

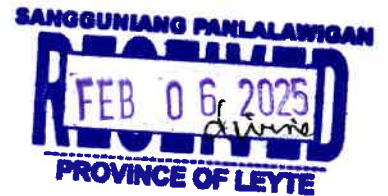


Item No.: 03
Date: 18 2025 FEB

BAGONG PILIPINAS

13 January 2025

Hon. Leonardo M. Javier Jr.
Vice Governor
Office of the LGU Legislative Body
Legislative Building, Leyte Provincial Capitol
Tacloban City, Leyte



SUBJECT: ERC Case No. 2024-150 RC entitled, "In the Matter of the 14th Application for the True-Up Adjustment of Fuel and Purchased Power Costs (TAFPPC) and Foreign Exchange Related Costs (TAFxA) under the Rules for the Automatic Recovery of Monthly Fuel and Purchased Power Costs and Foreign Exchange-Related Costs by the National Power Corporation, as Amended"

Dear Hon. Javier Jr.:

The Power Sector Assets and Liabilities Management (PSALM) Corporation is a government-owned and controlled corporation created by virtue of Republic Act No. 9136 or the "Electric Power Industry Reform Act of 2001" (EPIRA), with current office address at 24th Floor Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City.

The principal mandate of PSALM is to manage the orderly sale, disposition, and privatization of National Power Corporation's (NPC) generation assets, real estate and other disposable assets, and Independent Power Producer (IPP) contracts with the objective of liquidating all NPC financial obligations and stranded contract costs in an optimal manner (Sec. 50, EPIRA). To attain its objectives, PSALM shall, among others, calculate the amount of the Stranded Debts (SD), and the True-Up Adjustments of Fuel and Purchased Power Costs (TAFPPC), and Foreign Exchange-Related Costs (TAFxA).

In this regard, PSALM filed with the ERC the above-stated subject Application and the ERC issued an (i) Order (**Annex "A"**); and [ii] Notice of Virtual Hearing both dated 05 December 2024 (**Annex "B"**). In the Order issued, it required that your office be furnished with a Copy of the Order and the Notice and the **appropriate posting** of the said Order and Notice on the bulletin board of your office building.

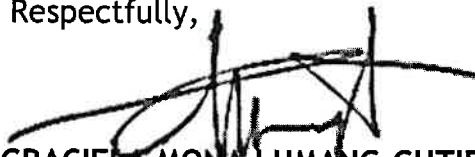
In connection thereto, may we likewise request for **three (3) original copies of Certificates of Posting** attesting to the actual posting of the above ERC Order and Notice to be signed by the duly authorized representative of the Office and

bearing the seal of the office. We have attached the pro-forma Certificate for your reference in preparation of the Certificate of Posting.

We would appreciate receiving the Certificate of Posting on or before **20 January 2025**, in time for the scheduled virtual hearing of the instant Application.

Thank you very much for your usual prompt cooperation.

Respectfully,



GRACIELA MONA LUMANG-GUTIERREZ

Corporate Legal Counsel,

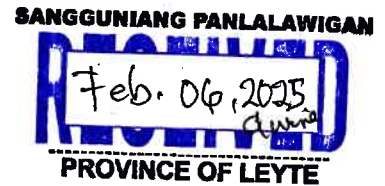
PSALM Legal Group

10th Floor, Vertis North Corporate Center 1,
Astra corner Lux Drives, Vertis North, North
Avenue 1105 Quezon City Philippines

Email address: gmlgutierrez@psalm.gov.ph

Encls: a/s

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City



**IN THE MATTER OF THE
14th APPLICATION FOR THE
TRUE-UP ADJUSTMENTS OF
FUEL AND PURCHASED
POWER COSTS (TAFPPC),
AND FOREIGN EXCHANGE-
RELATED COSTS (TAFxA)
UNDER THE RULES FOR
THE AUTOMATIC
RECOVERY OF MONTHLY
FUEL AND PURCHASED
POWER COSTS AND
FOREIGN EXCHANGE-
RELATED COSTS BY THE
NATIONAL POWER
CORPORATION, AS
AMENDED**

ERC CASE NO. 2024-150 RC

**POWER SECTOR ASSETS
AND LIABILITIES
MANAGEMENT
CORPORATION (PSALM),
*Applicant.***

**Promulgated:
December 05, 2024**

X-----X

ORDER

On 04 November 2024, the Power Sector Assets and Liabilities Management Corporation (PSALM) filed an *Application* dated 11 October 2024, seeking the Commission's approval of its 14th application for the True-Up Adjustments of Fuel and Purchased Power Costs (TAFPPC), and Foreign Exchange-Related Costs (TAFxA) under the Rules for the Automatic Recovery of Monthly Fuel and Purchased Power Costs and Foreign Exchange Related Costs by the National Power Corporation, as amended.

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

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6. Considering that the BGC is pegged at CY 2007 costs, to enable NPC/PSALM to reflect the current year's actual/allowable fuel and purchased power costs (PPC) in accordance with prevailing market prices and capture the change in generation mix brought about by privatization of PSALM's generating assets and Independent Power Producer (IPP) contracts, the ERC approved the implementation of the Fuel and Purchased Power Cost Adjustments (FPPCA) under the Automatic Cost Recovery Mechanism (ACRM) Rules.

7. Further, the ERC set the base foreign exchange rate (FX) covering the principal portion of debt at PHP 44.0494/USD⁶. Since the FX varies at the time of debt payment, the ERC allowed an adjustment under the ACRM to cover FX fluctuations (FxA).

8. Similar to the BGC, cost adjustments, namely, the FPPCA and the FxA, are collected from regular TSC/CSEE customers through: i) monthly ACA, and ii) ACRM True-Up Adjustments, by virtue of the ACRM Rules.

9. With the effectivity of the ACRM Rules on 27 February 2010, PSALM implemented the ACRM Rules starting March 2010 billing period and calculated the monthly FPPCA and FxA, or the Monthly ACA using economic indices to reflect the movement in the fuel, purchased power, and foreign exchange-related costs. This Monthly ACA was however set to zero (0) beginning June 2016 billing period in the Luzon, Visayas and Mindanao Grids in accordance with ERC Order dated 28 June 2016 in ERC Case No. 2008-019 RM.

10. Article V of the ACRM Rules requires the submission of an application for the TAFPPC and TAFxA (collectively referred as "ACRM True-Up Adjustments" at least every twelve (12) months, in order for the ERC to verify the recovery of FPPCA and FxA by comparing the actual allowable costs incurred for the period with the actual revenues for the same period generated by the Fuel Cost Base (FCB) and Power Purchase Cost Base (PPCB) under the BGC and the FPPCA and FxA under the Monthly ACA.

11. Since the implementation of the ACRM Rules, PSALM filed before the ERC annual petitions for TAFPPC and TAFxA, the details and respective status of which are as follows:

PARTICULARS (Date Filed)	TEST PERIOD	LUZON	VISAYAS	MINDANAO	STATUS/REMARKS
		In Million Pesos			
1 st ACRM True-Up (18 Aug 2011) ERC Case No. 2011-115 RC	Mar. 2010 – Feb. 2011	2,814.45	2,203.03	(858.20)	Approved per ERC Decision dated 20 June 2017; Implementation effective Jan 2018 billing period
2 nd ACRM True-Up (30 Apr 2012) ERC Case No. 2012-067 RC	Mar 2011 - Dec 2011	2,199.52	1,649.72	(1,736.51)	

⁶ Page 12, ERC Order dated 14 December 2009 under ERC Case No. 2008-019 RM.

DISCUSSION

I. COVERAGE

1. The TAFPPC and TAFxA, collectively known as ACRM True-Up Adjustments, are applicable only to PSALM's regular TSC/CSEE customers. Regular TSC/CSEE Energy Sales correspond to NPC/PSALM sales to customers who are billed the approved BGC rate including ERC-approved adjustments. In other words, Wholesale Electricity Spot Market (WESM) sales and sales to customers with preferential rates are not covered by the ACRM True-Up Adjustments.

2. In the Luzon Grid, nineteen (19) customers were serviced by PSALM in CY 2023. The Caliraya-Botocan-Kalayaan Power Company Limited's (CBK-PCL) station use was billed with the Luzon BGC rate and ERC-approved adjustments, in accordance with the provisions in the IPP contract. However, two (2) customers, namely, Bohol Enterprises Incorporated (BEI) and Lide Management Corporation (LIDE), are Visayas customers who draw energy from the Luzon Grid but are billed using WESM rates and are excluded from the ACRM True-Up Adjustments. Therefore, only seventeen (17) customers are eligible for the recovery/refund of the 14th ACRM True-Up Adjustment.

3. The Visayas Grid is no longer covered by the ACRM True-Up Adjustments since the Power Purchase Agreement between PSALM and the Energy Development Corporation (EDC) for the supply of energy from the Unified Leyte Geothermal Power Plant expired on 25 July 2022.

4. In the Mindanao Grid, fifty-four (54) customers were serviced by PSALM in CY 2023. However, five (5) customers, namely, Alterpower Digos Solar Inc. (ADSI), GNPowder Kauswagan Ltd. Co. (GNPK), Mapalad Power Corporation (MPC), Therma Marine Inc. (TMI), and Western Mindanao Power Corporation (WMPC) were billed with a special rate of PHP 6.19/kWh until January 2023 prior to being billed with WESM rates starting February 2023. Hence, these customers were excluded from the ACRM True-Up Adjustments and only forty-nine (49) customers are eligible for the recovery/refund of the 14th ACRM True-Up Adjustment.

5. Furthermore, the corresponding Energy Sales of eligible customers exclude the energy purchased from the WESM to meet the TSC/CSEE requirements during the test period as these were not generated by the PSALM power plants and were not part of PSALM's recoverable costs under the ACRM True-Up Adjustment. Similarly, sales in the WESM were also excluded from this adjustment.

6. The annual average percentage of energy sales of these customers that were considered in the 14th ACRM True-Up Adjustments were based on the Total Energy Sales in the Grid (TSC/CSEE Energy Sales Ratio) for January 2023 to December 2023, as follows:

12. In accordance with the ERC Decision dated 20 June 2017⁷, covering the 1st to 5th ACRM application filed by PSALM, the Honorable Commission adopted PSALM's consideration or treatment of APPC as that which corresponds to whichever is lower between the actual Purchased Power Costs (PPC) paid to the IPPs vis-a-vis calculated PPC based on the ERC approval of the IPP contracts.

13. Out of the total APPC, only the portion used to supply the Regular TSC/CSEE customers was considered in the TAFPPC. This was derived by multiplying the APPC of each plant of the grids by their corresponding TSC/CSEE Energy Sales Ratio.

14. The $FPPCA_{afppc}$ is the sum of AFC and APPC, as summarized below:

PARTICULARS	LUZON	MINDANAO
	In PHP	
AFC	0.00	0.00
APPC	868,065,386.84	4,900,497,815.75
$FPPCA_{afppc}$	868,065,386.84	4,900,497,815.75

Table 5: Actual Allowable Fuel and Purchased Power Costs

15. The schedule of Allowable Fuel and Purchased Power Costs per Grid - TSC/CSEE Share is hereto attached as Annex "C".

B. Second component of the TAFPPC: $FPPCA_{billed}$

16. $FPPCA_{billed}$ is the Fuel and PPC billed to TSC/CSEE customers through the ERC-approved base rate. Fuel cost billed is calculated by multiplying Regular TSC/CSEE Energy Sales (in kWh) with the FCB (in PHP/kWh) of the provisionally approved BGC, while the PPC billed is derived by multiplying Regular TSC/CSEE Energy Sales (in kWh) with the PPCB (in PHP/kWh) of the provisionally approved BGC.

17. Below are the fuel and purchased power cost components of the provisionally approved BGC used in the calculation:

Grid	Fuel Cost Component ^{8/}	Purchased Power Cost Component ^{6/}
	In Peso per Kilowatt-hour (PHP/kWh)	
Luzon	1.6811	2.2791
Mindanao	0.8961	1.0446

Table 6: Fuel and PPC Component of the ERC-approved BGC

18. The summary of $FPPCA_{billed}$, in PHP, is shown below:

⁷ ERC Case No. 2011-115 RC, ERC Case No. 2012-067 RC, ERC Case No. 2013-092 RC, ERC Case No. 2014-098 RC, ERC Case No. 2015-124 RC

⁸ Based on Provisional Approval of the BGC dated 16 February 2009 and 23 March 2009 under ERC Case No. 2009-004 RC and ERC Order dated 14 December 2009 under ERC Case No. 2008-019 RM.

A. First Component of TAFxA: FxA_{afxc}

23. FxA_{afxc} is calculated as the difference between: 1) principal debt payments made during the test period converted into Peso using the actual exchange rate at the time of payment and 2) principal payments during the same period converted to Peso using the ERC-approved base foreign exchange rate of PHP44.0494/USD.

24. The FxA_{afxc} is adjusted to reflect costs incurred only for Regular TSC/CSEE customers. This is derived by multiplying the Total FxA_{afxc} with the TSC/CSEE Energy Sales Ratio. The summary of FxA_{afxc} for regular TSC/CSEE customers is as follows:

PARTICULARS	LUZON	MINDANAO
	In PHP	
FxA_{afxc}	973,159,098.33	393,624,594.85

Table 9: Actual Foreign Exchange-Related Costs

25. The schedule of Actual Foreign Exchange-Related Costs – TSC/CSEE Share is hereto attached as Annex “E”.

B. Second Component of TAFxA: FxA_{peso}

26. FxA_{peso} refers to the recovered/billed foreign exchange-related costs from customers through the monthly ACRM. As stated above, the implementation of monthly ACRM is set to zero starting June 2016, thus, the FxA_{peso} for Luzon and Mindanao Grids is zero (0).

C. Total TAFxA

27. Following the formula approved by the ERC in Article V of the ACRM Rules, TAFxA for Luzon, Visayas, and Mindanao grids covering the test period January 2023 to December 2023 is as follows:

PARTICULARS	LUZON	MINDANAO
	In PHP	
FxA_{afxc}	973,159,098.33	393,624,594.85
Less: FxA_{peso}	0.00	0.00
TAFxA	973,159,098.33	393,624,594.85

Table 10: True-Up Adjustment on Foreign Exchange-Related Costs

28. Attached hereto as Annex “F” is the monthly computation of the above TAFxA.

IV. TOTAL TRUE-UP ADJUSTMENT

29. In summary, the TAFPPC and TAFxA for the test period January 2023 to December 2023, are as follows:

PARTICULARS	LUZON	MINDANAO
	In PHP	
TAFPPC	(442,515,152.84)	(3,329,330,088.78)
TAFxA	973,159,098.33	393,624,594.85

PARTICULARS	LUZON	MINDANAO
	In PHP	
TAFPPC	(442,515,152.84)	(3,329,330,088.78)
TAFxA	973,159,098.33	393,624,594.85
TOTAL	530,643,945.49	(2,935,705,493.93)

The rates in PHP/kWh corresponding to the above recovery/(refund) for one (1) year are as follows:

PARTICULARS	LUZON	MINDANAO
	In Peso per Kilowatt-hour (PHP/kWh)	
TAFPPC	(1.3372)	(0.7851)
TAFxA	2.9406	0.0928
TOTAL	1.6035	(0.6923)

Other reliefs as may be deemed just and equitable under the premises are likewise prayed for.

Finding the said *Application* to be sufficient in form and with the required fees having been paid, the Commission hereby sets the same for determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference, and presentation of evidence on **30 January 2025 (Thursday) at two o'clock in the afternoon (2:00 P.M.)**, through **MS Teams Application** as the online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020⁹ and Resolution No. 01, Series of 2021 (ERC Revised Rules of Practice and Procedure)¹⁰.

Accordingly, PSALM is hereby directed to host the virtual hearings at **PSALM's principal office at 24th Floor, Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City** as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, PSALM shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

RELATIVE THERETO, PSALM is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* in two (2) newspapers of nationwide circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart, and the date of the last

⁹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

¹⁰ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

- 3) The evidence of other means employed by PSALM to inform the consumers within the affected areas of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Virtual Hearing* by the OSG, the COA, and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments, by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Further, PSALM is hereby required to post on its bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publications and certifications issued by the concerned Offices of the Governors, Mayors, and LGU legislative bodies, and to submit proof of posting thereof.

Applicant PSALM and all interested parties are also required to submit via e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, **at least five (5) calendar days** before the date of the scheduled virtual hearing and Pre-Trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefor, which should also be attached to the Pre-Trial Brief; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-Trial Brief.

Applicant PSALM must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission **at least five (5) calendar days** before the date of the scheduled virtual hearing and Pre-Trial Conference, pursuant to the preceding paragraph.

Finally, Applicant PSALM, including its authorized representatives and witnesses, is hereby directed to provide the Commission, thru legal.virtualhearings@erc.ph, the e-mail addresses upon receipt of this *Order*. The Commission will send the access link to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

SO ORDERED.

Pasig City, 05 December 2024.

FOR AND BY AUTHORITY
OF THE COMMISSION:


KRISHA MARIE T. BUELA
Director III, Legal Service


LS: ADGS/ARG

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18. Cagayan II Electric Cooperative, Inc. (CAGELCO II)
Aparri, Cagayan Valley
19. Isabela I Electric Cooperative, Inc. (ISELCO I)
Alicia, Isabela
20. Isabela II Electric Cooperative, Inc. (ISELCO II)
Ilagan City, Isabela
21. Nueva Vizcaya Electric Cooperative, Inc. (NUVELCO)
Gabut, Dupax del Sur, Nueva Vizcaya
22. Quirino Electric Cooperative, Inc. (QUIRELCO)
Diffun, Quirino
23. Abra Electric Cooperative, Inc. (ABRECO)
Calaba, Bangued, Abra
24. Benguet Electric Cooperative, Inc. (BENECO)
South Drive, Baguio City
25. Ifugao Electric Cooperative, Inc. (IFELCO)
Lagawe, Ifugao
26. Kalinga Apayao Electric Cooperative, Inc. (KAELCO)
Bulanao, Tabuk, Kalinga
27. Mountain Province Electric Cooperative, Inc. (MOPRECO)
Poblacion, Bontoc, Mt. Province
28. Aurora Electric Cooperative, Inc. (AURELCO)
Reserva, Baler, Aurora
29. Zambales I Electric Cooperative, Inc. (ZAMECO I)
San Vicente, Palauig, Zambales
30. Zambales II Electric Cooperative, Inc. (ZAMECO II)
Magsaysay, Castillejos, Zambales
31. Tarlac I Electric Cooperative, Inc. (TARELCO I)
Amacalan, Gerona, Tarlac
32. Tarlac II Electric Cooperative, Inc. (TARELCO II)
San Nicolas, Concepcion, Tarlac
33. Nueva Ecija I Electric Cooperative, Inc. (NEECO I)
Malapit, San Isidro, Nueva Ecija
34. Nueva Ecija II- Area 1 Electric Cooperative, Inc. (NEECO II- AREA I)
Calipahan, Talavera, Nueva Ecija
35. Nueva Ecija II- Area 2 Electric Cooperative, Inc. (NEECO II- AREA II)
San Leonardo, Nueva Ecija
36. San Jose City Electric Cooperative, Inc. (SAJELCO)
San Jose City, Nueva Ecija
37. Pampanga Rural Electric Cooperative, Inc. (PRESCO)
Anao, Mexico, Pampanga
38. Pampanga I Electric Cooperative, Inc. (PELCO I)
Sto. Domingo, Mexico, Pampanga
39. Pampanga II Electric Cooperative, Inc. (PELCO II)
San Roque, Guagua, Pampanga

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62. Sorsogon II Electric Cooperative, Inc. (SORECO II)
Monreal St., Sorsogon City, Sorsogon
63. First Catanduanes Electric Cooperative, Inc. (FICELCO)
Bato, Catanduanes
64. Masbate Electric Cooperative, Inc. (MASELCO)
Masbate, Masbate
65. Ticao Island Electric Cooperative, Inc. (TISELCO)
San Jacinto, Masbate
66. Manila Electric Company (MERALCO)
Lopez Center, Ortigas Center, Brgy. Ugong, Pasig City
67. Ibaan Electric Corporation (IEC)
Poblacion Ibaan, Batangas
68. Lima EnerZone Corporation (LEZ)
President Jose P. Laurel Highway, Malvar, Batangas
69. Tarlac Electric, Inc. (TEI)
Mabini St., Tarlac City
70. Dagupan Electric Corporation (DECORP)
Dagupan, Pangasinan
71. Cabanatuan Electric Corporation (CELCOR)
Maharlika Highway, Bitas, Cabanatuan City
72. Olongapo Electric Distribution Company, Inc. (OEDC)
East Bajac, Olongapo City
73. Subic EnerZone Corporation (SEZ)
Labitan St., Olongapo, Zambales
74. San Fernando Light and Power Company, Inc. (SFELAPCO)
San Fernando, Pampanga
75. Angeles Electric Corporation (AEC)
Angeles, Pampanga
76. Clark Electric Distribution Corporation (CEDC)
Clark Freeport, Mabalacat, Pampanga
77. La Union Electric Company, Inc. (LUECO)
San Fernando, La Union
78. Albay Electric Cooperative, Inc. (ALECO)
W. Vinzons St. Old Albay, Legazpi City, Albay
79. Aklan Electric Cooperative, Inc. (AKELCO)
Lezo, Aklan
80. Antique Electric Cooperative, Inc. (ANTECO)
San Jose de Buenavista, Antique
81. Capiz Electric Cooperative, Inc. (CAPELCO)
Timpas, Panitan, Capiz
82. Iloilo I Electric Cooperative, Inc. (ILECO I)
Tigbauan, Iloilo
83. Iloilo II Electric Cooperative, Inc. (ILECO II)
Cau-ayan, Pototan, Iloilo

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106. Northern Samar Electric Cooperative, Inc. (NORSAMELCO)
Brgy. Magsaysay, Bobon, Northern Samar
107. Samar I Electric Cooperative, Inc. (SAMELCO I)
Brgy. Carayman, Calbayog City
108. Samar II Electric Cooperative, Inc. (SAMELCO II)
Paranas, Samar
109. Eastern Samar Electric Cooperative, Inc. (ESAMELCO)
Cobong, Borongan, Eastern Samar
110. MORE Electric and Power Corp. (MORE Power)
MORE Power Corporate Center
Quezon Street, City Proper, Iloilo City
111. Bohol Light Company, Inc. (BLCI)
R. Enerio St., Tagbilaran City, Bohol
112. Mactan Electric Company (MECO)
Sangi, Lapu-lapu City, Cebu
113. Visayan Electric Company, Inc. (VECO)
J. Panis St., Banilad, Cebu City
114. Mactan EnerZone (MEZ)
Lapu-Lapu City, Cebu
115. Balamban EnerZone (BEZ)
West Cebu Industrial Park, Balamban, Cebu
116. First Bukidnon Electric Cooperative, Inc. (FIBECO)
Anahawon, Maramag, Bukidnon
117. Bukidnon Second Electric Cooperative, Inc. (BUSECO)
Manolo Fortich, Bukidnon
118. Camiguin Electric Cooperative, Inc. (CAMELCO)
Pandani, Mambajao, Camiguin
119. Lanao Del Norte Electric Cooperative, Inc. (LANECO)
Poblacion Tubod, Lanao del Norte
120. Lanao del Sur Electric Cooperative, Inc. (LASURECO)
Marawi City, Lanao del Sur
121. Misamis Occidental I Electric Cooperative, Inc. (MOELCI I)
Magscamiguin, Calamba, Misamis Occidental
122. Misamis Occidental II Electric Cooperative, Inc. (MOELCI II)
Circumferential Road, Bitoon, Ozamiz City
123. Misamis Oriental I Rural Electric Service Cooperative, Inc. (MORESCO I)
Iligan Rd., Laguindingan, Misamis Oriental
124. Misamis Oriental II Electric Cooperative, Inc. (MORESCO II)
Medina, Misamis Oriental, Mindanao
125. Agusan del Norte Electric Cooperative, Inc. (ANECO)
Km. 2 J.C. Aquino Avenue, Butuan City
126. Agusan del Sur Electric Cooperative, Inc. (ASELCO)
San Isidro, San Francisco, Agusan del Sur
127. Dinagat Island Electric Cooperative, Inc. (DIELCO)
San Jose, Dinagat Island

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150. Iligan Light and Power, Inc. (ILPI)
Bro. Jeffrey Road, Pala-o, Iligan City, Lanao del Norte
151. Cagayan Electric Power and Light Company, Inc. (CEPALCO)
33 T. Chavez St, Cagayan de Oro, Misamis Oriental
152. Davao Light and Power Company, Inc. (DLPC)
163-165 C. Bangoy Sr. St., Davao City
153. Cotabato Light and Power Company, Inc. (CLPC)
Sinsuat Avenue, Cotabato City
154. Office of the Provincial Governor
Province of Ilocos Norte
155. Office of the Provincial Governor
Province of Ilocos Sur
156. Office of the Provincial Governor
Province of La Union
157. Office of the Provincial Governor
Province of Pangasinan
158. Office of the Provincial Governor
Province of Batanes
159. Office of the Provincial Governor
Province of Cagayan
160. Office of the Provincial Governor
Province of Isabela
161. Office of the Provincial Governor
Province of Nueva Vizcaya
162. Office of the Provincial Governor
Province of Quirino
163. Office of the Provincial Governor
Province of Abra
164. Office of the Provincial Governor
Province of Benguet
165. Office of the Provincial Governor
Province of Ifugao
166. Office of the Provincial Governor
Province of Kalinga
167. Office of the Provincial Governor
Province of Apayao
168. Office of the Provincial Governor
Province of Mountain Province
169. Office of the Provincial Governor
Province of Aurora
170. Office of the Provincial Governor
Province of Bataan
171. Office of the Provincial Governor
Province of Bulacan

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194. Office of the Provincial Governor
Province of Capiz
195. Office of the Provincial Governor
Province of Iloilo
196. Office of the Provincial Governor
Province of Guimaras
197. Office of the Provincial Governor
Province of Negros Occidental
198. Office of the Provincial Governor
Province of Negros Oriental
199. Office of the Provincial Governor
Province of Cebu
200. Office of the Provincial Governor
Province of Bohol
201. Office of the Provincial Governor
Province of Siquijor
202. Office of the Provincial Governor
Province of Leyte
203. Office of the Provincial Governor
Province of Southern Leyte
204. Office of the Provincial Governor
Province of Biliran
205. Office of the Provincial Governor
Province of Samar
206. Office of the Provincial Governor
Province of Eastern Samar
207. Office of the Provincial Governor
Province of Northern Samar
208. Office of the Provincial Governor
Province of Bukidnon
209. Office of the Provincial Governor
Province of Camiguin
210. Office of the Provincial Governor
Province of Lanao del Norte
211. Office of the Provincial Governor
Province of Lanao del Sur
212. Office of the Provincial Governor
Province of Misamis Occidental
213. Office of the Provincial Governor
Province of Misamis Oriental
214. Office of the Provincial Governor
Province of Agusan del Norte
215. Office of the Provincial Governor
Province of Agusan del Sur

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Municipality of Bani, Pangasinan
239. Office of the Municipal Mayor
Municipality of Basco, Batanes
240. Office of the Municipal Mayor
Municipality of Aparri, Cagayan
241. Office of the Municipal Mayor
Municipality of Alicia, Isabela
242. Office of the Municipal Mayor
Municipality of Dupax del Sur, Nueva Vizcaya
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Municipality of Diffun, Quirino
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Municipality of Bangued, Abra
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Municipality of Lagawe, Ifugao
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Municipality of Bontoc, Mountain Province
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Municipality of Baler, Aurora
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Municipality of Palauig, Zambales
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Municipality of Castillejos, Zambales
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Municipality of Gerona, Tarlac
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Municipality of San Isidro, Nueva Ecija
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Municipality of Mexico, Pampanga
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Municipality of Guagua, Pampanga
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Municipality of Apalit, Pampanga
258. Office of the Municipal Mayor
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259. Office of the Municipal Mayor
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Municipality of Dumanjug, Cebu
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Municipality of Larena, Siquijor
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Municipality of Hilongos, Leyte
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Municipality of Naval, Biliran
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Municipality of Bobon, Northern Samar
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Municipality of Paranas, Samar
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Municipality of Balamban, Cebu
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Municipality of Maramag, Bukidnon
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Municipality of Manolo Fortich, Bukidnon
300. Office of the Municipal Mayor
Municipality of Mambajao, Camiguin
301. Office of the Municipal Mayor
Municipality of Tubod, Lanao del Norte
302. Office of the Municipal Mayor
Municipality of Calamba, Misamis Occidental
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Municipality of Laguindingan, Misamis Oriental

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Iriga City, Camarines Sur
- 330. Office of the City Mayor
Sorsogon City, Sorsogon
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Masbate City, Masbate
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Pasig City
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Tarlac City, Tarlac
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Cabanatuan City, Nueva Ecija
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Olongapo City
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San Fernando City, Pampanga
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Angeles City
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San Fernando City, La Union
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Legazpi City, Albay
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Bacolod City
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Dumaguete City, Negros Oriental
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Bogo City, Cebu
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Cotabato City, Maguindanao
374. Office of the LGU Legislative Body
Province of Ilocos Norte
375. Office of the LGU Legislative Body
Province of Ilocos Sur
376. Office of the LGU Legislative Body
Province of La Union
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Province of Leyte
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Province of Southern Leyte
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Municipality of Medina, Misamis Oriental

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Bogo City, Cebu
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Toledo City, Cebu
- 567. Office of the LGU Legislative Body
Tacloban City
- 568. Office of the LGU Legislative Body
Ormoc City, Leyte

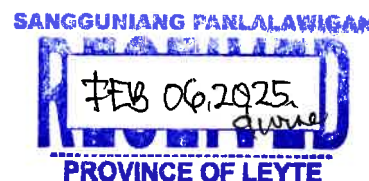
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Davao City
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Cotabato City, Maguindanao

ANNEX B

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
14th APPLICATION FOR
THE TRUE-UP
ADJUSTMENTS OF FUEL
AND PURCHASED POWER
COSTS (TAFPPC), AND
FOREIGN EXCHANGE-
RELATED COSTS (TAFxA)
UNDER THE RULES FOR
THE AUTOMATIC
RECOVERY OF MONTHLY
FUEL AND PURCHASED
POWER COSTS AND
FOREIGN EXCHANGE-
RELATED COSTS BY THE
NATIONAL POWER
CORPORATION, AS
AMENDED**



ERC CASE NO. 2024-150 RC

**POWER SECTOR ASSETS
AND LIABILITIES
MANAGEMENT
CORPORATION (PSALM),
*Applicant.***

**Promulgated:
December 05, 2024**

X-----X

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 04 November 2024, the Power Sector Assets and Liabilities Management Corporation (PSALM) filed an *Application* dated 11 October 2024, seeking the Commission's approval its 14th application for the True-Up Adjustments of Fuel and Purchased Power Costs (TAFPPC), and Foreign Exchange-Related Costs (TAFxA) under the Rules for the Automatic Recovery of Monthly Fuel and Purchased Power Costs and Foreign Exchange Related Costs by the National Power Corporation, as amended.

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Particulars	Luzon In Peso per Kilowatt Hour (PHP/kWh)	Visayas	Mindanao
Other Components ⁵	0.4046	0.5632	0.8770
TOTAL	4.3648	3.7255	2.8177

Table 1: Basic Generation Charge per Component

6. Considering that the BGC is pegged at CY 2007 costs, to enable NPC/PSALM to reflect the current year's actual/allowable fuel and purchased power costs (PPC) in accordance with prevailing market prices and capture the change in generation mix brought about by privatization of PSALM's generating assets and Independent Power Producer (IPP) contracts, the ERC approved the implementation of the Fuel and Purchased Power Cost Adjustments (FPPCA) under the Automatic Cost Recovery Mechanism (ACRM) Rules.

7. Further, the ERC set the base foreign exchange rate (FX) covering the principal portion of debt at PHP 44.0494/USD⁶. Since the FX varies at the time of debt payment, the ERC allowed an adjustment under the ACRM to cover FX fluctuations (FxA).

8. Similar to the BGC, cost adjustments, namely, the FPPCA and the FxA, are collected from regular TSC/CSEE customers through: i) monthly ACA, and ii) ACRM True-Up Adjustments, by virtue of the ACRM Rules.

9. With the effectivity of the ACRM Rules on 27 February 2010, PSALM implemented the ACRM Rules starting March 2010 billing period and calculated the monthly FPPCA and FxA, or the Monthly ACA using economic indices to reflect the movement in the fuel, purchased power, and foreign exchange-related costs. This Monthly ACA was however set to zero (0) beginning June 2016 billing period in the Luzon, Visayas and Mindanao Grids in accordance with ERC Order dated 28 June 2016 in ERC Case No. 2008-019 RM.

10. Article V of the ACRM Rules requires the submission of an application for the TAFPPC and TAFxA (collectively referred as "ACRM True-Up Adjustments" at least every twelve (12) months, in order for the ERC to verify the recovery of FPPCA and FxA by comparing the actual allowable costs incurred for the period with the actual revenues for the same period generated by the Fuel Cost Base (FCB) and Power Purchase Cost Base (PPCB) under the BGC and the FPPCA and FxA under the Monthly ACA.

11. Since the implementation of the ACRM Rules, PSALM filed before the ERC annual petitions for TAFPPC and TAFxA, the details and respective status of which are as follows:

⁵ Other components are NPC's O&M costs, depreciation and return on rate base

⁶ Page 12, ERC Order dated 14 December 2009 under ERC Case No. 2008-019 RM.

FPPC and FX costs, as well as supporting documents. Attached as Annex "A" and Series are evidence of the receipt of the ERC of PSALM's monthly compliances. The same monthly reporting requirements and their respective voluminous attachments were scanned and saved to a compact disc which is hereto attached as Annex "A - Compact Disc".

DISCUSSION

I. COVERAGE

1. The TAFPPC and TAFxA, collectively known as ACRM True-Up Adjustments, are applicable only to PSALM's regular TSC/CSEE customers. Regular TSC/CSEE Energy Sales correspond to NPC/PSALM sales to customers who are billed the approved BGC rate including ERC-approved adjustments. In other words, Wholesale Electricity Spot Market (WESM) sales and sales to customers with preferential rates are not covered by the ACRM True-Up Adjustments.

2. In the Luzon Grid, nineteen (19) customers were serviced by PSALM in CY 2023. The Caliraya-Botocan-Kalayaan Power Company Limited's (CBK-PCL) station use was billed with the Luzon BGC rate and ERC-approved adjustments, in accordance with the provisions in the IPP contract. However, two (2) customers, namely, Bohol Enterprises Incorporated (BEI) and Lide Management Corporation (LIDE), are Visayas customers who draw energy from the Luzon Grid but are billed using WESM rates and are excluded from the ACRM True-Up Adjustments. Therefore, only seventeen (17) customers are eligible for the recovery/refund of the 14th ACRM True-Up Adjustment.

3. The Visayas Grid is no longer covered by the ACRM True-Up Adjustments since the Power Purchase Agreement between PSALM and the Energy Development Corporation (EDC) for the supply of energy from the Unified Leyte Geothermal Power Plant expired on 25 July 2022.

4. In the Mindanao Grid, fifty-four (54) customers were serviced by PSALM in CY 2023. However, five (5) customers, namely, Alterpower Digos Solar Inc. (ADSI), GNPowder Kauswagan Ltd. Co. (GNPK), Mapalad Power Corporation (MPC), Therma Marine Inc. (TMI), and Western Mindanao Power Corporation (WMPC) were billed with a special rate of PHP 6.19/kWh until January 2023 prior to being billed with WESM rates starting February 2023. Hence, these customers were excluded from the ACRM True-Up Adjustments and only forty-nine (49) customers are eligible for the recovery/refund of the 14th ACRM True-Up Adjustment.

5. Furthermore, the corresponding Energy Sales of eligible customers exclude the energy purchased from the WESM to meet the TSC/CSEE requirements during the test period as these were not generated by the PSALM power plants and were not part of PSALM's recoverable costs under the ACRM True-Up Adjustment. Similarly, sales in the WESM were also excluded from this adjustment.

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LUZON		MINDANAO	
Caliraya - Botocan - Kalayaan	ERC Case No. 2007-159 RC	Mindanao Coal	ERC Case No. 2001-811

Table 4: IPPs supplying TSC/CSEE Customers

12. In accordance with the ERC Decision dated 20 June 2017, covering the 1st to 5th ACRM application filed by PSALM, the Honorable Commission adopted PSALM's consideration or treatment of APPC as that which corresponds to whichever is lower between the actual Purchased Power Costs (PPC) paid to the IPPs vis-a-vis calculated PPC based on the ERC approval of the IPP contracts.

13. Out of the total APPC, only the portion used to supply the Regular TSC/CSEE customers was considered in the TAFPPC. This was derived by multiplying the APPC of each plant of the grids by their corresponding TSC/CSEE Energy Sales Ratio.

14. The $FPPCA_{afppc}$ is the sum of AFC and APPC, as summarized below:

PARTICULARS	LUZON	MINDANAO
	In PHP	
AFC	0.00	0.00
APPC	868,065,386.84	4,900,497,815.75
$FPPCA_{afppc}$	868,065,386.84	4,900,497,815.75

Table 5: Actual Allowable Fuel and Purchased Power Costs

15. The schedule of Allowable Fuel and Purchased Power Costs per Grid - TSC/CSEE Share is hereto attached as Annex "C".

B. Second component of the TAFPPC: $FPPCA_{billed}$

16. $FPPCA_{billed}$ is the Fuel and PPC billed to TSC/CSEE customers through the ERC-approved base rate. Fuel cost billed is calculated by multiplying Regular TSC/CSEE Energy Sales (in kWh) with the FCB (in PHP/kWh) of the provisionally approved BGC, while the PPC billed is derived by multiplying Regular TSC/CSEE Energy Sales (in kWh) with the PPCB (in PHP/kWh) of the provisionally approved BGC.

17. Below are the fuel and purchased power cost components of the provisionally approved BGC used in the calculation:

Grid	Fuel Cost Component ⁸	Purchased Power Cost Component ⁷
	In Peso per Kilowatt-hour (PHP/kWh)	
Luzon	1.6811	2.2791

⁷ ERC Case No. 2011-115 RC, ERC Case No. 2012-067 RC, ERC Case No. 2013-092 RC, ERC Case No. 2014-098 RC, ERC Case No. 2015-124 RC

⁸ Based on Provisional Approval of the BGC dated 16 February 2009 and 23 March 2009 under ERC Case No. 2009-004 RC and ERC Order dated 14 December 2009 under ERC Case No. 2008-019 RM.

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FxA_{peso} = Recovered/billed Foreign Exchange-Related Costs from Customers under the monthly ACA, in PHP

A. First Component of TAFxA: FxA_{afxc}

23. FxA_{afxc} is calculated as the difference between: 1) principal debt payments made during the test period converted into Peso using the actual exchange rate at the time of payment and 2) principal payments during the same period converted to Peso using the ERC-approved base foreign exchange rate of PHP44.0494/USD.

24. The FxA_{afxc} is adjusted to reflect costs incurred only for Regular TSC/CSEE customers. This is derived by multiplying the Total FxA_{afxc} with the TSC/CSEE Energy Sales Ratio. The summary of FxA_{afxc} for regular TSC/CSEE customers is as follows:

PARTICULARS	LUZON	MINDANAO In PHP
FxA_{afxc}	973,159,098.33	393,624,594.85

Table 9: Actual Foreign Exchange-Related Costs

25. The schedule of Actual Foreign Exchange-Related Costs – TSC/CSEE Share is hereto attached as Annex “E”.

B. Second Component of TAFxA: FxA_{peso}

26. FxA_{peso} refers to the recovered/billed foreign exchange-related costs from customers through the monthly ACRM. As stated above, the implementation of monthly ACRM is set to zero starting June 2016, thus, the FxA_{peso} for Luzon and Mindanao Grids is zero (o).

C. Total TAFxA

27. Following the formula approved by the ERC in Article V of the ACRM Rules, TAFxA for Luzon, Visayas, and Mindanao grids covering the test period January 2023 to December 2023 is as follows:

PARTICULARS	LUZON	MINDANAO In PHP
FxA_{afxc}	973,159,098.33	393,624,594.85
Less: FxA_{peso}	0.00	0.00
TAFxA	973,159,098.33	393,624,594.85

Table 10: True-Up Adjustment on Foreign Exchange-Related Costs

28. Attached hereto as Annex “F” is the monthly computation of the above TAFxA.

IV. TOTAL TRUE-UP ADJUSTMENT

29. In summary, the TAFPPC and TAFxA for the test period January 2023 to December 2023, are as follows:

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covering the test period January 2023 to December 2023 be APPROVED:

PARTICULARS	LUZON	MINDANAO
	In PHP	
TAFPPC	(442,515,152.84)	(3,329,330,088.78)
TAFxA	973,159,098.33	393,624,594.85
TOTAL	530,643,945.49	(2,935,705,493.93)

The rates in PHP/kWh corresponding to the above recovery/(refund) for one (1) year are as follows:

PARTICULARS	LUZON	MINDANAO
	In Peso per Kilowatt-hour (PHP/kWh)	
TAFPPC	(1.3372)	(0.7851)
TAFxA	2.9406	0.0928
TOTAL	1.6035	(0.6923)

Other reliefs as may be deemed just and equitable under the premises are likewise prayed for.

The Commission sets the instant *Application* for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference, and presentation of evidence on **30 January 2025 (Thursday) at two o'clock in the afternoon (2:00 P.M.)**, through **MS Teams Application** as the online platform for the conduct thereof, pursuant to Resolution 09, Series of 2020⁹ and Resolution No. 01, Series of 2021 (ERC Revised Rules of Practice and Procedure)¹⁰.

Applicant PSALM is directed to host the virtual hearings at **PSALM's principal office located at 24th Floor, Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City** as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, Applicant shall guarantee that in 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 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.

⁹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

¹⁰ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

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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 virtual hearings by providing the Commission, thru legal.virtualhearings@erc.ph, their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

WITNESS, the Honorable Chairperson and CEO **MONALISA C. DIMALANTA**, and the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 5th day of December 2024 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:



KRISHA MARIE T. BUELA
Director III, Legal Service

LS: 
ADGS/ARG