

**POWER SUPPLY AGREEMENT  
ON THE SALE OF ELECTRICITY**

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This Power Supply Agreement (PSA) entered into this (indicate DATE) between:

The **NATIONAL POWER CORPORATION (NPC)**, a government-owned and controlled corporation duly organized and existing by virtue of Republic Act No. 6395, as amended, with principal office at NPC Office Building Complex, corner Quezon Avenue and Agham Road, East Triangle, Diliman, Quezon City, Philippines, represented by its President and CEO, **Mr. FROILAN A. TAMPINCO**, who is duly authorized to represent it in this transaction, (“**NPC-SPUG**”);

- and -

**YYYYYYYYYYYYYYYY**. (DU Acronym), a distribution utility organized and existing under the laws of by virtue of PD 269 as amended, with principal office address at **ZZZZZZZZZZ** represented by its Board President, **Mr./Ms. XXXXXXXX**, who is duly authorized to represent it in this transaction, (“**CUSTOMER**”);

(jointly referred to as the “Parties”)

WITNESSETH THAT:

**WHEREAS**, pursuant to Section 70 of Republic Act No. 9136 and Section 1.a and Section 3.a of the Implementing Rules and Regulations (IRR) of Republic Act No. 9136, the Small Power Utilities Group (SPUG) of NPC is responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system;

**WHEREAS**, Rule 13 of Section 1.b. of the IRR of Republic Act. No. 9136 states that the Missionary Electrification function of SPUG shall be funded from the revenues from sales in the missionary areas and from the Universal Charge to be collected from all electricity End-users as determined by the Energy Regulatory Commission (ERC);

**WHEREAS**, Rule 13 of Section 3.b. of the IRR of Republic Act. No. 9136 requires SPUG to periodically assess the requirements and prospects for bringing its functions to commercial viability on an area-by-area basis, including a program to encourage private sector participation;

**WHEREAS**, the Universal Charge that shall be determined by ERC will be based on the Missionary Electrification Development Plan (MEDP) that the Department of Energy (DOE) will formulate in consultation with NPC, National Electrification Administration (NEA) and Distribution Utilities (DUs);

## NPC AGREEMENT FOR THE SUPPLY OF ELECTRICITY

**WHEREAS**, the MEDP shall include the prioritization of projects and particularly the use of the Universal Charge;

**WHEREAS**, the ERC and NPC-SPUG shall facilitate the determination of the universal charge based on the concluded Power Supply Agreements (PSAs) between NPC-SPUG and its CUSTOMERS that will include contracted demand and energy;

**WHEREAS**, the PSA shall serve as basis for the prioritization on the allocation of the universal charge in the implementation of programs and projects in the corresponding DUs customers,

**WHEREAS**, Section 23 of Republic Act No. 9136 and Section 4.f of the IRR of Republic Act No. 9136 mandate a distribution utility to provide universal service within its franchise area as part of its social obligations;

**WHEREAS**, Rule 7, Section 4.h of the IRR of Republic Act No. 9136 mandates a distribution utility to supply electricity in the least cost manner to the captive market within its franchise area;

**NOW, THEREFORE**, for and in consideration of the foregoing premise and the mutual covenants hereinafter contained the Parties agree as follows:

### **ADD SECTION of DEFINITION OF TERMS**

#### **SECTION ONE – SCOPE OF AGREEMENT**

##### **SUPPLY**

1.1 This Agreement governs the relationship between NPC-SPUG and CUSTOMER for the supply of electric power and energy. CUSTOMER shall inform NCP-SPUG of its requirements which shall be the basis for the contracted quantities.

#### **SECTION TWO - TERM OF AGREEMENT**

2.1 The Supply Service shall remain in full force and effect for a period of ten (10) years from Effectivity Date renewable by mutual consent of the parties. The CUSTOMER shall have the option to enter into a Power Supply Agreement in line with the entry of a New Power Provider (NPP). A party desiring to renew this agreement shall notify the other in writing at least sixty (60) days before the expiration of this agreement.

**2.2 (POSSIBILITY OF ADDING A NEW SECTION TO ADDRESS ENTRY OF THIRD PARTY GENERATORS NOT CLASSIFIED AS NPPs UNDER ERC RESOLUTION 11, SERIES OF 2005. AND PARTIAL ENTRY OF GENERATORS WITH RATES LOWER THAN SAGR)**

#### **SECTION THREE - SERVICE SPECIFICATIONS**

##### **CONTRACT DEMAND AND CONTRACT ENERGY**

## NPC AGREEMENT FOR THE SUPPLY OF ELECTRICITY

3.1 Contract Demand and Contract Energy for each year during the ten (10) year effectivity of this Agreement as set forth in **Annex A** has been allocated by NPC-SPUG to CUSTOMER. These Contract Demand and Contract Energy shall not be increased or decreased by either party except in cases allowed in this Agreement.

3.2 In the event of an anticipated growth in demand, the Customer seeking to increase the contracted volumes, shall coordinate and consult with the NPPs/NPC-SPUG at least two (2) years in advance to enable NPC-SPUG to adjust its own capacity. In case the existing capacity of NPC-SPUG can accommodate the increase in energy, CUSTOMER shall within thirty (30) days notify NPC-SPUG immediately for the purpose of adjusting the CONTRACT ENERGY.

### **SERVICE RELIABILITY**

3.3 NPC-SPUG shall provide continuous and stable supply of electricity in accordance with good utility practice. The rights of the CUSTOMER on the quality of service shall be maintained or improved. Supply shall be available continuously except for interruption or reduction due to: a) causes beyond the control of NPC- despite the exercise of extraordinary diligence (specify causes); b) transmission failure; and c) maintenance to ensure system stability and safety reasons as may be provided by laws, rules or regulation (set fixed number of hours based on standard annual maintenance, MOH)

3.4 The parties shall have a period of (PARKED - three (3) years) from the effectivity of this agreement within which to improve their respective facilities to minimize the imbalance between supply and consumption, including ensuring the compliance of the CUSTOMER with the pertinent technical specifications and performance standards of the Distribution Code.

3.5 Once the mechanism for settling imbalances in the supply and consumption of electricity has been established, and subject to appropriate rules, NPC-SPUG shall provide or procure Contract Demand and Contract Energy for delivery to CUSTOMER at the prices set out in this Agreement.

### **APPLICATION FOR INCREASE IN DEMAND AND ENERGY**

3.6 CUSTOMER may apply for increases in electric supply requirement through an amendment in Contract Demand or Contract Energy for any particular year or years subject to the technical constraints of generating plants, transmission, substation, and other facilities and subject to such rates and to other terms and conditions as the parties may agree upon.

### **ASSIGNABILITY**

3.7 NPC-SPUG shall assign, cede, transfer, allocate wholly or partly its rights and obligations under this agreement to an NPP, which has been selected by the CUSTOMER, to take over the former's power generation function by reason of private sector participation.

3.8 CUSTOMER shall not assign any of its rights and/or obligations under this Agreement without the prior written consent of NPC-SPUG.

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### **SECTION FOUR - CHARGES AND ADJUSTMENTS**

4.1 The CUSTOMER shall be billed and pay for energy delivered by NPC-SPUG in accordance with the Subsidized Approved Generation Rate (SAGR) as well as other adjustments and procedures as approved by the ERC and provided in **Annex B** on Charges and Adjustments.

### **SECTION FIVE - DEFAULT**

5.1 The occurrence of the following events shall be deemed to be, and shall be treated as, a default under this agreement and shall constitute just cause for its termination:

- A. Breach or failure by either party in the due observance or performance of any term, covenant, or agreement contained herein, which breach or failure continues unremedied or uncorrected for a period of thirty (30) days after written notice, specifying the breach and requiring it to be remedied, shall have been given to the breaching party by the other party. **(DAYS MAY BE SET ON A CASE TO CASE BASIS)**
- B. An assignment by either party for the benefit of creditors; the filing of a petition in bankruptcy by either party; adjudication of insolvency or bankruptcy of either party; application or petition to any tribunal for the appointment of receiver/s or appointment of receiver/s.
- C. Repeated breaches of this agreement or of obligations under the agreement, notwithstanding the cure or correction of the breach within the time allowed.
- D. Cessation by either party of its business, operations or legal existence.

### **SECTION SIX - TERMINATION**

#### **DEFAULT**

6.1 In the event of a default as provided in the next preceding section, during the initial or extended term, the party not in default, by written notice given to the defaulting party, may terminate this agreement and all rights under the agreement, except for rights under Section Seven (Indemnification). Such termination shall be effective on the date of receipt of such notice or on the date specified in the notice, whichever is later.

#### **INITIAL TERM**

6.2 During the initial term of this agreement, either party has the option to terminate the agreement at any time, on written notice of not less than three (3) months to the other party.

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### **EXTENDED TERM**

6.3 During the extended term of this agreement, if there is any, either party may cancel the agreement at pleasure on thirty (30) days written notice to the other party.

## **SECTION SEVEN - INDEMNIFICATION**

### **CROSS INDEMNITY**

7.1 Each Party (the “Indemnifying Party”) shall indemnify, defend and hold harmless the other (the “Indemnified Party”), its officers, directors, employees, contractors, and agents from and against all damages, losses and reasonable expenses, including without limitation reasonable legal fees, suffered or paid by the Indemnified Party as a result of any and all claims for personal injury, death or property damage (except economic loss) to third parties due to an event occurring during the Term of this Agreement and arising directly out of or resulting from any act or omission of the Indemnifying Party or its agents or employees, except to the extent that it was caused by any act or omission of the Indemnified Party or the failure by it to take reasonable steps in mitigation thereof. In the event such injury or damage results from the joint or concurrent negligent or intentional act or omission of the Parties, each shall be liable under this Section in proportion to its relative degree of fault.

### **NOTICE OF CLAIM**

7.2 The Indemnified Party shall deliver a notice of claim to the Indemnifying Party within 10 working days after the commencement or actual knowledge of the action that gave rise to such claim. In the event that such notice is not given within the period of claim, the Indemnifying Party’s obligation shall be limited to the amounts that would have been payable had such notice been delivered within the said period.

### **CONSEQUENTIAL LOSSES**

7.3 In no case shall any Party be entitled to its indirect or consequential losses or damages, whether or not such losses or damages are subject to the indemnities.

### **SURVIVAL**

7.4 The provisions of this Section shall survive termination of this Agreement with respect to an event occurring before the termination.

## **SECTION EIGHT - MISCELLANEOUS PROVISIONS**

### **LIABILITIES**

8.1 Except as expressly provided in this Agreement, NPC-SPUG shall not be liable for any damage suffered by CUSTOMER due to the failure of NPC-SPUG to continuously generate or transmit electricity to CUSTOMER in accordance with prescribed standards, downtime (as defined in Annex A) except when such failure is caused by NPC-SPUG’s bad faith, negligence or malicious intent. (PARKED This provision, however, shall not

## NPC AGREEMENT FOR THE SUPPLY OF ELECTRICITY

affect the rights of the CUSTOMER to a deduction in its electricity charges as provided in this Agreement.)

### **FORCE MAJEURE**

8.2 Force majeure is an extraordinary event which cannot be foreseen or which though foreseen, cannot be avoided. The event must render it impossible for a party to fulfill its obligation in a normal manner despite the exercise of due care. Force majeure shall not excuse either party from exercising due care to prevent it or minimize its effects. Force majeure includes, but shall not be limited to a storm, typhoon, lightning, flood, drought, earthquake, tsunami, fire, war, rebellion, insurrection, riot, naval or other blockade, labor disturbance, civil unrest, and other analogous circumstances natural or man-made. A party shall not be excused from its failure to perform its obligations under this Agreement even if the same is caused by Force Majeure (suggested phrase: **except if there are any facilities that can still be operated**) as provided in this Section and Annex “B.”

8.3 The restructuring of the electricity industry, unbundling of business functions or power rates, insolvency or business losses shall not be considered as an event of force majeure.

8.4 The affected party shall notify the other in writing of a force majeure situation. The other party shall have sixty (60) days to verify or deny in writing that such situation exists.

8.5 A verified event of force majeure which prevents a party from supplying or taking electricity for at least six (6) months, or agreed upon by both parties to prevent the supply or taking of electricity for a continuous period of at least six (6) months shall entitle either party to terminate this Agreement.

### **SETTLEMENT OF DISPUTES: ARBITRATION**

8.6 The parties shall exert reasonable efforts to amicably settle all disputes arising in connection with this Agreement, as a condition precedent to arbitration. The Parties may proceed to arbitration in the event that the dispute is not settled within six (6) months from the time the dispute arose.

8.7 All disputes arising in connection with this Agreement and to which exclusive jurisdiction have not been vested in the appropriate government agency, shall be finally settled in accordance with the Philippine Arbitration Law (R.A. 876), under three arbitrators, each party to choose one arbitrator and the third arbitrator shall be chosen in accordance with the Philippine Arbitration Law. The proper court having jurisdiction over the principal office of NPC-SPUG or the principal office of CUSTOMER, shall have exclusive jurisdiction over such arbitration, at the option of NPC-SPUG. No court action shall be initiated, except as provided under the Philippine Arbitration Law.

### **COURT LITIGATION**

8.8 Any dispute arising in connection with this Agreement that the parties failed to settle amicably and are non-arbitrable shall be brought exclusively in the proper court having jurisdiction over the principal office of NPC-SPUG or the principal office of CUSTOMER, at the option of the complainant.

**NPC AGREEMENT FOR THE SUPPLY OF ELECTRICITY**

**ATTORNEY'S FEES AND LITIGATION EXPENSES**

8.9 In the event of arbitration or litigation as provided in this Section, an amount of twenty percent (20%) of the value of the award by the arbitrator or court shall be made by the losing party to the prevailing party by way of attorney's fees and other expenses of litigation but in no case shall such amount be less than ₱ 10,000.00.

**NOTICES**

8.10 Any notice, demand or request by the parties to this agreement shall be deemed properly served if transmitted by registered mail with return card, postage prepaid, or delivered personally to the signatories or their duly authorized representatives at their indicated addresses.

**VALIDITY AND BINDING EFFECT**

8.11 This Agreement shall bind the parties, their respective assigns, buyers, transferees, subagreementors, or successors-in-interest. If any part or parts of this Agreement is or are declared invalid by competent courts during its effectivity, the other parts shall not be affected or impaired.

**AMENDMENT**

8.12 Any change, alteration, modification or addition to this agreement shall not be effective unless in writing and properly executed by the parties.

**ENTIRE AGREEMENT**

8.13 This Agreement shall supersede and cancel all previous agreements, understanding and practices between NPC-SPUG and CUSTOMER on the sale of electricity.

**UNDERTAKING**

8.14 The members of the board of directors and trustees, and all corporate officers of CUSTOMER may, at any time during the effectivity of this Agreement, be required to submit undertakings to be solidarity liable for the obligations of CUSTOMER under this Agreement. NPC-SPUG may also require other forms of security to ensure performance by CUSTOMER of its obligations under this Agreement.

**8.15 DEFINE LIABLE PERSONALITIES ON THE PART OF NPC-SPUG**

**EFFECTIVITY**

8.16 This AGREEMENT shall take effect on \_\_\_\_\_.

**IN WITNESS WHEREOF**, each of the parties has caused this Agreement to be executed in more than one copy each of which shall be deemed to be an original as of the date of this Agreement.

**NATIONAL POWER CORPORATION**

**YYYYYYYYYYY (ELECTRIC  
COPERATIVE, INC.)**

NPC AGREEMENT FOR THE SUPPLY OF ELECTRICITY

*NPC-SPUG*

*Customer*

By:

By:

**Mr. FROILAN A. TAMPINCO**  
President & CEO

**Mr.** \_\_\_\_\_  
Board President, DU Acronym

Signed in the presence of:

**Mr. LORENZO S. MARCELO**  
Vice President, NPC-SPUG

**Mr.** \_\_\_\_\_  
General Manager, DU Acronym

NPC AGREEMENT FOR THE SUPPLY OF ELECTRICITY

REPUBLIC OF THE PHILIPPINES )  
QUEZON CITY ) S.S.

**ACKNOWLEDGMENT**

Before me, a Notary Public for and in Quezon City, Philippines, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, personally appeared:

**Mr. FROILAN A. TAMPINCO**    CTC No.                      Date & Place of Issue

known to me and to me known to be the same persons who executed the foregoing Power Supply Agreement, consisting of \_ pages, including the page where this Acknowledgment is written, all pages signed by both parties and their instrumental witnesses, and they acknowledged before me that the same is their free and voluntary act and deed and that of the Corporation/entity they each represent.

**WITNESS MY HAND AND SEAL**, on the date and place first above written.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 20 \_\_\_\_\_.

NPC AGREEMENT FOR THE SUPPLY OF ELECTRICITY

REPUBLIC OF THE PHILIPPINES )  
QUEZON CITY ) S.S.

**ACKNOWLEDGMENT**

Before me, a Notary Public for and in Quezon City, Philippines, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, personally appeared:

<u>Name</u>	<u>CTC No.</u>	<u>Date &amp; Place of Issue</u>
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Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 20 \_\_\_\_\_.

NPC AGREEMENT FOR THE SUPPLY OF ELECTRICITY

**ANNEX A**

CONTRACT DEMAND AND CONTRACT ENERGY ALLOCATED TO CUSTOMER PER DELIVERY POINT

<b>1. Contract Year</b>	<b>Contract Demand (MW)</b>	<b>Contract Energy (kWh)</b>
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____

<b>2. Contract Year</b>	<b>Contract Demand (MW)</b>	<b>Contract Energy (kWh)</b>
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____

Add prescribed downtime for both parties

**Annex B**

# NPC AGREEMENT FOR THE SUPPLY OF ELECTRICITY

## CHARGES AND ADJUSTMENTS

1. This Annex provides for the charges and adjustments applicable to the Agreement for the Supply of Electricity provided by NPC-SPUG to CUSTOMER.

### TARIFF

2. The tariff on electricity as approved by the ERC and the provisions of this Agreement shall be the bases of the Basic Charges and other Billing Adjustments to be billed by NPC-SPUG to CUSTOMER for the supply of electricity under this Agreement. Any ERC approved tariff increases/adjustments shall be applied to this agreement accordingly

Basic Rate	=	P	/kw-hr
Capacity/Fixed Cost	=	P	/kw-hr
Variable Cost	=	P	/kw-hr

Overdue Account = P /kw-hr

GRAM = \_\_\_\_\_ (to be determined during its quarterly application)

ICERA = \_\_\_\_\_ (to be determined during its quarterly application)

### PENALTIES

3. All penalties shall be effective after three (3) years from signing of the Agreement.
4. If the CUSTOMER fails to meet the annual Contracted Energy by more than X percent (X%), except by Force Majeure, the CUSTOMER shall still pay for the Full Capacity Cost/Fixed Cost component of NPC-SPUG's True Cost Generation Rate (TCGR) of the undelivered Contracted Energy; (ECs SUGGEST 10% Bandwidth)
5. If the CUSTOMER offtake is in excess to the Contracted Energy by more than X percent (X%), CUSTOMER shall pay for the Full Variable Cost component of the True Cost Generation Rate (TCGR) of the excess energy;
6. If NPC-SPUG fails to meet the annual Contracted Energy, and the CUSTOMER secures an alternative supplier to meet the deficiency, NPC-SPUG shall pay for the electricity produced by the CUSTOMER not to exceed the true cost of generation of NPC-SPUG.
7. In the event that NPC-SPUG fails to meet the annual Contracted Energy, and the CUSTOMER is unable to secure an alternative supplier, NPC-SPUG shall pay the CUSTOMER the equivalent of the Fixed Cost Component of the Distribution Charge for the undelivered energy as approved by the ERC.

### CHANGES TO CHARGES AND ADJUSTMENTS

8. The charges and adjustments provided in Annex B may from time to time be reviewed and amended in accordance with prevailing laws, rules or regulations.

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### **FORM OF PAYMENT**

9. Payments may be in the form of cash, demand drafts, checks or other cash equivalents. Bank charges shall be borne by the CUSTOMER. If at any point in time the check issued by CUSTOMER is drawn from insufficient funds, all subsequent payments will have to be in the form of cash or manager's or cashier's checks.

### **TIME AND PLACE OF PAYMENT**

10. Bills for electric power delivered during a billing period and/or bills for other charges covered by this Agreement due NPC-SPUG if any, shall be served upon CUSTOMER within ten (10) days of the succeeding billing period and must be paid without the necessity of demand not later than twelve noon of the last working day of the succeeding month.
11. Payments shall be made at NPC-SPUG's nearest area offices, with which CUSTOMER normally transacts operational matters, or at the NPC-SPUG's main or regional offices, or with an authorized collector of NPC-SPUG.

### **DISPUTED BILLS**

12. Disputed bills shall be questioned in writing by CUSTOMER within sixty (60) days from the date of its receipt and shall be resolved within sixty (60) days from the date of filing of the claim. Failure to question such bills on time shall constitute a waiver by CUSTOMER of any claim on such bills. Failure of NPC-SPUG to act on the claim of CUSTOMER within the sixty (60) day period shall be deemed a decision in favor of CUSTOMER's claim.
13. Disputed bills shall be paid by CUSTOMER without deductions or offsets and NPC-SPUG shall evaluate the claim and adjust the billings in accordance with its findings. Disputed billing shall not be an excuse or ground for CUSTOMER to delay payment of succeeding billings or unilaterally deduct any amount therefrom.
14. In case of disputed billings, CUSTOMER shall present the ground/s of dispute and shall meet with the authorized representative of NPC-SPUG to reconcile the disputed bills, provided that if the dispute cannot be resolved by the representatives the matter shall be subject to arbitration.
15. The NPC-SPUG or the CUSTOMER shall be entitled to interest equivalent to the prime lending rate for the quarter of NPC-SPUG's depository bank based on a 360-day year, for underbillings or overpayments from the date that the demand for payment or reimbursement was made, if such demand is later found to be meritorious.

### **OVERDUE ACCOUNTS**

16. Any power bill or account of CUSTOMER not paid on due date shall bear a floating rate of interest computed from the first day after it becomes due and payable, based on the non-prime lending rate for each quarter of the Philippine National Bank. Interest on overdue accounts shall be computed based on a 360-day year. If any account becomes overdue for more than six (6) months, CUSTOMER shall pay an additional penalty of one percent (1%) per month for every additional month of delay beyond six months.

### **ADJUSTMENT DUE TO INACCURATE METERS, FRACTIONAL BILLINGS, AND RATE REVISIONS WITHIN A BILLING PERIOD.**

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17. In the event that a billing is found erroneous due to wrong reading, arithmetical mistakes or omissions, NPC-SPUG shall send CUSTOMER a debit/credit memo within sixty (60) days from the date of bill's receipt to correct the error. NPC-SPUG shall also be deemed to waive any claim on any billing error if it fails to send notice of such billing error to CUSTOMER within sixty (60) days from billing date. Provided that if the error is due to an inaccurate meter, said error may be corrected anytime.

### **ADJUSTMENTS DUE TO RATE REVISIONS WITHIN A BILLING PERIOD**

18. Should the effective date of a new and duly approved rate schedule fall within a billing period, two computation sheets shall be prepared. The first sheet shall be calculated by applying the old rate schedule to CUSTOMER's Billing Demand and Billing Energy (as if the old rate schedule was in effect for the entire billing period), and then multiplying the resulting charges including any Billing Adjustments by the ratio of the number of days that the old rate schedule was effective during the billing period to the total number of days in the billing period. The second sheet, on the other hand, shall be calculated by applying the new rate schedule to CUSTOMER's Billing Demand and Billing Energy (as if the new rate schedule was in effect for the entire billing period), and then multiplying the resulting charges including any Billing Adjustments by the ratio of the number of days that the new rate schedule was effective during the billing period to the total number of days in the billing period. These shall be consolidated in a single power bill.

### **FRACTIONAL BILLING**

19. During the period when service is started or when service is terminated, adjustments in demand-related charges in CUSTOMER's bill shall be made taking into account the ratio of the number of days that electric service is not furnished to the total number of days in the billing period. Discontinuance of electric service due to non-payment of bills shall not be considered under this provision but billing adjustment shall not exceed one continuous billing period.

20. Payment of CUSTOMER with overdue account shall be applied to the most onerous account in the following order:

- a) Miscellaneous account
- b) Rent account
- c) Interest account
- d) Amortization on Restructured Account
- e) Overdue account
- f) Current account

### **OTHER ADJUSTMENTS**

21. Laws rules or regulations may provide for other adjustments to the power and energy bill of the CUSTOMER.

### **DISCONNECTION OF POWER SERVICE**

22. In addition to the above-stated penalty interest charges, NPC-SPUG shall have the right, subject to not less than seven (7) calendar days advanced written notice to CUSTOMER, to discontinue supplying electric services and to refuse to resume electric service for non-payment of bills and to refuse to resume electric service as long as any amount including any accrued interest and other charges not necessarily limited to the foregoing, remains unpaid. Notwithstanding such discontinuance of electric service, CUSTOMER

## NPC AGREEMENT FOR THE SUPPLY OF ELECTRICITY

shall pay the basic demand and energy charges based on the Contract Demand and Contract Energy, and failure by CUSTOMER to make full payment within a period of six (6) months shall entitle NPC-SPUG to terminate the Agreement without prejudice to the right of NPC-SPUG to recover on unpaid bills and other penalties from CUSTOMER.

### **Annex C**

Add prescribed downtime for both parties

**ADD CURRENT PLANT CONFIGURATION AND CONDITION AS VALIDATED  
BY BOTH PARTIES**

20 January 2009

Meeting with the Distribution Utilities under SPUG  
**Proposed Agenda**

**Coverage**

Areas Outside of 14 First Wave Areas

With Existing Power Supply Agreement  
Renewal  
Except, Sibuyan, to treated separately

Without Power Supply Agreement  
New

ORMECO with a separate contract

PALECO, Roxas, Taytay, San Vicente and El Nido  
Tawi-Tawi  
Sulu  
Occidental Mindoro  
Siquijor  
Camotes

**Schedule**

Presentation of Power Supply Agreement	20 January 2009
Posting to SPUG web, @ www. spug.ph	22 January 2009
Distribution of Draft PSA	23 January 2009
Roadshow	
Luzon	27 January 2009
Visayas & Mindanao	29 January 2009
Presentation to DU's Board of Directors	nlt 07 February 2009
Submission of Revisions if there is any	nlt 13 February 2009
SPUG fax no. 921-3319 or 921-3230 <a href="mailto:rlabergas@napocor.gov.ph">rlabergas@napocor.gov.ph</a> <a href="mailto:crvborlaza@napocor.gov.ph">crvborlaza@napocor.gov.ph</a>	
Confirmation of the DUs Board of Directors	nlt 21 February 2009
Submission of signed PSA of ECs to SPUG	28 February 2009
Date of Signing of PSA by NPC	03 March 2009

## Discussion

Contracted Demand  
Contracted Energy  
Tariff  
Penalties  
Supply Agreement

### CONTRACTED DEMAND

Is the basis fore the MEDP, funding and schedule  
Power Plant is not that easy and fast to build.  
Planning is necessary as part of SPUG implementation  
Increase, say for next year - this will not be met

2 year advance notice which PSA will require amendment

### CONTRACTED ENERGY

Assumption

Reliable Generating Facility is available  
Operating hours will be gradually increased  
in 5 year period  
Intervention will be treated separately

Tariff

Penalties

Supply Agreement

Funding source requires approval (UCME)

Sales in kWh

Load growth

100 kWh

< 10%

+ or - 3% includes downtime

### Charges and Adjustments

Tariff (approved by ERC)

SAGR

Variable Cost

Fixed Cost

GRAM

ICERA  
TCGR                      Cost of Generating  
                                 Variable Cost  
                                 Fixed Cost

Penalties

Contracted Energy is not met  
Full fixed cost

Contracted Energy is exceeded  
Full variable cost  
Yearly reconciliation

SPUG fails to meet the contracted energy – equal misery

PALECO CASE

X Company	base load	10 P/kWh
Y Company	standby and peak	15 P/kWh
Z Company	as alternative	

Supply Agreement

Concerns

TSA	3 years	
PSA	10 years	adopt the PSA
Amendment	when to make?	Plus 2 years implementation

NPC fault    pay DU at SAGR any kWh not delivered impose the penalty  
Allowable downtime

15 day forced outage  
45 maintenance

DU fault    pay NPC full cost

+ or \_ = 3%

## Overdue Accounts

Past accounts  
Is another issue  
Upon of effectivity

## Need for a Roadshow

Luzon 27 January 2009  
Visayas & Mindanao 29 January 2009

## GMs and Board Members

Luzon	44	60
Gov't	16	
V&M	40	50
Gov't	10	