Republic of the Philippines ENERGY REGULATORY COMMISSION Pasig City

IN THE MATTER OF THE APPLICATION **FOR** THE **OF** THE APPROVAL **IMPLEMENTATION** OF CAPITAL **EXPENDITURE PROJECTS FOR** LUZON, VISAYAS, AND MINDANAO (GROUP 1) FROM 2020-2025 AND BEYOND, WITH PRAYER **FOR** THE **ISSUANCE** PROVISIONAL APPROVAL

ERC CASE NO. 2021-002 RC

NATIONAL GRID
CORPORATION OF THE
PHILIPPINES (NGCP),
Applicant.
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ORDER

On 18 January 2021, the National Grid Corporation of the Philippines (NGCP) filed an *Application* dated 04 December 2020, seeking the Commission's approval of the implementation of its capital expenditure projects for Luzon, Visayas, and Mindanao (Group 1) from 2020-2025 and beyond, with prayer for the issuance of provisional authority.

The pertinent portions of the said *Application* are hereunder quoted as follows:

1. NGCP is a corporation created and existing under the laws of the Philippines, with principal office address at NGCP Building, Quezon Avenue corner B.I.R. Road, Diliman, Quezon City. It is the concessionaire, which was granted the rights and obligation to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair, refurbish, and replace the Transmission Assets pursuant to R.A. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA).

- 2. Pursuant to R.A. 95111, NGCP was granted the franchise to operate, manage and maintain, and in connection therewith, to engage in the business of conveying or transmitting electricity through a high-voltage backbone system of interconnected transmission lines, substations and related facilities, system operations, and other activities that are necessary to support the safe and reliable operation of the transmission system2 and is authorized to charge its customers at the rates approved by the Honorable Commission.
- 3. This Application is filed pursuant to paragraph d, Section 9 of the EPIRA, which directs the transmission operator to seek prior approval from the Honorable Commission of any plan for expansion or improvement of its facilities in the pursuit of its mandate to construct, install, finance, improve, expand, rehabilitate and repair the nationwide transmission system and the grid.
- 4. Notwithstanding the absence of the Final Determination for the 4th and 5th Regulatory Periods, NGCP is mandated to ensure and maintain the quality, reliability, adequacy, security, stability and integrity of the nationwide grid. Hence, NGCP seeks authority from this Honorable Commission for the immediate implementation of the following capital expenditure projects:

I	PROJECT NAME (Luzon)		BRIEF JUSTIFICATION	
1	Daraga-Bitano Transmission Project	69kV Line	The project aims to cater the load growth in the Province of Albay and mitigate the projected overloading of the existing Daraga-Washington 69kV Transmission Line (T/L). The estimated cost of the project is PhP200.964Mn with an implementation period of 40 months.	
2	Abuyog Substation Project	230kV	The project aims to cater the load growth in the Province of Sorsogon; address the reliability issue of the 40-year old Daraga-Sorsogon 69kV T/L; provide operational flexibility for SORECO I and II; and connection point for future generations in the area. The estimated cost of the project is PhP3,326.197Mn with an implementation period of 35 months.	

An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-bone System or Interconnected Transmission Lines, Substations and Related Facilities, and For Other Purpose.

Id, Section 1.

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3	Castillejos 230kV Substation Project	The project aims to cater the load growth in the Province of Zambales; provide N-1 provision for the Botolan-Castillejos and Olongapo-Cawag 69kV T/L; address the overloading of the Botolan SOMVA transformer during N-1 condition; and serve as the permanent connection point for the 2x300MW RP Energy Plant. The estimated cost of the project is PhP3,067.788Mn with an implementation period of 59 months.
4	Tuguegarao-Enrile 69kV Transmission Line Project	The project aims to address the anticipated overloading of the Tuguegarao—Tabuk 69kV Transmission Line brought by the continuous load growth in the franchise areas of CAGELCO I and KAELCO. The estimated cost of the project is PhP733.92Mn with an
		implementation period of 56 months.
5	Dasol 230kV Substation Project	The project aims to address the load growth in franchise areas of PANELCO I and ZAMELCO I; and to relieve the projected overloading of the Labrador- Bolinao and Botolan-Candelaria 69T/Ls along with the overloading of transformers in the Labrador and Botolan 230kV Substations.
		The estimated cost of the project is PhP2,115.93Mn with an implementation period of 60 months.
6	Sampaloc 230Kv Substation Project	The project aims to address the forecasted load growth in Nueva Ecija; relieve the heavy loading of the existing 69kV line from Cabanatuan to Pantabangan Load End; and address the voltage issues in the area.
		The estimated cost of the project is PhP1,717.99Mn with an implementation period of 36 months.
7	Baler 230kV Substation Project	The project aims to address the forecasted overloading of the Cabanatuan-Baler 69kV T/L.
		The estimated cost of the project is

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		PhP4,607.21Mn with an implementation period of 77 months.	
8	San Fabian 230kV Substation Project	The project aims to cater the load growth in the Provinces of Pangasinan and La Union; and serve as new drawdown substation for LUELCO, DECORP and CENPELCO. The estimated cost of the project is PhP3,096.47Mn with an implementation period of 48 months.	
9	Minuyan 115kV Switching Station Project		
10	Plaridel 230 kV Substation Project	The project will serve as an additional drawdown substation to address the continuous load growth in MERALCO's Bulacan Sector and serve as an N-1 provision to the 230/69kV transformers at San Rafael and Malolos 230kV Substations. The estimated cost of the project is PhP1,078.033Mn and the implementation period is 44 months.	
11	Kawit 230kV Substation Project	The project aims to cater the load growth in the Cavite Sector of MERALCO and Rosario 115 kV Substation of NGCP; upgrade the Rosario 115 kV Substation to a double-bus GIS Substation; and address the projected overloading of the Rosario 115/34.5 kV transformers during N-1 condition. The estimated cost of the project is PhP8,806.817Mn with an implementation period of 41 months.	
12	San Jose 500Kv Substation Expansion Project	The project aims to address the load growth in Metro Manila and decongest the existing 4x750 MVA 500/230kV transformers at San Jose 500kV Substation.	

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		The estimated cost of the project is PhP299.716Mn with an implementation period of 8 months.
13	Olongapo 230kV Substation Upgrading Project	The project aims to improve the reliability of the substation; address overloading of the transformers during normal and N-1 condition; and establish a flood control program.
		The estimated cost of the project is PhP2,956.907Mn with an implementation period of 35 months.
14	Luzon Voltage Improvement Project - 5	The project aims to address the projected under voltage problem during peak load conditions at various NGCP load end substations in North Luzon.
		The estimated cost of the project is PhP2,598.838Mn with an implementation period of 24 months.
15	Marilao-Mexico 230kV Transmission Line Project	The project aims to address the overloading of the Quezon-Mexico 230kV T/L during N-1 condition.
		The estimated cost of the project is PhP2,542.010Mn with an implementation period of 66 months.

The Project Application Documents, Group 1 Luzon Projects is here to attached as Annex "A".

1					
	PROJECT NAME (Visayas)		BRIEF JUSTIFICATION		
	1	Permanent Restoration of Colon-Samboan 138kV Lines 1 and 2 Affected by Landslide	The project aims to ensure the reliability and integrity of the Colon-Samboan 138kV Line; and involves the relocation the 50 tower structures of Colon-Samboan 138 kV Lines 1 and 2 to avoid the 1 km danger zone of the landslide area in Brgy. Tina-an, City of Naga, Cebu. The estimated cost of the project is PhP537.615Mn with an implementation period is 19 months.		

2	Tigbauan 138kV Substation Project	The project aims to address the overloading of Sta. Barbara—San Jose 69 kV Line; maximize the capacity of Sta. Barbara—San Jose 138kV Transmission Corridor; address undervoltage and improve reliability in the Southern Panay; and avoid load curtailment during normal and N-1 conditions. The estimated cost of the project is PhP1,537.127Mn with implementation periods of 19 and 43 months for Stages 1 and 2, respectively.	
3	Bool 138kV Substation Project	The project aims to ensure that the Corella-Tagbilaran 69 kV Line and the Corella 138 kV Substation are not overloaded, provide a new connection point for power customers in Tagbilaran and Panglao Island; and avoid load curtailment/power interruption during N-1 contingency. The estimated cost of the project of PhP1,774.957Mn with implementation periods of 36 and 28 months for Stages 1 and 2, respectively.	
4	Visayas Substation Upgrading Project 2	The project aims to comply with the single outage contingencies (N-1) criterion of the PGC; avoid load curtailment or power interruption; increase substation capacity and improve reliability; accommodate the load growth and incoming generation; and enable load shifting. The estimated cost of the project is PhP18,705.689Mn and the implementation period is 32 months.	
5	Negros-Panay 230 kV Interconnection Line 2 Project	The project aims to cater to the incoming large power plants in Panay Island; and address the limited transfer capacity of the existing submarine cable between Negros and Panay Island; and avoid projected generation curtailment during Normal and N-1 contingency. The estimated cost of the project is PhP8,292.818Mn with an	

implementation period of 30 months.

The Project Application Documents, Group 1 Visayas Projects is here to attached as Annex "B".

PR	OJECT NAME (Mindanao)	BRIEF JUSTIFICATION	
1	Villanueva-Kinamlutan 230kV TL Project	The project aims to increase the power transfer capacity of the transmission corridor towards the northeastern Mindanao; relieve the overloading of the Villanueva-Jasaan 138kV T/L; and starting point in implementing the 230kV transmission backbone in Eastern Mindanao. Technical The estimated cost of the project is PhP7,873.393Mn with an implementation period of 37 months.	
2	Laguindingan 230kV Substation Project	The project aims to provide MORESCO I and the Laguindingan Technopark the needed highpower transmission corridor; replace power circuit breakers in Tagoloan Substation due to their low interrupting capacity. The estimated cost of the project is PhP2,353.912Mn with an implementation period of 33 months.	
3	Polanco-Oroquieta Switching 138kV Transmission Line Project (Initially Energized at 69kV)	The project aims to provide additional power supply capacity for the projected load requirement and line reinforcement and improvement of power quality. The estimated cost of the project is PhP4,039.20Mn and the implementation period is 50 months.	
4	Mindanao Substation Upgrading 2 Project	The project aims to augment the loading capacity of the Balo-i, Tagoloan, Jasaan, Kibawe, Butuan, Davao, Toril, Bunawan, Kidapawan and General Santos substations; and provide continuous and reliable power delivery that provides additional substation capacity to support the fast-increasing power demand in the area.	

		The estimated cost of the project is PhP5,556.906Mn and the implementation period is 27 months.
5	Mindanao Substation Expansion 4 Project	The project aims to augment the loading capacity of the existing substations in Mindanao to accommodate the projected demand; provide continuous and reliable power delivery even during an outage of a transformer; and provide additional capacity to support the fast-increasing demand in the area. The estimated cost of the project is PhP3,524.761Mn with an implementation period of 27 months.
6	Eastern Mindanao Voltage Improvement Project	The project aims to provide voltage mitigating facilities to augment the MVAR requirement needed for the voltage improvement of various substations in Caraga Region. The estimated cost of the project is PhP868.435Mn with an implementation period of 21 months.

The *Project Application Documents, Group 1 Mindanao Projects* is hereto attached as Annex "C".

Justifications for the Issuance of Provisional Approval

- 5. To reiterate, NGCP is required under paragraph d, Section 9 of the EPIRA to seek prior approval from the Honorable Commission of any plan for expansion or improvement of its facilities in relation to its authority and responsibility to construct, install, finance, improve, expand, rehabilitate and repair the nationwide transmission system and the grid.
- 6. Along with its responsibility for the planning, construction and centralized operation and maintenance of its high voltage transmission facilities, it is indispensable for NGCP to ensure a reliable and high-performance operation of the transmission system. Thus, to avoid disruption of operation and ensure continuous compliance with NGCP's mandate under the EPIRA as the transmission operator, it is imperative that the implementation of the proposed CAPEX projects be immediately approved.
- 7. Lastly, to ensure the timely completion of the proposed projects, NGCP seeks the indulgence of the Honorable Commission to approve this Application within the timeframe provided in

Section 1, Rule 9, Part III of the Department of Energy Department Circular No. DC2019-05-0007.

- 8. In support of this application, NGCP submits the following Judicial Affidavits of:
 - a. Engr. Eufemio C. Buluran, Jr., Regional Transmission Planning Manager of the Luzon System Planning Division, attached as Annex "D";
 - b. Engr. Christian B. Ereno, Regional Transmission Planning Manager of the Visayas System Planning Division, attached as Annex "E"; and
 - c. Engr. Fernando S. Javier, Regional Transmission Planning Manager of the Mindanao System Planning Division, attached as Annex "F".

PRAYER

WHEREFORE, NGCP most respectfully prays this Honorable Commission to:

- 1. Immediately ISSUE an Order provisionally authorizing the implementation of the proposed CAPEX projects; and
- 2. APPROVE, after notice and hearing, the proposed CAPEX projects.

NGCP prays for other equitable relief.

Finding the said *Application* to be sufficient in substance with the required fees having been paid, the Commission hereby sets the same for 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 No. 09, Series of 2020³ dated 24 September 2020:

Date	Platform	Activity
O6 April 2021 (Tuesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation for
		Luzon Stakeholders

³ Entitled: "A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission".

Date	Platform	Activity
13 April 2021 (Tuesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams Application	Expository Presentation for Visayas Stakeholders
20 April 2021 (Tuesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams Application	Expository Presentation for Mindanao Stakeholders
27 April 2021 (Tuesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams Application	Pre-Trial Conference and Presentation of Evidence
O4 May 2021 (Tuesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams Application	Presentation of Evidence

RELATIVE THERETO, NGCP is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* in two (2) newspapers of nationwide circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart, and the date of the last 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 Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies where NGCP principally operates, including its regional offices, 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 *Application*, its reasons therefor, and of the scheduled virtual 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 hearing; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

Within five (5) calendar days prior to the date of the virtual hearing, NGCP must submit to the Commission via electronic mail (e-mail) at docket@erc.ph and records@erc.gov.ph, and copy furnish the Legal Service through 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 affidavits of the Editors or Business Managers of the newspapers where the said *Notice of Virtual Hearing* was published, and the complete issues of the said newspapers;
- 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 Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by NGCP to inform the consumers affected of the filing of the *Application*, their 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 *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, NGCP is hereby required to post on its bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publications and certifications issued by the concerned Offices of the Mayors, Provincial Governors and Local Legislative Bodies, and to submit proof of the posting thereof.

NGCP and all interested parties are also required to submit via e-mail at <u>docket@erc.ph</u> and <u>records@erc.gov.ph</u>, copy furnish the Legal Service through <u>legal@erc.ph</u>, 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 Pretrial Brief.

NGCP 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 NGCP 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.

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

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NGCP is hereby directed to file a copy of its Expository Presentation via e-mail at docket@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph, at least five (5) calendar days prior to the scheduled virtual hearing. NGCP shall also be required, upon the request of any stakeholder, to provide an advance copy of their 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 and records@erc.gov.ph, copy furnish the Legal Service through 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.

NGCP 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.

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Finally, NGCP including its authorized representative/s and witness/es, are hereby directed to provide the Commission, thru legal.virtualhearings@erc.ph, with their respective e-mail address 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 hearing.

SO ORDERED.

Pasig City, 26 January 2021.

FOR AND BY AUTHORITY OF THE GOMMISSION:

AGNES YST DEVANADERA

Chairperson and CEO

LS: VMA/LSP/MCCG

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Copy Furnished:

 National Grid Corporation of the Philippines (NGCP)
 Applicant
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2. Attys. Luis Manuel U. Bugayong, Mark Anthony S. Actub, Jacqueline Kate Saliente-Tamayo and Rich L. Almario Counsels for Applicant NGCP Office of the General Counsel NGCP Building, Quezon Ave. cor. BIR Road, Diliman, Quezon City lubugayong@ngcp.ph; msactub@ngcp.ph; jtsaliente@ngcp.ph; rlalmario@ngcp.ph

 Office of the Solicitor General (OSG)
 134 Amorsolo Street, Legaspi Village, Makati City docket@osg.gov.ph

4. Commission on Audit (COA) Commonwealth Avenue, Quezon City 1121 citizensdesk@coa.gov.ph

5. Senate Committee on Energy GSIS Building, Roxas Boulevard, Pasay City 1307 senateenergycommittee@gmail.com

6. House Committee on Energy Batasan Hills, Quezon City 1126 committee.energy@house.gov.ph

 Philippine Chamber of Commerce and Industry (PCCI) 3rd Floor, Chamber and Industry Plaza (CIP), 1030 Campus Avenue corner Park Avenue McKinley Town Center, Fort Bonifacio, Taguig City secretariat@philippinechamber.com

8. National Transmission Corporation (TRANSCO) Quezon Avenue corner BIR Road, Diliman, Quezon City OVP-Legal@transco.ph; customerservice@transco.ph

 Power Sector Assets and Liabilities Management Corporation (PSALM) 24th Floor Vertis North Corporate Center 1, Astra corner Lux Drives Vertis North, Mindanao Avenue, Quezon City infos@psalm.gov.ph

10. Office of the Mayor Quezon City

 Office of the Local Government (LGU) legislative body Quezon City

12. Office of the Mayor Cebu City

 Office of the Local Government (LGU) legislative body Cebu City

14. Office of the Mayor Iligan City

 Office of the Local Government (LGU) legislative body Iligan City

16. Office of the Mayor San Fernando City

 Office of the Local Government (LGU) legislative body San Fernando City

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- 18. Office of the Mayor Biñan City
- Office of the Local Government (LGU) legislative body Biñan City
- 20. Office of the Mayor Davao City
- 21. Office of the Local Government (LGU) legislative body Davao City
- 22. Office of the Provincial Governor Laguna
- 23. Office of the Local Government (LGU) legislative body Laguna
- Office of the Provincial Governor Davao del Sur
- 25. Office of the Local Government (LGU) legislative body Davao del Sur
- Office of the Provincial Governor Cebu
- Office of the Local Government (LGU) legislative body Cebu
- 28. Office of the Provincial Governor Lanao Del Norte
- Office of the Local Government (LGU) legislative body Lanao Del Norte
- 30. Office of the Provincial Governor La Union
- 31. Office of the Local Government (LGU) legislative body La Union
- 32. Regulatory Operations Service (ROS)
 Energy Regulatory Commission
 17th Floor, Pacific Center, San Miguel Avenue, Pasig City