

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
IMPLEMENTATION OF
CAPITAL EXPENDITURE
PROGRAM FOR CALENDAR
YEARS 2021-2025 (BATCH 2),
WITH PRAYER FOR THE
ISSUANCE OF PROVISIONAL
AUTHORITY**

ERC CASE NO. 2021-031 RC

**NATIONAL GRID
CORPORATION OF THE
PHILIPPINES (NGCP),**
Applicant.

Promulgated:
June 11, 2021

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 27 April 2021, National Grid Corporation of the Philippines (NGCP) filed an *Application* dated 25 March 2021, seeking the Commission's approval of the implementation of its capital expenditure (CAPEX) program for calendar years 2021-2025 (batch 2), with prayer for the issuance of provisional authority.

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

The Applicant

1. NGCP is a corporation created and existing under the laws of the Philippines, with principal office address at NGCP Building, Quezon Avenue corner B.I.R. Road, Diliman, Quezon City. It is the concessionaire, which was granted the rights and obligation to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair, refurbish, and replace the Transmission Assets pursuant to

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R.A. No. 9136, otherwise known as the “*Electric Power Industry Reform Act of 2001*” (EPIRA).

2. Pursuant to R.A. No. 9511¹, NGCP was granted the franchise to operate, manage and maintain, and in connection therewith, to engage in the business of conveying or transmitting electricity through a high-voltage backbone system of interconnected transmission lines, substations and related facilities, system operations, and other activities that are necessary to support the safe and reliable operation of the transmission system² and is authorized to charge its customers at the rates approved by the Honorable Commission.
3. This Application is filed pursuant to paragraph d, Section 9 of the EPIRA, which directs the transmission operator to seek prior approval from the Honorable Commission of any plan for expansion or improvement of its facilities in the pursuit of its mandate to construct, install, finance, improve, expand, rehabilitate and repair the nationwide transmission system and the grid.
4. Notwithstanding the absence of the Final Determination for the 4th and 5th Regulatory Periods, NGCP is mandated to ensure and maintain the quality, reliability, adequacy, security, stability and integrity of the nationwide grid. To perform these tasks, NGCP seeks authority from this Honorable Commission for the immediate implementation of the following capital expenditure projects:

PROJECT NAME	BRIEF JUSTIFICATION
Tower Resiliency of Bicol Transmission Facilities	<p>The project aims to replace all existing steel tower structures of Naga-Tiwi-Daraga and Daraga-Tublizon Transmission Lines with 180 kilometer-per-hour windspeed design to further withstand strong typhoons.</p> <p>The total project cost is PhP10,016.410Mn and will be implemented for a period of 60 months.</p>
Tacurong-Kalamansig 69kV Line	<p>The project aims to provide a reliable connection to the grid for the four municipalities of Sultan Kudarat, namely: Bagumbayan, Senator Ninoy Aquino, Lebak, and Kalamansig, under the franchise area of the Sultan Kudarat Electric Cooperative, Inc. (SUKELCO).</p>

¹ An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-bone System or Interconnected Transmission Lines, Substations and Related Facilities, and For Other Purposes.

² Id, Section 1.

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	The total project cost is PhP1,939.091Mn and will be implemented for a period of 36 months.
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The *Project Application Documents* of the projects are attached as **Annexes “A”** and **“B”**, respectively.

Retrofitting and Fit-out of Office	<p>The project involves the retrofitting and fit-out works of the NGCP Main Building, System Operations Building and NCC to conform to the latest National Structural Standards, and to make the facilities safe and fit for occupancy. Also, this involves the lease of offices for the personnel who will be affected and the acquisition of pre-fabricated vans to house critical equipment with associated fit-out works of the leased offices.</p> <p>The total project cost is PhP2,846.484Mn and will be implemented in CY 2021 until 2025.</p>
Purchase of Furniture, equipment and tents	<p>The project aims to replace the existing tools/ furniture/ equipment for having been used for a certain period of time which caused its natural deterioration. The purchase of the tents is intended for various NGCP programs such as the annual dental and medical mission and trainings (Lineman’s and ERS). Also, these will be used as temporary shelters in the event of disasters and/ or calamities.</p> <p>The total project cost is PhP40.515Mn and will be implemented in CY 2021 until 2025.</p>
Re-fleeting of Vehicles	<p>This project aims to ensure the safety of all employees, including the drivers, through the replacement of old and unserviceable NGCP vehicles. The vehicles will be used for the conduct of operations and maintenance, and other official business functions of the company.</p> <p>The total project cost is PhP182.660Mn and will be implemented in CY 2021 until 2025.</p>
Substation Infrastructure Fire Protection Program	<p>The project aims to install new or replace fire protection system in substation facilities such as control buildings, relay and BCU facilities.</p>

	<p>These substation facilities house important devices and equipment that need protection to ensure reliable operation of the grid.</p> <p>The total project cost is PhP137.890Mn and will be implemented in CY 2021 until 2025.</p>
Acquisition and Rehabilitation of Fire Fighting Equipment	<p>The project aims to ensure the reliability and effectiveness of firefighting equipment and various components installed at NGCP facilities. The equipment serves as first line of defense in the event of a fire outbreak and any untoward incident that may cause damage to NGCP assets and properties and hazard to manpower.</p> <p>The total project cost is PhP89.489Mn and will be implemented in CY 2021 until 2025.</p>
Substation Air Condition Unit Replacement Program	<p>The project aims to maintain an effective operating condition of all its substation devices and equipment through regulating the thermal condition of substation controls rooms, relay rooms, bay control unit rooms and auxiliary rooms being essential in maintaining the normal operation of the devices and prolong their lifespan.</p> <p>The total project cost is PhP155.548Mn and will be implemented in CY 2021 until 2025.</p>
Acquisition of Air conditioning units	<p>The project aims to replace the existing unserviceable air-conditioning units installed at NGCP Facilities, due to frequency of usage and natural deterioration. Also, the project aims to provide the proper temperature for the critical equipment and comfortable work area for the employees.</p> <p>The total project cost is PhP95.360Mn and will be implemented in CY 2021 until 2025.</p>
Construction and Rehabilitation of Guesthouses and Quarters	<p>The project involves the construction and rehabilitation of guesthouses/quarters in various regions/districts including supply of furniture, fixture and miscellaneous equipment to accommodate the lodging needs of travelling employees</p>

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	<p>performing essential works and services.</p> <p>The total project cost is PhP69.612Mn and will be implemented in CY 2021 until 2025.</p>
Construction of Warehouses	<p>The project involves the construction of warehouses in San Jose, Beckel, Compostela, Magdugo, Amlan and Bacolod Substations for storing and securing materials, supplies and equipment.</p> <p>The total project cost is PhP65.876Mn and will be implemented in CY 2021 until 2025.</p>
Construction of Laydown Areas	<p>The project aims the construction of concrete laydown areas needed for the steel poles, spares NGCP projects, transmission line materials that are on the grounds, including serviceable materials and equipment that are currently stored outside full warehouses.</p> <p>The total project cost is PhP128.268Mn and will be implemented in CY 2021 until 2025.</p>
Construction of Document Centers	<p>The project involves the construction of new Document Centers (DC) in NGCP North Luzon District 6 Office in Mexico, Pampanga and in NGCP Visayas Regional Office in Cebu City to address the limited record storage capacities in the two areas; and address the proper handling and management for the preservation and protection of NGCP's valuable corporate records.</p> <p>The total project cost is PhP57.186Mn and will be implemented in CY 2021 until 2025.</p>
Rehabilitation of District 2 Administrative Office Building at La Trinidad Substation	<p>The project refers to the renovation of District 2 Administrative Office Building to address the prevailing issue on water leaks which is prevalent over the years that contributed mainly to the building's deterioration.</p> <p>The total project cost is PhP8.089Mn and will be implemented in CY 2021 until 2025.</p>
Facilities Construction (multi-purpose hall, mess	<p>The project involves the construction of various type of facilities such as</p>

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hall, motor pool, offices and parking areas)	<p>multi-purpose hall, mess hall, motor pool, offices and parking areas.</p> <p>The total project cost is PhP60.093Mn and will be implemented in CY 2021 until 2025.</p>
Installation of Roll-Up Shutters in Glass Doors and Windows	<p>The project aims to provide light control, privacy, security, and protection to facilities. Metal shutters for glass doors and windows are protection from strong winds and heavy rains especially during typhoons. The shutters can also reduce the level of noise entering the facility.</p> <p>The total project cost is PhP44.814Mn and will be implemented in CY 2021 until 2025.</p>
Rehabilitation of Security Guardhouses	<p>The project involves the repair/refurbishment of existing security guardhouses to be used as security offices, house CCTV and ESADS (Electronic Security Access Doors System), monitoring room and security files center, among others. Also, they will be the initial point of contact upon entry to NGCP's facility.</p> <p>The total project cost is PhP18.451Mn and will be implemented in CY 2021 until 2025.</p>
Rehabilitation and Construction of Perimeter Wall, Access Roads and Walkways	<p>The project aims to rehabilitate and construct perimeter walls, access roads and walkways for the security and protection of facilities by providing reliable and quality enclosures within the perimeter.</p> <p>The total project cost is PhP9.269Mn and will be implemented in CY 2021 until 2025.</p>

The *Project Application Documents* of these projects are attached as **Annex "C"**.

Enterprise Architecture	<p>The project intends to establish a stronger NGCP by streamlining and automating where possible, the core functions and activities of the organization in order to optimize the available resources while minimizing unnecessary costs and efforts and improving the internal business processes.</p>
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	<p>The total project cost is PhP54.00Mn and will be implemented in CY 2021 until 2025.</p>
Improve and Streamline IT Service Delivery	<p>The project aims to enhance productivity, provide quality and higher output of employees brought about by upgraded technology. It is of prime need in carrying the tasks in the transmission operation and maintenance of the corporate systems. ITD carries out a yearly acquisition plan corporate-wide to replace computing devices which have reached five (5) years of useful service life.</p> <p>The total project cost is PhP165.05Mn and will be implemented in CY 2021 until 2025.</p>
IT Cyber Security Compliance Program	<p>The project is about the implementation of a robust, effective and resilient cybersecurity program aimed at ensuring the security of the NGCP information assets critical to the business operations of the power transmission grid. Also, it includes the necessary updating/upgrading of established security infrastructure as part of its sustenance program.</p> <p>The total project cost is PhP288.15Mn and will be implemented in CY 2021 until 2025.</p>
IT Data Center Rehabilitation and Upgrading Program	<p>The project is in support of NGCP's core business pertaining to the operations of the power transmission grid and also form part of the compliance to the requirements of the Philippine Cybersecurity Plan through the Department of Information and Communications memorandum circular 005 i.e. Business Continuity/Disaster Recovery programs (BCP/DRP).</p> <p>The total project cost is PhP731.87Mn and will be implemented in CY 2021 until 2025.</p>

The *Project Application Documents* of these projects are attached as **Annex "D"**.

Purchase of Materials Handling Equipment (MHE) and Bar/QR Code	<p>The project aims to purchase of Materials Handling Equipment and Bar Code Printers to improve efficiency and safety of Warehouse Operations.</p>
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Label Printers for Warehouse Operations	The total project cost is PhP59.60Mn and will be implemented in CY 2021 until 2025.
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The *Project Application Documents* of these projects are attached as **Annex “E”**.

Construction of Security Guardhouse	<p>The project involves construction/ repair/ refurbishment of an existing security guard house to serve as the security office, monitoring room, security files center, among others and at the same time house CCTV and ESADS.</p> <p>The total project cost is PhP14.932Mn and will be implemented in CY 2021 until 2025.</p>
Construction of Security Office	<p>The project involves construction/ repair/ refurbishment of an existing security office to house the CCTV and ESADS, and also serve as the monitoring room, security files center, investigation room and visitors’ receiving room.</p> <p>The total project cost is PhP5.915Mn and will be implemented in CY 2021 until 2025.</p>
Installation of CCTV System	<p>The project involves the augmentation of the present security set-up and to enhance the security monitoring capability particularly the entry and exit of personnel, materials and equipment inside the premises, particularly in restricted and exclusion areas, integrated analytics equipped video surveillance system or CCTV system is proposed.</p> <p>The total project cost is PhP282.307Mn and will be implemented in CY 2021 until 2025.</p>
Installation of Electric Top Guard	<p>The project aims to install electric top guard with detection capabilities and burglar alarm on all the perimeter fences of highly critical substations and facilities.</p> <p>The total project cost is PhP108.854Mn and will be implemented in CY 2021 until 2025.</p>
Installation of ESADs	The purpose of the project is to limit the access of unauthorized personnel and to enhance the security monitoring

	<p>capability to the critical or vital areas particularly in restricted and exclusion areas.</p> <p>The total project cost is PhP116.050Mn and will be implemented in CY 2021 until 2025.</p>
Installation of Walkthrough Metal Detector	<p>The purpose of the project is to detect the presence of metallic deadly weapons such as firearms and knives even when they are hidden within body cavities - to ensure security with the facilities from harm, sabotage, and other lawless acts.</p> <p>The total project cost is PhP5.243Mn and will be implemented in CY 2021 until 2025.</p>
Replacement of Damaged Concrete Perimeter Fence	<p>The project involves the construction/ replacement of damaged concrete perimeter fences to completely prevent unauthorized access of potential intruders.</p> <p>The total project cost is PhP31.260Mn and will be implemented in CY 2021 until 2025.</p>

The *Project Application Documents* of these projects are attached as **Annex “F”**.

Justifications for the Issuance of Provisional Approval

5. To reiterate, NGCP is required under paragraph d, Section 9 of the EPIRA to seek prior approval from the Honorable Commission of any plan for expansion or improvement of its facilities in relation to its authority and responsibility to construct, install, finance, improve, expand, rehabilitate and repair the nationwide transmission system and the grid.
6. Along with its responsibility for the planning, construction and centralized operation and maintenance of its high voltage transmission facilities, it is indispensable for NGCP to ensure a reliable and high-performance operation of the transmission system. Thus, to avoid disruption of operation and ensure continuous compliance with NGCP’s mandate under the EPIRA as the transmission operator, it is imperative that the implementation of the proposed CAPEX projects be immediately approved.
7. Thus, to avoid disruption of operation and non-compliance with its mandate under the EPIRA as the transmission operator, it is imperative that the implementation of the proposed CAPEX projects be immediately approved.

8. In support of this application, NGCP submits the Judicial Affidavits of *Engr. Eufemio C. Buluran, Jr.*, *Engr. Fernando S. Javier*, *Atty. Marie Paulyn F. Aviles*, *Ms. Rosicar E. Escobar*, *Ms. Cecilia P. Domingo*, and *Capt. Anselmo Alexander L. Fabie*, attached as **Annexes “G”** to **“L”**, respectively.

PRAYER

WHEREFORE, NGCP most respectfully prays this Honorable Commission to:

1. Immediately **ISSUE** an Order provisionally authorizing the implementation of the proposed CAPEX projects; and
2. **APPROVE**, after notice and hearing, the proposed CAPEX projects.

NGCP prays for other equitable relief.

On 18 May 2021, the Commission issued an *Order* and a *Notice of Virtual Hearing*, both dated 06 May 2021, setting the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentations, pre-trial conference and presentation of evidence on 02, 09, 16, 23 and 30 July 2021.

However, on 20 May 2021, NGCP sent through electronic mail an *Urgent Motion for Clarification* dated 19 May 2021, seeking for clarification if the 02 July 2021 scheduled hearing will push through considering that the City of Pasig annually celebrates the “*Araw ng Pasig*” every 2nd day of July and in recognition of such founding anniversary, it is always declared a special non-working holiday in the entire City of Pasig. Thus, if the 02 July 2021 hearing will not continue as scheduled, NGCP prayed for the immediate issuance of a new Order and Notice of Virtual Hearing stating the new hearing dates for the instant case.

IN VIEW OF THE FOREGOING, the Commission has set anew the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentations, 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 2020,³ dated 24 September 2020:

³ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

Date	Platform	Activity
09 July 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation for the Luzon Stakeholders
16 July 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Expository Presentation for the Visayas Stakeholders
23 July 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Expository Presentation for the Mindanao Stakeholders
30 July 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Pre-trial Conference and Presentation of Evidence
06 August 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Presentation of Evidence

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, 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:

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- 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.

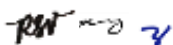
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Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, thru legal.virtualhearings@erc.ph, with their respective e-mail addresses and indicating therein the case number of the instant *Application*. 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 26th day of May 2021 in Pasig City.


AGNES VST DEVANADERA
Chairperson and CEO


LS: RSPV/ARG/MCCG

