

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



IN THE MATTER OF THE  
APPLICATION FOR APPROVAL  
OF ELECTRIC CAPITAL  
PROJECT FOR THE RY 2014,  
WITH PRAYER FOR  
PROVISIONAL AUTHORITY

ERC CASE NO. 2014-062 RC

CLARK ELECTRIC  
DISTRIBUTION CORPORATION  
(CEDC),

Applicant.

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DOCKETED  
Date: JUL 28 2014  
By: *[Signature]*

**ORDER**

On May 23, 2014, the Clark Electric Distribution Corporation (CEDC) filed an application for approval of its capital project for the Regulatory Year 2014, with prayer for provisional authority.

In the said application, CEDC alleged, among others, the following:

1. It is part of the Fourth Entry Group (otherwise known as Group D) that entered into the Performance-Based Regulation (PBR) rate setting methodology in October 1, 2011;
2. The Commission approved its Capital Expenditure Program for the entire Second Regulatory Period – October 11, 2011 to September 30, 2015 in its Final Determination dated July 6, 2011 (ERC Case No. 2010-131RC);
3. During the time since the approval of the capital expenditure program, there were several large load locators/customers within its franchise area intending to set up their facilities by year 2014;

4. The new locators/customers as well as the expansion of existing businesses are: a) Taiyo Nippon Sanso Clark, Inc. (TNSCI-INGASCO) Air-Separation Plant which requires 9 MW; b) Medical City Hospital which requires 3.59 MW; c) Midori Hotel which requires 1.40 MW; d) Widus Hotel Expansion which requires 1.09 MW; e) SM BPO buildings which requires a total of 1.75 MW; f) MSK industrial development which requires 3.51 MW; g) SIA Engineering expansion which requires 1 MW; h) load growth of Yokohama Tire Philippines. These additional loads will be on top of the growth of native load of 5.79% in RY 2012-2013 and the expected development of the new areas within the Clark Freeport Zone. The foregoing projects are all in various stages of construction;
5. In order to provide adequate and reliable power supply to these new and expanded facilities, it will need to construct and install a new 100-MVA 230 kV/68 kV Power Transformer at the CDC Substation;
6. Currently, it is being served solely by a 29 km, single-circuit 715.5 MCM 69kV sub-transmission line from National Grid Corporation of the Philippines (NGCP) Mexico Substation, the Mexico-Clark Line 2, which has been in service since 1958. NGCP-Mexico Substation Office (District 6 – Luzon) has imposed a loading limit of 80 MW for the Mexico-Clark Line 2;
7. In 2013, the Mexico-Clark Line2 had already attained peak loading of 58.5 MW at its delivery point metering. Such peak loading translates to a 60.26 MW (based on the April and May NGCP bill –Billing Demand Determinant) at the Mexico Substation, which includes system loss or an equivalent of 75.33% of the 80 MW limit;
8. Without the new 100-MVA 230 kV/68 kV Power Transformer at the CDC Substation to accommodate the load requirements of the foregoing projects as well as future load requirements, the Mexico-Clark Line 2 (its only source of power) will have the following percent loading:

		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Mexico Clark Line 2 (at 80 MW loading limit)	MW Load	58.5	93.19	103.30	114.15
	Percentage Loading	73%	116%	129%	143%

9. It is clear that without the construction of the 100-MVA Power Transformer, there would be an overloading of the 69 kV Mexico-Clark Line 2 which exceeds the 80 MW cap imposed by NGCP-Mexico Substation Office (District 6 – Luzon) by 2014 which would make it impossible to accommodate these large load projects in the Clark Freeport Zone;
  
10. The construction and development of the 100 MVA Power Transformer will allow it to timely energize these new investor loads. The construction and development will also allow it to fulfill its mandate under Section 23 of Republic Act No. 9136 (R.A. No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 or EPIRA) which provides that “a distribution utility shall have the obligation to provide distribution services and connections to its system for any end-user within its franchise area consistent with the distribution code” as well as its obligation under its franchise Republic Act No. 9209 (R.A. No. 9209) “to provide open and non-discriminatory access to its distribution system and services for any-end-user within its franchise area consistent with R.A. No. 9136;
  
11. The development and construction of the 100 MVA Power Transformer would involve the installation of the following:
  - i) One (1) bay of 230 kV switchyard bus consisting of two (2) 230 kV breakers and five (5) 230 kV disconnect switches;
  - ii) One (1) 100 MVA three-phase power transformer with OLTC;
  - iii) One (1) 69 kV breaker;
  - iv) Two 69 kV disconnect switches;
  - v) Three (3) voltage transformers;
  - vi) Three (3) control/protection panel;
  - vii) Power and control cables;
  - viii) Grounding system;

- ix) Extension of the 69 kV line from TNSCI-INGASCO substation to Load Break Switch (approx. 0.9km); and
- x) Site development;

12. Upon completion of the 100 MVA Power Transformer, the loadings are projected to be as follows:

**Forecasted Loading with Project**

		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Mexico Clark Line 2 (at 80 MW loading limit)	MW Load	58.50	46.66	52.89	47.88
	Percentage Loading	73%	58%	66%	60%
New CEDC 100 MVA Power Transformer	MW Load	0	46.53	50.40	66.27
	Percentage Loading	0%	47%	52%	68%

13. The estimated cost of the project is One Hundred Eighty Two Million Two Hundred Forty-Nine Thousand Nine Hundred Eighty-Five Pesos (PhP182, 249,985.00);

14. The estimated rate impact of the project is approximately PhP0.04/kWh;

15. It will apply for the appropriate rate adjustment to its distribution rates in its next Regulatory Period, the Third Regulatory Period (October 1, 2015 – September 30, 2019);

16. In support of the instant application, it has submitted the following documents:

<b>Annex/Schedule</b>	<b>Information Provided</b>
A	New CEDC 100 MVA 230 kV-69 kV Power Transformer at CDC Substation – Project Summary and Justification
B	Major Project Information Summary New CEDC 100 MVA 230 kV-69 kV Power Transformer at CDC Substation
C	GANNT Chart of the Project

D	CEDC's Distribution Development Plan (2011-2015)
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17. Since the expected loads from the new locators and customers and the expansion of existing facilities will start to come by mid-2014, it will need to commission and energize the project as soon as possible in order to fully and reliably serve the new locators/customers and existing customers;
18. Given the amount of time needed to complete the project and its urgent necessity to its operations, a provisional authority is needed to allow it to immediately proceed with the project so that it can already canvass and order the needed parts and equipment which may take several months;
19. In support of the prayer for the grant of provisional authority, it has attached as Annex "E" the Judicial Affidavit of Engr. Milo R. Pantig, Senior Assistant Vice-President and Head, Distribution Services; and
20. It prays that a provisional authority be granted and after trial on the merits, a final approval of the proposed 100 MVA 230 kV-69 kV Power Transformer at CDC Substation be granted by the Commission.

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **August 22, 2014 (Friday) at nine-thirty in the morning (9:30 A.M.) at the CEDC's Multi-Purpose Hall, Bldg. N2830, Bayanihan Street, Clark Freeport Zone, Pampanga.**

CEDC is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the scheduled date of initial hearing. It is also directed to inform the consumers within its franchise area, by any other means available and appropriate, of the

filing of the instant application, its reasons therefor, and of the scheduled hearings 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 Office of the Administrator/Responsible Officer of the Clark Freeport Zone Authority (CFZA) for the appropriate posting thereof on its bulletin board.

CEDC 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 and pre-trial conference, CEDC 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 certification issued to that effect, signed by the afore-mentioned Administrator/Responsible Officer or his duly authorized representative, bearing the seal of his office, and the affidavits of the Editors or Business Managers of the newspapers where the 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.

CEDC 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 thereof 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.

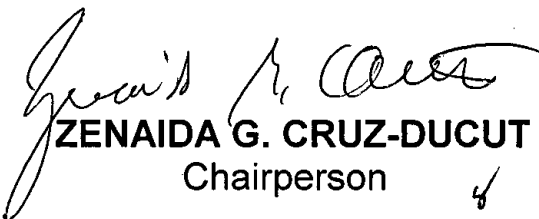
Failure of CEDC to submit the required Pre-Trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

As part of the pre-trial conference, CEDC 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, July 21, 2014.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson

**Copy Furnished:**

1. **Quiason Makalintal Barot Torres Ibarra and Sison**  
Counsel for the Applicant  
21<sup>st</sup> Floor, Robinsons-Equitable Tower 4, ADB Avenue corner Poveda Street, 1605 Ortigas Center, Pasig City
2. **Clark Electric and Distribution Corporation (CEDC)**  
Attention: **Radito P. Tuazon**  
Chief Operating Officer  
Bldg. N2830, Bayanihan St., Clark Freeport Zone,  
Pampanga
3. **Commission on Audit**  
Commonwealth Avenue,  
Quezon City
4. **Senate Committee on Energy**  
GSIS Building, Roxas Boulevard,  
Pasay City
5. **House Committee on Energy**  
Batasan Hills, Quezon City
6. **Office of the President**  
Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, ECC Building, Sen. Gil Puyat Avenue, Makati City
7. **Office of the Administrator/responsible officer**  
Clark Freeport Zone Authority (CFZA)  
Clark Freeport Zone, Pampanga
8. **Office of the Solicitor General**  
134 Amorsolo Street, Legaspi Village,  
Makati City, Metro Manila