

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
JOINT APPLICATION FOR
THE APPROVAL OF THE
POWER SUPPLY
AGREEMENT (PSA)
BETWEEN SORSOGON I
ELECTRIC COOPERATIVE,
INC. (SORECO I) AND
MASINLOC POWER CO.
LTD. (MPCL), WITH
MOTION FOR
CONFIDENTIAL
TREATMENT OF
INFORMATION AND
MOTION FOR
PROVISIONAL AUTHORITY
OR INTERIM RELIEF**

ERC Case No. 2025-120 RC

**SORSOGON I ELECTRIC
COOPERATIVE, INC.
(SORECO I) AND
MASINLOC POWER CO.
LTD. (MPCL),**

Applicants.

Promulgated:
July 10, 2025

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ORDER

On 22 May 2025, Sorsogon I Electric Cooperative Inc. (SORECO I) and Masinloc Power Co. Ltd. (MPCL) filed their *Joint Application* dated 02 April 2025, seeking the Commission’s approval of their Power Supply Agreement, with motion for confidential treatment of information and provisional authority or interim relief.

The pertinent allegations of the *Joint Application* are hereunder quoted as follows:

THE APPLICANTS

1. **SORECO I** is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Maharlika Highway, Brgy. Gulang-Gulang, Irosin, Sorsogon, Irosin, Sorsogon (hereinafter referred to as “Buyer”).
2. **SORECO I** is a distribution utility engaged in distribution of light and power within its franchise area covering the municipalities of Bulusan, Bulan, Casiguran, Irosin, Juban, Magallanes, Matnog and Sta. Magdalena, all in the province of Sorsogon.
3. **MPCL** is an entity duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at 40 San Miguel Avenue, Wack-Wack Greenhills, City of Mandaluyong (hereinafter referred to as “Seller”). MPCL is the owner of the Masinloc Coal Fired Thermal Power Plant located in Brgy. Bani, Masinloc, Zambales.
4. The Joint Applicants may be served with notices, orders, and other processes of this Honorable Commission through their respective counsels at the addresses hereinbelow indicated.

NATURE OF THE APPLICATION

5. The instant *Joint Application* for approval of the Power Supply Agreement entered into by and between SORECO I and MPCL dated 03 February 2025 (the PSA) is being submitted to the Honorable Commission for its review and approval pursuant to Rule 20(B) of the Energy Regulatory Commission (ERC) Resolution No. 01, Series of 2021 (ERC RRPP),¹ and Article VIII of the Honorable Commission’s Resolution No. 16, Series of 2023² (ERC 2023 CSP Guidelines).
6. The subject PSA was procured through a Joint Competitive Selection Process (CSP) conducted by the National Electrification Administration (NEA), in accordance with Article 13.1 of the NEA Memorandum No. 2023-057 (NEA 2023 CSP Memorandum), consistent with Section 5.4 of the Department of Energy (DOE) Circular No. DC2023-06-0021 (DOE 2023 CSP Policy), whereby NEA is allowed to undertake the CSP on behalf of the Electric Cooperative (EC) in case the latter requests the NEA’s assistance or is unable to complete its CSP one (1) year before the scheduled date as indicated in the Power Supply Procurement Plan (PSPP), and the 2023 CSP Guidelines.

STATEMENT OF FACTS

¹ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.
² Implementing Guidelines for the Procurement, Execution, and Evaluation of Power Supply Agreements Entered Into by Distribution Utilities for the Supply of Electricity To Their Captive Market.

7. With the issuances of the DOE 2023 CSP Policy, the NEA 2023 CSP Memorandum and ERC 2023 CSP Guidelines in 2023, the latter taking effect only on 23 October 2023, SORECO I faced challenges in completing its CSP in time for the expiration of its Contract for the Supply of Electric Energy (CSEE) with the Power Sector Assets and Liabilities Management Corp. (PSALM) on 25 February 2025.
8. Amidst this challenge, SORECO I exerted best efforts to ensure a stable and reliable power supply for its MCOs by undertaking a series of strategic steps to comply with the requirements of the DOE, ERC, and NEA in conducting a CSP for the procurement of its long-term power supply.
9. SORECO I joined and became a member of the aggregation of electric cooperatives of Region I and Cordillera Autonomous Region (CAR) for the purpose of procuring a power supply agreement to lower its generation rates. However, this CSP failed and did not result in the execution of any agreement.
10. Pursuant to the NEA 2023 CSP Guidelines, NEA intervened and conducted the joint CSP for the procurement of power supply of the aggregation of Luzon ECs, including the members of the Region I-CAR-SORECO I aggregation.
11. The joint CSP conducted by NEA followed the policy and rules prescribed under the above-mentioned issuances of the DOE, NEA, and this Honorable Commission.
12. The NEA issued NEA Office Order No. 2024-134, as amended by NEA Office Order No. 2024-276, creating a Special Bids and Awards Committee (NEA-SBAC) to conduct the CSP for the procurement of power supply for the aggregation of Luzon ECs who have not yet commenced their respective CSPs within one (1) year before the expiration of their current and subsisting PSAs or projected increase in demand based on their latest and posted PSPP. Applicant SORECO I is a member EC³ of the said aggregation of Luzon ECs.
13. On 12 August 2024, the NEA issued *Certificate of Conformity No. NEA-RAO-COC-2024-10* stating that:

“This is to certify that the contract quantities and cooperation periods for the Competitive Selection Process (CSP) of the Luzon EC Aggregation power supply requirement are consistent with the latest posted 2024-2033 Power Supply Procurement Plans.”

³ The Member ECs refer to the ECs included in the aggregation of Luzon ECs for the conduct of NEA’s Joint CSP, namely: Albay Electric Cooperative Inc., Benguet Electric Cooperative, Camarines Sur I Electric Cooperative Inc., Camarines Sur II Electric Cooperative Inc., Central Pangasinan Electric Cooperative Inc., Ilocos Norte Electric Cooperative Inc., Ilocos Sur Electric Cooperative Inc., Isabela I Electric Cooperative Inc., Isabela II Electric Cooperative, Kalinga-Apayao Electric Cooperative Inc., Mountain Province Electric Cooperative Inc., Nueva Ecija II Electric Cooperative Inc. – Area 2, Pangasinan III Electric Cooperative, Pampanga I Electric Cooperative Inc., Pampanga Rural Electric Service Cooperative Inc., Sorsogon I Electric Cooperative Inc., Tarlac I Electric Cooperative Inc., and Tarlac II Electric Cooperative Inc.

14. Accordingly, the NEA-SBAC commenced and conducted the Joint CSP for the procurement of the aggregated baseload supply of the member ECs of the said aggregation of Luzon ECs, including applicant SORECO I. A *CSP Report* prepared by the NEA-SBAC is attached hereto as **Annex “U” and series**. A summary of the key dates and events of the Joint CSP is provided below:
- 14.1. The *Invitation to Bid* for the Joint CSP was published in the Philippine Daily Inquirer newspaper on 17 August 2024 and 24 August 2024. Six (6) prospective bidders manifested their intention to participate in the Joint CSP, namely: Therma Luzon, Inc., Sual Power Inc., Therma Visayas Inc., AP Renewables Inc., GN Power Dinginin Ltd. Co., and applicant MPCL.
- 14.2. On 30 August 2024, Invitations to CSP Observers were sent inviting certain groups to participate as CSP Observers in the Pre-Bid Conference, including the DOE, consumer representatives, community representatives, interested civil society organizations and consumers, and the regional development council for Luzon.
- 14.3. On 12 September 2024, the Pre-Bid Conference for the Joint CSP was held at the Honesty, Efficiency and Solidarity Auditorium 2nd Floor, NEA Building, 57 NIA Road, Government Center, Diliman, Quezon City (the “NEA HESA”). The Pre-Bid Conference was attended by the NEA-SBAC, NEA SBAC Technical Working Group (TWG), NEA-SBAC Secretariat, CSP Observers, and the six (6) prospective bidders, including applicant MPCL.
- 14.4. The following Bid Bulletins (“BB”) were issued by the NEA-SBAC throughout the Joint CSP process:

BB No.	Date Issued	Description
1	04 September 2024	Announcing the venue of the Pre-Bid Conference, among others.
2	14 October 2024	Announcing the revised schedule of the succeeding bidding activities for the Joint CSP.
3	15 October 2024	Providing official responses to bidder inquiries and issuing the revised transaction documents.
4	06 November 2024	Announcing the revised schedule of bidding activities, setting the bid submission, opening, and evaluation for 03 December 2024.
5	14 November 2024	Addressing further bidder queries and issuing the final terms of reference and final transaction documents.
6	20 November 2024	Change of venue for the submission, opening, and evaluation of bids.
7	26 November 2024	Correcting Schedule 13 (Technical Bid Form 2) of the final transaction documents.

These BBs were also posted on the NEA website.

- 14.5. On 03 December 2024, the bid submission date, Sual Power, Inc., Therma Luzon, Inc., and applicant MPCL timely submitted their proposals. Therma Visayas, Inc., AP Renewables, Inc., and GNPowr Dinginin Ltd. Co. submitted letters withdrawing participation from the Joint CSP. These letters were read aloud at the start of the bid opening process.
- 14.6. On the same date, the respective proposals of Sual Power, Inc., Therma Luzon, Inc., and applicant MPCL were evaluated based on the parameters outlined in the final transaction documents issued by the NEA-SBAC, with applicant MPCL emerging as one of two (2) bidders with the Lowest Calculated Bid for 50% of the aggregated contract capacity of the Member ECs.
- 14.7. The post-qualification process was conducted from 04 to 06 December 2024. On 17 December 2024, NEA-SBAC TWG submitted its report dated 16 December 2024 to the NEA-SBAC confirming the authenticity, validity, and accuracy of applicant MPCL's submitted legal, technical, and financial documents. The NEA-SBAC TWG recommended the declaration of applicant MPCL as one of two (2) bidders with the lowest calculated bid for the Joint CSP.
- 14.8. On 19 December 2024, the NEA-SBAC issued Resolution No. 04, series of 2024, declaring applicant MPCL as one of the two Lowest Calculated and Responsive Bidders and awarding it 50% of the aggregated contract capacity of the Member ECs. In accordance with NEA Memorandum 2023-057, the NEA-SBAC endorsed the said resolution to the NEA Office of the Administrator for the issuance of a Notice of Award in favor of MPCL.
- 14.9. The Notice of Award was issued by NEA in favor of MPCL on 27 December 2024 and was acknowledged and accepted by MPCL on 02 January 2025.
- 14.10. On 29 January 2025, the duly authorized representatives of the Member ECs submitted the finalized PSA with MPCL to the NEA-SBAC for approval.
- 14.11. On 31 January 2025, the NEA issued the Notice to Execute Agreement, directing the Member ECs to execute the NEA-approved PSAs within three (3) calendar days or until 03 February 2025.

- 14.12. On 03 February 2025, in compliance with the Notice to Execute Agreement issued by NEA,⁴ Joint Applicants SORECO I and MPCL executed the PSA, subject of this instant *Joint Application*, for a contracted baseload capacity of 2MW-8MW, with supply commencing on the later of either: (a) 26 February 2025; or (b) the next immediate 26th day of the month following the ERC's issuance of a Provisional Authority or Interim Relief (as applicable) or Final Authority (if neither Provisional Authority or Interim Relief was issued by the ERC) for the implementation of the Agreement.
- 14.13. Notably, since the PSA was a result of a joint CSP conducted by NEA itself, and the PSA being subject to a separate review by the NEA, it may be presumed that the subject PSA, including all terms and conditions therein, is in accordance with all the relevant policies and rules of the DOE, NEA, and the Honorable Commission.
15. Hence, this instant *Joint Application* for the approval of the PSA between SORECO I and MPCL.

SALIENT TERMS OF THE PSA

16. The PSA between SORECO I and MPCL, a copy of which is attached as ANNEX "M", contains the following salient features:
- 16.1. **The Generation Facility.** The baseload requirement of SORECO I under the subject PSA will be supplied from MPCL's Masinloc Coal-Fired Thermal Power Plant in the Barangay Bani, Masinloc, Zambales.
- 16.2. **Contract Term.** This Agreement shall take effect immediately from the Effective Date, and from such date shall remain in force and effect for Fourteen (14) years and Ten (10) months from Delivery Date unless sooner terminated in accordance with this Agreement and upon approval by the ERC.
- 16.3. **Delivery Date.** The Seller shall commence delivery of the Contract Capacity to Buyer on Delivery Date. The Delivery Date shall be the later of either:
- a. 26 February 2025; or
 - b. The next immediate 26th day of the month following the ERC's issuance of a Provisional Authority or Interim Relief

⁴ Annex "U-22"

(as applicable) or Final Authority (if neither Provisional Authority nor Interim Relief was issued by the ERC) for the implementation of this Agreement.

16.4. **Contract Capacity.** The contacted capacity is detailed in schedule 2 of the PSA, as follows:

SCHEDULE 2

CY	26 Dec to 25 Jan	26 Jan to 25 Feb	26 Feb to 25 Mar	26 Mar to 25 Apr	26 Apr to 25 May	26 May to 25 Jun	26 Jun to 25 Jul	26 Jul to 25 Aug	26 Aug to 25 Sep	26 Sep to 25 Oct	26 Oct to 25 Nov	26 Nov to 25 Dec
2025	-	-	2	2	2	2	2	2	2	2	2	2
2026	2	2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
2027	2.5	2.5	3	3	3	3	3	3	3	3	3	3
2028	3	3	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
2029	3.25	3.25	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
2030	7	7	7	7	7	7	7	7	7	7	7	7
2031	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
2032	8	8	8	8	8	8	8	8	8	8	8	8
2033	8	8	8	8	8	8	8	8	8	8	8	8
2034	8	8	8	8	8	8	8	8	8	8	8	8
2035	8	8	8	8	8	8	8	8	8	8	8	8
2036	8	8	8	8	8	8	8	8	8	8	8	8
2037	8	8	8	8	8	8	8	8	8	8	8	8
2038	8	8	8	8	8	8	8	8	8	8	8	8
2039	8	8	8	8	8	8	8	8	8	8	8	8

In the event the Delivery Date does not coincide with the Target Delivery Date and that said Delivery Date is delayed by a certain number of Billing Period/s, such number of Billing Period/s of delay shall extend the last Billing Period contained in the table above by the same number of Billing Period/s; provided that the Contract Capacity for such extended Billing Period/s shall be exactly the same Contract Capacity for the same Billing Period/s of the previous Contract Year.

Thus, for example, assuming the Target Delivery Date is on 26 February 2025 and actual Delivery Date commences on 26 August 2025, resulting to a delayed implementation by six (6) Billing Periods. In this case, the last Billing Period to complete the Term under this Agreement shall be extended likewise by six (6) Billing Periods. Thus, instead of 26 November 2039 to 25 December 2039 being the last Billing Period, an additional six (6) Billing Periods covering 26 December 2039 to 25 June 2040 shall be considered as part of the Contract Term. The Contract Capacity for 26 December 2039 to 25 June 2040 shall be the Contract Capacity for 26 December 2038 to 25 June 2039.

CY	26 Dec to 25 Jan	26 Jan to 25 Feb	26 Feb to 25 Mar	26 Mar to 25 Apr	26 Apr to 25 May	26 May to 25 Jun
2040	8	8	8	8	8	8

16.5. **Outages.** The seller is allowed the following outages under the PSA:

Planned Outages. Every October of each year, Seller shall inform Buyer of its NGCP-approved Planned Outages, ensuring that these are aligned with the most recent DOE-approved Grid Operating and Maintenance Program. Seller shall not be permitted to conduct any plant-level Planned Outages or Preventive Maintenance Schedule on its Facility's units during the months of April, May, and June of any given year, except when required and approved by the system operator and/or the DOE to ensure the reliability of the transmission grid.

Seller is allowed a **Planned Outage Allowance and an Unplanned Outage Allowance** (taken together, the “Outage Allowance”) not to exceed the number of Days for each Contract Year as set forth in SCHEDULE 6 (Outage Allowance), during which times, reduced or no deliveries shall be available to Buyer, subject to ERC rules and regulations on Reliability Performance Indices.

16.6. **Replacement Power.** The PSA provides for replacement power as follows:

The procurement of any Replacement Power shall be the responsibility of Seller, provided that the rates to be paid by the Buyer for the procurement of Replacement Power outside the Facility, if applicable, shall be the lower between:

- i. the actual rate of the Replacement Power; or
- ii. the generation rate based on the approved tariff for this Agreement.

If Seller provides Replacement Power, Seller shall attach to the Seller Invoice the computation showing both the actual rate of the Replacement Power and the generation rate based on the approved tariff for this Agreement.

- i. In computing the actual rate of the Replacement Power, Seller shall declare whether the

replacement energy was generated from a renewable energy source/s or from sources exempt from Value-Added Taxes and shall provide the invoice issued to it by the replacement power plant clearly showing the breakdown of the rate for the replacement energy delivered.

- ii. In computing the generation rate based on this Agreement, in accordance with Schedule 7, the CRR_{CUF} and $FOMR_{CUF}$ shall be based on the utilization of the Contract Capacity for the relevant Billing Period. Further, the Fuel Cost shall be calculated using a fuel rate based on the Fuel Price of Seller for the immediately preceding Billing Period and the Seller’s Fuel Consumption Rate at the CUF level associated with the CRR_{CUF} and $FOMR_{CUF}$.
- iii. If the resulting Line Rental charges is lower than the Line Rental from the Facility, the sharing of the Line Rental charge shall be in accordance with SECTION 12.
- iv. If the resulting Line Rental charges is higher than the Line Rental from the Facility, any positive difference therefrom shall be for the account of the Seller while the remainder shall be shared in accordance with SECTION 12 of this Agreement.

Buyer’s Line Rental Charge for Replacement Energy shall be calculated as follows:

$$BLRC = 50\% \times Min(LR_{RP}, LR_{FACILITY}) \times TRED_{RP}$$
$$LR_{RP} = \frac{Total\ LRC_{RP}}{TRED_{RP}}$$
$$LR_{FACILITY} = \frac{Total\ LRC_{FACILITY}}{TED_{FACILITY}}$$

Where:

BLRC	Buyer’s Line Rental Charge for Replacement Energy for a Billing Period, in PhP
LR _{RP}	Line Rental rate from the Replacement Power Plant, in PhP/kWh
LR _{FACILITY}	Line Rental rate from the Facility, in PhP/kWh
	Note:

	If the Seller supplies from the Facility at any interval within a Billing Period, the $LR_{FACILITY}$ shall be determined based on the Line Rental rate from the Facility during the present Billing Period, excluding intervals affected by a Force Majeure event/s or intervals when the Facility is on outage. If the Seller is unable to supply from the Facility for all intervals within a Billing Period, the $LR_{FACILITY}$ shall be determined based on the Line Rental rate from the Facility during the most recent regular Billing Period. A "regular Billing Period" refers to a Billing Period in which no Force Majeure event occurs.
Total LRC_{RP}	Total Line Rental charges from the Replacement Power Plant, in Php, in a Billing Period
$TRED_{RP}$	Total Replacement Energy Delivered from the Replacement Power Plant to Buyer Delivery Point, in kWh, in a Billing Period
Total $LRC_{FACILITY}$	Total Line Rental charges from the FACILITY, in Php, in a Billing Period
$TED_{FACILITY}$	Total Energy Delivered from the Facility to Buyer Delivery Point, in kWh, in a Billing Period

For validation purposes, the Buyer shall provide its final monthly settlement data to the Seller as soon as available.

In the event of failure by Seller to provide the Replacement Power under **SECTION 10.3.1**, Buyer shall source Replacement Power at the expense of Seller. Seller shall shoulder the positive difference between the Replacement Power cost and the generation rate based on the approved tariff for this Agreement including the total line rental, if any. Additionally, Seller shall pay reasonable fees to cover the cost of the Buyer to fill in the shortage as well as liquidated damages provided under **SECTION 18** of this Agreement.

For purposes of **SECTION 10.4**, “reasonable fees” shall mean that Seller shall pay Buyer two thousand pesos (PhP2,000) per day that Buyer had to source the Replacement Power to be paid within thirty (30) Days after written demand for payment.

16.7. **Monthly Payment, Indexation and Adjustment.**
Schedule 7 of the PSA provides for the following:

SCHEDULE 7
MONTHLY PAYMENT, INDEXATION AND ADJUSTMENT

Total Generation Charge

Total Generation Charge = $CRF_{CUF} + FOMF_{CUF} + VOMF + FC + VAT$

A. Capital Recovery Fee (CRF)

The CRF_{CUF} shall be calculated as the product of the Capital Recovery Rate (“ CRR_{CUF} ”), in PhP/kWh, and the actual energy delivered from the Facility during the Billing Period or the equivalent associated energy based on the Monthly Minimum CUF, whichever is higher.

$$CRF_{CUF_t} = CRR_{CUF_t} \times \max(AED_t, AE_t)$$

$$CRR_{CUF_t} = \frac{CRR_{100\%CUF}}{CUF_t}$$

CRF _{CUF_t}	Corresponding CRF _{CUF} to calculate the Total Generation Charge, expressed in Php																																																																		
CRR _{CUF_t}	Billing Determinant to calculate CRF _{CUF} , expressed in PhP/kWh, for a Billing Period																																																																		
CRR _{100%CUF}	Corresponding CRR at 100% CUF, which is 2.0588 PhP/kWh. For reference see Table 1 for the value of CRR per 1% CUF from 65% to 100%: Table 1. Capital Recovery Rate per 1% Capacity Utilization Factor <table><tr><th>Capacity Utilization Factor</th><th>CRR PhP/kWh</th></tr><tr><td>100%</td><td>2.0588</td></tr><tr><td>99%</td><td>2.0796</td></tr><tr><td>98%</td><td>2.1008</td></tr><tr><td>97%</td><td>2.1225</td></tr><tr><td>96%</td><td>2.1446</td></tr><tr><td>95%</td><td>2.1672</td></tr><tr><td>94%</td><td>2.1902</td></tr><tr><td>93%</td><td>2.2138</td></tr><tr><td>92%</td><td>2.2378</td></tr><tr><td>91%</td><td>2.2624</td></tr><tr><td>90%</td><td>2.2876</td></tr><tr><td>89%</td><td>2.3133</td></tr><tr><td>88%</td><td>2.3395</td></tr><tr><td>87%</td><td>2.3664</td></tr><tr><td>86%</td><td>2.3940</td></tr><tr><td>85%</td><td>2.4221</td></tr><tr><td>84%</td><td>2.4510</td></tr><tr><td>83%</td><td>2.4805</td></tr><tr><td>82%</td><td>2.5107</td></tr><tr><td>81%</td><td>2.5417</td></tr><tr><td>80%</td><td>2.5735</td></tr><tr><td>79%</td><td>2.6061</td></tr><tr><td>78%</td><td>2.6395</td></tr><tr><td>77%</td><td>2.6738</td></tr><tr><td>76%</td><td>2.7089</td></tr><tr><td>75%</td><td>2.7451</td></tr><tr><td>74%</td><td>2.7822</td></tr><tr><td>73%</td><td>2.8203</td></tr><tr><td>72%</td><td>2.8594</td></tr><tr><td>71%</td><td>2.8997</td></tr><tr><td>70%</td><td>2.9411</td></tr><tr><td>69%</td><td>2.9838</td></tr></table>	Capacity Utilization Factor	CRR PhP/kWh	100%	2.0588	99%	2.0796	98%	2.1008	97%	2.1225	96%	2.1446	95%	2.1672	94%	2.1902	93%	2.2138	92%	2.2378	91%	2.2624	90%	2.2876	89%	2.3133	88%	2.3395	87%	2.3664	86%	2.3940	85%	2.4221	84%	2.4510	83%	2.4805	82%	2.5107	81%	2.5417	80%	2.5735	79%	2.6061	78%	2.6395	77%	2.6738	76%	2.7089	75%	2.7451	74%	2.7822	73%	2.8203	72%	2.8594	71%	2.8997	70%	2.9411	69%	2.9838
Capacity Utilization Factor	CRR PhP/kWh																																																																		
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		68%	3.0276	
		67%	3.0728	
		66%	3.1194	
		65%	3.1674	
AE _t	Associated Energy based on the Monthly Minimum CUF of 65% in kWh for a Billing Period			
AED _t	Actual Energy Delivered from the Facility during the Billing Period in kWh			
CUF _t	Actual CUF for a Billing Period <i>t</i> . The CUF shall be calculated in accordance with the formula below			
t	Billing Period			

- The CUF shall be calculated in accordance with the formula below:

$$CUF_t = \frac{Q_t}{CC_t \times (H_T - H_O - H_{FM})}$$

Where:

CUF _t	Capacity Utilization Factor
Q _t	Total Energy delivered in kWh, not exceeding the corresponding Contract Capacity, during the Billing Period, or the equivalent associated energy based on the Monthly Minimum CUF of 65%, whichever is higher
CC _t	Contract Capacity for the current Billing Period in kW as indicated in Schedule 2
H _T	Total number of hours in the Billing Period
H _O	Zero (0) for each Billing Period, as the Seller has no Outage Allowance
H _{FM}	The Equivalent Hours of Force Majeure in the current Billing Period
t	As previously defined

- The formula to calculate the *H_{FM}* shall be:

$$H_{FM} = \sum_{i=1}^n \left(1 - \frac{\text{Seller BCQ day after}}{CC} \right)$$

Where:

n – Total number of Hours in a Billing Period

- Formula to calculate the *Q_t*:

$$Q_t = \max(AE_t, TED_t)$$

$$AE_t = 65\% \times CC_t \times (H_T - H_O - H_{FM})$$

Where:

AE _t	As previously defined
CC _t	As previously defined
H _T	As previously defined
H _O	As previously defined
H _{FM}	As previously defined
TED _t	Total Energy Delivered, which is Actual Energy Delivered from the Facility and Replacement Power energy, during the Billing Period in kWh

B. Fixed Operation and Maintenance Fee (FOMF)

The FOMF_{CUF} shall be calculated as the product of the Fixed Operation and Maintenance Rate (“FOMR_{CUF}”), in PhP/kWh, and the actual energy delivered from the Facility during the Billing Period or the equivalent Associated Energy based on the Monthly Minimum CUF, whichever is higher.

$FOMF_{CUFt} = FOMR_{CUFt} \times \max(AED_t, AE_t)$

$FOMR_{CUFt} = \frac{FOMR_{100\%CUF}}{CUF_t}$

FOMF _{CUFt}	Corresponding FOMF _{CUF} component of the Total Generation Charge, expressed in PhP																																																																			
FOMR _{CUFt}	Applicable FOMR to calculate FOMF _{CUF} , expressed in PhP/kWh, for a Billing Period. For reference see Table 2 for the value of FOMR per CUF																																																																			
AE _t	As previously defined																																																																			
AED _t	As previously defined																																																																			
FOMR _{100%CUF}	Corresponding FOMR at 100% CUF, which is 0.3500 PhP/kWh. For reference see Table 2 for the value of FOMR per 1% CUF from 65% to 100%:																																																																			
F	Table 2. Fixed O&M Rate per Capacity Utilization Factor <table><tr><th>Capacity Utiization Factor</th><th>FOMR_{LOCAL} Php/kWh</th></tr><tr><td>100%</td><td>0.3500</td></tr><tr><td>99%</td><td>0.3535</td></tr><tr><td>98%</td><td>0.3571</td></tr><tr><td>97%</td><td>0.3608</td></tr><tr><td>96%</td><td>0.3646</td></tr><tr><td>95%</td><td>0.3684</td></tr><tr><td>94%</td><td>0.3723</td></tr><tr><td>93%</td><td>0.3763</td></tr><tr><td>92%</td><td>0.3804</td></tr><tr><td>91%</td><td>0.3846</td></tr><tr><td>90%</td><td>0.3889</td></tr><tr><td>89%</td><td>0.3933</td></tr><tr><td>88%</td><td>0.3977</td></tr><tr><td>87%</td><td>0.4023</td></tr><tr><td>86%</td><td>0.4070</td></tr><tr><td>85%</td><td>0.4118</td></tr><tr><td>84%</td><td>0.4167</td></tr><tr><td>83%</td><td>0.4217</td></tr><tr><td>82%</td><td>0.4268</td></tr><tr><td>81%</td><td>0.4321</td></tr><tr><td>80%</td><td>0.4375</td></tr><tr><td>79%</td><td>0.4430</td></tr><tr><td>78%</td><td>0.4487</td></tr><tr><td>77%</td><td>0.4545</td></tr><tr><td>76%</td><td>0.4605</td></tr><tr><td>75%</td><td>0.4667</td></tr><tr><td>74%</td><td>0.4730</td></tr><tr><td>73%</td><td>0.4795</td></tr><tr><td>72%</td><td>0.4861</td></tr><tr><td>71%</td><td>0.4930</td></tr><tr><td>70%</td><td>0.5000</td></tr><tr><td>69%</td><td>0.5072</td></tr></table>		Capacity Utiization Factor	FOMR _{LOCAL} Php/kWh	100%	0.3500	99%	0.3535	98%	0.3571	97%	0.3608	96%	0.3646	95%	0.3684	94%	0.3723	93%	0.3763	92%	0.3804	91%	0.3846	90%	0.3889	89%	0.3933	88%	0.3977	87%	0.4023	86%	0.4070	85%	0.4118	84%	0.4167	83%	0.4217	82%	0.4268	81%	0.4321	80%	0.4375	79%	0.4430	78%	0.4487	77%	0.4545	76%	0.4605	75%	0.4667	74%	0.4730	73%	0.4795	72%	0.4861	71%	0.4930	70%	0.5000	69%	0.5072
Capacity Utiization Factor	FOMR _{LOCAL} Php/kWh																																																																			
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		68%	0.5147	
		67%	0.5224	
		66%	0.5303	
		65%	0.5385	

C. Variable Operation and Maintenance Fee (“VOMF”)

The VOMF shall be calculated as the product of the Variable Operation and Maintenance Rate (“VOMR”), in PhP/kWh, and the actual energy delivered for the Billing Period.

$$VOMF_t = VOMR_t \times AED_t$$

VOMF _t	Corresponding VOMF component of the Total Generation Charge, expressed in PhP
VOMR _t	0.3000 PhP/kWh
AED _t	As previously defined

D. Fuel Cost (“FC”)

The FC shall be calculated as follows:

$$FP_t = (FCC_t \times FX_m) + NFCC_t + Applicable Taxes$$

$$FC = \left(\frac{FP_t \times FCR_t}{1000} \right) \times AED_t$$

Where:

F _{Pt}	Applicable Fuel Price for a Billing Month, expressed in PhP/MT
F _{CCt}	Fuel Commodity Cost in USD/MT calculated using the formula below: $87.1687 \times \left[\left(83\% \times \frac{NFI_{1_{3m\ avg}}}{NFI_{1_o}} \right) + 17\% \right]$
NFI _{1_{3m avg}}	the average value for the three (3) months preceding the Billing Period for which the Invoice is being prepared of the Indonesian Coal Index 3 (5000 GAR / 4600 NAR) as published by the Argus/Coalindo for Indonesian Coal Index Report, in USD/MT
NFI _{1_o}	Value of Indonesian Coal Index 3 (5000 GAR / 4600 NAR) for the month of September 2024, which is 72.3500, in USD/MT
AED _t	As previously defined
NFCC _t	Weighted average of the actual Freight Cost, Marine Cargo Insurance, Letter of Credit Opening Charges, Wharfage, Disport Surveyor Fees, and Brokerage Fees, in PhP/MT Seller can only recover the NFCC items listed above and shall submit to the Buyer proof of actual costs in the form of official invoices and supporting documents. When applicable, Seller must disclose actual cost of NFCC in USD/MT and disclose the actual foreign exchange rate used to convert USD denominated costs into PHP.
FX _m	the monthly average of the PhP/USD exchange rate for the month (i.e., first until last day of the month) for which the invoice is being prepared, as published in the Bangko Sentral ng Pilipinas website
Applicable taxes	Applicable taxes relating to FC for the Billing Period, in PhP/MT

In the event that the index (a) becomes unavailable, (b) is replaced by a new benchmark rate as determined by the relevant authorized entity, its successor-in-interest, or (c) ceases to exist, the Parties shall agree to adopt a new price index.

The FP_t to be billed by Seller shall be the lower between:

1. The sum of the (i) resulting value using the Fuel Commodity Cost Formula and (ii) the Non-Fuel Commodity Cost; or
2. The actual fuel price as billed by the fuel supplier/s (i.e., supported by actual invoices) including the Non-Fuel Commodity Cost for the relevant Billing Period.

For this purpose, the Seller’s Invoice shall include, subject to confidentiality clause, the relevant fuel supplier’s invoice, certified by Seller, which will detail the actual fuel cost incurred to produce the delivered energy to Buyer. If any index or indices are used, the Seller must provide the Buyer with either (a) a screenshot or snapshot of the actual published price from the index provider OR (b) a certification from the publisher of the nominated index/indices certifying the actual published price. The Seller must also attach the monthly fuel inventory report submitted to the DOE.

Buyer reserves the right to refuse payment of the Fuel Cost if Seller fails to provide either the fuel supplier’s invoice or the monthly inventory report referred to above.

FCR	The computed Fuel Consumption Rate (FCR) or the actual plant FCR for the relevant Billing Period, whichever is lower, in kg/kWh. The formula to determine the computed FCR shall be: $\frac{(FCR_{CUF2} - FCR_{CUF1}) \times (CUF - CUF1)}{(CUF2 - CUF1)} + FCR_{CUF1}$ If Buyer fails to utilize the Contract Capacity at the Monthly Minimum CUF, Seller may apply the higher of its actual consumption rate or the consumption rate corresponding to the Minimum CUF for that Billing Period.
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CUF = as previously defined
CUF2 = CUF increment of the nearest upper value, in %
CUF1 = CUF increment of the nearest lower value, in %
 FCR_{CUF2} = corresponding FCR for CUF2 set forth in the table below:

FCR_{CUF1} = corresponding FCR for CUF1 set forth in the table below:

Illustration: CUF 65.61%

CUF2	66%
CUF1	65%
FCR_{CUF2}	0.5929
FCR_{CUF1}	0.5952

The FCR at CUF levels 65% to 100% are as follows:

CUF	FCR, kg/kWh
100%	0.5441
99%	0.5445
98%	0.5452
97%	0.5459
96%	0.5466
95%	0.5474
94%	0.5483
93%	0.5492
92%	0.5501
91%	0.5511
90%	0.5522
89%	0.5533
88%	0.5545
87%	0.5557
86%	0.5569
85%	0.5582
84%	0.5596
83%	0.5610
82%	0.5625
81%	0.5640
80%	0.5656
79%	0.5672
78%	0.5689
77%	0.5706
76%	0.5724
75%	0.5742
74%	0.5761
73%	0.5780
72%	0.5800
71%	0.5820
70%	0.5841
69%	0.5862
68%	0.5884
67%	0.5906
66%	0.5929
65%	0.5952

Note: For avoidance of doubt, the Buyer shall bear all other applicable costs, charges and taxes pursuant to Section 12 and Section 13.2 of this Agreement.

E. Value-added Tax (“VAT”), if any. VAT shall only be chargeable to the Buyer if prevailing laws expressly allow its passing on by the Seller.

16.8. **Prompt Payment Discount.** The PSA provides for Prompt Payment Discount as follows:

Seller shall extend a three percent (3%) discount based on the total Capital Recovery Fee, Fixed Operations and Maintenance Fee, and Variable Operations and Maintenance Fee for the Billing Period to Buyer as a Prompt Payment Discount if:

- a. Payment by Buyer is made in full within fifteen (15) Days from receipt of Seller’s Invoice; and
- b. The Buyer has no outstanding payment obligations with the Seller under this Agreement; and
- c. The Buyer has submitted all necessary BIR Tax Certificates for all taxes withheld.

RATE IMPLICATIONS

17. SORECO I calculated the rate impact of the implementation of the subject PSA with MPCL and compared it with the generation rate if SORECO I purchases its demand requirements from the WESM, as follows:

RATE IMPACT

SORECO I’s Generation Rate (Php/kWh)		
Without MPCL PSA	With MPCL PSA	Rate Impact
6.0826	6.0353	(0.0473)

**Assumptions/Notes:*

- 1. Analysis and simulations are based on the forecasted 2025 kWh energy.
- 2. MPCL rate is based on its offered Base Price for the CSP@100CUF
- 3. WESM price is the average monthly price based on the actual from Jan. to Dec. 2023

18. As shown in the Rate Impact Calculation, the implementation of the PSA between SORECO I and MPCL will be beneficial to its MCOs with an estimated **generation rate reduction of Php0.0473/kWh** as compared to sourcing the same power requirements from the WESM. Thus, the PSA subject of this Joint Application will ultimately redound to the benefit of the MCOs, providing a continuous, consistent and reliable supply of electricity at affordable rates.

SUPPORTING DOCUMENTS

19. In support of this Joint Application, the following documents are hereby submitted for the evaluation of the Honorable Commission:

Description of Document	Annex
SORECO I Secretary’s Certificate certifying the list of its Board of Directors and Board Members;	“A”
SORECO I Verified Certification on its Board of Directors and List of Board Members	“B”
SORECO I’s (a) Certificate of Registration with NEA, (b) Certificate of Franchise issued by NEC and (c) Amended Articles of Incorporation	“C” and series
Verified Certification of MPCL showing list of Board of Directors and Board Members of the ultimate parent company, its subsidiaries, and all its affiliates.	“D”
Amended Articles of Partnership	“D-1”
MPCL Certification invoking Section 22 of ERC Resolution 16 Series of 2023 on Documents Previously Submitted: • MPCL’s 2007 Articles of Partnership • MPCL’s 2023 Articles of Partnership • Write-up/Explanation on the Requirements of By-Laws • Write-up/Explanation on the Requirements of List of Shareholders (GIS Sheet) • Write-up on the non-applicability of a Shareholders’ Agreement of MPCL • Certificate of Registration of the BOI of MPCL Units 3 and 4 • MPCL’s Secretary Certificate Re: Ultimate Parent Company • Environmental Compliance Certificate of MPCL • MPCL’s DOE Certificate of Endorsement (“COE”) • Write-up on the non-applicability of the requirements regarding a renewable energy plant • Write-up on the non-applicability of the requirement regarding an RE Service Contract • Write-up on the non-applicability of a water permit from the National Water Resources Board • Write-up/Certification on the Non-applicability of the Requirements of Related Agreements • Affidavit of Competitive Procurement Process of Fuel • Documents related to Fuel (Confidential)*5 • Certification from the Independent Electricity Market Operator of the Philippines on the WESM Registration of MPCL • Certification from the Independent Electricity Market Operation of the Philippine (“IEMOP”) on the WESM Registration of MPCL • Relevant Technical and economic characteristics of the generation capacity, installed capacity, mode of operation, and dependable capacity • Transmission Service Agreement between the National Grid Corporation of the Philippines and MPCL • Test Certification of MPCL Unites 1-3 for heat rate • Write – up on the Non-Applicability of ASPA • Write-up/Explanation on the Non-applicability of the Distribution Wheeling Service	“E”
Certificate of Filing/Ongoing Evaluation issued by Market Operations Service regarding PAO Renewal	“F”
Request for Amendment of COE PDP	“F-1”

⁵ E-1 - Documents related to Fuel (**Confidential**)

SORECO I’s Alternative Demand Side Management Program	“G”
SORECO I ’s Write-up on the Non-Applicability of the Transition Supply Contract (TSC) with the National Power Corporation (NPC)	“H”
SORECO I’s Supply and Demand Scenario including the details of Existing Suppliers, Contract Utilization, Average Daily Load Curve, in accordance with Commission’s templates.	“I” and series
SORECO I’s Power Supply Procurement Plan (PSPP) for years 2024 to 2033	
SORECO I’s Distribution Development Plan (DDP) for Year 2024	
SORECO I’s Single-Line Diagram (SLD) Connection	“J”
SORECO I’s Performance Assessment of the System: a. SAIDI and SAIFI. b. Historical [for the past five (5) years] c. Current Year	“K”
SORECO I’s Estimated Potential for a Reduction in Load Supplied due to Retail Competition, GEOP, etc.	“L”
Power Supply Agreement of MPCL and SORECO I	“M”
Executive Summary of the PSA	“N”
MPCL Rate Generation Calculations and Derivations (Confidential)*	“O”
MPCL Indexation Write-up and Rates (confidential)	“O-1”
Rate Impact Analysis	“O-2”
Sample Bill	“O-3”
MPCL Simulation of the number of operating units necessary to meet the MEOT	“P”
MPCL Plant Outages	“Q”
SORECO I’s WESM Registration	“R”
MPCL Certification on the Non-Applicability of Wholesale Aggregator Agreement	“S”
SORECO I’s Board Resolution No. 101, Series of 2023, Authorizing NEA to perform, on the Cooperative’s behalf, all acts necessary and appropriate to conduct the Joint CSP; SORECO I’s Board Resolution No. 46, series of 2024, Appointing Representatives to represent the cooperative in the conduct of the Joint CSP; and SORECO I’s Board Resolution No. 59, Series of 2024, Authorizing its Board President and/or General Manager to execute the PSA resulting from the conduct of the Joint CSP. SORECO I’s Board Resolution No. 13, Series of 2025, Confirming the Execution of the Power Supply Agreement with MPCL	“T” and series

Documents Relative to the Joint CSP conducted by the NEA-SBAC, as follows: 1. Financial Bid Forms (Confidential)* ⁶ 2. NEA-SBAC CSP Report 3. NEA Office Order Nos. 2024-134 and 2024-276 4. Invitations to Participate as CSP Observers 5. Invitation to Bid (ITB) with Terms of Reference 6. NEA Certificate of Conformity 7. Affidavit of Publication dated September 3, 2024 8. Philippine Daily Inquirer August 17, 2024 issue 9. Philippine Daily Inquirer August 24, 2024 issue 10. Proof of posting of ITB 11. Bidding Procedures 12. Summary of the Proceedings 13. Bid Bulletins 14. Eligibility Requirements 15. Technical Bid Forms and Standard Response Forms 16. Bid Security 17. Draft PSA 18. Abstract of Bids 19. Bid and Post-Qualification Evaluation Report 20. NEA-SBAC Resolution No. 04, series of 2024 21. Notice of Award 22. Notice to Execute Agreement 23. Posting of Performance Bond 24. Notice to Proceed	“U” and series
Affidavit in Support of the Motion for Provisional Authority or Interim Relief	“V”
O&M Agreement and Write-up (Confidential)*	“W”
Write-up on the OMA Schedules	“W-1”
MPCL’s Secretary’s Certificates	“X” and series
MPCL’s BOI COR for Units 3 and 4 (Confidential)*	“Y” and series

**** Subject of the Motion for Confidential Treatment of Information***

MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION

20. Under the ERC Rules of Practice and Procedure, a party to any proceeding before the Honorable Commission may request that certain information be not disclosed to the public and be treated as confidential.⁷ Accordingly, Applicants pray for the confidential treatment of the information contained in the following annexes:

Documents and/or Information	Annex
MPCL Certification invoking Section 22 of ERC Resolution 16 Series of 2023 on Documents Previously Submitted: • Documents related to Fuel (Confidential)*	“E-1”
MPCL Rate Generation Calculations and Derivations (Confidential)*	“O”

⁶ U-1 - Financial Bid Forms **(Confidential)**
⁷ Section 1, Rule 4, Rules of Practice and Procedure of the Energy Regulatory Commission.

MPCL PSA Indexation Write-Up and Rates (Confidential)*	“O-1”
Financial Bid Forms (Confidential)*	“U-1”
O&M Agreement (Confidential)*	“W”
MPCL’s BOI COR for Units 3 and 4 (Confidential)*	“Y” and series

21. The above enumerated annexes contain information and data with actual and valuable proprietary interest for the parties to protect which fall within the bounds of “trade secrets” that are entitled to protection under the Constitution, statutes, and rules and regulations of this Honorable Commission.
- 21.1. Foregoing annexes contain non-public, proprietary information and data involving investments, business operations, and financial calculations of the parties involved. The parties to the above documents determine their competitive rates through the power rate calculations and financial model through these pieces of information, thus, the methodology thereof is privileged and confidential in nature. Furthermore, these information and data are not generally available to the public. The parties’ competitiveness will seriously be prejudiced if this information is unduly disclosed.
- 21.2. Moreover, the interest of applicant SORECO I’s consumers is sufficiently protected by the review and evaluation of the rates under the SORECO I-MPCL PSA by the Honorable Commission, without the need to disclose the contents of the Confidential Documents.
22. In the case of *Air Philippines Corporation vs. Pennswell, Inc.*,⁸ the Supreme Court defined “trade secrets” and explained that:
- “A trade secret is defined as a *plan or process, tool, mechanism or compound known only to its owner and those of his employees to whom it is necessary to confide it. The definition also extends to a secret formula or process not patented, but known only to certain individuals using it in compounding some article of trade having a commercial value. A trade secret may consist of any formula, pattern, device, or compilation of information that: (1) is used in one’s business; and (2) gives the employer an opportunity***

⁸ 564 Phil. 774 (2007), G.R. No. 172835.

to obtain an advantage over competitors who do not possess the information. Generally, a trade secret is a process or device intended for continuous use in the operation of the business, for example, a machine or formula, but can be a price list or catalogue or specialized customer list. It is indubitable that trade secrets constitute proprietary rights.” (Emphasis supplied.)

23. Moreover, the Honorable Commission categorically acknowledged in its Decision in ERC Case No. 2015-111 RC⁹ that formulas and pricing structures of a generation company must be accorded confidential protection, to wit:

“In the case of PNOC RC, the documents sought to be protected from disclosure contain formula and pricing structures used in arriving at their proposed tariff. In fact, all three (3) documents were used by the Commission in evaluating the reasonableness of the proposed rate. In the electric power industry w(h)ere prices is[sic] a major consideration in selecting one’s supplier, it is apparent that the assumptions used in arriving at one’s proposed tariff is considered a competitive leverage by one player against its competitors.

Thus, the Commission resolves to treat the said documents confidential and may not be publicly disclosed.” (Emphasis supplied).

24. Clearly, the Honorable Commission recognizes the importance of treating pricing structures as confidential in order to ensure competitiveness of the generation sector. This information, which falls within the definition of a trade secret as defined by jurisprudence, merits the confidential treatment provided for under Rule 4 of the ERC Rules of Practice and Procedure.
25. In view thereof, in accordance with Section 1 (b), Rule 4 of the ERC Revised Rules of Practice and Procedure, Applicants submit one (1) copy of their respective confidential documents to the Honorable Commission in a sealed envelope, with the envelope and each page of the document marked with the word “Confidential”.¹⁰
26. Further, all parties who are furnished copies of the instant Joint Application are not furnished copies of the documents subject of the present motion.
27. In accordance with Sections 3 and 4, Rule 4 of the ERC Revised Rules of Practice and Procedure, Applicants reserve the right to use the documents subject of the present motion

⁹ Decision, ERC Case No. 2015-111 RC dated 30 May 2017 entitled “*In the Matter of the Application for Approval of the Power Supply Agreement Between Nueva Ecija II Electric Cooperative, Inc.-Area 2 (NEECO II – Area 2) and PNOC Renewables Corporation (PNOC RC).*”

¹⁰ Electronic copies of the documents subject of the Motion for Confidential Treatment of Information are provided to this Honorable Commission in password protected files.

and their contents as evidence, and respectfully moves for the issuance of a Protective Order.

MOTION FOR ISSUANCE OF
PROVISIONAL AUTHORITY OR INTERIM RELIEF

28. Under Rule 14 of the ERC RRPP,¹¹ the Honorable Commission is authorized to issue provisional authority (PA) or interim relief (IR) prior to a final decision, provided the facts and circumstances alleged warrant such remedy.
29. A careful perusal of the supporting documents submitted for the instant Joint Application show that the Joint CSP was conducted by the NEA recognizing the necessity to assist the Luzon ECs, whose CSP have not been completed one (1) year prior to the expiration or their current and subsisting power supply agreement or projected increase in demand based on their latest and posted PSPP, to timely complete their CSPs.
30. This determination by the NEA, stemming from the expiration of SORECO I's Contract for the Supply of Electric Energy (CSEE) from the Power Sector Assets and Liabilities Management Corp. (PSALM) on 25 February 2025, is a clear *indicium* of an existing and very immediate necessity for SORECO I to procure and implement a new PSA for a continuous and reliable supply of electricity to its member-consumers at affordable rates.
31. While SORECO I is fully aware that the target commencement date for the delivery of supply under the subject PSA is "26 February 2025 or the next immediate 26th day of the month following the ERC's issuance of a Provisional Authority or Interim Relief or Final Authority," it also recognized that there is a rigorous process required to secure the final approval for the PSA—from ERC's technical and legal pre-filing to its final evaluation.
32. Given the lengthy regulatory processes, there is a real and imminent risk that the delay in the target commencement date for the delivery of supply from MPCL will further be prolonged, placing then SORECO I's MCOs at a significant risk of being exposed to the volatile prices of the Wholesale Electricity Spot Market ("WESM") at the expiration of SORECO I's CSEE with the PSALM on 25 February 2025.
 - 32.1. If no PA, interim relief, or decision will be issued before said expiration date, SORECO I's MCOs will be exposed to WESM, having erratic power rates, to the prejudice of the consumers. Thus, the issuance of the PA, interim relief, or decision is in the best interest of SORECO I's captive customers, as the SORECO I-MPCL PSA will provide reliable electricity service, with stable rate, which is essential for public welfare, economic stability and growth.

¹¹ ERC Resolution No. 1, Series of 2021.

33. Furthermore, from the SORECO I’s rate impact simulation, it is clear that the implementation of the subject PSA with MPCL would **reduce SORECO I’s rate by PhPo.0473/kWh**, as compared to if the same power requirements are purchased from WESM.
34. As such, the early implementation of the SORECO I-MPCL PSA would readily benefit SORECO I and its captive customers as it will ensure the provision of reliable, secure, and quality supply of electricity in the least cost manner. Any further delay thereto will be tantamount to a denial of SORECO I’s MCOs’ opportunity to enjoy its advantageous and beneficial effect.
35. To support the motion for provisional authority or interim relief, the Affidavit of Engr. Edwin F. Garcia is attached hereto as **Annex “V”** of the *Joint Application*.

COMPLIANCE WITH PRE-FILING REQUIREMENTS

36. Finally, in compliance with the pre-filing requirements under the ERC Rules of Practice and Procedure, applicants shall submit the following documents during the filing of the instant application, to wit:

Description of Document	Annex
Proof of furnishing copies of the Joint Application to the Offices of the Mayor and Sangguniang Bayan of Irosin and Governor and Sangguniang Panlalawigan of Sorsogon, Office of the Governor and Sangguniang Panlalawigan of Zambales, Offices of the Mayor and Sangguniang Panlungsod of Masinloc and the Offices of the Mayor and Sangguniang Panlungsod of Mandaluyong City.	“Z” and series
Proof of publication of the Joint Application in a newspaper of general circulation in the Philippines	“AA” and series

PRAYER

WHEREFORE, premises considered, Applicants **SORSOGON I ELECTRIC COOPERATIVE, INC. (SORECO I)** and **MASINLOC POWER CO. LTD. (MPCL)** respectfully pray that the Honorable Commission:

- (i) Issue an Order treating **Annexes “E-1”, “O”, “O-1”, “U”, “W” and “Y” and series**, as **CONFIDENTIAL INFORMATION** within the purview of Rule 4 of the ERC Revised Rules of Practice and Procedure, as well as directing that the subject documents be treated with confidentiality and be protected from public disclosure;
- (ii) Issue the corresponding **PROTECTIVE ORDER** for **Annexes “E-1”, “O”, “O-1”, “U”, “W” and “Y” and**

series in accordance with the said Rule 4 of the ERC Revised Rules of Practice and Procedure;

- (iii) Issue an Order **GRANTING PROVISIONAL AUTHORITY OR INTERIM RELIEF** to the subject PSA, including all the rates, fees, charges, and tariff adjustment mechanisms set out therein, thereby authorizing Applicants to immediately implement the subject PSA pending final evaluation; and
- (iv) After due hearing, render a **DECISION APPROVING** the PSA subject of the instant Joint Application, including all the rates, fees, charges, and tariff adjustment mechanisms set out therein, and authorizing SORECO I to charge and collect such rates, fees, charges, and tariff adjustments therein from its customers reckoned from the actual delivery of supply of MPCL to SORECO I.

Other kinds of relief, just and equitable under the premises, are likewise prayed for.

Finding the said *Joint Application* to be sufficient in form and with the required fees having been paid, the Commission hereby sets the same for hearing for determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹² and Resolution No. 01, Series of 2021¹³ (ERC Revised Rules of Practice and Procedure):

Date and Time	Platform	Activity
11 September 2025 (Thursday) 2:00 P.M.	MS Teams Application	Jurisdictional Compliance and Expository Presentation
18 September 2025 (Thursday) 2:00 P.M.		Pre-trial Conference and Presentation of Evidence

Accordingly, SORECO I and MPCL are hereby directed to mirror the virtual hearings, to be hosted by the Commission, at **SORECO I’s principal office located at Mahalika Highway, Brgy. Gulang-**

¹² A resolution Adopting the Guidelines Governing Electronic Applications, Filing and Virtual Hearings Before the Energy Regulatory Commission.
¹³ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Gulang, Irosin, Sorsogon, as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, SORECO I and MPCL shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

RELATIVE THERETO, Applicants SORECO I and MPCL are hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* in two (2) newspapers of nationwide circulation in the Philippines at its own expense twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart, and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial virtual hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Governor, the Mayors, and their respective Local Government Unit (LGU) legislative bodies within SORECO I's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within SORECO I's franchise area, by any other means available and appropriate, of the filing of the *Joint Application*, its reasons therefor, and of the scheduled virtual hearings thereon;
- 4) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing*, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives and attend the scheduled hearing; and
- 5) Furnish with copies of the *Joint Application* and its attachments, except those subject of a motion for confidential treatment of information, all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

Within five (5) calendar days prior to the date of the initial virtual hearing, SORECO I and MPCL must submit to the Commission via electronic mail (e-mail) at docket@erc.ph, and copy furnish the Legal Service through legal@erc.ph, the scanned copies of their written compliance with the aforementioned jurisdictional requirements, attaching the following methodically arranged and duly marked documents:

- 1) The evidence of publication of the attached *Notice of Virtual Hearing* consisting of affidavits of the Editors or Business Managers of the newspaper where the said *Notice of Virtual Hearing* was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this *Order* and the attached *Notice of Virtual Hearing* consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by SORECO I and GNPD to inform the consumers within its franchise area of the filing of the *Joint Application*, its reasons therefor, and of the scheduled hearings thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Virtual Hearing* by the OSG, the COA, and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments, except those subject of a motion for confidential treatment of information, if any, by all those making requests therefor; and
- 6) Such other proof of compliance with the requirements of the Commission.

Moreover, SORECO I and MPCL are hereby required to post on their bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publications and certifications issued by the concerned Offices of the Governor, Mayors and Local Legislative Bodies, and to submit proof of posting thereof.

Applicants SORECO I and MPCL, and all interested parties are also required to submit via e-mail at doCKET@erc.ph, and copy furnish the Legal Service through legal@erc.ph, **at least five (5) calendar days** before the date of the scheduled virtual hearing and Pre-trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings thereof, which should also be attached to the Pre-Trial Brief; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit from attached to the Pre-Trial Brief.

Applicant SORECO I and MPCL must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission **at least five (5) calendar days** before the date of the schedule initial virtual hearing and Pre-trial Conference pursuant to the preceding paragraph.

Failure of SORECO I and MPCL to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearings.

Applicant SORECO I and MPCL must also be prepared to make an expository presentation of the instant *Joint Application*, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, the nature of the *Joint Application*. Relevant information and pertinent details substantiating the reasons and justifications for the *Joint Application* must be cited in support thereof.

Applicants SORECO I and MPCL are hereby directed to file a copy of its Expository Presentation via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, **at least five (5) calendar days** prior to the scheduled virtual hearing. SORECO I and MPCL shall also be required, upon the request of any stakeholder, to

provide an advance copy of their expository presentations, **at least five (5) calendar days** prior to the scheduled virtual hearing.

Applicants SORECO I and MPCL are hereby directed to submit, through personal service, registered mail or ordinary mail/private courier, one (1) set of the original or certified true hard copies of their Jurisdictional Compliance, Expository Presentation, Pre-Trial Brief, Judicial Affidavits of witnesses, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgement receipt e-mail sent by the Commission.

Finally, SORECO I and MPCL including their authorized representatives and witnesses, are hereby directed to provide the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

SO ORDERED.

Pasig City, 10 July 2025.

FOR AND BY AUTHORITY OF THE
COMMISSION:

ATTY. KRISHA MARIE T. BUELA
Director III, Legal Service


LS: BBB/JGGW

Copy Furnished:

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8. House Committee on Energy
Batasan Hills, Quezon City
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9. Office of the Governor
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10. Office of the Local Government Unit (LGU) Legislative Body
Province of Sorsogon
11. Office of the Mayor

Bulusan, Province of Sorsogon

12. Office of the Local Government Unit (LGU) Legislative Body
Bulusan, Province of Sorsogon
13. Office of the Municipal Mayor
Bulan, Province of Sorsogon
14. Office of the Local Government Unit (LGU) Legislative Body
Bulan, Province of Sorsogon
15. Office of the Municipal Mayor
Casiguran, Province of Sorsogon
16. Office of the Local Government Unit (LGU) Legislative Body
Casiguran, Province of Sorsogon
17. Office of the Municipal Mayor
Irosin, Province of Sorsogon
18. Office of the Local Government Unit (LGU) Legislative Body
Irosin, Province of Sorsogon
19. Office of the Governor
Province of Zambales
20. Office of the Local Government Unit (LGU) Legislative Body
Province of Zambales
21. Office of the Mayor
Masinloc, Province of Zambales
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