

NEWS RELEASE

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IPP hydro plants pique interest of bidders

The bidding for the appointment of independent power producer administrators (IPPAs) to manage the government's contracted capacities in the Bakun, Benguet, and San Roque hydroelectric power plants scheduled on 11 November 2009 is expected to be an interesting one as all nine prospective bidders attended the pre-bid conference conducted by the Power Sector Assets and Liabilities Management Corporation (PSALM) last Wednesday, 30 September.

The havoc wreaked by typhoon "Ondoy" did not dampen the enthusiasm of the nine interested parties as they participated in the discussion of the Bidding Procedures for the management of the contracted capacities for the Bakun Hydroelectric Power Plant (70-megawatt (MW)), the Benguet Mini-Hydro power plants (30-MW), and the San Roque Multipurpose Hydroelectric Power Plant (345-MW), all of which are located in Northern Luzon.

Conrad S. Tolentino, acting vice president for PSALM's Asset Management and Electricity Trading Group, thanked the investors for their participation, saying that the PSALM Privatization, Bids and Awards Committee (PBAC) would thoroughly study the points and concerns raised in the discussion. Amendments to the Bidding Procedures, if there would be any, would be contained in a Special Bid Bulletin to be issued by the PBAC.

The bidders expressed their appreciation to PSALM for its zealousness in providing the necessary data and other pertinent materials to ensure that they could conduct their due diligence for the hydropower plants more efficiently. The nine interested parties can conduct their Due Diligence until two days before the bid submission deadline.

Tolentino said it was a two-way street as the operators of the hydropower facilities have been very cooperative in providing the needed information. The Bakun plant located in Alilem, Ilocos Sur is operated by the Luzon Hydro Corporation, the Benguet mini-hydro facilities in the Cordillera Administrative Region province are run by the Hydro Electric Development Corporation and the Northern Mini-Hydro

Corporation, while the San Roque hydro plant is managed by Marubeni Corporation and Kansai Power International Corp.

The two-envelope bidding system that PSALM uses for its bidding exercises will be adopted for the 11 November activity. But the bidders will have to submit separate bids for each of the contracted capacities to ensure qualification.

Tolentino stressed that the bidders would have to bid for all and, in the process, could win all three hydro facilities. As such, bidders submitting an offer for only one or any two of the contracted capacities will be disqualified. PSALM's rules specify that a qualified bidder may be declared the highest bidder for any one or all of the contracted capacities.

A joint bid for any of the contracted capacities will be disallowed.

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