

BIDDER QUESTIONS #02

ACCESS TO SUSTAINABLE ENERGY PROJECT

SOLAR HOME SYSTEMS, WINDOW 1

BIDDING DOCUMENTS

26 May 2017

The following are responses to questions that LGUGC has received for clarification on the Bidding Documents.

May 16

2. The question is whether the vending location is under EC control, or in other words, is person operating the vending process (taking money and distribute a token) responsible for the EC. This will impact the system setup.

Scenario I: the vending machine is controlled by the EC personnel, then we can assume that this person will properly collect cash and release token;

Scenario II: the vending process is handled by an independent "credit reseller", then we have to add in another layer of control of token release, probably by through a deposit-credit limit mechanism.

From previous discussions, we understand that Sari-sari stores are probably going to be the type of locations designated by an EC, i.e. they are independent from EC.

A: Refer to *Section VII: Schedule of Requirements: Chapter 3, Part A.2.*

- After installation and hand-over, the SHS service is provided as Solar as service by the EC. All vending machine locations and operators will be determined by the EC.
 - All vending machines will be operated by third parties (e.g. sari-sari stores) who will be contracted to the EC
3. Can parties intending to form a JV appoint more than one (1) authorized representatives in an "AND/OR" capacity?

A: There can be more than one representative even for just one firm. But there has to be some order of authority. For the question on JV, there can be more than 1 authorized representative. If there are 2 representatives, one has to be the principal representative, who will hold a higher level of authority. In case there are conflicts on the positions of the 2 representatives, the position of the principal representative shall govern. If the principal is absent, then the position of the other representative shall bind the JV. The same principle will hold for more than 2 representatives. There will be a principal rep, then a 2nd level rep and a 3rd level rep.

4. In Letter of Bid (p.43), Bidder Information Form (p. 47), JV Members Information Form (p.48), does the term "JV" include parties intending to form a JV? Can the parties write the names of ALL companies in the "bidder's name" portion if the JV has yet to be formed?

A: Refer to **Section IV: Bidding Forms**.

- The names of all companies in a JV or future JV must be disclosed at time of bidding in the Letter of Bidding

Refer to Section I: ITB: clause 4.2.

- Any and all partners in a JV must meet all the rules pertaining to eligibility, at time of bidding.

5. Shall ALL parties intending to form a JV submit all the documentary requirements (Post-qualification requirements) separately, or only ONE qualified party may suffice?

A: Refer to **Section III: Evaluation Criteria: clause 3: Qualification**.

- If all eligibility and post-qualification criteria are met using credentials of only one JV partner, then only the complete credentials of that JV partner need be presented.
- If any one eligibility or post-qualification criteria requires more than one JV partner credentials to comply, then all credentials for all JV partners shall be submitted.

Refer also to **Section IV: Bidding Forms**.

6. Regarding the qualifications, we're still keeping our options open, and are wondering about the following:
 - a) For ITB 36.1 -ii; is the wording "supplying, installing, supervising, commissioning" and "statements" or "or" statements. e.g. Would a technology supplier who has

experience in supplying 100,000 SHS units in the past few years, but who relies on a partner/sub-contractor to do the implementation/installation/etc., still qualify?

A:-Refer to **Section III: Evaluation Criteria: clause 3.1(ii): Post-qualification.**

- Supply only experience is insufficient in post-qualification requirement.
- If all eligibility and post-qualification criteria are met using credentials of only one JV partner, then only the complete credentials of that JV partner need be presented.
- If any one eligibility or post-qualification criteria requires more than one JV partner credentials to comply, then all credentials for all JV partners shall be submitted.

b) Will we gain enough credentials to be able to qualify for Window 2 to of this ASEP-PVM project if we instead choose to become a project implementation sub-contractor for the winning bidder?

A: Refer to **Section III: Evaluation Criteria: clause 3: Qualification.**

- According to the criteria, sub-contractors will not qualify for claiming the project experience. JV partners will qualify for claiming the project experience.

c) If we do bid and unfortunately lose, are we allowed to offer our services in project implementation to the winner?

A: Yes. If the winning bidder requires supplementary services from a subcontractor that was not mentioned in their initial bid, they are welcome to contract supplementary assistance. If this assistance is from a company whose bid failed, it will not matter. The winning Supplier will be required to meet Contract specifications and terms.

7. Does the list of named sub-contractors and staffing need to be finalized? Our current implementation roadmap is very dependent on local ground conditions once we win the bid .

A: Refer to **Section III: Evaluation Criteria: clause 3.1(ii): Post-qualification.**

Refer also to **Section IV, Schedule PQ: No3, Technical proposal, No4:Ley Staff, No5: Named subcontractors**

- Bidders are required to show a viable and credible plan based on partnership with either JV or nominated sub-contractors.
- Changing of sub-contractors before, and after contract signature will be acceptable only on approval of contractors of similar quality and resource.

8. We kindly ask for the issuance of a clarification regarding the risk of equipment's theft and its change of property, since this risk should not be faced by the bidder once the

installation has been done correctly. We kindly remark for this clarification's request as discussed during the pre-bid meeting.

A: Refer to **Section VII: Schedule of Requirements: Chapter 3, Part B.5.**

- Risk passes after the Acceptance of the ITR and TVR by the Purchaser.
- If a unit that is randomly selected for verification turns out to, a) be stolen, then another unit will be randomly selected, b) be damaged, then the Verification agent will need to determine if the unit has been tampered with or if it was an installation issue.

9. Definition of "Date of Effectiveness of Contract." All the deadlines refer back to the "Date of Effectiveness of Contract," but we are not sure whether this date is based on Award Date or Contract Signing Date? We assume that it is the latter.

A: Correct, the Date of Effectiveness of Contract is the Contract Signing Date.

10. Payments if Supplier cannot install required number of units by deadline due to factors beyond our control. As we have mentioned from the beginning of the pre-bid process, we are concerned that there may be delays/non-completion against deadlines due to factors beyond our control. If this were to happen, we would be exposed to liquidated damages and contract termination. As such, we would like to receive assurances in writing for the treatment of the following scenarios in case they occur. We have made some suggestions on how the scenarios could be handled in a way that would be fair to the supplier

a) Scenario: Initial Installation Plan cannot be **completed within 70 day deadline.**

- Issue: Installation period (which is already quite aggressive) would be compressed, and supplier would be exposed to liquidated damages if we go beyond the deadline.

- Suggestion: The Tranche deadlines move back accordingly. For example, if the Plan were to be completed on day 80, then Tranche A deadline would be moved back to day 130, Tranche B deadline to day 160, and Tranche C deadline to day 190.

A: Refer to **MOU between EC SBU & Supplier: Section 2.c.v;**

- Mutually agree on an Installation Plan prior to Installation activities being undertaken.

Thus, the Installation Plan will be finalized prior to any installation within 70 days following the date of effectiveness of contract, to be updated continuously until the final installation.

b) Scenario: EC deadlines for MC sign ups are back ended

- Issue: The ECs are supposed to give the suppliers the MC signups approximately one month before the scheduled installation, which would give the supplier time to plan and coordinate the installations. While recognizing that the Installation Plan will be a living document that will be updated on a rolling basis, there would be a problem if all the MC sign ups are back ended toward the end of the Tranche window.

- Suggestion: For Tranche A, the EC should deliver at least 600 signups by day 70, and all 900 by day 90 (which is one month ahead of the Tranche A deadline of 120 days). For Tranche B, the EC should deliver at least 400 by day 90, and all 800 by day 120. For Tranche C, the EC should deliver at least 400 by day 120, and all 800 by day 150. If the EC cannot accomplish the required number of sign ups by the due date, then the supplier deadline is moved back until the requisite number is reached. For example, if Tranche A signups only reach 600 on day 80, then the deadline becomes 130 days. If 600 are reached by day 70 but the 900 is only achieved on day 95, then the Tranche A deadline becomes 125 days.

A: Refer to **Section VII Schedule of Requirements, Chapter 3, A.2**

- It is imperative that the Supplier develops a strong working relationship with the EC/SBU to manage these risks. If, at any point of the installation of a tranche the SBU can not provide the Installer the required number of MC households for Installation, as indicated in the Installation Plan, then the Supplier and SBU will be required to apply the measures as directed in the reference above.

c) Scenario: MC sign-ups are scattered

- Issue: If sign ups are not clustered, then our installers will have low productivity and will need to go back to the same place multiple times, adding time and cost.

- Suggestion: the EC should conduct sign up saturation drives in clusters so that the installation activities are productive and cost efficient.

A: It is in the best interest of the SBU to maintain the installation of SHS in clusters as this aids in the effective management of all systems. Please refer to the websites referenced in the Bidding Documents to see the level of clustering that has already been targeted. However, if some MCs are scattered then effective planning to undertake the required installations needs to be managed with the EC.

d) Scenario: Installation delays due to bad weather or security issues

- Issue: Supplier is delayed due to bad weather or security issues beyond his control, and would be exposed to liquidated damages and penalties (these are very real causes for delays in our experience)

- Suggestion: After best efforts are expended to adjust the installation schedule, the deadlines can be adjusted.

A: Refer to **Section VIII GCC, Force Majeure**

- For purposes of this Clause, "Force Majeure" means an event or situation beyond the control of the Supplier that is not foreseeable, is unavoidable, and its origin is not due to negligence or lack of care on the part of the Supplier. Such events may include, but not be limited to, acts of the Purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions, and freight embargoes.
- If a Force Majeure situation arises, the Supplier shall promptly notify the Purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the Purchaser in writing, the Supplier shall continue to perform its obligations under the Contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.
- the events or circumstances need to be recorded in the IAS and the ITR to provide supporting evidence if deadlines are not met.

e) Scenario: Verifier is delayed in conducting verifications and submitting TVR

- Issue: If the verifier is delayed in accomplishing verifications, the TVR will also be late. If the TVR is late, then the payment to the supplier will also be late. Since there is no deadline for the TVRs and no alternative course of action if the TVR is late, then the supplier just has to wait.

- Suggestion: If the TVR cannot be submitted 35 days after the submission of the Installation Tranche Report (duly supported by IAS forms), then payment can be released after satisfactory review of the ITR

A: Given that the Verification Agent is on a fixed contract, it is in their interest to undertake the verification within the given period as drawing it out will only erode earning. Also, as long as the IASs are being provided to the Purchaser in a timely and efficient manner, the Purchaser may request the Verification Agent to undertake Verification prior to the completion of the Tranche, further shortening the payment process.

f) Scenario: EC SBU establishment and organization is delayed

- Issue: The EC SBU is not well organized and not able to meet commitments or perform key functions (e.g., MC signups, installation coordination with MCs, money collection), leading to project delays.

- Suggestion: The establishment of a fully functioning and properly staffed EC SBU should be a requirement before the contract is signed.

A: SBU set up is ongoing at the Window I ECs following a directive from NEA Administrator Masongsong issued on 27 Jan 2017. NEA's Office of Renewable Energy Development (ORED) is supervising and coordinating the set up. By contract signing, the SBUs will be fully functioning and properly staffed. This staffing will provide a basis for the MoU and the Installation Plan to be agreed between the EC and the Supplier.

g) Scenario: Due to a combination of a-f above, the installation completion moves beyond the overall contract term of 190 days.

- Issue: Payment to the supplier, who has spent up front for the equipment and all the installation costs, can get dragged out indefinitely if Tranches are not completed in a timely way, even if it is not the fault of the supplier.

- Suggestion: if the timeline goes beyond 200 days from date of contract effectivity, then the supplier can turn over any remaining items to the EC. After acceptance of the items and completion of the hand-over process, the suppliers' work is deemed completed, and the supplier can send an invoice for any remaining balance.

A: If the EC SBU cannot provide the required number of MCs to undertake installation as specifically mentioned in the Bidding Documents then there is a hand over from the Supplier to the EC SBU and an ITR can be submitted to initiate Verification. Any other issue occurring outside the responsibility of the Supplier need to get addressed within the various reporting documents and addressed accordingly with the Purchaser. If it has not been managed adequately, then the Supplier may contact the WB representative to find a solution to payment.

For the above scenarios, it would be important for us to have in writing what due process would be (submissions needed, time frames, and identification of the Project Evaluation committee members) and an affirmation of the basic principle that the supplier (a) will not be held liable for delays not of his doing and (b) will get paid by a certain date. Without assurances in writing, we will have a hard time submitting a bid due to the risk of delays beyond our control.

A: The process is embedded in the reporting documents, to lodge issues as they appear in the IAS and make a point of them in the ITR. Any issue outside the Installation process can be raised directly and in writing to the ASEP Project Manager at LGUGC and if an unsatisfactory response is provided then a direct written communication can be provided to the World Bank contacts provided in the Bidding Documents.

11. LGUGC guarantees for bank/financier. Given the nature of the payment process, our consortium will need to finance the goods and deployment activities. In order to lower the cost of debt, it would be very useful to have some form of guaranty from LGUGC that the consortium will get paid in full and in a timely way if it delivers on its commitments. How do we go about securing this guaranty?

A: Under Section VII, A.7 Financing Assistance, an avenue for availing the ASEP Guarantee Facility is provided. It must also be noted, that even though LGUGC is the Purchaser, direct payment will come from the WB, on the instruction by LGUGC. If there is a complaint in the way in which this was handled there are provisions for the Supplier to contact the WB directly with a complaint.

12. Schedule PQ No.2: Project Experience - 25% of value of bid price. You are requesting that the bidder supply documentary evidence to demonstrate that we have "successfully completed at least two similar contracts in supplying, installing supervising, commissioning, and/or maintaining off-grid solar PV systems with batteries in any year over the last 5 years, and at least one of the contracts had a value of at least 25% of the sum of the Bid Prices for the multiple lots"

This presupposes that experience necessarily comes in the form of a large contract for supply and installation on a government or multilateral project. However, because our main experience is selling and installing to end users in conjunction with a loan by an MFI, we do not have single contracts. Rather we have Solar Access Programs that we conduct with big MFIs, who order products from us on a regular basis through Purchase Orders. Our installations and customer support are then handled by our Solar Hubs and network of accredited technicians. 90% of our sales are home systems that require installation. Would it be possible, in lieu of a single contract, to submit to you the collective activity and value of Purchase Orders by our top three MFI customers over the last few years?

A: Refer to **Section III: Evaluation Criteria: clause 3.1(ii): Post-qualification.**

- The criteria for only 25% of lot value for any year of the last 5 years is not an excessively requirement.
- Supply only experience is insufficient in post-qualification requirement.

13. Schedule PQ No.2: Project Experience - inclusion of sub-contractor experience However, the foundation cannot be held jointly and severally liable for the bid compliance, so we will not be able to include them as a JV partner. As a result, we will likely include them as a sub-contractor to help in the organization, training, and implementation of the installations. Can we include the experience of our foundation for PQ No. 2? Or is PQ No.2 only for JV members?

A: The experience of the foundation can be included as experience of the firm. However, subcontracting of any portion of the contract requires submitting a signed and notarized contract agreement with the subcontractor and the latter's company profile detailing its relevant experiences. It does not relieve the Supplier of any liability or obligation under this Contract. The Supplier will be responsible for the acts, defaults, and negligence of any subcontractor as fully as if these were its own acts, defaults or negligence.

14. Impact of Vending Machine problems on Payment. The Vending Machines and operation of the Vending Machine Management System should be to the satisfaction of the SBU and Purchaser.

What will be the criteria for evaluating both, and if there are problems, what are the implications for payment and liquidated damages?

Several scenarios:

a) The vending machines are ready, but the EC has not signed up a vendor. This can delay the whole tranche.

A: If, by the last installation of any given Tranche, the required Vending Machine has not been installed and operating effectively due to delays by the SBU, this should be reported in the ITR so the Supplier can be paid after Acceptance of the ITR and TVR,.

b) The vending machines are installed, but there are problems with the software/hardware so the SHS don't turn on and off properly. Fixing these delay the implementation of the tranche

A: The example above is a system error on the part of the Supplier. As such, the Supplier will be required to fix the problem.

c) The vending machines are installed and the software/hardware work fine, but the EC has trouble with cash management and reporting procedures

A: As long as the training of the EC in managing the Vending Machines has been thorough, the responsibility will lie with the EC and not with the Supplier. For the success of the project, however, the Supplier will be requested to assist the EC in trouble shooting potential issues.

15. Factory Acceptance Testing Since the supplier is supposed to pay for all the expenses of the purchaser's representatives for the FAT requirements, we would like to clarify the following items that drive cost:
- How many purchaser's representatives are we required to pay for?
 - Is travel class economy?
 - Are separate rooms per person required at hotel?
 - How many days will be required?

A: Refer to Section VIII, GCC: Clause 26.3

The Purchaser shall cover

the cost of FAT. There is no need therefore to fill up the form on the FAT estimate.

16. Office space at EC Head Office. We foresee that our team will be camping out at the EC head office. In addition to providing a training room and warehousing, it would be very helpful if the supplier can also be provided with a team room, which could be a conference room with filing cabinets good for 8 pax.

A: In principle this should not be a problem, but it will depend on the relationship that the Supplier develops with the EC and on the availability of a dedicated room. It is clearly in the interest of the EC to make all efforts to provide sufficient office space to the Supplier. Once again, bidders are strongly advised to visit the ECs they intend to bid on before submitting their bid/s.

17. Responsibility for SHS after installation but before TVR. On p. 106 B.4.5 Hand-over process, it is stipulated that "The Supplier shall take full responsibility for the care of the SHS and related goods until Acceptance by the Purchaser of both the ITR and TVR"

However, the once we have installed the SHS, we can no longer take responsibility for it; it should be the responsibility of the home owner. In addition, the TVR can take several months after the initial installations, so our liability is open ended.

Suggestion: Once the SHS has been accepted by the member consumer (signed IAS), then the liability of the supplier will just be with regards to the normal warranty (i.e., if the unit stops functioning due to a product defect, the unit will be repaired). The MC should take responsibility for the product after it has been installed in his/her house. The obligations of the MC vis-a-vis the EC equipment in the MC's house should be spelled out in the MC-EC electricity agreement.

A: Refer to **Section VII: Schedule of Requirements: Chapter 3, Part B.5.**

- Risk passes when Acceptance of ITR and TVR is provided by the Purchaser.

18. Could they accept 38 cells instead of 36 cells for solar panel which without change of W or V?

A: Refer to **Section VII: Schedule of Requirements: Chapter 3, Part C.2.3.**

- 36 cell modules are nominally required.
- If higher voltage modules are used, they shall include either
 - MPPT within the charge controller (**Part C.2.4**) to match the minimum module STC W_p at the battery voltage
 - In case of no MPPT, over-rated module is required to ensure that the W_p at nominal battery voltage is supplied.

19. Could they accept AWG26 cable but is still meet the voltage drop requirement which same as 0.5mm² cross section of cable (=AWG18)

A: Refer to **Section VII: Schedule of Requirements: Chapter 3, Part C.2.9.**

- Minimum cable size is specified for ease of inspections, and to avoid voltage drop measurements in inspections. This is a minimum requirement.

20. The 10 years warranty for solar panel is only apply to solar panel or including the cable connected. Our understanding is only apply to panel itself.

A: Refer to **Section VII: Schedule of Requirements: Chapter 3, Part C.2.3.**

- Modules are supplied with a junction box and/or pre-assembled UV resistant PV cable, as one unit.

1. Clarification on Post Qualification Requirements

1a)Section 3.1 Post Qualification Requirements, page 39, point (c): "*Certified true copies of the Articles of Incorporation & By-Laws or Articles of Partnership of the Bidder, as certified by the Corporate Secretary or Partner. For bidders which are not Philippine-registered entities, the equivalent constitutive documents must be provided*". Please clarify if the Article of Incorporation for foreign bidders, which are not Philippine-registered entities, shall be certified true copies as well

A: Yes.

1b)Section 3.1 Post Qualification Requirements, page 39, point (f): "*Notarized copy of the JV partnership agreement or other type arrangement document if appropriate*". Please clarify if could be submitted in the bid a copy of the JV partnership agreement. The notarized copy shall be submitted in case of JV's bid award.

A: Yes. The documents to be submitted must be prepared as well as a letter with Directors/ Signatories of the JV member companies must be provided and notarized.

1c) Section 3.1 Post Qualification Requirements, page 39 point (d) " Business permits issued by respective government agencies including local councils, Bureau of investments (BOI) for Philippine registered entities." - Is this really required or will the Business Permit suffice. What is the purpose of the BOI if at present, a bidder who is a Philippine registered entity is not registered? To qualify, must the bidder register with BOI? need to understand the basis for this.

A: BOI registration is not a must.

Manufacturer authorization: if the Manufacturer Authorization is signed by the company owner, the power of attorney will be non-consistent (because will be a power of attorney to himself), could you confirm under this case if the power of attorney is still required?

A: Refer to **Section II: BDS: clause 17.2(a)**.

Corporations have a Board of Directors that can issue a Board Resolution providing a Power of Authority to a company officer.

2. Section VII, C.3.1, supplier should offer at minimum 1250pcs of poles: per each of the lot?

A: Yes.

3. Section VII, C.1, there are a possible inconsistency between the Table 7 and the list "The Service Level 2 system consist of:....." regarding the number of the lights for exterior mounting, please help to revise or clarify

A: Refer to Bidding Questions #01. A: On page 112, The Service Level 2 Consists of: 1 X 100 lumen lamp, of minimum 90 lumens for exterior mounting. We are stating that the 1W bulb should be 100 lumens, and we will not accept a bulb under 90 lumens.

4. On LGUGC financing options from its partner banks.

- a. Who are the partner banks?

A: Partner banks are all local PH banks. Please check www.lgugc.com under "Our Partners"

- b. What are the terms and possible interest rates that may be offered?

A: Refer to **Section VII, A.7 Financing Assistance**

- c. In the event that the winning bidder sources its financing from banks other than LGUGC's partner banks, can LGUGC give a letter of guarantee.

A: No.

6. All about the tax thing of the project, would you please explain the details?

A: Refer to Bidder Questions #01, May 3, Q2.

7. How to help us to ensure the products we supplied safe and our relevant persons safe, do you have some good suggestions for us?

A: This is entirely up to the bidder as long as they meet all the Bidding Document requirements and specifications.