

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



IN THE MATTER OF THE APPLICATION FOR AUTHORITY TO DEVELOP, OWN AND OPERATE DEDICATED POINT-TO-POINT LIMITED TRANSMISSION FACILITIES TO CONNECT THE 12MW BIOMASS POWER PLANT TO THE PANTABANGAN-CABANATUAN 69 KV LINE OF THE LUZON GRID WITH PRAYER FOR PROVISIONAL AUTHORITY,

ERC CASE NO. 2016-022 MC

GREEN INNOVATIONS FOR TOMORROW CORPORATION,
Applicant.

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DOCKETED
Date: SEP 27 2017
By: W

DECISION

Before the Commission for resolution is the *Application* dated 14 July 2016 filed on 19 July 2016 by Applicant Green Innovations for Tomorrow Corporation (GIFT) seeking the Commission's grant of authority to develop, own and operate dedicated point-to-point limited transmission facilities (Facility) to connect the 12 MW biomass power plant (BPP) to the Pantabangan-Cabanatuan 69 KV line of the Luzon Grid, with prayer for provisional authority.

In its *Application*, GIFT alleged the following:

1. Applicant GIFT is a domestic corporation duly organized and existing under Philippine laws, with principal business address at Brgy. Bacal II, Talavera, Nueva Ecija.

Copies of Applicant GIFT's Certificate of Registration, Articles of Incorporation, By-Laws, and 2015 General Information are attached hereto as **Annexes "A" and series.**

2. On 29 October 2013, the Department of Energy (“DOE”) certified Applicant GIFT as a renewable energy developer of biomass resources and issued a corresponding Certificate of Registration.

A copy of the said certificate is attached hereto as **Annex “B.”**

3. Applicant GIFT may be served orders and other processes through the undersigned counsel.

NATURE OF THE APPLICATION

4. This Application seeks the consideration and approval of this Honorable Commission for Applicant GIFT to develop, own and operate dedicated point-to-point limited transmission facilities which connect its 12 MW biomass power plant located in Brgy. Bacal II, Talavera, Nueva Ecija (the “Biomass Power Plant”) to the Luzon Grid through the Pantabangan-Cabanatuan 69 kV line of the National Grid Corporation of the Philippines (“NGCP”).
5. The present Application is founded on Section 9 of Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001, *to wit*:

“Section 9. Functions and Responsibilities. – x x x.

A generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the TDP: 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 x x x. (underscoring supplied)”

STATEMENT OF THE FACTS

6. **Promotion of Renewable Energy Resources.** It is the policy of the state to promote renewable energy (“RE”) sources to achieve energy self-reliance by reducing dependence on fossil fuels and thereby minimize exposure to international price fluctuations. It is likewise the policy of the state to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and the environment.
7. RE sources, such as biomass, help address the increasing power requirements in the Luzon Grid in an environment-friendly manner.
8. Accordingly, legal reforms have been instituted towards increasing the country’s RE capacities by encouraging investments in the sector, as well as through priority connections to the grid.

- 8.1. In particular, Republic Act No. 9153, or the Renewable Energy Law of 2008, aims to ensure that the proposed RE resources are integrated in the respective development plans of NGCP and distribution utilities. Thus:

“Section 11. Transmission and Distribution System Development. - TRANSCO or its successors-in-interest or its buyer/ concessionaire and all DUs, shall **include the required connection facilities for RE-based power facilities in the Transmission and Distribution Development Plans**: Provided, That such facilities are approved by the DOE. x x x.” *(emphasis supplied)*

- 8.2. Also, Section 7 of the Renewable Energy Law mandates the formulation of a feed-in tariff (“FIT”) system that will include priority connections for RE sources such as biomass power plants. Thus:

“Section 7. Feed-In Tariff System. - To **accelerate the development of emerging renewable energy resources, a feed-in tariff system for electricity produced from** wind, solar, ocean, run-of-river hydropower and **biomass** is hereby mandated. Towards this end, the ERC, in consultation with the National Renewable Energy Board (NREB) created under Section 27 of this Act, shall formulate and promulgate feed-in tariff system rules within one (1) year upon the effectivity of this Act, which shall include, but not be limited to the following:

(a) **Priority connections to the grid for electricity generated from emerging renewable energy resources** such as wind, solar, ocean, run-of-river hydropower and **biomass power plants** within the territory of the Philippines; x x x” *(emphasis supplied)*

- 8.3. In fulfillment of the said mandate, this Honorable Commission issued Resolution No. 16, Series of 2010, establishing the FIT system. The said Resolution **allows eligible RE plants to enjoy priority connection to the transmission system**, subject to compliance with the pertinent standards and rules of the Honorable Commission.
9. **Biomass Renewable Energy Operating Contract.** In line with the government’s thrust to promote RE sources and decrease the country’s dependence on fossil fuels, Applicant GIFT entered in a Biomass Renewable Energy Operating Contract (“BREOC”) with the Republic of the Philippines, through the DOE for the development of a biomass power project.

A copy of the BREOC is attached hereto as **Annex “C.”**

10. **Biomass Power Plant.** Pursuant to the BREOC, GIFT has developed and constructed the Biomass Power Plant. The said power plant will help address the continuously increasing demand for power supply in the Luzon Grid.

- 10.1. As of 15 August 2015, Applicant GIFT’s Biomass Power Plant forms part of the Transmission and Distribution Development Plan (“TDP”) of the NGCP.

A copy of the relevant portion of the TDP reflecting the same is attached hereto as **Annex “D.”**

- 10.2. Further, the DOE already issued Applicant GIFT a Certificate of Confirmation of Commerciality. Also, the DOE issued a Certificate of Endorsement declaring the Biomass Power Plant eligible to operate under the FIT system at the rate of PhP6.63/kWh.

Copies of the certificates are attached hereto as **Annexes “E” and “F,”** respectively.

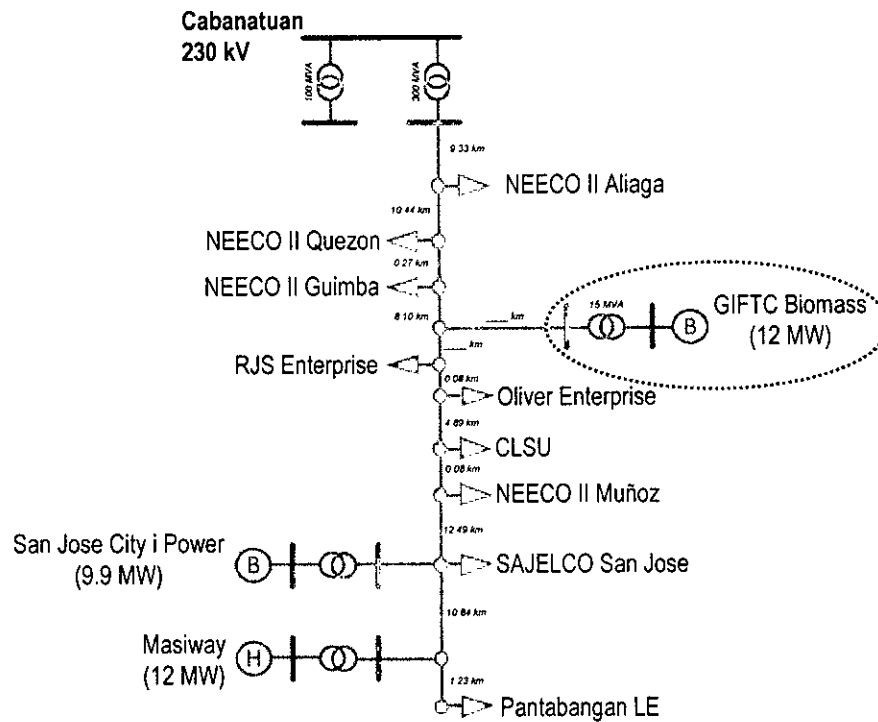
11. However, as discussed hereunder, in order to deliver the supply from the Biomass Power Plant, it is necessary, feasible and cost-effective to connect the said plant to the Luzon Grid through the dedicated point-to-point limited transmission facilities subject of the present Application.
12. Under Republic Act No. 9136, authorization from this Honorable Commission is required for a generation company to develop, own, and operate point-to-point limited transmission facilities. Hence, this Application.

**ABSTRACT OF THE CONNECTION PROJECT AND
RELATED INFORMATION**

13. **Connection Project.** The power generated by the Biomass Power Plant will be delivered to the Luzon Grid through a 69 kV connection developed and owned by Applicant GIFT, which will extend from the Biomass Power Plant to the Pantabangan-Cabanatuan 69 kV line of the NGCP, approximately 1,300 meters in distance (the “Connection Project”).

A copy of a single line diagram illustrating the Connection Project is attached hereto as **Annex “G.”**

The Connection Project is illustrated as follows:



14. The Connection Project involves dedicated point-to-point limited transmission facilities within the purview of Republic Act No. 9136. The said facilities are required only for the purpose of connecting the Biomass Power Plant to the Luzon Grid, and will be used solely by the Biomass Power Plant. The said facilities are not intended to serve end-users or suppliers directly.
15. **Gantt Chart Schedule.** The timeline for the implementation of the Connection Project is attached hereto as **Annex "H."**
16. **Operations and Maintenance.** Applicant GIFT intends to secure the services of NGCP for the operation and maintenance of the Connection Project. In fact, NGCP has issued a certification that GIFT is in the process of securing an Operation and Maintenance Agreement with NGCP.

A copy of the said certification is attached hereto as **Annex "I."**
17. **Options Considered.** The Pantabangan-Cabanatuan 69 kV line is the closest transmission line to GIFT's switchyard. The length of the Connection Project needed to connect GIFT's switchyard to the tapping point is only approximately 1,300 meters. Further, it is the most cost-effective and viable option to connect the Biomass Power Plant to the South Luzon Grid.

A discussion on the options considered in determining the most practical and feasible manner of connecting the Biomass Power Plant to the Luzon Grid is attached hereto as **Annex "J."**

18. **Technical Studies.** Consistent with the 2006 Open Access Transmission Service Rules, Applicant GIFT engaged the services of a third-party consultant to undertake the preparation of the necessary studies for the Connection Project.

18.1. A System Impact Study ("SIS") was conducted to determine the impact of the Biomass Power Plant on the Luzon Grid. Notably, the SIS states that the entry of the 12 MW Biomass Power Plant to the Luzon Grid is technically feasible.

Copies of the SIS and NGCP's review of the same are attached hereto as **Annexes "K" and "K-1,"** respectively.

18.2. In view of the approval of the SIS, GIFT executed a Connection Agreement ("CA") with NGCP dated 1 February 2016, a copy of which is attached hereto as **Annex "L."** GIFT is currently negotiating for the execution of the necessary Metering Services Agreement and Transmission Services Agreement with NGCP.

18.3. A Facilities Study ("FS") dated 9 March 2015 was also conducted for the Biomass Power Plant

Copies of the FS and NGCP's review report of the same are attached hereto as **Annexes "M" and "M-1,"** respectively.

19. **Environmental Compliance Certificate.** The Department of Environment and Natural Resources has issued the necessary Environmental Compliance Certificate ("ECC") covering the Biomass Power Project.

A copy of the said ECC is attached hereto as **Annex "N."**

20. The Connection Project involves a 69 kV line, which does not require an ECC.

21. **Project Cost.** The total project cost of the Connection Project is Php 4,448,615.00, exclusive of Value-Added Taxes.

A copy of the breakdown of the said project cost is attached hereto as **Annex "O."**

22. **Financial Capability.** Applicant GIFT is capable of financing the cost of the Connection Project, as indicated by its latest Audited Financial Statements.

A copy of Applicant GIFT's latest Audited Financial Statements is attached hereto as **Annex "P."**

ALLEGATIONS IN SUPPORT OF
THE MOTION FOR PROVISIONAL AUTHORITY

23. Applicant GIFT intends to supply its power through the FIT system. In fact, the commercial feasibility of the Biomass Power Plant and its financing arrangements are premised primarily on the FIT.
24. As mentioned earlier, the DOE has already issued Applicant GIFT a Certificate of Confirmation of Commerciality. Also, the DOE has issued a Certificate of Endorsement declaring the Biomass Power Plant eligible to operate under the FIT system at the rate of PhP6.63/kWh.
25. However, the provisional approval of the present Application is necessary for Applicant to be able to avail of the FIT. The said approval is a condition for the issuance a FIT-eligible Certificate of Compliance ("FIT-COC"), which will allow Applicant GIFT to collect the tariff under the FIT system.
26. While awaiting the issuance of the FIT-COC, Applicant is selling its power through the Wholesale Electricity Spot Market ("WESM"). However, the revenue generated from sales through the WESM is considerably lower than the expected revenue under the FIT system.
27. As a result, Applicant's revenue from the WESM is insufficient to cover all its costs of generation, including its operations and maintenance costs and, significantly, the loan payments for the financing of the Biomass Power Plant. The insufficient revenue due to the lack of avilment of the FIT endangers the project and its operations.
28. Thus, it is of utmost urgency and necessity that Applicant's revenue be at the level it will earn under the FIT system. It must be noted that, as with other projects under the FIT System, financing arrangements for the project were made with the assumption that revenue will be based on the FIT.
29. Hence, Applicant GIFT respectfully moves for the provisional approval of the instant Application pursuant to Rule 14 of the ERC Rules of Practice and Procedure.

A copy of a sworn statement supporting the said motion is attached hereto as **Annex "Q."**

PRAYER

WHEREFORE, premises considered, Applicant GIFT respectfully prays that this Honorable Commission:

1. immediately issue an Order provisionally approving the instant Application; and

2. after due hearing, render judgment approving the instant Application with finality.

Applicant GIFT prays for other just and equitable relief under the premises.

The Commission, having found the said Application to be sufficient in form and substance, issued an *Order* and a *Notice of Public Hearing*, both dated 23 August 2016, setting the case for initial hearing, expository presentation, pre-trial conference, and evidentiary hearing on 24 October 2016.

In the same *Order*, GIFT was directed to 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 hearing. GIFT was also directed to inform the consumers within the concerned area, by any other means available and appropriate, of the filing of the instant *Application*, its reasons therefor, and of the scheduled hearing thereon.

Likewise, GIFT was directed to furnish the Offices of the Governor, the City and Municipal Mayors and the Local Government Unit (LGU) Legislative Bodies within the areas affected by GIFT's proposed transmission facilities for the appropriate posting thereof on their respective bulletin boards.

On 19 October 2016, GIFT filed its *Pre-Trial Brief* with even date.

During the hearing on 24 October 2016, the Commission looked into the documents¹ presented by the Applicant to prove its compliance with the publication and posting requirements provided in the *Order*. The Commission verified GIFT's full compliance with the said directives. Thus, the Commission acquired jurisdiction over the case.

¹ Publication in the 08 October 2016 issue of Manila Standard; Affidavit of Publication on the 08 October 2016 issue of Manila Standard; Certification of Posting issued by the Office of the Governor of the Province of Nueva Ecija; Certification of Posting issued by the Sangguniang Panlalawigan of the Province of Nueva Ecija; Certification of Posting issued by the Office of the Mayor of the City of Cabanatuan; Certification of Posting from the Sangguniang Panlungsod of the City of Cabanatuan; Certification of Posting issued by the Office of the Mayor of the City of Muñoz; Certification of Posting issued by the Sangguniang Panlungsod of the City of Muñoz; Certification of Posting issued by the Office of the Municipality of Talavera; Certification of Posting issued by the Sangguniang Bayan of the Municipality of Talavera; Affidavit of Publication for the Muñoz Satellite T.V. Systems public service announcement on 21 October 2016; Proof of Service of Copies of the Application, Order and Notice of Public Hearing on the Office of the Solicitor General, the Commission on Audit, the Senate Committee of Energy and the House of Representative Committee on Energy.

On 14 November 2016, GIFT filed its *Formal Offer of Evidence* dated 11 November 2016.

The Commission issued an *Order* dated 04 April 2017 admitting the exhibits contained in the *Formal Offer of Evidence* submitted by GIFT, and submitting the case for resolution.

ISSUE

The issue to be resolved in this case is whether GIFT should be granted the authority to develop, own and operate the Facility.

THE COMMISSION'S RULING

The Commission, on 02 May 2017, GRANTS the instant application. However, due to supervening events², the Order could no longer be promulgated without undergoing reconfirmation by the Commission *En Banc*. Thus, the Commission resolved to reconfirm the same on 20 June 2017.

DISCUSSION

I. THE COMMISSION IS EMPOWERED TO AUTHORIZE GENERATION COMPANIES TO DEVELOP, OWN AND/OR OPERATE DEDICATED POINT-TO-POINT LIMITED TRANSMISSION FACILITIES.

Section 9 (f) of Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA) provides that a generation company (GenCo) may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the transmission development plan (TDP), 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 Energy Regulatory Commission (ERC).

Section 5, Rule 5 of EPIRA's Implementing Rules and Regulation (EPIRA-IRR) further establishes the Commission's power

² The Chairman was placed on preventive suspension as per Order of the Office of the President (OP-DC Case No. 17-D-094) dated 02 May 2017 and received on 04 May 2017.

to authorize GenCos to develop, own and operate dedicated point-to-point limited transmission facilities, to wit:

Section 5. Dedicated Point-to-Point Limited Transmission Facility of a Generation Company.

- (a) 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;
 - (ii) The facilities are included and consistent with the TDP certified by Transco or its Buyer or Concessionaire; and
 - (iii) Any other documents that may be required by the ERC.
- (b) 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. In case of disagreement on the fair market price, the ERC shall determine the fair market value of such asset, either directly or through such dispute resolution mechanisms as ERC may specify.

Thus, the Commission has jurisdiction over the instant Application.

**II. APPLICANT GIFT IS
AUTHORIZED TO DEVELOP,
AND OWN DEDICATED POINT-
TO-POINT LIMITED
TRANSMISSION FACILITIES
TO CONNECT THE 12 MW
BIOMASS POWER PLANT TO
THE PANTABANGAN-
CABANATUAN 69 KV LINE OF
THE LUZON GRID.**

Applicant GIFT is a GenCo and Renewable Energy Developer of Biomass Resources, which was granted a Certificate of Feed-in-Tariff (FIT) -Eligibility by the Department of Energy (DOE). It developed a 12 MW BPP located in Barangay Bacal II, Talavera, Nueva Ecija. In order to dispatch the capacity to be generated by the BPP, GIFT deemed it necessary, feasible and cost-effective to connect the said

plant to the Luzon Grid through a dedicated point-to-point limited facility. In particular, GIFT intends to be connected to the 69kV Pantabangan-Cabanatuan line of the National Grid Corporation of the Philippines (NGCP), which is approximately 1.3 kilometers from the BPP.

The said facility consists of the following:

1. Substation;
2. 69 kV Line;
3. Switchyard;
4. Metering Facilities;
5. Protection and Grounding System; and
6. Telecommunication Facilities.

The estimated cost of the Facility amounts to four million eight hundred sixty three thousand three hundred fifteen pesos (PhP 4,863,315.00) covering all the facilities to be constructed for the power plant.

It must be noted, however, that the estimated cost is only for the purpose of computing the applicable permit fee.

Likewise, the said cost is not necessarily the fair market value that should be applied in the event that the subject assets are actually transferred to NGCP or to National Transmission Corporation (TransCo).

Considering that the approved FIT rate includes the cost of the Facility, the said rate shall be taken into account once the subject assets are transferred to NGCP or to TransCo, thus:

1. If the fair market value (subject to optimization) is higher than the Facility's cost as incorporated in the determination of the FIT rate, NGCP or TransCo shall pay the difference between the said cost and the fair market value.
2. If the fair market value (subject to optimization) is lower than the Facility's cost as incorporated in the determination of the FIT, the asset shall be treated as a Contribution in Aid of Construction (CIAC). NGCP shall maintain a separate account of these amounts, and the assets should not appear in the rate base or in the asset appraisal.

A. System Impact Study

A System Impact Study (SIS) conducted by a third party determined that the connection of GIFT's BPP to the Pantabangan-Cabanatuan 69 kV line of NGCP is technically feasible, will not result in the degradation of the network, and will not require augmentation in the grid.

The SIS likewise yielded the following results, to wit:

1. The bus voltages in the study area are within the limits prescribed in the Philippine Grid Code under normal conditions and during N-1 contingency in the network;
2. GIFT's generating units are stable, and with a maximum dispatch during contingencies having normal and delayed fault clearing times; and
3. While generating at maximum capacity, the outage of any generating unit of the BPP will not cause instability and will not lead to activation of automatic load dropping relays.

The SIS results are consistent with NGCP's own simulation based on the *Review Report of Third Party System Impact Study* conducted in October 2014 using the same models and configurations.

As concluded in the SIS report, once GIFT's BPP provides reactive power based on its declared power factor, it will reduce the loading of the transformer at the Cabanatuan Substation and will improve the voltage profile of the Pantabangan- Cabanatuan 69kV line, particularly at its end point.

GIFT submitted its Facility Study on 05 January 2015, which was approved by NGCP on 22 July 2015.

B. Other Alternatives Considered

Other than the Pantabangan-Cabanatuan 69 kV line, there were two other options considered by GIFT to connect its BPP to the Luzon Grid, namely:

1. Through the NGCP Switchyard located at the Central Luzon State University (CLSU); and
2. Through the NGCP Substation in Cabanatuan, Nueva Ecija.

The distance from the BPP to the CLSU Switchyard is approximately 4.16 kilometers, and from BPP to the Cabanatuan Substation is approximately 28.11 kilometers. On the other hand, the connection of the BPP to the Pantabangan-Cabanatuan 69kV line is approximately 1.3 kilometers only. Thus, the latter option is the most cost-efficient because the distance is considerably shorter than that of the other two alternatives.

In addition, GIFT already owns the property where the proposed connection will have to pass through. There is no need to secure any right of way for the connection. In view of this, GIFT will be saving on project costs for being able to avoid longer construction time and right of way acquisition risk.

C. Technical Configuration

Generally, the connection of the generator is the obligation of the Transmission Utility that was granted the exclusive franchise to build, operate and maintain its transmission system. However, Section 9 (f) of the EPIRA³ gives GenCos the option to develop, own and operate their dedicated point-to-point limited facilities.

Thus, GIFT filed the instant *Application*.

The proposed connection scheme of the GenCo should be consistent with the provisions of the Philippine Grid Code relative to connection points, to wit:

GCR 4.6.1.1 The Distribution Utility's or other Grid User's Equipment shall be connected to the Grid at Voltage level(s) agreed to by the Transmission Network Provider and the Distribution Utility (or other Grid User) based on Grid Impact Studies.

GCR 4.6.1.2 All substations shall be controlled by Circuit Breakers that are capable of interrupting the maximum short circuit current at the point of connection.

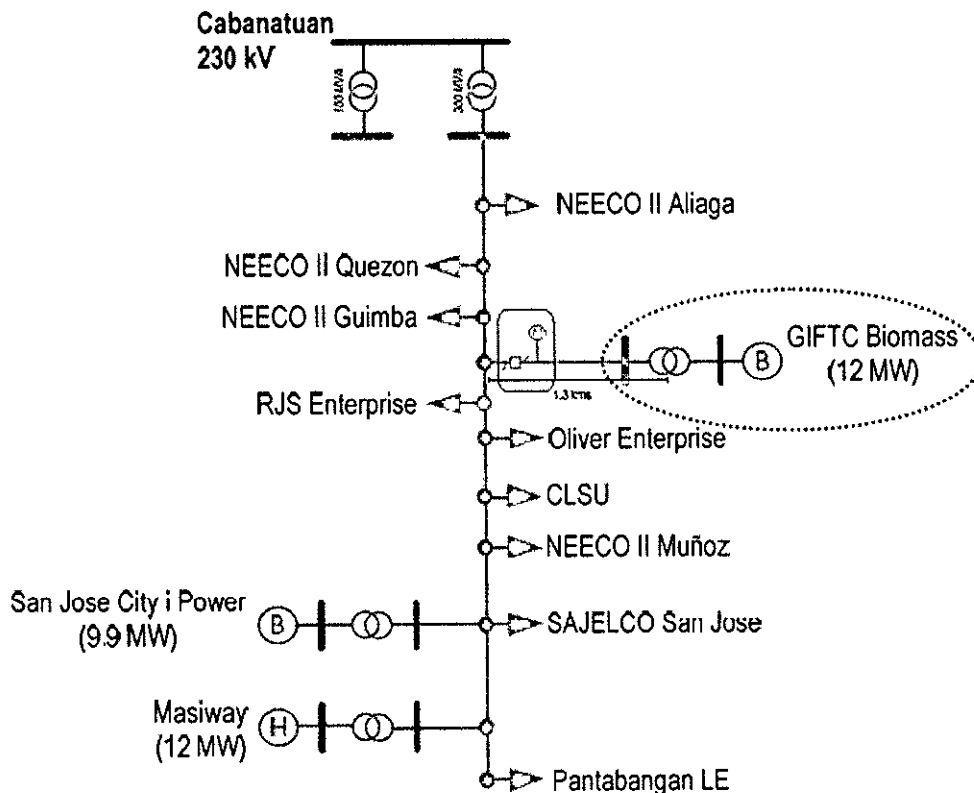
³ Sec. 9(f). xxx A generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the TDP: Provided, that such facilities are required only for the purpose of connecting to the transmission system, and are used solely by the generating facility, subject to prior authorization by the ERC: xxx

GCR 4.6.1.3 Disconnect switches shall also be be provided and arranged to isolate the Circuit Breaker for maintenance purposes.

- a. Connections to the Grid above 69 kV shall at least be provided with surge arrester, disconnect switches and Circuit Breaker of appropriate rating at the Connection Point;
- b. Connections to 69 kV shall at least be provided with Disconnect Switches, and faulted circuit indicators at the Connection Point; and
- c. Connections below 69 kV shall at least be provided with fuse cut-out of appropriate rating at the Connection Point.

GCR 4.6.1.4 If the line between the Connection Point and the substation of the Distribution Utility (or other Grid User) is greater than 500 meters (m), a Circuit Breaker of appropriate rating shall be provided at the Connection Point. However, a line equal to or less than 500 m between Connection Point and substation of the Distribution Utility (or other Grid User) shall at least be provided with Disconnect Switch.

Applicant GIFT's proposed connection scheme is compliant with the above-mentioned provisions, as illustrated in the following single line diagram:



The single line diagram shows that the proposed project will be used solely by applicant GIFT, as mandated by Section 5 (a) (i), Rule 5 of EPIRA-IRR⁴.

The BPP's substation is equipped with a 15 MVA 13.8/69 kV step-up transformer.

The existing Pantabangan-Cabantuan 69kV line is using a 1-336.4 MCM ACSR conductor with a capacity of 53 MVA. As such, GIFT utilized a 1,500 meter line with the same conductor wire as NGCP for its dedicated point-to-point limited transmission line that will be strung with a single conductor per phase.

GIFT also provided a switching station equipped with a circuit breaker that has a capacity capable of interrupting the maximum circuit current at the connection point. The switchyard also has disconnect switches, surge arresters, metering facility, protective relays and accessories, all of which are compliant with the requirements under the Philippine Grid Code and of NGCP.

To further establish the compliance of GIFT with the technical requirements, the Commission, during the conduct of an ocular inspection, was able to confirm that the metering point of GIFT's BPP is located near the connection point. This is pursuant to Section 9.2.1 of the Philippine Grid Code requiring the metering point between the Grid and the User System to be at the connection point.

D. Technical and Financial Qualifications

In its *Application*, GIFT alleged that it intends to secure the services of NGCP for the operation and maintenance of the Facility. NGCP has issued a certification stating that GIFT is already in the process of securing an Operations and Maintenance Agreement with the former.

The financial capability of GIFT, on the other hand, will be assessed in its application before the Commission for the issuance of a Certificate of Compliance (COC) to ensure that GIFT has the financial qualifications set forth in the Financial Guideline for Generation Companies.

⁴ Section 5 (a) (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; xxx.

E. Prescribed Fees

The Permit Fee for the authority of GIFT to construct the Dedicated Point-to-Point Limited Transmission Facility is prescribed under Commonwealth Act No. 146, as amended, for the reimbursement of the expenses of the Commission in evaluating the case. The said fee is computed based on the total project cost, and is computed as follows:

$$\begin{aligned} \text{Permit Fee} &= \frac{\text{Total Project Cost} \times 0.75}{100} \\ &= \frac{4,863,315.00 \times 0.75}{100} \\ \text{Permit Fee} &= \text{PhP}36,474.86 \end{aligned}$$

Thus, applicant GIFT must pay the permit fee in the amount of Thirty Six Thousand Four Hundred Seventy Four and 86/100 Pesos (**PhP36,474.86**).

WHEREFORE, in view of the foregoing, the Commission hereby GRANTS the instant *Application* of Green Innovations for Tomorrow Corporation (GIFT), thus:

1. Applicant GIFT is authorized to develop and own a dedicated point-to-point limited facility to connect its 12 MW Biomass Power Plant to the Luzon Grid, subject to the following conditions:
 - a) The National Grid Corporation of the Philippines (NGCP) shall operate and maintain the subject dedicated point-to-point limited facility, subject to applicable charges;
 - b) The subject facility shall be developed and constructed in accordance with the System Impact Study (SIS) and Facility Study (FS) requirements so as not to result in the degradation of NGCP's transmission system;
 - c) The dedicated point-to-point facility shall be used solely by the generating facility; and

- d) Any portion of the dedicated point-to-point limited facility required for competitive purposes or for connection to any other user shall have its ownership transferred to National Transmission Corporation (TransCo) or to NGCP at fair market price, subject to optimization. In determining the fair market price, the cost of the facility as incorporated in the determination of the Feed-in-Tariff shall be accounted for.
2. Applicant GIFT shall pay the permit fee amounting to **PhP 36,474.86**, which was computed based on the Revised Schedule of ERC Fees and Charges.

SO ORDERED.

Pasig City 20 June 2017.

JOSE VICENTE B. SALAZAR*
Chairman and CEO



ALFREDO J. NON
Commissioner



GLORIA VICTORIA C. YAP-TARUC
Commissioner



JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Commissioner



GERONIMO D. STA. ANA
Commissioner

LS: JEM/AR@/PAR/APV

ROS: RAMG/LLG/FGED

* On preventive suspension as per Order of the Office of the President (OP-DC Case No. 17-D-094) dated 02 May 2017 and received on 04 May 2017.

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