

Republic of the Philippines  
ENERGY REGULATORY COMMISSION  
Pasig City

IN THE MATTER OF THE  
APPLICATION FOR  
AUTHORITY TO DEVELOP,  
OWN, AND OPERATE  
ASSETS, INCLUDING  
DEDICATED POINT-TO-  
POINT LIMITED  
TRANSMISSION  
FACILITIES TO CONNECT  
THE SABLAN 1  
HYDROELECTRIC POWER  
PLANT TO THE  
TRANSMISSION GRID,  
WITH PRAYER FOR  
PROVISIONAL AUTHORITY  
OR INTERIM RELIEF AND  
MOTION FOR  
CONFIDENTIAL  
TREATMENT OF  
INFORMATION

ERC CASE NO. 2023-005 MC

HEDCOR, INC.,

*Applicant.*

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**Promulgated:**

March 07, 2023

**NOTICE OF VIRTUAL HEARING**

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 14 February 2023, HEDCOR Inc. (HEDCOR) filed an *Application* dated 25 January 2023, seeking the Commission's approval of its authority to develop, own, and operate assets, including the dedicated point-to-point limited transmission facilities to connect the Sablan 1 Hydroelectric Power Plant to the transmission grid, with prayer for provisional authority or interim relief and motion for confidential treatment of information.

The pertinent allegations of the *Application* are hereunder quoted:

THE APPLICANT

1. HEDCOR is a generation company duly organized and existing under and by virtue of the laws of the Republic of the Philippines with office address at 214 Ambuclao Road, Obulan, Beckel, La Trinidad, Benguet Province. It may be served with order, notices and other processes of this Honorable Commission through undersigned counsel.

NATURE OF THE APPLICATION

2. The instant Application is being filed pursuant to Section 9 of the Electric Power Industry Reform Act of 2001 ("EPIRA") which states that:

"xxx A generation company may develop and own or operate dedicated point-to-point limited transmission line facilities that are consistent with the TDP; Provided, That such facilities are required only for the purpose of connecting to the transmission system, and are used solely by the generating facilities, subject to prior authorization by the ERC xxx."

3. It is similarly being filed pursuant to Section 5, Rule 5 of the Implementing Rules and Regulations of EPIRA which states that:

"Section 5. Dedicated Point-to-Point Limited Transmission Facility of a Generation Company. (a) Subject to prior authorization from ERC, TRANSCO, or its Buyer or Concessionaire may allow a Generation Company to develop, own, and/or operate dedicated point-to-point limited transmission facilities; Provided, That:

- 1) Such dedicated point-to-point limited transmission facilities are required only for the purpose of connecting to the Grid which will be used solely by the Generation Facility, and are not used to serve End-users or Suppliers directly;
  - 2) The facilities are included and consistent with the TDP as certified by TRANSCO or its Buyer or Concessionaire; and
  - 3) Any other documents that may be required by the ERC."
4. HEDCOR is proposing to develop, own, and/or operate interconnection facilities ("Dedicated Facility Project") to connect the proposed 20 MW Sablan 1 Hydroelectric Power Plant ("Sablan 1 HEPP"), located in the municipality of Sablan, Benguet to the Luzon Grid via the Banengbeng Main Substation, which in turn is connected to the Calot Tapping

Point. In turn, the Calot tapping point is connected to the National Grid Corporation of the Philippines (“NGCP”).

**STATEMENT OF FACTS**

5. HEDCOR is duly registered to carry on the business of owning, developing, constructing, operating, repairing, and maintaining solar power plant systems, renewable and indigenous power generation plants, and other types of power generation and/or converting stations.
6. To connect the Sablan 1 HEPP to the Luzon Grid, HEDCOR shall develop and construct the Dedicated Facility Project, a dedicated point-to-point limited connection facility to be used solely by the Sablan 1 HEPP for its dispatch and connection to the Calot tapping point owned and operated by NGCP. Said facilities are necessary to test, commission and dispatch the capacity of the Sablan 1 HEPP and shall be exclusively utilized by HEDCOR.
7. The Sablan 1 HEPP will be connected through a 2.1km 69kV transmission line to connect to the Banengbeng Main Substation, in turn, will be connected to the Calot tapping point.
8. The estimated cost of the construction of the Dedicated Facility Project is PhP63,381,745.39, with the following components:

Substation Cost	Amount (PHP)
1. Supply of Imported Materials	9,804,445.34
2. Supply of Local Materials	8,553,296.90
3. Installation Works	5,803,372.00
4. Hauling Works	2,753,661.34
5. Civil Supply and Installation	4,882,478.60
<b>Total Substation Cost</b>	<b>31,797,254.18</b>
Transmission Line Cost	
1. Supply of Imported Materials	5,168,314.08
2. Supply of Local Materials	3,596,582.76
3. Installation Works	3,100,840.22
4. Hauling Works	2,277,821.00
<b>Total Transmission Line Cost</b>	<b>14,143,558.06</b>
Connection Point Cost	
1. Supply of Imported Materials	9,272,257.02
2. Supply of Local Materials	3,385,833.88
3. Installation Works	2,470,515.25
4. Hauling Works	1,919,770.00
5. Civil Supply and Installation	392,557.00
<b>Total Connection Point Cost</b>	<b>17,440,933.15</b>
<b>TOTAL ESTIMATED COST</b>	<b>63,381,745.39</b>

The final estimated cost will depend on the Engineering Procurement and Construction (EPC) contractor that will be engaged by HEDCOR.

9. Based on the System Impact Study (“SIS”) and SIS Review Report prepared by NGCP to determine the technical feasibility of the Dedicated Facility Project and the impact of connecting the Sablan 1 HEPP to the Luzon Grid, the connection of the Sablan 1 HEPP to the Luzon Grid was found to be technically feasible, subject to conditions.
10. HEDCOR also engaged MN Electro Industrial Supply and Services Inc. to conduct the Interconnection Facilities Study Report (“Facilities Study”) to ensure that the equipment to be installed will satisfy the recommendation of the SIS, and that the Dedicated Facility Project complies with the provisions of the Philippine Grid Code.
11. NGCP and HEDCOR are currently in the process of finalizing the terms of their Connection Agreement for the interconnection of the Sablan 1 HEPP to the Luzon Grid through the Dedicated Facility Project.
12. Moreover, the Sablan 1 HEPP is included in NGCP’s 2022-2040 Transmission Development Plan (TDP) consultation draft. Further, Sablan 1 HEPP was certified as an Energy Project of National Significance for the Pre-Development phase.
13. Upon completion of the Dedicated Facility Project and the commercial operation of the Sablan 1 HEPP, HEDCOR intends to operate and maintain the Dedicated Facility Project.
14. As of date, HEDCOR has secured or is in the process of securing the necessary permits, licenses, and authority from the appropriate regulatory agencies for the Dedicated Facility Project.
15. The following documents are herewith submitted in support of the instant Application:

Annex	Documents
*A	Project Description (Confidential)
B	2022-2040 NGCP Transmission Development Plan (Consultation Draft)
*C	System Impact Study (Confidential)
*C-1	System Impact Review Report (Confidential)
*D	Facility Study Report (Confidential)
*D-1	Facility Study Review Report (Confidential)
*E	Detailed Single Line Diagram (Confidential)
*F	Conceptual Engineering Design and Drawings (Confidential)
*G	Gantt Chart Schedule of Proposed Project (Confidential)
*G-1	Point-to-Point Relevant Dates (Confidential Dates)
H	Demand-Supply Scenario (Power Development Plan 2020-2040)
I	Certification from NGCP (Re: Connection Agreement)

J	Secretary Certificate dated 21 July 2021
K	Sworn Statement dated 13 July 2022
L	DENR Environmental Compliance Certificate ECC-OL-CAR-2020-0033
M	DOE Certificate of Registration
N	Hydropower Service Contract
O	DOE Certificate of Confirmation of Commerciality
P	DOE Certificate of Endorsement
Q	Amended Articles of Incorporation
Q-1	Amended By-Laws
<b>Q-2</b>	<b>General Information Sheet</b>
R	Affidavit of Compliance with PGC and PDC
S	Certificate of Energy Project of National Significance for Pre-Development Phase
T	Judicial Affidavit of Danny Caro

\*Subject of the Motion for Confidential Treatment of Information

**ALLEGATIONS IN SUPPORT OF THE PRAYER FOR  
PROVISIONAL AUTHORITY OR INTERIM RELIEF**

16. Section 2 (a) of the Renewable Energy Act of 2008 (“RE Act”) mandates that it is the policy of the State to “accelerate the exploration and development of renewable energy resource such as, but not limited, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country’s exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy”.
17. Further, the RE Act mandates that intermittent renewable energy sources, such as Hydropower electric plant, shall enjoy the benefit of priority dispatch.
18. HEDCOR’s construction of the Sablan 1 HEPP is in furtherance of the RE Act. In order to fulfill such a mandate, permits must be secured, and construction and commissioning must be accomplished immediately.
19. Sablan 1 HEPP was also certified as a Project of National Significance for the Pre-Development Phase pursuant to Executive Order No. 30, series of 2017.
20. HEDCOR needs to immediately test, commission, and dispatch the Sablan 1 HEPP upon its completion. This is in order to avoid unnecessary delays which can lead to opportunity costs to avoid unnecessary delays which can lead to opportunity costs and contribute to the rising demand growth. Thus, it is necessary for the Sablan 1 HEPP to be connected to the grid, through the Dedicated Facility Project, at the soonest possible opportunity.

A copy of the Affidavit executed by HEDCOR’s authorized representative in support of the prayer for the issuance of

provisional authority is hereto attached and made an integral part hereof as Annex "T".

21. Considering the foregoing, HEDCOR submits that there is a clear and sufficient basis for the issuance of a provisional authority for the development, ownership, and operation of the Dedicated Facility Project by HEDCOR to connect the Sablan 1 HEPP to the Luzon Grid, pending the Honorable Commission's issuance of a final decision on the instant Application.

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

22. Under Rule 4 of the Honorable Commission's Rules of Practice and Procedure, a party to any proceeding before the Honorable Commission may request that certain information not be disclosed and be treated as confidential. In this regard, HEDCOR prays for the confidential treatment of Annexes "A, C, C-1, D, D-1, E, F, G, G-1" and the information contained therein and to not disclose the same except to the officers and staff of the Honorable Commission.
23. HEDCOR respectfully manifests that Annexes "A, C, C-1, D, D-1, E, F, G, G-1" of the instant *Application* contain valuable, non-public information, and data and insight, and should be treated as confidential. These confidential documents contain privileged and sensitive information, if unduly disclosed, will seriously prejudice HEDCOR's competitiveness. It is therefore submitted that Annexes "A, C, C-1, D, D-1, E, F, G, G-1" fall within the bounds of proprietary trade secrets which are confidential and are entitled to protection under the Constitution, statutes, and rules and regulations of this Honorable Commission.
24. Considering that HEDCOR has actual and valuable proprietary interest to protect with respect to such information, Annexes "A, C, C-1, D, D-1, E, F, G, G-1" fall within the bounds of "trade secrets", which are entitled to protection under the Constitution, statutes, and rules and regulations of this Honorable Commission.
25. In the case of *Air Philippines Corporation vs. Pennswell Inc.*,<sup>1</sup> the Supreme Court defined "trade secrets" and explained as follows:

" A trade secret is defined as a plan or process, tool, mechanism or compound known only to its owner and those of his employees to whom it is necessary to confide it. The definition also extends to a secret formula or process not patented, but known only to certain individuals using it in compounding some article of trade having a commercial value. A trade secret may consist of any **formula, pattern, device, or**

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<sup>1</sup> 564 Phil. 774 (2007), G.R. No. 172835.

**compilation of information that: (1) is used in one's business; and (2) gives the employer an opportunity to obtain an advantage over competitors who do not possess the information.** Generally, a trade secret is a process or device intended for continuous use in the operation of the business, for example, a machine or formula, but can be a price list or catalogue or specialized customer list. **It is indubitable that trade secrets constitute proprietary rights.** *(Emphasis supplied.)*

26. Clearly, the Honorable Commission recognizes the importance of treating trade secrets as confidential in order to ensure the competitiveness of the generation sector. The information in Annexes "A, C, C-1, D, D-1, E, F, G, G-1" therefore falls within the definition of a trade secret as defined by jurisprudence, merits the confidential treatment provided for under Rule 4 of the ERC Rules of Practice and Procedure.
27. In view of the foregoing, HEDCOR respectfully requests that the documents attached as Annexes "A, C, C-1, D, D-1, E, F, G, G-1" be marked and treated as confidential and privileged, and not be disclosed to persons other than the necessary officers and staff of the Honorable Commission.
28. Accordingly, HEDCOR respectfully submits the instant Application for the Honorable Commission's urgent and utmost consideration.

#### PRAYER

WHEREFORE, premises considered, Applicant HEDCOR, INC. ("HEDCOR") respectfully prays that the Honorable Commission:

1. ISSUE an Order granting provisional authority or interim relief for the implementation of the development, ownership and operation of the Dedicated Facility Project by HEDCOR to connect the Sablan 1 Hydroelectric Power Plant to the Luzon Grid;
2. ISSUE an Order treated Annexes "A, C, C-1, D, D-1, E, F, G, G-1" and the information contained therein as confidential information within the purview of Rule 4 of the ERC Rules of Practice and Procedure and prescribing the guidelines for the protection thereof; and
3. After hearing on the merits, a Decision be rendered approving the instant Application.

Other just and equitable relief 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>2</sup> and Resolution No. 01, Series of 2021<sup>3</sup> (ERC Revised Rules of Practice and Procedure):

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>04 April 2023</b> (Tuesday) at two o'clock in the afternoon (2:00 PM)	<b>Microsoft Teams or Zoom Application</b>	Determination of compliance with jurisdictional requirements and expository presentation
<b>11 April 2023</b> (Tuesday) at two o'clock in the afternoon (2:00 PM)		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), 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), 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 subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating 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.

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<sup>2</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

<sup>3</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.



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** at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. 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.

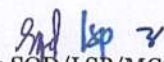
All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard/printed copy/ies thereof either through personal service, registered or ordinary mail/private courier, within five (5) working days from the date that the same were electronically submitted, 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, thru [legal.virtualhearings@erc.ph](mailto:legal.virtualhearings@erc.ph), with 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 Chairperson and CEO **MONALISA C. DIMALANTA**, and the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 7<sup>th</sup> day of March 2023 in Pasig City.

  
**FLORESINDA G. BALDO-DIGAL**  
Commissioner

  
LS: SQD/LSP/MCCG