

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 40.7 MW  
SOLAR POWER PLANT TO  
THE VISAYAS GRID, WITH  
PRAYER FOR PROVISIONAL  
AUTHORITY**

**ERC CASE NO. 2015-057 MC**

**NEGROS ISLAND SOLAR  
POWER, INC. (NISPI),  
Applicant.**

X-----X

**D O C K E T E D**  
Date: DEC 03 2015  
By: [Signature]

**ORDER**

On September 10, 2015, Negros Island Solar Power, Inc. (NISPI) filed an application for authority to develop, and own or operate dedicated point-to-point limited facilities to connect its 40.7 MW solar power plant to the Visayas grid, with prayer for provisional authority.

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

1. NISPI (formerly Luzon Island Solar Power, Inc.) 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;

A copy of NISPI's Certificate of Registration, Amended Articles of Incorporation, 2015 Amended General Information Sheet, and 2014 Audited Financial Statements are attached to the application as Annexes "C", "D", "E" and "F";

A handwritten signature in black ink, appearing to be 'ij'.

NATURE OF APPLICATION

2. The application seeks the consideration and approval of the Commission of NISPI's proposed development, ownership, or operation of interconnection facilities which shall connect the 40.5 MWp AC Solar Power Plant in Manapla, Negros Occidental, to the Visayas Grid through the Cadiz-Victorias 69 kV line of NONECO and to the National Grid Corporation of the Philippines (NGCP) Cadiz Substation;

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 the Commission, thus:

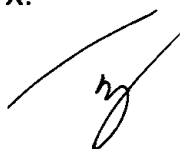
"A generation company may develop and own or operate dedicated point-to-point limited facilities provided, that such facilities are required only for the purpose of connecting to the distribution system, and are used solely by the generating facility, **subject to prior authorization by the ERC.**" 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

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.



2.3. Hence, this application.

### STATEMENT OF FACTS

3. The right and authority to develop the Solar Power Plant in Manapla, Negros Occidental is contained in Solar Energy Service Contract (SESC) No. 2014-05-080, which was executed between the Department of Energy (DOE) and San Carlos Solar Energy, Inc. (SACASOL) and which granted SACASOL the exclusive right to explore, develop and utilize solar energy resources within an area located in Manapla and Cadiz City, Negros Occidental.

A copy of SESC No. 2014-05-080 is attached to the application and made an integral part thereof as Annex "G";

4. On June 15, 2015, SACASOL and NISPI executed a Deed of Assignment<sup>1</sup> for the assignment of SESC No. 2014-05-080 and is pending approval before the DOE. Upon its approval, SACASOL shall assign all its rights, title, obligations, liabilities, and interest in the development of the 48 MW DC Solar Power Plant in Manapla, Negros Occidental to NISPI;
5. Further, upon approval of the DOE, all permits, contracts and documents relating to SESC No. 2014-05-080 and the Solar Power Plant shall be assigned by SACASOL to NISPI as well. It is noteworthy that NISPI is a 100% wholly owned subsidiary of SACASOL;
6. Among the agreements to be assigned by SACASOL is the Grid Interconnection Agreement it has executed with Northern Negros Electric Cooperative, Inc. (NONECO) for the interconnection of the Solar Power Plant to the Cadiz-Victorias 69 kV line. A copy of the Grid Interconnection Agreement dated May 19, 2015 is attached to the application as Annex "I";
7. NISPI shall also execute a connection agreement with the NGCP upon DOE's approval;



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<sup>1</sup> Attached to the Application as Annex "H"

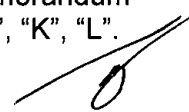
8. To connect the Solar Power Plant to the Visayas Grid, SACASOL has decided to develop and construct a dedicated point-to-point facility (Dedicated Facility Project),<sup>2</sup> which NISPI shall implement and continue upon DOE's approval of the assignment.<sup>3</sup> The Dedicated Facility Project shall be used solely by the Solar Power Plant for the dispatch thereof;
  
9. There are two options to connect the Solar Power Plant to the Visayas Grid- connect it to NGCP Cadiz Substation (Option 1) or through the NONECO's Cadiz-Victorias 69 kV Line (Option 2), and both require the development and construction of a dedicated point-to-point facility. NISPI intends to connect through both schemes and will use Option 2 as an interim line while waiting for Option 1 to be completed;
  
10. The Dedicated Facility Project is the most effective way to connect the Solar Power Plant to the Visayas Grid;
  - 10.1 The Cadiz-Victorias 69 kV Line is the closest Subtransmission Line from the switchyard of the Solar Power Plant. The connection will require the only a 3 km line, which may be completed in approximately two and a half months.<sup>4</sup> The construction of this line will ensure the connection of the Solar Power Plant at the soonest possible time to meet the rising demand of power in Visayas;
  
  - 10.2 The construction of 17 km line that shall directly connect the solar power plant to the NGCP Cadiz Substation will take approximately four months to complete. It shall be the main transmission line used for the dispatch of the Solar Power Plant;
  
  - 10.3 The estimated cost of the construction of the Dedicated Facility Project is PhP139,590,594.88,

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<sup>2</sup> The Secretary's Certificate containing the relevant Board Resolutions is attached to the Application as Annex "A".

<sup>3</sup> The Secretary's Certificate containing the relevant Board is attached to the Application as Annex "B".

<sup>4</sup> The Conceptual Engineering Design and Drawings and pertinent portions of the Onshore Construction Contract with Phesco Inc and of the Memorandum Agreement with NONECO are attached to the Application as Annexes "J", "K", "L".



inclusive of the cost for the construction of the switchyard.<sup>5</sup> It will be fully funded privately and shall therefore not result in any unregulated charges; and

10.4 The highlights of the Projected Financial & Economic Cost Analysis for the Dedicated Facility Project is attached in the application and made an integral part thereof as Annex "N".

11. A draft of the System Impact Study (SIS) has been submitted to the NGCP for the latter's approval. The SIS leads to the conclusion that "[t]he entry of the 40.5 solar power plant in the Visayas Grid is technically feasible for both connection scheme option 1 and option 2."<sup>6</sup> NISPI undertakes to install the necessary voltage compensating device to maintain voltage levels within acceptable limits. Upon approval of the SIS, NISPI 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 as Annex "O";

12. Upon the completion of the Dedicated Facility Project, NISPI, shall be responsible for its operation, service, and maintenance. NISPI already has qualified personnel who shall be in charge of the operation, service and maintenance of the Dedicated Facility Project upon its completion;<sup>7</sup>

13. As of date, SACASOL has secured or is in the process of securing the necessary permits, licenses and authority from regulatory agencies<sup>8</sup>;

14. NISPI, likewise, undertakes to secure all the necessary permits, licenses and authority from regulatory agencies<sup>9</sup>;

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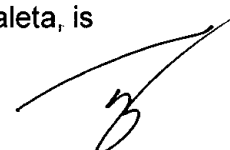
<sup>5</sup> The Dedicated Facility Project Cost Estimate is attached to the Application as Annex "M".

<sup>6</sup> Annex O of the Application, p.19.

<sup>7</sup> A copy of the resume of NISPI's Operation Manager is attached to the Application as Annex "P"

<sup>8</sup> A copy of the sworn statement of its President, Juan Xavier P. Zabaleta, is attached to the Application as Annex "Q".

<sup>9</sup> A copy of the sworn statement of its President, Juan Xavier P. Zabaleta, is attached as Annex "R".

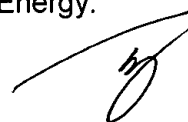


ALLEGATIONS IN SUPPORT OF THE MOTION FOR  
PROVISIONAL AUTHORITY

15. The demand for electricity in Visayas has an Average Annual Growth Rate of 4.52 percent.<sup>10</sup> To avoid power outages therein 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;
  
16. 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>11</sup>;
  
17. Further, the Renewable Energy Act of 2008 (Republic Act 9513) mandates that the Solar Power Plant, being a generating unit utilizing intermittent renewable energy resource, shall enjoy the benefit of priority dispatch<sup>12</sup>;
  
18. Connecting the Solar Power Plant's switchyard to the Visayas Grid is a prerequisite its commercial operations. It is only in line with the policy of the State to grant NISPI provisional authority to develop and own or operate the dedicated point-to-point facility to connect the Solar Power Plant to the Visayas Grid so it could commence commercial operations at the soonest possible time;
  
19. It is critical that a provisional authority be issued considering that the deadline to avail of the Feed-In Tariff allocation is on March 16, 2016 or until the installation target of 500 MW for solar power plants has been fully subscribed, whichever comes first;

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<sup>10</sup> 2013 Supply-Demand Outlook of the Department of Energy.  
<sup>11</sup> Section 2 (a), Republic Act 9513.  
<sup>12</sup> Section 20, Republic Act 9513.



20. Therefore, there is sufficient basis for the issuance of a provisional authority pending the issuance of a final decision;

PRAYER

21. NISPI prays that the Commission:

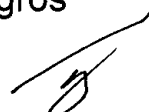
- 1) issue an order provisionally authorizing SACASOL and NISPI to develop and own or operate the Dedicated Facility Project; and
- 2) after hearing on the merits, render a Decision approving the application.

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **January 20, 2016 (Wednesday) 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.**

NISPI is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, at least ten (10) days before the scheduled date of initial hearing. It is also directed to inform the consumers, by any other means available and appropriate, of the filing of the instant application, its reasons therefor and of the scheduled hearing thereon.

Let copies of the application, this Order, and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA) and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Office of the Governor of Negros



Occidental and the Mayors of San Carlos City, Manapla and Cadiz City, respectively for the appropriate posting thereof on their respective bulletin boards.

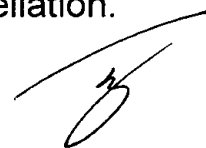
NISPI is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, NISPI must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governor and Mayors or their duly authorized representatives, bearing the seals of their offices, and the affidavit of the Editor or Business Manager of the newspaper where said Notice of Public Hearing was published together with the complete issue of the said newspaper, and such other proofs of compliance with the requirements of the Commission.

NISPI and all interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-Trial Briefs containing, among others:

- (a) A summary of admitted facts and proposed stipulation of facts;
- (b) The issues to be tried or resolved;
- (c) The documents or exhibits to be presented, stating the purposes thereof and proposed markings therefore; and
- (d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-Trial Brief.

Failure of NISPI to submit the required Pre-Trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.





As part of the pre-trial conference, NISPI must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, November 13, 2015.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSE VICENTE B. SALAZAR**  
Chairman 

  
JVB/NJS

**Copy Furnished:**

1. **ATTY. ANNALEE JOYCE C. TODA**  
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122 Gamboa Street, Legaspi Village, Makati City
2. **NEGROS ISLAND SOLAR POWER, INC. (NISPI)**  
Emerald Arcade, F.C. Ledesma St., San Carlos City  
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3. **THE OFFICE OF THE SOLICITOR GENERAL**  
134 Amoroso Street, Legaspi Village, Makati City  
Metro Manila
4. **THE COMMISSION ON AUDIT**  
Don Mariano Marcos Avenue  
Diliman, Quezon City, Metro Manila
5. **THE SENATE COMMITTEE ON ENERGY**  
Senate of the Philippines  
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
6. **THE HOUSE COMMITTEE ON ENERGY**  
House of Representatives  
Batasan Hills, Quezon City, Metro Manila
7. **OFFICE OF THE PRESIDENT OF PCCI**  
Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, ECC Building, Sen. Gil Puyat Avenue  
Makati City
8. **OFFICE OF THE PROVINCIAL GOVERNOR**  
Negros Occidental
9. **OFFICE OF THE MAYOR**  
San Carlos City, Negros Occidental
10. **OFFICE OF THE MAYOR**  
Manapla, Negros Occidental
11. **OFFICE OF THE MAYOR**  
Cadiz, Negros Occidental
12. **THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP)**  
NGCP Building, Quezon Avenue corner BIR Road  
Diliman, Quezon City

