

CONTRACT NO. LOG MSSP 2022-09-090-ZCT

**LEASE OF 2.0 MW MODULAR DIESEL GENERATING
SET FOR EL NIDO DIESEL POWER PLANT
LOCATED AT EL NIDO, PALAWAN
S1-END22-003/PB220725-NA00327 (PB2)**

KNOW ALL MEN BY THESE PRESENTS:

This Contract made and entered into in Quezon City, Philippines,
by and between:

The **NATIONAL POWER CORPORATION**, a government-owned and controlled corporation duly organized and existing under and by virtue of Republic Act No. 6395, as amended, with its principal office address at BIR Road corner Quezon Avenue, Diliman, Quezon City, Philippines, represented herein by its President & CEO, NPC, **FERNANDO MARTIN Y. ROXAS**, who is duly authorized to represent it in this transaction, hereinafter referred to as **LESSEE**;

- and -

MONARK EQUIPMENT CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at #13, Economia Street, Bagumbayan, Quezon City, Philippines herein represented by its Power Systems, General Manager, **MR. ROLANDO L CHU**, who is duly authorized to represent it in this transaction, hereinafter referred to as **LESSOR**.

WITNESSETH: That –

WHEREAS, on 03 August 2022, NPC posted the Invitation to Bid for the Second Public Bidding for the Lease of 2.0 MW Modular Diesel Generating Set for El Nido DPP, El Nido, Palawan;

WHEREAS, only one (1) prospective bidder secured the bid documents and participated in the public bidding conducted on 23 August 2022, on the aforesaid undertaking;

WHEREAS, LESSOR's bid offer is the single calculated and responsive bid;

WHEREAS, LESSEE accepted the said bid of the LESSOR;

NOW, THEREFORE, in view of the foregoing premises and for and in consideration of the mutual covenants and stipulations hereinafter provided, the parties hereto have agreed as follows:

Contract between NPC and Monark Equipment Corporation
Lease of 2.0 MW Modular Diesel Generating Set for El Nido DPP
Contract No. LOG MSSP 2022-09-090-ZCT

MONARK EQUIPMENT CORPORATION
(LESSOR)

ROLANDO L. CHU

Power Systems, General Manager

BY:

SUNNY T. CORONEL

(LESSOR)

Rental Sales, Account Manager

SIGNED IN THE PRESENCE OF:

LOLITA B. CHAVEZ

OIC-Manager, Controllers Dept.
(LESSEE)

NATIONAL POWER CORPORATION
(LESSEE)

FERNANDO MARTIN Y. ROXAS

President and CEO

MONARK EQUIPMENT CORPORATION
(LESSOR)

ROLANDO L. CHU
Power Systems, General Manager

BY:

SUNNY T. CORNEL
(LESSOR)
Rental Sales, Account Manager

SIGNED IN THE PRESENCE OF:

LOLITA B. CHAVEZ
OIC-Manager, Controllers Dept.
(LESSEE)

NATIONAL POWER CORPORATION
(LESSEE)

FERNANDO MARTIN Y. ROXAS
President and CEO

BY:

ARTICLE I DOCUMENTS COMPRISING THE CONTRACT

The following documents are hereby incorporated and made part of this Contract as though fully written out and set forth herein insofar as they are not inconsistent with the terms hereof:

1. Bid Documents for the Lease of 2.0 MW Modular Diesel Generating Sets for El Nido Diesel Power Plant located at El Nido, Palawan;
2. Supplemental/Bid Bulletin No. 1 dated 15 August 2022;
3. Bid Opening Report dated 23 August 2022;
4. LESSOR's bid proposal dated 23 August 2022;
5. Post Qualification Report dated 05 September 2022;
6. Notice of Award dated 19 September 2022;
7. Notice to Proceed; and
8. The Performance Security to be filed by LESSOR in accordance with this Contract.

In the event that there is any discrepancy/inconsistency between the provisions of the Contract and the Contract Documents mentioned above, the latter shall govern. Should there be any inconsistency/discrepancy, among the Contract Documents, the document with the latest date shall prevail.

ARTICLE II SCOPE OF CONTRACT

LESSOR shall provide 2.0 MW Modular Diesel Generating Set for El Nido Diesel Power Plant located at El Nido, Palawan. Scope of Work and related services to be provided by the LESSOR are contained in the Bid Documents and Annex "A" showing the itemized Bid Price Schedule. 7

ARTICLE III COMMENCEMENT AND COMPLETION PERIOD

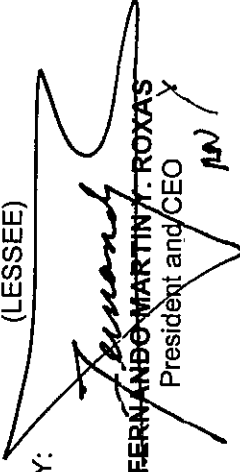
The delivery, installation, testing and commissioning of the modular diesel generating sets shall be completed by the LESSOR in twenty (20) calendar days, reckoned from NPC's issuance of the Notice to Proceed. Commercial operation of the plant shall commence after the completion of the works.

The lease/contract duration shall be **six (6) months minimum** and **twelve (12) months maximum period**, effective on the issuance of

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NATIONAL POWER CORPORATION
(LESSEE)

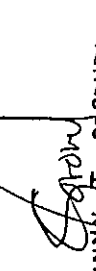
BY:


FERNANDO MARTIN ROXAS
President and CEO


SIGNED IN THE PRESENCE OF:


LORETA B. CHAVEZ
OIC-Manager, Controllers Dept.
(LESSEE)

BY:


SUNNY T. CORONEL
Rental Sales, Account Manager
(LESSOR)

MONARK EQUIPMENT CORPORATION
(LESSOR)


ROLANDO L. CHU
Power Systems, General Manager

Notice to Proceed. It should be understood that such contract can be terminated any time after the first six (6) months minimum period of operation at the discretion of NPC depending on the power requirement of the local power system and the progress on NPC-SPUG plant expansion program.

ARTICLE IV TOTAL CONTRACT PRICE AND PAYMENT TERMS

The Total Contract Price of the lease shall be in the amount of **PHILIPPINE PESOS: THIRTY MILLION SEVEN HUNDRED FORTY THREE THOUSAND PESOS (P 30,743,000.00) ONLY,**

LESSEE shall pay the LESSOR the value of the total contract cost in the following manner:

- LESSOR shall bill LESSEE the first monthly rental and operation & maintenance after the first month of operation including all other lot items in the price schedule except for demobilization, less deductions due to power shortfall and applicable penalties if any;
- The succeeding billings shall be the monthly rental and operation and maintenance after each month of operation less deductions due to power shortfall and applicable penalties if any;
- The demobilization cost and the last month rental shall be paid upon the completion of site clearing and moving out of the modular generating units and accessories;
- The LESSOR shall bill LESSEE on the first day of the following month after each month of operation for the rental service. Copies of the supporting documents must be included in the Billing Statement;
- LESSEE shall pay the LESSOR within thirty (30) calendar days upon receipt of the billing statement with complete supporting documents; and
- LESSEE shall furnish LESSOR a certificate regarding VAT and withholding tax deducted from the LESSOR.

All taxes, customs duties, tariffs, exports, excise and all other taxes assessed and charged by the taxing authority of the country of origin upon production, manufacture or shipment of all materials, equipment and supplies to be furnished under the Contract shall be borne by the LESSOR.

In addition, all taxes, fees, insurance and cost of delivery to site

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MONARK EQUIPMENT CORPORATION
(LESSOR)

ROLANDO L. CHU

Power Systems, General Manager

SIGNED IN THE PRESENCE OF:

BY:

SUNNY T. CORNEL

Rental Sales, Account Manager

NATIONAL POWER CORPORATION
(LESSEE)

BERNARDO MARTIN ROXAS

President and CEO

shall be borne by the LESSOR.

ARTICLE V EXTENSION OF CONTRACT

NPC has the option to extend the contract on a month to month basis subject to the availability of funds and applicable provisions of the RA 9184 and its revised IRR.

To avoid frontloading of incidental expenses during contract extension, the following shall be the basis for payment of the monthly lease contract for the said contract extension:

A) For lump sum contract price, total incidental cost such as mobilization, demobilization, transportation, Insurance (foreign and local), Import Duties, VAT (input and output), other Taxes and Levies imposed by the country of origin and the Philippine Government on equipment brought in, will be pegged at 10%.

B) If the total incidental cost in the contract price is greater than 10% of the total bid price, the monthly lease contract for the contract extension shall remain the same; and

C) If the total incidental cost in the contract price is less than 10%, it shall be pegged at 10% and the total monthly rate shall be computed.

ARTICLE VI PERFORMANCE SECURITY

To guarantee the faithful performance of the LESSOR's obligation under this Contract, the LESSOR shall post a Performance Security which shall remain valid and effective during the contract duration.

a. Cash Manager's/Cashier's Check, Bank Draft/Guarantee issued by a Universal Bank, or Irrevocable Letter of Credit issued by a Universal or Commercial Bank: provided however, that it shall be confirmed or authenticated by a reputable local Universal or Commercial Bank, if issued by a foreign bank, equivalent to five percent (5%) of the contract price.

b. Surety Bond callable upon demand and penal in nature by a Surety or Insurance Company duly certified by the Insurance Commission as authorized to issue such security which shall be Thirty Percent (30%) of the total contract price.

c. Performance Securing Declaration.

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MONARK EQUIPMENT CORPORATION
(LESSOR)


ROLANDO L. CHU
Power Systems, General Manager

The Insurance Company that will issue Performance Security must be accredited by the Insurance Commission and acceptable to the National Power Corporation,

The Performance Bond shall be valid for the duration of the contract and remain valid and effective until after sixty (60) days from NPC's issuance of Certificate of Demobilization. In case of surety bond, should there be any extension of the contract period, the LESSOR shall correspondingly post an extension of the bond within ten (10) days from the notice. The Performance Bond shall also be answerable for any damages or penalties or any expenses incurred that LESSEE may suffer as a result of the failure of the LESSOR to perform its obligations under this Contract. The Performance Bond shall be entirely forfeited by LESSEE upon default of LESSOR.

ARTICLE VII LIQUIDATED DAMAGES


Should LESSOR fail to satisfactorily deliver any or all the Goods and/or perform the Services within the period(s) specified in this Contract inclusive of duly granted time extensions, if any, LESSEE shall, without prejudice to its other remedies under this Contract and under the applicable law, deduct from the Contract Price, as liquidated damages, the applicable rate of one tenth (1/10) of one percent (1%) of the cost of the unperformed portion for every day of delay until actual delivery or performance. Once the amount of liquidated damages reaches ten percent (10%), the LESSEE may rescind or terminate the contract without prejudice to other course of action and remedies open to it.

ARTICLE VIII WARRANTY CLAUSE

LESSOR hereby warrants that he or his representative has not offered or paid, directly or indirectly, any government officer and LESSEE official or employee any consideration or commission for the Contract nor has he or his representative exerted or utilized any corrupt or unlawful influence to secure or solicit this Contract for any consideration or commission; that the LESSOR will not subcontract any portion or portions of the scope of work of the Contract awarded to him to any official or employee of the LESSEE and to the relatives within the 3rd degree of consanguinity or affinity of LESSEE's officials who are directly and indirectly involved in Contract awards or project execution; and that if any commission is being paid to a private person, he shall disclose the name of said person and the amount being paid; and that any violation of this Warranty shall constitute sufficient ground for the rescission of cancellation of this Contract, or the reduction from the Contract Price of the consideration or commission paid without

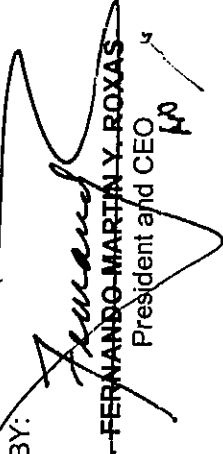
SIGNED IN THE PRESENCE OF:

BY:


SUNNY T. CORNEIL
(LESSOR)
Rental Sales, Account Manager


LOLITA B. CHAVEZ
OIC-Manager, Controllers Dept.
(LESSEE)

NATIONAL POWER CORPORATION
(LESSEE)


BY: FERNANDO MARTINY ROXAS
President and CEO


Contract between NPC and Monark Equipment Corporation
Lease of 2.0 MW Modular Diesel Generating Set for El Nido DPP
Contract No. LOG MSSP 2022-09-090-ZCT *74*

MONARK EQUIPMENT CORPORATION
(LESSOR)


ROLANDO L. CHU
Power Systems, General Manager

BY:

SIGNED IN THE PRESENCE OF:


SUNNY T. CARONELL
(LESSOR)
Rental Sales, Account Manager


LOLITA B. CHAVEZ
OIC-Manager, Controllers Dept.
(LESSEE)

NATIONAL POWER CORPORATION
(LESSEE)


FERNANDO MARTIN Y. ROXAS
President and CEO

prejudice to the filing of any action for the violation of RA No. 3019 as amended (otherwise known as the Anti-Graft and Corrupt Practices Act) and/or other applicable laws against the LESSOR and/or his representative and/or the erring LESSEE official(s) and employee(s).

ARTICLE IX JOINT AND SEVERAL LIABILITY

The liability of the LESSOR and/or any and all of the entities representing it on any manner under this Contract or relating thereto is joint and several and for this reason LESSEE may proceed against any or all of them.

ARTICLE X VALIDITY CLAUSE

If any term or condition of this Contract is held invalid or contrary to law, the validity of the other terms and conditions hereof shall not be affected thereby.

ARTICLE XI EFFECTIVITY

This Contract shall become effective on the date of the issuance of Notice to Proceed.

ARTICLE XII AGREEMENT MODIFICATION

No modification, alteration or waiver of any provision of this agreement shall be binding upon the Parties unless evidenced by a written amendment signed by the Parties.

Contract between NPC and Monark Equipment Corporation
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ARTICLE XIII
VENUE OF ACTION

The parties hereto agree that the venue of action for any cause or causes of action which may arise from this Contract shall be exclusively in the proper court of Quezon City, Philippines, only.

IN WITNESS WHEREOF, the parties hereto have signed this Contract this 2ND day of NOVEMBER 2022 at Quezon City, Philippines.


NATIONAL POWER CORPORATION
(LESSEE)

MONARK EQUIPMENT CORPORATION
(LESSOR)

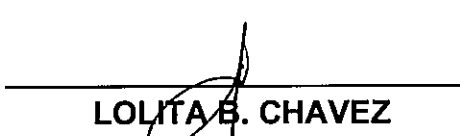
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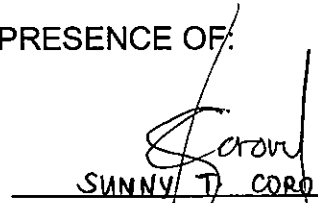

FERNANDO MARTIN Y. ROXAS
President & CEO

By:



ROLANDO L. CHU
Power Systems,
General Manager

SIGNED IN THE PRESENCE OF:

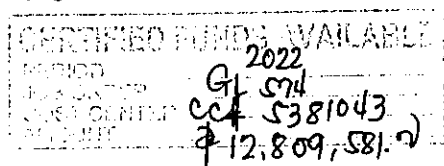

LOLITA B. CHAVEZ
OIC-Manager, Controllers Dept.
(LESSEE)


SUNNY T. CORONEL
(LESSOR)
Rental Sales, Account Manager

FUNDS AVAILABLE


LOLITA B. CHAVEZ
OIC-Manager, Controllers Dept.

Non-oma



Contract between NPC and Monark Equipment Corporation
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REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S.

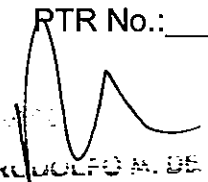
ACKNOWLEDGEMENT

BEFORE ME, a Notary Public for and in Quezon City, Philippines, this 28 OCT 2022, 2022, personally appeared **MR. FERNANDO MARTIN Y. ROXAS, PRESIDENT & CEO NATIONAL POWER CORPORATION**, with Document Identification in the form of Company ID No. 48-200745, known to me and known to be the same person who executed the foregoing instrument consisting of nine (9) pages, including the pages wherein the acknowledgements are written, all pages signed by both parties and their instrumental witnesses and he acknowledged before me that the same is his free and voluntary act and deed and that of the Corporation he represents.

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

Notary Public
Until December 31, 2022
IBP Lifetime No.: _____
PTR No.: _____

Doc. No. 245 ;
Page No. 49 ;
Book No. 5 ;
Series of 2022.


ATTY. RODOLFO A. DE GUZMAN, JK.
Notary Public for Quezon City
Commission No. NP-127(2021-2022)
Commission Expires on 31 December 2022
Roll No. 44291
IBP No. 201548; 02/08/2022; RSM
PTR No. 2614399; 02/08/2022; Quezon City
GLE No. VI-0025196; 04/08/19; Pasig City
4th Floor NPC Office Building
Quezon Ave. cor. BIR Road
Alimagan, Quezon City

Contract between NPC and Monark Equipment Corporation
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REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S.


ACKNOWLEDGEMENT

BEFORE ME, a Notary Public for and in Quezon City, Philippines, this _____ day of ~~11 OCT 2022~~ 2022, personally appeared **MR. ROLANDO L. CHU, POWER SYSTEMS, GENERAL MANAGER, MONARK EQUIPMENT CORPORATION** with Identification Document in the form of Government ID No. P90 997820, issued by DFA at MANILA, on ~~FEB. 24, 2022~~, known to me and known to be the same person who executed the foregoing instrument consisting of nine (9) pages, including the pages wherein the acknowledgements are written, all pages signed by both parties and their instrumental witnesses and he acknowledged before me that the same is his free and voluntary act and deed and that of the Corporation he represents.

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

Notary Public
Until December 31, 2022
IBP Lifetime No.: _____
PTR No.: _____

Doc. No. 192 ;
Page No. 42 ;
Book No. 711 ;
Series of 2022.


Atty. Richard Leo M. Baldueza
Notary Public for Quezon City
Until December 31, 2023
Roll No. 53953
PTR No. 8445837 / 01/03/2022 / Plaridel Bulacan
VCLC Compliance No. VII - 0007663 / 11/04/2021
IBP Lifetime No. 7203 (01-17-08)

Contract between NPC and Monark Equipment Corporation
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ANNEX "A"

BID DOCUMENTS

LEASE OF 2.0 MW MODULAR DIESEL GENSET FOR EL NIDO DPP

SECTION VII - SCHEDULE OF REQUIREMENTS

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SECTION VII - SCHEDULE OF REQUIREMENTS**BID PRICE SCHEDULE (BPS)**

Item	Work Description	Quantity	Unit of Measure	Unit Price Per Day (in PhP)	Total Price for 12-month (in PhP)
1.0	Rental/Lease Rate at 1.0MW for 24 hours operation per day including Operation & Maintenance, Billing Meter, Transformer/s and VAT	365	days	46,262..47	16,885,800.00
2.0	Rental/Lease Rate at 1.0MW for 16 hours operation per day including Operation & Maintenance, Billing Meter, Transformer/s and VAT	365	days	30,841.64	11,257,200.00
3.0	Mobilization/Transportation Cost including Installation, Tapping, Test & Commissioning and VAT	1	Lot	-	1,300,000.00
4.0	Demobilization / Transportation including Disconnection, Site Clean-up and VAT	1	Lot	-	1,300,000.00
5.0	Insurance (Foreign and Local)	1	Lot	-	
6.0	Import Duties, and Other Taxes, Levies imposed by country of origin and Philippine Government on equipment brought in	1	Lot	-	
TOTAL					30,743,000.00,

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Monark Equipment Corporation:

Name of Firm


Rolando L. Chu

Name and Signature of Representative

Power Systems, General Manager

Designation

NATIONAL POWER CORPORATION

VII-BPS-1