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

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RECEIVED BY BON ANDREW PANTALEON

IN THE MATTER OF THE JOINT APPLICATION FOR APPROVAL OF THE CONTRACT FOR SUPPLY OF ELECTRIC ENERGY ("CSEE") IN THE LUZON GRID BETWEEN POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION AND MANILA ELECTRIC COMPANY, WITH PRAYER FOR PROVISIONAL AUTHORITY,

ERC CASE NO. 2021-109-RC

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION and MANILA ELECTRIC COMPANY,
Applicants.

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CHECK NO. 0019777
DATE 12-29-2021
Am /R. 28.2021 3:52pm

JOINT APPLICATION with PRAYER FOR PROVISIONAL AUTHORITY AND/OR INTERIM RELIEF

Applicants **POWER SECTOR ASSETS and LIABILITIES MANAGEMENT CORPORATION** ("PSALM") and **MANILA ELECTRIC COMPANY** ("MERALCO"), by undersigned counsel, and to this Honorable Commission, most respectfully state: That -

1. Applicant PSALM is government-owned and controlled corporation organized and existing by virtue of Republic Act No. 9136[1] ("EPIRA"), with principal office address at 24th Floor, Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.

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1 Electric Power Industry Reform Act of 2001.

2. Pursuant to Section 49 of the EPIRA and the consequent assignment on 11 May 2009 (a copy of the NPC Assignment Letter is attached as **ANNEX "M"**) of all National Power Corporation ("NPC") power supply contracts to PSALM, NPC assigned and transferred to PSALM all its rights and obligations in, to, and under its CSEEs and other similarly or substantially equivalent power supply contracts with NPC power customers (collectively referred to as "Power Supply Contracts").

3. On and from 11 May 2009, the Power Supply Contracts were deemed amended by the NPC Assignment Letter as follows: (i) all references to NPC therein shall be treated as references to PSALM; (ii) PSALM shall be deemed the SUPPLIER under said Power Supply Contracts; and (iii) the rights and obligations of the Parties shall be governed by and construed in accordance with said Power Supply Contracts.

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

5. MERALCO has a legislative franchise to operate and maintain a distribution system in the cities/municipalities of Metro Manila, Bulacan, Cavite, Rizal and certain cities/ municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209,[2] and is authorized to charge all its customers for their electric consumption at the rates approved by this Honorable Commission.

6. In light of the (i) increased frequency and persistent occurrence of SPEX-Malampaya gas supply restrictions, which is expected to continue to result in the de-rating of gas-fired power plants; (ii) scheduled maintenance of the SPEX-Malampaya pipeline in October 2021; and (iii) anticipated thinning electricity operating margins leading up to the May 2022 elections, especially with upcoming simultaneous scheduled maintenance and possible forced outages of power plants; and in order to mitigate exposure to the Wholesale Electricity Spot Market ("WESM") of its customers, MERALCO foresees a peaking capacity deficit in its

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[2] An Act granting the Manila Electric Company a franchise to construct, operate and maintain a distribution system for the conveyance of electric power to the end-users in the cities/municipalities of Metro Manila, Bulacan, Cavite, and Rizal, and certain cities/municipalities/barangays in Batangas, Laguna, Quezon, and Pampanga.

portfolio from 26 September 2021 until 25 July 2022 for 260 MW, of which, 90 MW is secured through this CSEE.

7. Thus, in order to ensure continuous and reliable supply of electricity for MERALCO's customers at the least cost, there is an urgent need for MERALCO to source additional peaking capacity through bilateral power supply contracts.

8. In view thereof, MERALCO executed a CSEE with PSALM (the "PSALM-MERALCO CSEE") on 28 September 2021, with a Contract Duration of up to 25 July 2022.

9. Under Section 45(b) of the EPIRA, it is provided that *"Distribution Utilities may enter into bilateral power supply contracts subject to review by the ERC xxx."*

10. Corollary to that, Section 2.2 of the Department of Energy ("DOE") Department Circular No. DC2018-02-0003[3] (the "2018 CSP Rules") allows exemption from a Competitive Selection Process ("CSP") in cases of (i) negotiated procurement of emergency power supply, provided that the cooperation period does not exceed one (1) year and that the rate shall not be higher than the latest Energy Regulatory Commission ("ERC") approved generation tariff for the same or similar technology in the area; or (ii) provisions of power supply by PSALM through bilateral contracts for the power produced from the undisposed generating assets and Independent Power Producer Contracts.

11. The PSALM-MERALCO CSEE is based on the ERC-approved template under ERC Resolution No. 08, Series of 2005, as amended by ERC Resolution No. 15, Series of 2005, and clarified by ERC Resolution No. 33, Series of 2006, with the following minor revisions to clearly reflect the Parties' agreement:

(a) those found in **Annex 1** thereof, which reflects the Contracted Energy and the corresponding equivalent demand; and

(b) the amendment of Section 3.1 on CONTRACT DURATION which states that the PSALM-MERALCO CSEE shall be effective for a period of ten (10) months from 26 September

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3 Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market.

2021 to 25 July 2022, unless modified by the applicable WESM Rules.

12. Pursuant to Section 2.2.4. of the 2018 CSP Rules,[4] MERALCO wrote a letter-request dated 25 August 2021 to the DOE for the issuance of a Certificate of Exemption from the conduct of a CSP.

A copy of the MERALCO's Letter-Request dated 25 August 2021 to the DOE is attached as **ANNEX "K"**.

13. Thereafter, the DOE issued a Certificate of Exemption dated 28 September 2021 exempting MERALCO from "the conduct of **COMPETITIVE SELECTION PROCESS** (CSP) for the Contract for the Supply of Electric Energy (CSEE) with the **POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT (PSALM) CORPORATION** for the period of ten (10) months from 26 September 2021 to 25 July 2022," as provided under the 2018 CSP Rules, a copy of which is attached herein as **ANNEX "C"**. In addition, the ERC exempted PSALM from the conduct of CSP in its letter dated 20 September 2016 (attached herein as **ANNEX "C-1"**) due to the nature of its operations. The ERC recognized PSALM's exemption from joining the mandatory CSP in its decision approving the application for the approval of CSEEs with the distribution utilities under ERC Case No. 2016-186 RC.

14. The PSALM-MERALCO CSEE, a copy of which is attached as **ANNEX "D"**, contains the following salient features:

> *"1.6 **CONTRACT ENERGY** - refers to the energy in kilowatt-hour (kWh) whether monthly or hourly (in case of Time of Use Rate) allocated by PSALM to CUSTOMER within the contract period, as stated in "Annex I" of this Contract.*
>
> *xxx*

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[4] "2.2. All PSAs shall be procured through CSP; Provided however, that the following instances shall warrant a Certificate of Exemption from the Department of Energy (DOE) on the conduct of CSP;
xxx

2.2.4. Provision of power supply by the [PSALM] through bilateral contracts for the power produced from the undisposed generating assets and Independent Power Producer (IPP) contracts duly sanctioned by the "Electric Power Industry Report Act of 2001" or EPIRA as deemed by the DUs, subject to a periodic review by the DOE."

CONTRACT ENERGY

4.1 *Contract Energy and Equivalent Demand as indicated in Annex I may be changed by PSALM due to a change in the projected available capacity of PSALM's power plants and at any time during the duration of the Contract due to the privatization of any of the assets of PSALM pursuant to the EPIRA.*

4.1.1 *CUSTOMER shall nominate month-ahead its hourly and daily energy quantity requirements three (3) days before the start of the next billing period based on its Daily Load Profile as reflected in Annex 1a. On a day to day transaction, the CUSTOMER shall confirm the schedule of hourly energy requirements to PSALM on the day ahead. PSALM shall declare to WESM the schedule of hourly energy requirements delivered to customers immediately on the day after.*

ANNEX I

YEAR	2021			2022		
MONTHS	EQUIVALENT DEMAND (kW)	CONTRACT ENERGY (kWh)	LOAD FACTOR	EQUIVALENT DEMAND (kW)	CONTRACT ENERGY (kWh)	LOAD FACTOR
January				90,000	18,000,000	26.88%
February				90,000	18,900,000	28.23%
March				90,000	18,000,000	29.76%
April				90,000	17,100,000	25.54%
May				90,000	18,000,000	27.78%
June				90,000	19,800,000	29.57%
July				90,000	18,000,000	27.78%
August						
September						

October	*90,000*	*18,900,000*	*29.17%*			
November	*90,000*	*18,900,000*	*28.23%*			
December	*90,000*	*16,200,000*	*25.00%*			

xxx

CONTRACT DURATION ***3.1*** *This Contract shall be effective for a period of ten (10) months from 26 September 2021 to 25 July 2022, unless modified by the applicable WESM Rules.*

AVAILABILITY OF SUPPLY ***4.2*** *PSALM shall supply the Contract Energy in accordance with good utility practice and in compliance with appropriate rules and regulations such as the Philippine Grid Code, and Open Access Transmission Service (OATS). Supply of energy shall be available except for interruption or reduction due to: a) causes beyond the control of PSALM despite the exercise of due care, including but not limited to the conditions stated in Section 4.1 of this Contract; b) transmission failure; c) maintenance to ensure system stability and safety reasons as may be provided by laws, rules or regulation. In case of shortage in the generation capacity of PSALM, CUSTOMER shall be informed of the deficiency and allocation of the available supply of electricity to the CUSTOMER which shall be proportionate to the contracted energy and equivalent demand as provided for in this Contract.*

ASSIGNABILITY ***4.8*** *PSALM may assign or transfer, part or all of, its rights and obligations in the supply of Contract Energy herein stated, to any such entity, provided that prior written notice is given to CUSTOMER Ninety (90) days before the actual transfer. This Contract shall remain binding to Parties, their successors and assignees. PSALM warrants that any sale, assignments, transfer, or subcontracting of the Contract*

shall not affect or impair CUSTOMER's rights and obligations with respect to quantity and price of electricity, Contract effectivity, incentives, discounts and other terms and conditions of this Contract. The assignee shall, by written instrument, assume the rights and obligations of PSALM to CUSTOMER. When a CUSTOMER has been assigned by the PSALM to a Successor Generating Company (SGC) by virtue of the privatization of the PSALM Generating Plant pursuant to the EPIRA, the SGC has the option to renegotiate this Contract with the CUSTOMER within six (6) months from the actual transfer of the CUSTOMER to the SGC. If the CUSTOMER and the SGC fail to reach an agreement, either Party shall have the right to terminate this Contract.

4.9 *CUSTOMER may assign, sell or transfer a part or all of its Contract Energy and/or Equivalent Demand either permanently or for a certain number of billing periods, subject to the written consent of PSALM under the following conditions, and which consent shall not be unreasonably withheld:*

a. *CUSTOMER has obtained certification from NGCP, that the transmission, sub-transmission, substation and other facilities can accommodate the increase in the power requirements of the assignee/transferee.*

b. *CUSTOMER has submitted necessary proof that the buyer, assignee or transferee has no outstanding obligation to PSALM, and undertakes to assume the obligations of CUSTOMER and to*

pay for the additional expenses necessary or incidental to the transfer.

c. *Assignment of CUSTOMER to assignee shall comply with the forms provided in Annex IVa and Annex IVb of this Contract.*

d. *THE ASSIGNEE SHALL ASSUME ALL OBLIGATIONS OF THE CUSTOMER related to Contract Energy that might arise in a pending suit with the ERC or in Arbitration proceedings.*

4.10 *The sale, assignment or transfer by CUSTOMER of all its Contract Energy shall relieve the CUSTOMER of all its rights and obligations to PSALM, provided that CUSTOMER has paid all its outstanding obligations to PSALM.*

4.11 *Any application for sale, assignment or transfer shall be acted upon by PSALM within ninety (90) days from compliance by CUSTOMER of the requirements for such sale, assignment or transfer, and filing by CUSTOMER with the principal office of PSALM of a copy of the deed of sale, assignment or transfer.*

SECURITY DEPOSIT

AMOUNT

5.1. *The Security Deposit shall be equivalent to 100% of the average contracted energy indicated in Annex I of the CSEE and shall become valid and effective for the duration of this Contract.*

FORM AND TIME OF POSTING

5.2 *The Security Deposit may be required to be posted upon privatization of the generating asset/s to which this Contract is allocated or assigned as provided for in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, cash bond, manager's or cashier's check, bank certified check, irrevocable stand-by letter of credit. In the event the Security Deposit of the CUSTOMER becomes nil, the PSALM reserves the right to refuse or discontinue supply of electric energy. In cases of partial depletion of the Security Deposit, the CUSTOMER shall replace the Security Deposit not later than thirty (30) days thereafter. PSALM reserves the right to continue supply of electric energy to the extent of Security Deposit of the CUSTOMER".*

RELEASE OF SECURITY DEPOSIT

5.3 *The Security Deposit (for the portion that should be settled within the WESM) shall be returned to the CUSTOMER within thirty (30) days upon presentation of proof of compliance with the prudential requirements of the WESM. PSALM shall return or release the Security Deposits to CUSTOMER including interest earned, subject to deductions for any amounts owed by CUSTOMER to PSALM. Security Deposits, except those in the form of letter of credit or performance bond, shall earn interest based on prevailing savings deposit rate of the Land Bank of the Philippines (LBP).*

BASIC ENERGY CHARGE

6.1 *The Basic Energy Charge (BEC) applied to the CUSTOMER's hourly energy consumption which shall be the ERC-approved NPC/PSALM's Time of Use (TOU) generation rates, hereto attached as Annex III, plus adjustments in the tariff such as, but not limited to Deferred Accounting Adjustments (DAAs) and the Incremental Currency Exchange Rate Adjustments (ICERA), the RA 9136 Mandatory Rate Reduction Adjustments. The BEC to be applied to the contracted energy shall be in accordance with Section 7.1 of this Contract.*

Energy consumption higher than the contracted level shall be sourced by the Customer from the Wholesale Electricity Spot Market (WESM) at the WESM rate and paid directly to the Independent Electricity Market Operator of the Philippines (IEMOP).

6.1.1 *The BEC shall be applied to the CUSTOMER's hourly energy consumption based on the hourly nominated energy quantity mentioned in Section 4.1.1.*

MINIMUM CHARGES

6.2 *CUSTOMER shall pay the minimum charge based on the Contract Energy per billing period as indicated in Section 4.1 of this Contract using the basic energy charge if CUSTOMER has not fully taken or failed to consume the Contract Energy, subject to deductions and adjustments as expressly provided for in this Contract.*

SERVICE INTERRUPTION ADJUSTMENT

6.3 *Should the supply of electricity be interrupted or curtailed to a level below the Contract Energy due to the fault or lack of generation capacity of the PSALM, even if CUSTOMER was at that time unable to*

take or consume electricity, the Contract Energy shall be adjusted taking into account the ratio of the number of hours that electric service was interrupted to the total number of hours in the billing period. The adjusted Contract Energy shall be used in the calculation of Minimum Charge.

6.4 *Should the supply of electricity be interrupted or curtailed to a level below the Contract Energy due to the fault or lack of generation capacity of the PSALM, even if CUSTOMER was at that time unable to take or consume electricity, the Contract Energy shall be adjusted to actual off-take below contract level for all hours when service was curtailed or interrupted based on declaration of power curtailment issued by the NGCP.*

6.5 *Should the supply of electricity be interrupted or curtailed to a level below the Contract Energy due to the fault or lack of generation capacity of the PSALM, the Contract Energy not taken due to CUSTOMER's fault or negligence or other causes affecting CUSTOMER's ability to take or consume electricity shall not entitle CUSTOMER to interruption adjustment.*

MAINTENANCE SERVICE ADJUSTMENT

6.6 *CUSTOMER may avail of the service adjustment during the* ***scheduled maintenance*** *of its facilities, not to exceed two (2) billing periods in one year. The minimum charge on the energy consumption shall be fifty percent (50%) of the Contract Energy. To be able to avail of this adjustment, CUSTOMER must inform PSALM in writing thirty (30) days prior to the commencement of the scheduled maintenance.*

DISCONNECTION OF POWER SERVICE

6.21 *In addition to the above-stated penalty interest charges and without prejudice to*

its right under Section 9.11 of this Contract, PSALM shall have the right, subject to not less than seven (7) days advance written notice to CUSTOMER, to discontinue supplying electric services and to refuse to resume electric service for failure of CUSTOMER to post the required Security Deposit, for non-payment of bills, or if any amount including any accrued interest and other charges not necessarily limited to the foregoing, remains unpaid. Notwithstanding such discontinuance of electric service, CUSTOMER shall pay at least the Minimum charge based on the Contract Energy, and failure by CUSTOMER to make full payment within a period of six (6) months shall entitle PSALM to terminate the Contract without prejudice to the right of PSALM to recover unpaid bills and other penalties from CUSTOMER.

FORCE MAJEURE

9.2 *Force majeure is an extraordinary event which cannot be foreseen or which though foreseen, cannot be avoided. The event must render it impossible for a party to fulfill its obligation in a normal manner despite the exercise of due care. Force majeure shall not excuse either party from exercising due care to prevent it or minimize its effects. Force majeure includes a storm, typhoon, lightning, flood, earthquake, tsunami, fire, war, rebellion, insurrection, riot, naval or other blockade, labor disturbance, civil unrest, and other events, which are entirely beyond the control of either or both parties. A party shall not be excused from its failure to perform its obligations under this Contract even if the same is caused by force majeure except as provided in this Section and Sections 9.6 to 9.8.*

9.3 *Insolvency or business losses shall not be considered as an event of force majeure.*

9.4 *The affected party shall notify the other in writing of a force majeure situation. The other party shall have sixty (60) days to verify or deny in writing that such situation exists.*

9.5 *A verified event of force majeure, which prevents a party from supplying or taking electricity for at least six (6) months or agreed upon by both parties to prevent the supply or taking of electricity for a continuous period of at least six (6) months shall entitle either party to terminate this Contract. Buy-out shall not apply to such termination.*

DEDUCTION DUE TO FORCE MAJEURE

9.6 *PSALM shall have a maximum of seventy-two (72) hours from the time a force majeure event prevented it from supplying electricity and perform its other obligations under the Contract to resume supply. CUSTOMER shall not be entitled to interruption adjustment for such period, unless interruptions exceed seventy-two (72) hours and the CUSTOMER failed to fully take or consume its Contract Energy.*

9.7 *Likewise, CUSTOMER shall have a maximum of seventy-two (72) hours from the time a force majeure event prevented it from fully taking its Contract Energy to resume taking electricity. CUSTOMER shall be entitled to interruption adjustment based on the actual number of hours that it was unable to receive electricity, should its consumption be curtailed below the levels of Contract Energy. The number of hours that CUSTOMER can claim for interruption adjustments is limited to a maximum of 72 hours per force majeure event. However, if both PSALM and CUSTOMER were*

simultaneously unable to supply and consume electricity by reason of Force Majeure, CUSTOMER shall be entitled to interruption adjustment.

9.8 The number of hours of interruptions or of failure to receive electricity caused by one force majeure event shall be cumulated."

CONTRACT TERMINATION

9.11 Either party will have the right to terminate this Contract upon failure of the other to perform its obligation under this Contract, provided that the party at fault will have to pay all its outstanding account and reimburse the costs incurred by the other party as a result of the termination."

15. Based on the foregoing, and given a certain set of assumptions, the annual effective rate under the PSALM CSEE is **PhP 6.1120 per kWh** (at plant gate), as shown in the rate impact analysis below:

PSALM CSEE Rate Impact
(October 2021 to July 2022)

BILLING COMPONENT	UNIT	BASE RATES	BILLING DETERMINANT		AMOUNT (PHP)
Energy Payment					
ERC-approved TOU Rate [a]	(Php/kWh)	6.0875	181,800,000	(kWh)	1,106,703,630.00
Franchise and Benefits to Host Communities [b]	(Php/kWh)	0.0245	181,800,000	(kWh)	4,454,100.00
Total Energy Payment	**(PhP)**				**1,111,157,730.00**
Effective Rate at Plant Gate	**(Php/kWh)**				**6.1120**
WESM Line Rental Rate [c]	**(Php/kWh)**				**0.3097**
Delivered Rate	(Php/kWh)				6.4216
Effective Cost of WESM [d]	(Php/kWh)				6.8440
Increase / (Decrease) over WESM	(Php/kWh)				(0.4224)
Meralco Captive Energy Demand [e]	(kWh)				29,160,802,892
Increase / (Decrease) in Generation Cost	(Php)				-76,791,836.43
Increase / (Decrease) in Generation Cost	(Php/kWh)				(0.0026)

Assumptions:

[a] Contract Price corresponding to the weighted average of the ERC-approved TOU rates for the period Oct 2021 to July 2022

[b] FBHC rate is based on latest rates as seen in the PSALM website

[c] Energy billing determinant is the total contracted energy for the period Oct 2021 to July 2022

[d] Line Rental rate for PSALM CSEE is pass-thru. Assumed line rental is based on actual simple average during Weekdays (excluding Holidays) of Unified Leyte plant for the period Jan-June 2021.

[e] Cost of equivalent volume of PSALM CSEE was sourced from WESM and priced using forecasted average WESM peak prices for the period Oct 2021 to July 2022

[f] Forecasted Meralco Captive Energy for Oct 2021 to July 2022 based on the latest Power Supply Procurement Plan as submitted to DOE

16. MERALCO notes that the delivered rate of the PSALM CSEE of **PhP 6.4216 per kWh** is **lower** by **about PhP 0.4224 per kWh** than the

effective cost of **PhP 6.8440** per kWh if the equivalent capacity under the instant CSEE will be sourced from the WESM. In fact, by sourcing the capacity through the PSALM-MERALCO CSEE, MERALCO's average blended generation rate will be reduced by about **PhP 0.0026 per kWh** (as seen in the rate impact analysis above), resulting in savings to consumers of about PhP 76.79 million.

17. In support of this Joint Application, the Judicial Affidavits of **ENGR. DAVIDJOHN A. ZUÑIGA**, Officer of MERALCO's Energy Resource Planning - Energy Sourcing Office, and that of **ENGR. JAMES MARVIN A. MAMARADLO,** Corporate Staff Officer B of the Electricity Trading Department under PSALM's Privatization and Asset Management Group, are attached as **ANNEXES "E" and "L"**, respectively.

18. 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 Secretary's Certificate	**"A"**
PSALM Corporation's Secretary's Certificate	**"B"**
DOE Certificate of Exemption dated 28 September 2021	**"C"**
ERC's Letter Exempting PSALM from the conduct of CSP dated 20 September 2016	**"C-1"**
PSALM-MERALCO CSEE	**"D"**
Judicial Affidavit of Engr. Davidjohn A. Zuñiga	**"E"**
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 latest and approved Distribution Development Plan – Power Supply Procurement Plan (Supply and Demand Scenario); Average Daily Load Curve scenarios	**"J"** **"J-1"**
MERALCO's letter-request dated 25 August 2021 requesting the DOE for Certificate of Exemption (COE) from conduct of CSP	**"K"**
Judicial Affidavit of Engr. James Marvin A. Mamaradlo	**"L"**
Assignment Letter NPC to PSALM dated 11 May 2009	**"M"**
Certification or Proof of Service of the instant Joint Application (including annexes) was furnished to the Office of the City Mayor and *Sangguniang Panlungsod* of Quezon City	**"N"** **"N-1"**

Certification or Proof of Service of the instant Joint Application (including annexes) was furnished to the Office of the City Mayor and Sangguniang Panlungsod of **Pasig City**	**"O"** **"O-1"**
Proof of publication of the instant Joint Application (excluding annexes) in a newspaper of general circulation	**"P"**
MERALCO's Letter-Request dated 29 September 2021 for the Immediate Implementation of the PSALM-MERALCO CSEE	**"Q"**

ALLEGATIONS IN SUPPORT FOR THE ISSUANCE OF PROVISIONAL AUTHORITY and/or INTERIM RELIEF

19. As earlier stated, in light of the (i) increased frequency and persistent occurrence of SPEX-Malampaya gas supply restrictions, which is expected to continue to result in the de-rating of gas-fired power plants; (ii) scheduled maintenance of the SPEX-Malampaya pipeline in October 2021; and (iii) anticipated thinning electricity operating margins leading up to the May 2022 elections, especially with upcoming simultaneous scheduled maintenance and possible forced outages of power plants; and to mitigate exposure to the WESM, MERALCO foresees a peaking capacity deficit in its portfolio from 26 September 2021 until 25 July 2022 for 260 MW.

20. Considering further that: (i) PSALM is exempted from the conduct of CSP; (ii) the PSALM-MERALCO CSEE is based on the ERC-approved template and follows the ERC-approved TOU rates schedule of PSALM; (iii) the DOE's issuance of a Certificate of Exemption from the conduct of CSP authorizes the distribution utility to immediately implement the emergency power supply; and (iv) most importantly, in the interest of assuring least cost to MERALCO's customers by averting their exposure to the high prices of the WESM occurring recently, both MERALCO and PSALM agreed to immediately implement the PSALM-MERALCO CSEE starting 29 September 2021, and file the appropriate Joint Application for the Approval of said CSEE at the soonest possible time.

20.1. Thus, in a letter dated 29 September 2021, MERALCO wrote this Honorable Commission informing it of the Parties' agreement to immediately implement the PSALM-MERALCO CSEE, herein attached as **ANNEX "Q"**.

21. The foregoing notwithstanding, the grant of provisional authority and/or interim relief shall confirm the proper implementation of the PSALM-MERALCO CSEE which ultimately redounds to the benefit

of MERALCO's customers who stand to be exposed to the volatile prices of the WESM.

22. Pursuant to the ERC Rules of Practice and Procedure, this Honorable Commission may exercise its discretion by granting provisional authority and/or interim relief prior to a final decision.

PRAYER

WHEREFORE, premises considered, Applicants respectfully pray that the Honorable Commission, after hearing on the merits, render a Decision **APPROVING** the PSALM-MERALCO CSEE executed on 28 September 2021 and the terms and conditions thereunder, including the price. It is likewise prayed that a **PROVISIONAL AUTHORITY and/or INTERIM RELIEF** be **ISSUED** confirming the authority of the Parties to implement the subject CSEE in the Luzon Grid.

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

Pasig City and Quezon City for Pasig City, 11 November 2021.

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Republic of the Philippines)
Quezon City, Metro Manila) S.S.

VERIFICATION AND CERTIFICATION AGAINST NON-FORUM SHOPPING

I, **IRENE JOY BESIDO-GARCIA**, of legal age, married, with office address at the Power Sector Assets and Liabilities Management ("PSALM") Corporation, 24th Floor, Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City, after having been duly sworn to in accordance with law, do hereby depose and state for myself and for PSALM, that:

1. I am the designated President and Chief Executive Officer of the PSALM Corporation with authority to commence, initiate, sign and file the foregoing Application entitled, *IN THE MATTER OF THE JOINT APPLICATION FOR APPROVAL OF THE CONTRACT FOR SUPPLY OF ELECTRIC ENERGY ("CSEE") IN THE LUZON GRID BETWEEN MANILA ELECTRIC COMPANY AND POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION, WITH PRAYER FOR PROVISIONAL AUTHORITY"* pursuant to PSALM Board Resolution No. 2021-0825-11.

2. I have caused the preparation of the instant Joint Application and read the contents thereof, and I attest that the allegations herein contained are true and correct;

3. I have read the Application and the allegations therein are true and correct based on my personal knowledge or the authentic records available to PSALM;

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

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

6. I or PSALM have not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and

7. If I or PSALM should hereinafter learn that the same or a 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 the said fact within five (5) days from discovery thereof to the Honorable Commission.

IN WITNESS WHEREOF, I have hereunto affixed my signature this ___ day of November 2021 at Quezon City, Metro Manila.

NOV 17 2021

IRENE JOY BESIDO-GARCIA
Affiant

NOV 17 2021

SUBSCRIBED and SWORN TO before me this _____ day of November 2021, with affiant **IRENE JOY BESIDO-GARCIA** having presented to me her Philippine Passport I.D. No. P0087701B, issued at DFA Manila on 03 January 2019, valid until 02 January 2029, as competent and reliable evidence of his identity.

Doc. No. 207;
Page No. 57;
Book No. XXV;
Series of 2021.

ATTY. TOMAS B. BAGA, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
ADM. NO. NP-017 (2020-2021)
ATTYS. ROLL NO. 13003
IBP NO. 156177/2-5-2021
PTR NO. CP 0624050, 1/19/21 COT.
MCLE NO. VI-0028822
RCM BLDG. TIMOG COR. PANAY AVE. Q.C.

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. 7236629; 01/08/2021; Pasig City
IBP No. 145337; 01/08/2021; RSM
MCLE Compliance No. VII-0001788; 02 December 2019

RAYMOND B. YAP
Roll of Attorneys No. 55889
PTR No. 7236625; 01/08/2021; Pasig City
IBP No. 145333; 01/08/2021; Capiz
MCLE Compliance No. VII-0003278; Valid until 14 April 2025

ISAGANI C. CORUÑA II
Roll of Attorneys No. 63123
PTR No. 7236622; 01/08/2021; Pasig City
IBP No. 145332; 01/08/2021; RSM
MCLE Compliance No. VII-0003269; Valid until 14 April 2025

EDGAR MICHAEL C. ROBLES
Roll of Attorneys No. 62413
PTR No. 7236624; 01/08/2021; Pasig City
IBP Lifetime No. 011798
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 First 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 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;

6. I have not commenced any other action or proceeding involving the same issues before the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and

7. Should I hereinafter learn that the same or a 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.

NOV 17 2021

IN WITNESS WHEREOF, I have hereunto affixed my signature this ___ day of _____ 2021 at Pasig City, Philippines.

JOSE RONALD V. VALLES
Affiant

NOV 17 2021

SUBSCRIBED and SWORN to before me this ___ day of _____ 2021, affiant having exhibited to me his Social Security System ID bearing the number 33-1090008-8

Doc. No. 348
Page No. 71
Book No. V
Series of 2021.

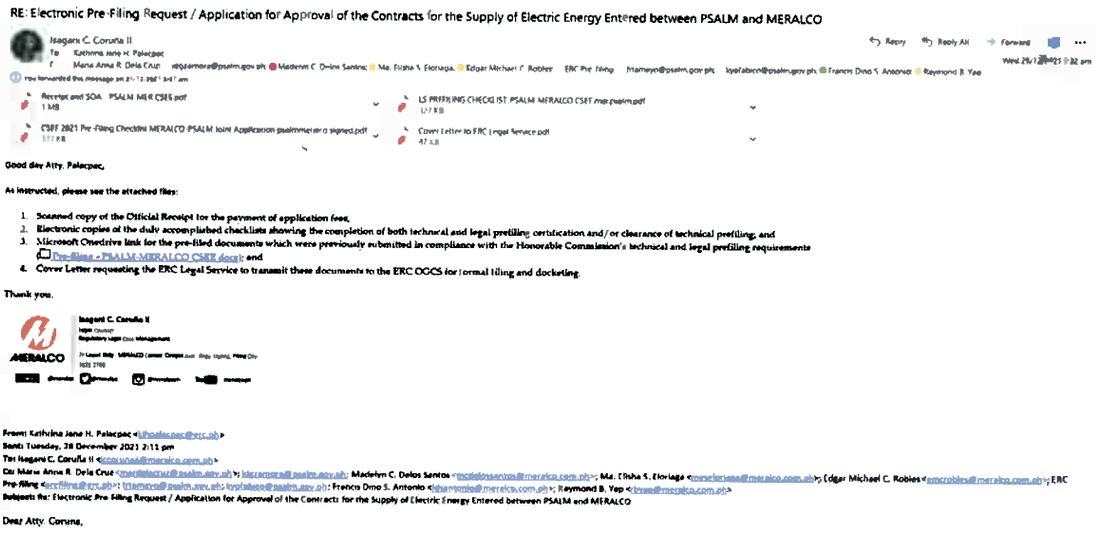
ATTY. [illegible] DELOS SANTOS
NOTARY PUBLIC
Appointment No. 102 (2019-2020)
Pasig, San Juan and Pateros
Issued on February 2019 at Pasig City
valid until December 31, 2020, as granted
by Supreme Court
Roll No. 64977; IBP No. 145331, 1-08-21; RSM Chapter
PTR No. 7236821, 1-08-21; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

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

AFFIDAVIT OF SERVICE AND VERIFIED DECLARATION

I, **ISAGANI C. CORUÑA II**, of legal age, Filipino, with office address at the 7th floor, Lopez Building, Ortigas Avenue, Pasig City, after having duly sworn in accordance with law, hereby state under oath that:

1. I hereby declare that the Manifestation under ERC Case No. 2021-109 RC electronically served in accordance with ERC Resolution No. 9, Series of 2020, is complete and are true copies of the original document filed with the Honorable Commission.



RE: Electronic Pre-Filing Request / Application for Approval of the Contracts for the Supply of Electric Energy Entered between PSALM and MERALCO

Isagani C. Coruña II
To Kathrina Jane H. Palacpac
Cc Maria Anna R. Dela Cruz; ...; Madelyn C. Delos Santos; Ma. Elisha S. Elorriaga; Edgar Michael C. Robles; ERC Pre-filing; ...; Francis Dino S. Antonio; Raymond B. Yap

Receipt and SOA - PSALM MER CSEE.pdf 1 MB
LS PREFILING CHECKLIST PSALM MERALCO CSEF.msg.psalm.pdf 177 KB
CSEF 2021 Pre-Filing Checklist MERALCO-PSALM Joint Application psalmmeralco signed.pdf 377 KB
Cover Letter to ERC Legal Service.pdf 47 KB

Good day Atty. Palacpac,

As instructed, please see the attached files:

1. Scanned copy of the Official Receipt for the payment of application fees,
2. Electronic copies of the duly accomplished checklists showing the completion of both technical and legal prefiling certification and/or clearance of technical prefiling; and
3. Microsoft Onedrive link for the pre-filed documents which were previously submitted in compliance with the Honorable Commission's technical and legal prefiling requirements (Pre-filing - PSALM-MERALCO CSEF.docx); and
4. Cover Letter requesting the ERC Legal Service to transmit these documents to the ERC OGCS for formal filing and docketing.

Thank you,

Isagani C. Coruña II
Legal Counsel
Regulatory Legal Case Management
7th Level Bldg. MERALCO Center Ortigas Ave. Bldg. Sigma, Pasig City
1055 2700

From: Kathrina Jane H. Palacpac <kjhpalacpac@erc.ph>
Sent: Tuesday, 28 December 2021 2:11 pm
To: Isagani C. Coruña II <icoruna@meralco.com.ph>
Cc: Maria Anna R. Dela Cruz <mardelacruz@psalm.gov.ph>; ...; Madelyn C. Delos Santos <mcdelossantos@meralco.com.ph>; Ma. Elisha S. Elorriaga <mselorriaga@meralco.com.ph>; Edgar Michael C. Robles <emcrobles@meralco.com.ph>; ERC Pre-filing <erc-filing@erc.ph>; ...; Francis Dino S. Antonio <fdsantonio@meralco.com.ph>; Raymond B. Yap <rbyap@meralco.com.ph>
Subject: Re: Electronic Pre-Filing Request / Application for Approval of the Contracts for the Supply of Electric Energy Entered between PSALM and MERALCO

Dear Atty. Coruna,

2. In accordance with ERC Resolution No. 9, Series of 2020, MERALCO complied with the Honorable Commission's instructions in its electronic mail dated 28 December 2021 via electronic mail. Prior to its physical filing, the Compliance was served to the Honorable Commission and to co-applicant PSALM via electronic mail, and that I have not received any delivery failure notification thereto.

IN WITNESS WHEREOF, I hereby affix my signature this day of ___ day of January 2022.

ISAGANI C. CORUÑA II

SUBSCRIBED AND SWORN TO before me this __ day of January 2022, in Pasig City, with his Driver's License No. N01-07-000920 which is valid until 23 September 2023.

Doc No. 371;
Page No. 76;
Book No. V;
Series of 2022.

ATTY. MADELYN C. DELOS SANTOS
NOTARY PUBLIC
Appointment No. 102 (2019-2020)
Pasig, San Juan and Pateros
Issued on 18 February 2019 at Pasig City
valid until 31 December 2021, as granted
by Bar Matter No. 3795
Roll No. 64977; IBP No. 145331; 1-08-21; RSM Chapter
PTR No. 7236621; 1-08-21; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

ANNEX "A"

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

SECRETARY'S CERTIFICATE

I, WILLIAM S. PAMINTUAN, a duly elected, qualified and incumbent Assistant Corporate Secretary of the MANILA ELECTRIC COMPANY (MERALCO), a private corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Lopez Building, Meralco Compound, Ortigas Avenue, Pasig City, do hereby certify that:

At the Executive Committee meeting of the Board of the Company held at its principal office on August 18, 2021, at which meeting a quorum was present, the following resolutions were approved and that said resolutions are in full force and effect on the date hereof:

"RESOLVED, that, in connection with the forecasted adverse rate impacts brought about by the maintenance shutdown of SPEX-Malampaya and other scheduled (and unscheduled) outages of power plants in the Luzon grid, the Board of Directors of the Manila Electric Company (MERALCO) hereby authorizes the signing of Emergency Power Supply Agreements with MASINLOC POWER PARTNERS CO. LTD. (MPPCL) and PANAY ENERGY DEVELOPMENT CORPORATION (PEDC), and a Contract for the Supply of Electric Energy with POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION (PSALM), and securing of the corresponding request for certificate of exemption from competitive selection process from the Department of Energy;

"RESOLVED, FURTHER, that the following officers, namely Messrs. MANUEL V. PANGILINAN, Chairman, RAY C. ESPINOSA, President and Chief Executive Officer, SIMEON KEN R. FERRER, Corporate Secretary, RONNIE L. APEROCHO, Senior Vice President & Head, Networks, WILLIAM S. PAMINTUAN, Senior Vice President, Assistant Corporate Secretary, Compliance Officer and Head, Legal and Corporate Governance, FERDINAND O. GELUZ, First Vice President and Chief Commercial Officer, Customer Retail Services and JOSE RONALD V. VALLES, First Vice President & Head, Regulatory Management, are hereby directed and empowered, for and in behalf of the Company, to sign, execute and deliver any contract, agreement, instrument, and other documents which may be deemed necessary or appropriate for the purpose, and to perform or execute all other acts and deeds as may be necessary or appropriate to carry out or accomplish the said purpose;

"RESOLVED, FURTHERMORE, that the Board of Directors authorize, as it hereby authorizes, MERALCO, through JOSE RONALD V. VALLES, First Vice President and Head, Regulatory Management, or any lawyer or employee of MERALCO that he may designate, name or appoint:

1. To file the appropriate applications with the Energy Regulatory Commission (ERC) for the approval in carrying out or accomplishing the said purpose;

2. To sign, execute, and deliver in connection therewith the necessary pleadings, motions, verification, affidavit of merit, certificate of non-forum shopping, powers of attorney, and other instruments as may be necessary or proper; and

3. To designate, name, and appoint, a representative or an attorney-in-fact in behalf of the Company during the preliminary conference, pre-trial, trial, execution and all other stages of or incidents related to the case, proceeding or action; to negotiate, enter into, and agree to an amicable settlement, make admissions or stipulations of fact and/or documents; and to perform and execute any and all actions and such other matters as may aid in the prompt disposition of such case, proceeding or action."

"RESOLVED, FURTHERMORE, that the Corporate Secretary or any Assistant Corporate Secretary of this Company be, as he is hereby, authorized and directed to furnish under the seal of this Company certified copies of the foregoing resolution to any person, firm, corporation, or government office or agency who may desire or require the same in connection with the execution or implementation of the foregoing resolutions;

"RESOLVED, FINALLY, that any previous resolution of the Board of Directors on the same subject matter that is inconsistent herewith shall be deemed terminated, superseded and revoked; and that the above-board resolutions are in accordance with the records of MERALCO."

WITNESS THE SIGNATURE of the undersigned as such officer of the Company and its corporate seal hereunto affixed on this _____ day August 2021.

AUG 31 2021

WILLIAM S. PAMINTUAN
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this AUG 31 2021 day of August 2021, affiant exhibited to me his Taxpayer Identification Number (TIN) 146-473-562 issued by the Bureau of Internal Revenue (BIR) as his competent evidence of identity.

ATTY. MA. ELISHA S. ELORIAGA
NOTARY PUBLIC
Appointment No. 121 (2020-2021)
Pasig, San Juan and Pateros
Issued on 24 February 2020 at Pasig City
Roll No. 73497; IBP No. 145330; 1-08-21; Quezon City
PTR No. 7236623; 1-08-21; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

Doc. No. 284 ;
Page No. 59 ;
Book No. II ;
Series of 2021.

Annex "B"

POWER SECTOR ASSETS & LIABILITIES MANAGEMENT CORPORATION

SOCOTEC ISO 9001

SECRETARY'S CERTIFICATE

I, **MARIA BELEN P. MONTES-NERA,** of legal age, Filipino, and with office address at 24th Floor Vertis North Corporate Center I, Astra corner Lux Drives, North Avenue, Quezon City 1105, hereby certify that:

1. I am the duly appointed Corporate Secretary of the Power Sector Assets and Liabilities Management Corporation ("PSALM"), a corporation duly organized and existing under and by virtue of Republic Act 9136, with office address as stated above. As such Corporate Secretary, I am the custodian of the corporate records of the Corporation including, but not limited to, Board Resolutions.

2. At a regular meeting of the Board of Directors held on 25 August 2021, at which meeting a quorum was present and acting throughout, the following resolution, among others, was approved and adopted by the Board, thus:

BOARD RESOLUTION NO. 2021-0825-11

CONTRACT FOR THE SUPPLY OF ELECTRIC ENERGY WITH VANTAGE ENERGY SOLUTIONS AND MANAGEMENT, INC. AND MANILA ELECTRIC COMPANY

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that as recommended by the PSALM Management and endorsed by the Board Review Committee (BRC), the Board of Directors approves and confirms the following:

1. Execution of Contracts for the Supply of Electric Energy (CSEEs) with Vantage Energy Solutions and Management, Inc. (Vantage Energy) and Manila Electric Company (MERALCO) based on the Energy Regulatory Commission (ERC) -approved Time-of-Use (TOU) Rates for Luzon; and

2. Grant of authority to the President and CEO and/or her duly authorized representative/s to negotiate the terms and conditions of the CSEEs, and to conclude, sign, execute and deliver the CSEEs and such agreements and/or documents as may be necessary to implement the foregoing approval of the PSALM Board.

APPROVED and CONFIRMED.
25 August 2021.

3. The foregoing resolution has not been revoked, amended, nor in any manner modified and may be relied upon until written notice to the contrary is issued by PSALM.

MARIA BELEN P. MONTES-NERA
Corporate Secretary

Republic of the Philippines}
Quezon City, Metro Manila }

SUBSCRIBED AND SWORN TO BEFORE ME on 2 September 2021 at Quezon City, Metro Manila, affiant exhibiting to me her IBP ID No. 37737, IBP Chapter Quezon Province.

DOC NO. 55
PAGE NO. 12;
BOOK NO. XX;
SERIES OF 2021.

ATTY. TOMAS B. BAGA, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
ADM. NO. NP-017 (2020-2021)
ATTYS. ROLL NO. 13003
IBP NO. 156177/2-5-2021
PTR NO. CP 0624050, 1/19/21 COT.
MCLE NO. VI-0028822
RCM BLDG. TIMOG COR. PANAY AVE. Q.C.