



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

BID BULLETIN NO. 4

To all Interested Bidders:

1. The Third Party Bids and Awards Committee (TPBAC) and MERALCO received a letter from the Department of Energy (DOE) dated 23 December 2020 which enjoins MERALCO to amend the "Tariff Structure" provision of the Terms of Reference (TOR) of the on-going competitive selection process (CSP) for 1,800 MW (net) COD 2024-2025, particularly to change the reference year on the fuel price forecasts to 2021 instead of the average of 2022 to 2023.

To reflect this change, a matrix showing the amendments to the: (i) TOR/Invitation to Bid (published on 1 and 8 October 2020); (ii) Bid Requirements (posted on 1 October 2020); and (iii) Instructions to Prospective Bidders (dated 1 October 2020) (IPB) are set out in **ANNEX A**.

2. The same matrix (Annex A) also shows additional clarificatory amendments to the: (i) Bid Requirements (posted on 1 October 2020) and (ii) IPB, in response to the previous queries of Interested Bidders.

For your guidance and information.

Issued on 5 January 2021.

Third Party Bids and Awards Committee (TPBAC)
Manila Electric Company

(sgd)

Atty. Ferdinand A. Domingo
Chairman

AMENDMENTS TO THE INVITATION TO BID / TERMS OF REFERENCE (TOR) (published 1 and 8 October 2020)

Item	Reference / Subject Matter of Amendment	Amendments
1	Tariff Structure p.2 to 3	<p>[...]</p> <ul style="list-style-type: none"> The Bidder shall provide a quarterly fuel price forecast for the third first quarter of 2021 2022 until second fourth quarter of 2021 2023, in USD/MMBtu. The simple average of this quarterly fuel price forecast shall be used as the reference price (F_o). For Contract Years 1 to 10 implementation, the reference price (F_o) shall be adjusted on a quarterly basis using an adjustment factor and shall serve as the Quarterly Fuel Price Cap. The adjustment factor for a given calendar quarter shall be equal to the ratio of P_n to P_o, as defined below. Expressed in formula, $\text{Quarterly Fuel Price Cap}_{\text{Contract Years 1 to 10}} = F_o \times \left(\frac{P_n}{P_o}\right)$ <p>Where:</p> <p>F_o is the simple average of the quarterly fuel price forecast for the four quarters beginning third first quarter of 2021 2022 as submitted by the Bidder, in USD/MMBtu</p> <p>P_o is the simple average of the actual quarterly fuel price for the four quarters beginning third first quarter of 2021 2022, in USD/MMBtu</p> <p>P_n is the simple average of the actual quarterly fuel prices from the preceding four calendar quarters, in USD/MMBtu. For clarity, the calendar quarters are defined by the following dates:</p> <p>[...]</p>

AMENDMENTS TO THE BID REQUIREMENTS (posted on 1 October 2020)

Item	Reference / Subject Matter of Amendment	Amendments
1	Bid Price and Bid Security, item (a) 2. pp. 10-11	<p>[...]</p> <p>2. The Bidder shall provide a quarterly fuel price forecast for the third first quarter of 2021 2022 until second fourth quarter of 2021 2023, in USD/MMBtu. The simple average of this quarterly fuel price forecast shall be used as the reference price (F_o).</p> <p>For Contract Years 1 to 10 implementation, the reference price (F_o) shall be adjusted on a quarterly basis using an adjustment factor and shall serve as the Quarterly Fuel Price Cap. The adjustment factor for a given calendar quarter shall be equal to the ratio of P_n to P_o, as defined below. Expressed in formula,</p> $\text{Quarterly Fuel Price Cap}_{\text{Contract Years 1 to 10}} = F_o \times \left(\frac{P_n}{P_o} \right)$ <p>Where:</p> <p>F_o is the simple average of the quarterly fuel price forecast for the four quarters beginning third first quarter of 2021 2022 as submitted by the Bidder, in USD/MMBtu</p> <p>P_o is the simple average of the actual quarterly fuel price for the four quarters beginning third first quarter of 2021 2022, in USD/MMBtu</p> <p>P_n is the simple average of the actual quarterly fuel prices from the preceding four calendar quarters, in USD/MMBtu. For clarity, the calendar quarters are defined by the following dates:</p> <p>[...]</p>
2	Legal Qualification Requirements <ul style="list-style-type: none"> Unsatisfactory Performance pp. 3-5	<p>1. Legal Qualification Requirements</p> <p>[...]</p> <p>(c) The Bidder and any of its Affiliates engaged in power generation must have no record of Unsatisfactory Performance. For this purpose, "Unsatisfactory Performance" means any of the following:</p> <p>(a) In relation to any project or contract power supply or off take agreements with Meralco and/or its Affiliates engaged in power generation, distribution, and supply (the list of Meralco's Affiliates are provided in the IPB) that was commenced or in the process of implementation within the last five (5) years prior to</p>

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		<p>the Bid Submission Deadline (as defined below) by the Bidder –</p> <p>(i) a record of failure by the Bidder or any of its Affiliates engaged in power generation to satisfactorily perform any of its material obligations for any such power supply or off take agreements project or contract, (such as, but not limited to, Power Supply Agreements, financing documents, etc.) within the last five (5) years. It also includes a record of failure to timely pay or comply with its material obligations in any of its finance documents with creditors entered into in connection with the development and implementation of the said power supply or off take agreements.</p> <p>The Bidder shall submit notarized certifications issued by Meralco and/or its Affiliates engaged power generation, distribution, and supply attesting that within the last five (5) years the Bidder or any of its Affiliates engaged in power generation has no previous record of failure to perform any of its material obligations for such power supply or off take agreements project or contract. For this purpose only (i.e. submission of notarized certifications), the financial lender/s of the Bidder or any of its Affiliates engaged in power generation of any such power supply or off take agreements project or contract need not issue the said certification but their identities must be declared or disclosed;</p> <p>(ii) the expulsion of the Bidder or any of its Affiliates engaged in power generation from any such power supply or off take agreements project or contract;</p> <p>(iii) the termination or suspension of any such power supply or off take agreements project or contract due to the willful breach of its obligations by the Bidder or any of its Affiliates engaged in power generation;</p> <p>(iv) the material violation of laws and/or regulations by the Bidder or any of its Affiliates engaged in power generation applicable to any such power supply or off take agreements project or contract, including but not limited to environmental, health, safety, labor and social welfare laws and regulations, as evidenced by findings of the relevant competent authority; or</p> <p>(b) Inclusion in a blacklist issued by any governmental agency of the Philippines or in the Debarred and Cross-Debarred Firms & Individuals list posted in the World Bank website (www.worldbank.org/debarr), whether</p>

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		as an individual contractor, partnership or corporation or as a member of a joint venture or consortium; [...]

AMENDMENTS TO THE INSTRUCTIONS TO PROSPECTIVE BIDDERS (dated 1 October 2020)

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1	Section 3.3 (d) (2) pp. 26-27	<p>[...]</p> <p>2. The Bidder shall provide a quarterly fuel price forecast for the third first quarter of 2021 2022 until second fourth quarter of 2021 2023, in USD/MMBtu. The simple average of this quarterly fuel price forecast shall be used as the reference price (F_o).</p> <p>For Contract Years 1 to 10 implementation, the reference price (F_o) shall be adjusted on a quarterly basis using an adjustment factor and shall serve as the Quarterly Fuel Price Cap. The adjustment factor for a given calendar quarter shall be equal to the ratio of P_n to P_o, as defined below. Expressed in formula,</p> $\text{Quarterly Fuel Price Cap}_{\text{Contract Years 1 to 10}} = F_o \times \left(\frac{P_n}{P_o} \right)$ <p>Where:</p> <p>F_o is the simple average of the quarterly fuel price forecast for the four quarters beginning third first quarter of 2021 2022 as submitted by the Bidder, in USD/MMBtu</p> <p>P_o is the simple average of the actual quarterly fuel price for the four quarters beginning third first quarter of 2021 2022, in USD/MMBtu</p> <p>P_n is the simple average of the actual quarterly fuel prices from the preceding four calendar quarters, in USD/MMBtu. For clarity, the calendar quarters are defined by the following dates:</p> <p>[...]</p>
2	Section 9.71	<p>9.71 “Unsatisfactory Performance” means any of the following:</p> <p>(a) In relation to any power supply or off take agreements project or contract with Meralco and/or its Affiliates engaged in power generation, distribution, and supply (the list of Meralco’s Affiliates are provided in Schedule 2) that was commenced or in the process of implementation within the last five (5) years prior to the Bid Submission Deadline (as defined below) by the Bidder –</p>

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		<p>(i) a record of failure by the Bidder or any of its Affiliates engaged in power generation to satisfactorily perform any of its material obligations for any such <u>power supply or off take agreements</u> project or contract, (such as, but not limited to, Power Supply Agreements, financing documents, etc.) within the last five (5) years. It also includes a record of failure to timely pay or comply with its material obligations in any of its finance documents with creditors entered into in connection with the development and implementation of the said <u>power supply or off take agreements</u> project or contract.</p> <p>The Bidder shall submit notarized certifications issued by Meralco and/or its Affiliates engaged power generation, distribution, and supply attesting that within the last five (5) years the Bidder or any of its Affiliates engaged in power generation has no previous record of failure to perform any of its material obligations for such <u>power supply or off take agreements</u> project or contract. For this purpose only (i.e. submission of notarized certifications), the financial lender/s of the Bidder or any of its Affiliates engaged in power generation of any such <u>power supply or off take agreements</u> project or contract need not issue the said certification but their identities must be declared or disclosed;</p> <p>(ii) the expulsion of the Bidder or any of its Affiliates engaged in power generation from any such <u>power supply or off take agreements</u> project or contract;</p> <p>(iii) the termination or suspension of any such <u>power supply or off take agreements</u> project or contract due to the willful breach of its obligations by the Bidder or any of its Affiliates engaged in power generation;</p> <p>(iv) the material violation of laws and/or regulations by the Bidder or any of its Affiliates engaged in power generation applicable to any such <u>power supply or off take agreements</u> project or contract, including but not limited to environmental, health, safety, labor and social welfare laws and regulations, as evidenced by findings of the relevant competent authority; or</p> <p>[...]</p>

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3	Section 2.7 Language and Foreign Documents	<p>2.7. LANGUAGE AND FOREIGN DOCUMENTS</p> <p>(a) The Document Submissions and all correspondence and documents relating to the Bidding Documents and the Bidding, shall be prepared and written in the English language.</p> <p>(b) All documents issued or executed in a foreign country must be authenticated before a Philippine consular official at the relevant Philippine consulate or apostilled pursuant to the Apostille Convention to which the Republic of the Philippines is a party, as applicable.</p> <p>(c) If the document was issued by a foreign authority, the Bidder may submit the original or a certified true copy of such document issued by such foreign authority, in each case authenticated by the Philippine consular official or apostilled, referred to in Section 2.7(b).</p> <p>(d) If the document is written in a foreign language, the Bidder should also submit an accurate English translation of such document, accompanied by a notarized certification by the Bidder or the translator of the document that such translation is accurate, which certification, if executed abroad, shall be authenticated by the Philippine consular official or apostilled, as referred to in Section 2.7(b). In case of conflict, the English translation shall prevail.</p> <p><u>(e) In consideration of the coronavirus disease (COVID-19) pandemic, all documents required in this Section to be authenticated by the Philippine consular official or apostilled may be submitted by the Bidder during the Bid Submission Deadline unauthenticated or non-apostilled, provided the document is an original copy and provided further that the authenticated or apostilled copy must be submitted no later than Post-Qualification (i.e. within seven (7) days from the Notification of Best Bid) if the said Bidder is the recipient of a Notification of Best Bid. Failure to submit the said authenticated or apostilled copy during Post-Qualification shall be sufficient cause to "fail" in the Post-Qualification; to have the Bidder's Bid Security forfeited in favor of Meralco; and to allow the TPBAC to proceed to the Next Best Bid.</u></p>
4	Section 3.3.2	3.3.2 FORFEITURE OF BID SECURITY

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		<p>The Bid Security shall be subject to forfeiture in its entirety in favor of Meralco upon the occurrence of any of the following events: [...]</p> <p><u>(k) a Bidder with the Best Bid failed to submit the authenticated or apostilled documents required in Section 2.7 (e.) during Post-Qualification.</u></p>