



## Philippine Economic Zone Authority

Bids and Awards Committee  
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### MINUTES OF PRE-BID CONFERENCE

#### Present were:

<b>BAC Chairman:</b>	Tereso O. Panga
<b>BAC Vice-Chairman:</b>	Atty. Jessica P. Palisoc
<b>BAC Members:</b>	Alex G. Bartolome Engr. Floriano D. Sarmienta Ludwig O. Daza
<b>BAC Secretariat Members:</b>	Nilda T. Lumapak Golda Mier B. Castelo Venny-Lou G. Posada Brett Andrew T. Surell
<b>End-user representative:</b>	Ma. Elena A. Salac
<b>COA observer:</b>	John Paul C. Valdez Karen Claire G. Majadas Ermalyn R. Macarubbo

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The **Pre-Bid Conference** for the **Supply and Delivery of Electric Energy to Cavite Economic Zone (CEZ) located at Rosario, Cavite for two (2) year term**, held at PEZA, 5<sup>th</sup> floor, PNOB Building 5, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, was called to order at 2:07 p.m. on **23 August 2019**, and was presided by the BAC Vice-Chairman. The **2<sup>nd</sup> part of the Pre-Bid Conference** was called to order at 2:27 p.m. on **28 August 2019**, and was presided by the BAC Chairman.

1. The BAC Vice-Chairman Atty. Palisoc introduced the BAC members, BAC Secretariat and representative from end-user unit.
2. On the side of the interested bidders, there were fifteen (15) representatives from four (4) electric energy suppliers. The observers present during the pre-bid conference were John Paul C. Valdez, Karen Claire G. Majadas, and Ermalyn R. Macarubbo from COA.
4. In the discussion, the interested bidders and COA representative raised the following clarifications/questions:
  - (i) ***Are the questions resolved in the Pre-Bid Conference be no longer included in the Bid Bulletin?***

Atty. Palisoc, the BAC-Vice Chairman answered that no, but it will be subject in the minutes. However, the BAC-Vice Chairman suggested later on that it would be safer to issue supplemental Bid Bulletin emphasizing what was tackled, since the BAC Chairman was not present.

- (ii) **Page 3, Item no. 7, tariff rate. What is the actual rental fee for? Is Php0.0245/kWh in addition to Php0.01/kWh/?**

Ms. Salac answered that the actual rental fee refers to line rental fee. The Bidder clarifies that the FBHC rate of Php0.0245/kWh is inclusive of Php0.01/kWh (E.R. 1-94). It further stated that whatever the Bidder's bid, it should be inclusive of the said rate already.

- (iii) **Is PEZA considered as a DU or an end consumer?** BAC members and end-user said that the BAC would just issue a supplemental bid regarding the matter.

- (iv) **Regarding the project ABC, are we looking at the possible maximum cost? If within the contract period, the rate went up than the actual rate of Php3.55/kWh, the approved budget might be consumed in six months. What will happen to the transaction and payment arrangement if the budget is consumed earlier?**

Ms. Salac answered that the ABC is for budgetary purposes only. Hence, it will adjust whatever the actual price is. For the payment, PEZA will bill and collect, so there is enough cash to pay for the purchases. Also, PEZA has an agreement with its operation and maintenance service provider in CEZ, wherein they advance the payment for these power supply. There is nothing to worry about since there is an allotted budget reserved in case Meralco failed to pay in advance. Definitely, there will also be a tripartite agreement with whoever the winning bidder.

- (v) **Can PEZA provide the bidders with the latest load profile of CEZ?**

Ms. Salac said that PEZA can provide them the latest load profile of CEZ every 15 minutes, bidders just need to give their email address and focal person.

- (vi) **The template is not a power supply tailor fit. It is more on manufacturing, production, so there are provisions that might not be applicable. Is PEZA's current power supply using the same template or CEZ is open for adopting a more tailor fit power supply contract agreement?**

Mr. Daza answered that PEZA used the GPPB template, whatever is not applicable, it will not be applied. The details will be just specified in the tripartite agreement.

- (vii) **Which of the sections should prevail if there are inconsistencies in other sections?** The Ms. Salac and BAC members answered that the TOR will prevail.

- (viii) **Is CEZ zero-rated or the locators? So is the payment to the winning bidder automatically no VAT?**



The BAC and Ms. Salac answered the locators are the ones zero-rated. In this context, it is zero VAT for comparative purposes.

- (ix) **Will the winning bidder provide PEZA a prompt payment discount (PPD), and will PEZA automatically deduct it from the payment as long as you pay at the due date last business day or will PEZA be amenable to have it paid earlier?**

Ms. Salac answered that this concern will be addressed in the contract administration.

- (x) **Are all the concerns tackled resolved via Bid Bulletin and the contract per se will no longer be negotiable after Bid?** Ms. Salac answered that no, clarifications will be definitely indicated in the contract to be made.

- (xi) **After awarding to the winning bidder, there will be disagreement in the negotiation, since the contract will be done after the declaration.** Ms. Salac clarified that the PPD is fixed already, and the part open for negotiation is only the availment for that PPD.

- (xii) **TOR item no. 18, page 52, Penalty Interest. Is the one percent (1%) interest per month?** The BAC answered that this will be clarified in the Bid Bulletin.

- (xiii) **Payment, page 40, Section 10. For power, will PEZA retain Ten percent (10%) of the amount of each payment to cover the Supplier's warranty obligations?** It was agreed upon that this section is not applicable since the supplier ensures that there will be guaranteed supply.

- (xiv) **PEZA was identified as a DU, therefore the rest will no longer be applicable. Will it be changed in the supplemental Bid Bulletin?** BAC answered that it will be stated in the supplemental bid for clarification.

- (xv) **What is the definition of who or what is a foreign bidder?** BAC answered that it will be addressed in the supplemental bid, but it is also stated in the GPPB.

- (xvi) **ITB Section 1, last paragraph. Are we referring to a similar capacity or value? Does it need to be exactly 3-year period?** Mr. Daza answered that backward 3 years, bidder should have completed a similar contract. Page 10, Section 5.4, Single Largest Completed project equivalent to at least 50% of the ABC, not the capacity.

- (xvii) **What details are needed in the project? If looking for the value, what does the bidder need to submit?** Ms. Salac answered that there is a table attached in the annexes, which she can provide.

- (xviii) **Is it possible to remove the amount of the contract, and provide instead a certification from their customers that they have an ongoing contract since most of the bidder's contracts are under confidentiality agreement?** BAC answered that in determining whether the bidder complied with the 50%, the bidder needs to provide the contract for BAC to compare. In addition, there was a COA observation requiring BAC to have a copy of the whole contract in compliance with the COA rules. Atty. Palisoc



suggested to the bidders to submit instead a contract with deducted provisions, which will be in violative of their confidentiality clause.

- (xix) ***One bidder suggested to BAC that instead of the actual contract, they could submit their ERC application (containing the rate, volume and price), which can be downloaded from the ERC website.***

The BAC answered that they will address their concern through a supplemental Bid Bulletin.

- (xx) ***One bidder suggested 2 possible options: (1) submit an Affidavit from the bidder attaching a submitted document to the ERC (whether pending or final approval with ERC) or (2) submit a certification from a customer stating the term the contract was executed, volume, and total amount that was paid by the customer to the bidder with a time period.***

Atty. Palisoc responded that the BAC would take up the bidder's suggestion. Whatever the decision may be, it will be stated in the supplemental bid bulletin.

- (xxi) ***The bidders said that they participated in the procurement of power for UPLB and they only submitted a signed statement (with names and contact details for verification), not in Affidavit form.***

Atty. Palisoc responded that their suggestion to submit only a statement is duly noted, subject of the supplemental Bid Bulletin.

- (xxii) ***Page 15, Instruction to bidders 12.1. (a) Class "B" Document. If the document is not applicable, what are they going to submit in the envelope?***

Atty. Palisoc answered that if it is not applicable, just say "NA".

- (xxiii) ***Regarding submission of additional proof like license from ERC, do they need to submit a Certified True Copy or just a photocopy?***

The BAC answered that a photocopy would do, since it could be verified.

- (xxiv) ***Page 8, General Conditions, item 3.3. Is PEZA itself the Funding Source of CEZ? When we enter the contract, both PEZA and CEZ will have the right to inspect the records and details of the accounts of the supplier. Will there be an actual inspection of the books/suppliers' by PEZA and CEZ or a submission of audited financial statement will suffice?***

Mr. Daza and Atty. Palisoc answered that if the submitted audited financial statement will be insufficient, then they will invoke their right to inspect the supplier's accounts and records.

- (xxv) ***Along with the statement of ongoing contracts, the procuring entity requires the bidders to submit end users' acceptance or official receipts (ORs). Is it for the ongoing or completed contracts or both?***

Mr. Daza answered that the submission of ORs is only applicable in the submission of SLCCs.



- (xxvi) ***What if the bidder doesn't have a completed contract because the entity is relatively new? Is the bidder ineligible?***

Mr. Daza and Mr. Bartolome answered that the bidder will be disqualified because they will be non-compliant with the submission of SLCC.

- (xxvii) ***Increase, decrease provision.***

The end-user and BAC responded that this will be subject to further discussion and clarify in the supplemental Bid Bulletin.

- (xxviii) ***Page 36, Section 25 Termination for Convenience.***

The bidders suggested to delete this section. Atty. Palisoc responded that this could be worked out in the contract.

- (xxix) ***Your 95 megawatt is not the requirement of CEZ, but the locator inside. Are the locators inside also have the right as contestable to source it supply straight from RES outside CEZ?***

Ms. Salac clarified that PEZA will not allow the locators inside the public economic zone to source from RES.

*Is it not a straight written rule in the government for PEZA that it cannot be touched by outside RES?* Ms. Salac responded that by law, they are right those contestable customer, but as much as possible we discourage them. If they insist, there are certain parameters.

- (xxx) ***What other aspects that we will request reduction in energy? Will a reduction in energy involve a decision by CEZ or related to the locator?***

Ms. Salac responded that it would be the locator, especially those that had been closed.

- (xxxi) ***Determination of the lowest calculated bid. Is it based on the net effective generation rate based on June 2019 level?*** Ms. Salac replied in the affirmative.

- (xxxii) ***The bidders suggested moving the bidding.*** The BAC replied in the affirmative.

- (xxxiii) ***Will you be evaluating a leveled price because there might be a bid submitted with a very low price, but 90% of the rate is adjusting; while there is a more expensive bid at only 5% adjusting component? Will you be doing an entire period evaluation or just the June 2019 base price?***

Ms. Salac answered that for the evaluation, June 2019 is the reference. On the assumption that by December it increased, so be it. If decreased, so be it.

- (xxxiv) ***Bid Security.*** Mr. Daza answered that bidder could use a Bid Securing Declaration.



(xxxv) ***When will be the deadline of questions via email?***

Atty. Palisoc replied that it should be earlier than the next Pre-Bid Conference on Wednesday, August 28, 2019.

**PART 2 – August 28, 2019**

(i) ***Classification of bidder. Is RES qualified as a bidder considering that RES are not allowed to contract with DU, only to the contestable customers?***

DDG Panga, the BAC Chairman answered by clarifying that PEZA is not covered by the EPIRA or the ERC, so we have the option to include that. The situation of PEZA is quite unique, being a DU and at the same time a contestable customer following the single contestable customer model. We buy big bulk of power to supply our captive locators. We all agree that we are only dealing with a legitimate generation company (genco) regardless of the portfolio. We want it to be on equal footing with everyone, equal protection clause. But I want to make sure with the BAC that even while we welcome Solar Philippines, we want it to be a firm contract engagement. Meaning we cannot expect Solar to be the base loader supplier. So in the event that we will nominate, we will require that the source will be a base loader type of supply or it will have to be from their solar facility.

*If it is a Retail Electricity Supplier (RES), it underwent an ERC regulatory, which has issued a RES license. As a RES license holder, you can only supply at retail / contestable customers and not bulk customer/user.*

(ii) ***A physical contract or a financial contract?***

DDG Panga answered that we are not into financial contract. PEZA do not want the replacement to be all coming from the spot market. If it is some adjustments arising from a spike in the supply and its coming from a spot market, that should be okay. But if the entire replacement power will come from the spot market, it is going to be very risky. The best way to minimize our exposure is by making sure that we get the best mix to cover for all base load, intermediate and peaking load.

The TOR provides that replacement power is for the account of SUPPLIER. Bidder suggested that any increase beyond the maximum allowable demand of 95 MW. BUYER shall make a request for the additional capacity subject to the availability of supply and approval by SUPPLIER.

Further, it was suggested a provision in the contract for an adjustment in capacity either for an increase or decrease in capacity.

(iii) ***Is the 95 megawatt (MW) demand capacity will be source from one supplier or a multiple supplier - just to complete the 95 MW requirements?***

DDG Panga answered that it does not have to be a single supplier, single portfolio, and single source of supply. To make sure that the requirement of CEZ are supplied by the contracting party at contracted price, bidder can purchase or source its power/electricity from other suppliers/gencos.



- (iv) ***Will there be only one contracting party?*** DDG Panga replied **YES**, there should only be one. However, PEZA wants a proper disclosure in terms of bidders' portfolio (generating plants), where they will be sourcing the power/supply to complete the 95 megawatt (MW).

***Will the replacement power will be borne by the supplier? Therefore, the bidders do not anymore need to show PEZA their back-to-back contract.*** DDG Panga responded that **YES**, replacement power should be borne by the Supplier. However, if we put guaranteed supply, guaranteed off-take, then bidders should not be sourcing it from the spot market.

- (v) ***How will Solar go about the earlier mentioned concern?*** Solar responded that since this will be a physical contract, they would still have to discuss this with the management because they were under the impression that it is a financial contract.

- (vi) ***The bidders requested for the latest 12-month CEZ load profile, this is to verify CEZ latest profile, since what they have is 92 MW as peak, and yet the TOR placed 95 MW. If we projected that in 2 years, will it reach the 95MW or an increase in capacity of 3MW.***

DDG Panga responded that 95 MW demand capacity would remain.

- (vii) ***What constitute a foreign bidder?*** DDG Panga answered that foreign bidder is a majority or 60% foreign owned company. Foreign bid is associated with the identity of the company.

- (viii) ***Will force majeure include force majeure of plant or its guaranteed supply, regardless?*** DDG Panga answered acts of nature and acts of God is included in force majeure.

- (ix) ***As long as we identify the sources and if any of the sources are affected by an event of force majeure, the supplier can claim force majeure?*** DDG Panga answered **NO**, it only applies to the supplier's nominated plant. All of the other concerns will be addressed during the contract administration.

- (x) ***It was mentioned in the earlier Pre-Bid that in case of inconsistency between the draft contract, the TOR and the special provisions contract, The TOR would prevail.***

DDG Panga answered that the detailed concern can be stipulated in the contract administration. The reference point will be the signed contract, it is never the TOR. However, for the time being, what we hurdle is the bidding, so TOR will prevail.

- (xi) ***Can we request for a template for the standard letter of credit for bid security?*** Ms. Salac answered that there is no specific template as long as it is acceptable to the bank and supplier.

- (xii) ***As to the penalty interest, is it 1% annual or per month?*** BAC and end-user representative answered that it is 1% per month, a GPPB rule.



DDG Panga informed bidders that PEZA has an agreement with Meralco, that they will pay in advance our power bills. So the bidders can be rest assured full payment on or before the due date.

- (xiii) ***Can the Single Largest Completed Contract be reverted back to 25% from 50% of the ABC?***

BAC to respond through Bid Bulletin. Chair Panga suggests that if it is an issue with the bidder, then challenge the procuring entity. If it is not, then why bother? Mr. Panga suggested the concerned bidder to write an official query to the procuring entity.

***Regarding the Statement of ongoing Contract and SLCC, does the Official Receipts really required?***

And instead of the receipts, is it possible to submit a **statement from a customer that the contract with the bidder is completed.** Mr. Daza answered that in the previous bids, the bidders provided the photo copy of the receipts.

- (xiv) ***Is it possible that if we bought the Bid Documents as Entity A, yet during the submission of bid they use another entity?***

BAC Chair Panga answered that it is okay. Mr. Daza suggest that the bidder must submit a letter informing PEZA of the change of entity name before the submission of bid.

- (xv) ***Is the suppliers' participation needed to justify the components submitted?*** Ms. Salac answered that only the breakdown of market prices is needed.

- (xvi) ***Regarding index based, will there be monthly changes and what specific index will it be based from?*** BAC to respond through Bid Bulletin. However, Ms. Salac explained that it is a practice in the industry the index is only for one month.

- (xvii) ***A bidder requested the schedule or timeline of awarding of the project.*** Mr. Daza explained the schedule and process of procurement.

- (xviii) ***How much time do the bidder and the procuring entity for renegotiations?*** Ms. Salac answered that hopefully before December, everything is settled.

- (xix) ***A bidder was asking if how PEZA came up with the 3.55/kwh rate. SMCG suggested to specify application of the indexes in the computation of rate? Will it be one month or an average 3-month?***


Ms. Salac explained that it was derived from PEZA's existing rate and the same is compared with ERC approved rates and the prevailing rates in the market.

BAC to respond through Bid Bulletin, as to the manner of applying the indexes.



5. The BAC Vice-Chairman reiterated that the address for **submission of the bids** is Philippine Economic Zone Authority, BAC Secretariat, 5/F, Bldg. 5, DOE-PNOC Complex, Rizal Drive, BGC, Taguig City.
6. **The deadline for submission of bids is on September 12, 2019, 11:00 a.m. and opening of bids at 2 p.m. following the clock time at the 5/F, Bldg. 5.**

There having no other remaining topics for discussion, the Pre-Bid Conference was adjourned at 4:38 p.m.



**TERESO O. PANGA**  
BAC Chairman



**ATTY. JESSICA P. PALISOC**  
BAC Vice-Chairman

**ENGR. FLORIANO D. SARMIENTA**  
BAC Member

**ALEX G. BARTOLOME**  
BAC Member



**LUDWIGO O. DAZA**  
BAC Member

PEZA - DTS



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