

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
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  
THERMA MARINE, INC.  
(FOR MOBILE 1), WITH  
PRAYER FOR THE  
ISSUANCE OF  
PROVISIONAL  
AUTHORITY**

**ERC CASE NO. 2023-052 RC**

**NATIONAL GRID  
CORPORATION OF THE  
PHILIPPINES AND THERMA  
MARINE, INC.,**

*Applicants.*

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**Promulgated:**  
June 07, 2023

**NOTICE OF VIRTUAL HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 30 May 2023, the National Grid Corporation of the Philippines (NGCP) and Therma Marine, Inc. (TMI) filed an *Application* dated 11 May 2023, seeking the Commission's approval of their Ancillary Services Procurement Agreement (ASPA), with prayer for the issuance of provisional authority.

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

#### NATURE OF THE CASE

1. This Application is for the approval of the Ancillary Services Procurement Agreement (“ASPA” or “Agreement”) dated 02 May 2023,<sup>1</sup> entered into by the NGCP and TMI, pursuant to Department of Energy (DOE) Department Circular No. DC 2021-10-0031 (the “AS-CSP Circular”) prescribing the conduct of Ancillary Services Competitive Selection Process (AS-CSP); in relation to the Ancillary Services – Cost Recovery Mechanism (AS-CRM) promulgated by the Energy Regulatory Commission in its Decision dated 3 October 2007 in ERC Case No. 2006-049RC.

#### THE PARTIES

2. Applicant NGCP is a corporation created and existing under the laws of the Philippines, with office address at NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City. It holds a congressional franchise granted under Republic Act No. 9511,<sup>2</sup> and is authorized to engage in the business of conveying or transmitting electricity through high-voltage back-bone systems of interconnected transmission lines, substations and related facilities, and for other purposes. The NGCP is authorized to conduct activities necessary to support the safe and reliable operation of the transmission system.
3. Applicant TMI is a private corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal place of business at Barangay Sta. Ana, Nasipit, Agusan del Norte.
  - 3.1. TMI is the owner and operator of a power plant composed of the Bunker C-Fired Diesel Power Plant, with a rated capacity of 100.337MW continuous output at 60Hz, including required ancillaries and spare parts, located in Brgy. San Roque, Maco, Davao de Oro (Mobile 1) (the “Generation Facility”), which was certified and accredited by the NGCP as capable of providing Contingency Reserve, Reactive Power Support, and Black Start Service.
4. NGCP and TMI may be served with orders, notices, pleadings and other legal processes through their respective counsels at the addresses indicated below.

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<sup>1</sup> A copy of the Ancillary Services Procurement Agreement (ASPA) dated 02 May 2023 is attached as Annex “A”

<sup>2</sup> An Act Granting the National Grid Corporation of the Philippines a Franchise To Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-Bone System of Interconnected Transmission Lines, Substations and Related Facilities, and for other Purposes.

ANTECEDENT FACTS

5. 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”),<sup>3</sup> adopted and promulgated by the Honorable Commission, and to adequately serve generation companies, distribution utilities and suppliers requiring transmission service and/or ancillary services (“AS” or “Ancillary Services”)<sup>4</sup> through the transmission system.<sup>5</sup>
6. 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.<sup>6</sup>
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. In order to implement and regulate the procurement of AS, the Honorable Commission 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. 2006-049RC.
9. The NGCP certified that the units of the Generation Facility have met and complied with the Standard Ancillary Services Technical Requirements of the ASPP as capable of providing Contingency Reserve, Reactive Power Support, and Black Start Service. A copy of (1) NGCP Accreditation Certificate No. AS- 2021-M014 in favor of TMI for Mobile 1 Units 1 and 2 (Contingency Reserve, Dispatchable and Reactive Power Support Service), valid from 22 November 2021 to 21 November 2023, (2) NGCP Accreditation Certificate No. AS-2022-M005 in favor of TMI for Mobile 1 Hybrid Unit 1 (Contingency Reserve), valid from 22 June 2022 to 21 June

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<sup>3</sup> ERC Resolution No. 22, series of 2016, entitled “A Resolution Approving the Publication of the Approved Philippine Grid Code 2016 Edition”. See also Section 9(c), EPIRA.

<sup>4</sup> 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.

<sup>5</sup> Section 9(d), EPIRA.

<sup>6</sup> Chapter 6, Grid Operations (“GO”), GO Section 6.3.1.2, PGC.

2024, and (3) NGCP Accreditation Certificate No. AS- 2022-M014 in favor of TMI for Mobile 1 Unit 2 (Black Start Service), valid from 6 December 2022 to 5 December 2024, are attached to this Application.<sup>7</sup>

#### Competitive Selection Process

10. On 04 October 2021, the DOE issued the AS-CSP Circular providing the policy for the conduct of the Competitive Selection Process (CSP) for the procurement of Ancillary Services by the System Operator (NGCP). Among the policies set by the AS-CSP Circular was the creation of an independent Third Party Bids and Awards Committee (TPBAC) to spearhead and manage the CSP.
11. In its Letter dated 22 November 2022,<sup>8</sup> the DOE approved the Terms of Reference (TOR)<sup>9</sup> and Instruction to Bidders<sup>10</sup>, and instructed NGCP to proceed with the publication and posting of the same pursuant to Sec. 7.4 and 7.5 of the AS-CSP Circular.
12. On 26 January 2023, the TPBAC approved its Notice of Invitation to Bid<sup>11</sup> informing the public of the pending AS-CSP for Regulating Reserve (RR), Contingency Reserve (CR), Dispatchable Reserve (DR), Reactive Power Support (RPS), and Black Start Service (BSS); and inviting all interested grid-connected merchant plants and Independent Power Producers to apply for eligibility and participate in the competitive bidding for the procurement of AS. The Notice of Invitation to Bid likewise provided any interested grid-connected merchant plants a copy of the DOE approved TOR and Instruction to Bidders.
13. Subsequently, the Notice of Invitation to Bid was published on 31 January 2023 with the *Malaya Business Insight*<sup>12</sup> and the *Philippine Star*.<sup>13</sup> The same Notice was also published on 07 February 2023 with the *Business Mirror*<sup>14</sup> and the *Manila Bulletin*.<sup>15</sup>

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<sup>7</sup> Copy of NGCP Accreditation Certificate No. AS-2021-M014, 2022-M005, and 2022-M014 with corresponding test report/s, are attached as Annexes "B" to "B-2".

<sup>8</sup> DOE Letter dated 22 November 2022 approving the Terms of Reference and Instruction to Bidders is attached as Annex "C"

<sup>9</sup> DOE Approved Terms of Reference is attached as Annex "C-1"

<sup>10</sup> DOE Approved Instruction to Bidders is attached as Annex "C-2"

<sup>11</sup> Notice of Invitation to Bid is attached as Annex "C-3"

<sup>12</sup> The 31 January 2023 edition of the *Malaya Business Insight* and the page on which the Notice of Invitation to Bid appears are attached as Annexes "D" and "D-1", respectively. The Affidavit of Publication issued by the *Malaya Business Insight* is likewise attached as Annex "D-2".

<sup>13</sup> The 31 January 2023 edition of the *Philippine Star* and the page on which the Notice of Invitation to Bid appears are attached as Annexes "E" and "E-1", respectively. The Affidavit of Publication issued by the *Philippine Star* is likewise attached as Annex "E-2".

<sup>14</sup> The 07 February 2023 edition of the *Business Mirror* and the page on which the Notice of Invitation to Bid appears are attached as Annexes "F" and "F-1", respectively. The Affidavit of Publication issued by the *Business Mirror* is likewise attached as Annex "F-2".

<sup>15</sup> The 07 February 2023 edition of the *Manila Bulletin* and the page on which the Notice of Invitation to Bid appears are attached as Annexes "G" and "G-1", respectively. The Affidavit of Publication issued by the *Manila Bulletin* is likewise attached as Annex "G-2".

14. TMI was declared by the TPBAC as eligible to participate in the AS-CSP and submit its bid for the provision of AS to be provided by the Generation Facility.
15. Under Bid Bulletin 2023-02 issued by the TPBAC, eligible bidders may submit their bids on or before 13 March 2023.
16. Thereafter, pursuant to Bid Bulletin 2023-02, the TPBAC conducted the opening of bids timely submitted by all the eligible bidders whereby the TMI's bid/offer<sup>16</sup> for the provision of Contingency Reserve, Dispatchable Reserve, Reactive Power Support, and Black Start Service by its Generation Facility was considered for award after sufficiently complying with the post-qualification requirements.
17. On 12 April 2023, the TPBAC issued and submitted to the NGCP's Board of Directors its Resolution and Evaluation Report on the conduct of the CSP<sup>17</sup> indicating TMI as one of the winning bidders. The TPBAC's Evaluation Report was thereafter confirmed by the NGCP's Board of Directors through a resolution dated 18 April 2023.<sup>18</sup>
18. On 18 April 2023, the TPBAC issued a Notice of Award in favor of TMI,<sup>19</sup> informing the latter that it is to be awarded with a contract for the Provision of Ancillary Services in the Mindanao Grid. The details of the award for TMI's Mobile 1 are as follows:

Type of AS to be provided	Unit	Capacity Payment Rate (P/kWh)	Duration
Contingency Reserve	TMI- Mobile 1	1.60 PhP/kW/h	Five (5) years
Reactive Power Support	TMI- Mobile 1	4.00 PhP/ kVARh	Five (5) years
Black Start Service	TMI- Mobile 1	Refer to the Schedule 3 of ASPA	Five (5) years

19. On 02 May 2023, NGCP and TMI executed an ASPA pursuant to the AS-CSP Circular.

**CONTRACTED CAPACITY RATES  
AND IMPACT SIMULATION**

20. Section 3 of the ASPA states that TMI shall provide the AS in accordance with Schedule 1 of the ASPA, as follows:

<sup>16</sup> Copy of TMI's bid/ offer is attached herein as Annex "H"

<sup>17</sup> The TPBAC Resolution and Evaluation Report dated 12 April 2023 indicating TMI's bid/offer for its Generation Facility as one of the winning bids is attached as Annex "I".

<sup>18</sup> NGCP Secretary's Certificate certifying the BOD's Resolution confirming the TPBAC's Evaluation Report is attached as Annex "J"

<sup>19</sup> Notice of Award in favor of TMI is attached as Annex "K"

Contracted Capacities:

A. Contingency Reserve - based on Annex A of the Notice of Award

CR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
TMI M1U2	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330
January	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330
February	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
April	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
May	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
June	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
July	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
August	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
September	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
October	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
November	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
December	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
TMI M1U1	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
January	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
March	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
April	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
May	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
June	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
July	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
August	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
September	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
October	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
November	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
December	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10

*It is the intention of TMI to provide the 19MW from the TMI M1-U2 via the TMI M1-U1 to maximize the fast-response capacity of the Battery Energy Storage System "BESS".*

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C. Reactive Power Support: (attach the reactive power capability curve)

Available Capacity of Reactive Power outside the range of 85% lagging and 90% leading power factor.

D. Black Start Service

Note that the capacities in the hourly profile are the maximum ancillary service capacities that can be provided by each unit. However, declaration and schedule shall be based on the latest AS Accreditation Certificate, which shall not exceed the Firm capacities in the hourly profile.

- Schedule 3 of the ASPA provides for the formula for the computation of the Ancillary Service Payment, and the applicable rates for Capacity Payment:

A. Ancillary Service Payment

- For CR or DR, Ancillary Service Payment is the total of the Capacity Payment and the Incidental Energy Payment in B and D below.

$$\text{Ancillary Service Payment}_{\text{CR or DR}} = \text{Capacity Payment} + \text{Incidental Energy Payment}$$

- For Reactive Power Support, Ancillary Service Payment is as follows:

$$\text{kVAR Payment} = (\text{Incidental kVARh Rate} \times \text{Compensable kVARh}) + \text{Incidental Energy Payment (if applicable)}$$

Real Time Incidental kVARh Utilization while Providing Contingency or Dispatchable Reserves. This shall be paid based on the total recorded kVARh delivered/absorbed beyond 0.85 power factor lagging or 0.9 power factor leading from the time when the dispatch of RPS was instructed. The compensable kVARh shall be paid at:

Incidental kVARh Rate: Php 4.00 / kVARh

Compensable kVARh = Actual kVARh – Base kVARh

Where:

Actual kVARh = actual reactive power provided within each interval

Base kVARh = corresponding kVARh at 0.85 power factor lagging or 0.9 power factor leading, for the unit's MW loading. For clarity, the MW loading is the unit's Pmin, or RTD schedule, whichever is greater.

3. For Black Start Service, Ancillary Service Payment is the total kWh generated for BSS, multiplied by the Per Occurrence Applicable Rate for BSS.
- B. Applicable Rates for Capacity Payment:
  1. Contingency Reserve: PhP 1.6 /kW/h  
Formula for Capacity Payment = Undispatched Scheduled Capacity x Applicable Rate per AS type
- C. Per Occurrence Applicable Rates:
  1. Reactive Power Support (RPS): PhP 4.00 /kVAR/hr
  2. Black Start Service (BSS): PhP/kWh of providing BSS, please see details of the rate in Schedule 3 (Section D) of ASPA.
- D. Incidental Energy Payment

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<sub>Contingency Reserve</sub> = {G<sub>CR</sub> x (Capacity Payment Rate<sub>CR</sub> + Energy Fees<sub>CR</sub>)} - (WESM Revenue<sub>CR</sub> - WESM Payment<sub>CR</sub>)

Where:

- G<sub>CR</sub> = summation of actual energy generated or dispatched from the Scheduled Contingency Reserve Capacity, in kWh
- Energy Fees<sub>CR</sub>, in PhP/kWh = Fuel Cost<sub>CR</sub> + Variable O&M Cost<sub>CR</sub>, in PhP/kWh

- Fuel Cost<sub>CR</sub>, in PhP/kWh = fuel cost based on prevailing price with relevant fuel index based on published data  
= (Oil Fuel Mix (%) \* (HFR + LR)) + (Back-Up Fuel Mix (%) \* (BCPS))

Where:

Oil Fuel Mix (%) means the percentage of energy generated by the Diesel Engine to provide the CR Service for the concerned billing month.

Back-Up Fuel Mix (%) means the energy sourced from WESM or other fuel sources to charge the Battery Energy Storage System "BESS" for the concerned billing month.

$$\text{HFR (in PhP/kWh)} = \text{HFCR} * \text{PHFO}$$

Where:

HFR = Heavy Fuel Oil "HFO" Rate in PhP/kWh

HFCR = HFO consumption rate in Li/kWh; the lower of actual consumption rate or 0.2358 Li/kWh

PHFO = actual HFO price, PhP/Liter. Determination of the actual price shall be based on "weighted average" inventory method

$$\text{LR (in PhP/kWh)} = \text{LCR} * \text{PLO}$$

Where:

LR = Lube Oil "LO" Rate in PhP/kWh

LCR = LO consumption rate in Li/kWh; the lower of actual consumption rate or 0.0025 Li/kWh

PLO = actual LO price, PhP/Liter. Determination of the actual price shall be based on "weighted average" inventory method

$$\text{BCPS (in PhP/kWh)} = \text{WESM Price or other Back-Up Charging Power Source}$$

- Variable O&M Cost, in PhP/kWh = VOM rate x (RPCPI<sub>i</sub> / RPCPI<sub>o</sub>)

Where:

VOM rate = 0.3582 PhP/kWh

RPCPI<sub>i</sub> = Philippine CPI of the current billing month

RPCPI<sub>o</sub> = Philippine CPI of 119.40 as of December 2022



- 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.

Incidental Energy Payment<sub>Reactive Power Support</sub> =  $GRPS \times (\text{Variable O\&M Cost}_{RPS} + \text{Fuel Cost}_{RPS})$

Where:

- $GRPS$  = summation of actual energy generated or dispatched to provide Reactive Power Support, in kWh
- $\text{Variable O\&M Cost}_{RPS} = \text{VOM rate} \times (\text{RPCPI}_i / \text{RPCPI}_o)$

Where:

VOM rate = 0.3582 PhP/kWh

RPCPI<sub>i</sub> = Philippine CPI of the current billing month

RPCPI<sub>o</sub> = Philippine CPI of 119.40 as of December 2022

- Fuel Cost<sub>RPS</sub>, in PhP/kWh = fuel cost based on prevailing price with relevant fuel index based on published data

= HFR + LR

Where:

HFR (in PhP/kWh) = HFCR \* PHFO

Where:

HFR = Heavy Fuel Oil "HFO" Rate in PhP/kWh

HFCR = HFO consumption rate in Li/kWh; the lower of actual consumption rate or 0.2358 Li/kWh

PHFO = actual HFO price, PhP/Liter. Determination of the actual price shall be based on "weighted average" inventory method

LR (in PhP/kWh) = LCR \* PLO

Where:

LR = Lube Oil "LO" Rate in PhP/kWh

LCR = LO consumption rate in Li/kWh; the lower of actual consumption rate or 0.0025 Li/kWh

PLO = actual LO price, PhP/Liter. Determination of the actual price shall be

based on “weighted average” inventory method

Incidental Energy Payment<sub>Black Start Service</sub> =  $G_{BSS} \times (\text{Fixed O\&M Cost}_{BSS} + \text{Variable O\&M Cost}_{BSS} + \text{Fuel Cost}_{BSS})$

Where:

- $G_{BSS}$  = summation of actual energy generated or dispatched to provide Black Start Service, in kWh
- $\text{Fixed O\&M Cost}_{BSS} = \text{FOM rate} \times (\text{RPCPI}_i / \text{RPCPI}_o)$

Where:

FOM rate = 3.00 PhP/kWh

RPCPI<sub>i</sub> = Philippine CPI of the current billing month

RPCPI<sub>o</sub> = Philippine CPI of 119.40 as of December 2022

- $\text{Variable O\&M Cost}_{BSS} = \text{VOM rate} \times (\text{RPCPI}_i / \text{RPCPI}_o)$

Where:

VOM rate = 0.3582 PhP/kWh

RPCPI<sub>i</sub> = Philippine CPI of the current billing month

RPCPI<sub>o</sub> = Philippine CPI of 119.40 as of December 2022

- $\text{Fuel Cost}_{BSS}$ , in PhP/kWh = fuel cost based on prevailing price with relevant fuel index based on published data  
= HFR + LR

Where:

HFR (in PhP/kWh) = HFCR \* PHFO

Where:

HFR = Heavy Fuel Oil “HFO” Rate in PhP/kWh

HFCR = HFO consumption rate in Li/kWh; the lower of actual consumption rate or 0.2358 Li/kWh

PHFO = actual HFO price, PhP/Liter. Determination of the actual price shall be based on “weighted average” inventory method

LR (in PhP/kWh) = LCR \* PLO

Where:

LR = Lube Oil “LO” Rate in PhP/kWh

LCR = LO consumption rate in Li/kWh; the lower of actual consumption rate or 0.0025 Li/kWh

PLO = actual LO price, PhP/Liter. Determination of the actual price shall be based on “weighted average” inventory method

22. In compliance with the Honorable Commission’s document checklist, NGCP submits the following:

Document	Annex
AS Rates Offered by the AS Provider during the AS-CSP	“L”
Actual AS Data on Required, Scheduled, and Dispatched (MW) for the Grid for the previous year	“M”
Implementing Guidelines of the ASPA	“N”
Locational Map of TMI	“O”
Certification from NGCP as required under item D of the ERC Checklist	“P”

23. TMI submits that the 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
CR	46.3071	0.0982
RPS	6.3731	0.0135
BSS	0.3222	0.0007

A copy of the Rate Impact Simulation for TMI is attached to this Application.<sup>20</sup>

24. Consistent with the AS-CRM, all the related and incidental expenses which NGCP will incur as a result of the procurement and operation of the ancillary services shall be recovered from all the load customers in the Mindanao Grid.
25. As provided under Section 2.1 of the ASPA, the same shall become effective upon the approval by the ERC, either through a Provisional Authority (PA), or Interim Relief (IR), or final Decision, whichever comes first, unless if a different effective date is provided by the ERC in its Order or Decision,

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<sup>20</sup> Rate Impact Simulation is attached as Annex “Q”.

and shall remain effective for a period of five (5) years, subject to Section 13 (Termination) of the ASPA.

26. TMI, as a generation company, falls within the ambit of Section 6 of the EPIRA. Attached are copies of relevant documents proving TMI's due registration as a generation company, relevant permits to operate the Generation Facility and audited financial statements, as well as other documents required by the Honorable Commission:

Document	Annex
Amended Articles of Incorporation	"S"
Latest SEC GIS/Proof of Business Registration	"T"
Write-up on the Status of Certificate of Compliance issued by ERC; and ERC Certification dated 3 April 2023	"U"* and "U-1"*
Latest Audited Financial Statements	"V"*
WESM Registration	"W"*
Computation of True Cost of Generation (PhP/kW & PhP/kWh) with Summary of computed Consumer Price Index (CPI) indexation as part of the monthly Variable Operation and Maintenance (O&M) Cost, including their computations.	"X"*
Single-Line Diagram Connection	"Y"*
Write-up on TMI's Mobile 1 Auxiliary Battery Energy Storage System Operations	"Z"
TMI's Mobile 1 Generator Capability Curve	"AA"
Write-up on Non-applicability of Documents	"BB"

*\*Subject to the Prayer for Confidential Treatment of Information*

27. While TMI 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 the EPIRA.

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

28. Under Rule 4 of the ERC 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.

29. Documents attached to this Application particularly, Annexes "L", "U", "U-1", "V", "W", "X", and "Y" contain commercially valuable and sensitive information and data that reflect TMI's investments, business operations, calculations, and other trade secrets.
30. TMI thus respectfully moves that these documents are not disclosed and treated as confidential documents in accordance with Section 1, Rule 4 of the Honorable Commission's Rules of Practice and Procedure. Accordingly, TMI submits one (1) copy of said documents in a sealed envelope, with the envelope and each page of the document stamped with the word "Confidential".

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

31. It is a declared policy of the State to ensure the quality, reliability, security and affordability of the supply of electric power.<sup>21</sup> 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. However, the Honorable Commission must first approve the contract before the same can be implemented.
32. As the demand for power in Mindanao increases, the requirements of the system likewise increase. Ensuring the integrity of the system is essential to protect the interests of the public. The absence of system reliability and stability will certainly discourage investments and growth.
33. Applicants respectfully submit that the immediate approval of the ASPA by this Honorable Commission is a necessity to maintain the present reliability and security of the Grid. In support of these allegations, NGCP submits a copy of the Judicial Affidavit of Ms. Lisaflor B. Kater,<sup>22</sup> which is attached to this Application.

**PRAYER**

WHEREFORE, premises considered, Applicants respectfully pray that the Honorable Commission:

1. Immediately ISSUE a provisional authority to implement the subject ASPA executed on 02 May 2023; and
2. APPROVE, after notice and hearing, the subject ASPA.
3. ISSUE an Order treating Annexes "L", "U", "U-1", "V", "W", "X", and "Y" as confidential information pursuant to Section

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<sup>21</sup>Section 2(b), EPIRA.

<sup>22</sup>Judicial Affidavit of Ms. Lisaflor B. Kater is attached as Annex "R"

1, Rule 4 of the ERC Rules of Practice and Procedure and prescribing the guidelines for the protection thereof.

Other just and equitable reliefs are likewise prayed for.

The Commission sets the instant *Application* 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>23</sup> and Resolution No. 01, Series of 2021<sup>24</sup> (ERC Revised Rules of Practice and Procedure):

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>19 July 2023</b> (Wednesday) at nine o'clock in the morning (9:00 A.M.)	<b>Microsoft Teams or Zoom Application</b>	Determination of compliance with jurisdictional requirements and expository presentation
<b>26 July 2023</b> (Wednesday) at nine o'clock in the morning (9:00 A.M.)		Pre-Trial Conference and presentation of evidence

Any interested stakeholder may submit its comments and/or clarifications **at least one (1) calendar day** prior to the scheduled initial virtual hearing, via electronic mail (e-mail) at [doCKET@erc.ph](mailto:doCKET@erc.ph) and 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, any person who has 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 furnishing 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. The verified Petition to Intervene 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:

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<sup>23</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

<sup>24</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

- 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), and copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), their Opposition or Comment **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 *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 *Application*. The Commission will send the access link/s to the

aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

**WITNESS**, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 7<sup>th</sup> day of June 2023 in Pasig City.

  
**MONALISA C. DIMALANTA**  
Chairperson and CEO<sub>II</sub>

  
LS: NMK/ARG/MCCG

