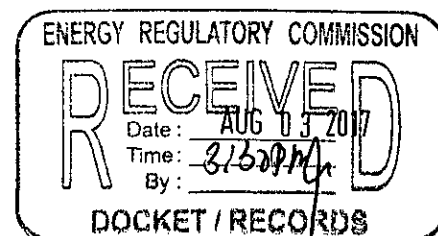


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Ortigas Center  
Pasig City

**ERC COPY**

**IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE ANCILLARY SERVICES PROCUREMENT AGREEMENT BETWEEN THE NATIONAL GRID CORPORATION OF THE PHILIPPINES AND PHINMA ENERGY CORPORATION, WITH PRAYER FOR THE ISSUANCE OF PROVISIONAL AUTHORITY.**



ERC CASE NO. 2017-0 RC

**NATIONAL GRID CORPORATION OF THE PHILIPPINES AND PHINMA ENERGY CORPORATION,**  
**Applicants.**

X-----X

## **APPLICATION**

(With Prayer for the Immediate Issuance of a Provisional Authority)

Applicants **NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP)** and **PHINMA ENERGY CORPORATION (PHINMA)**, by counsel, respectfully state:

### **NATURE OF THE CASE**

1. This Application is for the approval of the Ancillary Services Procurement Agreement (ASPA) between the NGCP and PHINMA, pursuant to the Decision dated 3 October 2007 in ERC Case No. 2006-049RC, entitled: *"In the Matter of the Application for the Approval of Ancillary Services – Cost Recovery Mechanism (AS-CRM) of the Ancillary Services Procurement Plan, with Prayer for Provisional Authority."*

## **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 holds a franchise under Republic Act No. 9511<sup>1</sup> 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 PHINMA is a corporation organized and existing under and by virtue of the Philippine laws with principal office address at Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City. It may be served with orders, notices, and other legal processes through its undersigned counsel. It is the owner and operator of the 2x32MW Diesel Power Plant (Power Barges 101 and 102) in Barrio Obrero, Iloilo City, 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<sup>2</sup>.

5. Similarly, the PGC provides that NGCP is responsible for determining, acquiring, and dispatching the capacity needed to supply the required Grid Ancillary Services

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<sup>1</sup> 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 of Interconnected Transmission Lines, Substations and Related Facilities, and for other Purposes;

<sup>2</sup> Section 9 (c) and (d);

and for developing and proposing Wheeling Charges and Ancillary Service tariffs to the ERC<sup>3</sup>.

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 PHINMA.

9. On 25 August 2016, NGCP issued *Accreditation Certificate No. 2016-V0010* for Units 3 and 4 of the Power Barge (PB) 101; and *Accreditation Certificate No. 2016-V0014* for Units 1, 2, 3 and 4 of the PB 102, certifying that the power plants have met and complied with the Standard Ancillary Services Technical Requirements of the ASPP. Copies of the Accreditation Certificate Nos. 2016-V0011 and 2016-V0014, dated 25 August 2016 are attached as **Annexes “A” and “A-1”**, respectively.

10. At present, Power Barges 101 and 102 have no existing power supply agreements with any customer.

11. Consequently, on 21 July 2017, NGCP and PHINMA entered into an Ancillary Services Procurement Agreement (“ASPA”) for PHINMA to provide the Visayas Grid, on a non-firm basis for up to 32MW each of Dispatchable

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<sup>3</sup>Section 6.3.1.2;

Reserve (DR) from PB 101 and PB 102 for a period of five (5) years. A copy of the ASPA is attached as **Annex "B."**

### **CONTRACTED CAPACITY RATES AND IMPACT SIMULATION**

12. The Applicants agreed for an Hourly Maximum Rate of PhP1.25/kW/Hr. PHINMA respectfully submits that the proposed rates represent a reasonable recovery of the opportunity cost in making available generation capacity to provide the procured AS.

13. The rate under the ASPA were subjected to a simulation with the following results:

<b>AS Type</b>	<b>SIMULATION</b>	
	<b>P/kW-mo</b>	<b>P/kWh</b>
<b>DR (Non-Firm)</b>	17.1192	0.0356

A copy of the said Rate Impact Simulation (PHINMA Energy Corporation for PB 101 and PB 102) is attached as **Annex "C."**

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

### **ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL AUTHORITY**

15. 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. However, the Honorable Commission must first approve the contract before the same could be implemented.

16. Based on the current levels of available contracted AS in the Visayas Grid, the DR has not yet met the required levels of the ASPP. The copy of the Visayas DR Availability showing the required and available level of DR is attached as **Annex "D."**

17. The available AS must be guaranteed on a daily basis to assure reliability and security of the grid. Also, as the demand for power in the Visayas increases, the requirements of the system to ensure stability, reliability and security likewise increases. Ensuring the integrity of the system is essential to protect the interests of the public. The absence of system reliability and stability will certainly discourage investments and growth.

18. As system operator, NGCP needs the capacity of PHINMA to provide DR. With this ASPA, the Visayas Grid is assured of DR for 5 years or until 2022.

19. Hence, 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 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, 27 July 2017.


OFFICE OF THE GENERAL COUNSEL  
**NATIONAL GRID CORPORATION OF THE PHILIPPINES**  
NGCP Building, Quezon Avenue corner  
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Tel. No. 981-2100 (Trunk Line)

By:

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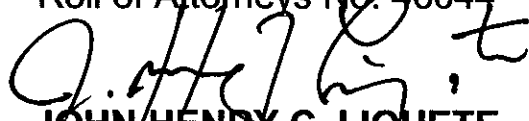
  
**RAYCELL D. BALDOVINO**  
PTR No. 3803221 / 01.03.17 / Quezon City  
MCLE Compliance No. V-0008304 / 06.03.15  
IBP Lifetime No. 010195/ RSM  
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**PHINMA ENERGY CORPORATION**  
Level 3, PHINMA Plaza, 39 Plaza Drive,  
Rockwell Center, Makati City  
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-0012606/12-03-2015  
IBP No. 1060428/1-11-17/RSM Chapter  
Roll of Attorneys No. 58040

Courtesy Copy:

**NATIONAL TRANSMISSION CORPORATION**  
c/o Office of the President  
Quezon Avenue corner BIR Road  
Diliman, Quezon City

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

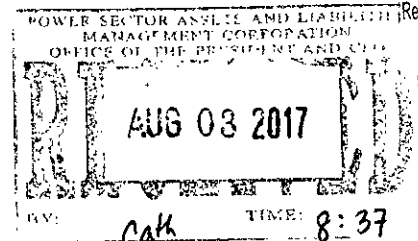
**POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION**  
c/o Office of the President  
7<sup>th</sup> Floor, Bankmer Building, 6756 Ayala Avenue  
1226 Makati City

OVP-LEGAL, TRANSCO

AUG 03, 2017 08:33AM

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**MICHELLE PINA**  
Records Officer, TransCo



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RECEIVED BY: 

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:

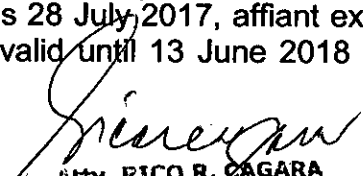
1. I am presently the Head of the Revenue Regulatory Affairs Group of the National Grid Corporation of the Philippines (NGCP);
2. I am duly authorized to sign the Verification and Certification of Non-Forum Shopping in this case for and in behalf of NGCP as evidenced by the Secretary's Certificate hereto 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 28 July 2017, in Quezon City, Philippines.

  
**MA. CYNTHIA Y. MANRIQUE**  
Affiant

SUBSCRIBED AND SWORN to before me this 28 July 2017, affiant exhibited to me her Driver's License No. X01-91-014806 valid until 13 June 2018 issued at Quezon City.

Doc. No. 108 :  
Page No. 22 :  
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  
IBP Lifetime No. 00600; Bulacan  
Roll of Attorney's No. 53664  
ACLE Compliance No. V-0005735, until 4-14-19  
Unit 305, J. Rosa Condominium  
44 Matimtiman St., Teacher's Village East  
Diliman, Quezon City



## 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:

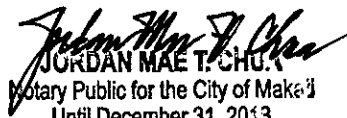
1. I am the Senior Vice President for Power Business of PHINMA Energy Corporation (PHINMA);
2. I have caused the preparation and filing of the foregoing Application. I have read and understood its contents and that all the allegations contained therein are true and correct, based on my own personal knowledge and based on authentic documents in my possession;
3. I hereby certify that PHINMA 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 July 28, 2017 at Makati City, Philippines.

  
**RIZALINO G. SANTOS**  
Affiant

SUBSCRIBED AND SWORN to before me this July 28, 2017 at Makati City, affiant exhibiting to me his Driver's License No. N02-81-076260 valid until December 27, 2017.

Doc No: 134 ;  
Page No: 28 ;  
Book No: II ;  
Series of 2017.

  
**JORDAN MAE T. CHU**  
Notary Public for the City of Makati  
Until December 31, 2013  
Commission No. M-413  
Attorney's Roll No. 63561/ 08 May 2014  
PTR No. MKT 5919742/12 January 2017/Makati City  
IBP Lifetime No. 012851/02 April 2015/Quezon City  
MCLE Compliance No. V - 0021825/01 June 2015  
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