POWER SUPPLY CONTRACT

This **POWER SUPPLY AND PURCHASE AGREEMENT** (the "Agreement") is made and entered this ______ day of <u>7 2020</u>, by and between:

The AUTHORITY OF THE FREEPORT AREA OF BATAAN, a body corporate created and existing under Republic Act No. 9728, as amended by Republic Act No. 11453, with office address at the Second Floor, AFAB Administration Building, Freeport Area of Bataan (FAB), Mariveles, Bataan, represented herein by its Chairman and Administrator, EMMANUEL D. PINEDA, hereinafter referred to as the "AFAB";

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SUNNY SIDE UP POWER CORP., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at Olympia Condominium, 7912 Makati Avenue corner Sto. Tomas Street, Barangay Urdaneta, Makati City, represented herein by its Duly Authorized Representative and Project Coordinator, VIC O. LACAYA III, hereinafter referred to as the "SUPPLIER";

(AFAB and SUPPLIER may hereinafter be referred to individually as a "Party", or collectively as the "Parties".)

WITNESSETH:

WHEREAS, the AFAB serves as the power distribution utility within the Freeport area, supplying the power requirements of locators which includes industrial, commercial, and service provider companies, as well as residential areas;

WHEREAS, AFAB's power demand is rapidly increasing due to the expansions and additional loads of existing locators and new locators, necessitating the additional capacity to cover the difference between the existing contracted demand and the actual peak demand of AFAB;

WHEREAS, the AFAB desires to utilize solar power for the production of electricity through **SUPPLIER**'s photovoltaic (PV) generation facilities to be constructed on the rooftop of the particular buildings which were all identified by AFAB to be structurally sound to hold the distributed weight of the solar modules in accordance to the list of identified buildings, herein attached as "*Annex B*" and made an integral part of this Contract;

WHEREAS, the Sites are intended to host solar power units with a total combined capacity of at least Six (6) Megawatt Peak (MWp), hereinafter referred to as

the "Power Unit," a description of the Power Unit with each building's solar PV layout is herein attached as "*Annex C*" and made an integral part of this Agreement;

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WHEREAS, there is a need to procure the services for the POWER SUPPLY CONTRACT, hereinafter referred to as the "PROJECT," for twenty five (25) years, in the amount and power generation with De-escalating Tariff Rates for said duration as indicated in hereto attached "Annex A," which document forms an integral part of this Agreement;

WHEREAS, the AFAB invited Bids for certain goods and ancillary services for a POWER SUPPLY CONTRACT with an approved budget of Sixty Seven Million Eight Hundred Thirty Seven Thousand Five Hundred Pesos and 00/100 (PHP 67,837,500.00);

WHEREAS, the submission and opening of bids held on 02 December 2019, the SUPPLIER, as the lone bidder, provided the lowest calculated bid in the amount of SIXTY SEVEN MILLION ONE HUNDRED TWENTY FOUR THOUSAND FOUR HUNDRED TWENTY SEVEN PESOS AND 00/100 (PHP 67,124,427.00). The De-Escalating Tariff Rates for twenty five (25) years is indicated in "Annex A" as hereto attached. The SUPPLIER likewise passed the post-qualification stage;

WHEREAS, the Parties have agreed to define their respective rights and obligations with respect to the sale of electrical energy to the AFAB through the Power Unit.

NOW, THEREFORE, for and in consideration of the premises and the mutual benefits from the covenants hereinafter set forth, AFAB and SUPPLIER agree, as follows:

ARTICLE I. SITE AND CONTRACT CAPACITY

- 1.1 The Site subject of this Agreement shall be the specific rooftop areas of the identified fourteen (14) Buildings of **AFAB** with an aggregate floor area of approximately forty thousand square meters (40,000 sqm), hereinafter, the Greatest Floor Area or the "GFA."
- 1.2 The lease of rooftop for power infrastructure shall be at a fixed rate of Seventy Pesos per square meter (Php 70.00/sq.m) per year, subject to Two Percent (2%) increase every five (5) years.
- 1.3 The GFA is subject to the joint verification by the Parties to be conducted on a date prior to the Turn-Over Date (TOD) under Section 3.1 of this Agreement.
- 1.4 The solar PV layouts for the buildings for the Power Unit at the Site is indicated in *"Annex C."*
- 1.5 **SUPPLIER** must provide at least a SIX (6) Megawatt (MW) Solar PV power system, with no minimum energy off-take. Only metered energy quantity in kilowatt per hour (kWh) will be paid by **AFAB**.

ARTICLE II. CONTRACT TERM, COMMENCEMENT AND TERMINATION

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- 2.1 This Agreement is effective on the date of the execution of the Parties and shall have a term of twenty five (25) years beginning on the Commercial Operations Date of all Power Units with the capacity of at least 6MWp, (the "Term") which shall be on or before 28 February 2021. "Commercial Operations Date" means the first day when any portion of the Power Unit is connected to the electrical system, producing electricity, and delivering Energy Output to the AFAB's Delivery Point. In this Agreement, "Energy Output" means the electrical energy the Power Unit generates and delivers to AFAB at the Delivery Point. "Delivery Point" means the agreed location or locations where electrical energy is to be delivered and received under this Agreement.
- 2.2 Should the **SUPPLIER** opt for implementation of this Agreement by phase, the Commercial Operations Date will be set on the date of energization of the final phase, which is still subject to **AFAB's** consent; *Provided*, that at least one (1) building's Power Unit is fully operational by 26 August 2020, and that all Power Units are fully operational by 28 February 2021, unless a different date be mutually agreed upon by both parties at least sixty (60) days prior to 28 February 2021. Prior to the Commercial Operations Date, **AFAB** shall pay for the Energy Output delivered to the Delivery Point.
- 2.3 The AFAB can terminate this Agreement even prior to end of the contract term on the following grounds: (a) failure to cure an event of default; (b) extended force majeure; and/or (c) failure to start on the commercial operation date.
- 2.4 AFAB shall list a set of penalties for the SUPPLIER not limited to the following: before and during commercial operation, cost of foregone revenue and surcharge, and grounds for termination of contract.
- 2.5 The Parties may renew or extend this Agreement under terms and conditions as the Parties may mutually agree upon in writing.

ARTICLE III. TURN-OVER AND CONSTRUCTION PERIOD

- 3.1 <u>Construction Schedule</u>. **SUPPLIER** shall provide the **AFAB** of its architectural, electrical and other plans ("Plans"), as well as the specification of the Power Unit to be installed at the Site, before the start of the construction of the Power Unit. **SUPPLIER** shall give the **AFAB** a one-time notice of the start of and the estimated completion of the construction activities (the "Construction Period").
- 3.2 <u>Turn-over of List</u>. The AFAB shall formally turn-over to the SUPPLIER the list of identified buildings under "*Annex A*", which are all structurally sound to hold the distributed weight of the solar modules, on the date or the date/s to be agreed upon by the Parties (the "Turn-over Date" of the "TOD"). Within seven (7) days following

the TOD or on 04 May 2020, whichever comes earlier, the **SUPPLIER** shall start the construction; otherwise, the **AFAB** shall have the right to terminate this Agreement.

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- 3.3 <u>Entry During Construction Period</u>. During the Construction Period, **SUPPLIER**'s personnel, contractors, sub-contractors, advisers and representatives shall be allowed entry into the Buildings and the land where the Buildings are located (the "Land"), upon prior notice to the **AFAB**, who shall then endorse and coordinate the request for entry to the FAB Enterprise occupying the buildings during construction shall be made. In case of entry into the identified buildings during construction, the **SUPPLIER** must abide by the standard operating procedures and/or safety protocols of the FAB Enterprise occupying the said identified building.
- 3.4 <u>Permits</u>. **SUPPLIER** shall obtain, at its own expense, all permits and licenses required by the national and local government. **AFAB** may assist the **SUPPLIER** in obtaining such, including but not limited to, furnishing as-built plans, providing necessary endorsements, and securing certain permits under **AFAB's** name as may be required in the construction, operation and maintenance of the Power Unit.
- 3.5 <u>Tapping Point</u>. The Tapping Point shall be for the account and responsibility of the **SUPPLIER**, which shall specify the tapping scheme. The Power Unit should be embedded within **AFAB's** distribution system, and the **SUPPLIER** should indicate the voltage level of the tapping point. The **SUPPLIER's** metering facilities must also be WESM-compliant.
- 3.6 <u>Take-Off Structure</u>. The **SUPPLIER** must provide a design of take-off structure from Power Unit to distribution line with specified protection equipment.

ARTICLE IV. PURCHASE AND SALE OF ENERGY

- 4.1 <u>Purchase and Sale of Energy</u>. Commencing on the Commercial Operation Date as defined under Section 2.1 and continuing through the remainder of the Term, **SUPPLIER** shall make available to **AFAB**, and the **AFAB** shall take delivery of, at the Delivery Points (collectively referred to hereinafter as "Delivery Point"), all of the Energy Output produced by the Power Unit. The Energy Output delivered to **AFAB** at the Delivery Point shall be deemed to be equal to the energy measured at the Metering Device. **AFAB** shall pay for the Energy Output at the applicable Payment Rate specified in "Annex A" of this Agreement and made an integral part thereof. Subject to the consent of **AFAB**, **SUPPLIER** shall begin billing **AFAB** for the energy measured at the Metering Device once a Power Unit is producing energy output.
- 4.2 <u>Non-Firm Nature of Commitment</u>. For the avoidance of doubt, however, this Agreement and the supply of power hereunder shall be on a "non-firm", "variable" and "intermittent" basis, and **SUPPLIER** shall in no case be liable to make available a guaranteed capacity or deliver a guaranteed volume of energy to the **AFAB**.

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4.3 <u>Title and Risk of Loss</u>. Title to and risk of loss of the Energy Output will pass from **SUPPLIER** to **AFAB** at the Delivery Point. **SUPPLIER** warrants that it will deliver the Energy Output to **AFAB** at the Delivery Point free and clear of all liens.

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- 4.4 <u>Computation of Monthly Payment Based on Energy Output</u>. **AFAB** shall pay a monthly payment for each Payment Period (as defined in Section 6.1) in an amount based on the Energy Output metered at the Metering Device, multiplied by the applicable Payment Rate as specified in *"Annex A."* A *"Metering Device"* means any and all meters at or before the Delivery Point needed for the registration, recording, and transmission of information regarding the Energy Output delivered to the Delivery Point.
- 4.5 <u>Governmental Charges</u>. AFAB shall only be responsible for and pay all charges imposed directly on AFAB by the governmental agencies or instrumentalities in connection with or relating to the supply of energy under this Agreement. **SUPPLIER** shall issue all applicable required Bureau of Internal Revenue (BIR) registered official receipts.
- 4.6 <u>Suspension of Operation</u>. **AFAB** shall not shut off or suspend operations of the Power Unit, whether partial or in full, except in case of Force Majeure under Article XI of this Agreement. **AFAB** should exercise reasonable diligence in ensuring that suitable grid voltage is provided at the Delivery Point to ensure synchronization of the Power Unit to **AFAB**'s electrical system.
- 4.7 <u>Power Outages</u>. Scheduled and/or unscheduled power outages shall not exceed Seven Hundred Twenty (720) hours per year. Any unutilized allowed scheduled and unscheduled outage allowances within a calendar year shall not be accumulated for use during the succeeding years of the cooperation period. Likewise, unutilized allocated unscheduled outages shall not be credited to scheduled outages and vice versa.

ARTICLE V. METERING

- 5.1 <u>Metering Equipment</u>. A metering equipment composed of one Main Meter and one Check Meter (collectively, the "Metering Devices") shall be installed at the duly designated location of the AFAB, and SUPPLIER shall provide, install, own, operate and maintain the Metering Devices in a good condition and state of repair. The Metering Devices shall be selected by the SUPPLIER with the written approval of the AFAB, and must fulfill any requirements of the local electric utility and the Energy Regulatory Commission (ERC).
- 5.2 <u>Testing and Correction; CONSUMER's Right to Conduct Tests</u>. Each Party and its consultants and representatives shall have the right to witness the test of the Metering Devices to verify the accuracy of the measurements and recordings of such Metering Devices. The testing Party shall provide at least ten (10) calendar days' prior written notice to the other Party of the date upon which any such test is to

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occur. The testing Party shall prepare a written report setting forth the results of each such test, and shall, at the written request of the other Party, provide the other Party with copies of such written report not later than ten (10) business days after completion of such test. The testing Party shall bear the cost of the periodic testing of the Metering Devices and the preparation of the Metering Devices test reports.

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- 5.3 <u>Standard of Metering Devices Accuracy; Resolution of Disputes as to Accuracy</u>. The following shall be taken to resolve any disputes regarding the accuracy of the Metering Devices:
 - i. The Main Meter shall be the basis for the measurement of the Energy Output made for a particular Payment Period. However, should either Party dispute the accuracy or condition of the Main Meter, such Party shall so advise the other Party in writing.
 - ii. The Parties and its consultants and representatives shall, within Five (5) business days from receiving the notice of the other party regarding the inaccuracy of the Main Meter, witness and verify the measurements and recordings of the Check Meter.
 - iii. In case the Check Meter shows measurements and recordings which deviate from the Main Meter by less than Five Percent (5%), any previous recordings of the Main Meter shall be deemed accurate. Should the Check Meter deviate from the Main Meter by more than Five Percent (5%), or if the Check Meter is for any reason out of service or fails to register, then the succeeding provisions of Section 5.4 (iv) to (vii) hereunder shall apply.
 - iv. Should either Party (the "Disputing Party") dispute the accuracy or condition of the Metering Devices, such Party shall so advise the other Party (the "Non-Disputing Party") in writing. The Non-Disputing Party shall within fifteen (15) calendar days from receipt of such notice inform in writing the Disputing Party of its position as to the accuracy of the Metering Devices and the reasons for taking such position.
 - v. If the Parties are unable to resolve the dispute through reasonable negotiations, then either Party may request a test of the Metering Devices.
 - vi. If the Metering Devices are found to be inaccurate by not more than five percent (5%), any previous recordings of the Metering Devices shall be deemed accurate, and the Disputing Party under Section 5.4 (v) above shall bear the cost of inspection and testing of the Metering Devices.
 - vii. If the Metering Devices are found to be inaccurate by more than five percent (5%) or if such Metering Devices are for any reason out of service or fails to register, the **SUPPLIER** shall promptly cause any Metering Devices found to be inaccurate to be adjusted to correct, to the extent practicable, such inaccuracy. If as a result of such adjustment the quantity of Energy Output for any period is decreased (such quantity, "Energy Deficiency Quantity"),

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SUPPLIER shall reimburse AFAB for the amount paid by AFAB in consideration for the Energy Deficiency Quantity, and shall bear the cost of inspection and testing of the Metering Device. If as a result of such adjustment the quantity of Energy Output for any period is increased (such quantity, "Energy Surplus Quantity"). AFAB shall pay for the Energy Surplus Quantity at the Monthly Payment Rate applicable during the applicable Contract Year.

ARTICLE VI. INVOICING AND PAYMENT

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6.1 <u>Invoicing and Monthly Payment</u>. For purposes of this Article VI, a "Payment Period" means the period from the Twenty-Sixth (26th) day of each calendar month to the Twenty-Fifth (25th) day of the immediately succeeding calendar month, or as the Parties may mutually agree in writing. SUPPLIER shall send AFAB on a monthly basis an invoice within five (5) calendar days following the end of each Payment Period (the "Payment Cut-off"). Any Monthly Payment shall be due and payable not later than five (5) calendar days from receipt of the invoice (or on the next Business Day should the due date fall on a weekend or a holiday) (the "Payment Due Date"). AFAB shall pay the Monthly Payment due in a manner and method as shall be provided in the invoice. Unless otherwise provided in the invoice, all amounts due shall be exclusive of bank charges, withholding taxes and/or other fees that may be imposed by relevant public or private entities. Any Monthly Payment not paid on the Payment Due Date shall automatically earn an interest at a rate of one percent (1%) per month until the amount is fully paid, without need of prior notice.

ARTICLE VII. OWNERSHIP OF POWER UNIT

- 7.1 <u>Title to Power Unit</u>. Title to the Power Unit as well as improvements placed at the Site by **SUPPLIER** shall belong to the **SUPPLIER** during the Term. Upon the expiration of the Term, **SUPPLIER** shall transfer ownership of all Power Unit equipment to the **AFAB**, such as but not limited to solar panels, inverters, mounting structures, other accessories and systems; *Provided*, that the same can still operationally and efficiently deliver at least eighty percent (80%) of its rated capacity at the end of the contract term.
- 7.2 AFAB acknowledges and agrees that: (a) AFAB has no title or any ownership interest of any kind in the Power Unit or any of its parts or components; (b) the SUPPLIER is the exclusive owner, possessor and operator of the Power Unit; and (c) AFAB shall not sell, lease, assign, mortgage, pledge or otherwise alienate or encumber the Power Unit or any part thereof during the contract term.

7.3 Either Party cannot assign encumber, convey, sell, or transfer any or all of its rights and obligations in this Agreement without the prior written approval of the other Party.

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7.4 If AFAB or the SUPPLIER, in case of prior written approval in 7.3, sells, leases, assigns, mortgages, pledges or otherwise alienates or encumbers any part or all of the Site, the Building or the land on which the Building is built or any combination of these properties, the Parties to such an agreement shall include as a condition to the sale, assignment, transfer, encumbrance, mortgage or conveyance that all terms and conditions of this Agreement shall be made binding on the purchaser, transferee, assignee or mortgagee.

<u>ARTICLE VIII.</u> ACCESS, MAINTENANCE OF THE SITE, BUILDING, AND POWER UNIT

8.1 <u>Access</u>. The SUPPLIER shall have access to the Site, the Land and the Building, to construct, maintain, remove, repair, upgrade, or replace components of the Power Unit after the TOD, during the Term of this Agreement, and upon termination, to allow the SUPPLIER to remove the Power Unit and other fixtures that SUPPLIER may rightfully remove under the terms of this Agreement. In relation thereto, SUPPLIER must construct or provide its own access entry and exit to the Site, such as through monkey ladder, or others. In the event that access is not possible through such means, such that the use of service elevators, staging areas, and stairways is necessary, access as herein provided shall be subject to prior notice of three (3) days to the AFAB, who shall then endorse and coordinate the request for entry to the FAB Enterprise occupying the building where access shall be made. The SUPPLIER must abide by the standard operating procedures and/or safety protocols of the FAB Enterprise occupying the said identified building.

In cases of emergency, **SUPPLIER** shall be permitted to access the Site, Land, and the Building twenty-four (24) hours a day, seven (7) days a week, as **SUPPLIER** may reasonably determine, in coordination and notice to the **AFAB**.

- 8.2 <u>Roofing Maintenance</u>. The maintenance and regular repairs of roofings of identified buildings shall be for AFAB's account. AFAB shall keep all structural portions of the buildings, including foundations, the roof, load bearing and exterior wall in good condition and repair; *Provided* however, that any damage thereto due to the fault or negligence of **SUPPLIER** shall be duly charged to **SUPPLIER**. If there is a need to repair any portion of the roofing, AFAB shall undertake the same within a reasonable period.
- 8.3 <u>Upkeep of Site</u>. During the Term of this Agreement, **SUPPLIER** shall keep the Site in good and clean condition. **SUPPLIER** shall at its own cost repair any substantial damage to the Site attributable to its willful misconduct or gross negligence; *Provided that*, where **AFAB**'s own acts or omissions contributed to such damage, the costs of repair shall be apportioned between the Parties in the same proportion of their contributions to the causes of the damage. The Parties shall jointly and

comprehensively document the condition of the Site prior to the TOD and jointly certify such condition. If **AFAB** makes a claim under this Section 8.3, the Parties shall compare the damaged portion with the certified condition of the Site prior to the TOD, and determine from available evidence the cause of such damage.

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8.4 <u>Operations and Maintenance</u>. **SUPPLIER** shall be responsible for operating and maintaining the Power Unit, subject to the obligations and responsibilities of **AFAB** herein, in good working order. **SUPPLIER** shall bear all risk of loss for the Power Unit, except for those caused by the acts or omissions of **AFAB**, its employees, agents, representatives, or guests. **SUPPLIER** shall inform **AFAB** in writing if the Site needs repair or maintenance work and request that such repair or maintenance work be done within reasonable period. The Term "reasonable period" as used herein shall mean the duration which may normally take a particular work to be accomplished without unjustifiable delay.

ARTICLE IX. INSURANCE

- 9.1 During the Term, AFAB shall, at its cost, obtain and maintain insurance against fire, earthquake, floods, terrorist acts, and other foreseeable risks to the Building. SUPPLIER shall also procure the insurance over the Power Unit, including during removal thereof under Section 8.5.
- 9.2 **SUPPLIER** may insure its assets situated in the Site to the extent of its insurable interest thereon.

ARTICLE X. FORCE MAJEURE

10.1 In this Agreement, a force majeure ("Force Majeure") event is any event that is beyond the Parties' reasonable control, not attributed to a Party's act or omission or those of their respective employees, agents, or contractors, could not reasonably avoided, provided against, prevented or overcome by a prudent, competent, and reasonable person under similar circumstances as the affected Party and renders either the Building, the Site or the Land, or both, or any part thereof unfit or unsafe for use or occupation or for carrying on of the Power Unit's operations or prevents such operations or makes them legally, physically, or commercially unviable, or otherwise unattractive for SUPPLIER, or renders the continued performance of this Agreement physically or legally impossible or extremely difficult for the affected Party, including but not limited to: fire, earthquake, volcanic eruption, riot, civil commotion, tempest, extreme typhoon, subsidence of the ground, pandemic, epidemic, public health emergency, and/or any natural event or calamity; any governmental act or omission, including condemnation (as a dangerous structure) of the Building, the Site or the Land or any part thereof; expropriation, demolition or closure order that becomes operative in respect thereof, or the failure to issue, revocation, or non-renewal of, a governmental license or permit; ionizing radiation or radioactive contamination, general

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(national or regional) labor disputes or strikes lockouts, or similar industrial or labor actions or disputes (*excluding* strikes, walkouts, lockouts or similar industrial or labor actions limited to a party or any subcontractor or materials supplier); war or other hostilities (whether war be declared or not), invasion, act of foreign enemies, mobilization, requisition or embargo, rebellion, terrorist act, revolution, insurrection, or military or usurped power or civil war; any temporary or permanent quarantines, blockades, rules or regulations, enacted or imposed by governmental authorities causing any disruption to System energy generation or impedance to a party's Site access; changes in any law, ordinance, or regulation relating specifically to the interconnection or operation of the System which law is effective after the date of this Guarantee that materially and adversely affects the ability of a Party to perform its obligations under this Agreement.

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- 10.2 Force Majeure shall not include any of the following events or circumstances: lack of funds, the mere shortage of or inability to obtain labor, equipment, materials, or transportation which is not itself caused by a Force Majeure; labor strikes or lockouts in the facilities of the Contractor or **SUPPLIER**; business losses, insolvency, or change in economic circumstances of the affected Party; or a change in market conditions in the Republic of the Philippines.
- 10.3 If AFAB is not able to receive electricity at the receiving point due to Force Majeure, AFAB shall not pay for fixed charges. AFAB and the Contractor shall jointly establish plans for operating the power plant during Force Majeure, which may include recovery from a local or widespread blackout. Each party shall bear their own loss that are directly attributable to the Force Majeure event, and shall make earnest efforts to minimize the impact or damage caused by Force Majeure to the other Party and to the project, works, or services.
- 10.4 A Force Majeure event shall only excuse an affected Party's non-performance if such event causes the non-performance, except that: (i) a Party obligated to pay amounts already due is not excused from paying despite the existence of a Force Majeure event and any such unpaid amount shall earn interest at the rate provided for in Section 6.1; and (ii) if, despite the occurrence of a Force Majeure event, the Power Unit is still able to produce electricity and the AFAB continues to receive and use the electricity produced, then, AFAB shall continue to pay the Monthly Payment.
- 10.5 If a Force Majeure Event continues for at least sixty (60) calendar days, SUPPLIER may terminate this Agreement without any further obligations to AFAB, but without prejudice to either Party's rights and remedies against the other for any breach prior to such Force Majeure event. In case of such termination, SUPPLIER shall be entitled to remove and retain ownership of any equipment whose removal shall not cause substantial damage to the Site (such as but not limited to solar panels).
- 10.6 If Force Majeure causes any damage to the solar power generating unit, repairs must ensue immediately unless the performance of repairs are an impossibility due to the Force Majeure.

ARTICLE XI. INDEMNIFICATION

11.1 AFAB and SUPPLIER (each, in such case, an "Indemnifying Party") shall indemnify, defend and hold the other Party and its employees, directors, officers, managers, members, shareholders and agents (each, in such case, an "Indemnified Party") harmless from and against any and all third party claims, suits, damages, losses, liabilities, expenses and costs, including reasonable attorney's fees, including, but not limited to, those arising out of property damage to the extent caused by the Indemnifying Party's (i) material breach of any obligation, representation or warranty contained herein; and/or (ii) gross negligence or willful misconduct.

ARTICLE XII. WARRANTIES AND COVENANTS

12.1 AFAB hereby warrants to SUPPLIER, that:

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- i. As of the signing date of this Agreement, the Site is in a clean, safe and sanitary condition, in compliance with all applicable laws and regulations;
- ii. The roof, which will support the solar panels, is structurally sound and validated to have structural integrity to support the weight of the solar generating facility as reflected in the solar PV layouts of *Annex C*, and the Site and Buildings were built in accordance with applicable building codes, sound engineering design and industry practice and that **AFAB** has obtained all the necessary insurance covering risks against the Site and the Buildings;
- iii. The electrical wiring of the AFAB facilities can accommodate the electrical current which will be generated by the solar generating facility, and any system loss is negligible due to the wiring of each identified building, its layout etc.;
- iv. The Land has been zoned for industrial use and the use of the Land and the Building for industrial purposes is expressly allowed under the applicable zoning regulations;
- v. It has the legal capacity to enter into this Agreement and has taken all appropriate and necessary actions to authorize the execution, delivery, and performance of this Agreement and has obtained all approvals necessary for the execution, delivery, and performance of this Agreement; and,

12.2 **SUPPLIER** hereby warrants to **AFAB**, that:

i. It is a duly registered company authorized to operate the solar generating facility.

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ii. It has the necessary authority to engage in business in the Philippines and that it has the legal capacity to enter into this Agreement and has taken and shall take, all appropriate and necessary actions to authorize the execution, delivery and performance of this Agreement and has obtained all the consents and approvals necessary for the execution, delivery and performance of this Agreement;

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iii. It has secured and/or possesses and maintains, for its exclusive account, all necessary licenses and permits required for its solar generation facility.

ARTICLE XIII. NOTICES

13.1 Notices to Parties shall be sent to the addresses set forth on the first page of this Agreement. Changes in the Parties' addresses should be made known to the other Party within seven (7) calendar days. Any notice required to be given under the terms of this Agreement shall be in writing and shall be effective upon the earliest of receipt or refusal to accept delivery.

ARTICLE XIV. CONFIDENTIALITY

14.1 Except when ordered by the courts, the BIR, or by regulators including, but not limited to the Department of Energy, ERC, Securities and Exchange Commission and the Philippine Stock Exchange, or where the subject information is already in the public domain through no fault of the receiving Party, AFAB shall not disclose and shall keep in strict confidence the terms and provisions of this Agreement and all confidential information furnished or made available to the AFAB pursuant to this Agreement or otherwise.

ARTICLE XV. SETTLEMENT OF DISPUTES

15.1 In the event of disputes, differences, or controversies arising from this Agreement, the Parties agree to confer and discuss for the purpose of exploring all avenues and/or possibilities of amicable settlement of such differences, disputes and/or controversies. In the event, however, that the Parties are unable to arrive at an amicable solution within thirty (30) days from the date of dispute, then the issue shall be elevated to the respective presidents and/or managing directors of the parties for resolution. Should, however, the presidents and/or managing directors of the parties fail to arrive at a resolution to settle their differences within ninety (90) days from the date of dispute, either of the parties may send the other party of parties written notice to have the matter finally settled by arbitration.

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The venue of such arbitration shall be either in Metro Manila, Philippines, or Mariveles, Province of Bataan, and in accordance with current and relevant Philippine Arbitration Laws, Rules and Regulations. The award of the arbitration shall be final and binding upon the parties. The costs of arbitration shall be borne by the Party or Parties whom the arbitration tribunal shall designate as being liable for said costs. During the arbitration period, this Agreement shall be observed and enforced by the Parties except for matters in dispute.

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15.2 This is without prejudice to the right of either Party to file legal action in any competent court of Makati City, or the Mariveles, Bataan at the option of the aggrieved Party, to the exclusion of all other courts.

ARTICLE XVI. MISCELLANEOUS PROVISIONS

- 16.1 <u>Title to Environmental Attributes</u>. "Environmental Attributes" are defined as any and all credits, benefits, and allowances attributable to the Energy Output or the Power Unit and its displacement of conventional energy generation, including those for which a market exists or for which a market may exist at a future time. All Environmental Attributes relating to the Power Unit or the Energy Output shall remain the **SUPPLIER**'s property. **AFAB** shall have no right, title or interest in or to any such Environmental Attributes.
- 16.2 <u>Interpretation and Integral Documents</u>. In this Agreement, words and expressions shall have the same meaning as are respectively assigned to them in the conditions of the Agreement as hereinafter referred to.

The following documents shall be deemed integral parts of this Agreement and the terms and conditions embodied therein shall be deemed reproduced herein by reference and/or incorporation:

- a. the Bid Form, the Price Schedule, the Schedule of Requirements, and the Technical Specifications submitted by the SUPPLIER;
- b. the other documents/statements contained in the bidding envelopes submitted by the SUPPLIER;
- c. the Terms of Reference posted in the PhilGEPS;
- d. the additional Post-Qualification Documents submitted by the SUPPLIER;
- e. the Invitation to Bid and Bid Documents issued to the SUPPLIER including Bid Bulletin/s (if any) and Minutes of Pre-Bid Conference;
- f. the Resolution of the Bids and Awards Committee declaring the Lowest Complying Responsive Bidder and Recommendation for Award;
- g. the Entity's Notice of Award with the Supplier's conforme thereto;
- h. the SUPPLIER's Performance Bond;

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- i. Other requirements of laws, rules and regulations and executive orders applicable thereto.
- 16.3 <u>Entire Agreement</u>. This Agreement constitutes the entire agreement and complete understanding between the Parties with respect to the subject matter hereof and supersedes any prior or contemporaneous agreement, understanding, expression of intent, representation or warranty with respect to this transaction. This Agreement may be amended only through a written agreement of the Parties.

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- 16.4 <u>Non-Waiver</u>. The failure or delay on the part of any of the Parties to insist upon a strict performance of any of the terms, conditions, and covenants hereof, or to exercise any of its rights under this Agreement, including its right to terminate this Agreement, shall not be deemed a waiver of any right or remedy that each may have, nor shall it be construed as a waiver of any subsequent breach or default of the terms and conditions herein contained, which shall be deemed in full force and effect. No waiver by either Party shall be deemed to have been made unless expressed in writing and signed by the waiving Party.
- 16.5 <u>Binding Effect</u>. All the terms, covenants, conditions and provisions of this Agreement shall be binding and enforceable upon the Parties and their heirs, executors, administrators, principles, successors-in-interest and assigns.
- 16.6 <u>Iudicial Relief, Penalty</u>. Should either Party (the "Aggrieved Party") be compelled to engage the services of counsel to enforce all or any part of this Agreement, in addition to damages provided by other provisions of this Agreement, the other Party hereby agrees to indemnify the Aggrieved Party in an amount equal to twenty five percent (25%) of any and all amounts due, for and as liquidated damages, which in no case shall be less than Twenty Five Thousand Pesos (PhP25,000.00), and to pay an amount equal to twenty five percent (25%) of the total amount claimed in the relevant complaint, for and as attorney's fees, which in no case shall be less than Five Thousand Pesos (PhP5,000.00), plus the costs of suit and other expenses which the law entitles the Aggrieved Party to recover from the other Party. Both parties agree that any suit arising from this Contract shall be brought before the before any competent court of Makati City or the Province of Bataan, at the option of the Aggrieved Party, to the exclusion of all other courts. The penal provisions of this Contract shall be considered cumulative and resort to one shall not bar resort to the others.
- 16.7 <u>Severability</u>. If any provision of this Agreement is declared invalid or unenforceable under any applicable law, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired. The Parties shall then immediately meet and agree on a valid replacement provision that preserves the commercial position of the Parties prior to such declaration of illegality to the extent legally allowed.

IN WITNESS WHEREOF, the Parties have hereby executed this Agreement this ______ day of <u>FEB 2 7 2020</u> 2020 at ______ Philippines.

By:

AUTHORITY OF THE FREEPORT AREA OF BATAAN

SUNNY SIDE UP POWER CORP.

By:

EMMANUEL D. PINEDA

Chairman and Administrator

VIC D. LACAYA III Authorized Representative

Signed in the Presence of:

cline de Guzman

ACKNOWLEDGMENT

Republic of the Philippines) Makati City

) S.S.

FEB 2 7 2020 SUBSCRIBED AND SWORN to before me, a Notary Public, this ____ day of 2020 at Makati City, Philippines:

Name

Competent Evidence of Identity Place and Date of Issue

EMMANUEL D. PINEDA

VIC O. LACAYA III

Driver's higher DI-03. 241310

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who were identified by me to be the same persons who presented the foregoing instrument, and acknowledged to me that the same are their voluntary acts and deeds.

The foregoing instrument refers to a Power Supply and Purchase Agreement consisting of sixteen (16) pages, including this page whereon this acknowledgment is written, each and every page of which has been signed by the parties.

IN WITNESS WHEREOF, I have hereunto set my hand, the day, year, and place above written.

Doc. No. 718; Page No. 4; Book No. 8/2; Series of 2020.

RUBE UBLIC Appointment No. M-158

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POWER SUPPLY CONTRACT FOR AFAB ANNEX A. DE-ESCALATING TARIFF RATES

	6,311 kWp Installed C 1,457 kWh/kWp/yr 0.70% Annual Degrada		7 sq.m./kWp 44,177 Total sq. m. required 1% rate of decrease	70 Annual Lease Rate (Php/kWh) 2% Increase every 5 years 7.3 Rate on Year 1 (Php/kWh)			
Year	r Generation (kWh) Rate Per kWh (Php/kWh)		Expected revenue		Year	Generation (kWh)	Difference
1	9,195,127	7.30	67,124,427		1	9,045,000	150,127
2	9,130,761	7.23	65,988,011		2	8,981,685	149,076
3	9,066,846	7.15	64,870,834		3	8,918,813	148,033
4	9,003,378	7.08	63,772,570		4	8,856,382	146,996
5	8,940,354	7.01	62,692,901		5	8,794,387	145,967
6	8,877,772	6.94	61,631,510		6	8,732,826	144,946
7	8,815,627	6.87	60,588,088		7	8,671,696	143,931
8	8,753,918	6.80	59,562,332		8	8,610,994	142,923
9	8,692,641	6.74	58,553,942		9	8,550,718	141,923
10	8,631,792	6.67	57,562,624		10	8,490,862	140,930
11	8,571,369	6.60	56,588,088		11	8,431,426	139,943
12	8,511,370	6.54	55,630,052		12	8,372,406	138,963
13	8,451,790	6.47	54,688,235		13	8,313,800	137,991
14	8,392,628	6.41	53,762,363		14	8,255,603	137,025
15	8,333,879	6.34	52,852,167		15	8,197,814	136,066
16	8,275,542	6.28	51,957,379		16	8,140,429	135,113
17	8,217,613	6.22	51,077,741		17	8,083,446	134,167
18	8,160,090	6.15	50,212,995		18	8,026,862	133,228
19	8,102,970	6.09	49,362,889		19	7,970,674	132,296
20	8,046,249	6.03	48,527,175		20	7,914,879	131,369
21	7,989,925	5.97	47,705,610		21	7,859,475	130,450
22	7,933,996	5.91	46,897,954		22	7,804,459	129,537
23	7,878,458	5.85	46,103,972		23	7,749,828	128,630
24	7,823,308	5.79	45,323,431		. 24	7,695,579	127,730
25	7,768,545	5.74	44,556,106		25	7,641,710	126,835
Total	211,565,948		1,377,593,396			208,111,753	3,454,195

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Annex B

POWER SUPPLY CONTRACT FOR THE AUTHORITY OF THE FREEPORT AREA OF BATAAN Bid Reference No. 6632760 LIST OF IDENTIFIED BUILDINGS																	
					AFAP line voltage		line to ground voltage			phase current		roof	roof area	Annual Generation			
	Building Name	ø	metering	configuration	L1-L2	L2-L3	L1-L3	L1-G	L2-G	L3-G	11	12	13	material	m2	MWh	kWp
FC	FCOMPOUND																
	FPF#1	з	PRIMARY	UNKNOWN							-			GI	7056	1673	1287.7
2	FPF # 2	3	PRIMARY	UNKNOWN										GI	3696	878.3	674.5
3	FCF#1	3	SECONDARY	UNKNOWN	-	-						-		GI	2288	537.5	417.56
•	FCF # 2	3	SECONDARY	UNKNOWN	-	-	-			-				GI	4032	950.9	332.8
SFI	B BUILDINGS																
5	SFB 9	3	SECONDARY	DELTA CORNER GROUND	228.5	226.9	227.2	210.3	20.1	228.4	232.3		211.1	GI	2016	476.8	367.92
5	SFB 12	3	PRIMARY	WYE	400.2	404.4	404	232	232	234.2	12.8		16.2	GI	1850	442.3	337.62
,	SFB #2	3	PRIMARY	CLOSED DELTA	224.7	223.3	224.4	102	121.6	174	845.8	965.2	924.8	GI	2016	481.4	367.92
3	SFB #3	3	SECONDARY	CLOSED DELTA	239.8	240.2	243,2	124	139.7	153.7	359.8	372.2	183.9	GI	2016	476.9	367.92
,	SFB #4	3	SECONDARY	CLOSED DELTA	221.1	220.6	219.4	109.1	191.6	111	683.2	627.8	622.1	GI	2016	367.9	367.92
LO	SFB #5	3	SECONDARY	CLOSED DELTA	221.9	223.5	223.2	190.1	110.8	112.2	825.9	880.9	855	GI	1980	468.4	361.35
11	SFB #6	3	SECONDARY	CLOSED DELTA	230.2	214.6	229.6	159	112.8	125.5	382.4	371	386.7	GI	1980	468.4	361.35
12	SFB #7	3	SECONDARY	CLOSED DELTA	232.6	233	234.5	200.4	103.2	115	438.2	424.9	448	GI	2016	421.6	367.92
13	SFB #8	3	SECONDARY	CLOSED DELTA	240.7	241.2	241	124.9	201	116.3	418	365.7		GI	2016	476.8	367.92
14	SFB #11	3	PRIMARY	WYE	395.6	396.1	397.4	228.4	228.3	230.4	1503	1212	1391	GI	1816	431.9	331.42

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