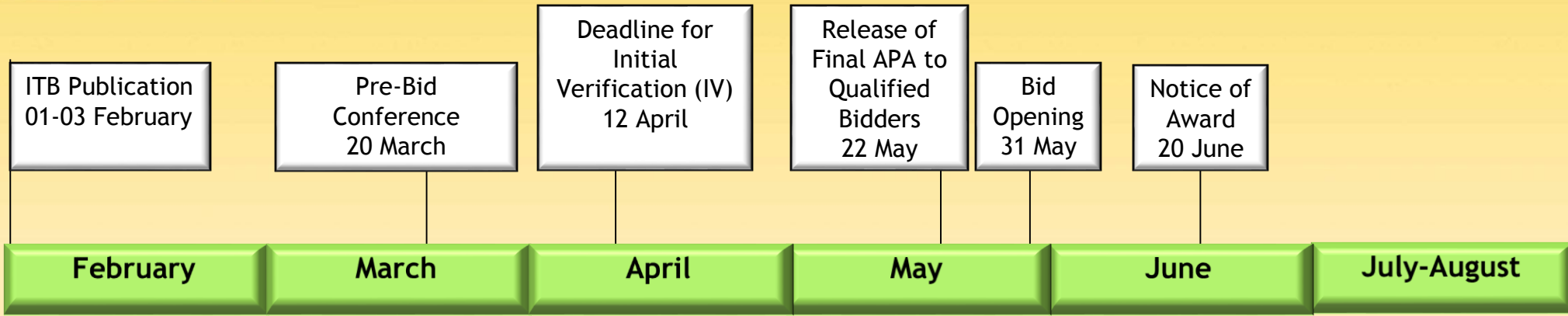




Salient Features of the
Bidding Procedures dated 01 February 2017
for the Sale of Structures, Plant Equipment,
Auxiliaries and Accessories of the Decommissioned
850 MW Sucat Thermal Power Plant
in Muntinlupa City

Disclaimer: The salient features posted in this presentation shall serve as a mere aid to facilitate understanding the Bidding Procedure. The responsibility of the Bidder to read and understand the complete language of the Bidding Procedure remains. Nothing in these salient features shall modify, substitute or interpret the terms of the Bidding Procedure, and neither PSALM nor the Bids and Awards Committee shall be responsible for any misunderstanding or misinterpretation that may result in any reliance on or citation of these salient features.

Bidding Process and Timeline February to August 2017



Submission/Payment Period: 01 February to 24 April
 1) Letter of Interest (LOI), 2) Confidentiality Agreement & Undertaking (CA & U), 3) Participation Fee (PF) of PhP100,000 & Documentary Deliverables

Due Diligence Period: 6 February to 29 May

Bidders' Comments on Draft APA and Consortium Request Deadline
 01 Feb - 31 March

Post Qua Within 15 business days from Bid Opening

Closing Period (60 days from NOA)

Bid Security (PhP15,000,000)
 Validity :180 days from Bid Opening
 31 May - 27 Nov

Performance Bond (50% of Bid Price)
 Posting: Within 10 days from NOA ;
 Covered Period - up to end of contract period

Only Bidders who have timely submitted/paid the LOI, CA & U, PF will be issued Bidding Package and will be allowed to proceed with the Bidding Process



Salient Features of the Bidding Procedures

Section	Particulars
IB-01: Requirements for Issuance of the Bidding Package (Participation)	<ul style="list-style-type: none">• Letter of Interest (LOI)• Executed Confidentiality Agreement (CA) and Undertaking• Payment of PhP100,000 participation fee• From 1 February to 24 April 2017• Bidding package include BP, DR/DD procedures, plant catalogue and the draft APA
IB-02: Addenda and Clarifications to the Bidding Procedures	<ul style="list-style-type: none">• Right of the Committee to amend, revise, supplement, modify or clarify the BP through SBB• Any deviation of a bid from the BP shall result to disqualification of the bid
IB-04: Subject of the Bid	<ul style="list-style-type: none">• Covers Schedule A of the APA consists of structures, plant equipment, auxiliaries, accessories, GPE, MSE and scrap materials. Including the obligation to treat and dispose hazardous wastes.• All other assets not found in Schedule A do not form part of the asset sale.• Lands underlying the Asset is not part of the sale
IB-05: Condition of the Sale	<ul style="list-style-type: none">• “As-Is-Where-Is”



Salient Features of the Bidding Procedures

Section	Particulars
IB-06: Documentary Deliverables	<p>Four (4) copies - (one (1) original and three (3) duplicates) of all the following:</p> <ul style="list-style-type: none">• Acknowledgement of the Bidding Package and acceptance of the terms and conditions (Schedule 2)• Details of the Bidder• Constitutive documents (i.e. DTI registration, SEC registration -certified true copy)• Certification under oath of designation and authority of Bidder's Authorized Representative• Certified true copy of the audited FS ending 2015 and latest interim FS for 2016, stamped received by the BIR (complete set with Auditor's Report and Notes)• Statement under oath in relation to its technical capability to perform Buyer's obligation (Schedule 4).<ul style="list-style-type: none">○ Engaged in or can contract another engaged in any or all of the following businesses: Dismantling, Construction, Environmental management, Environmental Service• Sworn statement and documentary proof of Net Asset Value or Market Capitalization of at least PhP32M, universal or commercial bank issued certification may not be notarized• Tax clearance valid until bid opening (Certified True Copy)



Salient Features of the Bidding Procedures

Section	Particulars
IB-06: Documentary Deliverables	<ul style="list-style-type: none">• Statement under oath that the bidder is legally qualified (Schedule 3)<ul style="list-style-type: none">○ not disqualified or prohibited from participating in any bidding conducted by a government entity or entering into any kind of contract with a government entity○ the Bidder, its parent company, stockholders, subsidiaries, Affiliates, directors or officers or any of their relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, have no conflict, dispute or unsettled issue, arising out of, or in connection with the EPIRA or its Implementing Rules and Regulations, the DOE, PSALM, NPC or TRANSCO, which affect the privatization of NPC assets or TRANSCO or the appointment of IPPAs, namely: (i) an unresolved issue, as determined by the inter-agency committee, arising from the renegotiation of contracts with IPPs mandated by Section 68 of the EPIRA; and (ii) any unpaid account arising from contractual obligations with the DOE, PSALM, NPC or TRANSCO.○ not been disqualified from participating in PSALM's bidding activities by reason of fraudulent acts or has not committed fraud or breach in the provisions of any agreement with PSALM



Salient Features of the Bidding Procedures

Section	Particulars
IB-06: Documentary Deliverables	<ul style="list-style-type: none">• Name of issuing, confirming, advising bank of its bid security• Executed letter authorization to verify information with bank, agency, office e.g. BIR, SEC(Schedule 5)• Preliminary dismantling, hazardous wastes treatment/disposal and clean-up program/plans• Submission deadline is 24 April 2017• <u>Bidder may submit documents on or before 12 April 2017 for initial verification of deliverables. The Committee shall communicate with the Bidders on the result of initial verification.</u>• Any Bidder not fully and completely compliant with IB-06 shall be disqualified.
IB-07: Consortium	<ul style="list-style-type: none">• Deadline for submission of request to bid through consortium is 31 March 2017• A consortium may be formed among the Bidders or among a Bidder with non-bidders• Committee shall communicate its acceptance or rejection of a request within 7 days from submission deadline• All other bidders shall be notified of approved consortia



Salient Features of the Bidding Procedures

Section	Particulars
IB-08: Responsibilities of Bidder	<ul style="list-style-type: none">• Review, acquaint with and unconditionally accept the terms and conditions of the BP, SBBs, APA• Inform itself and fully understand the conditions and matters affecting its bid• Conduct an independent due diligence investigation
IB-09: Due Diligence	<ul style="list-style-type: none">• Due diligence period is 06 February until 2 business days prior to bid opening• Request 3 days prior to actual conduct of DD• Conduct of DD shall be in accordance with the Data Room and Due Diligence Procedures
IB-10: Pre-Bid Conference	<ul style="list-style-type: none">• Scheduled on 20 March 2017, 2PM• Any statement made during pre-bid shall not modify the terms of the BP, unless issued in an SBB. The Committee shall not be responsible for any verbal instruction communicated to the bidders
IB-11: Preparation of Bids	<ul style="list-style-type: none">• 2-envelope system (Legal and Financial components)
IB-12: Contents of Bids	<ul style="list-style-type: none">• Legal Component: 4 sets of APA, representation and warranties (Schedule 1), bid security• Financial Component: Purchase Price (Schedule C of APA)



Salient Features of the Bidding Procedures

Section	Particulars
IB-13: Bid Validity Period	<ul style="list-style-type: none">• Bid shall be valid 180 days from bid submission deadline
IB-14: Bid Security	<ul style="list-style-type: none">• P15M in form of Cash, CC/MC issued by a commercial or universal bank or SBLC issued by a qualified bank
IB-15: Submission of Bids	<ul style="list-style-type: none">• Bid submission deadline is on 31 May 2017• Late submission shall be rejected and returned unopened to the Bidder• Bids shall be addressed to the PBAC Chairman• Venue of submission: (to be communicated and announced by the Committee at a later date per SBB No. 1)
IB-16: Modification and Withdrawal of Bid	<ul style="list-style-type: none">• A bid cannot be modified or withdrawn for any reason after the bid submission deadline except when a bidder permanently withdraws from the bidding process• PSALM automatically forfeits bid security of modified and withdrawn bid after the bid submission deadline• Committee shall disqualify bids not fully compliant with IB-12 of the BP



Salient Features of the Bidding Procedures

Section	Particulars
IB-17: Disqualification of Bids	<ul style="list-style-type: none">• Parties disqualified from participating or entering into any kind of contract by a government entity• Without bid security• Materially defective• Do not comply with BP requirements• Not Bidders• Bid expressed not in PhP• Failed First/Second bid envelope• Breaches warranty against offering/paying commission• Breaches warranty against conflict, dispute or unsettled issue• Breaches warranty on compliance with Philippine Laws• Not accepted Consortium• Has an Affiliate of another Bidder• Material change in the information• Subsequent event that causes material adverse change in the information• Any other analogous cases



Salient Features of the Bidding Procedures

Section	Particulars
IB-18: Opening and Evaluation of the First Bid Envelope (Legal Component)	<ul style="list-style-type: none">• Accepted bids shall be opened and evaluated immediately after the Bid Submission Deadline• Non-discretionary “Pass/Fail” criteria• For Bidder whose First Envelope is rated “Fail”, Second Envelope shall be returned unopened
IB-19: Reserve Price	<ul style="list-style-type: none">• To be determined by the PSALM BOD upon recommendation of the Committee before the opening of the Second Bid Envelope
IB-20: Opening and Evaluation of the Second Bid Envelope (Financial Component)	<ul style="list-style-type: none">• Second Envelope shall be opened and evaluated for those Bidders whose First Envelope was rated “Pass”• All financial bids at least equal to or higher than the Reserve Price shall be ranked from highest to lowest to identify Highest Ranking Bidder• The Committee has the sole discretion to allow the correction of innocuous or clerical errors• Tie resolved through an auction• Failure of bidding shall be declared if none of the financial bids meets the Reserve Price



Salient Features of the Bidding Procedures

Section	Particulars
IB-21: Award to the Winning Bidder	<ul style="list-style-type: none">• Within 30 days after the declaration of the Highest-Ranking Bidder subject to verification of the accuracy, authenticity and completeness of all the documents submitted
IB-22: Obligations of the Next Highest Ranking Bidder (NHRB)	<ul style="list-style-type: none">• When Highest Ranking Bidder (HRB) is post-disqualified• When HRB fails to accept the NOA• When PSALM and HRB fails to execute Final APA on Sunset Date• When after the Closing Date and within the Bid Validity of the NHRB, the Final APA is terminated
IB-23: Failure of Bidding	<ul style="list-style-type: none">• No or only one bidder: participated in the bidding process; pre-qualified; and submitted bid on the bid submission deadline• No bid passed the pre- or post-evaluation or meets the reserve price• <u>Winning Bidder withdrew prior to Closing Date</u>• <u>Winning Bidder failed to satisfy all the Conditions Precedent (CPs) within the prescribed period under the Final APA</u>• Should there be a failure of Bidding based on any of the above grounds, PSALM may, but shall not be required to, negotiate with Bidder/s, for the negotiated sale of the Asset in accordance with the procedures to be adopted by the Committee.



Salient Features of the Bidding Procedures

Section	Particulars
IB-24: Asset Purchase Agreement (APA)	<ul style="list-style-type: none">• Bidder may provide written comments to the draft APA until the Bidder's Comments deadline (31 March 2017)• Committee may discuss comments with Bidders on a date communicated• Committee may accept or reject any of Bidders comments• Only Bidders fully compliant with the BP will be furnished with the final APA, non-compliant shall be disqualified
IB-25: Effectivity of the Final APA	<ul style="list-style-type: none">• Shall be effective on Closing Date
IB-26: Turnover of the Possession of the Asset	<ul style="list-style-type: none">• Shall be on Closing Date
IB-27: Performance Bond	<ul style="list-style-type: none">• 50% of the Purchase Price• To be delivered to the Seller within 10 days from receipt of NOA
IB-28: General Conditions	<ul style="list-style-type: none">• General conditions of the bidding procedures



End of Presentation

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