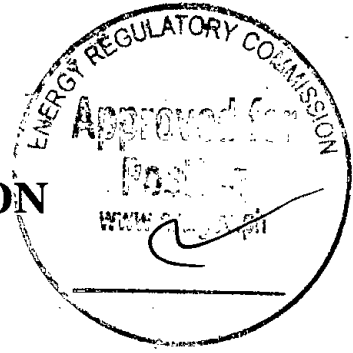


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



**IN THE MATTER OF THE
APPLICATION FOR
AUTHORITY TO DEVELOP,
OWN, AND OPERATE
DEDICATED POINT-TO-
POINT LIMITED
TRANSMISSION
FACILITIES TO CONNECT
THE 100 MWP POWER
PROJECT OF JOBIN-SQM,
INC. TO THE LUZON GRID,
WITH PRAYER FOR
PROVISIONAL
AUTHORITY**

ERC CASE NO. 2016-005 MC

**JOBIN-SQM, INC. (JSI),
Applicant.**

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D O C K E T E D
Date: JUN 01 2016
By: W

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

On 2 February 2016, Jobin-SQM, Inc. (JSI) filed an application for authority to develop, own, and operate dedicated point-to-point limited transmission facilities to connect the 100 MWp Power Project of JSI to the Luzon Grid, with prayer for the issuance of provisional authority.

In support of said application, JSI alleged, among others, the following:

1. That Applicant JSI is a generation company duly authorized and existing under the laws of the Republic of the Philippines, with principal address at Grande Island, Subic Bay Freeport Zone, Zambales.

Copies of JSI's Certificate of Incorporation, Certificate of Filing of Amended Articles of Incorporation with the attached Amended Articles of Incorporation, its By-Laws and its latest

General Information Sheet are attached to the Application as Annexes "A" and series.

2. JSI may be served orders and other processes through the undersigned counsel.

NATURE OF THE APPLICATION

3. Pursuant to Section 9 of Republic Act No. 9136, or the *Electric Power Industry Reform Act*, and Section 5, Rule 5 of its Implementing Rules and Regulations, the Application was submitted to secure authority from the Commission for JSI to develop, own, and operate its dedicated point-to-point limited transmission facilities, composed of a 230kV, 795 MCM conductor, single circuit interconnection that extends from its 100 MWp solar power generation project (the "Power Project") to the 230kV Substation of the National Grid Corporation of the Philippines ("NGCP") located in Subic, Zambales (the "NGCP Subic Substation").

STATEMENT OF THE FACTS

4. **Increasing Demand for Power Supply in the Luzon Grid.** The demand in the Luzon Grid is continuously increasing, and there is a need to ensure that power supply in the Grid will be sufficient to meet this steadily increasing demand. Otherwise, Luzon may suffer from outages, adversely affecting, not only the region's business growth and overall economic development, but also the quality of people's lives.
5. **Utilization of Renewable Energy Sources.** Renewable energy ("RE") sources such as solar can greatly help address the increasing power requirements of the Grid in an environment-friendly manner.
6. Unlike other fossil fuel-based energy sources, renewable energy sources produce clean, sustainable, and environmentally-friendly energy. They will displace coal and fossil fuel energy generation and, in this way, help mitigate climate change. They also help reduce the country's dependence on imported coal and petroleum products, which puts the country at risk not only to foreign exchange fluctuations and changes in global markets, but also to political and economic events in the fuel supplying regions.
7. Thus, the government's thrust is to promote renewable energy in order to reduce the country's dependence on fossil fuels. In line with this, legal reforms have been instituted towards

increasing the country's RE capacities through increased investments in the sector, as well as through priority connections to the grid.

- 7.1. In particular, Section 11 of the *Renewable Energy Law of 2008*¹ aims to ensure that the proposed RE resources are integrated in the respective development plans of NGCP and distribution utilities. Thus, the law states:

Section 11. Transmission and Distribution
System Development.

TRANSCO or its successors-in-interest or its buyer/concessionaire and all DUs, shall **include the required connection facilities for RE-based power facilities in the Transmission and Distribution Development Plans**: Provided, That such facilities are approved by the DOE. The connection facilities of RE power plants, including the extension of transmission and distribution lines, shall be subject only to ancillary services covering such connections. (Emphasis supplied.)

- 7.2. Also, Section 7 of the Renewable Energy Law mandates the formulation of a feed-in tariff ("FIT") that will include priority connections for RE sources such as solar. Thus, the law states:

Section 7. Feed-In Tariff System.

To **accelerate the development of emerging renewable energy resources, a feed-in tariff system for electricity produced from wind, solar, ocean, run-of-river hydropower and biomass** is hereby mandated. Towards this end, the ERC in consultation with the National Renewable Energy Board (NREB) created under Section 27 of this Act shall formulate and promulgate feed-in tariff system rules within one (1) year upon the effectivity of this Act which shall include, but not limited to the following:

¹ Republic Act No. 9513, entitled "An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes"

(a) **Priority connections to the grid for electricity generated from emerging renewable energy resources** such as **wind, solar**, ocean, run-of-river hydropower and biomass power plants within the territory of the Philippines; x x x (Emphasis supplied.)

- 7.3. In fulfillment of the said mandate, the Commission issued Resolution No. 16, Series of 2010, establishing the FIT system. Verily, the said Resolution **allows eligible RE plants to enjoy priority connection to the transmission system**, subject to compliance with the pertinent standards and rules of the Honorable Commission.
8. **Private Sector Initiated Power Projects.** To address the increasing need for power supply, the government has encouraged and mandated private sector investment in the electric power industry, particularly in power generation, to ensure additional capacity in Luzon and the entire country for the coming years.
9. **Additional Supply from JSI.** Applicant JSI has undertaken to develop, construct, own, operate, and maintain the Power Project. The said Project will not only help address the need for additional supply in the Luzon Grid, but is also consistent with the government's efforts to increase the country's RE capacities.
10. As discussed hereunder, in order to deliver the supply to be generated by the Power Project, it is necessary, feasible and cost-effective to connect the said Project to the Luzon Grid through the proposed dedicated point-to-point limited transmission facilities.
11. Under Republic Act No. 9136, authorization from the Commission is required for a generation company to develop, own, and operate point-to-point limited transmission facilities. Hence, the Application.

ABSTRACT OF THE POWER PROJECT, THE DEDICATED TRANSMISSION FACILITIES AND RELATED INFORMATION

12. **The Power Project.** The Power Project is a solar power generating facility located in Mount Sta. Rita, Subic Bay Freeport Zone, Zambales, with a generating capacity of 100

MWp. It shall supply power to the Luzon Grid under the FIT system.

13. **The Proposed Connection.** The power generated by the Power Project will be delivered to the Luzon Grid through dedicated limited point-to-point transmission facilities, to be developed, owned, and operated by Applicant JSI (the "Transmission Project").

13.1. The Transmission Project consists of a 230kV, 795 MCM conductor, single circuit interconnection, extending from the Power Project to the existing 230kV NGCP Subic Substation, approximately seven kilometers in distance.

13.2. The Transmission Project will use a combination of steel towers and poles. Steel poles will be used from the NGCP Subic Substation to the entry of Pamulaklakin Trail in Binictican, Subic Bay Freeport Zone, Bataan. From the Pamulaklakin Trail until Pastolan Village, Subic Bay Freeport Zone, Zambales ("Pastolan"), special towers with special foundations will be used, with heights from seventy (70) meters up to ninety (90) meters. From Pastolan to the Power Project, standard lattice type towers will be used.

The proposed connection is illustrated in a single line diagram attached to the Application as Annex "B."

13.3. Applicant JSI shall own, construct, and install the said facilities in accordance with Philippine Grid Code and other applicable laws or regulations. JSI shall also be responsible for the operation and maintenance of the said facilities through a team of qualified, skilled and competent engineers.

13.4. **Dedicated Transmission Facilities.** The Transmission Project involves dedicated point-to-point limited transmission facilities in the purview of Republic Act No. 9136. The said facilities are required only for the purpose of connecting the Power Project to the Luzon grid, and will be used solely by the Power Project. The said facilities are not intended to serve end-users or suppliers directly.

13.5. **Gantt Chart Schedule.** The timeline for the implementation of the Transmission Project was attached to the Application as Annex "C."

14. **Options Considered.** The specifications of the Transmission Project reflect the scheme with the least cost, and which can be delivered and constructed on time. Also, the plans and designs of the Transmission Project are based on plans and designs used by NGCP for its transmission lines.

A discussion of the options considered in determining the most practical and least costly manner of connecting the Power Project to the Luzon Grid was attached to the Application as Annex "D."

15. Moreover, the connection to the NGCP Subic Substation is the most cost effective because it is the nearest switching station to the Power Project, at a distance of only approximately seven kilometers.

16. **Technical Studies.** Consistent with the 2006 Open Access Transmission Service Rules, Applicant JSI engaged the services of a third-party consultant to undertake the preparation of the necessary studies for the Transmission Project.

- 16.1. Two System Impact Studies ("SIS") were conducted for the Power Project to determine the impact of the Power Project on the Luzon Grid. The first is for the initial 20 MWp of solar power capacity and some wind power capacity which JSI may put up later on (the "First SIS"), and the second is for an additional 80 MWp of solar power capacity (the "Second SIS"), which completes the entire intended capacity of the Power Project.

Copies of the First SIS and NGCP's report of its review of the First SIS were attached to the Application as Annexes "E" and "E-1," respectively. Copies of the Second SIS and Applicant JSI's request for NGCP's review were attached as Annexes "F" and "F-1," respectively.

- 16.2. Notably, NGCP's report on its review of the First SIS states that it is technically feasible to connect the initial 20 MWp of solar power capacity and some wind power capacity to the Luzon Grid. In addition, the Second SIS states that the grid connection of the additional 80 MW is technically feasible. Further, it states that the full additional 80 MW capacity can be accommodated by the Luzon Grid without any required reinforcement. Furthermore, NGCP issued a certification that the SIS for the 80 MWp solar power plant is being reviewed by NGCP. The said certificate also states that JSI is in the process of securing with NGCP a Connection Agreement

(“CA”). Moreover, the certification states that the parties have agreed, in principle, to the general terms and conditions of the CA and the same is being finalized.

A copy of the said NGCP certification was attached to the Application as Annex “F-2.”

- 16.3. A Facilities Study (“FS”) was also conducted for the Power Project. Likewise, Applicant JSI requested NGCP to review the FS. In relation to its review of the FS, NGCP issued a certification that the FS for the power plant is being reviewed by NGCP. The said certificate also states that JSI is in the process of securing with NGCP a Connection Agreement (“CA”). Moreover, the certification states that the parties have agreed, in principle, to the general terms and conditions of the CA were attached and the same is being finalized.

Copies of the FS, JSI’s request for NGCP’s review of the FS and NGCP’s certification were attached to the Application as Annexes “G,” “G-1” and “G-2,” respectively.

17. **Estimated Project Cost.** The total project cost of the Transmission Project is estimated at PhP1,034,469,188.78.

A copy of the breakdown of the said project cost was attached to the Application as Annex “H.”

18. **Environmental Compliance Certificate.** The Department of Environment and Natural Resources has issued the necessary Environmental Compliance Certificate (“ECC”) covering the Power Project and the Transmission Project.

A copy of the ECC was attached to the Application as Annex “I.”

Technical and Financial Capability of JSI

19. JSI is fully equipped with the necessary technical and financial capacity to develop, own, operate, and maintain the Transmission Project.
20. **Technical Capability.** JSI has a team of qualified, experienced and competent engineers to operate and maintain the Transmission Project.

A copy of the summary of the curriculum vitae of the said engineers was attached to the Application as Annex "J."

21. **Financial Capability.** JSI is capable of financing the cost of the Transmission Project, as indicated by the financial capability of its principal stockholder, Emerging Power Inc. ("EPI"), which owns 99.99% of JSI.

A copy of EPI's latest Audited Financial Statements was attached to the Application as Annex "K."

- 21.1. EPI is a generation company duly organized and existing under the laws of the Republic of the Philippines, with principal address at Suite 1603 B, 16th Floor, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Business Center, Pasig City.
- 21.2. EPI is currently developing a 44 MW geothermal power station in Barangays Montelago, Montemayor and Melgar-B in Naujan, Oriental Mindoro, as well as a 20 MW bunker C-fired diesel power station in San Jose, Occidental Mindoro.
- 21.3. EPI has also recently signed power supply agreements with a distribution utility in an off-grid area for bunker-fired and solar power generating facilities. It also signed a sub-transmission service agreement with the said utility for the development of transmission lines.

ALLEGATIONS IN SUPPORT OF
THE MOTION FOR PROVISIONAL AUTHORITY

22. As stated above, the Transmission Project is necessary in order to deliver the power generated by the Power Project to the Luzon Grid.
23. The Commission's provisional approval of the Application will greatly facilitate supply of additional power to the Luzon Grid.
24. Moreover, a provisional approval is also necessary in order to facilitate the application of JSI for the accreditation of the Power Project under the FIT system.
25. At present, the FIT rate for solar power is PhP8.69/kWh, which is effective until 15 March 2016.
26. JSI seeks to avail the PhP8.69/kWh tariff. The FIT rate subsequent to 15 March 2016 is expected to be lower. Thus,

being unable to avail of the prevailing FIT will result in significant financial disadvantage to JSI.

27. Considering that JSI must obtain the accreditation of the Power Project for FIT avilment before 16 March 2016, a provisional approval of the Application is necessary.
28. Hence, Applicant JSI respectfully moved for the provisional approval of the instant Application pursuant to Rule 14 of the ERC Rules of Practice and Procedure.

A copy of a sworn statement supporting the said motion was attached to the Application as Annex "L."

PRAYER

29. JSI prays that prior to and/or pending hearing on the merits, a PROVISIONAL AUTHORITY be issued to immediately allow the development and ownership or operation of the proposed dedicated point-to-point limited facilities to connect the 100 MWp Power Project of Jobin - SQM, Inc., to the Luzon Grid; and that after due notice and hearing, a FINAL AUTHORITY be issued to permanently authorize the same. Other reliefs as may be just and equitable under the premises are, likewise, most respectfully prayed for.

The Commission has set the application for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **29 June 2016 (Wednesday) at two o'clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

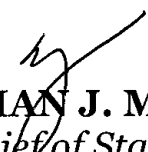
All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and 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.

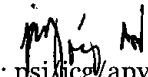
All other persons who may want their views known to the Commission with respect to the subject matter of the proceeding may file their opposition to the application or comment thereon at any

stage of the proceeding before the applicant 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 wish to have a copy of the application may request from the applicant that they be furnished with the same, prior to the date of the initial hearing. The applicant is hereby directed to furnish all those making such request with copies of the application and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the application and other pertinent records filed with the Commission during the standard office hours.

WITNESS, the Honorable Chairman **JOSE VICENTE B. SALAZAR**, and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 23rd day of May 2016 at Pasig City.


ATTY. NATHAN J. MARASIGAN
Chief of Staff
Office of the Chairman and CEO


LS: psj/icg/apv