

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 FACILITIES TO CONNECT TO THE TRANSMISSION SYSTEM OF THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP) AND NATIONAL TRANSMISSION CORPORATION (TRANSCO), WITH PRAYER FOR THE ISSUANCE OF PROVISIONAL AUTHORITY

ERC CASE NO. 2014-116 MC

ISABELA BIOMASS ENERGY CORPORATION (IBEC),  
Applicant.

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DOCKNETED  
Date: FEB 18 2015  
By: *[Signature]*

## ORDER

On November 13, 2014, the Isabela Biomass Energy Corporation (IBEC) filed an application for authority to develop, own and operate dedicated point-to-point limited facilities to connect to the transmission system of the National Grid Corporation of the Philippines (NGCP) and National Transmission Corporation (TRANSCO), with prayer for the issuance of provisional authority.

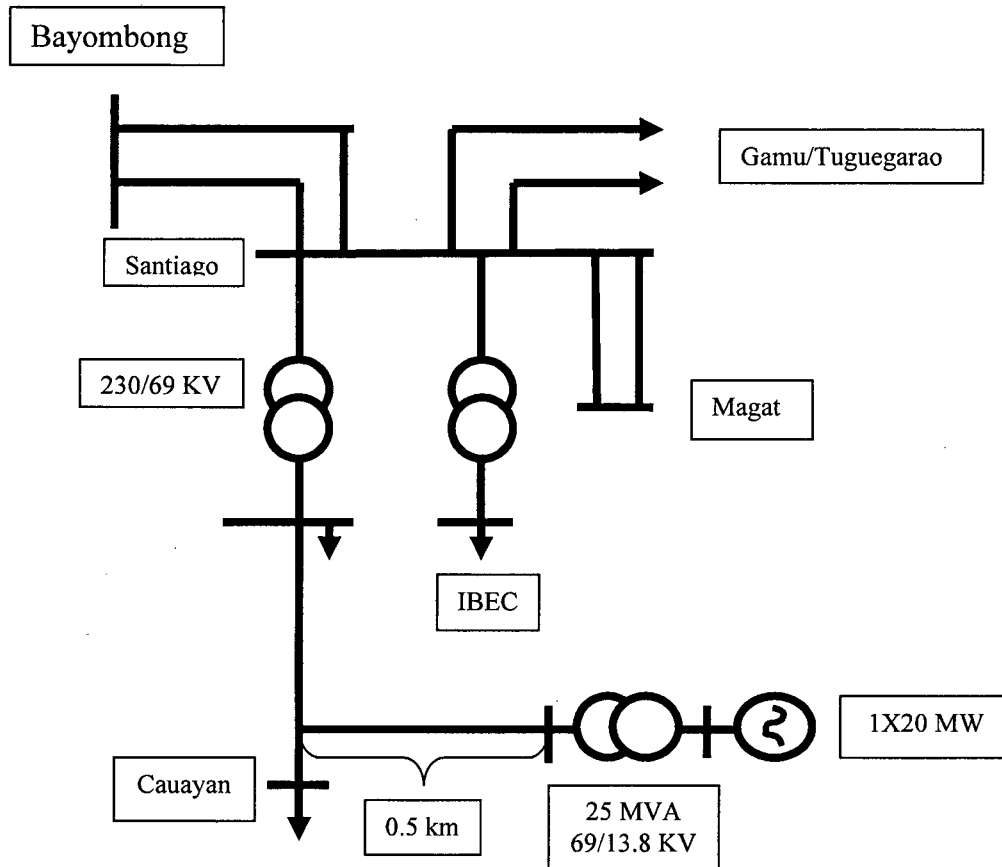
In the said application, IBEC alleged, among others, the following:

1. It is a domestic corporation organized and existing under the Philippine Laws, with principal office address at Maharlika Highway, Purok 6, Burgos, Alicia,

Province of Isabela. It may be served with notices, orders and other processes of the Commission through the office address of its undersigned counsel;

2. It is engaged in the business of generating, selling and supplying electricity through the exploration, development and utilization of alternative and/or renewable sources of energy and technologies. It has successfully operated two (2) x 2 MW of similar power plants located in Isabela Province owned by two of its incorporators and officers, for the use of rice mill operations – the Golden Season Power Plant in Luna, and the Family Choice Power Plant in Cabatuan. Both power plants embraced the global paradigm shift towards the development and use of clean, cost effective production of electricity, through the utilization of renewable energy resources. Copies of the Articles of Incorporation, By-Laws and Certificate of Incorporation are attached to the application and made integral parts thereto as Annexes “A”, “B” and “C”, respectively;
3. It is constructing a 20 MW rice-husk-fired power plant in Alicia, Isabela (the IBEC Power Plant). It will be the largest rice husk fired-power plant in Luzon which will be operational by 2015. The IBEC Power Plant will run on 100% rice husk as operating fuel. It will be constructed in an 11.94 hectare property acquired by IBEC along the Maharlika Highway, Brgy. Burgos Alicia, Isabela;
4. The electricity to be produced by the IBEC Power Plant is intended to be sold under the Renewable Energy Payment (REPA) and Biomass Feed-In-Tariff (FIT) consistent with the pertinent provisions of Republic Act No. 9513 (R.A. 9513) or the “Renewable Energy Act of 2008”;
5. It intends to connect the IBEC Power Plant to the Santiago-Cauayan 69 kV transmission line of the NGCP through its dedicated point-to-point 500 meters 69 kV single circuit from the power plant site to the end of Santiago-Cauayan 69 kV transmission line (herein referred to as the Connection Assets);

6. The proposed interconnection of the IBEC Power Plant is as follows:



7. The filing of the instant application is anchored on Section 9 (f) of R.A. 9136, and Section 5, Rule 5 of its Implementing Rules and Regulations (IRR):

A. R.A. 9136

“Section 9. Functions and Responsibilities.

x x x

(f) x x x

A generation company may develop and own or operate dedicated point-to-point limited transmission line 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 facilities, subject to prior authorization by the ERC. x x x”

B. IRR of R.A. 9136

“Section 5. Dedicated Point-to-Point Limited Transmission Facility of a Generation Company.

(a) Subject to prior authorization from ERC, TRANSCO or its Buyer of Concessionaire may allow a Generation Company to develop, own and/or operate dedicated point-to-point limited transmission facilities: *Provided, That:*

(i) Such dedicated point-to-point limited transmission facilities are required only for the purpose of connecting to the Grid which will be used solely by the Generation Facility, and are not used to serve End-users of Suppliers directly;

(ii) The facilities are included and consistent with the TDP as certified by TRANSCO or its Buyer or Concessionaire; and

(iii) Any other documents that may be required by the ERC.”

8. The IBEC Power Plant has already complied with the local and international environmental standards. It has secured the necessary Environmental Compliance Certificate (ECC) from the Department of Environment and Natural Resources (DENR) for its IBEC Power Plant, attesting to its compliance with the Environmental Impact Assessment (EIA) requirements as prescribed in accordance with the Presidential Decree No. 1586;
9. The IBEC Power Plant is expected to provide significant development, socio-economic and environmental impact not only to the host barangay but also to the Municipality of Alicia as well as the entire Province of Isabela. The project will generate new employment opportunities to the people of Isabela. It would be able to contribute to the socio-economic development of the Municipality of Alicia, particularly

the upliftment of the standard of living of the Filipino farmers through the provision of additional income to their families as an offshoot of the provision and purchase of biomass feedstock to the power plant. Thus, its proposed project was endorsed by the Sangguniang Bayan of Alicia and the Barangay Council of Burgos in support of the project;

10. On February 3, 2014, NGCP evaluated and issued the Third (3<sup>rd</sup>) Party Review Report of System Impact Study (SIS) for the IBEC Power Plant's proposed connection point. Under the SIS, it was established that the proposed IBEC Power Plant is technically feasible to connect to the Luzon transmission grid through the Santiago-Cauayan 69 kV transmission line. A copy of the SIS and the letter dated February 3, 2014 of NGCP with the subject "Review Report of the Third Party SIS for the 20 MW Biomass Power Project" are attached to the application and made integral part thereto as Annex "D" and "E", respectively;
11. It has already filed with the Commission an application for the issuance of a Certificate of Compliance (COC) for the IBEC Power Plant;
12. The total estimated cost of the Connection Assets is PhP2,000,000.00 which shall be funded by it. It has been formed to own and operate the 20 MW rice husk-fired power plant in the Province of Isabela. IBEC was incorporated in August 2012 by the province's major rice millers as stockholders and officers. It has a capitalization of Five Million Pesos (PhP5,000,000.00). Its Company Profile is attached to the application and made an integral part thereto as Annex "F";
13. It will avail of the Feed-in-Tariff (FIT) mechanism for the renewable energy developers. It is in the process of completing all the documentary requirements of the DOE for the Declaration of Commerciality (DOC). Its qualification under the FIT system and the issuance of appropriate Certificate of Compliance (COC) by the Commission shall be determined upon successful commissioning and commercial operation of the IBEC Power Plant;

14. It has the technical and financial capability to develop, construct, operate, and maintain the transmission line. The proposed Connection Asset will be exclusively used by IBEC for the operations of its power plant and will be constructed by JC Electrofields Power System Inc., a corporation engaged in engineering, design and construction services;
15. The IBEC Facility Study was approved by NGCP on July 11, 2014 (Net Access-KAP-RRA-2014-07-174);
16. The design and technical specifications of the proposed Connection Assets are consistent with the standards set forth by the Philippine Grid Code (PGC) of the Philippines;

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

17. Rule 14 of the Commission's Rules of Practice and Procedure authorizes the issuance of a provisional authority or an interim relief prior to a final resolution, provided that the facts and circumstances of the case warrant the Commission's exercise of discretion to issue a provisional authority;
18. It is a declared Policy of the State to encourage the development and utilization of renewable energy resources as tools to effectively prevent, or reduce, harmful emissions and thereby balance the goals of economic growth and development with the protection of health and the environment (Section 2, Republic Act No. 9513). As an answer to the call of the national government to encourage investment, IBEC is already undertaking construction of its power plant which is expected to be completed in the year 2015 and will generate 20 MW of clean and renewable energy sources;
19. On January 13, 2014, the DOE has issued the "Confirmation of Commerciality" to the IBEC Power Plant project affirming IBEC to develop and operate a biomass energy system consistent with R.A. 9513. A copy of the Confirmation of Commerciality is attached

to the application and made integral part thereto as Annex "G";

20. With the issuance of the Confirmation of Commerciality, it needs to construct the Connection Assets subject of the instant application to connect to the Santiago-Cauayan 69 kV transmission line. As such, the Connection Assets should be constructed at the soonest possible time since they will be necessary to the test, commission and dispatch the power generated by the IBEC Power Plant. Hence, there is a need for the issuance of a provisional authority allowing IBEC to connect its power plant to the Santiago-Cauayan 69 kV transmission line;
21. It undertakes to submit additional documents as may be required by the Commission in the course of the evaluation and proceedings of this case; and
22. It prays that the Commission provisionally approves the instant application authorizing it to develop, own and operate a dedicated point-to-point limited transmission line facilities to connect its Power Plant to the Santiago-Cauayan 69 kV Transmission Line of NGCP.

It further prays that after hearing on the merits, the Commission issue a Decision declaring the provisional authority issued as permanent.

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 initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **March 18, 2015 (Wednesday) at ten o'clock in the morning (10:00 A.M.) at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

IBEC is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, with the date of the publication to be made not later than ten (10) days before the scheduled date of initial hearing. It is also

directed to inform the consumers within its franchise area, by any other means available and appropriate, of the filing of the instant application, its reasons therefor, and of the scheduled hearing thereon.

Let copies of the application, this Order and the attached Notice of Public Hearing be furnished 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.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of the Province of Isabela, Mayors of the Cities of Cauayan and Santiago and Municipality of Alicia, Isabela for the appropriate posting thereof on their respective bulletin boards.

IBEC is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, IBEC must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governor, Mayors and or their duly authorized representatives, bearing the seals of their offices, and the affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published together with the complete issue of the said newspaper, and such other proofs of compliance with the requirements of the Commission.

IBEC and all interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-trial Briefs containing, among others:

- a) A summary of admitted facts and proposed stipulation of facts;



- b) The issues to be tried or resolved;
- c) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

Failure of IBEC to submit the required Pre-trial Brief and Judicial Affidavits of its witnesses 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 said date of cancellation.

As part of the pre-trial conference, IBEC must also be prepared to make an expository presentation of its 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, February 16, 2015.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson

**Copy Furnished:**

1. **VEGA AND VEGA LAW OFFICES**  
Atty. Paul S. Vega, REE  
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2. **ISABELA BIOMASS ENERGY CORPORATION (IBEC)**  
Maharlika Highway, Purok 6,  
Burgos, Alicia, Isabela
3. **NATIONAL TRANSMISSION CORPORATION  
(TRANSCO)**  
TRANSCO Main Building, Quezon Avenue  
corner BIR Road, Diliman, Quezon City
4. **NATIONAL GRID CORPORATION OF THE PHILIPPINES  
(NGCP)**  
NGCP Building, Quezon Avenue cor. BIR Road  
Diliman, Quezon City, Metro Manila
5. **Office of the Solicitor General**  
134 Amorsolo Street, Legaspi Village  
Makati City, Metro Manila
6. **Commission on Audit**  
Commonwealth Avenue  
Quezon City, Metro Manila
7. **Senate Committee on Energy**  
GSIS Bldg., Roxas Blvd., Pasay City  
Metro Manila
8. **House Committee on Energy**  
Batasan Hills, Quirino City, Metro Manila
9. **Office of the President-PCCI**  
3<sup>rd</sup> Floor, Chamber and Industry Plaza (CIP)  
1030 Campus Avenue corner Park Avenue  
McKinley Town Center, Fort Bonifacio, Taguig City
10. **Office of the City Mayor**  
Cauayan City, Isabela

- 11. Office of the City Mayor**  
Santiago City, Isabela
- 12. Office of the Sangguniang Barangay**  
Bgy. Burgos, Alicia, Isabela
- 13. Office of the Municipal Mayor**  
Alicia, Isabela
- 14. Office of the Provincial Governor**  
Province of Isabela