

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
IMPLEMENTATION OF
SIX CAPITAL
EXPENDITURE
PROJECTS (REFILED),
WITH PRAYER FOR THE
ISSUANCE OF
PROVISIONAL
AUTHORITY**

ERC CASE NO. 2022-083 RC

**NATIONAL GRID
CORPORATION OF THE
PHILIPPINES,**

Applicant.

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Promulgated:
December 9, 2022

ORDER

On 16 November 2022, the National Grid Corporation of the Philippines (NGCP) filed an *Application* dated 03 November 2022, seeking the Commission's approval of the implementation of six capital expenditure projects, with prayer for the issuance of provisional authority.

The pertinent allegations in the said *Application* are hereunder quoted:

The Applicant

1. NGCP is a corporation created and existing under the laws of the Philippines, with principal office address at NGCP Building, Quezon Avenue corner B.I.R. Road, Diliman, Quezon City. It is the concessionaire, pursuant to R.A. No. 9136, otherwise known as the "*Electric Power Industry Reform Act of 2001*" (EPIRA), which was granted the rights and obligation to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair, refurbish, and replace the Transmission Assets.

2. Pursuant to R.A. No. 9511¹, NGCP was granted the franchise to operate, manage and maintain, and in connection therewith, to engage in the business of conveying or transmitting electricity through a high-voltage backbone system of interconnected transmission lines, substations and related facilities, system operations, and other activities that are necessary to support the safe and reliable operation of the transmission system² and is authorized to charge its customers at the rates approved by the Honorable Commission.
3. Notwithstanding the absence of the Final Determination for the 4th and 5th Regulatory Periods, NGCP is mandated to ensure and maintain the quality, reliability, adequacy, security, stability, and integrity of the nationwide grid.
4. Hence, on 01 December 2017, pursuant to paragraph (d), Section 9 of the EPIRA³, NGCP filed an application entitled *"In the matter of the Application for the approval of the implementation of additional Capital Expenditure Program for the Calendar Years 2017 – Beyond 2020, with prayer for the issuance of Provisional Authority"* and docketed as ERC Case No. 2017-110 RC (herein referred to as the "Original Application").
5. On 27 March 2018, the Honorable Commission issued an Order and a Notice of Public Hearing, both dated 8 March 2018, setting the Original Application for determination of compliance with jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on 15 May 2018.
6. During the 15 May 2018 hearing, the Commission, after having found NGCP's submission as compliant with the Order dated 8 March 2018, acquired jurisdiction over the Original Application.
7. On various dates, the Commission set the Original Application for pre-trial conference and presentation of evidence. Thereafter, on 7 December 2020, NGCP filed its Formal of Evidence dated 4 December 2020.
8. On 8 June 2021, the Commission issued an Order dated 24 May 2021 directing NGCP to submit a detailed explanation on the significant percentage increase of some of the CAPEX projects' cost and a detailed explanation as to the change of project name and component of the Calbayog-Allen 69 kV Transmission Line Project.

¹ An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-bone System or Interconnected Transmission Lines, Substations and Related Facilities, and For Other Purposes.

² *Id.*, Section 1.

³ Directing the transmission operator to seek prior approval from the Honorable Commission of any plan for expansion or improvement of its facilities.

9. On 23 June 2021, NGCP filed its Compliance to the Order dated 24 May 2021 and attached therein its detailed explanation. Subsequently, on 27 May 2022, citing several factors which had contributed to the increase in project costs and/or change in components of the herein contained projects, NGCP filed a Motion to Withdraw dated 26 May 2022 praying that it be allowed to withdraw from the Original Application the following projects:
- a. Concepcion-Sta. Ignacia 69kV Transmission Line Project;
 - b. San Simon 230 kV Substation Project;
 - c. Pinili 230kV Substation Project;
 - d. Laray 230kV Substation Project;
 - e. Calbayog-Allen 69kV Transmission Line Project; and
 - f. Maco-Mati 138kV Transmission Line Project.
10. On 12 October 2022, NGCP received the Honorable Commission’s Order dated 15 September 2022 granting the Motion to Withdraw and directing NGCP to refile the necessary application for the projects herein, to wit:

“**WHEREFORE**, the foregoing premises considered, the *Motion to Withdraw (Six Projects in the Application)* filed by the National Grid Corporation of the Philippines (NGCP) is hereby **GRANTED**. **ACCORDINGLY**, the instant case is considered withdrawn.

RELATIVE THERETO, NGCP is **DIRECTED** to refile the necessary Application for the approval of the withdrawn six (6) CAPEX projects within a period of **thirty (30) days** from receipt hereof.”

11. In the pursuit of its mandate under RA 9136 and RA 9511, and in compliance with the Commission’s Order dated 15 September 2022, NGCP files this capital expenditure application which seeks authority from the Honorable Commission for the immediate implementation of the following projects:

	PROJECT NAME	BRIEF JUSTIFICATION
1.	Concepcion-Sta. Ignacia 69kV Transmission Line Project	The project aims to address the overloading of the Concepcion–Camiling 69 kV Transmission Line and provide additional transmission capacity to cater the growing power demand in Tarlac area by unloading the existing Concepcion–Camiling 69 kV Transmission Line and catering the loads of TARELCO I in Sta. Ignacia, Camiling, Mayantoc,

		<p>Paniqui, Moncada and Anao.</p> <p>The total estimated project cost is PhP999.707Mn with an implementation period of sixty-six (66) months.</p>
2.	San Simon 230kV Substation Project	<p>The project will accommodate the growing demands of existing steel mills and directly connected industries, as well as support the entry of new steel mills and industrial loads in San Simon, Pampanga. It will also address the overloading of various 69 kV transmission facilities and serve as an alternate source substation for the loads connected at Mexico Substation.</p> <p>The total estimated project cost is PhP4,415.484Mn with an implementation period of sixty-eight (68) months.</p>
3.	Pinili 230kV Substation Project	<p>The project aims to address the forecasted load growth in Ilocos Region and provide an alternate connection source for loads connected at Laoag Substation during an N-1 contingency condition. Furthermore, the aforementioned project will serve as the new connection point for future renewable energy power plants in the area.</p> <p>The total estimated project cost is PhP1,643.649Mn with an implementation period of sixty-two (62) months.</p>

The ***Project Application Documents of Refiled Luzon Projects*** is hereto attached as **Annex “A”**

4.	Laray 230kV Substation Project	<p>The project aims to provide a new Gas Insulated Switchgear substation in Laray to prevent the overloading of Quiot S/S and Cebu S/S during normal condition and ensure the reliability of power delivery in Metro Cebu through load shifting between substations during N-1 contingency.</p>
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		<p>Furthermore, it will accommodate future developments and will provide new terminations for customers in the area.</p> <p>The total estimated project cost is PhP6,350.514Mn with an implementation period of one hundred forty-seven (147) months.</p>
5.	Calbayog – Allen Transmission Line Project	<p>The project aims to improve the reliability of power delivery in Northern Samar. The proposed San Isidro 138 kV Substation will be constructed to accommodate the load growth in Northern Samar and to accommodate the entry of San Isidro Wind Farm of Lihangin Wind Energy Corporation (formerly 6 Barracuda Energy Corporation) in Northern Samar.</p> <p>The total estimated project cost is PhP3,315.879Mn with an implementation period of one hundred three (103) months.</p>

The ***Project Application Documents of Refiled Visayas Projects*** is hereto attached as **Annex “B”**.

6.	Maco – Mati 138kV Transmission Line Project	<p>The project aims to provide a grid connection point for Davao Oriental Electric Cooperative (DORECO) thereby relieving the imminent overloading of the existing Maco-Banaybanay 69 kV Line serving DORECO and Northern Davao Electric Cooperative (NORDECO); and promote economic boost for Mati City through nearby transmission and substation facilities with bigger loading capacity; and</p> <p>The total estimated project cost is PhP3,608.75Mn with an implementation period of thirty-six (36) months.</p>
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The ***Project Application Documents of Refiled Mindanao Project*** is hereto attached as **Annex “C”**.

Justifications for the Issuance of Provisional Approval

12. To reiterate, NGCP is required under paragraph (d), Section 9 of the EPIRA to seek prior approval from this Honorable Commission of any plan for expansion or improvement of its facilities in relation to its authority and responsibility to construct, install, finance, improve, expand, rehabilitate and repair the nationwide transmission system and the grid.
13. Along with its responsibility for the planning, construction and centralized operation and maintenance of its high voltage transmission facilities, it is indispensable for NGCP to ensure a reliable and high-performance operation of the transmission system. Thus, to avoid disruption of operation and to ensure continuous compliance with NGCP's mandate under the EPIRA as the transmission operator, it is imperative that the implementation of the proposed CAPEX projects be immediately approved.
14. In support of this application, NGCP submits the Judicial Affidavits of *Engr. Eufemio C. Buluran, Jr.*, *Engr. Michael R. Baylosis*, and *Engr. Fernando S. Javier*, attached as **Annexes "D" to "F"**, respectively.

PRAYER

WHEREFORE, NGCP most respectfully prays this Honorable Commission to:

1. Immediately **ISSUE** an Order provisionally authorizing the implementation of the proposed CAPEX projects covered in this instant Application; and
2. **APPROVE**, after notice and hearing, the proposed CAPEX projects.

NGCP prays for other equitable relief.

The legal pre-filing activities for the instant *Application* commenced on 09 November 2022 and the required fees were paid by the Applicant on 11 November 2022. Prior to the legal pre-filing activities, the same also went through a separate technical pre-filing before the Commission. In consideration of the timeline of the pre-filing activities conducted vis-à-vis the *Order* of the Commission dated 15 September 2022 under ERC Case No. 2017-110 RC⁴, wherein the applicant's motion to withdraw the projects subject of the instant application was granted with a directive to refile said projects within 30 days from receipt thereof, the instant *Application* is found to be filed on time.

⁴ In the Matter of the Application for the Approval of the Implementation of Additional Capital Expenditure Program for the Calendar Years 2017 – Beyond 2020, with Prayer for the Issuance of Provisional Authority, filed by the NGCP on 01 December 2017.

Thus, finding the said *Application* to be sufficient in form with the required fees having been paid, the same is hereby set for the determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on the following dates and online platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020⁵ and Resolution No. 01, Series of 2021⁶ (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
10 February 2023 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams or Zoom Application	Determination of compliance with jurisdictional requirements and Expository Presentation
17 February 2023 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Pre-trial Conference and Presentation of Evidence

RELATIVE THERETO, NGCP is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* in two (2) newspapers of nationwide circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart, and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Provincial Governors, Mayors, and the Local Government Unit (LGU) legislative bodies within NGCP's regional offices for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within NGCP's regional offices, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled virtual hearings thereon;

⁵ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

⁶ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

- 4) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing*, 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 and attend the scheduled hearings; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

Within five (5) calendar days prior to the date of the initial virtual hearing, Applicant must submit to the Commission via electronic mail (e-mail) at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, the scanned copies of its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked, the following:

- 1) The evidence of publication of the attached *Notice of Virtual Hearing* consisting of affidavits of the Editors or Business Managers of the newspapers where the said *Notice of Virtual Hearing* was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this *Order* and the attached *Notice of Virtual Hearing* consisting of certifications issued to that effect, signed by the aforementioned Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by NGCP to inform the consumers affected of the filing of the *Application*, its reasons therefor, and of the scheduled hearings thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Virtual Hearing* by the OSG, COA, and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments, by all those making requests therefor; and

- 6) Such other proof of compliance with the requirements of the Commission.

Moreover, NGCP is hereby required to post on its bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publications and certifications issued by the concerned Offices of the Governors, Mayors and Local Legislative Bodies, and to submit proof of its posting thereof.

NGCP and all interested parties are also required to submit via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, **at least five (5) calendar days** before the date of the scheduled virtual hearing and Pre-trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefor, which should also be attached to the Pre-trial Brief; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

NGCP must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission **at least five (5) calendar days** before the date of the scheduled initial virtual hearing and Pre-trial Conference pursuant to the preceding paragraph.

Failure of NGCP to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearings, and the resetting of which shall be six (6) months from the said date of cancellation.

NGCP must also be prepared to make an expository presentation of the instant *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, the nature of the

Application with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

NGCP is hereby directed to file a copy of its Expository Presentation via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, **at least five (5) calendar days** prior to the scheduled virtual hearing. NGCP shall also be required, upon the request of any stakeholder, to provide an advance copy of its expository presentation, **at least five (5) calendar days** prior to the scheduled virtual hearing.

Any interested stakeholder may submit its comments and/or clarifications **at least one (1) calendar day** prior to the scheduled virtual hearing, via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

NGCP is hereby directed to submit, either through personal service, registered or ordinary mail/private courier, one (1) set of the original or certified true hard/printed copy/ies of its Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavit/s of witness/es, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission. Similarly, all interested parties who filed their Petition to Intervene or Opposition are required to submit the hard/printed copy thereof within the same period through any of the available mode of service.

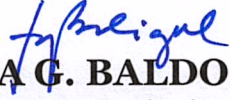

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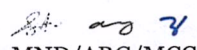
Finally, NGCP, including its authorized representative/s and witness/es, are hereby directed to provide the Commission, through legal.virtualhearings@erc.ph, with their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

SO ORDERED.

Pasig City, 09 December 2022.

FOR AND BY AUTHORITY
OF THE COMMISSION:


FLORESINDA G. BALDO-DIGAL
Oversight Commissioner
For the Legal Service 


LS: MND/ARG/MCCG

COPY FURNISHED:

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16. Office of the Sangguniang Panlungsod
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17. Office of the Governor
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18. Office of the Sangguniang Panlalawigan
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22. Office of the Sangguniang Panlungsod
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27. Regulatory Operations Service (ROS)
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