

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  
THE SAN MIGUEL  
CONSOLIDATED POWER  
CORPORATION (SMCPC)  
POWER PLANT IN  
MALITA, DAVAO DEL SUR  
TO THE 230 KV MALITA-  
MATANAO  
TRANSMISSION LINE OF  
THE NATIONAL GRID  
CORPORATION OF THE  
PHILIPPINES (NGCP),  
WITH PRAYER FOR  
PROVISIONAL  
AUTHORITY**

**ERC CASE NO. 2016-014 MC**

**SAN MIGUEL  
CONSOLIDATED POWER  
CORPORATION (SMCPC),  
Applicant.**

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**D O C K E T E D**  
Date: **SEP 22 2016**  
By: \_\_\_\_\_

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

SMCPC) filed an application for authority to develop, own, and operate dedicated point-to-point limited transmission facilities to connect the 100 MWp Power Project of SMCPC Power Plant in Malita, Davao del Sur to the 230 kV Malita-Matanao transmission line of the National Grid Corporation of the Philippines (NGCP), with prayer for the issuance of provisional authority.

In support of the said application, SMCPC alleged the following:

**The Applicant**

1. SMCPC is a corporation duly created and existing by and under the laws of the Republic of the Philippines, with business address at No. 40 San Miguel Avenue, Mandaluyong City 1550;
2. SMCPC may be served with the orders, notices and other processes of the Honorable Commission through its undersigned counsel at the address indicated herein;

**Nature of the Application**

3. The Application for authority to develop, own, and operate dedicated point-to-point limited transmission facilities to connect SMCPC's Power Plant in Malita, Davao del Sur to the 230 kV Transmission Line of the National Grid Corporation of the Philippines (NGCP) is being submitted to the Honorable Commission for its review and approval pursuant to Section 9(f) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 or the EPIRA<sup>1</sup> and other pertinent rules and regulations;

**Statement of Facts**

4. SMCPC has constructed a 2 x 150 MW Circulating Fluidized Bed Coal-Fired Thermal Power Plant (the Power Plant) located in Barangay Culaman, Malita, Davao del Sur, which is expected to be commercially operational by the 2<sup>nd</sup> quarter of calendar year 2016;
5. SMCPC is now in the process of conducting the testing and commissioning of Unit 1 of the Power Plant and is expected to be synchronized to the Mindanao Grid on 19 May 2016 at an initial load of twenty-five percent (25%). The load will gradually increase to fifty percent (50%), seventy-five percent (75%) and one hundred percent (100%) on 22, 24, and 27 May 2016, respectively;
6. To dispatch the power to be generated by the Power Plant, SMCPC recently developed a dedicated point-to-

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<sup>1</sup> "Section 9. Functions and Responsibilities. x x x.  
(f) x x x.

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."

point limited transmission facilities to connect said Power Plant to the 230 kV Transmission Line of the NGCP;

7. SMCPCC is awaiting for the Department of Energy's (DOE) confirmation of its Declaration of Commerciality and subsequent issuance of a Certificate of Endorsement (COE) in order to apply for a Certificate of Compliance (COC) with the Honorable Commission;
8. The Power Plant Project is consistent with NGCP's Transmission Development Plan (TDP);
9. A System Impact Study (SIS) was prepared by CEMA Consultancy Services, Incorporated on the technical feasibility of connecting the Power Plant Project to the NGCP's 230 kV Malita-Matanao Transmission Line;
  - 9.1 Based on said SIS, it is possible to integrate the Power Plant Project to the Mindanao Grid without significantly degrading the system's performance;
10. **Description of the Connection Facilities.** The Malita 230 kV Substation/Switchyard was installed to connect the Power Plant Project. This Substation caters the connection requirements of Davao del Sur Electric Cooperative, Incorporated (DASURECO) 10 MVA transformer. The transfer of DASURECO 10 MVA from the Matanao 69 kV Feeder to the Malita Substation improves the voltage regulation for the loads being served by this transformer;
  - 10.1 The connecting 230 kV transmission line is approximately 62.5 kilometers. It is designed at 230 kV but will be energized at 138 kV to minimize transmission-related costs. With the 138/230 kV transformers, there is no need to construct the 230 kV switchyard in the Matanao Substation during the interim period; and
  - 10.2 At the Matanao Substation, the only needed modification is the extension of the existing 138 kV buses. Two (2) bays each consisting of two (2) circuit breakers provide for the termination requirements of the double circuit line as well as two (2) spare termination points for future expansions at the Matanao Substation;

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11. **Project Cost.** The cost of the dedicated point-to-point limited transmission facilities is PhP108,744,130.01, broken down as follows:

<b>Item</b>	<b>Amount, PhP</b>
EPC of Interconnection Facility and Teleprotection Interface Between SMCP AIS One Bay Breaker Substation and NGCP Switchyard/Substation in Barangay Culaman, Malita, Davao del Sur	46,783,416.58
Supply, Construction, Installation, and Commissioning of 20 MVA, 69/13.2 kV, 3 PH, 60 Hz Outdoor Substation	58,928,571.43
Installation of Protection Panel for 40 MVA Transformer (Vacuum Circuit Breaker)	3,032,142.00
<b>Total</b>	<b>108,744,130.01</b>

12. In support of the Application, the following documents and/or information are attached hereto as annexes and made integral parts hereof:

<b>Annex</b>	<b>Documents/Information</b>
<b>A</b>	Description of the Project
<b>B</b>	Proof that the Project is Consistent with the Transmission Development Plan (TDP)
<b>C</b>	System Impact Study (SIS)
<b>D</b>	Facility Study
<b>E</b>	Conceptual Engineering Designs and Drawings
<b>F</b>	Project Cost Estimates
<b>G</b>	Gantt Chart Schedule
<b>H</b>	Connection Agreement
<b>I</b>	Secretary's Certificate Approving the Project
<b>J</b>	Environmental Certificate Compliance (ECC) issued by the Department of Environment and Natural Resources (DENR)
<b>K</b>	Articles of Incorporation
<b>L</b>	Certificate of Registration issued by the Securities and Exchange Commission (SEC)
<b>M</b>	Latest General Information Sheet (GIS)

<b>N</b>	Certificate of Registration with the Board of Investments (BOI)
<b>O</b>	Latest Audited Financial Statements (AFS)
<b>P</b>	Judicial Affidavit in support of the motion for provisional authority

**Allegations in Support of the Motion for Provisional Authority**

13. SMCPD repleads the foregoing allegations in support of its prayer for the immediate issuance of provisional authority, anchored on the following grounds:

13.1 SMCPD has filed before the Honorable Commission eleven (11) Joint Applications for approval of Power Supply Contracts (PSCs) it executed with the following Distribution Utilities (DUs): Agusan del Sur Electric Cooperative, Incorporated (ASELCO), Cotabato Electric Cooperative, Incorporated (COTELCO), Cotabato Electric Cooperative, Incorporated-PPALMA (COTELCO-PPALMA), Davao del Norte Electric Cooperative, Incorporated (DANECO), Davao del Sur Electric Cooperative, Incorporated (DASURECO), Lanao del Norte Electric Cooperative, Incorporated (LANECO), Misamis Oriental I Rural Electric Service Cooperative, Incorporated (MORESCO I), Siargao Electric Cooperative, Incorporated (SIARELCO), Surigao del Sur II Electric Cooperative, Incorporated (SURSECO II), Zamboanga City Electric Cooperative, Incorporated (ZAMCELCO), and Zamboanga del Sur I Electric Cooperative, Incorporated (ZASURECO I);

13.2 At present, there is an existing power supply deficiency in the Mindanao Region resulting in frequent and/or rotational brownouts and intermittent power interruptions. Likewise, the DUs in said Region are heavily dependent on hydroelectric power plants which, during the summer season coupled with the occurrence of the *El Niño* phenomenon, the supply of power is significantly reduced and/or irregular. Thus, there is a need for these DUs to draw power from generation companies for the continuous supply of electricity to their member-consumers;

13.3 As previously stated, SMCPD is now in the process of conducting the testing and

commissioning of Unit 1 of the Power Plant and is expected to be synchronized to the Mindanao Grid on 19 May 2016;

- 13.4 Article 5 (Pre-Commercial Operations) of SMCP's PSCs with the foregoing DUs provide that the DUs (as the Buyers) agree to purchase the Net Electrical Output of the Power Plant delivered by SMCP (as the Seller) and billed to the DUs during the period of testing and commissioning, on a non-firm basis, subject to payment of Energy Fees and other charges under Article 9.3 thereof;
- 13.5 In order for SMCP to comply with its contractual obligations with said DUs, it is imperative that the Power Plant should be immediately connected to the 230 kV Malita-Matanao Transmission Line of NGCP. Thus, the development of dedicated point-to-point limited transmission facilities is a pre-requisite for the testing and commissioning, and eventually, the commercial operations of the Power Plant;
- 13.6 Further, said Power Plant is considered as a committed project, and is in the process of securing a certification from the DOE that the same is consistent with the Power Development Plan (PDP); and
- 13.7 It bears stressing that pursuant to Rule 14, Section 3 of the Honorable Commission's Rules of Practice and Procedure, the Honorable Commission may issue a provisional authority pending approval of the Application, to wit:

***“Section 3. Action on the Motion. – Motions for provisional authority or interim relief may be acted upon with or without hearing. The Commission shall act on the motion on the basis of the allegations of the application or petition and supporting documents and other evidences that applicant or petitioner has submitted and the comments or opposition filed by any interested person, if there be any.”***  
(Emphasis provided)

14. To emphasize the necessity of the foregoing allegations, a judicial affidavit in support of the motion for provisional authority is attached to the Application as Annex “P” and made an integral part hereof.

**Prayer**

**WHEREFORE**, the foregoing premises considered, Applicant San Miguel Consolidated Power Corporation (SMCPC) most respectfully prays that the Honorable Commission:

1. Pending hearing, **ISSUE** an Order provisional approving the development, ownership, and operation of dedicated point-to-point limited transmission facilities to connect the SMCPC Power Plant in Malita, Davao del Sur to the 230 kV Malita-Matanao Transmission Line of the National Grid Corporation of the Philippines (NGCP); and
2. After due notice and hearing, **ISSUE** a Decision approving the Application and permanently authorize the development, ownership, and operation of said dedicated point-to-point limited transmission facilities.

On 18 August 2016, the Commission issued an Order setting the instant Application for determination of compliance with the jurisdictional requirements, Expository Presentation, Pre-trial Conference, and presentation of evidence on 19 October 2016.

On 07 September 2016, SMCPC filed an *Urgent Motion for Resetting of Public Hearing* dated 06 September 2016 (Motion) requesting for a change in hearing schedule to an earlier date, preferably on 22 September 2016.

However, there is no sufficient time for Applicant to comply with the publication requirements should the hearing be reset to 22 September 2016.

In view thereof, the hearing of this case scheduled on 19 October 2016 is hereby **CANCELLED** and reset to **05 October 2016 (Wednesday) at two o'clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City**, for determination of compliance with the jurisdictional requirements, Expository Presentation, Pre-trial Conference, and presentation of evidence.


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 wish to have a copy of the application may request from the applicant that they be furnished with the same, prior to the date of the initial hearing. The applicant is hereby directed to furnish all those making such request with copies of the application and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the application and other pertinent records filed with the Commission during the standard 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 9<sup>th</sup> day of September 2016 in Pasig City.

  
**ATTY. NATHAN J. MARASIGAN**  
*Chief of Staff*  
Office of the Chairman and CEO