

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



**IN THE MATTER OF THE
APPLICATION FOR
AUTHORITY TO
DEVELOP,
OWN, AND/OR OPERATE
DEDICATED POINT-TO-
POINT LIMITED
FACILITIES TO CONNECT
THE 19.99 MW BIOMASS
POWER PLANT TO THE
CADIZ – SAN CARLOS 69
KV LINE, WITH PRAYER
FOR PROVISIONAL
AUTHORITY**

ERC CASE NO. 2018-013 MC

**SAN CARLOS BIOPOWER
INC.,**

Applicant.

x ----- x

D O C K E T E D
Date: NOV 21 2018
By: [Signature]

O R D E R

On 8 October 2018, San Carlos Biopower Inc. (SCBP) filed an Application dated 5 October 2018, seeking for the authority to develop, own, and/or operate dedicated point-to-point limited facilities to connect the 19.99 MW Biomass Power Plant to the Cadiz – San Carlos 69 KV line, with prayer for provisional authority (Application).

In the said *Application*, SCBP alleged the following:

1. It is a corporation duly organized and existing by virtue of and under the laws of the Republic of the Philippines, with principal office address at Circumferential Road, San Carlos Ecozone, San Carlos City, Negros Occidental;
2. The *Application* is for the consideration and approval of its proposed development, ownership and operation of an interconnection facility which shall connect the biomass energy power plant to be located at Circumferential Road, San Carlos Economic Zone II, Barangay Palampas, San Carlos City, Negros

Occidental (“Biomass Power Plant”) to the Visayas Grid through the Cadiz - San Carlos 69kV line (“Dedicated Facility Project”);

3. It is a duly registered Renewable Energy Developer of Biomass Resources and the holder of Biomass Renewable Energy Operating Contract No. 2011-12-024 (“BREOC”), by virtue of which SCBP was granted the right to develop, construct, install, commission and operate the Biomass Power Plant. In 31 October 2013, an amendment of the BREOC (“Amendment”) was made reflecting an increase in capacity of the Biomass Power Plant from 18 MW to 20 MW;
4. SCBP is developing the Biomass Power Plant, which is targeted to commence commercial operations in 2019. In order to test, commission and dispatch from the Biomass Power Plant, it shall develop and construct the Dedicated Facility Project, to wit:
 - 4.1. The Dedicated Facility Project is comprised of an approximately 1.5 kilometer single circuit 69kV overhead line using 1x336.4 MCM ACSR conductors extending from the Biomass Power Plant that will tap to the existing 69 kV, double circuit line that was constructed by San Carlos Sun Power Incorporated (“SACASUN”) that connects to the 69 kV San Carlos – Cadiz line;
 - 4.2. The estimated cost of the construction of the Dedicated Facility Project is PhP66,669,687.00 with the following major cost components:

PROJECT COMPONENTS	Amount (PhP)
69kV Substation Equipment	62,500,617.00
Transmission Line	4,169,070.00
TOTAL PROJECT COST	66,669,687.00
 - 4.3. The Dedicated Facility Project will be exclusively funded by SCBP and will, therefore, not impact any regulated charges;
5. SCBP has identified other options for the immediate connection of the Biomass Power Plant to the Visayas Grid, as follows:
 - 5.1. Tap-connection at NGCP’s Amlan-Guihulngan 69kV Line. The alternative tapping point for the Biomass Power Plant

to connect to the Visayas Grid is 58km away at the 69kV line at Amlan-Guihulngan. This alternative connection point will cost the project PhP290 Million with the installation of a new line and acquisition of right of way;

- 5.2. Connection through NGCP's 138/69 kV Cadiz Substation. Direct connection to NGCP's 138/69 kV was not considered because it is about 74 kilometers from the proposed power plant site as stated in the Regulatory Assessment for San Carlos 18MW Biomass Power Plant issued by NGCP as Annex to its letter dated 5 March 2012;

6. After a review of its options, SCBP has found that connection through the 69 kV Cadiz-San Carlos line is the most cost-effective and viable option for the immediate connection of the Biomass Power Plant to the Visayas Grid. The Biomass Power Plant is intended to be connected to the Visayas Grid through a new substation to be constructed by NGCP as part of the Cebu-Negros-Panay 230kV Backbone Project as its final connection point.;

In support of the above assertion, SCBP submitted copies of the following documents:

Annex	Nature of Document
"N"	Conceptual Engineering Design and Drawings;
"N-1"	Gantt Chart;
"O"	System Impact Study;
"P"	NGCP letter dated 5 March 2012 confirming technical feasibility of <i>Dedicated Facility Project</i> ;
"Q"	NGCP Letter dated 17 September 2013 confirming that a rerun of the SIS is not necessary as an increase in capacity to 20 MW does not have significant impact on the grid;
"R"	NGCP Letter dated 16 March 2016 advising SCBP that the Biomass Power Plant may no longer be optimized using the proposed connection and to consider other connection scheme to fully optimize the power generated by the <i>Biomass Power Plant</i> ;
"S"	SCBP Letter dated 8 June 2016 advising NGCP that SCBP intends to use the Cadiz - San Carlos 69kV line and the <i>Dedicated Facility Project</i> as in interim connection and the final connection will be at the proposed NGCP's substation included in the <i>CNP Project</i> instead;
"T"	NGCP Letter dated 29 June 2016 accepting the SCBP proposal;
"U"	Interconnection Facilities Study; and
"V"	NGCP Letter dated 13 February 2017 communicating the

	results of its review of the Interconnection Facilities Study;
“W”	NGCP Certification dated 4 October 2018;
“X”	Extracts of the 2012 Transmission Development Plan;
“Y”	Grid Interconnection Agreement with VMC Rural Electric Services Cooperative, Inc.; and
“Y-1”	Certification issued by NGCP confirming the pending application of SCBP for a TSA and MSA dated 17 September 2018

7. SCBP is currently in discussion with Northern Negros Electric Cooperative, Inc. (NONECO) for the provision of operation, service and maintenance services for the Dedicated Facility Project upon its completion and the commercial operation of the Biomass Power Plant;

8. As of date, it has secured or is in the process of securing the necessary permits, licenses and authority from regulatory and agencies for its Dedicated Facility Project. It further undertakes to file an application for a Certificate of Compliance with the Commission for the Biomass Power Plant in accordance with ERC Resolution No. 16, Series of 2014.

In support of this, SCBP submitted copies of the following documents:

Annex	Nature of Document
“AA”	Sworn statement of SCBP’s President, Arthur N. Aguilar
“AA-1”	NCIP Certificate of Non-Coverage
“AA-2”	DENR Environmental Compliance Certificate

9. It is in the interest of the government to help Renewable Energy developers, such as SCBP, to achieve commerciality and commence operations at the soonest practicable time as Republic Act No. 9513, otherwise known as the “Renewable Energy Act of 2008” (RE Act) has declared that it is the policy of the state to “accelerate the exploration and development of renewable energy resource, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country’s dependence on fossil fuels and thereby minimize the country’s exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy.” It is in support of this policy that SCBP was established to develop fuel from biomass resources to generate power;

10. The construction of the Dedicated Facility Project is a pre-requisite for the testing and commissioning, and ultimately, the commercial operations of the Biomass Power Plant. A provisional authority is thus urgently needed to enable SCBP to achieve the target commercial operations date of the Biomass Power Plant in December 2018 and avoid adverse consequences to SCBP;
11. SCBP prays that an Order be issued granting provisional authority for the implementation of the development, ownership and operation of the Dedicated Facility Project to connect the Biomass Power Plant to the Visayas Grid;
12. Additionally, it prays that, after hearing on the merits, a decision be rendered at the instant *Application*; and
13. Likewise, SCBP prays for the Commission to grant other just and equitable reliefs.

Finding the said *Application* to be 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 **5 December 2018 (Wednesday) at two o'clock in the afternoon (02:00 P.M.), at 15th Floor, ERC Hearing Room, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, SCBP is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, with the date of 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 Governor of Negros Occidental, the City Mayors of Calbayog City and Pasig City, and the Local Government Unit (LGU) legislative bodies of Calbayog City for the appropriate posting thereof on their respective bulletin boards;

- 3) Inform the consumers within the affected franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, 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 its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, SCBP must submit to the Commission their 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 Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published, and the complete issues of the said newspaper;
- 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 Governor, 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 the consumers of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;
- 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 its attachments by all those making requests therefor, if any; and
- 6) Such other proof of compliance with the requirements of the Commission.

SCBP and all interested parties are also required to submit, at least five (5) days before the date of the 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 therefor; 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 SCBP 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.

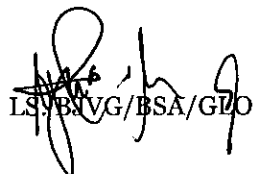
SCBP must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the *Application* is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 8 November 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal Service


LS/BVG/BSA/GLO

Copy Furnished:

1. Puyat Jacinto & Santos
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4. Commission on Audit (COA)
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Quezon City, Metro Manila
5. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
Metro Manila
6. House Committee on Energy
House of Representatives
Batasan Hills, Quezon City, Metro Manila
7. Philippine Chamber of Commerce and Industry (PCCI)
Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
8. Office of the Mayor
San Carlos City, Negros Occidental
9. LGU Legislative Body
San Carlos City, Negros Occidental
10. Office of the Governor
Negros Occidental
11. LGU Legislative Body
Negros Occidental
12. Regulatory Operations Service
17/F, Energy Regulatory Commission, Pacific Center Bldg.,
San Miguel Ave., Ortigas Center, Pasig City