



Region 8 Joint Competitive Power Supply Procurement (R8 JCPSP) for Aggregated Baseload Demand of Region 8 Electric Cooperatives

TERMS OF REFERENCE (TOR)

A. GENERAL INFORMATION

1. NAME OF UTILITIES:

- NORTHERN SAMAR ELECTRIC COOPERATIVE, INC. (NORSAMELCO)
- SAMAR I ELECTRIC COOPERATIVE, INC. (SAMELCO I)
- SAMAR II ELECTRIC COOPERATIVE, INC. (SAMELCO II)
- EASTERN SAMAR ELECTRIC COOPERATIVE, INC. (ESAMELCO)
- DON ORESTES ROMUALDEZ ELECTRIC COOPERATIVE, INC. (DORELCO)
- LEYTE II ELECTRIC COOPERATIVE, INC. (LEYECO II)
- LEYTE III ELECTRIC COOPERATIVE, INC. (LEYECO III)
- LEYTE V ELECTRIC COOPERATIVE, INC. (LEYECO V)
- SOUTHERN LEYTE ELECTRIC COOPERATIVE, INC. (SOLECO)

2. AREA TO BE SERVED:

- Grid
 Off-Grid
 Both Grid and Off-Grid

3. CURRENT YEAR OF FILING: 2023

4. PREREQUISITE FOR TOR SUBMISSION :

	Date
DOE Approval of TPBAC Selection Process	April 25, 2022
NEA-Endorsed DDP to DOE (Current Year)	March 15, 2023
NEA-Endorsed PSPP to DOE (Current Year)	March 15, 2023
NEA issuance of Notice to Proceed (for ECs)	_____

5. TARGET DATE OF PUBLICATION :

June 13, 2023

B. REQUIREMENTS

1. GENERAL SUPPLY DESCRIPTION

1.1 Purpose of Procurement

- As scheduled in the PSPP
- Emergency Power
- For RPS Compliance

1.2 Supply Type

- Firm
- Non-firm

1.3 Supply Side

- Baseload
- Mid-merit
- Peaking
- Load Following (Non-firm only)
- Escalating Capacity (Non-firm only)

2. TERMS OF SUPPLY SERVICES

(Note: Terms of supply must be in accordance with the load profiles described in the PSPP.)

2.1 Contract Capacity (MW/Year)

With Breakdown by Period

- Yes (attach details as Annex A)
- No

Minimum Energy Off-take (if applicable): N/A

% of Contract capacity per interval based on minimum loading requirements.

a. Type of Technology: Open

2.2 Contract

MW/Year Demand : _____

With Breakdown by Period

- Yes (attach details as Annex B)
- No

2.3 **Delivery**

Period : 3 Years

Inclusive Dates: December 26, 2023 to December 25, 2026

Each year of delivery shall be considered as a separate lot. Each bidder may offer their bids for any year within the delivery period. The bidders shall be allowed to offer their bids to supply partial or portion of the aggregated demand for such year. The contract for a given year shall be awarded to the bidder with the Lowest Calculated Responsive Bid (LCRB). If such bidder is unable to supply the full aggregated demand, the remaining demand shall be awarded to the bidder with the second LCRB. Any remaining demand thereof shall be awarded to the bidder with the third LCRB and so on.

2.4 **Conditions Before the Start of Supply:**

- a. ERC approval of the PSA or issuance of Provisional Authority.
- b. Security Deposit (please state the amount and form of payment), if applicable: NA
- c. Other conditions (please specify if any). NA

3. **COST AND TARIFF STRUCTURE**

3.1 For Capacity-based contract, the bidder shall specify both its levelized Capacity Payment Offer in PhP/kW/month and/or Energy Payment Offer in PhP/kWh in its bid proposal.

3.2 The Bidder shall provide the detailed calculation of its payment offers including formula and references. All cost items such as capital cost, fuel, and other operation and maintenance costs shall be itemized and classified into Fixed and Variable Cost as may be applicable.

- Fixed Cost
 - Capital Cost
 - Fixed Operation and Maintenance Costs
 - Others (please specify)
- Variable Cost
 - Operation and Maintenance (O&M)
 - Fuel Cost
 - Others (please specify)

- a. No indexation or escalation on Capital Recovery Fee (CRF)
 - b. Fixed O&M fee shall be in Philippine Peso
 - c. Fossil fuel is passed on charge based on actual market price but limited to guaranteed fuel rate per Li/kWhr
 - d. Lube Oil is based on local market price Li/kWhr
 - e. Present effective cost of electricity for each year (2023-2026)
 - f. Variable O&M fee shall be indexed on FOREX and Philippine CPI
 - g. CRF can be indexed to average FOREX during the construction period.
- 3.3 The Bidder shall include all necessary attachments (e.g. invoices), documentations, and any other relevant information in every billing statement that will enable the DU to determine that the billing computation is compliant with the PSA.
- 3.4 Bidder shall also specify all other applicable charges incorporated in its payment offers such as, but not limited to, connection facilities, wheeling charges, metering, communication equipment, and government taxes or levies.
- Applicable Charges
 - Connection Facilities
 - Wheeling Charges
 - Metering
 - Communication Equipment
 - Government Taxes/Levies
- 3.5 Bidder shall specify its Total Landed Generation Cost in PhP/kWh covering items 3.2 to 3.4 and shall serve as Financial Bid Price.
- 3.6 Capacity payment shall only be paid when the capacity is available on the particular billing period.
- 3.7 Specify formula for base fee adjustments affected by factors such as CPI, FOREX, and Escalation due to fuel degradation and others.

4. PAYMENT MODALITIES

- 4.1 **Mode of Payment (check as applicable)**
- Cash
 - Manager's Check
 - Others please specify: Bank Transfer

4.2 **Currency of Payment:** Philippine Peso

4.3 **Billing Period:**

- Monthly
- Quarterly
- Others please specify NA

4.4 Bidder shall specify its offer of prompt payment discount and other incentives to the Distribution Utility (DU) in its bid proposal.

5. OUTAGES AND REPLACEMENT POWER

5.1 In all instances of outage regardless of cause, including delay in the initial delivery, the Supplier shall provide for the replacement power, notwithstanding Section 6 below.

5.2 The cost of Replacement Power shall be the (1) ERC- approved rate under the PSA, (2) WESM Price, or the (3) actual Replacement rate, whichever is the lowest.

6. FORCE MAJEURE

6.1 The events that shall be deemed as Force Majeure and analogous circumstances shall be in accordance with Section 3.30 of DOE Circular No. 2021-09-0030.

6.2 To the extent either Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations under this Agreement and such Party (the "Claiming Party") gives notice and details of the Force Majeure to the other Party as soon as practicable, then the Claiming Party shall be excused wholly or partially from the performance of its obligations herein (other than the obligation to make payments when due or becoming due with respect to performance prior to the Force Majeure). During the Force Majeure event, the non-Claiming Party shall likewise be relieved of its obligations to the Claiming Party, but only those obligations corresponding to the performance of the Claiming Party excused by such Force Majeure event, unless provided otherwise.

6.3 There will be no payment of any capacity fee or any capacity that the DU cannot accept, in case of outage during any force majeure.

- 6.4 All other arrangements in case of force majeure may be agreed upon by parties and shall form part of the PSA, but should be consistent with the TOR.

7. GROUNDS FOR TERMINATION OF CONTRACT

- 7.1 Valid grounds for termination are:
- a. Event of Default
 - b. Expiration of cooperation period.
 - c. Mutual agreement by both parties
 - d. Changes in the circumstances as agreed under the PSA.
 - e. If an event of force majeure as defined herein will exceed sixty (60) consecutive days and the affected party cannot fully perform its obligations under the PSA, either party may terminate the PSA by providing written notice within the 60-day period of the force majeure.
- 7.2 An ERC approved final rate lower than that of the PSA rate shall not be a valid ground for the termination of the contract. DU shall not be liable for the difference between the PSA rate and the ERC approved final rate.

8. LIQUIDATED DAMAGES

- 8.1 Liquidated damages in case of default shall be equal to the present value of the Capacity Payment computed on a 365-day basis for the remaining term of the PSA.
- 8.2 The discount rate to be used shall be the prevailing rate at the time of default (World Bank Rate).

9. REDUCTION OF CONTRACT CAPACITY

- 9.1 The reduction of contract capacity shall be allowed in case of (please check if applicable):
- loss of captive customers due to Retail competition and Open Access (for on-grid areas only)
 - Reduction of demand of the DU due to special circumstances beyond the control of the DU.

- 9.2 DU may assign, transfer, designate, or allocate its rights and obligations to purchase a portion of contract it no longer requires to:
- a) Any of its business segments without the prior consent of Power Supplier; or
 - b) Any affiliate, third party, or other ECs of FRECOR 8 subject to the consent of Power Supplier
- 9.3 The consent of the Power Supplier shall not be unreasonably delayed or conditioned at the disadvantage of the DU.
- 9.4 Any reduction of contract capacity shall require approval of the ERC and must comply with applicable rules of competition set by the Government.

10. OBLIGATIONS OF THE DU

The DU shall provide assistance to the successful bidder in the processing of permits and similar requirements from all national agencies and local government units especially if the resulting PSA involves the construction of a new power plant.

11. BIDDERS QUALIFICATIONS

- 11.1 All forms of business organizations including Joint Ventures are encouraged to participate in the bidding process subject to applicable government licenses and permits.
- 11.2 The bidder must comply with the constitutional requirement on ownership.
- 11.3 The capacity offer of the bidder must be compliant with all the ownership limitations prescribed under EPIRA.
- 11.4 Bidders shall offer supply from existing operational power plants.
- 11.5 If bidder is formed as partnership, corporation, consortium, joint venture or any similar association for purpose of this CSP, it must present an agreement showing that the Bidder and all its partners, shareholders, joint venture, associates, as may be applicable, are jointly and severally liable to (EC) for any and all costs and obligations arising from this CSP and the resulting PSA.

12. TRANSMISSION FAILURES

If the DU is not able to take the Power Contracted from the Delivery Point, for causes attributable to a system rotational brownout or load dropping imposed by the System Operator, and/or any failure by the Transmission Utility to transmit the Power Contracted, including those due to any localized transmission line outages (other than as a result of a system-wide or grid-wide blackout or service interruption), the DU may, after the occurrence of any of such events, revise its Nomination for the succeeding Trading Interval/s on the same trading day ("Real-Time Nomination") and the Seller shall accept the Buyer's Real-Time Nomination.

13. ASSIGNMENT

Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party. Replacement of Power by a third party shall not be construed as an assignment within the purview of this agreement.

14. RISK MITIGATION AND VALUE-ADDED SERVICES

A risk mitigation agreement shall be agreed upon by the Seller and the Buyer to mitigate the risks on account of:

- a. Price Volatility in the WESM
- b. Plant Outages of the Seller
- c. Higher price for low capacity utilization
- d. Defaults of either party
- e. Other agreements to be finalized under the PSA
- f. Operational discount & Prompt Payment discount

Prepared by:

(sgd.)

ATTY. EDSON G. PICZON

R8 JTPBAC - Chairman

(sgd.)

ENGR. RICHARD A. FORSUELO

R8 JTPBAC - Vice Chairman

(sgd.)

ENGR. NILO A. ESTOPA

R8 JTPBAC - Member

(sgd.)

ATTY. KENNETH B. FABILA, CPA

Captive Customer Representative

(sgd.)

MR. VIDA O. UREÑA

Captive Customer Representative

ANNEX A

Aggregated Baseload Demand of Region 8 ECs

Contract Year	Contract Period	Aggregated Load
2024	Dec. 26, 2023 – Dec. 25, 2024	34 MW
2025	Dec. 26, 2024 – Dec. 25, 2025	34 MW
2026	Dec. 26, 2025 – Dec. 25, 2026	33 MW

ANNEX B**Declared Base Load Demand of Region 8 ECs**

ELECTRIC COOPERATIVE	Contract Year		
	2024	2025	2026
NORSAMELCO	6	6	6
SAMELCO I	4	4	4
SAMELCO II	3	3	3
ESAMELCO	4	4	4
DORELCO	5	5	5
LEYECO II	5	5	5
LEYECO III	0	1	1
LEYECO V	5	4	3
SOLECO	2	2	2
TOTAL	34	34	33