

INVITATION TO BID
TEI-CSP-CT-2025-001-R1
SUPPLY OF CAPACITY AND ENERGY TO TEI

Pursuant to the *Department of Energy ("DOE")* Department Circular No. DC2023-06-0021, and *Energy Regulatory Commission ("ERC")* Resolution No. 16, Series of 2023, *Implementing Guidelines for the Procurement, Execution, and Evaluation of Power Supply Agreements*, *TARLAC ELECTRIC INC. ("TEI")*, through the *Bids and Awards Committee ("BAC")*, invites interested eligible generators to participate in the competitive bidding for the supply of electricity:

Contract Type	Physical																	
Supply Type	Baseload																	
Source of Power	Open Technology																	
Contract Term	15 Years																	
Delivery Start Date ("DSD")	26 December 2026, or Upon ERC Approval, whichever comes later.																	
Contract Capacity and Contract Period	10MW Supply from 26 December 2026 to 25 December 2041 with escalation in contracted capacity as presented below. <div><table><tr><th colspan="2">Period</th><th rowspan="2">Contracted Capacity (MW)</th></tr><tr><th>From</th><th>To</th></tr><tr><td>26-Dec-26</td><td>25-Dec-27</td><td>10</td></tr><tr><td>26-Dec-27</td><td>25-Dec-28</td><td>15</td></tr><tr><td>26-Dec-28</td><td>25-Dec-31</td><td>20</td></tr><tr><td>26-Dec-31</td><td>25-Dec-41</td><td>25</td></tr></table></div>	Period		Contracted Capacity (MW)	From	To	26-Dec-26	25-Dec-27	10	26-Dec-27	25-Dec-28	15	26-Dec-28	25-Dec-31	20	26-Dec-31	25-Dec-41	25
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Contract Energy	100% of Contract Capacity																	
Outage Allowance ("OA")	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.																	
Contract Price Structure	<p>The Contract Price shall be composed of the following:</p> <ul style="list-style-type: none">• The Total Generation Charge,• Value Added Tax (VAT), if applicable, and• Discounts. <p>Though not part of the Contract Price, the Line Rental shall be used for the determination and evaluation of the Headline Rate to TEI. Furthermore, to maintain the Headline Rate for the Term of the PSA, the Line Rental shall be capped per Section D.</p> <p>A. The Total Generation Charge ("TGC")</p> <p>Bidder shall provide the Two-part Tariff consisting of Fixed and Variable Costs. Bidder proposal shall be based on the ERC PSA Template Schedule 4 formula:</p> <p>TGC = CRF + FOMF +VOMF + FC</p>																	

	<p>The TGC shall comply with the following requirements:</p> <ol style="list-style-type: none"> Capital Recovery Fee (CRF) component of the Tariff should be fixed for the whole Contract Period and in Philippine currency (PhP/kWh) provided that: <ol style="list-style-type: none"> Bidder shall not offer Capital Recovery Fee higher than the latest ERC-approved rate/s in its agreements with other off-takers for the same Nominated Plant, and Bidder shall submit an undertaking to that effect. CRF shall be calculated by dividing the CRF at 100% Capacity Utilization Factor (CUF) by the actual CUF. The CUF shall be calculated using the following formula: <div style="text-align: center;"> $\text{CUF} = \frac{\text{BCQ}}{\text{OCC} \times (\text{H}_r - \text{H}_o - \text{H}_{\text{FM}})}$ </div> <p>Where:</p> <table> <tr> <td>CUF</td><td>Capacity Utilization Factor</td></tr> <tr> <td>BCQ</td><td>Bilateral Contract Quantity</td></tr> <tr> <td>OCC</td><td>Offered Contract Capacity</td></tr> <tr> <td>H_r</td><td>Total Number of Hours in the Billing Period</td></tr> <tr> <td>H_o</td><td>The Equivalent Hours of Scheduled and Unscheduled Outages in the Billing Period</td></tr> <tr> <td>H_{FM}</td><td>The Equivalent Hours of Actual Outages due to Force Majeure in the Billing Period</td></tr> </table> Fixed O&M Fee (FOMF) component can be fixed, escalated, or a combination of both for the Required Contract Period. The local component may be adjusted to the Philippine CPI, while parts of the foreign component may be adjusted to the US CPI and the PhP to US Dollar (US\$) exchange rate. Variable Costs, which includes Fuel and VOM. Variable O&M Fee (VOMF) component can be fixed, escalated, or a combination of both for the Required Contract Period. <ol style="list-style-type: none"> The local component may be adjusted to the Philippine CPI, while parts of the foreign component may be adjusted to the US CPI and the PhP to US Dollar (US\$) exchange rate. For clarity, VOM and Fuel Cost shall strictly be based on actual energy supplied. No Take or Pay (or Minimum Energy Off-Take / MEOT) on Variable Costs which includes Variable O&M Fee and Fuel Cost. 	CUF	Capacity Utilization Factor	BCQ	Bilateral Contract Quantity	OCC	Offered Contract Capacity	H_r	Total Number of Hours in the Billing Period	H_o	The Equivalent Hours of Scheduled and Unscheduled Outages in the Billing Period	H_{FM}	The Equivalent Hours of Actual Outages due to Force Majeure in the Billing Period
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	<p>5. The Bidder shall provide 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:</p> <ul style="list-style-type: none">a. Up to two (2) Nominated Fuel Indices representing its fuel commodity cost, provided that the Bidder shall also indicate the share or weight of each Nominated Fuel Index in the Fuel Formula,b. The values used to convert its chosen Nominated Fuel Index/Indices to USD/MMBtu,c. Any fixed pricing component of the fuel price, including its value and durationd. 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.).<ul style="list-style-type: none">• Except for taxes, the Bidder must indicate the actual costs of the other non-fuel items for the period of July 2024 to June 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, ande. Any discount the Bidder may opt to provide thereon. <p>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.</p> <p>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 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 4.e. above.</p> <ul style="list-style-type: none">f. 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 65% 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
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	<p>sudden or unpredictable fuel cost fluctuations. These measures are crucial in promoting financial stability, operational continuity, and cost predictability, especially in the face of volatile global fuel markets.</p> <p>Given that fuel costs are typically a pass-through component in electricity pricing, any increase is ultimately borne by end-users. Therefore, it is both prudent and responsible for generation companies to implement effective risk controls that minimize volatility and protect consumers from undue financial burden.</p> <p>As part of the offer evaluation process, the generation company's fuel price risk controls, if any, shall be assessed to determine their adequacy in mitigating cost volatility and ensuring price stability. These controls form a critical component of a power provider's risk management framework and long-term reliability.</p> <p>B. Value Added Tax (VAT)</p> <p>1. Bidder shall provide information whether the power supply source (nominated plant) is VATable or VAT Zero Rated.</p> <p>C. Discount/s</p> <p>2. The Bidder has the option to provide discount/s [Prompt Payment Discount ("PPD") and other forms of discount/s] in PhP/kWh.</p> <p>3. Renewable Energy Certificate/s given for a volume of energy consumed shall be treated as a form of Discount.</p> <p>a. 1 REC per 1MWH consumption is equivalent to a Discount of Po.24xx/kWh</p> <p>b. The Discount shall be computed or pro-rated based on the above.</p> <p>D. Line Rental ("LR")</p> <p>1. Line Rental is the Average of the 12-month LR averages for the required period, or: $LR = \text{Sum of monthly LR averages} / \text{Number of LRs}$</p> <p>2. The Line Rental graph shall exhibit a linear progression over the required period of evaluation.</p> <p>3. Line Rental Cap</p> <p>a. The Line Rental Cap shall be applied every billing period during the Required Contract Period, if the computed Line Rental exceeds the LR Cap.</p> <p>b. Positive Line Rental Cap = PhP o.3000/kWh</p>
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	<p>c. Negative Line Rental Cap shall be computed as follows: Negative LR Cap = $(LR_{1st} + (HLR_{2nd} - HLR_{1st}))/kWh$ where LR_{1st} = LR of Lowest Bidder where HLR_{2nd} = Headline Rate of the 2nd lowest bidder where HLR_{1st} = Headline Rate of the lowest bidder</p> <p>E. Headline Rate (“HLR”) and Levelized Cost of Electricity (“LCOE”)</p> <ol style="list-style-type: none"> 1. The Headline Rate at 100% CUF is the sum of the TGC, Discounts and Line Rental. 2. The Headline Rate at 100% CUF and the LCOE are automatically computed in the workbook provided. <p>F. Reserve Prices</p> <p>The Headline Rate at 100% CUF and its LCOE (Levelized Cost of Electricity) are both subject to the pre-determined Reserve Prices, which will only be revealed to Qualified Bidders during the opening of the Bids.</p>
Delivery Point/s	The Trading Node or NGCP/Metering Service providers’ metering point/s of the Seller.
Nominated Power Plant	<p>The Bidder must identify the proposed power plant (“Nominated Power Plant”), and its location.</p> <ol style="list-style-type: none"> 1. The Nominated Power Plant must be already in operation. 2. The Nominated Plant must be capable of supplying the Contract Capacity and Contract Energy to TEI for the duration of the Contract Period beginning on target Delivery Start Date, net of energy and capacity already contracted to other off takers. 3. In relation to the Nominated Power Plant, Bidder must provide evidence that the Bidder or its direct shareholders, is the owner of, or Controls, the Nominated Power Plant and has sufficient authority to enter into a power supply agreement with TEI. 4. The Nominated Power Plant must be registered as a direct member of the Wholesale Electricity Spot Market (“WESM”). 5. The Nominated Power Plant must have a Certificate of Compliance (“COC”) or a Provisional Authority to Operate (“PAO”) valid for at least six (6) months from date of Bid Opening. 6. The Bidder shall provide the latest available one (1) year WESM Nodal Prices where the Nominated Plant is located or connected, and which shall be used to determine the Line Rental value.
Replacement Power	<ol style="list-style-type: none"> 1. If deliveries have not commenced as scheduled, Power Supplier shall, for each day of delay, procure Replacement Power up to contracted capacity to be paid by TEI at the lower between WESM price per interval for the billing period and the Contract Price.

	<ol style="list-style-type: none"> 2. After start of deliveries and beyond Outage Allowance, Replacement Power will be provided by Power Supplier and paid for by TEI the lower between WESM price per interval for the billing period and the Contract Price. 3. Line Rental Cap shall be applied in the supply of the Replacement Power.
Force Majeure	<p>TEI shall not be required to make any payment with respect to:</p> <ul style="list-style-type: none"> • Any Contract Capacity that is unavailable due to an Event of Force Majeure, or • Any Contract Capacity that TEI does not need due to an Event of Force Majeure. <p>Note: Force Majeure shall be defined in the PSA Definitions.</p>
Assignment or Transfer of Contract Capacity	The Contract Capacity and Associated Energy that is no longer required by TEI may be assigned or transferred to another entity.
Reduction in Contract Capacity	TEI shall have the option to reduce the Supplier nominated Contract Capacity/Energy by reason of the implementation of Retail Competition and Open Access (RCOA) ¹ , Green Energy Option Program (GEOP) ² , Net-Metering, Distributed Energy Resources (DER) ³ , Retail Aggregation Program (RAP) ⁴ , and other similar Laws, Rules and Regulations.
Penalties for Delay in Start of Deliveries	<p>If the Delivery Start Date, as approved by ERC, is not met by Supplier and only if the following conditions are true: (a) non-fulfillment is due to causes within Supplier's control, and (b) Supplier is with fault or negligence:</p> <ol style="list-style-type: none"> 1. For every day of delay from Delivery Start Date, Supplier shall provide Replacement Power at the lower between WESM price per interval for the billing period and the Contract Price; 2. If Supplier cannot provide replacement power on Day 1 of contract term, the Performance Bond shall be forfeited, and Supplier must replenish the Performance Bond within ten days from Day 2 of contract term. 3. If no delivery commenced by Day 60 of delay, the replenished Performance Bond shall also be forfeited, and the PSA will be terminated.
Grounds for Termination	<p>The following are grounds for termination:</p> <ol style="list-style-type: none"> 1. Event of Default without fault or negligence on the other party 2. Non-Fulfilment of Conditions to Effective Date 3. Non-Occurrence of DSD 4. Events of Force Majeure 5. Failure to post the Performance Bond or failure to replenish the performance bond 6. Expiration, reduction or revocation of the franchise of the concerned DU.

¹ Sec. 31, R.A. No. 9136 (EPIRA)

² Sec. 9, R.A. No. 9513 (RE Act)

³ ERC Resolution No. 11, Series of 2022

⁴ ERC Resolution No. 13, Series of 2024

	<p>7. Upon Mutual Agreement</p> <p>8. Change in Circumstances upon mutual agreement</p>
Period of Validity of Bids	Bids shall remain valid for One Hundred Eighty (180) days from date of deadline for the submission of bids.
Bid Security	<p>The Bidder shall submit a Bid Security in accordance with the following:</p> <ol style="list-style-type: none"> 1. The Bid Security shall be a Manager's/Cashier's check, or a Stand-By Letter of Credit (SBLC) from a reputable bank payable to Tarlac Electric Inc. The Bid Security amount shall be the cost of a 3-month energy supply at 100% Capacity Factor, computed as follows: 21,900,000 kWh x Bidder's Price Proposal per kWh. 2. The Bid Security should be valid for One Hundred Eighty (180) days from date of deadline for the submission of bids.
Billing & Settlement	<ol style="list-style-type: none"> 1. Supplier to follow WESM Billing Cycle. 2. Stipulated currency shall be in Philippine Peso. 3. TEI shall settle all power bills in Philippine Peso.
Performance Bond	<p>The Winning Bidder shall post a Performance Bond, as a <i>condition precedent</i> to the signing of the PSA, in accordance with the following:</p> <ol style="list-style-type: none"> 1. The Performance Bond shall be the cost of a 3-month energy supply at 100% Capacity Utilization Factor computed as follows: 21,900,000 kWh x Bidder's Price Proposal per kWh. 2. The Performance Bond shall be in the form of Cash, Manager's/Cashier's check from a reputable bank, or a Stand-By Letter of Credit (SBLC) from a reputable bank, payable to Tarlac Electric Inc. 3. The Performance Bond should be valid until deliveries have commenced. The Performance Bond must be renewed one month before expiry. 4. If an SBLC will be used, it must be callable upon demand without need for clearance or approval from winning bidder. 5. The Performance Bond must provide for a contact person and address, telephone number and email address of the issuing bank for notification and demand. 6. If the Performance Bond is forfeited, but the PSA is not terminated, Winning Bidder shall post another Performance Bond. 7. The Performance Bond will be returned to the Supplier upon start of actual delivery.
Lock-up Provision	The Winning Bidder shall not be allowed to sell or assign the executed PSA resulting from a successful CSP to any other entity.
Power Supply Agreement (PSA)	<p>The pro-forma PSA template supplied with the Bid Package shall be used as primary reference.</p> <p>The winning Bidder is expected to sign the PSA without or with minimal revisions to the provisions.</p>

Joint Filing to ERC	The Winning Bidder, at the pain of forfeiting its performance bond, undertakes to make a Joint Filing with TEI to ERC for the approval of the PSA within the period prescribed in the ERC CSP Guidelines.
Debarred & Cross-Debarred Firms	The Bidder and any of its Affiliates must not be included 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.
No Outstanding Dispute	The Bidder and any of its Affiliates must not have any Outstanding Dispute or pending/outstanding financial obligation/s with TEI, unless this disqualification is waived by TEI. For this purpose, " <i>Outstanding Dispute</i> " refers to any pending judicial, administrative or alternative dispute resolution proceeding between the Bidder or any of its Affiliates, on one hand, and TEI, on the other.
Prohibited Acts and Agreements	TEI and the Bidders shall observe the highest standard of ethics during the CSP process and execution of the contract. Bidders and all those acting on their behalf are strictly prohibited from committing acts and agreements stated in Article VIII of ERC Resolution No. 16, Series of 2023 .
TEI Supply Portfolio Management	To diversify TEI's supply portfolio and minimize supply disruptions, TEI will not consider offers from any Power Supplier when the Nominated Power Plant has an existing PSA with TEI. However, if the PSA of the Nominated Plant will expire on or before the Delivery Start Date, the Power Supplier can join the bidding.
Other Relevant Information	<p>The BAC shall declare a Failure of Bidding under the following circumstances:</p> <ol style="list-style-type: none"> 1. No Captive Market Supplier Purchased the Bidding Documents after the deadline set in the published ITB by 5:00 PM of 23 September 2025; 2. No proposal was received or only one (1) Bidder submits a bid on the Bid Submission Deadline by 11:45 AM of 07 November 2025, Fri; 3. All Bidders are declared ineligible; 4. All except one (1) Bidder withdraws its bid prior to Bid Submission Deadline. 5. All the First Envelopes of the bids submitted were rated "Fail" 6. All the Second Envelopes of the bids submitted were rated "Fail" 7. The Winning bidder refuses to accept the award or enter into a PSA with TEI or refuses to jointly file with TEI the PSA before ERC. <p>Thereafter, TEI shall proceed with the second round of the CSP in accordance with ERC Resolution No. 16, Series of 2023.</p>

To obtain a hard copy of the Bid Documents, Parties interested to participate in the Bidding shall submit the following:

- a. Duly filled, signed, and notarized Expression of Interest ("**Expression of Interest**" or "**EOI**"), indicating bid participation in the **SUPPLY OF ENERGY TO TEI**; and,
- b. ***Non-Disclosure Undertaking*** ("**Non-Disclosure Undertaking**" or "**NDU**"); and,
- c. Pay a non-refundable fee ("**Participation Fee**") of Eighty-Four Thousand Pesos (PHP 84,000.00) inclusive of VAT and net of 2% creditable withholding tax. The Participation Fee may be paid in cash or by manager's check payable to "Tarlac Electric Inc.", issued by a bank in the Philippines and acceptable to TEI.

The EOI & NDU forms are downloadable from the TEI website. The Bid Documents consist of (i) this Invitation to Bid and EOI & NDU Forms; and (ii) the Terms of Reference, including Annexes.

The Bid Documents may be acquired from Mondays to Fridays (excluding Holidays), beginning **September 02, 2025, until September 23, 2025**, from:

Andrea Nicole L. Macam, BAC-Secretariat

TARLAC ELECTRIC INC.

Mabini St., Brgy. Mabini, Tarlac City

Email: bac-secretariat@teiph.com

**EXPRESSION OF INTEREST
TO PARTICIPATE IN THE BIDDING**

REPUBLIC OF THE PHILIPPINES)
) S.S.

I, (name), (citizenship), of legal age, with office address at (address), as the (position/designation) of (name of Bidder), a (corporation/partnership) duly organized and existing under Philippine law, hereby declare for and on behalf of (name of Bidder) that (name of Bidder) is willing to participate in the Bidding for the supply of Capacity and Energy by (insert name of proposed Power Supplier) for the Required Contract Period to Tarlac Electric Inc.

The contact person(s) for the (name of Bidder) [is/are]:

<i>Contact Person 1:</i>	<i>Name of Contact Person Title/Designation Address Phone No. Mobile No. Email Address</i>
<i>Contact Person 2:</i>	<i>Name of Contact Person Title/Designation Address Phone No. Mobile No. Email Address</i>

Affiant

SUBSCRIBED AND SWORN to before me this _____, affiant exhibited to me his/her government-issued I.D. No. _____, issued by _____, valid until _____.

Doc. No. _____;

Page No. _____;

Book No. _____;

Series of 2025.

REPUBLIC OF THE PHILIPPINES)
) S.S.

NON-DISCLOSURE UNDERTAKING

_____, a corporation/partnership/joint-venture, duly organized and existing under Philippine law, with principal office address at _____, thru its duly authorized representative, undertakes under pain of disqualification and forfeiture of its bid security not to disclose to any unauthorized third person the contents of the Terms of Reference (TOR) of Tarlac Electric Inc.'s Competitive Selection Process (CSP) for the Supply of Capacity and Energy, denominated as TEI-CSP-CT-2025-001-R1.

Affiant

SUBSCRIBED AND SWORN to before me this _____, affiant exhibited to me his/her government-issued I.D. No. _____, issued by _____, valid until _____.

Doc. No. _____;

Page No. _____;

Book No. _____;

Series of 2025.