

INVITATION TO BID

Pursuant to the Department of Energy (“DOE”) Circular No. DC2018-02-0003, Series of 2018, LA UNION ELECTRIC COMPANY, INC. (“LUECO”), through the Third Party Bids and Awards Committee (“TPBAC”), hereby invites all interested and qualified parties (each, a “Bidder”) to participate in the Competitive Selection Process (“CSP”) in respect of the following proposed supply of electricity:

TERMS OF REFERENCE (“TOR”)

Item	TERMS OF REFERENCE	REQUIREMENTS
1	Type of Contract	Baseload & Load Following, Firm
2	Technology of Source Plant	Open Technology
3	Required Contract Capacity	43 MW – 64 MW, including any future load growth
4	Required Contracted Energy	Power Supplier shall be responsible for providing for the full energy requirements of LUECO, net of any reduction by reason of the enforcement of Retail Competition and Open Access and the Renewable Energy Law. This is projected to be between 224,962 MWH - 337,349 MWH per year.
5	Commencement Date of Supply	August 26, 2021 or upon approval by the ERC whichever is later but to coincide with NGCP Billing every 26 th day of the month.
6	Contracted Term	Commencement date up to February 25, 2032
7	Tariff Structure	<p>Base Energy Rate (BER) in Php/kWh subject to the following:</p> <ul style="list-style-type: none"> • 50% maximum of the BER can be escalated at an annual rate not greater than 3.5% beginning on the second contract year • Inclusive of Line Rental and all other market related charges • Exclusive of VAT <p>Bids shall be evaluated based on Levelized Cost of Electricity (LCOE) after VAT, whenever applicable which shall be derived using the LCOE calculation sheet. The Bidder’s Proposed Price (for the first Billing Year) and its LCOE are both subject to pre-determined “Reserve Prices”.</p> <p>Bid VAT Rate shall be the maximum VAT rate that Winning Bidder may charge LUECO for any given Billing Month.</p>
8	Power Act Reduction (PAR)	Power Supplier may opt to offer a Power Act Reduction (PAR) rate of Php 0.30/kWh applicable to energy affecting residential customers only (approximately 50% of LUECO’s

		<p>annual energy requirement; that the actual average for the last 5 years pre-COVID19 is 44%)</p> <p>This shall be included in the calculation of the LCOE.</p>
9	Outage Allowance	<p>Power Supplier shall guarantee 100% availability of supply at BER regardless of source plant's availability or unavailability whether due to a Planned or Unplanned Outage.</p> <p>In the case of Force Majeure Event affecting Power Supplier, Power Supplier shall continue to supply LUECO at BER or WESM Price at LUECO's Market Trading Node, whichever is lower.</p>
10	Replacement Power	<p>Replacement Power during Planned, Unplanned, and Force Majeure Outages of the source plants shall solely be for the account of the Power Supplier.</p>
11	Currency	<p>Price Offer and Power Bill shall be in Philippine Pesos</p>
12	Regulatory Approvals	<p>Power Supplier, together with LUECO, shall submit a Joint Application to ERC for the Approval of the Electricity Power Purchase Agreement (EPPA). Power Supplier shall make the necessary modifications in accordance with the directive of the ERC. Any modifications from the ERC shall: (1) not be a ground for the automatic discontinuance of the supply arrangement or termination of the EPPA, and (2) in the case of a rate disallowance, for the account of the Power Supplier.</p>
13	Tapping Point Substation/Metering Substation	<p>69kV Bauang Substation 115kV PPMC Substation</p>
14	Eligibility Requirements of Power Supplier	<p>Must have:</p> <ul style="list-style-type: none"> • a Certificate of Compliance (COC), and/or or documented Electricity Power Purchase Agreement (EPPA) for/with the intended source plant/s; for management of Plant, Independent Power Producer Administration Agreement (IPPAA) • experience in supplying to a Distribution Utility to be evidenced by an ERC approval or on-going ERC application; • sufficient available capacity to supply LUECO's requirements from Commencement date, to be evidenced by a notarized certification in the form and substance provided together with this TOR. • Proof of direct WESM Membership
15	Bid Security	<p>One Hundred Sixty Million Pesos (Php 160,000,000), equivalent to estimated two months average bill in the form of an Irrevocable Standby Letter of Credit (SBLC) in favor of LUECO.</p>

16	Validity of Bid and Bid Security	All Bid Security shall be valid until 60 days from Bid Submission Deadline. For winning bidder: Until Commencement Date.
17	Penalty for non-supply	Power Supplier shall pay a penalty equivalent to: 20% x GENRATE from the previous Billing Month x Unsupplied Energy Where: Unsupplied Energy = the average of the last 4 same day, same hour of the Trading Intervals affected by the loss of supply from Power Plant, WESM, and any other source which shall be used to reduce the generation charge to the consumers.
18	Performance Security	Power Supplier shall put a Performance Security in the form of an irrevocable Stand-By Letter of Credit equivalent to Three Hundred Fifty Million Pesos (Php 350,000,000.00) in the form of an Irrevocable Standby Letter of Credit (SBLC) in favor of LUECO which shall be drawn upon for the liquidated damages or market exposure that LUECO shall incur in an event of any default under the EPPA.
19	Other Relevant Information	<ul style="list-style-type: none"> • LUECO shall not be subjected to any Minimum Energy Off-take and shall be billed only as metered, net of any reduction by reason of the enforcement of Retail Competition and Open Access and the Renewable Energy Law. No penalty shall be imposed in case of consumption beyond contracted energy and demand. • Payment shall be made by LUECO within thirty (30) days upon receipt of Power Bill. • Bids for partial capacities (less than the required capacity up to end of Cooperation period) will not be accepted. • Only one tariff shall apply for the entire demand of LUECO.
20	Participation Fee	<ul style="list-style-type: none"> • All Bidders shall pay, in cleared funds on the date set in the <i>Expression of Interest Deadline</i>, by depositing to designated LUECO Bank account below, a non-refundable participation fee equivalent to Five Hundred Fifty Thousand Pesos (PhP550,000.00), VAT-inclusive and net of 2% EWT, in order to receive an official copy, electronic copy or otherwise, of the Bidding Documents. Only Bidders which paid the appropriate Participation Fee shall be allowed to participate in the Bidding and submit their Documents Submission.

		DBP Peso Account Number: 0570 004665 031 Account Name: LUECO
		<ul style="list-style-type: none"> • Bidders shall present proof of deposit to LUECO, subject to LUECO's validation of deposit with the bank.
21	Grounds for Termination of EPPA	<ul style="list-style-type: none"> • Upon expiry of EPPA. • Upon event of Default either by failure to supply on the part of the Supplier or failure to pay on the part of LUECO. • Upon mutual agreement. • Upon certain events of extended force majeure.

Power Generators/Suppliers who are interested to participate will be required to submit the accomplished Expression of Interest and Confidentiality Undertaking in the form and substance made available on LUECO website: www.luecoinc.com and email the accomplished form to TPBAC Secretariat via email address, lueco_csp@luecoinc.com and hard copies sent to through courier.

INDICATIVE SCHEDULE

	<u>ACTIVITY</u>	<u>START</u>	<u>END</u>
1	Publication of the Invitation to Bid		
	1st Publication	Tue, 05 Jan 2021	
	2nd Publication	Tue, 12 Jan 2021	
2	Submission of the Expression of Interest Deadline (“Expression of Interest Deadline”)	Wed, 06 Jan 2021	Tue, 19 Jan 2021
3	Issuance of Bid Documents	Sat, 09 Jan 2021	Thu, 21 Jan 2021
4	Pre-submission of comments	Tue, 12 Jan 2021	Mon, 25 Jan 2021
5	Pre-bid Conference	Wed, 03 Feb 2021	
6	Submission of Comments	Fri, 05 Feb 2021	Thu, 11 Feb 2021
7	Issuance of Bid Bulletins	Tue, 23 Feb 2021	Tue, 30 Mar 2021
8	Submission, Opening of Bids and Initial Evaluation of Bids (“Bid Submission Deadline”)	Mon, 12 Apr 2021	
9	Evaluation of Bids	Tue, 13 Apr 2021	Mon, 19 Apr 2021
10	Notification of Best Bid	Wed, 21 Apr 2021	
11	Post Qualification of Best Bidder	Tue, 20 Apr 2021	Sat, 24 Apr 2021
12	Issuance of Notice of Award	Wed, 05 May 2021	
13	Signing of EPPA	Fri, 14 May 2021	
14	Joint filing with ERC	Wed, 19 May 2021	

Any amendment to the Schedule will be announced through Bid Bulletins.

Issuance of Bidding Documents shall be provided electronically to Bidders. Unless otherwise expressly specified in writing, all meetings and conferences, except opening of Bids and Evaluation are to be conducted online thru ZOOM Meeting application, invites shall be forwarded to the e-mail addresses registered through the Expression of Interest Form.

COMMUNICATION

In accordance with the deadlines set forth above, all communications must be addressed to:

Atty. Rhodora G. Kapunan

Chairman, Third Party Bids and Awards Committee (TPBAC)

La Union Electric Company, Inc. (LUECO)

LUECO Bldg. Quezon Avenue, Barangay 3

San Fernando city, La Union 2500

Email : lueco_csp@luecoinc.com

All other communications regarding this CSP must be addressed to the TPBAC Secretariat whose contact details are as follows:

Engr. Elnora Z. Balagot

Secretariat, Third Party Bids and Awards Committee (TPBAC)

La Union Electric Company, Inc. (LUECO)

LUECO Bldg. Quezon Avenue, Barangay 3

San Fernando city, La Union 2500

Email : lueco_csp@luecoinc.com

Telephone number: (072)-6074770