



Bid Requirements for Contract Capacity of 1,200 MW (net), effective December 26, 2019

In order to qualify to bid, a Bidder must timely submit to the TPBAC–Secretariat receiving office three (3) separate envelopes containing its (a) Qualification Documents (Envelope 1) to demonstrate its compliance with all the Legal Qualification Requirements and Financial Qualification Requirements (“**Qualification Requirements**”); (b) Technical Proposal (Envelope 2); and (c) Bid, including the Bid Security (Envelope 3).

This Bidding process will be “Pay-as-Bid” type of bidding. Under the “Pay-as-Bid” mechanism, the TPBAC shall stack all Bids of Qualified Bidders from the lowest to highest Proposed Price using Levelized Cost of Electricity (LCOE) until the total Contract Capacity required has been filled up. In order to constitute a valid Bidding process, the total offered capacity received from Interested Bidders should be at least 1,000 MW (net) (the “**Pay-as-Bid Minimum**”). If the Bidders’ total offered capacity fail to meet the Pay-as-Bid Minimum as at the Expression of Interest Deadline or the opening of the Technical Proposals, the TPBAC shall declare a Failed Bidding.

If the Qualified Bidders’ total offered capacity go beyond the required Contract Capacity (i.e. more than 1,200MW), the Qualified Bidder that fills up the last stack (hereinafter referred to as the “**Marginal Bid Offer**”) shall have its Offered Contract Capacity reduced accordingly up to the extent of the required Contract Capacity at its Proposed Price.

If the Qualified Bidders’ total offered capacity fall below the required Contract Capacity but above the Pay-as-Bid Minimum (i.e. more than 1,000 MW but below 1,200 MW), the Bidding process will continue and the TPBAC shall have the discretion if it will conduct another round of the Bidding for the remaining capacity.

If Bidder is under a partnership or consortium, aside from submission of an agreement showing that liability in this Bidding and the resulting Power Supply Agreement shall be solidary for the parties thereto, each party to the partnership or consortium must submit the Qualification Documents and

Technical Proposal. For this purpose, in relation to the Qualification Documents and Technical Proposal, each party to a Bidder partnership or consortium shall be construed as the "**Bidder**."

The Bidder must identify its Nominated Power Plant or portfolio of Plants, which must be capable of supplying the Offered Contract Capacity to Meralco for the Required Contract Period beginning on the Operations Effective Date ("**Nominated Power Plant**"). To reiterate, the Nominated Power Plant or portfolio of Plants shall have a single Delivery Point (for purposes of settlement and transfer of risk and loss) nearest to Meralco's load center.

Qualification Documents (Envelope 1)

1. Legal Qualification Requirements

(a) The Bidder must have the authority, in form and substance prescribed and made available by Meralco, to participate in this Bidding and execute the Power Supply Agreement.

(b) The Bidder must be a duly incorporated, validly existing domestic partnership or corporation duly registered with the Securities and Exchange Commission ("**SEC**"). If Bidder is under a partnership or consortium, must be evidenced by an agreement showing that their rights and obligations, including liabilities in this Bidding and the resulting Power Supply Agreement are solidary.

(c) The Bidder and any of its Affiliates engaged in power generation must have no record of Unsatisfactory Performance. For this purpose, "**Unsatisfactory Performance**" means any of the following:

- (i) in relation to any project or contract that was commenced or in the process of implementation within the last five (5) years prior to the Bid Submission Deadline (as defined below) by the Bidder –
 - (1) the failure by the Bidder to satisfactorily perform any of its material obligations for such project or contract, as evidenced by the imposition of a judicial pronouncement or arbitration award;
 - (2) the expulsion of the Bidder from any such project or contract;
 - (3) the termination or suspension of any such project or

contract due to the Bidder's willful breach of its obligations; or

(4) material violation of laws and/or regulations by the Bidder applicable to any such projects or contracts, including but not limited to environmental, health, safety, labor and social welfare laws and regulations, as evidenced by findings of the relevant competent authority; or

(ii) Inclusion in a blacklist issued by any governmental agency of the Philippines or in the Debarred and Cross-Debarred Firms & Individuals list posted in the World Bank website (www.worldbank.org/debarr), whether as an individual contractor, partnership or corporation or as a member of a joint venture or consortium.

(d) The Bidder and any of its Affiliates engaged in power generation must not have an Outstanding Dispute or pending/outstanding due and demandable financial obligation/s with Meralco. For this purpose, "**Outstanding Dispute**" refers to any pending judicial, administrative, contractual or alternative dispute resolution proceeding between the Bidder or any of its Affiliates engaged in power generation, on one hand, and Meralco, on the other.

(e) The Bidder must be authorized under its articles of incorporation, constitutive or charter documents, or its equivalent, to engage in the business of power generation and supply of electricity as contemplated under the Power Supply Agreement.

(f) The Bidder must issue a notarized certification that the Offered Contract Capacity from the Nominated Power Plant or each of the Plants in its portfolio, at the time of the Operations Effective Date and for the entire Required Contract Period, is (i) not covered by any offtake agreement (e.g., a power supply agreement or ancillary services procurement agreement), or (ii) although covered by an offtake agreement subject of an application for approval pending before the ERC, such application has already been withdrawn and the relevant offtake agreement has been terminated.

2. Financial Qualification Requirements

(a) The Bidder must show satisfactory evidence that it has the financial capacity to fulfill its obligations with Meralco. This requirement

may be complied with by the Bidder directly or through any of its direct shareholders representing Controlling interest, Affiliates or Ultimate Parent. As evidence thereof, the Bidder or any of its direct shareholders representing Controlling interest, Affiliates or Ultimate Parent, or in case of an unincorporated joint venture or a partnership, each entity or party thereto, must:

- (i) submit its audited (parent and consolidated, if applicable) financial statements for the last three (3) years (the latest of which must not be earlier than for the year ending December 31, 2018) and recent quarterly financial statements; and
- (ii) such consolidated financial statements must show an Unrestricted Net Worth equivalent to Seven Million Pesos (PhP7,000,000.00) per MegaWatt of Offered Contract Capacity ("**Required Unrestricted Net Worth**"), based on its submitted financial statements.

"Unrestricted Net Worth" means the sum of subscribed and paid up equity, including additional paid-in capital, and unrestricted retained earnings, preferred shares, perpetual shares less treasury shares of common, preferred, and perpetual shares. Unrestricted retained earnings means the amount of accumulated profits and gains realized out of the normal and continuous operations of the company after deducting therefrom distributions to stockholders and transfers to capital stock or other accounts, and which is: (1) not appropriated by its Board of Directors for corporate expansion projects or programs; (2) not covered by a restriction for dividend declaration under a loan agreement; (3) not required to be retained under special circumstances obtaining in the corporation such as when there is a need for a special reserve for probable contingences (as defined in SEC Memorandum Circular No. 11-08 dated December 5, 2008); and (4) not otherwise covered by any other legal restriction on the ability of the company to distribute or otherwise apply its equity.

Technical Proposal (Envelope 2)

In relation to the Nominated Power Plant or portfolio of Plants, the Bidder must provide:

- (a) Evidence of compliance to the requirements stated in the Invitation to Bid's Terms of Reference Table ("**TOR Table**");
- (b) The Nominated Power Plant or portfolio of Plants must be covered by a Certificate of Compliance (COC) from the ERC. If the Nominated Power Plant or portfolio of Plants are located in Luzon or Visayas, it must be registered as a direct member of the WESM.
- (c) 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 Plant or portfolio of Plants and its key components, plant site/s, and interconnection site/s;
- (d) A Certificate of Registration issued by the Board of Investments (BOI), if applicable.

Bid and Bid Security (Envelope 3)

- (a) Using the relevant forms prescribed in the IPB, the Bidder must submit its Bid Letter, Bid Security (as defined below), Proposed Price (in hard copy form and in the **Financial Evaluation Workbook** encoded in a CD-R/DVD-R optical storage device or a USB/thumb flash memory drive), and a signed Letter of Acknowledgement and Acceptance of the Power Supply Agreement template (collectively referred to as the "**Bid**"); and
- (b) The Bid Security is in the form of an irrevocable standby letter of credit in favor of Meralco (using the form required in the IPB) issued by an Allowed Bank listed in the IPB, and in the amount of Three Million Three Hundred Thousand Pesos (PhP3,300,000.00) per MegaWatt (MW) of Offered Contract Capacity (the "**Bid Security**").