

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Exquadra Tower
Ortigas Center, Pasig City

IN THE MATTER OF THE JOINT
APPLICATION FOR THE
APPROVAL OF THE POWER
SUPPLY AGREEMENT BETWEEN
MANILA ELECTRIC COMPANY
AND MARIVELES POWER
GENERATION CORPORATION,
WITH MOTION FOR
CONFIDENTIAL TREATMENT
OF INFORMATION

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ERC CASE NO. 2024-027 RC

February 29, 2024

MANILA ELECTRIC COMPANY
AND MARIVELES POWER
GENERATION CORPORATION,
Applicants.

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JOINT APPLICATION
WITH MOTION FOR CONFIDENTIAL TREATMENT OF
INFORMATION

Applicants MANILA ELECTRIC COMPANY (“MERALCO”) and
MARIVELES POWER GENERATION CORPORATION (“MPGC”), by
undersigned counsel, and to this Honorable Commission, most
respectfully state:

I. THE APPLICANTS

A. MERALCO

1. Applicant MERALCO is a private corporation existing under
the laws of the Republic of the Philippines, with principal office located
at Lopez Building, Ortigas Avenue, Brgy. 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/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.

B. MPGC

3. Applicant MPGC is a corporation duly organized and existing under the laws of the Philippines, with principal place of business at Bataan Freeport Zone, Mariveles, Bataan. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.

4. MPGC owns, and will operate and maintain the Mariveles Coal-Fired Power Plant with a gross capacity of 600.100 MW (Phase 1) located in Bataan Freeport Zone in Sitio Lusong, Brgy. Biaan, Mariveles, Bataan (the "**Plant**").

II. STATEMENT OF FACTS AND TIMELINESS

5. In accordance with MERALCO's latest and duly accepted Distribution Development Plan and posted Power Supply Procurement Plan ("**PSPP**") approved by the Department of Energy ("**DOE**"), MERALCO foresees a baseload capacity deficit in its portfolio covering 1,800 MW based on its power situation outlook for 2024 and succeeding years.

6. Thus, in order to ensure continuous and reliable electricity for MERALCO's customers there is a need for MERALCO to source additional baseload 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, pursuant to *Section 4, Article IV of the Energy Regulatory Commission's ("ERC") Resolution No. 16, Series of 2023 ("**ERC CSP Guidelines**")*, MERALCO conducted a Competitive Selection Process ("**CSP**") for the procurement of 1,800 MW (net) baseload supply requirement. The conduct of CSP proceeded as follows:

8.1. On 14 September 2023 and 25 October 2023, MERALCO submitted and resubmitted to the DOE, respectively, the Invitation to Bid ("**ITB**")/Terms of Reference ("**TOR**") for the 1,800 MW CSP to request for issuance of a Certificate of Conformity in accordance with MERALCO's latest and duly accepted Distribution Development Plan and posted PSPP, pursuant to *Section 4.3 of DOE Department Circular No. DC2023-06-0021, Series of 2023 and Section 5, Appendix B of the ERC CSP Guidelines*.

8.2. On 27 October 2023, the DOE issued in favor of MERALCO a Certificate of Conformity No. 2023-10-002 dated October 27, 2023 (the "**DOE COC**") covering MERALCO's 1,800 MW CSP requirement, which MERALCO received on the same day and endorsed to its Bids and Awards Committee for Power Supply Agreements ("**BAC-PSA**") for commencement of the 1,800 MW CSP. On the same day, 27 October 2023, pursuant to requirements provided in the ERC CSP Guidelines, the BAC-PSA Secretariat furnished the ERC a copy of the DOE COC and formally notified the DOE (copy furnished the ERC) of the commencement of the 1,800 MW CSP in relation to the DOE COC.

8.3. On 1 November 2023 and 8 November 2023, the BAC-PSA caused the publication of the ITB in The Philippine Star, a newspaper of general circulation in the Philippines. The ITB contained the Terms of Reference TOR, a summary of the process and timelines of the CSP, and invitation to power generation companies to pay the Participation Fee and submit an Expression of Interest and set of documents on or before the deadline set out in said Invitation. The ITB and the TOR were likewise posted on MERALCO's website and on the DOE E-based CSP Portal.

8.4. On 9 November 2023, MERALCO posted on its website, an "Invitation to Participate as CSP Observers," which informed the public that the following entities or groups identified in Section 9 of the ERC CSP Guidelines are invited to signify to the BAC-PSA of their interest to participate as observer. On 14 November 2023, five (5) CSP Observers submitted their intent to (and were admitted by) the BAC-PSA as CSB Observers.

8.5. On 20 November 2023 and 24 November 2023, Pre-Bid Conferences were held to allow interested bidders an opportunity to clarify any provisions, requirements, and/or terms and conditions of the bidding documents and/or any other matter that the interested bidders may raise. The Pre-Bid Conferences were

held at least thirty (30) calendar days before the 1,800 MW CSP's bid submission deadline; were attended by CSP Observers; and were broadcasted livestream in MERALCO's YouTube website.

8.6. On 5 January 2024, the bidders submitted their bid document submissions in compliance with all the bidding documents for the 1,800 MW CSP and the respective submissions of the bidders were opened by the BAC-PSA. The bid submission and bid opening were held at least forty-five (45) days after the ITB/TOR's last publication and were attended by CSP Observers and were broadcasted livestream in MERALCO's YouTube website.

8.7. Following the BAC-PSA's evaluation of each of the bidders' bid submissions, Applicant MPGC emerged as one of the bidders with the lowest calculated responsive bid ("Best Bid"), with MPGC offering 300 MW out of the required contract capacity of 1,800 MW for the said bidding.

8.8. On 8 January 2024, the BAC-PSA conducted the post-qualification of the document submissions of the bidders with the Best Bids and found the submissions to be compliant with and are responsive to all the requirements and conditions specified in the bidding documents, as amended, or clarified by pertinent bid bulletins, for the 1,800 MW CSP. The post-qualification was attended by CSP Observers and was broadcasted livestream in MERALCO's YouTube website.

8.9. On 22 January 2024, the BAC-PSA submitted its recommendation and report to MERALCO's Board of Directors recommending MPGC, as one of the bidders with the best bids in the 1,800 MW CSP, to be declared as the Winning Power Supplier and be awarded a power supply agreement for its offer of PhP 6.9971/kWh (total delivered levelized cost of electricity ["LCOE"], VAT inclusive) for 300 MW.

8.10. On 29 January 2024, MERALCO's Board of Directors approved the BAC-PSA's recommendation and the following day, 30 January 2024, a Notice of Award was issued by the BAC-PSA in favor of MPGC.

8.11. On 05 February 2024, the Power Supply Agreement between MERALCO and MPGC was dated, signed and executed ("**MERALCO-MPGC PSA**"). Thereafter, after a performance bond

was submitted by MPGC on 6 February 2024 and a Notice to Proceed was issued in its favor on 7 February 2024.

A copy of the BAC-PSA Summary-Report and the DOE COC regarding the conduct of the 1,800 MW CSP are attached hereto as **ANNEXES "C" and "C-1"**.

9. The said Joint Application together with its Annexes was pre-filed with the Honorable Commission on 8 February 2024, this Joint Application is timely filed within the reglementary period provided under the ERC CSP Guidelines.

III. SALIENT FEATURES OF THE MERALCO-MPGC PSA

10. The MERALCO-MPGC PSA, a copy of which is attached as **ANNEX "D"** and made an integral part hereof, contains the following salient provisions:

"Article 1 Definitions and Interpretation

xxx

Availability of Supply or Available means one hundred percent (100%) of the Contract Capacity is available for twenty-four (24) hours and seven (7) days a week, subject to Section 9.1.1.

xxx

Contract Capacity or CC shall be, subject to Section 3.4.1, Article 10, and Section 21.1, 300 MW (net) sourced from the Plant.

xxx

Material Adverse Government Action means:

- (a) any Law or Directive coming into effect after the signing of this Agreement, including the adoption or enactment, or any change or repeal with respect to the imposition of taxes, duties, levies, fees, charges and similar impositions, and the right to remit or convert currencies. This does not include any Legal Requirement or the application or interpretation thereof in existence at the date of the signing of this Agreement, but which by its explicit terms or due to any other circumstance, became effective or could be implemented only after the date of this Agreement; or
- (b) the amendment, modification, repeal or withdrawal of any Law or Directive (including any official interpretation thereof which the Parties have relied upon in entering into this Agreement) in force at the date of this Agreement; or

- (c) the modification in the application, enforcement, interpretation or implementation of any Law or Directive by a Governmental Instrumentality which the Parties have relied upon in entering into this Agreement, which modification occurred at any time after the date of this Agreement.

which causes or may cause serious damage to, or materially and adversely affects the financial condition of, any of the Parties. It is understood that there is serious damage to, or material and adverse effect on the financial condition of, a Party if the cost impact is more than ten percent (10%) of the annual capacity payment.

xxx

2.2 Term of Agreement

Subject to Article 3, this Agreement shall become effective on the Execution Date, and shall remain in force and effect until the last day of the 15th Contract Year, unless terminated earlier in accordance with the terms of this Agreement and upon approval by the ERC, or extended by the application of Section 17.3.3 (the "Term").

xxx

3.3 Commercial Operations Date

3.3.1 Power Supplier covenants that 300 MW (net) of the Plant shall achieve Commercial Operations Date no later than 26 April 2025 (the "Scheduled Commercial Operations Date").

xxx

3.3.3 If the Commercial Operations Date has not occurred by the Scheduled Commercial Operations Date, from and after the Scheduled Commercial Operations Date, Power Supplier shall, for each Day of unexcused delay, (i) procure and cause delivery to Meralco of Replacement Power of up to the Contract Capacity, as may be applicable, subject to Article 6 and in accordance with Appendix E, to be paid for by Meralco at the lower between the actual price of Replacement Power and the Price specified in Appendix E; or (ii) to the extent that such Replacement Power is not available due to inadequate supply from WESM or from any other source, pay to Meralco a fine equivalent to Nine Hundred Eight Philippine Pesos (PhP 908.00) multiplied by each affected MWh nomination by Meralco, until the earlier of: (a) the Commercial Operations Date, and (b) sixty (60) Days after the Delay Limit Date (as the Delay Limit Date may be adjusted in accordance with the succeeding provisions). For purposes of this Section 3.3.3, a fraction of a Day is considered a Day.

xxx

6.1 Supply of Power

Subject to the terms and conditions of this Agreement:

6.1.1 From the Commercial Operations Date of the Plant 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 E, the Contract Capacity of the Plant; and
- (b) deliver and sell to Meralco, and Meralco shall purchase from Power Supplier, at the Price determined in accordance with Appendix E, the Associated Energy (and Replacement Power), 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 the Performance Guarantees.

6.1.2 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; *provided, however,* that Power Supplier shall be allowed to deliver and sell to Meralco the capacity and/or electrical energy from WESM or any other source only when the Plant is on Outage beyond Full Load Equivalent Scheduled Outage Allowance Days and/or Full Load Equivalent Forced Outage Allowance Days, to be paid for by Meralco at the lower between the actual cost of Replacement Power and Price, in accordance with Appendix E. Should Power Supplier fail to source from the Plant when it is available, Meralco shall pay the lower between WESM price and Price in accordance with Appendix E.

xxx

Article 9 Outages

9.1 Outage Allowances and Replacement Power

9.1.1 After Commercial Operations Date, Power Supplier shall be allowed Scheduled Outages not exceeding 0 Full Load Equivalent Outage Days ("Full Load Equivalent Schedule Outage Allowance Days") and Forced Outages not exceeding 0 Full Load Equivalent Outage 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 by Power Supplier to Meralco of a copy of the acknowledgment letter from the System Operator or report from the Market Operator that a Forced Outage has occurred.

9.1.2 During Scheduled Outages within the Full Load Equivalent Scheduled Outage Allowance Days and Forced Outages within the Full Load Equivalent Forced Outage Allowance Days, Meralco shall procure

replacement energy from other sources or the WESM, at its own expense, which expense shall be passed on to its customers as part of generation costs.

9.1.3 During Scheduled Outages that exceed the Full Load Equivalent Scheduled Outage Allowance Days and Forced Outages that exceed the Full Load Equivalent Forced Outage Allowance Days, Power Supplier shall purchase Replacement Power, which shall be declared as BCQ and paid for by Meralco at the lower between (a) the actual price of the Replacement Power, and (b) Price as specified in Appendix E. In the event of failure by Power Supplier to source the Replacement Power, Meralco shall be allowed to source replacement energy from the WESM. If the WESM price for the replacement energy is higher than the Price, Power Supplier shall reimburse Meralco the difference between (i) WESM price and (ii) the Price as specified in Appendix E, plus all relevant transaction cost and taxes. If the WESM price for the replacement energy is lower than the Price, Meralco shall not be liable to Power Supplier for the difference between WESM price and Price.

9.1.4 On and after the Commercial Operations Date, 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. For clarity, the cost of replacement energy shall form part of the price that Meralco will charge its customers.

9.1.5 The supply by Power Supplier of quantities of Replacement Power under this Section 9.1 shall be deemed fulfilment of Power Supplier's obligation to make available the Contract Capacity and to deliver the Associated Energy during such period.

xxx

Article 10 Adjustments in Contract Capacity and Associated Energy

10.1 Subject to the provisions of Section 10.2 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 in order to avoid stranded contract capacities or costs, or by reason of the enforcement of Retail Competition and Open Access (RCOA), the Renewable Energy Law, Renewable Portfolio Standards (RPS), Green Energy Option Program (GEOP), Net Metering program, and other similar government programs, Laws and Legal Requirements.

10.2 Meralco shall give a written notice at least five (5) Days prior to the first Day of the next Billing Period to Power Supplier, specifying the Reduction in Contract Capacity and Associated Energy pursuant to Section 10.1, indicating when such reductions shall take place. 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 Contract Capacity and Associated Energy. Any such reduction shall be limited to the extent of the Contract Capacity and

Associated Energy that will allow Meralco to comply with its obligation to supply electricity in the least cost manner to its customers as of the date indicated in the notice when such Reduction in Contract Capacity and Associated Energy shall commence. Except for such Reduction in Contract Capacity and Associated Energy and the resulting reduction in Capacity Payment, all other terms and conditions of this Agreement, as approved by the ERC, shall remain in full force and effect. For this purpose, Parties shall execute an operations protocol and provide a copy thereof to the ERC.

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14.3 ERC Approval

14.3.1 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 its receipt from ERC or from MERALCO of such ERC Final Approval, whichever is earlier, to notify Meralco in writing that (a) it accepts such ERC Final Approval or (b) it does not accept the ERC Final Approval, stating the grounds for non-acceptance; *provided* that, if the ERC Final Approval does not contain any adjustment or modification, the ERC Final Approval shall be (i) deemed accepted by Power Supplier and (ii) implemented by the Parties immediately.

xxx"

IV. GENERATION RATE IMPACT

11. Based on the foregoing, and given a certain set of assumptions, the annual effective rate under the MERALCO-MPGC PSA is **PhP 5.8343 per kWh (at plant gate, VAT exclusive)**, as shown in the **RATE IMPACT ANALYSIS** below:

Mariveles Power Generation Corporation (MPGC) PSA - Rate Impact at 100% pcf (YEAR 2025)						
BILLING COMPONENT	UNIT	BASE RATE ^[a]	CPI Adj Factor ^[b]	BILLING DETERMINANT ^[c]		AMOUNT (PHP)
A. Capacity Payment (MCP)						
Peso Portion	(Php/kW-yr)	17,520.4040		300,000	(kW)	5,256,121,200.00
B. Fixed O&M Payment (MFOM)						
Escalating US Dollar Portion	(USD/kW-yr) ^[d]	54.6670	1.0482	300,000	(kW)	964,103,081.15
Escalating Peso Portion	(Php/kW-yr)	2,628.0000	1.0716	300,000	(kW)	844,880,219.14
C. Fuel Cost Payment (MFCP) ^[e]						
	(USD/kWh) ^[d]	0.0523		2,628,000,000	(kWh)	7,704,225,878.33
D. Variable O&M Payment (MVOM)						
Escalating Peso Portion	(Php/kWh)	0.2000	1.0716	2,628,000,000	(kWh)	563,253,479.42
Total Payment (VAT exclusive)	(Php)					15,332,583,858.04
Effective Rate at Plant Gate	(Php/kWh)					5.8343
WESM Line Rental Rate ^[f]	(Php/kWh)					0.2500
Delivered Rate (VAT exclusive)	(Php/kWh)					6.0843
Effective Cost if sourced from WESM ^[g]	(Php/kWh)					6.8870
Increase / (Decrease) over WESM Price	(Php/kWh)					(0.8027)
Meralco Captive Energy Demand ^[h]	(kWh)					38,641,104,390.68
Increase / (Decrease) in Generation Cost	(Php)					(2,109,452,141.96)
Increase / (Decrease) in Generation Cost	(Php/kWh)					(0.0546)
NOTES: ^[a] Base Rates as set forth in Schedule 1 of Appendix E of the PSA. ^[b] CPI assumptions were based on values used during evaluation for Year 2025. ^[c] Energy Payments based on 100.00% plant capacity factor. ^[d] Dollar components shall be paid in USD, however values shown here were converted to Peso amount using exchange rate of PhP 56.085 / USD. ^[e] Fuel Payment calculated based on Guaranteed Net Plant Heat Rate at 100.00% load factor for Contract Year 1. ^[f] Line Rental rate for MPGC is based on the maximum allowable value for Contract Year 1 as stated in the PSA. ^[g] Cost if equivalent volume of MPGC was sourced from the WESM based on forecasted average hourly prices from May 2025 to April 2026. ^[h] Forecasted Meralco Captive Energy for May 2025 to April 2026 based on 2023 Power Supply Procurement Plan as submitted to DOE.						

12. MERALCO notes that the annual delivered rate of **PhP 6.0843 per kWh (line rental inclusive and VAT exclusive)** is **lower** by about PhP 0.8027 per kWh than the effective cost of PhP 6.8870 per kWh, if the equivalent capacity under the MERALCO-MPGC PSA is to be sourced from the Wholesale Electricity Spot Market (“WESM”). In fact, by sourcing the capacity through the MERALCO-MPGC PSA, MERALCO’s average blended generation rate will be reduced by about PhP 0.0546 per kWh (as seen in the **RATE IMPACT ANALYSIS** above) resulting in savings to consumers of about PhP 2.1 Billion.

13. In support of this Joint Application, the Judicial Affidavit of **ENGR. ELVIN C. JACOB**, Officer of MERALCO’s Energy Sourcing – Energy Sourcing Operations Team, is attached as **ANNEX “E”** and made an integral part hereof.

V. COMPLIANCE WITH DOCUMENTARY REQUIREMENTS

14. Likewise, in support of the instant Joint Application, the Applicants provide the following documents, which underwent the pre-

filing conference and pre-filing marking of annexes with the Honorable Commission:

Description of Document	Annex
A. Applicant’s Authority	
MERALCO’s Secretary’s Certificate	“A”
MPGC’s Secretary Certificates	“B” and “B-1”
B. MERALCO’s Documents	
BAC-PSA Summary-Report regarding the conduct of the CSP	“C”
DOE Certificate of Conformity No. 2023-10-002 dated October 27, 2023	“C-1”
MERALCO-MPGC PSA	“D”
Executive Summary	“D-1”
Judicial Affidavit of MERALCO’s witness, Engr. Elvin C. Jacob, Officer of MERALCO’s Energy Sourcing – Energy Sourcing Operations Team	“E”
MERALCO’s Articles of Incorporation and By-Laws (SEC-certified true copy)	“F”
MERALCO’s Latest General Information Sheet (“GIS”) (SEC-certified true copy) Verified Certification of True Copies of MERALCO’s Articles of Incorporation, By-Laws, and GIS and of MERALCO’s Ultimate Parent Company, all of its subsidiaries and affiliates	“G” “G-1”
MERALCO’s Demand Side Management Program	“H”
Write-up on the Non-Applicability of National Power Corporation (“NPC”) Certification regarding whether or not Transition Supply Contract (“TSC”) capacity and energy is expected to be available during the contractual period	“I”
<ul style="list-style-type: none"> Excerpt of MERALCO’s Distribution Development Plan – Power Supply Procurement Plan (Supply and Demand Scenario); Average Daily Load Curve scenarios Details of Existing Suppliers Details of Power Supply Contract Utilization Details of SAIDI and SAIFI Estimation of the potential for a reduction in load supplied by MERALCO due to RCOA, GEOP, etc. 	“J” “J-1” “J-2” “J-3” “J-4” “J-5”

Documents showing MERALCO's conduct of CSP	"K" and series
C. MPGC's Documents	
MPGC 2015 Combined Articles of Incorporation and By-laws	"L"
MPGC's 2022 Amended Articles of Incorporation	"L-1"
MPGC's 2023 General Information Sheet	"M"
MPGC's Secretary's Certificate Re: Ultimate Parent Company	"N"
Shareholders Agreement and the Amendment thereof (<i>confidential</i>)	"O" to "O-1"
Write-up/Explanation on the Non-applicability of Certificate of Registration with the Board of Investments ("BOI") and the Certificate of Registration to the Authority of the Freeport Area of Bataan of MPGC	"P" and "P-1"
Certification of Ongoing Evaluation of the Provisional Authority to Operate Application of MPGC signed by the Market Operations Service Director Sharon O. Montañer	"Q"
MPGC's Certificate of Endorsement from the DOE	"R"
MPGC's Environmental Compliance Certificate	"S"
Write-up/Explanation on the Non-applicability of the Requirements regarding Renewable Energy Plant	"T"
Write-up/Explanation on the Non-applicability of Water Permit from the National Water Resources Board ("NWRB")	"U"
Transmission Service Agreement ("TSA") between the National Grid Corporation of the Philippines ("NGCP") and MPGC	"V"
Copy of the Point-to-point Application of MPGC before the ERC	"W"
Write-up on the Non-applicability of the following Copy of Related Agreements: a. Transmission Wheeling Contract; b. IPPA Agreement; c. Wholesale Aggregator Agreement;	"X" and Series
Project Feasibility Study (<i>Confidential</i>)	"Y"
EPC Contract (<i>Confidential</i>)	"Z" and series
O&M Contract (<i>Confidential</i>)	"AA"
MPGC's Financial Model and Rate Derivation* (<i>Confidential</i>)	"BB" and Series
Sample Bill (<i>Confidential</i>)	"CC"

Write-up on the Non-applicability of the data on Outages	"DD"
Notarized Certification on the Procurement Process of Fuel and the Certification on the Fuel Supply Agreement	"EE" to "EE-1"
Description of the Power Plant	"FF"
MPGC's Certification on the Net Plant Heat Rate	"GG"
MPGC's latest Audited Financial Statements ("AFS"), Balance Sheet, Income Statement, and Statement of Cash Flows	"HH"
Write-up/Explanation on the capacity of MPGC to supply the minimum energy requirements of the PSA	"II"
Write-up/Explanation on the Non-applicability of the Distribution Wheeling Service	"JJ"
Certification from Independent Electricity Market Operator of the Philippines ("IEMOP") on the WESM Registration of MPGC	"KK"

**Subject of a Motion for Confidential Treatment of Information*

VI. ALLEGATIONS IN SUPPORT OF THE MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION

15. Under Rule 4 of this Honorable Commission's Revised Rules of Practice and Procedure ("**RRPP**"), a party to any proceeding before the Honorable Commission may request that certain information not be disclosed and be treated as confidential, by describing with particularity the information to be treated as confidential, specifying the ground for the claim of confidential treatment of the information and, if applicable, specifying the period during which the information must not be disclosed.

16. With respect to the following documents marked as **ANNEXES "O" to "O-1", "Y", "Z", "AA", "BB" and Series, and "CC"** MPGC respectfully moves that these be treated as confidential and not be disclosed to any party for the reason that these contain non-public, proprietary information, data and calculations involving the investments, financial calculations, and business operations of MPGC. The data and information contained therein are part of the overall formula and process in arriving at the competitive rates of MPGC. These formula and process are specifically developed for the use of MPGC and are treated as trade secrets. If the information contained in these documents are unduly disclosed, it will seriously prejudice the competitiveness of MPGC. These

documents are neither generally available to the public nor already in the possession of the Honorable Commission on a non-confidential basis.

17. In the case of *Air Philippines Corporation vs. Pennswell Inc.*,¹ the Supreme Court defined “trade secret” as follows:

“A trade secret is defined as a plan or process, tool, mechanism or compound known only to its owner and those of his employees to whom it is necessary to confide it. The definition also extends to a secret formula or process not patented, but known only to certain individuals using it in compounding some article of trade having commercial value. A trade secret may consist of any formula, pattern, device, or compilation of information that (1) is used in one’s business; and (2) gives the employer an opportunity to obtain advantage over competitors who do not possess the information. Generally, a trade secret is a process or device intended for continuous operation of the business, for example, a machine or formula, but can be a price list or catalogue or specialized customer list. It is indubitable that trade secrets constitute proprietary rights.” (Emphasis supplied.)

18. The protection of trade secrets is likewise recognized by the Honorable Commission in its Decision in ERC Case No. 2015-111 RC:

“In the case of PNOC RC, the documents sought to be protected from disclosure contains formula and pricing structures used in arriving at their proposed tariff. The prices cited in the documents were components of the proposed tariff. In fact, all three (3) documents were used by the Commission in evaluating the reasonableness of the proposed rate. In electric power industry [where] prices is a major consideration in selecting one’s supplier, it is apparent that the assumption used in arriving at one’s proposed tariff is considered a competitive leverage by one player against its competitors.

*Thus, the Commission resolved to treat the said documents confidential and may not be publicly disclosed.”*²

¹ G. R. No. 172835, 13 December 2007.

² *In the Matter of the Application for the Approval of the Power Supply Agreement Between Nueva Ecija II Electric Cooperative, Inc. – Area 2 (NEECO II – Area 2) and PNOC Renewables Corporation (PNOC RC) with Prayer for Provisional Authority*, ERC Case No. 2015-111 RC, Decision dated 30 May 2017, p. 26.

19. MPGC hereby submits one (1) copy of the foregoing confidential documents in a sealed envelope, with the envelope and each page of the documents marked "Confidential."

20. The interest of the consumers of MERALCO is sufficiently protected by the review and evaluation of the rates under the PSA by the Honorable Commission, without the need to disclose the contents of **ANNEXES "O" to "O-1", "Y", "Z", "AA", "BB" and Series, and "CC"**. The reasonableness and transparency of the prices of electricity is to be assured by the Honorable Commission through its own review and verification of the foregoing documents sought to be afforded confidential treatment in the evaluation and handling thereof.

21. Lastly and corollary to the foregoing, MPGC would like to implore the discerning wisdom of the Honorable Commission to include in its issuance for this purpose the *"procedures for handling or returning the confidential information, as may be appropriate, upon the close of the proceedings."* (Sec. 2, Rule 4, RRPP)

22. This is guided by the fact that MPGC will seek for the return of these sought to be declared confidential annexes after its utilization as evidence in this case and/or at the close of the proceedings hereof, so as to relieve the Honorable Commission of the burden of safekeeping the trade secrets of MPGC enclosed in the subject annexes.

PRAYER

WHEREFORE, premises considered, Applicants respectfully pray that the Honorable Commission:

a) Issue an Order **TREATING ANNEXES "O" to "O-1", "Y", "Z", "AA", "BB" and Series, and "CC"** and all other information contained therein as **CONFIDENTIAL**, directing their non-disclosure to persons other than officers and staff of this Honorable Commission, continuously protecting the said information from public disclosure by maintaining the same separate and apart from the records of the case, and ensuring that these are not divulged to unauthorized persons, and that the same will be returned to Applicant MPGC, pursuant to *Rule 4 of the RRPP*; and

b) After hearing on the merits, render a Decision **APPROVING** the MERALCO-MPGC PSA and the terms and conditions thereunder, including the price.

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

Pasig City, 07 February 2024.

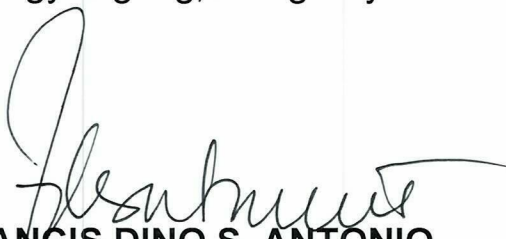
[Signature Pages follow.]

MANILA ELECTRIC COMPANY

Co-Applicant

Lopez Building, Ortigas Avenue
Brgy. Ugong, Pasig City

By:



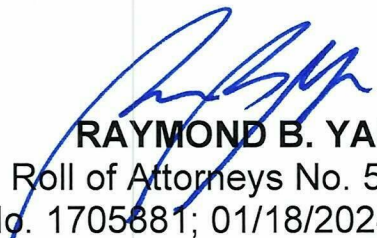
FRANCIS DINO S. ANTONIO

Roll of Attorneys No. 48145

PTR No. 1705879; 01/18/2024; Pasig City

IBP No. 372610; 12/22/2023; RSM

MCLE Compliance No. VII-0001788; 02 December 2019



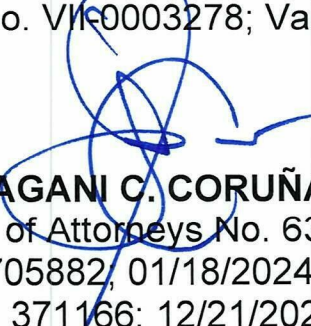
RAYMOND B. YAP

Roll of Attorneys No. 55889

PTR No. 1705881; 01/18/2024; Pasig City

IBP No. 371209; 12/21/2023; Capiz

MCLE Compliance No. VII-0003278; Valid until 14 April 2025



ISAGANI C. CORUÑA II

Roll of Attorneys No. 63123

PTR No. 1705882; 01/18/2024; Pasig City

IBP No. 371166; 12/21/2023; RSM

MCLE Compliance No. VII-0003269; Valid until 14 April 2025



EDGAR MICHAEL C. ROBLES

Roll of Attorneys No. 62413

PTR No. 1705883; 01/18/2024; Pasig City

IBP Lifetime No. 011798; RSM

MCLE Compliance No. VII-0001112; 17 October 2019

7th Floor, Lopez Building,
Ortigas Avenue, Barangay Ugong, Pasig City
Tel no. 1622-2260; Fax No: 1622-3550
Email: regaffairs@meralco.com.ph

REPUBLIC OF THE PHILIPPINES }
CITY OF PASIG } S.S.

VERIFICATION/CERTIFICATION OF NON-FORUM SHOPPING

I, **JOSE RONALD V. VALLES**, Filipino, of legal age, married, with office address at 12th Floor, Lopez Building, MERALCO Compound, Ortigas Avenue, Pasig City, after being sworn in accordance with law, hereby depose and say that—

1. I am the Senior Vice President and Head of the Regulatory Management Office of Applicant Manila Electric Company (“**MERALCO**”), and am authorized to represent MERALCO in this Joint Application as per the attached Secretary’s Certificate (**ANNEX “A”**);

2. I have caused the preparation of the instant Joint Application entitled “*In the Matter of the Joint Application for the Approval of the Power Supply Agreement Between Manila Electric Company and Mariveles Power Generation Corporation, with Motion for Confidential Treatment of Information*” and read the contents thereof, and I attest that the allegations herein contained are true and correct;

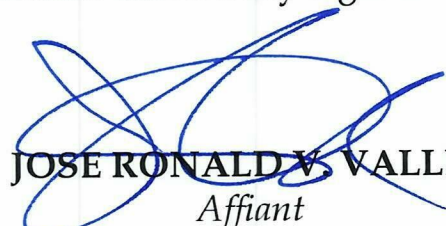
3. I have read and understood the allegations contained therein and the same are true and correct based on my personal knowledge and authentic records made available to me in the ordinary course of business of MERALCO;

4. The foregoing Joint Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;

5. The factual allegations therein have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery; and

6. Should I hereinafter learn that the any further similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals, or any court, tribunal, or quasi-judicial agency, I shall report such fact to this Honorable Commission within five (5) days from discovery of such fact.

IN WITNESS WHEREOF, I have hereunto affixed my signature this FEB 08 2024 at Pasig City, Philippines.


JOSE RONALD V. VALLES
Affiant

SUBSCRIBED and SWORN to before me this FEB 08 2024, affiant
having exhibited to me his Social Security System ID bearing the number
33-10900088

Doc. No. 1186
Page No. 75
Book No. VIII
Series of 2024.



ATTY. MA. ELISHA S. ELORiaga
NOTARY PUBLIC

Appointment No. 147 (2023-2024)
Pasig, San Juan and Pateros

Roll No. 73497 IBP No. 373975; 12/25/2023; Quezon City
PTR No. 1705889; 01/18/2024; Pasig City
MCLE Compliance No. VII-0019346; Valid until 14 April 2025
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

**VERIFICATION AND
CERTIFICATION OF NON-FORUM SHOPPING**

I, **ELENITA D. GO**, Filipino, of legal age, and with office address at the 5th Floor, C5 Office Building Complex, #100 Eulogio Rodriguez Jr. Avenue, C5 Road, Pasig City, 1604 Metro Manila, after having been duly sworn to in accordance with law, hereby depose and state, that:

1. By virtue of a board resolution as reflected in the Secretary's Certificate dated 02 May 2023 hereto attached as **Annex "A"**, I am the authorized representative of Mariveles Power Generation Corporation ("MPGC"), a co-applicant in the Joint Application for Approval of the Power Supply Agreement between Manila Electric Company ("MERALCO") and MPGC (the "Joint Application");
2. I have caused the preparation and filing of the Joint Application and that I have read the contents thereof and aver that all the factual/legal allegations contained therein are true and correct based on my personal knowledge and/or on authentic documents/official records;
3. The Joint Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation and that the factual allegations therein have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery; and,
4. I hereby certify that MPGC has not filed/commenced any action or proceeding arising from the same issues raised in the Joint Application before the Supreme Court, Court of Appeals, or any other courts or tribunals or quasi-judicial bodies/agencies and to the best of my knowledge, no such other similar action or claim is pending therein. If ever there is a case pending before the said courts or tribunals involving the same issues, I undertake to inform the Honorable Energy Regulatory Commission of such fact within five (5) calendar days from knowledge thereof.

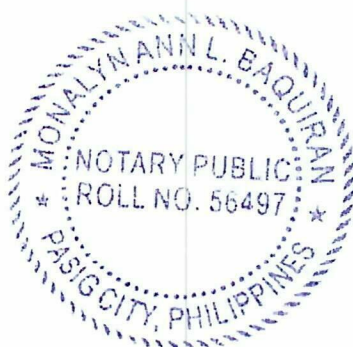
I am executing this undertaking in support of the Joint Application and the veracity of the allegations therein as well as for any other legal purpose this may serve.

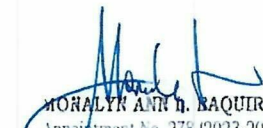
IN WITNESS WHEREOF, I have hereunto set my hand this 07 February 2024 at Pasig City.


ELENITA D. GO
Affiant

SUBSCRIBED AND SWORN to before me this 07 February 2024 in Pasig City. Affiant personally appeared and exhibited to me her Philippine Passport No. P1876103B issued on 07 June 2019 at DFA NCR East.

Doc. No.: 278
Page No.: 57
Book No.: 17
Series of 2024.




MONALYN ANN L. BAQUIRAN
Appointment No. 278 (2023-2024)
Notary Public for Pasig City
Until December 31, 2024
5th Floor, C5 Office Building Complex,
#100 E. Rodriguez Jr. Ave., C5 Road,
Bo. Ugong, Pasig City 1604, Metro Manila
Roll No. 56497
PTR No. 1650870 / 31-03-2024 / Pasig City
IBP Lifetime No. 8246 / IBP-Rizal (RSM) Chapter
MCLE Compliance No. VII-0019561; 05-30-2022; Pasig City

MARIVELES POWER GENERATION CORPORATION

By:



JUPITER M. CABAGUIO

5th Floor, C5 Office Building Complex

#100 E. Rodriguez, Jr. Ave., C5 Road, Bo. Ugong,

Pasig City 1604, Metro Manila

Telephone No. (02) 5317 1000 / jcabaguio@smcgph.sanmiguel.com.ph

PTR No. 1650869 / 03 January 2024 / Pasig City

IBP No. 06372 / Lifetime / Makati Chapter

MCLE Compliance No. VII - 0021509 / 17 June 2022

Roll No. 47112



AVELINO G. CEDO III

5th Floor, C5 Office Building Complex

#100 E. Rodriguez, Jr. Ave., C5 Road, Bo. Ugong,

Pasig City 1604, Metro Manila

Telephone No. (02) 5317 1000 / acedoiii@smcgph.sanmiguel.com.ph

PTR No. 1650867 / 03 January 2024 / Pasig City

IBP No. 010380 / Lifetime / PPLM Chapter

MCLE Compliance No. VII - 0020279 / 02 June 2022

Roll No. 54500

VERIFIED DECLARATION

I, **EDGAR MICHAEL C. ROBLES**, of legal age, Filipino, with office address at the Lopez Building, Ortigas Avenue, Pasig City, after having duly sworn in accordance with law, hereby depose and state:

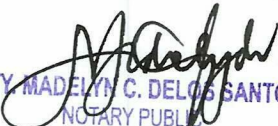
- 1. I am one of the duly authorized representatives to undertake the pre-filing process with respect to the application to be pre-filed by MERALCO and **MARIVELES POWER GENERATION CORPORATION [MPGC]** for the **Approval of the Power Supply Agreement between MERALCO and MPGC dated 5 February 2024.**
- 2. I hereby declare that, in compliance with ERC Resolution No. 9, Series of 2020, the documents submitted by MERALCO electronically as part of the virtual pre-filing process are complete and true copies of the original documents.

IN WITNESS WHEREOF, I hereby affix my signature this day of **21 February 2024.**


EDGAR MICHAEL C. ROBLES

SUBSCRIBED AND SWORN to before me this **21 February 2024** at Pasig City, affiant exhibiting to me his Driver's License No. D16-00-224452, with expiry date at 16 February 2027.

Doc. No. 21;
Page No. 6;
Book No. 18;
Series of 2024.


ATTY. MADELYN C. DELOS SANTOS
NOTARY PUBLIC
Appointment No. 138 (2023-2024)
Pasig, San Juan and Pateros
Roll No. 64977 IBP No. 371237; 12/21/2023; RSM Chapter
PTR No. 1705888; 01/18/2024; Pasig City
MCLE Compliance No. VII-0001999; 05 December 2019
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

VERIFIED DECLARATION

I, NEILL JOHN G. MACUHA, of legal age, with office address at the 5th Floor, San Miguel Foods Office Building, No. 100 E. Rodriguez Jr. Ave. (C5 Road), Brgy. Ugong, Pasig City, hereby declare that all the documents hereto submitted electronically in accordance with ERC Resolution No. 09, series of 2020, are the complete and original or true copies of the documents filed with the Commission.

IN WITNESS WHEREOF, ~~PASIG~~ have hereunto set my hand this FEB 21 2024 at _____.



NEILL JOHN G. MACUHA
Affiant

SUBSCRIBED AND SWORN to before me this FEB 21 2024 in PASIG CITY. Affiant personally appeared and exhibited to me his Philippine Passport with No. P1977043B issued on June 17, 2019 at the DFA NCR Northeast as his competent proof of identity.

Doc. No.: 482
Page No.: 82
Book No.: 7;
Series of 2024.



FERDINAND D. AYAHAO
Notary Public

For and in Pasig City and the Municipality of Pateros
Appointment No. 96-12074-38, valid until 12/31/2025
MCLE Exemption No. NCR-01-Pasig, until 04/14/28
Roll No. 46377; JBL L2N 02474, OR 535886; 06/21/2001
TIN 123-011-785; PIR 163-587AA; 01/03/24; Pasig City
Unit 5, West Tower PSL, Exchange Road
Ortigas Center, Pasig City Tel. +632-86314090