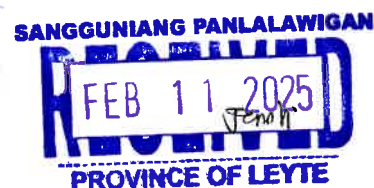




Item No.: 05  
Date: 18 2025 FEB

February 07, 2025

**SANGGUNIANG PANLALAWIGAN**  
Palo, Leyte



**THRU: HON. LEONARDO M. JAVIER, JR.**  
Presiding Officer

**Re: "IN THE MATTER OF THE JOINT APPLICATION FOR APPROVAL OF THE POWER SUPPLY AGREEMENT (PSA) BETWEEN LEYTE II ELECTRIC COOPERATIVE (LEYECO II) AND KEPSCO SPC POWER CORPORATION (KSPC), WITH PRAYER FOR CONFIDENTIAL TREATMENT OF INFORMATION AND MOTION FOR PROVISIONAL AUTHORITY" ERC CASE NO. 2024-112 RC**

Gentlemen:

In compliance with the Rules of Practice and Procedure of the Energy Regulatory Commission ("ERC") and the Order and Notice of Virtual Hearing of the ERC, we are furnishing this Honorable Office with the said Order and Notice of Virtual Hearing.

In line with this, we are requesting that the said Order and Notice of Virtual Hearing be posted on the Sanggunian bulletin board of this Honorable Office, in compliance with the said Order and the Rules of Practice and Procedure of the ERC.

Consequently, we are also requesting for a Certification of Posting with Dry Seal from this Honorable Office stating that a complete copy of the Order and Notice of Virtual Hearing of the above-captioned case was served to, duly received, and duly posted by this Honorable Office.

Very truly yours,

  
**ENGR. FERNAN PAUL R. TAN**  
*General Manager apd.*

**[LETTERHEAD OF LGU]**

Republic of the Philippines  
**[Province/City/Municipality]**  
**[Office of the Governor/Mayor or Sangguniang Panlalawigan/Panlungsod/Bayan]**

**[Date]**

**CERTIFICATION OF POSTING**

To Whom It May Concern:

This is to certify that the Order and Notice of Virtual Hearing, issued by the Energy Regulatory Commission in **ERC CASE NO. 2024-112 RC**, “IN THE MATTER OF THE JOINT APPLICATION FOR APPROVAL OF THE POWER SUPPLY AGREEMENT (PSA) BETWEEN LEYTE II ELECTRIC COOPERATIVE (LEYECO II) AND KEPCO SPC POWER CORPORATION (KSPC), WITH PRAYER FOR CONFIDENTIAL TREATMENT OF INFORMATION AND MOTION FOR PROVISIONAL AUTHORITY”, were received by this Office on **[date of receipt]** and duly posted on the **[Provincial/City/Municipal/Sanggunian]** Bulletin Board.

This Certification is issued upon the request of Leyte II Electric Cooperative, Inc., one of the Applicants in the said case.

**[NAME]**  
**[Position]**

**[DRY SEAL]**

*[If no dry seal, please issue a Certificate of No Dry Seal]*

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 II  
ELECTRIC COOPERATIVE  
(LEYECO II) AND KEPCO  
SPC POWER  
CORPORATION (KSPC),  
WITH PRAYER FOR  
CONFIDENTIAL  
TREATMENT OF  
INFORMATION AND  
MOTION FOR  
PROVISIONAL  
AUTHORITY,**

**ERC CASE NO. 2024-112 RC**

**LEYTE II ELECTRIC  
COOPERATIVE, (SAMELCO  
II) AND KEPCO SPC POWER  
CORPORATION (KSPC),  
*Joint Applicants.***

X-----X

**Promulgated:**  
**December 27, 2024**

**O R D E R**

On 11 September 2024, Leyte II Electric Cooperative (LEYECO II) and KEPCO SPC Power Corporation (KSPC) filed a *Joint Application* dated 09 July 2024, seeking the Commission's Approval of their Power Supply Agreement (PSA), with Prayer for Confidential Treatment of Information and Motion for Provisional Authority.

Due to a discrepancy between the formula of the Fuel Fee stated *Joint Application* and formula of the Fuel Fee as reflected in the published *Joint Application*, which as part of the Pre-Filing process, the Commission issued an *Order* dated 03 October 2024 directing the LEYECO II and KSPC to correct/amend the *Joint Application*.

On 22 October 2024, LEYECO II and KSPC filed a *Manifestation of Compliance* with attached *Revised Joint Application*.

Subsequently, on 30 October 2024, LEYECO II and KSPC filed another *Manifestation* with attached *Revised Joint Application* and stated that the paragraph 1 of the *Revised Joint Application* attached to their *Manifestation* dated 03 October has a typographical error.

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

#### **THE APPLICANTS**

1. Applicant **LEYTE II Electric Cooperative (“LEYECO II”)** is an 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 Real St., Sagkahan Dist., Tacloban City herein represented by its Board President Imelda F. Lagutan and General Manager Fernan Paul R. Tan evidenced by Board Resolution No. 056A-03-2024 dated March 19, 2024. A copy of which is attached in the Power Supply Agreement (“PSA”) attached as *Annex “A”* and its sub markings.
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 7<sup>th</sup> 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 “B.”*
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. This is an application for the approval of the Power Sales Agreement (“PSA”) between LEYECO II and KSPC executed on April 25, 2024. A copy of the PSA is attached hereto as *Annex “A”*

#### **STATEMENT OF FACTS**

6. LEYECO II is a duly franchised Distribution Utility engaged in the distribution of electricity with its franchise areas in the city of Tacloban, and municipalities of Palo and Babatngon, all in Leyte.
7. The subject Energy and Capacity of the PSA is needed by LEYECO II to meet the demand of the captive market in a least cost manner. A copy of its Supply and Demand Scenario, Details of Existing Suppliers, Contract Utilization is attached as **Annex "C"** and the Average Daily Load Curve is attached as **Annex "D"**.
8. In addition, LEYECO II's Single Line Diagram is attached as **Annex "E"**, Performance Assessment is attached as **Annex "F"**, and the Estimated Load Qualified Contestable Customer Under RCOA is attached as **Annex "G"**.
9. Pursuant to DOE Circular No. DC2018-02-0003 as amended by DOLE Department Circular No. DC2021-09-0030 LEYECO II entered into a Joint Competitive Selection Process ("CSP") with other FRECOR 8 DUs. A copy of the Memorandum of Agreement between FRECOR 8 Electric Cooperatives is attached as **Annex "WW"**.
10. FRECOR 8 sent a letter dated dated March 22, 2022 including the proposed "Captive Customer Representative for the Third Party Bids and Awards Committee (TPBAC) Selection Process", copies of the same are hereto attached as **Annex "XX and XX-1"**, respectively, to the Energy Virtual One-Stop Shop ("EVOSS") portal of the Department of Energy ("DOE").
11. The DOE issued a letter dated April 25, 2022 addressed to Mr. Joey L. Talon, President of FRECOR 8, approving the proposed selection process, a copy of which is attached as **Annex "XX-2"**.
12. After approval of the proposed selection process, FRECOR 8 then started accepting applications for the captive customer representatives who will constitute the two (2) other members of the Joint TPBAC of which Mr. Vida O. Ureña and Atty. Kenneth B. Fabila, a member of the Philippine Institute of Certified Public Accountants (PICPA) Tacloban City Chapter, were recommended. Copies of their submitted resume are hereto attached as **Annex "YY and series"**.
13. FRECOR 8 thereafter duly constituted its JTPBAC, the composition of which was approved by the Board of Directors of FRECOR 8 in Resolution Nos. 2021-06-001, 2022-01-003, 2022-03-002, and 2022-08-001, copies of which are also attached as **Annex "YY and series"**.
14. FRECOR 8 JTPBAC then prepared and submitted for approval to the Department of Energy (DOE) through the National Electrification Administration (NEA) the Power

- Supply Procurement Plan<sup>1</sup> (PSPP), Distribution Development Plan<sup>2</sup> (DDP) and Bid Documents which include the Terms of Reference (TOR), Invitation to Bid (ITB) and Instructions to Bidders.
15. Finding the TOR for the procurement of power supply in accordance with the comments and recommendations of the DOE and NEA, NEA then issued a Notice to Proceed dated July 19, 2023 including the approved TOR, and Certificate of Posting issued by the DOE dated July 11, 2023, hereto attached as **Annex “ZZ and series”**.
  16. Copies of the issued bidding documents are attached as **Annex “AAA and Series”**.
  17. With the said Notice to Proceed, the JTPBAC then proceeded with the publication of the ITB in the Philippine Daily Inquirer on July 24, 2023 and July 31, 2023. Likewise, the ITB was posted on the CSP e-based Portal of the DOE website as well as the NEA website. Copies of the pertinent pages of the Philippine Daily Inquirer with the ITB and Affidavit of Publication issued by the Philippine Daily Inquirer as well as the Certificate of Posting issued by LEYECO II including photos of the actual posting on the CSP e-based Portals of DOE and NEA websites are hereto attached as **Annex “BBB and series” and “CCC and series”**, respectively.
  18. Within 14 days from publication and posting, the JTPBAC conducted its Pre-Bid Conference on August 4, 2023 at the Summit Hotel, Tacloban City together with potential bidders and CSP Observers, copies of the attendance sheets are hereto attached as **Annex “DDD to DDD-3”**. Thereafter, several bid and supplemental bid bulletins were issued in the course of the CSP to clarify all queries and concerns raised during the Pre-Bid Conference, copies of the said bid bulletins as well as the Minutes of the Pre-Bid Conference are hereto attached as **Annex “EEE and series”**.
  19. Thereafter, the submission and opening of bids were then held on August 31, 2023 with CSP observers. Attached as **Annex “DDD-4 to DDD-11”** are the Invitation to Observers, print-out of emails confirming receipt of the invitation, and copies of the attendance sheets. Attached as **Annex “EEE-1-a”** is the portion of the Minutes showing that representatives from NEA virtually attended the activity.
  20. A total of three participants - GNPowder Kauswagan Ltd. Co., KEPCO SPC Power Corp., and Sual Power Inc. - purchased bid documents and submitted complete proposals. Copies of their respective Eligibility Requirements and Submission of Bids are hereto attached as **Annex “FFF and series”** and **Annex “GGG and series”**, respectively.

---

<sup>1</sup> Annex UU

<sup>2</sup> Annex TT

21. After careful evaluation, KSPC was found to have submitted the lowest computed bid proposal of Php5.9382/kWh and was subjected to the next stage of evaluation, which is Post Qualification and Detailed Evaluation of Technical Proposal, wherein it was found to be compliant and responsive to all the specified requirements and conditions. Copies of the Evaluation of Bids are hereto attached as **Annex “HHH and series”**, likewise copies of the JTPBAC Evaluators Report, Evaluators Post-Qualification Report and the Abstract of Bids are hereto attached as **Annex “III to III-2”**.
22. FRECOR 8 then issued a Notice of Award to KSPC which was received by the latter on September 19, 2023, a copy of which is attached as **Annex “III-3”**, likewise a copy of the Resolution of the JTPBAC recommending the awards is hereto attached as **Annex “III-4”**. Attached as **Annex “JJJ”** is a timeline of the activities conducted leading to the issuance of a Notice of Award, including the pre-bidding conferences conducted on August 4, 2023.
23. Joint Affidavits of the members of FRECOR 8 on the conduct of the CSP and Notice to Proceed dated February 26, 2024 issued by NEA as well as a write-up on the posting of a Performance Bond are likewise hereto attached as **Annex “KKK and series”**.
24. Consequently, LEYECO II and KSPC executed a Power Supply Agreement (“PSA”) on 25 April 2024 , subject of this Joint Application.
25. Thus, this instant Joint Application for the approval of the PSA between LEYECO II and KSPC.

#### **SALIENT FEATURES OF THE PSA**

26. Salient Features of the PSA.
  - a. Contracted Capacity shall mean a capacity of 5 MW reserved by the seller for LEYECO II for the duration of the contract period.
  - b. Contract Period and Effectivity. The Agreement shall take effect immediately from execution date and shall remain in force and effect until December 25, 2026 (the “Contract Period”)
  - c. The obligation of the Seller to supply and deliver the Contracted Capacity shall commence on the date specified on the Initial “Day Ahead Nomination” issued by the Buyer and duly received by the Seller, subject to the provisions of Item 2 of the PSA.
  - d. Effective Date means the date of the execution of the agreement.

- e. Outages and Replacement Power. The Seller shall guarantee supply and provide the Buyer with the Replacement power sourced from other generating facilities or third parties, including WESM, during Outages of the plant or facility.
- f. The proposed rate is Php5.9382/kWh subject to adjustments, exclusive of VAT, other applicable taxes, fees, and other charges.
- g.  $K$  = Seller's Generation charge for the billing month  $m$ ; in Peso,

Computation of "K"

$$K = HCQ_m \times CP_{CUF\%}$$

Where:

$$HCQ_m = \sum_{i=26}^{n25} \sum_{j=1}^{24} (HCQ_{ij} - FMQ_{ij})$$

$HCQ_m$  = Total Final HCQ for the billing month  $m$ , kWh

$HCQ_{ij}$  = Final HCQ for the relevant day  $i$  and relevant hour  $j$  of the billing month  $m$ , kWh

$FMQ_{ij}$  = Quantity of energy not deliverable due to Force Majeure for the relevant day  $i$  and relevant hour  $j$  of the billing month  $m$ , kWh.

Contract Price ( $CP_{CUF\%}$ ) = billing price for the billing period  $n$ , PhP/kWh

$$= \text{Capacity Fee}_{CUF\%} + \text{Energy Fee}$$

$$\begin{aligned} \text{Capacity Fee}_{100\%} &= \text{Capital Recovery Fee} + \text{Fixed O\&M} \\ &= \text{Php } 0.7397/\text{kWh} + \text{Php } 1.0055/\text{kWh} \\ &= \text{Php } 1.7452/\text{kWh} \text{ (Fixed Fee)} \end{aligned}$$

$$\begin{aligned} \text{Energy Fee} &= \text{VOM} + \text{Fuel Fee} \\ &= \text{Energy Fee for the billing month } n \end{aligned}$$

$$\text{VOM} = \text{VOM}_{\text{base}} \times (\text{PH CPIc} / \text{PH CPIb})$$

Where,

VOM- is the Variable O&M Fee for the billing month  $n$ , PhP / kWh

VOM<sub>base</sub>- is the Base VOM Fee, PhP 0.1328 / kWh

PH CPIc- Philippine Consumer Price Index (CPI) for all items for the current month as published by the Philippine Statistics Authority



PH CPIb- Philippine Consumer Price Index (CPI) of 119.4 as of December 2022 as published by the Philippines Statistics Authority

$$\text{Fuel Fee} = \text{Fuel Fee}_{\text{Base Rate}} \times \left[ \frac{CF_n}{CF_o} \right] \times [FX_n]$$

- h. A copy of the Computation of Generation Fee and Contract Price is included in the Power Supply Agreement attached as Annex "A".
- 27. Estimated Rate Impact. A Rate Impact Analysis based on the latest available rates would show that there would be a decrease in the rates amounting to **P0.0532/kWh** (a decrease from a blended rate of **P6.3424/kWh** to a blended rate of **P6.2893/kWh**). A copy of the Rate Impact Simulation is hereto attached as **Annex "H"**.
- 28. 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 "I"**.
- 29. Board of Investments (BOI) Certificate. On a letter from BOI dated 16 January 2024, the Board of Investments has noted the cancellation of BOI CR No. 2008-088 Certification. A copy of the letter from BOI is attached as **Annex "J"**.
- 30. 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 "K"**.
- 31. 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 "L"**.
- 32. 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<sup>3</sup>, Rule 20 B Section 2 of the ERC Rules of Practice and Procedures:

ANNEX	DOCUMENTS/ INFORMATION
M	LEYECO II Articles of Incorporation
N	LEYECO II By-Laws
O	LEYECO II Verified Certification showing list of Board of Directors
P	LEYECO II Certification of Non- Applicability of DSM

<sup>3</sup> Resolution No. 38, Series of 2006 – A Resolution Promulgating the Energy Regulatory Commission's Rules of Practice and Procedure.

ANNEX	DOCUMENTS/ INFORMATION
Q	LEYECO II Write-up on Non-Availability of Certification by NPC of Transition Supply Contract and Energy Availability
R	LEYECO II WESM Membership
S	KSPC Articles of Incorporation and By-laws
T	KSPC By- Laws
U	KSPC Verified Certification showing list of Board of Directors
V	Shareholder's Agreement
W	KSPC General Information Sheet
X	KSPC Transmission Service Agreement with NGCP
Y	Executive Summary of the LEYECO II and KSPC PSA
Z*	KSPC's Financial Model
AA*	Sworn Statement on Fuel Procurement
BB*	Relevant technical and economic characteristics of generation capacity
CC*	KSPC's 2022 Audited Financial Statements (AFS), Balance Sheet, Income Statement, and Statement of cash Flows
DD	KSPC's WESM Registration
EE*	Breakdown of FOM and VOM
FF*	Narrative on Sources of Funds, Generation Rates, Cash Flow
GG*	Sources of Funds (Certification from Banks and Bank Certification)
HH*	Sources of Funds (Project Cost, ROI, WACC, Life of Asset vs Term of Loan)
II, and II-1*	Fuel Contract, Amended Fuel Contract
JJ*	Derivation of Rates (Excel File)
KK*	MEOT Allocation to the generating units
LL*	Certifications of Net Heat Rate
MM*	NWRB Water Permit
NN*	<p>WRITE UP FOR NON-APPLICABILITY OF DOCUMENTS (KSPC):</p> <ul style="list-style-type: none"> <li>• Renewable Energy Service Contract</li> <li>• Certificate of Registration or Certification of Commerciality by an RE Developer and after due confirmation by the DOE</li> <li>• Requirements under emergency procurement</li> <li>• BIR Receipts</li> <li>• Seller's Receipts</li> <li>• Purchase Orders with Annotation of Acceptance or Transfers</li> <li>• Deeds of Sale and other Other Forms of Conveyance of Ownership</li> <li>• Potential Cost (absolute amounts and PhP/kWh) of Ancillary Services as and when</li> </ul>

ANNEX	DOCUMENTS/ INFORMATION
	<p>the IPP or the DU is connected to the main grid.</p> <ul style="list-style-type: none"> <li>• Basis/rationale/derivation of Other Charges such as replacement, start-up, pre-commercial, and ancillary costs.</li> <li>• Distribution Wheeling Service Agreement</li> </ul>
OO and series	LEYECO II Certificate of Email Registration
PP and series	KSPC Certificate of Email Registration
QQ	LEYECO II Transmission Service Agreement
RR	LEYECO II Metering Service Agreement
SS	Sample Power Bill
TT	DDP
UU	PSPP
VV*	EPC Contract (Confidential)

\*Subject to the Motion For Confidential Treatment of Information

**ALLEGATIONS IN SUPPORT OF THE MOTION FOR  
CONFIDENTIAL TREATMENT OF INFORMATION**

33. 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.
34. KSPC prays that the information contained in the documents attached as Annexes “Z”, “AA”, “BB”, “CC”, “EE”, “FF”, “FF-1”, “GG”, “HH”, “II”, “II-1”, “JJ” and “VV” 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
Z	KSPC’s Financial Model
AA	Sworn Statement on Fuel Procurement
BB	Relevant technical and economic characteristics of generation capacity
CC	KSPC’s 2022 Audited Financial Statements (AFS), Balance Sheet, Income Statement, and Statement of cash Flows
EE	Breakdown of FOM and VOM
FF	Narrative on Sources of Funds, Generation Rates, Cash Flow

ANNEX	DOCUMENT
GG	Sources of Funds (Certification from Banks and Bank Certification)
HH	Sources of Funds (Project Cost, ROI, WACC, Life of Asset vs Term of Loan)
II, and II-1	Fuel Contracts
JJ	Derivation of Rates (Excel File)
VV	EPC Contract

35. The competitors of KSPC will gain undue advantage and use the information in their own operation, if they obtain the information provided in the documents requested to be confidential.

**ALLEGATIONS IN SUPPORT OF THE MOTION FOR PROVISIONAL AUTHORITY**

36. LEYECO II and KSPC replead, by reference, all the foregoing allegations.
37. LEYECO II 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.

38. 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 II's member consumers.
39. An Affidavit of Merit in support of the prayer for provisional authority is hereto attached as ***Annex "XX"***.

**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 Order provisionally approving the PSA between LEYECO II and KSPC, thereby authorizing KSPC to charge and collect from LEYECO II electricity fees based on rates that this Honorable Commission may provisionally approve, and authorizing LEYECO II 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 II 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 authorizing KSPC to charge and collect from LEYECO II the electricity fees based on the final rates approved by this Honorable Commission, and authorizing LEYECO II to pass the full amount thereof to its customers.

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

Finding the said *Joint Application* to be sufficient in form and with the required fees having been paid, the Commission hereby sets the same for hearing for determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference and presentation of evidence on the following dates and online platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020<sup>4</sup> and Resolution No. 01, Series of 2021<sup>5</sup> (ERC Revised Rules of Practice and Procedure):

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>04 March 2025 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)</b>	<b>Microsoft Teams Application</b>	Determination of compliance with jurisdictional requirements and expository presentation
<b>11 March 2025 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)</b>		Pre-Trial Conference and Presentation of Evidence

---

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

<sup>5</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Accordingly, LEYECO II and KSPC are hereby directed to host the virtual hearings at **LEYECO II's Principal Office located at Real St., Sagkahan Dist., Tacloban City** as designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, LEYECO II and KSPC shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

**RELATIVE THERETO**, LEYECO II and KSPC are 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 their 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 publication to be made not later than ten (10) days before the date of the scheduled initial virtual hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Provincial Governors, the City and Municipal Mayors, and their respective Local Government Unit (LGU) legislative bodies within LEYECO II's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within LEYECO II's franchise area, by any other means available and appropriate, of the filing of the *Joint Application*, their reasons therefor, and of the scheduled virtual hearings thereon;
- 4) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing*, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearing; and
- 5) Furnish with copies of the *Joint Application* and its attachments, except those subject of a motion for confidential treatment of information, all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

**Within five (5) calendar days** prior to the date of the initial virtual hearing, LEYECO II and KSPC must submit to the Commission via electronic mail (e-mail) at [docket@erc.ph](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), the scanned copies of their written compliance with the aforementioned jurisdictional requirements, attaching therewith, methodically arranged and duly marked, the following:

- 1) The evidence of publication of the attached *Notice of Virtual Hearing* consisting of affidavits of the Editors or Business Managers of the newspaper where the said *Notice of Virtual Hearing* was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this *Order* and the attached *Notice of Virtual Hearing* consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by LEYECO II and KSPC to inform the consumers within LEYECO II's franchise area of the filing of the *Joint Application*, their reasons therefor, and of the scheduled hearings 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 *Joint Application* and its attachments, except those subject of a motion for confidential treatment of information, if any, by all those making requests therefor; and
- 6) Such other proof of compliance with the requirements of the Commission.

Moreover, LEYECO II and KSPC are hereby required to post on their respective bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publication and certifications issued by the concerned Offices of the Governor, Mayors and Local Legislative Bodies, and to submit proof of their posting thereof.

Applicants LEYECO II and KSPC and all interested parties are also required to submit via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto: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; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Applicants LEYECO II and KSPC 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 initial virtual hearing and Pre-trial Conference pursuant to the preceding paragraph.

Failure of Applicants LEYECO II and KSPC to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearings, and the resetting of which shall be six (6) months from the said date of cancellation.

Applicants LEYECO II and KSPC must also be prepared to make an expository presentation of the instant *Joint Application*, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, the nature of the *Joint Application*. Relevant information and pertinent details substantiating the reasons and justifications for the *Joint Application* must be cited in support thereof.

Further, Applicants LEYECO II and KSPC are hereby directed to file a copy of their Expository Presentations via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), **at least five (5) calendar days** prior to the scheduled virtual



hearing. Applicants shall also be required, upon the request of any stakeholder, to provide an advance copy of their expository presentations, **at least five (5) calendar days** prior to the scheduled virtual hearing.

Any interested stakeholder may submit its comments and/or clarifications **at least one (1) calendar day** prior to the scheduled virtual hearing, via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto: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.

LEYECO II and KSPC are directed to submit, either through personal service, registered mail or ordinary mail/private courier, one (1) set of the original or certified true hard copies of their Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavits of witnesses, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission. Similarly, all interested parties who filed their Petition for Intervention or Opposition are required to submit the hard copy thereof within the same period through any of the available modes of service.

Finally, LEYECO II and KSPC, including their authorized representatives and witnesses, are hereby directed to provide the Commission, through [legal.virtualhearings@erc.ph](mailto:legal.virtualhearings@erc.ph), with their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

**SO ORDERED.**

Pasig City, 27 December 2024.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**ATTY. KRISHA MARIE T. BUELA**  
*Director III, Legal Service*

**ERC CASE NO. 2024-112 RC**  
**ORDER/ 27 DECEMBER 2024**  
**PAGE 16 OF 17**

---

**Copy Furnished:**

1. Leyte II Electric Cooperative (LEYECO II)  
*Applicant*  
Real St., Sagkahan Dist., Tacloban City
2. Atty. Tyron Jan G. Albao  
*Counsel of Applicant LEYECO II*  
Unit 2, 2nd Flr. Tacloban Convention Center, Real St., Tacloban City 6500  
Email address: [attyteejalbao@gmail.com](mailto:attyteejalbao@gmail.com)
3. Atty. Peter Joven Y. De Oño  
*Counsel of Applicant LEYECO II*  
0977 R. Mendiola St., Brgy. Sta Cruz, Palo, Leyte 6501  
Email address: [power8lawyers@gmail.com](mailto:power8lawyers@gmail.com)
4. KEPCO SPC Power Corporation (KSPC)  
*Applicant*  
7th Floor, Cebu Holdings Center, Cebu Business Park, Cebu City
5. Garcia Quijano and Associates Law Office  
*Counsel of Applicant KSPC*  
Suite #703, 7th Floor Apple One Equicom Tower  
Mindanao Ave., cor. Biliran Rd.,  
Cebu Business Park, Cebu City, 6000  
Email address: [gq.kepco@gmail.com](mailto:gq.kepco@gmail.com)
6. Office of the Solicitor General (OSG)  
134 Amorsolo Street, Legaspi Village, Makati City  
Email Address: [docket@osg.gov.ph](mailto:docket@osg.gov.ph)
7. Commission on Audit (COA)  
Commonwealth Avenue, Quezon City  
Email Address: [citizensdesk@coa.gov.ph](mailto:citizensdesk@coa.gov.ph)
8. Senate Committee on Energy  
GSIS Building, Roxas Boulevard, Pasay City  
Email Address: [senateenergycommittee@gmail.com](mailto:senateenergycommittee@gmail.com)
9. House Committee on Energy  
Batasan Hills, Quezon City  
Email Address: [committee.energy@house.gov.ph](mailto:committee.energy@house.gov.ph)
10. Office of the Governor  
Leyte
11. Office of the Local Government Unit (LGU) legislative body  
Leyte
12. Office of the Mayor  
Tacloban City
13. Office of the Local Government Unit (LGU) legislative body  
Tacloban City
14. Office of the Mayor  
Palo, Leyte
15. Office of the LGU legislative body  
Palo, Leyte
16. Office of the Mayor  
Babatngon, Leyte
17. Office of the LGU legislative body  
Babatngon, Leyte

**ERC CASE NO. 2024-112 RC**  
**ORDER/ 27 DECEMBER 2024**  
**PAGE 17 OF 17**

---

18. Office of the Mayor  
Cebu City
19. Office of the LGU legislative body  
Cebu City
20. Office of the Mayor  
Naga City
21. Office of the LGU legislative body  
Naga City
22. Office of the Governor  
Cebu
23. Office of the LGU legislative body  
Cebu
24. Regulatory Operations Service  
Energy Regulatory Commission  
14F Exquadra Tower, Jade 1 Drive, Pasig City  
Email: [ros@erc.ph](mailto:ros@erc.ph)

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 II  
ELECTRIC COOPERATIVE  
(LEYECO II) AND KEPCO  
SPC POWER  
CORPORATION (KSPC),  
WITH PRAYER FOR  
CONFIDENTIAL  
TREATMENT OF  
INFORMATION AND  
MOTION FOR  
PROVISIONAL  
AUTHORITY,**

**ERC CASE NO. 2024-112 RC**

**LEYTE II ELECTRIC  
COOPERATIVE, (LEYECO  
II) AND KEPCO SPC POWER  
CORPORATION (KSPC),**  
*Joint Applicants.*

**Promulgated:**  
**December 27, 2024**

X-----X

**NOTICE OF VIRTUAL HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 11 September 2024, Leyte II Electric Cooperative (LEYECO II) and KEPCO SPC Power Corporation (KSPC) filed a *Joint Application* dated 09 July 2024, seeking the Commission's Approval of their Power Supply Agreement (PSA), with Prayer for Confidential Treatment of Information and Motion for Provisional Authority.

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

**THE APPLICANTS**

1. Applicant **LEYTE II Electric Cooperative (“LEYECO II”)** is an 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 Real St., Sagkahan Dist., Tacloban City herein represented by its Board President Imelda F. Lagutan and General Manager Fernan Paul R. Tan evidenced by Board Resolution No. 056A-03-2024 dated March 19, 2024. A copy of which is attached in the Power Supply Agreement (“PSA”) attached as **Annex “A”** and its sub markings.
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 7<sup>th</sup> 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 “B.”**
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. This is an application for the approval of the Power Sales Agreement (“PSA”) between LEYECO II and KSPC executed on April 25, 2024. A copy of the PSA is attached hereto as **Annex “A”**

**STATEMENT OF FACTS**

6. LEYECO II is a duly franchised Distribution Utility engaged in the distribution of electricity with its franchise areas in the city of Tacloban, and municipalities of Palo and Babatngon, all in Leyte.
7. The subject Energy and Capacity of the PSA is needed by LEYECO II to meet the demand of the captive market in a least cost manner. A copy of its Supply and Demand Scenario, Details of Existing Suppliers, Contract Utilization is attached as **Annex “C”** and the Average Daily Load Curve is attached as **Annex “D”**.

8. In addition, LEYECO II's Single Line Diagram is attached as **Annex "E"**, Performance Assessment is attached as **Annex "F"**, and the Estimated Load Qualified Contestable Customer Under RCOA is attached as **Annex "G"**.
9. Pursuant to DOE Circular No. DC2018-02-0003 as amended by DOLE Department Circular No. DC2021-09-0030 LEYECO II entered into a Joint Competitive Selection Process ("CSP") with other FRECOR 8 DUs. A copy of the Memorandum of Agreement between FRECOR 8 Electric Cooperatives is attached as **Annex "WW"**.
10. FRECOR 8 sent a letter dated dated March 22, 2022 including the proposed "Captive Customer Representative for the Third Party Bids and Awards Committee (TPBAC) Selection Process", copies of the same are hereto attached as **Annex "XX and XX-1"**, respectively, to the Energy Virtual One-Stop Shop ("EVOSS") portal of the Department of Energy ("DOE").
11. The DOE issued a letter dated April 25, 2022 addressed to Mr. Joey L. Talon, President of FRECOR 8, approving the proposed selection process, a copy of which is attached as **Annex "XX-2"**.
12. After approval of the proposed selection process, FRECOR 8 then started accepting applications for the captive customer representatives who will constitute the two (2) other members of the Joint TPBAC of which Mr. Vida O. Ureña and Atty. Kenneth B. Fabila, a member of the Philippine Institute of Certified Public Accountants (PICPA) Tacloban City Chapter, were recommended. Copies of their submitted resume are hereto attached as **Annex "YY and series"**.
13. FRECOR 8 thereafter duly constituted its JTPBAC, the composition of which was approved by the Board of Directors of FRECOR 8 in Resolution Nos. 2021-06-001, 2022-01-003, 2022-03-002, and 2022-08-001, copies of which are also attached as **Annex "YY and series"**.
14. FRECOR 8 JTPBAC then prepared and submitted for approval to the Department of Energy (DOE) through the National Electrification Administration (NEA) the Power Supply Procurement Plan<sup>1</sup> (PSPP), Distribution Development Plan<sup>2</sup> (DDP) and Bid Documents which include the Terms of Reference (TOR), Invitation to Bid (ITB) and Instructions to Bidders.
15. Finding the TOR for the procurement of power supply in accordance with the comments and recommendations of the DOE and NEA, NEA then issued a Notice to Proceed dated July 19, 2023 including the approved TOR, and Certificate of

---

<sup>1</sup> Annex UU

<sup>2</sup> Annex TT

- Posting issued by the DOE dated July 11, 2023, hereto attached as **Annex “ZZ and series”**.
16. Copies of the issued bidding documents are attached as **Annex “AAA and Series”**.
  17. With the said Notice to Proceed, the JTPBAC then proceeded with the publication of the ITB in the Philippine Daily Inquirer on July 24, 2023 and July 31, 2023. Likewise, the ITB was posted on the CSP e-based Portal of the DOE website as well as the NEA website. Copies of the pertinent pages of the Philippine Daily Inquirer with the ITB and Affidavit of Publication issued by the Philippine Daily Inquirer as well as the Certificate of Posting issued by LEYECO II including photos of the actual posting on the CSP e-based Portals of DOE and NEA websites are hereto attached as **Annex “BBB and series” and “CCC and series”**, respectively.
  18. Within 14 days from publication and posting, the JTPBAC conducted its Pre-Bid Conference on August 4, 2023 at the Summit Hotel, Tacloban City together with potential bidders and CSP Observers, copies of the attendance sheets are hereto attached as **Annex “DDD to DDD-3”**. Thereafter, several bid and supplemental bid bulletins were issued in the course of the CSP to clarify all queries and concerns raised during the Pre-Bid Conference, copies of the said bid bulletins as well as the Minutes of the Pre-Bid Conference are hereto attached as **Annex “EEE and series”**.
  19. Thereafter, the submission and opening of bids were then held on August 31, 2023 with CSP observers. Attached as **Annex “DDD-4 to DDD-11”** are the Invitation to Observers, print-out of emails confirming receipt of the invitation, and copies of the attendance sheets. Attached as **Annex “EEE-1-a”** is the portion of the Minutes showing that representatives from NEA virtually attended the activity.
  20. A total of three participants - GNPower Kauswagan Ltd. Co., KEPCO SPC Power Corp., and Sual Power Inc. - purchased bid documents and submitted complete proposals. Copies of their respective Eligibility Requirements and Submission of Bids are hereto attached as **Annex “FFF and series”** and **Annex “GGG and series”**, respectively.
  21. After careful evaluation, KSPC was found to have submitted the lowest computed bid proposal of Php5.9382/kWh and was subjected to the next stage of evaluation, which is Post Qualification and Detailed Evaluation of Technical Proposal, wherein it was found to be compliant and responsive to all the specified requirements and conditions. Copies of the Evaluation of Bids are hereto attached as **Annex “HHH and series”**, likewise copies of the JTPBAC Evaluators Report, Evaluators Post-Qualification Report and the Abstract of Bids are hereto attached as **Annex “III to III-2”**.

22. FRECOR 8 then issued a Notice of Award to KSPC which was received by the latter on September 19, 2023, a copy of which is attached as Annex "III-3", likewise a copy of the Resolution of the JTPBAC recommending the awards is hereto attached as *Annex "III-4"*. Attached as *Annex "JJJ"* is a timeline of the activities conducted leading to the issuance of a Notice of Award, including the pre-bidding conferences conducted on August 4, 2023.
23. Joint Affidavits of the members of FRECOR 8 on the conduct of the CSP and Notice to Proceed dated February 26, 2024 issued by NEA as well as a write-up on the posting of a Performance Bond are likewise hereto attached as *Annex "KKK and series"*.
24. Consequently, LEYECO II and KSPC executed a Power Supply Agreement ("PSA") on 25 April 2024 , subject of this Joint Application.
25. Thus, this instant Joint Application for the approval of the PSA between LEYECO II and KSPC.

#### **SALIENT FEATURES OF THE PSA**

26. Salient Features of the PSA.
  - a. Contracted Capacity shall mean a capacity of 5 MW reserved by the seller for LEYECO II for the duration of the contract period.
  - b. Contract Period and Effectivity. The Agreement shall take effect immediately from execution date and shall remain in force and effect until December 25, 2026 (the "Contract Period")
  - c. The obligation of the Seller to supply and deliver the Contracted Capacity shall commence on the date specified on the Initial "Day Ahead Nomination" issued by the Buyer and duly received by the Seller, subject to the provisions of Item 2 of the PSA.
  - d. Effective Date means the date of the execution of the agreement.
  - e. Outages and Replacement Power. The Seller shall guarantee supply and provide the Buyer with the Replacement power sourced from other generating facilities or third parties, including WESM, during Outages of the plant or facility.
  - f. The proposed rate is Php5.9382/kWh subject to adjustments, exclusive of VAT, other applicable taxes, fees, and other charges.
  - g.  $K =$  Seller's Generation charge for the billing month  $m$ ; in Peso,



**ERC CASE NO. 2024-112 RC**  
**NOTICE OF VIRTUAL HEARING/ 27 DECEMBER 2024**  
**PAGE 6 OF 13**

---

Computation of “K”

$$K = HCQ_m \times CP_{CUF\%}$$

Where:

$$HCQ_m = \sum_{i=26}^{n25} \sum_{j=1}^{24} (HCQ_{ij} - FMQ_{ij})$$

$HCQ_m$  = Total Final HCQ for the billing month  $m$ , kWh

$HCQ_{ij}$  = Final HCQ for the relevant day  $i$  and relevant hour  $j$  of the billing month  $m$ , kWh

$FMQ_{ij}$  = Quantity of energy not deliverable due to Force Majeure for the relevant day  $i$  and relevant hour  $j$  of the billing month  $m$ , kWh.

Contract Price ( $CP_{CUF\%}$ ) = billing price for the billing period  $n$ , PhP/kWh

$$= \text{Capacity Fee}_{CUF\%} + \text{Energy Fee}$$

Capacity Fee  $_{100\%}$

$$= \text{Capital Recovery Fee} + \text{Fixed O\&M}$$

$$= \text{Php } 0.7397/\text{kWh} + \text{Php } 1.0055/\text{kWh}$$

$$= \text{Php } 1.7452/\text{kWh} \text{ (Fixed Fee)}$$

Energy Fee

$$= \text{VOM} + \text{Fuel Fee}$$

$$= \text{Energy Fee for the billing month } n$$

$$\text{VOM} = \text{VOM}_{\text{base}} \times (\text{PH CPIc} / \text{PH CPIb})$$

Where,

VOM- is the Variable O&M Fee for the billing month  $n$ , PhP / kWh

VOMbase- is the Base VOM Fee, PhP 0.1328 / kWh

PH CPIc- Philippine Consumer Price Index (CPI) for all items for the current month as published by the Philippine Statistics Authority

PH CPIb- Philippine Consumer Price Index (CPI) of 119.4 as of December 2022 as published by the Philippines Statistics Authority

$$\text{Fuel Fee} = \text{Fuel Fee}_{\text{Base Rate}} \times \left[ \frac{CFn}{CFO} \right] \times [FXn]$$

h. A copy of the Computation of Generation Fee and Contract Price is included in the Power Supply Agreement attached as Annex “A”.

27. **Estimated Rate Impact.** A Rate Impact Analysis based on the latest available rates would show that there would be a decrease in the rates amounting to **PhP 0.0532/kWh** (a

**ERC CASE NO. 2024-112 RC**  
**NOTICE OF VIRTUAL HEARING/ 27 DECEMBER 2024**  
**PAGE 7 OF 13**

---

decrease from a blended rate of **P6.3424/kWh** to a blended rate of **P6.2893/kWh**). . A copy of the Rate Impact Simulation is hereto attached as **Annex “H”**.

28. 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 “I”**.
29. Board of Investments (BOI) Certificate. On a letter from BOI dated 16 January 2024, the Board of Investments has noted the cancellation of BOI CR No. 2008-088 Certification. A copy of the letter from BOI is attached as **Annex “J”**.
30. 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 “K”**.
31. 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 “L”**.
32. 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<sup>3</sup>, Rule 20 B Section 2 of the ERC Rules of Practice and Procedures:

ANNEX	DOCUMENTS/ INFORMATION
M	LEYECO II Articles of Incorporation
N	LEYECO II By-Laws
O	LEYECO II Verified Certification showing list of Board of Directors
P	LEYECO II Certification of Non- Applicability of DSM
Q	LEYECO II Write-up on Non-Availability of Certification by NPC of Transition Supply Contract and Energy Availability
R	LEYECO II WESM Membership
S	KSPC Articles of Incorporation and By-laws
T	KSPC By- Laws
U	KSPC Verified Certification showing list of Board of Directors
V	Shareholder’s Agreement
W	KSPC General Information Sheet
X	KSPC Transmission Service Agreement with NGCP

---

<sup>3</sup> Resolution No. 38, Series of 2006 – A Resolution Promulgating the Energy Regulatory Commission’s Rules of Practice and Procedure.

**ERC CASE NO. 2024-112 RC**  
**NOTICE OF VIRTUAL HEARING/ 27 DECEMBER 2024**  
**PAGE 8 OF 13**

ANNEX	DOCUMENTS/ INFORMATION
Y	Executive Summary of the LEYECO II and KSPC PSA
Z*	KSPC's Financial Model
AA*	Sworn Statement on Fuel Procurement
BB*	Relevant technical and economic characteristics of generation capacity
CC*	KSPC's 2022 Audited Financial Statements (AFS), Balance Sheet, Income Statement, and Statement of cash Flows
DD	KSPC's WESM Registration
EE*	Breakdown of FOM and VOM
FF*	Narrative on Sources of Funds, Generation Rates, Cash Flow
GG*	Sources of Funds (Certification from Banks and Bank Certification)
HH*	Sources of Funds (Project Cost, ROI, WACC, Life of Asset vs Term of Loan)
II, and II-1*	Fuel Contract, Amended Fuel Contract
JJ*	Derivation of Rates (Excel File)
KK*	MEOT Allocation to the generating units
LL*	Certifications of Net Heat Rate
MM*	NWRB Water Permit
NN*	<p>WRITE UP FOR NON-APPLICABILITY OF DOCUMENTS (KSPC):</p> <ul style="list-style-type: none"> <li>• Renewable Energy Service Contract</li> <li>• Certificate of Registration or Certification of Commerciality by an RE Developer and after due confirmation by the DOE</li> <li>• Requirements under emergency procurement</li> <li>• BIR Receipts</li> <li>• Seller's Receipts</li> <li>• Purchase Orders with Annotation of Acceptance or Transfers</li> <li>• Deeds of Sale and other Other Forms of Conveyance of Ownership</li> <li>• Potential Cost (absolute amounts and PhP/kWh) of Ancillary Services as and when the IPP or the DU is connected to the main grid.</li> <li>• Basis/rationale/derivation of Other Charges such as replacement, start-up, pre-commercial, and ancillary costs.</li> <li>• Distribution Wheeling Service Agreement</li> </ul>
OO and series	LEYECO II Certificate of Email Registration
PP and series	KSPC Certificate of Email Registration

**ERC CASE NO. 2024-112 RC**  
**NOTICE OF VIRTUAL HEARING/ 27 DECEMBER 2024**  
**PAGE 9 OF 13**

ANNEX	DOCUMENTS/ INFORMATION
QQ	LEYECO II Transmission Service Agreement
RR	LEYECO II Metering Service Agreement
SS	Sample Power Bill
TT	DDP
UU	PSPP
VV*	EPC Contract (Confidential)

\*Subject to the Motion For Confidential Treatment of Information

**ALLEGATIONS IN SUPPORT OF THE MOTION FOR  
CONFIDENTIAL TREATMENT OF INFORMATION**

33. 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.
34. KSPC prays that the information contained in the documents attached as Annexes "Z", "AA", "BB", "CC", "EE", "FF", "FF-1", "GG", "HH", "II", "II-1", "JJ" and "VV" 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
Z	KSPC's Financial Model
AA	Sworn Statement on Fuel Procurement
BB	Relevant technical and economic characteristics of generation capacity
CC	KSPC's 2022 Audited Financial Statements (AFS), Balance Sheet, Income Statement, and Statement of cash Flows
EE	Breakdown of FOM and VOM
FF	Narrative on Sources of Funds, Generation Rates, Cash Flow
GG	Sources of Funds (Certification from Banks and Bank Certification)
HH	Sources of Funds (Project Cost, ROI, WACC, Life of Asset vs Term of Loan)
II, and II-1	Fuel Contracts
JJ	Derivation of Rates (Excel File)
VV	EPC Contract

35. The competitors of KSPC will gain undue advantage and use the information in their own operation, if they obtain the information provided in the documents requested to be confidential.

**ALLEGATIONS IN SUPPORT OF THE MOTION FOR  
PROVISIONAL AUTHORITY**

36. LEYECO II and KSPC replead, by reference, all the foregoing allegations.
37. LEYECO II 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.

38. 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 II's member consumers.
39. An Affidavit of Merit in support of the prayer for provisional authority is hereto attached as **Annex "XX"**.

**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 Order provisionally approving the PSA between LEYECO II and KSPC, thereby authorizing KSPC to charge and collect from LEYECO II electricity fees based on rates that this Honorable Commission may provisionally approve, and authorizing LEYECO II to pass the full amount thereof to its customers; and.

**ERC CASE NO. 2024-112 RC**  
**NOTICE OF VIRTUAL HEARING/ 27 DECEMBER 2024**  
**PAGE 11 OF 13**

---

4. After trial on the merits, issue a Decision approving the PSA, thereby confirming the compliance by LEYECO II 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 authorizing KSPC to charge and collect from LEYECO II the electricity fees based on the final rates approved by this Honorable Commission, and authorizing LEYECO II to pass the full amount thereof to its customers.

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

The Commission hereby sets the instant *Joint Application* for hearing for hearing for determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference and presentation of evidence on the following dates and online platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020<sup>4</sup> and Resolution No. 01, Series of 2021<sup>5</sup> (ERC Revised Rules of Practice and Procedure):

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>04 March 2025 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)</b>	<b>Microsoft Teams Application</b>	Determination of compliance with jurisdictional requirements and expository presentation
<b>11 March 2025 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)</b>		Pre-Trial Conference and Presentation of Evidence

Accordingly, LEYECO II and KSPC are hereby directed to host the virtual hearings at **LEYECO II's Principal Office located at Real St., Sagkahan Dist., Tacloban City** as designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, LEYECO II and KSPC shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

---

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

<sup>5</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

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

- 1) The petitioner's name, mailing address, and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), their Opposition or Comment thereon **at least five (5) calendar days** prior to the initial virtual hearing. Rule 9 of the ERC Revised Rules of Practice and Procedure shall govern. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

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

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

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Joint Application* on the Commission's official website at [www.erc.gov.ph](http://www.erc.gov.ph).

Finally, all interested persons may be allowed to join the scheduled initial virtual hearings by providing the Commission, through [legal.virtualhearings@erc.ph](mailto:legal.virtualhearings@erc.ph), their respective e-mail addresses and indicating therein the case number of the instant *Joint Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

**WITNESS**, the Chairperson and CEO **MONALISA C. DIMALANTA** and Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 27<sup>th</sup> day of December 2024 in Pasig City.

  
**ATTY. KRISHA MARIE T. BUELA**  
*Director III, Legal Service*