

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



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF EMERGENCY
CAPITAL PROJECT,
INSTALLATION OF NEW 10-
MVA, 69/13.2 KV SUBSTATION
AT BRGY. SALMAN,
AMPATUAN, MAGUINDANAO
FOR THE YEAR 2016 WITH
PRAYER FOR PROVISIONAL
AUTHORITY**

ERC CASE NO. 2016-173 RC

**MAGUINDANAO ELECTRIC
COOPERATIVE, INC.
(MAGELCO),**

Applicant.

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D O C K E T E D
Date: NOV 26 2016
By: [Signature]

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 22 September 2016, Maguindanao Electric Cooperative, Inc. (MAGELCO) filed an *Application* seeking the Commission's approval of its emergency capital expenditure project for 2016 involving the installation of a new 10-MVA, 69/13.2 kV substation at Barangay Salman in the Municipality of Ampatuan, Maguindanao, with prayer for the issuance of provisional authority.

In support of the said Application, MAGELCO alleged, among others, the following:

1. It is an electric cooperative duly organized under Philippine law, with principal office address in Brgy. Capiton, Datu Odin Sinsuat, Maguindanao where it may be served with summons and other legal processes;

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2. Applicant has been granted by the National Electrification Administration (NEA) an authority to operate and distribute electric light and power in the Municipalities of Ampatuan, Datu Abdullah Sangki, Shariff Aguak, Mamasapano, Datu Unsay, Datu Piang, Datu Saudi Ampatuan, Guidulungan, Talayan, Datu Anggal Midtimbang, Talitay, Datu Odin Sinsuat, Kabuntalan, Northern Kabuntalan, Upi, South Upi, Sultan sa Barongis, Rajah Buayan, Datu Blah Sinsuat, Sultan Kudarat, Sultan Mastura, Parang, Matanog, Barira, Buldon, all in the Province of Maguindanao;
3. This Application is filed due to load growth in its franchise area and there is a need to install a new 10-Mva, 69/13.2KV Substation at Brgy. Salman, Ampatuan, Maguindanao;
4. The load growth in the area caused overloading of the Salbu Substation with the following circumstances:
 - 4.a. For the years starting 2010 up to 2014, it implemented load curtailment in its franchise area due to generation deficiency in Mindanao Grid. In 2015, MAGELCO was under rehabilitation by the NEA. With negotiations made with the Power Sector Assets and Liabilities Management Corporation (PSALM), it has not implemented load curtailment in its franchise area starting January, 2015. The shoot up system demand was not foreseen because of the previously constrained load curtailment imposed in the previous years;
 - 4.b. The applicant conducted re-assessment of system performance, and based on load forecast, Salbu Substation is predicted to experience capacity problem starting 2016. Salbu Substation shall be 100.18% loaded, serving 4.94 MW peak demand requirement in 2016. Feeder 1- Maganoy Feeder of Salbu Substation shall also experience power quality issues starting 2016 given the load forecast of its existing customers particularly at the load end of feeder line which stretched 30 kilometers distance from the substation; and
 - 4.c. Due to additional bid loads to be connected to Salbu Substation in 2016, namely Delinanas and Amardi Banana Plantation, re-assessing the system performance of Salbu Substation by the end of 2016 through load flow simulation, will have a new maximum load forecast at substation end at 6.23 MW and shall have loading percentage of 132% with lowest voltage level of 0.76.
5. Based on its simulation, installation of 10-MVA substation at Salman, Ampatuan and transferring of Maganoy Feeder to the new substation is the only technically feasible solution, at least

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cost, to address not only capacity problem of existing Salbu Substation but also power quality issues at Maganoy Feeder;

6. The proposed emergency capital expenditure project is necessary with the following reasons:

- a. The proposed new substation shall relieve the existing Salbu Substation from capacity congestion;
- b. The project shall also correct the power quality issues of the Salbu Substation, specifically on its Feeder 1 – Maganoy Feeder by loading the said feeder to the propose new substation;
- c. The project shall also correct the power quality issues of the Capiton Substation, specifically on its Feeder 1- DOS Feeder by transferring portion of this feeder to Salbu Substation; and
- d. The project will relieve the existing Capiton Substation from projected capacity congestion in the year 2019 by transferring portion of the load of its Feeder 1 – DOS Feeder to Salbu Substation.

7. Without the said project, the following consequences are expected:

- a. Critical loading of existing Salbu 5MVA Substation, 69 kV / 13.2 kV Power Transformer at 132% by year 2016; and
- b. The existing Salbu 5MVA Substation, 69 kV / 13.2 kV Power Transformer will fail anytime due to old age and frequent transformer trouble, resulting in prolonged power outages and unserved load of about 6.23 MW due to lack of tying facilities from adjacent substation.

8. The Cost Estimate of the Proposed Emergency CAPEX Project is as follows:

MATERIALS AND WORK DESCRIPTION	QTY	UNIT PRICE	AMOUNT
69KV Revenue Metering/Protection			
Instrument Current Transformer, 100/200:5A	6	275,000.00	1,650,000.00
Instrument Potential Transformer, 350:1	6	295,000.00	1,770,000.00
Surge Arresters, Outdoor, Station Class, 60KV,	6	55,000.00	330,000.00
Disconnect Switch, 3-Pole, 1200A, 31.5kA	1	500,000.00	500,000.00
Power Circuit Breaker, SF6, Live Tank	1	1,600,000.00	1,600,000.00

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69KV/15KV Protection, Control and Metering Panel with protection relays and meters	1	1,800,000.00	1,800,000.00
Power Transformer, 10MVA	1	11,700,000.00	11,700,000.00
15KV Protection and Monitoring			
15KV Medium Voltage Switchgear	3	1,400,000.00	4,200,000.00
15KV Protection Relay	3	98,845.63	296,536.89
Voltage transformer, 70:1, CA 0.3, 30VA	3	72,000.00	216,000.00
Current transformer, 15KV	3	60,000.00	180,000.00
Surge arrester, 12KV, Class 3	12	27,000.00	324,000.00
Load break switch, 15KV, 3P with HRC Fuse, 5A, and surge arrester	1	600,000.00	600,000.00
Disconnect Switch, 1200A, Single Pole	9	15,000.00	135,000.00
Substation auxiliary supply			
Distribution Transformer, 10KVA	3	50,000.00	150,000.00
AC/DC Distribution Panel	1	150,000.00	150,000.00
Battery Bank	1		320,000.00
Battery Charger	1		350,000.00
Steel Structures and Civil Works			
A-Frame Receiving Structure, including:			800,000.00
69KV PCB Structures			
69KV PT Structures			
69KV CT Structures			
69KV Disconnect Switch Structures			
Equipment foundations and take-off pedestals			700,000.00
Construction of oil catch basin for power transformer			300,000.00
Site Development, grading, gravelling			350,000.00
Power House, control and switchgear room			750,000.00
Fencing			500,000.00
Electrical Works			
Incoming 69KV line and feeder take-off lines			700,000.00
Wires, hardwares and accessories			200,000.00
Control cables and conduit, XLPE power cables with indoor and outdoor terminating kits			693,000.00
Complete grounding mat system			700,000.00
Supervision, installation of electrical and metering equipment			800,000.00
Testing and Commissioning			250,000.00
TOTAL SUBSTATION INSTALLATION COST		PHP	33,014,536.89

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The simulated estimated rate impact of the said Project is as follows:

With Emergency CAPEX Project = Php 0.2911 /kWh
(Average)

Without Emergency CAPEX Project = Php 0.2037 /kWh
(Unbundled Rate)

Estimated Rate Impact = Php 0.0874 /kWh
(Average)

9. In support of the application, MAGELCO has attached to the Application the following:

Annex	Information Provided
A	Detailed Project Discussion
A-1	Load Flow Simulation for 2016-2020 Existing Loads of Salbu Substation; Load Flow Simulation for 2016-2020 Existing Loads of Capiton Substation
A-2	Load Flow Simulation for 2016 Existing Loads with Additional Big Loads of Salbu Substation
A-3	Load Flow Simulation for 2016-2010 Existing Loads with Additional Big Loads of the New Substation; Load Flow Simulation for 2016-2020 Loads of Salbu Substation without Feeder 1-Maganoy Feeder and with Talayan Feeder; Load Flow Simulation for 2016-2020 Loads of Capiton Substation without Talayan Line Portion.
A-4	Load Flow Simulation of Alternate Solution 4 – 2016 Existing Loads with Additional Big Loads of Salbu Substation for Uprating of Salbu Substation to 10-MVA Capacity and with Uprating of Feeder 1-Maganoy Feeder Conductor Size from 4/0 ACSR to 336.4 MCM ACSR.
B	Per Substation Load Forecasts, Forecasting Methodology and Summary Results
C	Capacity Planning, Economic Evaluation and Cost of Proposed Project and Alternate Projects, including Basis of Costing
D	Bidding Documents, Resolutions, and Award

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	of Contract for the Engineering, Procurement, and Construction of 10-MVA 69/13.2KV Substation
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10. In the exigency of the need, MAGELCO has conducted competitive bidding on 25 September 2015;
11. The proposed commissioning date of this Emergency CAPEX Project is on October 2016. Given the amount of time needed to complete the project and its critical importance to the operations of MAGELCO, a Provisional Authority is needed to allow it to immediately proceed with the project in order to meet the scheduled commissioning date;
12. The Project is a “turn-key” project payable in five (5) years through monthly amortization to the winning bidder;
13. MAGELCO prays of this Commission that, after due notice and hearing, it be allowed to:
 1. Provisionally approve its Emergency Capital Project;
 2. Granting it, if necessary, the authority to enter into borrowings with public or private agency;
 3. Allowing it to start constructing the project pending final approval of this Application; and
 4. After trial on the merits, an Order be issued for the final approval of MAGELCO’s Emergency Capital Project for the installation of 10 MVA 69/13 2KV Substation at Barangay Salman, Ampatuan, Maguindanao.

The Commission, having found the said Application to be sufficient in substance with the required fees having been paid, issued an *Order* and a *Notice of Public Hearing*, both dated 01 December 2016, setting the case for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on 06 January 2017 at the Energy Regulatory Commission-Mindanao Field Office (ERC-MFO), Mintrade Building, Monteverde Avenue corner Sales Street, Davao City.

On 15 December 2016, however, the Commission received a letter dated 12 December 2016 from MAGELCO requesting the Commission to reschedule the said hearing because of MAGELCO’s prior engagements with the National Electrification Administration (NEA) on 06 January 2017.

On 16 December 2016, the Commission issued an Order granting the said motion.

On 25 January 2017, the Commission issued anew an *Order* and a *Notice of Public Hearing* setting the instant Application for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on 11 April 2017 at the ERC-MFO, Davao City.

During the 11 April 2017 hearing, Applicant MAGELCO appeared and presented its proofs of compliance with the Commission's posting and publication of notice requirements. However, upon review of the documents submitted, the Commission noted that MAGELCO failed to comply with the said requirements set forth in the 25 January 2017 Order. Hence, the hearing was cancelled.

As such, the Commission issued another Order and a Notice of Public Hearing both dated 19 June 2018, setting the instant Application for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on 09 August 2018 at the ERC-MFO, Davao City.

During the 09 August 2018 hearing, Applicant MAGELCO failed to appear despite due notice.

On 27 September 2018, MAGELCO filed a *Motion to Schedule the Hearing*. In the said Motion, it alleged that the reasons for its failure to attend at the 09 August 2018 hearing were due to personal and official leave of its personnel assigned to this Application.

In view thereof, the Commission has set *anew* the instant Application for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **24 January 2019 (Thursday) at ten o'clock in the morning (10:00 A.M.) at MAGELCO's Main Office in Brgy. Capiton, Datu Odin Sinsuat, Maguindanao.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 ERC 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 and 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.

All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 ERC 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 and address of such person;
2. A concise statement of the Opposition or Comment; and
3. The grounds relied upon.

All such persons who wish to have a copy of the Application may request from Applicant that they be furnished with the same, prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the Application and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the Application and other pertinent records filed with the Commission during the standard office hours.

WITNESS, the Honorable Chairperson and CEO **AGNES VST DEVANADERA**, and the Honorable Commissioners **ALEXIS M. LUMBATAN** and **CATHERINE P. MACEDA**, Energy Regulatory Commission, this 9th day of November 2018 in Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal