Item No.: 22

Date: NOV 10 2026

SMGP BESS Power

SMGP BESS POWER INC.

5th Floor, #100 Eulogio Rodriguez Jr. Avenue, C5 Road, Bo. Ugong, Pasig City, 1604 Metro Manila (02) 5317 1000

28 October 2026

Sangguniang Panlalawigan
Province of Leyte
RECEIVED
Date: NOV 04 2026
By: 9:10 am

THE SANGGUNIANG PANLALAWIGAN
through: *The Honorable*
LEONARDO M. JAVIER JR.
Provincial Vice Governor
Office of the Vice Provincial Governor
Leyte Provincial Government Complex
West Bypass Road, Brgy. Guindapunan
6501 Palo, Leyte
Philippines

Subject: **FILING OF JOINT APPLICATION FOR THE APPROVAL OF ANCILLARY SERVICES PROCUREMENT AGREEMENT (ASPA) BETWEEN NATIONAL GRID CORPORATION OF THE PHILIPPINES AND SMGP BESS POWER INC.**

Dear **Vice Governor Javier Jr. and Members of the Sangguniang Panlalawigan**:

Warm greetings!

Please be informed that National Grid Corporation of the Philippines (NGCP) and SMGP BESS Power Inc. (SBPI) have entered into an Ancillary Services Procurement Agreement (ASPA) whereby SBPI TABANGO BESS shall provide ancillary services through the operation of its generation facility for the Visayas Grid. Related to this, a Joint Application for the Approval of the ASPA will be submitted to the Energy Regulatory Commission (ERC).

In compliance with the ERC Resolution No. 1, series of 2021, also known as "A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission", the parties are required to furnish the concerned Local Government Unit's (LGU) Office of the Governor/Mayor and their respective Legislative Bodies, where the applicants principally operate, a copy of the Joint Application, with annexes and accompanying documents.

In this regard, we are respectfully submitting the attached Joint Applications to your good office for information. The complete set of annexes may be accessed through this link: https://bit.ly/4sgTDKw. Also, we would like to request for a certification bearing the seal of your office, attesting that the Office of the Vice Governor has duly received a copy of the said application. Attached is a draft format of the Certification for your perusal.

We are hoping for your kindest consideration and prompt response to this request. For any questions or concerns, please do not hesitate to reach us at our e-mail at dtapalla@smgp.sanmiguel.com.ph.

Thank you very much and we hope all the best in your endeavors.

Very truly yours,

WARREN PATRICK G. BELVIS
Regulatory Compliance Officer and Manager

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Exquadra Tower
Jade Drive, Ortigas Center
Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE ANCILLARY SERVICES PROCUREMENT AGREEMENT BETWEEN THE NATIONAL GRID CORPORATION OF THE PHILIPPINES AND SMGP BESS POWER, INC. (TABANGO BESS), WITH PRAYER FOR THE ISSUANCE OF PROVISIONAL AUTHORITY AND MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION

NATIONAL GRID CORPORATION OF THE PHILIPPINES AND SMGP BESS POWER, INC.
Applicants
x - x

Sangguniang Panlalawigan
Province of Leyte
RECEIVED
Date: NOV 04 2026
By: 9:10 am

ERC CASE NO.
_____

APPLICATION

Applicants **NATIONAL GRID CORPORATION OF THE PHILIPPINES ("NGCP")** and **SMGP BESS POWER, INC. ("SBPI" or "Co-Applicant")** (collectively referred to as the "**Applicants**" or the "**Parties**"), by their respective counsels, respectfully state:

I. NATURE OF THE CASE

1. This Application is for the approval of the Ancillary Services Procurement Agreement ("**ASPA**" or "**Agreement**") dated 08 October 2026,[1] entered into by the NGCP and Co-Applicant, pursuant to Department of Energy ("**DOE**") Department Circular No.

[1] A copy of the Ancillary Services Procurement Agreement (ASPA) dated 08 October 2026 is attached as Annex "**A**"

6. Republic Act No. 9136, also known as the Electric Power Industry Reform Act ("**EPIRA**"), provides that it is the responsibility of NGCP to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the performance standards for its operations and maintenance, as set forth in the Philippine Grid Code ("**PGC**"),[5] adopted and promulgated by the ERC, and to adequately serve generation companies, distribution utilities and suppliers requiring transmission service and/or ancillary services ("**AS**" or "**Ancillary Services**")[6] through the transmission system.[7]

7. "Ancillary Services" is defined in Section 4 (b) of the EPIRA as referring "*to those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with good utility practice and the Grid Code to be adopted in accordance with this Act.*" These services are essential in ensuring reliability in the operation of the transmission system and consequently, in the reliability of the electricity supply in the Luzon, Visayas, and Mindanao grids.

8. Similarly, the PGC provides that NGCP is responsible for determining, acquiring, and dispatching the capacity needed to supply the required Grid AS and for developing and proposing Wheeling Charges and AS tariffs of the ERC.[8]

9. To implement and regulate the procurement of AS, the ERC approved the Ancillary Services Procurement Plan ("**ASPP**") through its Order dated 9 March 2006 in ERC Case No. 2002-253 and the Ancillary Services-Cost Recovery Mechanism ("**AS-CRM**") through its Decision dated 3 October 2007 in ERC Case No. 2006-049 RC.

10. Pursuant to Section 4.1 of DOE DC 2021-10-0031, NGCP developed and submitted to DOE its Ancillary Service Agreement Procurement Plan ("**ASAPP**") covering years 2025 to 2034[9]. The DOE later reviewed and approved the 2025-2034 ASAPP.

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[5] ERC Resolution No. 22, series of 2016, entitled "A Resolution Approving the Publication of the Approved Philippine Gird Code 2016 Edition". See also Section 9(c), EPIRA.

[6] Section 4(b), EPIRA. "Ancillary Services" refer to those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with good utility practice and the Grid code to be adopted in accordance with this Act.

[7] Section 9(d), EPIRA.

[8] Chapter 6, Grid Operations ("**GO**"), GO Section 6.3.1.2, PGC.

[9] NGCP 2025-2034 Ancillary Service Agreement Procurement Plan is attached as **Annex "B"**

Negotiation had yet to be issued and, to avoid delay, proposed to include all AS capacities open for contracting in the 2nd AS-CSP.[14]

16. Thereafter, NGCP received DOE letter dated 22 May 2026 reiterating its directive to procure AS through direct negotiation in view of the recent occurrences of Yellow Alerts in the Visayas Grid.[15]

17. On 27 May 2026, DOE sent a letter of even date citing the recurring Yellow and Red Alerts in the Visayas Grid since 12 May 2026 and the increasing WESM prices due to persistently tight supply of energy as basis of its directive for NGCP to immediately undertake direct negotiations for the procurement of AS in the Visayas Grid.[16]

18. On 16 June 2026, NGCP received DOE's final instruction to directly negotiate critical AS in the Visayas Grid and to immediately contract the required AS capacities with DOE's specified AS Providers following the *"recent simulations of the Independent Electricity Market Operator of the Philippines (IEMOP) which unequivocally demonstrated the need for the addition of at least 160 MW of reserve capacity to mitigate grid vulnerability."*[17]

19. Thereafter on 19 June 2026, NGCP received DOE's letter dated 18 June 2026 amending its instruction to contract critical AS in the Visayas Grid·18

20. On 11 September 2026, the Market Operator issued a Certification certifying that the three (3) months average price is above 75% of the price cap of PhP25/kWh for Regulating Reserve, and three (3) months average reserve contribution rate is greater than PhP0.25/kWh for Contingency Reserve.[19]

21. On 08 October 2026, NGCP and SBPI signed the ASPA for the Provision of Ancillary Services in the Visayas Grid. The details of which are as follows:

Type of AS to be provided	**AS Facility/Unit**	**Capacity Payment Rate (P/kW/h)**	**Duration**
RR	TABANGO BESS	2.20	Five (5) years

[14] NGCP letter dated 16 February 2026 is attached as **Annex "D-2"**
[15] DOE letter dated 22 May 2026 is attached as **Annex "D-3"**
[16] DOE letter dated 27 May 2026 is attached as **Annex "D-4"**
[17] DOE letter dated 16 June 2026 is attached as **Annex "D-5"**
[18] DOE letter dated 18 June 2026 is attached as **Annex "D-6"**
[19] Certification from the Market Operator is attached as **Annex "E"**

The Cost of Incidental Energy ("IE") is the cost of actual energy generated for the firm Scheduled Capacity which shall be paid and computed using the formula below:

Payment of Cost of Incidental Energy (IE) computed as follows:

Incidental Energy Payment
= {G X (Energy Fees)}
– (WESM Revenue – WESM Payment)

Where:

- G = summation of actual energy generated or dispatched from the Scheduled Capacity, in kWh
- Energy Fees, in PhP/kWh = Fuel Cost + Fixed and Variable O&M Cost, in PhP/kWh
    - Fuel Cost, in Php/kWh = 0
    - Fixed O&M Cost, in Php/kWh = 0
    - Variable O&M Cost, in Php/kWh = 0
- WESM Revenue = summation of WESM revenue based on market clearing price at the generator's trading node, arising from G.
- WESM Payment = summation of WESM purchases based on market clearing price at the generator's trading node, for generator's feedback power if applicable.

24. In compliance with the ERC document checklist, NGCP submits the following:

a. AS Requirement Level per AS type;[20]
b. Actual AS Data on Required, Scheduled, and Dispatched (MW) for the Visayas Grid for the previous year;[21]
c. Implementing Guidelines of the ASPA;[22]
d. Detailed Rate Derivation;[23] and
e. Rate Impact Simulation Report[24].

25. For SBPI, the below rates represent a reasonable recovery of its opportunity cost in making available generation capacity to provide the procured AS:

AS Type	Indicative Rate Impact	
	P/kW – month	P/kwh
RR	38.2712	0.0665

A copy of the Rate Derivation for SBPI is attached to this Application.[25]

[20] Attached as Annex "**F**"
[21] Attached as Annex "**G**"
[22] Attached as Annex "**H**"
[23] Attached as Annexes "**O**", "**O-1**", **and** "**O-2**".
[24] Attached as Annex "**I**"
[25] Rate Derivation is attached as Annexes "**O**", **O-1**", **and** "**O-2**"

29. While SBPI is a co-applicant, it manifests that the instant Application shall neither modify, diminish nor constitute a waiver of its rights nor expand its obligations and responsibilities as a generation company under EPIRA.

V. ALLEGATIONS IN SUPPORT OF THE PRAYER FOR CONFIDENTIAL TREATMENT OF INFORMATION

30. Under Rule 5 of the ERC 2026 Rules of Practice and Procedure, the Honorable Commission, may, upon request of a party and determination of existence of conditions that would warrant such remedy, treat certain information submitted to it as confidential.

31. The Rate Derivation, Computation of True Cost of Generation and the Summary of computed Consumer Price Index for Variable Operation and Maintenance (VOM) Cost, attached to this Application as Annex "**O**", Annex "**O-1**" and Annex "**O-2**", contain commercially valuable and sensitive information and data that reflect SBPI's investments, business operations, calculations, and other trade secrets.

32. Accordingly, SBPI respectfully moves that the foregoing Annexes be accorded confidential treatment pursuant to Section 1, Rule 5 of the 2026 Rules of Practice and Procedure of the ERC. In compliance with Section 1(b) thereof, SBPI submits these Annexes electronically together with this Application, compiled in a separate folder clearly marked "Confidential Documents." The folder includes a file clearly marked "Confidential-Password," containing the password enabling the Honorable Commission to access the documents. Physical copies in a sealed envelope marked "Confidential" shall be submitted if required by the Honorable Commission pursuant to Section 1(d) of the same Rule.

VI. ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL AUTHORITY

33. It is a declared policy of the State to ensure the quality, reliability, security and affordability of the supply of electric power.[26] To this end, there is a need to comply with the system requirements for AS to ensure grid system security and reliability. As mentioned above, NGCP has the mandate to procure the required AS.

34. Given the urgency of procuring AS in the Visayas Grid, Section 8.3 of DOE DC No. 2021-10-0031 as amended by DOE DC No. 2025-08-0010 provide that "*all ASPAs directly negotiated by the SO*

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[26] Section 2(b), EPIRA.

NATIONAL GRID CORPORATION OF THE PHILIPPINES
NGCP Building, Quezon Avenue corner
BIR Road, Diliman, Quezon City

Through the:
OFFICE OF THE GENERAL COUNSEL
NGCP Building, Bonaventure Plaza,
Connecticut corner Ortigas Avenue, Greenhills,
San Juan City
Email address: litigation&regulatory@ngcp.ph
Telephone No: (02) 8637458

By:

MARK ANTHONY S. ACTUB
PTR No. 8397959 / 01.05.26 / Quezon City
IBP Lifetime No. 04514 / 03.10.2003 / Misamis Oriental
MCLE Compliance No. VIII-0033129 / 05.13.2025
Roll of Attorneys No. 45707
Email address: msactub@ngcp.ph

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PTR No. 8397962 / 01.05.26 / Quezon City
IBP Receipt No. 575152 / 12.29.25 / Quezon City
MCLE Compliance No. VIII-0011775 / 08.13.2024
Roll of Attorneys No. 74988
Email Address: pmdizon@ngcp.ph

RAIZA DAWN D. DAYOT
PTR No. 10769467 / 01.08.26 / Makati City
IBP Receipt No. 568283 / 12.19.25 / Iloilo City
MCLE Compliance No. VIII-0012695 / 08.27.2024
Roll of Attorneys No. 84206
Email Address: rddayot@ngcp.ph

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

I, **MA. CYNTHIA Y. MANRIQUE**, of legal age, Filipino, with office address at National Grid Corporation of the Philippines Head Office, NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City, Philippines, after having been duly sworn to in accordance with law, hereby depose and state that:

1. I am the Vice President and Head of the Revenue and Regulatory Affairs of the National Grid Corporation of the Philippines ("NGCP") and I am duly authorized to sign the Verification and Certification of Non-Forum Shopping in the above-entitled Application for and in behalf of NGCP as evidenced by the Secretary's Certificate hereto attached as **Annex "A-Verification";**

2. I have caused the preparation of the foregoing Application;

3. I have read the Application and I attest that the allegations in the foregoing Petition are true and correct based on my personal knowledge or based on authentic documents;

4. The foregoing Application is not filed to harass, cause unnecessary delay, or needlessly increase cost of litigation;

5. The factual allegations therein have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;

6. NGCP has not filed any other similar Application or action, involving the subject matter of this Application before any court, tribunal or quasi-judicial agency and, to the best of my knowledge, no such other Application or action is pending therein; and

7. If I should thereafter learn that such similar Application, action or claim has been filed or is pending, I shall report that fact to this Honorable Court within five (5) calendar days therefrom.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 27 October 2026 in Quezon City, Philippines.

MA. CYNTHIA Y. MANRIQUE
Affiant

SUBSCRIBED AND SWORN to before me this 27 October 2026, Affiant exhibited to me her Driver's License No. X01-91014806 as proof of identity.

Doc No. 338;
Page No. 69;
Book No. 41;
Series of 2026.

Atty. RICO R. CAGARA
Notary Public for Quezon City, Appointment No. 078
Commission valid until 31 December 2027
PTR No. [illegible], Quezon City
IBP Lifetime No. [illegible], December 2006, Bulacan
Official Receipt [illegible]
Roll of Attorney's No. 53684; 27 April 2007
MCLE Compliance VIII-0011770, valid until 14 April 2028
44 Matimtiman Street, Teacher's Village East
Diliman, Quezon City

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Annex A-Verification

CERTIFIED TRUE COPY

BY: _____
KAREN S. ONG
CORPORATE SECRETARY
C-SC-574-2020-303

REPUBLIC OF THE PHILIPPINES)
CITY OF QUEZON) S.S.

SECRETARY'S CERTIFICATE

I, **KAREN S. ONG**, of legal age, Filipino, and with office address at NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City, Metro Manila, after having been duly sworn in accordance with law, hereby certify that:

1. I am the Corporate Secretary of NATIONAL GRID CORPORATION OF THE PHILIPPINES (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City, Metro Manila;

2. The Board of Directors of the Corporation unanimously approved and adopted the following resolutions:

> ***"RESOLVED,*** that the Corporation names, appoints and authorizes the President and Chief Executive Officer, Chief Administrative Officer, Vice President and Head of the Revenue and Regulatory Affairs, Assistant Vice President and Head of Engineering Construction, Heads of Project Division, General Counsel, Deputy General Counsel, Assistant General Counsel, and Regional Assistant General Counsel to perform the following acts:
>
> 1. Represent NGCP in any claim, complaint, petition, application, protest, suit or any case for or against NGCP before any court, prosecutor's office, regulatory body, quasi-judicial or administrative body, agency or office of the government;
> 2. Execute, sign and obtain any document, including verification and certification of non-forum shopping or any other document which may be required or in connection with the preceding paragraph incorporating thereto the required allegations under the 2019 Amended Rules of Civil Procedure;
> 3. Represent NGCP during inquest proceedings, preliminary investigation, preliminary conference, pre-trial, mediation, conciliation, arbitration, trial, execution, and all proceedings or actions and/or appoint, name or designate a representative to attend said proceedings, with power and authority to enter into an amicable settlement as approved by NGCP Management or Board of Directors, submit to alternative modes of dispute resolution, and enter into stipulations or submission of facts and documents; and
> 4. Do and perform on behalf of NGCP any act and deed necessary to be done in the premises.
>
> ***"RESOLVED,*** that the Corporation names, appoints and authorizes the General Counsel, Deputy General Counsel, Assistant General Counsel, and Regional Assistant General Counsel to be its true and lawful attorneys-in-fact, to appear during preliminary conference, pre-trial, court annexed mediations, and judicial dispute resolution, and such other proceedings, in relation to cases filed by or against NGCP, on such date or dates as may be set by the court and/or agreed upon by the parties, with full and special power and authority to do and perform the following acts:

VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

I, **ELENITA D. GO**, Filipino, of legal age, and with office address at the 5th Floor, 100 Eulogio Rodriguez Jr. Avenue C5 Road (North Bound) Pasig City, after having been duly sworn to in accordance with law, hereby depose and state, that:

1. I am the duly authorized representative of SMGP BESS Power, Inc. ("SBPI"), as shown in the attached Secretary's Certificate hereof;

2. Pursuant to the authority vested in me, I have caused the preparation and filing of the foregoing Application and that I have read and understood the contents thereof, and aver that all the factual/legal allegations contained therein are true and correct and based on my personal knowledge and/or authentic documents;

3. I attest that the foregoing Application is not being filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation. The factual allegations therein have evidentiary support or, if specifically identified, will have evidentiary support after a reasonable opportunity for discovery; and,

4. I hereby certify that SBPI has not commenced any action/proceeding or filed any claim involving the same issues raised in the Application, whether in the Supreme Court, the Court of Appeals, or any other court, tribunal or quasi-judicial agency, and, to the best of my knowledge, no such other action or claim is pending therein. Should I thereafter learn that the same or similar action/proceeding or claim has been filed or is pending before the Supreme Court, the Court of Appeals, or any other court, tribunal, or quasi-judicial agency, I shall report such fact to the Honorable Energy Regulatory Commission within five (5) days from obtaining knowledge therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand this OCT 27 2026 at Pasig City.

ELENITA D. GO
Affiant

SUBSCRIBED AND SWORN to before me this OCT 27 2026 in Pasig City. Affiant personally appeared and exhibited to me her Philippine Passport No. P1876103B issued on June 7, 2019 at the DFA NCR East, as her competent proof of identity.

Doc. No.: 64;
Page No.: 14;
Book No.: XI;
Series of 2026.





RUDILICIA P. ESPIRITU
Commision No. 274 (2025-2026)
Notary Public for Pasig City
Until December 31, 2026
5th Floor, C5 Office Building Complex,
#100 E Rodriguez Jr. Ave., C5 Road,
Bo. Ugong, Pasig City 1604, Metro Manila
Roll No. 53391
PTR No. 3977998; January 5, 2026 / Pasig City
IBP Life Member Roll No. 13322 / Camarines Sur Chapter
MCLE Compliance No. VIII-0019485; Valid until April 14, 2028

"**RESOLVED, FINALLY**, that in connection with the foregoing powers and authority, the aforementioned authorized signatories of the Corporation be, as they are hereby, authorized to assign the enforcement of any of the causes of action or defense of the Corporation in favor of a trustee or plaintiff for collection or defense, and to designate, in writing, such lawyers or law firms to appear, act for, or otherwise represent the Corporation in all judicial, quasi-judicial, administrative or arbitration board hearings, incidents and other proceedings, including, but without in any manner restricting or limiting to, all pre-trial conferences and to do any and all of the following acts and deeds:

a) To negotiate, conclude, enter into and execute a compromise or amicable settlement of the case or dispute;

b) To agree on the simplification of the issues;

c) To amend the pleadings;

d) To agree to stipulations or obtain admissions of facts and of documents to avoid unnecessary proofs;

e) To limit the number of witnesses;

f) To undertake a preliminary reference of issues to a commissioner;

g) To explore and/or consider alternatives modes of dispute resolution, such as but not limited to mediation proceedings; and

h) To do and agree on such other matters as may aid the prompt disposition of the case or dispute."

xxx

XXIII. DESIGNATION OF OFFICERS AND PERSONS WITH SIGNING AUTHORITIES

"**RESOLVED**, that for purposes of the implementation of the foregoing resolutions, the following officers and persons are hereby appointed as signatories under the Group appearing before their names:

GROUP	NAME
A	xxx Elenita D. Go xxx Paul Bernard D. Causon
B	xxx Julie Ann B. Domino-Pablo xxx
xxx	xxx
F	xxx Avelino G. Cedo III Jupiter M. Cabaguio Julieta B. Estamo Beatriz Irina Denise C. Alazas Marilen S. Vizco-Adriano