



BATANGAS II ELECTRIC COOPERATIVE, INC.

Antipolo Del Norte, Lipa City

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INVITATION FOR NEGOTIATION

Supply of 20 MW Additional Capacity to BATELEC II

1. Batangas II Electric Cooperative, Inc. (BATELEC II) is a non-stock, non-profit service-oriented Cooperative which by virtue of P.D. 269, was organized and registered with the National Electrification Administration (NEA) on August 12, 1977 and started its operation on April 24, 1978. Its franchise area encompasses two (2) cities and fifteen (15) municipalities in the province of Batangas, distributed in a geographical tract approximately 3,166 sq. kms. in size. These are Lipa City, Alitagtag, Cuenca, MataasnaKahoy, Balete, San Jose, Mabini, Tingloy, Rosario, Padre Garcia, Taysan, San Juan, Lobo, Tanauan City, Malvar, Talisay and Laurel.
2. The BATELEC II through Third Party Bids and Awards Committee (TPBAC) invites all interested and qualified parties / power suppliers in the private sector for the Supply of BATELEC II Additional Capacity. Interested parties must submit a notarized Letter of Intent (LOI) to BATELEC II Third Party Bids and Awards Committee (TPBAC). The LOI, signed by an authorized representative, shall state the full name, address, telephone, email address and fax numbers of interested party and name of the principal contract. It must be delivered by hand and be received by the TPBAC at BATELEC II Main Office or send thru email at batelec2.corplan@gmail.com and acknowledge by BATELEC II TPBAC Secretariat.

Brief Description for the Supply of BATELEC II Renewable Portfolio Standard Requirements, as follows:

A. GENERAL INFORMATION	
NAME OF UTILITY	Batangas II Electric Cooperative, Inc.
AREA TO BE SERVED	Grid
B. REQUIREMENTS	
GENERAL SUPPLY DESCRIPTION	
Purpose of Procurement	As scheduled in the PSPP and For RPS Compliance
Supply Type	Firm
Supply Side	Baseload or 100% Load Factor
Technology Required	A. Existing RE technologies that has been in commercial operations or had incremental capacity resulting from upgrading or expansion after the effectivity of the Renewable Energy Act of 2008 (RE Act) or RA 9513. B. Eligible RE Technologies that is duly approved by DOE or ERC

TERMS OF SUPPLY SERVICES	
Contracted Demand	20 MW Baseload for all trading intervals: Monday to Sunday including national holidays
Contracted Energy	<p>Contracted Energy will be based on 100% load factor. The energy allocated per billing period shall be the following:</p> <ol style="list-style-type: none"> 1. 28 days = 20,000 kW x 24 hours x 28 days = 13,440,000 kWh 2. 29 days = 20,000 kW x 24 hours x 29 days = 13,920,000 kWh 3. 30 days = 20,000 kW x 24 hours x 30 days = 14,400,000 kWh 4. 31 days = 20,000 kW x 24 hours x 31 days = 14,880,000 kWh
Duration Period	The PSA shall take effect for a period of 6 years and 9 months commencing on the Commercial Operations Date of 26 March 2024 to 25 December 2030 unless earlier terminated in accordance with the provisions of the PSA.
Delivery Date	The next immediate 26 th day of the month following the approval of the Energy Regulatory Commission.
COST AND TARIFF STRUCTURE	<p>A. The Bidder shall provide the detailed calculation as per Financial Data Sheet. <i>Kindly see attached Financial Data Sheet.</i></p> <p>B. Bidder shall also specify all other applicable charges incorporated in its payment offers such as, but not limited to,</p> <ul style="list-style-type: none"> • Applicable Charges <ul style="list-style-type: none"> <input type="checkbox"/> VAT and Other Taxes (except Supplier's Corporate Income Tax) <input type="checkbox"/> All other fees that form part of the generation charge <p><i>(note: BATELEC II has the right not to pay pass-through charges if not provided in the TOR or PSA)</i></p> <p>C. Indicate adjustment factor such as:</p> <ul style="list-style-type: none"> • CPI and its formula <p>** If adjustments are not declared on the submitted term sheet but declared on the draft Power Supply Agreement, BATELEC II has the right not to pay the adjustments not declared on the term sheet or has the right to disqualify the potential bidder. This is to avoid having hidden charges.</p> <p>Additionally, Levelized Cost of Energy (LCOE) shall be considered in evaluation of the offer.</p>

	<p>D. Bidder shall specify its Total Landed Generation Cost in PhP/kWh covering items A to B and shall serve as Financial Bid Price.</p> <p>E. Capacity payment shall only be paid when the capacity is available on the particular billing period.</p>
PAYMENT MODALITIES	
Mode of Payment	Company's Check / Electronic Fund Transfer
Currency of Payment	Philippine Pesos
Billing Period:	26th of previous month to 25th of current Month shall be considered as the billing period
Billing Determinant	The Energy to be nominated by BATELEC II will serve as basis of Billing and Settlement of the bidder.
Interest on Late Payment	Any late payment shall earn an interest equivalent to BSP Lending Rate, per month of delay. Interest rates for a partial month shall be pro-rated based on 30-day month, per day of delay.
Security Deposit	No Security Deposit or can be waived upon showing of proof that BATELEC II is credit worthy: Coop categorization, collection efficiency, etc.
Discount	Bidder shall specify its offer of prompt payment discount and other incentives to the DU in its bid proposal.
OUTAGE ALLOWANCE	<p>Provision for Outage.</p> <p>A. Not to exceed to the Standard Planned and Unplanned Outages determined by ERC for the different generating plant technologies as per Table 1 of ARTICLE V – RELIABILITY PERFORMANCE INDICES AND EQUIVALENT OUTAGE DAYS of “ERC Resolution No. 10, Series of 2020, Annex A – Rules for the Interim Reliability Performance Indices and Equivalent Outage Days per Year of Generating Units.”</p> <p>B. Any unutilized Allowed Scheduled and Unscheduled Outage allowances within a calendar year will not be accumulated for use during the succeeding years of the cooperation period.</p> <p>C. All Scheduled Outages must be scheduled and declared twelve (12) months in advance.</p> <p>D. There will be no carry-over of any unutilized outage allowances from a calendar year on the succeeding years.</p> <p>Note: In the event that the renewable energy supplier or bidder failed to deliver the scheduled contracted energy, the renewable energy supplier shall be liable for the deficiency. Thus, will pay deficiency fee to the off-taker.</p>

	Moreover, should there be replacement power offer it shall be RE technology.
REPLACEMENT POWER	<p>A. In case of delay in the COD or any outage beyond the maximum allowance, the Power Supplier shall provide Power up to the contracted capacity during the period. If the Power Supplier fails to nominate its replacement power the Replacement ahead of time, the DU shall procure Replacement Power from other sources at the expense of the Power Supplier.</p> <p>B. For on-grid area, if the outage is within the maximum allowance, the DU to cast around for its Replacement Power at its best effort, the cost of Replacement Power at the relevant period shall be paid by the DU based on the actual price. In case that DU failed to secure the Replacement Power, the Power Supplier, in coordination with the DU may provide the Replacement Power, the cost of the Replacement Power shall be paid by the DU based on the ERC approved rates.</p> <p>C. During any period of Allowable Outage, the Power Provider shall be responsible in providing the DU with replacement power in the following event:</p> <ul style="list-style-type: none"> - For on-grid area, in case of unexcused delay in the COD or any outage beyond the maximum allowance, the cost of Replacement Power provided by the Power Supplier shall be paid by the DU during the relevant period equal to WESM price or the ERC-approved rate under the PSA, whichever is lower. <p>D. If the Power Supplier cannot deliver Replacement Power, the DU shall charge the Power Supplier during the relevant period using the following formula (please specify):</p> <p style="padding-left: 40px;">Deficiency payment = N (hrs.) * Contract Price (Php / kWh) * Contracted Demand (kW)</p> <p style="padding-left: 40px;">where: N = total deficiency hours = (total operating hours within a year -actual operating hours-actual allowable outage offer)</p>
FORCE MAJEURE	<p>A. The events that shall be deemed as Forced Majeure and analogous circumstances shall be in accordance to DOE CSP Policies,</p> <p>B. Arrangements in case of any force majeure shall be agreed upon by parties and shall form part of the PSA.</p> <p>C. There will be no payment of any capacity fee in case of outage during any force majeure.</p>

 GROUNDS FOR CONTRACT TERMINATION	<p>A. Valid grounds for terminations are:</p> <ol style="list-style-type: none"> 1. Event of Default 2. Expiration of cooperation period 3. Failure to achieve COD 4. Mutual agreement by both parties 5. Extended Force Majeure as agreed under the PSA, 6. Changes in the circumstances as agreed under the PSA. <p>B. Rate deductions made by the ERC shall not be a valid ground for the termination of the contract. DU shall not pay for the said rate reduction or adjustments.</p>
 LIQUIDATED DAMAGES	<p>A. In the event that the renewable energy supplier failed to deliver the scheduled contracted energy, the renewable energy supplier shall be liable for the deficiency; thus, will pay deficiency fee to the off-taker based on the computation below:</p> <p>Deficiency payment = N (hrs.) * Contract Price (Php / kWh) * Contracted Demand (kW)</p> <p>where: N = total deficiency hours = (total operating hours within a year -actual operating hours-actual allowable outage offer)</p> <p>B. The discount rate to be used shall be (please specify): Php / kWh</p>
 REDUCTION OF CONTRACT CAPACITY	<p>A. The reduction of contract capacity shall be allowed in case of:</p> <ol style="list-style-type: none"> 1. Loss of captive customers due to Retail Competition and Open Access and Green Energy Option Program (for grid areas only). 2. Reduction of demand of the DU due to special circumstances beyond the control of the DU. <p>B. Customer may assign, transfer, designate or allocate its rights and obligations to purchase a portion of Contract it no longer requires to:</p> <ol style="list-style-type: none"> 1. Any of its business segments without the prior consent of Power Supplier; or 2. Any affiliate or third party subject to the consent of Power Supplier <p>C. The consent by the Power Supplier shall not be unreasonably delayed or conditioned at the disadvantage of the DU.</p>

	D. Any reduction shall require approval of the ERC and must comply with applicable rules of competition set by the Government.
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.
BIDDER'S QUALIFICATIONS	<p>A. All forms of business organizations including Joint Ventures are encouraged to participate in the bidding process subject to applicable government licenses and permits.</p> <p>B. For bidders using indigenous and RE power plants, the bidder must comply with the constitutional requirement for ownership.</p> <p>C. The capacity offer of the bidder must be compliant with all the ownership limitations prescribed under EPIRA.</p> <p>D. For new power suppliers, the qualification shall be based on: (i) the experience and competence of its personnel to manage and operate the plant; and, (ii) acceptability of its operational management plan during technical bid evaluation.</p> <p>E. If Bidder is formed as a partnership, corporation, consortium, joint venture or any similar association for purposes 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.</p>
REGULATORY APPROVALS	The bidder 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 BATELEC II should not be made to shoulder the incremental difference.

1. The **TPBAC** reserves the right to reject any or all Term Sheet Offer, waive defect(s) or informality(ies) therein, or accept any Term Sheet Offer which it may consider most advantageous and beneficial to BATELEC II without any liabilities.
2. It also reserves the right to declare a failure of Direct Negotiation in cases where no offer suffices with the targeted or existing rates of Batelec II.
3. In cases that the generation rate will result to upward movement, Batelec II also reserves the right to not award the PSA at any prior to PSA Award in accordance with the 2018 CSP Policy and Department of Energy Circular No. DC 2023-06-0021, without thereby incurring any liability to the affected Bidders.
4. The TPBAC will send formal electronic mail for formal notification of Direct Negotiation upon receipt of LOI.
5. The most responsive offer shall be subject to Due Diligence and will be reported to Office of the General Manager and Board of Directors accordingly.
6. For further information, please refer to:


BATELEC II TPBAC Secretariat

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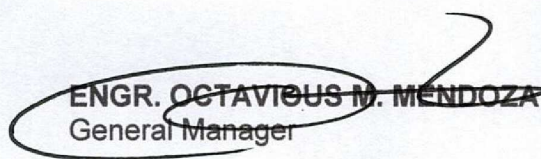
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