



# SORSOGON II ELECTRIC COOPERATIVE

SORECO II  
P.O. Box 14  
Buhatan, Sorsogon City - 4700 Philippines  
Tel. No. (056) 211-1331

## CSP BID BULLETIN NO. 12

July 15, 2019

### SUBJECT: FINAL TERMS OF REFERENCE

In relation to the concerns raised during the Pre-Bid Conference held last June 18, 2019, and in compliance to DOE letter dated June 28, 2019 please be guided of the hereto attached final Terms of Reference. These supersedes the previous documents released and the TPBAC will refer its evaluation thereof.

For strict compliance.

Thank you.

  
**ENGR. JOSELITO S. ORTICIO**  
**TPBAC Chairman**

**Cf : All concerned bidders**  
**DOE, NEA, ERC**  
**SORECO II Board and Management**

### FINAL TERMS OF REFERENCE

Below are the minimum contract requirements for SORECO II for the supply of capacity requirement for the period of September 26, 2019 to September 25, 2022 (Short-term) and September 26, 2022 to September 25, 2029 (Medium-term), the terms of reference indicated herein are non-negotiable and bidder must be able to meet all the requirements of SORECO II.

#### LOT I: (September 26, 2019 to September 25, 2022)

TERMS OF REFERENCE	DESCRIPTION	REQUIREMENT
<b>Type of Contract</b>	<b>Firm</b> - Base load	<ul style="list-style-type: none"> <li>▪ Power Supplier that owns and operates, existing and operational power plant (s) in the Philippines</li> <li>▪ Power Supplier with available capacity by September 26, 2019</li> </ul>
<b>Contracted Capacity (MW)</b>		8 MW for Sep. 26, 2019 to Sep. 25, 2022
<b>Contracted Energy (kWh per month or year)</b>		No take-or-pay volume No Minimum energy off-take
<b>Dependable Capacity (MW)</b>		<ul style="list-style-type: none"> <li>▪ 8 MW for Sep. 26, 2019 to Sep. 25, 2022</li> </ul>
<b>Contract Duration</b>	The Power Supply Agreement shall take effect for a period of three (3) years commencing on the Commercial Operations Date of September 26, 2019 to September 25, 2022, unless earlier terminated in accordance with the provisions of the PSA.	<ul style="list-style-type: none"> <li>▪ September 26, 2019 to September 25, 2022</li> </ul>
<b>Commercial Operation Date</b>		September 26, 2019
<b>Tariff Structure</b>	Shall be broken down into:	The Bidder shall specify the formula for the computation of Contract Price. The Bidder shall specify the tariff structure unbundled to: <ol style="list-style-type: none"> <li>1. Capacity fees</li> <li>2. Variable Charges</li> <li>3. Fixed Charges</li> </ol>
	<b>Capacity Fee (PHP/KW/month)</b>	
	<b>Fixed O&amp;M (PHP/KW/month)</b>	
	<b>Variable O&amp;M</b>	

	<p style="text-align: center;"><i>(PHP/kWh)</i></p> <p style="text-align: center;"><b>Fuel Fee</b> <i>(PHP/kWh)</i></p>	<p>4. Fuel fee</p> <p>5. And other applicable charges</p> <ul style="list-style-type: none"> <li>▪ The Bidder must also specify the base fee adjustment formula, if any, and applicable adjustment in percent that each component is being affected by factor such as CPI, FOREX, and escalation due to fuel degradation and others</li> <li>▪ No indexation on Capital Recovery fee</li> <li>▪ Bidder must filled-up the attached Total Project Cost template, as deemed applicable, and may present basis and calculation of fees proposed.</li> </ul>
<b>Outage Allowance per plant</b>	<p>The Seller will be allowed of outages for a contract year not exceeding to:</p> <ul style="list-style-type: none"> <li>▪ Scheduled Outages: 480 Hours</li> <li>▪ Unscheduled Outages: 240 Hours</li> </ul>	<p>Any unutilized equivalent hours for either Scheduled Outages or Unscheduled Outages in any contract year cannot be carried forward to subsequent contract years. Likewise, if unutilized, allocated Unscheduled Outages cannot be credited to Scheduled Outages and allocated Scheduled Outages to Unscheduled Outages.</p>
<b>Force Majeure</b>		<p>The Party that is prevented by Force majeure from carrying out, in whole or part, its obligations shall always attempt to remedy the Force Majeure with all reasonable dispatch.</p> <p>The Bidder shall provide recovery and contingency plan if the Force Majeure occurs.</p> <p>SORECO II shall not be required to make payments for any of the following:</p>

		<ul style="list-style-type: none"> <li>i. Contract Capacity that is unavailable</li> <li>ii. Capacity that it cannot accept</li> </ul>
<b>Replacement Power</b>		<p>Replacement power rate should be equal or lower than the ERC approved tariff.</p> <p>Replacement power shall be the main obligation of the supplier after the maximum number of hours allowed for unscheduled and scheduled outages has been exhausted.</p>
<b>Currency</b>	Payment is denominated in PhP	Philippine Peso
<b>Regulatory Approvals</b>	The Power Supplier shall make the necessary adjustments in accordance with the directive of the ERC. Downward adjustment in the rates shall not be a ground for the termination of the contract and the EC should not be made to shoulder the incremental difference.	
<b>Penalties</b>	Party in default shall bear the Liquidated Damages	<ul style="list-style-type: none"> <li>• If the Seller fails to deliver 8 MW upon effectivity of the contract and SORECO II secures an alternative supply, the cost of the power shall be at the expense of the Seller.</li> <li>• If during any contract year, the actual outage incurred by the Seller exceeds the allowable outages, the Seller shall procure power supply at Seller's own cost to satisfy the contracted capacity and shall indemnify SORECO II if Seller fails to deliver power.</li> <li>• If the Seller fails to perform its material obligation to supply contracted capacity to SORECO II for sixty (60) days, SORECO II shall have the right, by written notice, to terminate the</li> </ul>

		<p>contract. By such, SORECO II shall require settlement of liquidated damages.</p> <ul style="list-style-type: none"> <li>• If the Seller and SORECO II do not reach satisfactory solution to resolve the issues arising from the Force Majeure event after one hundred eighty (180) days, the contract shall be terminated.</li> </ul>
<b>Source of Power</b>	<ul style="list-style-type: none"> <li>• Conventional Energy</li> </ul>	
<b>Plant Capacity</b>		The Bidder shall submit the details and specifications of its plant capacity.
<b>Technical Specifications</b>		The Bidder shall submit technical specifications of the generator plant.
<b>Billing Metering Point</b>		The Billing Metering Point is through NGCP Metering.
<b>Eligibility Requirements</b>		<ul style="list-style-type: none"> <li>• The Bidder must have at least five (5) years experience in the technology being offered</li> <li>• The Bidder shall provide Certificate of Good Performance (track record) from its existing and previous customers.</li> <li>• The Bidder may submit organizational structure and technical qualifications/capability of technical staff.</li> </ul>
<b>Security Deposit</b>	SORECO II will not be required by the Seller of Security Deposits or Guarantees	No Security Deposit
<b>Reduction in Contracted Capacity</b>	Capacity Reduction	SORECO II, at any billing period, shall be entitled to a reduction in the Contract Capacity equivalent to the reduction in the demand of its customers.
<b>Nomination Protocol</b>	Non-binding year-ahead, month-ahead, week-ahead and day-ahead nominations	SORECO II may revise the nominations due to unscheduled outages

<b>Environmental Compliance Certificate</b>	Environment Compliance Certificate (ECC) from the DENR	Bidder must present ECC from DENR as this is a newly promulgated requirement by the ERC for PSA approval
<b>Application Process with the ERC</b>	Joint application for Approval	Joint filing for the approval of the terms and conditions under the power supply agreement while the Seller shall shoulder all cost of said application

**LOT II: (September 26, 2022 to September 25, 2029)**

<b>TERMS OF REFERENCE</b>	<b>DESCRIPTION</b>	<b>REQUIREMENT</b>
<b>Type of Contract</b>	<b>Firm</b> - Base load	<ul style="list-style-type: none"> <li>▪ Power Supplier that owns and operates, existing and operational power plant (s) in the Philippines</li> <li>▪ Power Supplier with available capacity by September 26, 2022</li> </ul>
<b>Contracted Capacity (MW)</b>		10 MW for Sep. 26, 2022 to Sept. 25, 2029
<b>Contracted Energy (kWh per month or year)</b>		No take-or-pay volume No Minimum energy off-take
<b>Dependable Capacity (MW)</b>		<ul style="list-style-type: none"> <li>▪ 10 MW for Sep. 26, 2022 to Sep. 25, 2029</li> </ul>
<b>Contract Duration</b>	The Power Supply Agreement shall take effect for a period of seven (7) years commencing on the Commercial Operations Date of September 26, 2022 to September 25, 2029, unless earlier terminated in accordance with the provisions of the PSA.	<ul style="list-style-type: none"> <li>▪ September 26, 2022 to September 25, 2029</li> </ul>
<b>Commercial Operation Date</b>		September 26, 2022
<b>Tariff Structure</b>	Shall be broken down into: <b>Capacity Fee</b>	

	<i>(PHP/KW/month)</i>	<p>The Bidder shall specify the formula for the computation of Contract Price.</p> <p>The Bidder shall specify the tariff structure unbundled to:</p> <ol style="list-style-type: none"> <li>6. Capacity fees</li> <li>7. Variable Charges</li> <li>8. Fixed Charges</li> <li>9. Fuel fee</li> <li>10. And other applicable charges</li> </ol> <ul style="list-style-type: none"> <li>▪ The Bidder must also specify the base fee adjustment formula, if any, and applicable adjustment in percent that each component is being affected by factor such as CPI, FOREX, and escalation due to fuel degradation and others</li> <li>▪ No indexation on Capital Recovery fee</li> <li>▪ Bidder must filled-up the attached Total Project Cost template, as deemed applicable, and may present basis and calculation of fees proposed.</li> </ul>
	<b>Fixed O&amp;M</b> <i>(PHP/KW/month)</i>	
	<b>Variable O&amp;M</b> <i>(PHP/kWh)</i>	
	<b>Fuel Fee</b> <i>(PHP/kWh)</i>	
<b>Outage Allowance per plant</b>	<p>The Seller will be allowed of outages for a contract year not exceeding to:</p> <ul style="list-style-type: none"> <li>▪ Scheduled Outages: 480 Hours</li> <li>▪ Unscheduled Outages: 240 Hours</li> </ul>	<p>Any unutilized equivalent hours for either Scheduled Outages or Unscheduled Outages in any contract year cannot be carried forward to subsequent contract years. Likewise, if unutilized, allocated Unscheduled Outages cannot be credited to Scheduled Outages and allocated Scheduled Outages to Unscheduled Outages.</p>
<b>Force Majeure</b>		<p>The Party that is prevented by Force majeure from carrying out, in whole or part, its obligations shall always attempt to remedy the Force Majeure with all reasonable dispatch.</p>

		<p>The Bidder shall provide recovery and contingency plan if the Force Majeure occurs.</p> <p>SORECO II shall not be required to make payments for any of the following:</p> <ul style="list-style-type: none"> <li>iii. Contract Capacity that is unavailable</li> <li>iv. Capacity that it cannot accept</li> </ul>
<b>Replacement Power</b>		<p>Replacement power rate should be equal or lower than the ERC approved tariff.</p> <p>Replacement power shall be the main obligation of the supplier. But, if an outage (scheduled or unscheduled) starts and the supplier failed to provide the contracted capacity, SORECO II shall be allowed to source the replacement power at the expense of the supplier.</p>
<b>Currency</b>	Payment is denominated in PhP	Philippine Peso
<b>Regulatory Approvals</b>	<p>The Power Supplier shall make the necessary adjustments in accordance with the directive of the ERC. Downward adjustment in the rates shall not be a ground for the termination of the contract and the EC should not be made to shoulder the incremental difference.</p>	
<b>Penalties</b>	Party in default shall bear the Liquidated Damages	<ul style="list-style-type: none"> <li>• If the Seller fails to deliver 10 MW upon effectivity of the contract and SORECO II secures an alternative supply, the cost of the power shall be at the expense of the Seller.</li> <li>• If during any contract year, the actual outage incurred by the Seller exceeds the allowable outages, the</li> </ul>



		<p>Seller shall procure power supply at Seller's own cost to satisfy the contracted capacity and shall indemnify SORECO II if Seller fails to deliver power.</p> <ul style="list-style-type: none"> <li>• If the Seller fails to perform its material obligation to supply contracted capacity to SORECO II for sixty (60) days, SORECO II shall have the right, by written notice, to terminate the contract. By such, SORECO II shall require settlement of liquidated damages.</li> <li>• If the Seller and SORECO II do not reach satisfactory solution to resolve the issues arising from the Force Majeure event after one hundred eighty (180) days, the contract shall be terminated.</li> </ul>
<b>Source of Power</b>	<ul style="list-style-type: none"> <li>• Conventional Energy</li> </ul>	
<b>Plant Capacity</b>		The Bidder shall submit the details and specifications of its plant capacity.
<b>Technical Specifications</b>		The Bidder shall submit technical specifications of the generator set.
<b>Billing Metering Point</b>		The Billing Metering Point is through NGCP Metering.
<b>Eligibility Requirements</b>		<ul style="list-style-type: none"> <li>• The Bidder must have at least five (5) years experience in the technology being offered</li> <li>• The Bidder shall provide Certificate of Good Performance (track record) from its existing and previous customers.</li> <li>• The Bidder may submit organizational structure and technical qualifications/capability of technical staff.</li> </ul>

<b>Security Deposit</b>	SORECO II will not be required by the Seller of Security Deposits or Guarantees	No Security Deposit
<b>Reduction in Contracted Capacity</b>	Capacity Reduction	SORECO II, at any billing period, shall be entitled to a reduction in the Contract Capacity equivalent to the reduction in the demand of its customers.
<b>Treatment of Contestable Consumer</b>	Existing contestable consumer	The Seller shall agree not to be a competitor on Contestable Consumer within franchise area.
<b>Nomination Protocol</b>	Non-binding year-ahead, month-ahead, week-ahead and day-ahead nominations	SORECO II may revise the nominations due to unscheduled outages
<b>Environmental Compliance Certificate</b>	Environment Compliance Certificate (ECC) from the DENR	Bidder must present ECC from DENR as this is a newly promulgated requirement by the ERC for PSA approval
<b>Application Process with the ERC</b>	Joint application for Approval	Joint filing for the approval of the terms and conditions under the power supply agreement while the Seller shall shoulder all cost of said application