

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



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF EMERGENCY
CAPITAL PROJECT,
INSTALLATION OF NEW 10-
MVA, 69/13.2 KV SUBSTATION
AT BRGY. SALMAN,
AMPATUAN, MAGUINDANAO
FOR THE YEAR 2016 WITH
PRAYER FOR PROVISIONAL
AUTHORITY**

ERC CASE NO. 2016-173 RC

**MAGUINDANAO ELECTRIC
COOPERATIVE, INC.
(MAGELCO),**

Applicant.

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D O C K E T E D
Date: JAN 31 2017
By: [Signature]

ORDER

On 22 September 2016, Maguindanao Electric Cooperative, Inc. (MAGELCO) filed an *Application* seeking the Commission's approval of its emergency capital expenditure project for 2016 involving the installation of a new 10-MVA, 69/13.2 KV substation at Barangay Salman in the Municipality of Ampatuan, Maguindanao, with prayer for the issuance of provisional authority.

MAGELCO alleged the following in its *Application*:

THE APPLICANT

1. Applicant MAGELCO is an Electric Cooperative created and existing pursuant to the provisions of Presidential Decree No. 269 as amended, with principal office located at Brgy. Capiton, Datu Odin Sinsuat, Maguindanao where it may be served with summons and other legal processes, represented in this Application by its General Manager, SULTAN ASHARY P. MAONGCO, duly authorized by virtue of Resolution No.34, Series of 2016 dated July 25, 2016 of the Board of Directors, copy of which is attached to the Application as Annex "A" and made an integral part thereof.

Given the urgent need by MAGELCO, to undertake certain capital project; MAGELCO is now filing this instant application;

2. Applicant has been granted by the National Electrification Administration (NEA) an authority to operate and distribute electric light and power within the coverage area comprising the Municipalities of, Ampatuan, Datu Abdullah Sangki, Shariff Aguak, Mamasapano, Datu Unsay, Datu Piang, Datu Saudi Ampatuan, Guidulungan, Talayan, Datu Anggal Midtimbang, Talitay, Datu Odin Sinsuat, Kabuntalan, Northern Kabuntalan, Upi, South Upi, Sultan sa Barongis, Rajah Buayan, Datu Blah Sinsuat, Sultan Kudarat, Sultan Mastura, Parang, Matanog, Barira, Buldon, all in the Province of Maguindanao;

THE APPLICATION AND ITS PURPOSE

3. This Application is filed due to load growth in the franchise area being served by MAGELCO and there is a need to install a new 10-Mva, 69/13.2KV Substation at Brgy. Salman, Ampatuan, Maguindanao;
4. The load growth in the area caused overloading of the Salbu Substation with the following circumstances:
 - 4.a. For the years starting 2010 up to 2014, MAGELCO has implemented load curtailment in its franchise area due to generation deficiency in Mindanao Grid. In 2015, MAGELCO was under rehabilitation by the National Electrification Administration. With negotiations made with the PSALM, MAGELCO has not implemented load curtailment in its franchise area starting January of 2015. The shoot up system demand was not foreseen because of the previously constrained load by curtailment imposed in the previous years.
 - 4.b. The Applicant conducted re-assessment of system performance, and based on load forecast, Salbu Substation is predicted to experience capacity problem starting 2016. Salbu Substation shall be 100.18% loaded, serving 4.94 MW peak demand requirement in 2016. Feeder 1- Maganoy Feeder of Salbu Substation shall also experience power quality issues starting 2016 given the load forecast of its existing customers particularly at the load end of feeder line which stretched 30 kilometers distance from the substation.
 - 4.c. For, in consideration of the additional bid loads to be connected to Salbu Substation in 2016, namely Delinanas and Amardi Banana Plantation, re-assessing the system performance of Salbu

Substation by the end of 2016, through load flow simulation, will have a new maximum load forecast at substation end at 6.23 MW and shall have loading percentage of 132% and lowest voltage level of 0.76;

5. Based on the applicant's simulation, installation of 10-MVA substation at Salman, Ampatuan and transferring of Maganoy Feeder to the new substation is the only technically feasible solution with the least cost of project to address not only capacity problem of existing Salbu Substation but also power quality issues at Maganoy Feeder:
6. In order to meet the growing demand in the area as well as to enhance loading capacity and power quality, MAGELCO needs to undertake an Emergency Capital Project ("CAPEX") – the "Installation of new 10-MVA, 69/13.2KV Substation at Brgy. Salman, Ampatuan, Maguindanao". This Emergency CAPEX Project is justified for the following reasons:
 - a. The proposed new substation shall relieve the existing Salbu Substation from capacity congestion.
 - b. The project shall also correct the power quality issues of the Salbu Substation, specifically on its Feeder 1 – Maganoy Feeder by loading this said feeder to the propose new substation.
 - c. The project shall also correct the power quality issues of the Capiton Substation, specifically on its Feeder 1- DOS Feeder by transferring portion of this feeder to Salbu Substation.
 - d. The project will relieve the existing Capiton Substation from projected capacity congestion for the year 2019 by transferring portion of the load of its Feeder 1 – DOS Feeder to Salbu Substation.
7. Without the Emergency CAPEX Project, the following consequences are expected:
 - a. Critical loading of existing Salbu 5MVA Substation, 69 kV / 13.2 kV Power Transformer at 132% by year 2016; and
 - b. The existing Salbu 5MVA Substation, 69 kV / 13.2 kV Power Transformer could fail anytime due to its old age and frequent transformer trouble, resulting in prolonged power outages and un served load of about 6.23 MW due to lack of tying facilities from adjacent substation.

8. The Cost Estimate of the Proposed Emergency CAPEX Project is as follows:

MATERIALS AND WORK DESCRIPTION	QTY	UNIT PRICE	AMOUNT
69KV Revenue Metering/Protection			
Instrument Current Transformer, 100/200:5A	6	275,000.00	1,650,000.00
Instrument Potential Transformer, 350:1	6	295,000.00	1,770,000.00
Surge Arresters, Outdoor, Station Class, 60KV,	6	55,000.00	330,000.00
Disconnect Switch, 3-Pole, 1200A, 31.5kA	1	500,000.00	500,000.00
Power Circuit Breaker, SF6, Live Tank	1	1,600,000.00	1,600,000.00
69KV/15KV Protection, Control and Metering Panel with protection relays and meters	1	1,800,000.00	1,800,000.00
Power Transformer, 10MVA	1	11,700,000.00	11,700,000.00
15KV Protection and Monitoring			
15KV Medium Voltage Switchgear	3	1,400,000.00	4,200,000.00
15KV Protection Relay	3	98,845.63	296,536.89
Voltage transformer, 70:1, CA 0.3, 30VA	3	72,000.00	216,000.00
Current transformer, 15KV	3	60,000.00	180,000.00
Surge arrester, 12KV, Class 3	12	27,000.00	324,000.00
Load break switch, 15KV, 3P with HRC Fuse, 5A, and surge arrester	1	600,000.00	600,000.00
Disconnect Switch, 1200A, Single Pole	9	15,000.00	135,000.00
Substation auxiliary supply			
Distribution Transformer, 10KVA	3	50,000.00	150,000.00
AC/DC Distribution Panel	1	150,000.00	150,000.00
Battery Bank	1		320,000.00
Battery Charger	1		350,000.00
Steel Structures and Civil Works			
A-Frame Receiving Structure, including:			800,000.00
69KV PCB Structures			
69KV PT Structures			
69KV CT Structures			
69KV Disconnect Switch Structures			
Equipment foundations and take-off pedestals			700,000.00
Construction of oil catch basin for power transformer			300,000.00
Site Development, grading, gravelling			350,000.00
Power House, control and switchgear room			750,000.00

	Fencing			500,000.00
Electrical Works				
	Incoming 69KV line and feeder take-off lines			700,000.00
	Wires, hardwares and accessories			200,000.00
	Control cables and conduit, XLPE power cables with indoor and outdoor terminating kits			693,000.00
	Complete grounding mat system			700,000.00
	Supervision, installation of electrical and metering equipment			800,000.00
	Testing and Commissioning			250,000.00
TOTAL SUBSTATION INSTALLATION COST			PHP	33,014,536.89

The simulated estimated rate impact of the Proposed Emergency CAPEX Project is as follows:

With Emergency CAPEX Project = Php 0.2911 /kWh
(Average)

Without Emergency CAPEX Project = Php 0.2037 /kWh
(Unbundled Rate)

Estimated Rate Impact = Php 0.0874 /kWh
(Average)

9. In support of the Application, MAGELCO has attached to the Application the following:

Annex	Information Provided
A	Detailed Project Discussion
A-1	Load Flow Simulation for 2016-2020 Existing Loads of Salbu Substation; Load Flow Simulation for 2016-2020 Existing Loads of Capiton Substation
A-2	Load Flow Simulation for 2016 Existing Loads with Additional Big Loads of Salbu Substation
A-3	Load Flow Simulation for 2016-2010 Existing Loads with Additional Big Loads of the New Substation; Load Flow Simulation for 2016-2020 Loads of Salbu Substation without Feeder 1-Maganoy Feeder and with Talayan Feeder; Load Flow Simulation for 2016-2020 Loads of Capiton Substation without Talayan Line Portion.

A-4	Load Flow Simulation of Alternate Solution 4 – 2016 Existing Loads with Additional Big Loads of Salbu Substation for Uprating of Salbu Substation to 10-MVA Capacity and with Uprating of Feeder 1-Maganoy Feeder Conductor Size from 4/0 ACSR to 336.4 MCM ACSR.
B	Per Substation Load Forecasts, Forecasting Methodology and Summary Results
C	Capacity Planning, Economic Evaluation and Cost of Proposed Project and Alternate Projects, including Basis of Costing
D	Bidding Documents, Resolutions, and Award of Contract for the Engineering, Procurement, and Construction of 10-MVA 69/13.2KV Substation

10. In the exigency of the need, MAGELCO has conducted competitive bidding on September 25, 2015.
11. The proposed commissioning date of this Emergency CAPEX Project is on October 2016. Given the amount of time needed to complete the project and its critical importance to the operations of MAGELCO, a Provisional Authority is needed to allow MAGELCO to immediately proceed with the project in order to meet the scheduled commissioning date.
12. The Project is a “turn-key” project payable in five (5) years through monthly amortization to the winning bidder.

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Commission that an order be issued:

1. Provisionally approving MAGELCO's Emergency Capital Project;
2. Granting MAGELCO, if necessary, the authority to enter into borrowings with public or private agency;
3. Allowing MAGELCO to start the undertaking constructing the project pending final approval of this application; and
4. After trial on the merits an Order be issued for the final approval of MAGELCO's Emergency Capital Project for the installation of 10 MVA 69/13 2KV Substation at Barangay Salman, Ampatuan, Maguindanao.

Other reliefs and remedies just and reasonable under the premises are likewise prayed for.

On 01 December 2016, the Commission issued an Order and a corresponding Notice of Public Hearing setting the instant Application for initial hearing on 6 January 2017 at the Energy Regulatory Commission Mindanao Field Office, Mintrade Building, Monteverde Avenue corner Sales Street, Davao City.

On 13 December 2016, however, the Commission received a letter dated 12 December 2016 from MAGELCO requesting the Commission to reschedule the said hearing because of MAGELCO's prior engagements with the National Electrification Administration (NEA) on 6 January 2017.

On 16 December 2016, the Commission issued an Order granting said motion.

NOW, THEREFORE, the Commission hereby sets the Application for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on 11 April 2017 (Tuesday) at nine o'clock in the morning (9:00 A.M.) at the Energy Regulatory Commission Mindanao Field Office, Mintrade Building, Monteverde Avenue corner Sales Street, Davao City.

Accordingly, MAGELCO is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing in two (2) newspapers of nationwide 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 and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, the reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;

- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, 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; and
- 5) Furnish with copies of the *Application* and the attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the *Application*, the reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application*, and the attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required 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:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements 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 the said date of cancellation.


MAGELCO must also be prepared to make an expository presentation of the instant *Application* aided by whatever communication medium that 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, 25 January 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSE VICENTE B. SALAZAR
Chairman


LVB/PAR/APV/ERC CASE NO. 2016-173 RC MAGELCO ORD.doc

ERC
Office of the Chairman



A-2017-023-OC-08236

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COPY FURNISHED:

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55. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
56. Commission on Audit
Commonwealth Avenue, Quezon City
57. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
58. House Committee on Energy
Batasan Hills, Quezon City
59. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP), 1030 Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
60. Standards, Compliance and Monitoring Division
Energy Regulatory Commission
17th Floor, Pacific Center, San Miguel Avenue, Pasig City
61. Energy Regulatory Commission Mindanao Field Office
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