

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



IN THE MATTER OF THE  
APPLICATION FOR  
AUTHORITY TO DEVELOP AND  
OWN OR OPERATE  
DEDICATED POINT-TO-POINT  
LIMITED FACILITIES TO  
CONNECT THE 20.7 MW  
SOLAR POWER PLANT TO  
THE CADIZ-SAN CARLOS 69  
KV LINE WITH PRAYER FOR  
PROVISIONAL AUTHORITY

ERC CASE NO. 2015-021 MC

SAN CARLOS SOLAR ENERGY  
INC. (SACASOL),

Applicant.

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DOCKETED  
Date: OCT 02 2015  
By: [Signature]

## NOTICE OF PUBLIC HEARING

### TO ALL INTERESTED PARTIES:

Notice is hereby given that on May 7, 2015, the San Carlos Solar Energy, Inc. (SACASOL) filed with the Commission an application for authority to develop and own or operate dedicated point-to-point limited facilities to connect the 20.7 MW Solar Power Plant to the Cadiz-San Carlos 69 kV Line, with prayer for provisional authority.

In the said application, SACASOL alleged, among others, the following:

### THE APPLICANT

1. It is a corporation duly organized and existing by virtue of and under the laws of the Republic of the Philippines, with principal office address at Emerald Arcade, F.C. Ledesma St., San Carlos City, Negros Occidental, Philippines.

Copies of SACASOL's Certificate of Registration, Amended Articles of Incorporation, Certificate of Approval of Increase of Capital Stock, 2014 General Information Sheet, and the latest Financial Statements are attached to the application and made integral parts thereof as Annexes "A", "B", "C", "D", and "E", respectively;

### NATURE OF THE APPLICATION

2. The application seeks the consideration and approval of the Commission of its proposed development, ownership, or operation of interconnection facilities which shall connect SACASOL Solar Power Plant Phases C and D (SACASOL 1 C and D) to the Visayas Grid through the Cadiz-San Carlos 69 kV Line. SACASOL 1 C and D, located in San Carlos City, Negros Occidental, have a combined design peak capacity of 20.7 MW AC.

- 2.1 Section 2.9.2 of the Distribution Services and Open Access Rules (DSOAR) allows a generation company to undertake this project but requires the prior authorization of this Commission, thus:

A generation company may develop and own or operate dedicated point-to-point limited facilities provided, that such facilities are required only for the purpose of connecting to the distribution system, and are used solely by the generating facility, **subject to prior authorization by the ERC.**" [Emphasis supplied]

- 2.2 The last paragraph of Section 9 of the Electric Power Industry Reform Act of 2001 (R.A. No. 9136) provides the same requirement, to wit:

Section 9. Functions and Responsibilities. -  
x x x

xxx

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: x x x.

2.3 Hence, this Application;

#### **STATEMENT OF FACTS**

3. SACASOL is the holder of Solar Energy Service Contract No. 2013-09-037 (Service Contract) which granted it the exclusive right to explore, develop and utilize Solar Energy Resources within an area located in San Carlos City and Calatrava, Negros Occidental.

A copy of the Service Contract is attached to the application and made an integral part thereof as Annex "F";

4. Pursuant to the Service Contract, it is developing a solar power plant located in San Carlos City, Negros Occidental, Phases A and B, of which commenced commercial operations in 2014. As an Additional Investment of the Service Contract, it is developing Phases C and D of the solar power plant, which will commence commercial operations this year;
5. On December 11, 2014, the Department of Energy (DOE) issued Confirmation of Commerciality No. SCC-2014-12-010, which confirmed the commercial viability of SACASOL 1 C and D under the Feed-In-Tariff System, subject to the performance of its obligations under the Service Contract

and compliance with the provisions of the Renewable Energy Act (R.A. 9513) and applicable DOE issuances.

A copy of the Confirmation of Commerciality No. SCC-2014-12-010 is attached to the application and made an integral part thereof as Annex "G";

6. At present, it is in the process of executing an agreement with Northern Negros Electric Cooperative, Inc. (NONECO) for the interconnection of SACASOL 1 C and D to the Cadiz – San Carlos 69 kV Line. SACASOL and NONECO have agreed, in principle, to the general terms and conditions of the agreement and are now finalizing it.

A Certification from NONECO that the parties have agreed to the terms and conditions of the agreement and that is now being finalized is attached to the application as Annex "H";

7. To connect SACASOL 1 C and D to the Visayas Grid through the Cadiz-San Carlos 69 kV Line of NONECO, SACASOL intends to develop and construct a dedicated point-to-point facility (Dedicated Facility Project). The Dedicated Facility Project shall be used solely by SACASOL 1 C and D for the dispatch thereof;
8. The Dedicated Facility Project is the most cost-effective and viable option to connect SACASOL 1 C and D to the Visayas Grid.

8.1 The Cadiz-San Carlos 69 kV Line is the closest subtransmission line from the switchyard of SACASOL 1 C and D – connecting the switchyard to the tapping point will require only a 40.6m line;<sup>1</sup>

8.2 The construction of the Dedicated Facility Project may be completed in approximately two and a half months;<sup>2</sup>

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<sup>1</sup> The Conceptual Engineering Design and Drawings and pertinent portions of the EPC Contract with Schema Konsult Inc. and Conergy Asia & ME PTE LTD are attached to the application and made integral parts thereto as Annexes "I" and "J".

<sup>2</sup> The Gantt Chart Construction Schedule is attached to the application and made an integral part thereto as Annex "K".

- 8.3 The estimated cost of construction of the Dedicated Facility Project is PhP19,835,309.92, inclusive of the cost for the construction of the switchyard.<sup>3</sup> It will be funded solely by SACASOL. Hence, it will not result in any unregulated charges;
- 8.4 The highlights of the Projected Financial & Economic Cost Analysis for its Dedicated Facility Project is attached to the application and made an integral part thereof as Annex "M"; and
- 8.5 It already has qualified personnel who shall be in charge of the operation, service, and maintenance of the Dedicated Facility Project upon its completion;<sup>4</sup>
9. It has submitted a draft of the System Impact Study (SIS) to the National Grid Corporation of the Philippines (NGCP) for the latter's approval. Based on the SIS, "[t]he entry of the [SACASOL 1 C and D] in the Visayas Grid does not contribute to any grid degradation using credible contingencies and the connection of the plant to the grid is technically feasible."<sup>5</sup> Upon approval of the SIS, SACASOL shall initiate negotiations to execute the Metering Service Agreement and Transmission Service Agreement with NGCP.

A copy of the draft SIS is attached to the application and made an integral part thereof as Annex "O";

10. As of date, it has secured or is in the process of securing the necessary permits, licenses and authority from regulatory and agencies.

A copy of the sworn statement of its President, Jose Maria P. Zabaleta, is attached to the application and made an integral part thereof as Annex "P";

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<sup>3</sup> The Dedicated Facility Project Cost Estimate is attached to the application and made an integral part thereto as Annex "L".

<sup>4</sup> A copy of the resume of SACASOL's Operations Manager is attached to the application as Annex "N".

<sup>5</sup> Annex "O", p. 20.

### MOTION FOR PROVISIONAL AUTHORITY

11. The demand for electricity in the Visayas has an Average Annual Growth Rate of 4.52 percent.<sup>6</sup> To avoid power outages in the Visayas which would greatly inconvenience consumers and may adversely affect investment, it is important to ensure that generation facilities are able to distribute sufficient power to meet the demand as it arises;
12. It must be noted that it is the policy of the State to “[a]ccelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy.”<sup>7</sup>;
13. Further, the Renewable Energy Act of 2008 (Republic Act 9513) mandates that SACASOL 1 C and D, being a generating unit utilizing intermittent renewable energy resource, shall enjoy the benefit of priority dispatch;<sup>8</sup>
14. Connecting the SACASOL 1 C and D's switchyard to the Cadiz – San Carlos 69 kV Line of NONECO is a prerequisite to the commercial operations of the solar power plant. It is only in line with the policy of the State to grant SACASOL provisional authority to develop and own or operate the dedicated point-to-point facility to connect SACASOL 1 C and D to the Visayas Grid so it could commence commercial operations at the soonest possible time;
15. There is therefore sufficient basis for the issuance of a provisional authority pending the issuance of a final decision;

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<sup>6</sup> 2013 Supply-Demand Outlook of the Department of Energy.

<sup>7</sup> Section 2 (a), Republic Act 9513.

<sup>8</sup> Section 20, Republic Act 9513.

16. It prays that the Commission:

- a. Issue an order provisionally authorizing it to develop and own or operate the Dedicated Facility Project; and
- b. After hearing on the merits, render a Decision approving the Application.

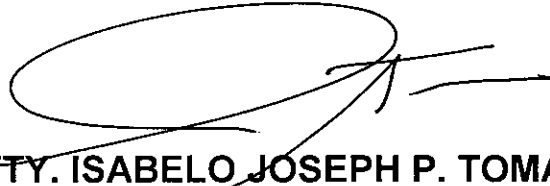
The Commission has set the application for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **October 22, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.) at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig 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 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 application. The applicant is 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 Chairman, JOSE VICENTE B. SALAZAR, and the Honorable Commissioners, ALFREDO J. NON, GLORIA VICTORIA C. YAP-TARUC, JOSEFINA PATRICIA A. MAGPALE-ASIRIT, and GERONIMO D. STA. ANA, Energy Regulatory Commission, this 28<sup>th</sup> day of September, 2015 at Pasig City.



ATTY. ISABELO JOSEPH P. TOMAS II  
Director III