

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 ASSETS,  
INCLUDING DEDICATED  
POINT-TO-POINT LIMITED  
TRANSMISSION FACILITIES  
TO CONNECT THE MANOLO  
FORTICH 1 AND 2  
HYDROELECTRIC POWER  
PLANTS TO THE 138 KV  
TAGOLOAN-MARAMAG  
TRANSMISSION LINE OF THE  
NATIONAL GRID  
CORPORATION OF THE  
PHILIPPINES (NGCP), WITH  
PRAYER FOR PROVISIONAL  
AUTHORITY

ERC CASE NO. 2015-043 MC

HEDCOR BUKIDNON, INC.  
(HEDCOR),

Applicant.

X-----X

DOCKED  
Date: AUG 26 2015  
*lv*

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on June 16, 2015, the Hedcor Bukidnon, Inc. (HEDCOR) filed with the Commission an application for authority to develop, own and operate assets, including dedicated point-to-point limited transmission facilities to connect the Manolo Fortich 1 and 2 Hydroelectric Power Plants to the 138 kV Tagoloan-Maramag Transmission Line of the National Grid Corporation of the Philippines (NGCP), with prayer for provisional authority.

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

1. It is a generation company duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Zone II, Barangay Maluko, Manolo Fortich, Bukidnon, Philippines.

It may be served with orders, notices, and other processes of the Commission through its counsel;

2. The instant application is being filed pursuant to the Electric Power Industry Reform Act of 2001 (EPIRA)<sup>1</sup> which provides:

“Section 9. x x x

A generation company may develop and own or operate dedicated point-to-point limited transmission line 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 facilities, subject to prior authorization by the ERC x x x.”

and Section 5, Rule 5 of the Implementing Rules and Regulations of Republic Act No. 9136 (EPIRA IRR):

**“Section 5. Dedicated Point-to-Point Limited Transmission Facility of a Generation Company.**

(a) Subject to prior authorization from ERC, TRANSCO or its Buyer or Concessionaire may allow a Generation Company to develop, own and/or operate dedicated point-to-point limited transmission facilities: *Provided*, That:

(i) Such dedicated point-to-point limited transmission facilities are required only for the

---

<sup>1</sup> Republic Act No. 9136

purpose of connecting to the Grid which will be used solely by the Generation Facility, and are not used to serve End-users or Suppliers directly;

(ii) The facilities are included and consistent with the TDP as certified by TRANSCO or its Buyer or Concessionaire; and

(iii) Any other documents that may be required by the ERC.

x x x                      x x x                      x x x"

3. It is constructing a 68.8 MW Manolo Fortich Hydroelectric Power Plant (the Project Plant) located in the province of Bukidnon. The Project Plant will be comprised of two power plants, Manolo Fortich 1 (MF1) with a capacity of 43.4 MW and Manolo Fortich 2 (MF2), with a capacity of 25.4 MW. HEDCOR has secured the Environmental Compliance Certificate<sup>2</sup> from the Department of Environment and Natural Resources and, the Certificate of Confirmation of Commerciality under the Feed-in Tariff System from the Department of Energy<sup>3</sup> for the Project Plant;
  
4. It proposes to "bus-in" along the existing Tagoloan-Maramag 138 kV Transmission Line of the National Grid Corporation of the Philippines (NGCP) through the construction and operation of the following connection assets: a) new switchyard to be located in Brgy. Lingion, Manolo Fortich, Bukidnon Province, to become the connection point of the Project Plant; b) associated lines of 138 kV single circuit 1-795 MCM ACSR conductor transmission lines from MF1 to MF2 plant sites; and c) associated lines of 138 kV double circuit 2-795 MCM ACSR conductor transmission lines from MF2 to connection point, necessary to connect the Project Plant to the new switchyard, each of which has an estimated distance of 15 km and 8 km respectively; and d) certain protection systems, power circuit breakers and equipment

---

<sup>2</sup> Dated 07 March 2014

<sup>3</sup> Dated 10 October 2014

at the connection point. (collectively, the HEDCOR Connection Assets);

### **Statement of Facts**

5. To connect the Project Plant to the transmission system, it needs to construct dedicated point to point limited line facilities. Said facilities are necessary to test, commission and dispatch the capacity of the Project Plant and shall likewise be exclusively utilized by it;

6. Upon its request, NGCP conducted a System Impact Study (SIS) to evaluate the impact of connecting the Project Plant to the Mindanao Grid;

7. Based on the SIS conducted by NGCP, the Project Plant can be connected to the grid through either of the following options, both of which were found to be technically feasible:

Option 1: "Bus-in" along the existing Tagoloan- Maramag 138 kV transmission line; and

Option 2: Connect MF1 to the existing Tagoloan substation then MF1 to be connected to MF2;

8. After careful consideration of the Options available, HEDCOR deems Option 1 as the appropriate selection. Based on HEDCOR's evaluation, Option 1, i.e., the "bus-in" along the existing Tagoloan- Maramag 138 kV Transmission Line of the National Grid Corporation of the Philippines (NGCP) through the construction and operation of the HEDCOR Connection Assets, is the more feasible option to connect the Project Plant to the transmission system;

8.1 As per the SIS conducted by NGCP, Option 2 will involve crossing several ancestral domains of Indigenous Peoples (IPs). As IPs are concerned, the Free, Prior and Informed Consent (FPIC) of the respective IPs must be secured.

8.1.1 There is foreseen difficulty in securing all the FPIC needed due to the number of IPs and

the various and possibly conflicting, claims to, in, and around the area to be occupied and traversed by the HEDCOR Connection Assets;

- 8.1.2 It must be further stressed that there is even no certainty that the IPs concerned will give its FPIC; and
- 8.1.3 In addition to the various FPICs required to be secured, there is the matter of securing numerous Rights of Way to use the various tracts of land that must be further addressed;
- 8.2 Even assuming that all FPICs of the IPs concerned are secured, together with the Rights of Way over individual tracts of land under Option 2, this will necessarily entail greater amount of time and resources which will cause unnecessary delays in the construction, testing and commission of the HEDCOR Connection Assets;
- 8.3 Furthermore, the greater distance and area to be covered by the transmission lines under Option 2 necessitates an increase in the number of LGUs involved. HEDCOR will then be forced to stretch its already limited resources and manpower as separate negotiations for the various LGU endorsements and MOAs must be entered into. Under Option 1, there is no need to engage additional LGUs as the pertinent LGUs have already provided their endorsements and the MOAs have been entered into;
- 8.4 In regard to the distance in between connection points, the longer distance under Option 2 will likewise necessitate a longer response time to transient fault and tripping. On the other hand, Option 1, with a shorter distance in between connection points, facilitates a shorter response time to transient fault and tripping;
- 8.5 Lastly, due to the distance from the powerhouse to the Tagoloan Substation under Option 2, greater operations and maintenance costs may be incurred

due to greater exposure to natural elements, pilferage and sabotage;

9. The total estimated cost of the HEDCOR Connection Assets is PhP612,414,764.00, broken down as follows:

<b>Component</b>	<b>Cost, PhP</b>
Communication	66,089,600.00
Switchyard	207,428,440.00
Metering	12,618,941.00
Civil Works	64,364,000.00
Land Acquisition	7,000,000.00
Transmission Line	254,913,783.00
<b>Total</b>	<b>612,414,764.00</b>

- 9.1 The construction of the Connection Assets shall be funded internally by HEDCOR, through its mother company, Aboitiz Renewables Inc., a wholly-owned subsidiary of Aboitiz Power Corporation. Aboitiz Renewables Inc., owns 100% equity interest in HEDCOR;

10. It will apply for a Certificate of Compliance (COC) prior to the Project Plant's commencement of operation in compliance with the requirements of the Commission;
11. The following documents are herewith submitted in support of the instant application:

<b>Annex</b>	<b>Document</b>
A	Facility Study with Detailed Project Description Report
A-1	Options Considered in Lieu of Proposed Project
A-1-a	Comparison Chart of Options
A-2	Gantt Chart Schedule for the Connection Assets
A-3	Cost Estimates for the Connection Assets
A-4	List of Personnel Responsible for Design, Installation, Maintenance and Repair of Equipment
A-5	Proof of Technical Capability to Operate
A-6	Conceptual Engineering Design and Drawings for the Connection Assets
B	HEDCOR's Articles of Incorporation
C	HEDCOR's Certificate of Registration

D	HEDCOR's latest General Information Sheet
E	NGCP Certification that the Project Plant is Consistent with the TDP
F	Environmental Compliance Certificate for the Project Plant
G	System Impact Study
H	Secretary's Certificate re: Board Approval for the HEDCOR Connection Assets
I	Summary of HEDCOR's Key Management Officials
J	Latest Audited Financial Statement of HEDCOR
K	Certificates of Confirmation of Commerciality from the Department of Energy

**ALLEGATIONS IN SUPPORT OF PRAYER  
FOR PROVISIONAL AUTHORITY**

12. It prays that the Commission provisionally authorize the construction, operation and ownership of the HEDCOR Connection Assets pending trial on the merits of this application;
  
13. It is constructing the Project Plant in furtherance of Republic Act No. 9513 or the Renewable Energy Act. In order to comply, at the shortest amount of time possible, with the requirements and the installation target for Run-of-River Hydropower, as set by the Department of Energy (DOE), an urgency exists as to securing permits, construction, and commissioning and testing, among others;
  
14. To enable the Project Plant to avoid unnecessary delays which may lead to opportunity costs and for the Project Plant to contribute to the rising demand growth, it needs to immediately test, commission and dispatch the Project Plant after the completion of the Project Plant. To accomplish these, there is a need for HEDCOR to connect, to the Mindanao Grid through the HEDCOR Connection Assets, and for these HEDCOR Connection Assets to be constructed at the soonest possible time;

15. It prays that these facts and circumstances warrant the issuance by the Commission of a provisional authority pending trial on the merits of this application; and
  
16. It prays that the Commission, after hearing on the merits,
  - a. Immediately issue a provisional authority authorizing HEDCOR to develop, own, and operate the HEDCOR Connection Assets consisting of a) new switchyard to be located in Brgy. Lingion, Manolo Fortich, Bukidnon Province, to become the connection point of the Project Plant; b) associated lines of 138 kV single circuit 1-795MCM ACSR conductor transmission lines from MF1 to MF 2 plant sites; c) associated lines of 138 kV double circuit 2-795 MCM ACSR conductor transmission lines from MF 2 to connection point, necessary to connect the Project Plant to the new switchyard, each of which has an estimated distance of 15 km and 8 km respectively; and d) certain protection systems, power circuit breakers and equipment at the connection point; and
  
  - b. Approve the application for authority to develop, own and operate dedicated point-to-point limited transmission line facilities, specifically, the HEDCOR Connection Assets which consist of: a) new switchyard to be located in Brgy. Lingion, Manolo Fortich, Bukidnon Province, to become the connection point of the Project Plant; b) associated lines of 138 kV single circuit 1-795MCM ACSR conductor transmission lines from MF1 to MF 2 plant sites; c) associated lines of 138 kV double circuit 2-795 MCM ACSR conductor transmission lines from MF 2 to connection point, necessary to connect the Project Plant to the new switchyard, each of which has an estimated distance of 15 km and 8 km respectively; and d) certain protection systems, power circuit breakers and equipment at the connection point.

The Commission has set the application for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 29, 2015 (Tuesday) at ten o'clock in the morning**



**(10:00 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 17<sup>th</sup> day of August, 2015 at Pasig City.**

  
**ATTY. FRANCIS SATURNINO C. JUAN**  
Executive Director III