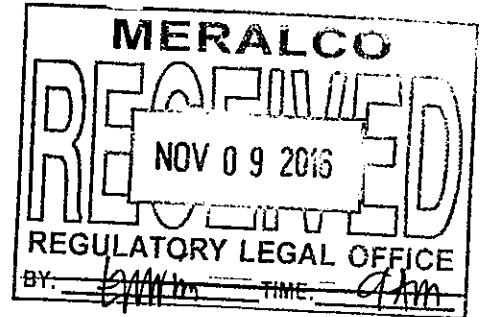


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City

IN THE MATTER OF THE  
APPLICATION FOR THE  
APPROVAL OF THE POWER  
SUPPLY AGREEMENT (PSA)  
BETWEEN MANILA  
ELECTRIC COMPANY  
(MERALCO) AND ST.  
RAPHAEL POWER  
GENERATION CORPORATION (SRPGC),  
WITH MOTION FOR  
CONFIDENTIAL  
TREATMENT OF  
INFORMATION



ERC CASE NO. 2016 – 093 RC

MANILA ELECTRIC  
COMPANY (MERALCO) AND  
ST. RAPHAEL POWER  
GENERATION  
CORPORATION (SRPGC),  
Applicants.

D O C K E T E D  
Date: NOV 08 2016  
By: [Handwritten Signature]

X-----X

**ORDER**

On 29 April 2016, Applicants Manila Electric Company (MERALCO) and St. Raphael Power Generation Corporation (SRPGC) filed a *Joint Application with Motion for Confidential Treatment of Information* dated 26 April 2016 seeking the Commission's approval of their Power Supply Agreement (PSA).

MERALCO and SRPGC 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 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 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 SRPGC is a corporation duly organized and existing under the laws of the Republic of the Philippines, with its principal office address at Brgy. Baclaran, Balayan, Batangas. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.
4. SRPGC shall construct, own, operate, manage and maintain a 2 x 350 MW (rated) coal-fired power generating facility in Calaca, Batangas (the "**Plant**"), on the island of Luzon in the Philippines.
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 26 April 2016, MERALCO executed a Power Supply Agreement ("**PSA**") with SRPGC, for the purchase of up

to 400 MW Contract Capacity<sup>1</sup> and Associated Energy from the Plant that SRPGC shall construct, own, operate, manage and maintain.

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

**"2.1 Purpose**

The purpose of this Agreement is to set out the rights and obligations of each Party with regard to the sale and purchase of Contract Capacity and Associated Energy of the Plant.

**2.2 Term of Agreement**

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

2.2.2 The term of this Agreement (the "**Term**") shall commence on the Operations Effective Date (Unit 1) and shall expire on the date falling twenty (20) years and four (4) months thereafter xxx

xxx xxx xxx

**3.2 Commencement Date**

3.2.1 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;

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<sup>1</sup> Initially set at 200MW to be increased to 400MW upon Operations Effective Date (Unit 2)

- (c) On or before the Longstop Date, the ERC shall have approved in the ERC Final Approval, this Agreement, including the pricing structure as set out herein (or as otherwise acceptable to Power Supplier); and
- (d) The Acceptance Date has occurred.

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 Operations Effective Date

- 3.3.1 The Operations Effective Date shall occur on the twenty-sixth (26<sup>th</sup>) Day of the fifty-second (52<sup>nd</sup>) month from the Commencement Date for Unit 1 (the “**Operations Effective Date (Unit 1)**”) and four (4) months thereafter for Unit 2 (the “**Operations Effective Date (Unit 2)**”) (or collectively, “**Operations Effective Date**”).

XXX XXX XXX

### 3.4 Commercial Operations Date

- 3.4.1 The Plant shall achieve Commercial Operations Date upon delivery by Power Supplier of the documents enumerated below, in form and substance satisfactory to Meralco:<sup>2</sup>

XXX XXX XXX

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<sup>2</sup> With respect to Commercial Operations Date of each of Unit 1 and Unit 2:

- (a) Capacity Test Certificate;
- (b) a Net Plant Heat Rate Test Certificate;
- (c) all permits, licenses, authorizations and other approvals from all Government Instrumentalities and third parties needed for the operation of the Plant and the supply of electricity by Power Supplier to Meralco;
- (d) a Commercial Operations Date Certificate; and
- (e) Power Supplier certification that the insurances required under this Agreement relevant for at least the first Contract Year have been obtained.

**3.5. Early Occurrence of the Commercial Operations Date**

3.5.1 In the event that Power Supplier achieves Commercial Operations Date prior to the occurrence of the Operations Effective Date, Power Supplier shall promptly deliver to Meralco written notice thereof on or before the Commercial Operations Date, which may contain a request for early occurrence of the Operations Effective Date and the intended Operations Effective Date.

3.5.2 Within ten (10) Days from receipt of such written notice, Meralco shall, by written notice:

(a) Inform Power Supplier that it agrees to the early occurrence of Operations Effective Date and the revised Operations Effective Date; or

(b) Elect to have Power Supplier deliver, on a non-firm basis until the occurrence of the Operations Effective Date, such portion of the Contract Capacity and Associated Energy required by Meralco, for which it shall pay the Non-Firm Price.

XXX XXX XXX

**Article 5 Sale and Purchase of Contract Capacity and Associated Energy**

**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 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 E, the Contract Capacity of the Plant; and

- (b) sell to Meralco, and Meralco shall purchase from Power Supplier, at the Price determined in accordance with Appendix E, the Associated Energy, to the extent of Meralco's relevant day-ahead nominations.

5.1.2 Unless otherwise expressly permitted by this Agreement, Power Supplier shall not, without Meralco's prior written consent:

- (a) 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; or
- (b) provide Meralco with capacity and/or electrical energy from any source other than the Plant.

XXX XXX XXX

## **Article 8 Outages**

### **8.1 Outage Allowances**

8.1.1 Power Supplier is allowed Scheduled and Forced Outages not to exceed an aggregate of forty-five (45) Full Load Equivalent Days for each Contract Year ("Full Load Equivalent Outage Allowance Days") during the Term, during which times reduced or no supply of Contract Capacity or Associated Energy will be available to Meralco. Unutilized Full Load Equivalent Outage Allowance Days shall not be carried forward to any subsequent Contract Year.

8.1.2 During the conduct of the Major Maintenance of each Unit of the Plant which occurs once every five (5) years

reckoned from Commercial Operations Date of each Unit, the Full Load Equivalent Outage Allowance Days shall be increased by an additional fifteen (15) Full Load Equivalent Outage Days; provided that Power Supplier may only undertake Major Maintenance for a total of three (3) times during the Term; provided further that the first Major Maintenance shall occur no earlier than the fifth (5th) year after the occurrence of the Commercial Operations Date.

8.1.3 In case an Event of Force Majeure coincides with a Scheduled Outage, any downtime shall be credited against the Full Load Equivalent Outage Allowance Days.

**8.2 Replacement Electrical Output During Outages**

8.2.1 During Outages within the Full Load Equivalent Outage Allowance Days, Power Supplier shall not be required to supply Meralco with Replacement Energy. In such circumstances, Meralco, at its own cost, shall source the Replacement Energy from the WESM. Power Supplier shall not invoice Meralco for such portion of Contract Capacity and Associated Energy that is not made available or supplied for the duration of Scheduled Outages within the Full Load Equivalent Outage Allowance Days. If during any Contract Year, the Outages exceed the Full Load Equivalent Outage Allowance Days, Power Supplier shall procure at Power Supplier's own cost, such Replacement Energy and electrical output from third parties (including the WESM) to satisfy the relevant day-ahead nominations of Meralco. During such period, Meralco shall pay Power Supplier the Price. In the event Power Supplier fails to procure such quantities of electrical energy for Meralco, Power Supplier shall indemnify and hold Meralco harmless from any loss, cost, expense or penalty incurred or paid by Meralco.

XXX XXX XXX

**Article 9 Assignment or Transfer of Contract Capacity**

9.1 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 Contract Capacity and Associated Energy that is no longer required by Meralco to any of its business segments or wholly-owned Affiliates without the prior consent of the Power Supplier.

Meralco shall also be entitled to Transfer its rights and obligations to purchase a portion of Contract Capacity and Associated Energy that is no longer required by Meralco to any other Person, subject to the 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 the reasonable requirements of Finance Parties under the Finance Documents, as evidenced by a written confirmation by the relevant Finance Parties.

XXX XXX XXX

**Article 10 Billing and Payment**

XXX

**10.2 Payments**

10.2.1 Meralco shall pay the entire amount indicated in the Final Invoice (subject to Appendix H) 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.

XXX XXX XXX



**Article 11 Taxes, Fees and Costs**

xxx

**11.2 Charges Due to Change in Law**

- (a) If as a result of a Change in Law, 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 Law (other than a change in income taxes payable by Power Supplier), Power Supplier becomes liable to pay New Charges or Increased Charges with respect to this Agreement, and such liability materially and adversely affects the ability of Power Supplier to perform its obligations under this Agreement, materially and adversely affects its sale of Contract Capacity and Associated Energy in accordance with this Agreement, makes the administration or operational aspects of such performance materially more burdensome or causes or may cause serious damage to, or materially and adversely affects the financial condition of Power Supplier, Power Supplier shall send a notice of Change in Law to Meralco and the provisions of Section 17.6.6 will apply. Provided that if the Change in Law results in a change in the business taxes payable by Power Supplier, Power Supplier shall send notice of such change in business taxes to Meralco and, if the

Parties agree, Meralco shall file the necessary application with the ERC for the adjustment of the Price; provided further, that the adjustment shall only be effective upon approval by the ERC. Notwithstanding any provision in this Agreement to the contrary, in no case shall the Power Supplier be entitled to terminate this Agreement as a result of the change in its business taxes.

- (c) In the event that, as a result of a Change in Law and pursuant to a corresponding order of the ERC or any Governmental Instrumentality:
  - (i) Meralco is no longer permitted to pass through to its customers any amounts that it is permitted to pass through as of the date of this Agreement, including but not limited to the amounts specified in Section 11.1.2; or
  - (ii) 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 Law, 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 17.6.6 (b) will apply.

## Article 13 Covenants

XXX

### 13.2 ERC Approval

13.2.1 Subject to the non-occurrence of the Longstop Date, 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) 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 file with the ERC a motion for reconsideration. 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.

13.2.3 Following (i) a written notice of acceptance from Power Supplier with respect to the ERC Final Approval (including upon reconsideration under Section 13.2.2 above), or (ii) the lapse of the period referred to in Section 13.2.1 without Power Supplier communicating its acceptance or non-acceptance in writing, the Acceptance Date shall be considered as having occurred on the date of the written notice of acceptance or on the last Day of such period, as applicable ("Acceptance Date"), provided, in each case, that Meralco has not filed any motion for reconsideration or appeal subsequent to the Power Supplier's acceptance of such ERC Final Approval and the Longstop Date has not occurred.

XXX

13.2.5 In the event that the Acceptance Date has not occurred by the Longstop Date, either Party may terminate this Agreement by serving a thirty (30) Day written notice to the other.

xxx xxx xxx

## **Article 16 Force Majeure**

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### **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 within ninety (90) Days from the end of the 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 17.6.5.

xxx xxx xxx

## **Article 17 Events of Default and Termination**

### **17.1 Power Supplier Events of Default**

Each of the events described below shall constitute a Power Supplier Event of Default, provided that such events (with the exception of Sections 17.1(d) and Section 17.1(e) (i), (ii) and (iii)) results in or is accompanied by an

actual failure by Power Supplier to make Available the Contract Capacity and/or deliver the Associated Energy of Meralco in accordance with the terms of this Agreement:

xxx

**17.2 Meralco Events of Default**

Each of the events described below shall constitute a Meralco Event of Default, provided that such event (with the exception of Section 17.2(d)) results to or is accompanied by an actual failure by Meralco to receive, and pay for, the Contract Capacity and Associated Energy in accordance with this Agreement:

xxx

For the avoidance of doubt, it is understood and agreed that, subject to Section 16.2(d) being applicable, the expiration and/or non-renewal of the Franchise shall not be considered a Meralco Event of Default.

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

**“2 PAYMENT STRUCTURE**

The payment to be made in each Billing Period during the Term for Contract Capacity and Associated Energy shall consist of a Capacity Payment, Energy Payment, Additional Reimbursable Costs and applicable value-added tax. The Capacity Payment consists of Component A (MCP) and Component B (MFOM), the Energy Payment consists of Component C (FP) and Component D (MVOM), the Reimbursable Costs consists of Component E (RC), and Component F (VAT). Thus, the Monthly Power Bill (“MPB”) payment for Contract Capacity and Associated Energy for each Billing Period shall be equal to:

$$\text{MPB} = \text{MCP} + \text{MFOM} + \text{FP} + \text{MVOM} + \text{RC} + \text{VAT}$$

All payments to Power Supplier under this Agreement will be made in Philippine Pesos (PHP). All computations for payments to Power Supplier shall not

be rounded off, except for the final PHP amount, which shall be rounded off to the nearest centavo.

xxx xxx xxx”

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 PhP3.7549 per kWh (at plant gate), as shown in the sample calculation below:

**SRPGC PSA - Rate Impact**  
**(YEAR 2021)**

BILLING COMPONENT	UNIT	BASE RATE <sup>[a]</sup>	CPI Adj Factor <sup>[b]</sup>	BILLING DETERMINANT <sup>[c]</sup>		AMOUNT (PHP)
<b>A. Capacity Payment (MCP)</b>						
Peso Portion	(Php/kW-yr) <sup>[b]</sup>	14,984.0250		400,000	(kW)	5,993,610,000.00
<b>B. Fixed O&amp;M Payment (MFOM)</b>						
US Dollar Portion Escalating	(USD/kW-yr) <sup>[b]</sup>	34.1370	1.000000	400,000	(kW)	629,076,636.00
Peso Portion Escalating	(Php/kW-yr) <sup>[b]</sup>	967.8230	1.000000	400,000	(kW)	387,129,200.00
<b>C. Fuel Payment (MFP)</b>						
Peso Portion	(Php/kWh) <sup>[c]</sup>	0.9999		2,803,200,000	(kWh)	2,803,010,234.20
<b>D. Variable O&amp;M Payment (MVOM)</b>						
Peso Portion	(Php/kWh)	0.0995	1.000000	2,803,200,000	(kWh)	278,918,400.00
<b>E. Reimbursable Cost Payment (RCP) <sup>[d]</sup></b>						
Real Property Tax	(Php)					293,278,000
Start-up Costs	(Php)					-
Shutdown Costs	(Php)					-
Supplemental Payments	(Php)					140,713,210
<b>TOTAL PAYMENT</b>	(Php)					<b>10,525,735,679.80</b>
<b>Effective Rate at Plant Gate</b>	(Php/kWh)					<b>3.7549</b>
<b>WESM Line Rental Rate <sup>[e]</sup></b>	(Php/kWh)					<b>0.1082</b>
<b>Delivered Rate</b>	(Php/kWh)					<b>3.8631</b>
<b>Effective Cost at WESM Price <sup>[f]</sup></b>	(Php/kWh)					<b>7.0640</b>
<b>Increase / (Decrease) over WESM Price</b>	(Php/kWh)					<b>(3.2009)</b>
<b>Meralco Captive Energy Demand <sup>[g]</sup></b>	(kWh)					<b>34,658,621,088</b>
<b>Increase / (Decrease) in Generation Cost</b>	(Php)					<b>(8,972,776,426.81)</b>
<b>Increase / (Decrease) in Generation Cost</b>	(Php/kWh)					<b>(0.2589)</b>

**NOTE:**

<sup>[a]</sup> Base Rates as set forth in Schedule 1 of Appendix E of the PSA

<sup>[b]</sup> Annual Capacity Rate and Annual Fixed O&M Rate are converted into monthly rates by applying the formulas shown in Appendix E of the PSA

<sup>[c]</sup> Fuel Payment calculated based on Guaranteed Net Plant Heat Rate at 91.25% plant load factor, Newcastle Index = USD 50.38/MT, and Forex rate at PhP 46.07/USD (current prices as of Mar 2016)

<sup>[d]</sup> Reimbursable Payments (pass through costs) based on estimated taxes

<sup>[e]</sup> Assumed estimated SRPGC line rental rate

<sup>[f]</sup> Cost if equivalent volume of SRPGC was sourced from the WESM based on forecast average Jan - Dec 2021 hourly prices

<sup>[g]</sup> Meralco Captive Energy Demand based on 2021 forecast

<sup>[h]</sup> Assumed no CPI escalation

<sup>[i]</sup> Energy Payments based on 80.00% 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 PhP0.2589 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 the PSA considering the requirement of lenders for the Honorable Commission's final approval of the PSA prior to financial closure. Only thereafter can SRPGC commence construction of the Plant to meet the target Commercial Operations Date and allow for delivery of MERALCO's needed capacity and associated energy by then.
15. Verily, this Honorable Commission's approval of the PSA will send strong signals to lenders of the viability of financing power generation projects in the Philippines, and thus, set the pace for infusion of similar investments by the private sector.
16. Additionally, the realization of this project and its contribution to achieving the government's target of available capacity as per the Department of Energy's Philippine Development Plan would largely depend on the timely approval of this Application.
17. 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.
18. Likewise, in support of the instant Joint Application, the Applicants provide this Honorable Commission with the following documents, which underwent the pre-filing conference of this Honorable Commission

<b>Description of Document</b>	<b>Annex</b>
SRPGC Certificate of Registration with the Securities and Exchange Commission	C
SRPGC Articles of Incorporation & By-Laws	D
Latest General Information Sheet of SRPGC	E
Latest Audited Financial Statements of SRPGC	F
SRPGC Affidavit Re: Non-Registration with the Board of Investments	G
SRPGC Environmental Compliance Certificate	H

Executive Summary of the PSA	I
SRPGC Source of Funds/Financial Plans*	J
SRPGC Purchased Power Rate and Financial Model*	K
SRPGC Project Cash Flow*	L
SRPGC Operating Expenses*	M
Indicative Loan Agreement*	N
MERALCO's procurement process	O
NGCP Certification Re: System Impact Study	P
Written explanation regarding Department of Energy Certification	Q
Plant Description	R
SRGCP Affidavit of Undertaking Re: COC and other Government Authorizations and Permits in relation to Power Plant	S
[NOT USED]	T
Excerpt of the Load Forecast Projections from MERALCO's 2015-2024 Distribution Development Plan	U
Coal Supply Offer*	V
Written explanation regarding: a. Certification of the net heat rate  b. Simulation of the no. of operating units necessary to meet the MEOT  c. Potential Cost (absolute amounts and PhP/kWh) of Ancillary Services.	W
Details on the procurement process	X
Demand Side Management (DSM) program	Y

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

**ALLEGATIONS IN SUPPORT OF  
MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION**

19. 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.
  
20. Pursuant thereto, SRPGC respectfully moves that the **SRPGC Source of Funds/Financial Plans (Annex "J")**, **SRPGC Purchased Power Rate and Financial Model (Annex "K")**, **SRPGC Project**



Cash Flow (Annex "L"), SRPGC Operating Expenses (Annex "M"), Indicative Loan Agreement (Annex "N"), and Coal Supply Offer (Annex "V") to be submitted in support of the instant Application (the "Confidential Documents") not be disclosed and be treated as confidential. SRPGC respectfully submits that the foregoing documents contain certain non-public information, data and calculations involving business operations and financial trade secrets reflecting SRPGC's investment and business calculations.

21. SRPGC hereby submits 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:

- a) **ISSUE** an Order: (i) treating the Confidential Documents and the information contained therein as confidential, (ii) directing their non-disclosure pursuant to Rule 4 of the ERC Rules, and (iii) prescribing the guidelines for the protection thereof; and
- b) after hearing on the merits, a Decision be rendered **APPROVING** the PSA between Applicants MERALCO and SRPGC.

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

In addition to the foregoing Application, the Commission takes note of the following submissions:

- 1) *Manifestation* dated 05 August 2016 filed by SRPGC on 16 August 2016;
- 2) *Manifestation* dated 15 August 2016 filed by MERALCO on 15 August 2016;

- 3) *Joint Motion to Set Case for Hearing* dated 08 August 2016 filed by MERALCO and SRPGC on 09 August 2016;
- 4) *Omnibos (sic) Petition for Intervention* dated 24 August 2016 filed by National Association of Electricity Consumers for Reforms (NASECORE) on 30 August 2016; and
- 5) *Petition for Intervention* dated 16 September 2016 filed by Matuwid na Singil sa Kuryente Consumer Alliance Inc. (MSK) on 27 September 2016.

Accordingly, NASECORE and MSK are directed to furnish applicants MERALCO and SRPGC with copies of their respective submissions. Applicants, on the other hand, are directed to furnish NASECORE and MSK with copies of their Application and the attached annexes, and to submit their Comments to NASECORE & MSK's respective submissions within ten (10) days from receipt of this Order.

The said Application being sufficient in 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 **29 November 2016 (Tuesday) at three o'clock in the afternoon (3:00 P.M.), at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

MERALCO and SRPGC 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 with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government

area for the appropriate posting thereof on their respective bulletin boards;

- 3) Inform of the filing of the *Joint Application*, its reasons therefor, and of the scheduled hearing thereon the consumers within MERALCO's franchise area, by any other means available and appropriate;
- 4) Furnish with copies of the *Joint Application*, and this Order and the attached Notice of Public 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 at the scheduled hearing; and
- 5) Furnish with copies of the *Joint Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing Applicants must submit to the Commission their 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 the means employed by Applicants to inform of the filing of the *Joint Application*, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;

- 4) The evidence of receipt of copies of the *Joint Application*, and 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 its 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 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 the said date of cancellation.

MERALCO and SRPGC 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, 24 October 2016.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSE VICENTE B. SALAZAR**  
*Chairman and CEO*

LS: MCC/105

**ERC**  
*Office of the Chairman*



J-2016-021-OC-05734

Copy furnished:

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Secretary, SRPGC  
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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
12. The City Mayor  
Quezon City
13. LGU Legislative Body  
Quezon City
14. The City Mayor  
City of Caloocan
15. LGU Legislative Body  
City of Caloocan
16. The City Mayor  
City of Makati
17. LGU Legislative Body  
City of Makati
18. The City Mayor  
City of Malabon
19. LGU Legislative Body  
City of Malabon
20. The City Mayor  
City of Mandaluyong
21. LGU Legislative Body  
City of Mandaluyong
22. The City Mayor  
City of Muntinlupa
23. LGU Legislative Body  
City of Muntinlupa

24. The City Mayor  
City of San Jose del Monte, Bulacan
25. LGU Legislative Body  
City of San Jose del Monte, Bulacan
26. The City Mayor  
City of Valenzuela
27. LGU Legislative Body  
City of Valenzuela
28. The City Mayor  
City of Pasig
29. LGU Legislative Body  
City of Pasig
30. The City Mayor  
Pasay City
31. LGU Legislative Body  
Pasay City
32. The City Mayor  
City of Parañaque
33. LGU Legislative Body  
City of Parañaque
34. The City Mayor  
Cavite City
35. LGU Legislative Body  
Cavite City
36. The City Mayor  
Trece Martirez City
37. LGU Legislative Body  
Trece Martirez City
38. The City Mayor  
Las Piñas City
39. LGU Legislative Body  
Las Piñas City
40. The City Mayor  
San Juan City

41. LGU Legislative Body  
San Juan City
42. The City Mayor  
Lucena City
43. LGU Legislative Body  
Lucena City
44. The City Mayor  
Batangas City
45. LGU Legislative Body  
Batangas City
46. The City Mayor  
San Pablo City, Laguna
47. LGU Legislative Body  
San Pablo City, Laguna
48. The City Mayor  
City of Marikina
49. LGU Legislative Body  
City of Marikina
50. The City Mayor  
Antipolo City, Rizal
51. LGU Legislative Body  
Antipolo City, Rizal
52. The City Mayor  
Tagaytay City, Cavite
53. LGU Legislative Body  
Tagaytay City, Cavite
54. The City Mayor  
Calamba, Laguna
55. LGU Legislative Body  
Calamba, Laguna
56. The City Mayor  
Sta. Rosa, Laguna
57. LGU Legislative Body  
Sta. Rosa, Laguna



58. The City Mayor  
Biñan, Laguna
59. LGU Legislative Body  
Biñan, Laguna
60. The City Mayor  
Navotas, Metro Manila
61. LGU Legislative Body  
Navotas, Metro Manila
62. The Municipal Mayor  
Taguig, Metro Manila
63. LGU Legislative Body  
Taguig, Metro Manila
64. The Municipal Mayor  
Pateros, Metro Manila
65. LGU Legislative Body  
Pateros, Metro Manila
66. The Municipal Mayor  
General Aguinaldo, Cavite
67. LGU Legislative Body  
General Aguinaldo, Cavite
68. The Municipal Mayor  
Magallanes, Cavite
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Magallanes, Cavite
70. The Municipal Mayor  
Amadeo, Cavite
71. LGU Legislative Body  
Amadeo, Cavite
72. The Municipal Mayor  
Indang, Cavite
73. LGU Legislative Body  
Indang, Cavite
74. The Municipal Mayor  
Mendez, Cavite

75. LGU Legislative Body  
Mendez, Cavite
76. The Municipal Mayor  
Alfonso, Cavite
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Alfonso, Cavite
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Imus, Cavite
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Imus, Cavite
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Kawit, Cavite
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Kawit, Cavite
82. The Municipal Mayor  
Noveleta, Cavite
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Noveleta, Cavite
84. The Municipal Mayor  
Bacoor, Cavite
85. LGU Legislative Body  
Bacoor, Cavite
86. The Municipal Mayor  
Maragondon, Cavite
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Maragondon, Cavite
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Ternate, Cavite
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Ternate, Cavite
90. The Municipal Mayor  
Gen. Trias, Cavite
91. LGU Legislative Body  
Gen. Trias, Cavite

92. The Municipal Mayor  
Naic, Cavite
93. LGU Legislative Body  
Naic, Cavite
94. The Municipal Mayor  
Rosario, Cavite
95. LGU Legislative Body  
Rosario, Cavite
96. The Municipal Mayor  
Tanza, Cavite
97. LGU Legislative Body  
Tanza, Cavite
98. The Municipal Mayor  
Dasmariñas, Cavite
99. LGU Legislative Body  
Dasmariñas, Cavite
100. The Municipal Mayor  
Gen. Mariano Alvarez, Cavite
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Gen. Mariano Alvarez, Cavite
102. The Municipal Mayor  
Silang, Cavite
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Silang, Cavite
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Carmona, Cavite
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Carmona, Cavite
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Cainta, Rizal
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Cainta, Rizal
108. The Municipal Mayor  
Taytay, Rizal

109. LGU Legislative Body  
Taytay, Rizal
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Teresa, Rizal
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Teresa, Rizal
112. The Municipal Mayor  
Jala-jala, Rizal
113. LGU Legislative Body  
Jala-jala, Rizal
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Cardona, Rizal
115. LGU Legislative Body  
Cardona, Rizal
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Baras, Rizal
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Baras, Rizal
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Angono, Rizal
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Tanay, Rizal
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Pililla, Rizal
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124. The Municipal Mayor  
Morong, Rizal
125. LGU Legislative Body  
Morong, Rizal

126. The Municipal Mayor  
Binangonan, Rizal
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Rodriguez, Rizal
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San Mateo, Rizal
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Meycauayan, Bulacan
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Obando, Bulacan
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Obando, Bulacan
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Marilao, Bulacan
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Norzagaray, Bulacan
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Sta. Maria, Bulacan
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Angat, Bulacan

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Doña Remedios Trinidad, Bulacan
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Paombong, Bulacan
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Guiguinto, Bulacan
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Calauan, Laguna
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Pila, Laguna
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Sta.Cruz, Laguna
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San Pedro, Laguna
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San Pedro, Laguna



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Los Baños, Laguna
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Cabuyao, Laguna
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202. The Municipal Mayor  
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San Antonio, Quezon
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Mauban, Quezon
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Tiaong, Quezon
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Majayjay, Quezon
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226. The Municipal Mayor  
Luisiana, Quezon
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Luisiana, Quezon

228. The Municipal Mayor  
Sto. Tomas, Batangas
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Sto. Tomas, Batangas
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San Pascual, Batangas
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San Pascual, Batangas
232. The Municipal Mayor  
Candaba, Pampanga
233. LGU Legislative Body  
Candaba, Pampanga
234. The Municipal Mayor  
San Simon, Pampanga
235. LGU Legislative Body  
San Simon, Pampanga
236. The Municipal Mayor  
Apalit, Pampanga
237. LGU Legislative Body  
Apalit, Pampanga
238. Office of the Governor  
Province of Rizal
239. LGU Legislative Body  
Province of Rizal
240. Office of the Governor  
Province of Laguna
241. LGU Legislative Body  
Province of Laguna
242. Office of the Governor  
Province of Batangas
243. LGU Legislative Body  
Province of Batangas
244. Office of the Governor  
Province of Cavite

- 245. LGU Legislative Body  
Province of Cavite
- 246. Office of the Governor  
Province of Pampanga
- 247. LGU Legislative Body  
Province of Pampanga
- 248. Office of the Governor  
Province of Quezon
- 249. LGU Legislative Body  
Province of Quezon
- 250. Office of the Governor  
Province of Bulacan
- 251. LGU Legislative Body  
Province of Bulacan
- 252. TWG PSA 2  
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