

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 650 MW COMBINED CYCLE GAS-FIRED POWER PLANT TO THE NEW PAGBILAO SUBSTATION OF NATIONAL GRID CORPORATION OF THE PHILIPPINES WITH PRAYER FOR PROVISIONAL AUTHORITY,

ERC CASE NO. 2016 -039 MC

ENERGY WORLD POWER OPERATIONS PHILIPPINES, INC. (EWPOPI),

Applicant.

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D O C K E T E D
Date: MAR 03 2017
By: M

ORDER

On 15 December 2016, an Application dated 13 December 2016 was filed by applicant Energy World Power Operations Philippines, Inc. (EWPOPI) seeking the Commission's approval for authority to develop and own or operate dedicated point to point limited facilities to connect the 650 MW combined cycle gas-fired power plant to the New Pagbilao Substation of the National Grid Corporation of the Philippines (NGCP), with prayer for the issuance of provisional authority.

On 25 January 2017, the Commission issued an Order and a Notice of Public Hearing setting the *Application* for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on 28 February 2017.

On 21 February 2017, a *Notice of Withdrawal of Appearance* dated 20 February 2017 was filed by applicant's counsel-on-record,

Atty. Kristine R. Marallag-Ave. On even date, an *Entry of Appearance With Motion To Reset Hearing of the Case and With Motion For Leave to File Amended Application* dated 20 February 2017 was filed by applicant EWPOPI through its new counsel, Atty. Leoncio H. Superio.

In the Amended Application dated 20 February 2017, applicant alleged the following:

1. Applicant ENERGY WORLD POWER OPERATIONS PHILIPPINES, INC. herein referred as "EWPOPI" a wholly owned subsidiary of Energy World Corporation, Limited, herein referred as "EWC" and is a corporation organized and existing under the laws of Republic of the Philippines with principal address at 10th Floor, Ramon Magsaysay Centre, Roxas Boulevard, Ermita, Malate, City of Manila, Philippines;
2. EWPOPI may be served with decisions, orders, notices, documents, and other pleadings and processes of this Honorable Commission at the above address;

NATURE OF THE APPLICATION

3. EWPOPI seeks the consideration and approval of this Honorable Commission of its application for authority to develop, ownership, or, operation of interconnection facilities which shall connect EWPOPI's 650MW Combined Cycle Gas-Fired Power Plant to the New Pagbilao Substation of the National Grid Corporation of the Philippines ("NGCP") pursuant to R.A. 9136, or the Electric Power Industry Reform Act of 2001 (the EPIRA Law) and other pertinent rules and regulations;
4. Section 9 of the EPIRA Law provides:

"Section 9. Functions and Responsibilities

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."

5. Moreover, section 2.9.2 of the Distribution Services and Open Access Rules (DSOAR) allows a generation company to undertake this project with 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”

STATEMENT OF FACTS

6. The applicant is constructing and developing a 650 MW Combined Cycle Gas-Fired Power Station and LNG Hub Terminal at Barangay Ibabang Polo, Grande Island, Municipality of Pagbilao, Province of Quezon, Philippines;
7. To dispatch power to be generated by the power plant, EWPOPI will be constructing a dedicated point to point limited facilities to connect the 650 MW Combined Cycle Gas-Fired Power Plant to the New Pagbilao Substation of National Grid Corporation of the Philippines;
8. The Applicant received from the Secretary of the Department of Energy of the Republic of the Philippines a permit for the development, construction and operation of a Liquefied Natural Gas Hub Terminal and Regasification Facility (LNG Hub Terminal);
9. EWPOPI was granted an Environmental Compliance Certificate (ECC) by the Department of Environmental and Natural Resources, Environmental Management Bureau(DENR)-EMB);
10. EWC received a Certificate of Endorsement from the Secretary of the Department of Energy of the Republic of the Philippines for the 650 MW Combined Cycle Gas-Fired Power Station to be built adjacent to the Pagbilao LNG Hub Terminal;
11. EWPOPI's project is consistent with the Power Development Plan (PDP) of the government pursuant to the provisions of the EPIRA Law and is entitled to all the rights and privileges consistent with the existing laws and the PDP by virtue of the DOE Certificate of Endorsement;
12. EWPOPI's original plan for its transmission line arrangements involved constructing an approximately 500 meter transmission line to cut-in to an existing 230kV Pagbilao-Tayabas transmission line (currently owned by NGCP);
13. However, notwithstanding that NGCP is mandated to encourage power producers to export their power on a first-come first serve basis, NGCP advised that Team Energy was unwilling to allow EWPOPI to connect into the 230kV line because they claimed it may interfere with or disrupt their ability to export power from the Pagbilao Plant;

14. EWPOPI, on the other hand, is not amenable to this observation since it is possible to introduce technical solutions to address this concern;
15. Thus, EWPOPI was required to develop its own transmission line to connect to the Naga-Tayabas Line based on upgrading an existing 69kV line. The length of the line needed to connect the switchyard to the tapping point is approximately 12kilometers, and the construction of the point-to-point facility, including civil and electromechanical works had yet to be started;
16. EWPOPI had already completed its System Impact Study (SIS). Based on the SIS, the entry of the 650MW Combined Cycle Gas-Fired Power Plant to the Luzon Grid is technically feasible. Further, an approval from NGCP of the said SIS was subsequently received;
17. EWPOPI undertakes to execute the transmission reinforcements necessary to prevent any possible adverse effects of its entry upon the grid, and to further comply with the conditions set forth in the said approval;
18. Subsequently, EWPOPI engaged a third party consultant to conduct Facility Study. Following its submission to NGCP, EWPOPI received a letter from NGCP approving the Facility Study;
19. It is on this basis that NGCP and EWPOPI had executed a Connection Agreement;
20. EWPOPI, at present is initiating negotiations to execute the Metering Service Agreement and Transmission Service Agreement with the NGCP;
21. Under the Connection Agreement issued to EWPOPI by NGCP it proposed there will be a "cut-in" connection to Naga-Tayabas Line for the Phase I (200MW). This has been approved by NGCP as reflected in their review and approval letter to EWC, to quote:

"The Interim scheme for the first 1x200MW Energy World Plant to be connected to Luzon through cut-in along Naga-Tayabas 230kV Line, would not result in overloading of the Tayabas"
22. As highlighted in the System Impact Study (SIS), for Phase II (400MW) this can be done thru a bus-in connection, to quote:

"with 2x200MW units of Energy World Plant, the implementation of New Pagbilao substation is needed. This substation will bus-in to the Naga-Tayabas 230kV line and the 14km."

23. For the Phase III (650MW), which is essentially the Steam Turbine, EWC's Grid Study states that it will connect it to the New Pagbilao Substation;
24. At present, EWPOPI had secured and will secure the necessary permits, licenses and authority from other regulatory agencies;
25. Moreover, EWPOPI recognizes after discussion with a representative of National Grid Corporation of the Philippines (NGCP), that NGCP, pursuant to RA 9511, will be the one to operate and maintain the subject line;
26. In support of the Application, the following documents and/or information are attached thereto as annexes and made integral part thereof:

DOCUMENTS/INFORMATION	ANNEX
Certificate of Registration Issued by the Securities and Exchange Commission	A
Certificate of Endorsement	B
Compliance of Documentary Requirements Required by the Regulatory Operations Service (Standards and Compliance Monitoring Division)	C
Environmental Compliance Certificate	D
Transmission Option for EWPOPI	E
Review of the Third Party System Impact Study (SIS) for the 3X200 MW EWC Combined-Cycle Power Plant Project	F
Approval of the Facilities Study by the NGCP	G
Connection Agreement between NGCP and EWPOPI	H

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

27. EWPOPI repleads the foregoing allegations in support of its prayer for the immediate issuance of provisional authority anchored on the following grounds:

The DOE has a long term plan in place to develop the Philippines' power industry to include a greater reliance on natural gas. According to a report presented by the DOE at the 27 May 2014 LNG Conference, the Philippines as of 2012 was generating 72, 922 GWh with approximately 26.9% of that coming from natural gas. Under the DOE preferred "low carbon scenario" they are forecasting a need for 147,111 GWh in 2030 with 34.3% of that coming from natural gas. Natural Gas. The represents a growth of ~150% of power generation coming from Natural gas or over 4,20MW of new Natural gas power generation based on their estimates. 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, thus, the purpose of EWPOPI in this application;

28. The development of dedicated point-to-point transmission facilities is a prerequisite to testing and commissioning, and eventually, the commercial operation of the gas-fired power plant;
29. Further, said Gas-Fired Power Plant is the most feasible solution to address the increasing demand of power supply and at the same time, a comparatively cleaner burning fuel to lessen the impact on the environment;
30. Moreover, it is in line with the policy of the State to grant provisional authority as in the case of the EWPOPI to develop and own or operate the dedicated point-to-point facility in order for it to connect to the South Luzon Grid so it could commence commercial operations the soonest possible time;
31. It bears stressing that pursuant to Rule 14, Section 3 of the Rule of Practice and Procedure, the Honorable Commission may issue a provisional authority pending approval on the Application, to wit:

Section 3. Action on the Motion. - Motions for provisional authority or interim relief may be acted upon with or without hearing. The Commission shall act on the motion on the basis of the allegations of the application or petition and supporting documents and other evidences that applicant or petitioner has submitted and the comments or opposition filed by any interested person, if there be any. (Emphasis supplied)

32. We respectfully submit that there is therefore a sufficient basis for the issuance of a provisional authority pending the issuance of a final decision on the merits of this Application.

P R A Y E R

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

1. Pending hearing, ISSUE an Order provisionally approving the authority to develop and own or operate dedicated point to point limited facilities to connect the 650 MW Combined Cycle Gas-Fired Power Plant to the New Pagbilao Substation of National Grid Corporation of the Philippines;
2. After due notice and hearing, ISSUE a Decision approving the Application and permanently authorizing the development and ownership, or, operation of a dedicated point to point limited facilities.

Other reliefs and remedies as are just and equitable under the premises are likewise prayed for.

Finding the said motions meritorious, the Commission issued an Order dated 24 February 2017 granting the same and cancelling the hearing set on 28 February 2017.

NOW THEREFORE, the said hearing is hereby reset on 21 March 2017 at two o' clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City, for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence.

Accordingly, EWPOPI is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once (1x) in a newspaper of nationwide circulation in the Philippines at their own expense, the date of the last publication to be made not later than ten (10) days before the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the Application, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, 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; and
- 5) Furnish with copies of the Application and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published, and the complete issue of the said newspaper;
- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the Application, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the Application and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required 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:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;

- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements 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 the said date of cancellation.

EWPOPI must also be prepared to make an expository presentation of the instant 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, 27 February 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSE VICENTE B. SALAZAR
Chairman and CEO

ERC

Office of the Chairman and CEO



C-2017-003-OC-00521


LS/SLAN/ARG/PAR/APV

COPY FURNISHED:

1. Energy World Power Operations Philippines, Inc. (EWPOPI)
Applicant
10th Floor, Ramon Magsaysay Centre, Roxas Boulevard, Ermita, Malate, City of Manila
2. Atty. Leoncio H. Superio
Counsel for Applicant
Unit 2807, 28th Floor Cityland Pasong Tamo Tower, 2210 Chino Roces Ave., Makati City
3. Office of the Mayor
City of Manila

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4. Office of the LGU legislative body
City of Manila
5. Office of the Governor
Province of Quezon
6. Office of the LGU legislative body
Province of Quezon
7. National Grid Corporation of the Philippines
Quezon Avenue corner BIR Road, Diliman, Quezon City
8. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
9. Commission on Audit (COA)
Commonwealth Avenue, Quezon City
10. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
11. House Committee on Energy
Batasan Hills, Quezon City
12. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP), 1030 Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
13. Regulatory Operations Service (ROS)
(Standard and Compliance Monitoring Division)
17th Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City