

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City



**IN THE MATTER OF THE
APPLICATION FOR
AUTHORITY TO RETIRE THE
QUEZON CITY SUBSTATION
LOCATED AT SCOUT
SANTIAGO COR. SCOUT
RALLOS, LAGING HANDA,
QUEZON CITY AND TO
WITHDRAW FROM SERVICE
CERTAIN EQUIPMENT AND
MACHINERY INSTALLED IN
SAID SUBSTATION, WITH
PRAYER FOR PROVISIONAL
AUTHORITY**

ERC CASE NO. 2021-079 RC

**MANILA ELECTRIC
COMPANY (MERALCO),**
Applicant.

Promulgated:
November 05, 2021

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 30 September 2021, Manila Electric Company (MERALCO) filed an *Application* dated 01 September 2021, seeking the Commission's approval to retire the Quezon City substation located at Scout Santiago cor. Scout Rallos, Laging Handa, Quezon City and to withdraw from service certain equipment and machinery installed in said substation, with prayer for provisional authority.

The pertinent provisions of the said *Application* are hereunder quoted as follows:

1. Applicant is a private corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City. It may be served with notices

and other processes of this Honorable Commission through its undersigned counsel at the address indicated herein.

2. Applicant has a legislative franchise to construct, operate and maintain an electric power distribution system for the conveyance of electric power to the end-users in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209.
3. Applicant is filing the instant application to seek authority to retire the Quezon City Substation and withdraw certain equipment and machineries in said substation.
4. The instant Application is filed pursuant to the Section 1.7.1 of the Distribution Services and Open Access Rules (DSOAR), as amended.¹

BACKGROUND

5. The Quezon City Substation is located at Scout Santiago cor. Scout Rallos, Laging Handa, Quezon City. The substation has two (2) 12.5 MVA, 34.5 kV -6.24 kV power transformer banks. The substation is installed on a lot owned by MERALCO.
6. The Quezon City Substation is one of the oldest MERALCO odd voltage substations (with voltage other than 34.5 kV or 6.24 kV) and has been in service for more than sixty-one (61) years.
7. Applicant has programmed the gradual conversion of odd-voltage systems (distribution system with voltages other than 34.5 kV) to the ultimate standardized 20 kV/34.5 kV (line-to-neutral/line to line) distribution voltage system within its franchise area. The voltage standardization will reduce technical system loss, improve flexibility and reliability of electric service by phasing out isolated odd voltage systems and minimize equipment inventory types. Applicant continuously implements the Odd-Voltage Conversion Program with the aim of having standard voltage systems for its entire franchise area.

¹ The second paragraph of Section 1.7.1 of the amended DSOAR provides:

“1.7.1 AUTHORIZED EQUIPMENT

x x x

The DU may increase, substitute or withdraw from service its authorized equipment and machinery in accordance with the Rules for Approval of Regulated Entities' Capital Expenditure Projects, RDWR and other ERC Rules. If such undertaking is not covered by the RDWR or other rules, authorization shall be secured from the ERC in accordance with pertinent provision of the Rules for Approval of Regulated Entities' Capital Expenditure Projects.”

8. Hence, Applicant seeks authority from the Honorable Commission to retire the Quezon City Substation and withdraw from service certain equipment and machinery installed therein in line with the said program.
9. At present, the power transformers at the Quezon City Substation have been de-energized (retired in-place) and the 6.24 kV loads have been transferred to the 34.5 kV circuits Kamuning 422VP, 425VP and 426VP, and Sta. Mesa 55F and 58F. The transfer of said loads have eliminated the redundant 34.5 kV-6.24 kV step-down stage. However, the 34.5 kV busses and some related equipment of the said substation are still energized and, thus, entails regular maintenance.
10. It must be stressed that the retirement will have no impact to MERALCO customers.
11. The overall technical system loss will be reduced by an approximate 36,296 KWHR annually with the recent de-energization of the Quezon City substation's power transformer banks and the complete conversion of its 6.24 kV circuits to 34.5 kV.
12. Currently, the various equipment in the Quezon City Substation form part of Applicant's Regulatory Asset Base (RAB). Upon its retirement, some of the equipment and machinery will be reused for distribution services, while others will be withdrawn from service. The total amount of equipment and machinery that will be withdrawn from service is Ten Million Three Hundred Thirteen Thousand Seven Hundred Ninety-five and Twenty-six Centavos, (PhP 10,313,795.26)
13. In further support of the Application, attached hereto are the following documents:
 - a. Annex "A" – Schematic Diagrams showing the exact location of the Quezon City Substation and pictures thereof;
 - b. Annex "B" – Detailed List of Equipment and Machinery to be re-used and/or retired in the Quezon City Substation, with corresponding specifications and values; and
 - c. Annex "C" – Load Flow Simulations/studies conducted on the effect of withdrawal from service of said equipment and machinery.

**Allegations in Support of the Prayer for Provisional Authority
and/or Interim Relief**

14. The issuance of Provisional Authority and/or Interim Relief is warranted under the circumstances considering that there is no reason to continue energizing the Quezon City Substation as the loads thereof have been transferred to adjacent source circuits. More importantly, the converted loads of the Quezon

City Substation to 34.5 kV will result in the reduction of technical system loss and improvement of the electric service by phasing out isolated odd-voltage system. In the same manner, continuing the operation of the 34.5 kV busses and its related equipment, and entailing additional cost to operate and maintain this equipment is already unwarranted. Thus, the issuance of provisional authority and/or interim relief is urgently requested.

15. In further support of the Application and prayer for issuance of provisional authority and/or interim relief, attached as Annex "D" is the Judicial Affidavit of Engr. Roberto D. Isip Jr., Assistant Vice President and Manager of Applicant's Network Asset Planning Office.

PRAYER

WHEREFORE, it is respectfully prayed to this Honorable Commission that: (1) the Application for Retirement of the Quezon City Substation and withdrawal from service of equipment and machinery installed in said substation be APPROVED; and (2) Applicant be ALLOWED to re-use equipment in said substation that will not be retired.

Pending the hearing on the merits of the case, it is likewise prayed that a Provisional Authority and/or Interim Relief be issued in favor of the Applicant.

Other relief just and equitable under the premises are likewise prayed for.

On 18 October 2021, the Commission issued an Order and *Notice of Virtual Hearing*, both dated 06 October 2021, setting the instant *Application* for hearing on the following dates: (a) 16 November 2021 for determination of compliance with jurisdictional requirements and Expository Presentation; and (b) 23 November 2021 for Pre-trial Conference and presentation of evidence.

However, on 20 October 2021, MERALCO filed a *Motion for the Issuance of a New Initial Order and Notice of Virtual Hearing*. In the said *Motion*, MERALCO alleged that it would not be feasible for it to comply with the Commission's jurisdictional requirements as directed in the *Order* dated 06 October 2021, due to insufficient time to secure the required *Certifications* from all the Local Government Units (LGUs) both from the executive and legislative branches and logistical constraints in movement brought about by the various degrees of quarantine restrictions. Thus, MERALCO prayed that the hearings be reset on 06 January 2022 and 13 January 2022 to give it sufficient time to comply with the Commission's jurisdictional requirements.

Finding the said *Motion* in order, the Commission granted the same. In view thereof, the virtual hearings scheduled on 16 November 2021 and 23 November 2021 pursuant to the *Order* dated 06 October 2021 are cancelled.

ACCORDINGLY, the Commission sets anew the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020² dated 24 September 2020 and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure)³:

Date	Platform	Activity
06 January 2022 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation
13 January 2022 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams Application	Pre-trial Conference and Presentation of Evidence

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via electronic mail (e-mail) at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

² A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

³ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

- 1) The petitioner's name, mailing address, and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, thru legal.virtualhearings@erc.ph, with their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

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WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 29th day of October 2021 in Pasig City.



AGNES VST DEVANADERA
Chairperson and CEO

KJP LSP 3
LS: KJP/LSP/MCCG

