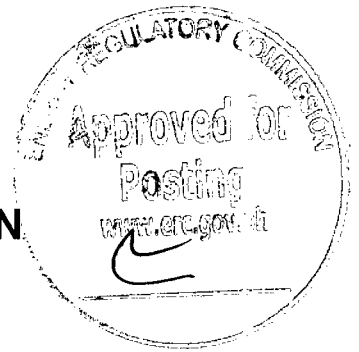


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



IN THE MATTER OF THE APPLICATION FOR AUTHORITY TO DEVELOP, OWN, AND OPERATE DEDICATED POINT-TO-POINT LIMITED FACILITIES FOR THE PROPOSED SAN LORENZO WIND FARM PROJECT OF TRANS-ASIA RENEWABLE ENERGY CORPORATION (TAREC) TO CONNECT TO THE VISAYAS GRID THROUGH THE TRANSMISSION SYSTEM OF THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP), WITH PRAYER FOR THE ISSUANCE OF PROVISIONAL AUTHORITY

ERC CASE NO. 2014-032 MC

TRANS-ASIA RENEWABLE ENERGY CORPORATION (TAREC),

Applicant.

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DOCKETED
Date: JUN 16 2014
By: *W*

ORDER

On May 7, 2014, Trans-Asia Renewable Energy Corporation (TAREC) filed an application for authority to develop, own, and operate dedicated point-to-point limited facilities for its proposed San Lorenzo Wind Farm Project to connect to the Visayas Grid through the transmission system of the National Grid Corporation of the Philippines (NGCP), with prayer for the issuance of provisional authority.

In the said application, TAREC alleged, among others, that:

1. It is a renewable energy generation company duly organized and existing under and by virtue of the laws of

the Republic of the Philippines, with principal office at 11F PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City;

2. It holds a portfolio of wind sites across the Philippines, three (3) of which comprise the Guimaras Cluster located in the Island Province of Guimaras;
3. It is duly registered with the Department of Energy (DOE) as a renewable energy (RE) developer of wind energy resources located in the Island Province of Guimaras in the Visayas. In particular, it was granted by the DOE a Wind Energy Service Contract (WESC) No. 2009-10-009 to develop the wind energy resource in its contract area in San Lorenzo, Guimaras. A copy of its Certificate of Registration with the DOE and its WESC are attached to the application to form integral parts thereof;
4. In accordance with its WESC and Confirmation of Commerciality No. WCC-2013-04-002 issued by the DOE on May 16, 2013, it will develop, operate, and maintain a 54 MW Wind Farm Project located in San Lorenzo, Guimaras. A copy of the said Confirmation of Commerciality is, likewise, attached to the application to form an integral part thereof;
5. The San Lorenzo Wind Farm Project will cover four (4) barangays of the Municipality of San Lorenzo, Guimaras. It is comprised of 27 wind turbine generators at 2 MW each and is expected to start commissioning by the third quarter of 2014;
6. To dispatch the power to be generated by the San Lorenzo Wind Farm Project, it proposes to be connected to the Visayas Grid through the transmission system of the NGCP, which is the most feasible means to dispatch power and put into beneficial use the generated capacity of the said San Lorenzo Wind Farm Project;
7. The San Lorenzo Wind Farm Project will be using an interim connection to the Visayas Grid, specifically, to the interconnection point at Zaldivar Switchyard located at Buenavista, Guimaras through a dedicated point-to-point 27-km long 69 kV overhead transmission line, 3-km long

of submarine cable (energized at 69 kV but designed for 138 kV) to be connected via cut-in initially at the Sta. Barbara – Ingore 69 kV Line with related facilities and to be constructed and owned by TAREC. Ultimately, the Wind Farm Project shall be permanently connected to the Panay Energy Development Corporation (PEDC) 138 kV Substation in Ingore as soon as the said Substation is reclassified as a Transmission Asset;

8. In deciding the most feasible and economical means of dispatching energy from the San Lorenzo Wind Farm Project, it considered the following options:
 - a. *Connect to the 13.2 kV Guimaras Electric Cooperative, Incorporated (GUIMELCO) distribution system.* This option suffers the following disadvantages: (i) there is a limit to what the GUIMELCO distribution system capacity can handle; and (ii) GUIMELCO's maximum demand at the time the San Lorenzo Wind Farm Project starts operating by 2014 is projected at 4.7 MW to 5.1 MW, which is less than the wind farm's output, hence, the excess has to be exported to the Visayas Grid; or
 - b. *Connect to the proposed 69 kV overhead transmission line to Sta. Barbara – Ingore.* With this option, the capacity of the line is enough to handle the capacity of the San Lorenzo Wind Farm Project, with excess to further carry the capacity of future TAREC wind sites located in Sibunag and Nueva Valencia;
9. Meanwhile, the NGCP conducted a System Impact Study (SIS) to determine the feasibility of connecting the San Lorenzo Wind Farm Project to the Visayas Grid through the interim 69 kV connection, and permanently, through the PEDC 138 kV Substation. The said SIS concluded that it is technically feasible to connect the San Lorenzo Wind Farm Project to the Visayas Grid and may be fully dispatched without constraints. Using both the interim and permanent connections, the system still remains in stable condition even during extended faults and loss of the San Lorenzo Wind Farm Project. A copy of the

aforementioned SIS is attached to the application to form an integral part thereof;

10. Further, the SIS indicated the following favorable results: (i) there would be no violations of the thermal loading criteria during normal, peak and off-peak load conditions; and (ii) following a severe disturbance simulation, the system is able to withstand the consequences without loss in synchronism and is able to return to steady-state;
11. The foregoing proposed interconnection projects, however, require the prior authorization of the Commission pursuant to *Section 9(f) of Republic Act No. 9136 otherwise known as Electric Power Industry Reform Act of 2001 or the EPIRA*, which provides that:

“(f) 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: Provided, further, That in the event that such assets are required for competitive purposes, ownership of the same shall be transferred to the TRANSCO at a fair market price: Provided, finally, That in the case of disagreement on the fair market price, the ERC shall determine the fair market value of the asset.”;

12. In view of the foregoing, the Commission’s authorization to develop and own or operate the dedicated point-to-point limited facilities to connect the San Lorenzo Wind Farm Project to the Visayas Grid is being sought;
13. Furthermore, it shall be fully responsible for the construction, installation, permitting, siting, testing, and financing of its wind farm and interconnection projects. It shall, at its own cost and expense, operate and maintain the wind farms and interconnection projects in accordance with Philippine Grid Code (PGC), other

applicable laws or regulations and their interconnection agreements;

14. To fully support the instant application for approval of the construction, ownership, and operation of the proposed point-to-point facilities, the following documents are submitted for the Commission's consideration:

Annex	Document
"D"	Executive Summary
"E"	Description of the San Lorenzo Wind Farm Project
"F"	Conceptual Engineering Design and Drawings for the Connection of San Lorenzo Wind Farm Project
"G"	Estimated Project Cost
"H"	Summary of Financial Results
"I"	Five (5)-Year Projected Financial Ratios
"J"	Gantt Chart Schedule for the San Lorenzo Wind Farm Project
"K"	Transmission Development Plan (TDP)
"L"	TAREC's Proof of Technical Capability to Operate Limited Transmission Facilities
"M"	Personnel Responsible for the Design, Installation, Maintenance, and Repair of Equipment for the Proposed System
"N"	Audited Financial Statement (AFS) for 2012
"O"	Amended Articles of Incorporation
"P"	Amended By-Laws
"Q"	General Information Sheet (GIS) for 2013
"R"	Secretary's Certificate authorizing the development, construction and operation of, and ownership of the 54 MW San Lorenzo Wind Farm Project
"S"	Secretary's Certificate covering Board Resolution authorizing the filing of an application with the Commission for authority to develop, own, and operate the proposed interconnection facilities, designating a representative to said application, and engaging the services of Diccion Law Firm therefor

Issuance of Provisional Authority

15. All the foregoing allegations are repleaded by reference in support of the instant prayer for the issuance of a provisional authority;

16. A provisional authority to develop and own or operate the proposed dedicated point-to-point interconnection facility to connect the San Lorenzo Wind Farm Project to the transmission system of the NGCP is prayed for because it is indispensable for the completion of the construction of said Wind Farm Project, which is targeted for commissioning on the third quarter of 2014;
17. In case of any delay in the issuance of an authority from the Commission to effect said development and ownership or operation of the interconnection facilities, it may lose its chance of getting the Wind Farm Project within the 200 MW installation target to qualify for Feed-in Tariff (FIT) as the requirement to qualify for the FIT is for the project to be one hundred percent (100%) connected to the Grid and that the project can already export power to the said Grid. If this happens, the economic viability of the project will be adversely affected;
18. Further, the timely completion of the San Lorenzo Wind Farm Project, which includes its interconnection facilities, is vital inasmuch as it is considered as a priority project in the Western Visayas, which region is actively promoted to become the country's front-runner in renewable energy mix by 2020. A copy of the Infrastructure Development Committee (IDC) Resolution No. 5 issued by the Regional Development Council VI to endorse the 54 MW San Lorenzo Wind Farm Project as a priority project is, likewise, attached to the application to form an integral part thereof;
19. Meanwhile, to emphasize the necessity of a provisional approval of the instant application, a judicial affidavit to support the prayer for provisional authority is appended to the application and made an integral part thereof;
20. Rule 14, Section 3 of the Commission's Rules of Practice and Procedure provides for the issuance of a provisional authority pending approval of 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 bases of the allegations of the application or petitions 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 ours];

21. The foregoing constitutes sufficient basis for a provisional approval of the instant application, thus pending hearing on the merits, the issuance of a provisional authority is clearly imperative; and

Prayer

22. Thus, it prays, that prior to and/or pending hearing on the merits, a provisional authority be issued to immediately implement the development and ownership or operation of dedicated point-to-point limited facilities to connect the San Lorenzo Wind Farm Project to the Visayas Grid through the Transmission System of the NGCP; and that after due notice and hearing, a final authority be issued to permanently authorize the same.

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 **June 30, 2014 (Monday) at nine o'clock in the morning (9:00 A.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

TAREC 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 scheduled date of initial hearing.

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 hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of Guimaras and the Municipality of San Lorenzo for the appropriate posting thereof on their respective bulletin boards.

TAREC 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, TAREC must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governór 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 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.

TAREC 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 TAREC 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, TAREC 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, June 9, 2014.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson *per 2*

Copy Furnished:

1. **Diccion Law Firm**
Counsel for TAREC
Unit 1912 Jollibee Plaza Building,
F. Ortigas Jr. Road, Ortigas Center, Pasig City
2. **Trans-Asia Renewable Energy Corporation (TAREC)**
11F PHINMA Plaza, 39 Plaza Drive,
Rockwell Center, Makati City
3. **The Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village, Makati City
4. **The Commission on Audit**
Commonwealth Avenue, Quezon City
5. **The Senate Committee on Energy**
GSIS Building, Roxas Boulevard, Pasay City
6. **The House Committee on Energy**
Batasan Hills, Quezon City
7. **Philippine Chamber of Commerce and Industry (PCCI)**
3rd Floor, ECC Building, Sen. Gil Puyat Avenue, Makati City
8. **National Grid Corporation of the Philippines (NGCP)**
Quezon Avenue corner BIR Road, Diliman, Quezon City
9. **Office of the Governor**
Province of Guimaras
10. **Office of the Municipal Mayor**
San Lorenzo, Guimaras