

Republic of the Philippines
ENERGY REGULATORY COMMISSION
 San Miguel Avenue, Pasig City

Aug 23 11:30 AM

IN THE MATTER OF THE
 APPLICATION FOR THE
 APPROVAL OF THE BATANGAS –
 MINDORO INTERCONNECTION
 PROJECT (BMIP), WITH PRAYER
 FOR THE ISSUANCE OF A
 PROVISIONAL AUTHORITY

ERC CASE NO. 2011-108 RC

NATIONAL GRID CORPORATION OF
 THE PHILIPPINES (NGCP),

Applicant.

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DOCKETED

Date: AUG 23 2011

By: *[Signature]*

ORDER

On August 1, 2011, the National Grid Corporation of the Philippines (NGCP) filed an Application for the approval of the Batangas – Mindoro Interconnection Project (BMIP), with prayer for the issuance of a provisional authority.

In the said application, NGCP alleged, among others, that:

1. It is a corporation created and existing under the laws of the Philippines. It has its principal office address at NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City. It is the corporate vehicle of the consortium awarded with the concession to assume the power transmission functions of the National Transmission Corporation (TRANSCO) pursuant to Republic Act No. (R.A.) 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA);
2. One of its functions and responsibilities enumerated in Section 9 of the EPIRA is to *“improve and expand its transmission facilities, consistent with the Grid Code and the Transmission Development Plan (TDP) to be promulgated pursuant to this Act, to adequately serve generation companies, distribution utilities and suppliers requiring transmission service and/or ancillary services through the transmission system: Provided, That TRANSCO shall submit any plan for expansion or improvement of its facilities for approval by the ERC.”* (Emphasis by the NGCP);

3. In accordance with its mandate to ensure and maintain the quality, reliability, adequacy, security, stability and integrity of the Grid, it seeks authority from the Commission to implement the Batangas - Mindoro Interconnection Project (BMIP), which aims to link the existing power system of Mindoro Island (Mindoro) to the Luzon Grid;
4. The Island of Mindoro's electric power system is operated by two (2) Electric Cooperatives (ECs), namely: Oriental Mindoro Electric Cooperative (ORMECO) and Occidental Mindoro Electric Cooperative (OMECO) with peak demands of 27 MW and 13 MW, respectively. ORMECO's power is supplied by the 21-24 MW diesel plant of the National Power Corporation – Small Power Utilities Group (NPC-SPUG), 7.5 MW bunker fuel fired plant and a 1.6 MW Mini-Hydro Power Plant. While OMECO is supplied by an aggregate of 10 MW diesel engines by NPC-SPUG;
5. The interconnection of Mindoro to the Luzon grid gains full support through the following Resolutions:
 - a. **House Resolution No. 56 by the Honorable Rodolfo G. Valencia**, entitled: *“A Resolution Urging the Energy Regulatory Commission (ERC) and the National Grid Corporation of the Philippines (NGCP) to Fast-track the Implementation of the Luzon-Mindoro Interconnection Project that will Address the Need for Adequate and Affordable Power, Thereby Serving as a Catalyst for the Development of Abundant Indigenous, Renewable Energy and Bio-fuel resources of the Island of Mindoro, Eventually for the Export of Excess Power Generation to the Luzon Grid and for other Socio-economic development Benefits;”*
 - b. **Resolution No. 11-41 of Board of Directors of ORMECO**, entitled: *“Appeal to NGCP to Interconnect Mindoro to Luzon Grid via Submarine Cable;”* and
 - c. **Resolution No. 36-2011 of the Board of Directors of OMECO**, entitled: *“Resolution Earnestly Imploring to NGCP, National Electrification Administration (NEA), Department of Energy (DOE), Energy Regulatory Commission (ERC) and to the Office of the President to Consider the Interconnection of Mindoro to Luzon and Visayas Grid through Submarine Cable from Batangas through Semirara island.”*
6. In view of said Resolutions, it coordinated with NPC-SPUG, ORMECO and OMECO to gather necessary data to re-evaluate the previous studies on Mindoro's demand forecast, potential generation capacity, supply-demand outlook, island interconnection scheme and benefits of the Projects;
7. It has included the Project under the name “Luzon-Mindoro Interconnection Project” as part of its 2009 and 2010 Transmission Development Plan (TDP) Reports. The results of the re-evaluation are discussed below:

The Demand Forecast for Mindoro Island

8. The peak load of the Island of Mindoro is expected to be at 83 MW level by 2020 which translates to an annual Average Compounded Growth rate (AACGR) of 8.06% for the period 2011-2020;

The Generation Capacity Potential of Mindoro Island

9. Based on the indicative capacity addition line-up from the Department of Energy (DOE), about 203.0 MW generation capacity is targeted to be installed in the island of Mindoro up to year 2016;
10. ORMECO's Distribution Development Plan (DDP) provides the construction of the 4.2 MW and 0.9 MW Mini-Hydro Power Plant projects in Linao Cawayan which will be completed in 2011 and 2013, respectively;
11. If all of the potential reserve will be used for power generation, the above resource could translate to more than 600 MW capacity for about 50 years;

Supply-Demand Outlook for Mindoro

12. Once the indicative generation capacity additions listed in Annex E (attachment to the application) and the power plant projects of ORMECO materialize as scheduled, the supply demand outlook of the island would show potential excess generation capacity which can be exported to the main Luzon Grid;

Interconnection Scheme

13. The two (2) options for the interconnection scheme considered in the Project are :
 - Option 1** – Interconnection to the main Luzon Grid via Batangas 230 kV Substation;
 - Option 2** – Interconnection to the main Luzon Grid via Ilijan 500 kV Substation. Although Ilijan site was not identified as a good cable landing area for the project, Ilijan 500 kV Substation can still be considered as a connection point but the CTS will still be at Lobo;

14. In view of the total cost involved, NGCP proposes the interconnection scheme is **Option 1 – Interconnection via Batangas 230 kV Substation** with a project estimate of PhP10,997.993 Million;

Project Benefits

15. The following are the benefits to the Island of Mindoro if the Project is implemented:
- a. The overall reliability of power supply in the island of Mindoro will improve;
 - b. It will be provided access to cheaper power from the generators in the main Luzon Grid;
 - c. The Mindoro power grid will become part of NGCP's operation. Thus, strengthening the transmission backbone of Mindoro will also become part of NGCP's planning and development activities;
 - d. With the improvement of adequate and reliable power supply in the island as a result of the interconnection project, Mindoro will become more conducive for expanding businesses in tourism, manufacturing and other industries, thereby, improving the economy of the island; and
 - e. The interconnection project will also help encourage the development of possible coal-fired power plants within Mindoro which could utilize the existing rich coal resources in the island;

Other Supporting Document

16. In support of this Application, it hereby submits to the Commission the Project Profile and the Single Line Diagram hereto attached as Annexes "H" and "I", respectively;

Prayer for Provisional Authority

17. Moreover, it moves for the issuance of a provisional authority in order for the project to be immediately implemented. Copies of the Judicial Affidavits of Mr. Vicente N. Loria, Manager of its Project Planning and Development Division, and Mr. Redi Allan Remoroza, Head of its Luzon System Planning Division are hereto attached as Annexes "J" and "K"; and

18. It prays that the Commission grant it provisional authority, upon the filing of the application, to implement the Batangas – Mindoro Interconnection Project, and after notice and hearing, render judgment making the provisional approval permanent.

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 21, 2011 (Wednesday) at three o'clock in the afternoon (3:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

NGCP is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing. It is also directed to inform the consumers, by any other means available and appropriate, of the filing of the instant application, its reasons therefor, and of the scheduled hearing thereon.

Let copies of the application, this Order, and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA) and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governors of the Provinces of Oriental Mindoro and Occidental Mindoro, and the Mayors of Quezon City and the Cities/Municipalities within the franchise areas of Oriental Mindoro Electric Cooperative, Inc. (ORMECO) and Occidental Mindoro Electric Cooperative, Inc. (OMECO) for the appropriate posting thereof on their respective bulletin boards.

NGCP is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, NGCP must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governors and Mayors or their duly authorized representatives, bearing the seal of their offices, and the affidavits of the Editors or Business Managers of the newspapers where said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

NGCP and all interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-Trial Briefs containing, among others:

- (a) A summary of admitted facts and proposed stipulation of facts;
- (b) The issues to be tried or resolved;
- (c) The documents or exhibits to be presented, stating the purposes thereof and proposed markings thereon; and
- (d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-Trial Brief.

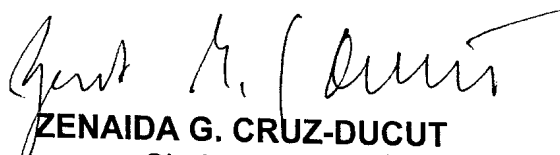
Failure of NGCP to submit the required Pre-Trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

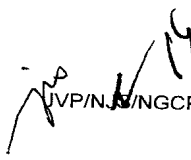
As part of the pre-trial conference, NGCP must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, August 16, 2011.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson *4/*


JVP/NJ/NGCP/ERC CASE NO. 2011-108 RC-Order

Copy Furnished:

1. **THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP)**
Attention: Attys. LUIS MANUEL U. BUGAYONG, RONALD DYLAN P. CONCEPCION, MARK ANTHONY S. ACTUB and RAYCELL D. BALDOVINO
Counsels for NGCP
NGCP Building, Quezon Avenue corner BIR Road
Diliman, Quezon City
2. **The Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
3. **The Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
4. **The Senate Committee on Energy**
GSIS Bldg., Roxas Blvd., Pasay City
Metro Manila
5. **The House Committee on Energy**
Batasan Hills, Quirino City, Metro Manila
6. **Office of the President of PCCI**
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, ECC Building, 355 Sen. Gil Puyat Ave., Makati City
7. **Office of the Governor**
Province of Oriental Mindoro
8. **Office of the Governor**
Province of Occidental Mindoro
9. **Office of the City Mayor**
Quezon City
10. **ORIENTAL MINDORO ELECTRIC COOPERATIVE, INC. (ORMECO)**
Attention: **MR. ROMEO N. CASUAY**
General Manager
Barangay Sta. Isabel, Calapan City, Oriental Mindoro
11. **Office of the City Mayor**
Calapan City
Province of Oriental Mindoro
12. **Office of the Municipal Mayor**
Municipality of Baco
Province of Oriental Mindoro

13. **Office of the Municipal Mayor**
Municipality of San Teodoro
Province of Oriental Mindoro
14. **Office of the Municipal Mayor**
Municipality of Puerto Galera
Province of Oriental Mindoro
15. **Office of the Municipal Mayor**
Municipality of Naujan
Province of Oriental Mindoro
16. **Office of the Municipal Mayor**
Municipality of Victoria
Province of Oriental Mindoro
17. **Office of the Municipal Mayor**
Municipality of Socorro
Province of Oriental Mindoro
18. **Office of the Municipal Mayor**
Municipality of Pola
Province of Oriental Mindoro
19. **Office of the Municipal Mayor**
Municipality of Pinamalayan
Province of Oriental Mindoro
20. **Office of the Municipal Mayor**
Municipality of Gloria
Province of Oriental Mindoro
21. **Office of the Municipal Mayor**
Municipality of Bansud
Province of Oriental Mindoro
22. **Office of the Municipal Mayor**
Municipality of Bongabong
Province of Oriental Mindoro
23. **Office of the Municipal Mayor**
Municipality of Roxas
Province of Oriental Mindoro
24. **Office of the Municipal Mayor**
Municipality of Mansalay
Province of Oriental Mindoro
25. **Office of the Municipal Mayor**
Municipality of Bulalacao
Province of Oriental Mindoro

26. **OCCIDENTAL MINDORO ELECTRIC COOPERATIVE, INC. (OMEKO)**
Attention: **MR. ALFRED A. DANTIS**
OIC-General Manager
San Jose, Occidental Mindoro
27. **Office of the Municipal Mayor**
Municipality of Abra de Ilog
Province of Occidental Mindoro
28. **Office of the Municipal Mayor**
Municipality of Calintaan
Province of Occidental Mindoro
29. **Office of the Municipal Mayor**
Municipality of Magsaysay
Province of Occidental Mindoro
30. **Office of the Municipal Mayor**
Municipality of Mamburao
Province of Occidental Mindoro
31. **Office of the Municipal Mayor**
Municipality of Paluan
Province of Occidental Mindoro
32. **Office of the Municipal Mayor**
Municipality of Rizal
Province of Occidental Mindoro
33. **Office of the Municipal Mayor**
Municipality of Sablayan
Province of Occidental Mindoro
34. **Office of the Municipal Mayor**
Municipality of San Jose
Province of Occidental Mindoro
35. **Office of the Municipal Mayor**
Municipality of Sta. Cruz
Province of Occidental Mindoro

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D O C K E T E D
Date: AUG 23 2011
By: _____

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

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6. In view of said Resolutions, it coordinated with NPC-SPUG, ORMECO and OMECO to gather necessary data to re-evaluate the previous studies on Mindoro's demand forecast, potential generation capacity, supply-demand outlook, island interconnection scheme and benefits of the Projects;
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Other Supporting Document

16. In support of this Application, it hereby submits to the Commission the Project Profile and the Single Line Diagram hereto attached as Annexes "H" and "I", respectively;

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17. Moreover, it moves for the issuance of a provisional authority in order for the project to be immediately implemented. Copies of the Judicial Affidavits of Mr. Vicente N. Loria, Manager of its Project Planning and Development Division, and Mr. Redi Allan Remoroza, Head of its Luzon System Planning Division are hereto attached as Annexes "J" and "K"; and
18. It prays that the Commission grant it provisional authority, upon the filing of the application, to implement the Batangas – Mindoro Interconnection Project, and after notice and hearing, render judgment making the provisional approval permanent.

The Commission has set the application for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 21, 2011 (Wednesday) at three o'clock in the afternoon (3:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (1) the petitioner's name and address; (2) the nature of petitioner's interest in the subject matter of the proceeding, and the way and manner in which such interest is affected by the issues involved in the proceeding; and (3) a statement of the relief desired.

All other persons who may want their views known to the Commission with respect to the subject matter of the proceeding may file their opposition to the application or comment thereon at any stage of the proceeding before the

applicant concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the application may request the applicant, prior to the date of the initial hearing, that they be furnished with a copy of the application. The applicant is hereby directed to furnish all those making a request with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the application and other pertinent records filed with the Commission during the usual office hours.

WITNESS, the Honorable Chairperson, **ZENaida G. CRUZ-DUCUT**, and the Honorable Commissioners, **MARIA TERESA A.R. CASTAÑEDA** and **JOSE C. REYES**, Energy Regulatory Commission, this 16th day of August 2011 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III