

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
IMPLEMENTATION OF
CAPITAL EXPENDITURE
PROGRAM FOR CALENDAR
YEARS 2021-2025 (BATCH
3), WITH PRAYER FOR THE
ISSUANCE OF
PROVISIONAL AUTHORITY**

ERC CASE NO. 2021-065 RC

**NATIONAL GRID
CORPORATION OF THE
PHILIPPINES,**
Applicant.

Promulgated:
September 17, 2021

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ORDER

On 23 August 2021, National Grid Corporation of the Philippines (NGCP) filed an *Application* dated 30 July 2021, for approval of the implementation of capital expenditure program for calendar years 2021-2025 (Batch 3), with prayer for the issuance of provisional authority.

The pertinent allegations in 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. No. 9136, otherwise known as the “*Electric Power Industry Reform Act of 2001*” (EPIRA).

2. Pursuant to R.A. No. 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. To perform these tasks, NGCP seeks authority from this Honorable Commission for the immediate implementation of the following capital expenditure projects:

	PROJECT NAME	BRIEF JUSTIFICATION
1.	Luzon Voltage Improvement Project - 6	<p>The project aims to address the power quality during peak load and N-1 conditions at various substation in the Luzon Grid; it intends to provide additional reactive power support in the network to maintain the system voltage within $\pm 5\%$ of the nominal voltage during normal and single outage contingencies as prescribed under the Philippine Grid Code (PGC).</p> <p>The total estimated project cost is PhP1,359.556 Mn with an implementation period of 38 months.</p>
2.	Pinamucan - Tuy 500kv Transmission Line Project	<p>The project will provide another 500kV transmission corridor to accommodate additional generation capacities in Batangas City Area, which is being promoted as an LNG Terminal Hub. The project will complement the Tuy-Silang 500kV Transmission Line (part of Tuy 500kV Substation Project) and Taguig- Silang 500kV Transmission Line Projects.</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;

		The total estimated project cost is PhP6,240.803Mn and with an implementation period of 65 months.
3	South Luzon Substation Upgrading Project 2	<p>The project aims to cater the load growth and provide N-1 contingency to various substations in NGCP's South Luzon Region; to ensure reliability and flexibility of operations on the various substations; and to improve power quality.</p> <p>The total estimated project cost is PhP5,775.135Mn with an implementation period of 60 months.</p>
4	Ambuklao-Binga 230kV Transmission Line Upgrading Project	<p>The project aims to address the overloading of Ambuklao-Binga 230kV Transmission Line during N-1 contingency by constructing a new 230kV double circuit line and taking into consideration the maximum dispatch of existing and incoming power plants in Cagayan Valley and Mountain Province Area; it also aims to upgrade the existing line to address its old condition.</p> <p>The total estimated project cost is PhP1,021.217Mn with an implementation period of 130 months.</p>
5	Binga - San Manuel 230kV Transmission Line Project	<p>The project aims to address the overloading of Binga- San Manuel 230kV Transmission Line; to provide N-1 contingency provision during maximum dispatch of power plants in Cagayan and Mountain Province Area; and additional generation capacity from future Renewable Energy Sources.</p> <p>The estimated cost of the project is PhP3,633.129Mn with an implementation period of 129 months.</p>

The *Project Application Documents* of Batch 3 Luzon Projects is hereto attached as **Annex "A"**.

6	Permanent Restoration of Panitan-Nabas 138kV Line affected by Typhoon Ursula	The project will ensure system reliability and integrity of the Panitan-Nabas 138kV Line; minimize exposure to fault along the temporary by-pass line for the Panitan-Nabas 138kV Line, hence, will avoid load curtailment; and retrieve the temporary structures used for the by-pass line to ensure
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		<p>sufficient availability of temporary structures for future emergencies.</p> <p>The total estimated project cost is PhP316.975Mn and with an implementation period of 17 months.</p>
7	Visayas Voltage Improvement Project 2	<p>The project will address the power quality issues that will be experienced as early as 2021 at various areas in Visayas based on the projected demand; improve the reactive power support in the area; prevent load curtailment; and improve the stability of the Visayas Grid during occurrence of faults.</p> <p>The total estimated project cost is PhP2,265.103Mn with an implementation period of 28 months.</p>

The *Project Application Documents, Batch 3 Visayas Projects* is hereto attached as **Annex “B”**.

8	Malaybalay 138kV Substation Project	<p>The project aims to address the frequent unexpected power interruptions being experienced by customers and stakeholders in the Malaybalay City, Valencia City, and adjacent municipalities; to address the looming under voltage in the area; to mitigate the imminent thermal overloading of Maramag – Malaybalay 69 kV Line; and to improve system reliability by providing a new connection point for BUSECO, FIBECO, and other connected customers.</p> <p>The total estimated project cost is PhP1,936.147Mn with an implementation period of 38 months.</p>
9	Tumaga 138kV Substation Project	<p>The project aims to mitigate the anticipated overloading of the Pitogo - Tumaga-Zamboanga 69kV Line by redirecting the connection of ZAMCELCO’s Tumaga and Putik Load End Substations at the new Tumaga 138kV Substation; to help improve voltage profile in ZAMCELCO’s franchise area; and to provide a new connection point for ZAMCELCO.</p> <p>The total estimated project cost of the project is PhP2,332.496Mn with an implementation period of 48 months.</p>
10	Sultan Kudarat - Pinarang 69kV Transmission Line Upgrading Project	<p>The project is aimed to improve system reliability to address the</p>

		<p>rotational power interruption due to opening of a shared power circuit breaker during load shifting, line fault, or preventive maintenance of the Sultan Kudarat-DSA-Tacurong 69kV line.</p> <p>The total estimated project cost is PhP540.807Mn with an implementation period of 24 months.</p>
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The *Project Application Documents* of Batch 3 Mindanao projects is hereto attached as **Annex “C”**.

11	<p>Grid Protection Relay Replacement Project (Phase 1, 2 and 3)</p>	<p>The project involves the replacement of protection relays in the Luzon, Visayas and Mindanao Grid to ensure safe, secure and reliable operation of the Grid; The replacement is necessary as there are protection relays found to be defective, obsolete and outdated; There are transmission line and High Voltage equipment with no redundant protections; and There are substations with no Breaker Failure Relays installed.</p> <p>The total estimated project cost is PhP8,893.80Mn with and implementation period of 72 months. The GPRRP is targeted to be completed in 2025.</p>
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The *Project Application Documents* of Grid Protection Relay Replacement Project (Phase 1, 2, and 3) is hereto attached as **Annex “D”**.

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 a reliable and high-performance operation of the transmission system. Thus, to avoid disruption of operation and to 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.

7. In order to avoid the disruption of operation and remain in compliance with its mandate under the EPIRA as the transmission operator, it is imperative that the implementation of the proposed CAPEX projects be immediately approved.
8. In support of this application, NGCP submits the Judicial Affidavits of *Engr. Eufemio C. Buluran, Jr.*, *Engr. Michael R. Baylousis*, *Engr. Fernando S. Javier*, and *Engr. Vicente N. Loria* attached as **Annexes “E” to “H”**, respectively.

PRAYER

WHEREFORE, NGCP most respectfully prays this Honorable Commission to:

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

NGCP prays for other equitable relief.

Finding the said *Application* to be sufficient in form 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 2020,³ dated 24 September 2020, and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):⁴

Date	Platform	Activity
15 October 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 for the Luzon, Visayas and Mindanao Stakeholders
22 October 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Pre-trial Conference and Presentation of Evidence

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

⁴ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Date	Platform	Activity
29 October 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)		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 hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Provincial Governors, the Mayors and the Local Government Unit (LGU) legislative bodies within NGCP's regional offices for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within NGCP's regional offices, 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 the resolution of the prayer for confidential treatment of information, if any, and reimbursement of reasonable photocopying costs.⁵

⁵ For the e-mail address of the applicants, please see page 11.

Within five (5) calendar days prior to the date of the initial virtual hearing, Applicant must submit to the Commission via electronic mail (e-mail) at docket@erc.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 affidavit 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 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 NGCP to inform the consumers 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, Governors 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, copy furnish the Legal Service through legal@erc.ph, at least five (5) calendar days before the date of the scheduled virtual 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, 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, copy furnish the Legal Service through legal@erc.ph, at least five (5) calendar days prior to the scheduled 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 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, 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, NGCP, 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, 03 September 2021.

FOR AND BY AUTHORITY
OF THE COMMISSION:



AGNES VST DEVANADERA
Chairperson and CEO

KPA as 3
LS: KPA/ARG/MCCG



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Copy Furnished:

1. National Grid Corporation of the Philippines (NGCP)
Applicant
NGCP Building, Quezon Ave. cor. BIR Road, Diliman, Quezon City
corpcom@ngcp.com
2. Attys. Luis Manuel U. Bugayong, Mark Anthony S. Actub, Lally C. Ortila-Mallari and Rich L. Almario
Counsels for Applicant NGCP
Office of the General Counsel
NGCP Building, Quezon Ave. cor. BIR Road, Diliman, Quezon City
lubugayong@ngcp.ph; msactub@ngcp.ph; lomallari@ngcp.ph; rlalmario@ngcp.ph
3. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
docket@osg.gov.ph
4. Commission on Audit (COA)
Commonwealth Avenue, Quezon City 1121
citizensdesk@coa.gov.ph
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City 1307
senateenergycommittee@gmail.com
6. House Committee on Energy
Batasan Hills, Quezon City 1126
committee.energy@house.gov.ph
7. 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
secretariat@philippinechamber.com
8. Power Sector Assets and Liabilities Management Corporation (PSALM)
24th Floor Vertis North Corporate Center 1, Astra corner Lux Drives Vertis North, Mindanao Avenue, Quezon City
infos@psalm.gov.ph
9. National Transmission Corporation (TransCo)
TransCo Main Building, Quezon Avenue corner BIR Road, Diliman, Quezon City
OVP-Legal@transco.ph
10. Office of the Mayor
Quezon City
11. Office of the Local Government (LGU) legislative body
Quezon City
12. Office of the Mayor
Cebu City
13. Office of the Local Government (LGU) legislative body
Cebu City
14. Office of the Mayor
Iligan City, Lanao del Norte
15. Office of the Local Government (LGU) legislative body
Iligan City, Lanao del Norte
16. Office of the Mayor
Davao City, Davao del Sur

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17. Office of the Local Government (LGU) legislative body
Davao City, Davao del Sur
18. Office of the Mayor
San Fernando City, La Union
19. Office of the Local Government (LGU) legislative body
San Fernando City, La Union
20. Office of the Mayor
Biñan City, Laguna
21. Office of the Local Government (LGU) legislative body
Biñan City, Laguna
22. Office of the Provincial Governor
La Union
23. Office of the Local Government (LGU) legislative body
La Union
24. Office of the Provincial Governor
Laguna
25. Office of the Local Government (LGU) legislative body
Laguna
26. Office of the Provincial Governor
Cebu
27. Office of the Local Government (LGU) legislative body
Cebu
28. Office of the Provincial Governor
Davao del Sur
29. Office of the Local Government (LGU) legislative body
Davao del Sur
30. Office of the Provincial Governor
Lanao Del Norte
31. Office of the Local Government (LGU) legislative body
Lanao Del Norte
32. Regulatory Operations Service
17th Floor, Pacific Center Building, San Miguel Avenue,
Ortigas Center 1600, Pasig City
ros@erc.ph