

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
MERALCO PROJECTS IN
CONNECTION WITH THE
IMPLEMENTATION OF THE
VARIOUS BBB PROJECTS
OF THE DEPARTMENT OF
TRANSPORTATION (DOTr)

ERC CASE NO. 2022-049 RC

MANILA ELECTRIC
COMPANY (MERALCO),
Applicant.

Promulgated:
July 08, 2022

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 23 June 2022, Manila Electric Company (MERALCO) filed an *Application* dated 09 June 2022, seeking the Commission's approval of its projects in connection with the implementation of various Build Build Build (BBB) Projects of the Department of Transportation (DOTr).

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

1. Applicant is a private corporation 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 at its principal office address or through its counsel at the address indicated herein.
2. Applicant 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, Quezon, Pampanga and Laguna pursuant to Republic Act No. 9209, and is authorized to charge all its customers for their electric

consumption at the rates duly approved by the Honorable Commission.

3. On 12 December 2019, MERALCO filed an application for the approval of its various Contingency Capital Projects, docketed as ERC Case No. 2019-090 RC, to relocate its existing electrical sub-transmission and distribution facilities, which include wires, transformers, poles, and other appurtenances in Metro Manila and the provinces of Bulacan and parts of Batangas, Laguna, Quezon and Pampanga that will be affected by the following projects of the Department of Transportation ("DOTr Projects", for brevity) under the Build Build Build Program ("BBB Program") of the Duterte Administration:
 - a. Common Station Project ("CS")
 - b. Metro Manila Subway Project – Phase 1 ("MMSP")
 - c. North-South Commuter Railway System, composed of:
 - i. Philippine National Railways ("PNR") North 1 (Tutuban-Malolos) ("PNR N1")
 - ii. PNR North 2 (Malolos-Clark) ("PNR N2")
 - iii. PNR South Commuter (Solis-Calamba) ("PNR SC")
 - d. PNR South Long Haul (Manila-Sorsogon, Batangas) ("PNR SLH")
4. On 29 April 2022, MERALCO electronically received a copy of the Decision dated 10 November 2021 (promulgated 29 April 2022), which partially approved MERALCO's Application in ERC Case No. 2019-090RC, to wit:

"WHEREFORE, the foregoing premises considered, the application filed by the Manila Electric Company (MERALCO) for approval of its Contingency CAPEX project is hereby RESOLVED as follows:

1. MERALCO's Relocation Project of its electrical facilities in connection with the implementation of various Build, Build, Build (BBB) Projects of the DOTr is hereby APPROVED, provided that the cost for the relocation in the amount of Nine Billion Nine Hundred Seventy One Million Three Hundred Forty-Seven Thousand Seven Hundred Eighty-Seven Pesos and Twenty-Five Centavos (PhP9,971,347,787.25) shall be treated and recorded as Contribution in Aid of Construction (CIAC), hence, this shall not be recovered/capitalized under the account of MERALCO; and
2. The Expansion Project of MERALCO of its distribution system in line with this *Application* in the amount of Four Billion Two Hundred Thirty-Nine Million Three Hundred Forty-One Thousand Five Hundred Seventy-Nine Pesos and Thirteen Centavos (PhP4,239,341,579.13) is hereby DISAPPROVED without prejudice to re-

filing. The *Applicant* is directed to re-file the subject project within 30 days from receipt hereof.

FINALLY, this *Decision* is without prejudice to any administrative action that the Commission may undertake for MERALCO's violation of Section 3.6 of ERC Resolution No. 26, Series of 2009.

SO ORDERED."

- 5. While the MERALCO Projects were initially disapproved in the Decision, the Honorable Commission saw the importance of the projects in addressing the identified issues, based on the assessment of the necessity of the projects in the distribution system. Hence, the implementation of the MERALCO Projects needs to be pursued.
- 6. As such, as directed in the said Decision, Applicant hereby refiles the MERALCO Projects which must be implemented together with the relocation of the affected facilities to be able to take full advantage of the excavation activities that already include the civil works needed for reliability and future load growth requirements of MERALCO. The estimated total cost of the MERALCO Projects to be shouldered by Applicant which shall form part of its Capital Expenditure ("CAPEX") Program is shown in the following table:

Project Name	Estimated Cost
PNR North 1	502,132,477
PNR North 2	127,464,398
PNR South Commuter	421,018,769
PNR South Long Haul	1,293,956,768
TOTAL, in PhP	2,344,572,412

- 7. More particularly, the implementation of the foregoing MERALCO Projects, i.e., the construction of underground distribution facilities to address the reliability and load-growth requirements simultaneous with the implementation of the DOTr relocation projects, are necessary to avert the following unnecessary but potential consequences:
 - 7.1 MERALCO may no longer be able to secure rights-of-way (ROW) and work permits from PNR if it defers implementation of its reliability and load growth requirements after the railway system is already operational. This will cause disruption in the operations of the railway project, and more importantly excavations near the project will not be permitted;
 - 7.2 Additional costs due to the separate mobilization/demobilization activities, separate staging (manholes, pedestals), longer HDD length to

clear from existing underground (UG) facilities, etc., when the railway system is already operational;

- 7.3 There will be multiple planned power interruptions due to construction of additional UG civil works that will affect existing overhead facilities thus affecting MERALCO customers in the affected areas;
- 7.4 Inconveniences to the general public due to road closure, traffic congestion and minimize impact to other public utilities (water lines, telecoms, cable services); and
- 7.5 Non-implementation of these civil works projects could cause delay in the implementation of system requirement projects intended to improve the reliability of the distribution system for the benefit of the customers as well as the connection of new customer applications in the affected areas. It is well to note that the system requirement projects are intended to meet the forecasted peak demand, serve the power of both existing and future customers adequately, relieve critical loading of feeders, and address contingency problems, all for the purpose of maintaining a high level of safety, power quality, efficiency, and system reliability of MERALCO's distribution network system.

PROJECT SUMMARY

- 8. The instant Application covers MERALCO Projects that will be implemented together with the relocation of the electric facilities that will be affected by the DOTr Projects.
- 9. It is necessary that the construction and implementation of the MERALCO Projects follow the schedule of the relocation of the affected facilities, and that both be completed within their respective target dates to avoid unnecessary costs and resources and ensure that the implementation of both the relocation of the Affected Facilities and the MERALCO Projects is economically viable and optimal.
- 10. The MERALCO Projects will involve the following latest scope pursuant to the various coordination meetings conducted by MERALCO and DOTr; particularly, the changes in the alignment and crossings as well as the number of facilities that will be affected:

PNR North 1

Count of crossing locations	Count of Horizontal Direction Drilling (HDD) Assembly	Total Cost, in PhP
45	130	502,132,477

A total of forty-five (45) locations of railway crossings covering the stretch of PNR North 1 were identified by MERALCO, wherein one hundred thirty

(130) HDD assemblies are planned to be installed as provision for MERALCO's load growth.

PNR North 2

Count of crossing locations	Count of HDD Assembly	Total Cost, in PhP
16	33	127,464,398

A total of sixteen (16) locations of railway crossings covering the stretch of PNR North 2 were identified by MERALCO, wherein thirty-three (33) HDD assemblies are planned to be installed as provision for MERALCO's load growth.

PNR South Commuter

Count of crossing locations	Count of HDD Assembly	Total Cost, in PhP
74	109	421,018,769

A total of seventy-four (74) locations of railway crossings covering the stretch of PNR South Commuter were identified by MERALCO, wherein one hundred nine (109) HDD assemblies are planned to be installed as provision for MERALCO's load growth.

PNR South Long Haul

Count of crossing locations	Count of HDD Assembly	Total Cost, in PhP
284	335	1,293,956,768

A total of two hundred eighty-four (284) locations of railway crossings covering the stretch of PNR South Long Haul were identified by MERALCO, wherein three hundred thirty-five (335) HDD assemblies are planned to be installed as provision for MERALCO's load growth.

11. It is submitted that the total number of Applicant's facilities that will be affected by the implementation of the DOTr Projects could still vary pending their completion.
12. Similar to the DOTr Projects, these MERALCO Projects shall be implemented in phases simultaneous with the implementation of underground civil works in preparation for the relocation of MERALCO's existing facilities. Thereafter, Applicant shall permanently install electrical facilities to either spaces with corresponding rights-of-way ("ROW") to be provided by the Philippine National Railways ("PNR").
13. The implementation of these MERALCO Projects involve the concurrent construction of underground conduits, using HDD and power cables as prescribed by DOTr, together with the implementation of the relocation of the sub-transmission and distribution facilities of MERALCO that will be affected by the construction of various DOTr infrastructure projects.
14. Notably, the agreements between MERALCO and the DOTr were contained in the Memorandum of Agreement ("MOA") executed on 07 May 2019, which sets out their respective rights and obligations, including the payment arrangement

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for the cost of relocation. A copy of the MOA is attached hereto as Annex "A".

15. In support of the Application, attached hereto are the following documents:

Annex	Description
"B"	Project Description of the MERALCO Projects, including the justification for the Projects in more detail, the various options considered by Applicant, project diagrams, Project timelines, and the cost estimate for the Projects.
"C"	Judicial Affidavit of Engr. Remigio R. Angeles, Jr., Manager of Applicant's Distribution Services Asset Management (DSAM) Office

PRAYER

WHEREFORE, it is most respectfully prayed to this Honorable Commission that the instant application for Authority to implement the MERALCO Projects, in relation to the relocation of its electrical facilities that will be affected by the implementation of various DOTr Projects, be APPROVED and that CAPEX to be put in service be recovered in the distribution rates of the next regulatory period.

Pending hearing, MERALCO shall continue to recognize and implement the various projects as contingency projects to align with the implementation schedule of the DOTR projects.

Applicant MERALCO prays for such other relief as are deemed just and equitable under the premises.

The Commission has set the *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 No. 09, Series of 2020¹ dated 24 September 2020, and Resolution No. 01, Series of 2021 dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):²

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

² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

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Date	Platform	Activity
23 August 2022 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Determination of compliance with the jurisdictional requirements and expository presentation
30 August 2022 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Pre-trial Conference and 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, 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, copy furnish 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 and subject to the requirements under Rule 9 of the ERC Revised 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 likewise file through e-mail at doCKET@erc.ph, 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 and subject to the requirements under Rule 9 of the ERC Revised 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* 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, thru legal.virtualhearings@erc.ph, with their respective e-mail addresses and indicating therein the case number of the instant *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** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 30th of June 2022 in Pasig City.


AGNES VST DEVANADERA
Chairperson and CEO


LS: SQD/LSP/MCCG





Republic of the Philippines

**ENERGY
REGULATORY
COMMISSION**

OGCS-N-02/0729-2022

NOTICE

Sirs/Mesdames:

Please take notice that the Commission issued an **Order** and a **Notice of Virtual Hearing** both dated **30 June 2022** in the following case:

ERC CASE NO. 2022-049 RC, IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF THE MERALCO PROJECTS IN CONNECTION WITH THE IMPLEMENTATION OF THE VARIOUS BBB PROJECTS OF THE DEPARTMENT OF TRANSPORTATION (DOTr) – MANILA ELECTRIC COMPANY (MERALCO), Applicant.

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 2020**, which became effective on 17 November 2020.

Thank you.

Very truly yours,

MARIA LUCILA M. GIRON

Administrative Officer V

*Office of the General Counsel and Secretariat
Central Records Division*

/jdc

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