

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 11.22 MW DIESEL
POWER PLANT TO THE
SURIGAO DEL NORTE
ELECTRIC COOPERATIVE
INC.'S LOOC SUBSTATION,
WITH PRAYER FOR
PROVISIONAL AUTHORITY**

ERC CASE NO. 2017-005 MC

**NICKEL ASIA
CORPORATION (NAC),
Applicant.**
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D O C K E T E D
Date: APR 19 2018
By: [Signature]

ORDER

On 16 March 2017, an *Application* dated 10 March 2017 was filed by applicant Nickel Asia Corporation (NAC) seeking the Commission's approval for its authority to develop, own and operate a dedicated point-to-point limited transmission facilities to connect the 11.22 MW diesel power plant to the Surigao del Norte Electric Cooperative, Inc.'s Looc Substation, with prayer for the issuance of provisional authority.

NAC alleged the following in its Application:

THE APPLICANT

1. Nickel Asia Corporation ("NAC") is a generation company duly authorized and existing under the laws of the Republic of the Philippines, with principal address at 28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City.

Copies of NAC's Certificate of Incorporation and Certificate of Filing of Amended Articles of Incorporation issued by the Securities and Exchange Commission, Amended Articles of

[Handwritten mark]

Incorporation, By-Laws and latest General Information Sheet are attached hereto as **Annexes "A"** and **series**.

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

NATURE OF THE APPLICATION

3. Pursuant to the Amended Distribution Services and Open Access Rules ("DSOAR"), this Application is hereby submitted to secure authority from this Honorable Commission for NAC to develop, own, and operate dedicated point-to-point limited facilities connecting its 11.22 MW bunker C-fired diesel power plant, located in Brgy. Quezon, Surigao City, Surigao del Norte to the 20 MVA Loooc Substation of the Surigao del Norte Electric Cooperative, Inc. ("SURNECO").

STATEMENT OF THE FACTS

4. **Power Supply Agreement.** In order to help address its power supply needs, SURNECO entered into a Power Supply Agreement ("PSA") with NAC as supplemented by the Supplement to the Power Supply Agreement dated 25 January 2014 (collectively referred herein as "PSA").

5. The PSA is pending approval before this Honorable Commission in ERC Case No. 2014-033 RC entitled "*In the Matter of the Application for Approval of the Power Supply Agreement (PSA) between Surigao Del Norte Electric Cooperative, Incorporated (SURNECO) and Nickel Asia Corporation (NAC), with Prayer for Provisional Authority.*"

6. **Supply from NAC.** In order to supply power under the PSA, NAC has undertaken to construct, own, operate, manage and maintain a 11.22 MW bunker C-fired diesel power plant in Brgy. Quezon, Surigao City, Surigao del Norte (the "Power Station"). Further, NAC has also undertaken to develop, own, and operate dedicated point-to-point limited facilities connecting the Power Station to SURNECO's Loooc Substation.

7. Under the DSOAR, a generation company may develop and own or operate dedicated point-to-point limited facilities provided, that such facilities are required only for the purpose of connecting to the distribution system, and are used solely by the generating facility, as may be authorized by this Honorable Commission.

8. Hence, this Application.

ABSTRACT OF THE PROJECT, THE CONNECTION ASSETS AND RELATED INFORMATION

9. **The Connection Project.** As mentioned earlier, the Power Station shall be connected to SURNECO's Loooc Substation through the connection assets developed, owned, and operated by NAC (the "Connection Project").

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9.1. NAC approved the Connection Project, a copy of the Secretary's Certificate containing a board resolution approving the Connection Project is attached hereto as **Annex "B."**

9.2. The Connection Project is more particularly described in the Project Description and its supporting attachments, attached hereto as **Annex "C"** ("Project Description") **and series.**

9.3. The Connection Project is illustrated in a single line diagram, a copy of which is attached hereto as **Annex "D."**

9.4. **Necessity of the Project.** The Connection Project is essential to the delivery of power from the Power Station to SURNECO's distribution system in order to comply with the contractual obligations of NAC under its PSA with SURNECO.

10. **Technical Configuration.** The Connection Project consists of dedicated point-to-point limited facilities in the purview of the DSOAR. They are required only for the purpose of connecting to the distribution system, and are used solely by the generating facility. They are not intended to serve end-users or suppliers directly.

10.1. The Connection Project involves a 7.313-kilometer 69 kV transmission line and a connection asset structure. The said line will start from the Power Station site in Brgy. Quezon, Surigao City, Surigao del Norte, and which will connect to SURNECO's distribution system through SURNECO's Looc Substation, which will serve as the connection point.

10.2. The said line starts from the 15 MVA power plant transformer 69 kV gantry structure of the Power Station, traverses along the national highway, and terminates at the Looc Substation.

10.3. The transmission line uses 336.4 MCM ACSR conductors on 75-foot height steel poles, with the conductors arranged in a vertical configuration, spaced at 1.85 meter apart for Type A structures; and with 2.15 meter spacing between conductors for Type B structures.

The geographical view of the Connection Project is illustrated in various layouts, copies of which are attached hereto as **Annex "E"** and **series.**

10.4. Further, the connection asset structure is an eight-legged I-beam steel structure with two-levels of I-beam cross members. The said structure is where the disconnect switches, potential transformers, current transformers, surge

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arresters, insulators, revenue metering, and other electrical components for the transmission line protection are installed.

11. **Selection of Connection Configuration.** The Connection Project's configuration is in accord with the contractual obligation of NAC under the Power Supply Agreement ("PSA") with SURNECO connect the Power Station to SURNECO's distribution system. Accordingly, the output should be fed to the lines feeding SURNECO's main substations.

11.1. The Connection Project, taking into consideration the contractual obligations of NAC, is the most feasible option.

A more detailed explanation on the selection of the configuration of the Connection Project is attached hereto as **Annex "F."**

12. **Results of the Distribution Impact Study.** NAC has conducted a Distribution Impact Study ("DIS") to determine the technical feasibility of connecting the Power Station to the Loooc Substation.

12.1. The DIS report reveals that, upon evaluation of load flow assessment, fault level assessment, dynamic stability assessment, that the Connection Project is technically feasible.

A copy of the DIS report is attached hereto as **Annex "G."**

13. **Results of the System Impact Study.** The National Grid Corporation of the Philippines ("NGCP") has conducted a System Impact Study ("SIS") in relation to the Power Station.

13.1. The SIS report reveals that the connection of the Power Station is technically feasible. The SIS report further reveals that no major transmission system degradation can be directly attributed to the Power Station, and no transmission system reinforcement is needed to mitigate any adverse effects that the Connection Project may pose in the transmission system.

A copy of the SIS report is attached hereto as **Annex "H."**

14. **Results of the Facility Study.** A third-party Facility Study ("FS") was likewise secured for the actual construction and connection of the Power Station.

14.1. The FS describes the facilities required in order to secure the intended delivery of the generated capacities from the Power Station. It also discusses the system's protection, telecommunications, and metering. It likewise presents the technical data and specifications of the major equipment and materials to be used.

A copy of the FS is attached hereto as **Annex "I."**

15. **Gantt Chart Schedule.** The timeline for the implementation of the Connection Project is attached hereto as **Annex "J."**

16. **Environmental Compliance Certificate is not Required.** Under the Revised Guidelines for Coverage Screening and Standardized Requirements of the Philippine Environmental Impact Statement (EIS) System of the Department of Environment and Natural Resources, an Environmental Compliance Certificate ("ECC") is not required for power transmission line projects with ratings of less than or equal to 138 kV. Hence, the Connection Project is not covered by an ECC.

A copy of the relevant portion of said revised guidelines is attached hereto as **Annex "K."**

17. **Project Cost.** The total project cost of the Connection Project is PhP35,840,193.00

A detailed breakdown of the said project cost is attached hereto as **Annex "L."**

TECHNICAL AND FINANCIAL CAPABILITY OF NAC

18. As discussed below, NAC is fully equipped to own, operate and maintain the connection assets.

19. **Technical Capability.** NAC has a team of qualified, experienced and competent engineers to operate and maintain the Connection Project.

Copies of the summary of the curriculum vitae of the said engineers and other supporting documents are attached hereto as **Annexes "M" and series.**

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

A copy of NAC's latest Audited Financial Statements is attached hereto as **Annex "N."**

ALLEGATIONS IN SUPPORT OF THE MOTION FOR PROVISIONAL AUTHORITY

21. As discussed earlier, the Connection Project will provide the much-needed power supply of electricity consumers of SURNECO.

22. It is of utmost urgency and necessity that the instant Application be approved. A provisional authority will be necessary for the operation of the Connection Project and the delivery of power to SURNECO's costumers.

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23. Hence, Applicant NAC 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 "O."**

PRAYER

WHEREFORE, premises considered, Applicant NAC 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 NAC prays for other just and equitable relief under the premises.

Finding the said Application to be sufficient in form and 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 **4 June 2018 at two o'clock in the afternoon (2:00 P.M.), at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, NAC is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, the date of the publication to be made not later than ten (10) days before the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governor, City Mayor, and the Local Government Unit (LGU) legislative bodies within the franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the Application, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;

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- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, 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 Governor, 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 of the filing of the Application, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by 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.

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Applicant and all interested parties are also required to submit, at least five (5) days before the date of the 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.

NAC 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 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, 21 March 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson and CEO




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COPY FURNISHED:

1. Nickel Asia Corporation (NAC)
Applicant
28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
2. Atty. Sundy Lorence C. Lachica and Atty. Anthony L. Maamo
Counsel for Applicant NAC
LACHICA & ASSOCIATES
Suite 2304-B, West Tower, Philippine Stock Exchange Centre, Exchange Road,
Ortigas Center, Pasig City
3. Office of the Mayor
City of Taguig
4. Office of the LGU legislative body
City of Taguig
5. Office of the Mayor
City of Surigao
6. Office of the LGU legislative body
City of Surigao
7. Office of the Governor
Province of Surigao del Norte
8. Office of the LGU legislative body
Province of Surigao del Norte
9. Surigao del Norte Electric Cooperative, Inc. (SURNECO)
Narciso corner Espina St., Surigao City, Surigao del Norte
10. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
11. Commission on Audit (COA)
Commonwealth Avenue, Quezon City
12. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
13. House Committee on Energy
Batasan Hills, Quezon City
14. National Grid Corporation of the Philippines (NGCP)
NGCP Building, Quezon Avenue cor. BIR Road,
Diliman, Quezon City
15. 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
16. Regulatory Operations Service (ROS)
[Standards and Compliance Monitoring Division (SCMD)]
17th Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City

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