

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
IMPLEMENTATION OF
CAPITAL EXPENDITURE
PROJECTS FOR LUZON
(GROUP 2) FROM 2020-2025
AND BEYOND, WITH
PRAYER FOR THE ISSUANCE
OF PROVISIONAL
APPROVAL**

ERC Case No. 2021-006 RC

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

Promulgated:
February 18, 2021

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ORDER

On 25 January 2021, the National Grid Corporation of the Philippines (NGCP) filed an *Application* dated 04 December 2020 for the approval of the implementation of capital expenditure (CAPEX) projects for Luzon (Group 2) from 2020 to 2025 and beyond, 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). It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated below.

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	Silang 500 kV Substation Project	<p>The project aims to address the overloading of the Dasmariñas 4x600 MVA 500/230 kV Transformers; serve as the termination point of the new 500kV transmission line from Taguig 500kV Substation; serve as the receiving point 500kV substation for the new 500kV transmission line from the proposed Tuy 500kV Substation; and be part of the 500kV loop serving Metro Manila.</p> <p>The estimated cost of the project is PhP4,148.171Mn with an implementation period of 52 months.</p>
2	Pinamucan 500 kV Substation Project	<p>The project aims to accommodate the connection of 500MW Vires LNG Plant and 2x600MW Sta. Maria LNG Plant in Batangas City area; serve as future connection point of bulk capacity generation in the area; and accommodate the needs of MERALCO</p>

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;

		<p>and BATELEC II in Pinamucan due to load growth in the area through a 2x100 MVA, 230/69kV Power Transformer as its component.</p> <p>The estimated cost of the project is PhP4,116.905Mn with an implementation period of 56 months.</p>
3	Tagkawayan 500 kV Substation Project	<p>The project aims to accommodate entry the 1,200MW Tagkawayan Coal-Fired Power Plant in Tagkawayan, Quezon; and the 700MW Jose Panganiban Coal-Fired Power Plant in Jose Panganiban, Camarines Norte.</p> <p>The estimated cost of the project is PhP5,128.360Mn with an implementation period of 67 months.</p>
4	Taguig-Silang 500 kV Transmission Line Project	<p>The project aims to address the overloading of the San Jose–Tayabas 500kV Transmission Line during N-1 condition; and to provide a new transmission corridor to supply loads in Metro Manila.</p> <p>The estimated cost of the project is PhP6,791.133Mn with an implementation period of 65 months.</p>
5	Tuy 500 kV Substation Project (Stage 2)	<p>The project aims to relieve the overloading of Tuy–Silang 230 kV Line in relation to the anticipated bulk generation capacity additions in Batangas.</p> <p>The estimated cost of the project is PhP4,297.897Mn with an implementation period of 55 months.</p>

A copy of the compilation of the Detailed Project Discussion for the Luzon Projects (Group 2) and the Judicial Affidavit of Engr. Eufemio C. Buluran, Jr., Regional Transmission Planning Manager of the Luzon System Planning Division are attached as **Annexes “A”** and **“B”**, respectively.

Justifications for the Issuance of Provisional Approval

5. 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.

6. 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 reliable and high-performance operation of the transmission system.
7. 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 (Rules and Regulations Implementing Republic Act 11234).

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
16 April 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation

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

Date	Platform	Activity
23 April 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	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) 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* was 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 Office 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.

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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