

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



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE ELECTRIC
POWER PURCHASE
AGREEMENT BETWEEN CEBU
II ELECTRIC COOPERATIVE,
INC. (CEBECO II) AND PALM
CONCEPCION POWER
CORPORATION (PCPC)**

ERC CASE NO. 2014-108 RC

**CEBU II ELECTRIC
COOPERATIVE, INC. (CEBECO
II) AND PALM CONCEPCION
POWER CORPORATION
(PCPC),**

DOCKETED
Date: NOV 06 2014
[Signature]

Applicants.

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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on July 25, 2014, Cebu II Electric Cooperative, Inc. (CEBECO II) and Palm Concepcion Power Corporation (PCPC) filed an application for the approval of their Electric Power Purchase Agreement (EPPA).

In the said application, CEBECO II and PCPC alleged, among others, that:

1. CEBECO II is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at National Hiway, Malingin, Bogo City, Cebu. It has been granted an exclusive franchise by the National Electrification Administration (NEA) to distribute electric service in Danao City and the Municipalities of Bogo, Borbon,

Carmen, Catmon, Compostela, Daanbantayan, Medellin, San Remegio, Sogod, Tabogon, Tabuelan, and Tuburan in the Province of Cebu;

2. PCPC is a domestic corporation duly organized and existing under the laws of the Republic of the Philippines with principal office address at Brgy. Nipa, Municipality of Concepcion, Province of Iloilo. PCPC is in the process of constructing and installing a 1 x 135 MW (initial) clean coal-fired power plant (the Power Plant), which it shall own, operate, and maintain, located at Brgy. Nipa, Municipality of Concepcion, Province of Iloilo. Attached in the instant application are the following:
 - a. Copies of PCPC's Certificate of Registration, Articles of Incorporation, latest General Information Sheet, latest Audited Financial Statements and Board of Investments Certificate of Registration for the Concepcion Power Plant Project;
 - b. A summary of the relevant technical characteristics of the Power Plant; and
 - c. A summary of the transmission projects or grid connection projects necessary to complement the Power Plant;

NATURE OF THE APPLICATION

3. Pursuant to Rules 14 and 20 (B) of the Commission's Rules of Practice and Procedure (ERCPP) and other pertinent rules and regulations, the instant application is submitted to the Commission for the approval of their EPPA;

COMPLIANCE WITH PRE-FILING REQUIREMENTS

4. In compliance with the pre-filing requirements mandated under Rule 3, Section 4 (e) of the Implementing Rules and Regulations of Republic Act No. 9136, otherwise

known as the Electric Power Industry Reform Act of 2001 or the EPIRA, and Rule 6 of the 2006 ERC Rules of Practice and Procedure, they have furnished the local legislative Bodies of the local government units where they principally operates with a copy of the instant application together with all the annexes and accompanying documents. Copies of the affidavits of Service of the Presiding Officer or Secretary or their duly authorized representatives of the legislative bodies of the Provinces of Cebu and Iloilo and the City of Bogu, Cebu and the Municipality of Concepcion, Iloilo where PCPC principally operates are attached to the instant application;

5. They have caused the publication of the instant application in its entirety in a newspaper of general circulation within the franchise area of CEBECO II. Copies of the corresponding Affidavit of Publication and the newspaper are attached to the instant application;

Statement of Facts and of the Case

6. PCPC sent a letter to the Board of Directors of CEBECO II offering to supply a portion of its power requirements from the PCPC Power Plant by 2016. The representatives of PCPC thereafter made a presentation to the Board of Directors of CEBECO II for the supply of power;
7. They, thereafter, commenced negotiations for the execution of the EPPA. CEBECO II considered the need to address the security of the long term power supply requirements of the consumers in its franchise area which is projected to increase yearly up to 2016 and onwards and which shall be adversely affected by the expiration of the Transition Supply Contract/Contract for the Supply of Electric Energy (TSC/CSEE) with the National Power Corporation (NPC)/Power Sector Assets and Liabilities Management Corporation (PSALM);

CEBECO II DEMAND-SUPPLY PROJECTIONS

8. The franchise area of CEBECO II had a total peak power demand of 52.87 MW in the year 2013. Currently, CEBECO II sources its electric power requirements from the following suppliers:
 - a) 10MW from NPC/PSALM under a TSC/CSEE with a term until December 2014;
 - b) 13 MW from the Cebu Energy Development Corp., (CEDC) under a Power Supply Contract until March 2026;
 - c) 15 MW from the KEPCO-SPC Power Corp., (KSPC) under a Power Supply Contract until March 2021;
 - d) 1 MW from the DESCO, Inc. under a Power Supply Agreement until December 2016; and
 - e) Excess or balance over the above mentioned Bilateral Contract Quantities (BCQ) of CEBECO II (13 MW) is sourced from the Wholesale Electricity Spot Market (WESM);

9. The demand within the CEBECO II franchise area is projected to grow by 2.2% a year from 2013. Thus, by 2016, CEBECO II will need an additional 10 MW of power supply. The demand growth is what is sought to be supplied by a portion of the contracted capacity under the EPPA with PCPC. This is consistent with the Distribution Development Plan (DDP) of CEBECO II;

10. The Department of Energy (DOE) has projected that the Visayas Grid will need an additional 100 MW of generating capacity by 2015. A copy of the supply demand-scenario for 2012 to 2030 as projected by the DOE in the 2012 Supply-Demand Outlook, as available in http://www.doe.gov.ph/news/2013_Supply-Demand_Outlook.pdf is attached to the instant application;

11. In the attached 2012 DOE Supply-Demand Outlook, it is clearly indicated that the DOE has programmed the first 135 MW unit of PCPC in Concepcion, Iloilo to address the additional generating capacity requirements of the Visayas Grid by 2016;
12. As stated above, the supply by NPC/PSALM of power to CEBECO II under the TSC will only be until December 2014 or until such time the Unified Leyte will be awarded to a responsive bidder whichever comes first. The TSC will not be renewed given the planned privatization of the remaining NPC/PSALM generating assets in the Visayas Grid. There is no assurance that CEBECO II can continually source power from the said generating assets once they are privatized. This will result in the unpredictability of the supply and cost of electricity to the consumers of CEBECO II and may expose CEBECO II to volatility in the price of electricity in the spot market. A portion of the lost supply from NPC/PSALM is also what is sought to be sourced by CEBECO II from PCPC under the EPPA;
13. CEBECO II has already requested for a Certification from NPC/PSALM as to the continued availability of the contracted energy and equivalent demand beyond the current term of their TSC/CCEE and undertakes to submit such Certification as soon as it received said certification from NPC/PSALM;

Details on the Procurement Process undertaken by CEBECO II

14. CEBECO II had earlier planned to contract for the supply of a portion of its future power requirements from a proposed embedded base load power plant that would be built within its franchise area and connected directly to its system. However, the proponent of the said plant did not live up to its contractual commitments and thus, it cancelled its contract and was compelled to look for another suitable supplier for its future power requirements;

15. As stated earlier, PCPC sent a letter to CEBECO II offering to supply base load power from its Power Plant beginning in 2016. This was the only suitable offer that CEBECO II received for the supply of its additional power requirements by 2016, in lieu of the supposed power supply from the cancelled embedded power plant;
16. CEBECO II learned that, at that time:
 - a) The PCPC Power Plant was the only new power plant project in the Visayas that already has an Environmental Clearance Certificate (ECC) from the Department of Environment and Natural Resources (DENR); and
 - b) The PCPC project is the only new power plant classified as committed to come on line by 2016 by the DOE in the Power Development Plan;
17. Thus, at the time of the execution of the EPPA, CEBECO II determined that the PCPC power plant will be the only new base load generating capacity that will be available and on line to meet its additional load requirements by 2016;
18. Copies of ECC No. 0606-006-402 for the Power Plant issued by the DENR on May 27, 2007 and the approved amendments thereto dated October 12, 2012 are attached to the instant application;
19. A Copy of the Certification from the DOE dated 03 January 2014 certifying that the PCPC Power Plant Project is consistent with the DOE Power Development Plan;
20. With the completion and coming in of the PCPC power plant, it will eventually address the growing requirements of CEBECO II's consumers and will prevent a shortage of power supply in its franchise area as well as for the whole Visayas Grid. In addition, sourcing power from the PCPC Power Plant will insulate CEBECO II consumers from the potential volatility of prices in the spot market. Also, since

the PCPC Power Plant will be coal-fired, the electricity it will generate will be much less expensive than other available capacities in the Visayas which utilize bunker or diesel;

21. Further, since the PCPC Power Plant is located in Panay Island in the Western Visayas, the power that it will supply to CEBECO II will pass through the submarine cable from Panay Island to Negros Island which is traditionally been free from line congestion charges;
22. Furthermore, they were informed that the Commission in ERC Case No. 2013-024 RC has already approved the application of NGCP for the early implementation of its planned upgrading/uprating of the submarine cable which is included in Phase 1 of NGCP's planned Cebu-Negros-Panay 230 kV backbone project;
23. Given that there was no other new base-load power plant with an ECC that was programmed and committed to come on line in the Visayas by 2016, CEBECO II entered into the subject EPPA with PCPC on March 6, 2014 to ensure the security, affordability and reliability of its supply of power to its consumers and to avoid the potential exposure to spot market price volatility;

EXECUTIVE SUMMARY AND ABSTRACT OF THE ELECTRIC POWER PURCHASE AGREEMENT

24. **Executive Summary.** Under the EPPA, PCPC agreed to supply and deliver, and CEBECO II agreed to take and pay for electricity supplied by PCPC, at a contracted capacity of 10 MW (the "Contracted Capacity"), with a load factor of 100%, to be delivered in accordance with the Minimum Contracted Energy and the Daily Generation Schedule (DGS) which is fixed on a daily and hourly basis in accordance with the EPPA. In all Intervals as provided under the EPPA, CEBECO II shall nominate no less than 50% of its Contracted Capacity;

25. **Monthly Contracted Capacity.** The agreed monthly contracted capacity and minimum contracted energy under the EPPA between Applicants PCPC and CEBECO II are as follows:

Billing Month	Capacity (kW)	Minimum Contracted Energy* (kWh)
January	10,000	7,200,000
February	10,000	7,200,000
March	10,000	7,200,000
April	10,000	7,200,000
May	10,000	7,200,000
June	10,000	7,200,000
July	10,000	7,200,000
August	10,000	7,200,000
September	10,000	7,200,000
October	10,000	7,200,000
November	10,000	7,200,000
December	10,000	7,200,000

* To be adjusted upon Commercial Operations of the Plant for planned outage schedules and unplanned outages

When CEBECO II is unable to take the Contract Energy or a portion thereof for reasons other than Force Majeure, the nominated quantity under the DGS is deemed taken by CEBECO II and it shall settle for the entire nominated quantity in accordance with the terms of the EPPA. CEBECO II shall in accordance with the WESM Rules, claims any proceeds on such shortfall from the Market Operator;

26. **Delivery Points.** The Contracted Capacity shall be delivered to CEBECO II at the delivery point which is the High Voltage side of the transformer at the Power Plant as designated in the EPPA (Schedule 3) on the Initial Delivery Date. PCPC shall deliver or cause the delivery of such electricity in accordance with good utility practice and in compliance with appropriate rules and regulations such as the Grid Code and the Distribution Code, the WESM Rules and the Open Access Transmission Service Rules;

27. **Initial Delivery Date.** The Initial Delivery Date upon which PCPC must deliver the Contracted Capacity and Energy to Applicant CEBECO II under the terms of the EPPA is June 26, 2016. The Electricity Fees under the EPPA (Schedule 4) are as follows:

**SCHEDULE 4
 ELECTRICITY FEES**

(Commercial Operations)

At Load Factor of 100%

Rate Components: (As of August 2012)

Capacity Recovery Fee	=	PhP 2.550/kwh
O & M Fee (PhP)	=	0.364/kwh
O & M Fee (USD)	=	0.386/kwh
Fuel	=	2.310/kwh
TOTAL	=	PhP 5.610/kwh

Formula:

$$\text{Electricity Fees} = \text{Energy Fees} + \text{Actual Fuel Cost}$$

$$\text{Energy Fees} = \text{Tariff Fees} \times E$$

$$\text{Tariff Fees} = \text{CRF} + \text{O\&M Fees}$$

$$\text{O\&M Fees} = \left(\text{PhPO\&M} \times \frac{\text{PhCPI}_c}{\text{PhCPI}_b} \right) + \left(\text{USDO\&M} \times \frac{\text{USCPI}_c}{\text{USCPI}_b} \times \text{Forex} \right)$$

$$\text{Actual Fuel Cost} = \text{Fuel Cost} \times E$$

$$\text{Fuel Cost} = \left[\frac{(\text{Current Fuel Cost} + \text{Transport Cost}) (\text{Forex}) + \text{Import Duties, Fees \& Taxes}}{1,000} \right] \left[\text{Consumption Rate} \right]$$

$$\text{Current Fuel Cost} = \left[\text{New C Price Index} \times \frac{5400 \text{ kcal/kg GAD}}{6700 \text{ kcal/kg GAD}} \right] \times (100\% - 17\% \text{ discount rate})$$

Where:

$$\text{CRF} = \text{Capacity Recovery Fee} = \text{Php } 2.55/\text{kWh}$$

$$\text{PhPO\&M} = \text{Peso-based O\&M Fee} = \text{Php } 0.375/\text{kWh}$$

$$\text{PhCPI}_c = \text{Philippine CPI for the current month for all items as published by the NSO}$$

$$\text{PhCPI}_b = \text{Base Philippine CPI} = 131.5 \text{ (August 2012)}$$

USDO&M	=	U.S. Dollar-based O&M Fee	=	USD 0.0090/kWh
USCPI _c	=	U.S. CPI for the current month for all items as published by the U.S. Bureau of Labor Statistics (USBLS)		
USCPI _b	=	Base U.S. CPI	=	230.379 (August 2012)
Forex	=	Reference exchange rate (in PhP per US\$) on the meter reading date, as published by the Bangko Sentral ng Pilipinas (BSP), www.bsp.gov.ph		
E	=	Minimum Contract Energy or Energy Delivered, whichever is higher		
New C Price	=	Running average of the preceding three-month weekly reference price for thermal coals delivered on an FOB basis at Newcastle port for 6700kcal/kg coal as per the Global Coal Newcastle Physical Trading as published in www.globalcoal.com		
Transport Cost	=	Actual Transport Price per MT unit		
Consumption Rate	=	Actual consumption rate or the ceiling of 0.647kg/kWh whichever is lower escalated at a rate of 1.5% per year		

28. **Price Formula for Coal.** The agreed coal price formula in the coal supply contract of PCPC with P.T. Pevensey, its contracted coal supplier is reflected in the Schedules 4, 5a and 5b of the EPPA in accordance with the established policy of the Commission that fuel costs are on a pure pass-through basis;
29. **Details of the Fuel Procurement.** The details for the fuel procurement of PCPC for the Coal requirements of the Power Plant are attached to the instant application;
30. **Terms.** The EPPA shall have a term of fifteen (15) years commencing on the Initial Delivery Date and ending on the fifteenth (15th) anniversary of such commencement date, unless sooner terminated pursuant to the terms of the EPPA. The Initial Delivery Date is the date of the commencement of PCPC's obligation to deliver to CEBECO II, and for CEBECO II, to purchase, the Contract Capacity and Contract Energy, provided the Commission has approved the EPPA;

31. **Allowed Schedule of Outage.** Under the EPPA, PCPC is allowed a Scheduled Outage which shall not exceed thirty (30) days year and an Allowed Unscheduled Outage period of fifteen (15) days per calendar year. Any unutilized Allowed Scheduled Outage periods may be used for Allowed Unscheduled Outages and vice versa but any unutilized Allowed Scheduled and Unscheduled Outage allowances within a calendar year will not be accumulated for use during the succeeding years of the Cooperation Period;

32. **Reduction in the Contracted Capacity.** CEBECO II shall be entitled to a reduction in its Contracted Capacity as a result of the transfer of any of its contestable market to another supplier upon at least sixty (60) days prior (i) the transfer is direct to the PCPC or (ii) if the PCPC is able to contract with a suitable alternative market to sell the reduced Contracted Capacity. If a contestable market of CEBECO II ceases operations, it is allowed under the EPPA to reduce its Contracted Capacity to the extent of the aforesaid contestable market's contribution to the total Contracted Capacity contracted by the CEBECO II under the EPPA, provided that such reduction shall be distributed proportionately by the CEBECO II among all its suppliers of electricity;

34. **Billing Month.** A Billing Month under the EPPA means the period commencing on the first hour of the twenty sixth (26th) day of a calendar month and ending on the last hour of the twenty fifth (25th) day of the next calendar month. Within ten (10) working days after the end of each Billing Month, PCPC shall deliver to CEBECO II an invoice in respect of Electricity Fees payable for the previous Billing Month. The due dates for such invoice shall be fifteen (15) calendar days after receipt of such billing;

35. **Prompt Payment Discount.** In the event that the full and proper payment for the Electricity is made by CEBECO II within seven (7) days from receipt of the invoice, PCPC shall grant to CEBECO II a prompt payment discount equivalent to one percent (1%) of the CRF portion of the Electricity Fees (exclusive of, O&M fees, fuel cost and any applicable charges and taxes), corresponding to the energy billed for such Billing Month. All payments under

the EPPA shall be made in Pesos. Further, CEBECO II is not required to post any Security Deposit under EPPA;

36. **Charges, Expenses and Taxes I.** In relation to the supply of electricity by PCPC to CEBECO II, any charges, costs, expenses, and fees that may be charged to, incurred and/or assumed by PCPC or otherwise imposed by NGCP, any Governmental Authority, or any other third party, for transmission and/or Ancillary Services and other related services in connection with the delivery of electricity under the EPPA shall be paid by CEBECO II;
37. **Causes For Termination.** In the event that the EPPA is terminated by PCPC on the grounds of (a) the failure of CEBECO II to pay the Electricity Fee or any other amounts payable under the EPPA; (b) breach by CEBECO II of any of the provisions of the EPPA and its failure to cure the breach within the prescribed period; and (d) termination by PCPC of the EPPA upon the occurrence of any events of default under the EPPA, CEBECO II shall be liable to pay liquidated damages in the form of a termination penalty amounting to capital recovery fees for the remainder of the Cooperation Period but not to exceed three (3) years. Upon the termination of the EPPA in bad faith by PCPC, it shall pay CEBECO II liquidated damages in the form of a termination penalty amounting to the capital recovery fees as approved by the Commission for the remainder of the Cooperation Period but not to exceed three (3) years;

STAGES OF SUPPLY

38. The Electricity Fees correspond to the different stages of supply of the Power Plant computed in accordance with Schedules 4, 5a and 5b of the EPPA;
39. **Testing and Commissioning.** During the testing and commissioning period, PCPC will deliver to CEBECO II on a non-firm basis, the electric power generated by the Power Plant in the course of testing and commissioning, subject to the payment of Electricity Fees for actual energy taken by CEBECO II computed in accordance with

the formula specified in the EPPA with the exception that PCPC shall only charge fifty percent (50%) of the CRF and the Electricity Fees shall be based only on the Actual Energy Delivered by PCPC to CEBECO II for the duration of the testing and commissioning period of the Power Plant, as stated in the amended Schedule 5a of the EPPA;

40. However, in accordance with the Decision of the Commission in ERC Case No. 2013-205 RC, PCPC shall only charge, during the testing, commissioning and pre-commercial operations period the approved Variable O&M Fee of PhP0.1426/kWh and pass on fuel costs for electricity actually delivered during the said periods;
41. **Commercial Operation.** During the commercial operations period which shall commence on the Initial Delivery Date, PCPC will deliver to CEBECO II on a firm basis, the Contracted Capacity and Minimum Contracted Energy from the Power Plant, subject to the payment of Electricity Fees by CEBECO II computed in accordance with the formula specified in the amended Schedule 5 of the EPPA;
42. The EPPA thus proposes separate rates on the power delivered by PCPC to CEBECO II, depending on the stage of the operations of the Power Plant development (i.e., during testing and commissioning, during Pre-Commercial Operation Period, or on Commercial Operations);

IMPACT OF EPPA ON CEBECO II GENERATION COSTS

43. Should the Commission approves the Electricity Fees under the EPPA, there will be an increase in generation cost of PhP0.1378/kWh on the Initial Delivery Date in 2016, upon commercial operations of the Power Plant;
44. Should the Commission approves the Electricity Fees under the EPPA and allow PCPC to deliver and CEBECO II to receive power during the testing and commissioning period, there will be a decrease in the generation costs of CEBECO II of PhP0.8859/kWh

(testing and commissioning) and PhP0.5519/kWh (pre-commercial during the said periods, based on the testing and commissioning and pre-commercial operation rates approved by the Commission in ERC Case No. 2013-205 RC. A copy of the simulation on the impact of the proposed rates of PCPC on the generation generation cost of CEBECO II is attached to the instant application. The rate impact simulation of CEBECO II during the testing, commissioning and pre-commercial operations period was based on the agreed rates in the EPPA;

45. The expected additional capacity from PCPC even as early as the testing and commissioning and pre-commercial operations of the Power Plant will contribute greatly to the improvement of the quality, reliability and affordability of electric power delivered to the consumers of CEBECO II and the security of supply and stability of the Visayas power grid;
46. Under the terms of the EPPA, among the conditions precedent to the performance by CEBECO II and PCPC of their respective obligations thereunder is the approval by the Commission of the instant application;
47. Thus, for PCPC to be able to deliver and CEBECO II to be able to receive power from the former as early as the testing and commissioning and the pre-commercial operations of the Power Plant, it is imperative that the Commission approve the EPPA;
48. Considering that the PCPC power plant is still to be constructed, it currently does not yet have a Certificate of Compliance (COC) from the Commission. Pursuant to ERC Resolution No.9, series of 2010, PCPC undertakes that shall it shall file the necessary application for a COC not later than three (3) months prior to the commencement of commercial operations of the Power Plant;
49. **Project Cost.** A summary of the relevant information on the project cost for the 135 MW coal-fired power generation facility of PCPC is provided in the Summary of Project Cost attached to the instant application;

50. **Funding Sources of Funds, Cash Flow and Basis for the Purchased Power Rate.** The Project shall be funded through loans from financial institutions and equity from the shareholders. Summaries of the relevant information on PCPC's sources of funds for the Power Plant, cash flow and basis for the purchased power rate in the EPPA are attached to the application;
51. **Bank certification.** A Certification from the BDO Capital and Investments, Inc., the Lead Arranger of the financing of the Project, on the principal amortization, term and interest of the respective loan agreements for the Project is attached to the instant application;
52. **Rates Schedule.** The Electricity Fee is computed and specified in Schedules 4, 5a and 5b of the EPPA;
53. **Capital Recovery Fee of PhP2.55/kWh.** The project cost for the Power Plant would yield a higher Capital Recovery Fee (CRF). However, PCPC decided not to adopt an increased CRF since it already had a contractual commitment to CEBECO II under the EPPA and further for the Power Plant to remain competitive in the Visayas Grid. The purchased power rate for the PCPC Power Plant including the Capital Recovery Fee and its other components, upon Commercial Operations of the said plant as stipulated in the EPPA between them, is exactly the same as the rates approved by the Commission for the PCPC Power Plant in ERC Case No. 2013-205 RC;
54. **WESM Membership.** CEBECO II is already a member of the WESM. PCPC undertakes that it shall become a member of the WESM prior to the testing and commissioning of the Power Plant in accordance with the WESM Rules;
55. **Agreement on Grid Connection.** The PCPC is connected to the Visayas grid through the National Grid Corporation of the Philippines (NGCP). PCPC has already executed a Connection Agreement (CA) with NGCP. It shall enter into a Transmission Service

Agreement (TSA) and Metering Service Agreement MSA) with NGCP prior to the time that the Power Plant will require feedback power from the grid;

56. **Board Resolutions.** A copy of the Board Resolution adopted by the Board of Directors of PCPC authorizing the joint filing of the instant application with CEBECO II and copy of Board Resolution passed by the Board of Directors CEBECO II approving the execution of the EPPA with PCPC and authorizing the joint filing of the application are attached to the instant application;

**ALLEGATIONS IN SUPPORT OF
MOTION FOR NON-DISCLOSURE OF CONFIDENTIAL
INFORMATION**

57. Under Article 10 of the EPPA, they agreed to keep in strict confidence all "Confidential Information" of PCPC, to ensure that no Confidential Information of PCPC is disclosed to third parties and that they shall use utmost efforts to prevent any unauthorized disclosure of Confidential Information. Such Confidential Information includes any information relating to the operations, businesses, technology, practices, products, marketing, sales, services, finances or legal affairs of PCPC, as well as actual or prospective customers, business partners, market opportunities, business, sales, marketing, technical, financial and legal plans, proposals and projections, product information, know-how, design rights, trade secrets, concepts, techniques, processes, methods, systems, designs, programs, codes, formula, research, experimental works and works in progress;
58. They request that pursuant to their agreement to maintain in strict confidence all confidential information of PCPC, Annexes "O", "Q", "R", "S", "T" and "U" which contain certain non-public information, data and calculations involving business operations and financial trade secrets reflecting PCPC's investment and business calculations, be treated as confidential documents;

59. Under Rule 4 of the ERC Rules, the Commission may, upon request of a party and the determination of the existence of conditions which would warrant such remedy, treat certain information submitted to it as confidential. Pursuant to such provision, Joint Applicants respectfully requests for the issuance of a protective order declaring the foregoing information, data and calculations contained in Annexes "O", "P", "Q", "R", "S", "T" and "U" as confidential information;
60. Further, in accordance with Section 1(b), Rule 4 of the Commission's Rules, they submitted one (1) copy of Annexes "O", "P", "Q", "R", "S", "T" and "U" in a sealed envelope, with the envelope and each page of the document stamped with the word "Confidential"; and
61. Thus, they pray that:
 - a) An Order be issued treating Annexes "O", "P", "Q", "R", "S", "T" and "U" of the instant application, as confidential documents and the information contained therein as confidential and directing its non-disclosure pursuant to Rule 4, Section 1 of the Commission's Rules of Practice and Procedure and prescribing the guidelines for the protection thereof; and
 - b) After full proceedings on the merits, issue a Decision approving the terms of the EPPA between them, thereby authorizing PCPC to charge and collect from CEBECO II the Electricity Fees corresponding to the (1) Testing and Commissioning Period, (2) Pre-Commercial Operation Period, and (3) Commercial Operations Date as contained in the EPPA, and authorizing CEBECO II to pass the full amount thereof to its consumers.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **December 5, 2014 (Friday) at ten-thirty in the morning (10:30 A.M.) at the CEBECO II Multi-Purpose Hall, Main Office, Malingin, Bogo, Cebu.**

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 the 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 application or comment thereon at any stage of the proceeding before the applicants conclude the presentation of their 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 applicants, prior to the date of the initial hearing, that they be furnished with a copy of the application. The applicants are hereby directed to furnish all those making such request with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the 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**, and **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, Energy Regulatory Commission, this 3rd day of November, 2014 at Pasig City.


ATTY. NOEL J. SALVANERA
Director III, Legal Services