

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



**IN THE MATTER OF THE  
APPLICATION FOR THE  
APPROVAL OF THE  
AUTHORITY TO DEVELOP,  
OWN, AND OPERATE  
DEDICATED POINT-TO-  
POINT LIMITED  
TRANSMISSION  
FACILITIES, WITH  
MOTIONS FOR  
PROVISIONAL AUTHORITY  
AND CONFIDENTIAL  
TREATMENT OF  
INFORMATION**

**ERC CASE NO. 2019-004 MC**

**GNPOWER DINGININ LTD.  
CO. (GNPD),**

**Applicant.**

X-----X

Promulgated:  
APR 08 2019

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 6 March 2019, GNPower Dinginin Ltd. Co. (GNPD) filed an *Application* seeking the Commission's approval of its authority to develop, own, and operate its own dedicated point-to-point limited transmission facilities, with motions for issuance of provisional authority and confidential treatment of information.

The pertinent portions of the said *Application* are hereunder quoted as follows:

**I. THE APPLICANT**

1. GNPD, a duly registered limited partnership organized and existing under the laws of the Republic of the Philippines, is engaged in the business of developing, constructing, operating, and owning power generation facilities and the selling and trading of electric power. Its principal office is at the 28<sup>th</sup> Floor, The Orient Square, Don Francisco Ortigas, Jr. Road, Ortigas Center, Pasig City.

2. Copies of the following documents which prove the due registration of GNPD as a limited partnership and the members of its management team are attached to this *Application*, as follows:

ANNEX	NATURE OF THE DOCUMENT
“A”	GNPD’s Certificate of Registration issued by the Securities and Exchange Commission dated 21 May 2014
“B”	GNPD’s Amended Articles of Partnership dated 20 September 2017
“C”	GNPD Key Management Officials

3. For the reference of this Honorable Commission, GNPD may be served with orders, notices, and other processes relating to this *Application* through the undersigned counsels.

## **II. NATURE OF THE APPLICATION**

4. GNPD submits this *Application* to this Honorable Commission in compliance with *Section 9(f)<sup>1</sup> of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act”, and Section 5, Rule 5* of its Implementing Rules and Regulations. GNPD particularly requests for authority to develop, own, and operate the following point-to-point limited connection facilities: (i) the 230kV Connection Facility; and (ii) the 500kV Connection Facility, as described below.

## **III. STATEMENT OF FACTS**

5. GNPD is currently in the construction phase of its 2x668 MW (net) super critical coal-fired electric power generation facility (the “**Generation Facility**”) located at Sitio Dinginin, Barangay Alasasin, Mariveles, Bataan (the “**Project Site**”).
6. To be able to transmit power to the Luzon Grid, the Generation Facility intends to implement the following transmission connections in two stages: *First*, the connection of the Generation Facility’s first unit to the Mariveles 230kV GIS Switching Station of the National Grid Corporation of the Philippines’ (“**NGCP**”) and implementation of NGCP’s Bataan 230kV Grid Reinforcement Project (the “**230kV Facility**”), and *Second*, the permanent connection of the Generation Facility to NGCP’s Mariveles – Hermosa and Hermosa – San Jose 500kV Transmission Line Projects (the “**500kV Facility**”) when the Generation Facility’s two units are operational. The transmission plan of GNPD is further described below.

---

<sup>1</sup> Sec. 9 (f), last paragraph of R.A. 9136. “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: 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 same.

- 6.1 Based on the Luzon Network Diagram and the location of the Generation Facility, the optimum transmission connection of the Generation Facility will be through the 230kV Facility and the 500kV Facility of NGCP.
- 6.2 According to the Transmission Development Plan (“TDP”), the components of the 230kV Facility and 500kV Facility are as follows:

**NGCP 230kV Facility:**

*Transmission Lines:*

- a. Limay – Hermosa Reconductoring (Single-Circuit Termination) to BCCPP A Switchyard: 230kV, 1x410mm<sup>2</sup> TACSR/AS, 38km
- b. Hermosa – Mexico Reconductoring: 230kV, 1x410mm<sup>2</sup> TACSR/AS, 35 km
- c. Lamao Switchyard “bus-in” to Mariveles – BCCPP B Line: 230kV, 4x795MCM ACSR/AS, ST-DC
- d. Mexico – Cabanatuan 230kV Line “bus-in” to San Rafael Substation: 230kV, 1x795MCM ACSR/AS, SP-DC, 1.0km

*Substations:*

- a. Limay Substation: 10-230kV PCB’s and associated equipment (Replacement)
- b. BCCPP A and B Switchyards: 6-230kV PCBs and associated equipment (Replacement), 3-230kV PCBs and associated equipment (New)
- c. Lamao Switching Station (New): 12-230kV PCBs and associated equipment
- d. San Rafael Substation: 4-230kV PCBs and associated equipment

**NGCP 500kV Facility**

- Mariveles – Hermosa 500kV Transmission Line Project:

*Transmission Line:*

- a. Mariveles – Hermosa Line: 500kV, 4x410mm<sup>2</sup> TACSR/AS, ST-DC, 49.2 km

*Substations:*

- b. Hermosa EHV Substation: 2-500kV PCBs and associated equipment (New)
- c. Mariveles Switching Station (New): 12-500kV PCBs and associated equipment

- Hermosa – San Jose 500kV Transmission Line Project:

*Transmission Lines*

- a. Hermosa – San Jose Line: 500kV, 4x410mm<sup>2</sup> TACSR/AS, ST-DC, 82.41 km
- b. New Hermosa – Old Hermosa Tie-Line: 230kV, 4x795MCM ACSR/AS, 0.5 km

*Substations*

- a. New Hermosa EHV Substation: 10-500kV PCBs and associated equipment; 12-230kV PCBs and associated equipment; 2x1,000 MVA 500/230-13.8kV Power Transformers and accessories; 2x60 MVAR 500kV Shunt Reactors and accessories; 90 MVAR 500kV Line Reactors and accessories; and 2x100 MVAR 230kV Shunt Capacitors and accessories
- b. Old Hermosa Substation: 1-230kV PCB and associated equipment

6.3 In line with the implementation of the TDP, GNPDP, NGCP, and the Grid Management Committee (“GMC”) met through a series of conferences to address the technical, commercial, and regulatory concerns of the Generation Facility’s transmission requirements. As a result of such meetings, the GMC issued its report on the Generation Facility’s transmission connection dated 10 September 2015, which included recommendations for: (i) NGCP to assist GNPDP in securing the Right-of-Way for the Mariveles-Hermosa 500kV Transmission Line Project, (ii) NGCP to proceed with the necessary System Impact Study (“SIS”), and (iii) GNPDP to consider the reconductoring of the portion of Lamao-BCCP-B 230kV Transmission Line to accommodate its interim connection pending the completion of the 500kV Mariveles-Hermosa Transmission Line where GNPDP will be permanently connected.

6.4 Consequently, this Honorable Commission, in its letter dated 7 December 2015, found the GMC’s report to be reasonable and consistent with the Philippine Grid Code. Thereafter, the Honorable Commission endorsed such report to NGCP and GNPDP for implementation and appropriate action.

A copy of the GMC report and the Honorable Commission’s letter dated 7 December 2015 are attached hereto as **Annexes “D” and “D-1”**, respectively.

6.5 Proceeding from the Honorable Commission’s directive in the 7 December 2015 letter, NGCP finalized the System Impact Study (“SIS”) of the Generation Facility. Based on the SIS, the interim connection of the Generation Facility’s first unit to the 230kV Facility and, thereafter, the permanent connection of both units to the 500kV Facility are both technically feasible. Copies of the SIS and NGCP’s letter formally issuing the SIS to GNPDP dated 29 April 2016

are attached hereto as Annexes “E” and “E-1”, respectively.

- 6.6 In addition to the SIS, GNPD also conducted a Power Plant Facilities Study (the “**Facilities Study**”) to determine the technical specifications, design and operational criteria, cost of equipment, engineering, procurement and construction, and timetable in support of the Generation Facility’s proposed transmission connection. NGCP approved the Facilities Study in its letter dated 24 November 2017. Copies of the Facilities Study and NGCP’s approval letter thereon are attached hereto as Annexes “F” and “F-1”, respectively.
- 6.7 Accordingly, pursuant to NGCP’s core mandates of improving and expanding its transmission facilities and ensuring and maintaining the reliability, adequacy, and integrity of the nationwide electrical grid, NGCP filed an application before this Honorable Commission on 11 December 2015 docketed as ERC Case No. 2015-210RC<sup>2</sup>. The said application prayed for the immediate issuance of an Order authorizing the implementation of its proposed capital expenditure (“**CAPEX**”) projects for Calendar Year 2016, which included the 230kV Facility and the 500kV Facility.
- 6.8 Meanwhile, on 12 December 2016, NGCP filed another application docketed as ERC Case No. 2016-197RC<sup>3</sup> praying for the immediate issuance of an Order authorizing the implementation of NGCP’s CAPEX projects for Calendar Years 2017-2020, which included the NGCP 500kV Facility.
- 6.9 On 22 February 2016 and 20 June 2017, respectively, NGCP received the Orders from the Honorable Commission granting provisional approval to NGCP’s applications in ERC Case Nos. 2015-210RC and 2016-197RC.
7. Given the transmission plan above, GNPD intends to develop and construct dedicated point-to-point connection facilities in order to connect the Generation Facility to the 230kV Facility and the 500kV Facility, which consist of the: (i) 230kV Single Circuit, XLPE in cable trays, 1-2,500 mm<sup>2</sup> connection asset line extending from the Generation Facility up to the existing Mariveles 230kV GIS Switching Station of NGCP (the “**230kV Connection Facility**”), and (ii) 500kV Double Circuit – Steel Towers 4-410mm<sup>2</sup> Thermal ACSR from the Generation Facility up to the New Mariveles 500kV Switching Station of NGCP (the “**500kV Connection Facility**”; collectively with the 230kV Connection Facility, the “**Dedicated Connection Facilities**”).

---

<sup>2</sup> In the Matter of the Application for the Implementation of Capital Expenditures for the Calendar Year 2016, With Prayer for the Issuance of Provisional Authority.

<sup>3</sup> In the Matter of the Application for the Approval of the Implementation of Capital Expenditure Program for Calendar Years 2017-2020, with Prayer for Issuance of Provisional Authority.

For the reference of this Honorable Commission, the Dedicated Connection Facilities are described further below:

- 7.1 The 230kV Connection Facility consists of XLPE cables 1-2,500 mm<sup>2</sup> per phase in cable trays, approximately 0.8 km in length and is intended to connect the first unit from the GNPD switchyard to the 230kV Facility. The 230kV Connection Facility will end at bay 8-09 of the Mariveles 230kV Switching Station.
- 7.2 On the other hand, the 500kV Connection Facility consists of a 4km double circuit transmission line from the GNPD switchyard up to the New Mariveles 500kV Switching Station. This short 500kV Connection Facility will end at bays 9-05 and 9-06 of the New Mariveles 500kV Switching Station. Once the 500kV Facility is completed, the 500kV Connection Facility will serve as the Generation Facility's primary transmission connection to the grid.

A copy of the Dedicated Connection Facilities' technical description is attached hereto as **Annex "G"**.

- 8. Notably, the Dedicated Connection Facilities are consistent with the TDP of NGCP for 2014-2015, as shown in the relevant excerpt attached hereto as **Annex "H"**.
- 9. To be clear, GNPD shall be the sole and exclusive user of the Dedicated Connection Facilities for the abovementioned purposes. For ease of reference, the respective single line diagrams which show the Dedicated Connection Facilities and related plans and layouts are attached hereto as follows:

<b>ANNEX</b>	<b>NATURE OF THE DOCUMENT</b>
<b>"I"</b>	Overall Single Line Diagram
<b>"I-1"</b>	GNPD Plant Single Line Diagram
<b>"I-2"</b>	Mariveles 230kV GIS Switching Station SLD (NGCP)
<b>"I-3"</b>	New Mariveles 500kV Switching Station SLD (NGCP)
<b>"I-4"</b>	GNPD Plant Layout
<b>"I-5"</b>	GNPD Project Site Photo
<b>"I-6"</b>	GNPD 230kV Switchyard layout and section
<b>"I-7"</b>	GNPD 500kV Switchyard layout and section
<b>"I-8"</b>	Mariveles 230kV GIS Switching Station layout and section
<b>"I-9"</b>	New Mariveles 500kV Switching Station Layout

- 10. On this related note, GNPD also manifests that it shall source its backfeed power from the Wholesale Electricity Spot Market ("**WESM**") through the 230kV Connection Facility and existing Mariveles 230kV Switching Station of NGCP.

11. In order for GNPD to timely conduct the necessary testing and commissioning of the Generation Facility, GNPD intends to have the 230kV Connection Facility operationally ready as required by the first quarter of 2019. Meanwhile, GNPD targets to energize the 500kV Connection Facility by the last quarter of 2019 and upon the completion of the Mariveles-Hermosa 500kV Transmission Line. A copy of the Gantt Chart Schedule for each of the Dedicated Connection Facilities are attached hereto as **Annexes “J” and “J-1”**.
12. Once completed and approved by the Honorable Commission (assuming *arguendo*), GNPD shall operate, service, and maintain the Dedicated Connection Facilities through its competent technical and transmission teams and comply with the Statement of Compliance as required under the Philippine Grid Code of the Philippines. Copies of the respective company profiles and employment background of the employees and/or contractors that GNPD contracted with to operate, service, and maintain the Dedicated Connection Facilities are hereto attached and marked as **Annexes “K”, “K-1” and “K-2”**.
13. At present, GNPD and NGCP are discussing the terms and conditions of the Connection Agreement, which will govern the interconnection and transmission of power supply from the Generation Facility into the Luzon grid. A letter from NGCP dated 13 July 2018 confirming the pendency of the discussions is attached hereto as **Annex “L”**. GNPD undertakes to provide the Honorable Commission with a copy of the duly executed Connection Agreement.
14. In further support of this *Application*, GNPD hereby submits the following:
  - 14.1 Certified copies of the Grid Owner and System Operator’s Statement of Compliance, Summary, and the Specific and Detailed Compliance Plan to the Philippine Grid Code attached hereto as **Annex “M”**;
  - 14.2 Environmental Compliance Certificate (“ECC”) with number ECC-CO-1406-0012 dated 10 November 2015 for the Generation Facility, which includes the 230kV Connection Facility, a copy of which is hereto attached as **Annex “N”** and the letter from the DENR dated 26 July 2016 approving the transfer of the ECC to GNPD. Meanwhile, GNPD has filed its application for ECC for the 500kV Connection Facility, a copy of the ECC with number ECC-OL- R03-2019-0040 dated 24 January 2019 is hereto attached as **Annex “N-1”**.
  - 14.3 A copy of the Secretary’s Certificate containing the resolutions of the sole general partner of GNPD approving the financing, construction, ownership and operation of the Dedicated Connection Facilities, as well as, the filing of the instant *Application* is attached hereto as **Annex “O”**.

15. It is important to note that the costs for the completion of the Dedicated Connection Facilities, which are estimated to amount to PhP142,386,004.27, are included in the project cost of GNPD's Generation Facility. Accordingly, GNPD's projected financial and economic cost analysis also applies to the Dedicated Connection Facilities. Thus, the generation rate that this Honorable Commission has approved in the relevant PPSA rate cases already includes the recovery of the costs for the Dedicated Connection Facilities. In this connection, GNPD submits the following additional documents:

<b>ANNEX</b>	<b>NATURE OF THE DOCUMENT</b>
<b>"P"</b>	Project Financial and Economic Cost Analysis <i>(subject of the motion for confidential treatment)</i>
<b>"Q"</b>	Detailed Breakdown of the Project Cost for the Completion of the Dedicated Connection Facilities
<b>"R"</b>	Copy of the Audited Financial Statements for the years ended December 31, 2017 and 2016

16. Given that GNPD will solely fund the development and construction of the Dedicated Connection Facilities and that such facilities will be for GNPD's exclusive use for the operation of the Generation Facility, the construction of the Dedicated Connection Facilities will have no impact on the transmission rates that will be charged by NGCP.
17. In view of the foregoing, GNPD respectfully submits that the Dedicated Connection Facilities meet the requirements under *Section 9 of the EPIRA* and the relevant regulations issued by the Honorable Commission, according to the following manifestations:
- 17.1 The Dedicated Connection Facilities are dedicated point-to-point limited interconnection facilities whose sole purpose is to connect the Generation Facility to the Luzon grid and are considered as "Connection Assets" under *ERC Resolution No. 16, Series of 2011*.
- 17.2 The Dedicated Connection Facilities will be exclusively used by GNPD for the operations of the Generation Facility and will not serve any end-user.
- 17.3 The Dedicated Connection Facilities are consistent with the TDP of the NGCP.
- 17.4 The Dedicated Connection Facilities are technically feasible and will not result to the degradation of the Luzon grid.
- 17.5 GNPD has the technical and financial ability to develop, construct, operate and maintain the Dedicated Connection Facilities.



**IV. ALLEGATIONS IN SUPPORT OF  
THE MOTION FOR PROVISIONAL AUTHORITY**

18. GNPD repleads all of the above allegations in further support of its prayer for the immediate issuance of a provisional authority.
19. Given that the Generation Facility will help address the need for additional capacity in the country, it is imperative that the testing and commissioning of the first unit of the Generation Facility be conducted by the first quarter of 2019 and the second unit by last quarter of 2019.
20. In line with this, there is an urgent need for the issuance of a provisional authority for the operation and maintenance of the Dedicated Connection Facilities in order to meet the above target schedule.
21. GNPD, therefore, respectfully moves for the immediate issuance of a provisional approval pursuant to *Rule 14 of the ERC Rules of Practice and Procedure*. In further support of this motion, GNPD hereto attached the Affidavit executed by Mr. Steven C. Varberg, GNPD's Authorized Representative, as **Annex "S"**.

**V. ALLEGATIONS IN SUPPORT OF  
THE MOTION FOR CONFIDENTIAL TREATMENT  
OF INFORMATION**

22. GNPD repleads all the above allegations in further support of its motion for confidential treatment of information.
23. Under *Rule 4 of the ERC Rules of Practice and Procedure*, a party to any proceeding before the Honorable Commission may request the same not to disclose certain information and treat such information as confidential, by describing with particularity the information to be treated as confidential, specifying the ground for the claim of confidential treatment of the information and, if applicable, specifying the period during which the information must not be disclosed;
24. In connection with the foregoing, GNPD most respectfully moves for the confidential treatment of **Annex "P"** attached hereto. This document contains information exclusively owned by GNPD, which are considered part of GNPD's business and trade secrets. As such, GNPD has the sole proprietary interest and will be unduly prejudiced if such information is disclosed to the public.
25. Moreover, **Annex "P"** contains numbers, data, formula, methodology, and calculations involving valuable and sensitive commercial and financial information reflecting GNPD's business operations and financial trade secrets. Therefore, the disclosure of GNPD's confidential, proprietary, and private information included in **Annex "P"** should be protected from public dissemination. Otherwise, such information may be illegally and unfairly utilized by business competitors who may

use the same for their own private gain to the irreparable prejudice of GNPD.

26. As explained by the Supreme Court, a trade secret may consist of any formula, pattern, device, or compilation of information that is used in one's business and gives the employer an opportunity to obtain an advantage over competitors who do not possess the information.<sup>4</sup> It is indubitable that trade secrets constitute proprietary rights and jurisprudence has consistently acknowledged the private character of trade secrets.<sup>5</sup> Further, as ruled in *Garcia vs. Board of Investments*<sup>6</sup>, trade secrets and confidential, commercial, and financial information are *exempt* from public scrutiny;
27. In view of the foregoing, it is respectfully submitted that **Annex "P"** be accorded confidential treatment. As such, the information contained therein should be used *exclusively* by the Honorable Commission and for the *sole* purpose of evaluating this *Application*, to protect such data from unnecessary public disclosure.
28. In accordance with *Section 1(b), Rule 4 of the ERC Rules of Practice and Procedure*, the Applicant hereby submits one (1) hard copy of **Annex "P"** in a sealed envelope, with the envelope and each page of the documents stamped with the word "*Confidential*".

#### **PRAYER**

**WHEREFORE**, in view of all of the foregoing, GNPD respectfully prays that:

1. all information set forth in **Annex "P"** of the instant *Application* be treated as confidential,
2. pending hearing on the merits, this Honorable Commission immediately issue an Order provisionally approving this *Application*; and
3. after due hearing, render a Decision approving this *Application* with finality.

The Applicant likewise prays for such other just and equitable relief under the premises.

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **24 April 2019 (Wednesday), at two o'clock in the afternoon (02:00 P.M.), at the**

---

<sup>4</sup> *Air Philippines Corporation v. Pennswell Inc.*, G.R. No. 172835, December 13, 2007.

<sup>5</sup> *Ibid.*,

<sup>6</sup> 177 SCRA 374 (1989).

**15<sup>th</sup> Floor, ERC Hearing Room, Pacific Center Building, San Miguel Avenue, Pasig 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;
- 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. GNPD 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.

*(This space is intentionally left blank)*

**WITNESS**, the Honorable Chairperson and CEO, **AGNES VST DEVANADERA**, and the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, and **PAUL CHRISTIAN M. CERVANTES**, Energy Regulatory Commission, this 4<sup>th</sup> day of April 2019 in Pasig City.

  
**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
*Oversight Commissioner for Legal Service*

  
LS: LED/MCC/BSA/GLO