



OCT 23 2023

**PPA ADMINISTRATIVE ORDER**

No. 009 - 2023

TO : **All Port Managers  
Cargo Handling Operators  
Private Port Owners/Operators  
Others Concerned**

SUBJECT : **Second (2<sup>nd</sup>) Supplemental Guidelines to PPA Administrative Order (AO) No. 09-2019, entitled "Guidelines on the Adoption of Uniform Procedure in the Determination of Minimum Concession Fee and Variable Fee for Contract Under the Port Terminal Management Regulatory Framework (PTMRF)", as amended**

Pursuant to PPA Board Resolution No. 3249 issued during its 521<sup>st</sup> Regular Board Meeting held on September 28, 2023, PPAAO No. 09-2019, entitled "Guidelines on the Adoption of Uniform Procedure in the Determination of Minimum Concession Fee and Variable Fee for Contract Under the PTMRF, as amended," is further amended to read as follows:

**"2.1 Determine the base figure.** The base figure shall be the amount equivalent to the sum of the following:

2.1.1 Average revenue of the port subject of bidding **for the last three (3) years** from the following sources: xxx."

xxx.

**"5.0 Determination of the base figure for the computation of minimum concession fee for ports classified under Tier 1 which are to be developed exclusively and purely to cater for foreign vessel and cargo.**

5.1 The concerned Port Management Office (PMO) with jurisdiction over the port subject to bidding shall be responsible in the determination of the minimum concession fee and variable fee.

5.2 If in the conduct of a Market Plan study, the PMO determined that it is viable for a Tier 1 port under its jurisdiction to be developed into a port exclusively catering to foreign vessels and cargoes, the following shall apply in the determination of minimum concession fee:



#### 5.2.1 Revenue Share from Contract Years 1 to 5

For the first five (5) Contract Years beginning on the effectivity of the Port Terminal Management Contract, the Port Terminal Management Operator (PTMO) shall remit to the PPA a twenty percent (20%) share on its annual gross revenues from all sources, payable not later than the fifth (5th) day of the first month of every quarter without the need of demand.

#### 5.2.2 Fixed Annual Concession Fee from Years 6 to 10

The PTMO shall remit a fixed annual concession fee to the PPA for Contract Years 6 to 10 in the amount to be determined by the concerned PMO, payable not later than the fifth (5th) day of the first month of every quarter without the need of demand.

#### 5.2.3 Concession Fee Escalation for Years 11 to 25

On year 11, and every three (3) years thereafter, the concession fee shall be increased based on the Consumer Price Index (CPI) adjustment factor using the formula below:

*Formula:*

$$\text{Concession Fee} = \text{Concession Fee of the Current Year} \times \frac{\text{CPI (All Items) Philippines NEW}}{\text{CPI (All Items) Philippines OLD}}$$

*Where:*

*CPI (All Items) Philippines NEW = the CPI of the immediately preceding Contract Year*

*CPI (All Items) Philippines OLD = the CPI of the contract year the last concession fee was increased*

*However, the CPI (All Items) Philippines OLD for Year 11 concession fee computation shall be based on the CPI of the 7<sup>th</sup> year of the Concession Contract*

The concession fee for Years 11-25 shall be payable not later than the fifth (5th) day of the first month of every quarter without the need of demand.

#### 5.2.4 Variable Fee for Years 6 to 25

In addition to the yearly concession fee, a twenty percent (20%) variable fee shall be remitted by the PTMO if the actual traffic volume exceeded the volume threshold by ten percent (10%). The volume threshold for Year 6 shall be based on the highest throughput for the last 5 years.



The volume threshold shall thereafter be increased yearly based on the average percentage increase on traffic for Contract Years 1 to 5."

All other provisions of PPA AO No. 09-2019, as amended, not affected by this Order shall remain valid and in full force.

This Order shall take effect fifteen (15) calendar days after its publication in at least two (2) newspaper of general nationwide circulation and a copy filed with the University of the Philippines Law Center.



**JAY DANIEL R. SANTIAGO**  
General Manager

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