

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
JOINT APPLICATION FOR
THE APPROVAL OF THE
POWER SUPPLY
AGREEMENT BETWEEN
MANILA ELECTRIC
COMPANY AND GNPOWER
DINGININ LTD. CO., WITH
MOTION FOR
CONFIDENTIAL
TREATMENT OF
INFORMATION**

ERC CASE NO. 2024-023 RC

**MANILA ELECTRIC
COMPANY (MERALCO) AND
GNPOWER DINGININ LTD.
CO. (GNPD),**

Applicants.

X-----X

Promulgated:
March 12, 2024

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 22 February 2024, Manila Electric Company (MERALCO) and GNPower Dinginin Ltd. Co. (GNPD) filed a *Joint Application* dated 08 February 2024, for the approval of their Power Supply Agreement (PSA), with motion for confidential treatment of information.

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

I. THE APPLICANTS

A. MERALCO

1. Applicant MERALCO is a private corporation existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Brgy. Ugong, Pasig City. It may be served with notices and other processes

of this Honorable Commission through its counsel at the address indicated herein.

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

B. GNPDP

3. Applicant GNPDP is a partnership duly organized and existing under the laws of the Philippines, with principal place of business at GNP Power Energy Complex, Sitio Dinginin, Brgy. Alasasin, Mariveles, Bataan. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.
4. GNPDP owns and operates a 1,366 MW coal-fired power plant (the "*Plant*") at Sitio Dinginin, Brgy. Alasasin, Municipality of Mariveles, Bataan.

II. STATEMENT OF FACTS AND TIMELINESS

5. Based on MERALCO's latest Distribution Development Plan ("*DDP*") and Power Supply Procurement Plan ("*PSPP*") both approved by the Department of Energy ("*DOE*"), MERALCO foresees a baseload capacity deficit in its portfolio covering 1,800 MW based on its power situation outlook for 2024 and succeeding years.
6. Thus, in order to ensure continuous and reliable electricity for MERALCO's customers, there is a need for MERALCO to source additional baseload capacity through bilateral power supply contracts.
7. Under Section 45(b) of Republic Act No. 9136 (EPIRA), it is provided that "*Distribution Utilities may enter into bilateral power supply contracts subject to review by the ERC xxx.*"
8. Accordingly, pursuant to Section 4, Article IV of this Honorable Commission's Resolution No. 16, Series of 2023 (the "*ERC CSP Guidelines*"), MERALCO conducted a Competitive Selection Process ("*CSP*") for the procurement of 1,800 MW (net) baseload supply requirement. The conduct of CSP proceeded as follows:
 - 8.1. On 14 September 2023 and 25 October 2023, MERALCO submitted and resubmitted, respectively, to the DOE the Invitation to Bid ("*ITB*")/*Terms of Reference ("TOR")* for the CSP of the 1,800 MW (net) baseload contract capacity, with Commercial Operations Date (COD) of 2024-2025 (the "*1,800 MW CSP*") to request for issuance of a Certificate of

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 3 OF 18

Conformity in accordance with MERALCO's latest and duly accepted DDP and posted PSPP, pursuant to Section 4.3 of the DOE Department Circular No. DC2023-06-0021, Series of 2023 and Section 5, Appendix B of the ERC CSP Guidelines.

- 8.2. On 27 October 2023, the DOE issued in favor of MERALCO a Certificate of Conformity No. 2023-10-002 dated 27 October 2023 (the "*DOE COC*") covering MERALCO's 1,800 MW CSP requirement, which MERALCO received on the same day and endorsed to its Bids and Awards Committee for Power Supply Agreements ("*BAC-PSA*") for commencement of the 1,800 MW CSP. On the same day, pursuant to the requirements in the ERC CSP Guidelines, the BAC-PSA Secretariat furnished this Honorable Commission a copy of the DOE COC and formally notified the DOE (copy furnished the ERC) of the commencement of the 1,800 MW CSP in relation to the DOE COC.
- 8.3. On 1 November 2023 and 8 November 2023, the BAC-PSA caused the publication of the ITB in *The Philippine Star*, a newspaper of general circulation in the Philippines. The ITB contained the TOR, a summary of the process and timelines of the CSP, and invitation to power generation companies to pay the Participation Fee and submit an Expression of Interest and set of documents on or before the deadline set out in said Invitation. The ITB and the TOR were likewise posted on MERALCO's website and on the DOE e-based CSP Portal.
- 8.4. On 9 November 2023, MERALCO posted on its website, an "*Invitation to Participate as CSP Observers*," which informed the public that the following entities or groups identified in Section 9 of the ERC CSP Guidelines are invited to signify to the BAC-PSA of their interest to participate as observer. On 14 November 2023, five (5) CSP Observers submitted their intent to (and were admitted by) the BAC-PSA as CSP Observers.
- 8.5. On 20 November 2023 and 24 November 2023, MERALCO conducted Pre-Bid Conferences to allow interested bidders an opportunity to clarify any provisions, requirements, and/or terms and conditions of the bidding documents and/or any other matter that the interested bidders may raise. The Pre-Bid Conferences were held at least thirty (30) calendar days before the 1,800 MW CSP's bid submission deadline; attended by CSP Observers; and broadcasted livestream in MERALCO's YouTube website.
- 8.6. On 5 January 2024, the bidders submitted their bid document submissions in compliance with all the bidding documents for the 1,800 MW CSP and the respective submissions of the bidders were opened by

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 4 OF 18

the BAC-PSA. The bid submission and bid opening were held at least forty-five (45) days after the ITB/TOR's last publication; attended by CSP Observers; and broadcasted livestream in MERALCO's YouTube website.

- 8.7. Following the BAC-PSA's evaluation of each of the bidders' bid submissions, Applicant GNPDP emerged as one of the bidders with the lowest calculated responsive bid ("*Best Bid*"), with GNPDP offering 300 MW out of the required contract capacity of 1,800 MW for the said bidding.
- 8.8. On 8 January 2024, the BAC-PSA conducted the post-qualification of the document submissions of the bidders with the Best Bids and found the submissions to be compliant with and are responsive to all the requirements and conditions specified in the bidding documents, as amended, and/or clarified by pertinent bid bulletins, for the 1,800 MW CSP. The post-qualification was attended by CSP Observers and broadcasted via livestream in MERALCO's YouTube website.
- 8.9. On 22 January 2024, the BAC-PSA submitted its report to MERALCO's Board of Directors recommending GNPDP, as one of the bidders with the best bids in the 1,800 MW CSP, to be declared as the Winning Power Supplier and be awarded a power supply agreement for its offer of PhP 6.8580/kWh (total delivered levelized cost of electricity ("*LCOE*"), VAT inclusive) for 300 MW.
- 8.10. On 29 January 2024, MERALCO's Board of Directors approved the BAC-PSA's recommendation and the following day, 30 January 2024, a Notice of Award was issued by the BAC-PSA in favor of GNPDP.
- 8.11. On 05 February 2024, the PSA between MERALCO and GNPDP was signed and executed (the "*MERALCO-GNPDP PSA*"). Thereafter, a performance bond was submitted by GNPDP on 05 February 2024 and a Notice to Proceed was issued in its favor on 07 February 2024.

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

9. The said Joint Application together with its Annexes were pre-filed with the Honorable Commission starting on 12 February 2024. Accordingly, this Joint Application is timely filed within the reglementary period provided under the ERC CSP Guidelines.

III. SALIENT FEATURES OF THE MERALCO-GNPD PSA

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

Article 1 Definitions and Interpretation

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

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

Material Adverse Government Action means:

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

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

2.2 Term of Agreement

Subject to Article 3, this Agreement shall become effective on the Execution Date, and shall remain in force and effect until the last day of the 15th Contract Year, unless terminated earlier in accordance with the terms of this Agreement and upon approval by the ERC, or extended by the application of Section 2.2 and Section 17.3.3 (the “Term”).

3.3 Commercial Operations Date

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

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

6.1 Supply of Power

Subject to the terms and conditions of this Agreement:

- 6.1.1 From the Commercial Operations Date of the Plant until the expiration of the Term or earlier termination of this Agreement, Power Supplier shall:
- (a) make available to Meralco, and Meralco shall purchase from Power Supplier, at the Price determined in accordance with Appendix E, the Contract Capacity of the Plant; and
 - (b) deliver and sell to Meralco, and Meralco shall purchase from Power Supplier, at the Price determined in accordance with Appendix E, the Associated Energy (and Replacement Power), to the extent of Meralco’s relevant day-ahead nominations.

The Dispatch of Contract Capacity and Associated Energy shall meet the requirements set out in the Performance Guarantees.

- 6.1.2 Unless otherwise expressly permitted by this Agreement, Power Supplier shall not, without Meralco’s prior written consent:
- (a) sell, divert, grant, transfer, dedicate, reserve or assign all or any portion of the Contract Capacity and Associated Energy to any Person other than Meralco; or
 - (b) provide Meralco with capacity and/or electrical energy from any source other than the Plant; provided, however, that Power Supplier shall be allowed to deliver and sell to Meralco the 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

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 7 OF 18

Load Equivalent Forced Outage Allowance Days, to be paid for by Meralco at the lower between the actual cost of Replacement Power and Price, in accordance with Appendix E. Should Power Supplier fail to source from the Plant when it is available, Meralco shall pay the lower between WESM price and Price in accordance with Appendix E.

Article 9 Outages

9.1 Outage Allowances and Replacement Power

- 9.1.1 After Commercial Operations Date, Power Supplier shall be allowed Scheduled Outages not exceeding 27.9 Full Load Equivalent Outage Days ("Full Load Equivalent Schedule Outage Allowance Days") and Forced Outages not exceeding 16.8 Full Load Equivalent Outage Days ("Full Load Equivalent Forced Outage Allowance Days") each Contract Year; provided that, a Forced Outage may only be counted towards the Full Load Equivalent Forced Outage Allowance Days upon provision by Power Supplier to Meralco of a copy of the acknowledgment letter from the System Operator or report from the Market Operator that a Forced Outage has occurred.
- 9.1.2 During Scheduled Outages within the Full Load Equivalent Scheduled Outage Allowance Days and Forced Outages within the Full Load Equivalent Forced Outage Allowance Days, Meralco shall procure replacement energy from other sources or the WESM, at its own expense, which expense shall be passed on to its customers as part of generation costs.
- 9.1.3 During Scheduled Outages that exceed the Full Load Equivalent Scheduled Outage Allowance Days and Forced Outages that exceed the Full Load Equivalent Forced Outage Allowance Days, Power Supplier shall purchase Replacement Power, which shall be declared as BCQ and paid for by Meralco at the lower between (a) the actual price of the Replacement Power, and (b) Price as specified in Appendix E. In the event of failure by Power Supplier to source the Replacement Power, Meralco shall be allowed to source replacement energy from the WESM. If the WESM price for the replacement energy is higher than the Price, Power Supplier shall reimburse Meralco the difference between (i) WESM price and (ii) the Price as specified in Appendix E, plus all relevant transaction cost and taxes. If the WESM price for the replacement energy is lower than the Price, Meralco shall not be liable to power Supplier for the difference between WESM price and Price.
- 9.1.4 On and after the Commercial Operations Date, during any period in which an Event of Force Majeure affects Power Supplier or Meralco, Meralco shall procure replacement energy from the WESM to the extent supply or offtake is so affected. For clarity, the cost of replacement energy shall form part of the price that Meralco will charge its customers.
- 9.1.5 The supply by Power Supplier of quantities of Replacement Power under this Section 9.1 shall be deemed fulfilment of Power Supplier's obligation to make available the Contract Capacity and to deliver the Associated Energy during such period.

Article 10 Adjustments in Contract Capacity and Associated

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 8 OF 18

Energy

10.1 Subject to the provisions of Section 10.2 below, Meralco shall, from time to time, be entitled to a reduction in the Contract Capacity and Associated Energy (the "Reduction in Contract Capacity and Associated Energy") equivalent to the reduction in the demand of its captive customers in order to avoid stranded contract capacities or costs, or by reason of the enforcement of Retail Competition and Open Access (RCOA), the Renewable Energy Law, Renewable Portfolio Standards (RPS), Green Energy Option Program (GEOP), Net Metering program, and other similar government programs, Laws and Legal Requirements.

10.2 Meralco shall give a written notice at least five (5) Days prior to the first Day of the next Billing Period to Power Supplier, specifying the Reduction in Contract Capacity and Associated Energy pursuant to Section 10.1, indicating when such reductions shall take place. Upon receipt by Power Supplier of such written notice, Meralco shall cease to have any rights and obligations under this Agreement in respect of such Reduction in Contract Capacity and Associated Energy. Any such reduction shall be limited to the extent of the Contract Capacity and Associated Energy that will allow Meralco to comply with its obligation to supply electricity in the least cost manner to its customers as of the date indicated in the notice when such Reduction in Contract Capacity and Associated Energy shall commence. Except for such Reduction in Contract Capacity and Associated Energy and the resulting reduction in Capacity Payment, all other terms and conditions of this Agreement, as approved by the ERC, shall remain in full force and effect. For this purpose, Parties shall execute an operations protocol and provide a copy thereof to the ERC.

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14.3 ERC Approval

14.3.1 Subject to the non-occurrence of the Longstop Date, upon receipt of the ERC Final Approval, Meralco shall provide a copy of such ERC Final Approval to Power Supplier. Power Supplier shall have ten (10) Days from its receipt from ERC or from MERALCO of such ERC Final Approval, whichever is earlier, to notify Meralco in writing that (a) it accepts such ERC Final Approval or (b) it does not accept the ERC Final Approval, stating the grounds for non-acceptance; provided that, if the ERC Final Approval does not contain any adjustment or modification, the ERC Final Approval shall be (i) deemed accepted by Power Supplier and (ii) implemented by the Parties immediately.

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[Liquidated Damages]

18.3.3 In the event that (i) a Power Supplier Event of Default continues unremedied upon the expiration of the relevant Curing Period; and (ii) where applicable, Power Supplier fails to make Available the Contract Capacity or to deliver the Associated Energy, Meralco shall be entitled to any of the following reliefs, at the option of Meralco, to be exercised, by written notice to Power Supplier in accordance with Section 18.4:

(a) payment by Power Supplier of liquidated damages, which

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 9 OF 18

shall be in lieu of all other damages to which Meralco may be entitled, in the amount equivalent to the product of the Price (at the time of the occurrence of the Power Supplier Event of Default) and the Associated Energy with respect to the Contract Capacity computed using 87.75% PCF for the remaining Term of the Agreement at a discount rate of twelve percent (12%). A sample calculation is found in Appendix E; provided that, in the event that Meralco elects this option, Meralco shall have the right (but not the obligation) to terminate this Agreement, by written notice to Power Supplier; or xxx

18.3.4 In the event that (i) a Meralco Event of Default continues unremedied upon the expiration of the relevant Curing Period; and (ii) where applicable, Meralco fails to receive, and pay for, the Contract Capacity and Associated Energy, Power Supplier shall be entitled to terminate this Agreement in accordance with Section 18.4, and, as a consequence of such termination, Power Supplier shall have the right (but not the obligation), by written notice to Meralco, to choose among the following remedies:

- (a) require Meralco to pay liquidated damages, in lieu of all other damages to which it may be entitled, in the amount equivalent to the product of the Capacity Payments and the Contract Capacity for the remaining Term of the Agreement at a discount of twelve percent (12%); or xxx

18.6.5 Termination in the Event of Material Adverse Government Action

- (a) If Power Supplier sends a Notice of Material Adverse Government Action that gives rise to an option to terminate this Agreement under Section 12.2.2, then Power Supplier may terminate this Agreement upon sixty (60) Days' prior written notice to the other Party, subject to Power Supplier's payment of fifty percent (50%) of the liquidated damages calculated in accordance with Section 18.3.3(a). However, if ERC or applicable Government Instrumentality denies the existence of a Material Adverse Government Action and Power Supplier proceeds to terminate this Agreement, Meralco shall be entitled to one hundred percent (100%) liquidated damages calculated in accordance with Section 18.3.3(a). Until termination occurs, the Parties shall continue to perform their respective obligations under this Agreement.

- (b) If Power Supplier fails to refund to Meralco any amount under Section 12.2.3, then either Party may terminate this Agreement upon sixty (60) Days' prior written notice to the other Party, subject to Power Supplier's payment of (i) fifty percent (50%) of the liquidated damages calculated in accordance with Section 18.3.3(a) and (ii) the amounts Meralco paid, which Meralco was not able to collect from its customers or is required to be refunded, if any. Until termination occurs, the Parties shall continue to perform their respective obligations under this Agreement.

SCHEDULE 6
SAMPLE CALCULATIONS OF LIQUIDATED DAMAGES

Sample calculation of Liquidated Damages shall be reflected in a protocol between Parties to operationalize the provisions of

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 10 OF 18

Article 18 (Events of Default and Termination).

IV. GENERATION RATE IMPACT

11. Based on the foregoing, and given a certain set of assumptions, the annual effective rate under the MERALCO-GNPD PSA is PhP 5.7403 per kWh (at plant gate, VAT exclusive), as shown in the RATE IMPACT ANALYSIS below:

GNPower Dinginin Ltd. Co. (GNPD) PSA - Rate Impact at 87.75% pcf (YEAR 2025)						
BILLING COMPONENT	UNIT	BASE RATE ^(a)	CPI Adj Factor ^(b)	BILLING DETERMINANT ^(c)		AMOUNT (PHP)
A. Capacity Payment (MCP)						
Peso Portion	(Php/kW-yr)	17,623.0000		300,000	(kW)	5,286,900,000.00
B. Fixed O&M Payment (MFOM)						
Escalating US Dollar Portion	(USD/kW-yr) ^(d)	84.3495	1.0482	300,000	(kW)	1,487,581,408.23
Escalating Peso Portion	(Php/kW-yr)	2,661.0433	1.0716	300,000	(kW)	855,503,366.22
C. Fuel Cost Payment (MFCP) ^(e,f)						
Escalating US Dollar Portion	(USD/kWh) ^(g)	0.0427		2,306,070,000	(kWh)	5,521,155,964.68
D. Variable O&M Payment (MVOM)						
Escalating Peso Portion	(Php/kWh)	0.0350	1.0716	2,306,070,000	(kWh)	86,494,612.43
Total Payment (VAT exclusive)						13,237,635,351.57
Effective Rate at Plant Gate						5.7403
WESM Line Rental Rate ^(h)						0.3000
Delivered Rate (VAT exclusive)						6.0403
Effective Cost if sourced from WESM ⁽ⁱ⁾						6.8870
Increase / (Decrease) over WESM Price						(0.8467)
Meralco Captive Energy Demand ^(j)						38,641,104,390.68
Increase / (Decrease) in Generation Cost						(1,952,447,738.43)
Increase / (Decrease) in Generation Cost						(0.0505)
NOTES:						
^(a) Base Rates as set forth in Schedule 1 of Appendix E of the PSA.						
^(b) CPI assumptions were based on values used during evaluation for Year 2025.						
^(c) Energy Payments based on 87.75% plant capacity factor.						
^(d) Dollar components shall be paid in USD, however values shown here were converted to Peso amount using exchange rate of PhP 56.085 / USD.						
^(e) Fuel Payment calculated based on Guaranteed Net Plant Heat Rate at 100.00% load factor for Contract Year 1.						
^(f) Line Rental rate for GNPD is based on the maximum allowable value for Contract Year 1 as stated in the PSA.						
^(g) Cost if equivalent volume of GNPD was sourced from the WESM based on forecasted average hourly prices from May 2025 to April 2026.						
^(h) Forecasted Meralco Captive Energy for May 2025 to April 2026 based on 2023 Power Supply Procurement Plan as submitted to DOE.						

12. MERALCO notes that the annual delivered rate of PhP 6.0403 per kWh (line rental inclusive and VAT exclusive) is lower by about PhP 0.8467 per kWh than the effective cost of PhP 6.8870 per kWh, if the equivalent capacity under the MERALCO-GNPD PSA is to be sourced from the Wholesale Electricity Spot Market ("WESM"). In fact, by sourcing the capacity through the MERALCO-GNPD PSA, MERALCO's average blended generation rate will be reduced by about PhP 0.0505 per kWh (as seen in the RATE IMPACT ANALYSIS above) resulting in savings to consumers of about PhP 1.9 Billion.
13. In support of this Joint Application, the Judicial Affidavit of ENGR. JAMES MARTIN J. VELASCO, Officer of MERALCO's Energy Sourcing – Energy Sourcing Operations Team, is attached as ANNEX "E" and made an integral part hereof.

V. COMPLIANCE WITH DOCUMENTARY REQUIREMENTS

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 11 OF 18

14. Likewise, in support of the instant Joint Application, the Applicants provide the following documents, which underwent the pre-filing conference and pre-filing marking of annexes with the Honorable Commission:

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

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 12 OF 18

Description of Document	Annex
<ul style="list-style-type: none"> Estimation of the potential for a reduction in load supplied by MERALCO due to RCOA, GEOP, etc. 	
Documents showing MERALCO's conduct of CSP	"K" and series
B. GNPD's Documents	
SEC Certificate of Registration including the Articles of Partnership	"L"
Amended Articles of Partnership dated 18 February 2022	"L-1"
Certificate dated 31 January 2024 with attached Information Sheet of GNPD	M
GNPD Project Ownership Structure Chart dated Dec 19, 2023	"M-1"
Partnership Agreement dated 06 February 2023	"N"
GNPD's Certificate of Registration No. 2022-058 dated 29 December 2021 with attached Terms and Conditions	"O"
GNPD's Environmental Compliance Certificate No. ECC-CO-1406-0012 dated 10 November 2015 with attached Terms and Conditions issued by the Department of Environment and Natural Resources	"P"
Certificate of Compliance No. 22-10-M-00203L issued by this Honorable Commission to GNPD	"Q"
DOE Amended Certificate of Endorsement DOE-EPIMB-ERC No. 2021-08-172 dated 03 August 2021 issued to GNPD	"R"
<p>Written Explanation on Inapplicable Documents:</p> <ul style="list-style-type: none"> Renewable Energy Service Contracts from the DOE Certificate of Registration or Certificate of Confirmation of Commerciality by an RE Developer Shareholder's Agreement By-Laws Water Permit from the National Water Resources Board 	"S"

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 13 OF 18

Description of Document	Annex
<ul style="list-style-type: none"> Copies of related agreements (i.e., Transmission Wheeling Contract, Independent Power Producer Administrators Agreement, Engineering-Procurement-Construction Contract, Operation and Maintenance Contract, Wholesale Aggregator Agreement, Project Feasibility Study, etc.) Updated costs in relation to a previously filed PSA Distribution Wheeling Service Agreement; Potential cost of ancillary services. 	
Single-line diagram connection	"T"
Executive Summary of the PPSA	"U"
Sources of Funds/Financial Plans (Confidential)*	"V"*
Certification on Financing Arrangement and Bank Certifications (Confidential)*	"W and series"*
Generation Rate and Derivation (Confidential)*	"X"*
Financial model in soft copy containing derivation of rates (Confidential)*	"Y"*
Cash Flow (Confidential)*	"Z"*
Explanation on the Fuel Procurement Process of GNPD (Confidential)*	"AA"*
Technical and Economic Characteristics of the Facility	"BB"
Latest Audited Financial Statements of GNPD	"CC"
Certification regarding the net heat rate of GNPD (Confidential)*	"DD"*
Simulation of the no. of operating units necessary to meet the MEOT and/or additional energy/demand requirements of MERALCO	"EE"
WESM Registration Information dated 21 December 2022 of GNPD	"FF"

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 14 OF 18

Description of Document	Annex
Decision dated 06 November 2020 of this Honorable Commission on the point-to-point application of GNPD	“GG”
Verification and Certification of Non-Forum Shopping	“HH”

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

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

15. Under Rule 4 of this Honorable Commission’s Revised Rules of Practice and Procedure (“RRPP”), a party to any proceeding before the Honorable Commission may request that certain information not be disclosed and be treated as confidential, by describing with particularity the information to be treated as confidential, specifying the ground for the claim of confidential treatment of the information and, if applicable, specifying the period during which the information must not be disclosed.
16. In line with this, GNPD prays that Annexes “V”, “W and series”, “X”, “Y”, “Z”, “AA”, and “DD” (collectively, the “Confidential Documents”) and the information contained therein be treated as confidential and should not be disclosed to any persons other than the officers and staff of the Honorable Commission.
17. The foregoing documents contain information and data involving GNPD’s power rate calculations and financial model, as well as how these are derived. They are not generally available to the public, are proprietary, privileged, and confidential in nature, and should be protected as trade secrets. In the case of *Air Philippines Corporation vs. Pennswell Inc.*,¹ the Supreme Court defined “trade secret” as follows:

A trade secret is defined as a plan or process, tool, mechanism or compound known only to its owner and those of his employees to whom it is necessary to confide it. The definition also extends to a secret formula or process not patented, but known only to certain individuals using it in compounding some article of trade having commercial value. A trade secret may consist of any formula, pattern, device, or compilation of information that (1) is used in one’s business; and (2) gives the employer an opportunity to obtain advantage over competitors who do not possess the

¹ G. R. No. 172835, 13 December 2007.

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 this Honorable Commission in its Decision in ERC Case No. 2015-111 RC:

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

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

19. GNPD hereby submits one (1) copy of the foregoing confidential documents in a sealed envelope, with the envelope and each page of the documents marked "Confidential."
20. The interest of the consumers of MERALCO is sufficiently protected by the review and evaluation of the rates under the PSA by the Honorable Commission, without the need to disclose the contents of Annexes "V", "W and series", "X", "Y", "Z", "AA", and "DD". The reasonableness and transparency of the prices of electricity is to be assured by the Honorable Commission through its own review and verification of the foregoing documents sought to be afforded confidential treatment in the evaluation and handling thereof.
21. Lastly and corollary to the foregoing, GNPD would like to implore the discerning wisdom of the Honorable Commission to include in its issuance for this purpose the "*procedures for handling or returning the confidential information, as may be appropriate, upon the close of the proceedings.*"³

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

³ The Commission's Revised Rules of Practice and Procedure, Rule 4, Section 2.

22. This is guided by the fact that GNPDP will seek for the return of the Confidential Documents 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 GNPDP enclosed in the subject annexes.

PRAYER

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

- a) Issue an Order TREATING Annexes “V”, “W and series”, “X”, “Y”, “Z”, “AA”, and “DD” (collectively, the “Confidential Documents”) 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 GNPDP, pursuant to *Rule 4 of the RRPP*; and
- b) After hearing on the merits, render a Decision APPROVING the MERALCO-GNPDP PSA and the terms and conditions thereunder, including the price.

Other reliefs, 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 platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020⁴ and Resolution No. 01, Series of 2021⁵ (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
17 April 2024 (Wednesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation

⁴ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

⁵ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 17 OF 18

Date	Platform	Activity
24 April 2024 (Wednesday) at two o'clock in the afternoon (2:00 P.M.)		Pre-trial Conference and Presentation of Evidence

Accordingly, MERALCO and GNPD are hereby directed to host the virtual hearings at **MERALCO's principal office located at Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City**, as the designated venue for the conduct thereof, and ensure that the same is open to the public. Moreover, MERALCO and GNPD shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at **least one (1) calendar day** prior to the scheduled initial virtual hearing, via electronic mail (e-mail) at doCKET@erc.ph, and copy furnish the Legal Service through 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, all 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, and copy furnishing the Legal Service through legal@erc.ph, a verified Petition to Intervene at **least five (5) calendar days** prior to the date of the initial virtual hearing. The verified Petition to Intervene must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicate therein the docket number and title of the case, and state 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.

ERC CASE NO. 2024-023 RC
NOTICE OF VIRTUAL HEARING/ 12 MARCH 2024
PAGE 18 OF 18

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, and copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at **least five (5) calendar days** prior to the initial virtual hearing. Rule 9 of the ERC Revised Rules of Practice and Procedure shall govern. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

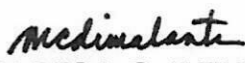
- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Joint Application* on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled initial virtual hearings by providing the Commission, through legal.virtualhearings@erc.ph, 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 hearings.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 12th day of March 2024 in Pasig City.


MONALISA C. DIMALANTA
Chairperson and CEO

LS: BBB/IHH/ESP

ERC
Office of the Chairperson and CEO

MCD2024-015512



NOTICE

Sirs/Mesdames:

Please take notice that on **12 March 2024**, the Commission issued an **Order** and a **Notice of Virtual Hearing** in the following case, the original documents were received by this Office on 18 March 2024:

ERC CASE NO. 2024-023 RC, IN THE MATTER OF THE JOINT APPLICATION FOR THE APPROVAL OF THE POWER SUPPLY AGREEMENT BETWEEN MANILA ELECTRIC COMPANY AND GNPOWER DINGININ LTD. CO., WITH MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION – MANILA ELECTRIC COMPANY (MERALCO) AND GNPOWER DINGININ LTD. CO. (GNPD), Applicants.

Attached are electronic copies.

Please be reminded of the Commission's existing rules on electronic service of orders and decisions provided under **Rule VI of Resolution No. 9, Series of 2020¹**, which became effective on 17 November 2020.

Thank you.

Very truly yours,

MARIA LUCILA M. GIRON
Administrative Officer V
OGCS-Central Records Division

/jdc

¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission