

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



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
EMERGENCY CAPITAL
EXPENDITURE (CAPEX)
PROJECT, ENTITLED,
"DEVELOPMENT OF
ROXAS 50 MVA, 69 KV -
13.8 KV SUBSTATION"**

ERC CASE NO. 2016-013 RC

**CLARK ELECTRIC
DISTRIBUTION
CORPORATION (CEDC),
Applicant.**

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D O C K E T E D
Date: APR 12 2016
By: 14

ORDER

On 18 February 2016, the Clark Electric Distribution Corporation (CEDC) filed an application for the approval of its emergency capital expenditure (CAPEX) project, entitled "Development of Roxas 50 MVA, 69 KV - 13.8 KV Substation".

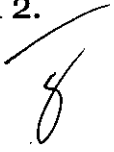
In the said application, CEDC alleged, among others, the following:

1. CEDC is a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Bldg. N2830, Bayanihan Street, Clark Freeport Zone, Pampanga, Philippines, where it may be served with summons and other legal processes.

2. CEDC is the exclusive franchise holder issued by the Clark Development Corporation (CDC), by virtue of Executive Order No. 80, to operate and maintain the power distribution system within the Clark Special Economic Zone and to distribute power exclusively therein.
3. CEDC seeks the approval of the Commission for its Emergency Project Roxas 50 MVA Substation at M. A. Roxas Highway.
4. The application was filed pursuant to Section 3.4 of the Energy Regulatory Commission (ERC) Resolution No. 26, Series of 2009, entitled "Resolution Amending the Rules for Approval of Regulated Entities Capital Expenditure Projects," which allows the distribution utility to file with the Commission for the approval of its emergency CAPEX projects within sixty (60) days after the start of construction.
5. The former Diamante 25 MVA Substation was located within the Civil Aviation Complex boundary of Clark Airport Zone. It has a 25 MVA 69 kV – 13.8 kV power transformer and other associated station, protective and metering equipment. The said power transformer and other equipment are 25 years old, having been manufactured in 1991.
6. The former Diamante Substation provided the power requirements of several major locators in the said area, such as but not limited to the following: Clark International Airport (major transportation hub in Clark area), Philippine Airforce, SIA Engineering, Bases Conversion Development Authority (BCDA), United Parcel Services (UPS), MIASCOR Catering and Cargo haus.
7. On 18 October 2015, at the height of Typhoon Lando, CEDC experienced several feeder circuit outages. In order to address the same, it performed its standard procedure of reclosing the affected feeder circuits one at a time. However, during the attempt to re-energize Duty Free Feeder of the Diamante Substation, the transformer simultaneously tripped out by Buchholz relay. The series of tests conducted on the transformer revealed that the transformer is already defective due to internal fault. This affected the reliability, security and efficiency of power supply in the Clark Aviation Complex.



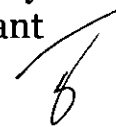
8. In order to continuously provide a reliable power supply and to avoid load dropping due to the defective transformer, the loads thereof were transferred to adjacent circuits, particularly the feeders of Kalaw Substation Banks 1 and 2. The transfer of the loads of Diamante substation resulted in the critical loading of the Kalaw Substation Banks. Consequently, the load for said Kalaw Substation Banks 1 and 2 remain critically loaded at 70% and 84%, respectively.
9. The Kalaw Substation Banks, however, are no longer in good condition as manifested by the recent Dissolved Gas in Oil Analysis (DGA) tests showing sharp increase in key gas concentrations. The said banks have been exposed to electrical and mechanical stresses during feeder faults, which also resulted in their premature and accelerated ageing.
10. Such being the case, it is inevitable for outages to occur in any of the Kalaw Substation Banks, and this will result in load dropping due to the overloading of the remaining bank during load transfers. This will affect the customers being served by Kalaw Substation, such as Puregold Duty Free Plaza, Kita Corporation, Poongsan, Clark International Airport, PLDT, Amertron, Fontana, Holiday Inn, Widus Hotel, Foton, Cebu Air, Fontana Resort and Hotel, Stotsenberg, Multi-Tek Fasteners, Donggwang Clark Corporation and Eaglesky Technology.
11. In addition, it became difficult for CEDC to conduct preventive maintenance works on either Kalaw Substation Bank 1 or 2 considering the inadequate capacity of the remaining bank to carry the loads of the other bank that is on shut down. This has likewise contributed to the deteriorating conditions of Kalaw Substation Banks 1 and 2.
12. Thus, CEDC seeks for the approval of the emergency project development of Roxas 50 MVA, 69 kV – 13.8 kV Substation at M. A. Roxas Highway. The implementation of this emergency project will restore the distribution system in its normal state, allow CEDC to conduct regular maintenance of the transformers and address the additional load requirements in the Civil Aviation Complex. The 50 MVA transformer will provide N-1 contingency to Kalaw Substations Banks 1 and 2.



13. The emergency project will instead be located along M. A. Roxas Highway, considering that the Clark International Airport Corporation (CIAC) has a plan to construct an additional runway affecting the Diamante Substation site (Clark Civil Aviation Complex) in 2017. Attached is a copy of CIAC's Plan for construction of an additional runway in Clark Civil Aviation Complex, (Annex "A").
14. With the implementation of said emergency project, the loads of the Kalaw Substation Banks 1 and 2 and the new Roxas Substation will be at 50%, 58% and 30%, respectively.
15. The total Estimated Cost of the Emergency Capital Project is One Hundred Ninety Eight Million Four Hundred Seventy Seven Thousand and Eight Hundred Pesos (Php198,477,800.00). The detailed cost breakdown, project justification and other details can be found in Annex "B".
16. In support of its application, CEDC has attached the Judicial Affidavit of Mr. Milo R. Pantig, Senior Assistant Vice President (SAVP) and Head of CEDC's Distribution Services as Annex "C".
17. CEDC prays that the Commission approve its emergency project entitled "Development of Roxas 50 MVA, 69 Kv-13.8 Kv Substation".

Finding the said application sufficient in form and 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 **09 June 2016 (Thursday) at ten o'clock in the morning (10:00 A.M.) at CEDC's Principal Office, Bldg. N2830, Bayanihan Street, Clark Freeport Zone, Pampanga.**

CEDC is hereby directed to cause the publication of the attached Notice of Public Hearing in two (2) newspapers of general circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart, with the date of last publication made not later than ten (10) days before the date of the scheduled initial hearing. It is also directed to inform the consumers within its franchise area, 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 hearing.

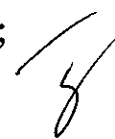
Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Office of the Administrator/Responsible Officer of the Clark Freeport Zone Authority (CFZA) for the appropriate posting thereof on their respective bulletin boards.

CEDC 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, CEDC must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of a certification issued to that effect, signed by the afore-mentioned Administrator/Responsible Officer, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

CEDC 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 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 CEDC 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.

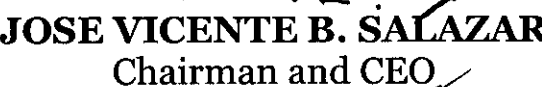
As part of the pre-trial conference, CEDC must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned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

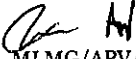
SO ORDERED.

Pasig City, 05 April 2016.

FOR AND BY AUTHORITY OF
THE COMMISSION:




JOSE VICENTE B. SALAZAR
Chairman and CEO


MLMG/APV/IO_2016-013 RC CEDC

Copy Furnished:

1. **ATTY. RANULFO M. OCAMPO**
Counsel for CEDC
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2. **Clark Electric Distribution Corporation (CEDC)**
Attention: Mr. Ricardo V. Buencamino
President and Chief Executive Officer
N2830 Bayanihan Street, Clark Freeport Zone
Pampanga
3. **The Office of the Solicitor General**
234 Amorsolo Street, Legaspi Village, Makati City
Metro Manila
4. **The Commission on Audit**
Don Mariano Marcos Avenue
Diliman, Quezon City, Metro Manila
5. **The Committee on Energy**
Senate of the Philippines
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
6. **The 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)
3rd Floor, ECC Building, Sen. Gil Puyat Avenue
Makati City
8. **Office of the Administrator/Responsible Officer**
Clark Freeport Zone, Province of Pampanga

