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Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF FORCE
MAJEURE EVENT
REGULATED FM PASS-
THROUGH FOR
EARTHQUAKE INCIDENTS IN
MINDANAO, TYPHOON
"TISOY" IN LUZON AND
VISAYAS, TYPHOON
"URSULA" IN VISAYAS, IN
ACCORDANCE WITH THE
RULES FOR SETTING
TRANSMISSION WHEELING
RATES, WITH PRAYER FOR
PROVISIONAL AUTHORITY

ERC CASE NO. 2020-039 RC

NATIONAL GRID
CORPORATION OF THE
PHILIPPINES (NGCP),
Applicant.

Promulgated:
November 25, 2020

X-----X

ORDER

On 30 October 2020, the National Grid Corporation of the Philippines (NGCP) filed an *Application* dated 20 October 2020, seeking the Commission's approval of its claim for Force Majeure Event Regulated FM Pass-Through for earthquake incidents in Mindanao, Typhoon "Tisoy" in Luzon and Visayas, and Typhoon "Ursula" in Visayas, in accordance with the rules for setting transmission wheeling rates, with prayer for provisional authority.

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

1. NGCP is a corporation created and existing under the laws of the Republic of the Philippines, with principal office address at NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City. It is the concessionaire that operates and maintains the nationwide transmission system pursuant to

Republic Act No. (RA) 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA).¹

2. Under RA 9511,² NGCP was granted a franchise to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair, and refurbish the present nationwide transmission system of the Republic of the Philippines.
3. Pursuant to Section 10.1.1 of the Rules for Setting Transmission Wheeling Rates (RTWR), NGCP is allowed to recover the cost incurred for the repair, restoration, and rehabilitation of its transmission assets and other related facilities damaged as a result of a force majeure event (FME), as defined in Article I, Section 1.3 of the RTWR.

STATEMENT OF FACTS

4. In October 2019, December 2019 and January 2020, several earthquake incidents occurred in Mindanao. Some provinces within the scope of operations of the NGCP Mindanao Operation and Maintenance were affected by the earthquake, to wit – Mindanao District 5: Davao, Davao Del Norte, Davao Del Sur, Compostella Valley, and Davao Oriental; Mindanao District 6: North Cotabato, South Cotabato, Sultan Kudarat, Maguindanao, and Sarangani.
5. The Philippine Institute of Volcanology and Seismology (PHIVOLCS) certified the occurrence of the following earthquakes:
 - a. 31 October 2019 at 09:11AM – Magnitude 6.5 with an epicentral location at 06.92°N, 125.06°E – 027 km N 75°E of Tulunan (Cotabato); Tectonic in origin and with a depth of 008 km. A copy of the PHIVOLCS certification dated 11 March 2020, is attached hereto as **Annex “A”**;
 - b. 15 December 2019 at 02:11PM – Magnitude 6.9 with an epicentral location at 06.76°N, 125.13°E – 013 km N 75°W of Matanao (Davao Del Sur); Tectonic in origin and with a depth of 009 km. A copy of the PHIVOLCS certification dated 13 September 2020, is attached hereto as **Annex “B”**; and
 - c. 31 January 2020 at 07:18PM – Magnitude 4.9 with an epicentral location at 06.59°N, 125.26°E – 015 km S 09°E of Matanao (Davao Del Sur); Tectonic in origin and with a depth of 013 km. A copy of the PHIVOLCS certification dated 13 September 2020, is attached hereto as **Annex “C”**.

¹ Republic Act No. 9136 entitled, “An Act Ordaining Reforms in the Electric Power Industry, Amending for the Purpose Certain Laws and for Other Purposes”

² Republic Act No. 9511 entitled “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 or Interconnected Transmission Lines, Substations and Related Facilities, and for Other Purposes”

6. Following the occurrence of said earthquakes in Mindanao, several NGCP structures/assets in Districts 5 and 6 (Mindanao) were damaged such as transformers, parts, generator sets, substation structures, control rooms, quarters, among others. Copies of the Consolidated List and Details of Damages to NGCP Assets are attached as **Annexes "D-Series"**.
7. Meanwhile, in November towards the beginning of December 2019, the Typhoon with local name "*Tisoy*" was prevailing in South Luzon and Visayas. Several provinces within the scope of operations of the NGCP Systems Operations and Operation and Maintenance were affected by the Typhoon such as: South Luzon District 1: Batangas, Cavite, and South Of Metro Manila; South Luzon District 3: Camarines Norte, Camarines Sur, Albay, and Sorsogon; and Visayas District 1: Samar and Leyte.
8. The Philippine Atmospheric Geophysical and Astronomical Services Administration (PAGASA) confirmed, among others, the following: that Typhoon "*Tisoy*" entered the Philippine Area of Responsibility (PAR) on 30 November 2019 and exited on 05 December 2019; that Provinces above-mentioned were among those where PAGASA raised the highest tropical cyclone warning signals during the same period; and that, Typhoon "*Tisoy*" recorded maximum winds of 175 kilometers per hour (km/hr) and gustiness of 240km/hr, which affected the Visayas and South Luzon areas. A copy of the PAGASA Tropical Cyclone Summary of Typhoon *Tisoy* of 2019, is attached hereto as **Annex "E"**.
9. Due to the intensity of Typhoon "*Tisoy*", and its tail-end effects even upon its exit from PAR, some transmission lines/structures in Visayas District 1, South Luzon District 2, South and Luzon District 3 were toppled and broken; various telecom equipment were also damaged; and Luzon System Operations were affected. Copies of the Consolidated List and Details of Damages to NGCP Assets are attached as **Annexes "F-Series"**.
10. Subsequently towards the end of December 2019, another Typhoon with local name "*Ursula*" was prevailing in Visayas affecting the provinces within the scope of operations of the NGCP Mindanao Operation and Maintenance such as: Visayas District 4: Panay Island and Visayas District 1: Samar and Leyte.
11. Likewise, PAGASA confirmed, among others, the following: that Typhoon "*Ursula*" entered the Philippine Area of Responsibility on 23 December 2019 and exited on 28 December 2019; that Provinces above-mentioned were among those where PAGASA raised the highest tropical cyclone warning signals during the same period; and that Typhoon "*Ursula*" recorded maximum winds of 140 kilometers per hour (km/hr) and gustiness of 200km/hr,

which affected the Visayas area. A copy of the PAGASA Tropical Cyclone Summary of Typhoon Ursula of 2019, is attached hereto as **Annex "G"**.

12. Due to the intensity of Typhoon "Ursula", and its tail-end effects even upon its exit from PAR, some transmission lines/structures in Visayas Districts 1 and 4 were toppled and broken. Copies of the Consolidated List and Details of Damages to NGCP Assets are attached as **Annexes "H-Series"**.

FME CLAIM

13. After the occurrence of the foregoing, NGCP immediately started the repair, restoration, and rehabilitation of its damaged transmission assets and facilities in order to fully restore transmission service to its customers.
14. In support of its claim for the above described Force Majeure Events, NGCP is submitting the following:

Earthquakes in Mindanao

- a. Consolidated Details of Expenditures for Force Majeure Earthquake Incident in Mindanao (31 October 2019), District 6-MOM, as **Annex "I"**;
- b. Before and After Rehabilitation Pictures of Affected Assets FME Earthquake at District 6-MOM, as **Annex "J"**;
- c. Consolidated Details of Expenditures for Force Majeure Earthquake Incidents in Mindanao (15 December 2019 and 31 January 2020), District 5-MOM, as **Annex "K"**;
- d. Before and After Rehabilitation Pictures of Affected Assets FME Earthquake (15 December 2019) at District 5-MOM, as **Annex "L"**; and
- e. Before and After Rehabilitation Pictures of Affected Assets FME Earthquake (31 January 2020) at District 5-MOM, as **Annex "M"**.

Typhoon "Tisoy"

- a. Consolidated Details & Charging of Activities and Expenditures for Force Majeure Event Typhoon Tisoy, LSO, as **Annex "N"**;
- b. Before and After Rehabilitation Pictures of Affected Assets FME Typhoon Tisoy – LSO, as **Annex "O"**;
- c. Consolidated Details of Expenditures for Force Majeure Event Typhoon Tisoy, District 2-SLOM, as **Annex "P"**;

- d. Before and After Rehabilitation Pictures of Affected Assets FME Typhoon Tisoy – District 2-SLOM, as **Annex “Q”**;
- e. Consolidated Details of Expenditures for Force Majeure Event Typhoon Tisoy, District 3-SLOM, as **Annex “R”**;
- f. Before and After Rehabilitation Pictures of Affected Assets FME Typhoon Tisoy – District 3-SLOM, as **Annex “S”**;
- g. Consolidated Details of Expenditures for Force Majeure Event Typhoon Tisoy, District 1-VOM, as **Annex “T”**; and
- h. Before and After Rehabilitation Pictures of Affected Assets FME Typhoon Tisoy – District 1-VOM, as **Annex “U”**.

Typhoon “Ursula”

- a. Consolidated Details of Expenditures for Force Majeure Event Typhoon Ursula, District 1-Visayas, as **Annex “V”**;
- b. Before and After Rehabilitation Pictures of Affected Assets FME Typhoon Ursula – District 1-Visayas, as **Annex “W”**.
- c. Consolidated Details of Expenditures for Force Majeure Event Typhoon Ursula, District 4-VOM, as **Annex “X”**; and
- d. Before and After Rehabilitation Pictures of Affected Assets FME Typhoon Ursula – District 4-VOM, as **Annex “Y”**.

15. The total cost incurred by NGCP for the repair, restoration and rehabilitation of the transmission assets and facilities damaged by Earthquake Incidents in Mindanao, Typhoon “Tisoy” and Typhoon “Ursula”, including the recoverable values of the damaged assets (Net Fixed Asset Value) is **One Hundred Seventy Seven Million Four Hundred One Thousand Three Hundred Eighty One and 07/100 Pesos (Php177,401,381.07)**, breakdown of which is shown in the table below:

	AMOUNT
Capital Expenditure (CAPEX)*	39,373,758.17
Operating Expenditure (OPEX)	49,366,257.95
Net Fixed Asset Value (NFAV)	88,661,364.95
Total	177,401,381.07

***Inclusive of Permit Fees**

16. Under Section 10.1.1 of the RTWR, NGCP is allowed to recover the cost for such repair, restoration, and rehabilitation. Pursuant to Article X, 10.2.2 of the RTWR which requires the regulated entity to file before the Honorable Commission an **FME Notice specifying (a) the details of the Force**

Majeure Event concerned; and (b) the date the Force Majeure Event occurred, NGCP filed the following FME Notices with the Honorable Commission within three (3) months from the occurrence of the following Force Majeure Events:

- a. FME Notice Earthquake Incident in Mindanao (31 October 2019) dated 10 January 2020, and was received on 15 January 2020, copy is attached hereto as **Annex "Z"**. Receipt of said Notice was acknowledged by the Honorable Commission in its Letter dated 20 January 2020, copy is attached hereto as **Annex "AA"**;
- b. FME Notice Earthquake Incident in Mindanao (15 December 2019) dated 02 March 2020, and was received on 05 March 2020, copy is attached hereto as **Annex "BB"**. Receipt of said Notice was acknowledged by the Honorable Commission through its Central Records Division via e-mail on 26 March 2020, a print out of the electronic mail is attached hereto as **Annex "CC"**;
- c. FME Notice Earthquake Incident in Mindanao (31 January 2020) dated 26 March 2020, and was transmitted electronically via e-mail on 30 March 2020, copy is attached hereto as **Annex "DD"**. Receipt of said Notice was acknowledged by the Chairperson of the Honorable Commission via e-mail on 03 April 2020, a print out of the electronic mail is attached hereto as **Annex "EE"**;
- d. FME Notice Typhoon "Tisoy" dated 17 February 2020, and was received on 21 February 2020, copy is attached hereto as **Annex "FF"**. Receipt of said Notice was acknowledged by the Honorable Commission in its Letter dated 03 March 2020, copy is attached hereto as **Annex "GG"**; and
- e. FME Notice Typhoon "Ursula" dated 17 February 2020, and was likewise received on 21 February 2020, copy is attached hereto as **Annex "HH"**. Receipt of said Notice was acknowledged by the Honorable Commission in its Letter dated 03 March 2020, copy is attached hereto as **Annex "II"**.

17. Consequently, within twelve (12) months after the occurrence of Earthquake Incidents in Mindanao, Typhoon "Tisoy", Typhoon "Ursula" and the destruction of NGCP transmission assets in Luzon, Visayas and Mindanao, NGCP hereby files the instant FME Application, in accordance with Article X, Sections 10.2.1 and 10.2.3 of the RTWR.

FM PASS-THROUGH AMOUNT COMPUTATION

18. NGCP has not recovered the cost incurred in the repair and restoration of its affected transmission assets and facilities from its Industrial All-Risk (IAR) Insurance Policy procured from the Government Service Insurance System (GSIS),

because regardless of the distance of the damaged assets and facilities from the nearest substation perimeter fence, the total repair and rehabilitation cost is still within the policy's deductible amount of One (1) Million US Dollars (\$1,000,000.00) for each of the Force Majeure Events. Attached hereto are copies of the Certifications of the NGCP Trade and Insurance Manager, as **Annex "JJ-Series"**.

19. Thus, it is but proper for NGCP to file the instant FME Application to recover the cost it incurred for the repair, restoration and rehabilitation of the transmission assets and facilities in Luzon which were damaged by the Force Majeure Events above-described, pursuant to the RTWR.
20. NGCP proposes the FM Pass-Through Amounts, in P/kW-month, as additional network charges for Luzon, Visayas and Mindanao starting the billing month of January 2021 until December 2025, or until such time that the amounts incurred are fully recovered, computed in the table below:

Luzon	2021	2022	2023	2024	2025
P/kW-mo.	0.3491	0.0664	0.0629	0.0596	0.0565
P/kWh	0.00067	0.00013	0.00012	0.00012	0.00011

Visayas	2021	2022	2023	2024	2025
P/kW-mo.	0.8742	0.4054	0.3797	0.3560	0.3335
P/kWh	0.00181	0.00084	0.00079	0.00074	0.00069

Mindanao	2021	2022	2023	2024	2025
P/kW-mo.	0.2178	0.0257	0.0239	0.0223	0.0208
P/kWh	0.00045	0.00005	0.00005	0.00005	0.00004

21. NGCP proposes the FM Pass-Through Amounts for the years 2021 to 2025 to allow the recovery of the expenditures incurred by NGCP relative to the FME Earthquake Incidents in Mindanao, FME Typhoon "Tisoy", and FME Typhoon "Ursula", pending the reset process for the next Regulatory Period. A copy of the proposed FM Pass-Through Amounts computation is attached hereto as **Annex "KK"**.
22. Further, the FM Pass-Through Amounts in this Application do not breach the Force Majeure Threshold Amount (FMTA) of PhPo.0386/kWh, as computed in accordance with the relevant formula prescribed by the RTWR. A copy of the FMTA Computation is hereto attached as **Annex "KK-1"**.
23. Also, NGCP considered the NFAV of the transmission assets and facilities damaged by FME Earthquake Incidents in Mindanao, FME Typhoon "Tisoy", and FME Typhoon "Ursula" in the FME claim, given that NGCP would have normally fully recovered the return of capital on said assets

for the duration of their economic lives had these assets not been damaged or destroyed by said FME. Copies of the Details of the NFAV in relation to the assets affected by FME Earthquake Incidents in Mindanao, FME Typhoon "Tisoy", and FME Typhoon "Ursula" is attached hereto as **Annex "LL-Series"**.

**JUSTIFICATION FOR THE ISSUANCE OF
PROVISIONAL AUTHORITY**

24. NGCP respectfully moves for the issuance of a provisional approval for the immediate recovery of the FM Pass-Through Amounts pursuant to Section 3, Rule 14 of the ERC Rules of Practice and Procedure.
25. NGCP seeks to immediately recover the actual expenses incurred for the repair, restoration and rehabilitation of the damaged transmission assets and facilities. It must be emphasized that the rehabilitation of the assets damaged by the FME required capital infusion, the recovery of which should be allowed immediately in order to avoid any financial strain in the operation of NGCP and to allow the continuous provision of transmission services to the grid customers.
26. In addition, the timely implementation of the FM Pass-Through Amounts will allow the equal or even spread of the increases or decreases in tariffs from the initial implementation of the recovery of the cost.
27. A copy of the Judicial Affidavit of Agnes F. Dela Cruz, Manager, Tariff Design and Billing Management Division, Revenue and Regulatory Affairs, in support of the instant Application, is hereto attached as **Annex "MM"**.

PRAYER

WHEREFORE, it is most respectfully prayed of this Honorable Commission to:

1. **DECLARE** the occurrence of Earthquake Incidents in Mindanao, Typhoon "Tisoy" in South Luzon and Visayas, and Typhoon "Ursula" in Visayas which resulted in an increase in costs incurred by the NGCP to restore, repair and rehabilitate various affected transmission assets and facilities in the NGCP Operations and Maintenance and System Operations, as a Force Majeure Event (FME);
2. Immediately **GRANT Provisional Authority** to implement and bill the following FM Pass-Through Amounts to Luzon, Visayas and Mindanao customers starting the billing month of January 2021 to December 2025, or until such time that the amounts incurred are fully recovered:

Luzon	2021	2022	2023	2024	2025
P/kW-mo.	0.3491	0.0664	0.0629	0.0596	0.0565
P/kWh	0.00067	0.00013	0.00012	0.00012	0.00011

Visayas	2021	2022	2023	2024	2025
P/kW-mo.	0.8742	0.4054	0.3797	0.3560	0.3335
P/kWh	0.00181	0.00084	0.00079	0.00074	0.00069

Mindanao	2021	2022	2023	2024	2025
P/kW-mo.	0.2178	0.0257	0.0239	0.0223	0.0208
P/kWh	0.00045	0.00005	0.00005	0.00005	0.00004

3. **APPROVE** the FME CAPEX and OPEX amounting to **Eighty-Eight Million Seven Hundred Forty Thousand Sixteen and 12/100 Pesos (Php 88,740,016.12)** incurred by NGCP for the repair, restoration and rehabilitation of the damaged transmission assets and facilities due to Earthquake Incidents in Mindanao, Typhoon "Tisoy", and Typhoon "Ursula";
4. **APPROVE** and **ALLOW** the recovery of the Net Fixed Asset Value of the transmission assets and facilities damaged by the Earthquake Incidents in Mindanao, Typhoon "Tisoy", and Typhoon "Ursula" amounting to **Eighty Eight Million Six Hundred Sixty One Thousand Three Hundred Sixty Four and 95/100 Pesos (Php 88,661,364.95)** given that it would have been fully recovered by NGCP if these transmission assets and facilities have not been damaged or destroyed by the said FMEs;
5. **APPROVE**, after due notice and hearing, the proposed FM Pass-Through Amounts to be collected from the Luzon, Visayas and Mindanao customers starting January 2021 billing month to December 2025 or until such time that the amounts incurred are fully recovered, as follows:

Luzon	2021	2022	2023	2024	2025
P/kW-mo.	0.3491	0.0664	0.0629	0.0596	0.0565
P/kWh	0.00067	0.00013	0.00012	0.00012	0.00011

Visayas	2021	2022	2023	2024	2025
P/kW-mo.	0.8742	0.4054	0.3797	0.3560	0.3335
P/kWh	0.00181	0.00084	0.00079	0.00074	0.00069

Mindanao	2021	2022	2023	2024	2025
P/kW-mo.	0.2178	0.0257	0.0239	0.0223	0.0208
P/kWh	0.00045	0.00005	0.00005	0.00005	0.00004

6. **EXCLUDE** the proposed Pass-Through Amounts from the side constraint calculation.

NGCP prays for other relief deemed just and equitable under the premises.

Finding the said *Application* to be sufficient in substance with the required fees having been paid, the Commission hereby sets the same for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 07, Series of 2020 dated 23 July 2020:

Date	Platform	Activity
19 January 2021 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation
27 January 2021 (Wednesday) at two o'clock in the afternoon (2:00 P.M.)		Pre-trial Conference and Presentation of Evidence

RELATIVE THERETO, NGCP 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 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 the affected areas, for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the affected areas, by any other means available and appropriate, of the filing of the *Application*, its 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 hearing; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

Within five (5) calendar days prior to the date of the virtual hearing, NGCP must submit to the Commission via electronic mail (e-mail) at docket@erc.ph, records@erc.gov.ph, and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal@erc.ph and legal.erc.gov.ph@gmail.com, the scanned copies of its 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 newspapers where the said *Notice of Virtual Hearing* were 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 Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by NGCP to inform the consumers affected of the filing of the *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, COA, and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and

- 6) Such other proofs of compliance with the requirements of the Commission.

Moreover, NGCP is hereby required to post on its bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publications and certifications issued by the concerned Offices of the Mayors, Provincial Governors and Local Legislative Bodies, and to submit proof of the posting thereof.

NGCP and all interested parties are also required to submit via e-mail at doCKET@erc.ph, records@erc.gov.ph, and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal@erc.ph and legal.erc.gov.ph@gmail.com, at least five (5) calendar days before the date of the scheduled virtual hearing and Pre-trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefor, which should also be attached to the Pre-trial Brief; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

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

NGCP must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that it 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 *Application* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

NGCP is hereby directed to file a copy of its Expository Presentation via e-mail at docket@erc.ph, records@erc.gov.ph, and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal@erc.ph and legal.erc.gov.ph@gmail.com, at least five (5) calendar days prior to the scheduled virtual hearing. NGCP shall also be required, upon the request of any stakeholder, to provide an advance copy of their expository presentation, at least five (5) calendar days prior to the scheduled virtual hearing.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via e-mail at docket@erc.ph, records@erc.gov.ph, and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal@erc.ph and legal.erc.gov.ph@gmail.com. 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.

NGCP is hereby directed to submit, either through personal service, registered or ordinary mail/private courier, one (1) set of the original or certified true hard/printed copy/ies of its 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 acknowledgment receipt e-mail sent by the Commission. Similarly, all interested parties who filed their Petition for Intervention or Opposition are required to submit the hard/printed copy thereof within the same period through any of the available modes of service.


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Finally, NGCP including its authorized representative/s and witness/es, are hereby directed to provide the Commission, thru legal.virtualhearings.erc.gov.ph@gmail.com and legal.virtualhearings@erc.ph, with their respective e-mail address 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, 17 November 2020.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson and CEO


LS: RSPV/ARG/MCCG

ERC CASE NO. 2020-039 RC
ORDER/17 November 2020
PAGE 15 of 26

Copy Furnished:

1. National Grid Corporation of the Philippines (NGCP)
Applicant
NGCP Building, Quezon Ave. cor. BIR Road, Diliman, Quezon City
corpcom@ngcp.com
2. Attys. Luis Manuel U. Bugayong, Mark Anthony S. Actub, Jacqueline Kate Saliente-Tamayo and Rich L. Almario
Counsels for Applicant NGCP
Office of the General Counsel
NGCP Building, Quezon Ave. cor. BIR Road, Diliman, Quezon City
lubugayong@ngcp.ph; msactub@ngcp.ph; jtsaliente@ngcp.ph; rlalmario@ngcp.ph
3. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
docket@osg.gov.ph
4. Commission on Audit (COA)
Commonwealth Avenue, Quezon City 1121
citizensdesk@coa.gov.ph
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City 1307
senateenergycommittee@gmail.com
6. House Committee on Energy
Batasan Hills, Quezon City 1126
committee.energy@house.gov.ph
7. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP), 1030 Campus Avenue corner
Park Avenue McKinley Town Center, Fort Bonifacio, Taguig City
secretariat@philippinechamber.com
8. National Transmission Corporation (TRANSCO)
Quezon Avenue corner BIR Road, Diliman, Quezon City
OVP-Legal@transco.ph; customerservice@transco.ph
9. Power Sector Assets and Liabilities Management Corporation (PSALM)
24th Floor Vertis North Corporate Center 1, Astra corner Lux Drives
Vertis North, Mindanao Avenue, Quezon City
infos@psalm.gov.ph
10. Office of the Mayor
Quezon City
11. Office of the Local Government (LGU) legislative body
Quezon City
12. Office of the Mayor
Cebu City
13. Office of the Local Government (LGU) legislative body
Cebu City
14. Office of the Mayor
Iligan City
15. Office of the Local Government (LGU) legislative body
Iligan City
16. Office of the Provincial Governor
Cebu
17. Office of the Local Government (LGU) legislative body
Cebu

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18. Office of the Provincial Governor
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19. Office of the Local Government (LGU) legislative body
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Davao
21. Office of the Local Government (LGU) legislative body
Davao
22. Office of the Provincial Governor
Davao Del Norte
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24. Office of the Municipal Mayor
Matanao, Davao Del Sur
25. Office of the Local Government (LGU) legislative body
Matanao, Davao Del Sur
26. Office of the Provincial Governor
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28. Office of the Provincial Governor
Compostella Valley
29. Office of the Local Government (LGU) legislative body
Compostella Valley
30. Office of the Provincial Governor
Davao Oriental
31. Office of the Local Government (LGU) legislative body
Davao Oriental
32. Office of the Mayor
Kidapawan City, North Cotabato
33. Office of the Local Government (LGU) legislative body
Kidapawan City, North Cotabato
34. Office of the Provincial Governor
North Cotabato
35. Office of the Local Government (LGU) legislative body
North Cotabato
36. Office of the Provincial Governor
South Cotabato
37. Office of the Local Government (LGU) legislative body
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38. Office of the Provincial Governor
Sultan Kudarat
39. Office of the Local Government (LGU) legislative body
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45. Office of the Local Government (LGU) legislative body
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48. Office of the Municipal Mayor
Pinamalayan, Oriental Mindoro
49. Office of the Local Government (LGU) legislative body
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50. Office of the Provincial Governor
Oriental Mindoro
51. Office of the Local Government (LGU) legislative body
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52. Office of the Provincial Governor
Batangas
53. Office of the Local Government (LGU) legislative body
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54. Office of the Provincial Governor
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55. Office of the Local Government (LGU) legislative body
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56. Office of the Municipal Mayor
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58. Office of the Municipal Mayor
Famy, Laguna
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60. Office of the Municipal Mayor
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61. Office of the Local Government (LGU) legislative body
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63. Office of the Local Government (LGU) legislative body
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68. Office of the Municipal Mayor
Tagkawayan, Quezon
69. Office of the Local Government (LGU) legislative body
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70. Office of the Municipal Mayor
Macalelon, Quezon
71. Office of the Local Government (LGU) legislative body
Macalelon, Quezon
72. Office of the Municipal Mayor
Pitogo, Quezon
73. Office of the Local Government (LGU) legislative body
Pitogo, Quezon
74. Office of the Municipal Mayor
General Luna, Quezon
75. Office of the Local Government (LGU) legislative body
General Luna, Quezon
76. Office of the Municipal Mayor
Plaridel, Quezon
77. Office of the Local Government (LGU) legislative body
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78. Office of the Municipal Mayor
Tayabas, Quezon
79. Office of the Local Government (LGU) legislative body
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80. Office of the Provincial Governor
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82. Office of the Municipal Mayor
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88. Office of the Mayor
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90. Office of the Municipal Mayor
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92. Office of the Municipal Mayor
Pili, Camarines Sur
93. Office of the Local Government (LGU) legislative body
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94. Office of the Municipal Mayor
Buhi, Camarines Sur
95. Office of the Local Government (LGU) legislative body
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96. Office of the Municipal Mayor
Minalabac, Camarines Sur
97. Office of the Local Government (LGU) legislative body
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98. Office of the Municipal Mayor
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134. Office of the Municipal Mayor
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136. Office of the Mayor
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137. Office of the Local Government (LGU) legislative body
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138. Office of the Municipal Mayor
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139. Office of the Local Government (LGU) legislative body
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141. Office of the Local Government (LGU) legislative body
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142. Office of the Municipal Mayor
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144. Office of the Municipal Mayor
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158. Office of the Provincial Governor
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162. Office of the Municipal Mayor
Lope de Vega, Northern Samar
163. Office of the Local Government (LGU) legislative body
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Catarman, Northern Samar
165. Office of the Local Government (LGU) legislative body
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166. Office of the Municipal Mayor
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167. Office of the Local Government (LGU) legislative body
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168. Office of the Municipal Mayor
San Jose, Northern Samar
169. Office of the Local Government (LGU) legislative body
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170. Office of the Municipal Mayor
Rosario, Northern Samar
171. Office of the Local Government (LGU) legislative body
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172. Office of the Municipal Mayor
San Roque, Northern Samar
173. Office of the Local Government (LGU) legislative body
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174. Office of the Municipal Mayor
Pambujan, Northern Samar
175. Office of the Local Government (LGU) legislative body
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176. Office of the Municipal Mayor
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177. Office of the Local Government (LGU) legislative body
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178. Office of the Provincial Governor
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179. Office of the Local Government (LGU) legislative body
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180. Office of the Municipal Mayor
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182. Office of the Municipal Mayor
Hernani, Eastern Samar
183. Office of the Local Government (LGU) legislative body
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184. Office of the Municipal Mayor
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185. Office of the Local Government (LGU) legislative body
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186. Office of the Provincial Governor
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187. Office of the Local Government (LGU) legislative body
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188. Office of the Mayor
Calbayog City, Samar
189. Office of the Local Government (LGU) legislative body
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198. Office of the Municipal Mayor
Babatngon, Leyte
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Babatngon, Leyte
200. Office of the Municipal Mayor
Kananga, Leyte
201. Office of the Local Government (LGU) legislative body
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202. Office of the Municipal Mayor
Capoocan, Leyte
203. Office of the Local Government (LGU) legislative body
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204. Office of the Municipal Mayor
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206. Office of the Municipal Mayor
Barugo, Leyte
207. Office of the Local Government (LGU) legislative body
Barugo, Leyte
208. Office of the Municipal Mayor
Alang-alang, Leyte
209. Office of the Local Government (LGU) legislative body
Alang-alang, Leyte
210. Office of the Municipal Mayor
Palo, Leyte
211. Office of the Local Government (LGU) legislative body
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212. Office of the Municipal Mayor
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213. Office of the Local Government (LGU) legislative body
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- 220. Office of the Municipal Mayor
Biliran, Biliran
- 221. Office of the Local Government (LGU) legislative body
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- 222. Office of the Provincial Governor
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- 223. Office of the Local Government (LGU) legislative body
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- 224. Office of the Municipal Mayor
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- 225. Office of the Local Government (LGU) legislative body
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- 226. Office of the Municipal Mayor
Banga, Aklan
- 227. Office of the Local Government (LGU) legislative body
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- 228. Office of the Municipal Mayor
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- 229. Office of the Local Government (LGU) legislative body
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- 230. Office of the Municipal Mayor
Nabas, Aklan
- 231. Office of the Local Government (LGU) legislative body
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- 232. Office of the Municipal Mayor
Malay, Aklan
- 233. Office of the Local Government (LGU) legislative body
Malay, Aklan
- 234. Office of the Provincial Governor
Aklan
- 235. Office of the Local Government (LGU) legislative body
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- 236. Office of the Municipal Mayor
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- 237. Office of the Local Government (LGU) legislative body
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- 238. Office of the Mayor
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- 240. Office of the Municipal Mayor
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- 241. Office of the Local Government (LGU) legislative body
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- 242. Office of the Provincial Governor
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- 243. Office of the Local Government (LGU) legislative body
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- 244. Office of the Municipal Mayor
Batad, Iloilo
- 245. Office of the Local Government (LGU) legislative body
Batad, Iloilo
- 246. Office of the Municipal Mayor
Balasan, Iloilo
- 247. Office of the Local Government (LGU) legislative body
Balasan, Iloilo
- 248. Office of the Municipal Mayor
Estancia, Iloilo
- 249. Office of the Local Government (LGU) legislative body
Estancia, Iloilo
- 250. Office of the Provincial Governor
Iloilo
- 251. Office of the Local Government (LGU) legislative body
Iloilo
- 252. Office of the Municipal Mayor
Pandan, Antique
- 253. Office of the Local Government (LGU) legislative body
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- 254. Office of the Provincial Governor
Antique
- 255. Office of the Local Government (LGU) legislative body
Antique
- 256. Regulatory Operations Service (ROS)
Energy Regulatory Commission
17th Floor, Pacific Center, San Miguel Avenue, Pasig City

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF FORCE
MAJEURE EVENT
REGULATED FM PASS-
THROUGH FOR
EARTHQUAKE INCIDENTS IN
MINDANAO, TYPHOON
"TISOY" IN LUZON AND
VISAYAS, TYPHOON
"URSULA" IN VISAYAS, IN
ACCORDANCE WITH THE
RULES FOR SETTING
TRANSMISSION WHEELING
RATES, WITH PRAYER FOR
PROVISIONAL AUTHORITY

ERC CASE NO. 2020-039 RC

NATIONAL GRID
CORPORATION OF THE
PHILIPPINES (NGCP),
Applicant.

Promulgated:
November 25, 2020

X-----X

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 30 October 2020, the National Grid Corporation of the Philippines (NGCP) filed an *Application* dated 20 October 2020, seeking the Commission's approval of its claim for Force Majeure Event Regulated FM Pass-Through for earthquake incidents in Mindanao, Typhoon "Tisoy" in Luzon and Visayas, and Typhoon "Ursula" in Visayas, in accordance with the rules for setting transmission wheeling rates, with prayer for provisional authority.

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

1. NGCP is a corporation created and existing under the laws of the Republic of the Philippines, with principal office address at NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City. It is the concessionaire that operates and maintains the nationwide transmission system pursuant to Republic Act No. (RA) 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA).¹
2. Under RA 9511,² NGCP was granted a franchise to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair, and refurbish the present nationwide transmission system of the Republic of the Philippines.
3. Pursuant to Section 10.1.1 of the Rules for Setting Transmission Wheeling Rates (RTWR), NGCP is allowed to recover the cost incurred for the repair, restoration, and rehabilitation of its transmission assets and other related facilities damaged as a result of a force majeure event (FME), as defined in Article I, Section 1.3 of the RTWR.

STATEMENT OF FACTS

4. In October 2019, December 2019 and January 2020, several earthquake incidents occurred in Mindanao. Some provinces within the scope of operations of the NGCP Mindanao Operation and Maintenance were affected by the earthquake, to wit – Mindanao District 5: Davao, Davao Del Norte, Davao Del Sur, Compostella Valley, and Davao Oriental; Mindanao District 6: North Cotabato, South Cotabato, Sultan Kudarat, Maguindanao, and Sarangani.
5. The Philippine Institute of Volcanology and Seismology (PHIVOLCS) certified the occurrence of the following earthquakes:
 - a. 31 October 2019 at 09:11AM – Magnitude 6.5 with an epicentral location at 06.92°N, 125.06°E – 027 km N 75°E of Tulunan (Cotabato); Tectonic in origin and with a depth of 008 km. A copy of the PHIVOLCS certification dated 11 March 2020, is attached hereto as **Annex “A”**;
 - b. 15 December 2019 at 02:11PM – Magnitude 6.9 with an epicentral location at 06.76°N, 125.13°E – 013 km N 75°W of Matanao (Davao Del Sur); Tectonic in origin and with a depth of 009 km. A copy of the PHIVOLCS certification dated 13 September 2020, is attached hereto as **Annex “B”**; and

¹ Republic Act No. 9136 entitled, “An Act Ordaining Reforms in the Electric Power Industry, Amending for the Purpose Certain Laws and for Other Purposes”

² Republic Act No. 9511 entitled “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 or Interconnected Transmission Lines, Substations and Related Facilities, and for Other Purposes”

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- c. 31 January 2020 at 07:18PM – Magnitude 4.9 with an epicentral location at 06.59°N, 125.26°E – 015 km S 09°E of Matanao (Davao Del Sur); Tectonic in origin and with a depth of 013 km. A copy of the PHIVOLCS certification dated 13 September 2020, is attached hereto as **Annex "C"**.
6. Following the occurrence of said earthquakes in Mindanao, several NGCP structures/assets in Districts 5 and 6 (Mindanao) were damaged such as transformers, parts, generator sets, substation structures, control rooms, quarters, among others. Copies of the Consolidated List and Details of Damages to NGCP Assets are attached as **Annexes "D-Series"**.
7. Meanwhile, in November towards the beginning of December 2019, the Typhoon with local name "Tisoy" was prevailing in South Luzon and Visayas. Several provinces within the scope of operations of the NGCP Systems Operations and Operation and Maintenance were affected by the Typhoon such as: South Luzon District 1: Batangas, Cavite, and South Of Metro Manila; South Luzon District 3: Camarines Norte, Camarines Sur, Albay, and Sorsogon; and Visayas District 1: Samar and Leyte.
8. The Philippine Atmospheric Geophysical and Astronomical Services Administration (PAGASA) confirmed, among others, the following: that Typhoon "Tisoy" entered the Philippine Area of Responsibility (PAR) on 30 November 2019 and exited on 05 December 2019; that Provinces above-mentioned were among those where PAGASA raised the highest tropical cyclone warning signals during the same period; and that, Typhoon "Tisoy" recorded maximum winds of 175 kilometers per hour (km/hr) and gustiness of 240km/hr, which affected the Visayas and South Luzon areas. A copy of the PAGASA Tropical Cyclone Summary of Typhoon Tisoy of 2019, is attached hereto as **Annex "E"**.
9. Due to the intensity of Typhoon "Tisoy", and its tail-end effects even upon its exit from PAR, some transmission lines/structures in Visayas District 1, South Luzon District 2, South and Luzon District 3 were toppled and broken; various telecom equipment were also damaged; and Luzon System Operations were affected. Copies of the Consolidated List and Details of Damages to NGCP Assets are attached as **Annexes "F-Series"**.
10. Subsequently towards the end of December 2019, another Typhoon with local name "Ursula" was prevailing in Visayas affecting the provinces within the scope of operations of the NGCP Mindanao Operation and Maintenance such as: Visayas District 4: Panay Island and Visayas District 1: Samar and Leyte.

11. Likewise, PAGASA confirmed, among others, the following: that Typhoon "Ursula" entered the Philippine Area of Responsibility on 23 December 2019 and exited on 28 December 2019; that Provinces above-mentioned were among those where PAGASA raised the highest tropical cyclone warning signals during the same period; and that Typhoon "Ursula" recorded maximum winds of 140 kilometers per hour (km/hr) and gustiness of 200km/hr, which affected the Visayas area. A copy of the PAGASA Tropical Cyclone Summary of Typhoon Ursula of 2019, is attached hereto as **Annex "G"**.
12. Due to the intensity of Typhoon "Ursula", and its tail-end effects even upon its exit from PAR, some transmission lines/structures in Visayas Districts 1 and 4 were toppled and broken. Copies of the Consolidated List and Details of Damages to NGCP Assets are attached as **Annexes "H-Series"**.

FME CLAIM

13. After the occurrence of the foregoing, NGCP immediately started the repair, restoration, and rehabilitation of its damaged transmission assets and facilities in order to fully restore transmission service to its customers.
14. In support of its claim for the above described Force Majeure Events, NGCP is submitting the following:

Earthquakes in Mindanao

- a. Consolidated Details of Expenditures for Force Majeure Earthquake Incident in Mindanao (31 October 2019), District 6-MOM, as **Annex "I"**;
- b. Before and After Rehabilitation Pictures of Affected Assets FME Earthquake at District 6-MOM, as **Annex "J"**;
- c. Consolidated Details of Expenditures for Force Majeure Earthquake Incidents in Mindanao (15 December 2019 and 31 January 2020), District 5-MOM, as **Annex "K"**;
- d. Before and After Rehabilitation Pictures of Affected Assets FME Earthquake (15 December 2019) at District 5-MOM, as **Annex "L"**; and
- e. Before and After Rehabilitation Pictures of Affected Assets FME Earthquake (31 January 2020) at District 5-MOM, as **Annex "M"**.

Typhoon "Tisoy"

- a. Consolidated Details & Charging of Activities and Expenditures for Force Majeure Event Typhoon Tisoy, LSO, as **Annex "N"**;

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- b. Before and After Rehabilitation Pictures of Affected Assets
FME Typhoon Tisoy – LSO, as **Annex “O”**;
- c. Consolidated Details of Expenditures for Force Majeure
Event Typhoon Tisoy, District 2-SLOM, as **Annex “P”**;
- d. Before and After Rehabilitation Pictures of Affected Assets
FME Typhoon Tisoy – District 2-SLOM, as **Annex “Q”**;
- e. Consolidated Details of Expenditures for Force Majeure
Event Typhoon Tisoy, District 3-SLOM, as **Annex “R”**;
- f. Before and After Rehabilitation Pictures of Affected Assets
FME Typhoon Tisoy – District 3-SLOM, as **Annex “S”**;
- g. Consolidated Details of Expenditures for Force Majeure
Event Typhoon Tisoy, District 1-VOM, as **Annex “T”**; and
- h. Before and After Rehabilitation Pictures of Affected Assets
FME Typhoon Tisoy – District 1-VOM, as **Annex “U”**.

Typhoon “Ursula”

- a. Consolidated Details of Expenditures for Force Majeure
Event Typhoon Ursula, District 1-Visayas, as **Annex “V”**;
- b. Before and After Rehabilitation Pictures of Affected Assets
FME Typhoon Ursula – District 1-Visayas, as **Annex “W”**.
- c. Consolidated Details of Expenditures for Force Majeure
Event Typhoon Ursula, District 4-VOM, as **Annex “X”**;
and
- d. Before and After Rehabilitation Pictures of Affected Assets
FME Typhoon Ursula – District 4-VOM, as **Annex “Y”**.

15. The total cost incurred by NGCP for the repair, restoration and rehabilitation of the transmission assets and facilities damaged by Earthquake Incidents in Mindanao, Typhoon “Tisoy” and Typhoon “Ursula”, including the recoverable values of the damaged assets (Net Fixed Asset Value) is **One Hundred Seventy Seven Million Four Hundred One Thousand Three Hundred Eighty One and 07/100 Pesos (Php177,401,381.07)**, breakdown of which is shown in the table below:

	AMOUNT
Capital Expenditure (CAPEX)*	39,373,758.17
Operating Expenditure (OPEX)	49,366,257.95
Net Fixed Asset Value (NFAV)	88,661,364.95
Total	177,401,381.07

***Inclusive of Permit Fees**

16. Under Section 10.1.1 of the RTWR, NGCP is allowed to recover the cost for such repair, restoration, and rehabilitation. Pursuant to Article X, 10.2.2 of the RTWR which requires the regulated entity to file before the Honorable Commission **an FME Notice specifying (a) the details of the Force Majeure Event concerned; and (b) the date the Force Majeure Event occurred**, NGCP filed the following FME Notices with the Honorable Commission within three (3) months from the occurrence of the following Force Majeure Events:

- a. FME Notice Earthquake Incident in Mindanao (31 October 2019) dated 10 January 2020, and was received on 15 January 2020, copy is attached hereto as **Annex "Z"**. Receipt of said Notice was acknowledged by the Honorable Commission in its Letter dated 20 January 2020, copy is attached hereto as **Annex "AA"**;
- b. FME Notice Earthquake Incident in Mindanao (15 December 2019) dated 02 March 2020, and was received on 05 March 2020, copy is attached hereto as **Annex "BB"**. Receipt of said Notice was acknowledged by the Honorable Commission through its Central Records Division via e-mail on 26 March 2020, a print out of the electronic mail is attached hereto as **Annex "CC"**;
- c. FME Notice Earthquake Incident in Mindanao (31 January 2020) dated 26 March 2020, and was transmitted electronically via e-mail on 30 March 2020, copy is attached hereto as **Annex "DD"**. Receipt of said Notice was acknowledged by the Chairperson of the Honorable Commission via e-mail on 03 April 2020, a print out of the electronic mail is attached hereto as **Annex "EE"**;
- d. FME Notice Typhoon "Tisoy" dated 17 February 2020, and was received on 21 February 2020, copy is attached hereto as **Annex "FF"**. Receipt of said Notice was acknowledged by the Honorable Commission in its Letter dated 03 March 2020, copy is attached hereto as **Annex "GG"**; and
- e. FME Notice Typhoon "Ursula" dated 17 February 2020, and was likewise received on 21 February 2020, copy is attached hereto as **Annex "HH"**. Receipt of said Notice was acknowledged by the Honorable Commission in its Letter dated 03 March 2020, copy is attached hereto as **Annex "II"**.

17. Consequently, within twelve (12) months after the occurrence of Earthquake Incidents in Mindanao, Typhoon "Tisoy", Typhoon "Ursula" and the destruction of NGCP transmission assets in Luzon, Visayas and Mindanao, NGCP hereby files the instant FME Application, in accordance with Article X, Sections 10.2.1 and 10.2.3 of the RTWR.

FM PASS-THROUGH AMOUNT COMPUTATION

18. NGCP has not recovered the cost incurred in the repair and restoration of its affected transmission assets and facilities from its Industrial All-Risk (IAR) Insurance Policy procured from the Government Service Insurance System (GSIS), because regardless of the distance of the damaged assets and facilities from the nearest substation perimeter fence, the total repair and rehabilitation cost is still within the policy's deductible amount of One (1) Million US Dollars (\$1,000,000.00) for each of the Force Majeure Events. Attached hereto are copies of the Certifications of the NGCP Trade and Insurance Manager, as **Annex "JJ-Series"**.
19. Thus, it is but proper for NGCP to file the instant FME Application to recover the cost it incurred for the repair, restoration and rehabilitation of the transmission assets and facilities in Luzon which were damaged by the Force Majeure Events above-described, pursuant to the RTWR.
20. NGCP proposes the FM Pass-Through Amounts, in P/kW-month, as additional network charges for Luzon, Visayas and Mindanao starting the billing month of January 2021 until December 2025, or until such time that the amounts incurred are fully recovered, computed in the table below:

Luzon	2021	2022	2023	2024	2025
P/kW-mo.	0.3491	0.0664	0.0629	0.0596	0.0565
P/kWh	0.00067	0.00013	0.00012	0.00012	0.00011

Visayas	2021	2022	2023	2024	2025
P/kW-mo.	0.8742	0.4054	0.3797	0.3560	0.3335
P/kWh	0.00181	0.00084	0.00079	0.00074	0.00069

Mindanao	2021	2022	2023	2024	2025
P/kW-mo.	0.2178	0.0257	0.0239	0.0223	0.0208
P/kWh	0.00045	0.00005	0.00005	0.00005	0.00004

21. NGCP proposes the FM Pass-Through Amounts for the years 2021 to 2025 to allow the recovery of the expenditures incurred by NGCP relative to the FME Earthquake Incidents in Mindanao, FME Typhoon "Tisoy", and FME Typhoon "Ursula", pending the reset process for the next Regulatory Period. A copy of the proposed FM Pass-Through Amounts computation is attached hereto as **Annex "KK"**.
22. Further, the FM Pass-Through Amounts in this Application do not breach the Force Majeure Threshold Amount (FMTA) of PhPo.0386/kWh, as computed in accordance with the relevant formula prescribed by the RTWR. A copy of the FMTA Computation is hereto attached as **Annex "KK-1"**.

23. Also, NGCP considered the NFAV of the transmission assets and facilities damaged by FME Earthquake Incidents in Mindanao, FME Typhoon "Tisoy", and FME Typhoon "Ursula" in the FME claim, given that NGCP would have normally fully recovered the return of capital on said assets for the duration of their economic lives had these assets not been damaged or destroyed by said FME. Copies of the Details of the NFAV in relation to the assets affected by FME Earthquake Incidents in Mindanao, FME Typhoon "Tisoy", and FME Typhoon "Ursula" is attached hereto as **Annex "LL-Series"**.

**JUSTIFICATION FOR THE ISSUANCE OF
PROVISIONAL AUTHORITY**

24. NGCP respectfully moves for the issuance of a provisional approval for the immediate recovery of the FM Pass-Through Amounts pursuant to Section 3, Rule 14 of the ERC Rules of Practice and Procedure.
25. NGCP seeks to immediately recover the actual expenses incurred for the repair, restoration and rehabilitation of the damaged transmission assets and facilities. It must be emphasized that the rehabilitation of the assets damaged by the FME required capital infusion, the recovery of which should be allowed immediately in order to avoid any financial strain in the operation of NGCP and to allow the continuous provision of transmission services to the grid customers.
26. In addition, the timely implementation of the FM Pass-Through Amounts will allow the equal or even spread of the increases or decreases in tariffs from the initial implementation of the recovery of the cost.
27. A copy of the Judicial Affidavit of Agnes F. Dela Cruz, Manager, Tariff Design and Billing Management Division, Revenue and Regulatory Affairs, in support of the instant Application, is hereto attached as **Annex "MM"**.

PRAYER

WHEREFORE, it is most respectfully prayed of this Honorable Commission to:

1. **DECLARE** the occurrence of Earthquake Incidents in Mindanao, Typhoon "Tisoy" in South Luzon and Visayas, and Typhoon "Ursula" in Visayas which resulted in an increase in costs incurred by the NGCP to restore, repair and rehabilitate various affected transmission assets and facilities in the NGCP Operations and Maintenance and System Operations, as a Force Majeure Event (FME);
2. Immediately **GRANT Provisional Authority** to implement and bill the following FM Pass-Through Amounts to Luzon, Visayas and Mindanao customers starting the

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billing month of January 2021 to December 2025, or until such time that the amounts incurred are fully recovered:

Luzon	2021	2022	2023	2024	2025
P/kW-mo.	0.3491	0.0664	0.0629	0.0596	0.0565
P/kWh	0.00067	0.00013	0.00012	0.00012	0.00011

Visayas	2021	2022	2023	2024	2025
P/kW-mo.	0.8742	0.4054	0.3797	0.3560	0.3335
P/kWh	0.00181	0.00084	0.00079	0.00074	0.00069

Mindanao	2021	2022	2023	2024	2025
P/kW-mo.	0.2178	0.0257	0.0239	0.0223	0.0208
P/kWh	0.00045	0.00005	0.00005	0.00005	0.00004

3. **APPROVE** the FME CAPEX and OPEX amounting to **Eighty-Eight Million Seven Hundred Forty Thousand Sixteen and 12/100 Pesos (Php 88,740,016.12)** incurred by NGCP for the repair, restoration and rehabilitation of the damaged transmission assets and facilities due to Earthquake Incidents in Mindanao, Typhoon "Tisoy", and Typhoon "Ursula";
4. **APPROVE** and **ALLOW** the recovery of the Net Fixed Asset Value of the transmission assets and facilities damaged by the Earthquake Incidents in Mindanao, Typhoon "Tisoy", and Typhoon "Ursula" amounting to **Eighty Eight Million Six Hundred Sixty One Thousand Three Hundred Sixty Four and 95/100 Pesos (Php 88,661,364.95)** given that it would have been fully recovered by NGCP if these transmission assets and facilities have not been damaged or destroyed by the said FMEs;
5. **APPROVE**, after due notice and hearing, the proposed FM Pass-Through Amounts to be collected from the Luzon, Visayas and Mindanao customers starting January 2021 billing month to December 2025 or until such time that the amounts incurred are fully recovered, as follows:

Luzon	2021	2022	2023	2024	2025
P/kW-mo.	0.3491	0.0664	0.0629	0.0596	0.0565
P/kWh	0.00067	0.00013	0.00012	0.00012	0.00011

Visayas	2021	2022	2023	2024	2025
P/kW-mo.	0.8742	0.4054	0.3797	0.3560	0.3335
P/kWh	0.00181	0.00084	0.00079	0.00074	0.00069

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Mindanao	2021	2022	2023	2024	2025
P/kW-mo.	0.2178	0.0257	0.0239	0.0223	0.0208
P/kWh	0.00045	0.00005	0.00005	0.00005	0.00004

6. **EXCLUDE** the proposed Pass-Through Amounts from the side constraint calculation.

NGCP prays for other relief deemed just and equitable under the premises.

The Commission has set 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 platform for the conduct thereof, pursuant to Resolution No. 07, Series of 2020 dated 23 July 2020:

Date	Platform	Activity
19 January 2021 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation
27 January 2021 (Wednesday) at two o'clock in the afternoon (2:00 P.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 virtual hearing, via electronic mail (e-mail) at docket@erc.ph, records@erc.gov.ph, and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal@erc.ph and legal.erc.gov.ph@gmail.com. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at docket@erc.ph, records@erc.gov.ph, and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal@erc.ph and legal.erc.gov.ph@gmail.com, 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 2006 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

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- 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, records@erc.gov.ph, and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal@erc.ph and legal.erc.gov.ph@gmail.com, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC 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 such persons who wish to have a copy of the *Application* may request from the Applicant that they be furnished with the same prior to the date of the initial hearing. The Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, through any of the available modes of service, upon their agreement, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours. In the alternative, those persons who wish to have an electronic copy of the *Application* may request the Commission for the e-mail address of the Applicant by sending an e-mail to docket@erc.ph, records@erc.gov.ph, and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal@erc.ph and legal.erc.gov.ph@gmail.com. Nonetheless, any person may also access the *Application* as posted by the Commission in its official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru

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legal.virtualhearings.erc.gov.ph@gmail.com and
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 hearing.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 17th day of November 2020 in Pasig City.


AGNES VST DEVANADERA
Chairperson and CEO


LS: RSPV/ARG/MCCG