

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

**IN THE MATTER OF THE  
APPLICATION FOR THE  
APPROVAL OF FORCE MAJEURE  
EVENT REGULATED FM PASS-  
THROUGH FOR TYPHOON  
QUINTA AND SUPER TYPHOON  
ROLLY IN LUZON, AND TROPICAL  
STORM VICKY AND LANDSLIDE  
IN MINDANAO IN ACCORDANCE  
WITH THE RULES FOR SETTING  
TRANSMISSION WHEELING  
RATES, WITH PRAYER FOR  
PROVISIONAL AUTHORITY**

**ERC CASE NO. 2021-084 RC**  
October 20, 2021

**NATIONAL GRID CORPORATION  
OF THE PHILIPPINES,**

**Applicant.**

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## **APPLICATION**

Applicant **NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP)**, by counsel, respectfully states:

1. NGCP is a corporation created and existing under the laws of the Republic of the Philippines, with principal office address at NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City. It is the concessionaire that operates and maintains the nationwide transmission system pursuant to Republic Act No. (RA) 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA).<sup>1</sup>

2. Under RA 9511,<sup>2</sup> NGCP was granted a franchise to construct, install, finance, manage, improve, expand, operate,

<sup>1</sup> Republic Act No. 9136 entitled, "An Act Ordaining Reforms in the Electric Power Industry, Amending for the Purpose Certain Laws and for Other Purposes"

<sup>2</sup> Republic Act No. 9511 entitled "An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-bone System or Interconnected Transmission Lines, Substations and Related Facilities, and for Other Purposes"

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maintain, rehabilitate, repair, and refurbish the present nationwide transmission system of the Republic of the Philippines.

3. Pursuant to Section 10.1.1 of the Rules for Setting Transmission Wheeling Rates (RTWR), NGCP is allowed to recover the cost incurred for the repair, restoration, and rehabilitation of its transmission assets and other related facilities damaged as a result of a force majeure event (FME), as defined in Article I, Section 1.3 of the RTWR.

## STATEMENT OF FACTS

### **Typhoon “Quinta”**

4. On 23 to 27 of October 2020, a Typhoon with local name “Quinta” was prevailing in South Luzon. Some provinces within the scope of operations of the NGCP South Luzon Operations and Maintenance (“SLOM”) District 3 were affected by the Typhoon Quinta.

5. The Philippine Atmospheric Geophysical and Astronomical Services Administration (PAGASA) confirmed, among others, the following: that Typhoon “Quinta” entered the Philippine Area of Responsibility (PAR) on 23 October 2020 and exited on 27 October 2020; that the affected provinces were among those where PAGASA raised the highest tropical cyclone warning signals during the same period; and that, Typhoon “Quinta” recorded maximum winds of 150 kilometers per hour (km/hr) and gustiness of 185 km/hr, which affected the South Luzon areas. A copy of the PAGASA letter dated 13 January 2021 with attached 2020 Tropical Cyclone Summary of Typhoon Quinta, is attached hereto as **Annex “A”**.

6. Due to the intensity of Typhoon “Quinta” and the tail-end effects even upon its exit from PAR, some transmission lines/structures in SLOM District 3 were toppled and damaged, thus affecting the operations of SLOM and the delivery of transmission service in the affected areas.

### **Super Typhoon “Rolly”**

7. In the latter part of October 2020 towards the early part of November 2020, a Super Typhoon with local name “Rolly” also prevailed and affected South Luzon area. Several provinces within the scope of operations of NGCP Systems Operations and SLOM District 3 were affected.

8. The PAGASA confirmed, among others, the following: that Super Typhoon “Rolly” entered the PAR on 29 October 2020 and exited on 03 November 2020; that the affected provinces were among

those where PAGASA raised the highest tropical cyclone warning signals during the same period; and that Typhoon “Rolly” recorded maximum winds of 225 kilometers per hour (km/hr) and gustiness of 310km/hr, which affected South Luzon areas. A copy of the PAGASA letter dated 13 January 2021 with attached 2020 Tropical Cyclone Summary of Typhoon Rolly, is attached hereto as **Annex “B”**.

9. Due to the intensity of Super Typhoon “Rolly”, and its tail-end effects even upon its exit from PAR, some transmission lines/structures in SLOM District 3 were toppled and broken; various telecom equipment were also damaged; thus affecting the operations of Luzon System Operations and SLOM District 3 and the delivery of transmission service in the affected areas.

### ***Tropical Storm “Vicky”***

10. Towards the middle of December 2020, a Tropical Storm with local name “Vicky” was prevailing in Mindanao.

11. The PAGASA confirmed, among others, the following: that Tropical Storm “Vicky” entered the PAR on 18 December 2020 and exited on 21 December 2020; and that Tropical Storm “Vicky” recorded maximum winds of 65 kilometers per hour (km/hr) and gustiness of 80km/hr, which affected the Mindanao area. A copy of the PAGASA letter dated 13 January 2020 with attached 2020 Tropical Cyclone Summary of Typhoon Vicky is attached hereto as Annex “C”.

12. Due to Tropical Storm “Vicky,” a landslide occurred and caused damage to NGCP’s Bislig Substation in Mindanao. A copy of a Certification from City of Bislig, Province of Surigao del Sur dated 05 January 2021 is attached as Annex “D”.

### **FME CLAIM**

13. After the occurrence of the foregoing Force Majeure Events (FMEs), NGCP immediately started the repair, restoration, and rehabilitation of its damaged transmission assets and facilities in order to fully restore transmission service to its customers.

14. In support of its claim for the above described FMEs, NGCP hereby submits the following:

#### ***Typhoon Quinta***

- a. Consolidated Details of Activities and Expenditures for Force Majeure Event: Typhoon Quinta (as of August 2021), District 3-SLOM, as **Annex “E”**;

- b. Before and After Rehabilitation Pictures of Affected Assets FME Typhoon Quinta (31 August 2021), as **Annex “F”**;

***Super Typhoon “Rolly”***

- a. Consolidated Details of Activities and Expenditures for Force Majeure Event Typhoon Rolly (as of August 2021)– District 3-SLOM as **Annex “G”**;
- b. Before and After Rehabilitation Pictures of Affected Assets FME Typhoon Rolly (August 2021)– District 3-SLOM, as **Annex “H”**;
- c. Consolidated Details of Activities and Expenditures for Force Majeure Event Typhoon Rolly (as of August 2021)– LSO, as **Annex “I”**;
- d. Before and After Rehabilitation Pictures of Affected Assets FME Typhoon Rolly (as of August 2021)– LSO, as **Annex “J”**;

***Landslide due to Tropical Storm “Vicky”***

- a. Consolidated Details of Activities and Expenditures for Force Majeure Event Tropical Storm Vicky (as of July 2021)-District 4 MOM, as **Annex “K”**;
- b. Before and After Rehabilitation Pictures of Affected Assets FME Tropical Storm Vicky (as of July 2021)-District 4 MOM, as **Annex “L”**.

15. The total cost incurred by NGCP for the repair, restoration and rehabilitation of the transmission assets and facilities damaged by Typhoon Quinta and Super Typhoon Rolly in Luzon, and Landslide Incident brought about by Tropical Storm Vicky, including the recoverable values of the damaged assets (Net Fixed Asset Value) is **One Hundred Thirteen Million Two Hundred Eighty Thousand Seven Hundred Fifty One and 72/100 Pesos (Php113,280,751.72)**, breakdown of which is shown in the table below:

	<b>AMOUNT</b>
Capital Expenditure (CAPEX)*	6,816,792.44
Operating Expenditure (OPEX)	70,961,966.82
Net Fixed Asset Value (NFAV)	35,501,992.46
<b>Total</b>	<b>113,280,751.72</b>

*\*Inclusive of Permit Fees*

16. Section 10.1.1 of the RTWR allows NGCP to recover the cost for such repair, restoration, and rehabilitation. Pursuant to Article X, 10.2.2 of the RTWR which requires the regulated entity to file before the Honorable Commission **an FME Notice specifying (a) the details of the Force Majeure Event concerned; and (b) the date the Force**

**Majeure Event occurred**, NGCP filed the following FME Notices with the Honorable Commission within three (3) months from the occurrence of the following FMEs:

- a. FME Notice Typhoon “Quinta” dated 08 January 2021, and was received on 12 January 2021, copy is attached hereto as **Annex “M”**. Receipt of said Notice was acknowledged by the Honorable Commission in its Letter dated 26 January 2021, copy is attached hereto as **Annex “N”**; and
- b. FME Notice Typhoon “Rolly” dated 08 January 2021, and was likewise received on 12 January 2021, copy is attached hereto as **Annex “O”**. Receipt of said Notice was acknowledged by the Honorable Commission in its Letter dated 26 January 2021, copy is attached hereto as **Annex “P”**;
- c. FME Notice Typhoon “Vicky” dated 08 January 2021, and was likewise received on 12 January 2021, copy is attached hereto as **Annex “Q”**. Receipt of said Notice was acknowledged by the Honorable Commission in its Letter dated 26 January 2021, copy is attached hereto as **Annex “R”**.

17. Consequently, within twelve (12) months after the occurrence of Typhoon “Quinta”, Typhoon “Rolly,” and Landslide Incident brought about by Tropical Storm “Vicky” which caused destruction and damage of NGCP transmission assets in Luzon and Mindanao, NGCP hereby files the instant FME Application, in accordance with Article X, Sections 10.2.1 and 10.2.3 of the RTWR.

### **FM PASS-THROUGH AMOUNT COMPUTATION**

18. NGCP has not recovered the cost incurred in the repair and restoration of its affected transmission assets and facilities from its Industrial All-Risk (IAR) Insurance Policy procured from a reputable insurance company because (i) most of the affected assets are beyond 1,000 meters from any substation perimeter fence of NGCP, and/or (ii) the total repair and rehabilitation cost is still within the policy’s deductible amount of One (1) Million US Dollars (\$1,000,000.00) for each of the Force Majeure Events. Attached hereto are copies of the Certifications issued by the insurance company, as **Annex “S-Series”**.

19. Thus, it is but proper for NGCP to file the instant FME Application to recover the cost it incurred for the repair, restoration and rehabilitation of the transmission assets and facilities in Luzon and Mindanao which were damaged by the Force Majeure Events above-described, pursuant to the RTWR.

20. NGCP proposes the FM Pass-Through Amounts, in P/kW-month, as additional network charges for Luzon and Mindanao, starting the billing month of January 2022 until December 2025, or until such time that the amounts incurred are fully recovered, computed in the table below:

Luzon	2022	2023	2024	2025
P/kW-mo.	0.6451	0.0774	0.0837	0.0909
P/kWh	0.0012	0.0001	0.0002	0.0002

Mindanao	2022	2023	2024	2025
P/kW-mo.	0.0600	0.0322	0.0288	0.0263
P/kWh	0.0001	0.0001	0.0001	0.0001

21. NGCP also proposes the FM Pass-Through Amounts for the years 2022 to 2025 to allow the recovery of the expenditures incurred by NGCP relative to the FME Typhoon “Quinta”, FME Super Typhoon “Rolly”, FME Landslide brought about by Tropical Storm “Vicky” pending the reset process for the next Regulatory Period. A copy of the proposed FM Pass-Through Amounts computation is attached hereto as **Annex “T”**.

22. Further, the FM Pass-Through Amounts in this Application do not breach the Force Majeure Threshold Amount (FMTA) of PhP0.0402/kWh, as computed in accordance with the relevant formula prescribed by the RTWR. A copy of the FMTA Computation is hereto attached as **Annex “U”**.

23. Also, NGCP considered the NFAV of the transmission assets and facilities damaged by FME Typhoon “Quinta”, FME Super Typhoon “Rolly”, and FME Landslide brought about by Tropical Storm “Vicky” in the FME claim, given that NGCP would have normally fully recovered the return of capital on said assets for the duration of their economic lives had these assets not been damaged or destroyed by said FME. Copies of the Details of the NFAV in relation to the assets affected by the aforesaid FMEs” is attached hereto as **Annex “V-Series”**.

### **JUSTIFICATION FOR THE ISSUANCE OF PROVISIONAL AUTHORITY**

24. NGCP respectfully moves for the immediate issuance of a provisional approval for the immediate recovery of the FM Pass-

Through Amounts pursuant to Section 3, Rule 14 of the ERC Revised Rules of Practice and Procedure.

25. NGCP seeks to immediately recover the actual expenses incurred for the repair, restoration and rehabilitation of the damaged transmission assets and facilities. It must be emphasized that the rehabilitation of the assets damaged by the FME required significant capital infusion, the recovery of which should be allowed immediately in order to avoid any financial strain in the operation of NGCP and to allow the continuous provision of transmission services to the grid customers.

26. In addition, the timely implementation of the FM Pass-Through Amounts will allow the equal or even spread of the increases or decreases in tariffs from the initial implementation of the recovery of the cost.

27. A copy of the Judicial Affidavit of Engr. Julius Ryan D. Datingaling OIC-Head of the Revenue Management Department (RevMD) of the Revenue and Regulatory Affairs (RRA) of the National Grid Corporation of the Philippines (NGCP), in support of the prayer for the immediate issuance of a provisional authority, is hereto attached as **Annex "W"**.

### PRAYER

**WHEREFORE**, it is most respectfully prayed of this Honorable Commission to:

1. **DECLARE** the occurrence of Typhoon "Quinta" in South Luzon, Super Typhoon "Rolly" in South Luzon, and Landslide Incident caused by Tropical Storm Vicky which resulted in an increase in costs incurred by the NGCP to restore, repair and rehabilitate various affected transmission assets and facilities in the NGCP Operations and Maintenance and System Operations, as a Force Majeure Event (FME);

2. Immediately **GRANT Provisional Authority** to implement and bill the following FM Pass-Through Amounts to Luzon and Mindanao customers starting the billing month of January 2022 to December 2025, or until such time that the amounts incurred are fully recovered:

Luzon	2022	2023	2024	2025
P/kW-mo.	0.6451	0.0774	0.0837	0.0909

<b>P/kWh</b>	<b>0.0012</b>	<b>0.0001</b>	<b>0.0002</b>	<b>0.0002</b>
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<b>Mindanao</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>P/kW-mo.</b>	<b>0.0600</b>	<b>0.0322</b>	<b>0.0288</b>	<b>0.0263</b>
<b>P/kWh</b>	<b>0.0001</b>	<b>0.0001</b>	<b>0.0001</b>	<b>0.0001</b>

3. **APPROVE** the FME CAPEX and OPEX amounting to **Seventy-Seven Million Seven Hundred Seventy-Eight Thousand Seven Hundred Fifty Nine and 26/100 Pesos (Php77,778,759.26)** incurred by NGCP for the repair, restoration and rehabilitation of the damaged transmission assets and facilities due to Typhoon "Quinta," "Rolly," and Landslide brought about by Tropical Storm "Vicky", exclusive of VAT;

4. **APPROVE** the Net Fixed Asset Value of the transmission assets and facilities damaged due to Typhoon "Quinta," Super Typhoon "Rolly," and landslide incident brought about by Tropical Storm "Vicky" amounting to **Thirty Five Million Five Hundred One Thousand Nine Hundred Ninety Two and 46/100 Pesos (Php 35,501,992.46)** and **ALLOW** its recovery given that it would have been fully recovered by NGCP if these transmission assets and facilities have not been damaged or destroyed by the said FMEs; and the NFAV of other assets and facilities affected by the said FMEs, which are yet to be retired be **CONSIDERED** during the updating of the costs prior to the evaluation/ approval of the case during the next Reset Process.

5. **APPROVE**, after due notice and hearing, the proposed FM Pass-Through Amounts to be collected from the Luzon and Mindanao customers starting January 2022 billing month to December 2025 or until such time that the amounts incurred are fully recovered, as follows:

<b>Luzon</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>P/kW-mo.</b>	<b>0.6451</b>	<b>0.0774</b>	<b>0.0837</b>	<b>0.0909</b>
<b>P/kWh</b>	<b>0.0012</b>	<b>0.0001</b>	<b>0.0002</b>	<b>0.0002</b>

<b>Mindanao</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>P/kW-mo.</b>	<b>0.0600</b>	<b>0.0322</b>	<b>0.0288</b>	<b>0.0263</b>
<b>P/kWh</b>	<b>0.0001</b>	<b>0.0001</b>	<b>0.0001</b>	<b>0.0001</b>

6. **EXCLUDE** the proposed Pass-Through Amounts from the side constraint calculation.



NGCP prays for other relief deemed just and equitable under the premises.

Quezon City for Pasig City, 15 October 2021.

**OFFICE OF THE GENERAL COUNSEL  
NATIONAL GRID CORPORATION OF THE PHILIPPINES**  
NGCP Building, Quezon Avenue corner  
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Tel. No. 981-2100 (Trunk Line)

By:



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**COURTESY COPY FURNISHED TO:**

**NATIONAL TRANSMISSION CORPORATION**

c/o Office of the President  
Quezon Avenue cor. BIR Road  
Diliman, 1101 Quezon City

**POWER SECTOR ASSETS AND LIABILITIES  
MANAGEMENT CORPORATION**

c/o Office of the President  
24th Floor Vertis North Corporate Center 1,  
Astra corner Lux Drives,  
Vertis North, Mindanao Avenue, 1105 Quezon City

REPUBLIC OF THE PHILIPPINES)  
QUEZON CITY ) S.S.

**VERIFICATION AND CERTIFICATION  
OF NON-FORUM SHOPPING**

I, **MA. CYNTHIA Y. MANRIQUE**, under oath states that:

1. I am the Vice President and Head of the Revenue Regulatory Affairs of the National Grid Corporation of the Philippines (“NGCP”) with office address at NGCP Head Office, NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City, Philippines; and I am duly authorized to sign the Verification and Certification of Non-Forum Shopping in the above-entitled Application for and in behalf of NGCP as evidenced by the Secretary’s Certificate hereto attached as **Annex “A-Verification”**;

2. I have caused the preparation of the foregoing Application;

3. I have read the Application and I attest that the allegations in the foregoing Application are true and correct based on my personal knowledge or based on authentic documents;

4. The foregoing Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;

5. The factual allegations therein have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;

6. I further attest that NGCP has not filed any other Application or action, involving the property subject matter of this Application before any court, tribunal or quasi-judicial agency and, to the best of my knowledge, no such other Application or action is pending therein; and


7. If I should thereafter learn that such similar Application, action or claim has been filed or is pending, I shall report that fact to this Honorable Court within five (5) calendar days therefrom.

**IN WITNESS WHEREOF**, I have hereunto affixed my signature this 15 of October 2021, in Quezon City, Philippines.

  
**MA. CYNTHIA Y. MANRIQUE**  
Affiant

**SUBSCRIBED AND SWORN** to before me this OCT 15 2021 October 2021, in Quezon City, affiant exhibited to me her Philippine Driver’s Lic. No X01-91014806 valid until 13 June 2022 issued by the LTO-QC.

Doc. No. 379;  
Page No. 77;  
Book No. 6;  
Series of 2021.

  
**LUISITO A. TRINIDAD**  
Commission – AM No. NP076 (2020-2021)  
Notary for Quezon City until 31 Dec 2021  
NGCP Bldg. Quezon Ave cor BIR Road Diliman QC  
Roll No. 38451 – 13 May 1993  
IBP Lifetime No. 013977 – 08 July 2015  
PTR NO. 9344646 – 01-06-2020  
MCLE Compliance No. VI-0012042 – 07 September 2018