INVITATION TO BID

CONTRACT CAPACITY OF 300 MW (NET), EFFECTIVE MARCH 2028
TO INCREASE BY 300 MW (NET), EFFECTIVE MARCH 2029

Pursuant to the Department of Energy ("**DOE**") Department Circular No. DC2023-06-0021, Series of 2023, as amended by DOE Department Circular No. DC 2025-10-0022, and Energy Regulatory Commission ("**ERC**") Resolution No. 16, Series of 2023, as amended by ERC Resolution No. 7, Series of 2026, the Manila Electric Company ("**Meralco**"), through its Bids and Awards Committee for competitive selection process for the procurement of power supply ("**BAC-PSA**"), hereby invites all interested and qualified parties (each, a **"Bidder**") to participate in the competitive bidding (**"Bidding"**) in respect of the proposed supply of electricity detailed in the TOR Table below.

This Bidding is technology-neutral and MERALCO encourages all Bidders that meet the eligibility criteria as prescribed below to participate as a Bidder, subject to DOE Department Circular No. DC2026-02-0005 ("**DOE Energy Mix Policy**").[1]

Terms of Reference Table ("**TOR Table**")

Contract Capacity	600 MW (net)
Bid Type	• Pay-as-Bid • The minimum Offered Contract Capacity per Bidder shall be at least 100 MW (net) • A Bidder shall submit a Bid Price indicating its Total Delivered Headline Rate ("**Headline Rate**") and Total Delivered Levelized Cost of Electricity ("**LCOE**"). • If the Bidders' total Offered Contract Capacities go beyond the required Contract Capacity (i.e. more than 600 MW), the Bidder that fills up the last stack (hereinafter referred to as the "**Marginal Bid Offer**") shall have its Offered Contract Capacity reduced

[1] Entitled, "*Prescribing the Policy for Categorization of Energy Resources and Technologies in the Energy Mix to Enhance Sufficiency of Generation, Adequacy and Reliability of Supply for Electric Power*."

	accordingly up to the extent of the required Contract Capacity at its Proposed Tariff.
Operations Effective Date ("OED")	• 300 MW (net) by February 26, 2028 • Additional 300 MW (net) by February 26, 2029 For clarity, the total Contract Capacity by February 26, 2029 is 600 MW (net).
Required Contract Period	Fifteen (15) Contract Years from the later between ERC Approval (as defined in the PSA template) and the respective OEDs of February 26, 2028, and February 26, 2029.
Nature of Power Supply Agreement ("PSA") and Plant Type	• Physical PSA • Baseload (firm and dispatchable), wherein each unit of the Plant must be capable of generating its rated capacity for twenty-four hours a day and seven days a week (24/7) • Nominated Power Plant/s must be technically capable of producing the entire Offered Contract Capacity • Single or Portfolio of Plants
Bid Price/Tariff Structure of Contract Price	• Two-part Tariff consisting of Fixed and Variable Costs (inclusive of separate line item proposal for Line Rental cap) which shall comply with the following requirements: a. Capital Recovery Fee component of the Tariff should be fixed for the Required Contract Period and in PhP/kW-year; *provided* that, Bidder: (i) shall not offer Capital Recovery Fee higher than the latest ERC-approved rate/s in its agreements with other offtakers for the same Plant, and (ii) shall submit an undertaking to that effect. b. Interconnection Fees should be composed of the following: (i) Interconnection Facilities Capacity Fee component should be fixed for the Required Contract Period and in PhP/kW-year. (ii) Interconnection Facilities Fixed O&M Fee component can be fixed, escalated, or a combination of both for the Required Contract Period, and shall be in PhP/kW-year. *Provided that*, during implementation of the PSA, if the Interconnection Facilities have been acquired by, and/or the operations and

	maintenance have been turned over to, Transmission Network Provider (TNP), the Interconnection Facilities Capacity Fee and/or Interconnection Facilities Fixed O&M Fee shall be carved out by Power Supplier, as applicable, from the Contract Price; *Provided further that*, any donation of the Interconnection Facilities to TNP shall require prior consent of MERALCO and ERC approval. c. Fixed O&M Fee component can be fixed, escalated, or a combination of both for the Required Contract Period, and shall be in USD/kW-year and/or PhP/kW-year. d. Variable O&M Fee component can be fixed, escalated, or a combination of both for the Required Contract Period, and shall be in USD/kWh and/or PhP/kWh. e. The Bidder shall submit a Fuel Formula linking its Nominated Fuel Index to its Fuel Price cost (in USD/MMBtu). The Fuel Formula shall be composed of the following: (i) Up to two (2) Nominated Fuel Indices representing its fuel commodity cost; provided that a Bidder that utilizes a mix of indigenous gas and LNG may include US CPI and two (2) Nominated Fuel Indices; provided further that, in each case, the Bidder shall also indicate the share or weight of each Nominated Fuel Index in the Fuel Formula, (ii) The values used to convert its chosen Nominated Fuel Index/Indices to USD/MMBtu, (iii) Any fixed pricing component of the fuel price, including its value and duration, (iv) Other non-fuel commodity costs that the Bidder wants to recover as part of its fuel price (*e.g., freight cost and other fuel handling costs, insurance cost, fuel excise tax, etc.*). Except for taxes, the Bidder must indicate the actual costs of the other non-fuel items for the period of January 2023 to December 2025, when available, for evaluation purposes. If such actual costs are not available, Bidder must provide a value that shall be binding to the

	Bidder, otherwise, the non-fuel commodity costs cannot be passed on to consumers upon implementation of the PSA, and (v) Any premium and/or discount the Bidder may opt to provide thereon, provided that the indicated premium and/or discount are non-escalating and shall be binding to the Bidder. If the Bidder does not indicate any premium, no premium shall be passed on to consumers upon implementation of the PSA. Unless otherwise expressly indicated herein as binding to the Bidder, upon implementation of the PSA, the aforesaid Fuel Formula components provided by the Winning Power Supplier, including taxes imposed thereon, will be treated as full pass-through costs. If the Bidder shall use coal as its fuel, it must also provide the calorific or heating value of its coal (in kcal/kg, GAR). The calorific or heating value of the aforementioned coal shall be used to levelize its cost against its chosen Nominated Fuel Index and its corresponding calorific or heating value which will be converted to USD/MMBtu. For clarity, this is just the basic calorific or heating value adjustment, and not the discount being referred to in item e(v) above. f. If the Bidder shall use non-Renewable Energy (non-RE) source, the Bidder shall also submit a binding Guaranteed Net Plant Heat Rate ("**GNPHR**") Table (in Btu/kWh, HHV/GCV) showing its heat rate at different load factors (starting at 40% load factor up to 100% load factor, at 1% load factor intervals) for each Contract Year of the Required Contract Period. The GNPHR Table shall be used for each power plant generating unit/s and should adhere closely to the technical specifications of the power plant generating unit/s. g. During evaluation, the fuel cost component shall be computed using this formula: FC = (FP / 1,000,000) * HR * FX

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Where:
FC = Fuel Cost component, in PhP/kWh
FP = Fuel Price, in USD/MMBtu
HR = Heat Rate, in Btu/kWh
FX = Foreign exchange rate, in PhP/USD

During implementation, if the fuel cost component is in US Dollar (USD), then it shall be paid in USD. Furthermore, the Fuel Price shall be the lower between:
(1) the resulting value of the Fuel Formula using the actual value/s, for the relevant billing period, of the Nominated Fuel Index/Indices under item e(i), applying any premium, discount and/or other non-fuel commodity costs specified under items e(iii) and (iv) herein; and
(2) actual fuel price as billed by the fuel supplier/s (i.e. supported by actual invoices) for the relevant billing period.
The Heat Rate shall be the corresponding value under the GNPHR Table or the actual heat rate for the relevant billing period, whichever is lower.
h. For evaluation purposes, the BAC-PSA shall use the historical value of the Bidder’s Nominated Fuel Index/Indices for the period of January 2023 to December 2025, as inputted to the Bidder’s submitted Fuel Formula, and the resulting fuel price shall be used. The corresponding submitted GNPHR value at 100% load factor for each Contract Year shall also be used. The resulting fuel cost by using the abovesaid fuel price and GNPHR shall be used for each Contract Year of the evaluation.
• No Take-or-Pay on Variable Costs, which includes Variable O&M Fee and Fuel Cost
• Separate line item for annual Line Rental cap, which shall not exceed PhP 0.3000/kWh and shall be applied on a monthly basis during the Required Contract Period
• Separate line item proposal for the Bidder’s Value Added Tax (VAT) rate that is applicable to its Offered Contract Price
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	• Subject to Material Adverse Government Action, the VAT status declared by the Bidder upon submission of its Bid is binding upon the said Bidder for the Required Contract Period of the PSA. For clarity, if the VAT status of the Bidder changes in the future for reasons other than Material Adverse Government Action, then costs resulting from such change cannot be passed on to consumers.
Payment Modalities	• Mode of Payment: All payments by Meralco shall be made by wire transfer of cleared funds to such account/s as Power Supplier may notify in writing. • Currency of Payment: Philippine Peso (PHP) and, for any tariff structure component in US Dollar (USD), in USD. • Billing Period: (i) The period from and including the OED until the twenty-fifth (25^{th}) Day of the calendar month when the OED occurs, or if the OED occurs after the twenty-fifth (25^{th}) Day of the calendar month, the Billing Period is from such date until the twenty-fifth (25^{th}) Day of the next calendar month; (ii) Each successive period ending on the twenty-fifth (25^{th}) Day of each successive calendar month thereafter; and (iii) For the final Billing Period, the period starting immediately after the end of the next to last Billing Period of the Required Contract Period to the last Day of the Required Contract Period, or if the PSA is terminated earlier in accordance with its terms, from the twenty-sixth (26^{th}) Day of the calendar month preceding the calendar month in which the PSA is terminated until the Day of termination. • Prompt Payment Discount: Power Supplier shall propose/extend discount to Meralco based on the non-fuel fee (sum of Capital Recovery Fee, Interconnection Fees, Fixed O&M Fee and Variable O&M Fee, if applicable) in case of MERALCO's prompt payment. Percentage (%) of discount and days to be considered as prompt payment shall be proposed by Power Supplier.
Technical Parameters	• Separate Delivery Points for each power plant generating unit as registered with the WESM. For clarity, the Delivery Points should be interconnected

	with the Luzon, Visayas or Mindanao grid upon OED and able to export power to the Luzon grid upon OED. • If the power plant has multiple units, these units should have the same fuel type and GNPHR. • From February 26, 2028 and for the duration of the PSA, no capacity and electrical output within the Contract Capacity shall be contracted under an agreement apart from the resulting PSA of this Bidding; *provided* that, if Bidder's Plant is contracted, Bidder must be able to terminate such agreement on or before OED to fulfill requirements under the resulting PSA. • Further, as instructed by the Philippine Competition Commission ("PCC"), Bidders are required to declare and certify their total uncontracted capacity that is eligible for the Bidding. • If Bidder forms a partnership or consortium for the purpose of this bidding, it must be evidenced by an agreement showing that their liability in this Bidding and the resulting PSA is solidary.
Outage Allowance ("<u>OA</u>")	• Scheduled OA and Forced OA shall not exceed the allowable planned and unplanned outages for similar plant technology under ERC Resolution No. 10, Series of 2020 entitled "A Resolution Adopting the Interim Reliability Performance Indices and Equivalent Outage Days Per Year of Generating Units". For clarity, if the Bidder's plant technology is not in the above-mentioned ERC Resolution, then its maximum allowed Scheduled OA and Forced OA are each assumed to be zero. • No carry-over of OA • No Major Maintenance OA
Supply and Replacement Power	• Replacement Power will be provided in the following manner: a. If within OA, the procurement of any Replacement Power shall be the responsibility of MERALCO. During such period within OA, MERALCO shall source Replacement Power from other suppliers or from the WESM, at its own expense, which expense shall be passed on to its customers as part of generation costs. b. If beyond OA, the procurement of any Replacement Power shall be the responsibility of Power Supplier; *provided* that, the rates to be paid for by Meralco for the procurement of Replacement Power shall be a) the actual price of the Replacement Power or b) the Contract Price, as calculated in the PSA, whichever

	is lower. In the event of failure by Power Supplier to provide the Contract Capacity and/or Associated Energy, MERALCO shall be allowed to source Replacement Power at the expense of Power Supplier, subject to reimbursement by Power Supplier of the difference between (i) WESM price and (ii) the Price, plus all relevant transaction cost and taxes. • Subject to the OA, Power Supplier shall ensure 100% availability of the Contract Capacity for all hours. • If the Power Supplier cannot provide Replacement Power from any other source or WESM due to inadequate supply, Power Supplier shall pay a fine equivalent to Nine Hundred Eight Philippine Peso (PHP908) multiplied by each affected MWh nomination by Meralco plus relevant transaction cost and applicable taxes, which shall be used to reduce the generation charge to the consumers.
Force Majeure	• An Event of Force Majeure shall mean any circumstance not within the reasonable control, directly or indirectly, of the Party affected, but only and to the extent: (a) Such circumstance, despite the exercise of reasonable diligence, cannot be prevented, avoided, or removed by such Party; and (b) Such event prevents such Party from performing its obligations under the PSA. • The affected Party shall be excused from performance to the extent affected by, and shall not be considered to be in default in respect of, any obligation under the PSA (including any obligations of Meralco to pay the Contract Price) for so long as failure to perform such an obligation shall be due to an Event of Force Majeure. • In case of an Event of Force Majeure affecting Power Supplier, Parties may agree that Power Supplier shall make available the Contract Capacity and deliver the Associated Energy from WESM and/or any other source, and MERALCO shall pay Power Supplier at the Contract Price. For avoidance of doubt and notwithstanding any other provision of this Agreement, should the Parties decide not to exercise such option, Meralco shall not be required to pay any Capital Recovery Fee and Fixed O&M Fee in respect of (i) any Contract Capacity and Associated Energy that is unavailable due to an Event of Force Majeure, or (ii) any Contract Capacity and Associated Energy that

	Meralco cannot receive or deliver to its customers due to an Event of Force Majeure. In respect of (ii) in the foregoing sentence, Power Supplier shall not be required to supply Meralco and may freely sell the Contract Capacity or the affected portion thereof to interested parties, including the WESM.
Grounds for Termination	• Event of Default • Non-Fulfilment of Conditions to Execution Date • Non-Occurrence of OED • Certain Events of Force Majeure • Expiration of Term • Material Adverse Government Action, without prejudice to prior exercise of available remedies under the PSA Termination of the PSA, except when due to expiration of Term, shall be subject to ERC approval.
Liquidated Damages	Upon the occurrence of an Event of Default ("**EOD**"), the non-defaulting Party shall be entitled to liquidated damages, in lieu of all other damages to which it may be entitled in respect of such EOD, in the amount of One Hundred Thousand Pesos (PhP100,000.00) per MW per day of the Contract Capacity for the remaining Required Contract Period of the PSA.
Reduction in Contract Capacity	The Contract Capacity and Associated Energy may be reduced equivalent to the reduction in the demand of captive customers of Meralco by reason of the implementation of Retail Competition and Open Access, the Renewable Energy Law, or other Laws and Legal Requirements.
Obligations of Meralco	Meralco shall purchase from Power Supplier, to the extent of Meralco's relevant day-ahead nominations, the Contract Capacity and Associated Energy.
Other Relevant Information	• The Bidder's Headline Rate and LCOE Rate shall be computed and evaluated based on a plant capacity factor corresponding to the Bidder's submitted OA. • The Bidder's Headline Rate and LCOE Rate are both subject to a pre-determined Reserve Price, which shall be disclosed during the opening of the Bids. • In case two or more Bidders that belong to technologies that differ in rank of priority pursuant to the DOE Energy Mix Policy have equal LCOE Rates resulting in the lowest bid, the Bidder whose technology is preferred for baseload requirement pursuant to the DOE Energy Mix Policy shall be declared as having the Best Bid. In case two or more Bidders that belong to

	technologies that have the same rank of priority for baseload requirement pursuant to the DOE Energy Mix Policy have equal LCOE Rates resulting in the lowest bid, the BAC-PSA shall give these bidders five (5) days to improve their Proposed Tariff by submitting a lower LCOE until the tie is broken. Subsequent occurrences of a tie, if any, shall be resolved in the same manner until a winner is determined.

In order to become an Interested Bidder and obtain a copy of the Bidding Documents in this Bidding, parties interested should submit, using the email of its authorized representative indicated in the Expression of Interest, a clearly scanned copy (.pdf file format) of an accomplished Expression of Interest, Confidentiality Undertaking and Acknowledgement and Consent Form for Data Privacy, in the form and substance made available on MERALCO's website <*https://company.meralco.com.ph/csp/ongoingbids*>, to the **BAC-PSA Secretariat through its email address: *BACPSASecretariat@meralco.com.ph* no later than 4:00 P.M. of 14 July 2026** ("**Expression of Interest Deadline**"). For this purpose, the subject of all email communications should start with "**600 MW CSP –** [*proceed to state subject matter*]" and the official time and date of receipt of the emailed submissions shall be the electronic time and date stamp of receipt by the BAC-PSA Secretariat's email. Upon the BAC-PSA Secretariat's receipt of said submission, it will electronically acknowledge the receipt thereof and proceed to evaluate if the submissions were properly made and is in accordance with the Terms of Reference Table. If the submissions are in order or found compliant, the BAC-PSA Secretariat will then send to the concerned party the payment instructions of the Participation Fee (defined below), which may include the bank account details for the cash, manager's check deposit, or online fund transfer payment, with instruction for the transmittal of the scanned copy (.pdf file) of the proof of payment (e.g. cash/manager's check deposit slip, or online fund transfer acknowledgment). After the BAC-PSA Secretariat's validation of MERALCO's receipt of the concerned party's proof of payment, the BAC-PSA Secretariat shall then transmit by email the corresponding scanned copy of the Official Receipt of the payment of the Participation Fee. This email will be accompanied by a copy of its Bidding Documents indicating bidder-specific control numbers.

Furthermore, in order to become an Interested Bidder and obtain a copy of the Bidding Documents, payment by cash, manager's check deposit, or online fund transfer of a non-refundable fee of **Twenty-Five Thousand Pesos (PHP25,000.00) multiplied by MegaWatt (MW) of Offered Contract Capacity**, *inclusive of VAT and net of creditable withholding tax* ("**Participation Fee**"), **which must also be made no later than the Expression of Interest Deadline**. The Participation Fee is subject to twelve percent (12%) VAT, unless valid proof of VAT zero-rating or exemption is provided, subject to Meralco's evaluation and additional requirements, if any. For renewable energy developers, the Participation Fee shall likewise be subject to twelve (12%) VAT since it is not among the purchases qualified for VAT zero-rating under Section 15(g) of RA No. 9513.

After the Expression of Interest Deadline, Interested Bidders may increase their indicated Offered Contract Capacity and/or change their indicated Nominated Plant/s no later than **4:00 P.M. of 25 August 2026** , subject to the Interested Bidder's simultaneous payment of the additional proportionate Participation Fee and submission of a new Expression of Interest form reflecting the said change/s.

The BAC-PSA shall conduct a Pre-Bid Conference at **1:30 P.M. to 3:30 P.M. of 28 July 2026** through virtual video conferencing. Prior to the Pre-Bid Conference, Interested Bidders are requested to submit advance queries or requests for clarifications to the Bidding Documents **on or before 20 July 2026** to the BAC-PSA Secretariat through the following email address: *BACPSASecretariat@meralco.com.ph* and using the Bidder's queries/comments matrix template made available on MERALCO's website. The BAC-PSA shall consolidate the said advance queries and prioritize the discussion thereof during the Pre-Bid Conference, however, if time permits, the BAC-PSA may entertain and discuss additional queries raised by the Interested Bidders. Only the Interested Bidder's authorized representatives (not more than three (3) persons) indicated in the Expression of Interest are allowed to attend and participate in the Pre-Bid Conference, together with the invited CSP Observers.

In order to qualify to bid, an Interested Bidder shall submit to the BAC-PSA Secretariat, **between 8:00 A.M. to 9:00 A.M.** of **1 September 2026** (the "Bid Submission Deadline") at the **14th Floor, Lopez Building, MERALCO Center, Ortigas Ave., Pasig City**, three (3) separate envelopes containing the original copy and electronic copies of its (a) Qualification Documents (Envelope 1) to demonstrate its compliance with all the Legal and Financial Qualification Requirements; (b) Technical Proposal (Envelope 2); and (c) Bid Price (Envelope 3), which includes the Bid Security equivalent to three (3)-month contract cost of the proposed PSA computed using the bid price offered by the Interested Bidder, including the latest original copy of the Expression of Interest, Confidentiality Undertaking and Acknowledgement and Consent Form for Data Privacy, all placed in a sealed box.

Thereafter, the opening, assessment and evaluation of the said bid submissions will proceed immediately after **9:00 A.M.** of **1 September 2026**, through virtual video conferencing, and will continue such opening, assessment and evaluation on such other day/s as may be determined by the BAC-PSA. During the opening of the bid documents, only when the Interested Bidder's name is called will it be instructed to email to the BAC-PSA Secretariat the password for the pertinent zip folder/file to be opened by the BAC-PSA. Only the Interested Bidders that timely and completely submitted their bid documents (represented by their authorized representative/s named in their Expressions of Interest) by the Bid Submission Deadline in accordance with requirements and conditions specified in the Instructions to Prospective Bidders are allowed to attend and participate in the opening of the bid documents, together with the invited CSP Observers.

Late submissions and requests for additional time shall not be accepted/allowed in all stages of the Bidding.

CERTIFICATION

As Chairman of Meralco's BAC-PSA, I hereby certify that this Invitation to Bid, including the Terms of Reference Table, were circulated and approved by the BAC-PSA at Pasig City, Philippines.

(sgd)
Lawrence S. Fernandez
Chairman

Contact Information:
Manila Electric Company (MERALCO) Bids and Awards Committee – Power Supply Agreements (BAC-PSA)
Attention: Atty. Raymond B. Yap, BAC-PSA Secretariat
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CSP website: *https://company.meralco.com.ph/csp/ongoingbids*
Address: Lopez Building, Meralco Center, Ortigas Ave., Pasig City
Tel. No.: 16211 (trunkline)