

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
AUTHORITY TO DEVELOP,
OWN, OPERATE AND
MAINTAIN DEDICATED
POINT-TO-POINT LIMITED
FACILITIES TO CONNECT TO
THE TRANSMISSION SYSTEM
OF THE NATIONAL GRID
CORPORATION OF THE
PHILIPPINES (NGCP)**

ERC CASE NO. 2024-002 MC

SHIZEN INC. (SHIZEN),
Applicant.

Promulgated:
January 19, 2024

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES

Notice is hereby given that on 09 January 2024, Shizen Inc. (SHIZEN) filed an *Application*, dated 16 May 2023, seeking the Commission's approval of its authority to develop, own, operate and maintain dedicated point-to-point limited facilities to connect to the transmission system of the National Grid Corporation of the Philippines (NGCP), with prayer for provisional authority and/or interim relief, and motion for treatment of confidential information.

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

THE APPLICANT

1. SHIZEN is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at 41st Floor, GT Tower International 6813 Ayala Ave. cor. H.V. Dela Costa St., Makati City, National Capital Region, Philippines.¹

¹ Copies of SHIZEN's Certificate of Incorporation, Articles of Incorporation, By-laws and latest General Information Sheet are attached hereto and made integral parts hereof as Annexes "A", "B", "C" and "D" of the Application, respectively.

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2. SHIZEN may be served orders notice and other legal process of this Honorable Commission through its undersigned legal counsel at 8th Floor, Pacific Star Building, Sen. Gil Puyat cor. Makati Ave., Bel-Air, Makati City, National Capital Region, Philippines.

NATURE OF THE APPLICATION

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

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

4. Similarly, this Application being filed pursuant to Section 5(a) of the Implementing Rules and Regulations of EPIRA, which provides:

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

- 1) Such dedicated point-to-point limited transmission facilities are required only for the purpose of connecting to the Grid which will be used solely by the Generation Facility, and are not used to serve End-users or Suppliers directly;
- 2) The facilities are included and consistent with the TDP as certified by TRANSCO or its Buyer or Concessionaire; and
- 3) Any other documents that may be required by the ERC.

5. In accordance with Section 9 of EPIRA and Section 5(a) of EPIRA’s Implementing Rules and Regulations, this Application is submitted to this Honorable Commission for its consideration and approval of SHIZEN’s proposed development, ownership and operation of interconnection facilities which shall connect the 49.5MWac Palauig Solar Power Project located in Brgy. Lipay, Palauig, Zambales (the “Project”) to the Luzon Grid via tap-in connection to the existing Botolan-Candelaria 69 kV Transmission Line of the National Grid Corporation of the Philippines’ (“NGCP”) (“Dedicated Facility Project”).² The project’s target date of completion and energization is in CY 2024.

STATEMENT OF FACTS

6. SHIZEN is duly registered, among others, to engage in the exploration, development, construction and other allied

² A copy of the Secretary’s Certificate authorizing the construction and operation of the Project, filing of the instant application and appointment of the authorized representatives therefor are attached and made an integral part of the Application as Annex “E”.

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Candelaria 69 kV Transmission Line via an approximately 4.6 km, 69 kV line using a single-circuit, 1-336.4 MCM ACSR conductor. It will use a 62.5 MVA step-up transformer with a voltage transformation of 13.8/69 kV. SHIZEN reviewed its options and respectfully submits that said tap connection is the sole viable option to connect to the Palauig Project to Luzon Grid as detailed in the System Impact Study.⁸

12. The construction of the Dedicated Facility Project may be completed in nine (9) months, inclusive of civil and mechanical works.⁹
13. The Project is one of the committed projects in the DOE list of Private-Sector-Initiated Power Projects for Luzon as of January 31, 2023.¹⁰
14. The Dedicated Facility Project is to be construed by NEPC Power Construction Corp. ("NPCC"), MN Electro Industrial Supply & Services, Inc. ("MNEISSI") and China Power Engineering Consulting Group Co., Ltd. ("CPECC").¹¹
15. Consistent with the projected date of energization, the target completing and commissioning of the Dedicated Facility Project is in January 2024.¹² The estimated cost for the Dedicated Facility Project is One Hundred Forty Million One Hundred Eighty Thousand Seven Hundred Thirty-Nine Pesos and Ten Centavos (Php 140,180,739.10).¹³
16. SHIZEN has secured the relevant permits for the Project and the Dedicated Facility Project.
 - 16.1. The Department of Environment and Natural Resources ("DENR") has issued Certificate of Non-Coverage No. CNC-OL-R03-2022-08-04087 to SHIZEN on August 11, 2022.¹⁴
17. The proposed connection of the Project is the sole option of SHIZEN that will enable SHIZEN to dispatch the Project's capacity.
 - 17.1. A System Impact Study ("SIS") on the Proposed Dedicated Facility Project has been conducted and

⁸ Copies of the System Impact Study and Letter from the NGCP dated July 18, 2022 are attached as Annexes "J" and "K" of the Application, respectively.

⁹ Copies of the Conceptual Engineering Design and Drawings, Gantt Chart for the Construction of the Dedicated Facility Project and Relevant Dates reflecting the target and actual dates for the start of the construction, completion of the construction, testing and commissioning and commercial operations of the Project and the Dedicated Facility Project are attached as Annexes "L", "M", and "M-1" of the Application, respectively.

¹⁰ A copy of the DOE List of Private Sector-Initiated Power Projects for Luzon dated January 31, 2023 is attached as Annex "N" of the Application.

¹¹ Copies of the company profiles of NPCC, MNEISSI and CPECC are attached herein and made integral parts hereof as Annexes "O", "P" and "Q" of the Application, respectively.

¹² *Supra* note 10.

¹³ A copy of the Detailed Project Cost Estimates is attached as "R" of the Application.

¹⁴ A copy of the DENR Certificate of Non-Coverage is attached as Annex "S" of the Application.

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based on the results thereof, the said interconnection is technically feasible. NGCP has reviewed the SIS.¹⁵

- 17.2. A Facilities Study has been undertaken and reviewed by the NGCP.¹⁶
18. SHIZEN will execute a Connection Agreement with NGCP and is in the process of finalizing the Transmission Service Agreement and Metering Service Agreement.¹⁷
19. The proposed Dedicated Facility Project meets the requirements provided in Section 9 of the EPIRA and relevant regulations issued by this Honorable Commission.¹⁸
20. The Project and Dedicated Facility Project is consistent with the Transmission Development Plan (“TDP”) of NGCP.¹⁹
21. SHIZEN will perform the operations and maintenance of the Dedicated Facility Project through NGCP. For this purpose, SHIZEN will enter into a Memorandum of Agreement with NGCP.
22. SHIZEN also undertakes to file an application for a Certificate of Compliance for the Project and the Dedicated Facility Project with the Honorable Commission.
23. The foregoing clearly shows that the proposed Dedicated Facility Project complies with Section 9 of the EPIRA and the relevant regulations of this Honorable Commission.
24. SHIZEN respectfully prays that the Honorable Commission immediately authorize the development, ownership, and operation of the Dedicated Facility Project considering the facts, circumstances and the magnitude of the opportunity costs entailed by any further delay in the interconnection of the Project.
 - 24.1. SHIZEN hopes to be able to complete development and construction of the facilities at the soonest possible time in order to be able to dispatch electric power supply to the grid.
 - 24.2. The construction of the Dedicated Facility Project is a prerequisite for the testing and commissioning, and ultimately, the operation of SHIZEN. The Project is estimated to be completed and energized in January 2024. Consistent with this timeline, SHIZEN intends

¹⁵ *Supra* note 8.

¹⁶ Copies of the Facility Study and the NGCP Letter dated September 28, 2022 are attached as Annexes “T” and “U” of the Application, respectively.

¹⁷ Copies of the NGCP Letter dated October 27, 2022 and the Connection Agreement between NGCP and SHIZEN are attached as Annexes “V” and “W” of the Application, respectively.

¹⁸ A copy of DOE Certificate of Endorsement DOE-EPIMB-ERC-P2P No. 2023-03-007 dated March 10, 2023, is attached as Annex “X” of the Application.

¹⁹ A copy of page of the Transmission Development Plan 2022-2040 of the NGCP is attached as Annex “Y” of the Application.

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to complete the development and construction of the Project by January 2024.

25. In light of the foregoing, SHIZEN respectfully prays that the authority to develop, own, and operate the Dedicated Facility Project be immediately issued.
26. In support of the instant Application, SHIZEN hereby submits the following documents:

Annex	Document
"A"	SHIZEN's Certificate of Incorporation
"B"	SHIZEN's Articles of Incorporation
"C"	SHIZEN's By-Laws
"D"	SHIZEN's Latest General Information Sheet
"E"	SHIZEN's Secretary's Certificate Authorizing the Construction and Operation of the Dedicated Facility Project
"F"	SEOC No. 2022-01-607
"G"	DOE Amended Certificate of Registration NO. SEOC 2022-01-607
"H"	Project Description
"H-1"	Project Rationale
"I"	Simplified Interconnection Single Line Diagram
"J"	System Impact Study
"K"	Letter from NGCP dated July 18, 2022
"L"	Conceptual Engineering Design and Drawings
"M"	Gantt Chart
"M-1"	Relevant Dates
"N"	DOE List of Private Sector-Initiated Power Projects for Luzon Dated January 31, 2023
"O"	Company Profile of NPCC
"P"	Company Profile of MNEISSI
"Q"	Company Profile of CPECC
"R"	Detail Project Cost Estimates
"S"	DENR Certificate of Non-Coverage
"T"	Facilities Study
"U"	NGCP Letter dated September 28, 2022
"V"	NGCP Letter dated October 27, 2022
"W"	Connection Agreement between NGCP and SHIZEN
"X"	DOE Certificate of Endorsement
"Y"	NGCP Transmission Development Plan 2022-2040

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

27. Sections 2(a) and 6 of the Renewable Energy Act of 2008 ("RE Act") decrees the State's policy to "[a]ccelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's

exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy,” and mandates that “[a]ll stakeholders in the electric power industry shall contribute to the growth of the renewable energy industry of the country.”

28. SHIZEN’s construction of the Project is in furtherance of the provisions of the RE Act. It is also consistent with the Renewable Portfolio Standards by the DOE. In order to fulfill the mandate of the law, the necessary permits must be secured and the construction and commissioning must be accomplished immediately.
29. Accordingly, SHIZEN it is necessary to immediately test, commission and dispatch electricity from the Project upon its completion to contribute to the rising demand growth and avoid necessary delays that can lead to opportunity cost. Thus, it is necessary to connect the Project to the grid, through the Dedicated Facility Project, at the earliest possible opportunity.
30. In view of the foregoing, SHIZEN submits that there is clear and sufficient basis for the issuance of a provisional authority or interim relief for the development, ownership and operation of the Dedicated Facility Project by SHIZEN to connect the Project to the Luzon Grid pending the Honorable Commission’s issuance of a final decision on the instant Application.

ALLEGATIONS TO SUPPORT THE MOTION FOR
CONFIDENTIAL TREATMENT OF INFORMATION

31. Under Rule 4 of the Revised Rules of Practice and Procedure of the ERC,²⁰ the Honorable Commission may, upon request of a party and determination of the existence of conditions that would warrant such remedy, treat certain information submitted to it as confidential.
32. SHIZEN is submitting the following documents pursuant to the foregoing Rule: SHIZEN’s System Impact Study, Conceptual Engineering Design and Drawings, Detailed Project Cost Estimates, and Facilities Study, marked as Annexes “J”, “L”, “R”, and “T”, respectively.
33. These documents contain certain non-public information, data and calculations involving business operations and financial trade secrets reflecting SHIZEN’s investment and business calculations.
34. SHIZEN thus respectfully moves that Annexes “J”, “L”, “R”, and “T” not be disclosed and be treated as confidential documents in accordance with Rule 4 of the ERC Rules of Practice and Procedure. Accordingly, SHIZEN hereby submits

²⁰ ERC Resolution No. 1, Series of 2021, A Resolution Adopting the Revised Rules of Practice and Procedure of the ERC.

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one (1) copy of “J”, “L”, “R”, and “T” in a sealed envelope, with the envelope and each page of the document stamped with the word “Confidential”.

PRAYER

WHEREFORE, SHIZEN respectfully prays that this Honorable Commission:

1. Immediately ISSUE an Order authorizing SHIZEN to implement the development, ownership and operation of the Dedicated Facility Project to connect the Project to the Luzon Grid;
2. Immediately ISSUE an Order (a) treating Annexes “J”, “L”, “R” and “T”, and the information contained therein as confidential, (b) directing their non-disclosure pursuant to Rule 4 of the ERC Rules of Practice and Procedure and (c) prescribing the guidelines for the protection thereof; and
3. After due notice and hearing, GRANT SHIZEN the authority to develop, own, operate and maintain a dedicated point-to-point limited transmission facility to connect the Project to the Luzon Grid.

Other reliefs as may be appropriate under the circumstances are likewise prayed for.

The Commission hereby sets the instant *Application* for hearing for determination of compliance with the jurisdictional requirements, expository presentation, and Pre-trial Conference²¹ **on 27 February 2024 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)**, through **MS Teams Application** as the online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020²² and Resolution No. 01, Series of 2021 (ERC Revised Rules of Practice and Procedure).²³

²¹ In the Commission’s *Advisory* dated 26 July 2023, the Commission adopted the Summary Proceedings in accordance with Rule 17 of the Commission’s Revised Rules of Practice and Procedure (ERC Revised RPP) in the filing, processing and evaluation of the applications for authority to develop and own or operate dedicated point-point limited transmission facilities, in the following instances: (1) Applications without intervenor, or uncontested applications; and (2) Applications with intervenors, provided all parties have agreed to subject the application to summary proceedings. Under the said summary proceedings and in accordance with Rule 17 of the ERC Revised RPP, the Applicant’s presentation of evidence is through the submission and offering of the affidavits of its witnesses and other pieces of evidence within the time allowed by the Commission.

²² A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

²³ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

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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, and copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, any person who has an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at doCKET@erc.ph, and copy furnishing the Legal Service through legal@erc.ph, a verified Petition to Intervene **at least five (5) calendar days** prior to the date of the initial virtual hearing. The verified Petition must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicate therein the docket number and title of the case, and state the following:

- 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, and copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment **at least five (5) calendar days** prior to the initial virtual hearing. Rule 9 of the ERC Revised Rules of Practice and Procedure shall govern. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

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All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled initial virtual hearings by providing the Commission, thru legal.virtualhearings@erc.ph, their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 19th day of January 2024 in Pasig City.


MONALISA C. DIMALANTA
Chairperson and CEO




LS: ECI/MVM/LSP