

THE PARTIES

2. Applicant NGCP is a corporation created and existing under the laws of the Philippines, with office address at NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City. It is the concessionaire which assumed the power transmission functions of the National Transmission Corporation (TRANSCO) pursuant to Republic Act No. 9136¹ (EPIRA). It holds a franchise under Republic Act No. 9511² to engage in the business of conveying or transmitting electricity through high-voltage back-bone systems of interconnected transmission lines, substations and related facilities, and for other purposes. The franchise also includes the conduct of activities necessary to support the safe and reliable operation of the transmission system.

3. Applicant CIP is a corporation organized and existing under and by virtue of the laws of the Philippines with principal office address at Barangay Quirino, Bacnotan, La Union. It may be served with orders, notices and other legal processes through its undersigned counsels at its address below. It is the owner and operator of the 20-MW diesel power generation facility (Diesel Power Plant), which was certified and accredited by NGCP as capable of providing Dispatchable Reserve (DR).

ANTECEDENT FACTS

4. Republic Act No. 9136 provides that it is the responsibility of NGCP to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the performance standards for its operations and maintenance, as set forth in the Philippine Grid Code (PGC), adopted and promulgated by the Honorable Commission, and to adequately serve generation companies, distribution utilities and suppliers requiring transmission service and/or ancillary services through the transmission system.

¹ Republic Act No. 9136 entitled, "An Act Ordaining Reforms in the Electric Power Industry, Amending for the Purpose Certain Laws and for other Purposes";

²An 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 of Interconnected Transmission Lines, Substations and Related Facilities, and for other Purposes;

³Section 9 (d);

5. Similarly, the PGC provides that NGCP is responsible for determining, acquiring, and dispatching the capacity needed to supply the required Grid Ancillary Services and for developing and proposing Wheeling Charges and Ancillary Service tariffs to the ERC⁴.

6. Ancillary services (AS) as defined in Section 4b of the EPIRA “refer to those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with good utility practice and the Grid Code to be adopted in accordance with this Act.” These services are essential in ensuring reliability in the operation of the transmission system and consequently, in the reliability of the electricity supply in the Luzon, Visayas and Mindanao grids.

7. In order to implement and regulate the procurement of AS, the Honorable Commission approved the Ancillary Services Procurement Plan (ASPP) through its Order dated 9 March 2006 in ERC Case No. 2002-253 and the Ancillary Services-Cost Recovery Mechanism (AS-CRM) through its Decision dated 3 October 2007 in ERC Case No. 2006-049RC.

8. Pursuant to its mandate, NGCP invited and negotiated with all prospective generation companies capable of providing ancillary services, one of which is CIP. NGCP determined that its units are capable of providing DR. The copy of the Accreditation Certificate No. 2016-L008 dated 1 November 2016 is attached as **Annex “A”**.

9. Consequently, the Applicants executed the ASPA for the supply of DR for a period of five (5) years under a non-firm arrangement. A copy of the ASPA dated 5 January 2017 is attached as **Annex “B”**.

NON-FIRM CONTRACTED CAPACITY RATES AND IMPACT SIMULATION

10. The Applicants used the following rate for the capacity fee.

⁴ Section 6.3.1.2;

Non-Firm:

Ancillary Service	Applicable Rates (Maximum Hourly Rate)
Dispatchable Reserve	Php1.25/kW/Hr

11. CIP respectfully submits that the proposed rates represent a reasonable recovery of the opportunity cost in making available generation capacity to provide the procured AS.

12. The rate under ASPA was subjected to a rate impact simulation by NGCP, as follows:

AS Type	SIMULATION	
	P/kW-mo	P/kWh equivalent
DR	1.8961	0.0038
Total	1.8961	0.0038

A copy of the said rate impact simulation is attached hereto as **Annex "C."**

13. Consistent with the AS-CRM, all the related and incidental expenses which NGCP will incur as a result of the procurement and operation of the ancillary services shall be recovered from all the load customers in the Luzon Grid.

ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL AUTHORITY

14. It is a declared policy of the State to ensure the quality, reliability, security and affordability of the supply of electric power (*Section 2b, EPIRA*). With this end in view, there is a need to comply with the system requirements for AS to ensure grid system reliability. As mentioned above, NGCP has the mandate to procure the required AS.

15. CIP must provide the current contracted ancillary services to maintain the reliability of the power grid. Based on the current levels of available contracted AS in the Luzon Grid, the non-firm contracted AS have not yet met the required levels of the ASPP. The copies of the relevant actual data and (its

corresponding graphical presentations showing the required and available levels of AS in the Luzon Grid are attached hereto as **Annex "D."**

16. NGCP must be guaranteed that there are available AS on a daily basis to assure reliability of the grid. There is no assurance that the non-firm capacities would be available when needed. NGCP cannot gamble on this chance. As the grid operator, the contracted capacity of CIP, especially its firm capacities, are greatly needed.

17. As a non-firm AS service provider, the AS to be provided by CIP and paid for by NGCP shall only be when it is needed. The entry of CIP as an additional AS service provider ensures competition between and among AS service providers which will ultimately initiate a downward pressure to current prices. CIP has no existing contract with any customer, thus, ensuring the reliability of the AS service to be provided by CIP.

18. Thus, NGCP and CIP agreed to execute the ASPA for a period of five years. With this ASPA, the Luzon Grid is assured of AS until 2021.

19. Also, as the demand for power in the Luzon increases, the requirements of the system to ensure stability, reliability and security likewise increases. Ensuring the integrity of the system and sufficient reserves is essential to protect the interests of the public. The absence of system reliability and stability will certainly discourage investments and growth.

20. Applicants respectfully submit that the immediate approval of the ASPA by this Honorable Commission is a necessity to maintain the present reliability and security of the Grid. In support of these allegations, NGCP submits a copy of the Judicial Affidavit of Engr. Lisaflor Bacani-Kater which is hereto attached as **Annex "E."**

PRAYER

WHEREFORE, premises considered, Applicants respectfully pray that the Honorable Commission to:



a) Immediately **ISSUE** a provisional authority to implement the subject ASPA;

b) **APPROVE**, after notice and hearing, the subject ASPA.

Applicants pray for other just and equitable relief under the premises.

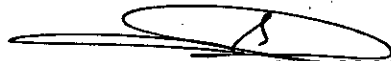
Quezon City and Makati City for Pasig City, 31 January

2017

**OFFICE OF THE GENERAL COUNSEL
NATIONAL GRID CORPORATION OF THE PHILIPPINES**

NGCP Building, Quezon Avenue corner
BIR Road, Diliman, Quezon City
Tel. No. 981-2100 (Trunk Line)

By:



LUIS MANUEL U. BUGAYONG

PTR No. 3804021 / 01.04.17 / Quezon City
IBP Lifetime No. 010191/RSM
MCLE Compliance No. V-0006616 / 02.24.15
Roll of Attorneys No. 38002
Email address: lubugayong@ngcp.ph



RONALD DYLAN P. CONCEPCION

PTR No. 3804024 / 01.04.17 / Quezon City
IBP Lifetime No. 04995/ RSM
MCLE Compliance No. V-0006639 / 02.24.15
Roll of Attorneys No. 40065
Email address: rpconcepcion@ngcp.ph



MARK ANTHONY S. ACTUB

PTR No. 3804020 / 01.04.17 / Quezon City
MCLE Compliance No. V-0006614 / 02.24.15
IBP Lifetime No. 04514/ Misamis Oriental
Roll of Attorneys No. 45707
Email address: msactub@ngcp.ph



RAYCELL D. BALDOVINO

PTR No. 3803221 / 01.03.17 / Quezon City
MCLE Compliance No. V-0008304 / 06.03.15
IBP Lifetime No. 010195/ RSM
Roll of Attorneys No. 50672
Email address: rbaldovino@ngcp.ph

-and-

CIP II POWER CORPORATION

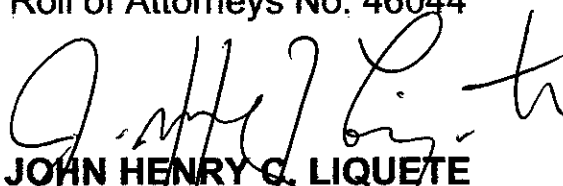
Level 3, PHINMA Plaza, 39 Plaza Drive,
Rockwell Center, Makati City
Tel. No. 870-0100 (Trunk Line)

By:



ALAN T. ASCALON

PTR No. 5918374/1-11-17/Makati City
MCLE Compliance No. V-0024676/01-10-2017
IBP No. 1060429/1-11-17/ Iloilo City
Roll of Attorneys No. 46044



JOHN HENRY C. LIQUETE

PTR No. 5918375/01-11-17/Makati City
MCLE Compliance V-0012606/02-03-2015
IBP No. 1060428/1-11-17/RSM Chapter
Roll of Attorneys No. 58040



MARTESSA E. NUYLAN-RODRIGUEZA

PTR No. 5358193/1-27-16/Makati City
MCLE Compliance. No. V – 0015966/03-21-2016
IBP No. 1060427/01-11-17 /Albay
Roll No. 54142

Courtesy Copy:

NATIONAL TRANSMISSION CORPORATION

c/o Office of the General Counsel
Quezon Avenue corner BIR Road
Diliman, Quezon City

NATIONAL TRANSMISSION CORPORATION

c/o Office of the President
Quezon Avenue corner BIR Road
Diliman, Quezon City

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION

c/o Office of the President
7th Floor, Bankmer Building, 6756 Ayala Avenue
1226 Makati City

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S.

**VERIFICATION AND
CERTIFICATION OF NON-FORUM SHOPPING**

I, **MA. CYNTHIA Y. MANRIQUE**, Filipino, of legal age, single, after having been duly sworn to in accordance with law, hereby depose and say that:

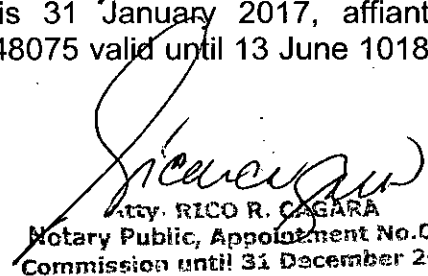
1. I am presently the Head of the Revenue Regulatory Affairs Group of the National Grid Corporation of the Philippines (NGCP);
2. I am duly authorized to sign the Verification and Certification of Non-Forum Shopping in this case for and in behalf of NGCP as evidenced by the Secretary's Certificate hereto attached as **Annex "A-Verification;"**
3. I have caused the preparation of the foregoing Joint Application and I have read it. I attest that the allegations therein are true and correct of my personal knowledge and based on authentic records;
4. I further attest that NGCP has not filed any similar case or action before any court, tribunal or quasi-judicial agency involving the properties subject of this case and, to the best of my knowledge, no such other case or action is pending therein; and
5. If I should thereafter learn that a similar case, action or claim other than those mentioned above, is filed or pending before any court, tribunal or quasi-judicial agency, I shall report that fact to this Honorable Office within five (5) days therefrom;

IN WITNESS WHEREOF, I have hereunto affixed my signature this 31 January 2017, in Quezon City, Philippines.


MA. CYNTHIA Y. MANRIQUE
Affiant

SUBSCRIBED AND SWORN to before me this 31 January 2017, affiant exhibited to me her Driver's License No. D09-94-048075 valid until 13 June 1018 issued at Quezon City.

Doc. No. 18;
Page No. 05;
Book No. 27;
Series of 2017.


Atty. RICO R. CAGARA
Notary Public, Appointment No.038
Commission until 31 December 2017
PTR No.3803217; 01-03-17; Quezon City
IEP Lifetime No.03600; Bulacan
Roll of Attorney's No.53664
CLE Compliance No.V-0005735, until 4-14-19
Unit 305, J. Rosa Condominium
44 Matimtiman St., Teacher's Village East
Diliman, Quezon City

REPUBLIC OF THE PHILIPPINES)
CITY OF QUEZON) S.S.

SECRETARY'S CERTIFICATE

I, **KAREN S. ONG**, of legal age, Filipino, and with office address at Power Center, Quezon Avenue corner BIR Road, Diliman, Quezon City, Metro Manila, after having been duly sworn in accordance with law, hereby certify that:

1. I am the Corporate Secretary of NATIONAL GRID CORPORATION OF THE PHILIPPINES (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at Power Center, Quezon Avenue corner BIR Road, Diliman, Quezon City.

2. In the meeting of the Board of Directors of the Corporation held on 27 June 2011, at which meeting a quorum was present, the following resolution was unanimously approved and adopted:

"NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the request for authority is hereby approved and adopted for the President & CEO, Chief Administrative Officer, General Counsel, Revenue And Regulatory Affairs Department Head, Engineering Construction Department Head and concerned Project Division Heads, or their appointed and designated officers of NGCP to:

- (i) Represent NGCP in any claim, complaint, petition, application, protest, suit, or any case for or against NGCP before any judicial court, prosecutor's office, regulatory body, quasi-judicial or administrative body, agency or office of the government;
- (ii) Execute, sign and obtain any document, including verification and certification of non-forum shopping or any other document which may be required or in connection with the preceding paragraph;
- (iii) Appoint, name or designate a representative of NGCP during inquest, preliminary investigation, preliminary conference, pre-trial, mediation, conciliation, arbitration, trial, execution, and all proceeding or action; and
- (iv) Do and perform on behalf of NGCP any act and deed necessary to be done in the premises;

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of June, 2011 in Quezon City, Metro Manila.

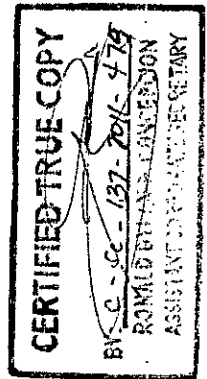
KAREN S. ONG
Affiant

SUBSCRIBED AND SWORN TO before me this 28th day of June 2011 in Quezon City, Metro Manila, affiant exhibiting to me her Passport No. TT6665884 issued on 16 August 2006 in Manila.

Doc. No. 28
Page No. 137
Book No. 16
Series of 2011.

ABY RICO R. COLARA

Notary Public
Manila



VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

I, Rizalino G. Santos, Filipino, of legal age, with office address at Level 3, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, after having been duly sworn to in accordance with law, hereby depose and state that:


1. I am the President and Chief Operating Officer of CIP II Power Corporation ("CIP");
2. I have caused the preparation and filing of the foregoing Application. I have read and understood its contents and that all the allegations contained therein are true and correct, based on my own personal knowledge and based on authentic documents in my possession;
3. I hereby certify that CIP has not commenced any action or filed any claim involving the same issue/s in any court, tribunal, or quasi-judicial agency, and to the best of my knowledge, no such other action or claim is pending therein. Should I thereafter learn that the same or a similar action or claim has been filed or is pending, I shall report such fact to this Honorable Commission within five (5) days therefrom.

IN WITNESS WHEREOF, I have signed this Verification and Certification of Non-Forum Shopping this JAN 31 2017 at Makati City, Philippines.


RIZALINO G. SANTOS
Affiant 

SUBSCRIBED AND SWORN to before me this JAN 31 2017
at Makati City, affiant exhibiting to me his Driver's License No. N02-81-076260 valid until December 27, 2017.

Doc No: 431 ;
Page No: 87 ;
Book No: IV ;
Series of 2017.


JONATHAN C. JO
Commission No. M-72
Notary Public for Makati City
Until Dec. 31, 2017
Unit B, 12th Floor, 8 Rockwell Building
Hidalgo Drive, Rockwell Center, Makati City
Roll No. 63797
PTR No. 5919511/01-09-2017; Makati City
IBP No. 1061071/01-10-2017; Quezon City