

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
PETITION FOR THE
APPROVAL OF THE
PROPOSED NEW
SUBSIDIZED APPROVED
GENERATION RATES (SAGR)
FOR NPC-SPUG AREAS WITH
PRAYER FOR PROVISIONAL
AUTHORITY OR INTERIM
RELIEF**

ERC CASE NO. 2023-133 RC

**NATIONAL POWER
CORPORATION,**

Applicant.

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Promulgated:
February 19, 2024

NOTICE OF PUBLIC/VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 28 November 2023, the National Power Corporation (NPC) filed a *Petition*, dated 23 November 2023, seeking the Commission's approval of its proposed new Subsidized Approved Generation Rates (SAGR) for its Small Power Utilities Group (NPC - SPUG) Areas, with prayer for provisional authority or interim relief.

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

1. Petitioner NPC is a government owned and controlled corporation created by and existing under Republic Act No. 6395 as amended ("NPC Charter") with principal address at NPC Office Building Complex corner Quezon Avenue and BIR Road, East Triangle, Diliman, Quezon City where it may be served summons and other processes of the Honorable Commission.
2. Pursuant to Section 70 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act ("EPIRA"), NPC shall remain as a National-Government owned and controlled corporation to perform the missionary electrification function through its Small Power Utilities Group ("NPC-SPUG") and shall

be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission lines.

THE CURRENT SUBSIDIZED APPROVED
GENERATION RATE (“SAGR”)

3. The current level of SAGR being implemented in the missionary areas pursuant to the Decision of the Honorable Commission issued in ERC Case No. 2018-048 RC¹, is as follows:

Table 1. Existing SAGR as of October 2023, in P/kWh

Areas	Existing Rate	Adjustment in SAGR due to Excise Tax ²	New SAGR
	PhP/kWh		
Mindoro	5.6404	1.3116	6.9520
Marinduque	5.6404	1.3116	6.9520
Palawan	5.6404	1.3116	6.9520
Catanduanes	5.6404	1.3116	6.9520
Masbate	5.1167	1.3116	6.4283
Romblon	5.6404	1.3116	6.9520
Tablas	5.6404	1.3116	6.9520
Camotes	6.2553	1.5022	7.7575
Siquijor	6.2553	1.5022	7.7575
Bantayan	6.2553	1.5022	7.7575
Basilan	5.1167	1.4285	6.5452
Sulu	5.1167	1.4285	6.5452
Tawi-Tawi	5.1167	1.4285	6.5452
Other Luzon			
Group 1	4.8024	1.3116	6.1140
Group 2	5.6404	1.3116	6.9520
Other Visayas	5.6404	1.5022	7.1426
Other Mindanao	4.8024	1.4285	6.2309

BACKGROUND

4. Pursuant to Rule 13 of the Implementing Rules and Regulation of the EPIRA, the Department of Energy (“DOE”) issued Department Circular No. DC 2004-01-001 prescribing the Rules and Procedures for Private Sector Participation (“PSP”) in existing NPC-SPUG areas. The DOE Circular provides, among others, that NPC shall petition the Energy Regulatory Commission (“ERC”) for the implementation of a regulatory regime encouraging PSP in existing NPC-SPUG areas, and that such regime shall include the setting of a True Cost Generation Rate (“TCGR”), a Socially Acceptable Generation Rate, and a Missionary Electrification Subsidy (“ME Subsidy”).
5. Pursuant to the above-mentioned DOE Circular, on June 12, 2004, NPC by means of its Board Resolution No. 2004-66, proposed

¹ In the Matter of the Petition for the Approval of the Proposed New Subsidized Approved Generation Rate, with Prayer for the Issuance of Provisional Authority.

² Year 2 adjustments per ERC Case No. 2018-048 RC entitled In the Matter of the Petition for the Approval of the Proposed New Subsidized Approved Generation Rate, with Prayer for the Issuance of Provisional Authority.

- fourteen (14) NPC-SPUG areas to be part of a “First Wave” to be opened to PSP, and in which the TCGR, SAGR, and ME Subsidy would apply.
6. On 6 December 2004, NPC-SPUG filed before the Honorable Commission the following applications:
- a) Application for the Approval of a Socially Acceptable Generation Rate and Corresponding Missionary Electrification Subsidy for First Wave NPC-SPUG Areas docketed as ERC Case No.2004-449³; and
 - b) Application for the Approval of the Proposed Guidelines for the Setting of Electric Generation Rates and Subsidies for Missionary Electrification Areas docketed as ERC Case No. 2004-450⁴.
7. The first Application (ERC Case No. 2004-449) covers the first 14 existing NPC-SPUG areas that will be opened to PSP, also known as the First Wave Areas (“FWAs”) per DOE Circular 2004-01-001.
8. On 02 June 2005, petitioner NPC filed an application for the approval of SAGR for the sixty (60) remaining NPC-SPUG areas docketed under ERC Case No. 2006-020 RC.
9. On 16 December 2005, the Honorable Commission issued a Decision in ERC Case No. 2004-449 approving the SAGR and/or effective rates for the 14 FWAs as shown below:

Table 2. SAGR for 14 First Wave Areas

14 First Wave Areas	SAGR / Effective Rate (PhP/kWh)
Luzon	
Catanduanes	5.6404
Marinduque	5.6404
Masbate	5.1167
Occidental Mindoro	5.6404
Oriental Mindoro	5.6404
Palawan	5.6404
Romblon	5.6404
Tablas	5.6404
Visayas	
Bantayan	6.2553
Camotes	6.2553
Siquijor	6.2553
Mindanao	
Basilan	5.1167
Sulu	5.1167
Tawi-Tawi	5.1167

10. On 07 March 2011, the Honorable Commission issued its Decision on ERC Case No. 2006-020 RC approving the SAGR for the sixty (60) remaining areas, as listed hereunder:

³ In the matter of the Application for the Approval of a Subsidized/Approved (Formerly Termed “Socially-Acceptable”) Generation Rate (SAGR) and Corresponding Universal Charge Missionary Electrification Subsidy (UC-ME) for Fourteen (14) First Wave NPC-SPUG Areas.

⁴ In the Matter of the Application for the Approval of the Proposed Guidelines for the setting of Electric Generation Rates and Missionary Electrification Areas.

Table 3. SAGR for 60 remaining areas

Other Luzon Group 1	Other Luzon Group 2	Other Visayas	Other Mindanao
1. Busuanga	1. Sibuyan	1. Guintarcan	1. Siasi
2. Ticao	2. Casiguran	2. Doong	2. Dinagat
3. Calayan	3. Kabugao	3. Gigantes	3. Kalamansig
4. Palanan	4. Rapu-Rapu	4. Caluya	4. Cag. De tawi-Tawi
5. Lubuagan	5. Batan	5. Pilar	5. Balimbing
6. Patnanungan	6. Tingloy	6. Mariripi	6. Manok Mancao
7. Jomalig	7. Concepcion	7. Limasawa	7. West Simunul
8. Culion	8. San Jose	8. Zumarraga	8. Sibutu
9. Linapacan	9. Lubang	9. Tagapulán	9. Sitangkai
10. Araceli	10. Polilio	10. Almagro	10. Tandubas
11. Balabac	11. Cuyo	11. Sto. Nino	11. Loreto
12. Cagayancillio	12. Sabtang	12. San Antonio	12. Hikdop
13. Agutaya	13. Itbayat	13. Capul	13. Abad Santos
14. Corcuera	14. Banton	14. San Vicente	14. Talicud
	15. Basco	15. Biri	15. Balut
			16. Ninoy Aquino

11. Thus, Petitioner NPC implemented the SAGR for the 14 FWAs starting January 2006 billing period, while the SAGR for 60 remaining areas was implemented starting March 2011 billing period.
12. Prior to the afore-mentioned Orders, the Honorable Commission, its Order dated 24 February 2003, issued and adopted rules for the Generation Rate Adjustment Mechanism (“GRAM”), and Incremental Currency Rate Adjustment (“ICERA”) provided for, among others, the mechanisms for the recovery of the deferred fuel costs, and deferred foreign exchange related (FOREX) adjustments. These adjustment mechanisms allow NPC to recover additional operating costs which were incurred due to the fluctuation of fuel prices used in power generation, and foreign currency exchange rates which affects the costs of servicing foreign currency debts, and foreign exchange related expenses.
13. The Honorable Commission approved NPC’s 1st GRAM and 1st ICERA Applications effective January 2005 and directed its recovery from the missionary areas. The approved GRAM and the ICERA DAAs were added on top of the SAGR resulting to the SAGR adjustment as approved by the Honorable Commission in its *Decision* in ERC Case No. 2004-449, as shown in Table 2 above.
14. The subsequent recoveries of the 2nd GRAM and the 2nd ICERA were, however, charged to the Universal Charge (“UC”) and recovered from electricity end-users nationwide.
15. Meanwhile, the 3rd GRAM and the 3rd ICERA were added on top of the SAGR and recovered from the missionary areas beginning December 2011.
16. The Honorable Commission, in its *Decision* dated 11 August 2011, approved the recovery of the 4th to 6th GRAM and ICERA as follows:

NPC APPLICATIONS						ERC APPROVAL			
Particulars	Case No.	Date Filed	Test Period	Recovery Period	Total DAA, PhP	APPROVED AMOUNT	GRAM	ICERA	UCME
4th-6th GRAM									
In Absolute Amount, PhP									
4th GRAM	2009-021 RC	March 27, 2009	Jan '06 to Dec '07	48 mos	4,895,985.310				
5th GRAM	2009-058 RC	August 18, 2009	Jan to Dec 2008	48 mos	3,578,623.468				
6th GRAM	2011-008 RC	January 20, 2011	Jan to Dec 2009	48 mos	2,139,126.856				
TOTAL 4th-6th GRAM					10,613,735.634	7,277,211.431	3,638,605.716		3,638,605.716
In PkWh							1.2532	0.0709 for Total 4th-6th GRAM/ICERA	
4th - 6th ICERA									
In Absolute Amount, PhP									
4th ICERA	2008-021 RC	June 5, 2006		60 mos					
4th ICERA	2009-033 RC	March 27, 2009	Jan '06 to Dec '07	48 mos	581,010.028				
5th ICERA	2009-059 RC	August 18, 2009	Jan to Dec 2008	48 mos	583,255.227				
6th ICERA	2011-007 RC	January 20, 2011	Jan to Dec 2009	48 mos	153,972.194				
TOTAL 4th-6th ICERA					1,318,237.449	1,016,062.381		508,031.191	508,031.191
In PkWh									
TOTAL 4th-6th					11,931,973.082	8,293,273.813	3,638,605.716	508,031.191	4,146,636.906

17. Thus, petitioner NPC implemented the adjusted SAGR (with 4th to 6th GRAM and ICERA) starting January 2012. In July 2012, The Honorable Commission, however, directed petitioner NPC to cease the implementation of the 4th to 6th GRAM and ICERA recovery through SAGR, and directed their recovery instead through the Universal Charge for Missionary Electrification (“UCME”).
18. On 04 July 2012, Petitioner filed for the proposed multi-year UCME for CY 2012 to 2016 and the proposed CY 2011 UCME subsidy adjustment under ERC Case No. 2012-085 RC⁵
19. On 12 August 2013, the Honorable Commission issued its Decision on ERC Case No. 2012-085 RC approving the proposed UCME for CY 2012 to 2013 while 2015 to 2016 was denied without prejudice to its re-filing based on updated data including the study and assessment of the existing SAGR of each NPC-SPUG area.
20. In compliance with the foregoing directive of the Honorable Commission, petitioner NPC filed a consolidated petition for the approval of the proposed new SAGR and the UCME for the years 2015-2016 under ERC Case No. 2014-135 RC⁶.
21. On 28 May 2018, petitioner NPC filed a petition, docketed as ERC Case No. 2018-048 RC, for the adjustment of the SAGR due to implementation of the hike in excise taxes for fuel as prescribed in Republic Act No. 10963, otherwise known as the “Tax Reform for Acceleration and Inclusion (“TRAIN”) Law.
22. On 29 September 2021, this Honorable Commission issued its Decision in ERC Case No. 2018-048 RC approving the increase of the SAGR due to the implementation of the hike in excise tax, in three (3) tranches:

⁵ In the Matter of the Petition for the Approval of the Following Pursuant to ERC Resolution No. 21, Series of 2011: (A) Availments from the Universal Charge of the Share for Missionary Electrification (UCME) Subsidy for the Years 2012 to 2016; and (B) Recovery from the Universal Charge of the Missionary Electrification Subsidy for CY 2011 and the Corresponding Adjustment of the UCME, with Prayer for a Provisional Authority

⁶ In the Matter of the Petition for the Approval of the Proposed New Subsidized Approved Generation Rate, and the Universal Charge for Missionary Electrification for the Years 2015-2016.

Table 4. Adjustment in SAGR due to Excise Tax

Implementation of Increase in SAGR			
Grid	PhP/kWh		
Period of Implementation	Year 1	Year 2	Year 3
Luzon	0.7289	1.3116	1.7496
Visayas	0.8345	1.5022	2.0029
Mindanao	0.6701	1.4285	1.9048

23. Further, the fuel component/fuel base rate for the calculation of NPC-SPUG’s allowable fuel cost was also approved by the Honorable Commission in the said Decision:

Table 5. Adjustment in Fuel Component

Fuel Component/Fuel Base Rate			
Grid	Year 1	Year 2	Year 3
	PhP/kWh		
Luzon	2.7574	3.3401	3.7781
Visayas	4.7287	5.3964	5.8971
Mindanao	3.9488	4.7072	5.1835

24. This Honorable Commission, in the same Decision, likewise confirmed the reclassification of Busuanga Island from being under Other Luzon Group 1 to that of being under Large/PSP areas. The said reclassification is based on petitioner NPC’s Power Plants reclassification under the 2012 Missionary Electrification Development Plan (“MEDP”).

The list of petitioner NPC’s Power Plants reclassification under 2012 MEDP is attached hereto as ANNEX “A”.

25. On 29 April 2022, this Honorable Commission issued its Decision in ERC Case No. 2014-135 RC, denying petitioner NPC’s prayer for adjustment of the SAGR. The Honorable Commission then directed petitioner NPC to file a new petition for the necessary adjustments on the applicable SAGR in the SPUG areas. The Honorable Commission ordered petitioner NPC that the new petition must be as a result of a proper study and assessment of the existing SAGR of the SPUG areas taking into account the economic development in the subject areas.
26. Hence, this instant Petition with a prayer for the issuance of a Provisional Authority or Interim Relief, for the proposed new SAGR for Residential and Commercial/Industrial customers located in SPUG areas, is a result of a thorough and extensive study undertaken by NPC in compliance with the mentioned 29 April 2022 Decision of the Honorable Commission, with due consideration of the missionary electrification services expansion as well as the development and improvement of relevant socio-economic parameters in SPUG areas for the past 20 years.

RESIDENTIAL AND COMMERCIAL/INDUSTRIAL CUSTOMERS
CLASSIFICATION

27. Petitioner NPC, in its study about the economic development of various SPUG areas, was able to identify the customer type and the need to differentiate the rates of these customers (*i.e.*, residential,

and the commercial/industrial customers) instead of imposing a single rate for all types of consumers in the off-grid areas. Thus, the proposed new SAGR is calculated taking into consideration the nature of usage of power between residential and commercial/industrial customers.

28. At the outset, Petitioner NPC emphasizes that it is not proposing a new classification of customers in the missionary areas. What Petitioner NPC is proposing is the imposition of rates according to the existing classifications of customers by the Distribution Utilities (“DUs”). Thus, petitioner NPC took into account the DU classification of its customers or the latter’s existing structure in classifying their customers in the implementation of the proposed rates under the instant Petition.
29. Again, petitioner NPC found it necessary to provide different rates for residential and commercial/industrial customers essentially due to the inherent differences between these types of customers. Residential customers live in homes and living spaces where electricity consumption is intended for basic and personal use while commercial/industrial consumers consume electricity for business activities for revenue or profit.
30. In addition, the proposal to implement different rates based on the above-mentioned customer classification took into consideration the following factors:
 - a) Subsidized Rates: Considering that electricity consumers in SPUG areas are being subsidized through the UCME, it is prudent to target the beneficiary of such subsidy. Commercial/Industrial end-consumers in the off-grids who enjoy financial gain or profit should effectively contribute to reducing UCME subsidy by paying more. This likewise may ease the difficult or adverse circumstance on the fact that the residential electricity consumers in the main grid areas regardless of their status or means to pay are subsidizing the rates of commercial/Industrial customers.
 - b) Usage Pattern⁷: Residential and commercial electricity usage patterns differ significantly. Residential customers tend to have relatively stable and predictable usage throughout the day, with higher consumption in the evenings. Commercial customers, especially those in the service or manufacturing sectors, may have more varied and often higher electricity demands during business hours. These usage patterns influence the rate structures and pricing options available.

⁷ Shop Texas Electricity (23 May 2023), Comparing Residential and Commercial Electricity Rates: What You Need to Know. Medium.
<https://medium.com/@shoptxelectricity/comparing-residential-and-commercial-electricity-rates-what-you-need-to-know-2f58fcb5b615>.

- c) Demand Charges⁸ : Commercial electricity rates often include demand charges based on the highest level of electricity demand during a billing period. This means that businesses pay not only for the total energy consumed but also for the peak demand they require at any given time. Residential customers typically do not have demand charges, as their electricity usage is more evenly distributed.

The market share for Residential and Commercial/Industrial consumers based on National Electrification Administration's ("NEA") actual energy sales of the Electric Cooperatives ("ECs") in the off-grid areas, is attached hereto as ANNEX "B" for further reference of this Honorable Commission.

- 31. With the foregoing, petitioner NPC proposes the different SAGR for residential and commercial/industrial customers, as will be presented below.

PREMISES AND FACTORS CONSIDERED IN THE SETTING
OF THE PROPOSED NEW SAGR

- 32. In its study, Petitioner NPC specifically identified the following factors which have direct influence on the SAGR. This includes trends/development, based on available data, for the years 2003 to 2022, as discussed below:
 - a) First, the economic and socioeconomic parameters contributing to the missionary electrification development which includes the following: 1) increase in NPC SPUG fuel cost; 2) increase in energy sales and UCME requirements; 3) expansion of missionary electrification services; 4) collection efficiency, and 5) Consumer Price Index ("CPI").
 - b) Second, the socio-economic parameters based on the following: 1) Gross Regional Domestic Product ("GRDP"); 2) Human Development Index ("HDI"); 3) Mean Per Capita Income and Poverty Incidence; and 4) Average Income, Expenditures, and Savings of households in the SPUG areas.
 - c) Third, the comparative generation rates for the off-grid electric cooperatives ("ECs") vis-à-vis nearby main grid ECs.
- 33. The use of historical costs and data also makes the basis of the proposed new SAGR calculations not only verifiable but more importantly, credible enough to support the proposed adjustment of the SAGR.

⁸ Shop Texas Electricity (23 May 2023), Comparing Residential and Commercial Electricity Rates: What You Need to Know. Medium.
<https://medium.com/@shoptxelectricity/comparing-residential-and-commercial-electricity-rates-what-you-need-to-know-2f58fcb5b615>.

34. The above economic and socioeconomic parameters were all considered by petitioner NPC in formulating the proposed new SAGR in the instant Petition:

a. Increase in NPC SPUG Fuel Costs

35. Fuel costs means the fuel consumed by NPC-SPUG plants including incidental costs in the generation of electricity. The fuel type used for SPUG plants are diesel and bunker.

36. The 2003 fuel price, including hauling, in peso per liter amounted to Php13.5855, while in 2022 the amount rose to Php61.0981, which represents a 350% increase from 2003. Meanwhile, from 2003 to 2022, fuel prices increased by an annual average of 12%. This is shown in the summary of petitioner NPC's Fuel Cost in Peso per Liter (Table 6) and in Peso per Kilowatt Hour based on energy sales (Table 7) from 2003 to 2022, as presented below:

Table 6. 2003 to 2022 Historical Fuel Cost, P/Li

Historical Fuel Cost, P/Li					
YEAR	LUZON	VISAYAS	MINDANAO	PHILIPPINES	Increase/Decrease from previous Years
2003	12.6015	16.79	15.8932	13.5855	
2004	19.4743	22.23	20.7852	19.9906	47%
2005	26.2615	29.43	26.4754	26.5570	33%
2006	28.9643	31.18	29.1110	29.1519	10%
2007	27.4972	30.41	28.1622	27.8038	-5%
2008	36.6541	40.11	39.5654	37.4832	35%
2009	23.7958	27.47	26.3126	24.5446	-35%
2010	28.4819	31.36	31.8495	29.4054	20%
2011	38.2024	39.93	38.5131	38.3996	31%
2012	40.6131	41.11	40.9253	40.7348	6%
2013	38.3938	39.43	37.4298	38.1788	-6%
2014	38.5511	43.25	37.7515	38.6832	1%
2015	26.2104	30.82	26.6867	26.6622	-31%
2016	20.8601	24.67	22.9049	21.8624	-18%
2017	26.1421	30.00	27.7227	27.1213	24%
2018	36.2025	39.36	35.8733	36.3277	34%
2019	34.5035	38.70	36.1136	35.5527	-2%
2020	29.1628	31.52	29.6043	29.5750	-17%
2021	34.2556	37.58	35.0247	34.8219	18%
2022	60.8427	62.31	61.2592	61.0981	75%
Annual Ave. Increase					12%
Increase from 2003 to 2022					350%

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Table 7. 2003 to 2022 Historical Fuel Cost, P/kWh

Year	Historical Fuel Cost, (P/kWh)				Increase/ Decrease from Previous Years
	LUZON	VISAYAS	MINDANAO	PHILIPPINES	
2003	2.87	5.56	4.98	3.36	
2004	4.19	7.38	6.65	4.77	42%
2005	6.20	9.38	8.43	6.73	41%
2006	6.35	9.57	9.01	6.95	3%
2007	6.25	9.71	8.69	6.81	-2%
2008	7.85	12.93	11.97	8.75	28%
2009	6.11	8.83	8.00	6.60	-25%
2010	7.85	9.89	9.64	8.33	26%
2011	10.73	12.53	11.77	11.10	33%
2012	11.22	12.71	12.55	11.66	5%
2013	10.98	12.25	11.17	11.14	-4%
2014	10.85	13.05	11.34	11.18	40%
2015	7.24	10.17	8.07	7.69	-31%
2016	5.77	8.12	6.78	6.26	-19%
2017	7.15	9.64	7.90	7.64	22%
2018	10.29	12.63	10.57	10.58	38%
2019	9.94	12.33	10.58	10.41	-2%
2020	7.06	11.91	13.56	9.42	-9%
2021	9.82	12.47	10.50	10.28	9%
2022	17.49	21.18	18.08	17.91	74%
Annual Ave. Inc.					12%
Increase From 2003 to 2022					433%

The detailed report of petitioner NPC’s Fuel Cost per Plant is hereto attached as ANNEX “C”.

b. Increase in Energy Sales and UCME Requirements

37. Increase in energy sales in missionary areas is an indicator of the growth and development in these areas. While revenue generated from the sale of electricity consequently increased, it also increased the UCME subsidy requirements in the missionary areas.
38. In 2003, the total energy sales in missionary areas were 425.27 gigawatt-hours (“GWh”). This rose to 1,688.20 GWh in 2022. With the increase demand and the entry of New Power Providers (“NPPs”) and Qualified Third Parties (“QTPs”) starting 2008, the total energy sales in 2022 represents a 300% increase from 2003. Further, from 2003 to 2022, the total energy sales in missionary areas increased by an average of 7.73% annually.

A summary of the total energy sales in the missionary areas from 2003 to 2022 is hereby presented below:

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Table 8. 2003 to 2022 Energy Sales in Missionary Areas, P/Li

Energy Sales in Missionary Areas					
Year	Energy Sales (GWh)		Total Energy Sales (GWh)	Market Share	
	NPC	NPP/QTP		NPC	NPP/QTP
2003	425.27		425.27	100%	
2004	459.30		459.30	100%	
2005	502.70		502.70	100%	
2006	481.40		481.40	100%	
2007	503.17		503.17	100%	
2008	534.15	15.13	549.28	97%	3%
2009	501.03	56.31	557.34	90%	10%
2010	511.27	161.09	672.36	76%	24%
2011	443.05	218.51	661.55	67%	33%
2012	441.42	280.53	721.95	61%	39%
2013	397.93	402.15	800.08	50%	50%
2014	397.63	468.38	866.01	46%	54%
2015	391.55	572.45	964.00	41%	59%
2016	429.23	610.36	1,039.59	41%	59%
2017	395.92	763.49	1,159.41	34%	66%
2018	410.08	933.74	1,343.81	31%	69%
2019	426.80	845.97	1,272.77	34%	66%
2020	397.93	909.87	1,307.80	30%	70%
2021	443.61	1,030.85	1,474.46	30%	70%
2022	462.15	1,226.05	1,688.20	27%	73%
Average Annual Increase			7.73%		

39. On the other hand, the UCME requirement in 2022 of Php27,296.60 Million represents a 1,129% increase from the 2003 requirement of Php2,221.46 Million. For the same period, total UCME requirements in missionary areas increased by an average of 18% annually.

The UCME requirements from 2003 to 2022 is hereby presented below:

Table 9. 2003 to 2022 UCME Requirements

YEAR	NPC Subsidy	NPP & QTP Subsidy	TOTAL UCME SUBSIDY	% NPC SHARE	% NPP/QTP SHARE
	(P Mn)	(P Mn)	(P Mn)		
2003	2,221.46		2,221.46	100%	0%
2004	4,629.85		4,629.85	100%	0%
2005	5,153.55		5,153.55	100%	0%
2006	4,942.58		4,942.58	100%	0%
2007	4,516.21		4,516.21	100%	0%
2008	6,519.50	57.33	6,576.83	99%	1%
2009	4,817.95	250.35	5,068.30	95%	5%
2010	6,918.02	693.61	7,611.63	91%	9%
2011	6,881.54	1,573.14	8,454.69	81%	19%
2012	6,303.05	1,765.93	8,068.98	78%	22%
2013	5,768.87	2,456.90	8,225.77	70%	30%
2014	5,855.92	2,750.40	8,606.32	68%	32%
2015	4,751.43	2,492.77	7,244.20	66%	34%
2016	4,295.83	2,353.19	6,649.02	65%	35%
2017	5,033.60	4,203.87	9,237.47	54%	46%
2018	6,463.30	7,843.32	14,306.62	45%	55%
2019	7,113.72	8,836.69	15,950.41	45%	55%
2020	6,542.80	6,748.89	13,291.69	49%	51%
2021	7,765.31	9,418.44	17,183.76	45%	55%
2022	10,345.20	16,951.40	27,296.60	38%	62%

The detailed report of the energy sales and UCME requirements in the missionary areas is hereto attached as ANNEX “D”.

c. Expansion of Missionary Electrification Services

40. Power supply requirements in off-grid areas consistently increased throughout the years. Based on data from 2013 to 2022, Rated Capacity in missionary areas provided by both NPC and NPPs/QTPs increased by an annual average of 8%. Meanwhile, the Rated Capacity in 2022 of 658.80 MW represents an 88% increase from 2013 of 349.65 MW.
41. From 2013 to 2022, household electrification increased by an annual average of 4%. Meanwhile, the household electrification in 2022 represents a 33% increase from 2013.

Data on the Expansion of Missionary Electrification Services, based on petitioner NPC’s Annual Reports, are hereto presented below:

Table 10. Expansion of Missionary Electrification Services

NPC										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OH: 24	40	37	38	42	49	65	74	84	82	83
OH: 12 to <24	22	19	21	27	31	25	16	12	13	18
OH: 8 & below	236	235	232	211	195	186	187	182	189	180
No. of Plants	298	291	291	280	275	276	277	278	284	281
No. Areas	230	230	242	238	218	220	221	221	229	228
Rated Capacity, MW	210.26	203.44	185.23	196.07	215.54	212.80	186.21	212.15	222.63	242.22

NPP/QTP										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OH: 24	14	15	17	18	20	23	27	34	29	46
No. of Plants	14	15	17	18	20	23	27	34	29	46
Rated Capacity, MW	139.39	125.56	159.56	192.39	285.47	277.45	297.62	301.12	312.73	416.57

NPC and NPP/QTP										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OH: 24	54	52	55	60	69	88	101	118	111	129
OH: 12 to <24	22	19	21	27	31	25	16	12	13	18
OH: 8 & below	236	235	232	211	195	186	187	182	189	180
No. of Plants	312	306	308	298	295	299	304	312	313	327
No. Areas	230	230	242	238	218	220	221	221	229	228
Rated Capacity, MW	349.65	329.00	344.79	388.46	501.01	490.25	483.83	513.28	535.35	658.80
No. of HH	755,863	818,852	758,743	965,983	786,535	828,927	748,398	847,433	886,316	1,003,327

d. Collection Efficiency

42. Collection Efficiency means the ratio of total revenue collected to total revenue billed for the same year.
43. Based on data from the NEA, the average collection efficiency of the ECs from end users, excluding BASULTA ECs (Basilan, Sulu, Tawi-Tawi), was at 94.11%. Meanwhile, petitioner NPC’s average collection efficiency from ECs/Distribution Utilities (“DUs”), excluding BASULTA ECs, for the same period was at 97.60%.

44. The low collection efficiency from BASULTA ECs is due to their ballooning outstanding receivables over the years. A summary of the Collection Efficiency is presented below:

Table 11. 2017 to 2022 Collection Efficiency in SPUG Areas

GRID	2017		2018		2019		2020		2021		2022	
	EC	NPC	EC	NPC	EC	NPC	EC	NPC	EC	NPC	EC	NPC
Luzon	96.20%	98.31%	95.53%	97.82%	96.08%	97.78%	92.96%	97.21%	94.60%	96.26%	95.16%	97.19%
Visayas	98.91%	96.49%	98.82%	98.33%	99.12%	97.64%	98.69%	96.96%	98.13%	95.32%	99.15%	92.20%
Mindanao	77.95%	16.33%	71.90%	20.16%	89.45%	20.90%	74.76%	19.30%	74.79%	21.45%	77.33%	23.90%
Ave. EC/Total NPC	91.02%	53.92%	88.75%	53.03%	94.88%	54.12%	88.81%	53.53%	89.18%	53.39%	90.55%	55.23%

Table 12: 2017 to 2022 Collection Efficiency in SPUG Areas, without BASULTA

GRID	Without BASULTA											
	2017		2018		2019		2020		2021		2022	
	EC	NPC	EC	NPC	EC	NPC	EC	NPC	EC	NPC	EC	NPC
Luzon	96.20%	98.31%	95.53%	97.82%	96.08%	97.78%	92.96%	97.21%	94.60%	96.26%	95.16%	97.19%
Visayas	98.91%	96.49%	98.82%	98.33%	99.12%	97.64%	98.69%	96.96%	98.13%	95.32%	99.15%	92.20%
Mindanao	89.74%	97.98%	86.88%	100.00%	89.45%	100.00%	88.75%	99.85%	86.60%	99.65%	89.21%	99.61%
Ave. EC/Total NPC	94.95%	98.11%	93.74%	98.21%	94.88%	98.12%	93.47%	97.64%	93.11%	96.77%	94.51%	97.25%

The detailed report from the petitioner NPC of the Collection Efficiency for the years 2017 to 2022 is hereto attached as ANNEX “E”. On the other hand, the detailed report of the NEA of the Collection Efficiency for the years 2017 to 2022 is hereto attached as ANNEX “E-1”.

e. Total Gross Regional Domestic Product

45. Gross Regional Domestic Product (“GRDP”) measures the economic performance of a region. It includes goods and services produced by all households and establishments in the region or in other words the aggregate of Gross Value Added (“GDA”) of all resident producer units in the region. Petitioner NPC obtained the nationwide GRDP from the PSA online database.
46. From 2003 to 2022, the GRDP for regions that have SPUG areas increased by 370%. A summary of the GRDP in the SPUG areas from 2003 to 2022 is presented below:

(This space is intentionally left blank.)

Table 13: 2003 to 2022 Gross Regional Domestic Product

Region/Province	2003	2005	2006	2009	2012	2015	2018	2021	2022
Philippines	4,717,808,940	5,917,282,301	6,550,417,113	8,390,421,456	11,060,588,831	13,944,157,448	18,265,190,258	19,410,614,486	22,024,515,001
Cordillera Administrative Region (CAR)	113,075,065	133,005,766	145,857,673	172,017,163	201,836,502	243,673,958	308,267,122	323,883,881	365,945,436
Region II (Cagayan Valley)	99,116,555	121,542,578	139,253,836	184,247,388	234,724,620	303,113,509	385,061,271	400,003,438	455,743,088
Region III (Central Luzon)	494,424,474	610,192,972	668,848,239	854,442,889	1,206,580,595	1,511,232,438	2,062,393,875	2,062,335,867	2,367,265,679
Region IV-A (CALABARZON)	788,436,127	987,614,867	1,093,698,856	1,283,795,207	1,721,867,470	2,076,801,161	2,706,994,745	2,785,990,792	3,140,807,481
MIMAROPA REGION	95,423,489	121,806,090	131,197,013	184,665,344	231,318,002	274,605,684	370,744,808	382,709,950	453,006,892
Region V (Bicol Region)	120,066,693	148,022,711	158,101,543	223,520,298	298,247,874	395,256,951	522,014,835	564,637,176	645,753,789
Region VI (Western Visayas)	220,844,486	270,572,999	299,925,476	407,178,512	527,279,962	667,996,261	860,107,768	937,010,126	1,133,925,246
Region VII (Central Visayas)	251,698,543	321,657,954	354,599,746	465,442,221	674,544,563	889,023,020	1,180,945,761	1,237,764,942	1,406,272,534
Region VIII (Eastern Visayas)	126,148,913	164,052,811	183,249,360	241,850,136	265,041,353	324,929,357	444,384,029	450,146,977	512,903,347
Region IX (Zamboanga Peninsula)	86,783,931	110,091,946	124,161,636	178,223,978	236,734,323	300,939,935	379,428,020	428,106,861	490,297,996
Region XI (Davao Region)	194,422,080	240,651,281	260,394,849	358,638,649	454,315,711	602,911,849	841,429,225	967,140,487	1,095,713,673
Region XII (SOCCSKSARGEN)	120,147,954	146,556,546	162,095,898	220,826,218	291,093,120	354,753,546	454,304,549	503,888,631	564,216,859
Region XIII (Caraga)	68,343,455	84,420,023	95,817,471	125,030,284	180,393,968	235,177,755	290,561,794	331,856,215	376,765,344
Autonomous Region in Muslim Mindanao/ Bangsamoro Autonomous Region in Muslim Mindanao (ARMM/BARMM)	57,745,738	79,514,046	89,250,281	111,177,863	154,218,301	172,907,713	235,393,060	284,617,149	326,771,477

The data of the PSA of the nationwide GRDP from 2003 to 2022 is hereto attached as ANNEX “F”.

f. Consumer Price Index

47. The Consumer Price Index (“CPI”) is an index that is often used to measure inflation. It represents changes in prices of all goods and services purchased for consumption.
48. Based on CPI data from 2006-2018 available from the Philippine Statistics Authority’s (“PSA”) online database, the CPI in SPUG areas is generally higher than the country’s CPI. This means that prices of goods and services in SPUG areas are generally more expensive than average in the Philippines.

A summary of the CPI in the SPUG areas from 2003 to 2022 is presented below:

Table 14. Consumer Price Index

]	Consumer Price Index				
	2006	2009	2012	2015	2018
PHILIPPINES	5.5	4.2	3.2	0.7	5.2
SPUG LUZON	5.5	4.5	2.9	0.7	5.8
SPUG VISAYAS	4.9	4.6	4.1	0.9	6.1
SPUG MINDANAO	6.2	5.1	3.5	1.5	6.3
Average SPUG	5.5	4.7	3.5	1.0	6.1
SPUG vs PH rate Difference	0%	-11%	-9%	-32%	-14%

The PSA’s CPI data from 2006 to 2018 is hereto attached as ANNEX “G”.

g. Human Development Index

49. The Human Development Index (“HDI”) measures social and economic development by focusing on mean years of schooling, expected years of schooling, life expectancy at birth, and gross national income (“GNI”) per capita.
50. Based on PSA data, the HDIs in SPUG areas are generally lower than the country’s HDI. This means that their population development in terms of level of education, life expectancy, and income are lower than average in the Philippines. Households living in SPUG areas generally have lower standard of living, limited access to health care and education, and lesser opportunity to earn money. However, from 2006 to 2019, the HDI in SPUG areas is improving.

A summary of the HDI in the SPUG areas from 2006 to 2019 is presented below:

Table 15. Human Development Index

	Human Development Index			
	2006	2009	2012	2019
PHILIPPINES	0.60	0.64	0.66	0.72
SPUG LUZON	0.51	0.56	0.56	0.64
SPUG VISAYAS	0.53	0.54	0.59	0.66
SPUG MINDANAO	0.46	0.49	0.50	0.59
Average SPUG	0.50	0.53	0.55	0.63
SPUG vs PH rate Difference	20%	20%	20%	14%

The PSA data on the nationwide HDI is hereto attached as ANNEX “H”.

h. Mean Per Capita Income and Poverty Incidence

51. Per Capita Income measures the average income earned per person in a given area (city, region, country, etc.) in a specified year. It is obtained by dividing the total family income by the total number of family members.
52. Based on the available PSA data, the Mean Per Capita Incomes in SPUG areas are generally lower than the country’s average. This means that their population’s average income is lower than the Philippines’ average. People living in SPUG areas generally have lower earnings and standard of living than average. However, from 2006 to 2021, the Mean Per Capita Income in SPUG areas shows slight growth in its trend.

A summary of the Mean per Capita Income in the SPUG areas is presented below:

Table 16. Mean Per Capita Income and Poverty Incidence in the SPUG areas

	Mean Per Capita Income (Php)					
	2006	2009	2012	2015	2018	2021
PHILIPPINES	35,750	43,421	49,585	57,657	69,689	72,340
SPUG LUZON	27,462	36,830	38,068	52,450	62,205	66,587
SPUG VISAYAS	26,824	33,608	37,652	50,920	57,397	61,805
SPUG MINDANAO	21,226	27,291	31,097	36,125	42,508	48,434
AVERAGE SPUG	25,171	32,576	35,606	46,498	54,037	58,942
SPUG vs PH rate Difference	42%	33%	39%	24%	29%	23%

53. Meanwhile, Poverty Incidence is the number of individuals with income below the per capita poverty thresholds divided by the total number of individuals.
54. Based on PSA data, the Poverty Incidence Among Population in SPUG areas are generally higher than the country’s average. This means that more people in SPUG areas earn below the poverty threshold, and thus more are poorer than average in the Philippines. However, from 2006 to 2021, the Poverty Incidence Among Population in SPUG areas is improving.

A summary of the Poverty Incidence in the SPUG areas is presented below:

Table 17. Poverty Incidence Among Population (%)

	Poverty Incidence Among Population (%)					
	2006	2009	2012	2015	2018	2021
PHILIPPINES	26.60	26.30	25.20	23.48	16.71	18.14
SPUG LUZON	36.81	33.14	34.41	28.81	18.39	20.30
SPUG VISAYAS	39.06	38.86	37.24	32.31	24.15	25.62
SPUG MINDANAO	44.75	42.48	39.88	41.94	41.47	36.33
Average SPUG	40.21	38.16	37.18	34.35	28.00	27.41
SPUG vs PH rate Difference	-34%	-31%	-32%	-32%	-40%	-34%

The detailed PSA data on the Mean per Capita Income of the SPUG areas is hereto attached as ANNEX “I”. On the other hand, the detailed PSA data on the nationwide Poverty Incidence is hereto attached as ANNEX “J”.

- i. Average Income, Expenditures, and Savings of Households in the SPUG Areas
55. Based on PSA data, although the financial status indicators (income, expenditures, and savings) in SPUG areas are below the

Philippine average levels, they are increasing or improving over the years.

56. In relation to the average income in SPUG areas that increased by 25% from 2015 to 2021, the level of expenditures decreased by 5%, thus, increasing the level of savings by the same percentage. This also means that the purchasing power of households in SPUG areas increased.

A summary of the Average Income, Expenses and Savings of Households in SPUG Areas is hereto attached as ANNEX “K”.

Table 18. Average Income, Expenses and Savings of Households in SPUG Areas

	2015			2018			2021		
	Average Family Income	Average Family Expenditures	Average Family Savings	Average Family Income	Average Family Expenditures	Average Family Savings	Average Family Income	Average Family Expenditures	Average Family Savings
	(Php)								
Philippines	268,025	215,812	52,213	313,450	238,752	74,699	307,190	228,800	78,390
LUZON	224,091	169,342	54,748	266,604	194,139	72,465	282,478	204,132	78,346
VISAYAS	231,733	175,730	56,003	275,237	196,102	79,136	280,946	197,062	83,884
MINDANAO	177,335	136,901	40,434	213,780	158,038	55,742	226,002	157,347	68,654
SPUG	211,053	160,658	50,395	251,874	182,760	69,114	263,142	186,181	76,961
SPUG vs PH Rate Difference	27%	34%	4%	24%	31%	8%	17%	23%	2%

- i. Comparative Generation Rates for the Off-grid Electric Cooperatives vis-à-vis Nearby Main Grid
57. Off-grid means the area is not connected in any way to the main grid’s power system. On the other hand, main grid means the interconnected electricity transmission network to which the largest cumulative capacity of electricity generating facilities are connected.
58. Compared to the generation rates of nearby ECs in the main grid, the SAGR in the SPUG areas is significantly lower. The Existing SAGR approved by ERC is maintained at 2003 level, and thus is heavily subsidized through the UCME.

A summary of the Comparison of the rates between the Off-Grid vs Nearby Main Grid is hereto presented below:

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Table 19. Residential Generation Rates of Off-Grid ECs vs Nearby Main Grid

EC Rates for Residential Customers in the SPUG Areas					EC Rates for Residential Customers in the Main-Grid Areas				
PSP Areas		2015	2021	2022	2022				
		SAGR*	SAGR	SAGR**	Electric Coop.	Generation Rate	Electric Coop.	Generation Rate	Electric Coop.
Oriental Mindoro	ORMECO	6.5896	5.6404	6.3693	QUEZELCO I	10.9776	BATELEC I	12.9300	BATELEC II
Occidental Mindoro	OMECO	6.5896	5.6404	7.3900	QUEZELCO I	10.9776	BATELEC I	12.9300	BATELEC II
Marinduque	MARELCO	6.5896	5.6404	7.3900	QUEZELCO I	10.9776	BATELEC I	12.9300	BATELEC II
Masbate	MASELCO	6.5896	5.6404	7.3900	ALECO	12.1134	CASURECO I	9.4657	SORECO II
Palawan	PALECO	6.5896	5.6404	7.3900	QUEZELCO I	10.9776	BATELEC I	12.9300	BATELEC II
First Catanduanes	FICELCO	6.5896	5.6404	7.3900	ALECO	12.1134	CASURECO I	9.4657	CASURECO III
Romblon	ROMELCO	6.5896	5.6404	7.3900	ALECO	12.1134	CASURECO I	9.4657	CASURECO III
Camotes	CELCO	7.4503	6.2553	6.2553	BOHECO I	11.5758	CEBECO II	11.5165	BILECO
Basilan	BASELCO	6.5847	5.1167	5.1167	ZAMCELCO	9.5094			
Sulu	SULECO	6.5847	5.1167	5.1167	ZAMCELCO	9.5094			
Tawi-Tawi	TAWELCO	6.5847	5.1167	5.1167	ZAMCELCO	9.5094			
Siquijor	PROSIELCO	6.5847	5.1167	5.1167	BOHECO I	11.5758	BILECO	13.1593	

The Unbundled Power Rates for the On-Grid Residential Customers from the NEA is hereto attached as ANNEX “L”.

METHODOLOGY/RATE SETTING OF
THE PROPOSED NEW SAGR

59. The framework of the methodology used by petitioner NPC in the determination of the proposed new SAGR involves the following general steps:

a) First, the economic parameters that affect the Supply Side such as fuel cost, True Cost Generation Rate (TCGR), Consumer Price Index, and Inflation Rate, were assessed based on annual data from 2003 to 2022, then processed with the existing SAGR rate; and

b) Second, the socio-economic parameters that determine the Capacity to Pay such as Gross Regional Domestic Product (“GRDP”), Human Development Index (“HDI”), Average Household Income, and Average Household Savings in SPUG areas, were likewise assessed based on annual data from 2003 to 2022, then processed with the existing SAGR rate.

c) Third, petitioner NPC evaluated the resulting SAGR adjustments from both the Supply Side Parameters, and the Capacity to Pay Parameters to determine and strike a balance between the need to adjust the SAGR, and the interest of the public.
60. After due consideration of the results of its study, petitioner NPC finds that the adjustments of the SAGR based on the Supply Side Parameters may not be feasible as the economic parameters in the formulation of the proposed new SAGR. Based on NPC’s study, the resulting SAGR rates from the Supply Side Parameters were considerably high that it is not viable, based on its assessment, to be implemented in SPUG areas. The resulting data based on petitioner NPC’s study that it conducted using the said Supply Side Parameters is shown below.

Simulated Adjustments in SAGR based on Supply Side Parameters. The growth rate, based on available data from 2005 to 2022, of economic parameters affecting the supply side, i.e., fuel cost, TCGR, CPI, and Inflation Rate, were multiplied by the existing SAGR to estimate the incremental increase, such that the New Rate = Existing SAGR (1 + growth rate of the economic parameters), as follows:

- a. Fuel Cost. the simulated increase in fuel cost expressed in Peso per liter are computed as follows:

$$\text{Increase} = \frac{\text{CY 2005 Fuel Cost} - \text{CY 2022 Fuel Cost}}{\text{CY 2005 Fuel Cost}}$$

Where,

CY 2022 P/Li was used based on the current available data

CY 2005 P/Li was based on the existing SAGR

To illustrate, petitioner NPC hereto presents the computation of the increase due to the fuel cost, in Pulang Lupa Diesel Power Plant (“DPP”) in Oriental Mindoro, using the foregoing formula:

$$\begin{aligned} \text{Pulang Lupa DPP Increase} &= \frac{53.68 \text{ P/Li} - 29.79 \text{ P/Li}}{29.79 \text{ P/Li}} \\ \text{Pulang Lupa DPP New Rate} &= (80\% * 5.6404) + 5.6404 \\ &= 4.5242 + 5.6404 \\ &= 10.1646 \text{ P/kWh} \end{aligned}$$

61. Petitioner NPC took the data from the Fuel Consumption per Plant⁹ to get the average increase of fuel in the said SPUG area. In the illustration above, the Peso per Liter Rate in CY 2005 which is PhP29.79 was deducted from the Peso per Liter Rate in CY 2022 which is PhP53.68. The difference was then divided also by PhP29.79, the CY 2005 Peso per Liter Rate to arrive at the increase of fuel rate from CY 2005 to CY 2022 which is 80%.
62. This increase of fuel rate was then multiplied by the current rate of SAGR in the area, which is PhP5.6404, to get the equivalent increase to the SAGR specifically for the said area. For this example, the resulting increase is PhP4.5242. This is then added to the existing SAGR to arrive at the new SAGR for the said area, which is 10.1646 P/kWh.

The resulting figures using the above computation considering the fuel costs, for all the SPUG areas are hereto attached as ANNEX “M”.

- b. True Cost Generation Rate (“TCGR”). TCGR refers to the cost, expressed in Peso per kilowatt-hour which includes all NPC SPUG allowable expenses incurred for providing electric generation services. The same process with the Fuel Cost was used to determine the simulated increase in TCGR

⁹ Annex “C” of the Petition.

To illustrate, petitioner NPC hereto again presents the computation again using the Pulang Lupa Diesel Power Plant (“DPP”) in Oriental Mindoro:

$$\begin{aligned} \text{Pulang Lupa DPP Increase} &= \frac{13.76 \text{ P/kWh} - 10.17 \text{ P/kWh}}{10.17 \text{ P/kWh}} \\ \text{Pulang Lupa DPP New Rate} &= (11\% * 5.6404) + 5.6404 \\ &= 0.6174 + 5.6404 \\ &= 6.2578 \text{ P/kWh} \end{aligned}$$

63. Similar to the computation using the fuel rate, petitioner NPC obtained the CY 2005 TCGR, and deducted the same from the 2022 TCGR. The difference was then divided by the CY 2005 TCGR to get the incremental increase from 2005 to 2022.
64. This increase was multiplied by the existing SAGR rate in the area to arrive at the equivalent increase, which will be added to the existing SAGR to get the adjusted SAGR, which is at 6.2578 P/kWh.

This computation of the SAGR adjustment using the TCGR is hereto attached as ANNEX “N”.

NPC’s historical TCGR is hereto attached as ANNEX “O” for easy reference.

- c. Consumer Price Index. The simulated increase in the SAGR considering the CPI is computed as follows:

$$\begin{aligned} \text{Increase} &= \text{AVERAGE} \left\{ \frac{\text{CY2004} - \text{CY2003}}{\text{CY 2003}}, \frac{\text{CY2005} - \text{CY2004}}{\text{CY 2004}}, \text{until CY2018} \right\} \\ \text{New Rate} &= (\text{Increase} * \text{Existing Rate}) + \text{Existing Rate} \end{aligned}$$

Where,
CY 2018 CPI was based on the current available data from PSA
CY 2003 CPI was based on the existing SAGR reference

By way of illustration, petitioner NPC again hereto presents a sample computation using the figures of the Pulang Lupa DPP:

$$\begin{aligned} \text{Pulang Lupa DPP Increase} &= \text{AVERAGE} \left\{ \frac{3.7 - 2.3}{2.3}, \frac{5.2 - 3.7}{3.7}, \text{and so on 'til 2018} \right\} \\ \text{Pulang Lupa DPP New Rate} &= (166\% * 5.6404) + 5.6404 \\ &= 9.3772 + 5.6404 \\ &= 15.0176 \text{ P/kWh} \end{aligned}$$

65. Petitioner NPC utilized the CPI¹⁰ as based on PSA data to obtain the incremental increase. To get the said figure, the CPI for CY 2003 was deducted from the CPI for CY 2004. The difference was then divided by the CY 2004 CPI to arrive at the incremental increase. Petitioner NPC then took the average of all the CPI increase from CY 2003 to CY 2018. For this instance, the average increase is 166%.

¹⁰ Annex “G”.

66. This 166% was multiplied by the existing SAGR of 5.6404 P/kWh to get the equivalent increase of 9.3772 P/kWh. Thus, the adjusted SAGR for Pulang Lupa, based on the CPI increase, is 15.0176 P/kWh.
67. Petitioner NPC did not utilize the formula to determine the average increase as used in the fuel costs, and TCGR as this will result in a high average.

The detailed computation utilizing the CPI figures, for all SPUG areas, is likewise included in ANNEX “P”.

- d. Inflation Rate. Inflation is the rate of increase in prices over a given period of time. The simulated increase was based on the following:

$$\begin{aligned} \text{Increase} &= \frac{\text{CY 2021 Inflation} - \text{CY 2003 Inflation}}{\text{CY 2003 Inflation}} \\ \text{New Rate} &= (\text{Increase} * \text{Existing Rate}) + \text{Existing Rate} \end{aligned}$$

Where,
CY 2021 inflation rate was used based on the current available data from PSA.
CY 2003 inflation rate was based on the existing SAGR reference.

Again, petitioner NPC presents the Pulang Lupa DPP as illustration using the formula shown above:

$$\begin{aligned} \text{Pulang Lupa DPP Increase} &= \frac{4.7 - 2.7}{2.7} \\ \text{Pulang Lupa DPP New Rate} &= (74\% * 5.6404) + 5.6404 \\ &= 4.1781 + 5.6404 \\ &= 9.8185 \text{ P/kWh} \end{aligned}$$

68. Similar to the computation of fuel costs, and TCGR increase, the CY 2003 Inflation rate was deducted from the CY 2021 Inflation rate, the difference of which was divided by the CY 2021 Inflation rate. The resulting average, which is 74%, was then multiplied by the existing SAGR of 5.6404 P/kWh to get the equivalent amount. The said amount was then added to the existing SAGR to arrive at the adjusted SAGR, which is 9.8185 P/kWh.

The detailed calculation of the adjusted SAGR using the Inflation Rate is hereto attached as ANNEX “Q”.

The PSA Summary of the Inflation Rate in 2003 is hereto attached as ANNEX “R”. On the other hand, the National Economic and Development Authority (“NEDA”) Summary of the Inflation rate in 2021 is hereto attached as ANNEX “R-1”.

69. The annual increases in fuel price, TCGR, CPI and inflation show that the cost of producing electricity have significantly increased for the past 20 years. The existing SAGR, pegged at the 2003 level, has thus been left behind despite significant development in SPUG areas.

70. In addition, and as clearly shown above, the simulated SAGR computations based on Supply Side Parameters are high, reaching up to 15.0176 P/kWh. This is clearly not sustainable in the missionary areas. Thus, petitioner NPC deemed it proper not to consider the same in the formulation of the new proposed SAGR.
71. Notwithstanding, petitioner NPC outlined its findings on the Supply Side Parameters to show the substantial effects of the foregoing factors to the production of electricity. Data shows that the costs of production of electricity in the missionary areas had increased for the past 20 years, yet the SAGR was still pegged at 2003 levels.
72. Ultimately, petitioner NPC believes that the determination of additional rate due to increased SAGR should depend on how much the consuming households can absorb. To ascertain this, the capacity to pay specifically for the residential customers, in petitioner NPC's judgment, should be the determining factor in the adjustment of the SAGR. Thus, petitioner NPC proposes to charge the adjusted rate based only on capacity to pay for residential customers, as discussed below.
73. *Simulated Change in SAGR based on Capacity to Pay Parameters.* The calculation for the proposed rates based on Capacity to Pay considers the GRDP¹¹, HDI¹², Income and Savings¹³, and it covers the development from 2003 to 2021. Data from GDP, Income and Savings, are available for every three (3) years while the data on HDI is only available for 2006, 2009, 2012, and 2019. Averaging the average annual/per available calendar year increase/decrease of values for each parameter multiplied by the existing SAGR is the determinant of the increase in SAGR. Thus, petitioner NPC utilized the following formula in the calculation of the increase in SAGR based on the Residential consumers' Capacity to Pay:

$$\text{GRDP Ave. Inc} = \text{Average} \left\{ \frac{\text{GRDP CY2006} - \text{GRDP CY2003}}{\text{GRDP CY2003}}, \frac{\text{GRDP CY2009} - \text{GRDP CY2006}}{\text{GRDP CY2006}}, \text{so on} \right\}$$

**The same steps with other parameters (Income, Savings and HDI), to get its average increase.*

The computations for the proposed rates are as follows:

$$\begin{aligned} \text{Existing SAGR (ESAGR)} &= \text{Approved Rates from ERC Case No. 2004-449RC} \\ &\quad \text{\& 2006-020RC} \\ \text{Average Increase of Parameters (AIP)} &= \text{Average (GDP;HDI;Income;Savings)} \\ \text{Rate Increase (RI)} &= \text{ESAGR} * \text{AIP} \\ \text{Proposed SAGR} &= \text{ESAGR} + \text{RI} \end{aligned}$$

The average annual growth rate of socio-economic parameters affecting the Capacity to Pay of households in SPUG areas, i.e., GRDP, HDI, Average Household Income, and Average Household Savings were first determined, then further averaged to arrive at

¹¹ Annex "F" of the Petition.

¹² Annex "H" of the Petition.

¹³ Annex "K" of the Petition.

the average rate. This average rate was then multiplied by the existing SAGR to estimate the incremental increase, such that the $\text{New Rate} = \text{Existing SAGR} (1 + \text{average of the annual averages of the growth rates of the socio-economic parameters})$.

Meanwhile, the resulting incremental increases for each SPUG area were then added to the Existing Rate, resulting in the proposed New Rates based on Capacity to Pay.

To illustrate, petitioner NPC presents the computation made for the Province of Mindoro. The Province of Mindoro has an average annual increase of 27% for its GRDP, 9% for its HDI, 17% for its Income, and 36% for Savings. Petitioner NPC further averaged the foregoing figures and arrived at the average rate of 22%.

This average rate of 22% is then multiplied by the existing SAGR rate in the province which is 5.6404 P/kWh. This results in an incremental increase of 1.2082 P/kWh.

This incremental increase of 1.2082 P/kWh as above illustrated is added to the existing rate of 5.6404 P/kWh to arrive at the proposed new SAGR for the Province of Mindoro of 6.8486 P/kWh.

74. Using the foregoing methodology, petitioner NPC calculated and hereto presents the proposed new SAGR for residential customers:

Table 20. New SAGR based on Capacity to Pay

Areas	Existing Rate	Incremental Increase Based on Capacity to Pay, Socio-Economic Parameters	Proposed New Rate
	In P/kWh		
	a	b	c = a+b
<u>Luzon</u>			
Mindoro	5.6404	1.2082	6.8486
Marinduque	5.6404	1.2082	6.8486
Palawan	5.6404	1.2082	6.8486
Puerto Princesa	5.6404	1.2082	6.8486
Busuanga Island	5.6404	1.2082	6.8486
Catanduanes	5.6404	1.2082	6.8486
Masbate	5.6404	1.2082	6.8486
Romblon	5.6404	1.2082	6.8486
Tablas	5.6404	1.2082	6.8486
<u>Visayas</u>			
Camotes	6.2553	1.4486	7.7039
Siquijor	6.2553	1.4486	7.7039
Bantayan	6.2553	1.4486	7.7039
<u>Mindanao</u>			
Basilan	5.1167	1.4250	6.5417
Sulu	5.1167	1.4250	6.5417
Tawi-Tawi	5.1167	1.4250	6.5417

75. The annual increases in GDP, HDI, Income and Savings in SPUG areas show the capability of the customers to pay adjustments to the SAGR.

The simulated change in SAGR based on the capacity to pay parameters for PSP and other areas in Luzon, Visayas and Mindanao, including other plants approved under the 2012 MEDP and additional SPUG plants as of December 2022, is hereto attached as ANNEX "S".

PROPOSED BENCHMARK OF THE RATE DIFFERENCE
BETWEEN THE RESIDENTIAL AND
COMMERCIAL/INDUSTRIAL CUSTOMERS.

76. As explained above, petitioner NPC proposes to adopt a different rate for residential and commercial/industrial customers due to the stark difference as to the nature, usage and consumption of power between these classes of customers.
77. As there is no existing methodology to differentiate the rate between residential and commercial/industrial customers, and after careful study, petitioner NPC deemed it appropriate under the circumstances to adopt the calculations utilized for its 24th GRAM and ICERA applications, covering the CY 2021 test period, to serve as the benchmark for the rate difference between the said customers.
78. It bears emphasis that petitioner NPC is not proposing to recover the DAA it is entitled under the 24th GRAM and 24th ICERA. It is only using the figures therein as benchmark to compute the rate difference between the customer classes.
79. Considering the nature of the GRAM, and ICERA which is a cost adjusting mechanism to update the cost of SAGR, petitioner NPC humbly believes that the same can be used as the benchmark in the rate difference between the classes of customers.
80. Thus, petitioner NPC utilized the same methodology adopted in the approved GRAM and ICERA guidelines in coming up with this proposal. The fuel costs were computed taking into consideration the approved heat rate cap or actual heat rate, whichever is lower. The calculated fuel costs exclude the excise tax of P6.000 per liter.
81. Considering that the 2022 NPC-SPUG Fuel Oil and Inventory Consumption Report ("FOCIR"), which is the main source to calculate the GRAM used in the benchmark, was not available during the initial calculation of the proposed new SAGR, petitioner NPC utilized the 2021 actual fuel costs.
82. In the same vein, petitioner NPC considered the approved base rate in the computation of its benchmark using the ICERA formula.
83. Since that the benchmark covers the CY 2021 test period, petitioner NPC adopted the adjustment of base rate to 2021 level

of P49.2491/US\$1 and P0.4490/JP¥1, respectively, based on Bangko Sentral ng Pilipinas (“BSP”) Daily Reference Exchange Rate Bulletin (“RERB”)¹⁴.

84. With the foregoing, petitioner NPC proposes to use the following as the benchmark rate adjustment for commercial/industrial customers in the missionary areas:

Table 21. Proposed Benchmark Adjustment

Main Island Group	Benchmark Rate Adjustment (Fuel Cost)	Benchmark Rate Adjustment (Foreign Currency Exchange Rate)	Proposed Benchmark Rate Adjustment
	a	b	c = a + b
Luzon	1.4492	0.0014	1.4506
Visayas	1.3046	0.0014	1.3060
Mindanao	1.1627	0.0014	1.1641

The detailed computation showing the benchmark rate difference by utilizing the GRAM formula is hereto attached as ANNEX “T”.

On the other hand, the detailed computation showing the benchmark rate difference by utilizing ICERA formula is hereto attached as ANNEX “U”. The daily reference rate of Philippine Peso per US Dollar and Philippine Peso per Japanese Yen hereto attached as ANNEX “U-1”.

85. At this point, petitioner NPC finds it necessary to include in the instant petition the proposal to adjust or modify the existing base rate approved by the Energy Regulatory Board (“ERB”) in its Decision dated 18 August 1994 issued for ERB Case No. 93-108¹⁵.
86. The ERB, in the foregoing Decision, set the base rate of PhP27.40/US\$1.00 and P0.2329/JP¥1. Since same are already outdated and considering significant socio-economic and missionary electrification developments through the years, it is but proper to adjust the said base rates to reflect the proper costs in the ICERA adjustments. Petitioner NPC, thus, proposes to adjust the base rate to the 2021 of P49.2491/US\$1 and P0.4490/JP¥1, respectively, based on the BSP-RERB.

¹⁴ Bangko Sentral ng Pilipinas, (n.d.). Statistics – Daily Reference Exchange Rate Bulletin. <https://www.bsp.gov.ph/SitePages/Statistics/DailyRERB.aspx>

¹⁵ In the Matter of the Application for Approval of Foreign Exchange Adjustment Clause for Debt Service and/or Foreign Expenses.

PROPOSED NEW SAGR AND
SAGR ADJUSTMENT MECHANISM

87. The National Power (“NP”) Board approved the filing of the proposed new SAGR applicable to NPC-SPUG Areas in Luzon, Visayas and Mindanao per attached Corporate Secretary’s Certificate No. OCS 2023-358 dated 25 October 2023.

A copy of the Secretary’s Certificate No. OCS 2023-368 dated 25 October 2023 is hereto attached as ANNEX “V”.

88. Employing the above-presented methodology and parameters in the NPC-SPUG areas, petitioner NPC hereby proposes the following new SAGR in P/kWh, which is the result of the study of the economic and socio-economic parameters in such areas, for residential and commercial/industrial customers in areas where NPC-SPUG operates:

Table 22. Proposed New SAGR

Areas	Existing Rate, P/kWh	Approved SAGR for 2024, P/kWh		Proposed New SAGR P/kWh	
		Adjustment in SAGR due to Excise Tax	Approved SAGR for 2024	Residential	Commercial/ Industrial
Mindoro	5.6404	1.7496	7.3900	8.5982	10.0488
Marinduque	5.6404	1.7496	7.3900	8.5982	10.0488
Palawan	5.6404	1.7496	7.3900	8.5982	10.0488
Catanduanes	5.6404	1.7496	7.3900	8.5982	10.0488
Masbate	5.6404	1.7496	7.3900	8.5982	10.0488
Romblon	5.6404	1.7496	7.3900	8.5982	10.0488
Tablas	5.6404	1.7496	7.3900	8.5982	10.0488
Camotes	6.2553	2.0029	8.2582	9.7068	11.0128
Siquijor	6.2553	2.0029	8.2582	9.7068	11.0128
Bantayan	6.2553	2.0029	8.2582	9.7068	11.0128
Basilan	5.1167	1.9048	7.0215	8.4465	9.6106
Sulu	5.1167	1.9048	7.0215	8.4465	9.6106
Tawi-Tawi	5.1167	1.9048	7.0215	8.4465	9.6106

A summary of the computation of the proposed new SAGR for residential, and commercial/industrial, for PSP areas in Luzon, Visayas and Mindanao, including other NPC SPUG plants approved under the 2012 MEDP and additional SPUG plants as of December 2022 is hereto attached as ANNEX “W”.

89. At this point, petitioner NPC likewise proposes the adjustment of SAGR rate in the Province of Masbate to that equal of the Fourteen (14) First Wave Areas. Currently, the rate of 5.1167 P/kWh is being implemented in Masbate, instead of the P5.6404 P/kWh. Its historical data of Energy Sales and Fuel Consumption from CY 2003 to CY 2010, however, has drastically increased and the said area was fully taken over in 2012. With the foregoing considerations, it is proper to adjust the Province of Masbate’s SAGR equal to that of the Fourteen (14) First Wave Areas.

IMPACT TO UCME

90. Adopting the Proposed New SAGR levels for Residential, Commercial/Industrial customers will reduce the UCME by about P2.8 billion. This is because Residential customers make up about 75% of EC's energy sales in SPUG areas, as can be seen from the market share¹⁶ for Residential, Commercial/Industrial consumers based on NEA's actual energy sales of the ECs in the off-grid areas

The simulated impact to UCME of the adjusted SAGR is hereto attached as ANNEX "X".

ADDITIONAL ALLEGATIONS IN SUPPORT OF THE REQUEST
FOR PROVISIONAL AUTHORITY

91. Petitioner NPC respectfully pleads, adopts and incorporates the foregoing allegations in the proposed new SAGR in so far as they may be applicable.
92. To enable petitioner NPC to efficiently operate to ensure electrification of off-grid and far-flung areas, there is an urgent need for the issuance of a provisional authority. As thoroughly discussed, the current level of the existing SAGR is still at the 2003 level.
93. While the Honorable Commission recently approved the adjustment of the SAGR, it was merely for the implementation of the excise tax pursuant to the TRAIN law. Thus, the current SAGR is still not at the optimized level in order for petitioner NPC to operate effectively in the missionary areas.
94. The proposed new SAGR is sought to update it in line with the development of the NPC-SPUG Areas from 2003 to 2022, such as increase in fuel cost, increase in energy sales and UCME requirements, expansion of missionary electrification services and collection efficiency. In a span of twenty (20) years, the economic and socio-economic parameters that were used particularly on the fuel price, TCGR, CPI and Inflation show that the costs of producing electricity have significantly increased for the past 20 years.
95. The issuance of provisional authority is allowed under Section 3 Rule 14 of the Rules of Practice and Procedure. Likewise, the authority of the Honorable Commission to issue a provisional authority is confirmed by the Supreme Court in the case of *Freedom from Debt Coalition, et al., vs ERC, et. Al.*,¹⁷ when it held that "the power to approve provisional rate increases is included among the powers transferred to the ERC by virtue of Section 44 since the grant of that authority is not inconsistent with the EPIRA; rather, it is in full harmony with the thrust of the law which is to strengthen the ERC as the new regulatory body."

¹⁶ Annex "B" of the Petition.

¹⁷ G.R. No. 16113, 15 June 2004.

96. NPC is thus imploring the kind consideration of this Honorable Commission and respectfully prays that the Honorable Commission approves the proposed new SAGR. It is likewise respectfully prayed that a provisional authority based on the foregoing premises be issued by this Honorable Commission.

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Commission to issue an Order:

- a. Approving Petitioner National Power Corporation’s methodology in considering the Capacity to Pay Parameters (Gross Regional Domestic Product, Human Development Index, Income, and Savings) as the benchmark for the adjustment of the Subsidized Approved Generation Rate (“SAGR”).
- b. Approving the benchmark adjustment rate using the fuel costs adjustments, and foreign currency adjustments for the SAGR for commercial/industrial customers.
- c. Approving the Petitioner’s proposed new SAGR for Residential, and Commercial/Industrial customers in the missionary areas where NPC-SPUG is located, as follows:

Areas	Proposed for 2024, P/kWh			Proposed New SAGR	
	Increase in SAGR based on Capacity to Pay	Benchmark Rate Adjustment (Fuel Cost)	Benchmark Rate Adjustment (Foreign Currency Rate)	Residential	Commercial/ Industrial
Mindoro	1.2082	1.4492	0.0014	8.5982	10.0488
Marinduque	1.2082	1.4492	0.0014	8.5982	10.0488
Palawan	1.2082	1.4492	0.0014	8.5982	10.0488
Catanduanes	1.2082	1.4492	0.0014	8.5982	10.0488
Masbate	1.2082	1.4492	0.0014	8.5982	10.0488
Romblon	1.2082	1.4492	0.0014	8.5982	10.0488
Tablas	1.2082	1.4492	0.0014	8.5982	10.0488
Camotes	1.4486	1.3046	0.0014	9.7068	11.0128
Siquijor	1.4486	1.3046	0.0014	9.7068	11.0128
Bantayan	1.4486	1.3046	0.0014	9.7068	11.0128
Basilan	1.4250	1.1627	0.0014	8.4465	9.6106
Sulu	1.4250	1.1627	0.0014	8.4465	9.6106
Tawi-Tawi	1.4250	1.1627	0.0014	8.4465	9.6106

- d. Approving the adjustment of the SAGR in areas of other NPC-SPUG plants approved under the 2012 Missionary Electrification Development Plan and additional SPUG plants as of December 2022.
- e. Adjusting the SAGR in the Province of Masbate to be equal to that of the Fourteen (14) First Wave Areas.

- f. Adjusting the existing base rate for ICERA from PhP27.40/US\$1.00 and Po.2329/JP¥1 to P49.2491/US\$1 and Po.4490/JP¥1, respectively.
- g. Issuing a provisional authority for the adoption of the proposed rates while this Petition is being heard before the Honorable Commission.

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

The Commission hereby sets anew¹⁸ the instant *Petition* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference and presentation of evidence on the following dates and venues, or online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹⁹ and Resolution No. 01, Series of 2021²⁰ (ERC Revised Rules of Practice and Procedure):

Date and Time	Venue/ Platform	Activity
15 March 2024 (Friday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams/Zoom Application	Determination of compliance with the jurisdictional requirements
22 March 2024 (Friday) at nine o'clock in the morning (9:00 A.M.)	Masbate Electric Cooperative Inc. (MASELCO) Main Office, Pinamarbuhan, Mobo, Masbate	Expository Presentation for Stakeholders in the SPUG areas in the Province of Masbate
	Marinduque Electric Cooperative, Inc. (MARELCO) Main Office, Boac, Marinduque	Expository Presentation for Stakeholders in the SPUG areas in the Province of Marinduque

¹⁸ This Notice supersedes the Notice of Virtual Hearing dated 18 January 2024.
¹⁹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.
²⁰ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Date and Time	Venue/ Platform	Activity
	Province of Siquijor Electric Cooperative, Inc. (PROSIELCO) Main Office, Brgy. Nonoc, Larena, Siquijor	Expository Presentation for Stakeholders in the SPUG areas in the Province of Siquijor
	Batangas II Electric Cooperative Inc. (BATELEC II) Main Office, Antipolo, Lipa City, Batangas	Expository Presentation for Stakeholders in the SPUG areas in the Province of Batangas
	Zamboanga City Electric Cooperative Inc. (ZAMCELCO) Main Office, Maria Clara L. Lobregat Highway, Putik, Zamboanga City	Expository Presentation for Stakeholders in the SPUG areas in the Provinces of Zamboanga, Basilan, Siasi, Sulu, Tawi- Tawi, Cagayan de Sulu
05 April 2024 (Friday) at nine o'clock in the morning (9:00 A.M.)	Aurora Electric Cooperative Inc. (AURELCO) Main Office, Baler, Aurora	Expository Presentation for Stakeholders in the SPUG areas in the Province of Aurora
	Bohol I Electric Cooperative Inc. (BOHECO I) Main Office, Cabulijan, Tubigon, Bohol	Expository Presentation for Stakeholders in the SPUG areas in the Province of Bohol
	Occidental Mindoro Electric Cooperative Inc. (OMECO) Main Office, San Jose, Occidental Mindoro	Expository Presentation for Stakeholders in the SPUG areas in the Provinces of Oriental

Date and Time	Venue/ Platform	Activity
		Mindoro and Occidental Mindoro
	Romblon Electric Cooperative Inc. (ROMELCO) Main Office, Romblon, Romblon	Expository Presentation for Stakeholders in the SPUG areas in the Municipalities of Odiongan and Romblon, Romblon
11 April 2024 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Quezon II Electric Cooperative Inc. (QUEZELCO II) Main Office, Brgy. Gumian, Infanta, Quezon	Expository Presentation for Stakeholders in the SPUG areas in the Province of Quezon
	First Catanduanes Electric Cooperative Inc. (FICELCO) Main Office, Bato, Catanduanes	Expository Presentation for Stakeholders in the SPUG Areas in the Province of Catanduanes
	ERC Mindanao Office Rm. 6F-9 6th floor, BIZ Building, c/o Bormaheco Inc. 209 J.P.Laurel Ave., Bajada, Davao City	Expository Presentation for Stakeholders in the SPUG areas in the Provinces of Davao Del Norte, and Davao Del Sur
	Palawan Electric Cooperative Inc. (PALECO) Main Office, National Highway, Puerto Princesa City, Palawan,	Expository Presentation for Stakeholders in the SPUG areas in the Province of Palawan (Including Busuanga Island)

Date and Time	Venue/ Platform	Activity
19 April 2024 (Friday) at nine o'clock in the morning (9:00 A.M.)	Camotes Island Electric Cooperative, Inc. (CELCO) Main Office, Poblacion, Poro, Camotes, Cebu	Expository Presentation for Stakeholders in the SPUG areas in Camotes Island and Bantayan Island, Cebu
	Dinagat Island Electric Cooperative Inc. (DIELCO) Main Office, Justiniana, San Jose, Dinagat Island	Expository Presentation for Stakeholders in the SPUG areas in the Provinces of Dinagat Island, and Surigao Del Norte
	Samar I Electric Cooperative Inc. (SAMELCO I) Main Office, Brgy. Carayman, Calbayog City, Samar	Expository Presentation for Stakeholders in the SPUG areas in the Province of Samar and Northern Samar
	Southern Leyte Electric Cooperative, Inc. (SOLECO) Main Office, Nasaug, Maasin City, Southern Leyte	Expository Presentation for Stakeholders in the SPUG areas in the Province of Southern Leyte and Biliran
26 April 2024 (Friday) at nine o'clock in the morning (9:00 A.M.)	Kalinga-Apayao Electric Cooperative, Inc. (KAELCO) Main Office, Magsaysay, Tabuk, Kalinga	Expository Presentation for Stakeholders in the SPUG areas in the Province of Kalinga
	Sultan Kudarat Electric Cooperative	Expository Presentation for Stakeholders in the

Date and Time	Venue/ Platform	Activity
	Inc. (SUKELCO) Main Office, Tacurong, Sultan Kudarat	SPUG areas in the Province of Sultan Kudarat
	Batanes Electric Cooperative, Inc. (BATANELCO) Main Office, Basco, Batanes	Expository Presentation for Stakeholders in the SPUG areas in the Province of Batanes
03 May 2024 (Friday) at nine o'clock in the morning (9:00 A.M.)	The Venue Function Rooms The Avenue Complex, Glicerio Pison Ave, Mandurriao, Iloilo City	Expository Presentation for Stakeholders in the SPUG areas in the Provinces of Iloilo, Guimaras, and Antique
	Isabela II Electric Cooperative (ISELCO II) Main office, Alibagu, Ilagan Isabela	Expository Presentation for Stakeholders in the SPUG areas in the Province of Isabela
	Albay Electric Cooperative Inc. (ALECO) Main Office, Legazpi, Albay	Expository Presentation for Stakeholders in the SPUG areas in the Province of Albay and Camarines Sur
10 May 2024 (Friday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams/Zoom Application	Microsoft Teams Pre- Trial Conference and Presentation of Evidence
10 May 2024 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Presentation of Evidence

Date and Time	Venue/ Platform	Activity
17 May 2024 (Friday) at nine o'clock in the morning (9:00 A.M.)		Presentation of Evidence
17 May 2024 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Presentation of Evidence

NPC is hereby directed to attend the said hearings at the designated venues.

Any interested stakeholder may submit its comments and/or clarifications **at least one (1) calendar day** prior to the scheduled initial 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, 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, and copy furnish 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 hearing. The verified Petition to Intervene must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating 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 thereon **at least five (5) calendar days** prior to the initial 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.

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 *Petition* on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled initial hearings by providing the Commission, thru legal.virtualhearings@erc.ph, their respective e-mail addresses and indicating therein the case number of the instant *Petition*. 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 February 2024 in Pasig City.



MONALISA C. DIMALANTA
Chairperson and CEO

ERC

Office of the Chairperson and CEO



MCD2024-014702


LS: MCC/LSP