

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



**IN THE MATTER OF THE  
PETITION FOR APPROVAL  
OF THE RECLASSIFICATION  
OF THE AURORA-OZAMIS-  
OROQUIETA 69 KV LINE INTO  
TRANSMISSION ASSETS**

**ERC CASE NO. 2014-084 MC**

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

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**DOCKETED**  
Date: SEP 23 2014  
By: [Signature]

**ORDER**

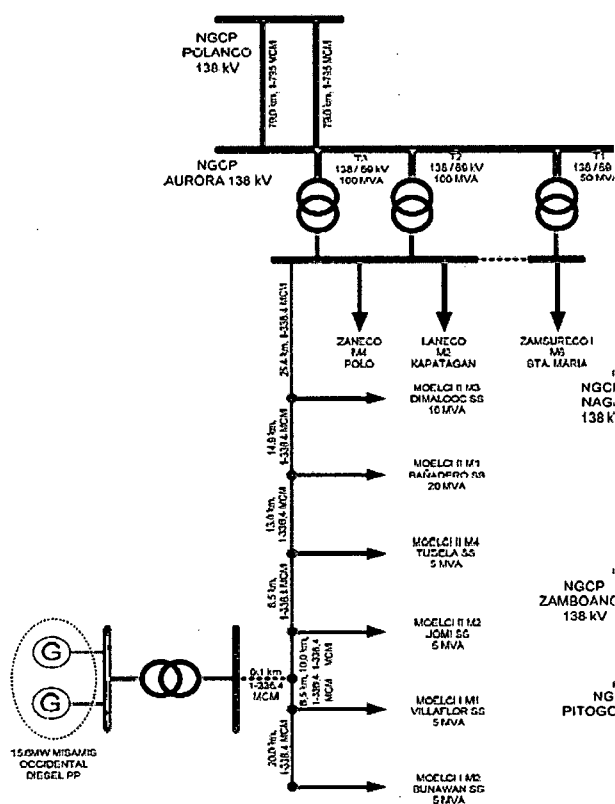
On June 16, 2014, the National Grid Corporation of the Philippines (NGCP) filed a petition for the approval of the reclassification of the Aurora-Ozamis-Oroquieta 69 kV Line to transmission asset.

In the said petition, NGCP alleged, among others, the following:

1. It is a corporation created and existing under the laws of the Philippines, with principal office address at NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City where it may be served with notices, orders, resolutions and other issuances of the Commission through its counsels at the address stated in its application;
2. Pursuant to Section 8 Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), it is authorized and responsible for the planning, construction and centralized operation and maintenance of its high-voltage transmission facilities, including grid interconnections and ancillary services as well as the operation and maintenance of the subtransmission assets until their disposal to qualified distribution utilities which are

in a position to take over the responsibility for operating, maintaining, upgrading, and expanding said assets;

3. One of the subtransmission assets presently owned by the National Transmission Corporation (TRANSCO) but operated and maintained by NGCP is the Aurora (Mahayahay)–Ozamis-Oroquieta 69kV Line;
4. The Aurora-Ozamis-Oroquieta 69kV Line serves Misamis Occidental II Electric Cooperative (MOELCI 2), a load customer;
5. King Energy Generation, Inc. (“KEGI”), a generator, proposed to construct a 15.6 MW Diesel Power Plant in Brgy. Map-an, Panaon, Misamis Occidental. This will be connected to the Aurora-Ozamis-Oroquieta 69 kV line. Said power plant is expected to be in commercial operation at the end of 2014;
6. Thus, it has undertaken and prepared a System Impact Study for the connection of 15.6 MW Misamis Occidental Diesel Power Plant of KEGI and it approved the proposed connection scheme of KEGI;
7. Presented below is the approved connection schemes for KEGI’s power plants:



8. As can be seen from the diagram above, Aurora-Ozamis-Oroquieta 69 kV line will perform transmission functions taking into account the connection of both load customers and generator to the same lines, and thus should be classified as transmission asset;
9. This finds support in the Honorable Commission's *"Guidelines to the Sale and Transfer of TRANSCO's Subtransmission Assets and the Franchising of Qualified Consortium"* promulgated on October 17, 2003, particularly Article 2 Section III which provides:

**"Technical and Functional Criteria – the assets shall be classified based on the technical and functional criteria** enumerated in Sections 4 and 6, Rule 6, Part II of the IRR of the Act, including but not necessarily limited to the following:

**"A. Directly Connected Generators:**

**Lines, power transformers and other assets held by TRANSCO or its buyer or concessionaire, which allow the transmission of electricity to a grid from one or more directly connected generators, shall be classified as transmission assets."** (emphasis supplied)

10. The Commission thereafter issued Resolution No. 16 Series of 2011<sup>1</sup> which provides:

**"Section 2.0: Definition of Terms**

**"Connection Assets: 'those assets that are put in place primarily to connect a Customer/s to the Grid and used for purposes of Transmission Connection Services for the conveyance of electricity which if taken out of the System, will only affect the Customer**

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<sup>1</sup> Entitled "Resolution Adopting the Amended Rules on the Definition and Boundaries of Connection Asset for Customers of Transmission Provider"

connected to it and will have minimal effect on the Grid, or other Customers;'

"Section 4.2. Connection Assets for Generation Customers of Transmission Provider.

**"A generation company may develop and own or operate a dedicated point-to-point limited facilities 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." (Emphasis supplied.)**

11. Corollarily, any asset which is not solely used by either a load customer or generator should be classified as transmission asset;

12. The Commission adopted the above-mentioned resolutions in its ruling in ERC Case No. 2010-032 MC entitled "*In the Matter of the Petition for Approval of the Reclassification of the National Transmission Corporation Subtransmission Asset to Full Transmission Asset Serving the Dingle-Passi Lines in Iloilo,*"<sup>2</sup> as follows:

"Section 2, Article III of the Guidelines to the Sale and Transfer of the TRANSCO's Subtransmission Assets and the Franchising of Qualified Consortium reads:

"Technical and Functional Criteria – the assets shall be classified based on the technical and functional criteria enumerated in Sections 4 and 6, Rule 6, Part II of the IRR of the Act, including, but not necessarily limited to the following:

"a) Directly Connected Generators

"Lines, power transformers and other assets held by TRANSCO or its Buyer or

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<sup>2</sup> Decision dated 01 December 2010.

Concessionaire, which allow the transmission of electricity to a Grid from one or more Directly Connected Generators, shall be classified as Transmission Assets.

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“Based on the foregoing provision, the Commission may only reclassify TRANSCO’s subtransmission asset to a transmission asset when the generator, which intends to transmit electricity to the Grid, is connected to said subtransmission asset.

X X X

“WHEREFORE, the foregoing premises considered, the petition filed by Central Azucarera De San Antonio, Inc. (CASA) for approval of the reclassification of the National Transmission Corporation’s (TRANSCO) Subtransmission Asset to full transmission asset serving Dingle-Passi Lines in Iloilo is hereby APPROVED subject to the condition that CASA’s bagasse power plant should connect to the Dingle-Passi 69 kV Line and only the portion of the said line where CASA’s plant is connected shall be reclassified as transmission asset.”

13. In ERC Case No. 2009-180RC entitled “*In the Matter of the Application for Approval of the Maximum Allowable Revenue for the Third Regulatory Period (2011-2015) of the National Grid Corporation of the Philippines During the Regulatory Reset Process for the Third Regulatory Period in Accordance with the Alternative Form of Rate Setting Methodology under the Rules in Setting Transmission Wheeling Rates,*”<sup>33</sup> the ERC ruled:

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<sup>33</sup> ERC Order dated 06 July 2011

“The La—Trinidad-Calot 69kV line is classified as Transmission asset since during off-peak hours, a generator connected to that line delivers power to the grid.”

14. In view of the foregoing, it is submits that the Aurora (Mahayahay) - Ozamis 69kv Line and the Ozamis-Oroqueta 69 kV Line should be immediately reclassified to full transmission assets; and
15. It prays that the instant petition be granted and the Aurora (Mahayahay) - Ozamis-Oroquieta 69 kV Line be reclassified as Transmission Asset.

Finding the said petition sufficient in form and 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 **October 23, 2014 (Thursday) at ten o'clock in the morning (10:00 A.M.) at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

NGCP is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, with the date of the 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, by any other means available and appropriate, of the filing of the instant petition, its reasons therefor, and of the scheduled hearing thereon.

Let copies of the petition, 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 Mayor of Quezon City for the appropriate posting thereof on its bulletin board.

NGCP is hereby directed to furnish all those making requests therefor with copies of the petition and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, NGCP 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 a certification issued to that effect, signed by the afore-mentioned Mayor or his duly authorized representative, bearing the seal of his office, and the affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published together with the complete issue of the said newspaper, and such other proofs of compliance with the requirements of the Commission.

NGCP 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 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 NGCP 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, NGCP must also be prepared to make an expository presentation of its petition, 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 petition is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, September 15, 2014.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson



**Copy Furnished:**

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Metro Manila
3. **THE COMMISSION ON AUDIT**  
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Diliman, Quezon City, Metro Manila
4. **THE COMMITTEE ON ENERGY**  
House of the Senate  
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
5. **THE COMMITTEE ON ENERGY**  
House of Representatives  
Batasan Hills, Quezon City, Metro Manila
6. **OFFICE OF THE CITY MAYOR**  
Quezon City
7. **National Transmission Corporation (TRANSCO)**  
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Diliman, Quezon City
8. **Power Sector Assets and Liabilities Management (PSALM)**  
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