

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig City

**IN THE MATTER OF THE  
JOINT APPLICATION FOR  
APPROVAL OF THE POWER  
SUPPLY AGREEMENT  
BETWEEN MANILA  
ELECTRIC COMPANY  
("MERALCO") AND  
MASINLOC POWER  
PARTNERS CO., LTD.  
("MPPCL"), WITH MOTION  
FOR CONFIDENTIAL  
TREATMENT OF  
INFORMATION**

**ERC CASE NO. 2021-018 RC**

**MANILA ELECTRIC  
COMPANY ("MERALCO")  
and MASINLOC POWER  
PARTNERS CO. LTD.  
("MPPCL"),  
Applicants.**

**Promulgated:**  
April 06, 2021

**X-----X**

**NOTICE OF VIRTUAL HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 18 March 2021, Manila Electric Company (MERALCO) and Masinloc Power Partners Co. Ltd. (MPPCL) filed a *Joint Application* seeking the Commission's approval of their Power Supply Agreement (PSA), with motion for confidential treatment of information.

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

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.
- 3. Applicant MPPCL is a partnership duly organized and existing under the laws of the Republic of the Philippines, with principal office located at Masinloc Coal-Fired Thermal Power Plant, Barangay Bani, Masinloc, Zambales. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.
- 4. MPPCL shall construct, own, operate, manage and maintain a coal-fired thermal Power Plant to be located in Barangay Bani, Masinloc, Zambales and capable of supplying 600 MW.
- 5. Based on its power situation outlook for 2024 and succeeding years, as shown in its 2020 Power Supply Procurement Plan approved by the Department of Energy (“DOE”), MERALCO foresees a baseload capacity deficit in its portfolio covering 1,800 MW.
- 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, following the conduct of a Competitive Selection Process (“CSP”) for the procurement of baseload capacity, on 02 March 2021 MERALCO executed a Power Supply Agreement (“PSA”) with MPPCL, for the purchase of electric energy corresponding to 600 MW. The conduct of CSP proceeded as follows:
  - 8.1. Pursuant to DOE Department Circular No. DC2018-02-0003 (“DOE 2018 CSP Rules”), MERALCO submitted to the DOE and the DOE approved the Terms of Reference (“TOR”), the salient provisions of which are shown below:

|                      |                                                                                                                                          |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Scheduled Commercial | <ul style="list-style-type: none"><li>• 1,200 MW (net) by December 2024, with option by Meralco to take available energy up to</li></ul> |
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|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operations Date (“COD”) | <div>1,200 MW (net), at Commissioning Energy Charge, starting December 2023.</div> <ul style="list-style-type: none"> <li>Additional 600 MW (net) by May 2025, with option by Meralco to take available energy up to 600 MW (net), at Commissioning Energy Charge, starting May 2024. For clarity, the total Contract Capacity by May 2025 will be 1,800 MW (net).</li> </ul>                                                                                      |
| Supply Type             | <ul style="list-style-type: none"> <li>Baseload (firm and dispatchable)</li> <li>Single or portfolio of plant/s, provided that the power plant/s should be in commercial operation not earlier than January 2020 but no later than May 2025.</li> </ul>                                                                                                                                                                                                            |
| Tariff Structure        | <ul style="list-style-type: none"> <li>Two-part Tariff consisting of Fixed and Variable Costs (inclusive of separate line item proposal for Line Rental cap).</li> <li>For Contract Years 1 to 10 implementation, the reference price (<math>F_0</math>) shall be adjusted on a quarterly basis using an adjustment factor following the formula provided by the DOE.</li> <li>For Contract Years 11 to 20, the fuel cost shall be a pass-through cost.</li> </ul> |

- 8.2.

On 1 October 2020, MERALCO caused the publication of an Invitation to Bid (“Invitation”), which contained the TOR, indicating a summary of the process and timelines of the CSP, and inviting power generation companies to submit an Expression of Interest and Confidentiality Undertaking on or before the deadline set out in said Invitation. At the same time, MERALCO caused the posting thereof on its website. A second publication was done on 8 October 2020.
- 8.3.

On 27 January 2021, the bidders submitted their compliance with the Bid Requirements and the respective submissions of the bidders were opened by the Third-Party Bids and Awards Committee (“TPBAC”). On 19 February 2021, the respective bid offers of bidders who passed the pre-qualification evaluation were opened. MPPCL’s bid was declared as one of the best bids on even date.

- 8.4. On 26 February 2021, TPBAC sent a letter-notice to MPPCL as one of the winning power suppliers, confirming after post-qualification evaluation that its proposed energy price was found to be among the best bids. The said letter-notice also contained the Notice of Award in its favor.
- 8.5. A copy of the TPBAC Summary-Report regarding the conduct of the CSP is attached as part of ANNEX “C”.
9. The PSA between MERALCO and MPPCL, a copy of which is attached as ANNEX “D” and made an integral part hereof, contains the following salient features:

|                             |                                                                                                                                                                                                                                         |
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| “Commercial Operations Date | means the date that the conditions set out in Section 3.3.2 (other than the Commercial Operations Date Certificate) have been satisfied, and 600MW of the Plant shall have consequently entered into commercial operation. <sup>1</sup> |
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|                   |                                                                                    |
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| Contract Capacity | shall be, subject to Article 10, 600 MW (net) sourced from the Plant. <sup>2</sup> |
|-------------------|------------------------------------------------------------------------------------|

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| 2.2 | <p>Term of Agreement</p> <p>Subject to Article 3, this Agreement shall become effective on the Execution Date. The term of this Agreement (the “Term”) shall commence on the Commercial Operations Date, and shall expire on the last day of the 20th Contract Year, unless terminated earlier in accordance with the terms of this Agreement or extended by the application of Section 2.2 and Section 17.3.3.</p> |
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The Term may be renewed for an additional period of up to one (1) year under the same terms and conditions, at the option of Meralco, by giving prior written notice to Power Supplier at least one hundred eighty (180) Days prior to the end of the Term.

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| 3.3 | Commercial Operations Date |
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|       |                                                                                                                                                                      |
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| 3.3.1 | Power Supplier covenants that 600 MW of the Plant shall achieve Commercial Operations Date no later than 26 April 2025 (the “Scheduled Commercial Operations Date”). |
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| 3.3.3 | If the Commercial Operations Date has not occurred by the Scheduled Commercial Operations Date, from and after the Scheduled Operations Date, Power Supplier |
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<sup>1</sup> See PSA, p. 4, clause 1.1, “Commercial Operations Date”.  
<sup>2</sup> See PSA, p. 4, clause 1.1, “Contract Capacity”.

shall, for each Day of unexcused delay, (i) procure and cause delivery to Meralco of Replacement Power of up to 600 MW (net), as may be applicable, subject to Article 6 and in accordance with Appendix E, to be paid for by Meralco at the lower between WESM price and the Price; 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.

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- 6.1

Supply of Power
- 6.1.1

Subject to the terms and conditions of this Agreement:

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

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 Associated 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. For this

purpose, 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 G.

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- 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 fifteen (15) Full Load Equivalent Outage Days (“Full Load Equivalent Scheduled Outage Allowance Days”) and Forced Outages not exceeding three (3) Full Load Equivalent Outage Days (“Full Load Equivalent Forced Outage Allowance Days”) each Contract Year; provided that a Forced Outage may be counted towards the Full Load Equivalent Forced Outage Allowance Days upon provision by Power Supplier to Meralco of a copy of the acknowledgement 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 Power from the WESM and Power Supplier shall not bill Meralco for these quantities.
- 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 by Meralco at the lower between WESM price and Price.

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- 9.5 Fine for Failure to Provide Replacement Power
- In case Power Supplier fails to provide Replacement Power from any other source or WESM due to inadequate supply, Power Supplier shall pay a fine equivalent to Nine Hundred Eight Philippine Peso (PhP908) multiplied by each affected MWh nomination by Meralco, which shall be used to reduce the generation charge to the consumers. For the avoidance of doubt, in case Power Supplier fails or refuses to supply Replacement Power despite availability thereof, then Section 18.3.1 shall apply.

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| 10     | Assignment or Transfer of Contract Capacity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 10.1   | Transfer of Contract Capacity and Associated Energy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 10.1.1 | <p>Contract Capacity and Associated Energy that is no longer required by Meralco shall not be assigned, transferred, designated, delegated or allocated (collectively in this context, "Transfer") to another, except (i) if required for project financing in the case of the Power Supplier, as provided in Article 21; (ii) when allowed by the ERC; or (iii) when necessary to mitigate or avoid any losses or costs due to stranded contract capacity; provided that any assignment or transfer to a distribution utility shall comply with applicable competitive selection process rules. In the case of item (iii), Meralco shall 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 (a) to any of its business segments or wholly-owned Affiliates without the prior consent of Power Supplier, or (b) 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. In the case of (b), Power Supplier shall exert reasonable efforts to (i) procure that only the consent of Finance Parties representing no more than seventy-five percent (75%) of the debt plus undrawn commitments shall be required for a Transfer under the Finance Documents; and (ii) upon written notice being given by Meralco, procure such consent for the Transfer; and Meralco shall endeavour to cooperate with Power Supplier by providing documents and information in relation to the Transfer as may be reasonably required by the Finance Parties.</p> |
| 10.1.2 | <p>In respect of Transfers not requiring Power Supplier's consent, Meralco shall give a written notice to Power Supplier of such Transfer at least five (5) Days prior to the first Day of the next Billing Period or by such date as would be sufficient for timely notice to WESM of such change. In respect of Transfers requiring Power Supplier's consent, Meralco shall give a written notice to Power Supplier of such Transfer at least sixty (60) Days prior to the first Day of the next Billing Period or by such date as would be sufficient for timely notice to WESM of such change.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

Subject to the receipt of Meralco and Power Supplier of the written acceptance of such Transfer by the transferee:

- a) Meralco shall cease to have any rights and obligations under this Agreement, and
- b) the transferee shall assume all rights and obligations of Meralco under this Agreement.

**10.2 Reduction in Contract Capacity and Associated Energy**

**10.2.1** Subject to the provisions of Section 10.2.2 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, the Renewable Energy Law and other Laws and Legal Requirements.

**10.2.2** Meralco shall give a written notice to Power Supplier of the Reduction in Contract Capacity and Associated Energy at least five (5) Days prior to the first Day of the next Billing Period. 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.

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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 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.”

10. The Payment Structure under Appendix E of the PSA is as follows:

**B. MONTHLY POWER BILL UPON COMMERCIAL OPERATIONS DATE**

The MPB upon COD shall consist of Capacity Payment, Energy Payment, and Other Payment. The Capacity Payment

consists of Component A (MCP), Component B (MIFP) and Component C (MFOM), and the Energy Payment consists of Component D (MFP) and Component E (MVOM). Other Payments are Component F (RCP), Component G (LRAP), and Component H (ASCRP). Thus, the MPB upon COD (“MPB”) for Contract Capacity and Associated Energy (and Replacement Power) for each Billing Period shall be equal to:

$$\text{MPB} = \text{MCP} + \text{MIFP} + \text{MFOM} + \text{MFP} + \text{MVOM} + \text{RCP} - \text{LRAP} + \text{ASCRP}$$

The MPB is exclusive of the applicable Value Added Tax.

11.
Based on the foregoing, and given a certain set of assumptions, the annual effective rate under the PSA is Php 3.3708 per kWh (at plant gate, VAT inclusive), as shown in the rate impact analysis below:

| Masinloc Power Partners Co. Ltd. PSA - Rate Impact at 95.07% pcf<br>(YEAR 2025) |                          |                          |                               |                                    |       |                    |
|---------------------------------------------------------------------------------|--------------------------|--------------------------|-------------------------------|------------------------------------|-------|--------------------|
| BILLING COMPONENT                                                               | UNIT                     | BASE RATE <sup>[a]</sup> | CPI Adj Factor <sup>[d]</sup> | BILLING DETERMINANT <sup>[h]</sup> |       | AMOUNT (PHP)       |
| A. Capacity Payment (MCP)                                                       |                          |                          |                               |                                    |       |                    |
| Peso Portion                                                                    | (Php/kW-yr)              | 9,289.5967               |                               | 600,000                            | (kW)  | 5,573,758,020.00   |
| B. Interconnection Facilities Payment (MIFP)                                    |                          |                          |                               |                                    |       |                    |
| Interconnection Facilities Capacity Portion                                     | (Php/kW-yr)              | -                        |                               | 600,000                            | (kW)  | 0.00               |
| Interconnection Facilities FOM Portion                                          | (Php/kW-yr)              | -                        | 1.151964                      | 600,000                            | (kW)  | 0.00               |
| C. Fixed O&M Payment (MFOM)                                                     |                          |                          |                               |                                    |       |                    |
| Non-escalating US Dollar Portion                                                | (USD/kW-yr)              | -                        |                               | 600,000                            | (kW)  | 0.00               |
| Escalating US Dollar Portion                                                    | (USD/kW-yr)              | -                        | 1.078194                      | 600,000                            | (kW)  | 0.00               |
| Non-escalating Peso Portion                                                     | (Php/kW-yr)              | 4,803.0160               |                               | 600,000                            | (kW)  | 2,881,809,600.00   |
| Escalating Peso Portion                                                         | (Php/kW-yr)              | -                        | 1.151964                      | 600,000                            | (kW)  | 0.00               |
| D. Fuel Payment (MFP)                                                           | (Php/kWh) <sup>[b]</sup> | 1.1357                   |                               | 4,996,800,000                      | (kWh) | 5,674,686,907.29   |
| E. Variable O&M Payment (MVOM)                                                  |                          |                          |                               |                                    |       |                    |
| Non-escalating US Dollar Portion                                                | (USD/kWh)                | -                        |                               | 4,996,800,000                      | (kWh) | 0.00               |
| Escalating US Dollar Portion                                                    | (USD/kWh)                | -                        | 1.078194                      | 4,996,800,000                      | (kWh) | 0.00               |
| Non-escalating Peso Portion                                                     | (Php/kWh)                | 0.1818                   |                               | 4,996,800,000                      | (kWh) | 908,418,240.00     |
| Escalating Peso Portion                                                         | (Php/kWh)                | -                        | 1.151964                      | 4,996,800,000                      | (kWh) | 0.00               |
| Total Energy Payment (VAT exclusive)                                            | (Php/kWh)                | 3.0097                   |                               |                                    |       | 15,038,672,767.29  |
| VAT Payment                                                                     | (Php)                    |                          |                               |                                    |       | 1,804,640,732.07   |
| Total Energy Payment (VAT inclusive)                                            | (Php)                    |                          |                               |                                    |       | 16,843,313,499.36  |
| Effective Rate at Plant Gate                                                    | (Php/kWh)                |                          |                               |                                    |       | 3.3708             |
| WESM Line Rental Rate <sup>[c]</sup>                                            | (Php/kWh)                |                          |                               |                                    |       | 0.1000             |
| Delivered Rate (VAT inclusive) <sup>[d]</sup>                                   | (Php/kWh)                |                          |                               |                                    |       | 3.4708             |
| Effective Cost if sourced from WESM <sup>[e]</sup>                              | (Php/kWh)                |                          |                               |                                    |       | 4.7293             |
| Increase / (Decrease) over WESM Price                                           | (Php/kWh)                |                          |                               |                                    |       | (1.2585)           |
| Meralco Captive Energy Demand <sup>[f]</sup>                                    | (kWh)                    |                          |                               |                                    |       | 40,256,100,690     |
| Increase / (Decrease) in Generation Cost                                        | (Php)                    |                          |                               |                                    |       | (6,288,586,062.97) |
| Increase / (Decrease) in Generation Cost                                        | (Php/kWh)                |                          |                               |                                    |       | (0.1562)           |

NOTE:

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

<sup>[b]</sup> Fuel Payment calculated based on Guaranteed Net Plant Heat Rate at 100.00% load factor for Contract Year 1, and Forex = Php 51.352/USD.

<sup>[c]</sup> Line Rental rate for Masinloc Power Partners Co. Ltd. is based on the maximum allowable value for Contract Year 1 as stated in the PSA.

<sup>[d]</sup> Delivered Rate (VAT inclusive) will include AS Cost Recovery rate once imposed under existing rule or regulation. AS Cost Recovery rate for Masinloc Power Partners Co. Ltd. shall be based on the lower between actual rate and cap of Php 0.28/kWh.

<sup>[e]</sup> Cost if equivalent volume of Masinloc Power Partners Co. Ltd. is sourced from the WESM based on forecasted average hourly prices from May 2025 to Apr 2026, inclusive of 6% VAT.

<sup>[f]</sup> Forecasted Meralco Captive Energy for May 2025 to Apr 2026 based on Power Supply Procurement Plan as submitted to DOE.

<sup>[g]</sup> Forecasted Indices for 2025.

<sup>[h]</sup> Energy Payments based on 95.07% plant capacity factor.

12. MERALCO notes that the annual delivered rate of PhP 3.4708 per kWh (VAT, and line rental inclusive) is lower by about PhP 1.2585 per kWh than the effective cost of PhP 4.7293 (VAT inclusive), if the equivalent capacity under the instant PSA will be sourced from the WESM. In fact, by sourcing the capacity through the instant PSA, MERALCO’s average blended generation rate will be reduced by about PhP 0.1562 per kWh (as seen in the rate impact above) resulting in savings to consumers of about PhP 6.29 Billion.
13. In support of this Joint Application, the Judicial Affidavits of MR. RYAN S. MORALES, Head of MERALCO’s Energy Sourcing Office is attached as ANNEX “E”, respectively, and made an integral part hereof.
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 this Honorable Commission:

| Description of Document                                                                                                                                                                                                         | Annex          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| MERALCO’s Articles of Incorporation and By-Laws                                                                                                                                                                                 | “F”            |
| MERALCO’s Latest General Information Sheet (“GIS”)                                                                                                                                                                              | “G”            |
| 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”            |
| Excerpt of MERALCO’s Distribution Development Plan – Power Supply Procurement Plan (Supply and Demand Scenario);<br>Average Daily Load Curve scenarios                                                                          | “J”<br>“J-1”   |
| Documents showing MERALCO’s conduct of CSP                                                                                                                                                                                      | “K” and series |
| Write-up - Explanation on the Requirements of Articles of Incorporation and List of Shareholders                                                                                                                                | “L”            |
| MPPCL 2007 Articles of Partnership                                                                                                                                                                                              | “L-1”          |
| MPPCL 2020 Amended Articles of Partnership                                                                                                                                                                                      | “L-2”          |
| Write-up Explanation on the Requirement of Shareholders Agreement                                                                                                                                                               | “M”            |
| MPPCL SEC Registration Page                                                                                                                                                                                                     | “N”            |
| SMC Global Power Holdings Corp. Corporate Structure Chart                                                                                                                                                                       | “O”            |
| MPPCL Registration to the Board of Investments                                                                                                                                                                                  | “P”            |

| Description of Document                                                                                                                  | Annex          |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| MPPCL Environmental Compliance Certificate Application                                                                                   | “Q”            |
| Write-up – Explanation on Non-availability of Certificate of Compliance                                                                  | “R”            |
| Receiving Copy of Letter to DOE on Application for Certificate of Endorsement to the Power Development Plan                              | “S”            |
| Write-up – Explanation on the Non-applicability of the Requirements regarding Renewable Energy Plant                                     | “T”            |
| Write-up – Explanation on the Requirements regarding Transmission Projects and Submission of Project Feasibility Study                   | “U”            |
| Project Feasibility Study ( <i>Confidential</i> )*                                                                                       | “U-1”          |
| Write-up – Explanation on the Funding Sources of the Project                                                                             | “V”            |
| Details of the Power Rate Calculations and Financial Model ( <i>Confidential</i> )*                                                      | “W and series” |
| Write-up – Explanation on Fuel Procurement Process                                                                                       | “X”            |
| Fuel Supply Plan ( <i>Confidential</i> )*                                                                                                | “X-1”          |
| Cost Analysis ( <i>Confidential</i> )*                                                                                                   | “Y”            |
| MPPCL 2019 Audited Financial Statement (BIR Stamped)                                                                                     | “Z”            |
| Write-up – Explanation on the Non-applicability of Minimum Energy Off-take Provision                                                     | “AA”           |
| Write-up – Explanation on the Non-applicability of Requirements regarding the Ancillary Services Procurement Agreement                   | “BB”           |
| Write-up – Explanation that all Information on Technical Characteristics and Net Heat-rate can be found in the Project Feasibility Study | “CC”           |

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

ALLEGATIONS IN SUPPORT OF MOTION FOR

CONFIDENTIAL TREATMENT OF INFORMATION

15.

Under Rule 4 of the ERC Rules of Practice and Procedure, 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 documents marked and attached as ANNEXES “U-1”, “W and series”, “X-1” and “Y”, MPPCL 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 MPPCL. The data and information contained therein are part of the overall formula and process in arriving at the competitive rates of MPPCL. These formula and process are specifically developed for the use of MPPCL and are treated as trade secrets. If the information contained in these documents are unduly disclosed, it will seriously prejudice the competitiveness of MPPCL. 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.,<sup>3</sup> 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.

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<sup>3</sup> G. R. No. 172835, 13 December 2007.

Thus, the Commission resolved to treat the said documents confidential and may not be publicly disclosed.<sup>4</sup>

19. MPPCL hereby submits one (1) copy of each of the foregoing confidential documents in sealed envelopes, with the envelopes 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 "U-1", "W and series", "X-1" and "Y". 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.

Lastly and corollary to the foregoing, MPPCL would like to implore the discerning wisdom of the Honorable Commission to include in its issuance for this purpose the "procedures for the handling or returning the confidential information, as appropriate, upon the close of the proceedings or at the end of the period for which the information is to be treated as confidential<sup>5</sup>".

21. This is guided by the fact that MPPCL 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 MPPCL enclosed in the subject annexes.

#### PRAYER

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

- a) Issue an Order TREATING Annexes "U-1", "W and series", "X-1", and "Y", 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 MPPCL, pursuant to Rule 4 of the ERC Rules of Practice and Procedure; and

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<sup>4</sup> *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. Emphasis and underscoring supplied.

<sup>5</sup> Letter (d), Section 4, of the ERC Rules and Practice and Procedure.

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

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

The Commission hereby sets the instant *Joint Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution 09, Series of 2020<sup>6</sup>, dated 24 September 2020:

| Date                                                                      | Platform               | Activity                                                                                     |
|---------------------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------------------|
| <b>06 May 2021</b><br>(Thursday) at nine o'clock in the morning (9:00 AM) | <b>Microsoft Teams</b> | Determination of compliance with the jurisdictional requirements and expository presentation |
| <b>13 May 2021</b><br>(Thursday) at nine o'clock in the morning (9:00 AM) | <b>Microsoft Teams</b> | Pre-trial Conference and presentation of evidence                                            |
| <b>20 May 2021</b><br>(Thursday) at nine o'clock in the morning (9:00 AM) | <b>Microsoft Teams</b> | Presentation of evidence                                                                     |

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via electronic mail (e-mail) at [doCKET@erc.ph](mailto:doCKET@erc.ph) and [records@erc.gov.ph](mailto:records@erc.gov.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph). The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, any persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph) and [records@erc.gov.ph](mailto:records@erc.gov.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing

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<sup>6</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address, and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at [docket@erc.ph](mailto:docket@erc.ph) and [records@erc.gov.ph](mailto:records@erc.gov.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

Any of the persons mentioned in the preceding paragraphs may access the copy of the Application at the Commission's official website at [www.erc.gov.ph](http://www.erc.gov.ph).

Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru [legal.virtualhearings@erc.ph](mailto:legal.virtualhearings@erc.ph), with their respective e-mail addresses and indicating therein the case number of the instant *Joint Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

**WITNESS**, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 30<sup>th</sup> day of March 2021 in Pasig City.

  
**AGNES VST DEVANADERA**  
*Chairperson and CEO*

  
LS: KJP/LSP/MCCG

