

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



**IN THE MATTER OF THE
APPLICATION FOR
AUTHORITY TO
IMPLEMENT THE SAN
FERNANDO 1x10/12.5 MVA
TR SUBSTATION AND
RELATED PROJECTS, WITH
PRAYER FOR PROVISIONAL
AUTHORITY**

ERC CASE NO. 2018-125 RC

**VISAYAN ELECTRIC
COMPANY, INC. (VECO),
Applicant.
X-----X**

D O C K E T E
Date: FEB 04 2019
By: [Signature]

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 28 December 2018, the Visayan Electric Company, Inc. (VECO) filed an *Application* dated 06 December 2018 (*Application*), seeking the Commission's approval of its authority to implement the San Fernando 1x10/12.5 MVA TR Substation and related projects, with prayer for provisional authority.

In the said *Application*, VECO alleged the following, among others:

1. VECO is a private corporation existing under the laws of the Republic of the Philippines, with business address at J. Panis Street, Banilad, Cebu City. It is a duly authorized distribution utility of electric power in the cities of Naga, Talisay, Cebu and Mandaue, and in the municipalities of San Fernando, Minglanilla, Consolacion and Lilo-an, Province of Cebu pursuant to its franchise under Republic Act. No. 9339.
2. It may be served with notices and other processes of this Commission through its undersigned counsel at the address indicated below.

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3. VECO's 3rd Regulatory Period (3rd RP) covers 1 July 2014 to 30 June 2018. However VECO still has to undergo the reset process and is currently awaiting the final rules to be released by the Honorable Commission to govern the filing of its 3rd RP reset application.
4. This notwithstanding, Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 ("EPIRA"), under Section 23, obligates VECO, as well as other distribution utilities, to provide distribution services and connections to its system for any end-user within its franchise area consistent with the distribution code.
5. In line with its obligation under the EPIRA and pursuant to Section 20 (b) of Commonwealth Act No. 146, as amended, VECO hereby applies for the approval of the Honorable Commission to implement the **San Fernando 1x10/12.5 MVA TR Substation and related projects:**
 - a. **San Fernando 1x10/12.5 MVA TR Substation**, which involves the construction of a substation to be located in Panadtaran, San Fernando, in lieu of the Mabuhay Filcment Switching Station project included in VECO's 2014-2015 CAPEX application docketed as ERC Case No. 2013-207 RC;
 - b. **San Fernando Lot Acquisition**, which involves the acquisition of a lot where the San Fernando 1x10/12.5 MVA TR Substation will be erected;
 - c. **69 kV Line projects consisting of:**
 - i. **69 kV VECO Naga Substation to CEMEX 69 kV Line**, which involves the installation of poles, 69 kV lines and associated equipment from VECO's Naga Substation to CEMEX and will serve as a supplementary line interconnecting with the CEMEX – Mabuhay Filcment 69 kV interconnection line that is part of ERC Case No. 2013-207 RC;
 - ii. **69 kV Mabuhay Filcment Inc. to San Fernando Substation Line**, which involves the installation of poles, 69 kV lines and associated equipment and is also a supplementary line interconnecting with the CEMEX – Mabuhay Filcment 69 kV interconnection line that is part of ERC Case No. 2013-207 RC;
 - iii. **69 kV San Fernando Substation to Mabuhay Filcment Inc. Line**, which involves the installation of poles, extension of a power service line and associated equipment from the San Fernando 1x10/12.5 MVA TR Substation to Mabuhay Filcment Inc.; and
 - iv. **69 kV San Fernando Substation to Taiheiyo 69 kV Line**, which involves the installation of poles, extension of a power service line and associated

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equipment from the San Fernando 1x10/12.5 MVA TR Substation to the 69kV customer Taiheiyo Cement Philippines, Inc.

6. The total estimated cost of these projects is **Php 88,916,420.00** broken down as follows:

Project	Cost (PhP)
San Fernando 1x10/12.5 MVA TR Substation	33,599,934.00
San Fernando Lot Acquisition	9,200,000.00
69 kV VECO Naga Substation to CEMEX 69 kV Line	18,215,560.00
69 kV Mabuhay Filcement Inc. to San Fernando Substation Line	10,905,646.00
69 kV San Fernando Substation to Mabuhay Filcement Inc. Line	12,796,377.00
69 kV San Fernando Substation to Taiheiyo 69 kV Line	4,198,903.00
TOTAL	88,916,420.00

7. The detailed explanation, description, justification, alternatives considered and other information on the foregoing projects are discussed in detail in a document entitled "VECO Project Justification". The document is attached as Annex "A" of this Application. A detailed economic analysis is provided in a document entitled "VECO Project economic analysis". It is attached as Annex "B".
8. Applicant undertakes to comply with the pre-filing requirements under Section 4(e) of the EPIRA IRR, as amended,

ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL AUTHORITY

9. VECO's southern cluster involving the 1x33 MVA Naga, 2x33 MVA Talisay, 1x33 MVA Pardo and 2x33 MVA Don Gil Garcia substation is projected to exceed 70% its inter-cluster loading.
10. Paragraph 3, Section 1.2, of the ERC's Investor-owned Electricity Distribution Utility Planning Manual provides that:

"Substations must provide a reserve capacity margin for outage contingency. Additional power transformer capacity will be triggered in the year a substation is forecasted to be loaded above 70% of its maximum rated capacity where it is not possible to offload the substation by reconfiguring the distribution voltage network. Where substations are interconnected by the distribution voltage network, and load transfers at distribution voltage level are possible, additional capacity will be triggered in the year that the total load on all interconnected substations exceeds 70% of the total interconnected transformer capacity. In cases where load transfer is not feasible, the 70% limit shall apply to the individual power transformer." (Emphasis supplied.)

11. As the total inter-cluster loading of the foregoing interconnected substations is projected to exceed 70%, there is an immediate need for VECO to provide a reserve capacity margin in order to serve its customers by avoiding any power interruption in case of an outage contingency. Thus the proposed San Fernando 1x10/12.5 MVA TR

Substation, which is strategically located to provide an addition 12.5 MVA of capacity within the southern cluster.

12. In turn, the proposed 69 kV Line projects will facilitate the interconnection of the San Fernando 1x10/12.5 MVA TR Substation VECO's 69 kV network, which will ultimately redound to the benefit of the consumers in terms of continuous, reliable and efficient supply of power.
13. Thus, pending final approval, there is a need for a provisional authority for VECO to immediately implement the foregoing projects. Attached as Annex "C" of the application is the Judicial Affidavit of Noel S. Modesto in support of the application and prayer for the grant of provisional authority.

PRAYER

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

1. Pending trial on the merits, immediately **ISSUE a PROVISIONAL AUTHORITY** authorizing VECO to implement the foregoing San Fernando 1x10/12.5 MVA TR Substation, San Fernando Lot Acquisition, and 69 kV Line projects; and
2. After due hearing, **ISSUE a DECISION APPROVING** the foregoing San Fernando 1x10/12.5 MVA TR Substation, San Fernando Lot Acquisition, and 69 kV Line projects.

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

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **14 March 2019 (Thursday) at two o'clock in the afternoon (02:00 P.M.)**, at **ERC Visayas Field Office, St. Mary's Drive, Banilad, Cebu City.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name and address;

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- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.


All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours.

WITNESS, the Honorable Chairperson and CEO **AGNES VST DEVANADERA**, and the Honorable Commissioner **CATHERINE P. MACEDA**, Energy Regulatory Commission, this 22nd day of January 2019 in Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal


LS: JTB/LSP/GLO