



DEPARTMENT CIRCULAR NO. DC 2026-02-5007

POLICY FRAMEWORK TO ALLOW TRANSCO TO FINANCE AND/OR CONSTRUCT TRANSMISSION LINES AND FACILITIES CRITICAL TO THE COUNTRY'S ENERGY TRANSITION

WHEREAS, Article XII, Section 6 of the 1987 Constitution states that the use of property bears a social function, and all economic agents shall contribute to the common good, and individuals and private groups, including corporations, cooperatives, and similar collective organizations, shall have the right to own, establish and operate economic enterprises, subject to the duty of the State to promote distributive justice and to intervene when the common good so demands;

WHEREAS, Article XII, Section 11 of the Constitution further prohibits the grant of exclusive franchises and subjects all public utility authorizations to regulation in the interest of the common good;

WHEREAS, Section 5(a) of the Republic Act (RA) No. 7638, otherwise known as the "Department of Energy (DOE) Act of 1992," mandates the Department of Energy (DOE) to formulate policies for the planning and implementation of a comprehensive program for the efficient supply and economical use of energy consistent with the approved national economic plan and with the policies on environmental protection and conservation and maintenance of ecological balance, and provide a mechanism for the integration, rationalization, and coordination of the various energy programs of the Government;

WHEREAS, under RA No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA), it is the declared policy of the State, among others, to (a) ensure the quality, reliability, security and affordability of the supply of electric power, (b) protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power, and (c) promote the utilization of indigenous and new and renewable energy resources in power generation in order to reduce dependence on imported energy;

WHEREAS, Section 37 of the EPIRA mandates the DOE, among others, to: (a) develop and update annually the existing Philippine Energy Plan (PEP), which shall provide for an integrated and comprehensive exploration, development, utilization, distribution, and conservation of energy resources, with preferential bias for environment-friendly, indigenous, and low-cost sources of energy; (b) prepare and update annually a Power Development Program (PDP), integrating it into the PEP and considering the individual or joint development plans of the transmission, generation, and distribution sectors of the electric power industry, which are submitted to the DOE; and (c) formulate and implement a program for the accelerated development of non-conventional energy systems and the promotion and commercialization of its applications;

WHEREAS, Section 9 of the EPIRA provides that the National Transmission Corporation (TRANSCO) shall, among others, improve and expand its transmission facilities consistent with the Philippine Grid Code (PGC) and the Transmission Development Plan (TDP) to adequately serve generation companies, distribution utilities, and suppliers requiring transmission service and/or ancillary services through the transmission system: *Provided*, That TRANSCO shall submit any plan for expansion or improvement of its

WHEREAS, under RA No. 9513, otherwise known as the Renewable Energy Act of 2008 (RE Law), it is the declared policy of the State to accelerate and encourage the exploration, development and utilization of renewable (RE) energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and the environment, and to establish the necessary infrastructure and mechanism to carry out the mandates specified in the RE Law and other existing laws, among others;

WHEREAS, under the RE Law, TRANSCO or its successors-in-interest or its buyer/concessionaire, shall include the required connection facilities for RE-based power facilities in the TDP: *Provided*, That, such facilities are approved by the DOE consistent with the 2023-2050 PEP RE share targets and the PDP;

WHEREAS, to achieve the Philippines' RE targets and safeguard the capacity commitments of RE developers, the need for the timely installation and completion of facilities for the transmission system has become critical to ensure that RE development and investor interest therein are not delayed, hampered or discouraged by unavailable, inadequate and delayed transmission infrastructure, and that RE developments are completed, and generation capacities delivered on time to ensure the country's energy security;

WHEREAS, consistent with the PEP and the PDP, which sets the overall direction or ensuring a secure, reliable, affordable, and sustainable power supply, there is an urgent need to ensure the timely installation, upgrading, and completion of transmission facilities to enable the integration of committed and upcoming generation projects that are essential to meet the country's energy transition and supply security goals;

WHEREAS, delays in the implementation of the TDP and the inadequacy of the transmission system have been identified as major contributors to prolonged development timeliness for power projects, the delay in the commercial operation and integration of committed power projects, particularly RE projects, thereby hindering the achievement of the country's energy transition targets;

WHEREAS, even with a Generation Company (GenCo) constructing its own dedicated P2P connection facility, the surrounding transmission grid may still have inadequate capacity or technical constraints which prevents the effective and full dispatch of the new generation projects, rendering the connection futile and thereby delaying the commercial operation and delivery of the committed power project;

WHEREAS, to address the systemic constraint and effectively integrate new generation projects, particularly those critical for energy transition and security, the DOE issued the Department Circular (DC) No. DC2026-01-0001, allowing the GenCos not only to construct their P2P connections but also to finance and construct the associated transmission projects or upgrades to the main grid that are necessary to accommodate their new capacity;

WHEREAS, Section 13 of Commonwealth Act No. 146, otherwise known as the "Public Service Act," as amended by RA No. 11659, provides that the Transmission of Electricity is a Public Utility, and all concessionaires, joint ventures, and other similar entities that wholly operate, manage or control the Transmission of Electricity for public use are public utilities;

WHEREAS, by virtue of its legislative franchise under RA No. 9511, and subject to the terms and conditions of its concession agreement with TRANSCO and the Power Sector Assets and Liabilities Management Corporation (PSALM) which are not inconsistent with RA No. 9511, the National Grid Corporation of the Philippines (NGCP) has the responsibility to modify, improve, and change the transmission system, grid and related facilities maintained, operated or managed by it in such manner and to such extent as the progress in science and improvements in the electric power services may reasonably require;

WHEREAS, under Section 21 of the EPIRA, the Concessionaire's operation of the transmission system is expressly subject to compliance with the PGC and the approved TDP, as well as the performance and financial guarantees or any other covenants provided in the concession agreement which the National Government may require;

WHEREAS, the 2024 Global Risks Report of the World Economic Forum has identified extreme weather events and energy supply shortage as the top risks faced by the Philippines, hence, it has become increasingly imperative to attain a sustainable balance between preventing or reducing harmful emissions and ensuring sufficient power generation capacity;

WHEREAS, pursuant to the abovementioned laws and contract, there is a crucial and immediate need to institutionalize and standardize the processes, requirements, and protocols in the engagement of the TNP with entities in the commencement, construction, financing, completion, and installation of the much-needed transmission lines, facilities, and services;

WHEREAS, significant increases both in the capacities that can be offered by the generation sector and in the demand requirements of the country must be met with complete, adequate, and reliable transmission lines and facilities. It is high time for the Government, through TRANSCO, and the private sector to assist the TNP in the construction, completion, and installation of the necessary transmission assets in a timely and efficient manner, as provided in RA No. 9511 and in the 2008 Concession Agreement;

WHEREAS, the expedited construction and completion of transmission projects are crucial to maintain the momentum of major advancements in the generation sector, modernization of the distribution networks, promotion of energy conservation and efficiency measures and the introduction of emerging and alternative technologies in the energy sector – all of which ensure the quality, reliability, sustainability and affordability of electric power supply;

WHEREAS, delays in the installation and completion of facilities for the transmission system hinder the alignment of generation and grid development programs, constrain the entry of new capacities, and undermine investor confidence, thereby affecting the reliability, adequacy, affordability, and security of the country's energy supply;

NOW, THEREFORE, in consideration of the foregoing, the DOE hereby issues and promulgates the following rules and regulations in allowing TRANSCO for the financing and construction of transmission projects:

Section 1. Priority Projects for Transmission. – The DOE shall, in consultation with TRANSCO, the System Operator (SO), Market Operator and the TNP, as applicable, identify Priority Projects that shall, upon completion, form part of the transmission system, based on:

- 1.1 The critical requirement for implementation of the project to attain the energy transition targets under the PEP, ensuring long-term energy security through a resilient, reliable, and diversified power mix;
- 1.2 The need for the project to deliver generation capacity, to enhance, reinforce, or expand existing transmission facilities to enable or improve the interconnection of generation or distribution utilities, to meet demand growth and to ensure the security, stability and quality of the supply of electricity: *Provided, That* the generation company or the distribution utility requiring the project confirms its reliance on the TNP or TRANSCO to implement the same; or
- 1.3 The urgency of the implementation of any Priority Project, delays already incurred for projects under construction, and other factors affecting the timely completion of such projects, despite exhaustion of all appropriate interventions, remedies and initiatives with the TNP.

A Priority Project included in the TDP shall be deemed delayed if: (a) it has not commenced actual construction, defined as the mobilization of equipment and start of physical works, within six (6) months from the ERC's issuance of approval or authority; or (b) has not complied with the deadline in any of the phases as indicated in the ERC-approved construction plan.

Section 2. Implementation of Priority Projects. –

- 2.1 The DOE shall designate TRANSCO to implement the Priority Projects identified pursuant to Section 1 of this Circular and as approved by the ERC; TRANSCO shall implement:
 - (a) all identified Priority Projects that are not in the TDP and have yet to receive clearance to undertake a System Impact Study issued by the DOE; and
 - (b) all identified Priority Projects that are assigned to it under Section 1 herein.
- 2.2 Notwithstanding any provision to the contrary, once a transmission project has been identified as a Priority Project, the provisions of this Circular shall prevail, unless otherwise amended or specified in another issuance. To this end, TRANSCO shall retain primary authority to undertake the planning, financing, and construction of such project, consistent with the EPIRA;
- 2.3 Priority Projects shall continue to be deemed as "Energy Projects of National Significance", pursuant to EO No. 30, Series of 2017, with due consideration to RA No. 11234 ("Energy Virtual One-Stop Shop [EVOSS] Act"), RA No. 9485 ("Ease of Doing Business and Efficient Government Service Deliver Act of 2008"), as amended by RA No. 11032, and other applicable laws and regulations;
- 2.4 All Priority Projects shall be titled in the name of TRANSCO or the agreement shall provide a preferential right in favor or for the benefit of TRANSCO; and
- 2.5 No delay in the completion of Priority Projects shall be allowed, except in cases of force majeure or other justifiable causes, and only with express approval in writing by the DOE

In any case, the entity or institution shall have the right to recover the costs incurred in connection with the implementation of Priority Projects, consistent with the regulatory framework as provided in Section 7.1.

If any legal action or other proceeding is brought on the account of the immediately preceding paragraph, the prevailing party, in addition to the recovery of actual costs, shall be entitled to recover reasonable attorney's fees and other costs incurred in said action or proceeding, and in any further proceeding for the enforcement of a judgment, without prejudice to any other relief to which it or they may be entitled.

Section 3. Responsibilities of TRANSCO. – The TRANSCO shall have the following responsibilities:

3.1 Engage one or more Government agencies, Government-Owned or -Controlled Corporations (GOCCs), or private entities to implement the Priority Projects on its behalf, subject to applicable laws and regulations.

3.1.1 TRANSCO may conduct competitive bidding, accept unsolicited proposals to be subjected through Swiss Challenge, enter into agreements with government financial institutions and/or with qualified and competent private entities to finance and/or construct the Priority Projects, pursuant to applicable laws, rules and regulations.

The TRANSCO shall observe the process for competitive bidding as provided in Annex "A" of this Circular, acceptance and evaluation of Unsolicited Proposals under Annex "B" herein, and the entity, including its composition and function, to conduct the procurement on behalf of TRANSCO in Annex "C" of this Circular. The provisions of RA No. 12009 ("New Government Procurement Act") and its Implementing Rules and Regulations (IRR) shall suppletorily apply in case of silence or inadequacy of this Circular. All mandatory provisions not expressly provided herein shall be deemed incorporated;

3.1.2 In coordination with the Public-Private Partnership (PPP) Center, TRANSCO and any agencies and GOCCs engaged by TRANSCO may enter into agreements with the private sector pursuant to RA No. 12009 and/or RA No. 11966 ("Public-Private Partnership Code of the Philippines)", or their successor legislation; and

3.1.3 The terms and conditions of any arrangement for funding, construction, and reimbursement shall be consistent with ERC rules and regulations and shall consider possible impacts on cost recovery and pass-on rates to consumers.

3.2 Comply with, and enforce compliance by its contractors or partner agencies or entities, the applicable laws and Government rules and regulations, permitting requirements and safety, construction, and other technical standards as may be prescribed by other government agencies;

3.3 Monitor and supervise the implementation of Priority Projects by the designated agencies, GOCCs, or private entity and submit quarterly reports to the DOE. The monitoring of TRANSCO may include project site visits and inspection, in coordination with the DOE, TNP, and the contractors or partner agencies or entities;

- 3.4 Determine its appropriate organizational structure and staffing pattern, including the corresponding qualification standards for all additional positions that may be required for the fulfillment of this mandate, in coordination with the Governance Commission for GOCCs (GCG), the Department of Budget and Management (DBM), and other relevant government agencies, and subject to government approvals;
- 3.5 Strictly comply with the PGC and all applicable grid-related rules and guidelines in the planning, development, and implementation of Priority Projects under this Circular; and
- 3.6 Publish and regularly update, on an annual basis, the list of Priority Projects, including their scope and implementation status. Such information shall be made publicly available to ensure transparency, support investor planning, and facilitate timely coordination with affected generation and distribution stakeholders.

Section 4. Responsibilities of the TNP. – The TNP shall:

- 4.1 Fully cooperate with the DOE and TRANSCO and allow access to data, information, records, documents, facilities, and systems required to implement Priority Projects, including the existing and officially adopted datasets, as well as any updates/revisions issued during the implementation period. Such data, information, records, and documents shall include, but not be limited to, operations, planning, and power system simulation data: *Provided*, That all information disclosed shall be treated as confidential and used solely for purposes intended in this Circular, in accordance with applicable laws and regulations, including RA No. 10173 or the “Data Privacy Act of 2012.”;
- 4.2 Avoid, directly or indirectly, any interruption or intervention that will delay the completion of Priority Projects. Interruption or intervention shall explicitly include failure to actively and immediately support the contractors or partner agencies or entities in securing right-of-way by utilizing the TNP’s franchise authority for eminent domain;
- 4.3 Ensure the timely and full completion of all its projects;
- 4.4 Allow and schedule the testing and commissioning, energization of Priority Projects undertaken by TRANSCO, and ensure that the performance of such activities will not affect the normal operations of the grid;
- 4.5 Provide space or lot in existing substations/switchyards/control rooms for the provision of additional equipment such as power transformers, power circuit breakers, relays, and associated equipment which are necessary to integrate the Priority Projects on the existing transmission grid; and
- 4.6 Perform all acts necessary for the expeditious implementation and completion of Priority Projects.

Section 5. Completion and Turnover. – Completed Priority Projects shall become part of the transmission network assets upon turnover thereof to the TRANSCO. Subject to the 2008 Concession Agreement, the TNP shall operate and maintain the same pursuant to the EPIRA and other applicable laws, rules, regulations, and agreements: *Provided*, That the completed

Priority Project is certified by the ERC to be compliant with the PGC and other rules and regulations.

Section 6. Responsibilities of the DOE. – The DOE shall:

- 6.1 Ensure regular coordination with TRANSCO, the TNP and SO in the identification of Priority Projects, and with the ERC in the monitoring of the timely completion of Priority Projects;
- 6.2 Assist TRANSCO and any engaged agencies and GOCCs in securing funding for the implementation of Priority Projects, including, without limitation, appropriations from the national budget, Official Development Assistance loan(s), borrowings from public or private financial institutions and through other financial instruments and arrangements with local or foreign counterparties;

To this effect, the DOE shall consult the Department of Finance, DBM, Department of Economy, Planning, and Development, National Economic Development Authority, and the PPP Center relative to the implementation of this Circular;

- 6.3 Coordinate with the Department of Interior and Local Government (DILG) for local government units (LGUs), the Department of Environment and Natural Resources (DENR), the Department of Public Works and Highways (DPWH), the National Commission on Indigenous Peoples (NCIP), and other government agencies at the national and local levels for the speedy and streamlined processing of permits, licenses, certifications and other requirements of transmission projects including those implemented under this Circular and pursuant to existing laws, rules and regulations.

The streamlined process and requirements shall be integrated in the EVOSS System, pursuant to the EVOSS Act, within three (3) months from the effectivity of this Circular;

- 6.4 Seek the necessary assistance and support of all concerned government agencies and instrumentalities, including GOCCs and LGUs, for TRANSCO or its designated GOCC or entity, for the successful implementation of this Circular;
- 6.5 Publish and regularly update, on an annual basis, the list of Priority Projects, including their scope and implementation status. Such information shall be made publicly available to ensure transparency, support investor planning, and facilitate timely coordination with affected generation and distribution stakeholder; and
- 6.6 Issue such other policies and perform all other acts necessary for the effective implementation of this Circular.

Section 7. Responsibilities of the ERC. – The ERC shall:

- 7.1 Within forty-five (45) days from the effectivity of this Circular, issue the regulatory framework for the implementation of Priority Projects by TRANSCO, including the mechanisms for the recovery of actual cost or fair market value and timely payment thereof, and the transparent, reasonable, and affordable integration of such components into the pass-on rates to electricity consumers, subject to the stakeholder consultation –

taking into consideration the terms of financing the said Priority Projects and the impact of such costs on over-all electricity rates;

- 7.2 Prescribe the timelines for the completion of Priority Projects, and the processes and requirements for the turnover of completed Priority Projects to the TRANSCO for operation and maintenance pursuant to this Circular and within the timelines prescribed under the EVOSS Act;
- 7.3 Establish a streamlined process for the implementation of Priority Projects, including the expeditious conduct of System Impact Studies for Priority Projects not included in the TDP, and the turnover of Priority Projects to the TRANSCO once completed within the timelines prescribed under RA No. 11234; and
- 7.4 Perform all other acts necessary to achieve the objectives of this Circular.

Section 8. Assistance of the Law Enforcement Agencies, and Government Agencies. –

The DOE, ERC, TRANSCO, TNP and/or SO, and the partner agencies, including the private entities and contractors involved in the implementation of Priority Projects and all other transmission projects may seek the assistance or intervention of the Philippine National Police, the Armed Forces of the Philippines and other law enforcement agencies to ensure peace and order in contested or conflict areas, and to maintain the integrity, safety, and security of all transmission projects, whether completed or under construction.

The DOE, with the assistance of TRANSCO, shall undertake the necessary monitoring and coordination with relevant government agencies to ensure the timely issuance of permits, licenses, certifications, and other requirements for the construction and energization of Priority Projects: *Provided, That* the contractors or partner agencies or entities have submitted the complete application requirements imposed by the relevant government agency. A monthly coordination meeting shall be conducted among the DOE, ERC, TRANSCO, TNP, SO, contractors, and any other relevant partner agencies or entities to discuss and provide updates on the status of the project's construction and implementation.

Section 9. Non-compliance. – Any non-compliance or violation in the implementation of this Circular shall be subject to appropriate penalties under applicable laws, rules and regulations, subject to applicable redress mechanisms or referral to the appropriate government agencies for investigation, prosecution, and other appropriate action, with due process afforded to all concerned parties.

Any delay or unilateral extension of time in the construction and installation of lines, substations, equipment, and other facilities that form part of the transmission system, as described in Section 1 of this Circular, shall be penalized pursuant to the EPIRA, unless such delay or extension is expressly approved by DOE and ERC in writing.

Section 10. Reportorial Requirements. – The DOE in consultation with TRANSCO, TNP, and SO shall submit the initial list and the key details of Priority Projects to the Office of the President and the respective Committees on Energy of the House of Representatives and the Senate within ninety (90) days from the effectivity of this Circular, with the annual updates submitted thereafter within thirty (30) days from the end of each year.

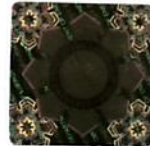
Section 11. Continuing Obligations. – Nothing herein shall be construed as releasing the Concessionaire from its obligations nor adding to, removing, or otherwise revising any of its responsibilities and mandates under the Concession Agreement, its franchise, the EPIRA, the Public Service Act, and other applicable laws and regulations.

Section 12. Separability Clause. – If any part or provision of this Circular is declared invalid or unconstitutional, other parts not affected thereby shall continue to be in full force and effect.

Section 13. Effectivity. – This Policy shall take effect immediately upon its publication in the Official Gazette. A copy of this Policy shall be filed with the University of the Philippines Law Center – Office of the National Administrative Register (UPLC-ONAR).

Issued this 16 FEB 2026 at the DOE, Energy Center, Rizal Drive cor. 34th St., Bonifacio Global City, Taguig City.


SHARON S. GARIN
Secretary



Annex A

Guidelines for Conduct of Competitive Bidding for the Construction of Priority Projects

1. Preparation of Bid Documents

The Technical Working Group (TWG) of the Third-Party Bids and Awards Committee (TPBAC) shall prepare the Bid Documents, which shall be composed of the following:

1.1 The Terms of Reference (TOR) shall, at the minimum, contain the following information:

- i. Name and location of the Priority Transmission Project;
- ii. Connection points to the Grid;
- iii. Inclusion in the TDP, if applicable;
- iv. Capacity and other technical description of the Priority Project;
- v. Single Line and Construction Diagram;
- vi. Timeline of Construction and Completion of the Priority Project;
- vii. Cost estimates;
- viii. Payment Modalities;
- ix. Salient Features of the Contract; and
- x. Bidders Qualifications.

1.2 The Invitation to Bid shall, at the minimum, indicate the following:

- i. Timeframe of construction until completion, including testing and commissioning of Priority Project;
- ii. Capacity and connections points to the Grid;
- iii. Eligibility Requirements;
- iv. Schedule and Deadlines; and
- v. TOR.

1.3 The Instruction to Bidders, shall contain, at the least, the following provisions:

- i. Corporate Profile of the bidders;
- ii. Technical Proposal's requirements;
- iii. Financial Proposal's requirements;
- iv. Method and Criteria for evaluation;
- v. Bidding Procedure;
- vi. Awarding, Signing of Contract, and Notice of Implementation;
- vii. Acceptable Form of Bid and Performance Securities;
- viii. Proposed Timelines or Milestones
- ix. Contract Template;
- x. Notarized Statement submitted for the bid;

- xi. Protest Mechanism;
- xii. and Other documents mandated by any government agencies

2. Review of the TOR, draft Instruction to Bidders, Supplemental/Bid Bulletin and other related documents

The TRANSCO shall review the following prior to the issuance of a Notice to Proceed for the publication of Invitation to Bid:

- a. The TOR, if consistent with the applicable standards for the Priority Project and this Circular; and
- b. Draft Instruction to Bidders, if consistent with the final TOR.

In the conduct of this review, the TRANSCO shall submit its comments and recommendations to the TPBAC. The TPBAC may accede to the TRANSCO's proposals and accordingly revise the TOR and other Bid Documents. If they opt to retain the original version of the TOR and Bid Documents, the TPBAC shall submit to the TRANSCO their justifications for its retention. In this scenario, the TRANSCO shall allow the start of the bidding and post the retained TOR and other Bid Documents and the DOE's comments and recommendations, if any.

The TRANSCO shall issue its necessary rules and guidelines on the criteria and timeline of review of the TOR and other Bid Documents.

3. Publication and Posting

The TPBAC shall cause the posting of the Invitation to Bid for the procurement opportunity in accordance with the periods under RA No. 12009 and its Implementing Rules and Regulations.

3.1 Upon TRANSCO's assent to commence the bidding, the TOR and the Invitation to the Bid must be uploaded by the TPBAC in TRANSCO's website, if available, the next working day from receipt thereof, for at least fifteen (15) calendar days.

3.2 The TPBAC shall likewise ensure that all bid bulletins and related announcements shall be uploaded at TRANSCO's website.

3.3 The TPBAC shall also cause the publication of the Invitation to Bid, including the TOR, in a newspaper of general circulation once weekly for two (2) consecutive weeks.

The TPBAC may opt to, in addition to the immediately preceding paragraph, publish the Invitation to Bid in one (1) newspaper of local circulation in the

region, province, city or municipality where the Priority Project shall be constructed once every week for two (2) consecutive weeks.

3.3.1 In addition to publication, the TPBAC shall exert its best effort to disseminate its Invitation to Bid to all prospective bidders.

3.3.2 The Bid Documents shall be available the following day after the last day of the publication contemplated under this Section.

3.4 The TPBAC shall continuously update the TRANSCO on the status of the procurement (all stages of the procurement process).

4. Pre-Bid Conference

4.1 The TPBAC shall conduct at least one (1) Pre-Bid Conference to address the queries of the prospective bidders within fourteen (14) calendar days after the publication of Invitation to Bid.

4.2 The Pre-Bid Conference shall discuss, among other things, the eligibility requirements, the TOR, and the technical, legal and financial components of the Priority Project to be bid out.

4.3 Requests for clarification to the TPBAC from prospective bidders shall be made in writing or through e-mail before the conduct of the Pre bid Conference, or after three (3) calendar days from the scheduled Pre-bid Conference, and through manifestation(s) during the Pre-bid Conference.

4.4 Decisions/clarifications of the TPBAC, clarifying or amending any provision of the TOR or Bidding Documents. shall be issued through a Supplemental/Bid Bulletin at least fourteen (14) calendar days before the deadline for the submission and receipt of bids. and shall be posted in the TRANSCO's website. A copy of such decision/clarification shall be furnished to all prospective bidders by fastest possible means (i.e., e-mail) or through their authorized representative.

4.5 Supplemental/Bid Bulletins may be issued in the following circumstances:

- i. Request of the prospective Power Suppliers for clarification(s) on, or for an interpretation of any part of the Bid Documents; and
- ii. Upon the initiative of the TPBAC for purposes of clarifying or modifying any provision of the Bidding Documents

Any modification or addition to the Bid Documents shall be identified as an amendment or addendum. as the case may be.

4.6 If there are matters affecting the TOR and requires its revision, the TRANSCO shall review the Supplemental/Bid Bulletin, revised TOR and the procurement schedule, if any, prior to the issuance and publication of such Supplemental/Bid Bulletin.

4.7 The TPBAC shall ensure that all clarifications and queries must be clarified by the issuance of Bid Bulletins. and shall avoid any delay in the conduct of the procurement.

5. Bid Evaluation Criteria and Process

The TPBAC and its TWG shall evaluate the Power Supplier's legal, technical, and financial qualifications based on the criteria indicated in the Bid Documents

6. Submission, Receipt and Opening of Bids

6.1 The Bidders shall be required to submit their bids on or before the deadline stipulated in the Bid Documents and/or in the Supplemental/Bid Bulletins.

6.2 The Bidders shall submit their bids through their duly authorized representative using the forms specified in the Bidding Documents in two (2) separate sealed bid envelopes. and which shall be submitted simultaneously. The first shall contain the legal and technical components of the bid, including the eligibility requirements, and the second shall contain the financial component of the bid.

6.3 The TPBAC shall open the bids after the deadline for the submission and receipt of bids. The time, date, and place of the opening of bids shall be specified in the Bidding Documents. The bidders or their duly authorized representatives may attend the opening of bids. The TPBAC shall ensure the integrity, security, and confidentiality of all submitted bids.

In case the bids cannot be opened as scheduled due to justifiable reasons. the TPBAC shall take custody of the bids submitted and reschedule the Opening of Bids on the next working day or at the soonest possible time through the issuance of a Notice of Postponement to be posted in TRANSCO's website.

6.4 Opening of Bids shall take place in the presence of all qualified bidders and/or their duly authorized representatives and Observers. Absence of a qualified bidder shall not be a ground for the postponement of the Opening of Bids or disqualification of the qualified bidder.

- 6.5 The TPBAC shall proceed to evaluate and determine the lowest calculated bid based on the total cost of ownership, including long-term reliability and ease of maintenance, using the evaluation criteria prescribed in the Bid Documents.
- 6.6 The lowest calculated bid shall undergo a post-qualification process to determine its compliance with all the requirements and conditions, as specified in the TOR and other pertinent bidding documents.
- 6.7 The TPBAC may delegate to the TWG the conduct of the post qualification and shall subsequently submit its evaluation report to the TPBAC.
- 6.8 The TPBAC, through a Resolution, shall recommend the award of the contract to TRANSCO within five (5) calendar days from the receipt of the TWG's recommendation.
7. Each procurement shall be completed within one hundred eighty (180) calendar days from the time of posting/publication of Invitation to Bid until the award and signing of the agreement. Non-observance of this prescribed period will be subject to penalties to be imposed by the ERC.
8. Within thirty (30) calendar days upon signing of the agreement, the TRANSCO and the winning bidder shall jointly file the agreement to the ERC, copy furnished the DOE.
9. All expenses incurred in the conduct of the procurement shall be shouldered by TRANSCO. The TRANSCO may, however, recover these expenses from the proceeds of the bid documents fee.
10. All other rules on competitive public bidding in RA No. 12009 and its IRR, not expressly provided herein, shall apply suppletorily and shall govern the interpretation and implementation of this Policy.

Annex B

Guidelines for Acceptance and Evaluation of Unsolicited Proposals

1. A proponent may submit an Unsolicited Proposal who is interested to construct the Priority Project on behalf of TRANSCO; *Provided*, That TRANSCO has not initiated or has ongoing procurement activity relative to such Priority Project.
2. The proponent may submit an Unsolicited Proposal to the TRANSCO.

The Unsolicited Proposal must include:

- a. Legal Documents;

Relevant company information to include Securities and Exchange Commission registration or the equivalent document from the country of incorporation, which includes the Articles of Incorporation and the By-Laws, Latest General Information Sheet, Business Permit and Latest Income Tax Returns, Philippine Contractors Accreditation Board (PCAB) license;

- b. General Description of the Proposal;

- c. Technical Proposal for the Advance Construction:

- i. Project Design;
- ii. Project Timeline and its components;
- iii. Performance security or guarantee

Business Case or Concept Plan and Feasibility/Pre- feasibility study may be included;

;

- d. Financing Scheme of the Project; and

- e. Proposed TOR or draft agreement, if available.

3. Within three (3) calendar days, the TRANSCO must acknowledge receipt of the proposal and check the completeness of the Proposal. If on its face, the submission is incomplete, the TRANSCO shall inform the Proponent of the lacking documents within the same period. The submission shall be returned to the Proponent for further compliance with the lacking documents.

Failure to check the completeness of the Proposal within the 3-day period , the Proposal shall be deemed complete.

4. Within five (5) calendar days after the 3-day period, the TRANSCO shall conduct its respective legal, technical and financial review of the Proposal. The TRANSCO shall furnish a copy of its assessment, with the DOE and the TNP.
5. Within three (3) calendar days from notice of completeness of the Proposal, the TRANSCO shall organize a meeting with the DOE and the TNP to discuss their findings on the Proposal.

Such discussion shall include:

- a. The legal and financial capacity of the proponent to construct the Priority Project;
 - b. The sufficiency, viability and operational parameters of the Proposal for the construction of the pertinent Priority Project; and
 - c. Other considerations for the efficient and timely completion of the Project.
6. The DOE will confirm the recommendation of the TRANSCO on the eligibility of the USP proponent, and direct the TRANSCO to notify the Proponent of its eligibility and to commence the detailed evaluation of the Proposal.

However, if the DOE denies the recommendation of the TRANSCO, it shall direct the latter to inform the Proponent of the said denial, stating the grounds thereof. The Proponent may appeal once the denial in accordance with applicable rules and procedures with the prescribed period. In case such appeal is denied and if the Proponent refiles its proposal, this will be treated as a new filing.

7. The TRANSCO, upon receipt of the confirmation by DOE, will now commence the evaluation/detailed negotiation of the Proposal within thirty (30) calendar days therefrom.

The TRANSCO shall review the qualification, *i.e.*, legal, technical and financial components) of the proponent, evaluate the TOR, and conduct negotiations, if necessary.

8. Within fifteen (15) calendar days after the TRANSCO's evaluation, if the proposal is acceptable, it will recommend to the DOE the declaration of the Proponent as the Original Proponent (OP) and its conformity that the proposal be subjected to competitive challenge.
9. Competitive Challenge

A Competitive Challenge is a process wherein the other interested bidders may tender an offer; *Provided, That:* (1) it should be responsive to the agreed TOR between TRANSCO and the OP; and (2) the offered price is lower than that of the OP.

The Competitive Challenge offer shall be submitted within thirty (30) calendar days after publication as herein prescribed.

- a. After the TRANSCO's review, it shall advise the TPBAC to proceed with the preparation of Bid Documents for the conduct of the Competitive Challenge.
- b. The TPBAC shall prepare, in fourteen (14) calendar days, the bid documents, referred herein as Comparative Bid Document (CBD), in accordance with the provisions set forth in Annex A of this Circular.
- c. The TPBAC shall comply with the publication and posting requirements, as provided in Annex A of this Circular. The TPBAC shall cause the publication within seven (7) calendar days after the consolidation of the CBD. Bidders must submit comparative proposals within the period prescribed in the Instruction to Bidders.
- d. The TPBAC shall conduct the Pre-Bid Conference in the manner prescribed in Annex A of this Circular, and shall be held within seven (7) calendar days after the complete publication.
- e. The TPBAC, not earlier than twelve (12) calendar days from the conduct of the Pre-Bid Conference, shall schedule the submission and opening of the comparative proposal.
- f. Receipt and Opening of Comparative Proposals
 - i. The Bidders shall be required to submit their comparative proposals on or before the deadline stipulated in the Bid Documents and/or in the Supplemental/Bid Bulletins which shall not be earlier than thirty (30) calendar days from the conduct of the Pre-Bid Conference. Comparative proposals submitted after the deadline shall no longer be accepted.
 - ii. The Opening of comparative proposals shall take place in the presence of the TPBAC, the OP and the Bidders.
- g. Evaluation Criteria and Process – After the Opening of the Comparative Proposals, the TPBAC shall undergo a qualification and evaluation process of the legal, technical, and financial requirements submitted by proponents using the criteria indicated in the CBD.

The TPBAC shall declare the lowest calculated comparative proposal as the lowest calculated bid. The TPBAC shall notify the OP of the declaration of the lowest calculated bidder.

- h. The OP shall have the right to match the lowest calculated bid within fifteen (15) calendar days from receipt of the notification from the TPBAC of the result of the comparative bid.
- i. In case, the OP fails to match the price proposal of the lowest calculated bid, the contract shall be awarded to the lowest calculated bidder.

On the other hand, if the OP matches the price proposal of the lowest calculated bid, the agreement shall immediately be awarded to the OP.

- j. Thirty (30) calendar days after the award, TRANSCO and the winning proponent shall then sign the agreement and jointly submit the same to the ERC.
- k. All costs incurred in the preparation of the requirements to participate in the USP shall be on the personal account of the bidder and shall not form part of the pass-on rate to the consumers.
- l. All other rules on Unsolicited Offer with Bid Matching in RA No. 12009 and its IRR shall suppletorily apply.

Annex C

THIRD PARTY BIDS AND AWARDS COMMITTEE (TPBAC)

1. The TRANSCO shall establish an independent TPBAC to spearhead and manage the procurement of contractors for the construction of Priority Projects. The TPBAC shall comply with the policy and procedures in the conduct of procurement, as provided for in this Circular. The TPBAC shall be accountable to its decision in the conduct of the procurement; Provided however, that the TRANSCO shall bear the expenses for any dispute or litigation arising from the procurement
2. The TPBAC shall be composed of:
 - a. One TRANSCO officer or employee knowledgeable in the technical operations of the Grid;
 - b. One TRANSCO officer or employee with knowledge and/or experience with any local or international competitive bidding procedures;
 - c. One lawyer;
 - d. One finance officer or accountant that has knowledge on transmission asset costing; and
 - e. One Technical person, or a person with knowledge and/or experience with any local or international competitive bidding procedures.

One of the last three (3) representatives mentioned above shall represent TRANSCO.

In case TRANSCO fails to find any qualified members for the TPBAC, and after presenting proof of the unavailability of these professionals, the TPBAC may designate captive customer members with knowledge/experience in the fields of accounting, economics, finance, law, engineering or procurement, as may be necessary to complete the composition of the TPBAC.

3. The selection process of the members of the TPBAC shall be submitted to the DOE for approval.
4. TRANSCO may intervene in the conduct of the competitive bidding upon justifiable and reasonable ground(s).

TRANSCO reserves the right to reject any and all bids, to declare a failure of bidding or not to award the contract in the following situations: (1) if there is a *prima facie* evidence of collusion between the TPBAC and any of the bidders, or if the collusion is between or among the bidders themselves, including any act which restricts, suppresses or nullifies or tends to restrict, suppress, or nullify competition;

(2) if the TPBAC is found to have failed the following prescribed bidding procedures; or, (3) any justifiable and reasonable ground where the award of the contract will not redound to the benefit of the consumer-members, subject to the approval of the DOE.

5. The Chair and the Vice Chair shall be selected by the members of the TPBAC.
6. A quorum of the TPBAC shall be composed of a simple majority of all members of the TPBAC; and
7. Matters requiring TPBAC's resolution shall require the majority votes of all the members present in the TPBAC meeting.
8. The TPBAC Technical Working Group (TWG) and Secretariat
 - a. TRANSCO shall designate the TPBAC TWG and TPBAC Secretariat, to be headed by a regular or permanent employee of TRANSCO, preferably an officer, to assist the TPBAC in the performance of its functions.
 - b. The TPBAC TWG shall be composed of the technical, legal and financial personnel of TRANSCO.
 - c. The TPBAC TWG shall assist the TPBAC in the technical components of the procurement, such as development of the TOR, eligibility screening, evaluation of bids, and post-qualification.
 - d. The TPBAC Secretariat shall provide administrative support to the TPBAC for this purpose and serve as the keeper of all records and documents relating to all procurements conducted by TPBAC for Priority Projects.
 - e. The TPBAC Secretariat is required to make and keep a complete record of the proceedings and unedited video recordings of the Pre-Bid Conference and Bid Opening, as part of the TRANSCO and TPBAC records.