

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



**IN THE MATTER OF THE  
APPLICATION FOR AUTHORITY  
TO DEVELOP AND OWN OR  
OPERATE DEDICATED POINT-  
TO-POINT LIMITED FACILITIES  
TO CONNECT THE 20.7 MW  
SOLAR POWER PLANT TO THE  
CADIZ-SAN CARLOS 69 KV LINE  
WITH PRAYER FOR  
PROVISIONAL AUTHORITY**

**ERC CASE NO. 2015-021 MC**

**SAN CARLOS SOLAR ENERGY  
INC. (SACASOL),**

**Applicant.**

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**D O C K E T E D**

Date: **OCT. 02, 2015**

By: **M**

**ORDER**

On May 7, 2015, the San Carlos Solar Energy, Inc. (SACASOL) filed an application for authority to develop and own or operate dedicated point-to-point limited facilities to connect the 20.7 MW Solar Power Plant to the Cadiz-San Carlos 69 kV Line, with prayer for provisional authority.

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

**THE APPLICANT**

1. It is a corporation duly organized and existing by virtue of and under the laws of the Republic of the Philippines, with principal office address at Emerald Arcade, F.C. Ledesma St., San Carlos City, Negros Occidental, Philippines.

Copies of SACASOL's Certificate of Registration, Amended Articles of Incorporation, Certificate of Approval of

Increase of Capital Stock, 2014 General Information Sheet, and the latest Financial Statements are attached to the application and made integral parts thereof as Annexes "A", "B", "C", "D", and "E", respectively;

### NATURE OF THE APPLICATION

2. The application seeks the consideration and approval of the Commission of its proposed development, ownership, or operation of interconnection facilities which shall connect SACASOL Solar Power Plant Phases C and D (SACASOL 1 C and D) to the Visayas Grid through the Cadiz-San Carlos 69 kV Line. SACASOL 1 C and D, located in San Carlos City, Negros Occidental, have a combined design peak capacity of 20.7 MW AC.

- 2.1 Section 2.9.2 of the Distribution Services and Open Access Rules (DSOAR) allows a generation company to undertake this project but requires the prior authorization of this Commission, thus:

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.**" [Emphasis supplied]

- 2.2 The last paragraph of Section 9 of the Electric Power Industry Reform Act of 2001 (R.A. No. 9136) provides the same requirement, to wit:

Section 9. Functions and Responsibilities. -  
x x x

xxx

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: x x x.

2.3 Hence, this Application;

### STATEMENT OF FACTS

3. SACASOL is the holder of Solar Energy Service Contract No. 2013-09-037 (Service Contract) which granted it the exclusive right to explore, develop and utilize Solar Energy Resources within an area located in San Carlos City and Calatrava, Negros Occidental.

A copy of the Service Contract is attached to the application and made an integral part thereof as Annex "F";

4. Pursuant to the Service Contract, it is developing a solar power plant located in San Carlos City, Negros Occidental, Phases A and B, of which commenced commercial operations in 2014. As an Additional Investment of the Service Contract, it is developing Phases C and D of the solar power plant, which will commence commercial operations this year;
5. On December 11, 2014, the Department of Energy (DOE) issued Confirmation of Commerciality No. SCC-2014-12-010, which confirmed the commercial viability of SACASOL 1 C and D under the Feed-In-Tariff System, subject to the performance of its obligations under the Service Contract and compliance with the provisions of the Renewable Energy Act (R.A. 9513) and applicable DOE issuances.

A copy of the Confirmation of Commerciality No. SCC-2014-12-010 is attached to the application and made an integral part thereof as Annex "G";

6. At present, it is in the process of executing an agreement with Northern Negros Electric Cooperative, Inc. (NONECO) for the interconnection of SACASOL 1 C and D to the Cadiz – San Carlos 69 kV Line. SACASOL and NONECO

have agreed, in principle, to the general terms and conditions of the agreement and are now finalizing it.

A Certification from NONECO that the parties have agreed to the terms and conditions of the agreement and that is now being finalized is attached to the application as Annex "H";

7. To connect SACASOL 1 C and D to the Visayas Grid through the Cadiz-San Carlos 69 kV Line of NONECO, SACASOL intends to develop and construct a dedicated point-to-point facility (Dedicated Facility Project). The Dedicated Facility Project shall be used solely by SACASOL 1 C and D for the dispatch thereof;
8. The Dedicated Facility Project is the most cost-effective and viable option to connect SACASOL 1 C and D to the Visayas Grid.
  - 8.1 The Cadiz-San Carlos 69 kV Line is the closest subtransmission line from the switchyard of SACASOL 1 C and D – connecting the switchyard to the tapping point will require only a 40.6m line;<sup>1</sup>
  - 8.2 The construction of the Dedicated Facility Project may be completed in approximately two and a half months;<sup>2</sup>
  - 8.3 The estimated cost of construction of the Dedicated Facility Project is PhP19,835,309.92, inclusive of the cost for the construction of the switchyard.<sup>3</sup> It will be funded solely by SACASOL. Hence, it will not result in any unregulated charges;
  - 8.4 The highlights of the Projected Financial & Economic Cost Analysis for its Dedicated Facility Project is attached to the application and made an integral part thereof as Annex "M"; and

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<sup>1</sup> The Conceptual Engineering Design and Drawings and pertinent portions of the EPC Contract with Schema Konsult Inc. and Conergy Asia & ME PTE LTD are attached to the application and made integral parts thereto as Annexes "I" and "J".

<sup>2</sup> The Gantt Chart Construction Schedule is attached to the application and made an integral part thereto as Annex "K".

<sup>3</sup> The Dedicated Facility Project Cost Estimate is attached to the application and made an integral part thereto as Annex "L".

8.5 It already has qualified personnel who shall be in charge of the operation, service, and maintenance of the Dedicated Facility Project upon its completion;<sup>4</sup>

9. It has submitted a draft of the System Impact Study (SIS) to the National Grid Corporation of the Philippines (NGCP) for the latter's approval. Based on the SIS, "[t]he entry of the [SACASOL 1 C and D] in the Visayas Grid does not contribute to any grid degradation using credible contingencies and the connection of the plant to the grid is technically feasible."<sup>5</sup> Upon approval of the SIS, SACASOL shall initiate negotiations to execute the Metering Service Agreement and Transmission Service Agreement with NGCP.

A copy of the draft SIS is attached to the application and made an integral part thereof as Annex "O";

10. As of date, it has secured or is in the process of securing the necessary permits, licenses and authority from regulatory and agencies.

A copy of the sworn statement of its President, Jose Maria P. Zabaleta, is attached to the application and made an integral part thereof as Annex "P";

### **MOTION FOR PROVISIONAL AUTHORITY**

11. The demand for electricity in the Visayas has an Average Annual Growth Rate of 4.52 percent.<sup>6</sup> To avoid power outages in the Visayas which would greatly inconvenience consumers and may adversely affect investment, it is important to ensure that generation facilities are able to distribute sufficient power to meet the demand as it arises;

12. It must be noted that it is the policy of the State to "[a]ccelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources,

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<sup>4</sup> A copy of the resume of SACASOL's Operations Manager is attached to the application as Annex "N".

<sup>5</sup> Annex "O", p. 20.

<sup>6</sup> 2013 Supply-Demand Outlook of the Department of Energy.

including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy."<sup>7</sup>;

13. Further, the Renewable Energy Act of 2008 (Republic Act 9513) mandates that SACASOL 1 C and D, being a generating unit utilizing intermittent renewable energy resource, shall enjoy the benefit of priority dispatch;<sup>8</sup>
14. Connecting the SACASOL 1 C and D's switchyard to the Cadiz – San Carlos 69 kV Line of NONECO is a prerequisite to the commercial operations of the solar power plant. It is only in line with the policy of the State to grant SACASOL provisional authority to develop and own or operate the dedicated point-to-point facility to connect SACASOL 1 C and D to the Visayas Grid so it could commence commercial operations at the soonest possible time;
15. There is therefore sufficient basis for the issuance of a provisional authority pending the issuance of a final decision;
16. It prays that the Commission:
  - a. Issue an order provisionally authorizing it to develop and own or operate the Dedicated Facility Project; and
  - b. After hearing on the merits, render a Decision approving the Application.

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 **October 22, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.) at the ERC**

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<sup>7</sup> Section 2 (a), Republic Act 9513.

<sup>8</sup> Section 20, Republic Act 9513.

**Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

SACASOL 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 Negros Occidental and Mayor of San Carlos City, Province of Negros Occidental for the appropriate posting thereof on their respective bulletin boards.

SACASOL 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, SACASOL 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 and Mayor 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.

SACASOL 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 SACASOL 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, SACASOL 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, September 28, 2015.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSE VICENTE B. SALAZAR**  
Chairman 

**ERC**  
Office of the Chairman



J-2015-001-00486



**Copy Furnished:**

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2. **SAN CARLOS SOLAR ENERGY, INC. (SACASOL)**  
Emerald Arcade, F.C. Ledesma St.  
San Carlos City, Negros Occidental
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**  
Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>RD</sup> Floor ECC Building  
Sen. Gil Puyat Avenue, Makati City
10. **Office of the City Mayor**  
San Carlos City, Negros Occidental
11. **Office of the Provincial Governor**  
Province of Negros Occidental