

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



IN THE MATTER OF THE APPLICATION FOR AUTHORITY TO DEVELOP, OWN, AND/OR OPERATE DEDICATED POINT-TO-POINT FACILITIES TO CONNECT THE BUNKER-FIRED POWER PLANT IN PUERTO PRINCESA, PALAWAN TO THE PALAWAN MAIN GRID OF THE NATIONAL POWER CORPORATION (NPC),

ERC CASE NO. 2017-006 MC


DELTA P, INC.,

Applicant.

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D O C K E T E D

Date: **AUG 09 2017**

By: 

ORDER

On 03 April 2017, Delta P, Inc. (DPI) filed an *Application* dated 28 March 2017 for its authority to develop, own, and/or operate dedicated point-to-point facilities to connect its bunker-fired power plant in Puerto Princesa, Palawan to the Palawan Main Grid of the National Power Corporation (NPC).

DPI alleged the following in its *Application*:

1. DPI is a domestic corporation duly organized and existing pursuant to the laws of the Republic of the Philippines. Its principal place of business is at Kilometer 13, North National Highway, Barangay Sta. Lourdes, Puerto Princesa, Palawan. It may be served with pleadings and court processes through its counsel J. P. Garcia & Associates at Units 1501-1502 Ayala Life-FGU Center, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City.

A copy of DPI's General Information Sheet is attached and made an integral part of this *Application* as **Annex "A."**

2. This Application is submitted to this Honorable Commission pursuant to Section 9 (f) of Republic Act No. 9136, or the Electric Power Industry Reform Act ("EPIRA"),¹ Rule 5, Section 5 (a) (i)² of the EPIRA Implementing Rules and Regulations ("EPIRA IRR"), and Section 4.2 of Resolution No. 16, Series of 2011, or the Resolution Adopting the Amended Rules on the Definition and Boundaries of Connection Assets for Customers of Transmission Provider for its consideration and approval to develop, own and/or operate a 69 kV Double Circuit Line from the interconnection line of the DPI expansion power plant at the high voltage side of the step-up transformer, to Iriwan-Roxas 69 kV Line of the National Power Corporation ("NPC").
3. Further, Section 2.2 (g) of the Power Supply Agreement between DPI and Palawan Electric Cooperative, Inc. ("PALECO") signed on March 18, 2016, among the obligations of DPI is the "(p)rocurement, mobilization, construction, installation, control and possession, operation and maintenance of the Connection Facilities." The foregoing provision is a conferment by PALECO - both in its capacity as offtaker and as system operator of the Palawan grid - of DPI's authority to install and own the connection facilities necessary for DPI to dispatch the contracted capacity to the grid.

STATEMENT OF FACTS

4. DPI was incorporated on September 20, 2002. Under its Articles of Incorporation (as amended), DPI's primary purposes is to "subscribe for, purchase or otherwise acquire, obtain interests in, own, hold, pledge, hypothecate, assign, sell at wholesale, exchange or otherwise dispose of and generally deal in and with real and personal properties and securities of every kind and description, including power generating plants and related facilities, and to commission, operate, maintain and rehabilitate such power generating plants and related facilities by and under contract with the government of the Philippines or any subdivision,

¹ EPIRA, Section 9(f)

"... A generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the FDP: *Provided*, That such facilities are required only for the purpose of connecting to the transmission system, and are used solely by the generating facility, subject to prior authorization by the ERC: *Provided, further*, That in the event that such assets are required for competitive purposes, ownership of the same shall be transferred to the TRANSCO at a fair market price: *Provided, finally*, That in the case of disagreement on the fair market price, the ERC shall determine the fair market value of the asset."

² EPIRA IRR, Rule 5, Section 5 (i)

"Subject to prior authorization from ERC, TRANSCO or its Buyer or Concessionaire may allow a Generation Company to develop, own and/or operate dedicated point-to-point limited transmission facilities: *Provided*, That: (i) Such dedicated point-to-point limited transmission facilities are required only for the purpose of connecting to the Grid which will be used solely by the Generation Facility, and are not used to serve End-users or Suppliers directly..."

instrumentality or agency thereof, or any government-owned or controlled corporation, or any other entity, private or public; provided that in no event shall the corporation itself engage in the supply or distribution of power in violation of law.”

5. In consonance with the foregoing purpose, DPI entered into the development, construction, operation, and maintenance of a 4 x 7.8 MW Bunker-Fired Power Plant located in Puerto Princesa, Palawan (the “Power Plant”).
6. As agreed with NPC, the Power Plant will be connected to the Palawan Grid as connected to the Iriwan-Roxas 69 kV Line of NPC. This project, subject of the instant Application, involves the construction of direct connection facility to the 69kV transmission line of NPC.
 - 6.1. The Project Description, with the Project Rationale and a summary of the result of the System Impact Study conducted for the project is attached and made an integral part hereof as **Annex “B.”**
 - 6.2. The Single Line Diagram of the Connection Facility is attached and made an integral part hereof as **Annex “C.”**
7. The new segment of the 69kV transmission line falls within DPI boundary. Necessarily, DPI will own and operate the said segment of the 69kV.
8. As proof of DPI’s technical capability to operate the Connection Facility, attached and made an integral part hereof as our **Annex “D”** is a certification of DPI’s technical capability to operate a limited point-to-point transmission facility, and the curriculum vitae of DPI’s key technical personnel.
9. The Connection Facility is required only for the purpose of connecting the Power Plant to the Iriwan-Roxas 69 kV Line of NPC and will be used solely by DPI.
10. The Grid Impact Study of the Connection Facility is attached and made an integral part hereof as **Annex “E.”**
11. The total cost of the Connection Facility is equivalent to twelve million six hundred ten thousand seven hundred twenty-four pesos and seventy-seven centavos (Php 12,610,724.77). It should be emphasized that the switchyard on the high side portion of the Connection Facility is owned by DPI.
 - 11.1. A copy of the Project Cost is hereto attached and made an integral part hereof as **Annex “F.”**

12. Further, a Gantt Chart showing the starting date and completion date of the Connection Facility is attached and made an integral part hereof as **Annex "G."**
13. DPI hereby undertakes to comply with the provisions of the Philippine Grid Code, where applicable in relation to the Dedicated Transmission Facility, and the Philippine Small Grid Guidelines.
14. In summary, therefore, DPI hereby submits a copy of the following documents which have been either identified as Annexes above or are additional documents in support of this Application:

ANNEX REFERENCE	DOCUMENT
"A"	General Information Sheet
"B"	Project Description
"C"	Single Line Diagram
"D"	Certification of Technical Capacity
"E"	Grid Impact Study
"F"	Project Cost
"G"	Gantt Chart

PRAYER

WHEREFORE, premises considered, it is respectfully prayed that after hearing on the merits, the Honorable Commission approve this Application.

Other reliefs just and equitable are likewise prayed for.

Finding the said *Application* sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **11 September 2017 (Monday) at ten o'clock in the morning (10:00 A.M.), at 15th Floor, ERC Hearing Room, Pacific Center Building, San Miguel Ave., Pasig City.**

Accordingly, DPI is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing at its own expense, once (1x) in a newspaper of general circulation in the Philippines, at least ten (10) days before the date of the scheduled initial hearing;

- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governor and City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the affected area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, the National Power Corporation (NPC), 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; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission 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 Public Hearing consisting of affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published, and the complete issue of the said newspaper;
- 2) The evidence of actual posting of this Order and the attached Notice of Public 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 Applicant to inform the consumers within the affected area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the National Power Corporation (NPC), the Office of the Solicitor General (OSG), the Commission on Audit (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, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all other interested parties are also required 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:

- 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 therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements 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 the said date of cancellation.

DPI 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 to 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, 11 July 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:



ALFREDO J. NON
Officer-in-Charge of the ERC

LS: /ARG/CLS/APV

COPY FURNISHED:

1. **Delta P, Inc. (DPI)**
Applicant
Kilometer 13, North National Highway, Barangay Sta. Lourdes,
Puerto Princesa, Palawan
2. **Atty. Joan A. Guiduquio-Baron**
J.P. Garcia and Associates
Counsel for Applicant Delta P Inc.
Units 1501-0502, 15th Floor Ayala Life-FGU Center,
Mindanao Avenue cor. Biliran Road
Cebu Business Park, Cebu City
3. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village, Makati City
4. **Commission on Audit**
Commonwealth Avenue, Quezon City
5. **Senate Committee on Energy**
GSIS Bldg. Roxas Blvd., Pasay City
6. **House Committee on Energy**
Batasan Hills, Quezon City
7. **Philippine Chamber of Commerce and Industry (PCCI)**
3rd Floor, Chamber and Industry Plaza (CIP),
1030 Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
8. **Office of the Governor**
Province of Palawan

- 9. Local Government Unit (LGU) legislative body**
Province of Palawan
- 10. Office of the City Mayor**
Puerto Princesa, Palawan
- 11. Office of the LGU legislative body**
Puerto Princesa, Palawan
- 12. Office of the Municipal Mayor**
Roxas, Palawan
- 13. Office of the LGU legislative body**
Roxas, Palawan
- 14. Palawan Electric Cooperative (PALECO)**
North National Highway, Bgy. Tiniguiban, Puerto Princesa, Palawan
- 15. National Power Corporation (NPC)**
BIR Road cor. Quezon Avenue,
Diliman, Quezon City, Metro Manila
- 16. Standards, Compliance and Monitoring Division (SCMD)**
17th Floor, Pacific Center Building, San Miguel Avenue,
Ortigas Center, Pasig City