



BIDDING
CONTRACT CAPACITY OF 1,800 MW (NET), COD 2024-2025

BID BULLETIN NO. 4

To all Interested Bidders:

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**.

For your guidance and information.

Issued on 23 November 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 1,800 MW (NET), COD 2024-2025

FORMATTING/PROCEDURAL-RELATED QUERIES/COMMENTS					
		TOPIC / BID DOCUMENT REFERENCE	ARTICLE / SECTION / PAGE NO.	DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION RECOMMENDATIONS / PROPOSED WORDING	INITIAL BAC-PSA RESPONSE
1.		Bid Requirements / Summary of the Bidding Process and the Pay-as-Bid Mechanism	Page 3, Item (e)	<p>“As part of the Bid Submission Deadline, between 8:00 A.M. to 9:00 A.M. of 26 December 2023, the Interested Bidder shall submit, through its authorized representative/s indicated in the Expression of Interest or such authorized representative’s duly authorized agent/attorney-in-fact (as evidenced by a notarized special power of attorney), at the Lobby, Lopez Building, Meralco Center, Ortigas Ave., Pasig City.”</p> <p><i>Comment: Please confirm that an SPA will only be required if the authorized representative’s duly authorized agent/attorney-in-fact will attend. No SPA will be required if the authorized representative as indicated in the EOI will attend.</i></p>	Yes, a notarized special power of attorney is only required if a duly authorized agent/attorney-in-fact of the authorized representative/s indicated in the Expression of Interest will be the one to submit during the Bid Submission Deadline.
2.		Bid Requirements / Summary of the Bidding Process and the Pay-as-Bid Mechanism	Page 2	<p>The interested Bidder’s Headline Rate and LCOE is subject to a pre-determined Reserve Price, which will only be revealed by the BAC-PSA to the Bidders during the Opening of Bid Prices (the “Reserve Price”)</p> <p><i>Comment: To guide the Bidders in their Proposed Tariff, may we know how the Reserved Price was derived at or determined by Meralco?</i></p>	<p>As relayed by MERALCO to the BAC-PSA:</p> <p>“The Reserve Price is based on the MERALCO’s evaluation of the average cost of new entrant power plants based on latest available information and taking into consideration different fuel types and plant technology.”</p>
		Bid Requirements	Reserved Price	What will be the basis of MERALCO in determining the Reserved Price?	
3.		Bid Requirements / Summary of the Bidding Process and the Pay-as-Bid Mechanism	Page 8, Item (k),	<p>xxx Within thirty (30) calendar days from the signing and execution of the PSA, the relevant joint application for approval of the PSA shall be filed with the ERC.</p> <p><i>Comment: Please note that 30-day period may be extended depending on the ERC’s evaluation of the prefiling requirements. Suggest that to revise as follows:</i></p> <p><i>Within thirty (30) calendar days from the signing and execution of the PSA, or within five (5) calendar days from clearance of all relevant prefiling evaluators of the ERC, the relevant joint application for approval of the PSA shall be filed with the ERC.</i></p>	This requirement was taken from Section 24 of the ERC CSP Guidelines which requires filing of the relevant application for approval of the PSA to be made within thirty (30) calendar days from execution of the PSA.
4.		Bid Requirements / Qualification	1(c)(i)(4); page 8	“(4) the material violation of laws and/or regulations by the Bidder or any of its Affiliates-xxx-, including but not limited to environmental, health, safety, labor and social welfare laws and regulations, as evidenced by findings of the relevant competent authority”	No, as the provision states, “material violation of laws and/or regulations xxx as evidenced by findings of the relevant competent authority. ”

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		Documents (Envelope 1)		<i>Comment: Please confirm that this provision shall apply only to those with final decisions (or orders) from relevant government authorities.</i>	
5.		Bid Requirements	2. Technical Qualification Requirements (Page 11)	<p>What specific projects of Bidder do we have to disclose here?</p> <p>“(a) The Bidder, whether directly or through any of its direct shareholders representing Controlling interest, Affiliates or Ultimate Parent must submit: (i) list of projects undertaken over the last ten (10) years;...” -</p>	<p>“[L]ist of projects” undertaken over the last 10 years pertain to power plant projects, similar to enumeration (ii) and (iii) in Section 3.1.4 of the IPB:</p> <p>“The Bidder, whether directly or through any of its direct shareholders representing Controlling interest, Affiliates or Ultimate Parent must submit: (i) list of projects undertaken over the last ten (10) years; (ii) list of electricity generation plants that it has operated for the last five (5) years; or (iii) proof /documentation of track record for the last five (5) years of power plants operated by it xxx”</p>
6.		Bid Requirements / Technical Qualification Requirements	Section 2, Paragraph b (Page 11)	Can two Bidders have the same Reference Plant?	<p>Please see definition of Reference Plant under Section 9.60:</p> <p>“Reference Plant” means, as a general rule, a single power plant of at least 150 MW (AC, net) installed capacity (firm, dispatchable and has attained a simple monthly average of at least 87.75% plant capacity factor (PCF) over a 3-month consecutive period of operations) and which, in the reasonable opinion of the BAC-PSA, has been satisfactorily developed, constructed, and/or operated or maintained by the Bidder, its direct shareholders representing Controlling interest, Affiliates or Ultimate Parent.”</p> <p>Hence, if bidders are affiliates, belong to same ultimate parent, or one of them is a direct shareholder representing Controlling interest, then bidders may submit the same Reference Plant.</p>
		Bid Requirements Technical Qualification Requirements	Page 11, Item 2 (b)	<p>(b) The Bidder, whether directly or through any of its direct shareholders representing Controlling interest, Affiliates or Ultimate Parent, must have a Reference Plant, whether in the Philippines or elsewhere. xxx</p> <p><i>Can bidders who are also affiliates separately submit the same Reference Plant for this requirement?</i></p>	
7.		Bid Requirements /	Section 2 Paragraphs (c)	Aside from the corporate secretary, can the assistant corporate secretary also certify the Reference Plant’s official GCMR document, Certificate of Compliance or	For this purpose, documents indicated as required to be certified by the corporate secretary can instead be certified by

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		Technical Qualification Requirements	to (h) (Pages 11 to 12)	Provisional Authority to Operate, Market Participation Agreement, Transmission Service Agreement or Distribution Wheeling Service Agreement (DWSA), Fuel Supply Agreement and BOI Certificate of Registration?	the assistant corporate secretary, especially if so authorized under the company's by-laws.
		Instructions to Prospective Bidders / Document submissions	/ Section 3 / page 23	Can the assistant corporate secretary also certify all other documents that can be certified by the corporate secretary?	
		Instructions to Prospective Bidders / Technical Proposal (Envelope 2)	Paragraph q Page 17	Can the Nominated Plant's Certificate of Compliance and Provisional Authority to Operate, Market Participation Agreement, Fuel Supply Agreement, Transmission Service Agreement and Distribution Wheeling Service Agreement, as required under paragraph (q) be certified by the assistant corporate secretary of Bidder?	
8.		Bid Requirements / Qualification Documents (Envelope 1)	2(d); page 12	<p>“(d) The Reference Plant must be covered by a Certificate of Compliance (COC) or Provisional Authority to Operate (PAO) from the ERC xxx”</p> <p>Comment: Please confirm that the Certificate of On-going Evaluation (“COOE”) issued by the ERC stating that Bidder has a pending application for renewal of COC/PAO can be submitted in cases of Bidders with pending applications for renewal of COC and/or issuance of a PAO.</p>	<p>Please refer to Section 3.14(d) of the Instructions to Prospective Bidders (“IPB”) which mentions “xxx [submission of] an application for a COC/PAO pending before the ERC or any other official document coming from the ERC confirming the Reference Plant's authority to operate at least 150 MW (AC, net)”, if the COC/PAO is not available as of Bid Submission Deadline.</p> <p>If the COOE issued by ERC can confirm Reference Plant's authority to operate at least 150 MW (AC, net), then this is acceptable.</p>
		Bid Requirements Technical Qualification Requirements	Page 12, Item 2 (d)	<p>xxx If the COC/PAO is not available as of Bid Submission Deadline, the Bidder must submit an application for a COC/PAO pending before the ERC or any other official document coming from the ERC confirming the Reference Plant's authority to operate at least 150 MW (AC, net). xxx</p> <p><i>In case of unavailability of the COC/PAO on Bid Submission Deadline, will a Certification issued by the ERC certifying that the COC application for the subject Reference Plant is being evaluated suffice for this requirement?</i></p>	
		Bid Requirements	Page 12, Item 2 (d)	xxx If the COC/PAO is not available as of Bid Submission Deadline, the Bidder must submit an application for a COC/PAO pending before the ERC or any other official document coming from the ERC confirming the Reference Plant's authority to operate at least 150 MW (AC, net). xxx	

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		Technical Qualification Requirements		<i>In a case a PAO was issued to the Reference Plant but its validity already expired, will a Certification issued by the ERC certifying that the application for the renewal of the PAO relating to the Reference Plant is already filed and being evaluated suffice for this requirement?</i>	
9.		Instructions to Prospective Bidders / Technical Proposal	Section 3.2(q) / page 31	For the Nominated Plant in operation, the same must submit a Certificate of Compliance (COC) or Provisional Authority to Operate (PAO) from the ERC. Comment: Please confirm that the Certificate of On-going Evaluation ("COOE") issued by the ERC stating that Bidder has a pending application for renewal of COC/PAO can be submitted in cases of Bidders with pending applications for renewal of COC and/or issuance of a PAO.	Yes, provided that: (i) the previous COCs/PAOs certifies commerciality of the plant not earlier than January 2020 and (ii) the Bidder cannot use the unsuccessful application for the renewal of the COC/PAO as a reason for non-performance of its obligations under the PSA. Furthermore, if the Bidder is deemed the Winning Power Supplier, should the ERC not accept the application for approval of the PSA, 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 will be forfeited pursuant to Section 14.3.2(I) 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."
		Nominated Plant - Certificate of Compliance	Bid Requirements ,p. 17	Under Bid Requirements, p. 17: <i>"(q) If the Nominated Plant is already in commercial operation, it must be:</i> <i>1. covered by a Certificate of Compliance (COC) or Provisional Authority to Operate (PAO) from the ERC at the start of the Operations Effective Date of the PSA, as submitted by the Bidder as a certified true copy by (i) the ERC; or (ii) the corporate secretary, in which case it must be under oath and notarized;"</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.	
10.		Bid Requirements / Technical Qualification Requirements	Section 2 Paragraph (g) / (Page 13)	Can Bidder provide the Reference Plant's Fuel Procurement Plan instead of a copy of its Fuel Supply Agreement?	Please refer to Section 3.1.4(g) of the IPB requiring submission of <i>"xxx proof that the Reference Plant is covered by a valid Fuel Supply Agreement, which shall be duly certified by the corporate secretary, in which case it must be under oath and notarized"</i> , if applicable. Since this is a requirement for a Reference Plant, then should be covered by a Fuel Supply Agreement already. Bidder may simply redact portions of its Fuel Supply Agreement that it believes to be confidential in nature.

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11.		Bid Requirements / Qualification Documents (Envelope 1) /	Section 2(g); page 13	“(g) If applicable, the Reference Plant must be covered by a valid Fuel Supply Agreement, which shall be duly certified by the corporate secretary xxx” Comment: It is suggested that an authorized representative of the Bidder or the relevant department head for procurement of fuel be the ones to issue the certification.	Certification by the corporate secretary (or assistant corporate secretary, as applicable) is required.
		Reference Plant / Instructions to Prospective Bidders	Section 3.1.4(g) / page 27	Bidder is required to submit proof that the Reference Plant is covered by a Fuel Supply Agreement, duly certified by the corporate secretary. We suggest that a certification stating that the Reference Plant is covered by a Fuel Supply Agreement be acceptable instead of a copy of said contract given that the same is covered by confidentiality restrictions imposed by the fuel supplier.	
12.		Bid Requirements / Technical Proposal (Envelope 2) re: Fuel Supply Agreement	Letter (j), Page 16	Concerning the provision “xxx. Bidders shall ensure that it shall procure its fuel supply and its freight following a competitive selection process to be promulgated”, kindly confirm that the one who or which will promulgate the subject selection process must be the Bidder after it has executed the supply agreement with MERALCO.	Yes, this pertains to Bidder’s obligation to ensure that it will conduct a competitive selection process (whether prior to or after execution of the PSA) for the procurement of its Nominated Plant’s fuel supply should it become the Winning Power Supplier.
13.		Instructions to Prospective Bidders / Reference Plant	Technical Proposal (Envelope 2) Page 15	Can the Reference Plant be the same as the Comparable Plant?	Yes, for as long as the Plant meets the applicable requirements for Reference Plant and Comparable Plant.
14.		Instructions to Prospective Bidders / Technical Proposal (Envelope 2)	Paragraph m Page 16	Can the corporate secretary or the Assistant Corporate Secretary certify the Grid Impact Study/ies, System Impact Study/ies for the Nominated Plant or, if embedded, Distribution Impact Study / Distribution Asset Study to be submitted during Post Qualification if the Bidder’s Bid Price is declared as the Best Bid?	To be clear, (a) if already available, the GIS/SIS or DIS/DAS issued by NGCP or the applicable distribution utility, as the case may be, or (b) application for GIS/SIS or DIS/DAS, if pending before the NGCP or applicable distribution utility, needs to be submitted by the Bidder no later than the Bid Submission Deadline (see Section 3.2 of the IPB). If (a) was submitted, copy must be certified as true copy by NGCP or the applicable distribution utility, as the case may be; If (b) was submitted, the corporate secretary/assistant corporate

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					<p>secretary of the Bidder may certify the duly stamped NGCP-received copy of the application as true copy.</p> <p>During Post-Qualification, and only in instance where (b) was submitted, and Bidder’s Bid Price is declared as the Best Bid, Bidder needs to submit the GIS/SIS or DIS/DAS certified as true copy by NGCP or the applicable distribution utility, as the case may be.</p>
15.		Instructions to Prospective Bidders / Technical Proposal (Envelope 2)	Paragraph q Page 17 Technical Proposal (Envelope 2) Paragraph (g) / Page 165	Can Bidder submit the Nominated Plant’s Fuel Supply Plan instead of Fuel Supply Agreement due to restrictions on confidentiality?	<p>Please refer to Section 3.2(j) of the IPB which provides:</p> <p>“The Fuel Supply Agreement, if available, otherwise a Fuel Supply Procurement Plan containing a narrative description of strategies and plans for ensuring long-term availability of fuel and regulatory compliance on fuel inventory and specification. Each Bidder shall ensure that it shall procure its fuel supply and its freight following a competitive selection process to be promulgated xxx”</p> <p>Hence, if already available, Bidder shall submit the Fuel Supply Agreement (FSA). If the FSA is not available, then the Fuel Supply Plan (FSP) will suffice. Bidder may simply redact portions of its FSA or FSP that it believes to be confidential in nature, as long as the following information are available for the BAC: (i) the fuel formula linking the nominated fuel index to their pass-through fuel cost, (ii) length of their fuel supply contract, and (iii) contractual volumes to ensure that they have enough fuel supply to meet the obligations of the PSA. Please note that the FSA is required to be submitted to the ERC as part of the pre-filing requirements and the pre-filing timeline is within 15 calendar days from execution of PSA. As guidance on how their FSA/FSP will be treated, the Bidder can refer to the ERC Advisory, entitled “Treatment of Documents and Information with Motion for Confidentiality Filed Before</p>

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					the Energy Regulatory Commission” that was released last 13 November 2023.
16.		Instructions to Prospective Bidders / Bid Security	Bid Price and Bid Security (envelope 3) Page 16	Please clarify the computation of the "contract cost of the proposed PSA computed using the bid price". Should we compute for the product of the Offered Capacity and Headline Rate or LCOE?	The FEW will have a worksheet that will calculate the Bid Security per Bidder based on its Offered Contract Capacity and its corresponding Headline Rate.
17.		Bid Security / Instructions to Prospective Bidders	Section 3.3 (b) / page 31	<p>Bid Security is required to be equivalent to the 3-month contract cost of the PSA computed using the bid price offered by the Interested Bidder.</p> <p>We propose to adopt the previous computation of the Bid Security requirement amounting to Three Million Pesos (Php3,000,000.00) multiplied by MegaWatt (MW) of Offered Contract Capacity instead. This is proposed given that the amount seems to be unreasonably high notwithstanding the fact that the Required Contract Period has yet to start in November 2024. MERALCO is not exposed to any market risk assuming the Winning Bidder fails to comply with its obligations under the Bidding Documents. This is unduly burdensome on the part of the Bidder and a waste of available bank facility given the current period of high interest rates.</p>	<p>The IPB only followed Section 10(c) of the ERC CSP Guidelines, which prescribes that the Bid Security is equivalent to three (3) month contract cost of the PSA, computed using the bid price offered by the Bidder.</p> <p>Noting the valid concern of several Interested Bidders on this matter, the BAC-PSA has consulted the DU/MERALCO on this matter and as relayed by MERALCO to the BAC-PSA:</p> <p>“Please note that the DU is only strictly complying with Section 10(c) of the ERC CSP Guidelines, which prescribes that the Bid Security is equivalent to three (3) month contract cost of the PSA, computed using the bid price offered by the Bidder.”</p> <p>Noting the concerns raised by Interested Bidders on the challenge in getting line of credit to put up the Bid Security amount, this matter will be elevated by the BAC-PSA to the ERC for guidance. Nonetheless, pending clarification, and considering that this requirement is lifted from the ERC CSP Guidelines, Section 3.3 of the IPB needs to be complied with by Interested Bidders.</p>
		Terms of Reference (TOR)	Bid Security	Given the significant amount we need enough time to process with the bank. We suggest that Meralco sets the amount at the onset.	<p>See response in item 17.</p> <p>In addition, considering that such Bid Security is computed using the bid price offered by the Bidder, then MERALCO cannot, at this time, set the amount. However, since the bid</p>

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					price is known to the Bidder, then it can compute for what the Bid Security should be.
18.		Bid Requirements Technical Qualification Requirements	Page 11, Item 2 (a)	<p>(a) The Bidder, whether directly or through any of its direct shareholders representing Controlling interest, Affiliates or Ultimate Parent must submit: xxx and (iii) proof /documentation of track record for the last five (5) years of power plants operated by it; xxx</p> <p><i>What document is acceptable as proof/documentation of track record?</i></p>	It is noted that this is a requirement under the ERC CSP Guidelines. Certified true copy of the Grid Compliance Monitoring Report (GCMR) or certified true copy of the DOE Monthly Operations Report (MOR) for the preceding 5 years may be submitted.
19.		Terms of Reference (TOR)	Scheduled Commercial Operations Date ("COD")	How does MERALCO plan to execute the "Marginal Bid Offer" considering that COD involves two (2) phases? To clarify, is it necessary for bidders to submit two offers for each term/phase? Or how will MERALCO determine/assign the capacity of the winning bidder/s for each phase?	<p>Bidders should only submit one offer. 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., 1,800 MW [net]) is filled up."</p> <p>For example, two Bidders are tied and ranked the lowest of all bids but when stacked together, their Offered Contract Capacities exceed the December 2024 COD requirement of 1,200 MW. Which of the tied Bidders will have its Offered Contract Capacity required to be delivered on December 2024 and, assuming there is excess, the rest for the 600 MW by May 2025 COD requirement? In this scenario, there is a need to break the tie but stacked/ranked offers are not yet considered Marginal Bid Offers. This example also answers the question – the stacking and term/phase will follow the stacking of the bids from lowest to highest.</p>
20.		Terms of Reference (TOR)	Required Contract Period	The term of this PSA is beyond the validity of MERALCO's franchise? What will happen to the PSA if franchise renewal will not be granted?	<p>Noting the concern on this matter, the BAC-PSA has consulted the DU/MERALCO on this matter 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</p>

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					<p>manner, and geared towards the implementation of policy declared in the EPIRA to ensure the 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 the business imbued with public interest, these obligations to the public are shared by the power supplier with MERALCO. The non-renewal of the franchise is a risk reasonably assumed by the power supplier once it participates in this CSP."</p>
21.		Terms of Reference (TOR)	Nature of Power Supply Agreement ("PSA") and Plant Type	Will MERALCO be providing the draft PSA? If yes, are the provisions still negotiable?	<p>Yes, a copy of the Power Supply Agreement (PSA) template has been provided to the Bidders and included in the cloud-based online repository/folder containing the Bidding Documents.</p> <p>MERALCO's PSA included in the Bidding Documents is a template agreement which contains standard provisions and incorporates the minimum requirements under the Energy Regulatory Commission Resolution No. 16, Series of 2023 (ERC CSP Guidelines). By submitting a Bid, the Bidder has agreed to observe the terms of the PSA, should it be declared as the Winning Power Supplier. This also ensures that the Bidders are placed in equal footing, and no Bidder is given preferential treatment through more favorable PSA terms. Thus, the terms of the PSA, as included in the Bidding Documents, are non-negotiable, and as stated in Section 5.4 of the IPB, may be modified only as necessary to reflect the terms and conditions of the Technical Proposal and Bid Price of the Winning Power Supplier.</p>
22.		Terms of Reference (TOR)	Bid Price / Tariff Structure	In point no.1, letter "e (iv):" For the non-fuel costs (i.e., freight, insurance, excise tax, etc.), once provided these shall be considered fixed/non-escalating for the PSA?	<p>It is up to the Bidder what other non-fuel costs it wants to pass-through as long as it is included in the submitted Fuel Formula for evaluation.</p>

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			of Contract Price	Will there be a limitation on what non-fuel fuel fees can be passed through (i.e., brokerage, arrastre, third party labs, etc.)?	
		Terms of Reference (TOR)	Bid Price / Tariff Structure of Contract Price	In point no.1, letter "e" last paragraph: Re: Coal Heating Value, i/o of Performance coal (assumed to be per design), can the bidder assume typical GCV that pertains to the usual GCV it procures (i.e., typical 4200 GAR)?	Yes
23.		Terms of Reference (TOR)	Bid Price / Tariff Structure of Contract Price	In point no.1, letter "g items 1 & 2:" Please confirm the supplier needs to submit actual coal invoices of shipments m-o-m to substantiate price determined by the formula. Any deviation, buyers takes the lower of the 2?	Yes
24.		Terms of Reference (TOR)	Bid Price / Tariff Structure of Contract Price	No Take-or-Pay on Variable Costs, which includes Variable O&M Fee and Fuel Cost Net Heat Rate Table is starting from 40%. Will there be a MEOT? If none, what GPNPH that will be used if the LF for a particular billing period is below 40%?	No MEOT. As stated in the PSA Appendices: "If the resulting Load Factor is below the lowest Load Factor in Schedule 2 of Appendix E (GNPHR Table), the applicable GNPHR shall be the value corresponding to the lowest Load Factor in Schedule 2 of Appendix E."
25.		Terms of Reference (TOR)	Bid Price / Tariff Structure of Contract Price	For clarity, the Fuel Price shall be lower between: (1) the resulting value of the Fuel Formula using the actual value/s, for the relevant billing period, of the Nominated Fuel Index/Indices under item e(i), applying any premium, discount and/or other non- fuel commodity costs specified under items e(iii) and (iv) herein; and (2) actual fuel price as billed by the fuel supplier/s (i.e., supported by actual invoices) for the relevant billing period. <i>Please clarify how this will be operationalized during the implementation of the PSA.</i>	The resulting Fuel Price from (1) and (2) shall be compared each billing period, the lower will be the pass-through cost.
26.		Terms of Reference (TOR)	Bid Price / Tariff Structure of Contract Price	Will Meralco be providing a standard formula/structure for the payment of the Fixed Costs?	The Fixed Costs shall follow the formula in the PSA Appendices.

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27.		Terms of Reference (TOR)	Bid Price / Tariff Structure of Contract Price	<p><i>(iv) Other non-fuel commodity costs that the Bidder wants to recover as part of its fuel price (i.e., freight cost, insurance cost, fuel excise tax, etc.). Except for taxes, 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.</i></p> <p>Will the submitted actual costs of the other non-fuel items for the period of January 2020 to December 2022 be for purposes of evaluation only?</p> <p><i>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.</i></p> <p>What does this mean? The value of such costs will be binding for the entire 15 years?</p>	Yes, as stated in the Terms of Reference, Bidder's submitted actual costs of other non-fuel commodity costs will be used for evaluation purposes only. If the actual costs of other non-fuel commodity costs are not available, then the Bidder should provide a value which represents this cost in its submitted fuel formula. The value that the Bidder provides, in lieu of actual costs, will be binding on the Bidder throughout the Required Contract Period, which means Bidder cannot change this value subsequently. Should the actual value change at any time during the Required Contract Period, then Bidder cannot recover these actual non-fuel commodity costs as these costs cannot be passed on to MERALCO's consumers.
28.		Terms of Reference (TOR)	Bid Price / Tariff Structure of Contract Price	<p><i>For evaluation purposes, the BAC-PSA shall use the historical value of the Bidder's Nominated Fuel Index/Indices for the period of January 2020 to December 2022 as inputted to the Bidder's submitted Fuel Formula, and the resulting fuel price shall be used. Will the average of the indices for the indicated period be used to evaluate the price?</i></p> <p>Will the bidder be required to submit historical indices based on the submitted fuel formula?</p>	Yes. Bidder will input in the Financial Evaluation Workbook the 36-month historical values of its chosen Nominated Fuel Index.
29.		Terms of Reference (TOR)	Outage Allowance	<p>Power Supplier to provide the Contract Capacity and/or Associated Energy, MERALCO shall be allowed to source Replacement Power at the expense of Power Supplier; provided that, the rates to be charged for the procurement of Replacement Power shall be a) the actual price of the Replacement Power; or b) the approved rate for the PSA, whichever is lower.</p> <p><i>Why is there still a condition on actual RP or approved rate, whichever is lower when if it is beyond outage allowance, the bidder is already responsible to provide and fulfill the supply requirements and the cost is fao of the bidder?</i></p>	The TOR Provision is from Appendix C2 of the ERC Guidelines, or the PSA template for physical PSAs. For clarity, the provision contemplates two (2) scenarios if beyond OA. These scenarios are more clarified in the PSA template included in the bidding documents. The 1 st scenario is the procurement of the Replacement Power which shall be the responsibility of the Power Supplier, in which case, the rates to be charged for the procurement of Replacement Power shall be a) the actual price of the Replacement Power; or b) the approved rate for the PSA, whichever is lower. The 2 nd scenario is where Power Supplier fails to provide Replacement Power beyond outage allowance, in which case, MERALCO will source the Replacement Power and Power Supplier shall reimburse it for costs above the approved rate for the PSA.

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30.		Terms of Reference (TOR)	Force Majeure	Can the bidder suggest list of FM events to be considered?	The Force Majeure (FM) events listed under the PSA are non-exhaustive. Thus, provided that the requisites for FM under the PSA are complied with, then an event may be considered as an FM.
31.		Terms of Reference (TOR)	Force Majeure	Force Majeure should not affect any obligation of Meralco to pay for electricity already delivered, considering its options for payment already include ETF	<p>For Bidder to clarify what “ETF” means. [During the Pre-Bid Conference held on 20 November 2023, the Bidder clarified that ETF should mean “EFT” or Electronic Fund Transfer]</p> <p>In any case, Section 17.3.1 of the PSA template provides that “[t]he affected Party shall be excused from performance to the extent affected by, and shall not be considered to be in default in respect of, any obligation under this Agreement (including any obligation of Meralco to pay the Price at a specific date) for so long as failure to perform such obligation shall be due to an Event of Force Majeure. xxx” Hence, for as long as payment at specific date is likewise affected by Force Majeure, then the delay in payment shall be excused, and shall not be considered an event of default. Upon cessation of the Force Majeure, the obligation to pay shall resume.</p>
32.		Terms of Reference (TOR)	Grounds for Termination	What falls under "Certain types of Force Majeure"?	<p>Please refer to Section 18.6.4 of the PSA template:</p> <p>18.6.4 Termination in the Event of Certain Events of Force Majeure</p> <p>If an Event of Force Majeure occurs under the circumstances and having the consequences described in Section 17.4, Section 17.5 or Section 17.6 and the Parties have failed to agree on a solution satisfactory to each of the Parties prior to the lapse of the period of one hundred eighty (180) Days, then upon the lapse of such period, either Party may terminate this Agreement upon sixty (60) Days’ prior written notice thereof to the other Party.</p>

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					<p>Please also take note of Section 18.6.6 of the PSA template which provides, among other things, that any termination under Sections 18.4 [and 18.6] shall become effective on the date specified in the notice of termination, subject to ERC approval.</p> <p>18.6.6 Consequences of Termination</p> <p>Upon any termination of this Agreement and without prejudice to Section 18.3 and Section 17.5, each Party shall cease to have any further obligations, responsibilities or liabilities hereunder, other than for such obligations or liabilities that have accrued prior to the date of termination hereof and remain undischarged as of the date of termination. In any case of termination, the invoice for the last Billing Period shall be due and payable notwithstanding. For clarity, other than due to expiration of Term, any termination under Sections 18.4 and 18.6 shall become effective on the date specified in the notice of termination, subject to ERC approval.</p>
33.		Terms of Reference (TOR)	Reduction in Contract Capacity	Considering parties are required under regulation to agree on parameters, suggest that any reduction should be subject to condition that before Meralco can reduce capacity, it should prove that it tried, in good faith, to assign the capacity before reduction	<p>As relayed by MERALCO to the BAC-PSA:</p> <p>“Under the ERC CSP Guidelines, Meralco is not required to exert its best efforts to assign the capacity before it can reduce the Contract Capacity and/or Associated Energy under the PSA. Nevertheless, MERALCO shall be guided by its mandate to provide supply to its consumers in the least cost manner.”</p>
34.		Terms of Reference (TOR)	Bid Security	Considering the substantial value of the Bid Security, what are the circumstances or potential scenarios that could lead to forfeiture aside from the withdrawal or non-acceptance of award?	See Sec. 3.3.2. of the IPB.
35.		Terms of Reference (TOR)	Bid Security	Can the bidder post an SBLC higher than the supposed bid security? and will not be subject to disqualification?	Yes, this is acceptable as this is above our minimum acceptable level. For this item, it will not be considered an issue for disqualification.

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36.		Terms of Reference (TOR)	Deadline	Is the schedule for the submission of bid firm and definite?	Yes, the schedule for submission of the bid is definite. Under Section 8 of Appendix B of the ERC CSP Guidelines, “[I]n no case shall the deadline for submission of bids be set earlier than the [45 th] day following the last publication of the ITB.
37.		Bid Bulletin 1	Deadline	<p>The schedule and venue for the Opening of Bid Prices shall also be included in the said bid bulletin. The CSP Observers shall be informed/invited by the BAC-PSA of the schedule and venue of the Opening of Bid Prices, at least five (5) days before the said date.</p> <p><i>May we ask the rationale of having a separate day for the opening of bid? Can MERALCO consider streamlining all activities in one day? Please already provide the complete schedule of the CSP related activities.</i></p>	<p>Please see Section 1, Bidding Schedule, of the IPB. Under “Opening of Bid Prices”, it is stated that the schedule is “[o]n 26 December 2023 if the Pre-Qualification Evaluation is concluded on the same day or not earlier than five (5) days after issuance of a Bid Bulletin announcing the Pre-Qualification Evaluation’s result.” The rest of the schedule can be found in said Section 1.</p> <p>The Sec. 2.2 (Summary of Bidding) and Sec. 4.4 (Pre-Qualification Evaluation) explains that after the Envelopes 1 and 2 are opened for completeness check using a non-discriminatory “Pass/Fail” criterion:</p> <p>“4.4.1 The BAC-PSA will then declare that it will conduct a detailed Pre-Qualification Evaluation and specify the number of days (after the Opening of Pre-Qualification Documents) that it will need to do so.</p> <p>4.4.2 The Pre-Qualification Evaluation is for the BAC-PSA to conduct further detailed evaluation and determine to its satisfaction whether the Interested Bidder/s’ whose Pre-Qualification Documents (i.e., Envelopes 1 and 2) “passed” the “Pass/Fail” assessment for completeness complied with and are responsive to all the requirements and conditions specified in this IPB.</p> <p>The BAC-PSA may designate its TWG for the detailed conduct of the Pre-Qualification Evaluation and for the TWG to submit/present its findings/recommendation to the BAC-PSA.</p>

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					<p>4.4.3 In addition, the Independent Engineer appointed by the BAC-PSA shall proceed to evaluate and determine proper compliance with the technical qualifications of the Reference Plant, Comparable Plant, and Nominated Plant. The Independent Engineer shall submit/present its findings/recommendations to the BAC-PSA. xxx"</p> <p>Based on this, depending on whether there is sufficient and reasonable time to complete the activities in one day (e.g. the day of Opening of Pre-Qualification Document submissions, Envelopes 1 and 2), the BAC-PSA will evaluate and determine if it still has enough time to conduct the more detailed Pre-Qualification Evaluation (i.e. not a simple completeness/present or not present check) of the Document Submissions. If it determines that it can do so in one day, then the Opening of Bid Prices will also proceed one the same day (i.e., in one day).</p>

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38.		Bid Requirements Technical Qualification Requirements	Page 12, Item 2 (e) and (f)	<p>(e) If the Reference Plant is located in Luzon or Visayas, it must be registered as a direct member of the WESM and a copy of its Market Participation Agreement for the Reference Plant, which shall be certified as a true copy by (i) the PEMC and/or IEMOP; or (ii) the corporate secretary, in which case it must be under oath and notarized, must be submitted. xxx</p> <p>(f) The Reference Plant must be covered by a valid Transmission Service Agreement (TSA) or a Distribution Wheeling Service Agreement (DWSA), if embedded, which shall be duly certified by the National Grid Corporation of the Philippines (NGCP) or applicable distribution utility, or the corporate secretary, in which case it must be under oath and notarized. xxx</p> <p><i>Similar with the query above, will a certification of ongoing evaluation or application issued by the concerned agency/office suffice in case the required documents are not available on Bid Submission Deadline?</i></p>	<p>These requirements that pertain to a Reference Plant (e.g. Market Participation Agreement and Transmission Service Agreement or Distribution Wheeling Service Agreement) which should already be available for a Reference Plant – a power plant that is required to “provide evidence that [it] is capable of generation of electricity of at least 150 MW (AC, net), which must be supported by an official document [GCMR] ... as submitted ... to the ERC, showing that it attained a simple monthly average of at least 87.75% PCF over a 3-month consecutive period of operations within the most recent forty-two (42) month period of operations” (i.e. already operational).</p> <p>Thus, the Reference Plant’s MPA, TSA, or DWSA should already be existing and not still “ongoing evaluation or application.”</p>
39.		Bid Requirements Financial Qualification Requirements	Page 14, Item 3	<p>xxx (2) in support of the portion of the Project Cost proposed to be financed by debt, a Testimonial from one or more debt providers or arrangers, for the amount of the Project Cost that will be funded through debt to be obtained either by the Bidder directly or through any of its direct shareholders representing Controlling interest, Affiliates or Ultimate Parent, if applicable (each, a “Testimonial”). xxx</p> <p><i>The term “debt providers or arrangers” may mean any of the lenders, security trustees, facility agents or arrangers in the relevant loan agreement? The relevant loan agreement may be already executed and/or still being negotiated/prospective execution?</i></p>	<p>The testimonial may come from a debt provider or security or facility arrangers that will be committing to prospectively fund the project and we are mindful that this loan may still be under negotiation.</p>
40.		Instruction to Prospective Bidders of Conflict of Interest	Page 21, Section 2.10.2 (a) (ii)	<p>(a) All Bidders found to have conflicting interests shall be disqualified to participate in this Bidding, without prejudice to the imposition of appropriate administrative, civil, and criminal sanctions. A Bidder may be considered to have conflicting interests with another Bidder in any of the events described below: xxx</p> <p>(ii) A Bidder’s Nominated Plant or listed portfolio of plants is also a Nominated Plant or listed portfolio of plants of another Bidder in (x) this Bidding; or (y) another pending competitive selection process being</p>	<p>Requisites to fall under this item in Conflict of Interest is:</p> <p>(a) A Bidder’s Nominated Plant or listed portfolio of plants is also a Nominated Plant or listed portfolio of plants of another Bidder in (x) this Bidding; or (y) another pending competitive selection process being conducted by Meralco, and</p>

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				<p>conducted by Meralco, and the same (or overlapping) contract capacities are being offered such that if declared as Winning Power Supplier in both this Bidding and the other pending competitive selection process, it will result in a conflict with the Bidder's obligation in or resulting from this Bidding, in which case, both will be considered in Conflict of Interest;</p> <p><i>Similar to the exception under Section 2.10.2 (a)(i), identical lists of portfolio of plants among Affiliate Bidders should also be considered as an exception to "Conflict of Interest". Note that similarity in the list of portfolio of plants will not affect the Offered Contract Capacity of the Nominated Plant.</i></p>	<p>(b) the same (or overlapping) contract capacities are being offered such that if declared as Winning Power Supplier in both this Bidding and the other pending competitive selection process, it will result in a conflict with the Bidder's obligation in or resulting from this Bidding, in which case, both will be considered in Conflict of Interest</p> <p>Hence, to be able to fall under Conflict of Interest in this provision, these twin requisites must be present.</p>
41.		Scheduled Commercial Operations Date ("COD")	ITB, p. 1	<p>Under the ITB, the Nominated Plant <i>"should be in commercial operation not earlier than January 2020 but no later than May 2025."</i></p> <p>May we ask for an explanation why the Nominated Plant cannot be one that has been in commercial operations before January 2020 if all other technical requirements are met and the plant would be able to provide the Contract Capacity and Associated Energy required.</p> <p>Although we understand that the imposition of this "qualifying age" requirement is consistent with Meralco's mandate to ensure quality, reliable, and secure power supply during the entire fifteen (15) year term of the PSA, it is likewise obligated to secure such power supply at the least cost to its customers.</p> <p>Thus, we submit that allowing more generators, with properly built and maintained power plants that can operate reliably and efficiently through-out the term of the PSA, will provide the necessary competitive climate to ensure that Meralco's urgent power requirement is addressed at the least cost to its customers.</p> <p>In this regard, we respectfully request that the ITB be amended such that the Nominated Plant <i>"should be in commercial operation not earlier than January 2015 but no later than May 2025."</i></p>	<p>As relayed by MERALCO to the BAC-PSA:</p> <p>"This CSP is limited to Greenfield power plants. This is provided in the <i>"Nature of Power Supply Agreement and Plant Type"</i> provision in the TOR that requires that "Nominated Power Plant/s should be in commercial operation not earlier than January 2020 but no later than May 2025", which qualification is based on previous guidance of DOE on what may be deemed as greenfield, i.e., should be no more than five (5) years old at point of SCOD.</p> <p>The requirement for the "qualifying age" of the power plant is consistent with the policy under DC2023-06-0021 (DOE CSP Circular) of <i>"xxx encourage(ing) the development of greenfield power projects to provide additional power generation capacity xxx"</i> which is also reflected in the ERC CSP Guidelines, in particular, Article I, Section 1(h)."</p>

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42.		Scheduled Commercial Operations Date ("COD")	ITB, p. 1	<p>Based on the ITB, Meralco is given the option to take available energy up to 1,200 MW (net), at Commissioning Energy Charge, starting December 2023 and to take available energy up to 600 MW (net), at Commissioning Energy Charge, starting May 2024.</p> <p>Please explain why Meralco is given an option to take available energy even before COD.</p>	<p>This is to allow customers to enjoy the benefit of supply at Commissioning Energy Charge (at a rate equivalent to the [actual landed fuel cost and] Monthly Variable O&M Payment, plus any value-added tax and any other applicable taxes, fees and charges) for a specified period. In any case, supply under the PSA can only commence upon ERC approval.</p>
43.		Marginal Bid Offer	Bid Requirement s, p. 6	<p>The Invitation to Bid provides that the Bidder with the Marginal Bid Offer "shall have its Offered Contract Capacity reduced accordingly up to the extent of the required Contract Capacity at its Proposed Tariff." The IPB and Invitation to Bid also provide that a Bidder with the Marginal Bid Offer and a candidate recipient of a Notification of Best Bid that refuses to accept the reduction of its Offered Contract Capacity up to the extent of the required Contract Capacity at its Proposed Price, shall have its Bid Security forfeited.</p> <p>The above seems unfair to the Bidder with the Marginal Bid Offer, who would also have considered the volume of its Offered Contract Capacity in developing its Proposed Tariff. This is especially true if, for example, Meralco will only get 10 MW from the Bidder with the Marginal Bid Offer even if the Bidder's Offered Capacity is 1800MW since its Proposed Price was likely developed on the basis of this Offered Capacity.</p> <p>Note that it is possible that a Bidder may consider to offer the entire plant capacity and bid at the most competitive price based on economies of scale. The economics, however, will not apply and may leave the bidder with tremendous losses if only a small portion of the capacity will be accepted as Marginal Bid Offer.</p> <p>Recommendation: We suggest that the Bidder with the Marginal Bid Offer and a candidate recipient of a Notification of Best Bid that refuses to accept the reduction of its Offered Contract Capacity up to the extent of the required Contract Capacity at its Proposed Price should not have its Bid Security forfeited.</p>	<p>The forfeiture of its Bid Security is a competition risk from the Bidders, that is why the forfeiture is made known beforehand. By reason of the Bidder's refusal and withdrawing its offer because its bid was deemed a Marginal Bid Offer, the DU is suddenly exposed to the risk of lack of supply or delay (if another CSP is needed to be conducted to fill up that capacity withdrawn by the said bidder). This forfeiture of the Bid Security tries to mitigate this risk exposure, while at the same time serving as a deterrent for Bidders to game the bidding process for whatever reason.</p> <p>Notably, as per the IPB [Section 2.2(e)], the "xxx Bid Security forfeited equivalent to the proportionate percentage amount of the Bidder's Bid Security, based on the ratio of the required Contract Capacity that needs to be filled up (which the Bidder with the Marginal Bid Offer refused) to the Bidder's Offered Contract Capacity. For example, if the Marginal Bid Offer is for 100 MW but only 20 MW is needed to fill up the required Contract Capacity, Meralco shall draw on the entire amount of the Bid Security, retain twenty percent (20%) of its value, and return the balance to Bidder.</p>

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44.		Nominated Plant's Fuel Supply Agreement Technical Proposal (Envelope 2)	Bid Requirements, p. 17	Under Bid Requirements, p. 17: <i>"(q) If the Nominated Plant is already in commercial operation, it must be: xxx</i> <i>3. covered by a valid Fuel Supply Agreement, which shall be certified as a true copy by the corporate secretary, in which case it must be under oath and notarized;"</i> Please confirm that a certification from the Corporate Secretary attesting that the Nominated Plant is covered by a Fuel Supply Agreement may be submitted in compliance with the requirement.	The requirement if the Nominated Plant is already in commercial operation is for a certified true copy of the Fuel Supply Agreement itself to be submitted. Bidder may simply redact portions of its Fuel Supply Agreement that it believes to be confidential in nature. Please note that this is required to be submitted to ERC as part of the pre-filing requirements and pre-filing timeline is within 15 calendar days from execution of PSA.
45.		Reference Plant's Fuel Supply Agreement Technical	Bid Requirements, p. 13	Under Bid Requirements, p. 13: <i>"(g) If applicable, the Reference Plant must be covered by a valid Fuel Supply Agreement, which shall be duly certified by the corporate secretary, in which case it must be under oath and notarized. If the Reference Plant is located outside of the Philippines, the Bidder must submit the equivalent of these documents if in a foreign country and such document must be certified as a true copy by the corporate secretary, in which case it must be under oath and notarized;"</i> <i>Please confirm that a certification from the Corporate Secretary attesting that the Reference Plant is covered by a Fuel Supply Agreement may be submitted in compliance with the requirement.</i>	Sec. 3.1.4 (g) of the IPB reads: <i>"(g) If applicable, proof that the Reference Plant is covered by a valid Fuel Supply Agreement, which shall be duly certified by the corporate secretary, in which case it must be under oath and notarized. If the Reference Plant is located outside of the Philippines, the Bidder must submit the equivalent of these documents if in a foreign country and such document must be certified as a true copy by the corporate secretary, in which case it must be under oath and notarized; xxx"</i> Therefore, the Corporate Secretary's certification must show proof of the FSA (i.e. a copy of the Reference Plant's Fuel Supply Agreement should be certified as true and correct by the Corporate Secretary and submitted).
46.		Reference Plant	Bid Requirements, p. 11	Section 2.b of the IPB defines Reference Plant as <i>"a single power plant of at least 150 MW (AC, net) installed capacity (firm, dispatchable and has attained a simple monthly average of at least 87.75% plant capacity factor ("PCF") over a 3-month consecutive period of operations) and which, in the reasonable opinion of the BAC-PSA, has been satisfactorily developed, constructed, and/or operated or maintained by the Bidder, its direct shareholders representing Controlling</i>	This is not acceptable. The PCF already takes into consideration the market dispatch, so for a baseload plant, it is already factored in the market condition. However, the plant's availability factor cannot show this.

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				<p><i>interest, Affiliates or Ultimate Parent."</i></p> <p>Recommendation:</p> <p>We propose that the plant's availability factor, which is within the Power Supplier's control, be used as a basis in evaluating the Reference Plant instead of the PCF.</p>	PCF was used instead of Availability Factor since Reference Plant's intention is to show that Bidder can operate a baseload power plant. If the Availability Factor is allowed as basis of evaluating the capability of a plant to be baseload, then any power plant (even variable RE plants and diesel plants) can claim that they were available 24/7 and the electricity market just did not need them. If the Reference Plant of the Bidder is indeed a baseload plant, its operation and electricity market dispatch should be reflected in its PCF. The 87.75% PCF over a 3-month consecutive period was added to show proof that the Reference Plant can sustain its operation and is indeed a baseload plant.
47.		GNPHR Invitation to Bid, Terms of Reference Table	ToR Table	<p>Under ITB, p.3:</p> <p><i>"f. If the Bidder shall use non-Renewable Energy (non-RE) source, the Bidder shall also submit a binding Guaranteed Net Plant Heat Rate ("GNPHR") Table (in Btu/kWh, HHV/GCV) showing its heat rate at different load factors (starting at 40% load factor up to 100% load factor, at 1% load factor intervals) for each Contract Year of the Required Contract Period. The GNPHR Table shall be used for each power plant generating unit/s and should adhere closely to the technical specifications of the power plant generating unit/s."</i></p> <p>Please confirm that if the Minimum Stable Load (Pmin) of the Nominated Plant is greater than 40% Load Factor, the GNPHR table should start at Pmin instead of 40% load factor.</p>	For coal plants, GNPHR Table should start at 40% LF. For natural gas plants, GNPHR Table should start at 50% LF.
48.		Bid Price Invitation to Bid, Terms of Reference Table	ToR Table	<p>Under ITB, pp. 2-3:</p> <p><i>"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:</i></p> <p><i>(i) Up to two (2) Nominated Fuel Indices representing its fuel commodity cost,</i></p>	

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				<p><i>which may or may not include freight cost, provided that the Bidder shall also indicate the share or weight of each Nominated Fuel Index in the Fuel Formula,</i></p> <p><i>(ii) The values used to convert its chosen Nominated Fuel Index/Indices to USD/MMBtu,</i></p> <p><i>(iii) Any fixed pricing component of the fuel price, including its value and duration,</i></p> <p><i>(iv) Other non-fuel commodity costs that the Bidder wants to recover as part of its fuel price (i.e., freight cost, insurance cost, fuel excise tax, etc.). Except for taxes, 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. 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, and</i></p> <p><i>(v) Any premium and/or discount the Bidder may opt to provide thereon, provided that the indicated premium and/or discount are non-escalating and shall be binding to the Bidder. If the Bidder does not indicate any premium, no premium shall be passed on to consumers upon implementation of the PSA.</i></p> <p><i>Unless otherwise expressly indicated herein as binding to the Bidder, upon implementation of the PSA, the aforesaid Fuel Formula components provided by the Winning Power Supplier, including taxes imposed thereon, will be treated as full pass-through costs.</i></p> <p><i>If the Bidder shall use coal as its fuel, it must also provide the coal heating value of its Performance Coal (in kcal/kg, GAR). Such Performance Coal heating value shall be used to levelize its cost against its chosen Nominated Fuel Index which will be converted to USD/MMBtu. For clarity, this is just the basic calorific value adjustment, and not the discount being referred to in (e)(v) above."</i></p>	

COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,800 MW (NET), COD 2024-2025

INSTRUCTIONS TO PROSPECTIVE BIDDERS / BIDDING DOCUMENTS-RELATED QUERIES/COMMENTS					
		TOPIC / BID DOCUMENT REFERENCE	ARTICLE / SECTION / PAGE NO.	DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION RECOMMENDATIONS / PROPOSED WORDING	INITIAL BAC-PSA RESPONSE
				<p>Questions for clarification:</p> <ol style="list-style-type: none"> 1. Can the bidder nominate up to four (4) fuel indices and include Consumer Price Indices (e.g. US CPI, PH CPI, etc.) in the Fuel Formula? 2. Please clarify item e.(iii) <i>“Any fixed pricing component of the fuel price, including its value and duration”</i>. Does this mean that bidders may submit varying fixed pricing component (i.e \$XX/mmbtu for Years 1 to 5, \$YY/mmbtu for Years 6 to 10, and \$ZZ/mmbtu for Years 11 to 15). <p>v) In the event that the bidder has two or more sources of fuel of the same type, can the bidder nominate separate Fuel Formulas per source of fuel?</p>	<p>No, as per the ITB, only up to 2 indices can be nominated. Also, only indices pertaining to fuel can be used. Since US CPI and PH CPI are not fuel-related indices, they cannot be used.</p> <p>Yes</p> <p>Bidder shall merge the two formulas into one formula where the specific blending/proportion of each fuel source shall be specified.</p>
49.		<p>Bid Price/Tariff Structure of the Contract Price</p> <p>Invitation to Bid, Terms of Reference Table</p>	ToR Table	<p><i>“For evaluation purposes, the BAC-PSA shall use the historical value of the Bidder’s Nominated Fuel Index/Indices for the period of January 2020 to December 2022 as inputted to the Bidder’s submitted Fuel Formula, and the resulting fuel price shall be used. The corresponding submitted GNPHR value at 100% load factor for each Contract Year shall also be used. The resulting fuel cost by using the above said fuel price and GNPHR shall be used for each Contract Year of the evaluation.”</i></p> <p>How will the historical value (Jan 2020 - Dec 2022) of the Nominated Fuel Index/Indices be applied in the LCOE evaluation? Will it use the historical monthly average value in the monthly LCOE model?</p>	The simple average of the 36-month historical values shall be used. The LCOE model is on a yearly basis.
50.		<p>Outage Allowance</p> <p>Invitation to Bid, Terms of Reference Table</p>	ToR Table	<p>Questions for Clarification:</p> <p>Why is Major Maintenance OA not considered?</p> <p>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.</p>	<p>As relayed by MERALCO to the BAC-PSA:</p> <p><i>“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.”</i></p>

COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,800 MW (NET), COD 2024-2025

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				<table><tr><th colspan="8">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></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></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></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></tr></table>								Table 1. Allowable Planned and Unplanned Outage Days									Pulverized Coal	Circulating Fluidized Bed	Combined Cycle	Gas Turbine	Diesel	Geo-thermal	Hydro-electric	No. of Day Unavailable	44.7	32.3	20.2	29.2	19.0	19.7	29.9	No. of Days of Planned Outage	27.9	15.4	12.5	6.5	5.0	6.0	23.1	No. of Days on Unplanned Outages	16.8	16.9	7.7	22.7	14.0	13.7	6.8	
Table 1. Allowable Planned and Unplanned Outage Days																																																				
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No. of Days on Unplanned Outages	16.8	16.9	7.7	22.7	14.0	13.7	6.8																																													
51.		Transfer / Assignment	Bid Requirement s, p. 3	<p><i>“Transfer or assignment by, or purchase/investment/acquisition of rights and interest in, an entity that submitted the Expression of Interest, Confidentiality Undertaking and Acknowledgement and Consent Form for Data Privacy may only be exercised once on or before 4:00 P.M. of 19 December 2023 and on the condition that: (i) transfer or assignment is in favor of a juridical entity in which Bidder is a direct shareholder with Controlling interest, (ii) the transferee or assignee simultaneously submits an Expression of Interest, Confidentiality Undertaking, and Acknowledgement and Consent Form for Data Privacy in its name, and (iii) in cases of purchase/investment/acquisition of rights and interest in the Bidder, the Certificate Authorizing Registration (CAR) must already be issued by the Bureau of Internal Revenue (BIR) and the purchase/investment/acquisition duly registered in the stock and transfer book of the corporation.”</i></p> <p>Can the bidder transfer or assign its rights and interest in favor of an affiliate under the same parent company as the bidder?</p>								The requirement is for such transfer to, among other things, be “in favor of a juridical entity in which Bidder is a direct shareholder with Controlling interest xxx.”																																								
52.		Technical Proposal (Envelope 2)	Bid Requirement s	Please confirm that the Bidder shall no longer be required to submit items (a) to (p) of the Technical Proposal (Envelope 2) if its nominated plant is already in commercial operation.								Pursuant to the TOR provision on “Nature of PSA and Plant Type” vis-à-vis Bid Requirements and Section 3.2 of the IPB Provision, the Nominated Plant must be in commercial operation not earlier than January 2020 but no later than May 2025.																																								

COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,800 MW (NET), COD 2024-2025

INSTRUCTIONS TO PROSPECTIVE BIDDERS / BIDDING DOCUMENTS-RELATED QUERIES/COMMENTS					
		TOPIC / BID DOCUMENT REFERENCE	ARTICLE / SECTION / PAGE NO.	DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION RECOMMENDATIONS / PROPOSED WORDING	INITIAL BAC-PSA RESPONSE
					Thus, if the Nominated Plant of the Bidder started commercial operation (between January 2020 to present), it only needs to submit the documents listed in Section 3.2 (q.) of the IPB.
53.		Bid Requirements	Envelope 1 - Technical Proposal	If the Nominated Plant is already existing? Can the bidder submit the same plant as the “Nominated, Reference Plant, and Comparable Plant?”	Yes, if the Nominated Plant started commercial operation (between January 2020 to present), for as long as the Plant meets the applicable requirements for both Reference Plant and Comparable Plant.
54.		Bid Requirements	Envelope 1 - Technical Qualification	For documents that are not applicable to the Bidder, can the Bidder provide a written justification? Or what is acceptable to MERALCO to satisfy the requirements?	Since it is the Bidder determining for itself the non-applicability of a particular requirement prescribed under the Bid Documents for this CSP, the Bidder bears the risk of the BAC-PSA interpreting differently the applicability or non-applicability of the said requirement – especially during the BAC-PSA’s non-discretionary “Pass/Fail” assessment for completeness. Alternatively, Bidder can pose a query on the justification it intends to provide, on or before the deadline of bidders to submit comments, to allow the BAC-PSA, on or before the deadline to respond to bidders’ queries, to also respond to the query with respect to this item.
		Bid Requirements	General Query	With regard to any bid requirement that is not applicable to the bidder, can the bidder submit an alternative document to satisfy the requirement? or what will be acceptable to MERALCO?	
55.		Bid Requirements	Envelope 1 - Technical Qualification	<p>a. The Bidder, whether directly or through any of its direct shareholders representing Controlling interest, Affiliates or Ultimate Parent must submit:</p> <ul style="list-style-type: none"> i) list of projects undertaken over the last ten (10) years ii) list of electricity generation plants that it has operated for the last five (5) years iii) proof /documentation of track record for the last five (5) years of power plants operated by <p>Is there a template for this?</p>	None, a listing with sufficient explanation would suffice to comply with this requirement.
56.		Bid Requirements	Envelope 1 - Technical	If BOI is not applicable. Can the bidder submit Certificate of Entitlement to Tax Incentives (CETI)?	Please note that this is a requirement for Generation Companies under Appendix D-2 of the ERC CSP Guidelines.

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INSTRUCTIONS TO PROSPECTIVE BIDDERS / BIDDING DOCUMENTS-RELATED QUERIES/COMMENTS					
		TOPIC / BID DOCUMENT REFERENCE	ARTICLE / SECTION / PAGE NO.	DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION RECOMMENDATIONS / PROPOSED WORDING	INITIAL BAC-PSA RESPONSE
			Qualification		
57.		Bid Requirements	Envelope 1 - Financial Requirements	For newly operationalized plants with available Financial Statements (FS) of less than 3 years, will Meralco allow submission based on what is only available?	For the Financial Evaluation requirements, it can be fulfilled by the Ultimate Parent or an affiliate.
58.		Bid Requirements	Envelope 1 - Financial Requirements	Project Cost, Commitment Letter and Testimonial - is this intended for greenfield power plants?	Yes, these are intended for Nominated Plant of the Bidder if it has not started commercial operation (between January 2020 to present).
59.		Bid Requirements	Envelope 1 - Legal Qualification Requirements	Can the bidder submit an equivalent document in absence of By-Laws such as the Limited Partnership Agreement (LPA)	Yes, this will be allowed.
60.		Bid Requirements	Envelope 1 - Technical Qualification	Since the 2023 GCMR will be submitted to ERC in January 2024, as an alternative can we provide the DOE Monthly Operations Report (MOR).	Yes.
61.		Bid Requirements	Envelope 1 - Technical Qualification	Evidence of land acquisition, or legal possession of the proposed site/s of the Nominated Plant Is this for greenfield power plant? if not, what can be the alternative for a leased land of an operating plant?	The Lease Agreement and any other evidence showing the Bidder's legal possession of the Nominated Plant's site would suffice.
62.		Bid Requirements	Envelope 2 - Technical Proposal	For MERALCO's confirmation if item (a) to (p) are intended for greenfield power plants?	Yes, for those Nominated Plants that have not started commercial operation (between January 2020 to present).

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INSTRUCTIONS TO PROSPECTIVE BIDDERS / BIDDING DOCUMENTS-RELATED QUERIES/COMMENTS					
		TOPIC / BID DOCUMENT REFERENCE	ARTICLE / SECTION / PAGE NO.	DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION RECOMMENDATIONS / PROPOSED WORDING	INITIAL BAC-PSA RESPONSE
63.		Bid Requirements	Envelope 2 - Technical Proposal	Will MERALCO provide a template for each item's description/narration?	The only templates provided for Envelope 2 are those found in Annexes TP-1 and TP-2.
64.		Bid Requirements	Envelope 2 - Technical Proposal	If the nominated plant did not meet the May 2025 COD, will there be a sunset date provision in the PSA to trigger the termination?	The PSA template includes provisions on repercussions of delay in achieving the COD (Sections 3.3.3 and 3.3.4). Among the said repercussions is the termination of the PSA, subject to ERC approval (Sections 18.6.2 (b) and 18.6.6).
65.		Bid Requirements	General Query	Are days mentioned in various sections calendar or business days? Sample below: (f) The BAC-PSA shall complete a Post-Qualification within seven (7) days from the Notification of Best Bid to determine to its satisfaction whether the Bidder with	Sec. 2.1 (e) of the IPB reads: “(e) Any reference to “days” shall mean calendar days unless otherwise indicated.”
66.		Bid Requirements	Submission of Bid	Will the qualified bidder be known already on December 26, 2023? What will happen to the bid offer of the suppliers who failed to pass the pre-qualification?	Please refer to Section 2.2(e) of the IPB which provides that “the BAC-PSA shall separately coordinate return by the bank representative (of the custodianship arrangement) of the sealed Envelope 3 of Interested Bidder/s found to have “failed” or have been disqualified in the Pre-Qualification Evaluation to the concerned Interested Bidder.”
67.		Bid Requirements	"LCOE"	Will MERALCO be providing indices to evaluate the LCOE?	No, bidder will provide its chosen Nominated Fuel Index/Indices.
68.		Bid Requirements	item (c) - December 11, 2023	Will MERALCO be conducting another virtual pre-bid meeting for the 2nd round of responding to bidders' queries?	If deemed necessary, the BAC-PSA may announce a second Pre-Bid Conference for this Bidding.
69.		Bid Requirements	Attestations/ Checklist	Will MERALCO be providing a template for Legal and Technical Requirements?	Please refer to Section 3.1 of the IPB pertaining to Qualification Documents.

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	PSA TEMPLATE-RELATED QUERIES/COMMENTS				
	BIDDER NAME (ACRONYM)	TOPIC / BID DOCUMENT REFERENCE	ARTICLE / SECTION / PAGE NO.	DISCUSSION OF COMMENTS / QUESTIONS FOR CLARIFICATION RECOMMENDATIONS / PROPOSED WORDING	BAC-PSA RESPONSE

COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,800 MW (NET), COD 2024-2025

83.		Fuel Inventory	PSA, Section 14.15.2	<p>Section 14.5.2 on the 15-day fuel inventory requirement as follows:</p> <p><i>“Power Supplier shall ensure that at all times there is fuel inventory at the Site sufficient to operate the Plant in accordance with this Agreement and in accordance with Prudent Operating Practices, taking into account all relevant factors such as seasonal and/or climatic factors, which inventory shall be sufficient to supply energy for at least a continuous fifteen (15) Day period based on continuous operation of the Plant at average Associated Energy for the current Billing Period and the next two (2) Billing Periods based on the year-ahead or month-ahead nominations of Meralco at a plant capacity factor of 100% to the extent of the Contract Capacity.”</i></p> <p>Comments:</p> <p>Gas-fired power plants around the world (including the gas plants in the Philippines currently fueled by natural gas from Malampaya) typically do not store fuel on-site. Rather, gas is continuously delivered to the plant via pipelines, whether indigenous gas or regasified LNG. A requirement to store a minimum of fifteen (15) days of gas inventory at the Site at all times is therefore an extremely unusual requirement to be imposed on any gas-fired power plant. In fact, none of the existing power plants utilizing indigenous Malampaya gas maintain any gas inventory at their sites and yet have provided high availability for several years.</p> <p>Moreover, it would be very costly to satisfy this requirement. A natural gas plant would be constrained to build a very large storage facility to unnecessarily store fuel (even when such storage facility is unnecessary to ensure steady supply of fuel), significantly increasing its capital costs and ultimately, the cost of electricity to be paid for by consumers.</p> <p>Indeed, it really is unnecessary to maintain fuel on site (much less inventory for continuous 15-day period at 100% PCF) to ensure a steady supply of fuel and continuous plant operations. A robust fuel supply plan can readily address this without the unnecessary cost to the generating company and the consumers of fuel storage facilities on site, as done by the existing gas plants in the country.</p> <p>For all of these reasons, we respectfully request that the requirement to maintain fuel inventory on Site be revised as follows:</p> <p><i>[Power Supplier shall ensure that at all times there is available continuous supply of fuel inventory at the Site sufficient to operate the Plant in accordance with this Agreement</i></p>	<p>As relayed by MERALCO to the BAC-PSA:</p> <p>“We are amenable with the proposal. However “...plant capacity factor of 100% to the extent of the Contract Capacity” will be retained.”</p> <p>This will be referred to the MERALCO/DU PSA Team so that the modifications will made ready to be reflected on the PSA template to be executed by the Winning Power Supplier.</p>
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COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,800 MW (NET), COD 2024-2025

				<i>and in accordance with Prudent Operating Practices, taking into account all relevant factors such as seasonal and/or climatic factors.,which inventory shall be sufficient to supply energy for at least a continuous fifteen (15) Day period based on continuous operation of the Plant at average Associated Energy for the current Billing Period and the next two (2) Billing Periods based on the year-ahead or month-ahead nominations of Meralco at a plant capacity factor of 100% to the extent of the Contract Capacity.”]</i>	
84.		Nomination	PSA, Appendix G, Section 5.3	<p>Section 5.3 provides:</p> <p><i>“Meralco shall, in all Trading Intervals not affected by a Scheduled Outage, Forced Outage, Event of Force Majeure, or suspension of delivery of Associated Energy as requested by Meralco, nominate any value from zero up to the Contract Capacity in any interval as its day-ahead energy nomination, subject to the Dispatch Ramp Rates under Appendix B.”</i></p> <p>Comments: In accordance with the Plant’s Technical Limits (including Minimum Stable Generation requirements), we would like to revise the statement to reflect the following:</p> <p><i>“Meralco shall, in all Trading Intervals not affected by a Scheduled Outage, Forced Outage, Event of Force Majeure, or suspension of delivery of Associated Energy as requested by Meralco, nominate zero or any value from Pmin up to the Contract Capacity in any interval as its day-ahead energy nomination, subject to the Dispatch Ramp Rates under Appendix B.”</i></p>	<p>As relayed by MERALCO to the BAC-PSA:</p> <p>“This is not acceptable as indicating a minimum dispatch (Pmin) in nominations translates to a Take-or-Pay arrangement on energy.”</p>

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85.		Calculation of Payment	PSA, Appendix E	<p>Appendix E, Section B provides:</p> <p><i>“The MPB upon COD shall consist of Capacity Payment, Energy Payment, and Other Payment. The Capacity Payment consists of Component A (MCP), Component B (MIFP) and Component C (MFOMPUSD and MFOMPPhP) and the Energy Payment consists of Component D (MFCP), Component E (MVOMPUSD and MVOMPPhP), and Component F (MRPP). Other Payments are Component G (RCP), and Component H (LRAP).”</i></p> <p>Comments: Among the components of the Monthly Power Bill is Component G (Reimbursable Cost Payment / RCP). However, in the details that followed, it appears that the list of reimbursable costs has been inadvertently skipped.</p> <p>Please provide the list of items that are covered under Component G (RCP).</p>	<p>The RCP was inadvertently left in the description of the MBP. However, RCP will not be part of the MPB. The “Other Payment” that shall form part of the MPB is only the LRAP. Hence:</p> <p><i>“The MPB upon COD shall consist of Capacity Payment, Energy Payment, and Other Payment. The Capacity Payment consists of Component A (MCP), Component B (MIFP) and Component C (MFOMPUSD and MFOMPPhP) and the Energy Payment consists of Component D (MFCP), Component E (MVOMPUSD and MVOMPPhP), and Component F (MRPP). Other Payment is Component G (LRAP).”</i></p> <p>This will be referred to the MERALCO/DU PSA Team so that the modifications will made ready to be reflected on the PSA template to be executed by the Winning Power Supplier.</p>
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COMPETITIVE SELECTION PROCESS (CSP) FOR CONTRACT CAPACITY OF 1,800 MW (NET), COD 2024-2025

86.		Competitive Selection Process for Fuel	PSA, Appendix G	<p>Section 11 of the Appendix G states:</p> <p><i>“11.1. A detailed protocol for conducting an international competitive selection process for the fuel supply and its freight for the Plant shall be submitted by Power Supplier for confirmation by the Operating Committee not later than one hundred eighty (180) Days before the onset of provision of Commissioning Energy.</i></p> <p><i>11.2. Any material deviation from the specifications set out in Section 11.1 shall be subject to the prior written approval of the Operating Committee.”</i></p> <p>Please clarify the purpose of this provision. This does not appear to be necessary given the requirements already asked from, and risks taken on by, the Power Supplier as per the CSP and the PSA. There are already mechanisms in place (e.g. this CSP and the PSA, including the Fuel Formula in the PSA) to ensure the least cost of energy to Meralco’s customers.</p> <p>Please also confirm that the “Operating Committee” referred to above is the “Coordinating Committee” referred to in Appendix G. Operating Committee is not defined or used elsewhere other than in Section 11 of Appendix G quoted above.</p>	<p>Section 11 is applicable to a Winning Power Supplier that has no Fuel Supply Agreement yet. Section 11 mandates the Winning Power Supplier to conduct a competitive selection process for its fuel taking into consideration the parameters it submitted in its Bid during the CSP (i.e., fuel formula, nominated index, etc.)</p> <p>The Coordinating Committee is different from the Operating Committee. The Operating Committee will be further defined before the creation of the protocol.</p>
87.		Pre-Bid Conference Questions		<p>Kindly double-check the formula in the Financial Evaluation Workbook; Particularly on the computation of the required amount of Bid Security (Cell H2 of plant_checker worksheet). There seems to be an error particularly the portion of the formula multiplying the 8,760 hours by 24 thus resulting to hundred billion of Philippine Pesos even just for a 600MW nominated Contract Capacity in the sample presented earlier. Thank you.</p>	<p>After checking the Financial Evaluation Workbook, <i>Cell H2 of plant_checker worksheet</i> was inadvertently inputted, so the correct formula should state there that it should be 365 days multiplied by 24 hours. A revised Financial Evaluation Workbook will be released to address this issue.</p> <p>A Bid Bulletin releasing the corrected Financial Evaluation Workbook will be subsequently issued to reflect this change not later than 11 December 2023.</p>

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88.		Pre-Bid Conference Questions		Is the Reference Plant and Comparable Plant applicable for Greenfield power plants only?	The Reference Plant and Comparable Plant requirement is applicable to all the bidders joining this CSP with Nominated Plants in commercial operation not earlier than January 2020 but no later than May 2025. The Reference Plant is submitted to prove the technical qualification or capability of the Bidder to develop/operate/manage a baseload power plant, while the Comparable Plant is submitted to prove the technical viability of the Bidder's Nominated Plant, thus, if the Nominated Plant has been in commercial operation even as early as January 2020, the bidder is required to submit both Reference Plant and a Comparable Plant.
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