

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



IN THE MATTER OF THE
APPLICATION FOR AUTHORITY
TO DEVELOP, OWN, AND
OPERATE DEDICATED POINT-
TO-POINT LIMITED
TRANSMISSION FACILITIES TO
CONNECT TO THE
TRANSMISSION SYSTEM OF
THE NATIONAL GRID
CORPORATION OF THE
PHILIPPINES (NGCP), WITH
PRAYER FOR PROVISIONAL
AUTHORITY

ERC CASE NO. 2014-107 MC

PHILIPPINE SOLAR FARM-
LEYTE, INC. (PSFLI),

Applicant.

X-----X

DOCK # 111
Date: FEB 10 2015
By: [Signature]

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on January 13, 2015, Philippine Solar Farm-Leyte, Inc. (PSFLI) filed an "Amended Application" for authority to develop, own, and operate dedicated point-to-point limited transmission facilities to connect to the Transmission System of the National Grid Corporation of the Philippines (NGCP), with prayer for provisional authority.

In the said application, PSFLI alleged, among others, that:

1. It is a power generation company duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at U204 Buma Building, 9595 Kamagong Street, Barangay San Antonio, Makati City. It may be served orders and other legal process through its undersigned counsel;

2. It is a power generation company organized pursuant to the EPIRA¹ and other applicable laws. Its primary purpose is to engage in, conduct and carry on the business of exploration, development, utilization and commercialization of solar, wind, hydro and other renewable energy resources that are indigenous, renewable, environment-friendly and, to enter into all kinds of contracts for the exploration, development, utilization, commercialization of and other energy resources²;
3. In its 2013 Supply-Demand Outlook, the Department of Energy (DOE) recognized the growing demand for power in the Philippines. For the Visayas Grid, the DOE projects the energy demand to increase by 4.53 percent Average Annual Growth Rate (AAGR), from 1,568 MW in 2012 to 2,237 MW in 2020 and 3,431 MW in 2030. Thus, with “the current dependable capacity of 2,037 MW, the system will still need additional of 1,700 MW which is composed of 1,300 MW base-load and 400 MW peaking power plants to meet the future electricity demand”³;
4. To help address the need for additional capacity in the Visayas Grid, it will design, engineer, procure, construct, supply, start-up, test, commission, own, operate, and maintain an approximately 30 MW solar power plant (Project) to be located at Barangay Dolores, Ormoc City, Leyte Province. The Project is projected to be completed and energized in March, 2015;
5. It has already secured the endorsement of the affected Local Governments for the Project and the Transmission Line⁴. The Office of the Zoning Administrator of Ormoc City has also issued Certificates of Zoning Compliance for

¹ Republic Act No. 9136 (R.A. No. 9136) entitled “*Electric Power Industry Reform Act of 2001*” or the EPIRA.

² Copies of PSFLI's Certificate of Incorporation, Articles of Incorporation and By-Laws are attached hereto as **Annexes “A”, “A-1” and “A-2”** and made integral part hereof.

³ A copy of the Department of Energy's (DOE) 2013 Supply-Demand Outlook (please see Figure: Visayas Grid Supply-Demand Outlook, 2012-2030, p. 3) is attached hereto as **Annex “B”** and made an integral part hereof.

⁴ Copies of Resolution Nos. 2013-24 and 2014-43 issued by the Sangguniang Barangay of Barangay Dolores, Resolution No. 2013-021 issued by Sangguniang Barangay of Barangay Milagro, and Resolution Nos. 2013-086 and 2014-119 issued by Sangguniang Panlungsod of Ormoc City are attached as **Annexes “C” to “C-4”** respectively, and made integral parts hereof.

the Project and the Transmission Line⁵. It has likewise obtained Environmental Compliance Certificate (ECC) for the Project and a Certificate of Non-Coverage for the Transmission Line from the Department of Environment and Natural Resources⁶(DENR);

6. To test, commission and dispatch its generating facility, soon after completion, it proposes to connect the Project to the Transmission System of the NGCP through a dedicated point-to-point limited interconnection facility (the Transmission Line) to be developed by PSFLI⁷;

- 6.1 It intends to connect the Transmission Line to NGCP's 69 kV Ormoc Substation. The Transmission Line will be a 69 kV, Single Circuit transmission line consisting of 795 MCM ACSR or equivalent conductors equipped with Optical Fiber Ground Wire (OFGW)⁸. The Transmission Line will consist of approximately 1.028 kilometers;

- 6.2 The proposed interconnection of the Project to the Ormoc Substation is as follows:



Figure 1. Connection Route for the Power Plant

⁵ Copies of Certificates of Zoning Compliance under Decision Nos. OC-DZA-5205-2013 and OC-CZC-5205-2013 are attached as **Annexes "D"**.

⁶ Copies of Environmental Compliance Certificate and Certificate of Non-Coverage are attached as **Annexes "E"** and **"E-1"** and made integral parts hereof.

⁷ A copy of the description and scope of the project denominated as Project Description is attached as **Annex "F"** and made an integral part hereof.

⁸ A copy of the conceptual engineering design denominated as Transmission Line Design is attached as **Annex "G"** and made an integral part hereof.

7. The construction of the Transmission Line will take approximately ten (10) weeks from initial pre-construction works. Consistent with the projected date of energization of the Project, the Transmission Line is targeted to be completed by March 2015⁹. The estimated cost for the Transmission Line is Eight Million Five Hundred Thirty-Two Thousand Four Hundred Eighty and 58/100 Pesos (PhP8,532,480.58)¹⁰;
8. The connection of the Project through the Transmission Line to the Ormoc Substation is the most viable option among all the interconnection schemes it considered, recommended, and evaluated which will enable it to dispatch the Project's capacity when the need arises¹¹. A System Impact Study (SIS) on the proposed Transmission Line has been conducted and based on the results thereof, the said interconnection is technically feasible¹². The SIS has also been reviewed and approved by NGCP¹³. It is in the process of entering into discussions for a connection agreement with NGCP;
9. The Project has already been considered in NGCP's 2013 Consultation Draft Report of the Transmission Development Plan (TDP)¹⁴;
10. Section 9 (f) of Republic Act No. 9136 (R.A. No. 9136) or the "*Electric Power Industry Reform Act of 2001*" or the EPIRA provides:

⁹ A copy of the Project Schedule Gantt chart is attached as **Annex "H"** and made an integral part hereof.

¹⁰ A copy of the detailed cost estimates denominated as Transmission Line Cost is attached as **Annex "I"** and made an integral part hereof.

¹¹ The discussion of the options/alternatives considered in lieu of the proposed Transmission Line is found in the Project Description attached as **Annex "F"** and the Cost Benefit-Analysis attached as Annex "F-1" and made integral parts hereof.

¹² A copy of the System Impact Study is attached as **Annex "J"** and made integral parts hereof.

¹³ A copy of NGCP's Review of the Third Party Grid Impact Study is attached as **Annex "K"** and made an integral part hereof.

¹⁴ A copy of NGCP's 2013 Transmission Development Plan Consultation Draft Report, Volume I Major Network Development (Please see Table 4.4(b): List of Visayas Generation Capacity Addition, pp. 25-28) is attached as **Annex "L"** and made an integral part hereof.

“A generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the TDP: *Provided*, that such facilities are required only for the purpose of connecting to the transmission system, and are used solely by the generating facility, subject to prior authorization by the ERC.”

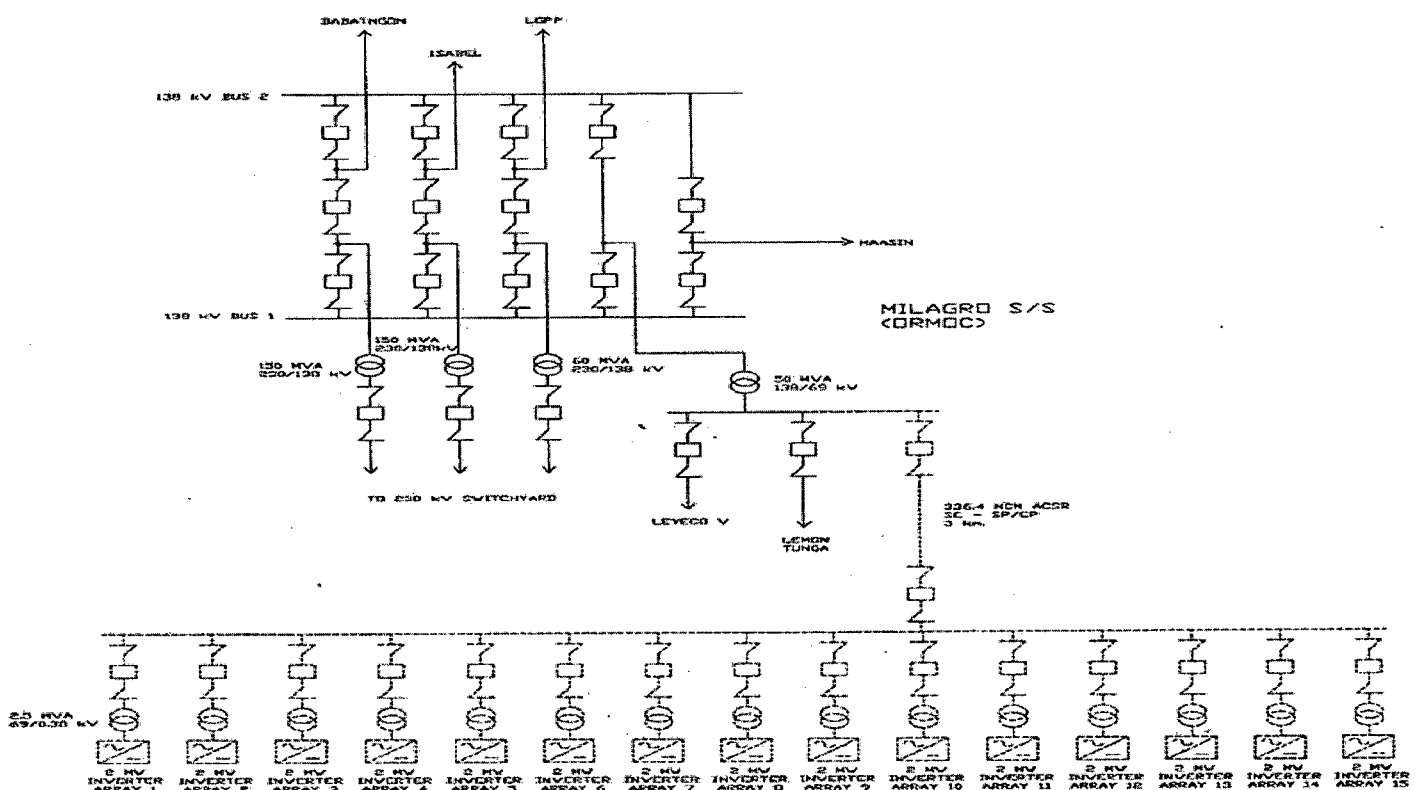
11. In accordance with the requirement of Section 9 (f) of R.A. No. 9136 or the EPIRA, it hereby seeks the Commission’s authorization to develop, own, and operate the Transmission Line, a dedicated point-to-point limited interconnection facility, to connect the Project to the NGCP’s Ormoc Substation;
12. The proposed Transmission Line meets the requirements provided in Section 9 of R.A. No. 9136 or the EPIRA and the relevant regulations issued by the Commission as follows:
 - 12.1 The Transmission Line is a dedicated point-to-point limited interconnection facility whose sole purpose is to connect the Project to the Grid through the NGCP Ormoc Substation and is considered a “Connection Asset” under ERC Resolution No. 16, Series of 2011 (“ERC Resolution”);
 - 12.2 The Transmission Line will be exclusively used by it for the operations of the Project and will not serve any end-user;
 - 12.3 The Transmission Line is part of the 2013 TDP of the NGCP¹⁵;
 - 12.4 The Transmission Line is technically feasible¹⁶;
 - 12.5 It has the technical and financial ability to develop, construct, operate, and maintain the Transmission Line.

¹⁵ Supra note 13.

¹⁶ Supra note 11.

13. To reiterate, the Transmission Line is designed for the sole purpose of connecting the Project to the Grid through the Ormoc Substation. The SIL of the proposed interconnection shows that the Transmission Line will be exclusively used by it and, is not designed and configured to serve end-users;

The SIL of the Transmission Line is illustrated in Figure 2 below.



14. The Transmission Line is also classified as a "Connection Asset" under the ERC Resolution since it is primarily designed to connect the Project to the Grid and will be used for the conveyance of electricity from the Project to the Grid¹⁷. If the Transmission Line is taken out of the transmission system of NGCP, such disconnection will only affect PSFLI and will have no effect on the Grid, or other connected customers;

¹⁷ Resolution Adopting the Amended Rules on the Definition and Boundaries of Connection Assets for Customers of Transmission Provides, ERC Resolution No. 16, Series of 2011, Annex A, § 2, p.1.

15. The proposed Transmission Line is consistent with the TDP. The TDP refers to the program for managing the transmission system through efficient planning for the expansion, upgrading, rehabilitation, repair, and maintenance, formulated by the DOE and implemented by the NGCP. The 2013 TDP identifies the Project as one of the proposed generating plants in Visayas¹⁸. The 2013 TDP states:

“4.4 Generation Capacity Addition

This section shows the proposed generating plants in Luzon, Vizayas and Mindanao Grids based on DOE List of Private Sector-Initiated Power Projects as of December 13, 2013 (the 2012 PDP Update).

The DOE has also provided the list of generating plants that already have clearance to undertake System Impact Study (SIS) but are not included yet in the said 2012 PDP Update since the reports on the status of their development are not yet submitted. This list will fall under the new classification named the Prospective Projects.

Thus, there will be three generation project classifications, as follows:

- a. Committed - These are projects that have service contracts in place, are in the development/commercial stage and have financial close already;
- b. Indicative – Projects with service contracts, in the development/commercial stage but with no bank financing yet; and
- c. Prospective – Projects with DOE clearance to undertake SIS and service contracts and on the predevelopment stage. These projects are not included in the official list of DOE’s “Private Sector-Initiated Power Projects”.

¹⁸ Supra note 13.

...
 Table 4.4(b):
 List of Visayas Generation Capacity Addition
 (DOE List of Private Sector-Initiated Power Projects as of December
 13, 2013)

Comm. Year	Proposed Generation Facility	Capacity (MW)	Location
2015	Leyte Solar	30	Ormoc City, Leyte

16. Recently, the Project was included as one of the indicative projects in the DOE List of Private Sector-Initiated Power Projects for Visayas as of May 31, 2014.¹⁹ The said DOE list reads in part:

Committed / Indicative	Name of the Project	Project Proponent	Location	Rated Capacity (MW)	Project Status	Target Testing and Commissioning
	SOLAR					
Indicative	Leyte Solar Photovoltaic Power Project	Phil. Solar Farm – Leyte, Inc.	Ormoc City, Leyte	30	- Awarded with Solar Energy Service Contract (SESC No. 2012-08-019) on 19 Sept. 2012; Conducted Third Party SIS, currently under review by NGCP; Acquired ECC from DENR, CNO from NCIP, Provincial, Municipal and Barangay Resolutions of Support, Lease Agreements with land owners, EPC Contract with DS Steel Com. Ltd., and proof of negotiations/certifications with financial institutions for project financing; - Clearance to Undertake GIS from DOE issued on 12 October 2012; -On-going negotiations for Project Financing; -Total project cost is US\$72.0Million; -Acquired the DOE Certificate of Confirmation of Commerciality on 31 May 2013; -Pre-construction Stage – 15% completed as of 31 March 2014	January 2015

¹⁹ A copy of the DOE List of Private Sector-Initiated Power Projects (Luzon), as of May 31, 2014 is attached as Annex “M” and made an integral part hereof; please see p. 6 thereof.

17. The SIS conducted by EAGLE Engineering Solutions Corporation shows that the connection of the Project through the Transmission Line to be developed, owned, and operated by PSFLI, to Ormoc Substation is technically feasible²⁰;
 - 17.1 The SIS concluded that connection of the proposed 30 MW Project to the Visayas grid is technically acceptable and that no new grid reinforcement is required that can be attributed to the connection of the power plant²¹; and
 - 17.2 On January 2, 2014, NGCP approved the SIS submitted by PSFLI for the Project²².
18. It proposed the Transmission Line connection to the Ormoc Substation because of its proximity for the connection of the Project. Two route options were considered for the transmission line, in Option 1 the transmission line will traverse the local highway and a few private lots, whereas in Option 2, the transmission line will traverse only private lots. Of the two options considered, Option 2 or the option utilizing only private lots is considered more feasible and economical²³.
19. It is also in the process of finalizing the Facility Study and negotiating with the NGCP for the Connection Agreement;
20. It has likewise ensured that the design and technical specifications for the Transmission Line are consistent with the standards of the Philippine Grid Code (PGC)²⁴;
21. It has the technical capability to develop the Transmission Line;

²⁰ Supra note 11.

²¹ Id.

²² Supra note 12.

²³ Supra note 6.

²⁴ Supra note 7.

- 21.1 The Transmission Line will be constructed by JC Electrofields Power System Inc. (JCEPSI), a corporation engaged in consultancy, engineering and design and construction services for the electric power industry²⁵;
- 21.2 It likewise has the financial capability to undertake the development and construction of the Transmission Line. The development and construction of the Project and the Transmission Line will be funded by PSFLI through equity from shareholders and debt financing²⁶;
22. Since the development and construction of the Transmission Line will be solely funded by PSFLI and its shareholders and the Transmission Line will be exclusively used by it for the operations of the Project and will not serve any end-user, the Transmission Line will not have an impact on the transmission rates currently being charged by the NGCP;
23. Once completed, it will undertake the operations and maintenance of the Transmission Line through the NGCP and PSFLI will subsequently fund the operations of the Transmission Line from its generation sales²⁷;
24. It also undertakes to file an application for a Certificate of Compliance (COC) with the Commission;
25. The foregoing clearly shows that the proposed Transmission Line complies with Section 9 of R.A. No. 9136 or the EPIRA and the relevant regulations of the Commission;

²⁵ A copy of the Company Profile of JC Electrofields Power Systems Inc. with a list of projects undertaken is attached as **Annex "N"** and made an integral part hereof.

²⁶ A copy of PSFLI's 2011, 2012 and 2013 Audited Financial Statements are attached as **Annex "O", "O-1" and "O-2"** and made an integral part hereof. A copy of the Confirmation of Financial Support is attached as Annex "S" and made an integral part hereof.

²⁷ A copy of PSFLI's Financial Feasibility Study and Projected Financial and Economic Cost Analysis are attached as **Annex "P" and "Q"** and made an integral part hereof.

**Motion for Provisional Authority and Allegations in
Support of Prayer for Provisional Authority**

26. Rule 14 of the Commission's Rules of Practice and Procedure authorizes the issuance of a provisional authority or an interim relief prior to a final decision, provided that the facts and circumstances warrant the issuance of the same;

27. It prays that the Commission provisionally authorize the development, ownership, and operation of the Transmission Line considering that the facts, circumstances and the magnitude of the opportunity costs entailed by any further delay in the interconnection of the Project warrants the issuance of a Provisional Authority;
 - 27.1 PSFLI hopes to be able to complete development and construction of the facilities at the soonest possible time in order to be able to dispatch electric power supply to the transmission system of NGCP.

 - 27.2 The Project is one of the energy projects under Republic Act No. 9513 or the Renewable Energy Act of 2008, which aims to accelerate the development and utilization of the country's renewable energy sources. Thus, it is in the interest of the government to help RE developers such as PSFLI to achieve commerciality and commence operations at the soonest practicable time.

 - 27.3 The construction of the Transmission Line is a prerequisite for the testing and commissioning, and ultimately, the commercial operations of PSFLI. The Project is projected to be completed and energized on March 2015. Consistent with this timeline, PSFLI intends to complete the development and construction of the Transmission Line by January 2015.

 - 27.4 Moreover, the use of solar energy reduces the country's dependence on fossil fuels, which not only minimizes harmful carbon green house emissions in the environment but also reduces the country's exposure to price fluctuations in the international markets.

27.5 Further, given the immediate need for additional capacity by 2015, the completion of the Project and the Timeline within the timeframe is critical to ensure that additional capacity will be available to the Visayas Grid in a timely manner.

27.6 The issuance of a provisional authority is also critical in light of the DOE's first-come, first-served policy on the Feed-in Tariff ("FIT") allocation. It is thus necessary for PSFLI to secure a provisional authority to immediately commence with the construction of the Transmission Line in order to avail of the initial FIT, which is essential to the economic viability of PSFLI.

A copy of the Affidavit executed by **Mr. Gerald Rubis Pagobo**, in support of the prayer for the issuance of provisional authority is attached to the application and made an integral part thereof as **Annex "R"**.

28. It prays that provisional authority be immediately issued for the development and construction of the proposed Transmission Line; and
29. It prays that the Commission: (1) issues an order authorizing it to implement and develop, own, and operate the Transmission Line; and (2) approve the application for authority to develop, own and operate the Transmission Line.

The Commission has set the amended application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **March 11, 2015 (Wednesday) at two o'clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (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 proceeding may file their opposition to the amended application or comment thereon at any stage of the proceeding before the applicant concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the application may request the applicant, prior to the date of the initial hearing, that they be furnished with a copy of the amended application. The applicant is hereby directed to furnish all those making a request with copies of the amended application and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the amended application and other pertinent records filed with the Commission during the usual office hours.

WITNESS, the Honorable Chairperson, **ZENAIDA G. CRUZ-DUCUT**, and the Honorable Commissioners, **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, Energy Regulatory Commission, this 9th day of February 2015 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III