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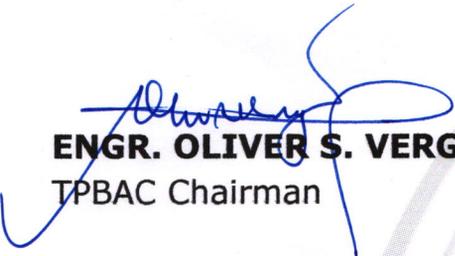
Procurement of 36MW Baseload Power Supply Agreement

This has reference to the written requests for clarification submitted by the Bidders last June 17-18, 2021. In this regard, the responses of the TPBAC are stated in the attached document. This document shall form part of the Bidding Document (Instruction to Bidders).

For your information and guidance.

Approved by: **PELCO 1 TPBAC**

Noted by:


ENGR. OLIVER S. VERGARA, MEM
TPBAC Chairman


ENGR. ALLAN E. DAVID
OIC-General Manager

 /  / DTG /  /  / 

AREA COVERAGE:

ARAYAT
0917-543-0705
(045) 885-0041

CANDABA
0917-543-0707
(045) 875-1765/966-0269

MAGALANG
0917-543-0706
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MEXICO
0917-543-0707
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SAN LUIS
0917-543-0708

STA. ANA
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No.	Bidder	Document/ Clause No./ Source Data	Description	Bidder's Comments/Questions/Clarifications	PELCO 1 Response
1	MPPCL	ITB, Evaluation of Bid Price, item 12, page 26	<p>Discounted Adjusted Generation Cost. The adjusted annual generation costs from 2023 to 2032 shall be added together and translated to their discounted value in 2021 using Present Worth Factors (PWF). A discount rate equal 6.5% shall be used.</p> $PW\ GenCost_{2021} = \sum_{2023}^{2032} \frac{GenCost_{year}^{Adj}}{(1 + PhCPI)^{year-2021}}$	<p>[1] The given value of the PhCPI as provided in the bidding documents equivalent to 3.04%, is intended to escalate the FOM and/or VOM components of the Rate. For purposes of determining the LCOE, a specific value for the Discount Rate was also provided equivalent to 6.5%. The computation sheet actually considered the Discount Rate in the calculation of the LCOE, thus, may we suggest that the above formula be revised to change the PhCPI to "r" which represent the discount rate of 6.5%. MPPCL suggests the following revised formula:</p> $PW\ GenCost_{2021} = \sum_{2022}^{2032} \frac{GenCost_{year}^{Adj}}{(1 + r)^{year-2021}}$ <p>Where: r = discount rate of 6.5% The above formula is consistent with the financial bid form.</p> <p>[2] The PW GenCost should include values of CY2022, as per Financial Bid Form, there are about 3 months billing period under CY2022. Hence, the formula should start at CY2022 instead of 2023.</p>	For evaluation purposes, the suggestions were considered. The ITB was revised accordingly.
2	MPPCL	ITB, Evaluation of Bid Price, item 13, page 26	<p>Levelized Price. The Levelized Price shall be calculated by determining the 2021 discounted value of the annuitized Adjusted Generation Cost, divided by the average of the annual energy forecast for the 10-year period (n = 10).</p> $Levelized\ Price = \frac{PW\ GenCost_{2021}}{Annuity\ Factor}$ $Annuity\ Factor = \frac{(1 + PhCPI)^n - 1}{PhCPI \times (1 + PhCPI)^n}$	<p>The formula in calculating Levelized Price may not work under the current circumstances of the bid as there is different energy requirement for CY2022 (partial year) as compared to the values for CY2023 to 2032 (full year).</p> <p>The formula and definition of Levelized Price mentions of the use of simple average of the annual energy forecast. However, in the computation sheet, the discounted value of the annual energy (row 32) was used in the derivation of the LCOE of PhP4.5745/kWh. Either we correct the above-written formula and definition or revise the computation sheet to be consistent with the written formula and definition.</p> <p>Similar to the comment on item 12, we suggest that the above formula be revised to change the PhCPI to "r" which represent the discount rate of 6.5%.</p> <p>MPPCL suggests the following revised formula to be consistent with the formulas used in the computation sheet of the Financial Bid form:</p> $Levelized\ Price = \frac{PW\ GenCost_{2021}}{PW\ Energy_{2021}}$ $PW\ Energy_{2021} = \sum_{2022}^{2032} \frac{Energy_{year}}{(1 + r)^{year-2021}}$ <p>Where: r = discount rate of 6.5%</p>	For evaluation purposes, the suggestions were considered. The ITB was revised accordingly.

3	MPPCL	ITB, Failure of Bidding, item 1, page 32	The TPBAC may declare a failure of CSP under any of the following conditions: a. No Bids were received; b. Only one (1) Bid was received; c. All Bidders are declared ineligible; d. All Bids fail to comply with all the requirements or fail the post-qualification; e. The Bidder with the LCRB refuses, without justifiable cause, to accept the award of PSA, and no award is made.	Aside from items a, b, c, d and e what if only one (1) Bidder meets or complies with the requirements prescribed by the TPBAC, will this be considered a successful or failed bidding?	If more than one (1) bid were received by the TPBAC, then only one (1) bid had qualified the eligibility screening and passed the evaluation and post-qualification, the bidding is considered successful.
4	MPPCL	ITB, Annex C, L1, page 43	Registration Certificate from SEC	When MPPCL was established in 2007, it was not issued a Certificate of Incorporation by SEC because it is not a corporation. Instead, it was issued Articles of Partnership dated June 23, 2007 which proves that it is already registered in the Book of Partnerships of SEC. We have been submitting this document in the previous CSPs participated in by MPPCL. Please confirm that this is already sufficient for this requirement.	Provide a narrative statement/justification of its sufficiency and attach equivalent documents similar to GIS to verify the general information such as capitalization, etc.
5	MPPCL	ITB, Annex C, T13, page 45	Proof of availability of contingency fuel supply for at least 30-days running period	Will the monthly reports to the DOE on the contingency fuel supply for 30 days be sufficient?	In addition to the Attachment Item No. 11 of the SB No. 2021-06 dated June 17, 2021, include a copy of monthly reports submitted to the DOE from January to May 2021,
6	MPPCL	ITB, Annex C, T16, page 45	Annual Maintenance Schedule for 2021 of nominated plant/s	Can the Bidder submit an acknowledgement receipt/email from NGCP of the maintenance schedule submitted by the Bidder to NGCP?	Submit a copy of annual maintenance plan for 2021 submitted to NGCP. Include the acknowledgement receipt/email from NGCP of such submission.
7	MPPCL	ITB, Annex C, TB1, page 46	Scheduled and Unscheduled Outage Hours Allowance	Please confirm if the document to be submitted for this requirement will be the Outage Allowance offered by the Bidder per item 7 of the TOR.	Submit a letter of commitment indicating the Scheduled and Unscheduled Outage Hours Allowance.
8	MPPCL	SB No. 2021-03, item 44, page 6	Financial Ratios	Based on Supplemental Bulletin No. 2021-03, your response on the minimum requirement for the ratios is based on ERC Resolution No. 3-2021, DSCR = 1.25x. Is it also a requirement to submit the DSCR computation in relation to the Financial Ratios stated on page 16 of the ITB?	In addition to the Financial Ratios, submit a copy of the latest DCSR calculation (based on the latest AFS) submitted to the ERC. Also, submit a copy of the latest "Program to Comply" submitted to the ERC.
9	MPPCL	ITB, Annex F, page 50	Statement of Completed, Ongoing & Awarded but Not Yet Started Projects/Contracts	[1] May we suggest to limit to PSAs only. [2] On which folder will this document be included and how will it be labeled? Will this be attached to F3 of the Checklist as supporting document for the calculation of the NFCC? [3] Can the Bidder submit any of the following supporting documents (NOA, NTP or ERC Decision on PSA/CSEE)?	[1] Annex F will be used in the calculation of NFCC of the Bidder. Thus, it must include all ongoing projects/contracts of the Bidder. [2] Annex F will be attached in the NFCC document. [3] Yes
10	MPPCL	SB. No. 2021-003, item 103, page 13	Force Majeure	Considering that the pricing is purely energy and that the billing determinant is the Billing Energy, which is supposedly reflective of any impact of events of Force Majeure, then, said Billing Energy should be paid with CRF, FOM, VOM and Fuel Fee comprising the Base Energy Charge. Please confirm.	Supplier will be paid on actual energy consumed by PELCO1 during event of FM.

11	MPPCL	Bid Form, Computation Sheet	Bid Form	It was observed that the financial Bid Form used CY2022 as year Zero (0) and CY2023 as year 1 and onwards. However, this is not consistent with PELCO I's intention to set the levelized price at CY2021, hence, the LCOE calculation should be revised accordingly so that year 2021 is the year zero.	For evaluation purposes, the suggestions were considered. The Bid Form was revised accordingly.
12	MPPCL	Bid Form, Computation Sheet	Bid Form	[1] In the column where Bidder needs to specify "YES" or "NO" in the Use of Escalation, there should be separate columns for an Escalation that applies to more than one (1) price component. [2] Will the escalation of the price be implemented on a monthly or annual basis? [3] Will the escalation be made effective from start of supply (1st Billing Period if adjustment is on a monthly basis) or by the beginning of the 2nd Contract Year (after the initial 12 Billing Periods) if adjustment in price is on annual basis?	[1] The suggestions were considered. The Bid Form was revised accordingly. [2] For evaluation purposes, the escalation is on annual basis. [3] On the PSA, the escalation will be implemented quarterly.
13	MPPCL	Bid Form Template	Bid Form	[1] There is no yellow cell for FOM and/or Fuel where the Bidder can indicate the specific percentage share and the specific index on the Bid Form for its proposed escalation of the price. [2] Please see suggested template for indication of escalating share, foreign/local portion(s) and applicable index.	The Bid Form was revised accordingly.
14	MPPCL	ITB, Format and Signing of Bids, item 11, page 19 Bid Form Template Other comments	The Total Bid Price in the Bid Form shall be in written words and in figures, both expressed in Philippine Pesos (Php). Prices not expressed in Php shall be rejected outright.	[1] There seems to be no portion in the Bid Form Template (Excel) where the Bidder can indicate the Total Bid Price expressed in words as required in the Format and Signing of Bid, Item 11, page 19 of the ITB? Where can we indicate the Total Bid Price in words? [2] Should the Bidder indicate in the "DATE" portion (cell B72): a. the exact date of submission of the Bid Proposal or; b. 2 July 2021 which is the Bid Opening Date as indicated in the Revised Bidding Schedule. [3] When will the TPBAC provide the draft PSA to the Bidders? Will you give time for the bidders to submit queries and comments?	[1] The Bid Form was revised accordingly. [2] The date of signing of the Authorized Representative in the hard copy of the Bid Form. [3] The draft PSA was provided to the Bidders. However, such draft PSA is subject to further negotiation.
15	TLI	ITB, Annex C, T11, page 44	Valid Fuel Supply Agreement (FSA) covering at least the first three (3) years...	We can only submit the two existing contracts, one is up to 2022 and the other one is up to 2023. We don't have an ongoing negotiation/ arrangement for a future contract as it is still too early. In lieu of this, we can submit a certification of track record of TLI having a dedicated fuel management team purchasing coal for more than 10 years – is this acceptable to the TPBAC?	Provide a narrative statement/justification for any non-compliance to the requirement/s.
16	TLI	ITB, Annex C, T12, page 45	Key terms of the Fuel Supply Agreement (e.g., indexation to a reference market price);	Due to the confidentiality provisions of the FSAs, we need to seek consent from the fuel suppliers. In case we would not be able to get consent, will the TPBAC accept a redacted copy of the FSA to show only the more relevant information?	Bidders are advised to seek consent from other contracting party/ies. Provide narrative statement/justification for any non-compliance to the requirement/s.
17	TLI	ITB, Annex C, T11, page 50 SB No. 2021-03, Item No. 44, page 6 of 18	Financial Ratios indicating liquidity measurement ratio, debt ratio, profitability ratio and operating performance ratio May we know if there is a minimum requirement for the ratios? ERC Resolution No. 3-2021, DSCR = 1.25X	ERC allows for GenCos/IPPAs to submit a Program to Comply with the 1.25X DSCR requirement. Will the TPBAC accept this as well?	In addition to the Financial Ratios, submit a copy of the three (3) years DCSR calculation based on the submitted three (3) years latest AFS). Also, if applicable, submit a copy of the latest "Program to Comply" submitted to the ERC.

18	TLI	ITB, Annex F, page 50	Statement of Completed, Ongoing & Awarded But Not Yet Started Projects/Contracts Note: This statement shall be supported by proof such as: 1. Notice of Award 2. Notice to Proceed 3. ERC Decision on PSA/CSEE	[1] For ECs, will copies of Application cover pleading to ERC will suffice? [2] For Private Customers, will the first page of the PSA suffice?	[1] Yes [2] Yes.
19	TLI	ITB, Annex C, T2.h, page 44	Number and average duration of scheduled and unscheduled outages for the last two (2) years; or the actual outage data for new power plants operating for less than two (2) years supported by a certification issued by the System Operator or client DU.	Please clarify if we still need to submit certification from NGCP if our power plants have been operating for more than two years.	The ITB was revised. Yes, SO/NGCP certification is required notwithstanding the number of operating years.
20	TLI	ITB, Annex C, T4, page 44	Evidence of ownership of right, title or interest in the site/s such as land title or lease agreement with the land-owner of the site where nominated plant/s is/are located;	TLI is the IPPA for Pagbilao 1 & 2. As in all IPPA/BOT arrangements, NPC/PSALM is responsible for securing land requirements of the power plants whereby the plant operator is granted possessory rights to the said lands. Accordingly, IPP Administrators will only secure land rights upon turnover of the plant. In lieu of this, can we submit Certification that TLI is the IPPA for Pagbilao 1 & 2?	Provide narrative statement/justification or submit relevant certification/document for this requirement.
21	SNAPMI	ITB, Annex C, B5, page 45	Certificate of No Unsatisfactory Performance issued by the contracted customer/s (preferably DUs); The Bidder must submit certificates from at least 50% of its customers	We recognize the intent of PELCO I to prove that Bidders do not have unsatisfactory performance with their existing customers. Due to volume, confidentiality, and sensitivity of customers, may we request to lower the minimum Certificate of No Unsatisfactory Performance to at least 2 certificates?	Bidders are advised to seek consent from other contracted customer/s. Provide narrative statement/justification for any non-compliance to the requirement/s.
22	SPPHI	General	Eligibility	Can we confirm that the Bidder's Nominated Plant can be a greenfield plant under a wholly-owned SPV of the Bidder?	Yes
23	SPPHI	General	Source of Supply	Kindly confirm if there is flexibility in the source from WESM and/or third-party plants.	Provide the Detailed Supply Plan during the PSA period (refer to Annex C, TB2)
24	SPPHI	ITB, Annex C, F1, page 44	Audited Financial Statement	Provided that the deadline of filing for the 2020 AFS is on the 3rd quarter of 2021, can the Bidder submit its AFS from 2017 to 2019 instead?	Provide the <u>latest</u> three (3) years AFS.
25	SPPHI	ITB, Annex C, F5, page 44	Notarized Guarantee Certificate issued by the parent company and the past three (3) years consolidated AFS, stamped "received" by the BIR. The consolidated AFS must show Unrestricted Net Worth of at least 30% of the equivalent one (1) year contract cost of the PSA.	If the Bidder is the parent company, can the Notarized Guarantee Certificate be signed by the controlling shareholder, who is a natural person?	Yes, provided that the natural person has the capacity to guarantee by submitting sufficient documents proving such capacity. Bidder may also consider Credit Line Certificate issued by a commercial bank.
26	SPPHI	ITB, Technical Documents	Technical Documents	If the requirements under Technical Documents is available for the nominated greenfield plant, can the Bidder no longer submit the documents of its reference plants? For example, we will submit Land Titles for the nominated greenfield plant. Will we then need to submit Land Titles for the reference plants?	Available documents for the nominated plant/s are sufficient.
27	SPPHI	ITB, Annex C, B5, page 45	Certificate of No Unsatisfactory Performance issued by the contracted customer/s (preferably DUs)	Can a Certification as Eligible FIT plant from TransCo fulfill this requirement?	Provide a narrative statement/ justification.

28	SNAPMI	ITB, Annex C, TB1, page 45	Detailed Supply Plan during the PSA period, containing but not limited to: how the bidder will supply the 36MW baseload requirement, indicating the supply sources and capacity, dispatch schedule, and replacement power during outages	To further know the scope of requirement, may we know the intent of PELCO1 in this requirement? What specific details would PELCO I want to verify?	To determine the plant source (name of nominated plant), the capacity in MW (or percentage) of supply, the amount of energy in MWH (or percentage) to be delivered, the schedule of dispatch during normal operation or during outage of the nominated plant/s, and the source of the replacement power.
29	SCPC	ITB, TB2, page 45	Scheduled and Unscheduled Outage Hours Allowance	[1] Kindly confirm if this is the Bidder's offered Outage Hours Allowance (relative to the PSA)? [2] For uniformity purposes, can PELCO 1 provide a template for this?	[1] Yes [2] No prescribed template, individual format.
30	SCPC	ITB, F2, page 44	Calculation sheet of the Financial Ratios	What particular year are you referring to?	One (1) calculation sheet for each AFS. Meaning, three (3) calculation sheets for the three (3) AFS.
31	EDC	ITB, Eligible Bidders, item 4, page 10	The "perpetual share" pays a fixed dividend to the investor for as long as the company is in business. It does not have a maturity, or specific buyback date but does have redemption features.	EDC has voting and non-voting preferred share on our AFS. Kindly confirm if PELCO I is referring to the voting preferred shares with the use of the term perpetual shares. If not, shall we just indicate 0 in the formula for the Unrestricted Net Worth since the Bidder has no perpetual shares in the AFS?	Yes
32	EDC	ITB, Financial Bid, item 4, page 17	The Bid Price for each power plant technology offered by the Bidder shall be based on March 2021 reference market prices and indexes that will be reflected in the PSA as indicated in the table below. This shall be referred to as the "Base Price" or "TCGR" for the month of March 2021.	We suggest to retain the wording "that will be reflected in the PSA" as the reference prices and indices used in the evaluation should also be reflected in the PSA.	This will be discussed in the PSA during contract negotiation.
33	EDC	ITB, Financial Bid, page 17	Index: Coal Base price: 73.28 USD/MT Source: 5-year Historical (2016-2020) and 10-year Price Forecast (2021-2030), Australian Coal Price, Monthly Prices in 2016-2030, World Bank Commodity Price Data (The Pink Sheet), https://www.worldbank.org/en/research/commoditymarkets#1	We suggest to retain the Base Price of 94.92 USD/MT (March 2021) since the base prices for the other indices are also using March 2021 values. The α can use 5-year historical and 10-year forecast since we are projecting the escalation. But for the base prices, the actual values for the specified base period (March 2021) is already available and must be used. Considering that fuel tariff components will be escalated by getting annual growth relative to base period of March 2021, then starting point (base) of fuel index must be the actual figure for March 2021 as well. To illustrate, using 73.28 USD/MT coal price as starting point means that escalation will be computed relative to this lower figure. Escalation % will be faster as compared to using actual March 2021 coal price of 94 USD/MT. Note that numerator using actual coal price divided by lower base index (denominator) will result into higher or faster escalation in the actual PSA.	For evaluation purposes, the TPBAC, after thorough evaluation, had decided to set the coal base price to 73.28 USD/MT .
34	EDC	ITB, Format and Signing of Bids, item 5, page 18	Except for pages where the signature of the authorized representative is specifically required...	Is it acceptable if Bidders submit documents signed in each of the pages since these are prepared/signed before PELCO 1 issued the revised ITB?	Yes, acceptable.
35	EDC	ITB, Opening of Bids, item 1, page 21	Each bidder is allowed to be represented by maximum of three (3) duly authorized representatives.	May we be allowed to have 1 or 2 more representatives as observer(s) for the Opening of the Bids?	No. Each Bidder must have a maximum of three (3) authorized representatives only.
36	EDC	ITB, Evaluation Methodology, item 4, page 25	The discount rate I to be used in the evaluation of bid price is 6.5%.	Should the variable used be r instead of I? The variable r was used in the Annuity formula.	ITB was revised accordingly.

37	EDC	ITB, Evaluation Methodology, item 12, page 26	Discounted Adjusted Generation Cost	The denominator in the formula should use the discount rate indicated (i.e. r = 6.5%) instead of PHCPI.	ITB was revised accordingly.
38	EDC	ITB, Annex A: TOR, page 40	Reference 17. Nomination Protocol	Per the Attachment of SB No. 2021-03, there is a sample draft of the Nomination Protocol and it is being reviewed by the TPBAC. May we follow up if this can be sent ASAP for the Bidder's review?	Nomination Protocol will form part of the contract.
39	EDC	ITB, Annex C, L2, page 42	Articles of Incorporation (AOI) and By-Laws (BL) or Memorandum of Association or Partnership	Can we submit only the final amended copy of the AOI?	Yes
40	EDC	ITB, Annex C, F2, page 44	Calculation sheet of the Financial Ratios	Should the calculation of the Financial Ratios be strictly based on AFS? Is this based on the latest AFS only (2020) or should there be 1 calculation sheet each for 2018, 2019 and 2020?	One (1) calculation sheet for each AFS. Meaning, three (3) calculation sheets for the three (3) AFS.
41	EDC	ITB, Annex C, TB2, page 45	Scheduled and Unscheduled Outage Hours Allowance	The Bidder can provide the 2021 Scheduled Outage. For the Unscheduled Outage, can the Bidder provide only for the Jan-May 2021 since we cannot indicate the "unplanned outage" for the rest of the year?	Submit a letter of commitment indicating the Scheduled and Unscheduled Outage Hours Allowance
42	EDC	ITB, Annex F, page 50	Statement of Completed, Ongoing & Awarded But Not Yet Started Projects/Contracts	Since this is a supporting document for NFCC, may we confirm that this is for the nominated plant only?	The NFCC is for the Bidder. Thus, all ongoing projects/contracts must be included.
43	EDC	ITB, Annex F, page 50	Value of Outstanding Works/Undelivered Portion	The amount of each contract is subject to confidentiality, can we just indicate the total value of outstanding works/undelivered portion for all the contracts?	Company name may be represented by X, Y, or Z. However, the amount of each ongoing project/contract must be disclosed in the calculation sheet of the NFCC, subject for verification during post-qualification.

Abbreviation of Bidders:

- 1 TeaM Energy Corp. ("TEC")
- 2 Sem-Calaca Power Corp. ("SCPC")
- 3 AC Energy Corp. ("ACEN")
- 4 Solar Philippines Power Project Holdings Inc. ("SPPPHI")
- 5 Energy Development Corp. ("EDC")
- 6 Therma Luzon Inc. ("TLI")
- 7 Masinloc Power Partners Co. Ltd. ("MPPCL")
- 8 SN Aboitiz Power - Magat, Inc. ("SNAPMI")