued with public interest, MERALCO's plans are motivated by its obligation to supply electricity to its customers in the least cost manner, and geared towards implementation of the policy declared in EPIRA to ensure security of the supply of electric power. This can be achieved through long-term supply contracts. Notably, security of the supply of electric power affects not only the consumers of electricity, but the country and the economy as well.</p> <p>Being also in a business imbued with public interest, these obligations to the public are shared by the power supplier with</p> |

## COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

|                                                      | TOPIC /<br>BID<br>DOCUMENT<br>REFERENCE                                    | ARTICLE<br>/<br>SECTION<br>/<br>PAGE<br>NO. | DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION<br>RECOMMENDATIONS / PROPOSED WORDING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | BAC-PSA's RESPONSE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |        |             |                |                   |         |  |  |  |  |  |                 |                           |                |             |        |             |                |                   |         |                        |      |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |      |                                  |      |      |     |      |      |      |     |      |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------|----------------|-------------------|---------|--|--|--|--|--|-----------------|---------------------------|----------------|-------------|--------|-------------|----------------|-------------------|---------|------------------------|------|------|------|------|------|------|------|------|------|-------------------------------|------|------|------|-----|-----|-----|------|------|------|----------------------------------|------|------|-----|------|------|------|-----|------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                                                                            |                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | MERALCO. The non-renewal of the franchise is a risk reasonably assumed by the power supplier once it participates in this CSP."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |        |             |                |                   |         |  |  |  |  |  |                 |                           |                |             |        |             |                |                   |         |                        |      |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |      |                                  |      |      |     |      |      |      |     |      |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 4.                                                   | Invitation to Bid TOR                                                      | Page 7                                      | <p>The allowable outages as per ERC Resolution 10 Series of 2020 for Combined Cycle Plants amount to 12.5 Days Planned and 7.7 Days Unplanned. This Planned Outage is not feasible during Major Maintenance Outages which normally run for 24-35 days. Why is Major Maintenance Outage not considered?</p> <table><tr><th colspan="10">Table 1. Allowable Planned and Unplanned Outage Days</th></tr><tr><th></th><th>Pulverized Coal</th><th>Circulating Fluidized Bed</th><th>Combined Cycle</th><th>Gas Turbine</th><th>Diesel</th><th>Geo-thermal</th><th>Hydro-electric</th><th>Oil-Fired Thermal</th><th>Biomass</th></tr><tr><td>No. of Day Unavailable</td><td>44.7</td><td>32.3</td><td>20.2</td><td>29.2</td><td>19.0</td><td>19.7</td><td>29.9</td><td>58.6</td><td>39.7</td></tr><tr><td>No. of Days of Planned Outage</td><td>27.9</td><td>15.4</td><td>12.5</td><td>6.5</td><td>5.0</td><td>6.0</td><td>23.1</td><td>30.8</td><td>32.7</td></tr><tr><td>No. of Days on Unplanned Outages</td><td>16.8</td><td>16.9</td><td>7.7</td><td>22.7</td><td>14.0</td><td>13.7</td><td>6.8</td><td>27.8</td><td>7.0</td></tr></table> | Table 1. Allowable Planned and Unplanned Outage Days                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |        |             |                |                   |         |  |  |  |  |  | Pulverized Coal | Circulating Fluidized Bed | Combined Cycle | Gas Turbine | Diesel | Geo-thermal | Hydro-electric | Oil-Fired Thermal | Biomass | No. of Day Unavailable | 44.7 | 32.3 | 20.2 | 29.2 | 19.0 | 19.7 | 29.9 | 58.6 | 39.7 | No. of Days of Planned Outage | 27.9 | 15.4 | 12.5 | 6.5 | 5.0 | 6.0 | 23.1 | 30.8 | 32.7 | No. of Days on Unplanned Outages | 16.8 | 16.9 | 7.7 | 22.7 | 14.0 | 13.7 | 6.8 | 27.8 | 7.0 | <p>As relayed by MERALCO to the BAC-PSA:</p> <p>"In setting the OA provision, Meralco used as reference ERC Resolution No. 10, Series of 2020 entitled "A Resolution Adopting the Interim Reliability Performance Indices and Equivalent Outage Days Per Year of Generating Units". Only SO and FO are provided in said Resolution.</p> <p>Nevertheless, the PSA recognizes Major Maintenance Outages, albeit as akin to or part of Scheduled Outages"</p> |
| Table 1. Allowable Planned and Unplanned Outage Days |                                                                            |                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |        |             |                |                   |         |  |  |  |  |  |                 |                           |                |             |        |             |                |                   |         |                        |      |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |      |                                  |      |      |     |      |      |      |     |      |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                      | Pulverized Coal                                                            | Circulating Fluidized Bed                   | Combined Cycle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Gas Turbine                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Diesel | Geo-thermal | Hydro-electric | Oil-Fired Thermal | Biomass |  |  |  |  |  |                 |                           |                |             |        |             |                |                   |         |                        |      |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |      |                                  |      |      |     |      |      |      |     |      |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| No. of Day Unavailable                               | 44.7                                                                       | 32.3                                        | 20.2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 29.2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 19.0   | 19.7        | 29.9           | 58.6              | 39.7    |  |  |  |  |  |                 |                           |                |             |        |             |                |                   |         |                        |      |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |      |                                  |      |      |     |      |      |      |     |      |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| No. of Days of Planned Outage                        | 27.9                                                                       | 15.4                                        | 12.5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 6.5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 5.0    | 6.0         | 23.1           | 30.8              | 32.7    |  |  |  |  |  |                 |                           |                |             |        |             |                |                   |         |                        |      |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |      |                                  |      |      |     |      |      |      |     |      |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| No. of Days on Unplanned Outages                     | 16.8                                                                       | 16.9                                        | 7.7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 22.7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 14.0   | 13.7        | 6.8            | 27.8              | 7.0     |  |  |  |  |  |                 |                           |                |             |        |             |                |                   |         |                        |      |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |      |                                  |      |      |     |      |      |      |     |      |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 5.                                                   | Invitation to Bid<br>Bid<br>Price/Tariff<br>Structure of Contract<br>Price | Page 3                                      | <p>The Fuel Formula includes other non-fuel commodity costs that the Bidder wants to recover as part of its fuel price (<i>i.e., freight cost, insurance cost, fuel excise tax, etc.</i>). Except for taxes, <u>the Bidder must indicate the actual costs of the other non-fuel items for the period of January 2020 to December 2022, when available, for evaluation purposes.</u> If such actual costs are not available, Bidder must provide a value that shall be binding to the Bidder, otherwise, the non-fuel commodity costs cannot be passed on to consumers upon implementation of the PSA.</p> <p>Can the Bidder provide evidence through copies of (1) actual costs incurred by third parties on these other non-fuel items for the same fuel type <u>OR</u> (2) actual market data on these costs published by recognized providers in the industry?</p>                                                                                                                                                                                                                                                                      | <p>Yes, Bidder must provide evidence of actual costs incurred on these other non-fuel commodity items. Actual costs incurred by third parties on these other non-fuel commodity items for the same fuel type, actual data based on recognized indices, or invoices supporting such actual costs shall be submitted to support the indicated actual non-fuel commodity costs in the Fuel Formula. If no supporting documents are submitted to substantiate the indicated actual non-fuel commodity costs in the Fuel Formula, then the indicated value of the non-fuel commodity costs shall be binding to the Bidder.</p> |        |             |                |                   |         |  |  |  |  |  |                 |                           |                |             |        |             |                |                   |         |                        |      |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |      |                                  |      |      |     |      |      |      |     |      |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 6.                                                   | Bid<br>Requirement<br>s<br>Joint Venture                                   | Page 1                                      | <p>The Bidding Requirements provide "In case the Bidder formed an unincorporated joint venture or consortium for the purpose of this Bidding, <u>its members must, on or before the Bid Submission Deadline, submit the joint venture or consortium agreement</u> which provides evidence that their rights and obligations, including liabilities in this Bidding and the resulting Power Supply Agreement ("PSA"), are solidary. Each party to the joint venture or consortium must separately submit Qualification Documents</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |        |             |                |                   |         |  |  |  |  |  |                 |                           |                |             |        |             |                |                   |         |                        |      |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |      |                                  |      |      |     |      |      |      |     |      |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

# COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

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|----|-----------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                                 |                                             | <p>(Envelope 1) and Technical Proposal (Envelope 2) (e.g., if each joint venture or consortium member offers a different Nominated Plant), but shall submit (as one) only one Bid Price, including the Bid Security (Envelope 3). For this purpose, in relation to the Qualification Documents and Technical Proposal, each party to a Bidder joint venture or consortium shall be construed as the Bidder. Moreover, each party to the joint venture or consortium must separately submit an undertaking as to its commitment to infuse the required equity contribution to the joint venture or consortium."</p> <ol style="list-style-type: none"> <li>1. Can a Bidder, as one of the JV partners, initially submit an Expression of Interest only with its name indicated, but later, on or before the Bid Submission Deadline, disclose the JV partnership with another generation company and submit all required documents for an unincorporated JV?</li> <li>2. In the above scenario, should an amended Expression of Interest be submitted prior to the Bid Submission Deadline to clarify that the Bidder is in fact an unincorporated joint venture?</li> <li>3. In the above unincorporated JV, can the JV as the final Bidder submit a Nominated Plant that is owned by one of the JV partners pursuant to their JV agreement?</li> </ol> | <p>1. Yes in both instances. A bidder that is a part of a JV may initially be the one to submit the EOI, however, on or before the Bid Submission Deadline, the JV with another generation company and related JV documents should be submitted.</p> <p>2. Yes, an amended EOI should be submitted to reflect that the bidder is an unincorporated JV.</p> <p>3. Yes, the JV as the final bidder may submit a Nominated Plant that is owned by one of the JV partners.</p> <p>Please be reminded, however, that as stated in the bidding documents, "[e]ach party to the joint venture or consortium must separately submit Qualification Documents (Envelope 1) and Technical Proposal (Envelope 2) (e.g., if each joint venture or consortium member offers a different Nominated Plant), but shall submit (as one) only one Bid Price, including the Bid Security (Envelope 3). For this purpose, in relation to the Qualification Documents and Technical Proposal, each party to a Bidder joint venture or consortium shall be construed as the Bidder."</p> |
| 7. | Bidding Requirement<br>s<br>Legal<br>Qualification<br>Documents | Page 9                                      | <p>"The Bidder and any of its Affiliates engaged in power generation must have no record of Unsatisfactory Performance. For this purpose, <b>"Unsatisfactory Performance"</b> means any of the following:</p> <p>(i) In relation to any <u>power supply or off take agreements with Meralco and/or its Affiliates engaged in power generation, distribution, and supply</u> (the list of Meralco's Affiliates are provided in the IPB) that was commenced or in the process of implementation within the last five (5) years prior to the Bid Submission Deadline by the Bidder –</p> <p>(1) a record of failure by the Bidder or any of its Affiliates engaged in power generation to satisfactorily perform any of its material obligations for any such power supply or off take agreements within the last five (5) years that remains unsettled. It also includes a record of failure to timely pay or comply with its material obligations in <u>any of its finance documents with creditors entered into in connection with the development and implementation of the said power supply or off take agreements.</u></p>                                                                                                                                                                                                                          | <p>Yes, the financial lenders that must be declared or disclosed are those that granted loans in favor of the Bidder and its Affiliates engaged in power generation with power supply or off take agreements with Meralco and/or its Affiliates engaged in power generation, distribution, and supply.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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|----|-------------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                                   |                                             | <p>The Bidder shall submit notarized certifications issued by Meralco and/or its Affiliates engaged in power generation, distribution, and supply attesting that within the last five (5) years the Bidder or any of its Affiliates engaged in power generation has no previous record of failure to perform any of its material obligations for such power supply or off take agreements. For this purpose, only (i.e., submission of notarized certifications), <u>the financial lender/s of the Bidder or any of its Affiliates engaged in power generation of any such power supply or off take agreements</u> need not issue the said certification but their identities must be declared or disclosed;"</p> <p>Please confirm that Bidder should only list financial lenders, which (1) granted loans in favor of the Bidder and its Affiliates engaged in power generation (2) with power supply or off take agreements with Meralco and/or its Affiliates engaged in power generation, distribution, and supply. In other words, we need not include lenders of Bidder's Affiliates engaged in power generation that have no offtake agreements with MERALCO and its Affiliates.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 8. | Invitation to Bid<br>Bid Price/Tariff Structure of Contract Price | Page 2 of ITB                               | <p>Kindly confirm that the Capital Recovery Fee (CRF) should not be higher than the latest CRF approved by the ERC in its agreements with other off-takers for the same Plant.</p> <p>"Capital Recovery Fee component of the Tariff should be fixed for the Required Contract Period and in PhP/kW-year; <i>provided that</i>, Bidder: (i) <u>shall not offer Capital Recovery Fee higher than the ERC-approved rate/s in its agreements with other off-takers for the same Plant</u>, and (ii) shall submit an undertaking to that effect."</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>Yes. The CRF should not be higher than the <b>latest</b> ERC-approved rate/s in its agreements with other off-takers for the same Plant.</p> <p>For this purpose, this portion of the TOR will be revised as follows:</p> <p>"Capital Recovery Fee component of the Tariff should be fixed for the Required Contract Period and in PhP/kW-year; <i>provided that</i>, Bidder: (i) shall not offer Capital Recovery Fee higher than the <b>latest</b> ERC-approved rate/s in its agreements with other off-takers for the same Plant, and (ii) shall submit an undertaking to that effect."</p> <p><b>Please see Annex B of this Bid Bulletin No. 2 reflecting the amendment to the TOR.</b></p> |
| 9. | Invitation to Bid<br>Bid Price/Tariff Structure of Contract Price | Page 2 of ITB                               | <p>Kindly confirm that the latest Capital Recovery Fee (CRF) approved by the ERC in its agreement with MERALCO (which may not be considered as other off-takers) for the same Plant may be used as cap for this purpose.</p> <p>"Capital Recovery Fee component of the Tariff should be fixed for the Required Contract Period and in PhP/kW-year; <i>provided that</i>, Bidder: (i) <u>shall not offer Capital Recovery Fee higher than the ERC-approved rate/s in its</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p><i>This appears to be a duplication of previous question.</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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|--------|-------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------|------------------|--------|------------------|------------------|--------|---------------|---------------|
|        |                                                                               |                                             | <u>agreements with other off-takers for the same Plant</u> , and (ii) shall submit an undertaking to that effect."                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |        |                  |                  |        |                  |                  |        |               |               |
| 10.    | Invitation to Bid<br>Bid<br>Price/Tariff<br>Structure of<br>Contract<br>Price | Page 2 of<br>ITB                            | Kindly confirm if a template for the undertaking will be provided by the BAC-PSA.<br><br>"Capital Recovery Fee component of the Tariff should be fixed for the Required Contract Period and in PhP/kW-year; <i>provided</i> that, Bidder: (i) shall not offer Capital Recovery Fee higher than the ERC-approved rate/s in its agreements with other off-takers for the same Plant, and (ii) <u>shall submit an undertaking to that effect.</u> " | Please see ANNEX QD-1B of the IPB (Sworn Attestation on the Capital Recovery Fee template).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |        |                  |                  |        |                  |                  |        |               |               |
| 11.    | Invitation to Bid<br>OED                                                      | Page 1                                      | The Bid Submission Deadline is 23 January 2024. Please clarify if the OED for the first 810 MW (net) should be February 26, 2024. If the 26 December 2023 will be moved to a later date, please amend all sections in the bidding documents where this date is reflected.<br><br>Operations Effective Date are:<br>- "810 MW (net) by <u>December 26, 2023</u><br>- Additional 200 MW (net) by February 26, 2024<br>- xxx"                       | The Operations Effective Dates (OEDs) indicated pertain to the Billing Periods. However, these should be read in conjunction with the PSA, particularly Section 3.2.2 on the Conditions Precedent to OED, which, among other things, requires that "[o]n or before the Longstop Date, the ERC shall have issued an ERC Approval, including the pricing structure as set out herein (or as otherwise acceptable to Power Supplier) xxx."                                                                                                                                        |        |                  |                  |        |                  |                  |        |               |               |
| 12.    | Invitation to Bid<br>Required<br>Contract<br>Period                           | Page 2                                      | Please confirm that the Required Contract Period will end on different dates upon the lapse of 15 years from the OED of each of the relevant Contract Capacity.<br><br>Required Contract Period shall be " <u>From the OED defined above</u> until fifteen (15) Contract Years thereafter                                                                                                                                                        | Yes, the Required Contract Period will end on different dates upon the lapse of 15 years from the OED of each phase of supply for the relevant Contract Capacity. This is consistent with the required maximum term of 15 years for a physical power supply agreement under the ERC CSP Guidelines (Section 13).<br><br>To illustrate: <table><tr><td>810 MW</td><td>26 December 2023</td><td>25 December 2038</td></tr><tr><td>200 MW</td><td>26 February 2024</td><td>25 February 2039</td></tr><tr><td>190 MW</td><td>26 March 2024</td><td>25 March 2039</td></tr></table> | 810 MW | 26 December 2023 | 25 December 2038 | 200 MW | 26 February 2024 | 25 February 2039 | 190 MW | 26 March 2024 | 25 March 2039 |
| 810 MW | 26 December 2023                                                              | 25 December 2038                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |        |                  |                  |        |                  |                  |        |               |               |
| 200 MW | 26 February 2024                                                              | 25 February 2039                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |        |                  |                  |        |                  |                  |        |               |               |
| 190 MW | 26 March 2024                                                                 | 25 March 2039                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |        |                  |                  |        |                  |                  |        |               |               |
| 13.    | Invitation to Bid<br>Prompt<br>Payment<br>Discount                            | Page 6                                      | Will the Prompt Payment Discount be subject to the sole discretion of the Bidder?<br>Will the Prompt Payment Discount be considered in the evaluation of the bids?                                                                                                                                                                                                                                                                               | This was taken from Annex C-2 of the ERC CSP Guidelines (Section 5.3). During evaluation, the Bidder has the option to provide a prompt payment discount to Meralco. However, given the conditional nature of a prompt payment discount, any such discount indicated by the Bidder cannot be considered in the evaluation of its bid. Just the same, during implementation, if                                                                                                                                                                                                 |        |                  |                  |        |                  |                  |        |               |               |

# COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

|     | TOPIC /<br>BID<br>DOCUMENT<br>REFERENCE      | ARTICLE<br>/<br>SECTION<br>/<br>PAGE<br>NO. | DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION<br>RECOMMENDATIONS / PROPOSED WORDING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | BAC-PSA's RESPONSE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----|----------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                              |                                             | "Prompt Payment Discount: Power Supplier shall propose/extend discount to Meralco based on the non-fuel fee (sum of Capital Recovery Fee, Interconnection Fees, Fixed O&M Fee and Variable O&M Fee, if applicable) in case of MERALCO's prompt payment. Percentage (%) of discount and days to be considered as prompt payment shall be proposed by Power Supplier."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Meralco avails the of the prompt payment discount provided by the Winning Power Supplier/s, then it shall be reflected in the charges that Meralco shall bill to its customers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 14. | Invitation to Bid<br>Force<br>Majeure        | Page 8                                      | <p>In case of Force Majeure, please clarify if Power Supplier is also not required to sell the Contract Capacity and Associated Energy to MERALCO in case of item (i) below.</p> <p>"For avoidance of doubt and notwithstanding any other provision of this Agreement, <u>should the Parties decide not to exercise such option</u>, Meralco shall not be required to pay any Capital Recovery Fee and Fixed O&amp;M Fee in respect of (i) <u>any Contract Capacity and Associated Energy that is unavailable due to an Event of Force Majeure</u>, or (ii) any Contract Capacity and Associated Energy that Meralco cannot receive or deliver to its customers due to an Event of Force Majeure. <u>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.</u>"</p> | <p>The option referred to, as may be agreed upon by the Parties, is for Power Supplier to make available the Contract Capacity and deliver the Associated Energy <b>from WESM and/or any other source to Meralco, when the Plant is under Force Majeure</b>, despite the existence of Force Majeure affecting Power Supplier. In such case, Meralco shall pay Power Supplier at the Price.</p> <p>This portion of the provision pertains to the instance when Parties do not exercise the option above. In such case, item (i) clarifies that for any Contract Capacity that is unavailable due to an Event of Force Majeure, Meralco shall not be required to make any Capacity Payment, Interconnection Facilities Payment and Fixed O&amp;M Payment to Power Supplier. Power Supplier is not required to sell the Contract Capacity and Associated Energy to Meralco in this instance since Power Supplier is affected by Force Majeure and Parties did not exercise option for Power Supplier to supply.</p> |
| 15. | Invitation to Bid<br>Technical<br>Parameters | Page 6-7<br>of the ITB                      | <ol style="list-style-type: none"> <li>How do we compute for the minimum emission requirements? Will these factors be computed for the whole power plant? Can we use emission results in previous years?</li> <li>When will the Independent Engineer conduct its evaluation?</li> </ol> <p>"Pursuant to MERALCO's Long-Term Sustainability Strategy, the Bidder shall provide a description for the Nominated Plant, and of its use of fuel using a high efficiency, low emission ("HELE") technology as manifested to have emissions of low nitrogen oxide (NOx) and sulfur oxide (SOx) at or below 60 ppm, and carbon monoxide (CO) at or below 30 ppm, using reference O2 at 15% when calculating the emissions at 100% capacity, as certified by the BAC-PSA's Independent Engineer;"</p>                                                                                                                                           | <ol style="list-style-type: none"> <li>The emission requirements will be computed for the whole power plant. Bidder can use the latest available emission results of its Nominated Power Plant.</li> <li>It will be done during Post-Qualification.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 16. | Invitation to Bid                            | Page 10<br>of the<br>TOR                    | Can Bidder change its Nominated Plant with a power plant owned by its Affiliate?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Yes, the Bidder can change its Nominated Plant with a power plant owned by its Affiliate <b>on or before 4:00PM of 16 January 2024</b> , as stated on page 3 of the Bid Requirements: "(d) An Interested Bidder may increase (but not decrease) its indicated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

**COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023**

|  | <b>TOPIC /<br/>BID<br/>DOCUMENT<br/>REFERENCE</b> | <b>ARTICLE<br/>/<br/>SECTION<br/>/ PAGE<br/>NO.</b> | <b>DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION<br/>RECOMMENDATIONS / PROPOSED WORDING</b> | <b>BAC-PSA’s RESPONSE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--|---------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | Change of<br>Nominated<br>Plant                   |                                                     |                                                                                                    | Offered Contract Capacity and/or change its indicated Nominated Plant on or before 4:00 P.M. of 16 January 2024, 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.” Thereafter, Bidder’s elected Nominated Plant by the deadline on 16 January 2024 will be the basis of the BAC-PSA's evaluation, and it shall no longer be allowed to change its Nominated Plant. |

# COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

|     | TOPIC /<br>BID<br>DOCUMENT<br>REFERENCE | ARTICLE<br>/<br>SECTION<br>/<br>PAGE<br>NO.            | DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION<br>RECOMMENDATIONS / PROPOSED WORDING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | BAC-PSA's RESPONSE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----|-----------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17. | Invitation to Bid                       | p. 1                                                   | <p>In the Invitation to Bid, we noted the following:</p> <p>"subject to the resolution of the pending change in circumstance cases involving the power supply agreements dated September 13, 2019 to the extent of the total contract capacity of 1,000 MW (net), the Manila Electric Company ("<b>Meralco</b>")"</p> <p><b>Clarification:</b></p> <ol style="list-style-type: none"> <li>1. What is the context of the inclusion of this proviso in this CSP? Is this CSP subject to a resolatory condition?</li> <li>2. How will the resolution of the pending change in circumstance cases affect the power supply agreement(s) that will result from this bidding, i.e. will the resulting agreements be terminated and/or suspended?</li> <li>3. May we know the current status of the change in circumstance cases?</li> <li>4. When does Meralco expect to resolve the cases?</li> </ol>                                                                                                                                                                                                                                   | <ol style="list-style-type: none"> <li>1. This CSP, and the PSA/s resulting from this CSP, is subject to the outcome of the cases involving said power supply agreements.</li> <li>2. It is difficult to predict how the Court of Appeals (or eventually, the Supreme Court) will decide the pending cases. However, as all are aware, the DU is required to comply with the final and executory decisions of the court.</li> <li>3. As relayed by the DU, in a Joint Decision dated 27 June 2023, the Court of Appeals granted the Petition of the power suppliers. The Motions for Reconsideration of the said Joint Decision are still pending resolution of the Court of Appeals.</li> <li>4. As relayed by the DU, it is difficult to predict when the resolution will be issued as Philippine courts differ on how swift cases or matters are resolved.</li> </ol> <p>Nevertheless, this is a risk assumed by the bidders and Winning Power Supplier once they participate in this CSP.</p> |
| 18. | OED/<br>Invitation to Bid               | Invitation to Bid/<br>Terms of Reference<br>Table p. 1 | <p>In the Terms of Reference, the OEDs are as follows:</p> <ol style="list-style-type: none"> <li>1. 810 MW (net) by December 26, 2023</li> <li>2. Additional 200 MW (net) by February 26, 2024</li> <li>3. Additional 190 MW (net) by March 26, 2024</li> </ol> <p><i>"For clarity, the total Contract Capacity by February 26, 2024 is 1010 MW (net) and by March 26, 2024 is 1200"</i></p> <p>Meanwhile in the IPB, we noted that the bidding schedule, such as the Bid Submission Deadline which is on or before January 23, 2024 and subsequent events leading up to the filing of Application for Approval of the PSA with the ERC, will be completed beyond the indicated OEDs.</p> <p>Given this, we ask the BAC-PSA and Meralco to give clarification on discrepancy between the OEDs and the timeline of event. Specifically, the following questions:</p> <ol style="list-style-type: none"> <li>a) What is Meralco's expected actual OEDs of the PSA?</li> <li>b) Will the BAC-PSA/ Meralco amend the OEDs to reflect the realistic dates based on the Bidding Schedule? If so, what will be the new OEDs?</li> </ol> | See previous responses in items #11 and #12.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

# COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

|     | TOPIC /<br>BID<br>DOCUMENT<br>REFERENCE | ARTICLE<br>/<br>SECTION<br>/<br>PAGE<br>NO.                  | DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION<br>RECOMMENDATIONS / PROPOSED WORDING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | BAC-PSA's RESPONSE                           |
|-----|-----------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
|     |                                         |                                                              | Overall, Bidders having more understanding on the realistic OEDs and delivery dates will enable Bidders to optimize its offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                              |
| 19. | Technical<br>Parameters                 | Invitation<br>to Bid/<br>Terms of<br>Reference<br>Table p. 7 | <p><i>"From December 26, 2023 and for the duration of the PSA, no capacity and electrical output within the Contract Capacity shall be contracted under an agreement apart from the resulting PSA of this Bidding; provided that, if Bidder's Plant is contracted, Bidder must be able to terminate such agreement on or before OED to fulfill requirements under the resulting PSA."</i></p> <p><i>Recommendation:</i><br/>Considering that the actual Operations Execution Date shall be past the indicated OED December 26, 2023 given that Bid Submission Deadline of January 23, 2024 and other activities up to the filing of the Application of Approval with the ERC, we suggest that Meralco and the BAC-PSA require capacity and electrical output to be uncontracted except from the resulting PSA of this Bidding only for the duration of the PSA, which shall commence implementation only after ERC issues an approval. As such, we propose the following revisions to the Bid Documents</p> <p>1. <i>Terms of Reference p. 7</i> [<del>From December 26, 2023 and</del> For the duration of the PSA, no capacity and electrical output within the Contract Capacity shall be contracted under an agreement apart from the resulting PSA of this Bidding; provided that, if Bidder's Plant is contracted, Bidder must be able to terminate such agreement on or before OED to fulfill requirements under the resulting PSA.]</p> <p>2. <i>IPB Section 3.2 (d)</i> [<del>From 26 December 2023 and</del> For the duration of the PSA, no capacity and electrical output within the Contract Capacity shall be contracted under an agreement apart from the resulting PSA of this Bidding; provided that, if Bidder's Plant is contracted, Bidder must be able to terminate such agreement on or before OED to fulfill requirements under the resulting PSA.]</p> <p>3. <i>Annex TP - 1 (Item 5) Technical Proposal</i> [<del>From 26 December 2023 and</del> For the duration of the PSA, no capacity and electrical output within the Contract Capacity shall be contracted under an agreement apart from the resulting PSA of this Bidding; provided that, if Bidder's Plant is contracted, Bidder must be able to terminate such agreement on or before OED to fulfill requirements under the resulting PSA.]</p> | See previous responses in items #11 and #12. |

# COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

|     | TOPIC /<br>BID<br>DOCUMENT<br>REFERENCE                  | ARTICLE<br>/<br>SECTION<br>/<br>PAGE<br>NO.                  | DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION<br>RECOMMENDATIONS / PROPOSED WORDING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | BAC-PSA's RESPONSE                                                                                                                                                                                                                                        |
|-----|----------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 20. | Bid<br>Price/Tariff<br>Structure of<br>Contract<br>Price | Invitation<br>to Bid/<br>Terms of<br>Reference<br>Table p. 5 | <p>"i. A Bidder whose Nominated Power Plant is a natural gas-fired power plant shall indicate in its submissions the (a) <b><u>portion of its fuel to be sourced from indigenous natural gas</u></b>, and (b) proof from its gas supplier of sufficient availability of the corresponding volume of such indigenous natural gas, provided that, Bidder shall submit supporting proof that there shall be no reallocation of indigenous natural gas currently being supplied to MERALCO's existing power supply agreements, except in case of force majeure and outages, to demonstrate sufficient availability of Bidder's submitted volume. At all times during implementation of the PSA, such Bidder shall prioritize the use of indigenous natural gas. In this case, Bidder's duly substantiated submission on the portion of its fuel to be sourced from indigenous natural gas shall be the basis of its Headline Rate and LCOE Rate evaluation and shall be binding on the Bidder.</p> <p>• Should the Bidder fail to indicate and substantially prove in its submissions items (a) and (b) above, then Bidder's natural gas supply shall be deemed to be sourced fully from imported natural gas."</p> <p><b><u>Clarification</u></b></p> <p>1. May we confirm that the Bidders will be allowed to nominate varying/different portions of fuel to be sourced from indigenous natural gas for each contract year?</p> <p>2. Please confirm that a certification and undertaking from the Bidder stating that a) it has a Fuel Supply Agreement with indigenous natural gas seller(s), b) that the gas volumes are sufficient, and c) there will be no re-allocation of indigenous natural gas currently being supplied to Meralco's existing power supply agreements, may be submitted in compliance to the requirement.</p> <p>3. For the indigenous natural gas, how will this be incorporated in the fuel cost component <math>FC = (FP/1,000,000) * HR * Fx</math> ? Can the indigenous natural gas portion have its own Fuel Price Formula that will be added to the existing formula for the fuel cost component?</p> | <p>1. Yes. It should be reflected in the fuel formula of the Financial Evaluation Workbook ("FEW") to be considered in the evaluation.</p> <p>2. Yes</p> <p>3. The Bidder can input different fuel formulas for each year in the FEW to capture this.</p> |
| 21. | Bid<br>Price/Tariff                                      | Invitation<br>to Bid/                                        | "a. Capital Recovery Fee component of the Tariff should be fixed for the Required Contract Period and in PHP/kW-year; provided that, Bidder: (i)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1. This is a new requirement to address the recommendation by Energy Regulatory Commission (ERC) Chairperson Monalisa C.                                                                                                                                  |

# COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

|     | TOPIC /<br>BID<br>DOCUMENT<br>REFERENCE                             | ARTICLE<br>/<br>SECTION<br>/ PAGE<br>NO.                               | DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION<br>RECOMMENDATIONS / PROPOSED WORDING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | BAC-PSA's RESPONSE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----|---------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | Structure of Contract Price                                         | Terms of Reference Table p. 2                                          | <p>shall not offer Capital Recovery Fee higher than the <u>ERC-approved rate/s in its agreements with other off-takers for the same Plant</u>, and (ii) shall submit an undertaking to that effect."</p> <p><b><u>Clarification</u></b></p> <p>1. May we request for the rationale for setting a cap on the Capital Recovery Fee, which shall be the ERC-approved rate/s in the Bidder's agreements with other off-takers for the same plant?</p> <p>2. Kindly confirm that the "ERC-approved rate/s in its agreements with other off-takers for the same Plant" <u>only refers to the rates approved by ERC for Bidder's existing and unexpired agreements with off-takers other than MERALCO.</u></p> | <p>Dimalanta for Meralco to compare the Bidder's capital recovery fees with the rate charged to other off-takers, or impose a cap at such rate.</p> <p>2. See the immediately preceding response.</p>                                                                                                                                                                                                                                                                                                                   |
| 22. | Bid Security                                                        | <p>Bid Requirements</p> <p>Bid Price and Bid Security (Envelope 3)</p> | May we request for a list of issuers of irrevocable standby letter of credit that are acceptable to the BAC and Meralco?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Those found in Schedule 1 of the IPB (list of Allowed Banks) are acceptable to the BAC-PSA and Meralco.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 23. | Terms of Reference                                                  | Scheduled Commercial Operations Date ("COD")                           | <p>Can a bidder only offer capacity specifically for the OED on February or March 26, 2024?</p> <p>If yes, where do the bidders indicate such?</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | As the Bid Requirements and IPB describe, "all the Offered Contract Capacities of the Qualified Bidders that meet the Reserve Price of the LCOE shall be stacked from lowest to highest LCOE until the required Contract Capacity (i.e., 1,200 MW [net]) is filled up." Thus, Bidders cannot choose the [phase of] OED for which they will place their bids. The SCOD for a Bidder's offer and such offer's corresponding placement in the stack will depend on how low or high its LCOE is vis-a-vis the other offers. |
| 24. | <p>Bid Price</p> <p>Invitation to Bid, Terms of Reference Table</p> | Terms of Reference Table                                               | <p>Under ITB, pp. 3-4:</p> <p>"e. The Bidder shall submit a Fuel Formula linking its Nominated Fuel Index to its Fuel Price cost (in USD/MMBtu). The Fuel Formula shall be composed of the following:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

# COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

|     | TOPIC /<br>BID<br>DOCUMENT<br>REFERENCE                                    | ARTICLE<br>/<br>SECTION<br>/<br>PAGE<br>NO.  | DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION<br>RECOMMENDATIONS / PROPOSED WORDING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | BAC-PSA's RESPONSE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----|----------------------------------------------------------------------------|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                                            |                                              | <p>(i) Up to two (2) Nominated Fuel Indices representing its fuel commodity cost, provided that the Bidder shall also indicate the share or weight of each Nominated Fuel Index in the Fuel Formula,</p> <p>XXX"</p> <p><u>Questions for clarification:</u></p> <p>1. In the event that the bidder shall utilize both LNG and indigenous gas, can the bidder submit two separate Fuel Price Formulas, one for LNG and one for the indigenous gas? For the indigenous natural gas portion, can the bidder nominate to use the prevailing gas prices under its fuel supply agreement(s) with the indigenous gas seller(s)?</p> <p>2. Please confirm that the Bidders can freely choose their fuel indices provided that these are objectively verifiable.</p> | <p>1. The Bidder can input the fuel formula it intends to use for each year of the contract in the FEW. The Bidder shall make sure that the inputted fuel formulas capture its intended fuel cost for each year during implementation.</p> <p>2. Yes, as long as they are industry accepted fuel indices. For clarity, US and PH CPIs are not allowed as fuel indices.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 25. | <p>Bid Requirements</p> <p>Nominated Plant - Certificate of Compliance</p> | <p>Technical Proposal (Envelope 2) p. 12</p> | <p>Under Bid Requirements, p. 12:</p> <p>"(e) The Nominated Plant must be covered by a Certificate of Compliance (COC) or Provisional Authority to Operate (PAO) from the ERC at the start of the OED of the PSA, as submitted by the Bidder as a certified true copy by (i) the ERC; or (ii) the corporate secretary/assistant corporate secretary, in which case it must be under oath and notarized;"</p> <p><i>Please confirm that a copy of the certification from the ERC that the renewal of the Certificate of Compliance or Provisional Authority to Operate is in process may be submitted in compliance with the requirement.</i></p>                                                                                                            | <p>Yes, provided that: (i) the previous COC/PAO certifies commerciality of the plant prior to January 2020 and (ii) the Bidder cannot use the unsuccessful renewal of the COC/PAO as a reason for non-performance of its obligations under the PSA.</p> <p>Furthermore, if the Bidder is deemed the Winning Power Supplier, and the ERC does not accept the application for approval of the PSA, or holds in abeyance, delays or disapproves the said application for the reason that the Power Supplier's COC/PAO is covered by a COOE, the said Power Supplier's Bid Security (which is defined in the PSA template to alternatively refer to the performance bond required under the ERC CSP Guidelines) will be forfeited pursuant to Section 12.3.2 of the PSA, which states that: "Meralco reserves the right to forfeit the Bid Security or Performance Security in the event that Power Supplier fails to comply with any order or directive of the ERC or provide any document required by the ERC, resulting in non-performance of its obligations under this Agreement."</p> |

COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

|                                  | TOPIC / BID DOCUMENT REFERENCE                                      | ARTICLE / SECTION / PAGE NO. | DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION RECOMMENDATIONS / PROPOSED WORDING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | BAC-PSA’s RESPONSE |                 |                           |                |                   |        |             |                |                   |                        |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |                                  |      |      |     |      |      |      |     |      |                          |
|----------------------------------|---------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------|---------------------------|----------------|-------------------|--------|-------------|----------------|-------------------|------------------------|------|------|------|------|------|------|------|------|-------------------------------|------|------|------|-----|-----|-----|------|------|----------------------------------|------|------|-----|------|------|------|-----|------|--------------------------|
| 26.                              | Outage Allowance<br><br>Invitation to Bid, Terms of Reference Table | ToR Table                    | Questions for Clarification:<br>Why is Major Maintenance OA not considered?<br><br>Below shows the allowable outages as per ERC Resolution 10 Series of 2020. For combined cycle plants, the specified planned outage of 12.5 days is not feasible during major outages.<br><br><table><caption>Table 1. Allowable Planned and Unplanned Outage Days</caption><tr><th></th><th>Pulverized Coal</th><th>Circulating Fluidized Bed</th><th>Combined Cycle</th><th>Gas Turbine</th><th>Diesel</th><th>Geo-thermal</th><th>Hydro-electric</th><th>Oil-Fired Thermal</th></tr><tr><td>No. of Day Unavailable</td><td>44.7</td><td>32.3</td><td>20.2</td><td>29.2</td><td>19.0</td><td>19.7</td><td>29.9</td><td>58.6</td></tr><tr><td>No. of Days of Planned Outage</td><td>27.9</td><td>15.4</td><td>12.5</td><td>6.5</td><td>5.0</td><td>6.0</td><td>23.1</td><td>30.8</td></tr><tr><td>No. of Days on Unplanned Outages</td><td>16.8</td><td>16.9</td><td>7.7</td><td>22.7</td><td>14.0</td><td>13.7</td><td>6.8</td><td>27.8</td></tr></table> |                    | Pulverized Coal | Circulating Fluidized Bed | Combined Cycle | Gas Turbine       | Diesel | Geo-thermal | Hydro-electric | Oil-Fired Thermal | No. of Day Unavailable | 44.7 | 32.3 | 20.2 | 29.2 | 19.0 | 19.7 | 29.9 | 58.6 | No. of Days of Planned Outage | 27.9 | 15.4 | 12.5 | 6.5 | 5.0 | 6.0 | 23.1 | 30.8 | No. of Days on Unplanned Outages | 16.8 | 16.9 | 7.7 | 22.7 | 14.0 | 13.7 | 6.8 | 27.8 | See response in item #4. |
|                                  | Pulverized Coal                                                     | Circulating Fluidized Bed    | Combined Cycle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Gas Turbine        | Diesel          | Geo-thermal               | Hydro-electric | Oil-Fired Thermal |        |             |                |                   |                        |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |                                  |      |      |     |      |      |      |     |      |                          |
| No. of Day Unavailable           | 44.7                                                                | 32.3                         | 20.2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 29.2               | 19.0            | 19.7                      | 29.9           | 58.6              |        |             |                |                   |                        |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |                                  |      |      |     |      |      |      |     |      |                          |
| No. of Days of Planned Outage    | 27.9                                                                | 15.4                         | 12.5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 6.5                | 5.0             | 6.0                       | 23.1           | 30.8              |        |             |                |                   |                        |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |                                  |      |      |     |      |      |      |     |      |                          |
| No. of Days on Unplanned Outages | 16.8                                                                | 16.9                         | 7.7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 22.7               | 14.0            | 13.7                      | 6.8            | 27.8              |        |             |                |                   |                        |      |      |      |      |      |      |      |      |                               |      |      |      |     |     |     |      |      |                                  |      |      |     |      |      |      |     |      |                          |

# COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

|     | TOPIC /<br>BID<br>DOCUMENT<br>REFERENCE                                                              | ARTICLE<br>/<br>SECTION<br>/ PAGE<br>NO. | DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION<br>RECOMMENDATIONS / PROPOSED WORDING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | BAC-PSA's RESPONSE                                                                                                                                                                                                                                                                                                                                                          |
|-----|------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 27. | <p>Bid Price/Tariff Structure of Contract Price</p> <p>"No Take-or-Pay"</p> <p>Invitation to Bid</p> | <p>Terms of Reference Table p. 5</p>     | <p>This 1200MW CSP requires a Baseload capacity wherein each unit of the Plant must be capable of generating its rated capacity for twenty-four hours a day and seven days a week (24/7) and that the Nominated Power Plant/s must be technically capable of producing the entire Offered Contract Capacity. To be able to comply with this obligation we also need to ensure that sufficient volume of fuel is readily available in addition to the requirement to maintain stable fuel inventory. This requires a tremendous amount of preparation and needs a huge amount of working capital to advance fuel procurement and set up the related fuel facilities. If the dispatch of the plant is not certain and no take or pay is allowed for the fuel portion, the power supplier can be exposed to hundreds of millions dollars of liabilities. The assurance that fuel costs, including taxes imposed thereon, will be treated as full pass-through costs, is NOT enough to mitigate this risk, if a corresponding firm obligation to dispatch the plant is not assured. Since fuel costs constitutes the majority of the cost of electricity produced, it is not remote that the power supplier can lose tremendous amount of money, can go bankrupt, and which can lead to termination of the contract to supply electricity.</p> <p>In fact, very recently, the rebidding of this CSP happened because of the termination of the PSAs which could not cover the fuel costs. We cannot allow a repeat of another round of PSA terminations because the dispatch of the Plant cannot be assured and as a result, fuel cost obligations build up. The treatment of fuel costs as full pass-through should go hand in hand with certainty of dispatch. If there are times when dispatch should fluctuate, the Buyer should set up a mechanism to make-up with the dispatch of the plant in order to use the fuel intended for a particular period. We kindly request a reasonable certainty of dispatch for the operation of this Plant to be determined together with the treatment of fuel costs as full pass-through.</p> | <p>As relayed by the DU, MERALCO follows its mandate to supply least-cost and reliable power to its consumers, hence the no Take-or-Pay in the fuel cost provision of the Invitation to Bid. Rest assured that MERALCO will balance this least cost mandate with the technical requirements of the Winning Power Supplier/s when it comes to its/their actual dispatch.</p> |

# COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

|     | TOPIC / BID DOCUMENT REFERENCE    | ARTICLE / SECTION / PAGE NO. | DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION RECOMMENDATIONS / PROPOSED WORDING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | BAC-PSA's RESPONSE                                                                                                                                                                                                                                                                                                                                          |
|-----|-----------------------------------|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 28. | PSA template                      | PSA, Article 1               | <p>As defined under the PSA template:</p> <p><i>"Full Load Equivalent Days of Availability means the equivalent duration (expressed in number of Days) over which the Plant's <b>Net Dependable Capacity</b> is available to generate electricity, whether or not the Plant generated electricity with respect to the Contract Capacity."</i></p> <p>May we request that this be amended to reflect availability with respect to contract capacity instead of net dependable capacity. To wit:</p> <p><i>"Full Load Equivalent Days of Availability means the equivalent duration (expressed in number of Days) over which the Plant's <del>Net Dependable Capacity</del> <b>Contract Capacity</b> is available to generate electricity."</i></p> | <p>As relayed by MERALCO to the BAC-PSA: "We are amenable with the proposal."</p> <p><b>Please see Annex B of this Bid Bulletin No. 2 reflecting this amendment to the PSA template.</b></p>                                                                                                                                                                |
| 29. | NDC testing and Heat Rate testing | PSA, Section 12.1            | <p>As stated under the PSA template Section 7.4 and Section 12.1, the Power Supplier shall, at its own cost, conduct an NDC Test and Net Plant Heat Rate Test on an annual basis.</p> <p>May we clarify on the rationale behind conducting NDC test and NHR test given that: a) the plant is already operational, and b) Contract Capacity has already been defined to be independent of the Net Dependable Capacity.</p> <p>In the absence of such rationale, may we request that all references to NDC test and NHR test be deleted in the bidding documents.</p>                                                                                                                                                                               | <p>As relayed by the DU, since this PSA allows full fuel pass-through subject to a heat rate cap, as has been a principle approved by the ERC in the past, the efficiency of the Nominated Power Plant should be checked on an annual basis to see if it is still within the submitted GNPHR Table. Hence, we are not amenable to the proposed deletion</p> |
| 30. | Guaranteed Output/ PSA Template   | Article 1.1, p. 7            | <p>As defined in the PSA template: "Guaranteed Output means, on an annual basis, the Availability of Supply from: (a) Plant, shall result in an output of not less than [•]% PCF with respect to the Contract Capacity, and (b) subject to Section 6.1, Plant and Eligible Renewable Energy Power Plants, shall result in output of not less than [•]% PCF with respect to the Contract Capacity. For clarity, Guaranteed Output does not translate to a minimum energy off-take."</p> <p>May we ask you to expound on how the Guaranteed Output be considered during the implementation of the PSA? How is this different from the minimum energy off-take?</p>                                                                                  | <p>The Guaranteed Output definition is inadvertently included. The defined term is not used in the provisions of the whole PSA template. This will be deleted.</p> <p><b>Please see Annex B of this Bid Bulletin No. 2 reflecting this amendment to the PSA template.</b></p>                                                                               |

## COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,200 MW (NET) FOR CONTRACT PERIOD FROM 26 DECEMBER 2023

|     | TOPIC /<br>BID<br>DOCUMENT<br>REFERENCE          | ARTICLE<br>/<br>SECTION<br>/ PAGE<br>NO. | DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION<br>RECOMMENDATIONS / PROPOSED WORDING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | BAC-PSA's RESPONSE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----|--------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31. | Nominations<br>/ Fuel<br>Supply/ PSA<br>Template | Appendix<br>G, pp. 106-<br>109           | <p>Please explain how Power Supplier is supposed to arrange and manage fuel supply that is consistent with Appendix G (Operating Procedures) given that year-, month-, and week-ahead nominations provided by Meralco are stated to be non-binding.</p> <p>We kindly request a reasonable certainty of dispatch for the operation of this Plant to be determined together with the treatment of fuel costs as full pass-through.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | As relayed by the DU, MERALCO follows its mandate to supply least-cost and reliable power to its consumers, hence the no Take-or-Pay in the fuel cost provision of the Invitation to Bid. Rest assured that MERALCO will balance this least cost mandate with the technical requirements of the Winning Power Supplier/s when it comes to its/their actual dispatch.                                                                                                                                                      |
| 32. | Nominations                                      | Appendix<br>G, Section<br>5.3            | <p>As stated in Appendix G, Section 5.3, <i>"xxx Meralco shall have the option to increase or decrease its day-ahead energy nomination schedule on an intra-day basis, subject to Operating Procedures and WESM Rules. In addition, Meralco shall have the option to increase its day-ahead energy nomination schedule on a day-after basis, which shall be the Incremental Energy for that Trading Interval. For clarity, the revised day-ahead energy nomination schedule, including intra-day and day-after revisions, shall be declared by Power Supplier in its day-after declaration to the WESM as BCQs for Meralco."</i></p> <p>May we ask the rationale behind the day-after nomination revision by Meralco? Meralco's flexibility to change energy nominations on both intra-day and day-after can cause opportunity losses or actual losses for the generator. Given that dispatch of the plant is directly affected by its offers to the market, nominations must be provided and committed by Meralco prior to the affected intervals happening.</p> <p>In the absence of such rationale, may we request that day-after nomination revisions of Meralco shall be subject to approval of the Power Supplier?</p> | As relayed by the DU, MERALCO is of the position that since the full contracted capacity is guaranteed to be paid by MERALCO via the capacity-based payments (i.e. CRF, FOM), then the Power Supplier should make available the portion or full contracted capacity to MERALCO when MERALCO needs it. This is in line with MERALCO's mandate to source from the least-cost available supplier. Hence, we are not amenable with the proposal for the day-after nomination to be subject to approval of the Power Supplier. |

AMENDMENTS TO THE INVITATION TO BID / TERMS OF REFERENCE (TOR) TABLE (published on 29 November 2023 and 06 December 2023)

| Item | Reference / Subject Matter of Amendment                                      | Amendments                                                                                                                                                                                                                                                                                                                                                                |
|------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | Bid Price/Tariff Structure of Contract Price<br><br>Terms of Reference Table | [...]<br>a. Capital Recovery Fee component of the Tariff should be fixed for the Required Contract Period and in PHP/kW-year; provided that, Bidder: (i) shall not offer Capital Recovery Fee higher than the <b>latest</b> ERC-approved rate/s in its agreements with other off-takers for the same Plant, and (ii) shall submit an undertaking to that effect.<br>[...] |

AMENDMENTS TO THE BID REQUIREMENTS (posted starting 29 November 2023)

| Item | Reference / Subject Matter of Amendment             | Amendments                                                                                                                                                                                                                                                |
|------|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | Bid Price and Bid Security (Envelope 3)<br><br>p.14 | [...]<br>The Bidder shall not offer Capital Recovery Fee higher than the <b>latest</b> ERC-approved rate/s in its agreements with other offtakers for the same Nominated Plant and is required to submit a sworn undertaking to this effect.<br><br>[...] |

AMENDMENTS TO THE INSTRUCTIONS TO PROSPECTIVE BIDDERS (dated 29 November 2023)

| Item | Reference / Subject Matter of Amendment | Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | Section 3.1.1<br><br>p.23               | [...]<br>Application to Qualify and Participate in the Bidding, using the form in <b>Annex QD-1</b> , with attached (i) Authority to Participate in the Bidding and Designation of Authorized Representative using the form in <b>Annex QD-1A</b> , and (ii) Sworn Undertaking that the Bid Price’s Capital Recovery Fee is not higher than the <u>latest</u> ERC-approved rate/s in its agreements with other offtakers for the same Nominated Plant, using the from in <b>Annex QD-1B</b> ;<br>[...] |

AMENDMENTS TO THE POWER SUPPLY AGREEMENT (PSA) TEMPLATE

| Item | Reference / Subject Matter of Amendment | Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | Sec. 1.1<br><br>Definition of Terms     | <p>[...]</p> <p><b>Full Load Equivalent Days of Availability</b> means the equivalent duration (expressed in number of Days) over which the Plant’s <del>Net Dependable Capacity</del> <b>Contract Capacity</b> is available to generate electricity, whether or not the Plant generated electricity with respect to the Contract Capacity.</p> <p>[...]</p>                                                                                                                                       |
| 2    | Sec. 1.1<br><br>Definition of Terms     | <p>[...]</p> <p><del>[<b>Guaranteed Output</b> means, on an annual basis, the Availability of Supply from: (a) Plant, shall result in an output of not less than [•]% PCF with respect to the Contract Capacity, and (b) subject to Section 6.1, Plant and Eligible Renewable Energy Power Plants, shall result in output of not less than [•]% PCF with respect to the Contract Capacity. For clarity, Guaranteed Output does not translate to a minimum energy off take.]</del></p> <p>[...]</p> |