

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE CAPAS
230KV SUBSTATION, PORAC
230KV SUBSTATION, NORTH
LUZON SUBSTATION
UPGRADING II PROJECTS,
AND ACQUISITION OF
TRANSMISSION ASSETS
WITH PRAYER FOR THE
ISSUANCE OF PROVISIONAL
APPROVAL**

ERC Case No. 2021-005 RC

**NATIONAL GRID
CORPORATION OF THE
PHILIPPINES (NGCP),**

Applicant.

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Promulgated:

February 17, 2021

ORDER

On 25 January 2021, the National Grid Corporation of the Philippines (NGCP) filed an *Application* dated 09 December 2020 for the approval of its Capas 230 kV Substation, Porac 230 kV Substation, North Luzon Substation Upgrading II Projects, and acquisition of transmission assets, with prayer for the issuance of provisional approval.

The pertinent portions of the said *Application* are hereunder quoted as follows:

The Applicant

1. NGCP is a corporation created and existing under the laws of the Philippines, with principal office address at NGCP Building, Quezon Avenue corner B.I.R. Road, Diliman, Quezon City. It is the concessionaire, which was granted the rights and obligation to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair, refurbish, and replace the Transmission Assets pursuant to R.A. 9136, otherwise known as the “*Electric Power Industry Reform Act of 2001*” (EPIRA).

2. Pursuant to R.A. 9511¹, NGCP was granted the franchise to operate, manage and maintain, and in connection therewith, to engage in the business of conveying or transmitting electricity through a high-voltage backbone system of interconnected transmission lines, substations and related facilities, system operations, and other activities that are necessary to support the safe and reliable operation of the transmission system² and is authorized to charge its customers at the rates approved by the Honorable Commission.

3. This Application is filed pursuant to paragraph d, Section 9 of the EPIRA, which directs the transmission operator to seek prior approval from the Honorable Commission of any plan for expansion or improvement of its facilities in the pursuit of its mandate to construct, install, finance, improve, expand, rehabilitate and repair the nationwide transmission system and the grid.

4. Notwithstanding the absence of the Final Determination for the 4th and 5th Regulatory Periods, NGCP is mandated to ensure and maintain the quality, reliability, adequacy, security, stability and integrity of the nationwide grid. Hence, NGCP seeks authority from this Honorable Commission for the immediate implementation of the following capital expenditure projects:

PROJECT NAME (Luzon)		BRIEF JUSTIFICATION
1	Capas 230kV Substation Project	The project aims to cater the load growth in Tarlac particularly in the franchise areas of TARELCO II and the connection of New Clark City in Capas. The estimated cost of the project is PhP2,605.108Mn with an implementation period of 32 months.
2	Porac 230kV Substation Project	The project aims to address the projected load growth in the Province of Pampanga; and to cater load growth in the franchise areas of PELCO II, CEDC, AEC and SFELAPCO. The estimated cost of the project is PhP6,384.293Mn with an implementation period of 57 months.
3	North Luzon Substation Upgrading Project II	The project aims to cater the load growth and provide N-1 provision in various NGCP substations in North Luzon.

¹ An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-bone System or Interconnected Transmission Lines, Substations and Related Facilities, and For Other Purposes;

² Id, Section 1;

		The estimated cost of the project is PhP9,929.011Mn with an implementation period of 24 months.
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The *Project Application Documents* for the Capas 230kV Substation Project; Porac 230kV Substation Project; and North Luzon Substation Upgrading II Project, are hereto attached as **Annexes “A” to “C”**, respectively.

5. Moreover, NGCP seeks approval from the Honorable Commission of the acquisition of the assets reclassified in ERC Case No. 2014-062RC in the amount of PhP671.92Mn. The *Project Application Document* for acquisition of costs on transmission assets as **Annex “D”**.

Justifications for the Issuance of Provisional Approval

6. To reiterate, NGCP is required under paragraph d, Section 9 of the EPIRA to seek prior approval from the Honorable Commission of any plan for expansion or improvement of its facilities in relation to its authority and responsibility to construct, install, finance, improve, expand, rehabilitate and repair the nationwide transmission system and the grid.
7. Along with its responsibility for the planning, construction and centralized operation and maintenance of its high voltage transmission facilities, it is indispensable for NGCP to ensure a reliable and high-performance operation of the transmission system. Thus, to avoid disruption of operation and ensure continuous compliance with NGCP’s mandate under the EPIRA as the transmission operator, it is imperative that the implementation of the proposed CAPEX projects be immediately approved.
8. Lastly, to ensure the timely completion of the proposed projects, NGCP seeks the indulgence of the Honorable Commission to approve this Application within the timeframe provided in Section 1, Rule 9, Part III of the Department of Energy Department Circular No. DC2019-05-0007.
9. In support of this application, NGCP submits the Judicial Affidavits of Engr. Eufemio C. Buluran, Jr., Regional Transmission Planning Manager of the Luzon System Planning Division, attached as **Annex “E”**; and of Engr. Rolando E. Santos, Head of the Network Access and Customer Account Services Division, attached as **Annex “F”**;

PRAYER

WHEREFORE, NGCP most respectfully prays this Honorable Commission to:

1. Immediately **ISSUE** an Order provisionally authorizing the implementation of the proposed CAPEX projects; and
2. **APPROVE**, after notice and hearing, the proposed CAPEX projects.

NGCP prays for other equitable relief.

Finding the instant *Application* sufficient in substance with the required fees having been paid, the same is hereby set for the determination of compliance with the jurisdictional requirements, Expository Presentation, Pre-trial Conference, and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020³, dated 24 September 2020:

Date	Platform	Activity
15 April 2021 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation
22 April 2021 (Thursday) at two o'clock in the afternoon (2:00 P.M.)		Pre-trial Conference and Presentation of Evidence

RELATIVE THERETO, NGCP is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* in two (2) newspapers of nationwide circulation in the Philippines at its 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 virtual hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Mayors, and the Local Government Unit (LGU) legislative bodies within the affected areas for the appropriate posting thereof on their respective bulletin boards;

³ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

- 3) Inform the stakeholders affected, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled virtual hearings thereon;
- 4) Furnish with copies of this *Order* and the attached *Notice of Virtual 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 and attend the scheduled hearings; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

Within five (5) calendar days prior to the date of the initial virtual hearing, NGCP must submit to the Commission via electronic mail (e-mail) at docket@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph, the scanned copies of 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 Virtual Hearing* consisting of affidavits of the Editors or Business Managers of the newspapers where the said *Notice of Virtual Hearing* were published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this *Order* and the attached *Notice of Virtual Hearing* consisting of certifications issued to that effect, signed by the aforementioned Mayors and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by NGCP to inform the stakeholders affected of the filing of the *Application*, its reasons therefor, and of the scheduled hearings thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Virtual Hearing* by the OSG, 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.

Moreover, NGCP is hereby required to post on its bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publications and certifications issued by the concerned Offices of the Mayors and Local Legislative Bodies, and to submit proof of its posting thereof.

NGCP and all interested parties are also required to submit via e-mail at docket@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph, at least five (5) calendar days before the date of the scheduled 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, which should also be attached to the Pre-trial Brief; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

NGCP must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission at least five (5) calendar days before the date of the scheduled initial virtual hearing and Pre-trial Conference pursuant to the preceding paragraph.

Failure of NGCP to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearings, and the resetting of which shall be six (6) months from the said date of cancellation.

NGCP must also be prepared to make an expository presentation of the instant *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, the nature of the *Application* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

NGCP is hereby directed to file a copy of its expository presentation via e-mail at docket@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph, at least five (5) calendar days prior to the scheduled initial virtual hearing. NGCP shall also be required, upon the request of any stakeholder, to provide an advance copy of its expository presentation, at least five (5) calendar days prior to the scheduled initial virtual hearing.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via e-mail at docket@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the Expository Presentation.

NGCP is hereby directed to submit, either through personal service, registered or ordinary mail/private courier, one (1) set of the original or certified true hard/printed copy/ies of its Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavit/s of witness/es, within five (5) working days from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission. Similarly, all interested parties who filed their Petition for Intervention or Opposition are required to submit the hard/printed copy thereof within the same period through any of the available modes of service.

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Finally, Applicant, including its authorized representative/s and witness/es, are hereby directed to provide the Commission, through legal.virtualhearings@erc.ph, with their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

SO ORDERED.

Pasig City, 01 February 2021.

FOR AND BY AUTHORITY
OF THE COMMISSION:



AGNES VST DEVANADERA
Chairperson and CEO


LS: IHH/ARG/MCCG



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Copy Furnished:

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7. Office of the President of PCCI
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8. Office of the Mayor
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9. Office of the Local Government Unit (LGU) Legislative Body
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12. Office of the Mayor
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15. Power Sector Assets and Liabilities Management Corporation (PSALM)
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