

ANNEX A
Responses to Queries

A. SEA Games Connection

Q1. *Treatment of the SEA Games Connection in the scope of the JVA.*

A1. A separate bid bulletin will be issued in respect of the 2019 SEA Games.

Q2. *Clarification on the requirements for SEA Games Connection, including (i) the proposed development plan and technical requirements and (ii) information on the proposed customers and their load and connection requirements.*

A2. The load requirements for the NGAC Phase 1 JV and the Filinvest Phase 1 JV have been provided on August 22, 2018. Additional information on potential zoning and high-level demand estimates were provided in the NCC Master Development Plan, a copy of which was made available pursuant to Bid Bulletin No. 10.

The PSPs are expected to prepare their own demand forecast.

Q3. *Clarification on interface between the JV distribution system and the TARELCO II distribution system.*

A3. The agreement between BCDA and TARELCO II covers the interim supply of electric power to NCC Phase I development, which includes NGAC and Filinvest Land Inc. (FLI) developments. This arrangement shall terminate once the NCC distribution system for the permanent supply of power to NCC is ready for operation.

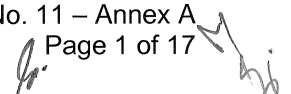
Q4. *Clarification on obligation for ROW acquisition outside NCC and inclusion in conditions precedent to Effective Date and as part of BCDA Events of Default.*

A4. The acquisition of ROW outside NCC, including the costs and expenses to be incurred in relation thereto, should remain as a responsibility of the JV Partner. The JV Partner is better positioned to ascertain the ROW requirements and would have the prior experience in negotiating for ROWs to conduct this scope of work. The JVA will be modified to provide that BCDA may provide reasonable assistance within its power to secure ROW outside of NCC.

Based on initial discussions with NGCP, the following are the possible options for connections to NGCP Concepcion substation, and the relevant ROWs:

- (a) Existing TARELCO II 69kV line connecting the O'Donnell substation, which requires upgrading of ~3km of line capacity to 700 MCM between Concepcion and Macarthur Highway to accommodate the Phase 1 load at NCC
- (b) New line connection via NCC Access Road 2 and Provincial road. The BCDA will be able to provide the ROWs along the NCC Access Road 2 while the JV Partner should be responsible to ROW acquisition along the Provincial road

Another alternative is the connection through Clark substation. The ROW for this connection will fall within BCDA owned properties. However, the connection line distance is expected to be longer.



The JV Partner will be responsible for establishing arrangement with the owner of the existing assets that will be used to supply the NCC (i.e., TARELCO II for 69kV line, NGCP, and Clark Substation).

B. Project Site

Q1. *Confirmation of location of Project Site.*

A1. The Project Site is located inside the Clark Special Economic Zone ("CSEZ"). There are no fees envisioned for the grant of ROW within NCC.

Q2. *Clarification on regulation of entities within NCC and specific restrictions imposed on structures.*

A2. PEZA is the incentives administration authority. BCDA will be the administrative governing authority of NCC. The ERC shall exercise regulatory authority over the JVC as a distribution utility.

BCDA is developing the Detailed Design Guidelines for the NCC that will include details on building restriction in NCC.

Q3. *Clarification on incentives available to locators within NCC.*

A3. There are currently no new incentives applied for the NCC other than those already available within the Clark Special Economic Zone. BCDA is continually working to differentiate its properties, and will work within its mandate to push for additionality for locators to move into NCC.

The ability of the JVC to obtain the incentives from PEZA as Ecozone Utilities Enterprise will depend on compliance with PEZA requirements. The Eligible PSPs are expected to undertake their own independent evaluation of the applicable incentives regime.

Q4. *Status of tree-cutting permit for the area*

A4. BCDA has conducted a preliminary environmental assessment of the whole NCC, and is coordinating with the DENR on the implementation of site clearing activities that may involve tree-cutting activities. The Winning PSP should work with BCDA on this area.

Q5. *Clarification on whether land/space for the office (including administrative building and warehouse) of the JVC will be provided by BCDA.*

A5. No. Land area for the distribution substations have been allocated in the MDP (0.5ha each). Additional space for such office requirements may be leased from BCDA as necessary.

C. BCDA Contributions

Q1. *Clarification on valuation of BCDA Contributions.*

- A1. The valuation of the BCDA Contributions shall be as provided in Schedule 3, which is the agreed valuation referred to in Section 4.2.2. For avoidance of doubt, BCDA's share in the JV is fixed at 10% regardless of the valuation of the BCDA Contributions.
- Q2. *Confirmation of BCDA ability to assign the DU Franchise as contribution to JV without need of congressional approval.*
- A2. The draft DU Franchise allows for the assignment of the franchise as contribution to joint ventures without need of congressional approval. The draft DU Franchise filed under House Bill No. 7809 may be viewed at http://www.congress.gov.ph/legisdocs/basic_17/HB07809.pdf The DU Franchise is expected to be issued in time for the issuance of the Notice of Award for the Project, and is a condition to the Effective Date of the JVA.
- Q3. *Indemnity for defect, invalidity or unenforceability of BCDA Contributions.*
- A3. BCDA specifically represents that it has full power and authority to grant the BCDA Usufructuary Rights and assign the DU Franchise. Any defect, invalidity or unenforceability of BCDA Contributions can be remedied by calling for BCDA Event of Default.
- Q4. *BCDA's waiver of immunity from suit.*
- A4. BCDA charter expressly provides for right to sue and be sued.
- Q5. *Whether adverse events affecting DU Franchise and the BCDA Usufructuary Rights should be BCDA Events of Default.*
- A5. The existing BCDA Events of Default under Section 18.1.1(b) through (d) address BCDA's failure to effectively assign the DU Franchise or grant valid BCDA Usufructuary Rights, to the extent appropriate. There will be no additional BCDA Events of Default for other matters or events.

D. JV Structure

- Q1. *Clarification on the mechanism of unincorporated JV in relation to the timeline for Project implementation.*
- A1. The recognition of an unincorporated JV as of the Effective Date is to enable performance of relevant preparatory tasks that do not necessarily require completion of the assignment of the BCDA Contributions (e.g. detailed design, ground surveys within BCDA-owned properties, etc.). These preparatory tasks would also assist the JV in its timely application for relevant Permits.

Section 4.2.4 of the JVA allows access to the Project Site as necessary for the preparatory tasks even prior to completion of assignment of the BCDA Contributions, for so long as such access / preparatory tasks are in accordance with the timeline under the Implementation Plan. The draft JVA will be modified to clarify that access is permitted for preparatory tasks.

The JV Partner and BCDA may agree under the JVA on an alternative JVC incorporation structure/mechanism, or that it be consummated in phases; e.g., the

JV Partner first incorporates the SPC, which in turn further incorporates a fully-owned subsidiary, which will issue 10% of its interests to BCDA for payment of the BCDA Contributions. Any such alternate arrangements may be discussed and agreed between the parties under the JVA. The JVA will be modified to clarify this flexibility in the incorporation section.

Q2. *Clarification on JV capital structure and proposal to adopt other mechanisms, including use of redeemable preferred share.*

A2. Such alternate arrangements may be discussed between the parties under the JVA. The JVA will be clarified that different classes of shares (and JV Partner's payments in forms other than APIC) may be issued so long as there is no modification of BCDA's voting rights or its 10% ownership interest (economic and legal) in the JV for the duration of the JV term. For the avoidance of doubt, the creation of any separate classes of shares will be a Board Reserved Matter.

Q3. *Period to incorporate SPC within three (3) months.*

A3. As noted above, the parties may agree on an alternate incorporation structure/mechanism, subject to the principles of the 10-90 ownership structure and the limitations on BCDA's contributions being maintained. Additionally, where a time period is expected to be impacted by SEC actions, the parties may agree to a modified timeline in accordance with Section 1.2.12 of the JVA.

Note that the Consortium may nevertheless elect to already process the incorporation of the SPC even prior to its submission of Proposals.

Q4. *Possibility of debt financing at the JV level.*

A4. The JVA will be modified to allow the JV to incur unsecured debt of up to 70% of JV Partner's capital requirements. For the avoidance of doubt, any incurrence of debt by the JV shall be a Board Reserved Matter under Section 5.6.5 of the JVA, and no security will be permitted on the JV or the JV assets.

On short-term unsecured loans for working capital requirement, the JV Partner may propose such borrowings as the need arises as a Board Reserved Matter for BCDA's approval.

Q5. *Other forms of security arrangements at the JVC level.*

A5. The JV Partner's right to assign its dividends and Termination Payments, and the step-in rights of the Finance Parties are provided in Section 4.3.2 of the JVA. The JV Partner is permitted to assign its rights under the JVA to the Finance Parties, including rights to receive the Termination Payments. The Termination Payments, under any default scenario, will cover at least 70% of the Investment Value, which should be sufficient to cover debt principal repayments.

The Project assets include the BCDA Contributions, which must revert to BCDA at the end of the term of the JV; thus, need to be preserved. Further, the mortgage or encumbrance of DU assets would require prior approval of the ERC.

For simplicity of administration, the direct shareholders of the JVC are expected to remain BCDA and the JV Partner except as approved by BCDA; therefore, no collateral assignment of the JV Partner Shares are allowed.

- Q6. *Lock-Up Period for JV Partner's transfer of its interest in the JV.*
- A6. The JV Partner may transfer its interest in the JV with the prior written consent of BCDA, consistent with the requirement under the BCDA JV Guidelines. The transfer restrictions that apply to the Consortium members are "above" the JV Partner level. The Consortium members will be prohibited from effecting transfers that trigger (i) a Change of Control, or (ii) a failure to maintain the Eligibility Requirements.
- Q7. *Whether the Sponsor Support Agreement can be removed, considering that Performance Security will be provided by JV Partner.*
- A7. The Performance Security only covers a small portion of the monetary obligations of the JV Partner under the JVA. The Sponsor Support Agreement is intended to guarantee the performance of the SPC's obligations under the JVA, given that the SPC is a newly-incorporated entity. It is not unusual in PPP transactions to require a sponsor guarantee for the SPC. BCDA should have the right to look to the sponsor, as the direct majority shareholder of the JV Partner (or the SPC), to ensure compliance with the JVA.
- As for the entity assuming joint and several liability, BCDA expects that the Consortium Members will develop their own liability discharge mechanism within the Consortium to allocate the responsibilities / risks.
- Q8. *Clarity on the scope of the Affiliate's liability under Affiliate Support Agreement.*
- A8. The JVA will be modified to clarify that the liability of Affiliate will be limited to specific experience requirement for which such Affiliate was nominated.
- Q9. *Clarity on the scope of the joint and several liability of Consortium Members under the Consortium Agreement.*
- A9. Note that the BCDA JV Guidelines require the Consortium Agreement to include an agreement of all members to be jointly and severally liable for the obligations of the Consortium under the award/contract.
- Q10. *Aligning the risk-reward allocation of termination payments with the guiding principles of a Public-Private Partnership project, and the appropriateness of completely reciprocal rights, obligations and privileges of the Parties.*
- A10. Investment Value based on book value is aligned with government process. The Parties can call for a liquidation audit to align the book value with the fair market value of the JV. The termination payment mechanism aims to incentivize the Parties to perform its obligations, and achieve a fair compensation to the Parties for their respective investments in the JV. The Reduced Investment Value (where the JV Partner has defaulted) gives comfort to the Finance Parties by ensuring that JV Partner would receive at least 70% of Investment Value to cover repayment of the Debt (which is capped at 70% of the JV Partners' contributions to the JV). The

Increased Investment Value (where BCDA has defaulted) penalizes BCDA and provides an increased return of 12% on JV Partner's equity investment.

The allocation of rights and obligations in the JVA is a fair reflection of the different nature of the parties' obligations thereunder. The obligations of BCDA and the JV Partner are not symmetrical. BCDA is engaging the JV Partner for its expertise to implement the Project.

E. JVC Governance

Q1. *Clarification on requirement that the Board of the JV be composed of Filipino citizens.*

A1. As required under the Constitution, the foreign investors' participation in the governing body of any public utility enterprise must be limited to their proportionate share in the capital. As the JV Partner must be a Filipino entity (to comply with the 60% Filipino equity ownership requirement under the Constitution) and thus, all shareholders of the JVC are Filipino entities, all Board members must be Filipino citizens.

The foreign investors may make their own arrangements at the Consortium level to address their concerns regarding management of the JV. In addition, to allow foreign investor representatives access to the Board meetings, the JVA will be modified to expressly allow the Parties to appoint observers in Board meetings at their respective cost.

Q2. *Restriction on the fixed number of Board seats (at 5).*

A2. The JVA will be modified to permit the flexibility to expand the Board seats, so long as BCDA retains the ability to appoint 10% of the Board members.

Q3. *Clarification on BCDA veto rights for appointment of officers.*

A3. BCDA shall have veto rights in respect of the appointment of all officers other than the President, Vice President, Treasurer, CFO, and Corporate Secretary (other positions that may be created by the Board).

Q4. *Clarification on the overlapping requirements for BCDA consent; i.e., some matters are both a Board Reserved Matter and also requires BCDA consent.*

A4. For avoidance of doubt, actions approved as a Board Reserved Matters do not require further consent of the BCDA.

F. Project Implementation

Q1. *Clarification on requirement for establishment of JV Bank Account jointly managed by Parties as condition precedent to Effective Date.*

A1. The establishment of the JV Bank Account prior to Effective Date is to ensure readiness for placement of funds for the Project. The timing is linked to the requirement to operate first as an unincorporated JV. If sufficient alternate funding arrangements can be agreed, the Winning PSP can propose to move this

requirement as a condition subsequent together with the removal of the UJV requirement.

The requirement for joint control is provided in the BCDA JV Guidelines. In the JVA, this is implemented through the appointment of authorized signatories by both parties, with the BCDA authorized signatory being required only for disbursements meeting the threshold in Section 4.5.1.

The requirements for opening of the JV Bank Account shall be as required by the designated Acceptable Bank.

Q2. *Clarification on scope of Force Majeure Events.*

A2. The JVA will be modified to provide that a delay or inability to obtain the ERC approval of the initial Tariff for a period of 18 months after due filing of a completed application by the JV (other than due to the JV Partner's failure to timely file a complete application) will be an Extended Event of Force Majeure, which is subject to mutual termination by the Parties. The JVA will also be modified to remove any unintended overlap between Section 12 and Sections 16 and 17.

Q3. *Clarification on scope of MAGA.*

A3. Additional items, such as the impact of enactment of the Tax Reform for Acceleration and Inclusion ("TRAIN") or any delay or inaction by the Regulatory Authority in respect of applications relating to adjustment of rates filed by the JV, are not MAGAs. This risk alignment is consistent with the opinion of the OGCC.

Q4. *Whether operating costs are included in computation of threshold for purposes of determining entitlement to relief for MAGA.*

A4. Increase in O&M costs, but not for loss of revenue, may be included in the computation for determining such threshold. The JVA will be modified to reflect this.

Q5. *Clarification on effect of and relief for MAGA.*

A5. Relief for MAGA should follow the process indicated in the JVA, which does not include direct payments from the BCDA.

Relief for MAGA will be based on the full amount of the costs incurred, excluding return of capital. Suspension (not set-off) of BCDA's right to dividends is only up to the extent required to cover the monetary losses assessed from the MAGA event. Time extension should be with the consent of the JV Partner.

Non-resolution of a MAGA should remain a mutual termination event, as the BCDA does not have control over actions of other Governmental Entities.

Q6. *Clarification on definition of Commercial Operations Date.*

A6. The intent is to require both events (the JVC being authorized by the ERC to provide electricity distribution (including wheeling) services to Customers and the JVC starts providing electricity distribution and/or wheeling services to Customers) to have been completed for Commercial Operations Date to occur. Commercial Operations Date

shall be date that is the later date of either event, which assumes both have been completed.

Q7. *Clarification on Insurance Requirements.*

A7. The JVA will be modified to clarify that only the JVC is required to be the named insured.

Statutory compliance with SSS, ECC, and PhilHealth is sufficient for purposes of complying with worker's compensation insurance requirement.

Q8. *Clarification on mechanism to address changes in the Master Development Plan that would affect the rights and obligations of the JV Partner.*

A8. The BCDA has been collaborating with its development partners in updating the Master Development Plan. The JV Partner can provide its inputs, suggestions and feedback to the BCDA on amendments that may potentially impact its Implementation Plan. Please also note that the JV Partner is to update the Implementation Plan at least annually as provided in the JVA in consultation with the Independent Consultant (IC).

Q9. *Clarification on IC's scope of work, and effect of BCDA acting as IC.*

A9. The IC scope of work is to assist the BCDA in four main tasks: (1) review of the design and monitoring of the construction work progress, (2) review of the O&M Manuals to be prepared by the JV, (3) oversight of the SEA Games Connection requirements; and (4) monitoring of the JV's compliance with the Performance Standards. The PSPs can provide as part of their proposal the draft IC TOR (e.g. scope, timelines, fees, etc.) as they deem fit.

If BCDA itself were to act as the IC, no fees shall be due to BCDA for such role. In such scenario, any dispute as to the determinations of BCDA in its role as the IC will be processed under the dispute resolution mechanism in the JVA.

Q10. *The right to appoint the IC.*

A10. The IC is appointed either by BCDA or by the JV. The IC's role is to ensure that the Project is compliant with the Performance Standards. Given that the JV Partner controls the JV's activities (and BCDA's interventions are limited to those set out in the JVA), the IC will oversee the JV Partner's implementation of its technical obligations under the JVA, and therefore owes a duty of care to BCDA.

Q11. *Whether reimbursement by BCDA or adjustment of Tariff is permitted if the changes introduced by the IC to the Implementation Plan result in additional costs or charges to the JV.*

A11. No reimbursement or additional adjustment to the Tariff is permitted. Any such changes would be to ensure that the plan and manual are compliant with the Performance Standards, which the JV is required to comply with in any event.

Q12. *Clarification on engagement of Nominated Contractor and subcontractors for Design and Construction.*

A12. In the event that the JV undertakes the Design and Construction directly, the JV is allowed to engage the Nominated Contractors for the applicable scope of work (Design and Construction) without prior consent of the BCDA.

The limitations on subcontracting are provided in Section 9.3.2.1 of the JVA. For equipment purchase contracts that are bundled with relevant services, BCDA's prior consent will not be required.

The value of the Design and Construction work shall include amounts spent for procurement of materials and equipment. The JV should submit the list of contractors to the BCDA until the completion of the Design and Construction work.

Q13. *Clarification on engagement of Nominated Operator and subcontractors for O&M.*

A13. The JV may appoint two Nominated Operators – one for O&M and another for Smart Grid.

In the event that the JV undertakes the O&M directly, the JV is allowed to engage the Nominated Operators for the applicable scope of work (O&M and Smart Grid respectively) without prior consent of the BCDA.

Subcontracting, including non-core DU functions, in excess of the agreed threshold will require prior consent of the BCDA. For equipment purchase contracts that are bundled with relevant services, BCDA's prior consent will not be required.

Q14. *Replacement of insolvent or bankrupt Nominated Contractor or Operator prior to JV Partner Event of Default.*

A14. The draft JVA contemplates failure to replace the insolvent or bankrupt Nominated Contractor or Operator prior to declaration of default. Section 18.1(r) of the JVA will be revised to clarify this point.

Q15. *Limitation on grant of intellectual property rights for the Project.*

A15. The JV Partner can seek the Parties' agreement under the JVA to limit the terms of the grant of use of IP in the proposal, so long as continued access to such existing IP is provided for the duration of the JV term.

For new IP developed by the JV during the JV term, these shall remain with the JV post-termination.

Q16. *Whether BCDA may be responsible for taxes and fees that may be incurred for the transfer of the JVC shares or the Non-BCDA Contributed Assets in case of a BCDA Event of Default.*

A16. Yes, this is acceptable. The JVA will be modified to require that BCDA be responsible for such taxes and fees in the case of a BCDA Event of Default.

Q17. *Whether the JV Partner has a right to request an extension of Term.*

A17. No. The JVA provides reasonable protection for additional capex through the mid/late part of the initial 25 years via the termination payments equal to the value of the assets. The BCDA's intent is to continue to work with a JV Partner that has demonstrated its capabilities to maintain/achieve the Performance Standards and is willing to think long-term and commit with the BCDA.

G. Tariff Regime

Q1. *Clarification on definition of Tariff Cap and Annual Revenue Requirement.*

A1. Tariff Cap means P1.00 adjusted by the Tariff Adjustment Factor (i.e. $P1.00 \times (1 + \text{Tariff Adjustment Factor})$). Tariff Adjustment Factor refers to 40% of the prevailing inflation rate. Additionally, as clarified during the Pre-Competitive Selection Conference, the Tariff Cap also applies to the Tariff Lock-in Period. The definition of Tariff Cap and its application in the IPSP and the JVA will be clarified accordingly.

The IPSP and the JVA will also be revised to provide that the Tariff Lock-in Period "means the period from Commercial Operations Date through the 5th anniversary thereof" (changed from the 10th anniversary), and rebasing shall be implemented in accordance with Applicable Law.

The definition of the Annual Revenue Requirement (ARR) is consistent with ERC's definition. PSPs should follow the ERC definition of ARR if conflict in interpretation exists.

Q2. *Clarification on implementation of indexation on the Tariff.*

A2. The Tariff Adjustment Factor (TAF) is 40% of the prevailing inflation rate.

(a) During the Tariff Lock-In Period, the Tariff will be the lower of:

- i. ERC approved rate;
- ii. Winning Bid $\times (1 + \text{TAF})$; and
- iii. PHP1.00 $\times (1 + \text{TAF})$.

(b) After the Tariff Lock-In Period, the Tariff will be the lower of:

- i. ERC approved rate;
- ii. Winning Bid $\times (1 + \text{TAF})$; and
- iii. PHP1.00 $\times (1 + \text{TAF})$.

Q3. *Clarification on scope of prohibition on collection of other fees from Customers under Section 12.7 of the JVA.*

A3. The JVC may impose such charges, including VAT, as are allowed under Applicable Law to be charged by distribution utilities and those pertaining to contractually agreed customer installations outside of the DU regulatory asset base. VAT and other pass-through taxes, to the extent applicable, is contemplated as an automatic add-on to the Tariff and is outside the tariff adjustment mechanism. The definition of Tariff under the JVA will be revised to clarify this point.

Q4. *Clarification on the guaranteed level of return and the recovery mechanism.*

A4. There is no guaranteed rate of return.

Benchmarking to the lowest approved MAPs (i.e. Mactan Electric) is to demonstrate that the NCC can have the lowest electricity/DSM rates in the country. Based on the MDP, NCC is expected to be bigger and higher density than MECO's franchise area and thus economies of scale can be achieved to deliver BCDA's vision for a smart, green and disaster resilient city within the expected tariff levels.

H. Regulatory Requirements

Q1. *Whether the ERC approval for the initial Tariff and the adjustment mechanism for the Lock-In Period should be conditions precedent to the Effective Date; request for BCDA to initiate discussions and secure an agreement with ERC on the tariff-setting methodology to apply during the term of the Project.*

A1. Securing ERC approvals should remain the responsibility of the JV Partner. The PSPs would have had more experience with managing and delivering ERC's requirements. Including this as a condition to the Effective Date only delays commencement of the JV's activities, and prevents BCDA from working with the JV Partner as a JV.

BCDA can provide reasonable assistance through intra-government agency communications. BCDA has conducted initial discussions with the ERC with the participation of the OGCC in relation to the proposed tariff regime.

Q2. *Whether additional remedies are available in the event the ERC approves a rate lower than the Tariff applied for by the JVC, a less favorable adjustment mechanism, or imposes any condition as would frustrate the commercial underpinnings of the Financial Proposal Amount (each, an "Adverse ERC Decision").*

A2. Regulatory risk (in this case Adverse ERC Decision) is a known risk in the power distribution business. The PSP, through its experience in dealing with ERC applications, will be better placed to assess and mitigate this risk. Similarly, the PSP will also have experience in proper planning and phasing of the capital expenditure roll-out for the city, which will help mitigate the risk of non-approval / disallowance by the ERC.

In the event of an Adverse ERC Decision, the JV implement the rates as approved by the ERC.

For ERC inaction or rate disapproval, the Parties should hold mutual discussion as contemplated in Section 12 of the JVA. The JVA will be modified to remove any unintended overlap between Section 12 and Section 16.

Q3. *Whether additional DU permits and approvals, including the CPCN and ERC provisional or final approval in respect of the pass-through of generation costs to captive customers are conditions precedent to Effective Date.*

A3. No, they are not. The Effective Date (and thus, the formation of the JV) is intended to occur shortly after the award of tender. Critical elements of project development (e.g. detailed design, initial update of the Implementation Plan) need to be undertaken before these permits and approvals can be secured, so the Effective Date must necessarily occur prior to these permits and approvals. To insist that these permits and approvals be conditions to the Effective Date essentially shifts

the burden of project development to BCDA, contrary to the JV Partner's representation of its capability and willingness to perform project development activities.

Q4. *Clarification on applicability of requirement for compliance with competitive selection process in procurement of power supply to the Project.*

A4. Procurement of power supply and relevant permits (including ERC approvals) must remain the responsibility of the JV Partner. The JVC is required to comply with all legal requirements relating to the operation of a distribution utility, including compliance with the competitive selection process for procurement of its power requirements.

I. Technical Requirements

Q1. *Clarification on Renewable Portfolio Standards (RPS) requirement under the JVA.*

A1. The stricter requirement for RPS under the JVA is deliberate, as the NCC is planned to be at the frontier of sustainable energy adoption in the Philippines. The NCC itself will have embedded renewable energy generation which may provide additional power generation sources for the JV.

Q2. *Clarification on status of agreement with NGCP to build, construct and operate the 230kV-69kV substation and the extent of the JV's liability for failure to supply the required capacity due to the unavailability of the substation.*

A2. As explained during the Pre-Competitive Selection Conference, there is no agreement with NGCP. The 230kV/69kV Capas Substation Project has been considered in the draft 2016-2040 Transmission Development Plan. The implementation of the project is subject to ERC approval of NGCP's application relating thereto. Upon request of NGCP, BCDA has provided the indicative load forecast and proposed distribution substation locations for the NCC to support and provide justification for the proposed 230kV Capas Substation. The Capas Substation will not be exclusive to NCC.

The JV is responsible for coordinating with NGCP on the progress of the 230kV/69kV Substation to ensure that it meets the demand of the NCC.

BCDA will not provide further information on the relevant NGCP substations. The costs will not be front-loaded by the JV.

Q3. *Clarification on party responsible for providing the seven (7) 69kV circuit breakers.*

A3. Circuit breakers after the transmission line from the NGCP Substation are considered as DU assets and therefore, should be provided by the JV. Please note that even the 69kV transmission line to be built from the NGCP Substation to the DU Substation will be considered as Connection Assets which the JV is expected to provide.

Q4. *Clarification of requirement for Gas Insulated Switchgear (GIS) equipment and proposal to remove requirement.*

A4. GIS substation requirement will be maintained. However, the MPSS will be modified to allow an exception for Phase I.

Q5. *Clarification of requirement to build, own, operate and maintain a 23kV three-phase underground PVC concrete encased conduit distribution feeder, underground distribution system with concrete-encase, excavation and backfilling, and construction of utilities infrastructure on each side of the road; Confirmation on acceptability for the Ring Main Units and Distribution Transformers to be installed above ground*

A5. Temporary solutions will be allowed for Phase 1 of the Project. Specifics will be clarified further with the *Treatment of the SEA Games Connection in the scope of the JVA*.

BCDA will be developing the Utilities Engineering Plan and the Winning PSP will be consulted during this process. The JV is expected to phase to the underground solution once the Utilities Engineering Plan has been provided by the BCDA.

PSPs are expected to come up with their cost estimates and financial bid based on their proposed underground solution.

The MPSS will be modified to clarify these points.

Q6. *Whether manholes are included in the entire plan for NCC.*

A6. BCDA will be developing the Utilities Engineering Plan and the Winning PSP will be consulted during this process. PSPs are expected to come up with their concept plan, cost estimates and financial bid for their proposed solutions.

Q7. *Clarification of requirement for closed-loop system.*

A7. The system is envisioned to eventually be a closed loop distribution system as the network is developed. For the initial phase, a loop-ready system but operated as an open-loop configuration is acceptable.

Q8. *Confirmation of acceptability of aluminum cables with equivalent performance for the main lines and cables in relation to the MPSS (Section 3.2.4 of TPA-1 of the IPSP).*

A8. The aluminum cable will be acceptable as long as it has the equivalent performance as the copper cable. Note that BCDA has a mandated requirement for network losses.

The MPSS will be revised to provide flexibility on other solutions as long as it meets the desired systems performance.

- Q9. *Clarification on requirement for Home Area Network (HAN) and its functional requirements in relation to the MPSS (Section 3.2.5.1.3 of TPA-1 of the IPSP).*
- A9. It will be up to the PSPs to define the functional requirements for HAN while designing and developing the NCC power distribution system over the duration of the JV.
- Q10. *Request for information on target AMI number on a yearly basis, including for middle voltage customers and low voltage customers in relation to the MPSS (Section 3.2.5.1.4 of TPA-1 of the IPSP).*
- A10. The PSPs are expected to make an assessment based on its own view of the load demand forecast for industrial, commercial and residential customers.
- Q11. *Confirmation on whether the JV is required to build the smart payment communication system.*
- A11. The smart payment communication system is required. It is up to the PSP to propose. This will depend on the prevailing regulatory policies and market drivers.
- Q12. *Clarification on whether the JV will have to control all the smart meters in NCC from Server.*
- A12. Yes.
- Q13. *Clarification on functional requirements for HEMS.*
- A13. It will be up to the PSPs to define the functional requirements for HEMS while designing and developing the NCC power distribution system over the duration of the JV.
- Q14. *Clarification on what are considered controllable devices in relation to the MPSS (Section 3.2.5.1.3 of TPA-1 of the IPSP).*
- A14. Generally, all devices that have the controllable capability are covered.
- Q15. *Clarification on response requirement in relation to requirement for responsiveness to price signals based on consumer-entered preferences and consumer over-ride capability in relation to the MPSS (Section 3.2.5.1.3 of TPA-1 of the IPSP).*
- A15. These will depend on the future ERC rules on market contestability. The intent here is to consider the functional readiness in order to address such future requirements.
- Q16. *Clarification on BCDA policies for estimation of missing reads in relation to the MPSS (Section 3.2.5.1.4 of TPA-1 of the IPSP).*
- A16. There is no reason for missing reads if the smart meter is properly installed and implemented. In case there are any missing reads, the JV may estimate the bill.

- Q17. *Clarification on whether JV required to build a disaster recovery station for MDMS and HES in relation to the MPSS (Section 3.2.5.1.4 of TPA-1 of the IPSP).*
- A17. Unless there is significant additional cost incurred, the JV should build a disaster recovery mechanism for MDMS and HES.
- Q18. *Clarification on the system capacity of MDMS (number of AMI meters) for the Project and request for estimated number of high voltage and low voltage customers in relation to the MPSS (Section 3.2.5.1.4 of TPA-1 of the IPSP).*
- A18. The system capacity of MDMS shall be proposed by the PSP based on its view of the load projections.
- Q19. *Confirmation on availability of ESB (enterprise service bus) and clarification on use of ESB for MDMS to interface legacy systems in relation to the MPSS (Section 3.2.5.1.4 of TPA-1 of the IPSP).*
- A19. Given that the NCC distribution system is a green field development, it is expected that there is no MDMS interface issue with the BCDA legacy systems. If there is, it will be up to the PSP to propose solutions for data integration.
- Q20. *Clarification on whether the JV may implement a different plan for the connection assets other than the three options provided in the MPSS (Section 3.2.3 of TPA- 1 of the IPSP).*
- A20. Yes, the MPSS will be revised accordingly to provide for other acceptable connections.
- Q21. *Clarification on whether can install 2x25/33MVA transformers first and install the additional 25/33MVA once the load increases.*
- A21. Yes, the actual roll-out plan of the facilities shall be up to the JV Partner.
- Q22. *Clarification on party responsible for costs of procuring and building the transformer of each building in NCC.*
- A22. Under the normal DU-Customer arrangement, the DU will be responsible up to the Service Point or Entrance. The cost of the transformer for each building in the NCC will be the responsibility of the customer.

The JV will be responsible for connections to customers within the franchise area in compliance with Applicable Law (e.g. DSOAR, etc.).

To the extent that additional assets / installations are required which would not form part of the Regulated Asset Base for the purpose of Tariff determination, the JV can enter into specific connection arrangements with customers to determine the scope of work and cost recovery, subject always to compliance with Applicable Law.

Q23. *Clarification on allowing flexibility in transformer size.*

A23. The PSPs can propose transformer specifications other than those stated in the IPSP for as long as the proposed solution are introduced in such a way that the Implementation Plan is still consistent with the MPSS and addresses/serves the demands of NCC. The MPSS will be updated to reflect this flexibility in the transformer size.

Q24. *Clarification on utility corridor.*

A24. BCDA shall be responsible for the development of the utility corridor. The JVC shall reimburse the costs incurred by BCDA for such improvements to the extent such costs are allowed by the ERC to be recovered by the JVC through the imposition of direct pass-through charges to its customers.

J. Conditions under the Notice of Award

Q1. *Clarification on alternative document that may be submitted in lieu of a tax clearance certificate.*

A1. The submission of a tax clearance certificate to prove full and timely payment of taxes is a condition for entering into and participating in any contract with the government, including GOCCs.

Q2. *Request for information on breakdown of costs and expenses associated with Competitive Selection Process and clarification on timing of the reimbursement payment.*

A2. The costs and expenses incurred by BCDA in connection with the Competitive Selection Process is to be reimbursed to BCDA by the Winning PSP in accordance with Section 15.3 of IPSP – Volume 2. As this relates to the tender process itself and is not tied to the JV's activities, the amount is payable within a specified period after the Notice of Award is issued, rather than pursuant to the JVA.

Q3. *Clarification on qualification of bank issuing Performance Security, which shall be acceptable to BCDA.*

A3. The JVA will be modified to clarify that any financial institution that is a duly licensed universal bank or commercial bank by the BSP and is in good standing shall be considered an acceptable bank.

K. Others

Q1. *Clarification on form of Proposal Security.*

A1. The BCDA JV Guidelines provides that the Proposal Security shall be in the form of a bank manager's check or cashier's check. The Proposal Security can be provided through multiple checks.

Q2. *Clarification on mechanism for resolution of inconsistencies among the NCC Master Plan, FLI Master Plan, NGAC Master Plan, and BCDA bid documents (IPSP, JVA, MPSS).*

A2. See priority of documents in definition of “Performance Standards” under the JVA. For avoidance of doubt, the BCDA NCC Master Plan, and its update following the completion of the Utilities Engineering Plan, will have priority over the developers’ plans.

Q3. *Clarification on renewable energy self-generation requirements for locators within NCC.*

A3. There is no mandated requirement of renewable energy self-generation for the locators within NCC.

However, the JV will need to comply with applicable ERC regulations when it comes to connection of self-generating capacities and net metering arrangements for roof-top solar and other renewables.

Q4. *Clarification on responsible party for construction of streetlights, its luminaires, poles, wires and control.*

A4. Street lighting is part of roads, which are the responsibility of BCDA.