

# EVALUATION METHODOLOGY

## 1. Evaluation of Bids

- 1.1 The Bids to be submitted by the Bidders shall be evaluated by the SBAC according to the Evaluation Methodology explained in detail in this document. The Bid with the lowest evaluated Effective Price shall be declared the Lowest Calculated Bid or LCB. The LCB shall be subjected to post-qualification.
- 1.2 Should the LCB pass the post-qualification, the UPLB Chancellor, upon the endorsement of the SBAC, shall declare the LCB as the Lowest Calculated Responsive Bid (LCRB) and issue the Notice of Award to the corresponding Winning Bidder.
- 1.3 The Winning Bidder shall submit their acknowledgement of the receipt of the Notice of Award to the SBAC and pay the Winning Bidder's Fee.
- 1.4 The Winning Bidder and UPLB shall draft and finalize the Power Supply Agreement (PSA) based on the outcome of the Competitive Selection Process (CSP) and the Key Contract Terms of the PSA in ITB Annex A: Key Contract Terms of the PSA.
- 1.5 There will only be one winning bidder; the Winning Bidder shall sign a PSA with UPLB for the contracted unit price.
- 1.6 The PSA shall be signed in the presence of the Winning Bidder or any duly recognized representative and the officials of UPLB.

## 2. Due Diligence

- 2.1 The Bidder shall be deemed to have performed its due diligence on the subject of this Transaction by submitting its Bid. Due Diligence may be conducted until the date specified in the Bidding Document.
- 2.2 Bidders shall be given pertinent financial and technical information of UPLB as follows:
  1. Directory of UPLB's Administration, SSBAC, and TWG;
  2. Monthly CUF Nomination;
  3. The 8760-Hour Load Curve;
  4. Utility Statistics and Operational Performance;
  5. Government Appropriation Act (GAA) from 2013-2015; and
  6. Payment Performance Certificate from APRI and NGCP.
- 2.3 If a Bidder desires to conduct an on-site due diligence on UPLB, they may coordinate with the SBAC who shall coordinate with them for the schedule. The Bidder must submit to the SBAC a request for such visit along with the specific agenda and proposed schedule of visit. The SBAC has the right to reject such request for visit if the data needed have already been provided to the Bidders or the agenda is deemed irrelevant to this Transaction. Any cost associated with the conduct of an on-site due diligence shall be solely for the account of the Bidder.

### 3. Technical and Financial Proposal

- 3.1 The Bidder must submit its Technical and Financial Proposal to supply the medium-term 4 MW (November 26, 2017 – December 25, 2022) demand requirement of UPLB;
- 3.2 The Technical and Financial Proposal shall detail the following variables that may affect the Effective Price, the calculation of which is detailed in item 4 of this document.
- a. *Price Components.* There shall be a maximum of six (6) components for the proposed Base Price based on the August 2016 reference price. The price components will constitute the actual power purchase price if power was delivered to UPLB for the month of August 2016. Two out of six (2/6) components shall include the fixed costs such as (a) Capital Recovery and (b) Other Fixed Costs such as Fixed Operation and Maintenance Costs. The other four (4) components shall include the (a) Fuel and (b) Non-Fuel Variable Costs such as Variable Operation and Maintenance and Administration Costs. Thus, the following components shall constitute the proposed Base Price:
    - i. Fixed Cost 1 – Capital Recovery Cost, including profits;
    - ii. Fixed Cost 2 – Other Fixed Costs, such as fixed operation and maintenance costs;
    - iii. Variable Cost 1 – Non-Fuel Variable Costs, such as variable operation and maintenance costs (local subcomponent to be indexed only to Philippine CPI and foreign subcomponent to be indexed only to US CPI);
    - iv. Variable Cost 2 – Fuel Costs, including transportation and administration associated with the procurement and delivery of fuel to the power plant;
    - v. Variable Cost 3 – Non-Fuel Variable Costs, such as variable operation and maintenance costs indexed to a basket of Price Indices (other than Philippine CPI and US CPI); and
    - vi. Variable Cost 4 – Un-Indexed Non-Fuel Variable Costs, such as administration fees.
  - b. *Currencies.* Each price component may include local (Php/kWh) and foreign (USD/kWh) subcomponent. Other foreign currencies are unacceptable for this Transaction.
  - c. *Reference Fuel Prices.* If Variable Cost No. 2 (Fuel Costs) is proposed to be pass-through based on CIF price or to be indexed based on nominal or reference market price, it shall be set using “delivered” fuel price on August 2016. For purposes of preparing the Technical and Financial Proposal, Bidders should take note of the reference fuel process shown in **Table 1** below.

Table 1. Reference on Fuel Prices<sup>1</sup>

Fuel	Reference	Price and Unit
Coal	Global Coal Newcastle, 6,000 kcal/kg NCV	67.37 USD/MT
Nat Gas	Japan LNG Imports	6.67 USD/MMBtu
Diesel	World Bank Average. IFO 380	44.87 USD/bbl

- d. *Price Indexation.* The SELLER, in its Bid, shall specify the portion (in percentage, from a minimum of 0% to a maximum of 100%) of each subcomponent that will be indexed to a corresponding price index or fuel reference. Indexation shall be applied to the components of the Contract Price as follows:
  - i. *Fixed Cost 1* and *Variable Cost 4* shall NOT be indexed to any reference or CPI.

<sup>1</sup> <https://www.pubdocs.worldbank.org>

- ii. The local subcomponents of *Fixed Cost 2* and *Variable Cost 1* shall be indexed only to Philippine CPI while their foreign subcomponents shall be indexed only to US CPI.
- iii. *Variable Cost 2* shall be indexed to the fuel reference from a reputable third-party publisher specified by the SELLER in its Bid.
- iv. *Variable Cost 3* shall have subcomponents that are indexed to (1) US Producer Price Index, Capital Equipment, (2) Philippine CPI, NCR All Items, (3) Luzon General Wholesale Price Index, Manufactured Goods classified by Materials, (4) Luzon General Wholesale Price Index, Machinery and Transport Equipment.

The indices to be applied shall use the actual value as published by the relevant agency or entity – the Philippine Statistics Authority for price indices in the Philippines, the US Bureau of Labor Statistics for price indices in the USA, or a reputable third-party publisher for fuel price indices.

- e. The portion of a price component that escalates and which the Bidder proposes to be indexed to a specific reference market or consumer price index shall be specified in percentage. For *Fixed Cost No. 2* and *Variable Cost No. 1*, only the Philippine Consumer Price Index (PHCPI) for local components and US Consumer Price Index (USCPI) for foreign components shall be acceptable. For *Variable Cost No. 2 (Fuel)*, the fuel inflation factors specified in **Table 3** of shall be used. *Variable Cost No. 3* shall be indexed to a basket of price indices provided in **Table 2**. The values indicated in **Table 2** and **3** will be used for the evaluation of Bids. For the purpose of computing the actual rate, the actual value of the index shall be applied.
- 3.3 UPLB shares no interest on performance-based discounts such as prompt payment discounts. Bidders need not indicate discounts in their Bids.
- 3.4 The details of the Technical and Financial Proposal prescribed under Section III Bid Data Sheet of the Philippine Bidding Documents shall be submitted using the forms prescribed in Section VIII Bid Forms.
- 3.5 The Technical and Financial Proposal shall be unconditional, binding, and open for acceptance by the SBAC.

## 4. Detailed Evaluation and Comparison of Bids

- 4.1 **Base Price.** In accordance with ITB-13, the Base Price shall have the following components based on August 2016 reference prices:
- 1. Fixed Cost No. 1 (Capital Recovery),
  - 2. Fixed Cost No. 2 (Other Fixed Costs such as Fixed Operation and Maintenance Fee),
  - 3. Variable Cost No. 1 (Non-Fuel Costs such as Variable Operation and Maintenance Fee indexed to Philippine CPI and US CPI only),
  - 4. Variable Cost No. 2 (Fuel Costs including Fuel Transport),
  - 5. Variable Cost No. 3 (Non-Fuel Costs indexed to a basket of Price Indices), and
  - 6. Variable Cost No. 4 (Un-indexed Non-Fuel Variable Costs such as Administration Fees).

Foreign components of the prices in USD/kWh shall be converted into local prices in PhP/kWh. For purposes of the evaluation of Bid Proposals, the foreign exchange rate (FOREX) shall be PhP /USD<sup>2</sup>.

**4.2 Base Price at Reference Month.** The Base Price at the reference month shall have price components based on August 2016 reference prices at 100% Capacity Utilization Factor (CUF) and shall be calculated according to the following equation:

$$BP = FC1_{100\%CUF}^{Local} + FC2_{100\%CUF}^{Local} + VC1^{Local} + VC2^{Local} + VC3^{Local} + VC4^{Local} + \{FC1_{100\%CUF}^{Foreign} + FC2_{100\%CUF}^{Foreign} + VC1^{Foreign} + VC2^{Foreign} + VC3^{Foreign} + VC4^{Foreign}\} \times FOREX$$

$$BP_{Reference\ Month}^{AfterTax} = BP \times \left(1 + \left(\frac{E_{total\_2017-2022} - RE_{total\_2017-2022}}{E_{total\_2017-2022}}\right) \times VAT_{non-RE}\right)$$

where, BP = Base Price, in PhP/kWh;  
 $BP_{Reference\ Month}^{AfterTax}$  = Base Price at reference month after tax, in PhP/kWh;

$FC1_{100\%CUF}^{Local}$  = Local subcomponent of Fixed Cost 1, at 100% CUF, in PhP/kWh;

$FC2_{100\%CUF}^{Local}$  = Local subcomponent of Fixed Cost 2, at 100% CUF, in PhP/kWh;

$VC1^{Local}$  = Local subcomponent of Variable Cost 1, at 100% CUF, in PhP/kWh;

$VC2^{Local}$  = Local subcomponent of Variable Cost 2, at 100% CUF, in PhP/kWh;

$VC3^{Local}$  = Local subcomponent of Variable Cost 3, at 100% CUF, in PhP/kWh;

$VC4^{Local}$  = Local subcomponent of Variable Cost 4, at 100% CUF, in PhP/kWh;

$FC1_{100\%CUF}^{Foreign}$  = Foreign subcomponent of Fixed Cost 1, at 100% CUF, in USD/kWh;

$FC2_{100\%CUF}^{Foreign}$  = Foreign subcomponent of Fixed Cost 2, at 100% CUF, in USD /kWh;

$VC1^{Foreign}$  = Foreign subcomponent of Variable Cost 1, in USD /kWh;

$VC2^{Foreign}$  = Foreign subcomponent of Variable Cost 2, in USD /kWh;

$VC3^{Foreign}$  = Foreign subcomponent of Variable Cost 3, in USD /kWh;

$VC4^{Foreign}$  = Foreign subcomponent of Variable Cost 4, in USD /kWh;

$E_{total\_2017-2022}$  = Total energy for December 2017- December 2022 in Table 5

$RE_{total\_2017-2022}$  = Total non-taxable renewable energy for December 2017- December 2022 declared in the technical bid form

$VAT_{non-RE}$  = Value added tax of non renewable energy

**4.3 Monthly Base Prices.** The Base Price at every month shall have price components based on August 2016 reference prices inflated appropriately at varying Capacity Utilization Factor (CUF) and shall be calculated according to the following equations:

<sup>2</sup> Source: <http://www.bsp.gov.ph/statistics/keystat/day99.htm>

$$\begin{aligned}
 BP_{\text{year-month}} &= FC1_{CUF}^{Local} + FC1_{CUF}^{Foreign} \times FOREX \\
 &+ [k_{FC2}^{Local} \times (1 + a_{FC2}^{Local})^{\text{Year}-2016} + (1 - k_{FC2}^{Local})] \times FC2_{CUF}^{Local} \\
 &+ [k_{FC2}^{Foreign} \times (1 + a_{FC2}^{Foreign})^{\text{Year}-2016} + (1 - k_{FC2}^{Foreign})] \times FC2_{CUF}^{Foreign} \times FOREX \\
 &+ [k_{VC1}^{Local} \times (1 + a_{VC1}^{Local})^{\text{Year}-2016} + (1 - k_{VC1}^{Local})] \times VC1^{Local} \\
 &\quad + [k_{VC1}^{Foreign} \times (1 + a_{VC1}^{Foreign})^{\text{Year}-2016} + (1 - k_{VC1}^{Foreign})] \times VC1^{Foreign} \times FOREX \\
 &+ [k_{VC2}^{Local} \times b_{VC2,Year}^{Local} + (1 - k_{VC2}^{Local})] \times VC2^{Local} \\
 &\quad + [k_{VC2}^{Foreign} \times b_{VC2,Year}^{Foreign} + (1 - k_{VC2}^{Foreign})] \times VC2^{Foreign} \times FOREX \\
 &+ \left[ k_{VC3,c}^{Local} \times (1 + c_{VC3}^{Local})^{\text{Year}-2016} + k_{VC3,d}^{Local} \times (1 + d_{VC3}^{Local})^{\text{Year}-2016} \right] \times VC3^{Local} \\
 &\quad + \left[ k_{VC3,f}^{Local} \times (1 + f_{VC3}^{Local})^{\text{Year}-2016} + k_{VC3,g}^{Local} \right] \times VC3^{Local} \\
 &+ \left[ k_{VC3,a}^{Foreign} \times (1 + a_{VC3}^{Foreign})^{\text{Year}-2016} + k_{VC3,h}^{Foreign} \times (1 + h_{VC3}^{Foreign})^{\text{Year}-2016} + k_{VC3,j}^{Foreign} \right] \\
 &\quad \times VC3^{Foreign} \times FOREX \\
 &+ VC4^{Local} + VC4^{Foreign} \times FOREX
 \end{aligned}$$

where, BP = Base Price, in PhP/kWh;  
 BP<sub>year-month</sub> = Base Price per month of a specific year, in PhP/kWh;  
 CUF<sub>100%</sub> = 100% Capacity Utilization Factor  
 CUF = Capacity Utilization Factor;

$FC1_{CUF}^{Local}$  = Local subcomponent of Fixed Cost 1, a function of CUF, in PhP/kWh;  
 $FC2_{CUF}^{Local}$  = Local subcomponent of Fixed Cost 2, a function of CUF, in PhP/kWh;  
 $VC1^{Local}$  = Local subcomponent of Variable Cost 1, in PhP/kWh;  
 $VC2^{Local}$  = Local subcomponent of Variable Cost 2, in PhP/kWh;  
 $VC3^{Local}$  = Local subcomponent of Variable Cost 3, in PhP/kWh;  
 $VC4^{Local}$  = Local subcomponent of Variable Cost 4, in PhP/kWh;

$FC1_{CUF}^{Foreign}$  = Foreign subcomponent of Fixed Cost 1, a function of CUF, in USD/kWh;  
 $FC2_{CUF}^{Foreign}$  = Foreign subcomponent of Fixed Cost 2, a function of CUF, in USD/kWh;  
 $VC1^{Foreign}$  = Foreign subcomponent of Variable Cost 1, in USD /kWh;  
 $VC2^{Foreign}$  = Foreign subcomponent of Variable Cost 2, in USD /kWh;  
 $VC3^{Foreign}$  = Foreign subcomponent of Variable Cost 3, in USD /kWh;  
 $VC4^{Foreign}$  = Foreign subcomponent of Variable Cost 4, in USD /kWh;

$k_{FC2}^{Local}$  = Portion of FC L,2 to be indexed;  
 $k_{VC1}^{Local}$  = Portion of VC L,1 to be indexed;  
 $k_{VC2}^{Local}$  = Portion of VC L,2 to be indexed;  
 $k_{VC3,c}^{Local}$  = Portion of VC L,3 to be indexed (to corresponding index);  
 $k_{VC3,d}^{Local}$  = Portion of VC L,3 to be indexed (to corresponding index);  
 $k_{VC3,f}^{Local}$  = Portion of VC L,3 to be indexed (to corresponding index);  
 $k_{VC3,g}^{Local}$  = Portion of VC L,3 not to be indexed;

$k_{FC2}^{Foreign}$  = Portion of FC F,2 to be indexed;  
 $k_{VC1}^{Foreign}$  = Portion of VC F,1 to be indexed;  
 $k_{VC2}^{Foreign}$  = Portion of VC F,2 to be indexed;  
 $k_{VC3,a}^{Foreign}$  = Portion of VC F,3 to be indexed (to corresponding index);  
 $k_{VC3,h}^{Foreign}$  = Portion of VC F, 3 to be indexed (to corresponding index);  
 $k_{VC3,i}^{Foreign}$  = Portion of VC F, 3 not to be indexed;

$a_{component}^{Local}$	=	Philippine CPI, All Items (2010 = 100);
$b_{component}^{Local}$	=	Fuel price index (local component);
$c_{component}^{Local}$	=	Philippine CPI, NCR All Items (2006 = 100);
$d_{component}^{Local}$	=	Luzon General Wholesale Price Index, Manufactured Goods classified Chiefly by Materials (1998 = 100);
$f_{component}^{Local}$	=	Luzon General Wholesale Price Index, Machinery and Transport Equipment (1998 = 100);
$a_{component}^{Foreign}$	=	US CPI, All Items (2010 = 100) for reference year;
$b_{component}^{Foreign}$	=	Fuel price index (foreign component) for reference month;
$h_{component}^{Foreign}$	=	US Producer Price Index, Capital Equipment (2010 = 100) for reference month;
FOREX	=	Foreign exchange rate for month of Billing Period, in PhP/USD.

For purposes of evaluation of Bids, the Base Price offered by the Bidder will be escalated by appropriate inflation factors to determine the projected price for the contract periods 2018 to 2022. *Fixed Cost No. 1* and *Variable Cost No.4* are not subject to inflation, in accordance with **Item 4.c** of the Key Contract Terms.

The Philippine Consumer Price Index (PHCPI) and the US Consumer Price Index (USCPI) shall be used to inflate the applicable percentage of local and foreign subcomponents, respectively, of *Fixed Cost No. 2* and *Variable Cost No. 1*. For *Variable Cost No. 3*, a basket of US and Philippine Price Indices shall be used.

The annual inflation rates shown in Table 6 for consumer or commodity prices in the Philippines and the USA shall be used for evaluating the Bids.

Table 2. Annual Inflation Rate for Consumer or Commodity Prices<sup>3</sup>

Index	Index Code	Variable	Inflation Rate
<b>US Consumer Price Index, All Items (2010 = 100)</b>	USCPI	$a^{Foreign}$	1.10%
<b>US Producer Price Index, Capital Equipment (2010 = 100)</b>	USPPI-CE	$h^{Foreign}$	1.04%
<b>PH Consumer Price Index, All Items (2006 = 100)</b>	PHCPI	$a^{Local}$	1.44%
<b>PH Consumer Price Index, NCR All Items (2006 = 100)</b>	NCRCPI	$c^{Local}$	1.34%
<b>Luzon General Wholesale Price Index, Manufactured Goods Classified Chiefly by Materials (1998 = 100)</b>	LWPI-MGCM	$d^{Local}$	1.78%
<b>Luzon General Wholesale Price Index, Machinery and Transport Equipment (1998 = 100)</b>	LWPI-MTE	$f^{Local}$	1.60%

<sup>3</sup> Inflation Rates based on the three-year historical average of inflation of consumer or commodity prices from 2014 to 2016 as published in [www.imf.org](http://www.imf.org) and [www.psa.gov.ph](http://www.psa.gov.ph)

The percentage of fuel price (*Variable Cost No. 2*, local and foreign) in 2016, which is proposed to be indexed, shall be inflated according to Fuel Inflation Factors shown in **Table 3**. This means that the fuel price for August 2016 will be multiplied by the inflation factor for the given year.

For this Transaction, the following considerations must be noted:

1. No reference fuel prices shall be used for power supply from renewable energy resources.
2. Geothermal steam shall not be considered an “*indexable*” fuel.
3. Natural Gas shall not be allowed to be indexed to Coal as it is in the case of the natural gas from the Malampaya gas field.

**Table 3. Fuel Inflation Factors (2016 as the Base Year)<sup>4</sup>**

Year	Coal (Australia)	Natural Gas (LNG Japan)	Crude Oil (Average)
2017	106.22%	105.80%	128.51%
2018	91.05%	107.25%	140.19%
2019	83.46%	110.15%	143.69%
2020	84.07%	113.04%	146.96%
2021	84.83%	115.94%	150.70%
2022	85.43%	118.84%	154.21%

**4.4 Price After Tax.** The tax rates, shown in **Table 4**, based on the expandable value added tax shall be applied to the GenCo Price depending on the type of energy source (renewable or non-renewable energy).

**Table 4. Tax Rates for each Energy Type and the WESM Price**

Energy Source	VAT
<b>Renewable Energy</b>	0.00%
<b>Non-Renewable Energy and WESM</b>	12.00%

For each Year—Month (2017 to 2022), the calculation for the Base Price is as follows:

$$BP_{Year-Month}^{AfterTax} = BP_{Year-month} \times \left( 1 + \left( \frac{E_{month} - RE_{minimum}}{E_{month}} \right) \times VAT_{non-RE} \right)$$

Where,

$BP_{Year-Month}^{AfterTax}$	= inflated Base Price after tax in a given Year-Month (2017 to 2022)
$E_{month}$	= Total monthly Energy;
$RE_{minimum}$	= non-taxable RE component to the total Energy;
$VAT$	= applicable expanded value-added tax, in %

For the computation of the base price after tax, the ratio of  $E_{month} - RE_{minimum}$  to  $E_{month}$  will be equal to zero (0) if  $RE_{minimum}$  is greater than  $E_{month}$ ; that is, this ratio should never become negative. This note shall be applied on a monthly basis.

<sup>4</sup> Inflation factors are based on World Bank Commodities Price Forecast (Nominal US Dollars) released April 26, 2017.

Table 5. Monthly Energy for Evaluation

Year	Month	Energy (kWh)	CUF
<b>2017</b>	December	1,872,000.00	65%
	January	1,934,400.00	65%
<b>2018</b>	February	1,934,400.00	65%
	March	2,042,880.00	76%
	April	2,856,960.00	96%
	May	2,880,000.00	100%
	June	2,559,360.00	86%
	July	2,332,800.00	81%
	August	1,964,160.00	66%
	September	2,112,960.00	71%
	October	2,620,800.00	91%
	November	1,934,400.00	65%
	December	1,872,000.00	65%
	<b>2019</b>	January	1,934,400.00
February		1,934,400.00	65%
March		2,069,760.00	77%
April		2,886,720.00	97%
May		2,880,000.00	100%
June		2,589,120.00	87%
July		2,361,600.00	82%
August		1,993,920.00	67%
September		2,142,720.00	72%
October		2,649,600.00	92%
November		1,934,400.00	65%
December		1,872,000.00	65%
<b>2020</b>	January	1,934,400.00	65%
	February	1,934,400.00	65%
	March	2,096,640.00	78%
	April	2,916,480.00	98%
	May	2,880,000.00	100%
	June	2,618,880.00	88%
	July	2,390,400.00	83%
	August	2,023,680.00	68%
	September	2,172,480.00	73%
	October	2,678,400.00	93%
	November	1,934,400.00	65%
	December	1,872,000.00	65%
<b>2021</b>	January	1,934,400.00	65%
	February	1,934,400.00	65%
	March	2,123,520.00	79%
	April	2,946,240.00	99%
	May	2,880,000.00	100%
	June	2,648,640.00	89%
	July	2,419,200.00	84%
	August	2,053,440.00	69%
	September	2,202,240.00	74%
	October	2,707,200.00	94%



<b>2022</b>	November	1,934,400.00	65%
	December	1,872,000.00	65%
	January	1,934,400.00	65%
	February	1,934,400.00	65%
	March	2,150,400.00	80%
	April	2,976,000.00	100%
	May	2,880,000.00	100%
	June	2,678,400.00	90%
	July	2,448,000.00	85%
	August	2,083,200.00	70%
	September	2,232,000.00	75%
	October	2,736,000.00	95%
	November	1,934,400.00	65%
	December	1,872,000.00	65%

4.5 **Total Generation Cost.** For the purpose of evaluation of Bids, the total energy for each year which will be used in calculating the Annual Levelized Costs are shown in **Table 5**. The Annual Levelized cost shall be calculated using the following equations:

$$Total\ Generation\ Cost = \sum_{year=2017}^{2022} \frac{1}{(1 + a^{Local})^{year-2016}} \sum_{month=1}^{12} BP_{year-month}^{AfterTax} \times Energy_{month}$$

$$TotalEnergy = \sum_{year=2017}^{2022} \frac{1}{(1 + a^{Local})^{year-2016}} Energy_{year}$$

where:

$TotalGenCost_{Levelized}$  = total levelized generation cost for a given year (2018-2022)

$TotalEnergy$  = total energy sourced from the GenCo

4.6 **Effective Evaluated Price.** The effective price offered by the Bidder shall be calculated from the perspective of UPLB using the following equation:

$$Effective\ Evaluated\ Price = \frac{TotalGenCost_{Levelized}}{TotalEnergy}$$

4.7 **Security Deposit.** As a duly recognized government institution, UPLB is prohibited from paying Security Deposit in any form by virtue of **Section 88 of P.D. 1445**, otherwise known as *Ordaining and Instituting a Government Auditing Code of The Philippines*. Thus, no additional price equivalent to the price (Php/kWh) of security deposit is added in the calculation of the Effective Evaluated Price.

## 5. Selection of Bidder with the Lowest Calculated Bid

- 5.1 **Comparison of Bids and Selection of Lowest Calculated Bids.** The **Effective Evaluated Price** referred to in **Item 4.6** of this Evaluation Framework shall be calculated for each Bidder for the whole Contract Period. The Bid with the lowest Effective Evaluated Price for the Contract Period shall be considered the Lowest Calculated Bid and shall be subjected to Post-Qualification. Only one LCB may be chosen for the 5-year Contract Period.
- 5.2 **Tied Bids.** Tied Bids occur when Multiple Bidders have the same calculated Effective Evaluated Price. The following series of tie-breakers shall be applied for Tied Bids:
- a. The Bid with the lowest effective inflation for *Fixed Cost No. 2* (Other Fixed Costs such as Operation and Maintenance Fees), *Variable Cost No. 1* (Non-Fuel Variable Costs such as Variable Operation and Maintenance Fees), and *Variable Cost No. 2* (Fuel Costs) and *Variable Cost No. 3* will be favored;
  - b. If ties are not yet broken, the Bid with the highest total Capital Recovery Fee component (*Fixed Cost No. 1*) and *Variable Cost No. 4* will be favored; and
  - c. If ties are not broken, the SBAC shall decide on how to break the tie in consultation with the Bidders whose Bids are tied.

## 6. Post Qualification of the Lowest Calculated Bid

- 6.1 The SBAC shall conduct a post qualification to determine whether the Bidder that is evaluated to have the Lowest Calculated Bid (LCB) complies with and is responsive to all the requirements and conditions for eligibility and the Bidding. The determination shall be based on examination, verification, and validation of the documentary evidence of the eligibility requirements and the Technical and Financial Proposal submitted by the Bidder.
- 6.2 If the Bidder with the LCB passes the post-qualification, its Bid shall be declared as the Lowest Calculated Responsive Bid. Otherwise, the SBAC shall conduct post-qualification on the Bidder with the next LCB until the Bidder is found to have passed the post-qualification and the total baseload demand requirement for the specified Contract Period is satisfied or until no Bidder is found to have passed the post-qualification.

## 7. Grounds for Disqualification

- 7.1 In addition to the grounds specified in **ITB Clause 4 of Section III Bid Data Sheet of the Philippine Bidding Documents** and which may also result in the forfeiture of Bid Security subject to **ITB 18.5**, the following shall also be grounds for the rejection of Bids and/or the disqualification of Bidder(s):
- a. Failure to submit all the requirements in accordance with and as provided for in the Philippine Bidding Documents and its ITB and all Supplemental Bid Bulletins issued in relation to this procurement;
  - b. Failure to submit a Bid that is in accordance with **ITB Clause 12.1 (b) of Section III Bid Data Sheet**;
  - c. Prices indicated in the Bid are denominated in a foreign currency other than the USD as provided in violation of **Item 4** of this **Evaluation Framework**;
  - d. Failure to submit a *Security Bid* as provided in **ITB 18**;
  - e. In the event of collusion as provided in **ITB 30.2 (a)**; and

- f. Commission of any of the corrupt practices defined in **Item 3 of Section II of the Annex I of the IRR of R.A. 9136**, otherwise known as the “Government Procurement Reform Act,” and provided in detail in **R.A. 3019** otherwise known as the “Anti-Graft and Corrupt Practices Act.”