

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF POWER
SUPPLY AGREEMENT
BETWEEN EASTERN SAMAR
ELECTRIC COOPERATIVE,
INC. (ESAMELCO) AND SUAL
POWER INC. (SPI) WITH
MOTION FOR CONFIDENTIAL
TREATMENT OF
INFORMATION AND PRAYER
FOR PROVISIONAL
AUTHORITY AND/OR
INTERIM RELIEF**

ERC CASE NO. 2025-006 RC

**EASTERN SAMAR ELECTRIC
COOPERATIVE, INC.
(ESAMELCO) AND SUAL
POWER INC. (SPI),**

Applicants.

X-----X

Promulgated:
February 18, 2025

ORDER

On 06 January 2025, Eastern Samar Electric Cooperative, Inc. (ESAMELCO) and Sual Power Inc. (SPI) filed their *Joint Application (With Motion for Confidential Treatment of Information and Prayer for Provisional Authority and/or Interim Relief)* dated 06 November 2024, seeking the Commission’s approval of the Power Supply Agreement between Eastern Samar Electric Cooperative, Inc. (ESAMELCO) and Sual Power Inc. (SPI) with motion for confidential treatment of information and prayer for provisional authority and/or interim relief.

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

The Joint Applicants

1. Applicant **Eastern Samar Electric Cooperative , Inc. (“ESAMELCO”)** is an electric cooperative duly organized and existing under and by virtue of Presidential Decree No. 269 (PD 269), as amended, and other laws of the Republic of the Philippines, with principal office at Brgy. Cabong, Borongan City, Eastern Samar, herein represented by its Board President, Reynaldo S. Gerna, and General Manager, Atty. Jose Michael Edwin S. Amancio, CPA MBM, who were authorized to represent and file this Application, through the undersigned counsel, under the authority given by ESAMELCO Board of Directors per Board Resolution No. 77 Series of 2024. Applicant ESAMELCO has been granted an exclusive franchise by the National Electrification Administration (NEA) to operate electric light and power services to in the Eastern Samar covering the municipalities of Arteche, Balangiga, Balangkayan, Can-Avid, Dolores, General MacArthur, Giporlos, Guiuan, Hernani, Jipapad, Lawaan, Llorente, Maslog, Maydolong, Mercedes, Oras, Quinapondan, Salcedo, San Julian, San Policarpo, Sulat, and Taft, and in the city of Borongan. A copy of Applicant ESAMELCO’s Articles of Incorporation, By-Laws and Certificate of Franchise is hereto attached as **“Annex A and series”**.
2. Applicant SPI is a corporation duly organized and existing under the laws of the Republic of the Philippines, represented in this instance by its General Manager, Elenita D. Go, of legal age with office address at 5th Floor C5 Office Building Complex, No. 100 E. Rodriguez Jr. Avenue, C5 Road, Bo. Ugong, Pasig City, Philippines, where Applicant SPI may be served with notices and other processes of this Honorable Commission through its Counsel at the address indicated herein.
3. SPI is the Administrator¹ of the IPP – Administration Agreement (the **“IPP-AA”**) executed between SPI and Power Sector Assets and Liabilities Management Corporation (**“PSALM”**) with the conformity of the National Power Corporation (**“NPC”**) for the management and control of the 1000 MW Net Contracted Capacity of the Sual Coal-Fired Thermal Power Plant (the **“Plant”**).
4. The Joint Applicants may be served with the orders, notices and other processes of the Honorable Commission through their respective undersigned counsels at the addresses indicated herein;

NATURE OF THE APPLICATION

5. The Joint Application for approval of the Power Supply Agreement (**“PSA”**) entered into by and between **ESAMELCO** and **SPI**, is being submitted to the

¹ At the time of the execution of the PSA and thereafter became the owner of the Plant on 25 October 2024

Honorable Commission for its review and approval pursuant to Sections 25² and 45(b)³ of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (the “EPIRA”), Rules 5, Section 4(e)⁴ and 11, Section 5⁵ of its Implementing Rules and Regulations (IRR), Rule 20(B) of its Rules of Practice and Procedure, and other pertinent rules and regulations and ;

STATEMENT OF FACTS

6. Section 23 of the Electric Power Industry Reform Act of 2001 (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. The same are consistent with the State’s policy to ensure the quality, reliability, security, and affordability of the supply of electric power.

**BRIEF DISCUSSION OF THE COMPETITIVE
SELECTION PROCESS**

7. Through a Memorandum of Agreement (MOA), ten (10) Electric Cooperatives (EC) of Region 8 agreed to conduct a joint procurement for their baseload requirement for the period of 2024 to 2033. The joint procurement was referred to as the Region 8 Joint Competitive Power Supply Procurement (R8 JCPSP). ESAMELCO is a member EC under R8 JCPSP.
8. Under the MOA, the Federation of Rural Electric Cooperatives in Region 8 Association, Inc. (FRECOR 8) was tasked to supervise and facilitate the transaction process, documentary requirements, and operational coordination among the member ECs of the R8 JCPSP.
9. A Joint Board of Directors (JBOD) was also created composed of General Managers and Board Presidents of the

² 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.

³ Distribution utilities may enter into bilateral power supply contracts subject to review by the ERC: xxx xxx xxx.

⁴ Prior to the implementation of Open Access and Retail Competition, the prices charged by a Generation Company for the Supply of Electricity shall be subject to ERC regulation on the Retail Rates charged by Distribution Utilities and transition supply contracts (TSCs) as specified in Section 67 of the Act.

⁵ Limits on Bilateral Supply Contracts by a Distribution Utility.

member ECs, which acts as the governing and policy-making body of the R8 JCPSP.

10. The JBOD passed Board Resolution No. 2023-11-002, Series of 2023 constituting the R8 Joint Bids and Awards Committee (JBAC) for the R8 JCPSP. A Joint Technical Working Group (JTWG) and a Joint Secretariat were also created.
11. The R8 JCPSP was for the procurement of an aggregate power supply of 190 MW, divided into two (2) lots: Lot 1 for 162 MW, which commences in 2024, and Lot 2 for 28 MW, which commences in 2027. The R8 JCPSP followed the policy and rules prescribed under the Department of Energy (DOE) Department Circular No. DC2023-06-0021, and Energy Regulatory Commission (ERC) Resolution No. 16, Series of 2023.
12. On 15 December 2023, R8 JCPSP Bidding Documents were submitted to NEA. NEA then issued a Certificate of Conformity No. NEA-RAO-COC-2024-02 dated 22 March 2024 when found the R8 JCPSP's Bidding Documents to be consistent with the latest posted 2023-2032 Power Supply Procurement Plan of the member ECs of the R8 JCPSP. NEA likewise allowed the member ECs of the R8 JCPSP to proceed with the CSP.
13. Thereafter on 6 and 13 April 2024, the Invitation to Bid and Terms of Reference were published in the Manila Bulletin newspaper.
14. There was likewise a local publication under the Leyte Samar Daily Express and the EV Mail. Invitations to power suppliers were also sent through electronic mail and postings were made in the DOE CSP Portal and respective EC websites.
15. On 12 April 2024, Invitations to CSP Observers were sent to attend the Pre-Bid Conference, including NEA, DOE, ERC, consumer representatives, community representatives, interested civil society organizations and consumers, and the Regional Development Council for Eastern Visayas.
16. On 23 April 2024, the JBAC conducted its Pre-bid Conference 1. During the Pre-bid Conference 1, the comments and questions submitted by the bidders were reviewed and discussed.
17. On 18 May 2024, Supplemental Bid Bulletin Nos. 03 to 05 were issued and were posted on the DOE CSP Portal. They referred to amendments to the Terms of Reference, amendments to instruction to bidders, and amendments to the draft power supply agreement based on the comments and clarifications from the bidders of Pre-Bid Conference 1.

- 18. On 22 May 2024, the JBAC conducted the Pre-Bid Conference 2 to provide another opportunity for the bidders to seek clarification on the Bidding Documents and revisions made therein. CSP Observers were invited again.
- 19. On 08 June 2024, the JBAC issued the Final Instructions to Bidders, Final Terms of Reference, Supplemental Bid Bulletin Nos. 06 and 07 and other documents as requested by bidders in preparation for the submission and opening of bids. Invitations to CSP Observers were sent to attend the submission and opening of bids on 25 to 26 June 2024.
- 20. On 25 June 2024, bidders submitted their respective bids for Lot 1 and Lot 2. The bids were opened on June 25, 2024 for Lot 1 and on June 26, 2024 for Lot 2 in the presence of JBAC, participating bidders, CSP Observers and an Independent Auditor.
- 21. On 1 to 3 July 2024, the JBAC conducted a post-qualification evaluation of the lowest calculated bids for Lot 1 and Lot 2.
- 22. On 3 July 2024, the JBAC issued Resolution No. 02, Series of 2024, recommending to the JBOD to award the power supply agreements to the following bidders for Lot 1 for the period of supply of 2024-2033:

Bidder	Capacity (Lot 1)
Therma Luzon Inc.	81 MW
Sual Power, Inc.	50 MW
KEPCO SPC Power Corp	31 W

- 23. Further, the JBAC issued Resolution No. 03, Series of 2024, recommending to the JBOD to award the capacity of 28 MW for Lot 2 for the period of supply of 2027-2033 to TLI as the bidder having the lowest calculated responsive bid.
- 24. Consequently, on 3 July 2024, JBOD approved JBAC’s Recommendation to award the Power Supply Agreements to the bidders with the lowest calculated responsive bids for Lot 1 and Lot 2 through JBOD Resolution No. 2024-07-001 and 2024-007-002, respectively.
- 25. After its receipt of NEA’s Notice to Issue Award dated 13 August 2024 last 14 August 2024, on 19 August 2024, the JBAC issued a Notice of Award to TLI for the 81 MW baseload demand under Lot 1 of the R8 JCPSP, which was acknowledged by TLI on 20 August 2024.
- 26. On 29 August 2024, FRECOR 8 timely submitted to NEA the finalized draft PSA together with the Board Resolution and the justifications to the changes made in the PSA for the

issuance of the Notice to Execute Agreement. Despite several follow ups made, it was only on 13 September 2024 when FRECOR 8 received NEA's Notice to Execute Agreement dated 12 September 2024.

27. Thus, on 13 September 2024, ESAMELCO and SPI executed the Power Supply Agreement (PSA), commencing on the latter of the two dates: (i) September 26, 2024 or (ii) immediately after the issuance by the ERC of a Provisional Authority, or Interim Relief, or Final Authority, until 25 December 2033 with a contract capacity of 5MW. Hence, this instant *Joint Application* for the approval of the PSA between ESAMLECO and SPI.

Salient Features of the PSA.

(a) Sale and Purchase of Energy/Capacity

Subject to and in accordance with the terms of this Agreement, Seller shall make available and sell to Buyer, and Buyer shall purchase from the Seller for the consideration described in Section 6, the energy and capacity from and after the Delivery Date until the expiry of the Term.

(b) Contract Term

This Agreement shall take effect immediately from Effective Date, and from such date, shall remain in force and effect for until December 25, 2033, unless sooner terminated in accordance with this Agreement and upon approval by the ERC.

(c) Effectivity Date

The Parties' rights and obligations under this Agreement shall commence on Effective Date, which shall be the date upon which all of the following conditions are satisfied:

- c.1. Corporate Approvals. The receipt of the Seller of a certificate executed by the corporate or partnership, as applicable, or a resolution duly and validly issued by the board of directors of Buyer, attesting to the fact that the board of directors of Buyer has adopted resolutions (i) authorizing Buyer to execute and to enter into and deliver this Agreement and perform all its obligation hereunder, and (ii) designating the person authorized to execute this Agreement on behalf of the Buyer; and
- c.2. Government Authorizations. All governmental authorizations (except ERC) which are required to have been obtained in connection

with the execution, delivery, and commencement of performance of this Agreement, shall have been obtained and be in full force and effect.

Within five (5) Days after the satisfaction of the conditions referred to in this Section, each Party shall send a written notice to the other Party confirming satisfaction of such conditions. Within five (5) Days from receipt of written notice from the Seller, the Buyer shall then inform the Seller of the Effective Date, which date shall be confirmed by the Seller.

(d) ERC Approval

- d.1. The Parties shall jointly file the application for the approval of the Agreement ("ERC Application") with the ERC. Parties shall exert its best efforts to secure the ERC approval of the Agreement within a reasonable time.
- d.2. In the event that ERC issues any decision on the ERC Application which effectively modifies or amends any of the terms of the Agreement including provisions on amounts payable under the Agreement, and which requires an amendment thereof, the Seller may file a motion for reconsideration of such decision within fifteen (15) Days from receipt thereof, and before the decision attains finality.
- d.3. In the meantime, upon receipt of the ERC decision requiring amendments to the Agreement, the Parties shall cooperate in good faith to address the ERC modification of the Agreement and/or to negotiate amendments to the Agreement. In the event that the Parties agree to an amended Agreement, the Parties shall file the amended Agreement for approval by the ERC within thirty (30) Days from the execution of such amended Agreement.

(e) Reduction of Contract Capacity

From time to time upon and after the implementation of Retail Competition and Open Access (RCOA), Green Energy Option Program (GEOP), Renewable Portfolio Standards (RPS), Metering programs, and other similar government programs, Buyer shall deliver to Seller written notice within thirty (30) Days prior to the target effectivity specifying the name of the affected customer, capacity and when such reductions shall take place, provided that actual reduction of Contract Capacity

shall take place upon the receipt of ERC approval. Any such reduction shall be implemented pursuant to Schedule 6 of this Agreement. All other terms and conditions of this Agreement shall remain in full force and effect

(f) Outages

Except in cases of Force Majeure events, the Seller shall guarantee continuous supply even during Scheduled and Unscheduled Outages of its Facility throughout the term of this Agreement.

(g) Replacement Power

In case of Force Majeure, the Seller may provide replacement power from its affiliate, subject to availability. The cost of which shall be for the account of the Buyer.

(h) Other Charges

Buyer shall bear all other costs and charges incurred after the Delivery Point, such as WESM charges including line rental, transmission line losses, any interconnection charges and site specific loss adjustments, among others, as applicable.

(i) Prompt Payment Discount (“PPD”)

The Seller shall extend PPD equivalent to PhPo.9000/kWh of Associated Energy to the Buyer if full payment of the power bill invoice is made within ten (10) Days from receipt thereof. Provided further, that the Buyer has no outstanding payables to the Seller including any required posting/replenishment of Security Deposit under this Agreement.

The Buyer shall not automatically deduct the PPD from the payment of its current power bill invoice and any unilateral deduction shall be considered a breach of its obligations under this Agreement. The PPD for the current power bill invoice will be made available to the Buyer in the succeeding power bill invoice. The Buyer with an expiring Agreement who is qualified to avail the PPD under its power bill invoice, shall receive its discount upon final settlement and clearance of its Agreement with the Seller.

Schedule 2 of the PSA

Contract Capacity and Contract Energy

SCHEDULE 2

CONTRACT CAPACITY AND CONTRACT ENERGY

Billing Month	Hours	Contract Capacity (kW)	Maximum Contract Energy (kWh)	Minimum Contract Energy (kWh)
January	744	5000	3,720,000	2,418,000
February	744	5000	3,720,000	2,418,000
March*	672	5000	3,360,000	2,184,000
	696*	5000	3,480,000	2,262,000
April	744	5000	3,720,000	2,418,000
May	720	5000	3,600,000	2,340,000
June	744	5000	3,720,000	2,418,000
July	720	5000	3,600,000	2,340,000
August	744	5000	3,720,000	2,418,000
September	744	5000	3,720,000	2,418,000
October	720	5000	3,600,000	2,340,000
November	744	5000	3,720,000	2,418,000
December	720	5000	3,600,000	2,340,000

*Number of hours for March billing period during leap year.

The Buyer shall be allowed to nominate at least 50% of the Contract Capacity per interval divided by twelve (12) on all 5-minute Trading Intervals, but at the end of the relevant billing period, the Buyer shall be obligated to pay for the Product at 65% monthly minimum CUF or actual energy purchased, whichever is higher. The Buyer will be billed based on Monthly CUF if, at the end of the billing period and after reconciliation, the nomination falls below the Monthly CUF for reasons other than FM.

(This space is intentionally left blank.)

Schedule 3 of the PSA
Electricity Fees

SCHEDULE 3

ELECTRICITY FEES

Capacity Utilization Factor ("CUF")	CAPACITY FEES, PHP/kWh)	
	Capital Recovery Fee	Fixed Operations & Maintenance Fee
100%	2.2933	0.2120
99%	2.3165	0.2141
98%	2.3401	0.2163
97%	2.3642	0.2186
96%	2.3889	0.2208
95%	2.4140	0.2232
94%	2.4397	0.2255
93%	2.4659	0.2280
92%	2.4927	0.2304
91%	2.5201	0.2330
90%	2.5481	0.2356
89%	2.5767	0.2382
88%	2.6060	0.2409
87%	2.6360	0.2437
86%	2.6666	0.2465
85%	2.6980	0.2494
84%	2.7301	0.2524
83%	2.7630	0.2554
82%	2.7967	0.2585
81%	2.8312	0.2617
80%	2.8666	0.2650
79%	2.9029	0.2684
78%	2.9401	0.2718
77%	2.9783	0.2753
76%	3.0175	0.2789
75%	3.0577	0.2827
74%	3.0991	0.2865
73%	3.1415	0.2904
72%	3.1851	0.2944
71%	3.2300	0.2986
70%	3.2761	0.3029
69%	3.3236	0.3072
68%	3.3725	0.3118
67%	3.4228	0.3164
66%	3.4747	0.3212
65%	3.5282	0.3262

Note: FOM shall be 100% indexed to PH CPI

(This space is intentionally left blank.)

CAPACITY UTILIZATION FACTOR FORMULA

The Capacity Utilization Factor shall be calculated in accordance with the formula below:

$$CUF = \frac{AE}{CC \times (BPD - FMDT) \times 24}$$

Where:

- CUF** = Capacity Utilization Factor
- AE** = Associated Energy refers to the supplied energy in kiloWatt-hours ("kWh") for the relevant Billing Period.
- CC** = Contract Capacity in kilo-Watt ("kW").
- BPD** = Billing Period Days, the number of Days within the relevant Billing Period.
- FMDT** = Force Majeure Days Taken within the relevant Billing Period.

Note: Calculated CUF for each relevant Billing Period shall be rounded-off to the nearest whole percentage/number.

ENERGY FEES, PhP/kWh		Percentage to be indexed
Fuel Fee	3.6467	100%
Variable Operations & Maintenance Fee	0.1071	100%

28. Copies of the foregoing documents and/or information are attached to the Joint Application as annexes and made integral parts hereof:

Annex	Documents/Information
"A"	Articles of Incorporation, By-Laws and Certificate of Franchise of the EC and NEA Certificate of Registration.
"B"	Verified Certification of the EC showing list of Board of Directors and Board Members of the ultimate parent company, its subsidiaries, and all its affiliates.
"C"	Certified True Copy of the (a) Articles of Incorporation (AOI), (b) Bylaws, and (c) latest General Information Sheet (GIS) of SPI.
"D"	Verified Certification of SPI showing list of Board of Directors and Board Members of the ultimate parent company, its subsidiaries, and all its affiliates.
"E"	SPI Certification invoking Section 22 of ERC Resolution 16 Series of 2023 on Documents Previous Submitted

	<ul style="list-style-type: none">- Write-up on the non-applicability of a Shareholders' Agreement of SPI- Write-up on the non-applicability of the BOI Registration of SPI- Environmental Compliance Certificate of SPI- Write-up on the non-applicability of the DOE-PDP- Write-up on the non-applicability of the requirements regarding a renewable energy plant- Write-up on the non-applicability of the requirement regarding an RE Service Contract- Write-up on the non-applicability of a water permit from the National Water Resources Board- Documents Related to Fuel (confidential)- Certification from the Independent Electricity Market Operator of the Philippines on the WESM Registration of SPI- WESM Registration of SPI- Relevant Technical and economic characteristics of the generation capacity, installed capacity, mode of operation, and dependable capacity- Transmission Service Agreement between the National Grid Corporation of the Philippines and SPI- Heat Rate Test Certificate of the SPI Plant
"F"	Certificate of Compliance (COC) or Provisional Authority to Operate (PAO) or any Certification coming from the ERC of the ongoing COC/PAO application or renewal, pursuant to the Guidelines for the issuance of COC for Generation Companies/Facilities including Annexes of the SPI Plant.
"G"	Write-up on the Demand Side Management Program of the EC
"H"	Write-up on the certification by National Power Corporation (NPC) whether Transition Supply Contract (TSC) capacity and energy are expected to be available during the contractual period.
"I"	Supply and Demand Scenario of the EC including the details of Existing Suppliers, Contract Utilization, Average Daily Load Curve, in accordance with Commission's templates.
"J"	Single-line Diagram Connection
"K"	Performance Assessment of the System: <ul style="list-style-type: none">a. SAIDI and SAIFI.b. Historical [for the past five (5) years]c. Current Year

"L"	An estimation of the potential for a reduction in load supplied of the EC due to retail competition, GEOP, etc.
"M"	Power Supply Agreement of SPI and the EC
"N"	Transmission Service Agreement of SPI and/or the EC
"O"	Write-up on the Related Agreements such as: a. Transmission Wheeling Contract; b. IPPA Agreement; c. EPC Contract; d. O&M Contract; e. Project Feasibility Study; f. Wholesale Aggregator Agreement.
"P"	Executive Summary of the PSA between SPI and the EC
"Q"	Rate Generation Calculations and Derivations (confidential) Sample Bill Rate Impact Analysis
"R"	Write-up, certifications and documents: a. Certified True Copy of the Latest and Complete Set of Audited Financial Statements of the Generation Company (Balance Sheet, Income Statement, and Statement of Cash Flows). b. For conventional power plants utilizing fuel: Certification (from the engine manufacturer or IPP) of the net heat rate (initial and every after major maintenance schedule) in liters per kWh. c. Simulation of the number of operating units necessary to meet the MEOT d. Certified True Copy of the Distribution Wheeling Service (DWS) Agreement (for embedded generators), if applicable. e. Certified True Copy of the Wholesale Electricity Spot Market (WESM) Registration
"S"	Details and Documents on the Competitive Selections Process (CSP)
"T"	Affidavit in Support of the Provisional Authority/Interim Relief

29. The Joint Application is likewise consistent with Section 1 of the same Department Circular No. DC2021- 09-0030 which declares as State policy, that:

“All distribution utilities must henceforth take cognizance and assume full responsibility to forecast, assure and contract for the supply of

electric power in the respective franchise areas to meet their obligations as a distribution utility.”
(Underscoring supplied.)

30. By way of emphasis, Resolution No. 21, Series of 2005 of the Honorable Commission dated 19 October 2005 had directed all Distribution Utilities (DUs) “to enter into future bilateral power supply contract with power producers to be subjected to a review by the Commission.” (Underscoring supplied.)
31. The PSA with SPI was made to ensure the continuous supply of power to the EC and due to the former’s competitive pricing structure and other favorable terms of its contract, which will redound to the benefit of the latter and its end-consumers in terms of reliable and affordable power supply;

GENERATION RATE IMPACT ANALYSIS

32. An analysis was conducted to determine the impact of the implementation of the PSA on Applicant’s generation rate while taking into account Applicant’s projected energy, available contracted supply for the next year and WESM final price using the average WESM price from January 2023 to December 2023. Table 1 below, shows the average WESM price at **PhP6.6514/kWh**. Table 2 shows the average generation rate with SPI PSA at **PhP6.291/kWh**.

Annex “Q” is shown below:

Table 1:

ESAMELCO RATE IMPACT ANALYSIS						
With SPI						
	Forecasted 2025 (kWh)	Amount (Php.)	Percent Share (%)	Resulting Capacity Factor (%)	Average Rate (P/kWh)	Weighted Average Rate (kWh)
SPI	43,800,000.00	274,148,580.00	29.18%	100%	6.2591	6.3704
KSPC SHORT TERM	35,040,000.00	208,074,528.00	23.35%	100%	5.9382	
WESM	71,253,917.03	473,940,736.64	47.47%		6.6514	
TOTAL	150,093,917.03	956,163,844.64	100%		6.3704	

Table 2:

Without SPI						
	Forecasted 2025 (kWh)	Amount (Php.)	Percent Share (%)	Resulting Capacity Factor (%)	Average Rate (P/kWh)	Weighted Average Rate (kWh)
SPI	0.00	0.00	0.00%	0%	0.0000	6.4883
KSPC SHORT TERM	35,040,000.00	208,074,528.00	23.35%	100%	5.9382	
WESM	115,053,917.03	765,779,776.64	76.65%		6.6558	
TOTAL	150,093,917.03	973,854,304.64	100.00%		6.4883	

GENERATION RATE IMPACT	(0.1179)
------------------------	----------

As shown by the analysis, the procurement of supply from Applicant SPI under the PSA will result in a rate impact/decrease of about **PhP0.1179/kWh**.

Prayer for Provisional Authority or Interim Relief

33. Under Rule 14 of the Honorable Commission's 2021 Revised Rules of Practice and Procedure (2021 RRPP), 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.
34. As shown in the ESAMELCO's Supply and Demand Scenario, the peak demand ranges from 23.50 to 32.88 MW and our existing contract capacity is 8 MW which is an Emergency Power Supply Agreement with FDCMPC that expires on September 25, 2025. If no Provisional Authority (PA) or Interim Relief (IR) will be issued, the total demand of 15 MW will be exposed to the market having erratic power rates, to the prejudice of the consumers. Thus, the issuance of the PA or IR is in the best interest of the electric consumers, especially the captive customers, as it ensures continuous and reliable electricity service, with stable rate, which is essential for public welfare, economic stability and growth.
35. Further, from the ESAMELCO's rate impact simulation, it is clear that the implementation of the PSA with SPI would reduce ESAMELCO's rate by Php 0.1179/kWh, as compared to if the same power requirements are purchased from the Wholesale Electricity Spot Market (WESM).
36. As such, the early implementation of this PSA with SPI would benefit ESAMELCO's consumers, as it will ensure the provision of reliable, secure, and quality supply of electricity in the least cost manner.
37. To support the prayer for provisional authority or interim relief, the Affidavit of Merit of General Manager Atty. Jose Michael Edwin S. Amancio, CPA MBM is attached hereto as ANNEX T of the Joint Application.

Allegations in Support of the Confidential Treatment of Annex "E" and Series and "Q"

38. Rule 4 of the Honorable Commission's Rules of Practice and Procedure provides that the EC and SPI may request that information may not be disclosed;
39. SPI prays for the confidential treatment of the information contained in the Annexes "E" and "Q", and not disclosed except to the officers and staff of the Honorable Commission and its staff.
40. **Annexes "E" and "Q"** contains the details of SPI's fuel procurement processes, power rate calculations and

financial model as well as the manner by which these were derived. This information is proprietary in nature and should be protected as trade secrets as contemplated by law and jurisprudence. In the case of *Air Philippines Corporation vs. Pennswell, Inc.*⁶, the Supreme Court defined a trade secret, as follows:

“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. The inventor, discoverer, or possessor of a trade secret or similar innovation has rights therein which may be treated as property, and ordinarily an injunction will be granted to prevent the disclosure of the trade secret by one who obtained the information "in confidence" or through a "confidential relationship". American jurisprudence has utilized the following factors to determine if an information is a trade secret, to wit:

- (1) the extent to which the information is known outside of the employer's business;
- (2) the extent to which the information is known by employees and others involved in the business;
- (3) the extent of measures taken by the employer to guard the secrecy of the information;
- (4) the value of the information to the employer and to competitors;
- (5) the amount of effort or money expended by the company in developing the information; and
- (6) the extent to which the information could be easily or readily obtained through an independent source.” (*citations omitted, emphasis supplied*)

41. The interest of the consuming public is sufficiently protected by the review and evaluation of the rates under

⁶ G.R. No. 172835, December 13, 2007

the PSA by the Honorable Commission, without the need to disclose the contents of **Annexes “E” and “Q”**. The reasonableness and transparency of the prices of electricity is to be assured by the Honorable Commission through its own review and verification of SPI's operating costs and expenses;

42. More importantly, SPI's competitors, should they obtain the information in **Annexes “E” and “Q”**, will gain undue advantage thereon and have the opportunity to use the same in their operations. The negotiating power of SPI with parties it plans to contract with or who it is currently doing business with, will clearly be thwarted if it is compelled to disclose such information;
43. Accordingly, SPI submits one (1) copy of **Annexes “E” and “Q”**, in a sealed envelope, with the said envelope and each page of the documents and/or information stamped with the word *“Confidential”*.
44. Lastly and corollary to the foregoing, SPI would like to implore the discerning wisdom of the Honorable Commission to include in its issuance for this purpose the ***“procedures for the handling or returning the confidential information, as appropriate, upon the close of the proceedings or at the end of the period for which the information is to be treated as confidential”***.
45. This is guided by the fact that SPI will seek for the return of these sought to be declared confidential annexes after its utilization as evidence in this case and/or at the close of the proceedings hereof, so as to relieve the Honorable Commission of the burden of safekeeping the trade secrets of SPI enclosed in the subject annexes.

PRAYER

WHEREFORE, premises considered, Joint Applicants ESAMELCO and SPI most respectfully pray that the Honorable Commission:

- i. Pending trial on the merits, GRANT ***Provisional Authority or Interim Relief allowing the implementation of the PSA between ESAMELCO and SPI*** in entirety, reckoned from the start of the supply by SPI to ESAMELCO under the PSA subject of this Joint Application
- ii. **ISSUE** an Order treating **Annexes “E” and “Q”** as confidential in perpetuity, directing its non-disclosure to persons other than the officers and staff of the Honorable

⁷ Letter (d), Section 4, of the ERC Rules and Practice and Procedure.

Commission, perpetually protecting the said information from public disclosure by maintaining the same separate and apart from the records of the case, ensuring that these are not divulged to unauthorized persons, and that these confidential documents are returned to SPI after the termination of this case pursuant to Rule 4 of its Rules of Practice and Procedure;

- iii. After due notice and hearing, **ISSUE** a Decision approving the instant Joint Application *in toto* which will thereby allow/authorize ESAMELCO to charge and collect the fees from its customers reckoned from the commencement of the supply to the latter by SPI.

Other reliefs just and equitable under the premises are, likewise, prayed for.

Finding the said *Application* to be sufficient in form with the required fees having been paid, the Commission hereby sets the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on the following dates and online platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020⁸ and Resolution No. 01, Series of 2021⁹ (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
08 April 2025 (Tuesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams or Zoom Application	Determination of compliance with jurisdictional requirements, and Expository Presentation
15 April 2025 (Tuesday) at nine o'clock in the morning (9:00 A.M.)		Pre-Trial Conference and Presentation of Evidence

Accordingly, ESAMELCO and SPI are hereby directed to host the virtual hearings at **ESAMELCO’s principal office at Brgy. Cabong, Borongan City, Eastern Samar**, as the designated venue for the conduct thereof, and ensure that the same is open to the public. Moreover, ESAMELCO and SPI shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

8 A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.
9 A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

RELATIVE THERETO, ESAMELCO and SPI are 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 their 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 Governor, the Mayors, the Local Government Unit (LGU) legislative bodies, within ESAMELCO's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within ESAMELCO's franchise area, by any other means available and appropriate, of the filing of the *Application*, the 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 *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 virtual hearings, ESAMELCO must submit to the Commission via electronic mail (e-mail) at docket@erc.ph, copy furnish the Legal Service through 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 newspapers 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 ESAMELCO to inform the consumers within its franchise area of the filing of the *Application*, the 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 *Application* and its attachments, except those subject of a motion for confidential treatment of information, by all those making requests therefor, if any; and
- 6) Such other proof of compliance with the requirements of the Commission.

Moreover, ESAMELCO and SPI are hereby required to post on their bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publication and certifications issued by the concerned Office of the Provincial Governor, Mayors, and Local Legislative Bodies, and to submit proof of posting thereof.

ESAMELCO and SPI and all interested parties are also required to submit via e-mail at docket@erc.ph, copy furnish the Legal Service through 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 therefor; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

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

ESAMELCO and SPI must also be prepared to make an expository presentation of the instant *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 *Application* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

ESAMELCO and SPI are hereby directed to file a copy of their **Expository Presentation** via e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, at least five (5) calendar days prior to the scheduled virtual hearing. ESAMELCO 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.

ESAMELCO and SPI are 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 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 acknowledgment receipt e-mail sent by the Commission.

Finally, ESAMELCO and SPI, including their authorized representative/s and witness/es, are hereby directed to provide the Commission, thru legal.virtualhearings@erc.ph, with 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, 18 February 2025.

FOR AND BY AUTHORITY
OF THE COMMISSION:


KRISHA MARIE T. BUELA
Director III, Legal Service


LS: KACF

ERC CASE NO. 2025-006 RC
ORDER / 18 FEBRUARY 2025
PAGE 23 OF 25

Copy Furnished:

1. Eastern Samar Electric Cooperative, Inc. (ESAMELCO)
Applicant
Brgy. Cabong, Borongan City, Eastern Samar
2. Sual Power Inc. (SPI)
Applicant
5th Floor C5 Office Building Complex,
No. 100 E. Rodriguez Jr. Avenue, C5 Road,
Bo. Ugong, Pasig City, Philippines
3. Atty. TYRON JAN G. ALBAO
Counsel for Applicant ESAMELCO
Unit 2, 2nd Flr. Tacloban Convention Center,
Real St., Tacloban City 6500
attyteejalbao@gmail.com
4. Atty. PETER JOVEN Y. DE OÑO
Counsel for Applicant ESAMELCO
0977 R. Mendiola St., Brgy. Sta Cruz,
Palo, Leyte 6501
power8lawyers@gmail.com
5. Atty. JUPITER M. CABAGUIO, AVELINO G. CEDO III, JULIETA B. ESTAMO
Counsel for Applicant SPI
5th Floor, C5 Office Building Complex
#100 E. Rodriguez, Jr. Ave., C5 Road, Bo. Ugong,
Pasig City 1604, Metro Manila
Email: jcabaguio@smcgph.sanmiguel.com.ph, acedoiii@smcgph.sanmiguel.com.ph,
jestamo@smcgph.sanmiguel.com.ph
6. Office of the Governor
Province of Eastern Samar
7. Office of the Sangguniang Panlalawigan
Province of Eastern Samar
8. Office of the City Mayor
Borongan, Eastern Samar
9. Office of the Sangguniang Panlungsod
Borongan, Eastern Samar
10. Office of the Municipal Mayor
Arteche, Eastern Samar
11. Office of the Sangguniang Bayan
Arteche, Eastern Samar
12. Office of the Municipal Mayor
Balangiga, Eastern Samar
13. Office of the Sangguniang Bayan
Balangiga, Eastern Samar
14. Office of the Municipal Mayor
Balangkayan, Eastern Samar
15. Office of the Sangguniang Bayan
Balangkayan, Eastern Samar
16. Office of the Municipal Mayor
Can-avid, Eastern Samar
17. Office of the Sangguniang Bayan
Can-avid, Eastern Samar

- 18. Office of the Municipal Mayor
Dolores, Eastern Samar
- 19. Office of the Sangguniang Bayan
Dolores, Eastern Samar
- 20. Office of the Municipal Mayor
Gen. McArthur, Eastern Samar
- 21. Office of the Sangguniang Bayan
Gen. McArthur, Eastern Samar
- 22. Office of the Municipal Mayor
Giporlos, Eastern Samar
- 23. Office of the Sangguniang Bayan
Giporlos, Eastern Samar
- 24. Office of the Municipal Mayor
Guiuan, Eastern Samar
- 25. Office of the Sangguniang Bayan
Guiuan, Eastern Samar
- 26. Office of the Municipal Mayor
Hernani, Eastern Samar
- 27. Office of the Sangguniang Bayan
Hernani, Eastern Samar
- 28. Office of the Municipal Mayor
Jipapad, Eastern Samar
- 29. Office of the Sangguniang Bayan
Jipapad, Eastern Samar
- 30. Office of the Municipal Mayor
Lawa-an, Eastern Samar
- 31. Office of the Sangguniang Bayan
Lawa-an, Eastern Samar
- 32. Office of the Municipal Mayor
Llorente, Eastern Samar
- 33. Office of the Sangguniang Bayan
Llorente, Eastern Samar
- 34. Office of the Municipal Mayor
Maslog, Eastern Samar
- 35. Office of the Sangguniang Bayan
Maslog, Eastern Samar
- 36. Office of the Municipal Mayor
Maydolong, Eastern Samar
- 37. Office of the Sangguniang Bayan
Maydolong, Eastern Samar
- 38. Office of the Municipal Mayor
Mercedes, Eastern Samar
- 39. Office of the Sangguniang Bayan
Mercedes, Eastern Samar

ERC CASE NO. 2025-006 RC
ORDER / 18 FEBRUARY 2025
PAGE 25 OF 25

40. Office of the Municipal Mayor
Oras, Eastern Samar
41. Office of the Sangguniang Bayan
Oras, Eastern Samar
42. Office of the Municipal Mayor
San Policarpo, Eastern Samar
43. Office of the Sangguniang Bayan
San Policarpo, Eastern Samar
44. Office of the Municipal Mayor
Quinapondan, Eastern Samar
45. Office of the Sangguniang Bayan
Quinapondan, Eastern Samar
46. Office of the Municipal Mayor
Salcedo, Eastern Samar
47. Office of the Sangguniang Bayan
Salcedo, Eastern Samar
48. Office of the Municipal Mayor
San Julian, Eastern Samar
49. Office of the Sangguniang Bayan
San Julian, Eastern Samar
50. Office of the Municipal Mayor
Sulat, Eastern Samar
51. Office of the Sangguniang Bayan
Sulat, Eastern Samar
52. Office of the Municipal Mayor
Taft, Eastern Samar
53. Office of the Sangguniang Bayan
Taft, Eastern Samar
54. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
docket@osg.gov.ph
55. Commission on Audit (COA)
Commonwealth Avenue, Quezon City 1121
citizensdesk@coa.gov.ph
56. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City 1307
senateenergycommittee@gmail.com
57. House of Representatives Committee on Energy
Batasan Hills, Quezon City 1126
committee.energy@house.gov.ph
58. Regulatory Operations Service (ROS)
Energy Regulatory Commission
14F Exquadra Tower, Jade 1 Drive, Pasig City
ros@erc.ph