

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



IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE
AUTHORITY TO DEVELOP,
OWN, AND OPERATE POINT-
TO-POINT LIMITED
TRANSMISSION FACILITIES,
WITH PRAYER FOR
PROVISIONAL AUTHORITY

ERC CASE NO. 2014-109 MC

**SOUTHWEST LUZON POWER
GENERATION CORPORATION
(SLPGC),**

Applicant.

X-----X

BOOKETED
Date: NOV 14 2014
By: _____

ORDER

On September 3, 2014, Southwest Luzon Power Generation Corporation (SLPGC) filed an application for approval of the authority to develop, own, and operate point-to-point limited transmission facilities, with prayer for provisional authority.

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

1. It is a generation company duly organized and existing under the laws of the Republic of the Philippines, with principal address at Barangay Baclaran, Balayan, Batangas;

NATURE OF THE APPLICATION

2. Pursuant to Section 9 of Republic Act No. 9136 (R.A. No. 9136), or the "*Electric Power Industry Reform Act of 2001*" and Section 5, Rule 5 of its Implementing Rules and Regulations (IRR), the instant application is submitted to the Commission for authority to develop, own, and operate point-to-point limited transmission facilities connecting its power generation facilities to the Luzon Grid;

STATEMENT OF THE FACTS

3. According to the Department of Energy (DOE), the peak demand for power in the Luzon grid is projected to increase by an average annual growth rate of 4.13%, from 7,969 MW in 2012 to 10,693 MW in 2020. The demand is expected to increase further to 16,477 MW in 2030;
4. In addition, Metro Manila and the greater part of Luzon have experienced power outages due to both scheduled and emergency power outages of existing power plants. Earlier this year, the Luzon Grid was put on red alert status due to severe power deficiency and absence of reserve;
5. Increase in economic growth, commercial activity, and residential and infrastructure development, as well as an increasing population, lead to a steadily increasing power demand;
6. Thus, there is a need to ensure that power supply in the Luzon Grid will be sufficient to meet the increasing demand;
7. The government has encouraged and mandated private sector investment in the electric power industry, particularly in power generation to ensure additional capacity in Luzon and the entire country for the coming years;
8. To help address the need for additional supply, it has undertaken to construct a 2 x 150 MW coal-fired thermal power plant in Calaca, Batangas;
9. Its Power Plant will be located adjacent to the existing 600 MW coal-fired power plant owned and operated by Sem-Calaca Power Corporation (SCPC);
 - 9.1 It has been included in the National Grid Corporation of the Philippines' (NGCP) Transmission Development Plan (TDP) as of March 2013, and the DOE's List of Power Projects as of February 2014;

- 9.2 It is scheduled to commence full commercial operations by early 2015. It shall be connected directly to the Luzon Grid through connection assets developed, owned and operated by SLPGC;
10. Pursuant to R.A. No. 9136, the authority from the Commission is required for a generation company to develop, own, and operate point-to-point limited transmission facilities;

ABSTRACT OF THE CONNECTION ASSETS AND RELATED INFORMATION

11. **The Connection Assets.** As mentioned earlier, its Power Plant shall be connected directly to the Luzon Grid through connection assets developed, owned, and operated by it;
- 12.1 Specifically, the Power Plant shall be connected to the NGCP's 230 kV Calaca Substation. The connection involves a double circuit transmission line approximately 0.92 km in length. The new transmission lines will terminate into the existing bays 85 and 86 at the substation;
- 12.2 The said assets are dedicated point-to-point limited transmission facilities in the purview of R.A. No. 9136. They are required only for the purpose of connecting the Power Plant to the Luzon Grid, and will be used solely by the Power Plant. They are not intended to serve end-users or suppliers directly. A single line diagram showing the proposed connection assets and related plans and layouts are attached to the instant application as **Annex "B"**;
12. As the Power Plant is scheduled to commence commercial operations by early 2015 and in order to complete the construction of its Power Plant and conduct the necessary testing and commissioning activities, the connection facilities should be completed at the soonest;

13. **Grid Impact Study and Interconnection Facility Study.** A third-party Grid Impact Study (GIS) was conducted to determine the technical feasibility of connecting its Power Plant to the Calaca substation. The GIS was approved by NGCP in its letter dated August 22, 2012. A copy of the GIS and the said letter approving the same are also attached to the application as **Annexes "D" and "D-1"**, respectively;
14. In addition, an interconnection facility study was conducted to determine the technical specifications, the design and operational criteria, and the cost of equipment, engineering, procurement and construction, and the time required for the proposed connection. The study was approved by NGCP in its letter dated January 22, 2013;
15. **Selection of the proposed connection configuration.** Its Power Plant is located close to the Calaca substation. Hence, it is the most viable connection point to the Luzon grid;
16. To determine the most feasible option, it conducted a transmission installation workshop to assess the possible routes from the Power Plant to the substation, as well as the possible methods of installation. As a result, it determined that the current proposed connection is the most feasible option;
17. **Rate Impact.** The Power Plant is scheduled to commence full commercial operations in early 2015. It intends to supply power to the Wholesale Electricity Spot Market (WESM) and to distribution utilities (DUs) through bilateral supply contracts;
18. Hence, the financial aspects of the connection and the rate impact to the consumers can be determined only after the Plant is operational and such supply contracts have been executed;

19. **Estimated Project Cost.** The total cost of the connection assets is estimated at PhP357.73 Million. A detailed breakdown of the project cost of the connection assets is attached to the application as **Annex "G"**.
20. **Technical Capability.** It is fully equipped with the expertise to own, operate and maintain the connection facilities;
21. **Environmental Compliance Certificate.** The Department of Environment and Natural Resources (DENR) has issued Environmental Compliance Certificate (ECC) Ref. No. 1108-0011 for the SLPGC Power Plant;
22. **DOE Certification.** On December 19, 2013, the DOE issued Certificate of Endorsement No. 2013-11-001, certifying that its Power Plant is consistent with the Power Development Plan (DDP) of the government;
23. **Certificate of Compliance.** Since its Power Plant is still to be constructed, it is not yet covered by a Certificate of Compliance (COC). In accordance with the Commission's Resolution No. 9, Series of 2010, it shall file the necessary application for a COC no later than three (3) months before the commencement of commercial operations;

ALLEGATIONS IN SUPPORT OF THE MOTION FOR PROVISIONAL AUTHORITY

24. As discussed earlier, the demand for power in the Luzon grid is steadily increasing with an annual average growth rate of 4.13%;
25. Metro Manila and the greater part of Luzon have experienced power outages due to both scheduled and emergency power outages of existing power plants;
26. Hence, there is a need for additional power supply in the Luzon grid to ensure sufficient supply;

27. Its Power Plant will help address the need for additional supply. It is expected to be fully operational by 2015. Thus, the construction of connection assets should be completed at the soonest possible time. The connection to the grid is also necessary to enable it to draw feedback power during the construction of the Plant, and to supply power to the grid during testing and commissioning;
28. Thus, the issuance of a provisional approval will enable it to connect to the grid and complete its Power Plant in a timely manner;
29. It prays that the Commission: 1) immediately issue an Order provisionally approving the instant Application; and 2) after due hearing, render judgment making such provisional approval permanent.

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 **December 9, 2014 (Tuesday) 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.**

SLPGC 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. 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 hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of Batangas and the Mayors of the Municipalities of Balayan and Calaca,

Batangas for the appropriate posting thereof on their respective bulletin boards.

SLPGC 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, SLPGC 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 Governor and Mayors 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.

SLPGC 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 SLPGC 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.

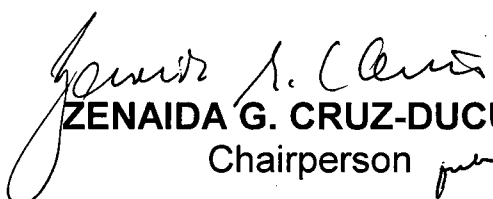
As part of the pre-trial conference, SLPGC must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for

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, November 10, 2014.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson *per*

Copy Furnished:

1. **ATTYS. SUNDY LORENCE C. LACHICA and DONNA AMETYST R. BERNARDO**
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2. **SOUTHWEST LUZON POWER GENERATION CORPORATION (SLPGC)**
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3. **THE OFFICE OF THE SOLICITOR GENERAL**
134 Amorsolo Street, Legaspi Village, Makati City
Metro Manila
4. **THE COMMISSION ON AUDIT**
Don Mariano Marcos Avenue
Diliman, Quezon City, Metro Manila
5. **THE SENATE COMMITTEE ON ENERGY**
Senate of the Philippines
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
6. **THE HOUSE COMMITTEE ON ENERGY**
House of Representatives
Batasan Hills, Quezon City, Metro Manila
7. **OFFICE OF THE PRESIDENT OF PCCI**
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, ECC Building, Sen. Gil Puyat Avenue
Makati City
8. **OFFICE OF THE PROVINCIAL GOVERNOR**
Province of Batangas
9. **OFFICE OF THE MUNICIPAL MAYOR**
Balayan, Batangas
10. **OFFICE OF THE MUNICIPAL MAYOR**
Calaca, Batangas
11. **THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP)**
NGCP Building, Quezon Avenue corner BIR Road
Diliman, Quezon City
12. **MANILA ELECTRIC COMPANY (MERALCO)**
MERALCO Compound, Ortigas Avenue, Pasig City