

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE
GENERATION RATE
RECOVERY FOR THE
BOHOL I ELECTRIC
COOPERATIVE, INC.'s 5-
MW JANOPOL MINI-
HYDRO ELECTRIC POWER
PLANT**

ERC CASE NO. 2021-073 RC

**BOHOL I ELECTRIC
COOPERATIVE, INC.
(BOHECO I)**

Promulgated:
October 07, 2021

Applicant.

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 20 September 2021, Bohol I Electric Cooperative, Inc. (BOHECO I) filed an *Application* dated 25 August 2021, seeking the Commission's approval of the generation rate recovery for their 5-MW Janopol Mini-Hydro Electric Power Plant.

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

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. Cabulijan, Tubigon, Bohol, represented herein by its General Manager, Engr. Dino Nicolas T. Roxas, duly authorized by virtue of Board Resolution No. 80A-2021 dated July 10, 2021, of the Board of Directors is hereto attached and marked as Annex "A" and made an integral part hereof; The filing of the instant application is likewise authorized under the aforesaid Board Resolution;
2. It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC), to operate an electric light

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and power distribution service in the municipalities of Alburquerque, Antequera, Baclayon, Balilihan, Batuan, Bilar, Calape, Carmen, Catigbian, Clarin, Corella, Cortes, Daus, Dimiao, Inabanga, Lila, Loay, Loboc, Loon, Maribojoc, Panglao, Sagbayan, San Isidro, Sevilla, Sikatuna and Tubigon, Province of Bohol;

3. By and pursuant to Section 25 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (“EPIRA”), and by supplementary application of Rule 20 (B) of the ERC Rules of Practice and Procedure, and of Article VI, Sections 1 and 2 of the ERC Guidelines for the Recovery of Costs for the Generation Component of the Distribution Utilities’ (DUs) Rates, and other pertinent laws, Applicant BOHECO I, in its capacity as the owner and operator of the 5.0-MW Janopol Mini-Hydroelectric Power Plant (“JMHEPP”), submits this Application for the approval of the proposed generation rate recovery for its 5.0-MW JMHEPP to this Honorable Commission for its due consideration.

THE APPLICATION AND ITS PURPOSE

4. Applicant BOHECO I has furnished the legislative bodies of the local government units where it principally operates with copies of the Application with all its annexes and accompanying documents. Copies of the proof of service to the Sangguniang Panlalawigan of Bohol and the Sangguniang Bayans of Tubigon and Balilihan, Bohol are attached as Annexes “B”, “C” and “D”, respectively;
5. Applicant has also published the Application sans annexes in its entirety in a newspaper of general circulation within its franchise area. Copies of the Affidavit of Publication and the Newspaper where the Application was published are hereto attached as Annexes “E” and “F”, respectively;

I. STATEMENT OF FACTS

6. In 2020, applicant BOHECO I sourced about ninety-six percent (96%) of its energy requirements from its power suppliers with an approved Power Supply Agreement (PSA) and WESM as shown in Table 1 below. A copy of Applicant BOHECO I’s Supply and Demand Scenario is attached herein as Annex “G” to form an integral part hereof;

Table 1: BOHECO I Power Supply Mix Details for CY2020

SUPPLIER	Energy Supplied (kWh)	% Share
Wholesale Electricity Spot Market	19,821,149.23	8.35%
2010-095RC (CEDC)	93,328,490.00	39.32%
Power Sector Assets and Liabilities Management	95,132,000.00	40.08%
Janopol Mini-Hydroelectric Power Plant (JMHEPP)	8,956,100.00	3.77%
2019-020RC (SMEC)	10,540,800.00	4.44%
ERC Approved NET-METERING Accounts	85,562.30	0.04%
Retail Electricity Suppliers	9,514,805.54	4.01%

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7. In the last five years, applicant BOHECO I's Janopol Mini-Hydro Electric Power Plant has an actual average plant capacity factor of 34.15% only as shown in Table 2 below;

Table 2: 5-Year Historical Generation of JMHEPP

DESCRIPTION	Historical Generation (kWh)					Actual Average
	2016	2017	2018	2019	2020 (Base Year)	
Generation Supplied to BOHECO I	13,384,420	15,254,800	7,549,400	4,729,200	8,956,100	9,974,784
Generation Sold to WESM	1,389,650	7,625,730	6,453,030	3,799,780	5,640,210	4,981,680
Total Generation	14,774,070	22,880,530	14,002,430	8,528,980	14,596,310	14,956,464
Plant Capacity Factor						34.15%

8. In BOHECO I's latest Power Supply Procurement Plan (PSPP) submitted to NEA and DOE, the generation of JMHEPP is primarily considered under Self-Generation as shown in Table 3 below;

Table 3: BOHECO I PSPP Summary

DESCRIPTION	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Forecasted Coincident Peak Demand (MW)	47.48	51.57	55.61	59.6	63.53	67.4	71.2	74.95	78.63	82.26
Contracted Capacity (MW)										
2010-095RC (CEDC)	14	14	14	14	14					
2016-061RC (GNPower)	12	12	12							
2019-020RC (SMEC)	1.2	1.2	1.2							
JMHEPP(Self-Generation)	5	5	5	5	5	5	5	5	5	5
Planned Capacity (MW)										
Base_1BP				26	28	44	46	48	50	50
Base_1.6MW	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6

9. Applicant BOHECO I's forecasted demand increases by an average rate of 6.3% per annum over the next ten years. With the generation of the JMHEPP, the capacity to be withdrawn by BOHECO I from its power suppliers including WESM will be 5-MW lower. Further, the JMHEPP further reduces the congestion of the Leyte-Bohol Interconnection since it is located in the province of Bohol;
10. Due to the foregoing impacts of JHEP to BOHECO I's overall power supply, Applicant BOHECO I urgently need to apply for Generation Rate Recovery for JMHEPP. Hence, on 10 July 2021, the Board of Directors of Applicant BOHECO I passed Board Resolution No. 80A-2021 approving the application for approval of the GRR for JMHEPP before the Energy Regulatory Commission. A copy of the subject Resolution is attached herein as Annex "A" to form an integral part hereof;
11. Incidentally, the electro-mechanical components of JMHEPP amounting to PhP 244,675,149.00 (as per Notes No. 15 of BOHECO I AFS for year 2019) is 100% donated by the

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Government of Norway and the cost of the civil structures loaned from the National Electrification Administration which was condoned and assumed by PSALM Corporation the Cooperative's Php85.3 million hydro and development loans and accrued interest (par. 8 of Notes No. 23 of BOHECO I AFS for year 2019);

12. Copies of pertinent documents evidencing BOHECO I's due registration and permit to operate the 5-MW JMHEPP are appended herein as follows:

DOCUMENT	ANNEX
BOHECO I's Articles of Incorporation	H-1
BOHECO I Company Profile with BODs	H-2
Environmental Compliance Certificate for the 5-MW JMHEPP	I
Certificate of Compliance	J-1
JMHEPP Latest PAO (June 02, 2021)	J-2
Certificate of Endorsement from DOE	J-3
Certificate of Registration from National Electrification Commission	K

13. On 15 June 1992, Applicant BOHECO I commenced the operation of the 5-MW JMHEPP and supplied energy to its member consumers through a connection to the NGCP's 69-kV transmission system in Sitio Cantomimbo, Brgy. Sagasa, Balilihan, Bohol. A copy of the Single Line Diagram of BOHECO I's Distribution System is herein attached as Annex Y to form an integral part hereof;

II. COMPUTATION OF THE PROPOSED GENERATION RATE

14. On 10 July 2021, applicant BOHECO I's Board of Directors passed Board Resolution No. 80-2021, approving an effective leveled generation rate of Php 3.9049/kWh for the electricity produced from the 5-MW JMHEPP.
15. As mandated by Section 25 of the EPIRA "the retail rates charged by distribution utilities for the supply of electricity in their captive market shall be subject to regulation by the ERC based on the principle of full recovery of prudent and reasonable economics costs incurred, or such other principles that will promote efficiency as may be determined by the ERC;"
16. Accordingly, Applicant BOHECO1 hereby submits for the due consideration and approval of this Honorable Commission herein proposed Php3.9049/kWh computed using the following cost components and determinants, to wit:

A. Energy Generation Output

17. In the last five (5) years, Applicant BOHECO I's 5-MW JMHEPP has an average energy generation output of about 14,956,464.00 kWh and a plant capacity factor of 34.15% in the last five years as presented under Table 2. A copy of JMHEPP Historical Generation and Plant Capacity Factor since its commissioning

date is attached herein as Annex “L” to form an integral part hereof;

B. Total Project Cost

18. The electro-mechanical components of JMHEPP amounting to PhP 244,675,149.00 (as per Notes No. 15 of BOHECO I AFS for year 2019) is 100% donated by the Government of Norway and the cost of the civil structures loaned from the National Electrification Administration which was condoned and assumed by PSALM Corporation the Cooperative’s Php85.3 million Mini hydro and development loans and accrued interest (par. 8 of Notes No. 23 of BOHECO I AFS for year 2019);

C. Total Operation and Maintenance Cost

19. In the last five (5) years, Applicant BOHECO I’s annual average operation and maintenance cost of its JMHEPP amounted to Thirty-eight Million Seventy-seven Thousand Three Hundred Sixty-two pesos and Thirty-two centavos (PhP38,077.362.32). A breakdown of Applicant BOHECO I’s 5-MW JMHEPP five-year historical total operation and maintenance cost [is] attached herein as Annex “M” to form an integral part hereof;

D. Operations and Maintenance (“O&M”) Fee

20. The O&M fee consists of the fixed and variable operating and maintenance expenses associated with the operation of the plant;

21. The five-year average Fixed O&M cost for the operation of the JMHEPP amounting to PhP10,848,804.08 accounts for expenses for office supplies, professional services, insurance and registration, taxes and depreciation, licenses, administrative expenses and generation tolerance due to climate change, among others. A copy of BOHECO I’s JMHEPP five-year historical Fixed Operation and Maintenance Expenses is attached herein as Annex “M” to form an integral part hereof;

22. On the other hand, the five-year average Variable O&M Cost for the operation of the JMHEPP amounting to PhP27,228,558.24, which covers the salaries and wages, transmission wheeling charges, and benefit to host communities (ER 1-94), among others. A copy of BOHECO I’s JMHEPP average five-year historical Variable Operation and Maintenance Expenses is attached herein as Annex “M” to form an integral part hereof;

E. Determination of the Generation Rate

23. Based on the foregoing, the resulting generation rate shall be PhP3.9049/kWh broken down as follows:

Table 4: Proposed Generation Rate Recovery of JMHEPP

Rate Component	Rate (PhP/kWh)
Capacity Fee	0.0000
Fixed O&M Fee	1.1125
Variable O&M Fee	2.7924
TOTAL RATE	3.9049

24. The power rate is fixed for the next twenty-five (25) years, wherein it is computed as the levelized rate over a 25-year period after considering a dispatch adjustment factor and the inflation-driven cost increase over the same period of time indexed to the Philippine CPI;

III. ADVANTAGES OF THE SUPPLY OF POWER FROM JMHEPP& IMPACT ON BOHECO I’s OVER-ALL RATES

25. The management of Applicant BOHECO I developed, constructed and operated the JMHEPP with an end view of optimizing its power supply mix and reduce its dependability from an outside-Bohol power supply;

26. The power supply from JMHEPP is not only a source of relatively cheaper power since the sale of electric power generated from renewable sources like the mini-hydro power plant is subject to a zero percent (0%) Value Added Tax (“VAT”) pursuant to the Section 4. 108-5 of the Revenue Regulation-16-2005 and the pertinent provisions of the Renewable Energy Act of 2008 and the Implementing Rules and Regulation of the RE Act of 2008. Furthermore, the supply of electric energy from the JMHEPP supports the government’s policy to encourage the development and utilization of renewable energy resources;

27. Relatively, the proposed generation charge of Php 3.9049/kWh is lower than the combined ERC-approved SAGR rate of Php4.2766/kWh, the lowest generation rate for the year 2020, covering the billing period from 26 April 2020 to 25 May 2020 billing;

28. Moreover, using an hourly cost analysis of the predicted generation price for the year 2022 with all ERC Approved PSAs including WESM, Applicant BOHECO I’s generation rate using the proposed rate of Php3.9049/kWh for the four percent (4%) energy supply from JMHEPP would result to a generation rate [of] Php4.9168/kWh as compared to the generation rate without JMHEPP of Php4.9185/kWh, which will result to a reduction of Php0.0017/kWh to Applicant BOHECO I’s member-consumer-owners’ generation. A copy of Applicant BOHECO I’s Rate Impact Analysis is attached herein as Annex “N-1” and Annex “N-2” to form an integral parts (*sic*) hereof;

IV. COMPLIANCE WITH PRE-FILING REQUIREMENTS

29. Applicant BOHECO I hereby manifests compliance with the pre-filing requirements mandated under Rule 3, Section 4(e) of the

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Implementing Rules and Regulations of the EPIRA and Rule 6 of the 2006 ERC Rules of Practice and Procedure, as stated above.

30. Moreover, in support of the instant Application for the approval of the generation rate for the 5-MW JMHEPP, Applicant BOHECO I attached the following documents to form integral parts hereof, to wit:

DOCUMENT	ANNEX
Cost Estimation, schedules, Tables together with the basis and sources of these figures.	O-1 O-2 O-3
General Plant Description	P
Summary of the Principal Features of the JMHEPP	Q-1
BOHECO I's Distribution Development Plan	S-1 S-2

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Commission that after hearing on the merits, a DECISION be rendered APPROVING the generation rate of PhP3.9049/kWh for the 5-MW Janopol Mini-Hydroelectric Power Plant of BOHECO I.

Other reliefs as may be just and equitable under the premises are, likewise, most respectfully prayed for.

The Commission hereby sets the instant *Application* for the 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 2020¹ dated 24 September 2020 and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure)²:

Date	Platform	Activity
04 November 2021 (Thursday) at two o'clock in the afternoon (2:00 PM)	Microsoft Teams	Determination of compliance with the jurisdictional requirements and expository presentation

¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

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Date	Platform	Activity
11 November 2021 (Thursday) at two o'clock in the afternoon (2:00 PM)	Microsoft Teams	Pre-trial Conference and presentation of evidence

Accordingly, BOHECO I is hereby directed to host the virtual hearing at **BOHECO I's principal office located at Brgy. Cabulijan, Tubigon, Bohol**, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. Moreover, BOHECO I shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled initial 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, any 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:

- 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 likewise 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

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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.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 24th day of September 2021 in Pasig City.



AGNES VST DEVANADERA
Chairperson and CEO


LS: VMA/ LSP/ MCCG

