

Bid Document	Section/Provision	Query	TPBAC Clarification/s
	General Clarification	May we know if LUECO has an existing/incoming power supply from an embedded power plant? If so, may we know capacity/energy?	None
	General Clarification	For more efficient processing of bid documents, may we request for a word file document of IPB Annex 1 - 12 and EPPA?	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.
	General Clarification	For the bidders to give its best offer, may we request for your 1 year hourly load profile?	For your request of one (1) year hourly load profile, we shall provide you with 2019 data since data for year 2020 do not reflect the normal conditions of the load profile of LUECO.
	General Clarification	May we be clarified if all bidding documents must be signed on each page? If yes, should it also be done to 5 sets of photocopies?	Yes, for purposes of security.
	General Clarification	<p>May we also suggest to include in CSP schedule due diligence to LUECO?</p> <p>May we request for the following: -AFS for the years 2017-2019 -Accounts receivable aging/AR aging report (2017-2019)</p>	<p>Due diligence to LUECO is not included in the CSP schedule as required by the DOE and besides you can conduct due diligence on your own convenience.</p> <p>We will provide your requested documents after submission of the Bid Documents.</p>
	General Clarification	To lessen exposure of winning bidder in the market, can winning bidders require LUECO to post security deposit/guarantee bond? Otherwise, can the SELLER include a clause in the EPPA that LUECO will provide a payment security in case of BUYER'S poor payment performance (i.e. delayed payments) on top of the interest?	Please refer to Article 14.3.2 Liquidated Damages regarding BUYER's Event of Default.
<p>TOR page 1</p> <p>LCOE Calculation Worksheet</p>	<p>Tariff Structure: Line Rental and all other market related charges</p> <p>LCOE Calculation Worksheet</p>	<p>May we know the definition and enumerate components of all other market related charges? Will it cause bidder's disqualification if the bid does not offer inclusivity of Line Rental and all other market related charges (e.g. partial subsidy only)?</p> <p>How will the reserve price be determined? since the LCOE calculation includes energy price, WESM related</p>	<p>These other "Market-Related charges" are concerns of the Power Supplier, which maybe the subject of Energy Regulatory Commission (ERC) evaluation of the Electric Power Supply Agreement (EPPA). ERC might just ask for its breakdown. LUECO's main concern is the total cost of the Base Energy Rate (BER).</p> <p>We do not have data on Line Rental and Market Related Charges as our present rate is inclusive of all these charges.</p> <p>The only basis for the Reserved Price is what is most advantageous to the consumers. We can only declare the Reserve Price but not its basis.</p>

		charges (e.g. line rental), VAT, etc., all these should be considered in the setting of the reserve price.	
TOR page 1	Item 8 Power Act Reduction Rate	May we be enlightened with the rationale on power act reduction rate? This would apply to NPC TOU rate of power plants, as this is under CSP, this might no longer be applicable.	While it is true that the PAR applies to NPC Plants, however our residential consumers have been enjoying this benefit for 20 years now and we would like to maintain it that way, for the following reasons: <ol style="list-style-type: none"> 1. Residential customers are also called Captive Customers who are being protected by the State, unlike other classes of customers who have the right to choose their Supplier under RCOA; 2. Commercial or Industrial Consumers can claim the cost of electricity as part of their Operating Expenses.
TOR page 2	Item 14: Eligibility Requirements	In lieu of a COC, can the bidder submit its Provisional Authority to Operate ("PAO") issued by ERC?	Yes, provided the PAO has not yet expired and/or not disapproved by the ERC.
TOR page 3	Item 16 Validity and Purpose of Bid Security	To ensure accurate posting of bid security, may we know the exact start and end date of bid security?	The exact start date is on April 12, 2021 which is the Bid Submission deadline and shall be valid for sixty (60) days from such date. In the case of the Winning Bidder, the Bid Security shall be kept valid until Commencement Date as defined in the Electric Power Purchase Agreement template. Please refer to Section 3.3.1 of the IPB Validity and Purpose of Bid Security.
ITB page 1	Item 7 : Tariff Structure Base Energy Rate (BER) in Php / KWh subject to the following: Inclusive of Line Rental and all other market related charges	To eliminate biases in the evaluation, will LUECO provide a reference period for the evaluation of the line rental since the supplier is responsible for absorbing such cost? May we suggest of the following: 1: Provide an option to the supplier to provide a cap on the line rental and 'other market charges' instead of mandatory absorption of the aforementioned charges. 2: To enable suggestion 1, may we request for historical data on the 'other market related charges' and period for the evaluation of the line rental cost.	These other "Market-Related charges" are concerns of the Power Supplier, which maybe the subject of Energy Regulatory Commission (ERC) evaluation of the Electric Power Supply Agreement (EPPA). ERC might just ask for its breakdown. LUECO's main concern is the total cost of the Base Energy Rate (BER). We do not have data on Line Rental and Market Related Charges as our present rate is inclusive of all these charges.

<p>TOR page 2</p>	<p>Item 14 : Eligibility Requirements of Power Supplier</p> <p>"Must have: *experience in supplying to a Distribution Utility to be evidenced by an ERC approval of on-going ERC application*</p>	<p>The requirement for proof of experience is not included in the items listed under Technical Proposal in the 'Instruction to Prospective Bidders' (IPB). May we know if such requirement is then waived or it is still included under the Technical proposal?</p> <p>If yes, may we request LUECO to provide us a template?</p>	<p>Under IPB ANNEX 7 No. 1, it made reference to the requirement mentioned in the TOR pertaining to Proof of Experience.</p> <p>There is no such template. Please refer to the requirements under ANNEX 7 No. 2 of the IPB.</p>
<p>ITB page 5</p>	<p>Indicative Schedule Issuance of Bidding Documents shall be provided electronically to Bidders. Unless otherwise expressly specified in writing, all meetings and conferences, except opening of Bids and evaluation are to be conducted online thru ZOOM Meeting application, invites shall be forwarded to the e-mail addresses registered through the Expression of Interest Form.</p>	<p>Does that mean that bidders must be physically present in the bid opening and evaluation on April 12 and 13, 2021?</p>	<p>These are all embodied in the CSP Guidelines on Virtual Bidding Process which will be posted in the DOE CSP Portal in the coming weeks after the approval by DOE.</p>
<p>IPB page 5</p>	<p>Clause 2.2 Summary of bidding - Reserve prices</p>	<p>To encourage more competitive bid price, may we request LUECO to disclose prior bid submission, the actual pre-determined reserve prices for both LCOE and Proposed Price (1st billing year)?</p> <p>The idea of disclosing the reserve prices shall benefit both LUECO and the bidders, for LUECO this will mitigate the risk of incurring failed biddings due to failure of the bidders to be equal or lower than the reserve prices. For the bidders, this will allow them to assess their capability to bid and provide better offers for LUECO.</p>	<p>This is subject of our letter-query to DOE and we quote the reply of DOE <i>“On the clarification on the declaration of the Reserved price during the Opening of Bid Submissions, we deem it appropriate that the reserve price be opened after opening of all the bidder’s bid prices.”</i></p> <p>Please refer to Section 2.2 of the IPB as amended. <i>The Winning Bidder shall be determined as one with the lowest resulting LCOE. There will only be one Winning Bidder and such must be able to supply for the entire requirement of LUECO for the duration of the Cooperation Period. Moreover, To be declared as Winning Bidder, the Bidder’s Proposed Price (for the first Billing Year) and its LCOE should be equal to or lower than the are both subject to pre-determined reserve price, which will only be revealed by the TPBAC to Qualified Bidders during only after the opening of all the Bids. (hereinafter collectively referred to as the “Reserve Prices.”). Moreover, the Winning Bidder should have the lowest Final LCOE.</i></p>

IPB page 13	Clause 3.1.2 Company Information Items A-G, Annex 3	For clarity, may we know if each item from A - G should have 1 accomplished notarized Annex 3? Or 1 Annex 3 will suffice for all the items A-G?	Annex 3 is just a checklist of the requirements stated therein (A – G) eliciting either a Certified True Copy of the Document from concerned Government Agency or a notarized Certification from the Corporate Secretary.
IPB page 14	Clause 3.1.4 Notarized Financial Capability Copy of most recent quarterly financial statement	To clarify needed documents, may we know if recent quarterly financial statement refers to Q1 2021?	Most recent quarterly financial statements refer to 2020 quarterly filing, depending on your calendar or fiscal year accounting period.
IPB page 14	Clause 3.2 Technical Proposal Evidence of compliance to requirements stated in invitation to Terms of Reference	To be clarified in this bid requirement, may we know which exact documents will satisfy this requirements?	<p>In reference to TOR Item No. 14 as mentioned in Section 3.2 letters (b) and (c), hereunder are the requirements:</p> <ul style="list-style-type: none"> • a Certificate of Compliance (COC), and/or or documented Electricity Power Purchase Agreement (EPPA) for/with the intended source plant/s; for management of Plant, Independent Power Producer Administration Agreement (IPPAA) • experience in supplying to a Distribution Utility to be evidenced by an ERC approval or on-going ERC application; • sufficient available capacity to supply LUECO’s requirements from Commencement date, to be evidenced by a notarized certification in the form and substance provided together with this TOR. • Proof of direct WESM Membership
IPB page 18	3.3.2 Forfeiture of Bid Security the Winning Bidder fails to timely submit any document that the ERC may require for the successful filing of the relevant ERC application for approval of the Electric Power Purchase Agreement, within five (5) days from the signing and execution of the Electric Power Purchase Agreement.	May we suggest to extend due date to Ten (10) business days to settle requirement of ERC?	<p>We cannot change this because this is a DOE-imposed provision under DOE CSP DC2018-02-0003 Section 8.9.</p> <p><i>“8.9 Within five (5) working days upon signing of the PSA, the DU and the winning bidder shall jointly file the PSA to the ERC, copy-furnished the DOE and NEA, in case of ECs.”</i></p>

<p>IPB page 43</p>	<p>Annex 7 : Technical Proposal</p> <p>Item 4: Details of the interconnection, operation and maintenance of the nominated power plant or portfolio of plants, including but not limited to general information on the nominated power plants or portfolio of plants and key components thereof, plants site/s and interconnection site/s; and"</p>	<p>May we know the purpose of such data request - since LUECO will not be affected by outages of the nominated power plant [whether planned or unplanned] since it has been granted guaranteed supply by the supplier at the Base Energy Rate [BER]?</p> <p>Also, what type of specific documents do you require to satisfy this provision?</p>	<p>This is for the purpose of verifying your guaranteed continuous supply of power to our customers.</p> <p>Item 4 of ANNEX 7 of the IPB is self-explanatory.</p>
<p>IPB page 44</p>	<p>Annex 7 : Technical Proposal</p> <p>Certification regarding Technical Proposal</p>	<p>May we know the definition of 'Reserve Capacity'? Are these capacities contracted with other utilities that does not have existing approvals by the Energy Regulatory Commission?</p> <p>The term is not included in the 'Definition of Terms' and thus for alignment.</p>	<p>"Reserve Capacity" as mentioned in the Certification Regarding Technical Proposal shall mean the net of the Maximum Plant Capacity less Total Contracted Capacity and Pending PSAs for Approval by ERC.</p>
<p>IPB page 51</p>	<p>Annex 10</p>	<p>It is stated in Annex 10 that no changes will be made in EPPA template, may we request LUECO that bidders must be allowed to edit/add provisions on EPPA?</p>	<p>No. 1 of ANNEX 10 in the IPB states that:</p> <p>1. <i>[Bidder] has received the Electric Power Purchase Agreement (EPPA) template together with the Bidding Documents, and no changes will be made on the EPPA template except only as necessary to reflect the terms and conditions of the Technical Proposal and Bid of the Winning Bidder;</i></p> <p>It is very clear that the said paragraph includes any change as are necessary to reflect the terms and conditions of the Technical Proposal and Bid of the Winning Bidder.</p> <p>The very purpose of the submission of your comments prior to Pre-Bid Conference and Opening of Bids is to enhance the Bid Documents including the EPPA that would reflect the mutual understanding of the parties. In fact these changes are to be posted in the Bid Bulletins.</p>
<p>EPPA page 9</p>	<p>Clause 1.1 Definition of Terms</p>	<p>T-bill rate - The BSP Lending Rate is what is being used by WESM for the interest rate. Can this be considered instead of the T-bill rate?</p>	<p>We stick to the T-Bill Rate since it is lower than the BSP rate and in case of default, the latter is more burdensome to the defaulting party.</p>

<p>EPPA page 15</p>	<p>Clause 5.2.6 Payment Procedure</p>	<p>May we suggest to remove the interest to be imposed on the refunded disputed amount in favor of the buyer? Can the seller also impose the same interest to the amount in the disputed final invoice in case the resolution is in favor of the seller?</p>	<p>The interest is applicable to both parties. Please refer to Article 5.2.7 of the EPPA. And said Article is amended to read as follows:</p> <p>5.2.7 5.2.6 <i>If any Party fails to make payment to another Party of any amount due under this Agreement, where such amount is not the subject of a Dispute, including but not limited to the award or settlement amount due under Section 5.2.6 interest thereon from the date when payment was originally due until payment thereof is received shall be calculated at a rate per annum equal to the T-Bill Rate as of the due date, plus two percent (2%) from the Day in which the sum was due and payable accruing from the date the disputed Invoice amount was paid by BUYER until the time the award is paid.</i></p>
<p>EPPA page 16</p>	<p>Clause 6.1.1 Responsibility for Taxes, Fees and Costs - Benefits to Host Communities Charges</p>	<p>Pursuant to ER 1-94 Section 5, the beneficiaries are the host LGU or host region where the energy generating facility is physically located. For bidders who will bid using their generating facilities outside LUECO's franchise area, this should not be applicable. Maybe we can edit it to: Benefits to Host Communities Charges (if applicable)?</p> <p>Also, how will this be reflected in your LCOE calculation worksheet and bid evaluation?</p>	<p>Pursuant to ER 1-94 under Nature of Benefits/Scope of Application,</p> <p><i>"One-centavo per kilowatt-hour (P0.01/kWh) of the Electricity Sales which shall apply to Generation Facilities and/or energy resource development projects located in all barangays, municipalities, cities, provinces and regions."</i></p> <p>We are just concerned with the BER.</p>

<p>EPPA page 19</p>	<p>Clause 8.3.1 Effect of Force Majeure</p>	<p>In the EPPA, it says: "Except as provided in Section 8.5, the affected Party shall be excused from performance to the extent affected and shall not be considered to be in default in respect of any obligation under this Agreement (including any obligation of BUYER to pay the Electricity Fees) for so long as failure to perform such obligation shall be due to an Event of Force Majeure." Meanwhile, in the TOR, it says: In the case of Force Majeure Event affecting Power Supplier, Power Supplier shall continue to supply LUECO at BER or WESM Price at LUECO's Market Trading Node, whichever is lower. Which shall prevail?</p>	<p>Article 8.2 of the EPPA is amended to read as follows: xxx <i>For the avoidance of doubt, xxx . . .</i> <i>In the case of Force Majeure Event affecting Power Supplier, and there is available Supply from other sources, Power Supplier shall continue to supply LUECO at BER or WESM Price at LUECO's Market Trading Node, whichever is lower.</i> <i>For reference, "System Emergency" refers xxx . . .</i> <i>For the avoidance of doubt, the Power Supplier shall not be entitled to claim any of its act or omission as Force Majeure.</i> In the light of the recent Amendment, the provisions in the TOR and EPPA regarding this matter will be consistent. <i>And Article 8.3.1 is amended to read as follows:</i> <i>8.3.1 Except as provided in Section 8.2 and 8.5, the affected Party shall be excused from performance to the extent affected and shall not be considered to be in default in respect of any obligation under this Agreement (including any obligation of BUYER to pay the Electricity Fees) for so long as failure to perform such obligation shall be due to an Event of Force Majeure.</i></p>
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<p>EPPA page 25</p>	<p>Clause 13.1.2.2 Buyer Conditions Precedent</p> <p>SELLER shall fully cooperate with BUYER with respect to the ERC Application and shall furnish BUYER those documents that the ERC may require in connection with the ERC Application and any other review or examination conducted by the ERC with respect to this Agreement promptly upon request by BUYER, provided that SELLER shall submit directly to the ERC any information which it deems to be confidential and shall give written notice to BUYER of such direct filing.</p>	<p>Please make it reciprocal, suggest:</p> <p>"Both parties shall fully cooperate with respect to the ERC Application and either Party shall furnish the other Party those documents that the ERC may require in connection with the ERC Application and any other review or examination conducted by the ERC with respect to this Agreement promptly upon request by the other Party, provided that either Party shall submit directly to the ERC any information which it deems to be confidential and shall give written notice to the other Party of such direct filing."</p>	<p>Thank you for your observation. It is noted and will be adopted.</p> <p>Article 13.1.2.2 is amended to read as follows:</p> <p><i>13.1.2.2 SELLER Both parties shall fully cooperate with BUYER with respect to the ERC Application and either party shall furnish BUYER the other party those documents that the ERC may require in connection with the ERC Application and any other review or examination conducted by the ERC with respect to this Agreement promptly upon request by BUYER the other party, provided that SELLER either party shall submit directly to the ERC any information which it deems to be confidential and shall give written notice to BUYER the other party of such direct filing.</i></p>
<p>EPPA page 27</p>	<p>Clause 14.2 Buyer Events of Default</p> <p>BUYER fails to perform any material obligation under this Agreement, excluding the making of any payment which is due, which failure has not been remedied within sixty (60) Days after receipt from BUYER of a written notice of BUYER Event Default.</p>	<p>May we be clarified if in EPPA clause "after receipt from BUYER of a written notice"? Should it be a SELLER?</p>	<p>This is well taken. Article 14.2 Buyer Event of Default letter (a) is amended to read as follows:</p> <p><i>a) BUYER fails to perform any material obligation under this Agreement, excluding the making of any payment which is due, which failure has not been remedied within sixty (60) Days after receipt from BUYER of a written notice of BUYER SELLER Event Default.</i></p>
<p>EPPA page 28</p>	<p>Clause 14.2 Buyer Events of Default</p> <p>f) BUYER fails to make any payment of a Final Invoice when such invoice becomes due and payable in accordance with ARTICLE 5 of this Agreement and such payment is not made within one hundred twenty (120) Days after the due date of the relevant Final Invoice</p>	<p>Can the SELLER/winning bidder negotiate the number of days from 120 days to a shorter period (ex. 60 days) for failure to settle the final invoice to be considered as an event of default?</p>	<p>As a compromise let us make it Ninety (90) days.</p> <p>Article 14.2 (f) Buyer Events of Default of the EPPA is amended to read as follows:</p> <p><i>f) BUYER fails to make any payment of a Final Invoice when such invoice becomes due and payable in accordance with ARTICLE 5 of this Agreement and such payment is not made within one hundred twenty (120) Ninety (90) Days after the due date of the relevant Final Invoice.</i></p>

LCOE Calculation Worksheet	Base Inputs' worksheet - Prompt Payment Discount entry.	<p>May we know the reason why 3% Prompt Payment Discount is mandatory in the provided 'LCOE Calculation Worksheet'?</p> <p>May we suggest of the following:</p> <p>1: Make the Prompt Payment Discount optional since this is based on supplier's discretion - to align also with the option provided to the Power Act Reduction.</p> <p>2: If the Prompt Payment Discount shall remain mandatory - allow the supplier to determine the % it is willing to provide thus remove the 3% minimum requirement.</p>	<p>Prompt Payment Discount of 3% is being enjoyed by our customers for more than 20 years and we want to maintain it that way for the benefit of our consumers.</p> <p>This is mandatory.</p> <p>Any rate higher than three (3%) is acceptable for the benefit of the consumers.</p>																				
LCOE Calculation Worksheet	Base Inputs' worksheet - Power Act Reduction entry.	<p>May we know why 50% is the measure used to calculate the impact of the PAR application in the resulting LCOE, rather than 44% which is the historical average and reflected in the 'Base Inputs' worksheet?</p> <p>May we suggest to use the 44% for the LCOE calculation - to align with what was reflected in the ITB and the LCOE Calculation workbook (historical average for 5 years).</p>	<p>The present average residential consumption is more than 50%.</p> <p>Please see table below:</p> <table border="1" data-bbox="1553 841 2521 966"> <thead> <tr> <th></th> <th>Oct 2020</th> <th>Nov 2020</th> <th>Dec 2020</th> <th>Jan 2021</th> </tr> </thead> <tbody> <tr> <td>Residential Sales Subject to PAR (kWh)</td> <td>8,467,634</td> <td>8,205,442</td> <td>7,946,264</td> <td>7,588,842</td> </tr> <tr> <td>Total Sales (kWh)</td> <td>15,860,030</td> <td>15,699,312</td> <td>15,301,396</td> <td>14,759,803</td> </tr> <tr> <td>% Residential Sales Subject to PAR</td> <td>53.39%</td> <td>52.27%</td> <td>51.93%</td> <td>51.42%</td> </tr> </tbody> </table>		Oct 2020	Nov 2020	Dec 2020	Jan 2021	Residential Sales Subject to PAR (kWh)	8,467,634	8,205,442	7,946,264	7,588,842	Total Sales (kWh)	15,860,030	15,699,312	15,301,396	14,759,803	% Residential Sales Subject to PAR	53.39%	52.27%	51.93%	51.42%
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