

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 LIMITED
DISTRIBUTION FACILITIES
TO CONNECT THE 81MW
WIND POWER PLANT TO
THE 115KV MALAYA-
TERESA LINE, WITH
PRAYER FOR PROVISIONAL
AUTHORITY**

ERC CASE NO. 2018-007 MC

**ALTERNERGY SEMBRANO
WIND CORPORATION
(ASWC),**

Applicant.

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DOCKETED
Date: JUL 27 2018
By: W

ORDER

On 4 May 2018, an *Application* dated 3 May 2018 was filed by Applicant Alternergy Sembrano Wind Corporation (ASWC), seeking the Commission's approval for authority to develop, own, and/or operate dedicated point-to-point limited distribution facilities to connect the 81MW wind power plant to the 115kV Malaya-Teresa Line, with prayer for the issuance of provisional authority.

ASWC alleged the following in its *Application*:

THE APPLICANT

1. ASWC is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office address at Level 3B, 111 Paseo de Roxas Building, Paseo de Roxas corner Legazpi Street, Legaspi Village, Makati City, Metro Manila.

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

NATURE OF THE APPLICATION

3. This Application is submitted to this Honorable Commission pursuant to Section 2.9.2 of the Amended Distribution Services and Open Access Rules (“**DSOAR**”)¹ for its consideration and approval of ASWC’s proposed development, ownership, and operation of interconnection facilities which shall connect the approximately 81MW Wind Power Plant located within the vicinity of Mt. Sembrano and spanning across the municipalities of Pililla, Province of Rizal, and Mabitac and Pakil, Province of Laguna (the “**Sembrano Wind Farm**”) to the Luzon Grid through the Manila Electric Company’s (“**MERALCO**”) 115kV Malaya-Teresa line.

STATEMENT OF FACTS

4. ASWC is the holder of Wind Energy Service Contract No. 2009-09-018, as amended by the Second Amendment to Wind Energy Service Contract No. 2009-09-018 dated 24 February 2014 (collectively, the “**Service Contract**”) by virtue of which it was granted the exclusive right to explore, develop and utilize wind resources within an area located within the Provinces of Rizal and Laguna (the “**Contract Area**”).

5. Pursuant to the Service Contract, ASWC is developing the Sembrano Wind Farm, which is targeted to commence commercial operations in the second half of 2019. Notably, Republic Act No. 9513, otherwise known as the “**Renewable Energy Act of 2008**,” (“**RE Law**”) mandates that the Sembrano Wind Farm shall enjoy the benefit of priority dispatch as a generating unit utilizing an intermittent renewable energy resource.²

6. In order to test, commission, and dispatch from the Sembrano Wind Farm, ASWC shall develop and construct a dedicated point-to-point facility which will connect the Sembrano Wind Farm to the Luzon Grid through MERALCO’s 115kV Malaya-Teresa line.

6.1. The interconnection of the Sembrano Wind Farm to the Luzon Grid involves the construction along the public road of a three (3) phase 115kV line, using 1-795 MCM Aluminum Conductor Steel Reinforce (ACSR) per phase and a combination of steel poles and concrete poles measuring 27.5 meters to 32 meters in height. The said 3-phase 115kV line is approximately 10.2 kilometers, spanning from the high voltage substation of the Sembrano Wind Farm to the

¹ “Section 2.9.2 CONNECTION ASSETS AND FACILITIES

“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, subject to prior authorization by the ERC. xxxx”

² RE Law, Section 20.

proposed Pililla Switching Station (the “**Dedicated Facility Project**”). The Dedicated Facility Project will be owned, operated, maintained and used exclusively by ASWC for the connection of the Sembrano Wind Farm to the Luzon Grid.

6.1.1. The Dedicated Facility Project will be exclusively funded by ASWC and will, therefore, not impact any regulated charges.

6.1.2. The breakdown of the major cost components of the Dedicated Facility Project is as follows:

PROJECT COMPONENTS	AMOUNT
Switchyard	PhP 194,340,492.58
Transmission Line	PhP 276,880,167.50
Switching Station	PhP 243,980,461.00
TOTAL PROJECT COST	PhP 715,201,121.08

6.2. The proposed Pililla Switching Station shall be comprised of three (3) sets of 115kV power circuit breakers and associated disconnect switches, protection and control equipment. It will have a ring bus configuration to accommodate the termination of the Sembrano Wind Farm.

6.3. The proposed Pililla Switching Station will be connected to MERALCO’s 115kV Malaya-Teresa line through an approximately 6.6 kilometer 115kV line owned by Alternergy Wind One Corporation (“**AWOC**”) where the Pililla Switching Station will cut-in. Upon completion of the Pililla Switching Station, AWOC’s Pililla Wind Power Project will subsequently be connected thereto. ASWC is in the process of negotiating an agreement with AWOC regarding the use of AWOC’s existing line for the connection to MERALCO’s 115kV Malaya-Teresa line.

7. ASWC considered two (2) other options for the connection of the Sembrano Wind Farm to the Luzon Grid, to wit:

7.1. *Tap-connection at MERALCO’s 115kV Malaya-Caliraya Line.* This requires the construction along the public road of a three (3) phase 115kV transmission line, using 1-795 MCM ACSR per phase and a combination of steel poles and concrete poles, each measuring 27.5 meters to 32 meters in height. The three (3) phase 115kV transmission line runs approximately five (5) kilometers in length, from the switchyard of the Sembrano Wind Farm to the tapping point at MERALCO’s 115kV Malaya-Caliraya Line. However, the 115kV Malaya-Caliraya Line is severely dilapidated and uses a 336 MCM conductor with a lower load capacity. To accommodate the capacity of the Sembrano Wind Farm, the 115kV Malaya-Caliraya Line will thus have to be rehabilitated. Rehabilitation and uprating of the National Grid Corporation of the Philippines’s (“**NGCP**”) Malaya

Substation will also have to be undertaken to accommodate the capacity of the Sembrano Wind Farm.

7.2. *Connection at NGCP's 230kV Malaya Substation.* This involves the construction along the mountainous terrain of Mt. Sembrano of a three (3) phase 230kV transmission line, using 1-795 MCM ACSR per phase and a combination of steel poles and lattice towers, which runs approximately five (5) kilometers in length from the switchyard of the Sembrano Wind Farm to the connection point at NGCP's 230kV Malaya Substation. While the direct connection to NGCP's Malaya Substation offers high power system reliability and can accommodate higher load capacity, the costs for the construction and maintenance of the 230kV transmission line at the proposed line route with mountainous terrain is extremely high compared to the other options considered. Considerable right-of-way and easement rights must also be acquired for the 230kV transmission line and the towers, which rights are difficult to obtain. Moreover, major rehabilitation of the 230kV bay at the NGCP Malaya Substation needs to be undertaken to accommodate the proposed 230kV transmission line and the capacity of the Sembrano Wind Farm.

8. MERALCO, on the other hand, has recommended the Dedicated Facility Project as the only option for the connection of the Sembrano Wind Farm to the Luzon Grid under the Distribution Impact Study it issued to ASWC.

9. In a Certification dated 9 February 2017, MERALCO has further confirmed that the Dedicated Facility Project is consistent with its Distribution Development Plan.

10. MERALCO and ASWC have also entered into an Interconnection Agreement dated 23 March 2017 for the interconnection of the Sembrano Wind Farm to MERALCO's distribution system through the Dedicated Facility Project, subject to prior approval by this Honorable Commission.

11. In light of the foregoing, ASWC respectfully seeks the confirmation and approval that the connection to MERALCO's 115kV Malaya-Teresa line through the Dedicated Facility Project as proposed under the Distribution Impact Study is the most viable option for connecting the Sembrano Wind Farm to the Luzon Grid.

12. Once completed, the operation, service and maintenance of the Dedicated Facility Project will be undertaken by an accredited contractor of MERALCO. On 17 October 2017, Meralco Industrial Engineering Services Corporation ("**MIESCOR**") submitted its proposal for the Engineering, Procurement, Construction and Maintenance of the Dedicated Facility Project.

13. As of date, ASWC has filed or is in the process of filing an application for approval of the Dedicated Facility Project with all

the concerned agencies that may have an interest therein. ASWC further undertakes to file an Application for a Certificate of Compliance with this Honorable Commission for the Sembrano Wind Farm in accordance with ERC Resolution No. 16, Series of 2014.

Copies of the following documents are hereto attached and made integral parts hereof, as follows:

ANNEX	DOCUMENT
"A"	Detailed description of the Dedicated Facility Project
"B"	Other options considered for the connection of the Sembrano Wind Farm to the Luzon Grid
"C"	MERALCO's Certification dated 9 February 2017
"D"	Distribution Impact Study
"E"	Distribution Asset Study
"F"	Single Line Diagram for the Dedicated Facility Project
"G"	Conceptual Engineering Designs and Drawings
"H"	Dedicated Facility Project Cost Estimate
"I"	Gantt Chart Construction Schedule
"J"	Interconnection Agreement dated 23 March 2017
"K"	Secretary's Certificate approving the filing of the instant Application
"L"	Sworn statement of ASWC's President stating that ASWC has filed or shall file an application for approval of the Dedicated Facility Project with all concerned agencies
"M"	ASWC's latest General Information Sheet ³
"N"	ASWC's SEC Certificate of Registration
"O"	ASWC's Articles of Incorporation
"P"	ASWC's By-Laws
"Q"	MIESCOR's EPCM proposal dated 17 October 2017
"R"	ASWC's latest Audited Financial Statements ⁴

ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL AUTHORITY

14. Given the RE Law's objective to accelerate the development of the country's renewable energy resources and increase the utilization of renewable energy, it is in the interest of the government to help RE developers such as ASWC achieve commerciality and commence operations at the soonest practicable time. Manifestly, the construction of the Dedicated Facility Project is a pre-requisite for the testing and commissioning, and ultimately, the commercial operations of the Sembrano Wind Farm. A provisional authority is needed to enable ASWC to achieve the target commercial operations date of the Sembrano Wind Farm in the second half of 2019 and avoid adverse consequences to ASWC.

³ The General Information Sheet identifies the key management officials of ASWC.

⁴ The Audited Financial Statements contain information necessary for determining financial ratios pertinent to this Application.

15. Moreover, generation of electricity from renewable energy resource contributes to the reduction of carbon and greenhouse gas emissions to the atmosphere through the displacement of power generated from bunker and other fossil fuel, while at the same time augmenting existing supply in the Luzon Grid. ASWC is committed to maintaining the environmental integrity of the surrounding area while at the same time producing clean energy for sustainable development and inclusive growth.

16. The issuance of a provisional authority will allow ASWC to immediately start construction of the Dedicated Facility Project, thus preventing any delay in the commercial operations of the Sembrano Wind Farm.

17. Given the foregoing, there is clear and sufficient basis to consider imperative the issuance of a provisional authority or interim relief pending the issuance of a final order or decision in the instant Application.

A copy of the Affidavit executed by ASWC's President, Vicente S. Perez, Jr., in support of the prayer for issuance of provisional authority is hereto attached and made an integral part hereof as **Annex "S."**

18. In view of all the foregoing, Applicant respectfully submits the instant Application for this Honorable Commission's urgent and utmost consideration.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed to this Honorable Commission that:

1. An Order be issued granting provisional authority for ASWC's development, ownership and operation of the Dedicated Facility Project to allow the connection of ASWC's Sembrano Wind Farm to the Luzon Grid; and

2. After hearing on the merits, a Decision be rendered approving the instant Application.

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

Finding the said *Application* to be 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 **6 September 2018 at ten o'clock in the morning (10:00 A.M.), at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, ASWC 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 Governors, 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 of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected area, by any other means available and appropriate;
- 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 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 of the filing of the *Application*, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected 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.

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.

ASWC 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, 13 July 2018.

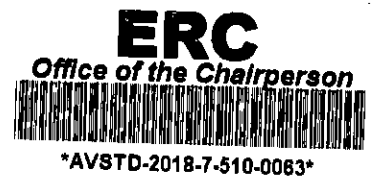
FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson and CEO 


LS:SLAN/ARG/GLS/APV

COPY FURNISHED:

1. Alternergy Sembrano Wind Corporation (ASWC)
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Pililla, Rizal
4. Office of the LGU legislative body
Pililla, Rizal
5. Office of the Governor
Province of Rizal
6. Office of the LGU legislative body
Province of Rizal
7. Office of the Mayor
Mabitac, Laguna
8. Office of the LGU legislative body
Mabitac, Laguna
9. Office of the Mayor
Pakil, Laguna
10. Office of the LGU legislative body
Pakil, Laguna
11. Office of the Governor
Province of Laguna



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12. Office of the LGU legislative body
Province of Laguna
13. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
14. Commission on Audit (COA)
Commonwealth Avenue, Quezon City
15. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
16. House Committee on Energy
Batasan Hills, Quezon City
17. Manila Electric Company (MERALCO)
ATTENTION: Attys. Francis Dino S. Antonio, Hazel Rose B. See
and Monica R. Martin
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NGCP Building, Quezon Avenue corner BIR Road,
Diliman, Quezon City
19. 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
20. Regulatory Operations Service (ROS)
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