

Competitive Selection Process for the Procurement of Ancillary Services to the Grid

BID BULLETIN NO. 2023-02

This Bid Bulletin No. 2023-02 is hereby issued to announce an adjustment to the Bid Submission and Opening Schedules, as well as to address the issues and queries raised by eligible bidders during the Pre-Bid Conference held virtually on 22 February 2023.

The Bid Submission and Opening Schedules, and the activities afterwards, are hereby adjusted:

ACTIVITIES	ADJUSTED SCHEDULE
Deadline for Submission of Bids ("Bid Submission Deadline")	5:00PM of Luzon: March 13 Visayas: March 14 Mindanao: March 15
Opening of Bids	10:00AM of Luzon: March 14 Visayas: March 15 Mindanao: March 16
Evaluation of Bids	March 17-22
Deadline of Submission of Post-Qualification Requirements	5:00PM of March 22
Issuance of Notice of Award	April 18

In consideration of the comments raised by Eligible Bidders, the Terms of Reference, Detailed Instructions to Bidders, Ancillary Services Procurement Agreement template, AS Cost Simulation Summary, Capacity Offer Summary, and AS Cost Simulation worksheets are revised to include the clarifications, corrections, and revisions as shown in the matrix below.

Document	Original Content	Revised Content
Terms of Reference		
Power Plant Location	xxx 2. For Embedded Generators, with expressed consent from Host DU that Embedded Generator can dispatch anytime when required for AS provision. The Generating Unit/s capacity offered for specified schedule/duration should be dedicated for AS, and not be contracted for regular energy supply to load customers or used for station use service.	xxx 2. For Embedded Generators, with expressed consent from Host DU that Embedded Generator can dispatch anytime when required for AS provision. The Generating Unit/s capacity offered for specified schedule/duration should be dedicated for AS , and not be contracted for regular energy supply to load customers or used for station use service, if offer is for RR, CR, and/or DR. Generating Unit/s offered for BSS and/or RPS can also be offered for CR or DR, or have energy contracts, or real-time dispatch schedule in the WESM.

Document	Original Content	Revised Content
Required Certifications	<p>Valid certifications which must be submitted by Eligible Bidders before the deadline for submission of Post-Qualification requirements:</p> <p>ERC Required Certification Provisional or Final Certificate of Compliance (COC) as an Independent Power Producer (IPP), or an ERC-issued certification that the same is in process.</p> <p>xxx</p>	<p>Printed and electronic copies of valid certifications which must be submitted by Eligible Bidders before the deadline for submission of Post-Qualification requirements:</p> <p>ERC Required Certification Provisional or Final Certificate of Compliance (COC) as an Independent Power Producer (IPP), or an ERC-issued certification that the same is in process.</p> <p>xxx</p>
Contracted Capacity	<p>Open for bidding from multiple AS Providers in Luzon, Visayas and Mindanao grids to comply with the following AS requirements:</p> <p>xxx</p> <p>Offer shall be identified per Unit/per Sector and presented in an hourly profile which already considers the scheduled outage hours of the plant. There will be no more allocation for outage hours allowance.</p> <p>xxx</p>	<p>Open for bidding from multiple AS Providers in Luzon, Visayas and Mindanao grids to comply with the following AS requirements:</p> <p>xxx</p> <p>Offers for RR, CR, and/or DR shall be identified per Unit/per Sector and presented in an hourly profile using the AS capacity offer Excel file provided, the filenames of which are per generating unit's Resource ID. The Offer may already consider the scheduled outage hours of the plant, since there will be no more allocation for outage hours allowance. Otherwise, Eligible Bidder shall provide Replacement AS Capacity during outages, if such outages have not been carved out from its offer.</p> <p>Offers for RPS and BSS shall be based on its AS Certification (in kVAR for RPS, or kW for BSS) to be provided in the Capacity Offer Summary Word file.</p> <p>xxx</p> <p>(Additional provisions) Note that offers for each AS type will be evaluated separately. There are no bundled AS types to be prioritized in this bidding.</p> <p>The Firm AS capacities in ASPAs that are still valid until December 2023 onwards are not yet included in the capacities open for bidding. Such Firm AS capacities are still allocated to the respective AS Providers. Thus, such AS Providers should not yet offer its contracted Firm AS capacities in this bidding.</p>

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Replacement AS Capacity	AS Provider to source and provide replacement AS capacity for Firm Regulating Reserve, Firm Contingency Reserve, and Firm Dispatchable Reserve, (whether unavailable or derated), to avoid penalties.	(Add provision to further clarify) Replacement AS capacity is not required for RPS and BSS.
	xxx Absence of a Replacement AS capacity will subject the affected hours to penalties.	xxx Absence of a Replacement AS capacity will subject the affected hours to penalties. For non-compliance of a Replacement AS unit/s, corresponding penalties shall be applied to such Replacement AS unit/s separately. Guaranteed availability of the Replacement AS should be the sole responsibility of the original scheduled AS Provider.
Ancillary Service Rates and Payment to be used for the bidding and adopted in the ASPA	<p>The formula for Incidental Energy Payment shall be:</p> $\text{Incidental Energy Payment} = [\text{G} \times (\text{Capacity Payment Rate} + \text{Variable Costs})] - (\text{WESM Revenue} - \text{WESM Payment})$ <p>Where: G = for conventional plants, summation of actual energy generated or dispatched from the Scheduled Capacity, in kWh; for BESS, sum of the absolute value of the actual energy dispatched and absolute value of the actual energy absorbed, in kWh</p> <p>Variable Costs, in PhP/kWh = Fuel Cost and Variable O&M Cost, in PhP/kWh</p> <p>Fuel Cost, in PhP/kWh = prevailing price of relevant fuel index based on published data for the month of December 2022 xxx</p>	<p>The formula for Incidental Energy Payment shall be:</p> $\text{Incidental Energy Payment} = [\text{G} \times (\text{Capacity Payment Rate} + \text{Energy Fees})] - (\text{WESM Revenue} - \text{WESM Payment})$ <p>Where: G = for conventional plants, summation of actual energy generated or dispatched from the Scheduled Capacity, in kWh; for BESS RR, sum of the absolute value of the actual energy dispatched and absolute value of the actual energy absorbed due to frequency regulation; or for BESS CR, is the actual energy dispatched only, in kWh</p> <p>Energy Fees, in PhP/kWh = Fuel Cost, Fixed and Variable O&M Cost, in PhP/kWh</p> <p>Fuel Cost, in PhP/kWh = prevailing price of relevant fuel index based on published data for the month of December 2022</p> <p>Fixed O&M Cost, in PhP/kWh = as applicable</p> <p>Variable O&M Cost, in PhP/kWh = VOM rate x (Current CPI ÷ Base CPI) ; where Base CPI is CPI of December 2022</p>

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Basis of Termination of ASPA	<p>3. AS Providers whose generating unit undergoes outage for a period of not more than thirty (30) days shall be required to provide Replacement AS capacity during the entire duration of the outage. Otherwise, the APSA shall be considered for termination.</p> <p>Outages which exceed thirty (30) days, shall subject the ASPA to termination.</p>	<p>3. AS Providers whose generating unit undergoes outage for a period of not more than thirty (30) consecutive days shall be required to provide Replacement AS capacity during the entire duration of the outage. Otherwise, the APSA shall be considered for termination.</p> <p>Outages which exceed thirty (30) consecutive days, shall subject the ASPA to termination.</p>
Bid Security	<p>Eligible Bidders shall post Bid Security upon submission of bids, equivalent to two percent (2%) of the total computed Capacity Payment Cost for one (1) year, for the offered AS Capacity per AS type (equivalent contract price). Should an offer consist of varying AS Capacity offers, the maximum capacity offered and the total number of hours offered in a year will be the basis for the Bid Security computation.</p> <p>xxx</p> <p>Bid Security shall be in the form of security bond or irrevocable standby letter of credit from NGCP's list of approved providers. The Bid Security shall be (i) forfeited in favor of NGCP if the Eligible Bidder withdraws its bid after the bid opening, fails to complete Post-Qualification Requirements, or refuses to execute the ASPA after it has been provided a Notice of Award; and (ii) valid for 120 days starting on the date of bid submission.</p>	<p>Eligible Bidders shall post Bid Security upon submission of bids, equal to or greater than two percent (2%) of the total computed Capacity Payment Cost for one (1) year, using the maximum offered AS Capacity and offered AS Capacity Payment rate per AS type (equivalent contract price). Should an offer consist of varying AS Capacity offers, the maximum capacity offered and the total number of hours offered in a year will be the basis for the Bid Security computation.</p> <p>xxx</p> <p>Bid Security shall be in the form of security bond or irrevocable standby letter of credit from NGCP's list of approved providers. The Bid Security shall be (i) forfeited in favor of NGCP if the Eligible Bidder withdraws its bid after the bid opening, fails to complete Post-Qualification Requirements, or refuses to execute the ASPA after it has been provided a Notice of Award; and (ii) valid for 120 days starting on the date of bid submission.</p> <p>In case the ERC has not yet issued a Provisional Authority for the ASPA within 90 days of the 120-day Bid Security validity period, the Eligible Bidder shall extend such Bid Security for another 60 days from expiration. (there will be a 30-day window prior to expiration of Bid Security validity to extend it)</p>

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Detailed Instruction to Bidders		
Section 3.3.1 Envelope 1	<p>3.3.1.1 Legal Documents – scanned copies in .pdf format</p> <p>xxx</p> <p>b. Certificate of Satisfactory Performance from Load Customers with PSA. One (1) certificate is acceptable.</p>	<p>3.3.1.1 Legal Documents – scanned copies in .pdf format</p> <p>xxx</p> <p>b. Certificate of Satisfactory Performance from Load Customers with PSA. One (1) certificate is acceptable. <i>Certificate issued in 2022 for previous CSP schedule is acceptable. Further, proof of request for certification will be considered. For Eligible Bidders without a PSA, a short write-up explaining such condition will be sufficient to fulfill items (a) and (b).</i></p>
Section 3.3.2.1 Bid Security	<p>a. Eligible Bidders shall post Bid Security, equivalent to two percent (2%) of the total computed Capacity Payment Cost for one (1) year, for the maximum offered AS Capacity per AS type (equivalent contract price). Separate Bid Security shall be posted for each AS type offered. Original physical copies of the Bid Security/ies shall be submitted to NGCP. Electronic copies of the Bid Security/ies shall also be submitted in .pdf format.</p> <p>xxx</p> <p>e. Bid Security shall be in the form of surety bond or irrevocable standby letter of credit, from NGCP's list of approved providers. The Bid Security shall be (i) forfeited in favor of NGCP if the Eligible Bidder withdraws its bid after the bid opening, fails to complete Post-Qualification Requirements, or refuses to execute the ASPA after it has been provided a Notice of Award, and (ii) valid for 120 days from the Bid Submission Deadline.</p> <p>f. Bid Security may be procured by a parent company or affiliate, on behalf of the Eligible Bidder.</p>	<p>a. Eligible Bidders shall post Bid Security, <i>equal to or greater than</i> two percent (2%) of the total computed Capacity Payment Cost for one (1) year, <i>using</i> the maximum offered AS Capacity <i>and offered AS Capacity Payment</i> per AS type (equivalent contract price). Separate Bid Security shall be posted for each AS type offered. Original physical copies of the Bid Security/ies shall be submitted to NGCP. Electronic copies of the Bid Security/ies shall also be submitted in .pdf format.</p> <p>xxx</p> <p>e. Bid Security shall be in the form of surety bond or irrevocable standby letter of credit, from NGCP's list of approved providers. The Bid Security shall be (i) forfeited in favor of NGCP if the Eligible Bidder withdraws its bid after the bid opening, fails to complete Post-Qualification Requirements, or refuses to execute the ASPA after it has been provided a Notice of Award, and (ii) valid for 120 days from the Bid Submission Deadline.</p> <p><i>f. In case the ERC has not yet issued a Provisional Authority for the ASPA within 90 days of the 120-day Bid Security validity period, the Eligible Bidder shall extend such Bid Security for another 60 days from expiration. (there will be a 30-day window prior to expiration of Bid Security validity to extend it)</i></p> <p>g. Bid Security may be procured by a parent company or affiliate, on behalf of the Eligible Bidder.</p>

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<p>Section 3.3.2.2 Capacity Offer</p>	<p>a. Provide the detailed hourly profile of AS capacity offer per month, per year, for each AS type, using the provided template for AS offers, and saved as editable .csv file with no restrictions. Consider in the AS capacity offer the scheduled maintenance of the units and the plant. This means during the period of scheduled maintenance, AS capacity offer should already be reduced or set to zero.</p> <p>b. In the AS capacity offer, Eligible Bidder shall provide its preferred capacity offer, xxx</p>	<p>a. Provide the detailed hourly profile of AS capacity offer per month, per year, for each AS type, using the provided template for AS offers in which the filenames are the generating unit's Resource ID, and saved as editable .csv file with no restrictions. Consider in the AS capacity offer the scheduled maintenance of the units and the plant. This means during the period of scheduled maintenance, AS capacity offer should already be reduced or set to zero. Otherwise, Eligible Bidder shall provide Replacement AS Capacity during outages, if such outages have not been carved out from its offer.</p> <p>b. In the AS capacity offer, Eligible Bidder shall provide its preferred capacity offer, xxx</p> <p>(Additional provisions)</p> <p>c. Note that offers for each AS type will be evaluated separately. Bundled AS types (e.g. DR+RPS) are not considered, and will not be prioritized in this bidding.</p> <p>d. The Firm AS capacities in ASPAs that are still valid until December 2023 onwards are not yet included in the capacities open for bidding. Such Firm AS capacities are still allocated to the respective AS Providers. Thus, these AS Providers should not yet offer its contracted Firm AS capacities in this bidding. Their Firm AS capacities shall be opened for another round of CSP prior to the Firm ASPA's expiration.</p>

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<p>Section 3.3.2.4 Incidental Energy Payment</p>	<p>a. Eligible Bidder shall provide the basis for its Incidental Energy Payment, and the declared formula and indices in its bid shall be adopted in the ASPA.</p> <p>b. The Incidental Energy Payment shall be itemized into:</p> <p>Fixed Energy Fee, in PhP/kWh;</p> <p>Indexed Energy Fee, in PhP/kWh, which may include any of the following:</p> <p>Fuel Cost, based on fuel indices for December 2022. Bidder shall provide the reference for its fuel index, which will be the basis of data reference during ASPA implementation.</p> <p>Variable O&M Cost, based on Consumer Price Indices for December 2022</p> <p>Applicable foreign currency exchange based on December 2022, if applicable</p>	<p>a. Eligible Bidder shall provide the basis for its Incidental Energy Payment as an attachment to the AS Cost Simulation Summary, and the contents of the said attachment that include the relevant formula and indices, shall be adopted in the ASPA.</p> <p>b. The Incidental Energy Payment shall be itemized into:</p> <p>Fixed Energy Fee, in PhP/kWh;</p> <p>Indexed Energy Fee, in PhP/kWh, which may include any of the following:</p> <p>Fuel Cost, based on fuel indices for December 2022. Bidder shall provide the references for its fuel index and other applicable references for relevant fuel cost components (e.g. lube oil, freight, etc.), which will be the basis of data reference during ASPA implementation.</p> <p>Variable O&M Cost, based on applicable Consumer Price Indices for December 2022</p> <p>Applicable foreign currency exchange based on December 2022, if applicable</p>
<p>Section 4.5.5</p>	<p>During the opening of Envelope 2, should offer exceed the Maximum Capacity Payment Rate, the bid shall be marked as "failed".</p>	<p><i>This provision shall be removed, since there is no longer a Maximum Capacity Payment Rate set for this bidding. Numberings of the succeeding provisions will be adjusted accordingly.</i></p>
<p>Section 5.4</p>	<p>Should all AS offers fit in the hourly required level, all the Eligible Bidders will be considered for the issuance of Notice of Award, provided that such bidders submit the following documents (the "Post-Qualification Requirements") no later than the Deadline for Submission of Post-Qualification Requirements:</p> <p>xxx</p>	<p>Should all AS offers fit in the hourly required level, all the Eligible Bidders will be considered for the issuance of Notice of Award, provided that such bidders submit electronic copies of the following documents (the "Post-Qualification Requirements") no later than the Deadline for Submission of Post-Qualification Requirements:</p> <p>xxx</p>
<p>Section 5.6</p>	<p>The last Eligible Bidder/s to fit fill in and fulfill the hourly required level (or the "marginal plant") but whose offer was only partially accepted relative to the limits of the required AS level, will be notified and given the opportunity to withdraw its bid before the issuance of Notice of Award, and its Bid Security will be returned and not be forfeited. Otherwise, it will be deemed that the Eligible Bidder has waived its opportunity to withdraw and its bid, insofar as it falls within the required AS level, will be accepted and will be issued a Notice of Award.</p>	<p>The last Eligible Bidder/s to fit fill in and fulfill the hourly required level (or the "marginal plant") but whose capacity offer was only partially accepted relative to the limits of the required AS level (i.e. hourly capacity is below its minimum MW offer), will be notified and given the opportunity to withdraw its bid before the issuance of Notice of Award, and its Bid Security will be returned and not be forfeited. Otherwise, it will be deemed that the Eligible Bidder has waived its opportunity to withdraw and its bid, insofar as it falls within the required AS level, will be accepted and will be issued a Notice of Award.</p>

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Ancillary Services Procurement Agreement		
Section 5 on Rates and Penalty	<p>5.7 The Service Provider shall not be considered as non-compliant under Section 5.2 when the cause is due to the implementation by the Market Operator xxx</p> <p>5.8 The Service Provider shall not be considered as non-compliant under Section 5.2 when the unavailability of contracted capacity is due to technical issues xxx</p>	<p>5.7 The Service Provider shall not be considered as non-compliant under Section 5.3 when the cause is due to the implementation by the Market Operator xxx</p> <p>5.8 The Service Provider shall not be considered as non-compliant under Section 5.3 when the unavailability of contracted capacity is due to technical issues xxx</p>
Section 7 Performance Bond	7.1 The Service Provider shall post a Performance Bond equivalent to thirty percent (30%) of the total computed Capacity Payment for the contracted capacity for the first year of AS provision (i.e. one year equivalent).	7.1 The Service Provider shall post a Performance Bond equivalent to thirty percent (30%) of the total computed Capacity Payment for the contracted capacity for the first year of AS provision (i.e. one year equivalent), within fifteen (15) days from receipt of the ERC PA, IR, or Decision, whichever comes first.
Section 13.1 Termination due to Default	<p>a. The failure of the Service Provider to comply with any provision of this Agreement which remains unremedied within thirty (30) days from receipt of the notice of default;</p> <p>b. The failure of the Service Provider to comply with the Dispatch Protocol/Guidelines in Schedule 2 of this Agreement, and remedy the same within fourteen (14) days from its receipt of notice of non-compliance;</p> <p>c. The failure of the Service Provider to meet the technical criteria during the regular AS certification testing, resulting to non-issuance of an AS certification;</p> <p>d. Forced outage of the plant beyond thirty (30) days;</p> <p>e. Unavailability of the plant due to Force Majeure, beyond ninety (90) days;</p> <p>f. Early termination of this Agreement by the Service Provider as a result of its business decision;</p> <p>g. The failure of the Service Provider to meet the minimum requirements of the Annual Performance Evaluation which is at least 90% compliant hours in a year; or</p> <p>h. The termination of the Connection Agreement and/or Transmission Service Agreement of the Service Provider as a result of a breach or default by the Service Provider under said agreements.</p>	<p>a. The failure of the Service Provider to comply with any provision of this Agreement which remains unremedied within thirty (30) days from receipt of the notice of default;</p> <p>b. Unavailability of the plant due to Force Majeure, beyond ninety (90) days; (this is not subject to forfeiture of Performance Bond, as indicated in the last position of this Section 13.1)</p> <p>c. The failure of the Service Provider to comply with the Dispatch Protocol/Guidelines in Schedule 2 of this Agreement, and remedy the same within fourteen (14) days from its receipt of notice of non-compliance;</p> <p>d. The failure of the Service Provider to meet the technical criteria during the regular AS certification testing, and within 30 days from failure to meet such technical criteria, resulting to non-issuance of an AS certification;</p> <p>e. Forced outage of the plant beyond thirty (30) days;</p> <p>f. Early termination of this Agreement by the Service Provider as a result of its business decision;</p> <p>g. The failure of the Service Provider to meet the minimum requirements of the Annual Performance Evaluation which is at least 90% compliant hours in a year, subject to Section 12; or</p> <p>h. The termination of the Connection Agreement and/or Transmission Service Agreement of the Service Provider as a result of a breach or default by the Service Provider under said agreements.</p>

Document	Original Content	Revised Content
	For termination under (b) to (h), the Performance Bond of Service Provider shall be forfeited in favor of NGCP.	For termination under (c) to (h), the Performance Bond of Service Provider shall be forfeited in favor of NGCP.
Section 14 General Provisions	Applicability of Regulatory Laws. The obligations of the Parties under this Agreement shall be governed by the OATS Rules, the Philippine Grid Code, and other relevant issuances, orders, rules and regulations as promulgated by proper government agencies and authorities as if they are originally adopted herein. This shall be understood to include all amendments and modifications thereof, as may be issued from time to time. Parties warrant that they fully understood their rights and obligations under the above-mentioned regulatory laws, including Good Industry Practices with respect to this Agreement.	Applicability of Regulatory Laws. The obligations of the Parties under this Agreement shall be governed by the OATS Rules, the Philippine Grid Code, and other relevant issuances, orders, rules and regulations as promulgated by proper government agencies and authorities as if they are originally adopted herein. This shall be understood to include all amendments and modifications thereof, as may be issued from time to time. Parties warrant that they fully understood their rights and obligations under the above-mentioned regulatory laws, including Good Industry Practices with respect to this Agreement, subject to Section 13.3.
Schedule 2 Section A	1. Declaration by the Service Provider of available hourly capacity should be submitted to NGCP - System Operations (NGCP-SO) day-ahead not later than 2:00 pm based on available generating units, as provided below: a. Weekdays for the next day declaration except Friday b. Friday for Saturday, Sunday, and Monday declarations c. Working Day before Holiday until the next working day	1. Declaration by the Service Provider of available hourly capacity should be submitted to NGCP - System Operations (NGCP-SO) day-ahead not later than 2:00 pm based on available generating units, as provided below: a. Weekdays for the next day declaration except Friday b. Thursday for Friday and Saturday declarations c. Friday for Sunday and Monday declarations d. Working Day before Holiday until the next working day
Schedule 3, E. Submission of Documents for Computation of Fuel Costs	Service Provider shall submit the necessary documents detailing the actual fuel costs (e.g. invoice or official receipts) along with the bill.	Service Provider shall submit the necessary documents detailing the actual fuel costs (e.g. invoice, official receipts, relevant fuel indices) along with the bill.
AS Cost Simulation Summary		
Incidental Energy Payment Components	VOM _____ Fuel _____	FOM _____ VOM _____ Fuel _____
Capacity Offer Summary		
Term of Ancillary Services:	No. of Years: _____ Months: _____	No. of Years: _____ (removed "Months" to avoid confusion)
AS Cost Simulation Worksheet		
Computation of Incidental Energy	Only included VOM	Added FOM in the Incidental Energy cost computation



Document	Original Content	Revised Content
Computation of Incidental Energy	Computation of WESM Payment for BESS when offering CR	Revised WESM Payment formula to CR kWh dispatch x ESSP
Inclusion of VAT	VAT was not included in the original contents	VAT is included in the AS Cost Simulation

Further, the soft copy file of the amended bid documents and forms will be released in your respective cloud-based folders containing the Bidding Documents.

CERTIFICATION

As Chairman of NGCP's Third Party Bids and Awards Committee ("TPBAC"), I hereby certify that this Bid Bulletin No. 2023-02 for the Procurement of Ancillary Services to the Grid was discussed and approved by the TPBAC on February 28, 2023 at Quezon City.

(sgd) DARRYL LON A. ORTIZ
TPBAC Chairman