

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 5.0 MW BIOMASS
POWER PLANT TO THE
NAGA-LAGONOY 69 KV
LINE, SOUTH LUZON
GRID, WITH PRAYER FOR
PROVISIONAL AUTHORITY**

ERC CASE NO. 2016-016 MC

**BICOL BIOMASS ENERGY
CORPORATION (BBEC),**

Applicant.

X-----X

DOCKETED

Date: JUL 27 2016

By: [Signature]

ORDER

On 17 June 2016, Bicol Biomass Energy Corporation (BBEC) filed an application for authority to develop, own, and operate dedicated point-to-point limited transmission facilities to connect the 5.0 MW Biomass Power Plant to the Naga-Lagonoy 69 kV Line, South Luzon Grid, with prayer for the issuance of provisional authority.

In support of the said application, BBEC alleged the following:

THE APPLICANT

1. BBEC is a domestic corporation duly organized and existing under and by virtue of Philippine laws with principal business address at New San Roque, Pili, Camarines Sur.

Copies of BBEC's (a) Certificate of Registration, (b) Articles of Incorporation, (c) 2015 General Information Sheet with list of corporate officers, and,

[Handwritten signature]

(d) latest Financial Statements are here attached, to become integral parts hereof, and are marked as Annexes "A", "B", "C", and, "D", respectively.

2. BBEC may be served with Decisions, Orders, documents, and other pleadings and processes at 2nd Floor, DECA Corporate Center, Panganiban Drive, Naga City, 4400, Philippines.

NATURE OF THE APPLICATION

3. This Application seeks the consideration and approval of this Honorable Commission of BBEC's proposed development, ownership, or, operation of interconnection facilities which shall connect BBEC's biomass power plant with a 5.0 MW gross electric located at New San Roque, Pili, Camarines Sur ("Biomass Power Plant") to the South Luzon Grid through the Naga-Lagonoy 69 kV line owned by the National Grid Corporation (NGCP).

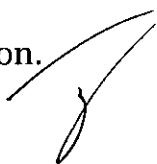
- 3.1. Section 2.9.2 of the Distribution Services and Open Access Rules (DSOAR) allows a generation company to undertake this project but requires the prior authorization of this Honorable Commission, thus:

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 transmission system, and are used solely by the generating facility, subject to prior authorization by the ERC (underscoring supplied for emphasis).

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

Section 9. Functions and Responsibilities. – x x x.

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 .

- 3.3. Hence, this Application.
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STATEMENT OF FACTS

4. BBEC, by virtue of the Biomass Renewable Energy Operating Contract No. 2013-09-03 ("BREOC") dated 27 November 2013, was appointed and constituted by the Department of Energy (DOE) as the party having the exclusive right to explore, develop, and utilize biomass energy resources within Pili, Camarines Sur. On 5 June 2014, BREOC No. 2013-09-03 was amended to increase the power output from 3.5 MW to 5.0 MW gross electric, thereby appointing BBEC to "generate electrical power from Biomass RE system using Rice Hull as feedstock in New San Roque, Pili, Camarines Sur".

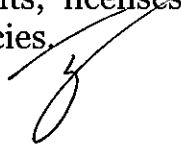
Copies of the Biomass Renewable Energy Operating Contract No. 2012-09-03 is here attached, marked as Annex "E", as well as the 5 June 2014 amended BREOC, marked as Annex "E-1", and made integral parts hereof.

5. The Amended BREOC was executed by and between the Republic of the Philippines, through the DOE, and, Bicol Biomass Energy Corporation (BBEC). On 29 October 2013, DOE issued in favor of BBEC a Certificate of Registration, copy of which is here attached and marked as Annex "F", to become an integral part hereof.
6. Pursuant to the Amended BREOC, BBEC is developing and constructing the biomass power plant, which is situated at New San Roque, Pili, Camarines Sur and has a 5.0 MW gross electric.
7. To connect BBEC to the Luzon grid through the Naga-Lagonoy 69 kV line, BBEC developed and constructed a dedicated point-to-point facility ("Dedicated Facility Project"). A copy of the 2 May 2016 BBEC Board Resolution, as certified by its Corporate Secretary containing the particulars thereof is here attached, marked as Annex "G", to become integral part hereof.
8. The Dedicated Facility Project is the most cost-effective and viable option to connect BBEC to the South Luzon Grid.
 - 8.1. The Naga-Lagonoy 69 kV line is the closest Transmission Line from BBEC's switchyard. The length of the line needed to connect the switchyard to the tapping point is only approximately 1,700 meters, and the construction of the Dedicated Facility Project, including civil and electromechanical works had in fact been



finished already. The plans and specifications, including the photographs of the completed project are here attached, marked as Annexes "H" to "H-1", to become integral parts hereof.

- 8.2. The National Grid Corporation of the Philippines (NGCP) shall be in charge of the operation, service, and maintenance of the metering facility.
9. BBEC had submitted a draft of the System Impact Study (SIS) to the National Grid Corporation of the Philippines (NGCP), which as of date, had completed the technical review of the SIS, copies of which are here attached, marked as Annexes "I" and "I-1", and to become integral part hereof. Based on the SIS, "the entry of the 5.0 MW biomass power plant to the South Luzon Grid is technically feasible". BBEC undertakes to execute the transmission reinforcements necessary to prevent any possible adverse effects of its entry upon the grid. BBEC undertakes further to comply with the conditions set forth in the "Final Review Report of the Third Party SIS for the 2x5MW Biomass Power Plant", copy of which is here attached marked as Annex "I-2", and to become integral part hereof.
10. Since the SIS had already been approved, BBEC had executed a Connection Agreement dated 01 February 2016, copy which is here attached marked as Annex "J" and to become integral part hereof. BBEC, at present is initiating negotiations to execute the Metering Service Agreement and Transmission Service Agreement with the NGCP.
11. The Proposed Facilities Study, dated 9 March 2015, which had been reviewed by the NGCP is here attached, marked as Annex "K", to become integral part hereof. The Review Report by the NGCP of the facilities study is likewise here attached, marked as Annex "K-1", and to become integral part hereof.
12. The Point-to-point limited facility that BBEC has developed and constructed is for the sole and exclusive purpose of connecting the Biomass Power Plant to the transmission system of NGCP. The same shall be exclusively used by BBEC as a generating facility.
13. As of the present, BBEC had secured and will secure the necessary permits, licenses and authority from other regulatory agencies.

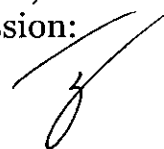


**ALLEGATIONS IN SUPPORT OF THE PRAYER FOR
PROVISIONAL AUTHORITY**

14. The demand for electricity in Luzon has an Average Annual Growth Rate of 4.13 percent, on the basis of the 2013 Supply-Demand Outlook of the DOE. To avoid debilitating power outages in Luzon which will certainly inconvenience consumers and which shall indeed adversely affect investment, it is important to ensure that generation facilities are able to distribute sufficient power to meet the demand as it arises.
15. It ought to be emphasized that it is the avowed policy of the State to “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” (Section 2[a], RA 9513).
16. Further, the Renewable Energy Act of 2008 (Republic Act No. 9513) mandates that BBEC, being a generating unit utilizing intermittent energy resource, shall enjoy the priority of energy dispatch (Section 20, RA 9513).
17. Connecting BBEC’s switchyard to the Naga-Lagonoy 69 kV Line is a prerequisite to the commercial operations of the biomass power plant. It is only in line with the policy of the State to grant BBEC provisional authority to develop and own or operate the dedicated point-to-point facility to connect BBEC to the South Luzon Grid so it could commence commercial operations the soonest possible time.
18. There is therefore, we most respectfully submit, a sufficient basis for the issuance of a provisional authority pending the issuance of a final decision on the merits of this Application.

PRAYER

WHEREFORE, premises considered, BBEC most respectfully prays of this Honorable Commission:



- (1) To issue an Order provisionally authorizing BBEC to develop, own or operate the Dedicated Facility Project; and,
- (2) after due hearing on the merits, to render a Decision approving this Application.

Other relief and remedies as are just and equitable under the premises are here prayed for.

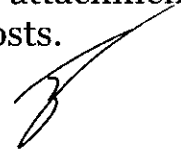
Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **23 August 2016 (Tuesday) 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.**

BBEC 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, at least ten (10) days before the date of the scheduled 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 the Province Camarines Sur, as well as the Mayors and Local Government Unit (LGU) Legislative Bodies of the Municipalities of Pili and Lagonoy, and the City of Naga, all in the province of Camarines Sur, for the appropriate posting thereof on their respective bulletin boards.

BBEC 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.



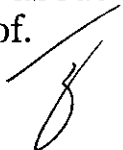
On the date of the initial hearing and pre-trial conference, BBEC must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayor, and Local Government Legislative Bodies or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

BBEC, 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 thereof 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 BBEC to submit the required Pre-Trial Brief and Judicial Affidavits of their 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.

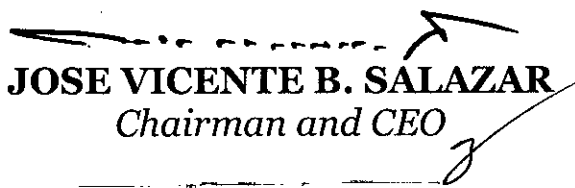
As part of the pre-trial conference, BBEC must also be prepared to make an expository presentation of their application, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned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

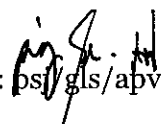


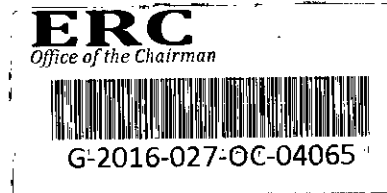
SO ORDERED.

Pasig City, 19 July 2016.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSE VICENTE B. SALAZAR
Chairman and CEO

LS: /psj/gls/apv



Copy furnished:

- 1. Atty. Avelino V. Sales Jr.**
Sales and Associates
Counsel for Applicant BBEC
2/F, DECA Corporate Center,
Panganiban Drive, Naga City
- 2. Bicol Biomass Energy Corporation (BBEC)**
New San Roque, Pili, Camarines Sur
- 3. Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
- 4. Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
- 5. Senate Committee on Energy**
GSIS Building, Roxas Boulevard
Pasay City, Metro Manila
- 6. House Committee on Energy**
Batasan Hills
Quezon City, Metro Manila
- 7. Office of the Municipal Mayor**
Pili, Camarines Sur
- 8. Office of the LGU Legislative Body**
Pili, Camarines Sur
- 9. Office of the Municipal Mayor**
Lagonoy, Camarines Sur
- 10. Office of the LGU Legislative Body**
Lagonoy, Camarines Sur
- 11. Office of the City Mayor**
City of Naga, Camarines Sur
- 12. Office of the Provincial Governor**
Province of Camarines Sur
- 13. Office of the LGU Legislative Body**
Province of Camarines Sur
- 14. National Grid Power Corporation of the Philippines**
Quezon Avenue cor. BIR Road,
Diliman, Quezon City, Philippines

