

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE POWER
PURCHASE AND SALE
AGREEMENT (PPSA), AS
AMENDED, BETWEEN
PENINSULA ELECTRIC
COOPERATIVE, INC. AND
GNPOWER LTD. CO., WITH
MOTION FOR CONFIDENTIAL
TREATMENT OF
INFORMATION AND
ISSUANCE OF PROVISIONAL
AUTHORITY**

ERC CASE NO. 2016-036 RC

**PENINSULA ELECTRIC
COOPERATIVE, INC.
(PENELCO) AND GNPOWER
LTD. CO. (GNPOWER),
Applicants.**

D O C K E T E D
Date: JUN 01 2016
By: [Signature]

X ----- X

ORDER

On 04 April 2016, the Peninsula Electric Cooperative, Inc. (PENELCO) and GNPower Ltd. Co. (GNPOWER) filed an Application for approval of the power purchase and sale agreement (PPSA), as amended, with motion for confidential treatment of information and issuance of provisional authority.

In the said Application, PENELCO and GNPOWER alleged the following:

1. Applicant PENELCO is a non-stock, non-profit electric cooperative duly organized and existing under Philippine laws, with principal office at Roman Super Highway, Tuyo, Balanga City, Bataan. It is duly authorized to distribute electricity in Dinalupihan, Hermosa, Orani, Samal, Abucay, Balanga City, Pilar, Orion, Limay, Mariveles, Bagac, and Morong, all in the Province of Bataan (collectively, the "Franchise Area"). A copy

[Handwritten signature]

of its Certificate of Franchise is herein attached and forms an integral part hereof as **Annex "A"**;

2. Meanwhile, Applicant GNPOWER is a duly registered limited partnership organized and existing under Philippine laws, and is engaged in the business of developing, constructing, operating, and owning power generation facilities. Its principal office is at the 28th Floor, The Orient Square Building, Don Francisco Ortigas Jr. Road, Ortigas Center, Pasig City. Copies of its Certificate of Registration issued by the Securities and Exchange Commission (SEC) and Amended Articles of Partnership are herewith attached and made integral parts hereof as **Annexes "B" and "B-1"**, respectively;

3. Applicants may be served with orders, notices and other legal processes of this Honorable Commission through the respective addresses of the undersigned counsels;

4. By and pursuant to *Sections 25, 43 (u), and 45 (b) of Republic Act No. 9136*, otherwise known as the *Electric Power Industry Reform Act of 2001 (EPIRA)*, and its *Implementing Rules and Regulations*, this *Application* is submitted to this Honorable Commission for its due consideration and approval of the Power Purchase and Sale Agreement (PPSA), as amended, executed by and between Applicants PENELCO and GNPOWER;

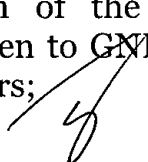
I. STATEMENT OF FACTS

5. Based on its supply-demand forecast, PENELCO's peak demand in 2015 is 77 MW, with an annual average growth rate of 5%. Therefore, its peak demand is expected to increase to 103 MW in 2020, and 122 MW by the year 2024;

6. In view of the increasing demand in its franchise area, PENELCO solicited proposals from potential suppliers for its future power requirements;

7. Two (2) potential suppliers were considered in the selection process to be evaluated under a least cost approach and on terms most advantageous to PENELCO;

8. After careful evaluation of the offer and proposal of GNPOWER which was also anchored on the results of the bidding that was conducted by the Central Luzon Electric Cooperatives Association First Luzon Aggregation (CLECAFLAG) where GNPOWER was awarded as the winning proponent, the contract for a portion of the supply of PENELCO's power requirements was given to GNPOWER, as approved by PENELCO's board of directors;



9. Consequently, on 04 May 2015, PENELCO executed with GNPOWER the subject PPSA, a copy of which is herewith attached and forms an integral part hereof as **Annex "C"**. The PPSA was later amended to enhance its beneficial terms and conditions, particularly, towards providing competitively-priced power to PENELCO's consumers. A copy of the amendatory agreement to the PPSA is herewith attached and made integral part hereof as **Annex "C-1"**. The PPSA, whenever referred to hereunder, shall mean the PPSA as amended;

10. The PPSA, as amended, provides for GNPOWER's supply of PENELCO's future power requirements equivalent to 25 MW commencing in 2020, with the option to start delivery earlier than the target commercial operations, on an interim basis;

11. GNPOWER will deliver environmentally clean electric power from two (2) by 660 MW-net clean pulverized coal-fired electric power generation facility (hereinafter, the "Generation Facility"), which it will build, own, and operate in Barangay Alasasin, Municipality of Mariveles, Province of Bataan (the "Project").

II. ABSTRACT OF THE PPSA, AS AMENDED, AND OTHER RELATED INFORMATION

12. The following are the salient features of the PPSA, as amended:¹

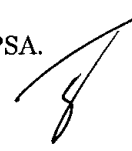
- a. **TERM.** The PPSA, as amended, shall be in force for a period of one hundred and eighty (180) months from the date to be specified in the Commencement Date Notice;
- b. **SOURCE OF SUPPLY.** GNPOWER shall make available, sell, and deliver or cause to be delivered to PENELCO the Product at the Delivery Point, whether sourced from GNPOWER's facility or from other electricity generators, including the Wholesale Electricity Spot Market (WESM).

GNPOWER's facility shall be constructed and operated in Mariveles, Bataan.

- c. **CONTRACTED CAPACITY.**² PENELCO is contractually entitled to receive from GNPOWER, at any hour, subject to GNPOWER's Available

¹ Capitalized terms used but not defined herein have the meaning as defined in the PPSA.

² See Annex "C-1".



Capacity for such hour, the Contracted Capacity, as follows:

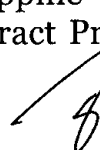
Year	Contracted Capacity (kW)
1	25,000
2	30,000
3	35,000
4	40,000
5	45,000
6	50,000
7	55,000
8	60,000
9	65,000
10	70,000
11	75,000
12	80,000
13	85,000
14	90,000
15	95,000

The Minimum Quantity is a function of the Contracted Capacity and the Minimum Capacity Factor, taking into account GNPOWER's availability for a year multiplied by 8760 hours (which is the number of hours in a year).

c.1. Option to Increase Contracted Capacity.

Section 2.7 of the PPSA, as amended, provides that upon written notice to GNPOWER, PENELCO may, upon approval by GNPOWER, increase its Contracted Capacity which increase shall be subjected to the same terms and conditions contained in the PPSA, as amended. In considering whether or not to approve the request for increase in Contracted Capacity, GNPOWER may take into consideration the capacity available for such increase from its facility in its sole opinion, and/or the willingness of any other buyer to assign its Contracted Capacity. Such increase in Contracted Capacity shall be effective on the date GNPOWER gives its written approval.

- d. **CONTRACT PRICE.** The Contracted Capacity shall be paid the Contract Price, which is comprised of the Capacity Fee and Energy Fee, denominated in US Dollars, but may be paid in Philippine Peso (PhP). The calculation of the Contract Price for a particular Billing Period will be:



Contract Price = Capacity Fee + Energy Fee

d.1 The *Capacity Fee* is the component of the Contract Price allocated to pay for the cost, as well as the operations and maintenance of the power plant and is designated as the Capacity Fee in *Schedule 1* (as amended), as such may be adjusted from time to time based on GNPOWER's Capacity Factor.

The corresponding Capacity Fee for a given Capacity Utilization Factor is set forth in the table below:

Capacity Utilization Factor (%)	Capacity Fee (\$/kWh)
100%	0.0466
99%	0.0470
98%	0.0474
97%	0.0477
96%	0.0481
95%	0.0485
94%	0.0489
93%	0.0493
92%	0.0497
91%	0.0502
90%	0.0506
89%	0.0510
88%	0.0515
87%	0.0519
86%	0.0524
85%	0.0529
84%	0.0534
83%	0.0539
82%	0.0544
81%	0.0549
80%	0.0555
79%	0.0561
78%	0.0567
77%	0.0573
76%	0.0579
75%	0.0585
74%	0.0592
73%	0.0599
72%	0.0606
71%	0.0613
70%	0.0621
69%	0.0629

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91%	0.0502
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89%	0.0510
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87%	0.0519
86%	0.0524
85%	0.0529
84%	0.0534
83%	0.0539
82%	0.0544
81%	0.0549
80%	0.0555
79%	0.0561
78%	0.0567
77%	0.0573
76%	0.0579
75%	0.0585
74%	0.0592
73%	0.0599
72%	0.0606
71%	0.0613
70%	0.0621
68%	0.0637
67%	0.0645
66%	0.0653
65%	0.0662

In case the Capacity Utilization Factor is not a whole number, the Capacity Fee shall be computed using the formula below.

$$\text{Capacity Fee} = - 0.10773 \times (\text{CUF})^3 + 0.33975 \times (\text{CUF})^2 - 0.3932 \times (\text{CUF}) + 0.2078$$

Where:

Capacity Fee = is the Capacity Fee in \$/kWh

CUF = is the Capacity Utilization Factor between 65% and 100%, provided that if the actual CUF is below 65% (the "Minimum Capacity Utilization Factor"), the Capacity Price shall be calculated based on the Capacity Fee and quantity associated with the Minimum Capacity Utilization Factor.

The Capacity Utilization Factor (CUF) shall be computed as follows:

$$\text{Capacity Utilization Factor (CUF)} = \frac{Q}{CC \times (H_T - EH_{TO})}$$

Where:

Q = Quantity of kWh

CC = Contracted Capacity, in kW, as set forth in Schedule 1

H_T = Total number of hours in such Billing Period

EH_{TO} = the sum of the duration, in Equivalent Hours, of Scheduled Outages and Unscheduled Outages in such Billing Period

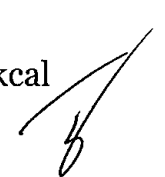
d.2. The *Energy Fee* is the component of the Contract Price allocated to pay for the coal, including Government Charges, designated as the Energy Fee in *Schedule 1* of the PPSA, as amended, as adjusted from time to time due to changes in the delivered price of the coal. The Energy Fee shall be computed in accordance with the following formula:

$$\text{Energy Fee} = \frac{\text{Initial Energy Fee} \times \text{CIF Cost of Fuel for Billing Period}}{\text{Base CIF Cost of Fuel}}$$

Where:

Initial Energy Fee = \$0.0370/kWh

Base CIF Cost of Fuel = \$11.5573/million kcal

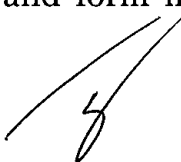


- e. **PROMPT PAYMENT DISCOUNT (PPD).** Section 4.3 (c) of the PPSA, as amended, provides that if PENELCO pays the invoice amount in full within ten (10) days of receipt from GNPOWER, PENELCO shall receive a credit on the next subsequent bill equal to \$0.0012/kWh multiplied by the actual quantity of the Product actually delivered set forth in such invoice for the Billing Period for which the credit was earned;
- f. **CAPACITY UTILIZATION DISCOUNT.** Section 4.3 (d) of the PPSA, as amended, provides that if PENELCO pays the invoice amount in full in accordance with GNPOWER's invoice instructions on or before the twenty-fifth (25th) day of the succeeding calendar month from the relevant Billing Period and PENELCO's CUF is greater than or equal to 65%, aside from the PPD, PENELCO shall receive a credit on the next subsequent bill equal to 2.8% of the Energy Fee multiplied by the actual quantity of the Product actually delivered set forth in such invoice for the Billing Period for which the credit was earned;
- g. **SCHEDULED OUTAGES AND UNSCHEDULED OUTAGES³.** Pursuant to Section 2.2, GNPOWER is allowed Scheduled Outage not to exceed five hundred forty (540) Equivalent Hours for each Contract Year, during which times reduced or no deliveries will be available to PENELCO. Likewise, GNPOWER is allowed Unscheduled Outage of five hundred forty (540) Equivalent Hours for each Contract Year during which times reduced or no deliveries will be available to the Buyer;

III. ADVANTAGES OF GNPOWER'S SUPPLY OF POWER AND IMPACT ON PENELCO'S OVERALL RATES

13. Currently, PENELCO receives a total of 68 MW from its existing suppliers, out of its peak requirement of 77 MW. With an annual average growth of 5%, PENELCO forecasts that by 2020, its peak demand has increased to 103 MW. Copies of PENELCO's Demand-Supply Scenario from 2015 to 2024 and Historical and Forecasted Data for years 2010 to 2024 are herewith attached and form integral parts hereof as **Annex "D"**;

³ See Annex "C-1".



14. The additional supply from GNPOWER will, therefore, help alleviate and sustain the future power supply needs of the Luzon and Visayas Grids including the franchise area of PENELCO to prevent any likelihood of brownouts and power shortages;

15. Among alternative suppliers capable of providing additional energy to PENELCO, GNPOWER's rates proved to be more reasonable and competitive. While GNPOWER's offer to PENELCO is primarily intended for its base load requirements, the Capacity Factor Pricing under the PPSA, as amended, provides flexibility to PENELCO in its utilization of the Contracted Capacity;

16. PENELCO simulated a rate impact analysis which ultimately resulted in a reduction of PhP0.2101 per kWh with the execution of the PPSA with GNPOWER, as amended, to wit:

Simulation of Generation Mix Rate with GNPower (Dinginin) for the Year 2019

Power Supplier	Contracted Capacity, MW	Forecasted Quantity (kWh)	Amount (PhP)	Percent Share	Resulting Capacity Factor	GR _{Net} PhP/kWh	Weighted Average Rate, PhP/kWh (VATex)
GMCP	58	32,364,000.00	153,211,176.00	44.36%	75%	4.2279	4.2397
SCPC	20	14,880,000.00	69,979,875.63	20.39%	100%	4.1990	
GNPower (Dinginin)	25	18,600,000.00	68,254,131.89	25.49%	100%	3.2775	
WESM		7,120,080.00	52,054,904.88	9.76%		6.8915	
TOTAL		72,964,080.00	343,500,088.40	100.00%			

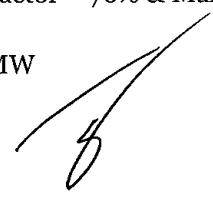
Simulation of Generation Mix Rate without GNPower (Dinginin) for the Year 2019

Power Supplier	Contracted Capacity, MW	Forecasted Quantity (kWh)	Amount (PhP)	Percent Share	Resulting Capacity Factor	NET	Weighted Average Rate, PhP/kWh (VATex)
GMCP	58	43,152,000.00	178,353,321.35	59.14%	100%	3.6913	4.4498
SCPC	20	14,880,000.00	69,979,664.87	20.39%	100%	4.1991	
GNPower (Dinginin)	25	-	-	0.00%	0%	0.0000	
WESM		14,932,080.00	109,168,266.28	20.46%		6.8915	
TOTAL		72,964,080.00	357,501,252.50	100.00%			

GENERATION RATE IMPACT = 0.2101

Notes and Assumptions:

1. June 2015 data are used as reference in this simulation with load factor = 76% & Max D = 77MW
2. 2019 as the test year with (conservative) projected demand at 98MW
3. The figures are blended rates, net of Discounts



17. A copy of PENELCO's Rate Impact Analysis is attached herewith as **Annex "E"** and forms an integral part hereof;

18. Additionally, to support this *Application*, particularly the proposed rate structure, Applicants attach the following documents to form integral parts hereof, to wit:

ANNEX	DOCUMENT
"F"	Details of the PPSA, as amended
"F-1"	Discussion of Rate Calculation and Sample Computation
"G"	GNPOWER's Financial Assumptions including Project Cost, Sources of Financing, Debt-Equity Ratio, WACC computation, and Projected Equity IRR
"H"	Breakdown of Costs including Engineering, Procurement and Construction (EPC) Costs, Operations and Maintenance (O&M) Costs, and Projected Fuel Costs
"I"	Projected Balance Sheet, Income Statement, Revenue and Cash Flow
"J"	Details of Fuel Procurement
"J-1"	Sworn Statement – Coal Procurement Process
"K"	GNPOWER's 2014 Audited Financial Statement
"L"	GNPOWER's Power Project Description
"M"	GNPOWER's Transmission Plan for the Dinginin Project
"N"	Certificate of Endorsement from DOE that the Project is included in the DOE's Power Development Plan
"N-1"	Environmental Compliance Certificate from DENR
"O"	PENELCO's Average and Maximum Demand Charts for 2014 and 2015
"O-1"	PENELCO's Distribution Development Plan
"P"	GNPOWER's General Partners' Certificate on, among others, the authority to execute, ratify, accede, perform and deliver the PPSA with PENELCO, and the designation of duly authorized representatives for said purpose
"Q"	PENELCO's Secretary's Certificate/Board Resolution authorizing the approval and signing of the PPSA, including supplements and annexes, with GNPOWER; the designation of its President and/or General Manager to sign and execute these documents; and the submission of the PPSA for ERC's approval

19. Applicants PENELCO and GNPOWER reserve their right to submit other documents, either in the course of the hearing or as may be required by this Honorable Commission;

IV. COMPLIANCE WITH PRE-FILING REQUIREMENTS

20. Applicants manifest compliance with the pre-filing requirements mandated under *Rule 3, Section 4 (e)* of the *Implementing Rules and Regulations of the EPIRA* and *Rule 6* of the *2006 ERC Rules of Practice and Procedure*, to be established by the following:

- a. Certifications acknowledging receipt of this *Application* with annexes to be issued by the Legislative Bodies of the Province of Bataan, and the Cities of Balanga and Pasig where Applicants principally operate, to be appended as **Annexes "R", "S" and "T"**, respectively;
- b. Notarized Affidavit of Publication stating that this *Application* was published in a newspaper of general circulation within Applicants' Franchise Areas and/or area of principal operation, to be appended herein as **Annex "U"**; and
- c. Complete newspaper issue where this *Application* was published, to be appended as **Annex "U-1"**, and the relevant page thereof where the *Application* appears, as **Annex "U-2"**.

V. MOTION FOR CONFIDENTIAL TREATMENT OF ANNEXES "G", "H", "I", and "J"

21. Under *Rule 4 of the ERC Rules of Practice and Procedure*, a party to any proceeding before the Honorable Commission may request that certain information not be disclosed and be treated as confidential, by describing with particularity the information to be treated as confidential, specifying the ground for the claim of confidential treatment of the information and, if applicable, specifying the period during which the information must not be disclosed;

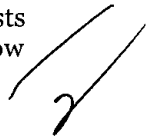
22. Applicant GNPOWER most respectfully moves for the confidential treatment of **Annexes "G"⁴, "H"⁵, "I"⁶, and "J"⁷** hereof. These annexes, exclusively owned by Applicant GNPOWER, contain documents which are considered part of

⁴ GNPOWER's Financial Assumptions including Project Cost, Sources of Financing, Debt-Equity Ratio, WACC computation, and Projected Equity IRR

⁵ Breakdown of Costs including Engineering, Procurement and Construction (EPC) Costs, Operations and Maintenance (O&M) Costs, and Projected Fuel Costs

⁶ Projected Balance Sheet, Income Statement, Revenue and Cash Flow

⁷ Details of Fuel Procurement



its business and trade secrets. As such, GNPOWER has the sole proprietary interest and will be unduly prejudiced should they be disclosed to the public;

23. These annexes contain numbers, data, formula, methodology, and calculations involving valuable and sensitive commercial, financial, and technological information reflecting GNPOWER's business operations and financial trade secrets. Therefore, the disclosure of GNPOWER's confidential, proprietary, and private information included in the aforesaid annexes should be protected from public dissemination. Otherwise, such information can be illegally and unfairly utilized by business competitors who may use the same for their own private gain and to the irreparable prejudice of GNPOWER. Negotiations with prospective customers may also be affected;

24. The information contained in **Annexes "G", "H", "I", and "J"**, constitute "trade secrets", for which GNPOWER has actual and valuable proprietary interest. As explained by the Supreme Court, a trade secret may consist of any formula, pattern, device, or compilation of information that is used in one's business and gives the employer an opportunity to obtain an advantage over competitors who do not possess the information⁸. It is indubitable that trade secrets constitute proprietary rights and jurisprudence has consistently acknowledged the private character of trade secrets⁹. Further, as ruled in *Garcia vs. Board of Investments*¹⁰, trade secrets and confidential, commercial, and financial information are exempt from public scrutiny;

25. It is respectfully submitted that the aforementioned Annexes must be accorded confidential treatment. As such, they are to be used *exclusively* by the Honorable Commission and for the *sole* purpose of evaluating this *Application*, thereby protecting these data from unnecessary public disclosure;

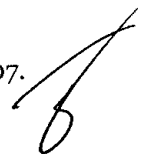
26. In accordance with *Section 1(b), Rule 4 of the ERC Rules of Practice and Procedure*, Applicant GNPOWER hereby submits one (1) copy each of **Annexes "G", "H", "I", and "J"**, in a sealed envelope, with the envelope and each page of the documents stamped with the word "*Confidential*".

VI. MOTION FOR THE ISSUANCE OF PROVISIONAL AUTHORITY

⁸ *Air Philippines Corporation vs. Pennswell Inc.*, G.R. No. 172835, December 13, 2007.

⁹ *Ibid.*,

¹⁰ 177 SCRA 374 (1989).



27. All the foregoing allegations are re-pleaded by reference in support of this *Prayer* for provisional authority.

28. The basis by which Applicants PENELCO and GNPOWER pray for the issuance of a Provisional Authority or interim relief prior to final decision is *Rule 14* of the *ERC Rules of Practice and Procedure*:

“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 Supplied]

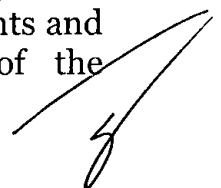
29. Worthy of note is that based on the Department of Energy’s (DOE) 2015-2030 Luzon and Visayas Grids Supply-Demand Outlook, Luzon’s peak demand in 2015 is 8,974MW with an Annual Average Growth Rate (AAGR) of 4.25% while Visayas’ Peak Demand is 1,847MW with AAGR of 3.4%. Therefore, Luzon’s peak demand is expected to increase to 10,884MW in 2020, and to 16,165MW by the year 2030 and for Visayas, 2,042MW in 2020 and 3,025MW in 2030. This electricity demand growth has led to DOE’s call for planning and investments in the power sector;

30. The continuous addition of supply shall help keep stable power supply for the increasing demand and low and stable cost of available power at the WESM and for the end-user;

31. Contributing to the Luzon’s Grid’s demand growth is PENELCO’s peak load demand increases at a rate of 22.21% per year. By 2020, it is projected that PENELCO’s existing power suppliers will not be able to meet the power needs of its member-consumers, which is expected to increase to 103 MW;

32. Thus, the PPSA with GNPOWER, as amended, is crucial for PENELCO to guarantee that its forward power needs are satisfied, without compromising the reasonableness of the generation rate to be passed on to its member-consumers;

33. While actual delivery of power under the terms and conditions of the PPSA, as amended, is expected to commence only in 2020, Applicants shall nonetheless begin its compliance with all financial and regulatory requirements and processes leading up to the timely installation of the Generation Facility;



34. It is worthy to note that part of the funds needed to construct GNPOWER's facility will be sourced from loans coming from banks/financial institutions. The Honorable Commission's provisional approval of the instant *Application* is a vital requirement for the release of the loan proceeds. Hence, a timely financial close ensures stable source of funds and timely construction of the generation facility, and the implementation of the PPSA, as amended, as contemplated by the Applicants;

35. With continuous financing, the timely implementation of the project shall be assured, to the full benefit of PENELCO. Otherwise, any delay in the implementation of the project shall expose PENELCO to supply risk and unstable market prices in the future;

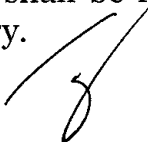
36. To emphasize the necessity of the provisional approval of this *Application*, a Judicial Affidavit to support the prayer for provisional authority will be attached herewith to form an integral part hereof as **Annex "V"**;

37. In view thereof and in recognition of the fact that a substantial amount of time is customarily needed to evaluate the documents submitted to support the approval of this *Application*, Applicants PENELCO and GNPOWER respectfully seek the kind consideration of the Honorable Commission to approve the instant *Application* immediately, albeit, provisionally;

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Commission that (i) all information set forth in **Annexes "G", "H", "I", and "J"** to the instant *Application* be treated as confidential; (ii) pending hearing on the merits, a Provisional Authority be **DULY ISSUED** authorizing the immediate implementation of the subject Power Purchase and Sale Agreement (PPSA), as amended, including the rate structure therein, as applied; (iii) that after due notice and hearing, the instant *Application*, the PPSA, as amended, and the rate structure contained therein be **DULY APPROVED**.

Further, in the event that the Final Authority shall be issued after GNPOWER starts the actual delivery of power to PENELCO under the terms of the subject PPSA, as amended, said Final Authority shall be retroactively applied to the date of such actual delivery.



Other reliefs as may be just and equitable under the premises are, likewise, most respectfully prayed for.

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 **13 July 2016 (Wednesday) at ten o'clock in the morning (10:00 A.M.) at the PENELCO's Principal Office, Roman Superhighway, Tuyo, Balanga City, Bataan.**

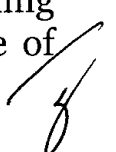
PENELCO and GNPOWER are hereby directed to cause the publication of the attached Notice of Public Hearing in two (2) newspapers of general circulation in the Philippines at their own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart, with the date of last publication made not later than ten (10) days before the date of the scheduled initial hearing. They are also directed to inform the consumers within the franchise area of PENELCO, 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 Offices of the Provincial Governor, the City and Municipal Mayors, and the Local Government Legislative Bodies within PENELCO's franchise area for the appropriate posting thereof on their respective bulletin boards.

PENELCO and GNPOWER are 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 and Pre-trial Conference, PENELCO and GNPOWER must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence of




the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and Local Government Legislative Bodies, or their duly authorized representatives, bearing the seals of their offices, and the affidavit of the Editors or Business Managers of the newspapers where 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.

PENELCO, GNPOWER, 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 PENELCO and GNPOWER to submit the required Pre-trial Brief and Judicial Affidavits of their 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.

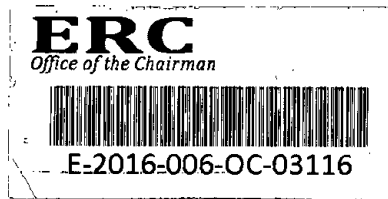
As part of the Pre-trial Conference, PENELCO and GNPOWER must also be prepared to make an Expository Presentation of their Application, aided by whatever communication medium they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the Application is all about and the reasons and justifications being cited in support thereof.

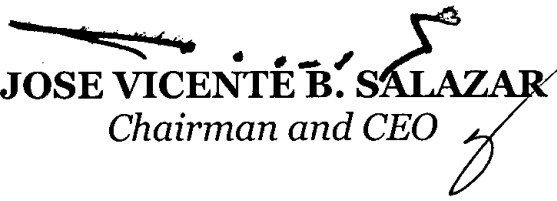


SO ORDERED.

Pasig City, 18 May 2016.

FOR AND BY AUTHORITY
OF THE COMMISSION:



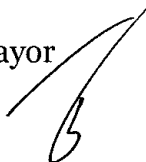

JOSE VICENTE B. SALAZAR
Chairman and CEO

LS: ARG/GLS/ICG/APV

Copy furnished:

1. Atty. Lourdy D. Torres and Atty. Franchesca T. Ovalles
Counsels for Applicant GNPOWER
28th Floor, The Orient Square Building
Don Francisco Ortigas, Jr. Road
Ortigas Center, Pasig City
2. Atty. Ana Charissa D. Diaz
Counsel for Applicant PENELCO
Balanga, Bataan
3. Penelco Electric Cooperative, Inc. (PENELCO)
Roman Super Highway, Tuyo
Balanga City, Bataan
4. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
5. Commission on Audit
Commonwealth Avenue
Quezon City, Metro Manila
6. Senate Committee on Energy
GSIS Building, Roxas Boulevard
Pasay City, Metro Manila

7. House Committee on Energy
Batasan Hills
Quezon City, Metro Manila
8. President
Philippine Chamber of Commerce and Industry (PCCI)
McKinley Hill, Fort Bonifacio
Taguig
9. Office of the Provincial Governor
Province of Bataan
10. Office of the Local Government Legislative Body
Province of Bataan
11. Office of the City Mayor
Pasig City
12. Office of the Local Government Legislative Body
Pasig City
13. Office of the City Mayor
Balanga, Bataan
14. Office of the Local Government Legislative Body
Balanga, Bataan
15. Office of the Municipal Mayor
Abucay, Bataan
16. Office of the Local Government Legislative Body
Abucay, Bataan
17. Office of the Municipal Mayor
Bagac, Bataan
18. Office of the Local Government Legislative Body
Bagac, Bataan
19. Office of the Municipal Mayor
Dinalupihan, Bataan
20. Office of the Local Government Legislative Body
Dinalupihan, Bataan
21. Office of the Municipal Mayor
Hermosa, Bataan
22. Office of the Local Government Legislative Body
Hermosa, Bataan
23. Office of the Municipal Mayor
Limay, Bataan



24. Office of the Local Government Legislative Body
Limap, Bataan
25. Office of the Municipal Mayor
Mariveles, Bataan
26. Office of the Local Government Legislative Body
Mariveles, Bataan
27. Office of the Municipal Mayor
Morong, Bataan
28. Office of the Local Government Legislative Body
Morong, Bataan
29. Office of the Municipal Mayor
Orani, Bataan
30. Office of the Local Government Legislative Body
Orani, Bataan
31. Office of the Municipal Mayor
Orion, Bataan
32. Office of the Local Government Legislative Body
Orion, Bataan
33. Office of the Municipal Mayor
Pilar, Bataan
34. Office of the Local Government Legislative Body
Pilar, Bataan
35. Office of the Municipal Mayor
Samal, Bataan
36. Office of the Local Government Legislative Body
Samal, Bataan
37. PSA-TWG
Energy Regulatory Commission
Pasig City

