

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 A
DEDICATED POINT-TO-
POINT TRANSMISSION LINE
TO CONNECT THE 8.0 MW
VILLASIGA MINI-HYDRO
ELECTRIC POWER PLANT TO
THE 69 KV SAN JOSE -
CULASI TRANSMISSION LINE
OF THE NATIONAL GRID
CORPORATION OF THE
PHILIPPINES (NGCP), WITH
PRAYER FOR PROVISIONAL
AUTHORITY**

ERC CASE NO. 2016-009 MC

**SUNWEST WATER AND
ELECTRIC COMPANY 2, INC.
(SUWECO 2),**

Applicant.

X ----- X

D U C K E T E D
Date: **APR 28 2016**
By: W

ORDER

On 18 March 2016, Sunwest Water and Electric Company 2, Inc. ("**SUWECO 2**") filed an Application for authority to develop, own, and operate a dedicated point-to-point limited transmission line to connect the 8.0 MW Villasiga Mini-Hydro Electric Power Plant to the 69 KV San Jose Culasi Transmission Line of the National Grid Corporation of the Philippines ("**NGCP**"), with prayer for provisional authority ("**Application**").

In the Application, SUWECO 2 alleged, among others, the following:

1. SUWECO 2 is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at Unit 1108 West Tower PSE

Center, Exchange Road, Ortigas, Pasig City. A copy of SUWECO 2's Certificate of Incorporation, Amended Articles of Incorporation, and latest General Information Sheet were attached to the Application as Annexes "A", "B" and "C", respectively.

2. Applicant may be served with the orders and other legal processes through its counsel.

3. SUWECO 2 is engaged in the business of power generation and is registered by the Department of Energy ("DOE") as a Renewable Energy Developer of the 8.00 MW Villasiga Hydroelectric Power Plant ("VHPP"), which is covered by Hydropower Service Contract No. 2010-02-086 - A. A copy of the Certificate of Registration was attached to the Application as Annex "D".

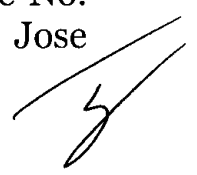
4. The VHPP is a run-of-river project along the Paliuan River, Barangay Igsoro, Bugasong, Antique. The power plant consists of two (2) units of 3.6MW, 4.16KV generators, and one (1) unit of a 0.88MW, 4.16KV generator.

5. In order to dispatch the generated power, SUWECO 2 proposes to connect the VHPP to the NGCP's transmission line through a twenty-seven (27)-kilometer dedicated transmission line and related facilities (collectively referred to as the "**Dedicated Facility**").

6. A Connection Agreement was already executed between the NGCP and SUWECO 2, a copy of which was attached to the Application as Annex "F".

7. The Dedicated Facility is composed of the 27km-69 kV transmission line using 336 MCM ACSR, SUWECO 2's Bugasong switchyard, revenue metering facility, protective relaying equipment using directional overcurrent relays M1 (main) and, M2 (backup), and the circuit breakers. A copy of the Executive Summary of the project was attached to the Application as Annex "G".

8. From the said switchyard, the power will be directed to NGCP 69 kV through its tapping point at Pole No. 431 of the recently completed NGCP Culasi-San Jose



Transmission Line. Copies of the Single Line Diagram and Conceptual Engineering Designs and Drawings were attached to the Application as Annexes "H" and "I", respectively.

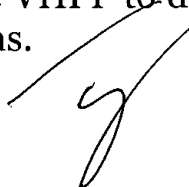
9. The Dedicated Facility has already been completed. SUWECO 2 spent One Hundred Twenty-Three Million Three Hundred Fifty-Eight Thousand Two Hundred Forty-One and Thirty-Five Centavos (PhP123,358,241.35), as substantiated in the 69 kV Transmission Line Cost that was attached to the Application as Annex "J".

10. Prior to the filing of the instant Application, SUWECO 2 considered three (3) alternatives based on NGCP's presentation of the safe operating conditions during the three phase simulation test, to wit:

a. The first alternative is for the VHPP to be connected to the grid via NGCP's Culasi or Sibalom substation passing through the Bugasong Substation and the 13.2 kV distribution line of the Antique Electric Cooperative (ANTECO). In this alternative, VHPP will be allowed to deliver power to the grid but only at the very minimal level of 0.8MW considering that either of ANTECO's Feeder 1(Bug-Sib) or F2(Bug-Culasi) must remain open. While it is technically feasible, it will not maximize the generated capacity of VHPP since increasing the load will result in the meltdown of ANTECO's feeders and distribution line. A copy of the single line diagram of this scheme was attached to the Application as Annex "K".

b. The second alternative is for the VHPP connection to run in "island mode." If this is pursued, VHPP can only deliver the entire 8.0 MW VHPP capacity to F1 and F2 if this can be accommodated by the load requirement of ANTECO. There may be voltage drops to customers, necessitating an increase in VHPP MVAR to solve the voltage drop issue. A copy of the single line diagram of this scheme was attached to the Application as Annex "K-1".

c. The third alternative, the one adopted by SUWECO 2, involves the connection of the VHPP to the NGCP 69 kV San Jose-Culasi Transmission Line. This connection will enable VHPP to dispatch its power supply without any restrictions.



11. The connection of the Dedicated Facility to the NGCP 69 kV San Jose-Culasi Transmission Line is the most technically viable option and provides the optimal utilization of the 8.00 MW VHPP. The commercial operation was delayed since SUWECO 2 had to wait for the completion of the first phase of the said transmission line where the connection point is situated.

12. Upon issuance by this Commission to SUWECO 2 of the authority to own and operate the Dedicated Facility, SUWECO 2 will engage the services of NGCP to undertake the operation, service, and maintenance of the Dedicated Facility. A copy of the Cost Benefit Analysis on the operation and maintenance of the Dedicated Facility is attached as Annex "L".

13. In further support of the Application, SUWECO 2 submitted copies of the following documents:

Annex	Documents
"M"	Statement of Compliance with the Philippine Grid Code executed by SUWECO 2's authorized representative
"N"	Net Present Value of the Dedicated Facility and Five-year Project Financial Ratios
"O"	SUWECO 2 Board Resolution approving the Dedicated Facility
"P"	Sworn Statement of SUWECO 2's Authorized Representative attesting that SUWECO 2 has applied and been granted permits for the Dedicated Facility
"Q"	SUWECO 2 2014 Audited Financial Statement
"R"	Gantt Chart
"S"	Department of Environment and

	Natural Resources Certificate of Non-Coverage
"T"	List of Key Management Officials
"U"	Final Report of the System Impact Study
"V"	Facility Study

ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL AUTHORITY

14. SUWECO 2 further alleged the following in support of its prayer for provisional authority:

a. SUWECO 2 has already completed the construction of both the VHPP and the Dedicated Facility and all the tests required by the Commission and by NGCP have been performed by SUWECO 2.

b. A provisional authority is however necessary to enable SUWECO 2 to utilize the Dedicated Facility in dispatching the generated power from its plant to the grid.

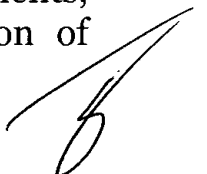
15. In further support of the prayer for issuance of provisional authority, an Affidavit of Merit was attached to the Application as Annex "W".

Thus SUWECO 2 prays for the Commission to:

a. Issue an Order granting provisional authority to SUWECO 2 to develop, own and operate the Dedicated Facility that will connect the 8.00 MW Villasiga Hydro Power Plant to the transmission line of the NGCP; and

b. After hearing on the merits, render a Decision approving the Application.

Finding the said Application sufficient in form and substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of



evidence on **03 June 2016 (Friday) at two o'clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

SUWECO 2 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 date of the scheduled 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 hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished to the Offices of the Governor of Antique, the Mayors of the Municipalities of Bugasong, San Jose, and Culasi, all in the Province of Antique, and the City of Pasig for the appropriate posting thereof on their respective bulletin boards.

SUWECO 2 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, SUWECO 2 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 certificates issued to that effect, signed by the aforementioned Governor and Mayors or their duly authorized representatives, bearing the seals of their office, and the affidavit of the Editor or Business Manager of the newspaper where the 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.

SUWECO 2 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 SUWECO 2 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, SUWECO 2 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, 18 April 2016.


FOR AND BY AUTHORITY
OF THE COMMISSION:

ERC
Office of the Chairman



D-2016-007-OC-02413

JOSE VICENTE B. SALAZAR
Chairman and CEO

LS:  CMB/GLS/APV initial order 2016-009 mc

Copy furnished:

1. **Atty. Cecilia R. Layug**
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2. **Sunwest Water and Electric Company 2, Inc. (SUWECO 2)**
Applicant
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4. **Commission on Audit**
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Quezon City, Metro Manila
5. **Senate Committee on Energy**
GSIS Building, Roxas Boulevard
Pasay City, Metro Manila
6. **House Committee on Energy**
Batasan Hills, Quezon City, Metro Manila
7. **Office of the Mayor**
San Jose, Antique
8. **Office of the Mayor**
Culasi, Antique
9. **Office of the Mayor**
Bugasong, Antique
10. **Office of the Provincial Governor**
Province of Antique

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