

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
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  
19),**

ERC Case No.

2023-023-RC

23 MAR 23 17:18  
BON ANDREW PANTALEON

**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 support of this petition, NPC hereby submits its proposed operations plan for Calendar Year 2023 (hereinafter referred to as "**Plan 19**") 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 19 which forms an integral part hereof*);

8. Plan 19 was crafted in order to strengthen and intensify NPC's undertakings to address the issue of uncontrolled deforestation, especially in watershed areas. 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.

9. Plan 19 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) Training and Livelihood Projects; 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 "M", 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, Magat, Pantabangan-Carranglan, San Roque, Tiwi, Upper Agno and the WMD-Head Office);*

10. Plan 19 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);

11. Plan 19, 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 Eleven (11) watershed areas managed by NPC;

12. Aside from maintaining the objectives of the previous proposed plans, Plan 19 seeks to: (a) attain the rehabilitation, through vegetative measures, of 895 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; and (e) strengthen and sustain the protection and conservation of the watershed areas through community participation.

13. Plan 19 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 19. This helped ensure support from the LGUs and the local communities;

14. In order to attain the objectives of Plan 19, NPC needs to avail and utilize the funds from the UC-EC amounting to **THREE HUNDRED FIFTY TWO MILLION SIX HUNDRED FORTY NINE THOUSAND SIX HUNDRED SEVENTY NINE PESOS AND SIXTY SEVEN CENTAVOS (Php352,649,679.67)**, 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;

15. 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 "N" and "O"*, 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, 08 March 2023.

**FOR THE SOLICITOR GENERAL**



**MELCHOR P. RIDULME**

Vice President

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**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.



**DIWA RAFAEL B. BONTUYAN**

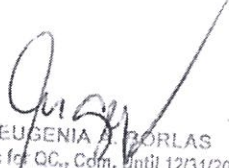
**SUBSCRIBED AND SWORN** to before me this MAR 23 2023 day of March 2023, affiant exhibiting to me his Identification Card bearing his photograph and signature, with ID No. APW1300003, issued by the National Power Corporation in Quezon City on 29 January 2018.

Doc No. 161

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Book No. 1

Series of 2023.

  
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