

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.
X-----X**

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

NOTICE OF PUBLIC HEARING

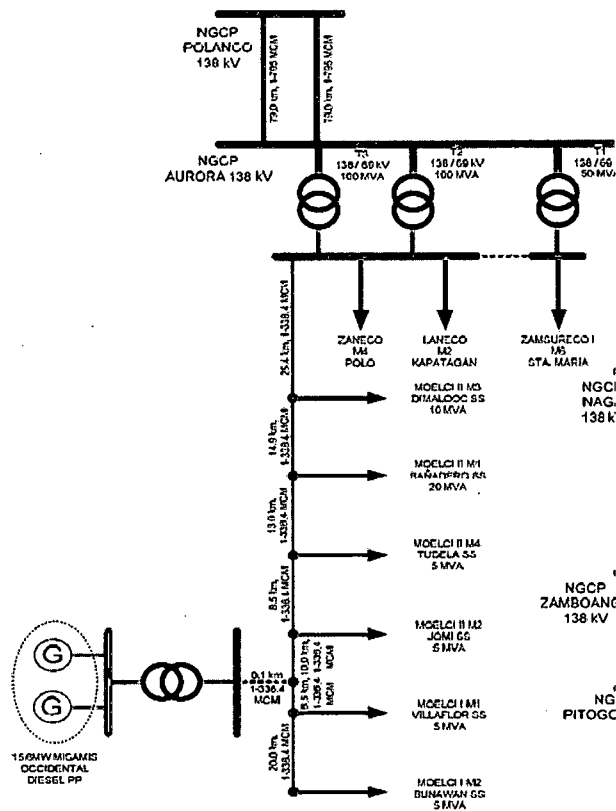
TO ALL INTERESTED PARTIES:

Notice is hereby given that on June 16, 2014, the National Grid Corporation of the Philippines (NGCP) filed with the Commission 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 2011¹ 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 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*

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

*Asset to Full Transmission Asset Serving the Dingle-Passi Lines in Iloilo,*² 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 Concessionaire, which allow the transmission of electricity to a Grid from one or more Directly Connected Generators, shall be classified as Transmission Assets.

x x x

“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

² Decision dated 01 December 2010.

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,*"³ the ERC ruled:

"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.

The Commission has set the petition 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, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

³³ ERC Order dated 06 July 2011

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (1) the petitioner's name and address; (2) the nature of petitioner's interest in the subject matter of the proceeding, and the way and manner in which such interest is affected by the issues involved in the proceeding; and (3) a statement of the relief desired.

All other persons who may want their views known to the Commission with respect to the subject matter of the proceeding may file their opposition to the petition or comment thereon at any stage of the proceeding before the petitioner concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the petition may request the petitioner, prior to the date of the initial hearing, that they be furnished with a copy of the petition. The petitioner is hereby directed to furnish all those making such request with copies of the petition and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the petition and other pertinent records filed with the Commission during the usual office hours.

WITNESS, the Honorable Chairperson, **ZENAIDA G. CRUZ-DUCUT**, and the Honorable Commissioners, **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, Energy Regulatory Commission, this 15th day of September, 2014 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III