

August 9, 2004

INVITATION TO APPLY FOR ELIGIBILITY AND TO BID

The National Power Corporation (NPC) of the Republic of the Philippines invites all Steam Coal Suppliers/Producers, foreign and local, to apply for eligibility and to bid for the supply and delivery of imported Blending (low sulfur) steaming coal of Pagbilao Coal-Fired Thermal Power Plant (CFTPP) coal requirements for CY 2005, (Batch 3).

ELIGIBILITY CRITERIA:

1. The Prospective bidder must have a largest single contract similar to the contract to be bid adjusted to current price using the wholesale consumer price index completed within the period and valued at least fifty percent (50%) of the Approved Budget for the Contract (ABC) to be Bid.
2. The Prospective bidder must present a commitment from a licensed bank to extend to him a Credit Line if awarded the contract to be bid, or a Cash Deposit Certificate which shall be at least ten percent (10%) of the ABC to be Bid, or must have a Net Financial Contracting Capacity (NFCC) at least equal to the ABC to be Bid.

The complete sets of eligibility requirements/bidding documents are available for issuance at the Office of the Bids and Contracts Services Department (BCSD), NPC, Diliman, Quezon City with telefax No. (632) 922-1622 or email at sediamante@napocor.gov.ph, upon payment of a non-refundable fee of Ten Thousand Pesos (P10,000.00) per schedule per mine source. Deadline for issuance of Bidding documents is on September 9, 2004.

Registered prospective bidders shall be evaluated as to eligibility based on a non-discretionary "pass/fail" criteria prescribed in the eligibility requirements/tender documents. Source of funding for this requirement is Internal Cash Generation of National Power Corporation.

The coal volume requirements and quality specifications are tabulated hereunder:

CY 2005, BATCH 3 (Low Sulfur)

SPOT CONTRACT, SCHEDULE I

SCHEDULE	PLANT	VOL. (MT)	APPROVED BUDGET FOR THE CONTRACT (ABC)* in US Dollars	PRE-BID CONFERENCE	SUBMISSION OF ELIGIBILITY DOCS/BIDS/E-BIDDING
PCF3-I-CY05 (08.04)	Pagbilao CFTPP	6x65,000	US\$23,400,000.00	Sept. 10, 2004 9:30 A.M. Moriones Rm., Fiesta Hall, NPC Building	Sep. 24, 2004 9:30 A.M. Pahiyas Rm. Fiesta Hall, NPC Building

* *Load Tolerance not included*

Reference Quality for Above ABC:

GCV – 6322 Kcal/kg. (ARB)
 TM – 10% (ARB)
 TS – 0.75 (ARB)
 ASH – 14.11 (ARB)
 FINES - 25

QUALITY SPECIFICATIONS

Gross Calorific Value (ARB), Kcal/kg	5,240 - 6,770
Total Moisture (ARB), %	7.13 – 23.40
Total Sulfur (ARB), %	0.30 max
<u>PROXIMATE ANALYSIS (ARB)</u>	
Ash, %	3.33* - 13.84
Volatile Matter, %	34.33 – 40.26
Nitrogen, %	1.07* - 1.60
Hargrove Grindability Index**	37 – 50
<u>ULTIMATE ANALYSIS (ARB)</u>	
Carbon, %	65.96 – 75.88*
Hydrogen, %	4.60 – 5.79*
Nitrogen, %	1.07* – 1.60
Sulfur, %	0.3 max.
Oxygen, %	9.54 – 16.85*
<u>Ash Composition (DB)</u>	
CaO, %	1.35 – 10.99
MgO, %	0.40 – 6.59
Na ₂ O, %	0.27 – 1.56
K ₂ O, %	0.2 – 1.89
SiO ₂ , %	36.07 – 60.44
Al ₂ O ₃ , %	14.36 – 36.60
Fe ₂ O ₃ , %	3.68 – 23.53
TiO ₂ , %	0.82 – 3.10
SO ₃ , %	0.55 – 10.59
P ₂ O ₅ , %	0.10 – 1.69
<u>Ash Fusion Temperature (Reducing), °C**</u>	
Initial Deformation	1130 – 1600
Hemispherical Deformation Temperature	1260 – 1600
Flow temperature	1360 – 1600
Nominal Size, mm	50 max (95% min)
Fines, % (0-2mm)	25 max

* - not basis for rejection during evaluation

Coal Brands not meeting the above specifications but have been successfully burned by the plant under Trial Shipment Program may also participate in the tender.

Prospective bidders have the option to offer minimum of one (1) lot to a maximum of Six (6) lots. Shipments shall be in panamax vessel size per delivery schedule. Delivery period shall be as follows:

65,000 MT	-	January to February 2005
65,000 MT	-	March to April 2005
65,000 MT	-	May to June 2005
65,000 MT	-	July to August 2005
65,000 MT	-	September to October 2005
65,000 MT	-	November to December 2005

The Bids and Awards Committee (BAC), NPC reserves the right to accept or reject any bid, and to annul the bidding process and reject all bids, at anytime prior to award of contract, without thereby incurring any liability to the affected bidder(s).

Any inquiry regarding the above invitation shall be addressed to the undersigned.

SILVANO C. ZANORIA
SVP, ME & TMS and
Chairman, Bids and Awards Committee