



# OMEKO COMPETITIVE SELECTION PROCESS 2019



## INSTRUCTION TO **BIDDERS**

### OMEKO

OCCIDENTAL MINDORO ELECTRIC COOPERATIVE, INC.  
MH Del Pilar St., San Jose, Occidental Mindoro

[www.omeco.com.ph](http://www.omeco.com.ph)

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## INSTRUCTION TO BIDDERS (ITB)

This Instructions to Bidders is issued in compliance with Section 8.4.2.5 of the "Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market" (2018 CSP Policy) issued under Department of Energy Circular No. DC2018-02-0003, and derived from the standard Philippine Bid Documents (PBD) issued by the Government Procurement Policy Board.

### A GENERAL

#### ITB 1 Scope of Bids

- 1.1 The Occidental Mindoro Electric Cooperative, Inc. (OMECCO), through its Third-Party Bids and Awards Committee (TPBAC), is conducting a Competitive Selection Process (CSP) for its New Power Provider/s (NPP/s) with a Dependable Capacity that will meet Single Outage Contingency reliability criteria as indicated in **Table 1** for the years 2021 – 2026. The generating unit to meet Single Outage Contingency shall be installed in SAMARICA area only which shall also serve as contingency reserve for Sablayan and MAPSA area.

**Table 1:** Net Dependable Capacity Under Single Outage Contingency (MW)

Lot	Areas	Year					
		2021	2022	2023	2024	2025	2026
I	SAMARICA	18	19	21	22	23	24
II	SABLAYAN	5	5	5	5	5	6
III	MAPSA	7	7	8	8	9	9

- 1.2 The Winning Bidder/s shall deliver the annual requirement of OMECCO from 26 June 2021 to 25 December 2026.
- 1.3 This transaction will be on a per lot basis where a Bidder can bid on any single lot or all lots as shown in **Table 1**. OMECCO considered two (2) scenarios for SAMARICA area (Lot I). **Scenario 1** is where the existing power plant at SAMARICA area is part of the power supply while **Scenario 2** is where the existing power plant at SAMARICA area is not part of the power supply of the Winning Bidder.
- 1.4 The generating capacity may come from any type of power plant and the site on which the new power plants or transfer of existing power plants will be located may be acquired or leased by NPP/s. OMECCO shall provide assistance in arranging and securing site/s for the power plants.

- 1.5 The NPP shall ensure that the minimum RPS requirements in **Table 2** shall be complied with.

**Table 2: RPS Requirement (Annual Energy, kWh)**

Lot	Areas	Year					
		2021*	2022	2023	2024	2025	2026
I	<b>SAMARICA</b>	2,860,545	3,126,285	4,440,362	5,896,814	7,499,613	9,252,833
II	<b>SABLAYAN</b>	654,294	715,078	1,015,648	1,348,784	1,715,393	2,116,409
III	<b>MAPSA</b>	1,060,997	1,159,562	1,646,963	2,187,172	2,781,662	3,431,994

\*Includes RPS Requirement of 2020

- 1.6 The details of these requirements are contained in the Terms of Reference (TOR) in **ANNEX A**.

### **ITB 2 Source of Funds**

- 2.1 Payments to NPP shall be made by OMECO from the collection of generation charges from its member-consumers, according to the Subsidized Approved Generation Rate (SAGR) approved by the Energy Regulatory Commission (ERC). Further, subsidy shall be disbursed by the Power Sector Assets and Liabilities Management Corporation (PSALM) for the NPP to recover its costs according to the True Cost Generation Rate (TCGR), in accordance with Section 4 of the "Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary Electrification Areas" adopted under ERC Resolution No. 11, Series of 2005.

### **ITB 3 Definition of Terms**

**Allowed Outage** – or Outage Allowance refers to the maximum number of Scheduled and Unscheduled Outage Hours per year that Bidder stipulates in its Bid Proposal provided for in **ITB 17** for which the NPP/s, if accepted by TPBAC as reasonable outage hours, will be excused under the PSA from penalties for the outages of its generating and interconnection facilities.

**Availability factor** – refers to the amount of time that it is able to produce electricity over a certain period, divided by the amount of the time in the period.

**Base Price** – refers to the total bid price based on January 2020 reference market prices submitted by the Bidder as financial proposal comprising fixed costs for capital recovery and fixed O&M and variable costs for variable O&M and fuel. It is the NPP's TCGR for the month of January 2020 which shall be reflected in the PSA and which shall indexed in the future except for capital recovery rate using indexation factors specified in the TOR and in this ITB.

**Bid** – refers to the complete set of documents submitted by the Bidder in response to, and in accordance with the Bidding Documents, including the Eligibility

Requirements (Legal Documents, Technical Documents, Financial Documents, and Class "B" Documents), the Technical and Financial Proposal, including the USB flash drives containing said Proposals, the Bid Security and the agreements/certifications required to be accomplished and submitted by the Bidder's authorized representative.

**Bid Bulletin** – refers to an official communication bearing additional information that clarify, modify and/or amend provisions of and/or related to the Instruction to Bidders (ITB) and the procurement process.

**Bidder** – refers to an entity competing for the award of the Power Supply Agreement who paid the Bid participation fees ("purchased Bidding Documents") and submitted a Bid on or before the scheduled Bid Submission.

**Bidding Documents** – refer to documents issued by the TPBAC as basis for Bids and furnishing all information necessary for prospective Bidders to prepare a Bid.

**Bid Proposal** – refer to the Technical Proposal and Financial Proposal, collectively, of the Bidder.

**Bid Security** – refers to the amount described in **ITB 16** put up by the Bidder to ensure that Bidder will complete the Bidding Process.

**Board of Directors (BOD)** – refers as Head of Procuring Entity (HoPE) empowered and responsible to ratify and confirm all previous actions of the TPBAC. It is also mandated to declare the final winner of the bidding conducted and approve the Notice of Award endorsed by the TPBAC.

**Capacity Credit Factor (CCF)** – refers to the factor that is applied to the Dependable Capacity of the generating unit to determine its Credited Capacity.

**Capacity Utilization Factor (CUF)** – refers to the level of utilization of the Contracted Capacity which is measured by the energy consumption of OMECO drawn from the dispatchable plant expressed as a percentage of the total energy that could have been supplied if the Dependable Capacity was fully utilized for the total number of hours of the billing month in accordance with **ITB 17.3**.

**Capital Recovery Rate (CRR)** – or Fixed Cost 1 (FC1) refers to the fixed costs component of the price to recover the capital or investment of the New Power Provider (NPP).

**Commercial Operation Date (COD)** – refers to the date whereby the NPP/s is obligated to supply the Dependable Capacity which is June 26, 2021.

**Competitive Selection Process (CSP)** – refers to the process where OMECO implement a competitive bidding and contracting of its power supply in accordance with the policies and regulations issued by government agencies including DOE, ERC and NEA.

**Conditions Precedent** – refers to the requirements and conditions that must have been satisfied to achieve the Effective Date including, but not limited to, provisional

approval or final approval of PSA by the ERC, power plant site/s land conversion requirements and Connection Agreement with NPC.

**Confidentiality Agreement** – refers to an agreement through which the parties agree not to disclose information relating to the submissions of Bidders and the EC Information for Due Diligence provided to the Bidders. This applies to the members of the OMECO BOD, TPBAC, TPBAC-TWG, management, and consultants/advisors as well as the Bidders and their owners, management, employees and consultants/advisors.

**Connection Agreement** – refers to an agreement between NPC and NPP/s, which specifies the terms and conditions pertaining to the connection of the Small Grid User System or Equipment to a new Connection Point in the Small Grid.

**Connection Point** – refers to the location prescribed by OMECO where the NPP Dependable Capacity and generation shall be supplied and measured. It also refers to the location of the circuit breaker (switchgear) to be controlled by the System Operator to operationally connect and disconnect the power facilities of the NPP/s in accordance with the Philippine Distribution Code.

**Cooperation Period** – the period commencing on the Commercial Operation Date and will terminate on 25<sup>th</sup> of December 2026.

**Credited Capacity** – refers to the ability of (or the capacity credited to) the power plant to supply power during peak periods. It is equal to the Total Dependable Capacity of the generating units multiplied by the applicable Capacity Credit Factor of the power plant technology.

**Dependable Capacity** – the capacity of the generating unit guaranteed to be dependable and delivered at the connection point.

**Effective Date** – refers to the effectivity of the power supply agreement which shall take effect upon the date of signing by both Parties.

**Electric Cooperative (EC)** – refers to a distribution utility organized under Presidential Decree No. 269 or as otherwise provided under EPIRA. Unless otherwise qualified, this particularly refers to Occidental Mindoro Electric Cooperative, Inc. (OMECO).

**ERC Notification Date** – refers to the date of ERC publication in its website or the date that the NPP and/or OMECO received the notification of ERC's final approval of the PSA whichever comes first.

**Final Instructions to Bidders** – refers to the last and final Instructions to Bidders issued by the TPBAC through a Bid Bulletin before the submission and opening of the Bids and which supersedes all previous inconsistent directives relative to the Bidding Documents and the Bidding Process.

**Financial Proposal** – refers to the price offer of the Bidder in accordance with the requirements in ITB 17.

**Fixed Operation & Maintenance Rate (FOMR)** – or Fixed Cost 2 (FC2) refers to the fixed operation and maintenance costs component of the price which do not vary with changes in energy generation or supply.

**Fuel Rate (FR)** – or Variable Cost 2 (VC2) refers to the variable cost component of the price for the fuel of the power plant including taxes, other government dues, and transport from fuel supplier site and the power plant site/s.

**Generation Company (GENCO)** – refers to a juridical entity authorized by the ERC to operate a facility used in the generation of the electricity or a company that owns and operates a power generating plant that produces electricity.

**Instruction to Bidders (ITB)** – refers to the bidding procedures and requirements set up by the OMECO TPBAC for the purpose of conducting this CSP for prospective Bidders.

**Lowest Calculated Bid (LCB)** – refers to the Bid Proposal with the lowest Levelized Price as determined and calculated based on the Evaluation Methodology set forth in ITB 28 of this ITB.

**Lowest Calculated Responsive Bid (LCRB)** – refers to the Bid which was determined to be the LCB and is found to be responsive to all the requirements and conditions for eligibility and bidding after post-qualification evaluation.

**Net Dependable Capacity** – the guaranteed capacity that is available at the Connection Point.

**Net Dependable Capacity under Single Outage Contingency** – the guaranteed capacity that is available at the Connection Point under the condition where largest generating unit is on outage.

**New Power Provider (NPP)** – refers to the Generation Company/ies awarded to supply electric power requirements of OMECO as a result of the CSP.

**Notice of Award** – refers to the official written communication issued by the OMECO Board of Directors awarding the Power Supply Agreement to the Bidder with the Lowest Calculated Responsive Bid (LCRB).

**Operating Year** – refers to the 365 days starting from the COD whereby the Annual Operating and Maintenance Program, which contains the approved Scheduled Outage of the NPP, are set.

**Power Supply Agreement (PSA)** – refers to a contract between the NPP/s (the Winning Bidder/s) and OMECO that provides the commercial terms and conditions for the supply of electricity by the NPP/s to OMECO as approved by the ERC.

**Pre-Bid Conference** – refers to the meeting/s organized by the TPBAC and attended by the prospective Bidders prior to the date of Bidding for the purpose of clarifying provisions in the Instruction to Bidders and other matters related to the Bidding.



**Rated Capacity** – refers to the capacity of generating unit or power plant based on the nameplate of the generating equipment.

**RPS Requirement** – refers to the energy requirements in compliance with the Department Circular No. DC2018-08-0024, Promulgating the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for Off-Grid Areas.

**Scheduled Outage** – refers to the outage of the plant generating units and equipment planned by the NPP for preventive maintenance as approved by the System Operator prior to the Operating Year in accordance with the PSA.

**Scheduled Outage Hours** – the number of hours that the Dependable Capacity is not available totally or partially due to the Scheduled Outage of the NPP's power plant.

**Single Outage Contingency** – the generation system reliability criteria that ensure availability of power supply under the outage of largest generating unit also referred to as R-1 redundancy reliability criteria.

**System Operator** – refers to the entity who is authorized to operate and control in real-time the Island Grid of Mainland Occidental Mindoro in accordance with the Philippine Distribution Code and/or other applicable codes and guidelines. The System Operator shall prepare the Annual Operating and Maintenance Program of the Island Grid of Mainland Occidental Mindoro and shall be responsible to schedule and dispatch the generating units of the NPP in accordance with the PSA and applicable codes and guidelines issued by the government.

**Third Party Bids and Awards Committee (TPBAC)** – refers to the special committee organized by OMECO in accordance with the Department Circular issued by the DOE to conduct the competitive selection or bidding process or the CSP for NPP/s and acts as a recommendatory body to the OMECO Board of Directors.

**TPBAC-Technical Working Group (TBAC-TWG)** – refers to the selected institutional, technical and financial personnel of OMECO authorized to formulate its least cost power supply plan and provide technical support to the TPBAC in the conduct of the CSP for NPP/s.

**Technical Proposal** – refers to the part of the Bid containing the technical details of the Bidder's offer as required in **ITB 18**.

**Transaction** – refers to the Competitive Selection Process (CSP) for a New Power Provider (NPP) of OMECO to Supply Power in Mainland Occidental Mindoro through Short-Term Power Supply Agreement (2021-2026).

**True Cost Generation Rate (TCGR)** – refers to the total price approved by the ERC comprising CRR, FOMR, VOMR, and FR to cover the total cost of the NPP/s for the development, construction, operation and maintenance of the power plant(s) and generation and supply of electricity to OMECO.

**Unrestricted Net Worth** – the financial capability of the Bidder referred to in ITB Error! Reference source not found..

**Unscheduled Outage** – refers to the forced outages and short-term unplanned outages for repairs that are not part of the approved Scheduled Outage.

**Unscheduled Outage Hours** – the number of hours that the Guaranteed Delivered Capacity is not available totally or partially due to Unscheduled Outage of the NPP's power plant/s.

**Variable Operation and Maintenance Rate (VOMR)** – or Variable Cost 1 (VC1) refers to the operation and maintenance costs component of the price, excluding fuel, which vary with the amount of energy generated or supplied by the NPP/s to OMECO.

**Winning Bidder/s** - refers to the Bidder determined by TPBAC as having the Lowest Calculated Responsive Bid for approval by the Board of Directors.

#### **ITB 4 Transaction Schedule**

- 4.1 This Competitive Selection Process for New Power Provider (the "Transaction") shall follow the schedule listed in **Table 3**. The TPBAC reserves the right to change any of these schedules. The TPBAC shall give appropriate and timely notice to participating Bidders in the event of changes in schedule.

**Table 3: Transaction Schedule**

No.	Activities	Schedule
1	Publication of Invitation to bid in newspaper of general circulation and posting to DOE web portal and NEA website and in Government Offices /Public Places	September 1 - 10, 2019
2	Issuance of Bidding Documents	September 2 - October 2, 2019
3	First Pre-Bid Conference	October 03, 2019
4	Due Diligence	October 11 - November 15, 2019
5	Second Pre-Bid Conference	November 05, 2019
6	Issuance of Revised CSP Bidding Documents	August 13, 2020
7	Last day of Submission of Comments on the Revised CSP Bidding Documents	August 25, 2020
8	Third Pre-Bid Conference	August 27, 2020
9	Issuance of Revised CSP Bidding Documents	February 15, 2021

10	Last day of Submission of Comments on the Revised CSP Bidding Documents	February 19, 2021
11	Fourth and Last Pre-Bid Conference	February 24, 2021
12	Issuance of FITB	March 05, 2021
13	Financial Evaluation Modeling Workshop	March 12, 2021
14	Submission and Opening of Bids	April 15, 2021
15	Issuance of Notice of Award	May 03, 2021
16	Signing of Power Supply Agreement (Submission of Performance Security)	May 24, 2021
17	Joint Application of PSA for ERC Approval	June 24, 2021

## B BIDDING DOCUMENTS

### ITB 5 Constituent Documents

- 5.1 For the purposes of this CSP, the following comprise the Bidding Documents:
- (a) Information Memorandum;
  - (b) Invitation to Bid;
  - (c) Terms of Reference (Annex A);
  - (d) this Instructions to Bidders;
  - (e) Bid Forms (Annex B); and
  - (f) Draft PSA

### ITB 6 Clarification and Amendment of Bidding Documents

- 6.1 Bidders may request for clarification(s) on any part of the Bidding Documents or for an interpretation of the ITB during the pre-bid conference.
- 6.2 OMECO TPBAC shall respond to the said request by issuing a Bid Bulletin to be made available to all Bidders.
- 6.3 Bid Bulletins may also be issued upon OMECO TPBAC's initiative for purposes of clarifying or modifying any provision of the Bidding Documents. Any modification to the Bidding Documents shall be identified as an amendment.
- 6.4 Any Bid Bulletin issued by OMECO TPBAC shall also be posted at the websites of OMECO, NEA, and DOE and at any conspicuous place in the premises of OMECO's office. It shall be the responsibility of all Bidders who have properly secured the Bidding Documents to inquire about and secure Bid Bulletins that may be issued by OMECO TPBAC. However, Bidders who have submitted Bids before the issuance of the Bid Bulletin must be informed and allowed to modify or withdraw their Bids.