

LA UNION ELECTRIC COMPANY, INC.

ADDITIONAL QUESTIONS/CLARIFICATION:

SECTION/SOURCE	DESCRIPTION	QUESTION/CLARIFICATION/COMMENTS	ANSWERS
INSTRUCTION TO PROSPECTIVE BIDDERS (IPB)			
General Question	Annexes	Can we be provided with editable (word file) of the Annexes to ensure uniformity?	No. Sorry that we cannot accede to your request since that would mean non-uniform application of the rules. Anyway, there are available software applications to convert pdf files to word.
Annex 1: Application to Qualify and Participate in the Bidding	1. xxx (<i>name of Bidder</i>), a (<i>partnership/corporation</i>) with business address at (<i>address</i>), hereinafter referred to as the Bidder, xxx	Suggested revision: xxx (<i>name of Bidder</i>), a (<i>partnership/corporation</i>) with business office/plant address at (<i>address</i>), hereinafter referred to as the Bidder, xxx	We stick to the original statement.
Annex 2: Authority to Participate in the Bidding and Designation of Authorized Representative	1. I am a Filipino, of legal age and a resident of (<i>place</i>).	Suggested revision: I am a Filipino, of legal age and a resident of with office address (<i>place</i>).	Noted.
Annex 6: Statement of Financial Capability	For the required attachment: (b) copy of the recent quarterly financial statements, which shall be certified as a true copy by the chief financial officer or treasurer, and must be under oath and notarized	Copy of the recent quarterly FS, does this mean only the recent- Third Quarter FS? Or should the Bidder provide the First and Second Quarter FS as well?	Most recent quarterly financial statements refer to 2020 quarterly filing, depending on your calendar or fiscal year accounting period.

<p>Section 2.2.7 Summary of Bidding</p>	<p>For Bidders whose Document Submissions “passed” evaluation, the TPBAC shall proceed to evaluate their Bid xxx</p> <p>The TPBAC shall thereafter rank the Bids from lowest to highest using LCOE and shall determine the most advantageous bid. The Bidder whose offer yields the lowest LCOE, inclusive of VAT if applicable, shall be considered the Best Bid (“Best Bid”)</p>	<p>Can you elaborate on what is advantageous to the customers? Can we be clarified what are the factors for the Bid to be called advantageous?</p>	<p>The most advantageous to the consumers is the lowest Bid and in compliance with the technical requirements.</p>
<p>Section 3.4.2 (a) Format of Submission of Qualification Documents</p>	<p>(a) A Bidder must submit its Qualification Documents in the following form:</p> <p>(i) one (1) complete original set, clearly marked on each page as “ENVELOPE 1-QUALIFICATION DOCUMENTS-ORIGINAL,” and numbered continuously; and</p> <p>1. (ii) five (5) sets of photocopies, clearly marked on each page as “ENVELOPE 1-QUALIFICATION DOCUMENTS-COPY NO. __”.</p>	<p>1. Are there a prescribed position/location where to put the indicated markings?</p> <p>2. In reference to the Guidelines, the Bid Opening will be held via Zoom and per SBB Sec. 2.1.4 (e) <i>between the hard copy submission and soft copy submission, the latter shall prevail</i>. Since the soft copy will prevail, can we submit one set of original hard copy instead of one original and five sets photocopies?</p> <p>3. Can you provide us with the Final Checklist of the documents that are needed to be submitted per envelope? As amended during the Prebid Conference.</p>	<p>Middle of the envelope.</p> <p>The five sets of photocopies of the signed original will be given to each of the TPBAC members for their evaluation.</p> <p>We will provide the checklist of Bidding Requirements per envelope.</p>

TERMS OF REFERENCE (TOR)

Item 8:
Power Reduction Act (PAR)

Power Supplier may opt to offer a
**Power Act Reduction (PAR) Rate of
Php 0.30/ kWh...xxx**

This shall be included in the
calculation of LCOE

Per Prebid, one of the Bidder asked and LUECO confirmed that the lowest bid will be determined by the calculation of the following:

- a. LCOE of BER
- b. PAR & PPD
- c. VAT

However, on the succeeding questions from other Bidders, you mentioned that PAR is optional. Can we confirm if PAR is mandatory or optional?

PAR is optional as there are two (2) options (a "YES" or "NO") a Bidder can choose from in the sheet "Base Energy Input" in the LCOE Workbook. If Bidder opted "NO", it is understood that PAR is equivalent to zero (0) in the LCOE calculation. For Bidders who opted "YES", a reduction of PhP0.30/kWh (to be applied to the residential kWh used estimated at 50% of the total contracted energy) to further lower their LCOE, hence greater chance of winning.

ELECTRIC POWER PURCHASE AGREEMENT (EPPA)

Article 4.2

4.2 Failure of Power Plant to Generate Electricity. In case SELLER is unable to source electricity from Power Plant for whatever reason **except cases of Force Majeure**, SELLER shall undertake alternative sourcing arrangements to compensate for the failure or shortfall, provided that, BUYER shall pay to SELLER the prevailing Electricity Fee or from the alternative source, whichever is lower. In case SELLER fails to supply BUYER electricity due to unavailability of supply from its Power Plant, WESM, and any other source, SELLER shall pay a fine...

We suggest to delete this Section. This Section has no applicability because:

1. As stated in the current Section 4.4, in the event of outages of Power Supplier, it will still continue to supply LUECO's energy requirements (through alternative sources).
2. As our proposed amendment above on alternative sources of supply during Force Majeure events, LUECO will still be supplied with energy (through alternative sources).
3. The first two statements guarantee energy supply to LUECO for all hours during the Cooperation Period. This fulfills the DOE concern on reliable and available supply of electricity to LUECO's customers, making this Section 4.2 unnecessary. For the avoidance of doubt, perhaps we can clarify with the DOE as to the intent and context of their statement.
4. Following a guaranteed supply stated above, the only instance that a failure of supply of this nature will occur is an event of Force Majeure described in Section 8.2(g), in which case, Power Supplier is excused from the performance of its obligations. Thus, this Section 4.2 is no longer applicable.

Article 4.2 and 4.4 are entirely different provisions.

Article 4.2 speaks of Failure of Power Plant to supply Electricity for whatever reason except cases of Force Majeure while Article 4.4 speaks of Allowed Downtime (for maintenance purposes) whether Planned or Unplanned.

We already clarified this Article 4.2 with DOE and DOE does not want this provision removed.

Article 8.2 as amended provides

xxx . . .

In the case of Force Majeure Event affecting Power Supplier, and there is available supply from another source, Power Supplier shall continue to supply LUECO at **BER prevailing Electricity Fee** or WESM Price at LUECO's Market Trading Node, whichever is lower. **Power Supplier shall guarantee 100% availability of supply at prevailing Electricity Fee regardless of source plant's availability or**

		<p>For the sake of Discussion: How will LUECO determine if there is indeed a Failure of Supply (for further elaboration we kindly request LUECO to sight an example)?</p> <p>What will be the possible option/action the Power Supplier can take so that it will not be penalized, given the indicated scenario of unavailability of supply from its Power Plant as well as from WESM and any other source?</p>	<p>unavailability whether due to a Planned or Unplanned Outage.</p> <p>xxx</p> <p>Hence, there is an exception to the rule that a Force Majeure event will excuse a Supplier from the performance of its obligation while Article 4.2 sets forth the obligation of the Supplier in case of its failure to generate Electricity for whatever reasons except cases of Force Majeure.</p> <p>Under said Article 4.2, the penalty applies and cannot be dispensed as per DOE requirement.</p> <p>The Supplier has to notify LUECO. Please refer to Article 8.3.2</p> <p>8.3.2 If any Event of Force Majeure prevents BUYER from taking capacity and/or energy from SELLER, SELLER may sell such capacity and energy to third parties, on terms which permit SELLER to recommence sales to BUYER following the discontinuance of such Event of Force Majeure affecting BUYER upon twenty-four (24) hours' prior written notice.</p> <p>We understand your predicament. This has been the subject of our query to DOE and the latter does not want the provision removed.</p>
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Article 5.1.2	As per SBB No. 5: BUYER shall be entitled to Power Act Reduction discount of Php 0.30/kWh, applicable to BUYER's energy supplier to residential customers only.	Suggested revision: If applicable , BUYER shall be entitled to Power Act Reduction discount of Php 0.30/kWh, applicable to BUYER's energy supplier to residential customers only.	This is well taken. Article 5.1.2 is further amended to read as follows: <i>5.1.2 If applicable, BUYER shall be entitled to Power Act Reduction discount of Php 0.30/kWh, applicable to BUYER's energy supplied to residential customers only.</i>
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<p>Article 8.2</p>	<p>EPPA Article 8.2 was amended to read as follows during the pre-bid conference:</p> <p>“In the case of Force Majeure affecting Power Supplier, and there is available Supply from another source, Power Supplier shall continue to supply LUECO at BER or WESM Price at LUECO’s Market Trading Node, whichever is lower”</p>	<p>We disagree to this amendment to Article 8.2</p> <p>The amendment will seemingly negate the instances of Force Majeure listed in the original Article 8.2 (a), (b), (c), (d), (e), (f), and shall leave only item “(g) unavailability of power from the System” as an instance of FM. At the same time the said amendment will make <i>Article 8.1 Events of Force Majeure</i> purposeless.</p> <p>Any event of Force Majeure is a suspension of the obligations of both Parties and this includes the obligation of Power Supplier to supply LUECO replacement power at Supplier’s cost.</p>	<p>Article 8.2 (g) speaks of unavailability of Power from the System while the amendment speaks of “localized” Force Majeure event and there are available sources from other Power Suppliers.</p> <p>Article 8.2 Instances of Force Majeure is further amended to read as follows:</p> <p>xxx . . .</p> <p>In the case of Force Majeure Event affecting Power Supplier, and there is available supply from another source, Power Supplier shall continue to supply LUECO at BER prevailing Electricity Fee or WESM Price at LUECO’s Market Trading Node, whichever is lower. Power Supplier shall guarantee 100% availability of supply at prevailing Electricity Fee regardless of source plant’s availability or unavailability whether due to a Planned or Unplanned Outage.</p> <p>For reference, “System Emergency” refers to any unforeseeable condition affecting the System (as defined in the Grid Code), which may cause (i) the grid-wide unavailability of Supply disconnection of the Power Plant from the Luzon Grid, or any disruption in the supply of electric energy from the Power Plant for reasons other than a forced outage, or (ii) suspension of electric energy off-take from SELLER in order to prevent or avoid significant disruption of service to BUYER or danger to life or property.</p> <p>For the avoidance of doubt, the Power Supplier shall not be entitled to claim declare any of its the above cited act or omission as Force Majeure.</p>
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Additional Comments for Clarification

SECTION/SOURCE	1 st SUBMISSION QUESTION	1 st TPBAC Clarification/s	2 nd Submission of Comments	2 nd TPBAC Clarification/s
SBLC Request for LUECO Bid /LUECO SBB No. 6 item C Clarification				
<p>Instructions to Prospective Bidders Page 14, Section 3.3</p> <p>Bid Security equivalent to One Hundred Sixty Million Pesos (PhP160,000,000.00) in the form of an irrevocable standby letter of credit issued by an Allowed Bank listed in ANNEX 11 and using the template in ANNEX 9 (without modification)</p>	<p>For ease of transaction, can the format of the allowable bank be accepted?</p>	<p>This cannot be revised because there are conditions set forth in the IPB and they are unique to the BUYER.</p>	<p>With this, may we clarify if you will be sending an Amended Annex 9? Also would like to follow up our email yesterday, regarding Annex 9: Bid Security Format, the bank (BDO) has few <u>minor edits</u> that we are asking for your consideration. Kindly confirm.</p>	<p>Please see Annex 9 item #2 as amended. It does not have to be notarized because it is only a letter in the form to be provided by the Bank. More so, this demand of payment is to be supported by a notarized Board Resolution from LUECO. Noted on the original documents to be attached as required by the Bank.</p>