



INVITATION TO BID

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

Pursuant to the Department of Energy ("DOE") Department Circular No. DC2023-06-0021, Series of 2023 and Energy Regulatory Commission ("ERC") Resolution No. 16, Series of 2023, the Manila Electric Company ("Meralco"), through its Bids and Awards Committee for competitive selection process for the procurement of power supply agreements ("BAC-PSA"), hereby invites all interested and qualified parties (each, a "Bidder") to participate in the competitive bidding ("Bidding") in respect of the following proposed supply of electricity:

Terms of Reference Table ("TOR Table")

Contract Capacity	1,800 MW (net)
Bid Type	<ul style="list-style-type: none"> • Pay-as-Bid • The minimum Offered Contract Capacity per Bidder shall be at least 150 MW (net). • A Bidder shall submit a Bid Price indicating its Total Delivered Headline Rate ("Headline Rate") and Total Delivered Levelized Cost of Electricity ("LCOE"). • If the Bidders' total Offered Contract Capacities go beyond the required Contract Capacity (i.e., more than 1,800 MW), the Bidder that fills up the last stack (hereinafter referred to as 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.
Scheduled Commercial Operations Date ("<u>COD</u>")	<ul style="list-style-type: none"> • 1,200 MW (net) by December 2024, with option by Meralco to take available energy up to 1,200 MW (net), at Commissioning Energy Charge, starting December 2023. • Additional 600 MW (net) by May 2025, with option by Meralco to take available energy up to 600 MW (net), at Commissioning Energy Charge, starting May 2024. For clarity, the total Contract Capacity by May 2025 will be 1,800 MW (net).
Required Contract Period	Fifteen (15) Contract Years from the Scheduled COD defined above (i.e., <i>15 Contract Years from December 2024 and May 2025, respectively</i>)
Nature of Power Supply Agreement	<ul style="list-style-type: none"> • Physical PSA • Baseload (firm and dispatchable) wherein each unit of the Plant must be capable of generating its rated

("PSA") and Plant Type	<p>capacity for twenty-four hours a day and seven days a week (24/7).</p> <ul style="list-style-type: none"> • Nominated Power Plant/s must be technically capable of producing the entire Offered Contract Capacity. • Single or portfolio of plant/s, provided that the power plant/s should be in commercial operation not earlier than January 2020 but no later than May 2025.
Bid Price / Tariff Structure of Contract Price	<ul style="list-style-type: none"> • Two-part Tariff consisting of Fixed and Variable Costs (inclusive of separate line item proposal for Line Rental cap) shall comply with the following requirements: <ul style="list-style-type: none"> a. Capital Recovery Fee component of the Tariff should be fixed for the Required Contract Period and in PhP/kW-year. b. Interconnection Fees should be composed of the following: <ul style="list-style-type: none"> (i) Interconnection Facilities Capacity Fee component should be fixed for the Required Contract Period and in PhP/kW-year. (ii) Interconnection Facilities Fixed O&M Fee component can be fixed, escalated, or a combination of both for the Required Contract Period, and shall be in PhP/kW-year. c. Fixed O&M Fee component can be fixed, escalated, or a combination of both for the Required Contract Period, and shall be in USD/kW-year and/or PhP/kW-year. d. Variable O&M Fee component can be fixed, escalated, or a combination of both for the Required Contract Period, and shall be in USD/kWh and/or PhP/kWh. 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: <ul style="list-style-type: none"> (i) Up to two (2) Nominated Fuel Indices representing its fuel commodity cost, 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, (ii) The values used to convert its chosen Nominated Fuel Index/Indices to USD/MMBtu, (iii) Any fixed pricing component of the fuel price, including its value and duration, (iv) Other non-fuel commodity costs that the

	<p>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, 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</p> <p>(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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>g. During implementation, the fuel cost component shall be computed using this formula:</p> $FC = (FP / 1,000,000) * HR * FX$
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	<p>Where:</p> <p>FC = Fuel Cost component, in PhP/kWh</p> <p>FP = Fuel Price, in USD/MMBtu</p> <p>HR = Heat Rate, in Btu/kWh</p> <p>FX = Foreign exchange rate, in PhP/USD</p> <p>For clarity, the Fuel Price shall be lower between:</p> <p>(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</p> <p>(2) actual fuel price as billed by the fuel supplier/s (<i>i.e., supported by actual invoices</i>) for the relevant billing period.</p> <p>The Heat Rate shall be the corresponding value under the GNPHR Table or the actual heat rate for the relevant billing period, whichever is lower.</p> <p>h. 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 abovesaid fuel price and GNPHR shall be used for each Contract Year of the evaluation.</p> <ul style="list-style-type: none"> • No Take-or-Pay on Variable Costs, which includes Variable O&M Fee and Fuel Cost • Separate line item proposal for monthly Line Rental cap, as proposed by Bidder, which shall be fixed during the Required Contract Period but not exceeding PhP 0.3000/kWh. • Separate line item proposal for the Bidder's Value Added Tax (VAT) rate that is applicable to its Offered Contract Price. • Subject to Material Adverse Government Action, the VAT status declared by the Bidder upon submission of its Bid is binding upon the said Bidder for the Required Contract Period of the PSA. For clarity, if the VAT status of the Bidder changes in the future for reasons other than Material Adverse Government Action, then costs
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	<p>resulting from such change cannot be passed on to consumers.</p>
Payment Modalities	<ul style="list-style-type: none"> • Mode of Payment: All payments by Meralco shall be made by wire transfer of cleared funds to such account/s as Power Supplier may notify in writing. • Currency of Payment: Philippine Peso (PHP) and, for any tariff structure component in US Dollar (USD), in USD. • Billing Period: <ul style="list-style-type: none"> (i) The period from and including the COD until the twenty-fifth (25th) Day of the calendar month when the COD occurs (or, if the COD occurs after the twenty-fifth (25th) Day of the calendar month, the Billing Period is from such date until the twenty-fifth (25th) Day of the next calendar month); (ii) Each successive period ending on the twenty-fifth (25th) Day of each successive calendar month thereafter; and (iii) For the final Billing Period, the period starting immediately after the end of the next to last Billing Period of the Term to the last Day of the Term, or, if the PSA is terminated earlier in accordance with its terms, from the twenty-sixth (26th) Day of the calendar month preceding the calendar month in which the PSA is terminated until the Day of termination.
Technical Parameters	<ul style="list-style-type: none"> • Separate Delivery Points for each power plant generating unit as registered with the WESM. For clarity, the Delivery Points should be interconnected with the Luzon, Visayas or Mindanao grid upon COD and able to export power to the Luzon grid upon COD. • If multiple units, minimum of 150 MW per unit and it should have the same fuel type and Guaranteed Net Plant Heat Rate. • Bidder shall offer fuel using a technology that complies with the prevailing emission standards under pertinent DENR issuances on emission and other environmental standards for power plants. • No capacity and electrical output, to the extent of Contract Capacity, shall be contracted under an agreement apart from the PSA resulting from this Bidding. • If Bidder forms a partnership or consortium for the purpose of this bidding, must be evidenced by an agreement showing that their liability in this Bidding and the resulting PSA is solidary.

Outage Allowance (“OA”)	<ul style="list-style-type: none"> Scheduled OA and Forced OA shall not exceed the allowable planned and unplanned outages for similar plant technology under 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". For clarity, if the Bidder's plant technology is not in the above-mentioned ERC Resolution, then its maximum allowed Scheduled OA and Forced OA are each assumed to be zero. No carry-over of OA No Major Maintenance OA
Supply and Replacement Power	<ul style="list-style-type: none"> If COD has not occurred as scheduled, (a) Power Supplier, for each day of unexcused delay, shall procure Replacement Power up to the Contract Capacity, <i>provided</i> 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; or (b) if Replacement Power is not available, pay Meralco Nine Hundred Eight Philippine Peso (PHP908) multiplied by each affected MWh nomination by Meralco plus applicable taxes, until the earlier of: (x) the COD and (y) the date sixty (60) Days after the Delay Limit Date (as defined in the PSA template). After COD, Replacement Power will be provided in the following manner: <ul style="list-style-type: none"> If within OA, the procurement of any Replacement Power shall be the responsibility of MERALCO. During such period within OA, MERALCO shall source Replacement Power from other suppliers or from the WESM, at its own expense, which expense shall be passed on to its customers as part of generation costs. If beyond OA, the procurement of any Replacement Power shall be the responsibility of Power Supplier. In the event of failure by 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; <i>provided</i> 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. Subject to the OA, Power Supplier shall ensure 100% availability of the Contract Capacity for all hours. If Power Supplier cannot provide Replacement Power from any other source or WESM due to inadequate supply, Power Supplier shall pay a fine equivalent to

	<p>Nine Hundred Eight Philippine Peso (PHP908) multiplied by each affected MWh nomination by Meralco plus relevant transaction cost and applicable taxes, which shall be used to reduce the generation charge to the consumers.</p>
Force Majeure	<ul style="list-style-type: none"> • An Event of Force Majeure shall mean any circumstance not within the reasonable control, directly or indirectly, of the Party affected, but only and to the extent: <ul style="list-style-type: none"> (a) Such circumstance, despite the exercise of reasonable diligence, cannot be prevented, avoided, or removed by such Party; and (b) Such event prevents such Party from performing its obligations under the PSA. • The affected Party shall be excused from performance to the extent affected by, and shall not be considered to be in default in respect of, any obligation under the PSA (including any obligations of Meralco to pay the Contract Price) for so long as failure to perform such an obligation shall be due to an Event of Force Majeure. • In case of an Event of Force Majeure affecting Power Supplier, Parties may agree that Meralco shall have the option to require Power Supplier to make available the Contract Capacity and deliver the Associated Energy from WESM and/or any other source, and MERALCO shall pay Power Supplier at the Contract Price. For avoidance of doubt and notwithstanding any other provision of this Agreement, should the Meralco decide not to exercise such option, Meralco shall not be required to make any Capital Recovery Fee, Fixed O&M Payment and Interconnection Fees payment, in respect of (i) any Contract Capacity and Associated Energy that is unavailable due to an Event of Force Majeure, or (ii) any Contract Capacity and Associated Energy that Meralco cannot receive or deliver to its customers due to an Event of Force Majeure. In respect of item (ii) in the foregoing sentence, Power Supplier shall not be required to supply Meralco and may freely sell the Contract Capacity or the affected portion thereof to interested parties, including the WESM.
Grounds for Termination	<ul style="list-style-type: none"> • Event of Default • Non-Fulfilment of Conditions to Effective Date • Non-Occurrence of Commencement Date or COD • Certain Events of Force Majeure • Expiration of Term • Material Adverse Government Action, without prejudice to prior exercise of available remedies under the PSA
Liquidated Damages	<p>Upon the occurrence of an Event of Default ("EOD"), one of the remedies available to the non-defaulting Party is</p>

	liquidated damages, in lieu of all other damages to which it may be entitled in respect of such EOD. In case of Power Supplier EOD, Power Supplier shall pay the present value (using a discount rate of 12% p.a.) of the amount equivalent to the product of the average Contract Price for the past twelve (12) months (at the time of the occurrence of Power Supplier EOD) and the replacement energy for the remaining Term of the PSA. For clarity, the replacement energy shall be the energy equivalent to the product of (i) the Contract Capacity, (ii) the number of days for the remaining Term net of Outage Allowance days, and (iii) 24 hours.
Reduction in Contract Capacity	The Contract Capacity and Associated Energy may be reduced equivalent to the reduction in the demand of captive customers of Meralco in order to avoid stranded contract capacity or costs, or by reason of the implementation of Retail Competition and Open Access, the Renewable Energy Law, or other Laws and Legal Requirements.
Obligations of Meralco	Meralco shall purchase from Power Supplier, to the extent of Meralco's relevant day-ahead nominations, the Contract Capacity and Associated Energy.
Other Relevant Information	<ul style="list-style-type: none"> • The Bidder's Headline Rate and the LCOE Rate shall be computed and evaluated based on a plant capacity factor corresponding to the Bidder's submitted OA. • The Bidder's Headline Rate and LCOE Rate are both subject to a pre-determined Reserve Price, which will only be revealed by the BAC-PSA to Qualified Bidders during the opening of the Bids.

In order to become an Interested Bidder and obtain a copy of the Bidding Documents in this Bidding, parties interested should submit, using the email of its authorized representative indicated in the Expression of Interest, a clearly scanned copy (.pdf file format) of an accomplished Expression of Interest, Confidentiality Undertaking and Acknowledgement and Consent Form for Data Privacy, in the form and substance made available on Meralco's website <<https://company.meralco.com.ph/csp/ongoingbids>>, to the **BAC-PSA Secretariat** through its email address: **BACPSASecretariat@meralco.com.ph** **no later than 4:00 P.M. of 13 November 2023** ("Expression of Interest Deadline"). For this purpose, the subject of all email communications should start with "**1,800 MW CSP** – [*proceed to state subject matter*]" and the official time and date of receipt of the emailed submissions shall be the electronic time and date stamp of receipt by the BAC-PSA Secretariat's email. Upon the BAC-PSA Secretariat's receipt of said submission, it will electronically acknowledge the receipt thereof and proceed to evaluate if the submissions were properly made and is in accordance with the Terms of Reference Table. If the submissions are in order or found compliant, the BAC-PSA Secretariat will then send to the concerned party the payment instructions of the Participation Fee (defined below), which may include the bank account details for the cash, manager's check deposit, or online fund transfer payment, with instruction for the

transmittal of the scanned copy (.pdf file) of the proof of payment (e.g. cash/manager's check deposit slip, or online fund transfer acknowledgment). After the BAC-PSA Secretariat's validation of MERALCO's receipt of the concerned party's proof of payment, the BAC-PSA Secretariat shall then transmit by email the corresponding scanned copy of the Official Receipt of the payment of the Participation Fee. This email will be accompanied by a link to a cloud-based online repository/folder containing its Bidding Documents, which shall be accessible and available only for that particular party through the registered email/s of its authorized representative/s indicated in its Expression of Interest and/or bidder-specific passwords.

Furthermore, in order to become an Interested Bidder and obtain a copy of the Bidding Documents, payment by cash, manager's check deposit, or online fund transfer of a non-refundable fee of the higher between **Two Million Five Hundred Thousand Pesos (PHP2,500,000.00) and Twelve Thousand Pesos (PHP12,000.00) multiplied by MegaWatt (MW) of Offered Contract Capacity, inclusive of VAT and net of creditable withholding tax ("Participation Fee"), which must also be made no later than Expression of Interest Deadline.** If an interested party is a zero-rated VAT entity or exempt from VAT, it shall pay the Participation Fee exclusive of VAT together with a copy of the certificate issued by the Philippine Economic Zone Authority ("PEZA") or the Board of Investments ("BOI") that the payment of Participation Fee by such entity is subject to zero percent (0%) VAT, or a copy of certification that the said entity has exemption under special laws or international agreements which effectively subjects the payment of Participation Fee to zero percent (0%) VAT.

After the Expression of Interest Deadline, Interested Bidders may increase (but not decrease) their indicated Offered Contract Capacity and/or change their indicated Nominated Plant/s no later than **4:00 P.M. of 19 December 2023**, subject to the Interested Bidder's simultaneous payment of the additional proportionate Participation Fee and submission of a new Expression of Interest form reflecting the said change/s.

The BAC-PSA shall conduct a Pre-Bid Conference at **1:30 P.M. to 4:00 P.M. 20 November 2023** through virtual video conferencing. Prior to the Pre-Bid Conference, Interested Bidders are requested to submit advance queries or requests for clarifications to the Bidding Documents **on or before 4:00 P.M. of 15 November 2023** to the BAC-PSA Secretariat through the following email address: BACPSASecretariat@meralco.com.ph and using the Bidder's queries/comments matrix template made available on Meralco's website. The BAC-PSA shall consolidate the said advance queries and prioritize the discussion thereof during the Pre-Bid Conference, however, if time permits, the BAC-PSA may entertain and discuss additional queries raised by the Interested Bidders. Only the Interested Bidder's authorized representatives (not more than three (3) persons) indicated in the Expression of Interest are allowed to attend and participate in the Pre-Bid Conference, together with the invited DOE and ERC observers.

In order to qualify to bid, an Interested Bidder shall submit to the BAC-PSA Secretariat, **on or before 9:00 A.M. of 26 December 2023** (the "**Bid Submission Deadline**"), by uploading to the cloud-based online repository/folder assigned to the Interested Bidder, three (3) separate and password-protected zip

folder (.zip file) containing the scanned copies (.pdf file) of its (a) Qualification Documents (Envelope 1) to demonstrate its compliance with all the Legal and Financial Qualification Requirements; (b) Technical Proposal (Envelope 2); and (c) Bid Price (Envelope 3), which includes the **Bid Security** (comprised of the Base Amount and any increments thereto required from the Bidder as a result of the applicable circumstances prescribed in the Bid Requirements) **equivalent to three (3)-month contract cost of the proposed PSA computed using the bid price offered by the Interested Bidder**. 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 at the **Lobby, Lopez Building, Meralco Center, Ortigas Ave., Pasig City** the Original Copy of all the said documents, including the latest original copy of the Expression of Interest, Confidentiality Undertaking and Acknowledgement and Consent Form for Data Privacy, all placed in a sealed box. Immediately after the Bid Submission Deadline, the BAC-PSA Secretariat shall begin to switch the Interested Bidder/s' ability to edit/write/upload to the cloud-based online repository/folder to the read-only mode and the original copies of all documents submitted may no longer be replaced.

Thereafter, the opening, assessment and evaluation of the said bid submissions will proceed at **9:30 A.M. of 26 December 2023**, through virtual video conferencing, and will continue such opening, assessment and evaluation on such other day/s as may be determined by the BAC-PSA. During the opening of the bid documents, only when the Interested Bidder's name is called will it be instructed to email to the BAC-PSA Secretariat the password for the pertinent zip folder/file to be opened by the BAC-PSA. Only the Interested Bidders that timely and completely submitted their bid documents (represented by their authorized representative/s named in their Expressions of Interest) by the Bid Submission Deadline in accordance with requirements and conditions specified in the Instructions to Prospective Bidders are allowed to attend and participate in the opening of the bid documents, together with the DOE and ERC observers invited by the BAC-PSA.

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

CERTIFICATION

As Chairman of Meralco's BAC-PSA, I hereby certify that this Invitation to Bid, including the Terms of Reference Table, were circulated and approved by the BAC-PSA at Pasig City, Philippines.

(sgd)

Lawrence S. Fernandez
Chairman

Contact Information:

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

Attention: Atty. Raymond B. Yap, BAC-PSA Secretariat

Email: BACPSASecretariat@meralco.com.ph

CSP website: <https://company.meralco.com.ph/csp/ongoingbids>

Address: Lopez Building, Meralco Center, Ortigas Ave., Pasig City

Tel. No.: 16211 (trunkline)