

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig City



**IN THE MATTER OF THE APPLICATION FOR AUTHORITY TO DEVELOP, OWN, AND OPERATE A DEDICATED POINT-TO-POINT FACILITY TO CONNECT THE 23.31 MW DIESEL POWER PLANT TO THE CONNECTION POINT OF BANTAYAN ISLAND ELECTRIC COOPERATIVE, INC. (BANELCO), IN BARANGAY BANTIGUE, BANTAYAN**

**ERC CASE NO. 2021-024 MC**

**ISLA NORTE ENERGY CORPORATION (INEC),**  
*Applicant.*

**Promulgated:**  
October 01, 2021

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**ORDER**

On 04 August 2021, Isla Norte Energy Corporation (INEC) filed an *Application* dated 25 June 2021, seeking the Commission's authority to develop, own and operate a dedicated point-to-point facility to connect the 23.31 MW diesel power plant to the connection point of Bantayan Island Electric Cooperative, Inc. (BANELCO), in Barangay Bantigue, Bantayan.

On 16 August 2021, the Commission issued an *Order* and a *Notice of Virtual Hearing*, both dated 10 August 2021, setting the case for hearing for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on 15 and 22 September 2021.

On 27 August 2021, INEC filed a *Motion to Amend the Order and Notice of Virtual Hearing dated August 16, 2021* (Motion) of even date.

The allegations in the said *Motion* are quoted hereunder, to wit:<sup>1</sup>

1. On August 16, 2021, the Honorable Commission issued an Order and a Notice of Virtual Hearing for the instant Application, setting the trial dates for September 15 and September 22, 2021.
2. Prior to the Issuance of the August 16, 2021 Order and Notice of Virtual Hearing for the instant Application, INEC complied with the pre-filing requirements of the Honorable Commission's Regulatory Operations Service ("ROS") and Legal Service.
3. Following the comments and remarks from the ROS in INEC's Application and Annexes, INEC made the necessary rectifications in the Application, particularly, in the numbering of the Annexes. Moreover, the Annexes themselves were re-numbered to be consistent with the Application.
4. The revised Application that reflected the new designations of Annexes and the re-labeled Annexes were then electronically submitted to ROS. The revised Application was then cleared by the ROS. This was shown in the ROS Pre-Filing Requirements Checklist which recommended to proceed to the Legal Service to continue with the Pre-filing Requirements. A copy of this Checklist is attached as **Annex "A"** and made an integral part hereof. A copy of the revised Application (after implementing the comments from ROS) is attached as **Annex "B"** and also made an integral part hereof.
5. However, during the pre-filing with the Legal Service, the Applicant inadvertently and unintentionally submitted its old Application which did not reflect the changes made on the designations of Annexes.
6. Consequently, the August 16, 2021 Order and Notice of Virtual Hearing utilized the old version of the Application and annexations. Below is the list of Annexes that were not referred to in the Order and Notice of Virtual Hearing:

<b>Annex</b>	<b>Descriptive Title</b>
Annex "F-1"	BANELCO Certification or Letter approving and supporting the development and operation of the

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<sup>1</sup> All the allegations stated therein are directly quoted from the word copy of the 27 August 2021 Motion (submitted on 23 September 2021), of the Applicant.

	Dedicated Facility
Annex "N-1"	EngCon Company Profile
Annex "O-1"	Connection Agreement (INEC Counterpart)
Annex "P-1"	P2P Relevant Dates
Annex "R"	INEC Sworn Statement
Annex "S"	Not utilized

7. As will be shown in the Pre-filing Requirements Checklist from the Legal Service, there was no substantial change required in the contents of the Application itself. Thus, apart from the re-labeling of the Annexes, there were no material changes made on the updated Application. A copy of this Checklist is attached as **Annex "C"** and made an integral part hereof.
8. Therefore, INEC respectfully submits that there is a need to amend the August 16, 2021 Order and Notice of Virtual Hearing to reconcile the updated version of the Application on one hand, and the August 16, 2021 Order and Notice of Virtual Hearing on the other hand.

**PRAYER**

**WHEREFORE**, premises considered, Applicant Isla Norte Energy Corporation respectfully prays that the Honorable Commission:

1. RECOGNIZE the updated version of the Application, which is attached as *Annex "B"*; and
2. AMEND the August 16, 2021 Order and Notice of Virtual Hearing to reflect the updated version of the Application.

The hearing on 15 September 2021 proceeded in order to seek clarification on information relevant to the said *Motion*. After obtaining the explanation of Applicant, the Commission directed INEC to file an amended application.

On 15 September 2021, INEC filed a *Motion to Amend the Application* and attached therewith an updated copy of the application, dated 25 June 2021, the same date as the original *Application*.

The pertinent allegations in the said updated *Application* are hereunder reproduced, as follows:

1. INEC is a domestic corporation duly organized and existing pursuant to the laws of the Republic of the Philippines. Its principal office address is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S.

Fortuna Street, Banilad, Mandaue City, Cebu, Philippines. It may be served with pleadings and processes of this Honorable Commission through its counsel **J. P. Garcia & Associates** at Units 1501-1502 Ayala Life-FGU Center, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City.

2. INEC has been authorized by its Board of Directors to file the Application, as evidenced by a Secretary's Certificate dated May 6, 2021, which is attached as **Annex "A"** and made an integral part hereof.
3. A copy of INEC's Amended Articles of Incorporation, By-Laws and latest General Information Sheet are attached and made an integral part of this Application as **Annexes "B", "C", and "D"**.
4. This Application is filed with this Honorable Commission pursuant to Section 9 (f) of Republic Act No. 9136, or the Electric Power Industry Reform Act ("EPIRA"),<sup>2</sup> Rule 5, Section 5 (a) (i)<sup>3</sup> of the EPIRA Implementing Rules and Regulations ("EPIRA IRR"), Section 2.9.2 of the Distribution Services and Open Access Rules (DSOAR), and Section 4.2 of Resolution No. 16, Series of 2011, or the Resolution Adopting the Amended Rules on the Definition and Boundaries of Connection Assets for Customers of Transmission Provider for its consideration and approval to develop, own and/or operate a dedicated point-to-point connection facility.
5. The dedicated point-to-point connection facility will include a new single-circuit 13.8 kV transmission line project and a 25 MVA substation that will be installed for the sole purpose of delivering electricity from INEC's Diesel Power Plant in Barangay Kabangbang (collectively, the "Dedicated Facility") to BANELCO's substation in

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<sup>2</sup> EPIRA, Section 9(f)

"... A generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the TDP: *Provided*, That such facilities are required only for the purpose of connecting to the transmission system, and are used solely by the generating facility, subject to prior authorization by the ERC: *Provided, further*, That in the event that such assets are required for competitive purposes, ownership of the same shall be transferred to the TRANSCO at a fair market price: *Provided, finally*, That in the case of disagreement on the fair market price, the ERC shall determine the fair market value of the asset."

<sup>3</sup> EPIRA IRR, Rule 5, Section 5 (i)

"Subject to prior authorization from ERC, TRANSCO or its Buyer or Concessionaire may allow a Generation Company to develop, own and/or operate dedicated point-to-point limited transmission facilities: *Provided*, That: (i) Such dedicated point-to-point limited transmission facilities are required only for the purpose of connecting to the Grid which will be used solely by the Generation Facility, and are not used to serve End-users or Suppliers directly..."

Barangay Bantigue, Bantayan. The Project Description is attached and made an integral part hereof as **Annex “E.”**

**BASIS FOR THE APPLICATION**

6. INEC is primarily engaged in the business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable sources of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposes without cities, municipalities and provinces of the Philippines.
7. After BANELCO conducted a competitive selection process for the supply of 15 MW of contracted capacity plus cold reserve and N-1 contingency for a term of fifteen (15) years, INEC was issued a Notice of Award by BANELCO on October 30, 2019. On February 10, 2020, INEC and BANELCO signed the Power Supply Agreement. The 23.31 MW installed capacity of INEC is a result of compliance with the technical requirements set forth by BANELCO.
8. The Distribution Impact Study (“DIS”) conducted by BANELCO concluded that the connection of INEC’s Power Plant to the 13.2 kV main bus of BANELCO through the single circuit interconnection line is feasible and needed. No thermal and voltage limits were breached upon entry of the Power Plant and there was no significant increase in the fault levels with the entry of the Power Plant. A copy of the DIS is attached and made an integral part hereof as **Annex “F”**. A discussion on the other options or alternatives considered by INEC in configuring its Dedicated Facility is attached and made an integral part hereof as **Annex “G”**. No other feasible alternatives (route, voltage level, connection point) were considered as the current configuration of the Dedicated Facility is the only feasible option to connect the power plant. The Demand-Supply Scenario taken from BANELCO’s Distribution Development Plan and Power Supply Procurement Plan are attached and made an integral part hereof as **Annex “H.”**
9. The Single Line Diagram of the Dedicated Facility is attached and made an integral part hereof as **Annex “I.”** The Design Drawings are attached and made integral parts hereof collectively as **Annex “J.”** Since it is part of the obligation of INEC to deliver power to BANELCO, INEC must solely bear the cost therefor. Based on the Project Description, the Dedicated Facility is estimated to cost P71,000,000.00 with breakdown indicated in **“Annex K”** that is made an integral part hereof. The Dedicated Facility will serve no other purpose than to connect the

Power Plant to BANELCO's connection point to deliver power.

10. The Environmental Compliance Certificate issued to INEC for its 23.31 MW Diesel Engine Power Plant is attached and made an integral part hereof as **Annex "L."** Likewise, the Certificate of Endorsement issued by the Department of Energy to INEC is attached as **Annex "M"** and made an integral part hereof.
11. To ensure the proper operation and maintenance of the Dedicated Facility, INEC will engage BANELCO to perform the same. The list of experts and personnel involved in the construction of the Dedicated Facility and its Company Profile are indicated in **Annex "N" and Annex "N-1", respectively**, and made integral parts hereof.
12. The authority of INEC to undertake the Dedicated Facility and its commitment to pursue the Dedicated Facility can also be found in **Annex "A."** The Connection Agreement between BANELCO and INEC is also attached and made integral parts hereof as **Annex "O" and Annex "O-1,"** respectively. The Gantt Chart and the projected starting date and completion date of the Dedicated Facility are attached and made integral parts hereof as **Annex "P" and Annex "P-1,"** respectively.
13. INEC undertakes to comply with the provisions of the Philippine Grid Code, where applicable in relation to the Dedicated Facility, and the Philippine Small Grid Guidelines. BANELCO executed their respective Sworn Statement that it has complied or will comply with the 2019 Philippine Distribution Code, which are attached and made integral part hereof as **Annex "Q"**. In addition, BANELCO has expressed its approval and support to the development and operation of the Dedicated Facility and that the same is consistent with BANELCO's Distribution Development Plan (DDP). This letter is attached and made an integral part hereof as **Annex "F-1."**
14. To affirm INEC's compliance with relevant government agencies, it executed a Sworn Statement to undertake the same, which is attached and made an integral part hereof as **Annex "R."**

#### **PRAYER**

WHEREFORE, in view of the foregoing, Applicant ISLA NORTE ENERGY CORPORATION respectfully prays for the Honorable Commission to allow and authorize Applicant to develop, install and own the dedicated point-to-point facility to connect the its Diesel Power Plant in Barangay Kabangbang, Bantayan to the connection point of Bantayan Island Electric Cooperative, Inc. (BANELCO) at Barangay Bantigue, Bantayan,

with the operation and maintenance thereof to be performed by BANELCO.

Applicant prays for such other reliefs as may be just and equitable under the circumstances.

Finding the *Motion to Amend Application* meritorious, the same is hereby granted.

In view thereof, the updated *Application* is hereby set for hearing 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 09, Series of 2020<sup>4</sup>, dated 24 September 2020, and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure)<sup>5</sup>:

Date	Platform	Activity
<b>05 November 2021</b> (Friday) at two o'clock in the afternoon (2:00 P.M.)	<b>Microsoft Teams Application</b>	Determination of compliance with the jurisdictional requirements and Expository Presentation
<b>12 November 2021</b> (Friday) at two o'clock in the afternoon (2:00 P.M.)		Pre-trial Conference and Presentation of Evidence

**RELATIVE THERETO**, INEC is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual 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 Virtual Hearing* the Offices of the Provincial Governor, the City and the Municipal Mayors, and the Local

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<sup>4</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

<sup>5</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Government Unit (LGU) legislative bodies of the areas affected by the project for the appropriate posting thereof on their respective bulletin boards;

- 3) Inform the consumers within the affected areas, by any other means available and appropriate, of the filing of the updated *Application*, its reasons therefor, and of the scheduled 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 updated *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.<sup>6</sup>

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](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto: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 Editor or Business Manager of the newspaper where the said *Notice of Virtual Hearing* was published, and the complete issue of the said newspaper;
- 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 Governor, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;

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<sup>6</sup> For the e-mail address of the applicant, please see page 12.



- 3) The evidence of other means employed by the Applicant to inform the consumers within the affected areas of the filing of the updated *Application*, the 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 updated *Application* and its attachments, by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

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

Applicant and all interested parties are also required to submit to the Commission via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto: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.

Applicant 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 Applicant 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.

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

INEC is hereby directed to file a copy of its Expository Presentation via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), at least five (5) calendar days prior to the scheduled virtual hearing. INEC 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](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto: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.

INEC 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, INEC, including its authorized representative/s and witness/es, are hereby directed to provide the Commission, thru [legal.virtualhearings@erc.ph](mailto: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, 23 September 2021.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



  
**AGNES YST DEVANADERA**  
*Chairperson and CEO*

  
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Copy furnished:

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3. Bantayan Island Electric Cooperative, Inc. (BANELCO)  
Bantayan, Cebu
4. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village  
Makati City, Metro Manila
5. Commission on Audit  
Commonwealth Avenue  
Quezon City, Metro Manila
6. Senate Committee on Energy  
GSIS Building, Roxas Boulevard  
Pasay City, Metro Manila
7. House Committee on Energy  
Batasan Hills, Quezon City, Metro Manila
8. Office of the City Mayor  
Mandaue City, Cebu
9. Office of the LGU legislative body  
Mandaue City, Cebu
10. Office of the Municipal Mayor  
Bantayan, Cebu
11. Office of the LGU legislative body  
Bantayan, Cebu
12. Office of the Governor  
Province of Cebu
13. Office of the LGU legislative body  
Province of Cebu
14. National Transmission Corporation  
Quezon Avenue corner BIR Road, Diliman, Quezon City
15. Regulatory Operations Service-ERC  
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