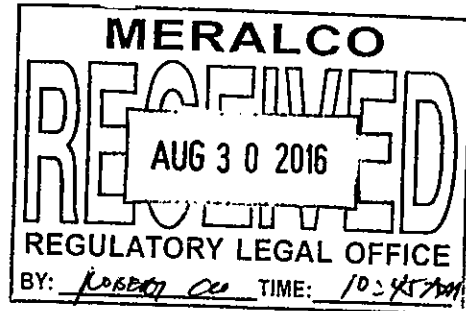


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE POWER
SUPPLY AGREEMENT
(PSA) BETWEEN MANILA
ELECTRIC COMPANY
(MERALCO) AND PANAY
ENERGY DEVELOPMENT
CORPORATION (PEDC),**



ERC CASE NO. 2016 - 114 RC

**MANILA ELECTRIC
COMPANY (MERALCO)
AND PANAY ENERGY
DEVELOPMENT
CORPORATION (PEDC),
Applicants.**

D O C K E T E D
Date: AUG 25 2016
By: [Signature]

X-----X

ORDER

On 29 April 2016, Applicants Manila Electric Company (MERALCO) and Panay Energy Development Corporation (PEDC), filed a *Joint Application* for approval of their Power Supply Agreement (PSA) dated 26 April 2016.

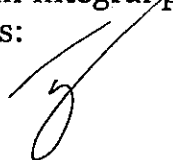
In the said Application, MERALCO and PEDC alleged the following:

1. Applicant MERALCO is a private corporation existing under the laws of the Republic of the Philippines, with principal office located at Ortigas Avenue, Barangay Ugong, 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

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cities, municipalities and 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 this Honorable Commission.

3. Applicant PEDC is a corporation duly organized and existing under the laws of the Republic of the Philippines, with its principal place of business at Brgy. Ingore, La Paz, Iloilo City. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.
4. PEDC owns and operates a 2x82 MW and a 1x150 MW (gross) coal-fired power generating facility in Brgy. Ingore, La Paz, Iloilo (the "Plant"), on the island of Panay in the Philippines. Said Plant is scheduled to become operational by 26 August 2016.
5. Based on MERALCO's Distribution Development Plan, "from 2015 to 2024, energy sales 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 with the expected continuous increase in demand and load growth, and mitigate exposure to the Wholesale Electricity Spot Market ("WESM"), there is a need for MERALCO to source additional 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, on 27 April 2016, MERALCO executed a Power Supply Agreement ("PSA") with PEDC, for the purchase of up to 70MW contract capacity and associated energy from the generating unit of the Plant ("Unit").
9. The PSA, a copy of which is attached as ANNEX "A" and made an integral part hereof, contains the following salient features:



2.2 Term of Agreement

2.2.1 Subject to Article 3, this Agreement shall become effective on the Effective Date.

2.2.1.1 The term of this Agreement (the "Term") shall commence on the Operations Effective Date and shall expire on the date falling twenty (20) years after the Operations Effective Date xxx

xxx

3.1 Effective Date

The Effective Date shall be the date the conditions precedent in Section 3.2 have been satisfied or waived by the relevant Party (the "Effective Date").

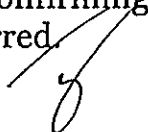
xxx

3.3 Commencement Date

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

- (a) The conditions set out in Section 3.2 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 approved this Agreement, including the pricing structure as set out herein (or as otherwise acceptable to Power Supplier), in the ERC Provisional Approval or ERC Final Approval.

Within seven (7) Days after the satisfaction of the conditions referred to in this Section 3.3, MERALCO and Power Supplier shall issue a joint certification confirming that the Commencement Date has occurred.



3.4 Operations Effective Date

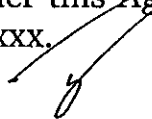
3.4.1 Power Supplier covenants that Operations Effective Date shall occur on August 26, 2016 (the "Operations Effective Date").

3.4.2 Following the Operations Effective Date, the obligations of Power Supplier and MERALCO under this Agreement with respect to sale and purchase of Contract Capacity and Associated Energy, and Replacement Energy, shall become effective.

3.5 Commercial Operations Date

The Unit shall achieve Commercial Operations Date upon delivery by Power Supplier of the documents enumerated below, in form and substance satisfactory to MERALCO:

- (a) Capacity Test Certificate xxx;
- (b) a Net Plant Heat Rate Test Certificate xxx;
- (c) certified true copy of the certificate of compliance of the Power Supplier as a generation company issued by the ERC, its registration as a member of the WESM and evidence of its execution of a Market Participation Agreement with the Philippine Electricity Market Corporation; and a certification that all relevant permits, licenses, authorizations and other approvals from all Government Authorities and third parties needed for the operation of the Unit and the supply of electricity by the Power Supplier to MERALCO have been obtained by Power Supplier;
- (d) a Commercial Operations Date Certificate;
and
- (e) Power Supplier certification that the insurances required under this Agreement xxx have been obtained xxx.



xxx

5.1 Supply of Power

Subject to the terms and conditions of this Agreement:

5.1.1 From the Operations Effective Date until the expiration of the Term or earlier termination of this Agreement, Power Supplier shall:

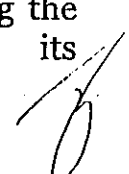
- (a) make available to MERALCO, and MERALCO shall purchase from Power Supplier, at the Price determined in accordance with Appendix D, the Contract Capacity of the Unit; and
- (b) sell to MERALCO, and MERALCO shall purchase from Power Supplier, at the Price determined in accordance with Appendix D, the Associated Energy, to the extent of MERALCO's relevant day-ahead nominations.

The Dispatch of Contract Capacity and Associated Energy shall meet the requirements set out in Appendix B (*Technical Limits*).

5.1.2 Unless otherwise expressly permitted by this Agreement, Power Supplier shall not, without MERALCO's prior written consent, sell, divert, grant, transfer, dedicate, reserve or assign all or any portion of the Contract Capacity and Associated Energy to any Person other than MERALCO.

5.1.3 Power Supplier shall source its supply for MERALCO only from the Plant except during: (i) the period from Operations Effective Date until Commercial Operations Date; (ii) Scheduled Outages and Forced Outages; and (iii) any Curtailment due to Dispatch Instructions.

5.1.4 The supply of the Contract Capacity and Associated Energy by Power Supplier to MERALCO shall be in accordance with WESM Rules. Moreover, each Party shall, during the Term, always keep and maintain its



registration as bona fide trading member of the WESM.

xxx

8.1 Outage Allowances and Replacement Energy

8.1.1 After Commercial Operations Date, Power Supplier shall be allowed Scheduled Outages of thirty (30) Days ("Full Load Equivalent Scheduled Outage Allowance Days") and Forced Outages of fifteen (15) Days ("Full Load Equivalent Forced Outage Allowance Days") each Contract Year, provided that a Forced Outage may only be counted towards the Full Load Equivalent Forced Outage Allowance Days upon provision to MERALCO of a copy of the certification from the System Operator that a Forced Outage has occurred. During these times, MERALCO shall procure Replacement Energy from the WESM and Power Supplier shall not bill MERALCO for these quantities.

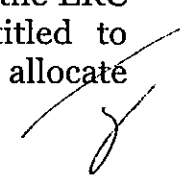
8.1.2 During Outages beyond the Full Load Equivalent Scheduled Outage Allowance Days and/or Full Load Equivalent Forced Outage Allowance Days, Power Supplier shall purchase Replacement Energy, which shall be declared as BCQ and paid by MERALCO at the Price. The supply by Power Supplier of Replacement Energy under this Section 8.1.2 shall be deemed fulfillment of Power Supplier's obligation to make available the Contract Capacity and to deliver the Associated Energy during such period.

8.1.3 During any period in which an Event of Force Majeure affects Power Supplier or MERALCO, MERALCO shall procure Replacement Energy from the WESM to the extent supply or offtake is so affected.

xxx

9.1 Assignment or Transfer of Contract Capacity Due to RCOA

In connection with the implementation by the ERC of RCOA, MERALCO shall also be entitled to assign, transfer, designate, delegate or allocate



(collectively in this context, "Transfer") its rights and obligations to purchase a portion of Contract Capacity and Associated Energy that is no longer required by MERALCO as a result of RCOA (i) to any of its wholly-owned Distribution Utility or Supplier Affiliates (in each case, a direct WESM member) or business segments, to the extent allowed by Law, without the prior consent of the Power Supplier; or (ii) to any other Person subject to the consent of Power Supplier, which consent shall not be unreasonably withheld.

xxx

9.2 Reduction in Contract Capacity and Associated Energy

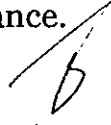
9.3.1 Subject to the provisions of Section 9.3.2 below, MERALCO shall, from time to time, be entitled to a reduction in the Contract Capacity and Associated Energy (the "Reduction in Contract Capacity and Associated Energy") equivalent to the reduction in the demand of its captive customers by reason of the enforcement of RCOA and the Renewable Energy Law.

Similarly, Power Supplier may request for a Reduction in Contract Capacity and Associated Energy, subject to mutual agreement of the Parties.

xxx

10.2 Payments

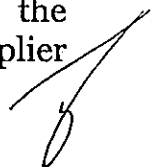
10.2.1 MERALCO shall pay the entire amount indicated in the Final Invoice (subject to Appendix G) when due and payable, provided that MERALCO shall not be required to make payment on any Invoice that is manifestly in error, apparently invalid or not in the form or substance contemplated by this Agreement until the same has been corrected following prompt notice by MERALCO to Power Supplier of such error, invalidity or absence of proper form or substance.



XXX

11.2 Charges Due to Change in Circumstances

- (a) If as a result of a Change in Circumstances, MERALCO becomes liable to pay any new charges, fees, taxes, duties, assessments or other similar amounts ("New Charges"), or any increase in existing charges, fees, taxes, duties, assessments or other similar amounts ("Increased Charges") become payable with respect to this Agreement, the New Charges or Increased Charges shall form part of the price that MERALCO will charge to its customers.
- (b) If as a result of a Change in Circumstances affecting Power Supplier, Power Supplier becomes liable to pay any New Charges or any Increased Charges or a Change in Circumstances materially and adversely affects the ability of Power Supplier to perform or materially increases the operating costs or capital expenditures associated with the Plant or materially and adversely affects its performance of its obligations under this Agreement, adversely affects the sale by Power Supplier of Contract Capacity and Associated Energy in accordance with this Agreement, makes the Power Supplier's administration or operational aspects of such performance materially more burdensome (whether made at the direction of any Governmental Instrumentality or otherwise) or causes serious damage to, or materially and adversely affects the financial condition of Power Supplier, Power Supplier shall send a notice to MERALCO of the occurrence of such Change in Circumstances ("Notice of Change in Circumstances") together with an analysis of the cost impact of such Change in Circumstances. Within thirty (30) Days of such Notice of Change in Circumstances, MERALCO and Power Supplier shall meet to discuss, in good faith, remedial measures to mitigate the impact of such Change in Circumstances. Each Party shall cooperate in good faith to secure any Governmental Authorizations to implement any agreed remedial measures. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) Days from the commencement of negotiations, the Power Supplier



shall be entitled to terminate this Agreement in accordance with the provisions of Section 17.6.7(a).

(c) In the event that, as a result of a Change in Circumstances and pursuant to a corresponding order of the ERC or any other Governmental Instrumentality:

(a) MERALCO is prevented from making a pass through to its customers of any charges under this Agreement (as approved by the ERC in the ERC Provisional Approval or ERC Final Approval, as accepted by Power Supplier); or

(b) any portion of the Price that has been paid to Power Supplier is required to be refunded to MERALCO or MERALCO's customers in connection with the ERC Application or any petition, claim, case, proceeding or other action involving any of the Parties brought before any judicial, administrative or quasi-judicial body, the Parties shall enter into good faith negotiations to agree on a satisfactory solution regarding the amendment of this Agreement to restore MERALCO's commercial position prior to such Change in Circumstances, including an adjustment of the Price. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) Days from the commencement of negotiations, the provisions of Section 17.6.7(b) will apply.

xxx

13.2 ERC Approval

13.2.1 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.



13.2.2 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 Section 13.2; provided further that, if the motion for reconsideration is denied by the ERC, or provided 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

16.5 Effect of Extended Force Majeure

If any Event of Force Majeure prevents Power Supplier from making available the Contract Capacity or Associated Energy or Meralco from accepting Contract Capacity or Associated Energy, in each case for a continuous period of more than one hundred eighty (180) Days, then either Party may upon written notice, require the other Party to meet as soon as practicable to reasonably discuss any modification, change or amendment of this Agreement under such reasonable terms, to the extent necessary to resolve the issues arising from the Event of Force Majeure and maintain, to the extent feasible, the rights and obligations of the Parties under this Agreement.

If the Parties do not reach such satisfactory solution prior to the end of such one hundred eighty (180) Day period, or such other time as may be agreed upon, either Party may terminate this Agreement in accordance with Section 17.6.6.

xxx

10. The Payment Structure, as provided in Appendix D of the PSA shall be as follows:



2. PAYMENT UPON OPERATIONS EFFECTIVE DATE

“The payment to be made in each Billing Period during the Term for Contract Capacity and Associated Energy shall consist of a Capacity Payment and Energy Payment. The Capacity Payment consists of Component A (MCP), and Component B (MFOM), and the Energy Payments consists of Component C (MFP), and Component D (MVOM). Other payment consist of Component E (REP), Component F (LR) and Component G (VAT). Thus, the Monthly Power Bill (“MPB”) payment for Contract Capacity and Associated Energy for each Billing Period shall be equal to:

$$\text{MPB} = \text{MCP} + \text{MFOM} + \text{MFP} + \text{MVOM} + \text{REP} - \text{LR} + \text{VAT}”$$

11. Given the foregoing, a sample calculation of the base contract price under the PSA, given a certain set of assumptions, results in an annual effective rate of PhP3.7207 per kWh (at plant gate), as shown in the sample calculation below:

PEDC PSA - Rate Impact
(YEAR 2017)

BILLING COMPONENT	UNIT	BASE RATE ⁽¹⁾	CPI Adj Factor ⁽²⁾	BILLING DETERMINANT ⁽³⁾	AMOUNT (PHP)
A. Capacity Payment (MCP)					
Peso Portion	(Php/kW-yr) ⁽⁴⁾	12,431.0835		70,000 (kW)	870,175,845.00
B. Fixed O&M Payment (MFOM)					
US Dollar Portion Escalating	(USD/kW-yr) ⁽⁴⁾	28.9021	1.000000	70,000 (kW)	93,206,382.29
Peso Portion Escalating	(Php/kW-yr) ⁽⁴⁾	2,821.9067	1.000000	70,000 (kW)	197,533,469.00
C. Fuel Payment (MFP)					
US Dollar Portion	(USD/kWh) ⁽⁴⁾	0.0269		490,560,000 (kWh)	607,801,780.31
D. Variable O&M Payment (MVOM)					
US Dollar Portion	(USD/kWh)	0.0025	1.000000	490,560,000 (kWh)	56,500,248.00
E. Replacement Energy (REP)					
Peso Portion	(Php/kWh)	-		- (kWh)	0.00
F. Line Rental Adjustment (LR) ⁽⁴⁾					
Peso Portion	(Php/kWh)	-		- (kWh)	0.00
TOTAL PAYMENT	(Php)				1,825,217,724.60
Effective Rate at Plant Gate	(Php/kWh)				3.7207
WESM Line Rental Rate ⁽⁴⁾	(Php/kWh)				0.2438
Delivered Rate	(Php/kWh)				3.9645
Effective Cost at WESM Price ⁽⁵⁾	(Php/kWh)				5.1977
Increase / (Decrease) over WESM Price	(Php/kWh)				(1.2332)
Meralco Captive Energy Demand ⁽⁶⁾	(kWh)				32,232,597,988
Increase / (Decrease) in Generation Cost	(Php)				(604,959,040.06)
Increase / (Decrease) in Generation Cost	(Php/kWh)				(0.0188)

NOTE:

⁽¹⁾ Base Rates as set forth in Schedule 1 of Appendix D of the PSA

⁽²⁾ Annual Capacity Rate and Annual Fixed O&M is converted into monthly rates by applying the formulas shown in Appendix D of the PSA

⁽³⁾ Fuel Payment calculated based on Consumption Rate at 91.25% plant load factor, Newcastle Index = USD 50.38/MT, Freight Price = USD 5.90/MT, and Forex rate at PhP 46.07/USD (current prices as of Mar 2016)

⁽⁴⁾ LR shall cover the cost of Line Rental Adjustment for the Billing Period

⁽⁵⁾ Assumed estimated PEDC line rental rate

⁽⁶⁾ Cost of equivalent volume of PEDC was sourced from the WESM based on forecast average Jan - Dec 2017 hourly prices


⁽⁷⁾ Meralco Captive Energy Demand based on 2017 forecast

⁽⁸⁾ Assumed no CPI escalation

⁽⁹⁾ Energy Payments based on 30.00% plant capacity factor

12. As seen in the rate impact above, given the above assumptions, the simulated delivered price under the PSA would result in the reduction of MERALCO's generation charge by about PhPo.0188 per kWh.
13. Notably, the Plant offers greater reliability compared to existing plants that are past their expected plant life, at a price competitively at par with the rates of the existing plants despite its newness.
14. It bears emphasis that there is an urgent need for the final approval of this Application to allow for the immediate implementation of the PSA in order to reduce MERALCO's WESM purchases to help ensure reasonable prices for MERALCO's customers.
15. Additionally, the Plant is part of the Department of Energy's ("DOE") planned indicative power projects. It is worthy to note that the realization of this project and its contribution to achieving the government's target of available capacity as per the DOE's Philippine Development Plan would largely depend on the timely approval of this Application.
16. In support of this Joint Application, the Judicial Affidavit of MR. CIPRINILO C. MENESES, Head of MERALCO's Energy Sourcing Office, is attached as ANNEX "B" and made an integral part hereof.
17. Likewise, in support of this Application, the Applicants provide this Honorable Commission with the following documents, which underwent the pre-filing conference of this Honorable Commission, to wit:

DESCRIPTION OF DOCUMENT	ANNEX
Articles of Incorporation of PEDC	C
Securities and Exchange Commission ("SEC") Certificate of Registration of the said Articles of Incorporation	D
List of Shareholders (Latest GIS of PEDC-SEC Form)	E
Board of Investment ("BOI") Certificate of Registration	F
Environmental Compliance Certificate ("ECC")	G
Power Supply Agreement	H



Write up on details of the PSA: a) Executive Summary; b) Sources of Funds/Financial Plans; c) Purchased Power Rate; d) Cash Flow	I
Write-up on the Procurement Process of Fuel	J
Write-up on PEDC's Related Agreements	K
Write-up on Certificate of Compliance ("COC") of PEDC	L
Acknowledgement receipt by the City of Pasig & Affidavit of Publication	M
Publication in a newspaper of general circulation within the franchise area of the Application	N
<i>Not Used</i>	O
Write up on Transition Supply Capacity	P
All relevant technical and economic characteristics of the generation capacity; installed capacity, mode of operation, dependable capacity	Q
Write up on the cost analysis related to the generation in support of the proposed pricing provisions of the PSA	R
Write up on the details on the procurement process used by MERALCO	S
Write up on the details regarding the transmission projects or grid connection projects	T
DOE Certificate of Endorsement that the Project is included in DOE's Power Development Plant (PDP)	U
Distribution Development Plant (DDP) of MERALCO	V
Demand Side Management (DSM) Program	W
Write up on other documentation that may be needed by the ERC in the course of the evaluation, such as, but not limited to the following: a) Latest Audited Financial Statements of PEDC; b) Bank Certification of Long-term Loans; c) Operating Expenses; d) Sworn Statement detailing how the fuel was competitively procured etc; e) Certification on the net heat rate f) Simulation of the no. of operating units	X

necessary to meet the MEOT and/or additional energy/demand requirements of the DU. g) Potential Cost of Ancillary Services	
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PRAYER

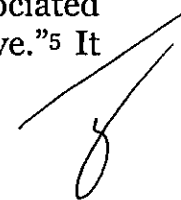
WHEREFORE, premises considered, it is respectfully prayed that, after hearing on the merits, a Decision be rendered APPROVING the PSA between Applicants MERALCO and PEDC.

Other reliefs just and equitable under the circumstances are likewise prayed for.

On 24 June 2016 a *Joint Motion for Provisional Authority* was filed by Applicants MERALCO and PEDC seeking provisional approval of their PSA. Said Motion reads:

1. On 29 April 2016, MERALCO and PEDC filed the instant Joint Application with the Honorable Commission for the approval of their Joint Power Supply Agreement dated 26 April 2016 (PSA) docketed as ERC Case No. 2016-114 RC (Joint Application).
2. In the Joint Application, Applicants stated that “based on MERALCO’s Distribution Development Plan¹, from 2015-2024, energy sales is forecasted to grow by a compounded average growth rate of 3.7.”² Applicants further stated that “in order to ensure continuous and reliable electricity for MERALCO’s customers with the expected continuous increase in demand and load growth, and mitigate exposure to the Wholesale Electricity Spot Market (WESM), there is a need for MERALCO to source additional capacity through bilateral power supply contracts.”³ Hence, Applicants entered into a PSA.
3. The PSA provides that the “Operations Effective Date shall occur on 26 August 2016 (OED)⁴ and following the OED, “the respective obligations of the parties with respect to sale and purchase of Contract Capacity and Associated Energy, and Replaced Energy, shall become effective.”⁵ It

¹ Joint Application, Annex “V”
² Ibid. par. 5, p. 2
³ Joint Application, par. 6, p. 2
⁴ PSA, Section 3.4.1, p. 13
⁵ Ibid., Section 3.4.2, p. 13



should be noted that Contract Capacity was initially set at 28 MW (by OED), and will be increased to 70 MW on 26 February 2017.⁶

4. Considering that PEDC intends to commence the supply of its Contract Capacity to MERALCO by OED, it is imperative that Applicants obtain a Provisional Authority (PA) from this Honorable Commission. Under the ERC Rules of Procedure⁷, the Honorable Commission has seventy-five (75) days from the filing of the Application, or until 13 July 2016, to resolve a motion for PA.
5. Applicants respectfully submit that the supply of additional 28 MW by PEDC to MERALCO by OED will not only secure the power requirements of MERALCO but also lessen MERALCO's exposure to higher prices during peak hours as well as the volatility of WESM prices, for the benefit of MERALCO's customers. In light of frequent declarations of yellow alert by the National Grid Corporation of the Philippines, which means that the power reserve is less than the capacity of the largest power plant online (or the largest power plant supplying the grid), the urgency by the Honorable Commission of the issuance of a PA is further justified.
6. Likewise, "the Plant offers greater reliability compared to existing plants that are past their expected plant life, at a price that is competitively at par with the rates of the existing plants despite its newness."⁸
7. Notably, a simulation⁹ on the rate impact conducted by MERALCO revealed that, with the implementation of the PSA by OED, MERALCO customers will enjoy a reduction in the generation charge of about Php0.0241 per kWh.
8. Additionally, the Unit is part of the Department of Energy's (DOE) planned indicative power projects.¹⁰ It is worthy to note that the realization of this project and its contribution to achieving the government's target of available capacity as per the DOE's Power Development Plan would largely depend on the timely approval of the Joint Application as well as the timely issuance of a Provisional Authority.

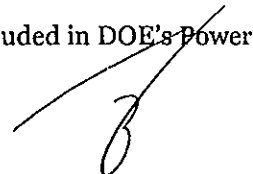
⁶ Ibid., Section 1.1, p.3

⁷ Section 3, Rule 14

⁸ Supra at Note 3, par. p. 10

⁹ Attached as Annex "A" and made an integral part hereof

¹⁰ Based on the DOE Certificate of Endorsement that the Project is included in DOE's Power Development Plan (DPD) (Annex "U" to the Joint Application).



9. Finally, the Applicants adopt all allegations in the Joint Application and in its attached Annexes insofar as material and relevant to the instant Joint Motion for Provisional Authority.
10. In view of the foregoing, Applicants move for the issuance of a PA in order to immediately afford MERALCO customers the benefits resulting from implementation of the PSA.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed to this Honorable Commission that a Provisional Authority be immediately issued authorizing the implementation of the PSA between MERALCO and PEDC by OED or 26 August 2016.

Other reliefs just and equitable under the circumstances are likewise prayed for.

Finding the said Joint Application sufficient in form and substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, Expository Presentation, Pre-trial Conference, and presentation of evidence on **19 September 2016 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.**

Applicants MERALCO and PEDC are hereby directed to cause the publication of the attached Notice of Public Hearing, at their own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing. They are also directed to inform the consumers within the franchise area of MERALCO, by any other means available and appropriate, of the filing of the Joint Application, its reasons therefor, and of the scheduled hearing thereon.

Let copies of the *Joint Application* and *Joint Motion for Provisional Authority*, this Order, and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the



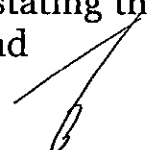
Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) Legislative Bodies within MERALCO's franchise area for the appropriate posting thereof on their respective bulletin boards.

Applicants MERALCO and PEDC are hereby directed to furnish all those making requests therefor with copies of their *Joint Application, Joint Motion for Provisional Authority*, and the attachments thereto, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicants MERALCO and PEDC must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governors and Mayors, or their duly authorized representatives, and the duly authorized officials of the LGU Legislative bodies, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

Applicants MERALCO and PEDC, and all interested parties are directed 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:

- a. A summary of admitted facts and proposed stipulation of facts;
 - b. The issues to be tried or resolved;
 - c. The documents or exhibits to be presented, stating the purposes and proposed markings therefor; and
- 

- d. The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

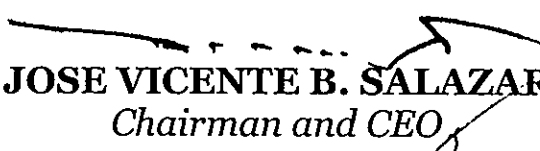
Failure by the Applicants to submit the required Pre-trial Brief and Judicial Affidavits of their witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

As part of the pre-trial conference, the Applicants must also be prepared to make an Expository Presentation of their *Joint Application* and *Joint Motion for Provisional Authority* 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 their Application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 09 August 2016.

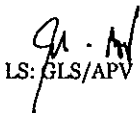
FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSE VICENTE B. SALAZAR
Chairman and CEO

ERC
Office of the Chairman

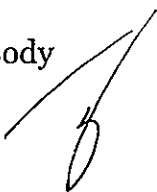


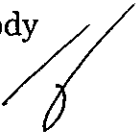
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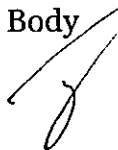
Copy Furnished:

1. **Attys. Francis Dino S. Antonio, Carmen Grace S. Ramos, and Angelica Diane B. Monteza**
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Barangay Ugong, Pasig City
2. **Atty. Jose Ronald V. Valles**
VP and Head Regulatory Affairs Office, MERALCO
7th Floor, Lopez Building, Ortigas Avenue,
Barangay Ugong, Pasig City
3. **Attys. Amanda Roselle A. Bengson, Irving N. Chua, Charlene Lorena D. Garcia, etc.**
Counsels for PEDC
c/o Global Business Power Corporation
22/F GT Tower International
6813 Ayala Ave., cor. H.V. de la Costa St., Makati City
4. **Jaime T. Azurin**
Executive VP, Panay Energy Development Corporation (PEDC)
22/F GT Tower International
6813 Ayala Ave., cor. H.V. de la Costa St., Makati City
5. **Office of the Solicitor General (OSG)**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
6. **Commission on Audit (COA)**
Commonwealth Avenue
Quezon City, Metro Manila
7. **Senate Committee on Energy**
GSIS Bldg. Roxas Blvd., Pasay City
Metro Manila
8. **House Committee on Energy**
Batasan Hills, Quezon City, Metro Manila
9. **Philippine Chamber of Commerce and Industry (PCCI)**
Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
10. The City Mayor
City of Manila
11. LGU Legislative Body
City of Manila

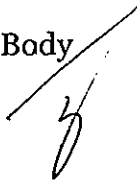


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Quezon City
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City of Makati
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City of San Jose del Monte, Bulacan
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28. The City Mayor
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Lucena City



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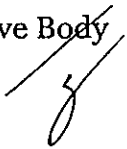
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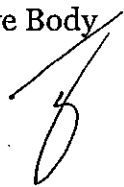
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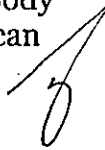
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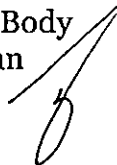
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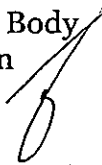
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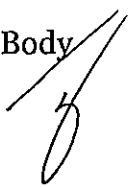
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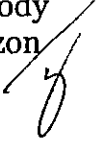
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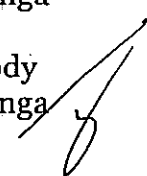


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236. The Municipal Mayor
Apalit, Pampanga
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Province of Rizal
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Province of Rizal
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Province of Laguna
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