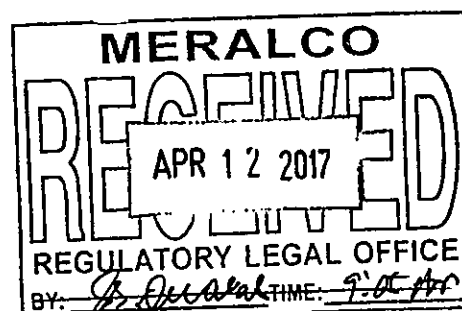


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE POWER
SUPPLY AGREEMENT
(PSA) BETWEEN MANILA
ELECTRIC COMPANY
(MERALCO) AND SOLAR
PHILIPPINES TANAUAN
CORPORATION (SPTC),
WITH MOTION FOR
CONFIDENTIAL
TREATMENT OF
INFORMATION,



ERC CASE NO. 2017-014 RC

MANILA ELECTRIC
COMPANY (MERALCO)
AND SOLAR PHILIPPINES
TANAUAN CORPORATION
(SPTC),

Applicant.

X-----X

DOCKETED
Date: APR 10 2017
By: _____

ORDER

On 27 February 2017, Manila Electric Company (MERALCO) and Solar Philippines Tanauan Corporation (SPTC) filed a *Joint Application with Motion for Confidential Treatment of Information (Joint Application)* seeking the Commission's approval of the *Power Supply Agreement* executed by both parties, including therein a *Motion for confidential treatment of information*.

Applicants alleged the following in their *Joint Application*:

1. Applicant MERALCO is a private corporation existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Meralco Center, Ortigas Avenue, Pasig City. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.

2. MERALCO has a legislative franchise to operate and maintain a distribution system in the cities/municipalities of Metro Manila, Bulacan, Cavite and Rizal and certain

cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209, and is authorized to charge all its customers for their electric consumption at the rates approved by the Honorable Commission.

3. Applicant SPTC is a corporation duly organized and existing under the laws of the Republic of the Philippines, with its principal office address at 112 Legaspi Street, Makati City, Metro Manila. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.

4. SPTC shall construct, own, operate, manage and maintain a solar power plant located in the Municipality of Tanauan, Batangas and its surrounding areas capable of supplying 25 MW (AC, net) and another solar power plant located in the Municipality of Naic, Cavite and its surrounding areas capable of supplying 25 MW (AC, net).

5. Based on the power situation outlook for 2017 and succeeding years, MERALCO foresees a peaking capacity deficit in its portfolio, especially for the summer months, due to the expected high demand as well as possible occurrences of scheduled maintenance shutdowns and forced outage of power plants. Moreover, based on MERALCO's Distribution Development Plan, from 2015 to 2024, MERALCO's aggregate capacity requirement is forecasted to grow by a compounded average growth rate of 3.7%.

6. In order to ensure continuous and reliable electricity for MERALCO's customers, there is a need for MERALCO to source additional peaking capacity through bilateral power supply contracts.

7. Under Section 45(b) of Republic Act No. 9136 (EPIRA), it is provided that "*Distribution utilities may enter into bilateral power supply contracts subject to review by the ERC xxx*".

8. Accordingly, following extensive negotiations and the conduct of a competitive selection process, on 22 December 2016, MERALCO executed a Power Supply Agreement ("PSA") with SPTC, for the purchase of 25 MW (AC, net) electric energy generated by each of the two solar power plants of SPTC, or a total of 50 MW (AC, net), on a take and pay basis, with proposed plant sites located in (a) Tanauan, Batangas and its surrounding areas, and (b) Naic, Cavite and its surrounding areas, or an alternative site embedded within Meralco's franchise area. The conduct of a competitive selection process proceeded as follows:

8.1. On 23 September 2016, MERALCO caused the publication of an Invitation for Price Challenge, which contained the basic terms of reference and conditions of the proposal of SPTC, as well as a summary of the process and timelines of the Price Challenge process, while inviting power generation companies to submit better tariff

proposals on or before the timelines set out in the said invitation. At the same time, MERALCO caused the posting thereof on its website.

8.2. On 10 November 2016, MERALCO's Power Supply Agreements Bids and Awards Committee (the "PSA BAC") sent a letter-notice to SPTC informing it that no Qualified Price Challenger submitted any Financial Proposal; thus, the PSA BAC decided to not proceed with the instant Price Challenge and to subject the PSA to another Price Challenge.

8.3. Thereafter, on 11 November 2016, MERALCO caused the publication of a Final Invitation for Price Challenge, inviting anew all interested and qualified parties to participate in the Price Challenge with respect to SPTC's proposed supply of electricity. At the same time, MERALCO caused the posting thereof on its website.

8.4. Having received no qualified submissions by the deadline indicated in the Final Invitation for Price Challenge, on 14 December 2016, MERALCO awarded the PSA to SPTC through a letter-notice.

9. The PSA between MERALCO and SPTC, a copy of which is attached as ANNEX "A" and made an integral part hereof, contains the following salient features:

"2.1. *Term of Agreement.* The Agreement shall commence on Effective Date and shall remain in full force and effect until the last day of the twentieth (20th) Contract Year for Site 2, unless otherwise extended in accordance with Section 2.2 below or earlier terminated in accordance with this Agreement (the "Term"); provided, that Section 5.1, Section 11.4, Article 12, Article 13, and Article 14 shall be effective upon Meralco's issuance of a notice of award to Power Supplier as the winning power supplier after the conduct of a competitive selection process; provided further, that the obligations of Power Supplier and Meralco under this Agreement with respect to sale and purchase of the Product shall be for a duration of 20 years from Commercial Operations Date (Site 1) for Site 1 and 20 years from Commercial Operations Date (Site 2) for Site 2; xxx

xxx xxx xxx

3.2. *Commencement Date.* The "Commencement Date" shall occur upon the satisfaction of the conditions below:

- (a) The conditions set out in Section 3.1. have been fulfilled;
- (b) Each Party has delivered to the other Party a certification dated no earlier than two (2) Days prior to the proposed Commencement Date to the effect that its representations and warranties contained herein shall be true and correct in all material respects on and as of the Commencement Date; and
- (c) On or before the Longstop Date, (i) the ERC shall have issued an ERC Final Approval, including the pricing structure as set out herein

(or as otherwise acceptable to Power Supplier),
and (ii) the Acceptance Date has occurred
pursuant to Section 5.4.

Within seven (7) Days after the satisfaction of the conditions referred to in this Section 3.2, Meralco and Power Supplier shall issue a joint certification confirming that the Commencement Date has occurred.

- 3.3 *Scheduled Commercial Operations Date.* Power Supplier covenants that the Plant shall achieve Commercial Operations Date (Site 1) by the later of February 28, 2017 and four (4) months from Commencement Date (the "Scheduled Commercial Operations Date (Site 1)") and Commercial Operations Date (Site 2) within two (2) months from the Commercial Operations Date (Site 1) (the "Scheduled Commercial Operations Date (Site 2)"); provided, that if Power Supplier foresees that it will be able to achieve Commercial Operations Date for either Site at an earlier date, it may give thirty (30) Days' prior notice thereof to Meralco and Meralco may consent to the adjustment of the Commercial Operations Date for that Site, which consent shall not be unreasonably withheld; provided further, that Meralco shall consent to an early occurrence of the Commercial Operations Date only if the coordinating committee of six (6) members, three (3) appointed by each of Power Supplier and Meralco, has been constituted and the said coordinating committee has established the operating procedures for this Agreement.
- 3.5 *Excused Delay.* If Power Supplier has, after the Commencement Date, experienced a delay in designing, constructing, testing or commissioning the Site 1 or Site 2, as applicable, or any part thereof as a result or to the extent of any of the following (each, an "Excused Delay Event"):
- (a) any action or inaction or delay in action of any Governmental Authority; or
 - (b) the occurrence of an event of Force Majeure,
- then the Scheduled Commercial Operations Date shall be extended, Day for Day, by the same period that any Excused Delay Event subsists; provided that Power Supplier has exerted due diligence in achieving Commercial Operations Date according to the original Scheduled Commercial Operations Date and has no contributory negligence with respect to any Excused Delay Event, and provided further, that any such extension or relief (whether occurring before or after the Commercial Operations Date) shall not exceed one hundred eighty (180) Days (the "Excused Delay Limit"). For clarity, it shall not be considered contributory negligence if the Power Supplier has commenced securing relevant and necessary permits within one (1) month from the signing of this Agreement.
- 3.5.1 At the sole and exclusive option of Power Supplier, Power Supplier may extend the Excused Delay Limit for an additional period of one hundred eighty (180) Days, or such longer period as may be agreed upon by the Parties, on the condition that Power Supplier provides Replacement Energy

to Meralco at the WESM price or Contract Price, whichever is lower, during the period beyond the Excused Delay Limit.

xxx

- 3.5.2 If Power Supplier fails to provide Replacement Energy as contemplated in Section 3.5.1, Meralco will be deemed to sourced [sic] the Replacement Energy, subject to reimbursement by Power Supplier of the difference between (i) the price of Replacement Energy and (ii) the Contract Price. xxx

xxx xxx xxx

- 5.2. Upon receipt of the ERC Final Approval, Meralco shall provide a copy of such ERC Final Approval to Power Supplier. Power Supplier shall have ten (10) Business Days from the date of receipt from MERALCO of such ERC Final Approval to notify Meralco in writing that (i) it accepts such ERC Final Approval or (ii) it does not accept the ERC Final Approval, stating the grounds for non-acceptance.

- 5.3. In case of Power Supplier's non-acceptance, Power Supplier shall be free to: (i) file with the ERC a motion for reconsideration or (ii) terminate this Agreement upon sixty (60) days prior written notice to Meralco; provided that, any order on a motion for reconsideration shall be treated as an ERC Final Approval for purposes of the processes under this Article 5; provided further that, if the motion for reconsideration is denied by the ERC, or granted by the ERC but still with any material term or condition that is not acceptable to Power Supplier, Power Supplier may terminate this Agreement upon sixty (60) days prior written notice to Meralco.

xxx xxx xxx

6. OBLIGATIONS, DELIVERIES & CONTRACT PRICE

- 6.1. *Obligations of the Parties.* Subject to the terms and conditions of this Agreement, the Power Supplier shall sell and deliver, and Meralco shall pay for, the Product up to the Maximum Hourly Generation, at the Contract Price.

- 6.1.1. *Flexibility of Source.* The Parties agree that Power Supplier shall supply the Product solely from the Plant, provided that should the Plant not be able to generate the Maximum Hourly Generation on an hourly basis from 9:01 A.M. to 5:00 P.M., Monday to Friday, the difference between actual generation and the Maximum Hourly Generation may be sourced, at Power Supplier's sole option, from any of the Other Plants at the Contract Price, in accordance with Section 6.4 and Section 7, and provided that the Power Supplier should give first priority to Meralco for energy sourced from the Other Plants.

xxx

- 6.1.3. *Sale to Third Parties.* During the Term of this Agreement, and unless otherwise expressly stipulated herein, the Power Supplier commits to sell and deliver to Meralco energy up to the Maximum Hourly Generation in accordance with Section 6.1.1. Subject to existing ERC rules and regulations, Power Supplier shall be free to sell and deliver to the WESM or third parties additional energy produced by the Plant or Other Plants in excess of the Maximum Hourly Generation at

- a given hour, or energy within Maximum Hourly Generation but which Meralco is unable to purchase or accept.
- 6.2. *Take and Pay Contract.* Subject to circumstances of Force Majeure under this Agreement and Section 6.1.1, Meralco shall accept all electric energy deliveries from Power Supplier up to the Maximum Hourly Generation and Meralco shall pay the corresponding Contract Price for all electric energy (in kWh or MWh) declared by the Power Supplier at the WESM for Meralco, which quantity shall be based on the readings of Meralco's Billing Meter.
- 6.3. *Contract Price.* The Contract Price is PhP5.39 per kWh, which shall be subject to two percent (2%) annual escalation, *provided*, that the Franchise and Benefits to Host Communities Charge, if any, shall not form part of and is excluded from the computation of the Contract Price. For clarity, all taxes pertaining to the Power Supplier, including but not limited to the FBHC Charge, shall be shouldered by, and be for the sole account of, the Power Supplier. Any violation of this Section shall be a ground for termination of this Agreement upon prior notice.

xxx

- 6.6. *Extension of Term due to Failure to Receive Energy Deliveries.* Except as provided in Section 6.7 (Force Majeure), the failure by Meralco to receive energy deliveries for a continuous period of twenty-four (24) hours as a result of unscheduled maintenance, or an extension of a scheduled maintenance, of Meralco's distribution facilities shall result in the adjustment or extension of the Term of this Agreement equivalent to the aggregate period for which Meralco failed to receive such energy deliveries; *provided*, that in no event shall such extension of the Term of this Agreement be less than a Day or the aggregate period of such extension exceed one hundred eighty (180) Days; xxx

xxx xxx xxx

8. ASSIGNMENT OR TRANSFER OF PRODUCT

- 8.1. Subject to existing laws and rules and regulations, Meralco shall be entitled to assign, transfer, designate, delegate or allocate (collectively in this context, "Transfer") its rights and obligations to purchase a portion of the Product that is no longer required by Meralco as a result of Retail Competition and Open Access or a reduction in demand of its captive customers, to any of its business segments or wholly-owned Affiliates, that is engaged in generation, distribution, supply or aggregation of electricity and is a registered member of the WESM, without the prior consent of the Power Supplier.

Meralco shall also be entitled to Transfer its rights and obligations to purchase a portion of the Product that is no longer required by Meralco as a result of Retail Competition and Open Access or a reduction in demand of its captive customers to any other Person, subject to the prior written consent of Power Supplier, which consent shall not be unreasonably withheld, delayed or conditioned, it being understood that withholding consent would not be considered unreasonable if the proposed Transfer would be contrary to existing laws and rules and regulations and/or

the reasonable requirements of Finance Parties under the Finance Documents, as evidenced by a written confirmation by the relevant Finance Parties. xxx

Meralco shall endeavor to cooperate with Power Supplier by providing documents and information in relation to the Transfer as may be reasonably required by the Finance Parties.

xxx

8.3. *Reduction in Product.* Meralco shall, from time to time, be entitled to a reduction in Product (the "Reduction in Product") equivalent to the reduction in the demand of its captive customers by reason of the enforcement of Retail Competition and Open Access, Renewable Energy Law and other Applicable Laws. For this purpose, Meralco shall give a written notice to Power Supplier of such reduction at least five (5) Days prior to the first day of the next Billing Period or by such date as would be sufficient for timely notice to WESM of such change. Upon receipt by Power Supplier of such written notice, Meralco shall cease to have any rights and obligations under this Agreement in respect of such Reduction in Product.

xxx xxx xxx

9.3. *WESM and Line Rental Charges.* All WESM charges attributable to Power Supplier (e.g., WESM Market Fees) are not to be passed on to Meralco. If the Product or a portion thereof is delivered from one of the Other Plants, the line rental charges that will form part of the price that Meralco will charge to its customers shall be the lower of (i) the actual line rental charge for the applicable Other Plant; and (ii) the line rental charge for the applicable Site, provided that line rental charges in excess of ₱0.20 per kWh, reckoned on a monthly basis, shall be for the account of Power Supplier.

xxx xxx xxx

12.7. *Change in Circumstances.* The Parties shall faithfully perform all their obligations in accordance with the provisions of this Agreement as well as the Applicable Laws. In case of any (i) amendment, modification or change in Applicable Laws, (ii) any decision or order by the ERC or any court or government agency which provides for a new or change in the interpretation of Applicable Laws and ERC rules and regulations after the date of this Agreement, or (iii) Change in Circumstances that would prevent either or both Parties from performing or continuing to perform their obligations under this Agreement, or when such change in Applicable Law, or Change in Circumstance or the issuance of such decision or order would cause irreparable damage or would adversely affect the financial viability of either Party, the Parties shall meet and negotiate in good faith within ten (10) days from the effectivity of said amendment, modification, or change or issuance of decision or order, to mutually address and agree on appropriate solutions to the problem. Failure to arrive at a solution in accordance with this Section within sixty (60) Days from the commencement of such negotiations shall be a ground for termination of this Agreement upon prior notice.

For the avoidance of doubt, neither Party shall utilize battery storage in respect of their rights and obligations under this Agreement without prior notice and agreement of the other Party. For this purpose, the use of battery storage shall be deemed a Change in Circumstance.

xxx xxx xxx

14. **TERMINATION**

The Party not in Material Breach may terminate the Agreement, upon sixty (60) Days prior written notice to the other Party, for any Material Breach that remains unremedied after ninety (90) Days (the "Curing Period"), subject to Section 11.4 (Liquidated Damages). During such Curing Period, in the event of Material Breach on the part of the Power Supplier, Power Supplier shall deliver Replacement Energy to Meralco at the WESM price or Contract Price, whichever is lower, if the Power Supplier is unable to supply the Product from the Plant; while in the event of Material Breach on the part of Meralco, Power Supplier may opt to sell the Product to the WESM or third parties subject to existing ERC rules and regulations.

For clarity, the Parties agree that any Material Breach with respect to one Site shall be considered independent of, and shall not affect, the other Site. For this purpose, should the Material Breach be limited to one Site, the Party not in Material Breach may terminate this Agreement (and otherwise enforce any rights arising from such Material Breach) only with respect to the Site affected by Material Breach."

10. Based on the foregoing, given a certain set of assumptions, the annual effective rate under the PSA is PhP5.39 per kWh (at plant gate), as shown in the rate impact analysis below:

SPTC PSA - Rate Impact
(YEAR 2017)

BILLING COMPONENT	UNIT	BASE RATE ^[a]	BILLING DETERMINANT ^[b]		AMOUNT (PHP)
Energy Payment					
Contract Price	(Php/kWh)	5.3900	98,550,000	(kWh)	531,184,500.00
TOTAL PAYMENT	(Php)				531,184,500.00
Effective Rate at Plant Gate	(Php/kWh)				5.3900
WESM Line Rental Rate ^[c]	(Php/kWh)				0.2000
Delivered Rate	(Php/kWh)				5.5900
Effective Cost at WESM Price ^[d]	(Php/kWh)				9.4421
Increase / (Decrease) over WESM Price	(Php/kWh)				(3.8521)
Meralco Captive Energy Demand ^[e]	(kWh)				32,232,597,988
Increase / (Decrease) in Generation Cost	(Php)				(379,623,886.19)
Increase / (Decrease) in Generation Cost	(Php/kWh)				(0.0118)

Assumptions:

- ^[a] Base Rates as set forth in Schedule 1 of the PSA
- ^[b] Energy billing determinant based on 50,000 kW contract capacity and 22.50% solar plant capacity factor
- ^[c] Line Rental rate for SPTC is based on maximum allowable value as stated in the PSA
- ^[d] Cost if equivalent volume of SPTC was sourced from the WESM based on forecast weighted average of Jan - Dec 2017 hourly prices from 7am to 5pm
- ^[e] Meralco Captive Energy Demand based on 2017 forecast

11. Also, as seen in the rate impact above, given a similar set of assumptions, the simulated delivered price under the PSA would be PhP5.59 per kWh, resulting in a reduction of MERALCO's generation charge by about PhP0.0118 per kWh.

12. It bears emphasis that, as previously mentioned, based on MERALCO's foreseen high demand during the summer months of 2017 and succeeding years, there is an urgent need for the final approval of the PSA considering a significant peaking capacity deficit, as well as possible occurrences of scheduled maintenance shutdowns and forced outage of power plants.

13. Verily, this Honorable Commission's approval of the PSA will send strong signals to renewable or solar energy generation projects in the Philippines, and thus, set the pace for infusion of similar investments by the private sector.

14. In support of this Joint Application, the Judicial Affidavit of MR. CIPRINILO C. MENESES, Head of MERALCO's Energy Sourcing Office, is attached hereto as ANNEX "B."

15. Likewise, in support of the instant Joint Application and pursuant to Rule 6 (Pre-Filing Requirements) of the Rules of Practice and Procedure of this Commission, the Applicants provide the following documents, which underwent the pre-filing conferences and pre-filing marking of annexes on 13 January 2017 and 9 February 2017 with this Honorable Commission:

Description of Document	Annex
MERALCO's Articles of Incorporation	C
MERALCO'S By-Laws	D
MERALCO's latest General Information Sheet (GIS)	E
MERALCO's Demand Side Management program	F
MERALCO's Distribution Development Plan; with Average Daily Load Curve scenarios; and Supply and Demand Scenario *	G G-1 G-2* G-3
Write-up on Non-Applicability of National Power Corporation (NPC) Certification	
Documents showing MERALCO's conduct of a Competitive Selection Procurements (CSP)	H and series
SPTC's Articles of Incorporation	I
SPTC By-laws	J
Write Ups on Non-Applicability or Pendency of the Following: SPTC Shareholders' Agreement BOI Certificate of Registration with attached Terms and Conditions Certificate of Compliance (COC) issued by the Energy	K and series

Regulatory Commission Commission pursuant to the Guidelines for the issuance of COC for Generation Companies/Facilities Certification from DOE regarding the Philippine Development Plan or Certificate of Endorsement	
Certificate of Confirmation of Commerciality by an RE Developer and after due confirmation by the DOE Details regarding transmission projects or grid connection projects necessary to complement the proposed generation capacity; Identification of the parties that will develop and/or own such facilities; any cost related to such project; and specification of the parties responsible for recovery of any costs related to such projects Meralco Grid Interconnection Scheme and Map of Transmission Line Route Distribution Impact Study and Map of Proposed Interconnection Scheme Copy of Related Agreements (like Transmission Wheeling Contract, IPPA Agreement, EPC Contract, O&M Contract, Wholesale Aggregator Agreement)	
SPTC's latest General Information Sheet (GIS)	L
SPTC's Corporate Structure	L-1
Project Feasibility Studies *	M-1* and M-2*
Executive Summary of the PSA	N
Source of Funds/ Financial Plans *	O*
Generation Rate and Deviation *	P*
All relevant technical and economic characteristics of the generation capacity; Installed Capacity, Mode of Operation, Dependable Capacity; Auxiliary load; Scheduled and Unscheduled Outages; Basis/Justification of day used	Q
SPTC's Latest and Complete Set of Audited Financial Statements of the Generation Company (Balance Sheet, Income Statement, and Statement of cash flows)	R
Environmental Compliance Certificates (ECCs) issued by the Department of Environment and Natural Resources (DENR)	S-1 and S-2
Solar Energy Service Contract issued by the Department of Energy	T

** Subject of the Motion for Confidential Treatment of Information.*

ALLEGATIONS IN SUPPORT OF
MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION

16. With respect to the document marked and attached as ANNEX "G-2" (Supply and Demand Scenario of MERALCO), MERALCO respectfully moves that it be treated as confidential and not be disclosed to any party for the reason that it contains information which are commercially sensitive in nature and may affect price offers that MERALCO may receive under a power supply agreement. In addition, such information falls within the bounds of valuable proprietary interest under "trade secrets" which are entitled to protection under the Constitution, statutes, and rules and regulations.

17. With respect to the documents marked as Annexes "M-1", "M-2", "O", and "P", SPTC respectfully moves that they be treated as confidential and not be disclosed to any party since these documents contain numbers, methodology, and calculations which provide valuable information and insight on how SPTC arrives at its power generation rate and would accordingly reflect SPTC's bidding strategy for distribution utilities undertaking competitive process for the selection of their power suppliers, and SPTC's trading in the WESM. They also contain information regarding the debt or equity ratio, capital costs, weighted average cost of capital, and fuel cost, among other information. All these information are considered classified business information by SPTC, which, if released to the public including its competitors, would place the latter at an undue advantage against SPTC. In addition, such information falls within the bounds of valuable proprietary interest under "trade secrets" which are entitled to protection under the Constitution, statutes, rules and regulations.

18. Under Rule 4 of the ERC Rules of Practice and Procedure, the Honorable Commission may, upon request of a party and determination of the existence of conditions, which would warrant such remedy, treat certain information submitted to it as confidential. Pursuant to such provision, the Applicants respectfully pray for the issuance of a protective order declaring Annexes "G-2," "M-1," "M-2," "O," and "P" as confidential information, since the Applicants intend to present them as evidence in the instant Application.

19. Information, which falls within the definition of a trade secret, as defined by jurisprudence is clearly information which merits the confidential treatment provided for under Rule 4 of the ERC Rules of Practice and Procedure. Annexes "G-2," "M-1," "M-2," "O," and "P" should therefore be entitled to the protection of confidential information provided under Rule 4 of the ERC Rules of Practice and Procedure.

20. The Applicants hereby submit one (1) copy of each of the foregoing confidential documents in a sealed envelope, with the envelope and each page of the document stamped with the word "Confidential."

PRAYER

WHEREFORE, premises considered, it is respectfully prayed that the Honorable Commission,

(i) ISSUE an Order treating Annexes "G-2," "M-1," "M-2," "O," and "P" as confidential information pursuant to Rule 4, Section 1 of the ERC Rules of Practice and Procedure and prescribing the guidelines for the protection thereof; and

(ii) after hearing on the merits, render a Decision APPROVING the PSA between Applicants MERALCO and SPTC.

Finding the said *Joint Application* sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **22 June 2017 at ten o'clock in the morning (10:00 A.M.), at the ERC Hearing Room, 15th Floor, Pacific Center, San Miguel Avenue, Pasig City.**

Accordingly, Applicants are hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing in two (2) newspapers of nationwide circulation in the Philippines at their 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 the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area with copies of this Order and the attached Notice of Public Hearing for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the affected franchise area of the filing of the *Joint Application*, the reasons therefor, and of the scheduled hearing thereon, by any other means available and appropriate;
- 4) Furnish the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress with copies of this Order and the attached Notice of Public Hearing. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and

- 5) Furnish all those making requests with copies of the *Joint Application* and the attachments therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicants must submit to the Commission 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 Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public 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 Public 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 Applicant to inform of the filing of the *Joint Application*, the reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Joint Application*, and the attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicants and all interested parties are also required 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:

- 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 therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicants to comply with the above requirements 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 the said date of cancellation.

Applicants must also be prepared to make an expository presentation of the instant *Joint Application* aided by whatever communication medium that they 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 *Joint Application* is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 3 April 2017.

ERC


Office of the Chairman and CEO



*D-2017-007-OC-014732

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSE VICENTE B. SALAZAR
Chairman and CEO

LS: /RFM/ APV

Copy furnished:

1. Atty. Francis Dino S. Antonio
Counsels for Applicant MERALCO
7th Floor, Lopez Building, Ortigas Avenue, Barangay Dugong, Pasig City
2. Atty. John Maynard G. Atotubo, Atty. Jeifan-Ira C. Dizon, and Atty. Miguel Rolando R. Bayot
Puno and Puno
Counsels for Applicant STDC
12th Floor, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City

3. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
3. Commission on Audit (COA)
Commonwealth Avenue, Quezon City
4. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
5. House Committee on Energy
Balasan Hills, Quezon City
6. Philippine Chamber of Commerce and Industry (PCCI)
Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
7. The City Mayor
City of Manila
8. LGU Legislative Body
City of Manila
9. The City Mayor
Quezon City
10. LGU Legislative Body
Quezon City
11. The City Mayor
City of Caloocan
12. LGU Legislative Body
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13. The City Mayor
City of Makati
14. LGU Legislative Body
City of Makati
15. The City Mayor
City of Malabon
16. LGU Legislative Body
City of Malabon
17. The City Mayor
City of Mandaluyong
18. LGU Legislative Body
City of Mandaluyong
19. The City Mayor
City of Muntinlupa
20. LGU Legislative Body
City of Muntinlupa
21. The City Mayor
City of San Jose del Monte, Bulacan
22. LGU Legislative Body
City of San Jose del Monte, Bulacan
23. The City Mayor
City of Valenzuela
24. LGU Legislative Body
City of Valenzuela
25. The City Mayor
City of Pasig
26. LGU Legislative Body
City of Pasig
27. The City Mayor
Pasay City
28. LGU Legislative Body
Pasay City

29. The City Mayor
City of Parañaque
30. LGU Legislative Body
City of Parañaque
31. The City Mayor
Cavite City
32. LGU Legislative Body
Cavite City
33. The City Mayor
Trece Martirez City
34. LGU Legislative Body
Trece Martirez City
35. The City Mayor
Las Piñas City
36. LGU Legislative Body
Las Piñas City
37. The City Mayor
San Juan City
38. LGU Legislative Body
San Juan City
39. The City Mayor
Lucena City
40. LGU Legislative Body
Lucena City
41. The City Mayor
Batangas City
42. LGU Legislative Body
Batangas City
43. The City Mayor
San Pablo City, Laguna
44. LGU Legislative Body
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45. The City Mayor
City of Marikina
46. LGU Legislative Body
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47. The City Mayor
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48. LGU Legislative Body
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49. The City Mayor
Tagaytay City, Cavite
50. LGU Legislative Body
Tagaytay City, Cavite
51. The City Mayor
Calamba, Laguna
52. LGU Legislative Body
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53. The City Mayor
Sta. Rosa, Laguna
54. LGU Legislative Body
Sta. Rosa, Laguna
55. The City Mayor
Biñan, Laguna
56. LGU Legislative Body

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57. The City Mayor
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 58. LGU Legislative Body
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 59. The Municipal Mayor
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 60. LGU Legislative Body
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 61. The Municipal Mayor
Pateros, Metro Manila
 62. LGU Legislative Body
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 63. The Municipal Mayor
General Aguinaldo, Cavite
 64. LGU Legislative Body
General Aguinaldo, Cavite
 65. The Municipal Mayor
Magallanes, Cavite
 66. LGU Legislative Body
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 67. The Municipal Mayor
Amadeo, Cavite
 68. LGU Legislative Body
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 69. The Municipal Mayor
Indang, Cavite
 70. LGU Legislative Body
Indang, Cavite
 71. The Municipal Mayor
Mendez, Cavite
 72. LGU Legislative Body
Mendez, Cavite
 73. The Municipal Mayor
Alfonso, Cavite
 74. LGU Legislative Body
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 75. The Municipal Mayor
Imus, Cavite
 76. LGU Legislative Body
Imus, Cavite
 77. The Municipal Mayor
Kawit, Cavite
 78. LGU Legislative Body
Kawit, Cavite
 79. The Municipal Mayor
Noveleta, Cavite
 80. LGU Legislative Body
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 81. The Municipal Mayor
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 82. LGU Legislative Body
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 83. The Municipal Mayor
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86. LGU Legislative Body
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87. The Municipal Mayor
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88. LGU Legislative Body
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89. The Municipal Mayor
Naic, Cavite
90. LGU Legislative Body
Naic, Cavite
91. The Municipal Mayor
Rosario, Cavite
92. LGU Legislative Body
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93. The Municipal Mayor
Tanza, Cavite
94. LGU Legislative Body
Tanza, Cavite
95. The Municipal Mayor
Dasmariñas, Cavite
96. LGU Legislative Body
Dasmariñas, Cavite
97. The Municipal Mayor
Gen. Mariano Alvarez, Cavite
98. LGU Legislative Body
Gen. Mariano Alvarez, Cavite
99. The Municipal Mayor
Silang, Cavite
100. LGU Legislative Body
Silang, Cavite
101. The Municipal Mayor
Carmona, Cavite
102. LGU Legislative Body
Carmona, Cavite
103. The Municipal Mayor
Cainta, Rizal
104. LGU Legislative Body
Cainta, Rizal
105. The Municipal Mayor
Taytay, Rizal
106. LGU Legislative Body
Taytay, Rizal
107. The Municipal Mayor
Teresa, Rizal
108. LGU Legislative Body
Teresa, Rizal
109. The Municipal Mayor
Jala-jala, Rizal
110. LGU Legislative Body
Jala-jala, Rizal
111. The Municipal Mayor
Cardona, Rizal

112. LGU Legislative Body
Cardona, Rizal
113. The Municipal Mayor
Baras, Rizal
114. LGU Legislative Body
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115. The Municipal Mayor
Angono, Rizal
116. LGU Legislative Body
Angono, Rizal
117. The Municipal Mayor
Tanay, Rizal
118. LGU Legislative Body
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119. The Municipal Mayor
Pililla, Rizal
120. LGU Legislative Body
Pililla, Rizal
121. The Municipal Mayor
Morong, Rizal
122. LGU Legislative Body
Morong, Rizal
123. The Municipal Mayor
Binangonan, Rizal
124. LGU Legislative Body
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125. The Municipal Mayor
Rodriguez, Rizal
126. LGU Legislative Body
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127. The Municipal Mayor
San Mateo, Rizal
128. LGU Legislative Body
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129. The Municipal Mayor
Meycauayan, Bulacan
130. LGU Legislative Body
Meycauayan, Bulacan
131. The Municipal Mayor
Obando, Bulacan
132. LGU Legislative Body
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133. The Municipal Mayor
Marilao, Bulacan
134. LGU Legislative Body
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135. The Municipal Mayor
Norzagaray, Bulacan
136. LGU Legislative Body
Norzagaray, Bulacan
137. The Municipal Mayor
Sta. Maria, Bulacan
138. LGU Legislative Body
Sta. Maria, Bulacan
139. The Municipal Mayor

- Angat, Bulacan
140. LGU Legislative Body
Angat, Bulacan
141. The Municipal Mayor
Doña Remedios Trinidad, Bulacan
142. LGU Legislative Body
Doña Remedios Trinidad, Bulacan
143. The Municipal Mayor
Plaridel, Bulacan
144. LGU Legislative Body
Plaridel, Bulacan
145. The Municipal Mayor
Malolos, Bulacan
146. LGU Legislative Body
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147. The Municipal Mayor
Calumpit, Bulacan
148. LGU Legislative Body
Calumpit, Bulacan
149. The Municipal Mayor
Pulilan, Bulacan
150. LGU Legislative Body
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151. The Municipal Mayor
Hagonoy, Bulacan
152. LGU Legislative Body
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153. The Municipal Mayor
Paombong, Bulacan
154. LGU Legislative Body
Paombong, Bulacan
155. The Municipal Mayor
Bustos, Bulacan
156. LGU Legislative Body
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157. The Municipal Mayor
Guiguinto, Bulacan
158. LGU Legislative Body
Guiguinto, Bulacan
159. The Municipal Mayor
Pandi, Bulacan
160. LGU Legislative Body
Pandi, Bulacan
161. The Municipal Mayor
Bocaue, Bulacan
162. LGU Legislative Body
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163. The Municipal Mayor
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164. LGU Legislative Body
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165. The Municipal Mayor
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166. LGU Legislative Body
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170. LGU Legislative Body
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171. The Municipal Mayor
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172. LGU Legislative Body
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173. The Municipal Mayor
San Ildefonso, Bulacan
174. LGU Legislative Body
San Ildefonso, Bulacan
175. The Municipal Mayor
Victoria, Laguna
176. LGU Legislative Body
Victoria, Laguna
177. The Municipal Mayor
Nagcarlan, Laguna
178. LGU Legislative Body
Nagcarlan, Laguna
179. The Municipal Mayor
Magdalena, Laguna
180. LGU Legislative Body
Magdalena, Laguna
181. The Municipal Mayor
Calauan, Laguna
182. LGU Legislative Body
Calauan, Laguna
183. The Municipal Mayor
Pila, Laguna
184. LGU Legislative Body
Pila, Laguna
185. The Municipal Mayor
Sta.Cruz, Laguna
186. LGU Legislative Body
Sta. Cruz, Laguna
187. The Municipal Mayor
Liliw, Laguna
188. LGU Legislative Body
Liliw, Laguna
189. The Municipal Mayor
San Pedro, Laguna
190. LGU Legislative Body
San Pedro, Laguna
191. The Municipal Mayor
Alaminos, Laguna
192. LGU Legislative Body
Alaminos, Laguna
193. The Municipal Mayor
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194. LGU Legislative Body
Rizal, Laguna

195. The Municipal Mayor
Los Baños, Laguna
196. LGU Legislative Body
Los Baños, Laguna
197. The Municipal Mayor
Cabuyao, Laguna
198. LGU Legislative Body
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199. The Municipal Mayor
Bay, Laguna
200. LGU Legislative Body
Bay, Laguna
201. The Municipal Mayor
Dolores, Quezon
202. LGU Legislative Body
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203. The Municipal Mayor
Sampaloc, Quezon
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205. The Municipal Mayor
Pagbilao, Quezon
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207. The Municipal Mayor
Lucban, Quezon
208. LGU Legislative Body
Lucban, Quezon
209. The Municipal Mayor
Tayabas, Quezon
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211. The Municipal Mayor
Candelaria, Quezon
212. LGU Legislative Body
Candelaria, Quezon
213. The Municipal Mayor
Sariaya, Quezon
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215. The Municipal Mayor
San Antonio, Quezon
216. LGU Legislative Body
San Antonio, Quezon
217. The Municipal Mayor
Mauban, Quezon
218. LGU Legislative Body
Mauban, Quezon
219. The Municipal Mayor
Tiaong, Quezon
220. LGU Legislative Body
Tiaong, Quezon
221. The Municipal Mayor
Majayjay, Quezon
222. LGU Legislative Body

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223. The Municipal Mayor
Luisiana, Quezon
224. LGU Legislative Body
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225. The Municipal Mayor
Sto. Tomas, Batangas
226. LGU Legislative Body
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227. The Municipal Mayor
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San Pascual, Batangas
229. The Municipal Mayor
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230. LGU Legislative Body
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231. The Municipal Mayor
San Simon, Pampanga
232. LGU Legislative Body
San Simon, Pampanga
233. The Municipal Mayor
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234. LGU Legislative Body
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235. Office of the Governor
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236. LGU Legislative Body
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237. Office of the Governor
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238. LGU Legislative Body
Province of Laguna
239. Office of the Governor
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240. LGU Legislative Body
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241. Office of the Governor
Province of Cavite
242. LGU Legislative Body
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244. LGU Legislative Body
Province of Pampanga
245. Office of the Governor
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246. LGU Legislative Body
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247. Office of the Governor
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248. LGU Legislative Body
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