

Republic of the Philippines
ENERGY REGULATORY
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE SALE OF
VARIOUS SUB-TRANSMISSION
LINES/ASSETS OF THE NATIONAL
TRANSMISSION CORPORATION
(TRANSCO) TO PENINSULA
ELECTRIC COOPERATIVE, INC.
(PENELCO), AS COVERED BY A
CONTRACT TO SELL DATED 13
OCTOBER 2020

ERC CASE No. 2020- ____ RC

NATIONAL TRANSMISSION
CORPORATION (TRANSCO) AND
PENINSULA ELECTRIC
COOPERATIVE, INC. (PENELCO),

Applicants.

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JOINT APPLICATION

Applicants, NATIONAL TRANSMISSION CORPORATION (TransCo) and PENINSULA ELECTRIC COOPERATIVE, INC. (PENELCO), through their respective counsel, and to this Honorable Commission most respectfully aver that:

1. TransCo is a government-owned and controlled corporation (GOCC) created and existing by virtue of R.A. No. 9136, otherwise known as the *Electric Power Industry Reform Act of 2001* (EPIRA), with principal office address at the TransCo Main Building, Quezon Avenue corner BIR Road, Diliman, Quezon City.

2. PENELCO is an electric cooperative (EC) duly organized and existing under the laws of the Republic of the Philippines, with principal office address in Balanga City, Bataan, Philippines.

3. By virtue of Section 8 of the EPIRA, TransCo assumed the electrical transmission functions of the National Power Corporation, and the responsibility of the latter for the planning, construction and

centralized operation and maintenance of high voltage transmission facilities, including grid interconnections and ancillary services.

4. Section 8 of the EPIRA and Rule 6, Section 8(e) of the *EPIRA's Implementing Rules and Regulations (IRR)* also mandate the segregation of the transmission and sub-transmission functions and assets for transparency and disposal, and authorize TransCo to negotiate for, and to transfer such sub-transmission assets (STAs) and facilities to qualified distribution utilities (DUs).

5. Pursuant thereto, this Honorable Commission promulgated the "*Guidelines on the Sale and Transfer of the TransCo's Sub-transmission Assets and the Franchising of Qualified Consortiums*" (*ERC Guidelines*) dated 17 October 2003, as amended by *Resolution No. 3, Series of 2005* dated 17 March 2005 which set forth, among others, the standards to distinguish TransCo's transmission assets from its sub-transmission assets and establish the approval process prior to the final sale and transfer of sub-transmission assets to qualified DUs.

6. Consistent with the ERC Guidelines, TransCo adopted its own *Guidelines on the Sale of Sub-transmission Assets (TransCo Guidelines)* (Annex "A") as approved by *TransCo Board Resolution No. TC-2003-067* dated 28 November 2003 (Annex "B"), as further amended by *TransCo Board Resolution No. TC-2004-009* dated 16 March 2004 (Annex "C").

7. On 16 July 2011, this Honorable Commission issued *Resolution No. 15, Series of 2011* entitled "*A Resolution Adopting the Amended Rules for the Approval of the Sale and Transfer of TransCo's Sub-transmission Assets and the Acquisition by Qualified Consortiums.*"

8. In accordance with the aforesaid *ERC Guidelines*, and based on a thorough evaluation conducted by TransCo, it was determined that the **Limay (BTPP) - Planters 69 kV Line** is a sub-transmission asset. Likewise, PENELCO is the only qualified DU that is connected thereto.

Copies of the *Report* regarding the nature of the asset, *List of STA/s for Sale to PENELCO* and the *Single Line Diagram* are attached as Annexes "D", "E" and "F," respectively.

9. On 22 May 2020, the PENELCO Board of Directors issued *Board Resolution No. 1228, Series of 2020* (Annex "G"), for the acquisition of the aforesaid line by PENELCO, and the authorization of Board President Fernando P. Manalili and/or the PENELCO General Manager, Engr. Loreto

A. Marcelino to sign all documents related to the acquisition for an on behalf of PENELCO.

10. On 13 October 2020, TransCo and PENELCO concluded a *Contract to Sell* (Annex "H") covering the Limay (BTPP) - Planters 69 kV Line for the amount of **Four Million Three Hundred Twenty Thousand Six Hundred Ten Pesos and Fifty-Six Centavos, Philippine currency (PhP4,320,610.56)**, based on the rolled-forward values of the SKM Valuation (Annex "I") for the second regulatory period, and inclusive of the twelve percent value-added tax (12% VAT).

11. TransCo has clearly established PENELCO satisfies the financial and technical capability criteria under Article IV of the *ERC Guidelines* in acquiring, operating, maintaining, upgrading and expanding the subject sub-transmission asset.

12. In support of the above allegations, applicants also hereby jointly submit the following relevant documents:

- a. *Financial Qualification Evaluation* of PENELCO (Annex "J");
- b. *Technical Qualification Evaluation* of PENELCO (Annex "K");
- c. *Audited Financial Statements* of PENELCO as of 31 December 2018 and 31 December 2019 (Annex "L");
- d. *Draft Deed of Absolute Sale* (Annex "M");
- e. *Franchise Description* (Annex "N"); and
- f. *List of Connected DUs and Directly Connected Entities* (Annex "O").

13. The proposed sale has satisfied all of the requirements and criteria set by the EPIRA and its IRR, as well as the *ERC and TransCo's Guidelines on the Sale of Sub-transmission Assets*.

14. The approval by this Honorable Commission of the instant *Joint Application* shall pave the way for the attainment of a reformed electricity industry under the EPIRA, which would ultimately best serve the interests of the consuming public.

PRAYER

WHEREFORE, it is most respectfully prayed of this Honorable Commission that after due notice and hearing, a *Decision* be rendered **APPROVING** the sale of Limay (BTPP) - Planters 69 kV Line for the amount of **Four Million Three Hundred Twenty Thousand Six Hundred Ten Pesos and Fifty-Six Centavos, Philippine currency (PhP4,320,610.56)**, in favor of **Peninsula Electric Cooperative, Inc.** under the terms provided in the *Contract to Sell* dated 13 October 2020.

Applicants also pray for other just and equitable relief.

Quezon City and Balanga City, Bataan, for Pasig City, 10 December 2020.

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By:



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MCLE Compliance No. VI-008473, 14 April 2018



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Roll of Attorneys 63235, May 2014
IBP No. 108534, 08 January 2020, Quezon City
MCLE Compliance No. VI-0020151, 06 March 2019

PENINSULA ELECTRIC COOPERATIVE, INC. (PENELCO)
(Co-Applicant)

By:

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VERIFICATION and CERTIFICATION
of NON-FORUM SHOPPING

I, **ATTY. MELVIN A. MATIBAG**, of legal age, Filipino, and with principal office address at the **National Transmission Corporation (TransCo)**, TransCo Main Building, Quezon Avenue corner BIR Road, Diliman, Quezon City, after having been duly sworn in accordance with law, do hereby depose and state:

1. I am **TransCo's** President and Chief Executive Officer, who is authorized to represent it in this *Joint Application* as per the attached relevant section of **TransCo's Manual of Approvals (Annex "P")**.

2. I have caused the preparation of the instant *Joint Application* and read the contents thereof, and I attest that the allegations herein contained are true and correct based on my personal knowledge and on authentic records.

3. **TransCo** has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein.

4. Should I hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report said fact within five (5) days from discovery thereof to this Honorable Commission.



ATTY. MELVIN A. MATIBAG
Affiant

DEC 18 2020

SUBSCRIBED AND SWORN to before me this ____ day of October 2020 at TransCo, Quezon City. Affiant exhibited to me his I.D No. PASSPORT No. 50019814A issued in DFA MANILA on NOVEMBER 8, 2018 which bears his picture and signature.

NOTARY PUBLIC

Doc. No. 392 ;
Page No. 72 ;
Book No. I ;
Series of 2020.


SOLEDAD T. DELA VEGA-CABANGIS
Notary Public For Quezon City
Notarial Appointment No. NP-119
Notarial Commission Until December 31, 20 21
Roll of Attorneys No. 45797
PTR No. 939953, Quezon City
IBP Lifetime No. 09105, Bulacan Chapter
National Transmission Corporation
Transco Building, BIR Road Cor. Quezon Ave.,
Diliman, Quezon City

VERIFICATION and CERTIFICATION
of NON-FORUM SHOPPING

I, **LORETO A. MARCELINO**, Filipino, of legal age, and with office address at **Peninsula Electric Cooperative (PENELCO)**, Balanga City, BataanI, Philippines, after having been duly sworn in accordance with law, do hereby depose and state that:

1. I am the General Manager and authorized representative of **PENELCO**, a co-applicant in this *Joint Application*, as evidenced by the attached **PENELCO** Board Resolution.

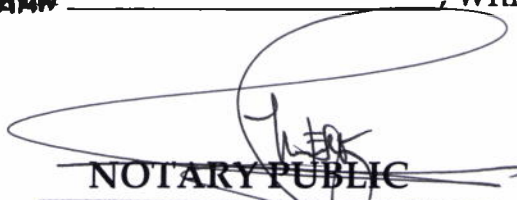
2. I have caused the preparation of the instant *Joint Application* and read the contents thereof, and I attest that the allegations herein contained are true and correct based on my personal knowledge and on authentic records of **PENELCO**.

3. **PENELCO** has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein.

4. Should I hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report said fact within five (5) days from discovery thereof to this Honorable Commission.


LORETO A. MARCELINO
Affiant 

SUBSCRIBED AND SWORN to before me this 17th day of December 2020 at ~~BALANGA CITY, BATAAN~~ Affiant exhibited to me his valid I.D. No. ~~UMIP CRN 011-3109215-0~~ issued at ~~BALANGA CITY, BATAAN~~, which bears his picture and signature.


NOTARY PUBLIC
ATTY. FERNANDO S. MENDOZA II
NOTARY PUBLIC
Balanga City, Bataan / Dec. 31, 2020
PTR No. 5377184
IBP Lifetime No. 06325, Roll. No. 50966

Doc. No. 57 ;
Page No. 12 ;
Book No. 44 ;
Series of 2020.