

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 A DEDICATED POINT-TO-POINT LIMITED TRANSMISSION LINE TO CONNECT THE 25MW SILAY SOLAR POWER PLANT TO THE NATIONAL GRID CORPORATION OF THE PHILIPPINES TALISAY-VMC 69kV LINE, WITH PRAYER FOR PROVISIONAL AUTHORITY.**

**ERC CASE NO. 2016-006 MC**

**MEGAWATT CLEAN ENERGY, INC.**

**Applicant.**

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**DOCKETED**  
Date: **MAY 27 2016**  
By: \_\_\_\_\_

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on February 18, 2016, Megawatt Clean Energy, Inc. (MCEI) filed with the Commission an application for authority to develop, own, and operate a dedicated point-to-point limited transmission line to connect the 25MW Silay Solar Power Plant to the National Grid Corporation of the Philippines Talisay-VMC 69KV line, with prayer for the issuance of a provisional authority.

In the said application, MCEI alleged, among others, the following:

### **THE APPLICANT**

1. MCEI is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at 20 N. Domingo St., 1112 Valencia, Quezon City. Copies of its Certificate of Incorporation, Articles of Incorporation, By-Laws and 2015 General Information Sheet were attached to the Application as Annexes "A", "B", "C" and "D" respectively;
2. The applicant may be served with notices, orders and other processes through its counsel;

### **STATEMENT OF THE CASE**

3. The instant application is filed pursuant to Section 9(f) of Republic Act No. 9136 or the "*Electric Power Industry Reform Act of 2001*" and Section 5, Rule 5 of its Implementing Rules and Regulations (IRR);

### **STATEMENT OF FACTS**

4. MCEI is engaged in the development of clean or renewable energy sources for power generation facilities and was registered by the Department of Energy (DOE) as Renewable Energy Developer of the 25MW Silay Solar Power Plant covered by Solar Service Energy Contract No. 201-04-225 (Service Contract). A copy of the Service Contract was attached to the Application as Annex "E";
5. On 28 August 2015, MCEI assigned to Silay Solar Power, Inc. (SSPI) all of its rights and obligations under the Service Contract, with the DOE Renewable Energy Management Bureau interposing no objection to the assignment as indicated in its letter dated 08 January 2016. Copies of the Deed of Assignment and DOE letter were attached to the Application as Annexes "F" and "G", respectively;
6. SSPI, a special purpose domestic corporation affiliated with MCEI, is likewise engaged in the development of clean or renewable energy sources, particularly solar power. Copies of SSPI's Certificate of Incorporation, Articles of Incorporation

and By-Laws were attached to the Application as Annexes “H”, “I” and “J” respectively;

7. The 25 MW Silay Solar Power Plant (SSPP) is a large Photovoltaic Generation System constructed within a 43.8 hectare land located in Barangay Rizal, Silay City, Negros Occidental. MWCEI and have already started the preparatory activities for the commissioning of the SSPP in February 2016 as necessary step for its inclusion under the Feed-in Tariff (“FIT”) System for the second round of Solar FIT at the rate of Php8.69/kWh;
8. MCEI proposes to transmit its generated power to the National Grid Corporation of the Philippines (NGCP) Visayas Grid via the Talisay-VMC 69kV line, through the construction and installation of the following dedicated point-to-point limited transmission facilities (collectively, “Dedicated Facility”):
  - (i) 69 kV “tapping” substation along the NGCP Talisay-VMC 69kV line;
  - (ii) 69 kV transmission line with an approximate length of 2.1 km. using 336.4 MCM ACSR with a rated capacity of 63 MVA; and
  - (iii) 69kV take-off substation inside the SSPP site.”

Copies of the Description of the Dedicated Facility, Single Line Diagram and Conceptual Engineering Design and Drawings were attached to the Application as Annexes “K”, “L” and “M”, respectively, inclusive of sub-markings;

9. The construction and installation of the Dedicated Facility has an estimated cost of One Hundred Forty Four Million One Hundred Eighty Two Thousand Six Hundred Fifty Five Pesos and Eighty Centavos (PhP 144,182,655.80). The financial requirement thereof will be supported by equity and external financing. Copies of the Bill of Quantities were attached to the Application as Annex “N”, inclusive of sub-markings;
10. As required under existing regulations, MCEI commissioned a Third Party System Impact Study to determine technical feasibility of connecting the SSPP to the NGCP grid. In a letter dated 12 January 2016, NGCP approved the integration of the SSPP to the Visayas Grid along the Talisay-VMC 69kV transmission line. Copies of the Third Party System Impact Study and NGCP letter were attached to the Application as Annexes “O” and “P”, respectively;

11. After the issuance by the Commission to MCEI of the authority to develop and own the Dedicated Facility subject of this Application, MCEI will engage the services of NGCP to undertake the operation, service and maintenance of the Dedicated Facility involving, among others, periodic inspection of the point-to-point interconnection facilities, regular assessment of pole and wire conditions;
12. MCEI will apply with the Commission for the issuance of the FIT Certificate of Compliance (FIT-COC) after the DOE shall have issued a Certificate of Endorsement (COE) to SSPP and the Dedicated Facility is completed;
13. In further support of the Application, the following documents were attached as annexes:

<b>Annex</b>	<b>Documents</b>
<b>“Q”</b>	Gantt Chart
<b>“R”</b>	2015 Balance Sheet and Income Statement of MCEI
<b>“S”</b>	Secretary Certificate attesting that SSPI authorized the construction of the Dedicated Facility
<b>“T”</b>	Department of Environment and Natural Resources (DENR) Environmental Compliance Certificate No. OL-R06-1506-2015-0067 for SSPP and Dedicated Facility
<b>“U”</b>	Sworn Statement of MCEI authorized representative.
<b>“V”</b>	Facility Study
<b>“W”</b>	List of Key Management Officials
<b>“X”</b>	Financial Ratios

**ALLEGATIONS IN SUPPORT OF THE PRAYER FOR  
PROVISIONAL AUTHORITY**

14. MCEI is applying for inclusion under the FIT system for the second round of Solar FIT (revised 500MW solar installation target) at the rate of Php8.69/kWh, which is valid upon full subscription thereof or until 15 March 2016, whichever comes earlier;
15. The need for a provisional authority to develop and own a Dedicated Facility to connect MCEI to the NGCP Visayas grid is vital and urgent because of the first-come, first-served policy implemented on the revised 500MW solar installation target. Only those projects that are fully connected to the grid or a distribution utility, and thus capable of exporting power thereto, are eligible under the said first-come, first-served policy;
16. As provided under Section 6 of the DOE Circular No. DC 2013-05-0009 (Guidelines for the Selection Process of Renewable Energy Projects under Feed-In Tariff System and the Award of Certificate for Feed-In Tariff Eligibility), the DOE will nominate the eligibility of the project under the FIT system to the Energy Regulatory Commission for the processing of the Certificate of Compliance under the FIT System only upon its confirmation of the Electromechanical Completion of the project and successful commissioning and provided further that the interconnection facility is fully in place. Such confirmation of Electromechanical Completion and successful commissioning requires prior validation by the DOE through inspection of the solar plant and the interconnection facility;
17. The SSPP is scheduled to be commissioned in the early part of February 2016 to ensure its inclusion in the revised 500MW solar installation target;
18. The inclusion of the SSPP for the second round of the Solar FIT is crucial because the plant is designed and planned for inclusion under the FIT System, while the third round of FIT for solar power projects is still uncertain as of this juncture;
19. SSPP's qualification for the second round of the Solar FIT is crucial to its financial viability. The energy produced by the SSPP cannot be immediately contracted to a distribution utility because ERC Resolution No. 13, Series of 2015 mandates all distribution utilities to conduct a competitive selection process in the procurement of their supply to the captive market, which

would leave SSPI as a price taker on the WESM unless it immediately qualifies for the FIT;

20. Taking into consideration the provisions of DOE Circular No. DC 2013-05-0009, the site validation and inspection to enable DOE to issue its confirmation of Electromechanical Completion of the BSPP and the successful commissioning, including the Dedicated Facility that is fully in place, must be completed and ready in the early part of February 2016 to be assured of qualification for the second round of the Solar FIT. It is thus very important for MCEI to secure a Provisional Authority to develop and own and operate a Dedicated Facility to connect its solar plant to the Visayas Grid before the said target date;
21. In further support of the prayer for issuance of provisional authority, an Affidavit of Merit was attached to the Application as Annex "Y";
22. It most prays of the Commission that:
  - a. An Order be issued granting provisional authority to Megawatt Clean Energy, Inc. (MCEI) and/or Silay Solar Power, Inc. (SSPI) to develop, own and operate a Dedicated Facility that will connect the Silay Solar Power Plant to the NGCP Visayas Grid through the Silay-VMC 69 kV line; and
  - b. After notice and hearing on the merits, a Decision be rendered approving the instant Application.

The Commission has set the application for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **16 June 2016 (Monday) at ten o' clock in the morning (10:00 AM) at the ERC Hearing Room, 15<sup>th</sup> 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 addresses; (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 18<sup>th</sup> day of May, 2016 at Pasig City.

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