

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 FACILITIES
TO CONNECT TO THE
DISTRIBUTION SYSTEM OF
CLARK ELECTRIC
DISTRIBUTION
CORPORATION (CEDC),
WITH PRAYER FOR
PROVISIONAL AUTHORITY**

ERC CASE NO. 2016-003 MC

**ENFINITY PHILIPPINES
RENEWABLE RESOURCES
INC. (EPRRI),**

Applicant.

X ----- X

D O C K E T E D
Date: FEB 26 2016
By: [Signature]

ORDER

On 26 January 2016, the Enfinity Philippines Renewable Resources Inc. (EPRRI) filed an Application for authority to develop, own, and operate dedicated point-to-point limited facilities to connect to the distribution system of Clark Electric Distribution Corporation (CEDC), with prayer for provisional authority.

In the said Application, EPRRI alleged, among others, the following:

1. EPRRI is a power generation company duly organized and existing under the laws of the Republic of the Philippines, pursuant to Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), and other applicable laws. It has its principal office address at Room 6A Philexcel Business Center I, Philexcel Business Park, M. Roxas Highway, Clark Freeport Zone. Copies of EPRRI's Certificate of Incorporation, Amended Articles of

Incorporation, and By-Laws were attached to the Application as Annexes "B", "B-1", and "B-2", respectively.

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

3. EPRRI is registered with the Clark Development Corporation (CDC) and has been issued a Permit to Operate as a Clark Freeport Enterprise. It is also registered with the Department of Energy (DOE) as a renewable energy developer with a service contract for the exploration, development, and utilization of solar energy resource in Clark Freeport Zone, among others. Copies of its CDC Certificate of Registration and DOE Certificate of Registration as a renewable energy developer were attached to the Application as Annexes "D" and "C", respectively.

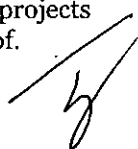
4. The DOE recognized the growing demand for power in the Philippines in its 2013 Supply-Demand Outlook. For the Luzon Grid, the energy demand is projected by the DOE to increase by 4.13 percent average annual growth rate (AAGR) from 7,969 MW in 2012 to 10,693 MW in 2020 and by 16,477 MW in 2030. Based on the foregoing, the grid still needs 8,100 MW of additional capacities of 6,000 MW base-load plant and 2,100 MW peaking plants to meet the electricity demand and required reserve margin of the grid. The DOE 2013 Supply-Demand Outlook was attached to the Application as Annex "E".

5. To help address the need for additional capacity in the Luzon Grid, EPRRI will design, engineer, procure, construct, supply, start-up, test, commission, own, operate, and maintain a Solar Plant with a capacity of approximately 24.55 MW (Plant), to be located in Clark Freeport Zone, Pampanga. The Plant is intended to be completed and energized by February 2016.

6. The DOE confirmed the commercial viability of the Plant and issued an Amended Certificate of Confirmation of Commerciality in favor of EPRRI. A copy of the said certificate was attached to the Application as Annex "F".

7. To test, commission, and dispatch its generating facility soon after completion, EPRRI proposes to connect the Plant to the 69kV distribution system of CEDC through a dedicated point-to-point limited interconnection facility (Interconnection Facility), to be constructed by JS Engineering and Marketing Services.¹ The

¹ A copy of the Company Profile of JS Engineering and Marketing Services with a list of projects undertaken was attached as Annex "R" to the Application and made an integral part thereof.



description and scope of the Plant was attached to the Application as Annex “G” and made an integral part thereof.

8. EPRRI has secured the relevant permits for the Plant and the Interconnection Facility. Copies of the Environmental Compliance Certificate for the Plant and Certificate of Non-Coverage for the Interconnection Facility, both issued by the Environmental Management Bureau of the Department of Environment and Natural Resources (DENR-EMB), were attached to the Application as Annexes “H” and “I”, respectively. The copy of the Certificate of Non-Overlap for the Plant issued by the National Commission on Indigenous Peoples was also attached as Annex “J”.

9. EPRRI intends to connect the Interconnection Facility to CEDC’s 69 kV distribution system through the CDC-Kalaw 69 kV line. The Interconnection Facility will consist of a switchbay and a 69kV line using concrete pole structures of 1-795 MCM ACSR conductor of around 1.975 kilometers. The conceptual engineering design was attached as Annex “K” to the Application.

10. The proposed connection for the Plant and the Interconnection Facility route is as follows:

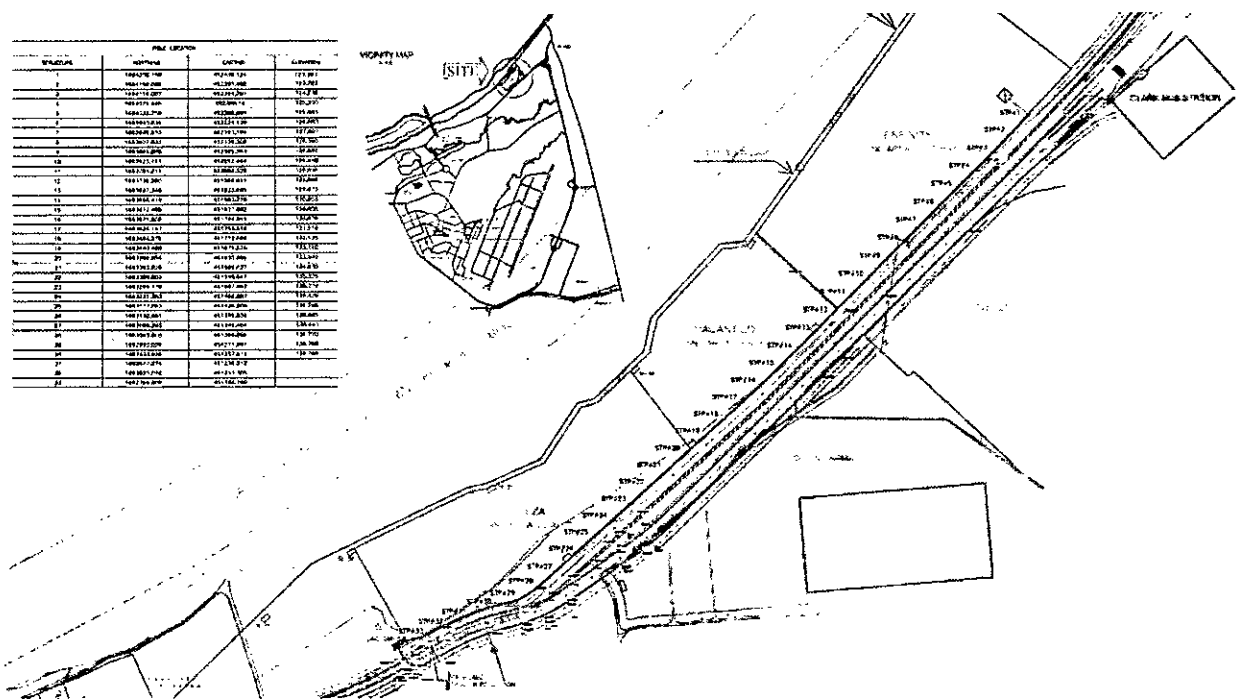


Figure 1. Interconnection Facility Route

11. Consistent with the projected date of energization of the Plant, the Interconnection Facility is targeted to be completed and commissioned by February 2016.² The estimated cost for the Interconnection Facility is Fifty Million Ninety-Four Thousand One Hundred Sixty-Five Pesos (Php50,094,165.00), based on the cost estimate made by JS Engineering and Marketing Services.³

12. Among the interconnection schemes considered, recommended, and evaluated by EPRRI, the proposed connection of the Plant is the most viable option that will enable EPRRI to dispatch the Plant's capacity when the need arises. The discussion on the options considered and various studies undertaken were attached to the Application.⁴

13. EPRRI is in the process of finalizing the Connection Agreement and Distribution Wheeling Service Agreement with CEDC.

14. In accordance with the requirement of Section 2.9.2 of the Distribution Services and Open Access Rules (DSOAR),⁵ EPRRI seeks the Commission's authorization to develop, own, and operate the Interconnection Facility – a dedicated point-to-point limited interconnection facility to connect the Plant to the CEDC distribution system.

15. The proposed Interconnection Facility meets the requirements provided in Section 2.9.2 of DSOAR as follows:

15.1 The Interconnection Facility is a dedicated point-to-point limited interconnection facility, the sole purpose of which is to connect the Plant to the CEDC distribution system;

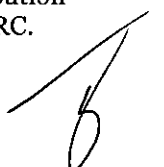
15.2 The Interconnection Facility will be exclusively used by the EPRRI for the operations of the Plant and will not serve any end-user;

² A copy of the Project Schedule Gantt chart was attached to the Application as Annex "L".

³ Copies of the Clark Telecom-Microwave Offer cost estimates, Clark Switch Bay Offer cost estimates, Clark RTU-SCADA Offer cost estimates, and Clark Transmission Offer cost estimates were attached to the Application as Annexes "M", "M-1", "M-2", and "M-3", respectively.

⁴ The discussion on the options/alternatives considered for the Interconnection Facility was attached as Annex "N"; copy of the System Impact Study was attached as Annex "O"; copy of the Review of Third Party System Impact Study was attached as Annex "O-1"; copies of the Facilities Study and the NGCP Letter dated 18 September 2015 were attached as Annexes "O-2" and "O-3", respectively; copy of the Distribution Impact Study was attached as Annex "P"; and copy of the Distribution Asset Study was attached as Annex "P-1".

⁵ Section 2.9.2 of the Distribution Services and Open Access Rules (DSOAR) provides: 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.



15.3 The Interconnection Facility is technically feasible; and

15.4 EPRRI has the technical and financial ability to develop, construct, operate, and maintain the Interconnection Facility.

THE INTERCONNECTION FACILITY IS A DEDICATED POINT-TO-POINT LIMITED FACILITY AND WILL BE USED EXCLUSIVELY BY EPRRI

16. The Interconnection Facility is designed for the sole purpose of connecting the Plant to the CEDC distribution system. The single-line diagram of the proposed interconnection below shows that the Interconnection Facility will be exclusively used by EPRRI and is not designed and configured to serve end-users.

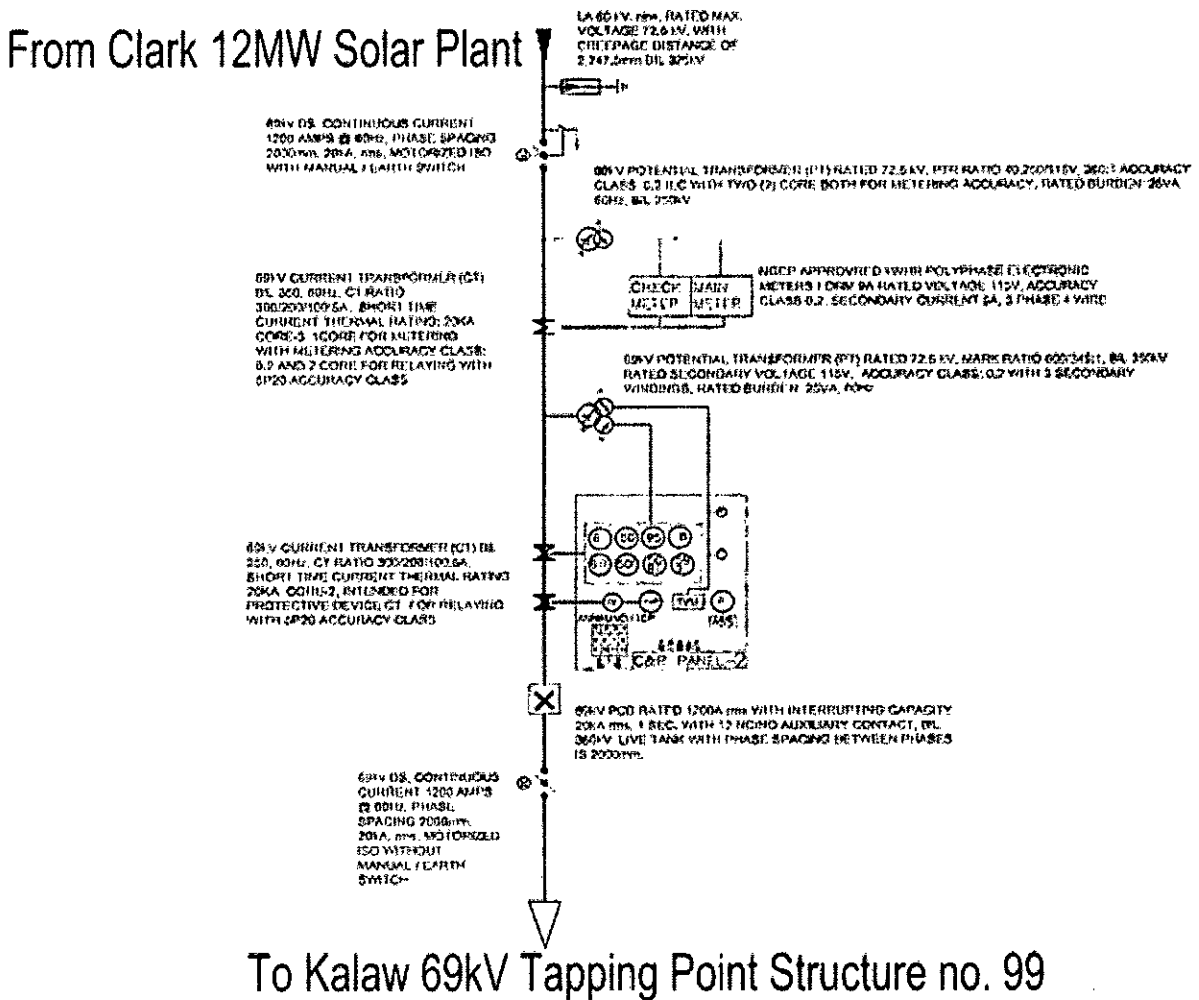


Figure 2. Connection Configuration of the Plant at Clark Substation

**THE PLANT IS INCLUDED IN
THE DOE LIST OF PRIVATE
SECTOR-INITIATED POWER
PROJECTS FOR LUZON**

17. The Plant is included as one of the indicative projects in the DOE List of Private Sector-Initiated Power Projects for Luzon as of 15 November 2015.⁶

**THE INTERCONNECTION
FACILITY IS TECHNICALLY
FEASIBLE**

18. The Distribution Impact Study (DIS) conducted by CEDC concludes that the interconnection is technically feasible.

18.1 There will be no violation of the thermal loading and N-1 criteria used by the commissioning of the interconnection.

18.2 The interconnection will lead to improvements in bus voltages in the CDC-Kalaw and CDC-Ignasco 69 kV Line. No voltage violations are expected during peak and off-peak conditions.

18.3 CEDC's technical losses are expected to decrease slightly.

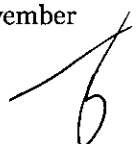
18.4 Fault duty ratings of the power circuit breaker would not be exceeded and thus, would not have adverse effect to the system.

19. EPRRI proposed the Interconnection Facility due to its proximity to the Plant.

20. EPRRI is in the final stages of negotiation with the CEDC for its Connection Agreement and Distribution Wheeling Service Agreement.

21. EPRRI has likewise ensured that the design and technical specifications for the Interconnection Facility are consistent with the standards of the DSOAR.

⁶ A copy of the DOE List of Private Sector-Initiated Power Projects (Luzon), as of 15 November 2015, was attached as Annex "Q" and made an integral part thereof.



**EPRRI HAS THE TECHNICAL
AND FINANCIAL CAPABILITY
TO DEVELOP, CONSTRUCT,
OPERATE, AND MAINTAIN THE
INTERCONNECTION FACILITY**

22. EPRRI has the technical capability to develop the Interconnection Facility. It will be constructed by JS Engineering and Marketing Services.

23. EPRRI likewise has the financial capability to undertake the development and construction of the Interconnection Facility. The development and construction of the Plant and the Transmission Facility will be funded by EPRRI through equity from shareholders and debt financing.⁷

24. Since the development and construction of the Interconnection Facility will be solely funded by EPRRI and its shareholders, and the Interconnection Facility will be exclusively used by EPRRI for the operations of the Plant and will not serve any end-user, the Interconnection Facility will not have an impact on the distribution rates currently being charged to the public.

25. Once completed, EPRRI will undertake the operations and maintenance (O&M) of the Interconnection Facility through the qualified third party O&M provider and EPRRI will subsequently fund the operations of the Interconnection Facility from its generation sales.⁸

26. EPRRI also undertakes to file an Application for a Certificate of Compliance with the Commission.

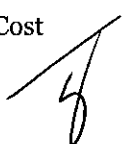
27. The Applicant alleges that the proposed Interconnection Facility complies with Section 9 of the EPIRA and the relevant regulations of the Commission.

**Motion for Provisional Authority and Allegations in
Support of Prayer for Provisional Authority**

28. Rule 14 of the Commission's Rules of Practice and Procedure authorizes the issuance of a provisional authority or an interim relief prior to a final decision, provided that the facts and circumstances warrant the issuance of the same.

⁷ Copies of EPRRI's 2014 Audited Financial Statements and Confirmation of Financial Support were attached in the Application as Annexes "S" and "S-1", respectively.

⁸ A copy of EPRRI's Financial Feasibility Study and Projected Financial and Economic Cost Analysis was attached to the Application as Annex "T".



29. EPRRI prays that the Commission provisionally authorize the development, ownership, and operation of the Interconnection Facility. Considering the facts and circumstances, any further delay in the interconnection of the Plant would entail a magnitude of opportunity costs, thus, warranting the issuance of a Provisional Authority.

- 29.1 EPRRI hopes to be able to complete the development and construction of the facilities at the soonest possible time in order to dispatch electric power supply to the grid.
- 29.2 The Plant is one of the energy projects under Republic Act No. 9513 or the Renewable Energy Act of 2008, which aims to accelerate the development and utilization of the country's renewable energy sources. Thus, it is in the interest of the government to help renewable energy developers, such as EPRRI, to achieve commerciality and commence operations immediately.
- 29.3 The construction of the Interconnection Facility is a pre-requisite for the testing and commissioning, and ultimately, the commercial operations of EPRRI. The Plant is projected to be completed and energized in February 2016. Consistent with this timeline, EPRRI intends to complete the development and construction of the Interconnection Facility by February 2016.
- 29.4 The use of solar energy reduces the country's dependence on fossil fuels. This does not only minimizes harmful carbon greenhouse emissions in the environment, but also reduces the country's exposure to price fluctuations in the international market.
- 29.5 Given the immediate need for additional capacity by 2015, the completion of the Plant and the timeline within the timeframe is critical to ensure that additional capacity will be available to the Luzon Grid in a timely manner.
- 29.6 The issuance of a provisional authority is also critical in light of the DOE's first-come, first-served policy on the Feed-in Tariff (FIT) allocation. It is, thus, necessary for EPRRI to secure a provisional authority to immediately commence with the construction of the Interconnection Facility to avail the initial FIT, which is essential to the economic viability of EPRRI.



30. In view of the foregoing, EPRRI prays for the issuance of a provisional authority for the development and construction of the proposed Interconnection Facility.

31. It prays for the Commission to:

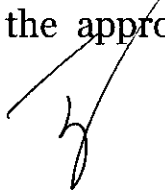
- a. Issue an order provisionally authorizing EPRRI to implement the development, ownership and operation of the Interconnection Facility; and
- b. Approve the Application for authority to develop, own and operate the Interconnection Facility.

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 **10 March 2016 (Thursday) at ten o'clock in the morning (10:00 A.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

EPRRI 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 the Offices of the Governor of Pampanga, the Mayors of Angeles City and Mabalacat City, and Administrators of Clark Freeport Zone, for the appropriate posting thereof on their respective bulletin boards.



EPRRI 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, EPRRI 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, Mayors, and Administrators 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.

EPRRI 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 EPRRI 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, EPRRI 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, 24 February 2016.

FOR AND BY AUTHORITY
OF THE COMMISSION:




JOSE VICENTE B. SALAZAR
Chairman and CEO


LS: ARC/GLS/APV initial order 2016-003 mc

Copy furnished:

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Counsels for Applicant EPRRI
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Quezon City, Metro Manila
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GSIS Building, Roxas Boulevard
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6. **House Committee on Energy**
Batasan Hills, Quezon City, Metro Manila
7. **Clark Electric Distribution Corporation**
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8. **Bases Conversion and Development Authority**
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Angeles City, Pampanga
11. **Office of the Mayor**
Mabalacat City, Pampanga
12. **Office of the Provincial Governor**
Province of Pampanga

