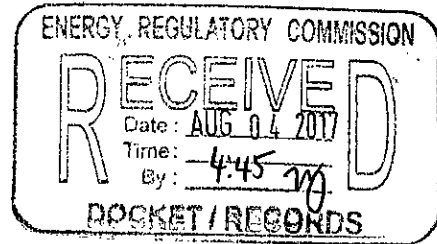


REPUBLIC OF THE PHILIPPINES
ENERGY REGULATORY COMMISSION
PACIFIC CENTER BUILDING
SAN MIGUEL AVENUE, ORTIGAS CENTER
CITY OF PASIG

IN THE MATTER OF THE
APPLICATION FOR APPROVAL OF
THE ELECTRIC POWER PURCHASE
AGREEMENT (EPPA) BETWEEN
NEGROS OCCIDENTAL ELECTRIC
COOPERATIVE INC. AND PANAY
POWER CORPORATION WITH
PRAYER FOR PROVISIONAL
AUTHORITY.



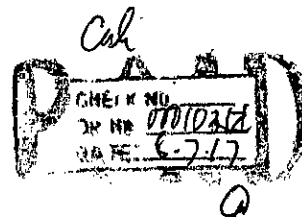
2017-072

ERC CASE NO. _____ RC

NEGROS OCCIDENTAL ELECTRIC
COOPERATIVE INC. AND PANAY
POWER CORPORATION

Applicants.

X ----- X



APPLICATION

NEGROS OCCIDENTAL ELECTRIC COOPERATIVE
INC. ("NOCECO") and PANAY POWER CORPORATION ("PPC"),
through the undersigned counsel, and unto this Commission, most
respectfully state:

Parties to the Case

1. Applicant NOCECO is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Brgy. Binicuil, Kabankalan City, Negros Occidental. It is a franchised electric utility with National Electrical Administration Franchise No. 061 servicing its member-consumers in the Province of Negros Occidental, specifically the Cities of Kabankalan, La Carlota, Himamaylan and Sipalay, and the Municipalities of Ponteveda, Pulupandan, San Enrique, Valladolid, Binalbagan, Hinigaran, Isabela, La Castellana, Moises Padilla (Magallon), Candoni, Cauayan, Hinoba-an and Ilog.

2. Applicant PPC is a corporation duly organized and existing under the laws of the Republic of the Philippines with

principal office address at Brgy. Ingore, La Paz, Iloilo City. PPC owns and operates a 72MW diesel fired power plant (“Plant”) in the same location.

Statement of Facts and of the Case

3. Pursuant to Rule 20 (B) of the 2006 Rules of Practice and Procedure of the Energy Regulatory Commission (“ERC”), this Application is submitted to this Honorable Commission for its review and approval of the Electric Power Purchase Agreement dated 19 April 2017 between PPC as Seller and NOCECO as Buyer(the “EPPA”).

4. Prior to the execution of the EPPA and in compliance with ERC Resolution No. 13, series of 2015, in October 2016, a competitive selection process was undertaken by NOCECO, through its Technical Working Group, published an Invitation to Bid in newspapers of general circulation in the Philippines for two consecutive days. Accordingly, PPC and SPC Island Power Corporation submitted their respective bids. After thorough evaluation of the bids, NOCECO awarded the supply contract for its peaking requirements at 12MW for twenty two months to PPC for having submitted the lowest calculated bid with a base price of PhP6.3572/kWh.

Salient Features of the EPPA

5. The salient features of the EPPA are indicated below:

Type of Plant	Diesel-Bunker Fired Power Plant
Installed Capacity	72MW
Cooperation Period	A period of twenty two (22) months commencing upon actual date of the Start of Supply of Electricity as provided in Article 3.2 of the EPPA, and ending on the expiration of the of 22-month period
Contracted Capacity	12MW

Minimum Energy Off-Take	Billing Month	Minimum Contracted Energy, kWh	Minimum Contracted Energy, kWh
	January	NA	792,000

February	NA	792,000
March	792,000	792,000
April	792,000	792,000
May	792,000	792,000
June	792,000	792,000
July	792,000	792,000
August	792,000	792,000
September	792,000	792,000
October	792,000	792,000
November	792,000	792,000
December	792,000	792,000

Delivery Point The delivery point shall mean the high side of PPC’s connection point to the Grid.

Outages PPC shall not be entitled to any planned/scheduled or forced outage allowance. In any case of such outage, the SELLER shall procure replacement energy, and NOCECO shall settle under Schedule 4 of the EPPA.

6. As indicated above, PPC agreed to supply and deliver, and NOCECO agreed to take and pay for electricity supplied by PPC at a contracted capacity of 12MW (the “Contracted Capacity”), commencing upon actual date of the Start of Supply of Electricity as provided in Article 3.2 of the EPPA, and ending on the expiration of the of 22-month period, at an Electricity Fee (Schedule 4 of the EPPA) computed as follows:

ELECTRICITY FEES

$$\text{Electricity Fees} = \left[\text{Energy Fees} + \text{Fuel Fees} \right] \times E$$

$$\text{Energy Fees} = \text{CRF} + \text{Fixed O\&M} + \text{Variable O\&M}$$

$$\text{Fuel Fees} = \text{FOCR} \times \text{FC}$$

Where

$$\text{CRF} = \text{Capital Recovery Fee} = \text{Php0.4475 per kWh}$$

$$\text{Fixed O\&M} = \text{Fixed O\&M Fee} = \text{Php1.2184 per kWh}$$

$$\text{Variable O\&M} = \text{Variable O\&M Fee} = \text{Php0.3612 per kWh}$$

$$\text{FOCR} = \text{Fuel Oil Consumption Rate at 0.2535 in liters per kWh, or actual whichever is lower}$$

FC = Fuel Cost, weighted average price of fuels (Bunker, Diesel and Lubes) for the current month, in Php per liter

E = Actual energy delivered, Minimum Contracted Energy, or Day-ahead energy nomination, whichever is higher in kWh

7. In deriving Fuel Cost, the Fuel Oil Consumption Rate is at 0.2535 in liters per kWh, or actual whichever is lower, shall always be multiplied by the actual energy delivered.

8. As seen in the Rate Impact below, for the duration of the term of the EPPA between PPC and NOCECO, the simulated delivered price thereunder would result in an overall savings of PhP0.026/kWh, as follows:

	Rate,PhP/kWh
Without PPC EPPA	5.4241
With PPC EPPA	5.3982
GENERATION RATE INCREASE/(DECREASE)(rounded off figure)	(0.0260)

9. The foregoing agreed terms, among others, are embodied in the EPPA, a copy of which is attached to this Application as Annex "A" and made an integral part hereof.

10. Should the Honorable Commission approve the Electricity Fees under the EPPA, there will be an indicative decrease in generation cost of PhP0.026/kWh.

Allegations in Support of the Prayer for Provisional Authority

11. The current demand of NOCECO is 47MW. To meet this demand, NOCECO sources 20MW of its electric power requirements from KEPCO SPC Power Corporation and Palm Concepcion Power Corporation. Likewise, it secures power deficit from its existing suppliers with the Wholesale Electricity Spot Market (WESM).

12. It is expected that NOCECO's current demand will increase to over 50MW by 2018 and 53MW by 2019 based on NOCECO's load forecast.

13. Considering that NOCECO is in need of additional supply of power beginning 2017, it is imperative that NOCECO obtain this Honorable Commission's approval of the EPPA with PPC.

14. The supply of additional 12 MW from PPC to NOCECO (and ultimately, to its consumers) will not only secure the power requirements of NOCECO but also lessen NOCECO's exposure to higher prices during peak hours as well as the volatility of the Wholesale Electricity Spot Market (WESM) prices and reduce its dependence on the Negros-Panay submarine cable.

15. Under the terms of the EPPA, among the conditions precedent to the performance by NOCECO and PPC of their respective obligations thereunder is the approval of this Application by the Honorable Commission.

16. Thus, for PPC to be able to deliver and NOCECO to be able to receive power from PPC, it is imperative that a provisional authority be granted for the EPPA to allow PPC to deliver and NOCECO to receive power during these periods.

Compliance with Pre-Filing Requirements

17. Applicants manifest their compliance with the pre-filing requirements mandated under Rule 3, Section 4(e) of the Implementing Rules and Regulations of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2011, or the "EPIRA", and Rule 6 of the 2006 ERC Rules of Practice and Procedures, as evidenced by the following attachments:

- 17.1. Affidavit of Service re: service of the Application with Annexes to the Sangguniang Panlungsod of Kabankalan City, a copy of which will be attached as **Annex "B"**;
- 17.2. Affidavit of Service re: service of the Application with Annexes to the Sangguniang Panlalawigan of the Province of Negros Occidental, a copy of which will be attached as **Annex "C"**;
- 17.3. Affidavit of Service re: service of the Application with Annexes to the Sangguniang Panlungsod of the City of Iloilo and to the Sanggunian Panlungsod of the City of Makati, a copy of which will be attached as **Annex "D" and Annex "D-1"**, respectively;
- 17.4. Affidavit of Publication stating that the instant Application had been published in a newspaper of general circulation and local circulation, a copy of which will be attached as **Annex "E" and Annex "E-1"**, respectively;

- 17.5. Newspaper of general circulation issue and newspaper of local circulation issue where the Application appeared, as published, a copy of which will be attached as **Annex "F"** and **Annex "F-1"**, respectively;
- 17.6. A copy of the Board Resolution authorizing NOCECO to jointly file the instant application with PPC, which is herein attached as **Annex "G"**;
- 17.7. A copy of the Board Resolution authorizing PPC to jointly file the instant application with NOCECO, which is herein attached as **Annex "H"**; and
- 17.8. Proof of payment of filing fees, a copy of which will be attached as **Annex "I"**.

PRAYER

WHEREFORE, in view of the foregoing, it is respectfully prayed that the Commission:

1. Upon initial review of the instant Application and pending trial on the merits, issue a provisional authority for the terms of the 19 April 2017 EPPA between PPC and NOCECO, thereby authorizing PPC to charge and collect from NOCECO the Electricity Fees, and authorizing NOCECO to pass the full amount thereof to its consumers; and

2. After trial on the merits, issue a permanent approval of the terms of the 19 April 2017 EPPA between PPC and NOCECO, thereby authorizing PPC to charge and collect from NOCECO the Electricity Fees, and authorizing NOCECO to pass the full amount thereof to its consumers.

Other reliefs just and equitable under the premises are likewise prayed for.

Makati City for Pasig City, JUN 30 2017

**COUNSEL FOR APPLICANT
PANAY POWER CORPORATION**

AMANDA R. ABRERA BENGSON

IBP Lifetime Membership No. 05696/ Makati City
PTR No. 5942026 / 20 January 2017 / Makati City
Roll of Attorneys No. 46163
MCLE Compliance No. V-0016866 / 16 March 2016
Amanda.Bengson@globalpower.com.ph



IRVING N. CHUA

IBP Lifetime Membership No. 06662/ Makati City
PTR No. 5942024 / 20 January 2017 / Makati City
Roll of Attorneys No. 54217
MCLE Compliance No. V-0013314/ 26 January 2016
Irving.Chua@globalpower.com.ph

KARL JOSEF D. BANAG

IBP Lifetime Membership No. 1036983/ Cebu City
PTR No. 13261912/ 3 January 2017/ Cebu
Roll of Attorneys No. 51767
MCLE Compliance No. V-0008046/ 4 May 2015
KarlJosef.Banag@globalpower.com.ph



CHARO S. BARCINAS

IBP Lifetime Membership No. 011678/ Camarines Sur
PTR No. 3259210/ 20 February 2017/ Taguig City
Roll of Attorneys No. 50731
MCLE Compliance No. V-0010026/ 26 August 2015
Charo.Barcinas@globalpower.com.ph

c/o **GLOBAL BUSINESS POWER CORPORATION**

22/F, GT Tower International
6813 Ayala Avenue corner H.V. de la Costa Street
Makati City
Tel. No. 464 1600; Fax No. 464 1600 Loc. 1147

**COUNSEL FOR APPLICANT
NEGROS OCCIDENTAL ELECTRIC COOPERATIVE, INC.**

DATO INCIONG & ASSOCIATES
Unit 3103A, East Tower
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City 1605

Telephone No. +632 4702321
Fax No. +632 6673079
Website: www.datoinciong.com

By:


JESSICA KRISTINE F. HILADO

Roll No. 58343

IBP No. 1056386/01-04-2017/Quezon City
PTR No. 2535518/01-26-2017/Pasig City
MCLE Compliance No. V-0012812/12-09-15
Jessica.hilado@datoinciong.com

VERIFICATION AND CERTIFICATION

I, **JAIME T. AZURIN**, of legal age, Filipino, and with office address at the 22/F, GT Tower International, 6813 Ayala Avenue corner H.V. de la Costa Street, Makati City, after having been duly sworn to in accordance with law, depose and state that:

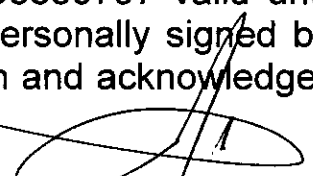
1. I am the President of Panay Power Corporation (PPC), a co-applicant in the above-captioned case;
2. I caused the preparation and filing of the instant Application;
3. I read the same and all the allegations contained therein are true and correct of my own personal knowledge and belief;
4. I certify that PPC has not commenced any action and/or proceeding involving the same issue/s before the Supreme Court, the Court of Appeals, or any other tribunal or agency;
5. To the best of my knowledge, no such action and/or proceeding involving the same issue/s is pending before the Supreme Court, the Court of Appeals, or any other tribunal or agency;
6. Should I thereafter learn that such action and/or proceeding is pending before the Supreme Court, the Court of Appeals, or any other tribunal or agency, I herein undertake to report such fact before this Honorable Commission within five (5) days from knowledge.

FURTHER AFFIANT SAYETH NONE.


JAIME T. AZURIN

SUBSCRIBED AND SWORN to before me this JUL 1 • 2017, by **JAIME T. AZURIN**, with Community Tax Certificate No. Passport No. EC3880797 issued on 8 April 2015 valid until 7 April 2020 in Manila, who has satisfactorily proven to me his identity through his Passport No. EC3880797 valid until 7 April 2020, that he is the same person who personally signed before me the foregoing Verification and Certification and acknowledged that he executed the same.

Doc No. 946 ;
Page No. 95 ;
Book No. 721 ;
Series of 2017

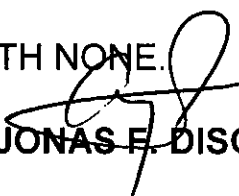

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2018
ISP No. 656155-Uptime Member
MCLE Compliance No. V-0006934
Appointment No. M-104 (2017-2018)
PTR No. 5909514 Jan. 3, 2017
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Recto, Sta. Del Pilar, Makati City

VERIFICATION AND CERTIFICATION

I, **Jonas F. Discaya**, of legal age, Filipino, and with office address at Barangay Binicuil, Kabankalan, Negros Occidental after having been duly sworn to in accordance with law, depose and state that:

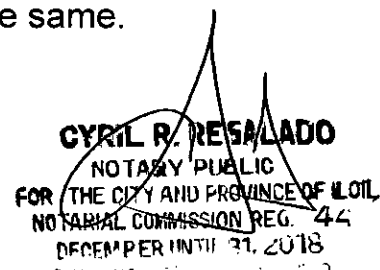
1. I am the General Manager of NEGROS OCCIDENTAL ELECTRIC COOPERATIVE, INC. (NOCECO), a co-applicant in the above-captioned case;
2. I caused the preparation and filing of the instant application;
3. I read the same and all the allegations contained therein are true and correct of my own personal knowledge and based on authentic documents;
4. I certify that NOCECO has not commenced any action and/or proceeding involving the same issue/s before the Supreme Court, the Court of Appeals, or any other tribunal or agency;
5. To the best of my knowledge, no such action and/or proceeding involving the same issue/s is pending before the Supreme Court, the Court of Appeals, or any other tribunal or agency;
6. Should I thereafter learn that such action and/or proceeding is pending before the Supreme Court, the Court of Appeals, or any other tribunal or agency, I herein undertake to report such fact before this Honorable Commission within five (5) days from knowledge.

FURTHER AFFIANT SAYETH NONE.


JONAS F. DISCAYA

SUBSCRIBED AND SWORN to before me this JUN 30 2017 2017 in ILUO CITY, by Jonas F. Discaya, who has satisfactorily proven to me his identity through his Professional Driver's License ID# F02-01-007257 valid until May 3, 2019, that he is the same person who personally signed before me the foregoing Verification and Certification and acknowledged that he executed the same.

Doc. No. 152 ;
Page No. 32 ;
Book No. 43 ;
Series of 2017.


CYRIL R. RESALADO
NOTARY PUBLIC
FOR THE CITY AND PROVINCE OF ILOILO
NOTARIAL COMMISSION REG. 44
DECEMBER UNTIL 31, 2018
ROLL NO. 1001908
NOT. NO. 1001908 1-04-2017 ILOILO CITY
IBP NO. 457014/12-23
MCLE COMPLIANCE NO. IV 00170514-14-2019
MEZZANINE FLOOR, S.C. DIVISION BUILDING
GUEZON STREET, ILOILO CITY
TEL. NO. (033) 3379541