

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

**IN THE MATTER OF THE
PETITION FOR THE
AVAILMENT OF THE
ENVIRONMENTAL
CHARGE/SHARE FROM THE
UNIVERSAL CHARGE FOR
THE REHABILITATION AND
MANAGEMENT OF
WATERSHED AREAS (PLAN
17),**

ERC Case No. 2021-023 RC
March 31, 2021

**NATIONAL POWER
CORPORATION,**
Petitioner.

x-----x

PETITION

Petitioner **NATIONAL POWER CORPORATION (NPC)**,
by counsels, unto this Honorable Commission, most
respectfully states that:

1. NPC is a government owned-and-controlled corporation created and existing under and by virtue of Republic Act No. 6935, as amended (**NPC Charter**), with principal office address at NPC Office Building Complex, Quezon Avenue Corner BIR Road, Diliman, Quezon City, where it may be served with notices and other processes of this Honorable Commission;
2. Under the NPC Charter, particularly Section 3, paragraph (N), NPC is vested with the power to exercise complete jurisdiction and control over watersheds surrounding the reservoir of plants and/or projects it constructed;

3. To further strengthen NPC's jurisdiction and control over watersheds, Executive Order (EO) No. 224 was issued on 16 July 1987, wherein NPC was granted complete jurisdiction, control and rehabilitation function over the following watershed areas and reservations: (a) Upper Agno Watershed Reservation as covered by Proclamation No. 548; (b) Angat Watershed Reservation as covered by Proclamation Nos. 505 and 599; (c) Caliraya-Lumot Watershed Reservation as covered by Proclamation No. 573; (d) Makiling-Banahaw Geothermal Reservations as covered by Proclamation No. 1111; (e) Buhi-Barit Watershed as covered by Proclamation No. 573; (f) Tiwi Geothermal Reservation as covered by Presidential Proclamation No. 739;

4. Accordingly, NPC became responsible for the management, protection, development, and rehabilitation of the aforementioned watershed areas, including but not limited to the following: (a) Enforcement of forestry laws, rules and regulations governing the Integrated Management of Watershed Reservation under Ministry Order No. 83-01-13, Series of 1982; (b) Identification of areas which required immediate rehabilitation and development; (c) Preparation of plans and programs using the integrated multiple use concept of Watershed Management for the maximum utilization of Watershed resources; (d) Formulation and/or implementation of measures to prevent denudation of forest cover and siltation of existing reservoirs; (e) Public education and information drive to create awareness among the populace about the importance of forest resources and watershed areas; (f) Promotion of the development and conservation of existing vegetative cover; (g) Formulation of plans and development programs for resettlement and relocation; (h) Coordination with government agencies/instrumentalities, academic institutions, Local Government Units (LGUs), Indigenous Peoples (IPs)/Indigenous Cultural Communities (ICCs), as well as religious and civil groups in undertaking forest conservation and rehabilitation measures in watershed areas; (i) Afforestation, reforestation and implementations of physical rehabilitation measures in critically denuded watershed areas; (j) Development, maintenance and management of free farms within adequately vegetative watershed for the production of transmission line poles;

5. NPC's jurisdiction and control over watersheds was again recognized and reiterated in Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (**EPIRA**), and its Implementing Rules and Regulations (**IRR**), particularly Section 6 (c), Rule 23 of the IRR, by mandating NPC to continue being responsible for watershed rehabilitation and management;
6. Under the EPIRA, NPC is entitled to the Environmental Charge (**EC**) equivalent to one-fourth of one centavo per kilowatt-hour sales (P 0.0025/kWh), which forms part of the Universal Charge (UC). This environmental fund is intended solely for watershed rehabilitation and management and is being managed by NPC under existing arrangements. In order to avail said EC, NPC is required to file with this Honorable Commission a petition for the availment of the UC-EC in relation to the proposed watershed rehabilitation and management projects on or before March 15 of every year;
7. In order to review and restructure some of NPC's rehabilitation and other allied activities within the watershed areas; and due to the restrictions imposed by the National Government and Local Government Units in local travels, coupled with the strict implementation of health and safety protocols against Covid-19, NPC requested for extensions in filing its UC-EC Plan 17 petition for the Calendar Year (CY) 2020. (Attached as **Annexes "P" to "R"**, are NPC's letters to this Honorable Commission dated March 12, July 2, and December 28, 2020, respectively, which all form an integral part hereof);
8. However, the threat of Covid-19 to health and life remains. Restrictions in local travels and implementation of health and safety protocols still cause delay, not only in the validation of target sites for its restoration, but also in the consultations conducted by the Watershed Area Teams (WATs) with the concerned stakeholders. As a result, in a letter dated February 22, 2021 (Attached as **Annex "S"**, which forms an integral part hereof), NPC informed this Honorable Commission of its decision to forego its availment of UC-EC for CY 2020, and instead file Plan 17 Petition for UC-EC CY 2021. NPC also requested that it be allowed to file its petition for Plan 17 until 31 March 2021 in order for WATs to complete the

documentation and packaging of the proposed projects in their respective areas, and to comply with the posting and pre-filing requirements. Hence, this Petition;

9. In support of this petition, NPC hereby submits its proposed operations plan for Calendar Year 2021 (hereinafter referred to as "**Plan 17**") for the availment of the UC-EC for the rehabilitation and management of the watersheds. (*Attached as **Annex "A"** is the **Executive Summary** of Plan 17 which forms an integral part hereof*);

10. Plan 17 was crafted in order to strengthen and intensify NPC's undertakings to address the issue of uncontrolled deforestation, especially in watershed areas. For the past 19 years (2002-2021), NPC continues to embark on non-stop greening initiatives in various watershed areas that gained acceptance and encouraged cooperation from stakeholders. In line with the Greening Program of the National Government, NPC's Watershed Management Department (**WMD**) and its Watershed Area Teams (**WATs**) are committed to reforest idle/open and denuded areas and promote the use of indigenous species (Rainforestation) in its greening projects. Alongside with the greening programs, WMD intends to raise planting stocks to be distributed to qualified beneficiaries that are willing and able plant trees in their respective communities;

11. Plan 17 is composed of programs and projects specified in Section 1, Article II of the Rules and Procedures Governing the Utilization and Disbursement of UC-EC (**Rules**), with the proposed modes of procurement, namely: (1) Watershed Protection and Law Enforcement; (2) Watershed Rehabilitation; (3) Watershed Resource Development; (4) Infrastructure; (5) Administrative and Project Operations and/or Supervision; (6) Equipment Acquisition; (7) Sustainability and Third-Party Evaluation; (8) Biodiversity and Ecotourism; and (9) Research Development. These programs and projects, which were recommended by the concerned WAT, were reviewed and evaluated by the Head Office-WMD. (*Attached as **Annexes "C" to "L"**, which form an integral part hereof, are the proposed plans of the WATs assigned in Angat, Buhi-Barit, Caliraya-Lumot, Lake-Lanao Agus River, Mak-Ban,*

Pulangi, San Roque, Tiwi, Upper Agno and the WMD-Head Office);

12. Plan 17 covers the six (6) watershed areas and reservations over which NPC has complete jurisdiction and control by virtue of EO 224; San Roque Watershed (Lower Agno) which is managed by NPC for San Roque Multi-Purpose Project by virtue of PD 2320; Lake Lanao-Agus River and Pulangi Watershed Area which are covered by a Memorandum of Agreement between NPC and the Department of Environment and Natural Resources (DENR);

13. Plan 17, which was crafted with reference to the previous proposed plans submitted to this Honorable Commission, also forms part of, and is premised on the NP Board approved Integrated Watershed Master Plan for the nine (9) watershed areas managed by NPC;

14. Aside from maintaining the objectives of the previous proposed plans, Plan 17 seeks to: (a) attain the rehabilitation, through vegetative measures, of 496 hectares of open and denuded areas; (b) contribute to climate change mitigation through the sequestration of carbon equivalent to 3,472 tons/year (Lasco, R.D. and Pulhin, F.B., 2003); (c) reduce sedimentation and soil erosion inside NPC's reforestation areas of at least 644.80 tons/year (Sapalco, S.R., 1981); (d) increase biodiversity in terms of species richness and flora and fauna population through conservation and ecotourism programs; (e) strengthen and sustain the protection and conservation of the watershed areas through community participation; and (f) employ approximately 1,000 individuals from the local community;

15. Plan 17 complies with ERC Case Res. Nos. 18 Series of 2011, which requires it to conduct consultation with the Local Government Units (LGU) and LGAs where projects will be situated. Reference was made to the environmental projects of the LGUs and LGAs to avoid duplication in funding. Concerns of stakeholders were brought to the attention of concerned WAT personnel and served as guides in packaging

Plan 17. This helped ensure support from the LGUs and the local communities;

16. In order to attain the objectives of Plan 17, NPC needs to avail and utilize the funds from the UC-EC amounting to **TWO HUNDRED FORTY- SIX MILLION FIVE HUNDRED FIFTY THOUSAND SIXTEEN PESOS and EIGHTY- ONE CENTAVOS (Php 246,550,016.81)**, as shown in the Consolidated Financial Summary attached as **Annex "B"**, which forms an integral part hereof. This amount was computed based on existing rules and regulations prescribed for government projects;

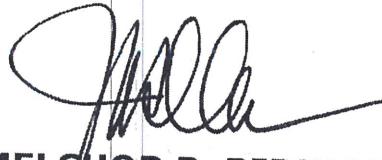
17. In compliance with Section 2 (b), Article II of the Rules, NPC furnished a copy of this petition to the Sangguniang Panlungsod and the Office of the City Mayor of Quezon City, where NPC principally operates, and published it in a newspaper of general Circulation. (*Attached as Annexes "M" and "N"*, which form an integral part hereof, are proofs of service and publication of this petition).

WHEREFORE, premises considered, NPC prays that this petition be **APPROVED** by this Honorable Commission.

OTHER RELIEFS and REMEDIES, which in law or equity may be deemed just and equitable under the premises, are likewise prayed for.

Quezon City for Pasig City, 24 March 2021.

FOR THE SOLICITOR GENERAL



MELCHOR P. RIDULME

Vice President

Office of the Legal Counsel

Special Attorney-OSG

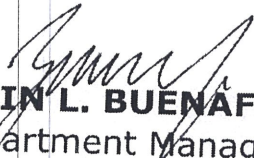
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Copy Furnished:

- 1.) Hon. Ma. Josephine G. Belmonte
Mayor, Quezon City
- 2.) Hon. Gian Carlo G. Sotto
Vice Mayor, Quezon City /
Presiding Officer, Quezon City Council
- 3.) Atty. John Thomas S. Alferos III
City Secretary, Quezon City
- 4.) Atty. Irene Joy J. Besido-Garcia
President and CEO
Power Sector Assets and Liabilities Management
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Astra corner Lux Drives,
North Ave., Quezon City
- 5.) Secretary Roy A. Cimatu
Department of Environment and Natural Resources

EXPLANATION

While this Petition, together with its attachments, was personally filed with the Honorable Energy Regulatory Commission and sent via electronic mail, copies of the other parties, on the other hand, were either personally served or sent via private courier and/or registered mail due to the existing community quarantine and lack of personnel to effect personal service.


MARIA CHRISTINA L. LAIG

Republic of the Philippines)
Quezon City) S.S.

VERIFICATION
AND CERTIFICATION OF NON-FORUM SHOPPING

I, **MELCHOR P. RIDULME**, of legal age, Filipino, married, and with office address at NPC Office Building Complex Corner Quezon Avenue and BIR Road, East Triangle, Diliman Quezon City, state under oath that:

1. I am the Vice- President – Legal Counsel of the National Power Corporation. As such, I have been authorized through Board Resolution No. 2001-134 dated November 16, 2001 to initiate the filing of this petition. A certified true copy of the Board Resolution is hereto attached as **Annex "O"** and is made integral part of this petition;
2. I have caused the preparation of this petition;
3. I have read and understood the contents of this petition and that: a) the allegations in it are true and correct based on my personal knowledge or on authentic records; b) this petition was not filed to harass, cause unnecessary delay, or needlessly increase the cause of litigation; and c) the factual allegations in it have evidentiary support after reasonable opportunity for discovery;
4. I also certify under oath that: a) I have not previously filed any action involving the same issues in any court, tribunal, or quasi-judicial agency; b) to the best of my knowledge, no such action is pending in any of them; and c) if I should learn of the filing of such action, I shall report it to the Court within five (5) days from hearing about it.

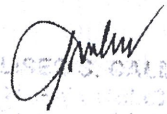
IN WITNESS WHEREOF, I have signed this instrument on 25 MAR 2021 day of March 2021 in Quezon City, Philippines. 25


MELCHOR P. RIDULME
Affiant

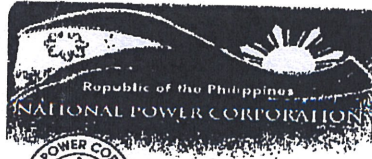
25 MAR 2021

SUBSCRIBED AND SWORN to before me this _____ day of March 2021, affiant exhibiting to me his Identification Card bearing his photograph and signature, with ID No. APW1300003, issued by the National Power Corporation in Quezon City on 29 January 2018.

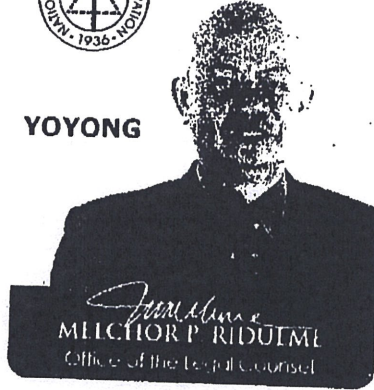
Doc No. 75
Page No. 19
Book No. 4V
Series of 2021.



ATTY. ELISEO C. CALMA JR.
PRACTICING LAWYER
PUNTA RAYA, CANTON, CEBU
P.O. BOX 10000
M.C. COM. NO. 11-01-12-17 Dated April 01, 2012



YOYONG



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DATE ISSUED	: 01-29-2018
Employee No.	: 93-20139-6
TIN	: 163-968-272
GSIS BP NO.	: 2000858732
BLOOD TYPE	: O
IN CASE OF EMERGENCY PLEASE CALL NATIONAL POWER (+632) 924-5240 (+632) 924-5300	
IF FOUND, PLEASE RETURN TO NEAREST NATIONAL POWER Installation or NATIONAL POWER CORPORATION BIR Road corner Quezon Avenue Diliman, Quezon City, 1100 www.napcor.gov.ph	


PIO J. BENAVIDEZ
President & CEO

