



LEYTE V ELECTRIC COOPERATIVE, INC.

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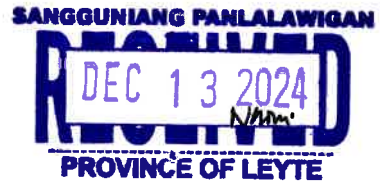
Reference No. 2024-12-971

Item No.: **14**

December 12, 2024

Date: **16 2024 DEC**

HON. LEONARDO M. JAVIER
Provincial Vice Governor of Leyte
Leyte Provincial Government Complex
West Bypass Road, Brgy. Guindapunan
6501 Palo, Leyte, Philippines



Subject: Service of the *Application*

Dear Honorable Vice-Governor Javier:

Greetings from LEYECO V!

In compliance with the Revised Rules of Practice and Procedure of the Energy Regulatory Commission, we are furnishing you a copy of the **LEYTE V ELECTRIC COOPERATIVE, INC. (LEYECO V)** and **KEPCO SPC POWER CORPORATION's (KSPC)** Joint Application entitled "*In the Matter of the Application for Approval of Power Supply Agreement Between KEPCO SPC Power Corporation (KSPC) and Leyte V Electric Cooperative, Inc. (LEYECO V) With Motion for Confidential Treatment of Information and Prayer for Provisional Authority,*" with annexes and attachments (except for annexes that are subject of a motion for confidential treatment of information) to be filed by Leyte V Electric Cooperative, Inc. (LEYECO V) to the Energy Regulatory Commission. Due to voluminous annexes and attachments, we are transmitting scanned copies of the same through a USB Flash drive.

In this regard, we would like to request for a Certification from the Office, bearing the official dry seal, confirming the receipt of the enclosed documents. A template is likewise enclosed for your reference.

You may send an advance copy of the certification through my email address at info@leyeco-v.com.ph

Thank you and best regards.

Very truly yours,

ATTY. JANNIE ANN J. DAYANDAYAN, CPA
General Manager

apl/ncvcl/mrg

<p>Executive Secretary: 206 InfoTech & Comm. Services: 216-218, 509 Institutional Services Dept.: 401 Public Relations: 214 Clinic: 209 Membership Division Chief: 403 Membership: 404 Housewiring: 407 Customer Welfare Desk: 200-205 Motorpool: 406 ODM: 409 Human Resources: 402, 210 GSD Chief: 408 Warehouse: 405 Corporate Planning & Energy Trading Dept.: 219, 221, 223</p>	<p>Technical Services Dept.: 801,802 Engineering: 803 Line Construction: 804 Internal Audit Dept.: 701 Auditors: 702 Finance Services Dept.: 501 Cashiering: 502 Collection: 503-504 Accounting: 505 Consumer Accts: 506 Meter Reading & Billing: 507, 508 & 510</p>
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Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
JOINT APPLICATION FOR
APPROVAL OF THE POWER
SUPPLY AGREEMENT (PSA)
BETWEEN LEYTE V
ELECTRIC COOPERATIVE,
INC. (LEYECO V) AND KEPCO
SPC POWER CORPORATION
(KSPC), WITH PRAYER FOR
CONFIDENTIAL TREATMENT
OF INFORMATION AND
MOTION FOR PROVISIONAL
AUTHORITY,**

ERC CASE NO. _____

**LEYTE V ELECTRIC
COOPERATIVE, INC.
(LEYECO V) AND KEPCO SPC
POWER CORPORATION
(KSPC),**

Applicants.

X-----X

**JOINT APPLICATION
(With Motion for Confidential Treatment of Information and
Provisional Authority)**

Applicants **LEYTE V ELECTRIC COOPERATIVE, INC.** and **KEPCO SPC POWER CORPORATION**, through their respective undersigned counsels, respectfully state:

THE APPLICANTS

1. Applicant **LEYTE V ELECTRIC COOPERATIVE, INC.** (“**LEYECO V**”) is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of Presidential Decree No. 269 (PD 269), as amended, and other laws of the Republic of the Philippines, with principal office at Brgy. San Pablo, Ormoc City Dir. Paulito A. Cotiangco, and General Manager, Atty. Jannie Ann J. Dayandayan, CPA, evidenced by

Board Resolution No 98, Series of 2024 dated August 27, 2024. A copy of which is attached hereto as *Annex “MM”*.

2. Applicant **KEPCO SPC Power Corporation (“KSPC”)** is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal address at the 7th Floor, Cebu Holdings Center, Cebu Business Park, Cebu City, Philippines, herein represented by its Marketing Assistant Manager, Jude Francis Alphaeus Rendon, and its Market Analysis Assistant Manager, Rovel Tangkay, who has been authorized by its Board of Directors to file the Joint Application as evidenced by the Secretary’s Certificate dated February 9, 2023, attached hereto as *Annex “NN”*

3. Applicant KSPC owns and operates a 2x103 MW Circulating Fluidized Bed Combustor (CFBC) Boiler Coal-Fired base load power plant in the City of Naga, Cebu, which became operational in 2011.

4. Applicants may be served notices, orders, and other processes of the Honorable Commission through their respective counsels at their addresses indicated below.

NATURE OF THE APPLICATION

5. Section 23 of the Electric Power Industry Reform Act of 2001 (EPIRA) mandates that a distribution utility has the obligation to supply electricity in the least cost manner to its captive market, subject to collection of retail rate duly approved by this Honorable Commission. In relation to this, Section 45 (b) of the EPIRA expressly allows distribution utilities to enter into bilateral power supply contracts subject to the review of this Honorable Commission. The same are consistent with the State’s policy to ensure the quality, reliability, security, and affordability of the supply of electric power.

6. Pursuant to the above provision of law, herein joint applicants file this application for the approval of the Power Sales Agreement (“PSA”) between LEYECO V and KSPC dated 13 September 2024. A copy of the PSA is attached hereto as *Annex “A”*.

STATEMENT OF FACTS

7. LEYECO V is a duly franchised Distribution Utility engaged in the distribution of electricity with its franchise areas in the city of Ormoc and the

municipalities of Isabel, Merida, Palompon, Tabango, Calubian, San Isidro, Leyte, Kananga, Matag-ob, Albuera and Villaba, all in the Province of Leyte.

8. The subject Energy and Capacity of the PSA is needed by LEYECO V to meet the demand of the captive market in a least cost manner. A copy of its Supply and Demand Scenario is attached as *Annex "G"*.

9. In addition, LEYECO V's Single Line Diagram is attached as *Annex "H"*, Performance Assessment is attached as *Annex "I"*, and the Potential Reduction in Load is attached as *Annex "J"*.

BRIEF DISCUSSION OF THE COMPETITIVE SELECTION PROCESS

10. Through a Memorandum of Agreement (MOA), ten (10) Electric Cooperatives (EC) of Region 8, including LEYECO V, agreed to conduct a joint procurement for their baseload requirement for the period of 2024 to 2033. The joint procurement was referred to as the Region 8 Joint Competitive Power Supply Procurement (R8 JCPSP). A copy of the Memorandum of Agreement dated 10 November 2023 is hereto attached as *Annex "OO"*.

11. Under the MOA, the Federation of Rural Electric Cooperatives in Region 8 Association, Inc. (FRECOR 8) was tasked to supervise and facilitate the transaction process, documentary requirements, and operational coordination among the member ECs of the R8 JCPSP.

12. A Joint Board of Directors (JBOD) was also created composed of General Managers and Board Presidents of the member ECs, which acts as the governing and policy-making body of the R8 JCPSP.

13. The JBOD passed Board Resolution No. 2023-11-002, Series of 2023 constituting the R8 Joint Bids and Awards Committee (JBAC) for the R8 JCPSP. A Joint Technical Working Group (JTWG) and a Joint Secretariat was also created. A copy of R8 JCPSP JBOD Board Resolution No. 2023-11-002, Series of 2023 dated 10 November 2023 is hereto attached as *Annex "PP"*.

14. The R8 JCPSP was for the procurement of an aggregate power supply of 190 MW, divided into two (2) lots: Lot 1 for 162 MW, which commences in 2024, and Lot 2 for 28 MW, which commences in 2027. The R8 JCPSP followed the policy and rules prescribed under Department of Energy (DOE) Department Circular No. DC2023-06-0021, and Energy Regulatory Commission (ERC) Resolution No. 16, Series of 2023.

15. On 15 December 2023, R8 JCPSP Bidding Documents, including Invitation to Bid, Terms of Reference, and Instructions to Bidders, were submitted to NEA. NEA then issued a Certificate of Conformity No. NEA-RAO-COC-2024-02 dated 22 March 2024 when it found the R8 JCPSP's Bidding Documents to be consistent with the latest posted 2023-2032 Power Supply Procurement Plan of the member ECs of the R8 JCPSP. NEA likewise allowed the member ECs of the R8 JCPSP to proceed with the CSP. Copies of the submitted Bidding Documents and the NEA Certificate of Conformity are hereto attached as *Annex "QQ and series"* and *"RR"*, respectively.

16. Thereafter on 6 and 13 April 2024, the Invitation to Bid and Terms of Reference were published in the Manila Bulletin newspaper. A copy of the Affidavit of Publication is hereto attached as *Annex "SS"*. Likewise, a complete copy of Manila Bulletin issues dated 6 and 13 April 2024 are hereto attached as *Annex "TT and series"* and *"UU and series"*.

17. There was likewise a local publication under the Leyte Samar Daily Express and the EV Mail. Invitations to power suppliers were also sent through electronic mail and postings were made in the DOE CSP Portal and respective EC websites.

18. On 12 April 2024, Invitations to CSP Observers were sent to attend the Pre-Bid Conference, including NEA, DOE, ERC, consumer representatives, community representatives, interested civil society organizations and consumers, and regional development council for Eastern Visayas.

19. On 23 April 2024, the JBAC conducted its Pre-bid Conference 1. During the Pre-bid Conference 1, the comments and questions submitted by the bidders were reviewed and discussed.

20. On 18 May 2024, Supplemental Bid Bulletin Nos. 03 to 05 were issued and were posted on the DOE CSP Portal. They referred to amendments to the Terms of Reference, amendments to instruction to bidders, and amendments to the draft power supply agreement based on the comments and clarifications from the bidders of Pre-Bid Conference 1.

21. On 22 May 2024, the JBAC conducted the Pre-Bid Conference 2 to provide another opportunity for the bidders to seek clarification on the

Bidding Documents and revisions made therein. CSP Observers were invited again.

22. On 08 June 2024, the JBAC issued the Final Instructions to Bidders, Final Terms of Reference, Supplemental Bid Bulletin Nos. 06 and 07 and other documents as requested by bidders in preparation for the submission and opening of bids. Invitations to CSP Observers were sent to attend the submission and opening of bids on 25 to 26 June 2024.

23. On 25 June 2024, bidders submitted their respective bids for Lot 1 and Lot 2. The bids were opened on 25 June 2024 for Lot 1, and on 26 June 2024 for Lot 2 in the presence of JBAC, participating bidders, CSP Observers and an Independent Auditor.

24. On 1 to 3 July 2024, the JBAC conducted a post-qualification evaluation of the lowest calculated bids for Lot 1 and Lot 2.

25. On 3 July 2024, the JBAC issued Resolution No. 02, Series of 2024, recommending to the JBOD to award the power supply agreements to the following bidders for Lot 1 for the period of supply of 2024-2033:

Bidder	Capacity (Lot 1)
Therma Luzon Inc.	81 MW
Sual Power, Inc.	50 MW
KEPCO SPC Power Corp	31 MW

26. Further, the JBAC issued Resolution No. 03, Series of 2024, recommending to the JBOD to award the capacity of 28 MW for Lot 2 for the period of supply of 2027-2033 to TLI as the bidder having the lowest calculated responsive bid.

27. Consequently, on 3 July 2024, JBOD approved JBAC's Recommendation to award the Power Supply Agreements to the bidders with the lowest calculated responsive bids for Lot 1 and Lot 2 through JBOD Resolution No. 2024-07-001 and 2024-007-002, respectively.

29. After its receipt of NEA's Notice to Issue Award dated 13 August 2024 last 14 August 2024, on 19 August 2024, the JBAC issued a Notice of Award to KSPC for the 31 MW baseload demand under Lot 1 of the R8 JCPSP, which was acknowledged by KSPC on 20 August 2024.

30. On 29 August 2024, FRECOR 8 timely submitted to NEA the finalized draft PSA together with the Board Resolution and the justifications to the changes made in the PSA, for the issuance of the Notice to Execute Agreement. However, it was only on 13 September 2024 when FRECOR 8 received NEA's Notice to Execute Agreement dated 12 September 2024.

31. Thus, on 13 September 2024, LEYECO V and KSPC executed the Power Supply Agreement (PSA), commencing on the later of the two dates: (i) September 26, 2024 or (ii) immediately after the issuance by the ERC of a Provisional Authority, or Interim Relief, or Final Authority, until 25 December 2033 with a contract capacity of 7 MW.

32. Hence, this instant *Joint Application* for the approval of the PSA between LEYECO V and KSPC

SALIENT FEATURES OF THE PSA

33. The PSA between LEYECO V and KSPC contains the following salient features:

- a. **Contract Term.** This Agreement shall take effect immediately from Effective Date, and from such date, shall remain in force and effect until December 25, 2033, unless sooner terminated in accordance with this Agreement and upon approval by the ERC.
- b. **Delivery Date.** KSPC shall commence delivery of Contract Capacity to LEYECO V on September 26, 2024 or the date of the receipt of the Seller of the ERC Provisional Authority, as may be applicable, provided, the Buyer has given its day-ahead nomination, duly received by the Seller.
- c. **Contract Capacity.** It shall mean a capacity of 7 MW reserved by KSPC for LEYECO V for the duration of the contract period. For the avoidance of doubt, this refers to the estimated capacity of electricity to be made available for Delivery to each LEYECO V Facility.
- d. **Proposed Rates and Rate Impact.** The detailed discussion on rate and its pertinent information thereto are specifically stated in Annex V - Narrative on Sources of Funds, Generation Rates,

Cash Flow, which are subject to the Motion for Confidential Treatment of Information.

CONTRACT CAPACITY AND/OR CONTRACT ENERGY[1]

[1] Power Supply Agreement, page 29.

Billing Month	Hours	Contract Capacity (kW)	Maximum Contract Energy (kWh)	Minimum Contract Energy (kWh)
January	744	7000	5,208,000	3,385,200
February	744	7000	5,208,000	3,385,200
March*	672	7000	4,704,000	3,057,600
	696*	7000	4,872,000	3,166,800
April	744	7000	5,208,000	3,385,200
May	720	7000	5,040,000	3,276,000
	744	7000	5,208,000	3,385,200
June	744	7000	5,208,000	3,385,200
July	720	7000	5,040,000	3,276,000
August	744	7000	5,208,000	3,385,200
September	744	7000	5,208,000	3,385,200
October	720	7000	5,040,000	3,276,000
November	744	7000	5,208,000	3,385,200
December	720	7000	5,040,000	3,276,000

*Number of hours for March billing period during leap year.

The Buyer shall be allowed to nominate at least 50% of the Contract Capacity per interval divided by twelve (12) on all 5-minute Trading Intervals, but at the end of the relevant billing period, the Buyer shall be obligated to pay for the product at 65% monthly minimum CUF or actual energy nominated, whichever is higher, and the Total Generation Charge. The Buyer will be billed based on Minimum Monthly CUF if, at the end of the billing period and after reconciliation, the nomination

falls below the Minimum Monthly CUF for reasons other than FM. The maximum contract energy shall be proportionately adjusted to account for the undelivered energy (kWh) due to Force Majeure.

- b. **Capacity Utilization Factor.** The ratio of the amount of energy taken by LEYECO V from KSPC during any Billing Period to the actual capacity made available by KSPC.

LEYECO V shall purchase the Contracted Capacity and pay for the Contracted Capacity from sixty-five (65%) to one hundred percent (100%) Capacity Utilization Factor (CUF), computed per Billing Period, in accordance with Schedule 3 below.

Capacity Utilization Factor (CUF) Price

<u>CAPACITY FEE</u>	<u>LOCAL (PHP/kWh)</u>	
	<u>C.U.F.</u>	<u>Capital Recovery</u>
<u>100%</u>	<u>0.9895</u>	<u>1.0305</u>
<u>99%</u>	<u>0.9995</u>	<u>1.0409</u>
<u>98%</u>	<u>1.0097</u>	<u>1.0515</u>
<u>97%</u>	<u>1.0201</u>	<u>1.0624</u>
<u>96%</u>	<u>1.0307</u>	<u>1.0734</u>
<u>95%</u>	<u>1.0416</u>	<u>1.0847</u>
<u>94%</u>	<u>1.0527</u>	<u>1.0963</u>
<u>93%</u>	<u>1.0640</u>	<u>1.1081</u>
<u>92%</u>	<u>1.0755</u>	<u>1.1201</u>
<u>91%</u>	<u>1.0874</u>	<u>1.1324</u>
<u>90%</u>	<u>1.0994</u>	<u>1.1450</u>
<u>89%</u>	<u>1.1118</u>	<u>1.1579</u>
<u>88%</u>	<u>1.1244</u>	<u>1.1710</u>
<u>87%</u>	<u>1.1374</u>	<u>1.1845</u>
<u>86%</u>	<u>1.1506</u>	<u>1.1983</u>
<u>85%</u>	<u>1.1641</u>	<u>1.2124</u>
<u>84%</u>	<u>1.1780</u>	<u>1.2268</u>
<u>83%</u>	<u>1.1922</u>	<u>1.2416</u>
<u>82%</u>	<u>1.2067</u>	<u>1.2567</u>
<u>81%</u>	<u>1.2216</u>	<u>1.2722</u>
<u>80%</u>	<u>1.2369</u>	<u>1.2881</u>

<u>79%</u>	<u>1.2525</u>	<u>1.3044</u>
<u>78%</u>	<u>1.2686</u>	<u>1.3212</u>
<u>77%</u>	<u>1.2851</u>	<u>1.3383</u>
<u>76%</u>	<u>1.3020</u>	<u>1.3559</u>
<u>75%</u>	<u>1.3193</u>	<u>1.3740</u>
<u>74%</u>	<u>1.3372</u>	<u>1.3926</u>
<u>73%</u>	<u>1.3555</u>	<u>1.4116</u>
<u>72%</u>	<u>1.3743</u>	<u>1.4313</u>
<u>71%</u>	<u>1.3937</u>	<u>1.4514</u>
<u>70%</u>	<u>1.4136</u>	<u>1.4721</u>
<u>69%</u>	<u>1.4341</u>	<u>1.4935</u>
<u>68%</u>	<u>1.4551</u>	<u>1.5154</u>
<u>67%</u>	<u>1.4769</u>	<u>1.5381</u>
<u>66%</u>	<u>1.4992</u>	<u>1.5614</u>
<u>65%</u>	<u>1.5223</u>	<u>1.5854</u>

c. Outages. KSPC shall guarantee continuous supply without Scheduled and Unscheduled Outages throughout the term of this Agreement.

d. **Replacement Power.** KSPC shall guarantee the availability of the Contract Capacity/Energy during the term of this PSA, except when caused by a Force Majeure event allowed hereof. Notwithstanding the Outage, whether Scheduled Outage or Unscheduled Outage, of the Cebu Power Plant utilized by KSPC in order to supply the Contract Capacity/Energy per Schedule 2, KSPC shall be responsible in securing and ensuring that the Contract Capacity and/or Contract Energy is delivered to LEYECO V at contract price or actual price, whichever is lower. KSPC's supply of Replacement Power shall only be to the extent of the Contract Capacity.

e. **Compensation, Payment and Billing.** Commencing on the Delivery Date and continuing throughout the Term, LEYECO V shall pay to KSPC an amount (the "Monthly Payment")

calculated in accordance with formula set out in Schedule 5 exclusive of value added taxes and any other applicable taxes, fees and charges. All taxes, fees, imposts and other similar charges shall also be included in the monthly billing. The Monthly Payment shall be subject to adjustment in accordance herein set forth and shall be subject to further adjustments if there are new taxes, fees, imposts and similar charges or any increase in existing taxes, fees, imposts and charges.

KSPC shall send invoice to LEYECO V on or before the 5th day of the succeeding month setting forth the Monthly Payment due for that Billing Month, together with value added taxes and other applicable taxes, fees and charges due thereon. Such invoices shall be denominated in Philippine Pesos.

Without necessity of demand, LEYECO V shall pay KSPC the Electricity Fee as stated in such a billing statement, not later than the twenty-fifth (25th) of the calendar month following the close of a Billing Period ("Due Date"). If the last day of the Payment Period falls on a non-working day, payment shall be due on the next working day. Should KSPC deliver the bill beyond the allowable period, the due date shall also be extended equivalent to the number of days of the delay. Moreover, KSPC shall issue the corresponding Official Receipt upon the receipt of the full payment. LEYECO V shall pay the Amount Due to an account designated by the Seller either by electronic fund transfer or by other mutually agreed alternative method.

f. **Interest for Late Payment.** If any amount payable by LEYECO V is not paid on Due Date:

i. The amount unpaid shall bear a daily interest, at a rate of twelve percent (12%) per annum, computed on a 360-day basis;

ii. If any invoice from the Seller is overdue for more than six (6) months, the Buyer shall pay an additional penalty of one percent (1%) per month for every additional month of delay beyond six (6) months;

- g. **Electricity Fees.** Refers to the total amount of charges due from LEYECO V in respect of the Contract Capacity and all Energy supplied by KSPC during a Billing Period, computed in accordance with Schedule 5^[1].

MONTHLY PAYMENT, INDEXATION AND ADJUSTMENT

The Buyer shall pay the Seller for the Energy at the following Fees and as adjusted on a monthly basis pursuant to the following formula:

$$\text{Electricity Fees} = \text{TGC} \times \text{AEN}$$

$$\text{TGC} = \text{CRF}_{\text{CUF}} + \text{FOM}_{\text{Adj}} + \text{VOM}_{\text{Adj}} + \text{FF}_{\text{Adj}} + \text{TF}$$

Where:

Electricity Fees = Total Generation Charge in Php for the Billing Period

TGC = Total Generation Charge in Php/kWh for the Billing Period.

AEN = Actual Energy Nominated for the Billing Period in kWh. In cases, other than force majeure, when the CUF or Actual Nominated Energy is lower than 65% CUF, the Minimum Contract Energy and 65% CUF, shall apply.

CRF100% = Capital Recovery Fee of Php0.9895/kWh at 100% CUF.

CRFCUF = Capital Recovery Fee at the given actual CUF for the billing period in reference to Schedule 3.

FOM100% = Fixed Operation and Maintenance Fee of Php1.0305/kWh at 100% CUF.

FOMAdj = Adjusted FOM Fee for the billing period

$$\text{FOM}_{\text{Adj}} = \text{FOM}_{\text{CUF}} * (\text{PHCPI}_{\text{current}} / \text{PHCPI}_{\text{base}})$$

FOMCUF = FOM at a given actual CUF for the billing period in reference to Schedule 3.

VOMAdj = Adjusted VOM Fee for the billing period

$$\mathbf{VOMAdj} = \mathbf{VOM} * (\mathbf{PHCPI}_{\text{current}} / \mathbf{PHCPI}_{\text{base}})$$

VOM = Variable Operation and Maintenance Fee at Php0.0914/kWh

Where:

PHCPI_{current} = Philippine Consumer Price Index (CPI) for all items, for the relevant billing period by the Philippine Statistics Authority.

PHCPI_{base} = Philippine Consumer Price Index (CPI) of 125.3 average as of January 2024~March 2024 billing period (2018=100, subject to rebasing), as published by the Philippine Statistics Authority.

FFAdj = Current Fuel Fee for the Billing Period calculated as follows:

$$\mathbf{FFAdj} = \mathbf{FFb} * (\mathbf{FOc} / \mathbf{FOb}) * (\mathbf{kWh}_b / \mathbf{kWh}_c)$$

Where:

FF_b = Based Fuel set at Php3.1686/kWh

FO_c = Current cost of fuel for the billing period in Php

FO_b = Base cost of fuel at Php385,519,061.69 (1Q 2024 Ave)

kWh_c = Current Net Energy Output for the billing period in kWh

kWh_b = Base Net Energy Output at 126,101,007.29kWh (1Q 2024 Ave)

TF- all existing and future taxes, fees and imposts (including increases, or adjustments thereon and increases, or adjustments on existing taxes, fees and imposts), such as but not limited to real property taxes, excise taxes, and other future charges imposed on the Power Plant for the generation of electricity, in Php/kWh.

34. LEYECO V simulated a rate impact analysis based on assumed quantities. The indicative rate impact on its overall generation rate with and without supply from KSPC under the PSA are as follows:

LEYECOV's Generation Rate (Php/kWh)		
With KSPC PSA	Without KSPC PSA	Rate Impact
6.4466	6.6650	(0.2184)

35. As shown in the rate impact analysis, the implementation of the PSA between LEYECO V and KSPC will benefit the electric cooperative and its consumers with an estimated generation rate reduction of **Php 0.2184/kWh**. Thus, the PSA subject of this *Joint Application* will ultimately provide LEYECO V's end-users with a continuous and reliable supply of electricity at affordable rates. A copy of the Rate Impact Simulation 2024 is hereto attached as *Annex "GG"*.

36. Environmental Compliance Certificate (ECC). On 10 September 2007, the Department of Environment and Natural Resources (DENR) has issued ECC Transfer of Ownership in favor of KSPC with ECC No. 0511- 013- 206. A copy of the ECC is hereto attached as *Annex "R"*

37. Certificate of Compliance. The Honorable Commission has issued the Certificate of Compliance ("COC") with COC no. 24-03-M-00068V dated 26 March 2024, for KSPC's power plants. A copy of the COC is attached as *Annex "S"*.

38. Certificate of Endorsement. The DOE has issued a Certificate of Endorsement with No. 2022- 04-160 dated 19 April 2022 for KSPC's plant in barangay Colon, Naga City, Cebu, certifying that the Plant is consistent with the Power Development Plan of the Government. A copy of the Certificate of endorsement is hereto attached as *Annex "T"*.

40. As further support to the instant Joint Application, the Applicants most respectfully submit to the Honorable Commission the following documents in accordance with the Pre-filing Checklist in Resolution No. 38, Series of 2006^[1], Rule 20 B Section 2 of the ERC Rules of Practice and Procedures:

ANNEX	DOCUMENTS/ INFORMATION
B	LEYECO V Articles of Incorporation
B-1	LEYECO V By-Laws
C	LEYECO V Certificate of Franchise
C-1	LEYECO V Certificate of Registration
D	LEYECO V Verified Certification showing list of Board of Directors
E	LEYECO V Certification on No DSM
F	LEYECO V Write Up NPC Certification
HH	LEYECO V Transmission Supply Agreement
K	LEYECO V WESM Membership
N	KSPC Articles of Incorporation and By-laws
N-1	KSPC By- Laws
O	KSPC Verified Certification showing list of Board of Directors
BB	Shareholder's Agreement
P	KSPC General Information Sheet
U	KSPC Transmission Service Agreement with NGCP
L	Executive Summary of the LEYECO V and KSPC PSA
X	KSPC's Financial Model

EE	Sworn Statement on Fuel Procurement
Z	Relevant technical and economic characteristics of generation capacity
AA	KSPC's 2022 Audited Financial Statements (AFS), Balance Sheet, Income Statement, and Statement of cash Flows
FF	KSPC's WESM Registration Approval Form
II	KSPC Invoices for VOM
V	Narrative on Sources of Funds, Generation Rates, Cash Flow
DD	Fuel Contract
W	Derivation of Rates (Excel File)
JJ	MEOT Allocation to the generating units
CC	Certifications of Net Heat Rate
M	NWRB Water Permit
Q	<p>WRITE UP FOR NON-APPLICABILITY OF DOCUMENTS (KSPC):</p> <ul style="list-style-type: none"> ● Renewable Energy Service Contract ● Certificate of Registration or Certification of Commerciality by an RE Developer and after due confirmation by the DOE ● Requirements under emergency procurement ● BIR Receipts ● Seller's Receipts ● Purchase Orders with Annotation of Acceptance or Transfers ● Deeds of Sale and other Other Forms of Conveyance of Ownership ● Potential Cost (absolute amounts and PhP/kWh) of Ancillary Services as and when the IPP or the DU is connected to the main grid.

	<ul style="list-style-type: none"> ● Basis/rationale/derivation of Other Charges such as replacement, start-up, pre-commercial, and ancillary costs. ● Distribution Wheeling Service Agreement <ul style="list-style-type: none"> ● Transmission Wheeling Contract ● EPC Contract
KK	LEYECO V Certificate of Email Registration
LL	KSPC Certificate of Email Registration
Y	Sample Power Bill

*Subject to the Motion For Confidential Treatment of Information

ALLEGATIONS IN SUPPORT OF THE MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION

41. Section 1, Rule 4, of the ERC Revised Rules of Practice and Procedure provides that a party to a proceeding before the Honorable Commission may move for information to be treated as confidential.

42. KSPC prays that the information contained in the documents attached as *Annexes "V", "W", "X", "Z", "AA", "CC", "DD", and "EE"* be treated as confidential and that the same be continuously protected from public disclosure, except to the officers and staff of the Honorable Commission. In particular, these are the documents for which confidential treatment is sought as they contain trade secrets and/or commercially-sensitive data about KSPC's plant operations and pricing strategies:

ANNEX	DOCUMENT
AA	KSPC's 2022 Audited Financial Statements (AFS), Balance Sheet, Income Statement, and Statement of cash Flows
CC	KSPC's Certification of Net Heat Rate
DD	Fuel Contract
EE	Sworn Statement on Fuel Procurement

V	Narrative on Sources of Funds, Generation Rates, Cash Flow
W	Derivation of Rates (Excel File)
X	Financial Model
Z	Relevant technical and economic characteristics of generation capacity

43. Furthermore, KSPC prays that the detailed discussion on rate and its pertinent information thereto are specifically stated in Annex V - Narrative on Sources of Funds, Generation Rates, Cash Flow, which are subject to the Motion for Confidential Treatment of Information.

44. Co-applicant KSPC posits that the foregoing annexes contain financial models, computation/calculation for rate determination and cost components. Hence, KSPC has actual and valuable proprietary interest to protect such information and data, which fall within the bounds of “trade secrets” that are entitled to protection under the Constitution, statutes, and rules and regulations of this Honorable Commission.

45. The foregoing annexes contain non-public, proprietary information and data involving Applicants’ investments, business operations, and financial calculations. Applicants determine, among others, their competitive rates through its power rate calculations, and its financial model through this information. Thus, the methodology thereof is privileged and confidential in nature.

46. This information and data are not generally available to the public. Hence, KSPC will be at undue disadvantage and its competitiveness will seriously be prejudiced if this information is unduly disclosed.

ALLEGATIONS IN SUPPORT OF THE MOTION FOR PROVISIONAL AUTHORITY

47. LEYECO V and KSPC replead, by reference, all the foregoing allegations.

48. LEYECO V and KSPC pray for the issuance of a provisional authority prior to final decision pursuant to *Section 1, Rule 14* of the *ERC Revised Rules of Practice and Procedure*, which provides:

Section 1. Provisional Authority or Interim Relief. – For applications or petitions covered by Section 1, Rule 6 of these Rules, the Commission may grant either a provisional authority or an interim relief, upon motion included in the application or petition and indicated in the caption thereof that such relief is requested x x x.

49. As shown in the LEYECO V's Supply and Demand Scenario, the peak demand ranges from 55.58 to 71.20 MW and our existing contract capacity is 40 MW which is an EPSA with FDCMPC Misamis Power Corporation which expired on August 25, 2024., GN Power Dingginin Ltd. Co. which expired on September 21, 2024 and FDCMPC Misamis Power Corporation which will expire on September 25, 2024. If no provisional authority or interim relief will be issued, the total demand of 40 MW will be exposed to the market having erratic power rates, to the prejudice of the consumers. Thus, the issuance of the provisional authority or interim relief is in the best interest of the electricity consumers, especially the captive customers, as it ensures continuous and reliable electricity service, with stable rate, which is essential for public welfare, economic stability and growth.

50. Furthermore, from LEYECO V's rate impact simulation, it is clear that the implementation of the PSA with KSPC would reduce LEYECO V's rate by **Php 0.2184/kWh**, as compared to if the same power requirements are purchased from the Wholesale Electricity Spot Market (WESM).

51. As such, the early implementation of the PSA with KSPC would benefit LEYECO V and its end-users as it will ensure the provision of reliable, secure, and quality supply of electricity in the least cost manner.

52. In view of the foregoing, there is a need for the issuance of a Provisional Authority in the meantime that this Joint Application is still pending evaluation and resolution of Honorable Commission, for the immediate implementation of this PSA for the benefit of LEYECO V's member consumers.

53. An Affidavit of Merit in support of the prayer for provisional authority or interim relief is hereto attached as *Annex "KKK"*.

PRAYER

WHEREFORE, the foregoing premises considered, it is respectfully prayed that this Honorable Commission:

1. Give due course to the instant application.
2. Issue an Order:
 - a. Treating the Confidential Documents and the information contained therein as confidential
 - b. Directing their non-disclosure pursuant to Rule 4 of the ERC Rules, and
 - c. Prescribing guidelines for the protection of the said documents.
3. Upon initial review of this Application and pending hearing on the merits, issue an Interim Relief Order provisionally approving the PSA between LEYECO V and KSPC, thereby authorizing KSPC to charge and collect from LEYECO V electricity fees based on rates that this Honorable Commission may provisionally approve, and authorizing LEYECO V to pass the full amount thereof to its customers; and.
4. After trial on the merits, issue a Decision approving the PSA, thereby confirming the compliance by LEYECO V and KSPC to the rules governing power supply, and further confirming the effective rate charged, collected, and paid in connection with this PSA.
5. To authorize KSPC to charge and collect from LEYECO V the electricity fees based on the final rates approved by this Honorable Commission, and to authorize LEYECO V to pass the full amount thereof to its customers.

Other relief and remedies consistent with law, justice, and equity are likewise prayed for.

Cebu City and Tacloban City, Philippines, _____2024.

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Valid until 14 April 2025