

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



**IN THE MATTER OF THE  
PETITION FOR THE  
AVAILMENT OF THE  
ENVIRONMENTAL  
CHARGE/SHARE FROM  
THE UNIVERSAL CHARGE  
FOR THE REHABILITATION  
AND MANAGEMENT OF  
WATERSHED AREAS (PLAN  
14) WITH PRAYER FOR  
PROVISIONAL AUTHORITY**

**ERC CASE NO. 2017-021 RC**

**NATIONAL POWER  
CORPORATION (NPC),  
Petitioner.  
X-----X**

**BOOKETED**  
Date: JUL 30 2018  
By: M

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 15 March 2017, the National Power Corporation (NPC) filed a *Petition* dated 10 March 2017, seeking the availment of the Environmental Charge (EC)/Share from the Universal Charge (UC) for the proposed operations plan for Calendar Year 2017, referred to as "Plan 14", for the rehabilitation and management of watershed areas.

In the *Petition*, NPC alleged the following:

1. Petitioner NPC is a government owned-and-controlled corporation created and existing under and by virtue of Republic Act No. 6935, as amended (NPC Charter), with principal office address at NPC Office Building Complex, Quezon Avenue Corner BIR Road, Diliman, Quezon City, where it may be served with notices and other processes of the Honorable Commission;
2. Under the NPC Charter, particularly Section 3, paragraph (N) thereof, Petitioner is vested with the power to exercise complete jurisdiction and control over

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watersheds surrounding the reservoir of plants and/or projects it constructed;

3. To further strengthen its jurisdiction and control over watersheds, Executive Order (EO) No. 224 was issued on 16 July 1987, wherein Petitioner was granted complete jurisdiction, control and rehabilitation over the following watershed areas and reservations: (1) Upper Agno Watershed reservation as covered by Proclamation No. 548; (2) Angat Watershed as covered by Proclamation Nos. 505 and 599; (3) Caliraya-Lumot Watershed Reservation as covered by Proclamation No. 573; (4) Makiling-Banahaw Geothermal Reservations as covered by Proclamation No. 1111; (5) Buhi-Barit Watershed covered by Proclamation No. 573; (6) Tiwi Geothermal Reservation as covered by Presidential Proclamation No. 739;
4. Accordingly, Petitioner became responsible for the management, protection, development, and rehabilitation of the aforementioned watershed areas, including but not limited to the following: (1) Enforcement of forestry laws, rules and regulations governing the Integrated Management of Watershed Reservation under Ministry Order No. 83-01-13, Series of 1982; (2) Identification of areas which required immediate rehabilitation and development; (3) Preparation of plans and programs using the integrated multiple use concept of Watershed Management for the maximum utilization of Watershed resources; (4) Formulation and/or implementation of measures to prevent denudation of the forest cover and siltation of existing reservoirs; (5) Public education and information drive to create awareness among the populace of the importance of forest resources and watershed areas; (6) Promotion of the development and conservation of existing vegetative cover; (7) Formulation of plans and development programs for resettlement and relocation; (8) Coordination with other government agencies/instrumentalities, religious and civil groups in undertaking forest conservation measures in watershed areas; (9) afforestation, reforestation and physical rehabilitation measures in critically denuded watershed areas; (10) Development, maintenance and management of free farms within adequately vegetative watershed for the production of transmission line poles;
5. Petitioner's jurisdiction and control over watershed was again recognized and reiterated in Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (**EPIRA**) and its Implementing Rules and Regulations (**IRR**), particularly Section 6 (s), Rule 23 of the IRR, wherein Petitioner is mandated to continue to be responsible for watershed rehabilitation and management;

6. Under the EPIRA, Petitioner is entitled to the Environmental Charge (EC) equivalent to one-fourth of one centavo per kilowatt-hour sales (P0.0025/kWh), which forms part of the Universal Charge (UC), this environmental fund is intended solely for watershed rehabilitation and management is being managed by Petitioner under existing arrangements. In order to avail said EC, Petitioner is required to submit to the Honorable Commission a petition for the availment of the UC-EC in relation to the proposed watershed rehabilitation and management projects on or before March 15 every year. Hence, this petition;
7. In support of the instant Petition, Petitioner hereby submits the proposed operations plan for Calendar Year 2017 (hereinafter referred to as "**Plan 14**") for the availment of the UC-EC for the rehabilitation and management of the watersheds. *(Attached as Annex "A" is the **Executive Summary** of Plan 14 which forms an integral part hereof);*
8. Plan 14 was crafted in order to intensify and strengthen Petitioner's undertakings to address the issue on the uncontrolled deforestation especially in watershed areas. For the past 15 years (2002-2017), Petitioner has embarked on non-stop greening initiatives in its various watershed areas which have gained acceptance and cooperation by its stakeholders. In line with the Greening Program of the National Government, Petitioner's Watershed Management Department (**WMD**) and its Watershed Area Teams (**WAT**) are committed to reforest idle/open and denuded areas and promote the use of indigenous species (Rainforestation) in its greening projects. Alongside with the greening programs, WMD intends to raise planting stocks primarily to share and disperse to qualified beneficiaries to plant trees in their respective communities;
9. Plan 14 is composed of programs and projects specified in Section 1 of Article II of the Rules and Procedure Governing the Utilization and Disbursement of UC-EC (**Rules**) with the proposed modes of procurements in implementing the same. In particular, Plan 14 involves the following programs and projects: (1) Watershed Protection and Law Enforcement; (2) Watershed Rehabilitation; (3) Watershed Resource Development; (4) Infrastructure; (5) Administrative and Project Operations and/or Supervision; (6) Equipment Acquisition; (7) Sustainability and Third-Party Evaluation; (8) Biodiversity and Ecotourism; (9) Research Development. These programs and projects were recommended by the concerned WAT. And the same were reviewed and evaluation by the Head Office-WMD. *(Attached as Annexes "D" to "L" are the proposed plans of the WATs assigned in Angat, Buhi-*

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*Barit, Caliraya-Lumot, Lake-Lanao Agus River, Magat, Mak-Ban, Patabangan, Pulangi, San Roque, Tiwi, Upper Agno and the WMD-Head Office which forms an integral part hereof);*

10. Plan 14 covers six (6) watershed over which Petitioner has complete jurisdiction and control by virtue of EO 224, San Roque Watershed (Lower Agno) which is being managed by Petitioner for San Roque Multi-Purpose Project by virtue of PD 2320, Pantabangan and Magat Watersheds which Petitioner has an area sharing scheme with National Irrigation Administration, and Lake Lanao-Agus River and Pulangi Watershed Area which Petitioner has a memorandum of Agreement with the Department of Environment and Natural Resources.
11. Plan 14 still forms part of the original 5-year Comprehensive Watershed Management Plan (CWMP) which was submitted by Petitioner on 15 March 2002, and aims to continue the remaining projects and programs therein. The instant petition is premised on the said CWMP. Likewise, Plan 14 is crafted with reference to the previous proposed plans submitted for the approval of the Honorable Commission;
12. Aside from maintaining the objectives of the previous proposed plans submitted to the Honorable Commission, Plan 14 particularly seeks to attain the rehabilitation through vegetative measures of 3,059 hectares of sedimentation and soil erosion inside Petitioner's reforestation areas of at least 2,880 tons/year (Saplaco, S.R., 1981); increase biodiversity in terms of species richness and flora and fauna population thru conservation and ecotourism programs' Strengthening and sustaining of 11 Bantay Watershed Task Force Group created purposely for the protection and conservation of the watershed areas; sustaining tapping more than 730 volunteers to augment the existing watershed protection personnel; employment of more or less 1,000 individuals from the local community; and, provide income through livelihood projects and produce from the established plantations;
13. Plan 14 complies with the ERC Case Res. Nos. 18, Series of 2011, which requires Petitioner to conduct consultation with the Local Government Units (LGU) and LGAs where projects will be situated. Reference is made with those of the environmental projects of the LGUs and LGAs so that no duplication in the funding of projects will occur. Concerns of the stakeholders are brought to the attention of concerned WAT and this serves as the latter's guide in packaging of Plan 14. This also ensures the support of the LGUs and the local communities for the proposed project;

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14. In order to attain the objectives of Plan 14, Petitioner would need to avail and utilize the funds from the UC-EC amounting to a total of **FOUR HUNDRED THIRTY ONE MILLION ONE HUNDRED NINETY TWO THOUSAND EIGHT HUNDRED FOUR PESOS & 80/100 (PhP431,192,804.80)**, as shown in the Consolidated Financial Proposal (From the 11 Watershed Area Teams and WMD-based Head Office) attached as **Annex D**. This was computed based on existing rules and regulations prescribed for government projects;

17. In compliance with Section 2 (b), Article II of the Rules, Petitioner furnished a copy of the instant petition to the Sangguniang Panlungsod and Office of the City Mayor of Quezon City where Petitioner principally operates, and publish the same in a newspaper of general circulation. (Attached as **Annexes "M" and "N"** are proofs of service and publication of the Petition.)

WHEREFORE, premises considered, Petitioner prays that the instant petition be APPROVED by the Honorable Commission.

Petitioner prays for other just and equitable relief.

The Commission has set the *Petition* for hearing on the following dates and venues:

<b>Date and Time</b>	<b>Venue</b>	<b>Particulars</b>
<b>18 September 2018 (Tuesday) at ten o'clock in the morning (10:00 A.M.)</b>	ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Jurisdictional and Expository Presentation
<b>26 September 2018 (Wednesday) at two o'clock in the afternoon (2:00 P.M.)</b>	Gladiola Hall, Benguet State University, La Trinidad, Benguet	Expository Presentation
<b>02 October 2018 (Tuesday) at ten o'clock in the morning (10:00 A.M.)</b>	Ibalong Conference Room, 2F Legazpi City Hall Annex Building, Rizal Street, Legazpi City	Expository Presentation
<b>11 October 2018 (Thursday) at ten o'clock in the morning (10:00 A.M.)</b>	Central Mindanao University, Maramag, Bukidnon	Expository Presentation
<b>16 October 2018</b>	ERC Hearing Room,	Pre-Trial

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<b>(Tuesday) at ten o'clock in the morning (10:00 A.M.)</b>	15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Conference and Evidentiary Hearing
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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:

- 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 Petitioner 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.

*(This space is left intentionally blank.)*

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All such persons who wish to have a copy of the *Petition* 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 *Petition* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Petition* and other pertinent records filed with the Commission during the standard office hours.

Pasig City, 10 July 2018.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**AGNES VST DEVANADERA**  
*Chairperson and CEO* γ

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LS/JTB/LSP/APV



\*AVSTD-2018-7-510-0068\*