

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig City

**IN THE MATTER OF THE  
APPLICATION FOR THE  
APPROVAL OF THE POWER  
SUPPLY AGREEMENT  
BETWEEN MASINLOC  
POWER CO. LTD. (MPCL)  
AND PAMPANGA RURAL  
ELECTRIC SERVICE  
COOPERATIVE, INC.  
(PRESCO), WITH PRAYER  
FOR PROVISIONAL  
AUTHORITY OR INTERIM  
RELIEF AND MOTION FOR  
CONFIDENTIAL  
TREATMENT OF  
INFORMATION**

**ERC CASE NO. 2025 –111 RC**

**MASINLOC POWER CO.  
LTD. (MPCL) AND  
PAMPANGA RURAL  
ELECTRIC SERVICE  
COOPERATIVE, INC.  
(PRESCO),**

*Applicants.*

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**Promulgated:**  
July 10, 2025

**ORDER**

On 15 May 2025, Masinloc Power Co. Ltd. (MPCL) and Pampanga Rural Electric Service Cooperative, Inc. (PRESCO) filed their *Joint Application* dated 07 April 2025 seeking approval of the power supply agreement, with prayer for provisional authority or interim relief and motion for confidential treatment of information.

The pertinent portions of the said *Joint Application* are hereunder quoted as follows:

**PARTIES**

1. Applicant PRESCO is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, particularly the Presidential Decree 269, as amended, with principal address at Anao, Mexico, Pampanga.

2. PRESCO is a franchised distribution utility engaged in distribution of light and power within its franchise area covering the Municipalities of Arayat (five [5] barangays), Magalang (one [1] barangay), Mexico (twenty-four [24] barangays) and Sta. Ana (four [4] barangays), all in the Province of Pampanga.

3. Applicant MPCL is a limited partnership duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City. MPCL is the owner and operator of the Masinloc Coal Fired Thermal Power Plant located in Brgy. Bani, Masinloc, Zambales.

4. Applicants may be served with notices, orders, and other processes of this Honorable Commission through their respective counsel at the addresses indicated below.

#### **NATURE OF THE APPLICATION**

5. The instant *Joint Application* for approval of the *Power Supply Agreement* entered into by and between the Joint Applicants dated 03 February 2025 (the PSA) is being submitted to the Honorable Commission for its review and approval pursuant to Sections 25<sup>1</sup> and 45(b)<sup>2</sup> of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), Rule 20(B) of the Honorable Commission's Resolution No. 01, Series of 2021 (ERC RRPP),<sup>3</sup> and Article VIII of the Honorable Commission's Resolution No. 16, Series of 2023<sup>4</sup> (2023 CSP Guidelines).

6. Section 23 of the EPIRA mandates that a distribution utility has the obligation to supply electricity in the least cost manner to its captive market, subject to collection of retail rate duly approved by this Honorable Commission. In relation to this, Section 45 (b) of the EPIRA expressly allows distribution utilities to enter into bilateral power supply contracts subject to the review of this Honorable Commission. It is consistent with the State's policy to ensure the quality, reliability, security, and affordability of the supply of electric power.<sup>5</sup>

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<sup>1</sup> SEC.25. Retail Rate. – The retail rates charged by distribution utilities for the supply of electricity in their captive market shall be subject to regulation by the ERC based on the principle of full recovery of prudent and reasonable economic costs incurred, or such other principles that will promote efficiency as may be determined by the ERC.

<sup>2</sup> Distribution utilities may enter into bilateral power supply contracts subject to review by the ERC: xxx.

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

<sup>4</sup> Implementing Guidelines for the Procurement, Execution, and Evaluation of Power Supply Agreements Entered Into by Distribution Utilities for the Supply of Electricity To Their Captive Market.

<sup>5</sup> EPIRA, Sec. 2 (b).

7. The subject PSA was procured through a Joint Competitive Selection Process (CSP) conducted by the National Electrification Administration (NEA), in accordance with Article 13.1 of the NEA Memorandum No. 2023-057 (NEA 2023 CSP Guidelines), consistent with Section 5.4 of the Department of Energy (DOE) Circular No. DC2023-06-0021 (DOE 2023 CSP Policy), whereby NEA is allowed to undertake the CSP on behalf of the Electric Cooperative (EC) in case the latter requests the NEA's assistance or is unable to complete its CSP one (1) year before the scheduled date as indicated in the Power Supply Procurement Plan (PSPP), and the 2023 CSP Guidelines.

## **STATEMENT OF FACTS**

### **COMPETITIVE SELECTION PROCESS**

8. The NEA 2023 CSP Guidelines were issued by the NEA pursuant to the DOE 2023 CSP Policy and in support of the Honorable Commission's 2023 CSP Guidelines, as it applies to the conduct of the CSPs for electric cooperatives (ECs).

8.1. Article 13.1 of the NEA 2023 CSP Guidelines, consistent with Section 5.4 of the DOE 2023 CSP Policy, provides that if an EC requests assistance from the NEA or fails to complete the CSP at least one (1) year before the scheduled date in the PSPP, the NEA shall undertake or continue the CSP on their behalf.

9. On 03 September 2023, PRESCO submitted to NEA all the documents necessary for the conduct of a CSP for the procurement of its baseload power supply. However, in October 2023, NEA issued the NEA 2023 CSP Guidelines, and PRESCO was identified as the qualified EC in Luzon for the conduct of CSP for and on behalf of the ECs. Thus, PRESCO sought the assistance of NEA for the conduct of CSP prior to the expiration of its PSA with Masinloc Power Partners Co. Ltd. (MPPCL) on 25 December 2024.

10. Pursuant to the NEA 2023 CSP Guidelines, and in view of the aggregation of Luzon ECs' failure to complete the CSP at least one (1) year before the scheduled date in the PSPP, NEA conducted the joint CSP for the procurement of power supply of the aggregation of Luzon ECs.

11. The joint CSP conducted by NEA followed the policy and rules prescribed under the above-mentioned issuances of the DOE, NEA, and the Honorable Commission.

12. The NEA issued NEA Office Order No. 2024-134, as amended by NEA Office Order No. 2024-276, creating a Special Bids and Awards Committee (NEA-SBAC) to conduct the CSP for the procurement of power supply for the aggregation of Luzon ECs who have not yet commenced their respective CSPs within one (1) year before the expiration of their current and subsisting PSAs or projected increase in demand based on their latest and posted PSPP.

Applicant PRESCO is a member EC<sup>6</sup> of the said aggregation of Luzon ECs.

13. On 12 August 2024, the NEA issued *Certificate of Conformity No. NEA-RAO-COC-2024-10* stating that:

“This is to certify that the contract quantities and cooperation periods for the Competitive Selection Process (CSP) of the Luzon EC Aggregation power supply requirement are consistent with the latest posted 2024-2033 Power Supply Procurement Plans.”

14. Accordingly, the NEA-SBAC commenced and conducted the Joint CSP for the procurement of the aggregated baseload supply of the member ECs of the said aggregation of Luzon ECs, including applicant PRESCO. A *CSP Report* prepared by the NEA-SBAC is attached hereto as **Annex “CC”**. A summary of the key dates and events of the Joint CSP is provided below:

14.1. The *Invitation to Bid* for the Joint CSP was published in the Philippine Daily Inquirer newspaper on 17 August 2024 and 24 August 2024. Six (6) prospective bidders manifested their intention to participate in the Joint CSP, namely: Masinloc Power Co. Ltd., Sual Power Inc., Therma Visayas Inc., AP Renewables Inc., GN Power Dinginin Ltd. Co., and applicant TLI.

14.2. On 30 August 2024, Invitations to CSP Observers were sent inviting certain groups to participate as CSP Observers in the Pre-Bid Conference, including the DOE, consumer representatives, community representatives, interested civil society organizations and consumers, and the regional development council for Luzon.

14.3. On 12 September 2024, the Pre-Bid Conference for the Joint CSP was held at the Honesty, Efficiency and Solidarity Auditorium 2nd Floor, NEA Building, 57 NIA Road, Government Center, Diliman, Quezon City (the “NEA HESA”). The Pre-Bid Conference was attended by the NEA-SBAC, NEA SBAC Technical Working Group (TWG), NEA-SBAC Secretariat, CSP Observers, and the six (6) prospective bidders, including applicant MPCL.

14.4. The following Bid Bulletins (“BB”) were issued by the NEA-SBAC throughout the Joint CSP process:

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<sup>6</sup> The Member ECs refer to the ECs included in the aggregation of Luzon ECs for the conduct of NEA’s Joint CSP, namely: Albay Electric Cooperative Inc., Benguet Electric Cooperative, Camarines Sur I Electric Cooperative Inc., Camarines Sur II Electric Cooperative Inc., Central Pangasinan Electric Cooperative Inc., Ilocos Norte Electric Cooperative Inc., Ilocos Sur Electric Cooperative Inc., Isabela I Electric Cooperative Inc., Isabela II Electric Cooperative, Kalinga-Apayao Electric Cooperative Inc., Mountain Province Electric Cooperative Inc., Nueva Ecija II Electric Cooperative Inc. – Area 2, Pangasinan III Electric Cooperative, Pampanga I Electric Cooperative Inc., Pampanga Rural Electric Service Cooperative Inc., Sorsogon I Electric Cooperative Inc., Tarlac I Electric Cooperative Inc., and Tarlac II Electric Cooperative Inc.

BB No.	Date Issued	Description
1	04 September 2024	Announcing the venue of the Pre-Bid Conference, among others.
2	14 October 2024	Announcing the revised schedule of the succeeding bidding activities for the Joint CSP.
3	15 October 2024	Providing official responses to bidder inquiries and issuing the revised transaction documents.
4	06 November 2024	Announcing the revised schedule of bidding activities, setting the bid submission, opening, and evaluation for 03 December 2024.
5	14 November 2024	Addressing further bidder queries and issuing the final terms of reference and final transaction documents.
6	20 November 2024	Change of venue for the submission, opening, and evaluation of bids.
7	26 November 2024	Correcting Schedule 13 (Technical Bid Form 2) of the final transaction documents.

These BBs were also posted on the NEA website.

14.5. On 03 December 2024, the bid submission date, Sual Power, Inc., Masinloc Power Co. Ltd., and applicant TLI timely submitted their proposals. Therma Visayas, Inc., AP Renewables, Inc., and GNPower Dinginin Ltd. Co. submitted letters withdrawing participation from the Joint CSP. These letters were read aloud at the start of the bid opening process.

14.6. On the same date, the respective proposals of Sual Power, Inc., Masinloc Power Co. Ltd., and TLI were evaluated based on the parameters outlined in the final transaction documents issued by the NEA-SBAC, with applicant MPCL emerging as one of two (2) bidders with the Lowest Calculated Bid for 50% of the aggregated contract capacity of the ECs.

14.7. The post-qualification process was conducted from 04 to 06 December 2024. On 17 December 2024, NEA-SBAC TWG submitted its report dated 16 December 2024 to the NEA-SBAC confirming the authenticity, validity, and accuracy of applicant MPCL’s submitted legal, technical, and financial documents. The NEA-SBAC TWG recommended the declaration of applicant MPCL as one of two (2) bidders with the lowest calculated bid for the Joint CSP.

14.8. On 19 December 2024, the NEA-SBAC issued Resolution No. 04, series of 2024, declaring applicant MPCL as one of the two Lowest Calculated and Responsive Bidders and awarding it 50% of the aggregated contract capacity of the Member ECs. In accordance with NEA Memorandum 2023-057, the NEA-SBAC endorsed the said resolution to the NEA Office of the Administrator for the issuance of a Notice of Award in favor of MPCL.

14.9. The Notice of Award was issued by NEA and accepted by MPCL on 02 January 2025.

14.10. On 29 January 2025, the duly authorized representatives of the Member ECs submitted the finalized PSA with MPCL to the NEA-SBAC for approval.

14.11. On 31 January 2025, the NEA issued the Notice to Execute Agreement, directing the Member ECs to execute the NEA-approved PSAs within three (3) calendar days or until 03 February 2025.

14.12. On 03 February 2025, in compliance with the Notice to Execute Agreement issued by NEA,<sup>7</sup> Joint Applicants PRESCO and MPCL executed the PSA, subject of this instant Joint Application, for a contracted capacity of 2.5 MW to 7MW, with supply commencing on the later of either: (a) 26 December 2024; or (b) the next immediate 26th day of the month following the ERC's issuance of a Provisional Authority or Interim Relief (as applicable) or Final Authority (if neither Provisional Authority or Interim Relief was issued by the ERC) for the implementation of this Agreement.

14.13. Notably, since the PSA was a result of a joint CSP conducted by NEA itself, and the PSA being subject to a separate review by the NEA, it may be presumed that the subject PSA, including all terms and conditions therein, is in accordance with all the relevant policies and rules of the DOE, NEA, and the Honorable Commission.

15. Hence, this instant *Joint Application* for the approval of the PSA between PRESCO and MPCL.

### **SALIENT TERMS OF THE PSA**

16. The PSA between PRESCO and MPCL, a copy of which is attached as **ANNEX "A"**, contains the following salient features:

16.1. **Contract Term.** This Agreement shall take effect immediately from Effective Date, and from such date shall remain in force and effect for fifteen (15) years from Delivery Date unless sooner terminated in accordance with this Agreement and upon approval by the ERC.

16.2. **Delivery Date.** MPCL shall commence delivery of the Contract Capacity to PRESCO on Delivery Date. The Delivery Date shall be the later of either: (a) 26 December 2024 or (b) the next immediate 26<sup>th</sup> day of the month following the ERC's issuance of a Provisional Authority or Interim Relief (as applicable) or Final Authority (if neither Provisional Authority or Interim Relief was issued by the ERC) for the implementation of this Agreement.

16.3. **Contract Capacity.** Beginning on the Delivery Date until the termination or expiration of the PSA, MPCL shall supply and deliver Contract Capacity to PRESCO at the

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<sup>7</sup> Annex "DD"

Delivery Point, and PRESCO shall purchase and pay MPCL the Contract Capacity as provided in Table 1:

TABLE I

CY	26 Dec to 25 Jan	26 Jan to 25 Feb	26 Feb to 25 Mar	26 Mar to 25 Apr	26 Apr to 25 May	26 May to 25 Jun	26 Jun to 25 Jul	26 Jul to 25 Aug	26 Aug to 25 Sep	26 Sep to 25 Oct	26 Oct to 25 Nov	26 Nov to 25 Dec
2025	2.50	2.50	3.00	3.50	4.00	4.00	3.50	3.50	3.50	3.50	3.00	3.00
2026	2.50	3.00	3.00	4.00	4.50	4.50	4.00	3.50	3.50	3.50	3.50	3.50
2027	3.00	3.00	3.50	4.50	5.00	5.00	4.50	4.00	4.00	4.00	3.50	3.50
2028	3.00	3.50	3.50	4.50	5.50	5.00	4.50	4.50	4.50	4.50	4.00	4.00
2029	3.50	3.50	4.00	5.00	5.50	5.50	5.00	4.50	4.50	4.50	4.50	4.50
2030	3.50	4.00	4.00	5.50	6.00	6.00	5.00	5.00	5.00	5.00	4.50	4.50
2031	4.00	4.00	4.50	5.50	6.50	6.00	5.50	5.00	5.00	5.50	5.00	5.00
2032	4.00	4.50	4.50	6.00	6.50	6.50	6.00	5.50	5.50	5.50	5.00	5.00
2033	4.50	4.50	5.00	6.50	7.00	7.00	6.00	5.50	6.00	6.00	5.50	5.50
2034	4.50	5.00	5.00	6.50	7.00	7.00	6.50	6.00	6.00	6.00	5.50	5.50
2035	4.50	5.00	5.00	6.50	7.00	7.00	6.50	6.00	6.00	6.00	5.50	5.50
2036	4.50	5.00	5.00	6.50	7.00	7.00	6.50	6.00	6.00	6.00	5.50	5.50
2037	4.50	5.00	5.00	6.50	7.00	7.00	6.50	6.00	6.00	6.00	5.50	5.50
2038	4.50	5.00	5.00	6.50	7.00	7.00	6.50	6.00	6.00	6.00	5.50	5.50
2039	4.50	5.00	5.00	6.50	7.00	7.00	6.50	6.00	6.00	6.00	5.50	5.50

In the event that the Delivery Date does not coincide with the Target Date and that said Delivery Date is delayed by a certain number of Billing Period/s, such number of Billing Period/s of delay shall extend the last Billing Period contained in the table above by the same number of Billing Period/s; provided that the Contract Capacity for such extended Billing Period/s shall be exactly the same Contract Capacity for the same Billing Period/s of the previous Contract Year.

PRESCO shall be allowed to nominate the entire Contract Capacity but is only obliged to utilize the Contract Capacity at the 65% Monthly Minimum Capacity Utilization Factor (“CUF”) for every Billing Period.

Notwithstanding the 65% Monthly Minimum CUF, MPCL must make available for dispatch the Contract Capacity.

PRESCO’s Minimum Hourly Nomination shall be 35% of the Contracted Capacity for the Billing Period except in cases of Force Majeure Event.

Should PRESCO fail to dispatch MPCL at the Monthly Minimum CUF for a Billing Period, PRESCO and MPCL has made the same available for dispatch, shall pay MPCL the  $CRR_{CUF}$  and  $FOMR_{CUF}$  for the equivalent associated energy at 65% CUF level. The formula to calculate the equivalent associated energy is found in SCHEDULE 7 of the PSA.

16.4. **Scheduled and Unscheduled Outage.** MPCL shall have an outage allowance for each Contract Year not exceeding:

Planned Outages: Zero (o) hours  
Unplanned Outages: Zero (o) hours.

16.5. **Replacement Power.** The procurement of any Replacement Power shall be the responsibility of MPCL and it shall charge PRESCO for the Replacement Power pursuant to Section 10.3.1 of the PRESCO-MPCL PSA.

16.6. **Payment of Fees.** Commencing on Delivery Date and throughout the entire Term, PRESCO shall pay to MPCL each Billing Period an amount equal to the Monthly Payment in accordance with SCHEDULE 7 (Monthly Payment, Indexation and Adjustment) of the PRESCO-MPCL PSA.

There shall be no offsetting of payment between PRESCO and MPCL unless expressly provided for in the PRESCO-MPCL PSA.

There shall be no withholding of disputed amounts, except in cases of inadvertent errors in the amount or inadvertent errors in calculating the applicable rate.

If an invoice is not disputed by PRESCO within sixty (60) Business Days of receipt or if the payment is not disputed by MPCL within thirty (30) Business Days of receiving payment from PRESCO, the invoice and payment shall be deemed accepted, final, and binding on MPCL or PRESCO, as applicable.

16.7. **Billing to PRESCO.** Within ten (10) Business Days from the end of each Billing Period commencing on Delivery Date, MPCL shall deliver to PRESCO the Seller Invoice setting forth the amount that is due to MPCL for the preceding Billing Period.

MPCL shall send the Seller Invoice electronically through PRESCO's designated electronic mail (e-mail) addresses.

The Parties shall make the necessary adjustments, if necessary, for the MPCL Invoice covering the first and last Billing Periods.

16.8. **Monthly Payment.** Refers to the amount collectible from PRESCO for supply of electricity for each Billing Period, to be computed in accordance with Schedule 7 (Monthly Payment, Indexation and Adjustment) of the PRESCO-MPCL PSA, *to wit:*

**SCHEDULE 7**

**Total Generation Charge**

*Total Generation Charge = CRF<sub>CUF</sub> + FOMF<sub>CUF</sub> + VOMF + FC + VAT*

**A. Capital Recovery Fee (CRF)**

The CRF<sub>CUF</sub> shall be calculated as the product of the Capital Recovery Rate (“CRR<sub>CUF</sub>”), in PhP/kWh, and the actual energy delivered from the Facility during the Billing Period or the equivalent associated energy based on the Monthly Minimum CUF, whichever is higher.

$$CRF_{CUF_t} = CRR_{CUF_t} \times \max(AED_t, AE_t)$$

$$CRR_{CUF_t} = \frac{CRR_{100\%CUF}}{CUF_t}$$

*(This space is intentionally left blank.)*

CRF <sub>CUFt</sub>	Corresponding CRF <sub>CUF</sub> to calculate the Total Generation Charge, expressed in Php																																																																										
CRR <sub>CUFt</sub>	Billing Determinant to calculate CRF <sub>CUF</sub> , expressed in Php/kWh, for a Billing Period																																																																										
CRR <sub>100%CUF</sub>	<p>Corresponding CRR at 100% CUF, which is 2.0588 Php/kWh. For reference, see Table 1 for the CRR per CUF from 65% to 100%:</p> <p>Table 1: Capital Recovery Rate per 1% Capacity Utilization Factor</p> <table><tr><th>Capacity Utilization Factor, %</th><th>CRR, Php/kWh</th></tr><tr><td>100%</td><td>2.0588</td></tr><tr><td>99%</td><td>2.0796</td></tr><tr><td>98%</td><td>2.1008</td></tr><tr><td>97%</td><td>2.1225</td></tr><tr><td>96%</td><td>2.1446</td></tr><tr><td>95%</td><td>2.1672</td></tr><tr><td>94%</td><td>2.1902</td></tr><tr><td>93%</td><td>2.2138</td></tr><tr><td>92%</td><td>2.2378</td></tr><tr><td>91%</td><td>2.2624</td></tr><tr><td>90%</td><td>2.2876</td></tr><tr><td>89%</td><td>2.3133</td></tr><tr><td>88%</td><td>2.3395</td></tr><tr><td>87%</td><td>2.3664</td></tr><tr><td>86%</td><td>2.3940</td></tr><tr><td>85%</td><td>2.4221</td></tr><tr><td>84%</td><td>2.4510</td></tr><tr><td>83%</td><td>2.4805</td></tr><tr><td>82%</td><td>2.5107</td></tr><tr><td>81%</td><td>2.5417</td></tr><tr><td>80%</td><td>2.5735</td></tr><tr><td>79%</td><td>2.6061</td></tr><tr><td>78%</td><td>2.6395</td></tr><tr><td>77%</td><td>2.6738</td></tr><tr><td>76%</td><td>2.7089</td></tr><tr><td>75%</td><td>2.7451</td></tr><tr><td>74%</td><td>2.7822</td></tr><tr><td>73%</td><td>2.8203</td></tr><tr><td>72%</td><td>2.8594</td></tr><tr><td>71%</td><td>2.8997</td></tr><tr><td>70%</td><td>2.9411</td></tr><tr><td>69%</td><td>2.9838</td></tr><tr><td>68%</td><td>3.0276</td></tr><tr><td>67%</td><td>3.0728</td></tr><tr><td>66%</td><td>3.1194</td></tr><tr><td>65%</td><td>3.1674</td></tr></table>	Capacity Utilization Factor, %	CRR, Php/kWh	100%	2.0588	99%	2.0796	98%	2.1008	97%	2.1225	96%	2.1446	95%	2.1672	94%	2.1902	93%	2.2138	92%	2.2378	91%	2.2624	90%	2.2876	89%	2.3133	88%	2.3395	87%	2.3664	86%	2.3940	85%	2.4221	84%	2.4510	83%	2.4805	82%	2.5107	81%	2.5417	80%	2.5735	79%	2.6061	78%	2.6395	77%	2.6738	76%	2.7089	75%	2.7451	74%	2.7822	73%	2.8203	72%	2.8594	71%	2.8997	70%	2.9411	69%	2.9838	68%	3.0276	67%	3.0728	66%	3.1194	65%	3.1674
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AE <sub>t</sub>	Associated Energy based on the Monthly Minimum CUF of 65% in kWh for a Billing Period																																																																										
AED <sub>t</sub>	Actual Energy Delivered from the Facility during the Billing Period in kWh																																																																										
CUF <sub>t</sub>	Actual CUF for a Billing Period <i>t</i> . The CUF shall be calculated in accordance with the formula below:																																																																										
t	Billing Period																																																																										

The CUF shall be calculated in accordance with the formula below:

$$CUF_t = \frac{Q_t}{CC_t \times (H_T - H_O - H_{FM})}$$

Where

CUF <sub>t</sub>	Capacity Utilization Factor
Q <sub>t</sub>	Total Energy delivered in kWh, not exceeding the corresponding Contract Capacity, during the Billing Period, or the equivalent associated energy based on the Monthly Minimum CUF, whichever is higher.
CC <sub>t</sub>	Contract Capacity for the current Billing Period in kW as indicated in Schedule 2
H <sub>T</sub>	Total number of hours in the Billing Period
H <sub>O</sub>	Zero (0) for each Billing Period, as MPCL has no Outage Allowance
H <sub>FM</sub>	The Equivalent Hours of Force Majeure in the Billing Period
t	As previously defined

The formula to calculate the  $H_{FM}$  shall be:

$$H_{FM} = \sum_{i=1}^n \left( 1 - \frac{\text{Seller BCQ day after}}{CC} \right)$$

Where:

n – Total number of Hours in a Billing Period

Formula to calculate the  $Q_t$  :

$$Q_t = \max (AE_t, TED_t)$$
$$AE_t = 65\% \times CC_t \times (H_T - H_O - H_{FM})$$

Where:

AE <sub>t</sub>	As previously defined
CC <sub>t</sub>	As previously defined
H <sub>t</sub>	As previously defined
H <sub>O</sub>	As previously defined
H <sub>FM</sub>	As previously defined
TED <sub>t</sub>	Total Energy Delivered, which is Actual Energy Delivered from the Facility and Replacement Power energy, during the Billing Period in kWh

**B. Fixed Operation and Maintenance Fee (FOMF)**

The FOMF<sub>CUF</sub> shall be calculated as the product of the Fixed

Operation and Maintenance Rate (“FOMR<sub>CUF</sub>”), in PhP/kWh, and the actual energy delivered from the Facility during the Billing Period or the equivalent Associated Energy based on the Monthly Minimum CUF, whichever is higher.

$$FOMF_{CUFt} = FOMR_{CUFt} \times \max(AED_t, AE_t)$$

$$FOMR_{CUFt} = \frac{FOMR_{100\%CUF}}{CUF_t}$$

*(This space is intentionally left blank.)*

FOMF <sub>CUFt</sub>	Corresponding FOMF <sub>CUF</sub> component of the Total Generation Charge, expressed in Php																																																																										
FOMR <sub>CUFt</sub>	Applicable FOMR to calculate FOMF <sub>CUF</sub> , expressed in Php/kWh, for a Billing Period. For reference see Table 2 for the value of FOMR per CUF																																																																										
AE <sub>t</sub>	As previously defined.																																																																										
AED <sub>t</sub>	As previously defined.																																																																										
FOMR <sub>100%CUF</sub>	<p>Corresponding FOMR at 100% CUF, which is 0.3500 Php/kWh. For reference, see Table 2 for the value of FOMR per 1% CUF from 65% to 100%:</p> <p>Table 2: Fixed O&amp;M Rate per Capacity Utilization Factor</p> <table><tr><th>Capacity Utilization Factor</th><th>FOMF<sub>LOCAL</sub> Php/kWh</th></tr><tr><td>100%</td><td>0.3500</td></tr><tr><td>99%</td><td>0.3535</td></tr><tr><td>98%</td><td>0.3571</td></tr><tr><td>97%</td><td>0.3608</td></tr><tr><td>96%</td><td>0.3646</td></tr><tr><td>95%</td><td>0.3684</td></tr><tr><td>94%</td><td>0.6995</td></tr><tr><td>93%</td><td>0.3763</td></tr><tr><td>92%</td><td>0.3804</td></tr><tr><td>91%</td><td>0.3846</td></tr><tr><td>90%</td><td>0.3889</td></tr><tr><td>89%</td><td>0.3933</td></tr><tr><td>88%</td><td>0.3977</td></tr><tr><td>87%</td><td>0.4023</td></tr><tr><td>86%</td><td>0.4070</td></tr><tr><td>85%</td><td>0.4118</td></tr><tr><td>84%</td><td>0.4167</td></tr><tr><td>83%</td><td>0.4217</td></tr><tr><td>82%</td><td>0.4268</td></tr><tr><td>81%</td><td>0.4321</td></tr><tr><td>80%</td><td>0.4375</td></tr><tr><td>79%</td><td>0.4430</td></tr><tr><td>78%</td><td>0.4487</td></tr><tr><td>77%</td><td>0.4545</td></tr><tr><td>76%</td><td>0.4605</td></tr><tr><td>75%</td><td>0.4667</td></tr><tr><td>74%</td><td>0.4730</td></tr><tr><td>73%</td><td>0.4795</td></tr><tr><td>72%</td><td>0.4861</td></tr><tr><td>71%</td><td>0.4930</td></tr><tr><td>70%</td><td>0.5000</td></tr><tr><td>69%</td><td>0.5072</td></tr><tr><td>68%</td><td>0.5147</td></tr><tr><td>67%</td><td>0.5224</td></tr><tr><td>66%</td><td>0.5303</td></tr><tr><td>65%</td><td>0.5385</td></tr></table>	Capacity Utilization Factor	FOMF <sub>LOCAL</sub> Php/kWh	100%	0.3500	99%	0.3535	98%	0.3571	97%	0.3608	96%	0.3646	95%	0.3684	94%	0.6995	93%	0.3763	92%	0.3804	91%	0.3846	90%	0.3889	89%	0.3933	88%	0.3977	87%	0.4023	86%	0.4070	85%	0.4118	84%	0.4167	83%	0.4217	82%	0.4268	81%	0.4321	80%	0.4375	79%	0.4430	78%	0.4487	77%	0.4545	76%	0.4605	75%	0.4667	74%	0.4730	73%	0.4795	72%	0.4861	71%	0.4930	70%	0.5000	69%	0.5072	68%	0.5147	67%	0.5224	66%	0.5303	65%	0.5385
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C. Variable Operation and Maintenance Fee (“VOMF”)

The VOMF shall be calculated as the product of the Variable Operation and Maintenance Rate (“VOMR”), in PhP/kWh, and the actual energy delivered for the Billing Period.

$$VOMF_t = VOMR_t \times AED_t$$

VOMF <sub>t</sub>	Corresponding VOMF component of the Total Generation Charge, expressed in PhP
VOMR <sub>t</sub>	0.3000 PhP/kWh
AED <sub>t</sub>	As previously defined

**D. Fuel Cost (“FC”)**

The FC shall be calculated as follows:

$$FP_t = (FCC_t \times FX_m) + NFCC_t + \text{Applicable Taxes}$$

$$FC = \left( \frac{FP_t \times FCR_t}{1000} \right) \times AED_t$$

Where:

FP <sub>t</sub>	Applicable Fuel Price for a Billing Month, expressed in PhP/MT
FCC <sub>t</sub>	Fuel Commodity Cost in USD/MT calculated using the formula below:  $87.1687 \times \left[ \left( 83\% \times \frac{NFI\ 1_{3m\ avg}}{NFI\ 1_o} \right) + 17\% \right]$
NFI 1 <sub>3m avg</sub>	the average value for the three (3) months preceding the Billing Period for which the Invoice is being prepared of the Indonesian Coal Index 3 (5000 GAR / 4600 NAR) as published by the Argus/Coalindo for Indonesian Coal Index Report, in USD/MT
NFI 1 <sub>o</sub>	Value of Indonesian Coal Index 3 (5000 GAR / 4600 NAR) for the month of September 2024, which is 72.3500, in USD/MT
AED <sub>t</sub>	As previously defined
NFCC <sub>t</sub>	Weighted average of the actual Freight Cost, Marine Cargo, Insurance, Letter of Credit Opening Charges, Wharfage, Disport Surveyor Fees, Brokerage Fees, in PhP/MT  Seller can only recover the NFCC items listed above and shall submit to the Buyer proof of actual costs in the form of official invoices and supporting documents.  When applicable, Seller must disclose actual cost of NFCC in USD/MT and disclose the actual foreign exchange rate used to convert USD denominated costs into PHP.
FX <sub>m</sub>	the monthly average of the PHP/USD exchange rate for the month (i.e., first until last day of the month) for which the invoice is being prepared, as published in the Bangko Sentral ng Pilipinas website
Applicable taxes	Applicable taxes relating to FC for the Billing Period, in PhP/MT

In the event that the index (a) becomes unavailable, (b) is replaced by a new benchmark rate as determined by the relevant authorized entity, its successor-in-interest, or (c) ceases to exist, the Parties shall agree to adopt a new price index.

The  $FP_t$  to be billed by Seller shall be the lower between:

- 1. The sum of the (i) resulting value using the Fuel Commodity Cost Formula and (ii) the Non-Fuel Commodity Cost; or
- 2. The actual fuel price as billed by the fuel supplier/s (i.e., supported by actual invoices) for the relevant Billing Period.

For this purpose, the Seller’s Invoice shall include, subject to confidentiality clause, the relevant fuel supplier’s invoice, certified by Seller, which will detail the actual fuel cost incurred to produce the delivered energy to Buyer. If any index or indices are used, the Seller must provide the Buyer with either (a) screenshot or snapshot of the actual published price from the index provider OR (b) a certification from the publisher of the nominated index/indices certifying the actual published price. The Seller must also attach the monthly fuel inventory report submitted to the DOE.

Buyer reserves the right to refuse payment of the Fuel Cost if Seller fails to provide either the fuel supplier’s invoice or the monthly inventory report referred to above.

FCR	<p>The computed Fuel Consumption Rate (FCR) or the actual plant FCR for the relevant Billing Period, whichever is lower, in kg/kWh.</p> <p>The formula to determine the computed FCR shall be:</p> $\frac{(FCR_{CUF2}-FCR_{CUF1}) \times (CUF - CUF1)}{(CUF2-CUF1)} + FCR_{CUF1}$ <p>If Buyer fails to utilize the Contract Capacity at the Monthly Minimum CUF, Seller may apply the higher of its actual consumption rate or the consumption rate corresponding to the Minimum CUF for that Billing Period.</p>
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CUF = as previously defined  
CUF2 = CUF increment of the nearest upper value, in %  
CUF1 = CUF increment of the nearest lower value, in %  
 $FCR_{CUF2}$  = corresponding FCR for CUF2 set forth in the table below:  
 $FCR_{CUF1}$  = corresponding FCR for CUF1 set forth in the table below:

Illustration: CUF 65.61%

CUF2	66%
CUF1	65%
$FCR_{CUF2}$	0.5929
$FCR_{CUF1}$	0.5952

The FCR at CUF levels 65% to 100% are as follows:

CUF	FCR, (kg/kWh)
100%	0.5441
99%	0.5445
98%	0.5452
97%	0.5459
96%	0.5466
95%	0.5474
94%	0.5483
93%	0.5492
92%	0.5501
91%	0.5511
90%	0.5522
89%	0.5533
88%	0.5545
87%	0.5557
86%	0.5569
85%	0.5582
84%	0.5596
83%	0.5610
82%	0.5625
81%	0.5640
80%	0.5656
79%	0.5672
78%	0.5689
77%	0.5706
76%	0.5724
75%	0.5742
74%	0.5761

CUF	FCR, (kg/kWh)
73%	0.5780
72%	0.5800
71%	0.5820
70%	0.5841
69%	0.5862
68%	0.5884
67%	0.5906
66%	0.5929
65%	0.5952

Note: For the avoidance of doubt, the Buyer shall bear all other applicable costs, charges and taxes pursuant to Section 12 and Section 13.2 of this Agreement.

**E. Value-added Tax (“VAT”), if any.** VAT shall only be chargeable to the Buyer if prevailing laws expressly allow its passing on by the Seller.

17. PRESCO simulated a rate impact analysis based on assumed quantities. The indicative rate impact on its overall generation rate with and without supply from MPCL under the PSA are as follows

PRESCO’s Generation Rate (Php/kWh)		
Without MPCL PSA (Php/kWh)	With MPCL PSA (Php/kWh)	Rate Impact (Php/kWh)
7.9442	6.0456	-1.8986

18. As shown in the rate impact analysis, the implementation of the PSA between MPCL and PRESCO will benefit the latter and its consumers with an estimated generation rate reduction of Php1.8986/kWh. Thus, the PSA subject of this Joint Application will ultimately provide PRESCO’s end-users with a continuous and reliable supply of electricity at affordable rates.

19. In addition to the rate impact analysis, Joint Applicants wish to emphasize that the conduct of CSP was mandated to ensure the provision of least cost supply to consumers.

20. In the case of *Alyansa Para sa Bagong Pilipinas, Inc. vs. Energy Regulatory Commission, et. al.*<sup>8</sup> (“*Alyansa Case*”), the Supreme Court held that the competitive public bidding is the most efficient, transparent, and effective guarantee that there will be no price gouging by distribution utilities, thus:

As part of its regulation of this monopoly, the State requires distribution utilities to subject to **competitive public bidding** their purchases of electricity from power generating companies. Competitive public bidding is **essential** since the power cost purchased by distribution utilities is entirely passed on to consumers, along with their operating expenses of distribution utilities. **Competitive public bidding is the most efficient, transparent, and effective guarantee that there will be no price gouging by distribution utilities.**<sup>9</sup>

21. In the same *Alyansa Case*, the Supreme Court pronounced that **the purpose of the CSP is to ensure transparency and competition in the procurement of power supply by distribution utilities (DUs) so as to provide the least-cost electricity to the consuming public, to wit:**

The 2015 DOE Circular recognized that under the EPIRA, the DOE has the mandate to “**formulate such rules and regulations as may be necessary to implement the objective of the EPIRA,**” where the State policy is to “[p]rotect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power.” The 2015 DOE Circular reiterated the EPIRA’s mandate that “all Distribution Utilities (DUs) shall have the obligation to supply electricity **in the least-cost manner to their Captive Market,** subject to the collection of retail rate duly approved by the [ERC].”

The 2015 DOE Circular mandated that DUs, including electric cooperatives, obtain their PSAs through CSP. Section 1 of the 2015 DOE Circular state the principles behind CSP:

Section 1. General Principles. Consistent with its mandate, the DOE recognizes that Competitive Selection Process (CSP) in the procurement of PSAs by the DUs ensures security and certainty of electricity prices of electric power to end-users in the long-term. **Towards this end, all CSPs undertaken by the DUs shall be guided by the following principles:**

(a) **Increase the transparency needed in the procurement process to reduce risks;**

(b) **Promote and instill competition in the procurement and supply of electric power to all end-users;**

(c) **Ascertain least-cost outcomes that are unlikely to be challenged in the future as the political and institutional scenarios should change; and**

(d) **Protect the interest of the general public.**  
(Boldfacing added)

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<sup>8</sup> G.R. No. 227670, Decision dated 3 May 2019.

<sup>9</sup> Emphasis retained.

In sum, the raison d’etre of CSP is to ensure transparency and competition in the procurement of power supply by DUs so as to provide the least-cost electricity to the consuming public.<sup>10</sup>

22. Considering that the subject PSA was a result of the conduct of a CSP facilitated by the NEA, pursuant to the prevailing CSP Rules and the *Alyansa Case*, it follows that the rates in the subject PSA and the other provisions contained therein already assure that PRESCO and its customers will be provided with reliable, secure, and quality supply of power in the least-cost manner. Thus, the rates in the subject PSA should be implemented, as is, based on the subject PSA itself.

23. Furthermore, the rates provided in the subject PSA is similar to, if not lower than, the Honorable Commission’s previously approved rates of PSAs of the same technology in comparable areas, as shown in the following cases:

ERC Case No.	Capital Recovery Fee (CRF)	Operation and Maintenance Fee (O&M Fee)	Fuel Cost
2020-031 RC <sup>11</sup>	1,671.20 PhP/kW-mo	FOM: 366.16 PhP/kW-mo VOM: 0.1907 PhP/kWh	Pass-through subject to efficiency cap of 0.70kg/kWh escalated at 1.5% annual degradation factor
2022-043 RC <sup>12</sup>	1.8679 PhP/kWh	FOM: 0.8475 PhP/kWh VOM: 0.0812 PhP/kWh	2.0976 Php/kWh

The sum of the provisionally-approved CRF and O&M Fees under ERC Case No. 2020-031 RC and ERC Case No. 2022-043 RC are Php2.816/kWh<sup>13</sup> and Php2.7966/kW, respectively. The rates of the subject PSA in this application is lower. Based on Paragraph 16.8, at 100% CUF, the total CRF and O&M Fees in the subject PSA is at PhP 2.7088/kWh.

24. Since the rates provided in the subject PSA are the result of a valid CSP and similar to, if not lower than, the previously approved rates by the Honorable Commission, Applicants respectfully submit that the rates in the subject PSA should be approved by the Honorable Commission, as is and without any adjustments, because such rates will ultimately redound to the benefit of PRESCO’s end-users.

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<sup>10</sup> Underscoring supplied.  
<sup>11</sup> “In the Matter of the Joint Application for the Approval of the Electric Power Purchase Agreement (EPPA) Entered Into By and Between Davao Del Norte Electric Cooperative, Inc. (DANECO) and FDC Misamis Power Corporation (FDCMPC), with Prayer for the Issuance of Provisional Authority”  
<sup>12</sup> “In the Matter of the Joint Application for Approval of the Power Supply Agreement Between Bohol Light Company, Inc. and KEPCO SPC Power Corporation with Motions for Provisional Authority and Confidential Treatment of Information”  
<sup>13</sup> CRF and FOM converted to Php/kWh using 100% CUF.

25. The Applicants submit the following documents for the evaluation of the *Joint Application*:

Description of Document	Annex
Power Supply Agreement (PSA) between PRESCO and MPCL dated February 3, 2025	A
Executive Summary	A-1
PRESCO Certificate of Registration and Articles of Incorporation	B
PRESCO BY-LAWS	B-1
PRESCO Verified Certification_list of BOD	C
PRESCO Demand Side Management_(signed)	D
PRESCO Explanation on the None Applicability requirements_(signed)	E
PRESCO Supply and Demand Scenario_ANNEX 1_(signed)	F-1
PRESCO Supply and Demand Scenario_ANNEX 1	F-2
PRESCO Daily Load Curve_ANNEX 2_(signed)	F-3
PRESCO Daily Load Curve_ANNEX 2	F-4
PRESCO_2024-2033_DDP-23-May-24_Grid_CTC	G-1
PRESCO_2024-2033_PSPP-23-May-24_Grid_CTC	G-2
PRESCO Single Line Diagram	H
PRESCO 2019-2024 Reliability Indices Report_(signed)	I
PRESCO Rate Impact Analysis	J-1
PRESCO Rate Impact Analysis in Excel Format	J-2
PRESCO [CTC] WESM Registration Information	K-1
PRESCO WESM-IEMOP Direct Member Registration	K-2
PRESCO ERC registered Email Certificate	L
Verified Certification of MPCL showing list of Board of Directors and Board Members of the ultimate parent company, its subsidiaries, and all its affiliates.	M
MPCL Certification invoking Section 22 of ERC Resolution 16 Series of 2023 on Documents Previous Submitted	N
MPCL’s Provisional Authority to Operate	O
MPCL’s Certification on the Non-applicability of Wholesale Aggregator Agreement	P
Rate Derivation and Related Documents* ( <b>confidential</b> )	Q and series
Sample Bill	T
Certification on the Capability to Supply PRESCO's Requirement	U
MPCL's Data on Outages	V
MPCL's BOI Certificates* ( <b>confidential</b> )	W and W-1

MPCL’s 2024 Amended Articles of Partnership	X
MPCL’s (then Masinloc Power Partners Co. Ltd.) Operation and Maintenance Agreement ( <b>Confidential</b> )*	Y
MPCL’s Explanation on OMA	Y-1
MPCL’s Request for Amendment of the Certificate of Endorsement to the Power Development Plan	Z
MPCL's Certificate of Email Registration	AA
MPCL's Secretary's Certificate	BB
CSP Report prepared by the NEA-SBAC	CC
Notice to Execute Agreement issued by NEA	DD

*\* Subject of the Motion for Confidential Treatment of Information*

**PRAYER FOR PROVISIONAL AUTHORITY OR INTERIM RELIEF**

26. Under Rule 14 of the ERC RRPP,<sup>14</sup> the Honorable Commission is authorized to issue provisional authority or interim relief prior to a final decision, provided the facts and circumstances alleged warrant such remedy.

27. A provisional approval of the PRESCO-MPCL PSA is necessary to ensure sufficient and reliable power supply to meet both the current and growing demands of PRESCO’s franchise area.

28. As shown in PRESCO’s Supply and Demand Scenario, its peak demand for 2024 is 18.94MW. PRESCO’s franchise area is expected to incur a steady rise in electricity demand, with peak demand projected to grow at a rate of 5% annually. Clearly, PRESCO’s current supply of approximately 18MW is insufficient to meet PRESCO’s growing demand. The PRESCO-MPCL PSA is urgently needed to address the power deficit and prevent service interruptions.

29. PRESCO has entered into an Emergency Power Supply Agreement (EPSA) with MPPCL effective 15 February 2025 considering that its PSA with MPPCL had already expired on 25 December 2024. The procurement of this PSA with MPCL will address the imminent expiration of PRESCO’s EPSA with MPPCL in February 2026. Without timely replacement of this EPSA, there is a significant risk of PRESCO being exposed to the volatile prices of the Wholesale Electricity Spot Market (“WESM”).

30. If no PA, interim relief, or decision will be issued before said expiration date, PRESCO’s demand of 20MW will be exposed to WESM, having erratic power rates, to the prejudice of the consumers. Thus, the issuance of the PA, interim relief, or decision is in the best interest of PRESCO’s captive customers, as the PRESCO-MPCL PSA will provide reliable electricity service, with

<sup>14</sup> ERC Resolution No. 1, Series of 2021.

stable rate, which is essential for public welfare, economic stability and growth.

31. Furthermore, from the PRESCO’s rate impact simulation, it is clear that the implementation of the PSA with MPCL would reduce PRESCO rate by **Php1.8986/kWh**, as compared to if the same power requirements are purchased from WESM.

32. As such, the early implementation of the PRESCO-MPCL PSA would readily benefit PRESCO and its captive customers as it will ensure the provision of reliable, secure, and quality supply of electricity in the least cost manner.

33. To support the prayer for provisional authority or interim relief, the Judicial Affidavit of Mr. Ronald A. Perez is attached hereto as **Annex “DD”** of the *Joint Application*.

**MOTION FOR CONFIDENTIAL TREATMENT OF ANNEXES**

34. Section 1, Rule 4 of the *ERC Revised Rules of Practice and Procedure* provides that a party to any proceeding before the Honorable Commission may request that certain information not be disclosed and be treated as confidential. Pursuant to this, TLI prays that the information contained in the documents enumerated below be treated as *CONFIDENTIAL* and that the same be continuously protected from public disclosure, except to the officers and staff of the Honorable Commission (collectively referred to as “Confidential Documents”):

Description of Document	Annex
Rate Derivation and Related Documents* ( <b>confidential</b> )	Q and series
MPCL's BOI Certificates* ( <b>confidential</b> )	W and W-1
MPCL’s (then Masinloc Power Partners Co. Ltd.) Operation and Maintenance Agreement (“OMA”)* ( <b>confidential</b> )	Y

35. The Confidential Documents contain financial models, computation/calculation for rate determination and cost components. Hence, MPCL has actual and valuable proprietary interest to protect such information and data, which fall within the bounds of “trade secrets” that are entitled to protection under the Constitution, statutes, and rules and regulations of this Honorable Commission.

35.1. The foregoing annexes contain non-public, proprietary information and data involving Applicants’ investments, business operations, and financial calculations. Applicants determine, among others, their competitive rates through its power rate calculations, and its financial model through these information. Thus, the methodology thereof is privileged and confidential in nature. Furthermore, these information and data are not generally available to the public. Applicants’

competitiveness will seriously be prejudiced if these information are unduly disclosed.

35.2 Moreover, the interest of applicant PRESCO's consumers is sufficiently protected by the review and evaluation of the rates under the PRESCO-MPCL PSA by the Honorable Commission, without the need to disclose the contents of the Confidential Documents.

36. In the case of *Air Philippines Corporation vs. Pennswell, Inc.*,<sup>15</sup> the Supreme Court defined "trade secrets" and explained that:

**"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 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.*)

36.1. Moreover, the Honorable Commission categorically acknowledged in its Decision in ERC Case No. 2015-111 RC<sup>16</sup> that formulas and pricing structures of a generation company must be accorded confidential protection, to wit:

**"In the case of PNOC RC, the documents sought to be protected from disclosure contain formula and pricing structures used in arriving at their proposed tariff. In fact, all three (3) documents were used by the Commission in evaluating the reasonableness of the proposed rate. In the electric power industry w(h)ere prices is[sic] a major consideration in selecting one's supplier, it is apparent that the assumptions used in arriving at one's proposed tariff is considered a competitive leverage by one player against its competitors.**

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<sup>15</sup> 564 Phil. 774 (2007), G.R. No. 172835.

<sup>16</sup> Decision, ERC Case No. 2015-111 RC dated 30 May 2017 entitled "*In the Matter of the Application for Approval of the Power Supply Agreement Between Nueva Ecija II Electric Cooperative, Inc.- Area 2 (NEECO II – Area 2) and PNOC Renewables Corporation (PNOC RC).*"

**Thus, the Commission resolves to treat the said documents confidential and may not be publicly disclosed.”** (*Emphasis supplied*).

36.2 Clearly, the Honorable Commission recognizes the importance of treating pricing structures as confidential in order to ensure competitiveness of the generation sector. This information, which falls within the definition of a trade secret as defined by jurisprudence, merits the confidential treatment provided for under Rule 4 of the ERC RRPP.

37. Further, the treatment of the information contained in **Annex “Q” and series, “W” and “W-1” and “Y”** as confidential information is consistent with the Honorable Commission’s Updated *Matrix of Confidential and Non-Confidential Document and Information (as of 16 October 2024)* (“Matrix”). In the *Matrix*, financial models, computation/calculation for rate determination and cost components should be treated with confidentiality because they have proprietary value that constitute trade secrets. Therefore, as described above, since the information in the subject documents fall in these categories, **Annex “Q” and series, “W” and “W-1” and “Y”** should likewise be treated with confidentiality.

38. In view of the foregoing and pursuant to Rule 4 of the *ERC Revised Rules of Practice and Procedure*, TLI respectfully requests that the attached **Annex “Q” and series, “W” and “W-1” and “Y”** and the information contained therein be treated as confidential and privileged, and not be disclosed to persons other than the necessary officers and staff of this Honorable Commission.

39. MPCL hereby submits **Annex “Q” and series, “W” and “W-1” and “Y”** via: (i) password-protected electronic copies, and (i) one (1) physical copy each of the respective confidential documents in a sealed envelope, with the envelope and each page of the documents stamped with the word “Confidential”.

#### **PRAYER**

**WHEREFORE**, premises considered, Applicants **MASINLOC POWER CO. LTD. (MPCL)** and **PAMPANGA RURAL ELECTRIC SERVICE COOPERATIVE, INC. (PRESCO)**, respectfully pray that the Honorable Commission:

1. **ISSUE** an Order treating **Annex “Q” and series, “W” and “W-1” and “Y”** as confidential in perpetuity, directing their non-disclosure to persons other than the officers and staff of the Honorable Commission, perpetually protecting the said information from public disclosure by maintaining the same separate and apart from the records of the case, and ensuring that these are not

divulged to unauthorized persons, pursuant to Rule 4 of its Rules of Practice and Procedure;

- 2. Pending trial on the merits, **GRANT** provisional authority or interim relief allowing the implementation of the PSA between PRESCO and MPCL, including all the rates, fees, charges, and tariff adjustment mechanisms set out therein at the rates provided in the PSA, and authorizing PRESCO to charge and collect such rates, fees, charges, and tariff adjustment therein from its customers reckoned from the start of the supply by MPCL to PRESCO under the PSA subject of this *Joint Application*; and
- 3. After hearing on the merits, **ISSUE** a Decision **APPROVING** the *Joint Application* and PSA between PRESCO and MPCL, including all the rates, fees, charges, and tariff adjustment mechanisms set out therein at the rates provided in the PSA, and authorizing PRESCO to charge and collect such rates, fees, charges, and tariff adjustments therein from its customers reckoned from the start of the supply by MPCL to PRESCO under the PSA.

Other relief just and reasonable 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>17</sup> and Resolution No. 01, Series of 2021<sup>18</sup> (ERC Revised Rules of Practice and Procedure):

Date and Time	Platform	Activity
<b>02 September 2025</b> (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	<b>Microsoft Teams Application</b>	Jurisdictional Compliance and Expository Presentation
<b>09 September 2025</b> (Tuesday) at two o'clock in the afternoon (2:00 P.M.)		Pre-trial Conference and Presentation of Evidence

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<sup>17</sup> A resolution Adopting the Guidelines Governing Electronic Applications, Filing and Virtual Hearings Before the Energy Regulatory Commission.  
<sup>18</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Accordingly, MPCL and PRESCO are hereby directed to mirror the virtual hearings, to be hosted by the Commission, at **PRESCO's principal office located at Anao, Mexico, Pampanga**, as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, MPCL and PRESCO shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

**RELATIVE THERETO**, Applicant is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* in two (2) newspapers of nationwide circulation in the Philippines at its own expense twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart, and the date of the last 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 Mayors and the Local Government Unit (LGU) legislative bodies, within PRESCO's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within PRESCO's franchise area, by any other means available and appropriate, of the filing *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 and attend the scheduled hearings; 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, PRESCO and MPCL must submit to the Commission 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 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 PRESCO to inform the consumers within the affected 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, PRESCO and MPCL are hereby required to post on their bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publications and certifications issued by the concerned Offices of the Governor, Mayors and Local Legislative Bodies, and to submit proof of posting thereof.

Applicants PRESCO and MPCL and all interested parties are also required to submit 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), **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 thereof; 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 PRESCO and MPCL 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 PRESCO and MPCL to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearings.

Applicants PRESCO and MPCL 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* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

Applicants PRESCO and MPCL are hereby directed to file a copy of their **Expository Presentation** 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. PRESCO and MPCL 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.

Applicants PRESCO and MPCL are hereby directed to submit, through personal service, registered mail or ordinary mail/private courier, one (1) set of the original or certified true hard/printed copy/ies of their Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavit/s of witness/es, within five (5) working days from the date that the same were electronically submitted, as reflected in the acknowledgement receipt e-mail sent by the Commission.

Finally, PRESCO and MPCL, including their authorized representatives and witnesses, are hereby directed to provide the Commission, through [legal.virtualhearings@erc.ph](mailto:legal.virtualhearings@erc.ph), 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, 10 July 2025.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



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

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**ORDER/ 10 JULY 2025**  
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