

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
ASSETS INCLUDING THE
DEDICATED POINT-TO-
POINT LIMITED
TRANSMISSION FACILITIES
TO CONNECT THE 50MWp
POWER PLANT TO THE
TRANSMISSION LINE OF
THE NATIONAL GRID CORP.
OF THE PHILIPPINES
(NGCP), WITH PRAYER FOR
PROVISIONAL AUTHORITY**

ERC CASE NO. 2015-109 MC

**SULU ELECTRIC POWER
AND LIGHT (PHIL.), INC.,
Applicant.**

D O C K E T E D
Date: FEB 24 2016
By: [Signature]

X ----- X

O R D E R

On December 23, 2015, Sulu Electric Power and Light (Phils.), Inc., (SEPALCO) filed an application for authority to develop and own or operate dedicated point to point limited transmission facilities to connect the 50MWp power plant to the transmission line of the National Grid Corporation of the Philippines (NGCP), with prayer for provisional authority.

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

1. SEPALCO is a generation company duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Eastwood New

National Highway, Barangay Salvacion, Palo, Leyte. It may be served with orders, notices and other processes through its undersigned counsel.

2. The application is filed pursuant to Section 9 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001, or the EPIRA, the last paragraph of which provides:

“Section 9. 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:xxx.”

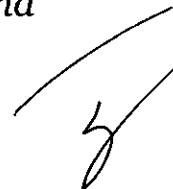
Section 5, Rule 5 of the Implementing Rules and Regulations of the EPIRA, likewise provides:

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

(a) Subject to prior authorization from ERC, TRANSCO or its buyer or 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 the End-users or Suppliers directly;

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

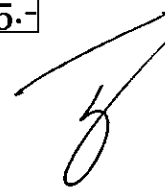


(iii) Any other documents that may be required by the ERC.”

xxx

3. SEPALCO is currently in the process of developing a 50 MWp Solar Power Plant ("the Plant") located in Barangay Castilla, Municipality of Palo, Leyte and which is intended to be commissioned on or before 10 March 2016.
4. The Plant will be connected to the grid by a 69kV transmission line. The point of interconnection is 4.2 km from the 69 KV Switchyard from the Solar Power Plant to the Tapping Substation at Pole 361 of NGCP 69KV Transmission line.
5. The connection will require the construction of about 4.2 km line utilizing 336.4 ACSR 69 kV Line and about 65 pole structures and associated protection and communication equipment ("the Connection Assets").
6. The connection of the Plant to the grid was subjected to a System Impact Study (SIS), which is currently being reviewed by the National Grid Corporation of the Philippines (NGCP). Based on NGCP's initial review of the SIS, the connection of the Solar Power Plant to the Tapping Substation at Pole 361 of NGCP 69KV Transmission line is technically feasible.
7. The total cost for the development and construction of the project is estimated at PhP4,260,712.925, broken down as follows:

Project Component	Estimated Cost (PhP)
PV Modules	1,782,523,820.-
Inverters	271,513,550.-
EPC	1,860,739,650.-
Others	345,935,905.-
TOTAL	4,260,712,925.-



8. SEPALCO will apply for a Certificate of Compliance prior to the commissioning of the Plant in compliance with and in accordance with the requirements of the Commission.
9. The following documents are herewith submitted in support of the application:

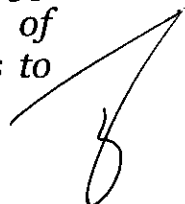
Annex	Docum
"A"	SEC Certificate of Incorporation and Articles of
"B"	General Information Sheet
"C"	Environmental Compliance Certificate
"D"	DOE Certificate of Registration
"E"	Single Line Diagram
"F"	System Impact Study
"G"	Secretary's Certificate Board Approval for the Connection Assets
"H"	Project Connection Options
"I"	Project Cost Estimate
"J"	Workplan
"K"	Balance Sheet and Income Statement
"L"	Curriculum Vitae of the Key Officer in charge of the operation and maintenance of the point-to-point assets

**ALLEGATIONS IN SUPPORT OF
PRAYER FOR PROVISIONAL AUTHORITY**

10. SEPALCO is constructing the Plant in furtherance of, and in support of, the Renewable Energy initiative and the declared State Policies enshrined in Republic Act No. 9513, or the Renewable Energy Act of 2008, which states:

"Section 2. Declaration of Policies – It is hereby declared the policy of the State to:

- (a) *Accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, 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;

- (b) Increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;*
- (c) 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."*

xxx

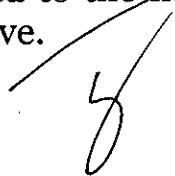
as well as in the EPIRA, to wit:

"Section 2. Declaration of Policy - It is hereby declared the policy of the State:

xxx

- (h) to promote the utilization of indigenous and new and renewable energy resources in power generation in order to reduce dependence on imported energy."*

11. Moreover, the grant of the provisional approval will allow SEPALCO to immediately start with the construction of the connection assets to enable the Plant to be commissioned on or before 10 March 2016. In the workplan, it will require SEPALCO to construct the connection assets. The timely commissioning of the Plant will allow it to immediately add to the nation's supply portfolio, thus contributing to the objective.



12. Attached as Annex "M" of the application is the Judicial Affidavit of Atty. Ben-Hur Benigno F. Castillo, President and CEO of SEPALCO, in support of the request for provisional authority.

13. It prays that the Commission:
 - a. Approve the application of SEPALCO to develop, own and operate the connection Assets to connect the Plant to the Grid

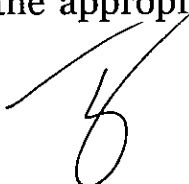
 - b. Issue, pending hearing, a provisional authority authorizing SEPALCO to commence implementing the project for the connection assets.

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 jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **07 April 2016 (Thursday) at ten o'clock in the morning (10:00 A.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

SEPALCO 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, 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 Leyte and the Mayor of Palo, Leyte for the appropriate posting thereof on their respective bulletin boards.



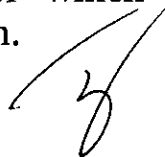
SEPALCO is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, SEPALCO 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 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.

SEPALCO 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 SEPALCO 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.

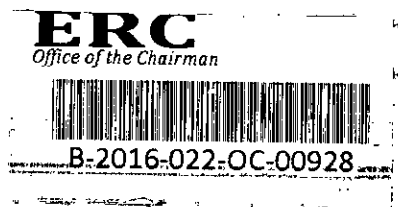


As part of the pre-trial conference, SEPALCO must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 16 February 2016.

FOR AND BY AUTHORITY
OF THE COMMISSION:



JOSE VICENTE B. SALAZAR
Chairman and CEO

Mlmg/APV/ROS-LS-Initial Order_2015-109 MC

Copy Furnished:

1. **Atty. Norberto R. Capistrano**
Counsel for SEPALCO
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Metro Manila
3. **The Commission on Audit**
Don Mariano Marcos Avenue
Diliman, Quezon City, Metro Manila
4. **The Senate Committee on Energy**
Senate of the Philippines
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
5. **The House Committee on Energy**
House of Representatives
Batasan Hills, Quezon City, Metro Manila
6. **Office of the Mayor**
Municipality of Palo
Province of Leyte
7. **Office of the Governor**
Province of Leyte

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