



Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE FEED-
IN TARIFF ALLOWANCE
FOR CALENDAR YEAR 2024
PURSUANT TO THE
GUIDELINES FOR THE
COLLECTION OF THE
FEED-IN TARIFF
ALLOWANCE AND
DISBURSEMENT OF THE
FEED-IN TARIFF
ALLOWANCE FUND, WITH
PRAYER FOR
PROVISIONAL AUTHORITY**

ERC CASE NO. 2023-096 RC

**NATIONAL TRANSMISSION
CORPORATION,**

Applicant.

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Promulgated:

February 19, 2025

DECISION

For resolution before the Commission is the Application dated 17 July 2023 filed by the National Transmission Corporation (TransCo) on 27 July 2023, seeking the Commission's approval of the Feed-In Tariff Allowance (FIT-All) for Calendar Year (CY) 2024, pursuant to the *Guidelines on the Collection of the Feed-In Tariff Allowance ("FIT-All") and Disbursement of the FIT-All Fund*,¹ with prayer for provisional authority.

¹ ERC Resolution No. 24, Series of 2013, entitled, "A Resolution Adopting the Guidelines on the Collection of the Feed-in Tariff Allowance ("FIT-All") and the Disbursement of the FIT-All Fund."

FACTUAL ANTECEDENTS

On 08 August 2023, the Commission issued an *Order* and a *Notice of Public/Virtual Hearing*, both of even date, setting the case for hearing on the following dates: (1) 13 September 2023 for determination of compliance with the jurisdictional requirements and expository presentation for Luzon stakeholders; (2) 20 September 2023 for expository presentation for Visayas stakeholders; (3) 27 September 2023 for expository presentation for Mindanao stakeholders; (4) 06 October 2023 for Pre-trial Conference and presentation of evidence; and (5) 13 October 2023 for presentation of evidence.

During the 13 September 2023 hearing, TransCo, the National Grid Corporation of the Philippines (NGCP), and Intervenors Hedcor Tudaya, Inc. (HTI) and Manila Electric Company (MERALCO) entered their respective appearances. In the said hearing, TransCo presented its compliance to the posting and publication requirements of the Commission. The Commission then found TransCo's submissions to be compliant with the jurisdictional requirements pursuant to the *Order* dated 08 August 2023. Thus, the Commission declared that it acquired jurisdiction over the instant case.² Likewise, the hearings for the expository presentation for Luzon, Visayas and Mindanao stakeholders, Pre-trial Conference, and presentation of evidence proceeded, as scheduled.³

In the course of the proceedings, the Commission admitted the following parties as intervenors in the instant case:

1. Manila Electric Company (MERALCO);⁴
2. Greenergy for Global, Inc., doing business under G4G (G4G), and Greentech Solar Energy Inc. (GSEI) [collectively referred to as G4G and GSEI];⁵
3. Davao Light and Power Company, Inc. (DLPC);⁶
4. Visayan Electric Company, Inc. (VECO);⁷ and
5. Hedcor Tudaya, Inc. (HTI);⁸

² TransCo presented its Jurisdictional Compliance, including the publication of the *Notice of Public/Virtual Hearing* in the newspaper issues of *The Philippine Star* dated 27 August 2023 and 03 September 2023, and the *Daily Tribune* dated 27 August 2023 and 03 September 2023.

³ The hearing scheduled on 13 October 2023 was cancelled considering that TransCo completed its presentation of evidence during the 06 October 2023 hearing and no intervenors manifested their intention to present their respective evidence relative to the instant *Application*.

⁴ MERALCO filed its *Petition for Intervention (with Entry of Appearance)* dated 04 August 2023 on 07 August 2023.]

⁵ G4G and GSEI filed their *Joint Petition for Intervention* dated 07 September 2023 on 08 September 2023.

⁶ DLPC filed its *Petition to Intervene* dated 08 September 2023 on even date.

⁷ VECO filed its *Petition to Intervene* dated 08 September 2023 on even date.

⁸ HTI filed its *Petition to Intervene* dated 12 September 2023 on even date.

During the various hearings set by the Commission, TransCo was directed to submit various documents to aid the Commission in the evaluation of the instant case.⁹

On 18 October 2023, TransCo filed its *Formal Offer of Evidence* of even date.

On 27 October 2023, the following pleadings were filed:

1. *Manifestation* of even date filed by HTI; and
2. *Manifestation* of even date jointly filed by VECO and DLPC.

In the said *Manifestations*, HTI, VECO and DLPC stated that they would no longer submit comments on TransCo's *Formal Offer of Evidence*.

On 03 November 2023, MERALCO filed a *Manifestation* of even date, stating that it no longer intends to submit a comment on TransCo's *Formal Offer of Evidence*, and instead will be submitting a Memorandum.

On 16 November 2023, MERALCO filed another *Manifestation* of even date, stating that it would no longer be filing its *Memorandum*.

The Commission found the exhibits contained in the *Formal Offer of Evidence* and the *Compliance* of TransCo to be relevant and material in the resolution of the case. Thus, the Commission admitted the same and declared the instant *Application* submitted for resolution.

ISSUES

The issues for the Commission's resolution are the following:

1. Whether or not the instant *Application* should be granted;
2. Whether or not the FIT-All rate applied is in accordance with the Renewable Energy (RE) Law, FIT Rules, and the FIT-All Guidelines, and should therefore be approved; and

⁹ TransCo filed its *Compliance* dated 02 October 2023 on even date.

3. Whether or not the FIT-All rate should be adjusted by the Commission to take into account the updated information not available to TransCo at the time of filing of the instant *Application*.

COMMISSION’S RULING

After due deliberation, thorough evaluation of all evidence submitted, including the updated information submitted by TransCo after the filing of the instant *Application*, and appreciation of all information gathered by the Commission pursuant to its regulatory powers, the Commission resolves to **APPROVE** the instant *Application* **WITH MODIFICATION**.

DISCUSSION

I. DETERMINATION OF THE FIT-ALL RATE FOR 2024

Section 1.3 of the FIT-All Guidelines provides for the formula in computing the FIT-All, *to wit*:

$$FIT-All = \frac{FD + WCA + AA + DA}{FNS}$$

Where:

DESCRIPTION	
FIT-All	is the Feed-in Tariff Allowance to be implemented in Year _{t+1} in PhP/kWh, as provided for in the FIT Rules ¹⁰ and the Guidelines.
FD	is the estimated Total FIT Differential required for Year _{t+1} in PhP, and as further described in Section 1.4.1 of the Guidelines.
WCA	is the estimated Working Capital Allowance required for Year _{t+1} in PhP, and as further described in Section 1.4.2 of the Guidelines.
AA	is the Administration Allowance to be implemented in Year _{t+1} in PhP, and as further described in Section 1.4.3 of the Guidelines.
DA	is the Disbursement Allowance to be implemented in Year _{t+1} in PhP, and as further described in Section 1.4.3 of the Guidelines.
FNS	is the Forecast National Sales, in kWh, to be applied for Year _{t+1} and as further described in Section 1.4.4.2 of the Guidelines.
T	is the year the application for setting the FIT-All is filed with the Energy Regulatory Commission (ERC).
t+1	is the year following t.

¹⁰ ERC Resolution No. 16, Series of 2010, entitled “Resolution Adopting the Feed-in Tariff Rules.”

Based on the foregoing formula, it can be established that the FIT-All rate is the sum of the estimated Total FIT Differential required for a given year, combined with TransCo's estimated Working Capital Allowance (WCA), Administration Allowance (AA), and Disbursement Allowance (DA), over the Forecast National Sales (FNS) which pertains to the estimated total kWh of electricity billed to consumers who are supplied with electricity in all on-grid areas in the Philippines all for the same year.

TransCo, in the instant *Application*, demonstrated that it used the same formula discussed herein in arriving at its proposed updated FIT-All rate of PhPo.0865/kWh for CY 2024.

Additionally, TransCo included in its *Application*, a FIT-All rate of PhPo.0002/kWh corresponding to the fund requirement of potential RE Plants under Green Energy Auction Program (GEAP). GEAP is a policy initiated by the Department of Energy (DOE) through its Department Circular No. 2015-07-0014.¹¹ Section 4 of the said Circular states in part that “upon the full subscription of the existing FIT installation targets, the succeeding rounds for the installation targets for FIT-eligible resources shall be made through an auction system to be adopted by the DOE.” Pursuant to the said policy, on 03 November 2021, the DOE issued Department Circular No. 2021-11-0036,¹² (GEAP Guidelines).

Under Section 17.3 of the GEAP Guidelines, the settlement of the revenues of the RE Developers under the GEAP will be through the current FIT-All system. As such, TransCo, as the FIT-All Fund Administrator, is required to include the corresponding funding requirements of GEAP capacities in its FIT-All rate application.

It must be noted that under the FIT System, the Commission approves the FIT rates, while for the GEAP, the Green Energy Tariff (GET) is determined through a competitive auction. The price offered by the Winning RE Developer under the GEAP shall be the GET.

Based on the instant *Application*, the resulting total FIT-All rate of PhPo.0867/kWh proposed by TransCo has the following details:

¹¹ Entitled, “Prescribing the Policy for Maintaining the Share of Renewable Energy (RE) Resources in the Country’s Installed Capacity through the Holistic Implementation of the Pertinent Provisions of Republic Act No. 9513 or the RE Act on Feed-in Tariff (FIT) System, Priority and Must Dispatch, Among Others,” 26 June 2015.

¹² Entitled, “Providing the Revised Guidelines for the Green Energy Auction Program (GEAP) in the Philippines,” 03 November 2021.

Table 1: TransCo's Original FIT-All Calculation

COMPONENTS	FIT RE PLANTS (PhP)	GEAP RE PLANT (PhP)	TOTAL (PhP)	RATE (PhP/kWh)	SHARE (%)
FIT DIFFERENTIAL	13,649,945,240	(8,867,465)	13,641,077,775	0.0979	112.92%
2024 Generation	9,911,943,713	(8,867,465)	9,903,076,248	0.0710	81.89%
2023 Generation	(3,795,059)		(3,795,059)	(0.0000)	-0.03%
2022 Generation	(32,158,326)		(32,158,326)	(0.0002)	-0.23%
2021 Generation	497,025,572		497,025,572	0.0036	4.15%
2020 Generation	936,010,906		936,010,906	0.0067	7.73%
2019 Generation	27,038,637		27,038,637	0.0002	0.23%
2018 Generation	35,538,158		35,538,158	0.0003	0.29%
2017 Generation	384,396,544		384,396,544	0.0028	3.19%
2016 Generation	111,010,062		111,010,062	0.0008	0.92%
2023 Under (Over) Recovery	(338,030,919)		(338,030,919)	(0.0024)	-2.80%
Provision for FIT Rate Adjustment	2,120,965,953		2,120,965,953	0.0152	17.60%
WORKING CAPITAL ALLOWANCE	(1,618,218,261)	36,034,063	(1,582,184,198)	(0.0114)	-13.10%
ADMINISTRATION ALLOWANCE	18,600,384		18,600,384	0.0001	0.15%
DISBURSEMENT ALLOWANCE	2,311,840		2,311,840	0.00002	0.02%
Total	12,052,639,204	27,166,598	12,079,805,802		
FNS, kWh	139,386,259,736	139,386,259,736	139,386,259,736		
FIT-All, PhP/kWh	0.0865	0.0002		0.0867	

It is worthy to note that in its *Application*, TransCo's alternative prayer is for a FIT-All 2024 rate based on new evidence presented at the trial but not available to the Applicant at the time of the filing of the present *Application*.

Thus, during the 27 September 2023 expository presentation for Mindanao stakeholders, TransCo presented an updated FIT-All Computation, wherein calculations made were based on actual billing data as of July 2023 Billing Month, *to wit*:

Table 2: TransCo's Updated FIT-All Calculation

COMPONENTS	FIT RE PLANTS (PhP)	GEA1 RE PLANTS (PhP)	GEA2 RE PLANT	TOTAL (PhP)	RATE (PhP/kWh)	SHARE (%)
FIT DIFFERENTIAL	13,304,607,833	(11,126,658)	(99,633)	13,293,381,542	0.1366	111.96%
2024 Generation	9,030,557,404	(11,126,658)	(99,633)	9,019,430,746	0.0927	77.65%
2023 Generation	(17,116,639)			(17,116,639)	(0.0002)	-0.15%
2022 Generation	(35,298,985)			(35,298,985)	(0.0004)	-0.30%
2021 Generation	392,762,197			392,762,197	0.0040	3.38%
2020 Generation	1,113,712,912			1,113,712,912	0.0114	9.58%
2019 Generation	57,960,744			57,960,744	0.0006	0.50%
2018 Generation	37,580,969			37,580,969	0.0004	0.32%
2017 Generation	27,133,034			27,133,034	0.0003	0.23%
2016 Generation	10,552,839			10,552,839	0.0001	0.09%
2014 and 2015 Generation	1,765,547			1,765,547	0.0000	0.02%
2023 Under (Over) Recovery	564,031,857			564,031,857	0.0058	4.85%
WORKING CAPITAL ALLOWANCE	(1,694,866,011)	30,988,708	223,237,022	(1,440,640,281)	(0.0148)	-12.13%
ADMINISTRATION ALLOWANCE	18,600,384			18,600,384	0.0002	0.16%
DISBURSEMENT ALLOWANCE	1,963,596			1,963,596	0.00002	0.02%
Total	11,630,305,803	19,862,050	223,137,389	11,873,305,242		
FNS, kWh	97,336,829,537	97,336,829,537	97,336,829,537	97,336,829,537		
FIT-All, PhP/kWh	0.1995	0.0002	0.0023		0.1220	

In addition to the update in billing months covered, TransCo updated the following parameters to arrive at its updated FIT-All rate computation:

1. For the capacity of RE plants included and energy generation, TransCo included GEA 2 plants in their updated calculation in addition to the RE FIT and GEA 1 plants;
2. For the actual collection data, TransCo's computation was only up to June 2023 while the updated computation was up to August 2023; and
3. For the Actual Cost Recovery Revenue (ACRR), TransCo originally used 36 months LWAP ending April 2023, but used up to July 2023 in their updated calculation;

TransCo updated its FNS based on the 2019 to 2022 historical data as provided by DOE on 22 September 2023. TransCo also considered in its updated calculation the assumed extension of FIT-All suspension until December and inclusion of GEA2 RE Plant. TransCo's updated FIT-All computation was PhP0.1220/kWh.

In addition, TransCo also provided a calculation using the average LWAP in Mindanao (February 2023 to July 2023) of PhP5.9/kWh instead of applying the Visayas LWAP for Mindanao, as directed during the Luzon Expository Hearing as additional scenario:

Table 3: TransCo's Updated FIT-All Calculation using Average LWAP for Mindanao

COMPONENTS	FIT RE PLANTS (PhP)	GEA1 RE PLANTS (PhP)	GEA2 RE PLANT	TOTAL (PhP)	RATE (PhP/kWh)	SHARE (%)
FIT DIFFERENTIAL	13,965,630,151	(11,126,658)	(99,633)	13,954,403,860	0.1434	109.21%
2024 Generation	9,648,373,804	(11,126,658)	(99,633)	9,637,247,146	0.0990	77.03%
2023 Generation	(17,116,639)			(17,116,639)	(0.0002)	-0.14%
2022 Generation	(35,298,985)			(35,298,985)	(0.0004)	-0.28%
2021 Generation	392,762,197			392,762,197	0.0040	3.14%
2020 Generation	1,113,712,912			1,113,712,912	0.0114	8.89%
2019 Generation	57,960,744			57,960,744	0.0006	0.46%
2018 Generation	37,580,969			37,580,969	0.0004	0.30%
2017 Generation	27,133,034			27,133,034	0.0003	0.22%
2016 Generation	10,552,839			10,552,839	0.0001	0.08%
2014 and 2015 Generation	1,765,547			1,765,547	0.0000	0.01%
2023 Under (Over) Recovery	607,237,774			607,237,774	0.0062	4.85%
Provision for FIT Rate Adjustment	2,120,965,953			2,120,965,953	0.0218	16.93%
WORKING CAPITAL ALLOWANCE	(1,461,158,194)	32,478,884	231,132,334	(1,197,546,976)	(0.0123)	-9.37%
ADMINISTRATION ALLOWANCE	18,600,384			18,600,384	0.0002	0.15%
Total	12,524,964,383	21,352,226	231,032,701	12,524,964,383		
FNS, kWh	97,336,829,537	97,336,829,537	97,336,829,537	97,336,829,537		0.1313
FIT-All, PhP/kWh	0.1287	0.0002	0.0024	0.1287		

The Expository Presentation containing the above computations formed part of TransCo's Formal Offer of Evidence (FOE) filed on 18 October 2023.

In its evaluation of the instant *Application*, the Commission utilized the formula provided in Section 1.3 of the FIT-All Guidelines.

II. COMPONENTS OF THE FIT-ALL

Based on the FIT-All Formula, the FIT-All rate has the following components: (1) Forecast National Sales (FNS); (2) FIT-Differential (FD); (3) Working Capital Allowance (WCA); and (4) Administration Allowance (AA) and Disbursement Allowance (DA). These components are discussed in detail hereinafter:

A. Forecast National Sales (FNS)

The FNS is the denominator in the FIT-All formula. Following the FIT-All Guidelines, it should be stated in kWh and to be applied for Year t+1.

Section 1.4.4.2 of the FIT-All Guidelines states that FNS is the estimated total kilowatt-hours of electricity billed to Consumers who are supplied with electricity in all On-Grid areas in the Philippines for a given year. The FNS shall be equal to the latest available Electricity Sales as stated in the Philippine Power Statistics, excluding Utilities Own Use and Power Losses, or as otherwise certified by the DOE, and as adjusted by the historical growth rate published for the immediately preceding three (3) years. It shall be computed as follows:

$$\text{FNS} = \text{Net Electricity Sales} \times (1 + \text{Historical Growth Rate})$$

TransCo did not adhere to Section 1.4.4.2 of the FIT-All Guidelines in their FNS definition. From the historical data provided by DOE covering the years 2019 to 2022,¹³ TransCo computed the Compounded Annual Growth Rate (CAGR) of Electricity Sales for a 3-year period using the formula below:

¹³ Annexes "A" to "A-8" of the *Application* filed by TransCo under ERC Case No. 2022-051 RC, entitled, "*In the Matter of the Application for Approval of the Feed-In Tariff Allowance for Calendar Year 2023 Pursuant to the Guidelines for the Collection of the Feed-in Tariff Allowance and Disbursement of the Feed-in Tariff Allowance Fund, with Prayer for Provisional Authority.*"

$$CAGR_{t_0,t_n} = \left(\frac{V_{t_n}}{V_{t_0}} \right)^{\frac{1}{t_n-t_0}} - 1$$

Where:

- $V(t_0)$ = start value
- $V(t_n)$ = finish value
- t_n-t_0 = number of years

TransCo computed the projected 2023 level by increasing the historical 2022 level by the computed CAGR based on DOE’s actual on-grid electricity sales from 2019 to 2022. Thereafter, TransCo computed the rolling 3-year CAGR to project the 2024 level. Annexes “A” to “A-8” of TransCo’s *Application* provide the details of TransCo’s FNS computation, wherein it was reflected that for 2022, TransCo included Own-Use and System Loss in its FNS computation, which is contrary to Section 1.4.4.2 of the FIT-All Guidelines.

Below is the result of TransCo’s Forecast National Electricity Sales, in kWh:

Table 4. TransCo’s FNS Sales in kWh for Years 2023 to 2024

2023 (kWh)	2024 (kWh)
122,056,149,454	139,386,259,736

TransCo, in its *Application*, used an FNS level of **139,386,259,736 kWh**.

The Commission, in the determination of the FNS, used the on-grid actual electricity sales for the years 2020 to 2023 based on the data published in DOE’s website and then used the CAGR formula, which yielded the 2024 forecasted sales estimate equivalent to **100,927,277,015.025 kWh** which is lower than the TransCo’s FNS by 27.59%, as shown in Table 5. The difference of 38,458,982,720.975 kWh is due to electricity sales in 2022 where TransCo used the total electricity consumption which included electricity sales, own-use and systems loss. However, based on Section 1.4.4.2 of the FIT-All Guidelines,¹⁴ the FNS shall exclude Utilities Own Use and Power Losses. The inclusion of own-use and systems loss in TransCo’s FNS computation resulted to a higher CAGR, and subsequently, higher

¹⁴ The FNS is the estimated total kilowatt-hours of electricity billed to Consumers who are supplied with electricity in all On-Grid areas in the Philippines for a given year. The FNS shall be equal to the latest available Electricity Sales as stated in the Philippine Power Statistics, excluding Utilities Own Use and Power Losses, or as otherwise certified by the Department of Energy (DOE), and as adjusted by the historical growth rate published for the immediately preceding three (3) years.

forecasts for 2023 and 2024. In addition, the rolling CAGR differed due to different years covered by the TransCo and the Commission.

Table 5: Forecast National Sales (FNS)

Forecast National Sales	TransCo (kWh)	Commission (kWh)
	139,386,259,736.00	100,927,277,015.025

B. FIT Differential (FD)

As provided in Section 1.4.1 of the FIT-All Guidelines, FD is represented by the following formula:

$$FD = \left[\sum_x (ForecastREGen_{x,t+1} (ForecastFITRate_{x,t+1} - ForecastCostRecoveryRate_{x,t+1})) \right] + FD_{t-1,(over)/under}$$

Where:

	DESCRIPTION
Forecast RE Gen_{x,t+1}	is the Forecast RE Generation of Eligible RE Plant x (in kWh).
Forecast FIT Rate_{x,t+1}	is FIT Rate, as degressed (if applicable) and adjusted for local inflation and foreign exchange (FOREX) as forecasted for year _{t+1} , in PhP/kWh, that Eligible RE Plantx is forecasted to receive for each kWh delivered.
Forecast Cost Recovery	is the applicable Forecast Cost Recovery Rate to be implemented in Year _{t+1} for Eligible RE Plantx, in PhP kWh.
FD_{t-1} (over)/under	is the variance between the actual FIT Differential for year _{t-1} (Actual FD _{t-1}) and the FIT Differential collected for year _{t-1} (Collected FD _{t-1}). There is over recovery if Collected FD _{t-1} > Actual FD _{t-1} and under recovery if Collected FD _{t-1} is < Actual FD _{t-1} .

TransCo, in the computation of the FD, used the formula and parameters provided in the FIT-All Guidelines, namely: (a) the Forecast Annual Renewable Generation; (b) the Forecast Applicable FIT Rate and Forecast FIT Revenue; (c) the Forecast Cost Recovery Rate (FCRR); and (d) the Under recoveries. Using the said parameters, TransCo used the data summarized in Tables 6 to 12.1 to determine the FD detailed in Table 13.

1. Forecast Annual Renewable Energy Generation

Section 1.4.4.1 of the FIT-All Guidelines states that the Forecast RE Generation is equivalent to the Forecast RE Generation of new eligible RE plants, which is equal to its “nameplate rating in kilowatts multiplied by 8,760 hours per year, multiplied by the expected annual

capacity factor of the Eligible RE Plant, as approved by the Commission as part of the Eligible RE Plant's application requirements for the issuance of a Certificate of Compliance (COC),” and the Forecast RE Generation of those already in operation for at least one (1) year, equal to the “RE Plant's nameplate rating in kilowatts multiplied by 8,760 hours per year, multiplied by average historical capacity factor for the number of years (or fraction thereof in Commercial Operation). For this purpose, the nameplate ratings shall refer to that specified by the ERC in the COCs issued to these Eligible RE Plants.”

TransCo, in the computation of the Forecast Annual RE Generation computation, used the most updated list of RE Projects projected to be eligible or already eligible under the FIT System in 2014-2023 and corresponding forecast data as provided by the DOE.¹⁵ TransCo likewise tapped its own database containing historical information and the available submissions of RE Developers on actual/forecast generation.¹⁶ Actual billing data invoiced to the FIT-All Fund up to the May 2023 billing period were used also by TransCo where available.

With the list from DOE providing the best estimate of the timing of entry of Eligible RE Plants, TransCo aimed to provide for the corresponding payout requirements adequately. However, the list does not give preemptive rights to the identified projects to be counted under the final FIT-eligible projects. Neither does it limit the payment of FITs to these projects. Only Eligible RE Generators providing generation to the grid will be paid according to actual generation volume.

For Wind and Solar FIT-eligible RE Developers already billing the FIT-All Fund with an effective Renewable Energy Payment Agreement (REPA), TransCo generally adopted their 2023 to 2025 energy generation forecast submissions.

For Biomass and Run-of-River (ROR) hydropower plants already billing the FIT-All Fund, TransCo followed the monthly projection provided by the RE developers.

TransCo also used the 2016-2022 historical capacity factors of RE plants to project the 2023-2025 annual generation if the RE plants' submissions and/or the DOE forecast are perceived to be too high

¹⁵ The data used are lifted from the DOE transmittal email dated 29 May 2023 and Letter dated 23 May 2023 and its attachments attached as “Annexes “C” to “C-16.”

¹⁶ The 2023 to 2025 energy forecast generation per eligible RE plant are summarized in the “List of FIT-Eligible RE Generation Forecast (in MWh) as of 30 June 2023” with attached RE Developers' Submissions, attached to TransCo's Application as Annexes “D” to “D-70”.

compared to the actual levels in 2022. For some biomass and hydropower plants that are projected new entrants where only the annual forecast from DOE were available, TransCo used derived monthly indices from the generation history of biomass and hydropower plants already under the FIT system, by grid, in determining the monthly generation forecast. Incidentally, monthly generation data are useful during the initial year of entry of the plant as they are used to account for the eligible generation which may not be for the full year.

With the extension of the avilment of the FIT for undersubscribed capacities, TransCo considered the full line-up in the DOE list for biomass and hydropower plants. However, it is noted that the line-up for hydropower plants is still below full subscription.

TransCo used the following eligible and DOE-projected eligible RE capacities in determining the proposed FIT-All rate:

- a. Solar: 543.63 MW (plants up to 15 March 2016);
- b. Wind: 393.90 MW [plants that became operational after the Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008 (RE Law)] and 33 MW (pre-RE Law plants);
- b. Biomass: 259.26 MW (as of April 2023); and
- c. ROR Hydropower: 240.94 MW (plants under the RE Law) plus 75.88 MW (pre-RE Law plants).

For Solar and Biomass plants, TransCo considered capacities beyond the installation targets set by DOE due to the principle of commercial and technical indivisibility of projects.

In addition to the above capacities under the current FIT System, TransCo also included 1,865.13 MW capacity of RE plants under the GEAP. The 2.4 MW biomass capacity will be delivered starting in 2023, while the remaining capacity will be delivered in 2025, as provided by the DOE in its *Letter* dated 23 May 2023.¹⁷

Based on the foregoing, the applicable forecast annual renewable energy generation of eligible RE plants (GWh) for the years 2012-2015

¹⁷ DOE Letter dated 23 May 2023, addressed to Ms. Dinna O. Dizon, OIC, President & CEO, TransCo, which provides Annex A: Updated List of FIT-Eligible RE Projects; Annex B: CY 2023-2025 Generation Forecast for FIT-Eligible RE Projects under Extension (Hydropower); Annex C: FIT-Eligible RE Plants with COE and Nomination; and Annex D: List of Eligible RE Plants for GEAP with Generation Forecast.

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(lumped), 2016, 2017, 2018, 2019, 2020, 2021, 2022,¹⁸ 2023, 2024, and 2025 are as follows:

Table 6. TransCo’s Forecast Annual Renewable Energy Generation, GWh

Table 6.1. RE Plants under the FIT System, GWh

Technology	2012-2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Biomass	266	518	657	759	838	1,261	1,224	1,149	1,235	1,282	1,354
Hydropower	88	98	149	287	510	674	735	1,067	1,046	1,188	1,219
Solar	106	634	736	769	746	771	714	672	728	748	746
Wind	777	953	1,075	1,135	1,027	995	1,137	912	1,085	1,046	1,042
Total	1,237	2,203	2,617	2,950	3,121	3,701	3,810	3,800	4,094	4,264	4,361

Table 6.2. RE Plants under the GEAP, GWh

Technology	2023	2024	2025
Biomass	1	9	9
Hydropower	-	-	7
Solar	-	-	171
Wind	-	-	14
Total	1	9	201

*Note: TransCo included the 2025 levels as they are needed for the determination of the WCA.

Meanwhile, the Commission computed the FD based on the FIT-Eligible RE plants with FIT-COC as of 31 December 2024. Thus, the Commission recorded a total capacity of 1,414.894 MW.

Table 7 shows the comparison between the capacities by TransCo’s updated calculation *vis-à-vis* the capacities considered by the Commission:

Table 7. Comparison of Capacities Between TransCo's and the Commission's Computation (in MW)

Technology	TransCo (MW)		Commission (MW) (w/ FIT-COC/ COC/PAO as of 31 December 2024 without GEA)	Difference (MW)
	DOE List as of May 2023	GEA 1		
ROR Hydro	316.82	99.15	222.53	193.44
Biomass	259.26	2.40	221.83	39.83
Solar	543.63	1,490.38	543.63	1,490.38
Wind	426.90	273.20	426.90	273.20
Total	1,546.61	1,865.13	1,414.89	1,996.85

Furthermore, the Commission used the actual generation for January 2024 to December 2024 without the Biomass plants under GEAP, and arrived at the total generation of 3,395,409,471.98 kWh as shown in Table 8.

Table 8 shows the side-by-side comparison of computed generation of TransCo versus that of the Commission’s, based on forecasted and actual generation, respectively:

¹⁸ The 2012 to 2022 levels are a mix of actual and forecast values.

Table 8. Summary of Computed Generation for 2024

Technology	TransCo (kWh)		Commission (kWh)
	RE FIT	GEA 1	
Biomass	1,282,000,000.00	9,000,000.00	904,932,709.27
ROR Hydro	1,188,000,000.00		832,059,016.16
Solar	748,000,000.00		756,798,497.65
Wind	1,046,000,000.00		901,619,248.90
Total	4,264,000,000.00	9,000,000.00	3,395,409,471.98

2. Forecast Applicable FIT Rate and Forecast FIT Revenue

Forecast Applicable FIT Rate refers to the prevailing ERC-approved and published schedule of rates in PhP/kWh for each emerging renewable energy technology, as appropriately degressed if applicable, and adjusted for Consumer Price Index (CPI) and Foreign Exchange (FOREX) Movements, in accordance with Section 2.10 of FIT Rules.

TransCo, in its *Application*, adopted the assumptions and manner by which the Commission derived the Adjusted FITs under the ERC Resolution No. 6, Series of 2020,¹⁹ in deriving the 2021 Adjusted FIT Rates. The CPI and FOREX were indexed against 2014 levels.

The same assumption was applied to the base FITs of biomass and hydropower plants, including the 2018 to 2019 entrants. For the entrants in 2020 and beyond, *e.g.*, hydropower plants, further degression was applied to the 2019 base FITs approved by the Commission. Thereafter, TransCo computed the corresponding Adjusted FITs until 2023 as shown in Table 9:²⁰

Table 9. TransCo's Adjusted FIT Rates for 2024, PhP/kWh

Table 9.1. RE Plants under the FIT System, PhP/kWh

Technology	Year 1 Entrant (2014-2015)	Year 2 Entrant (2016)	Year 3 Entrant (2017)	Year 4 Entrant (2018)	Year 5 Entrant (2019)	Year 6 Entrant (2020)	Year 7 Entrant (2021)	Year 8 Entrant (2022)	Year 8 Entrant (2023)
Biomass	8.2983	7.6675	7.4839	7.0933	7.1544	6.8866			
Hydropower	7.3689	6.8222	6.7223	6.7252	6.7433	6.4739	6.186	5.9505	5.7753
Bakun Plant	6.2859								
Solar	12.1487	10.0518							
Wind	10.6909	8.5588							
Bangui 1&2	7.4699								

¹⁹ Entitled, "A Resolution Approving the Adjustment to the Feed-In Tariff (FIT)".

²⁰ The document entitled "2024 Adjusted FIT Rate Computation, PhP/kWh" is attached to TransCo's *Application* as Annex "F."

Table 9.2. RE Plant under the GEAP, PhP/kWh

Technology	Grid	Average Offer Price, PhP/kWh
Biomass	Mindanao	5.07
Hydropower	Luzon	5.4714
	Mindanao	5.49
Solar	Luzon	3.4067
	Visayas	3.6779
	Mindanao	3.6779
Wind	Visayas	5.7555

Also presented in the table above is the corresponding GET of the RE plants under GEAP. As previously discussed, the GET is equal to the offered price of the Winning Bidder.

TransCo computed the Total FIT Revenue appearing in the formula of FD was obtained by multiplying the Eligible RE generation per technology summarized in Table 8 by the corresponding appropriate FIT rates in Table 9. Calculations were made on a per plant basis. For 2025, which is required only for the computation of the WCA, the adjusted FIT rates for 2024 were used for simplicity of assumption. The resulting levels are shown in Table 10:

Table 10. Total FIT Revenue by Technology

Table 10.1. RE Plants under the FIT System, In Mn PhP

Technology	2012-2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Biomass	1,770	3,458	4,397	5,040	5,489	8,275	7,912	7,362	7,946	9,760	10,274
Hydropower	525	582	888	1,692	2,986	3,979	4,279	5,628	6,083	7,666	7,875
Solar	1,014	5,595	6,529	6,767	6,577	6,907	6,289	5,918	6,415	7,710	7,686
Wind	6,320	7,593	8,606	9,067	8,188	8,375	9,125	7,309	8,706	10,276	10,237
Total	9,629	17,228	20,420	22,566	23,240	27,536	27,605	26,217	29,150	35,412	36,072

Table 10.2. RE Plants under the GEAP, In Mn PhP

Technology	2023	2024	2025
Biomass	4	46	46
Hydropower	-	-	36
Solar	-	-	583
Wind	-	-	78
Total	4	46	743

TranCo's calculations used the FD formula, wherein the total FCRR was subtracted from the corresponding FIT revenue on a per plant basis, yielding the following FD results:

(This space is intentionally left blank.)

Table 11. TransCo's Total Forecast Cost Recovery Revenue by Technology, in Mn Pesos 2024 to 2025

Table 11.1. RE Plants under the FIT System

Technology	2024 (Million PhP)	2025 (Million PhP)
Biomass	7,610	8,048
Hydropower	7,088	7,274
Solar	4,464	4,449
Wind	6,338	6,310
Total	25,500	26,081

Table 11.2. RE Plant under the GEAP

Technology	2024 (Million PhP)	2025 (Million PhP)
Biomass	54	54
Hydropower	-	40
Solar	-	1,002
Wind	-	82
Total	54	1,178

Table 12. TransCo's FIT Differential (without under-recovery, accrued 2015-2020 FIT Differential and provisions for FIT Adjustments), in Mn Pesos

Table 12.1. RE Plants under the FIT System

Technology	2024 (Million PhP)	2025 (Million PhP)
Biomass	2,149	2,226
Hydropower	578	601
Solar	3,246	3,236
Wind	3,938	3,927
Total	9,911	9,990

Table 12.2. RE Plant under the GEAP

Technology	2024 (Million PhP)	2025 (Million PhP)
Biomass	(9)	(9)
Hydropower	-	(3)
Solar	-	(420)
Wind	-	(4)
Total	(9)	(436)

TransCo's final estimated FD for 2024 in PhP/kWh of REs under the FIT System, inclusive of the effect of the over-recovery for 2023, the accrued FD for 2016-2023 generation charged to 2024, plus the provision of FIT Rate Adjustments, and FD for 2024 in PhP/kWh of RE plant under the GEAP, are as follows:

Table 13. TransCo's Final Estimated FIT Differential, in PhP/kWh

Particulars	PhP	PhP/kWh
2024 Generation	9,911.94	0.0711
2023 Generation	-3.80	(0.0000)
2022 Generation	-32.16	(0.0002)
2021 Generation	497.03	0.0036
2020 Generation	936.01	0.0067
2019 Generation	27.04	0.0002
2018 Generation	35.54	0.0003

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Particulars	PhP	PhP/kWh
2017 Generation	384.40	0.0028
2016 Generation	111.01	0.0008
2023 Over Recovery	(338.03)	(0.0024)
Provision for FIT Adjustment	2,120.97	0.0152
Total 2024 FD-FIT Res	13,649.95	0.0979
2024 FIT Differential-GEAP REs	(8.87)	0.0001)
Total FIT Differential	13,641.08	0.0979

On 26 May 2020, the Commission issued ERC Resolution No. 6, Series of 2020²¹ (FIT Adjustment), setting the FIT adjustments for years 2016, 2017, 2018, 2019, and 2020, using 2014 as base year of the CPI and FOREX, with a recovery period of five (5) years.

In the Commission’s *Letter*, dated 19 February 2021, to TransCo, a clarification and illustration on the schedule of billing and payment for the arrears on the adjusted FIT rates was provided, *to wit*:

Schedule of Billing and Payment for the Arrears on the Adjusted FIT Rates			Schedule of Billing and Payment for the Arrears on the Adjusted FIT Rates		
Generation Period	Billing Schedule	Payment Schedule (5-yr Recovery Period)	Generation Period	Billing Schedule	Payment Schedule (5-yr Recovery Period)
Jan 2016	Dec 2020	Jan 2021	Jan 2019	Dec 2023	Jan 2024
Feb 2016	Jan 2021	Feb 2021	Feb 2019	Jan 2024	Feb 2024
Mar 2016	Feb 2021	Mar 2021	Mar 2019	Feb 2024	Mar 2024
Apr 2016	Mar 2021	Apr 2021	Apr 2019	Mar 2024	Apr 2024
May 2016	Apr 2021	May 2021	May 2019	Apr 2024	May 2024
Jun 2016	May 2021	Jun 2021	Jun 2019	May 2024	Jun 2024
Jul 2016	Jun 2021	Jul 2021	Jul 2019	Jun 2024	Jul 2024
Aug 2016	Jul 2021	Aug 2021	Aug 2019	Jul 2024	Aug 2024
Sep 2016	Aug 2021	Sep 2021	Sep 2019	Aug 2024	Sep 2024
Oct 2016	Sep 2021	Oct 2021	Oct 2019	Sep 2024	Oct 2024
Nov 2016	Oct 2021	Nov 2021	Nov 2019	Oct 2024	Nov 2024
Dec 2016	Nov 2021	Dec 2021	Dec 2019	Nov 2024	Dec 2024
Jan 2017	Dec 2021	Jan 2022	Jan 2020	Dec 2025	Jan 2025
Feb 2017	Jan 2022	Feb 2022	Feb 2020	Jan 2025	Feb 2025
Mar 2017	Feb 2022	Mar 2022	Mar 2020	Feb 2025	Mar 2025
Apr 2017	Mar 2022	Apr 2022	Apr 2020	Mar 2025	Apr 2025
May 2017	Apr 2022	May 2022	May 2020	Apr 2025	May 2025
Jun 2017	May 2022	Jun 2022	Jun 2020	May 2025	Jun 2025
Jul 2017	Jun 2022	Jul 2022	Jul 2020	Jun 2025	Jul 2025
Aug 2017	Jul 2022	Aug 2022	Aug 2020	Jul 2025	Aug 2025
Sep 2017	Aug 2022	Sep 2022	Sep 2020	Aug 2025	Sep 2025
Oct 2017	Sep 2022	Oct 2022	Oct 2020	Sep 2025	Oct 2025
Nov 2017	Oct 2022	Nov 2022	Nov 2020	Oct 2025	Nov 2025
Dec 2017	Nov 2022	Dec 2022	Dec 2020	Nov 2025	Dec 2025
Jan 2018	Dec 2022	Jan 2023			
Feb 2018	Jan 2023	Feb 2023			
Mar 2018	Feb 2023	Mar 2023			
Apr 2018	Mar 2023	Apr 2023			
May 2018	Apr 2023	May 2023			
Jun 2018	May 2023	Jun 2023			
Jul 2018	Jun 2023	Jul 2023			
Aug 2018	Jul 2023	Aug 2023			
Sep 2018	Aug 2023	Sep 2023			
Oct 2018	Sep 2023	Oct 2023			
Nov 2018	Oct 2023	Nov 2023			
Dec 2018	Nov 2023	Dec 2023			

At present, the Commission has not issued any Resolution relative to the 2024 adjusted FIT Rates. As such, the Commission, in computing the FIT-All rate for 2024, used the original or degressed (if applicable) rates, taking into consideration the Commercial Operations Date (COD) of the FIT-Eligible Plants. On this basis, the Commission used the FIT Rates, as shown in Table 14, *to wit*:

²¹ Entitled, “A Resolution Approving the Adjustment to the Feed-In Tariff (FIT).”

Table 14. FIT Rates used by the Commission

Technology	FIT Rates (PhP/kWh)	Remarks
Biomass	6.63	
Biomass Degressed	6.5969	2017 entrants
Biomass 2	6.19	2018-2019 entrants
ROR Hydro	5.90	
ROR Hydro Degressed	5.8705	2017 entrants
ROR Hydro 2	5.8705	2018-2019 entrants
ROR Hydro 3	6.1110	2020-2021 entrants
	6.0804	2022 entrants
	6.0500	2023 entrants
Solar 1	9.68	
Solar 2	8.69	Effective on 6 May 2015 to 15 March 2016
Wind 1	8.53	
Wind 2	7.40	Limited to 3 wind plants

Moreover, the Commission computed the payment for the arrears on the January 2019 to December 2019 Adjusted FIT Rates applied in 2024 amounting to Two Billion One Hundred Twenty Million Nine Hundred Sixty-Five Thousand Nine Hundred Fifty-Three Pesos and Forty-Seven Centavos (PhP2,120,965,953.47).

3. Forecast Cost Recovery Rate (FCRR)

As defined in Section 1.4.1.2 of the FIT-All Guidelines, “the manner by which the Forecast Cost Recovery Rate (FCRR) is forecasted and applied to a particular Eligible RE Plant shall be based on whether or not the Eligible RE Plant operates in a Grid where the Wholesale Electricity Spot Market (WESM) is operational.”

Sections 1.4.1.2.1 and 1.4.1.2.2 of the FIT-All Guidelines specifically define the process in both scenarios where WESM is operational and non-operational, *to wit*:

xxx

1.4.1.2.1 Computation of the Applicable Forecast Cost Recovery Rate (FCRR): WESM Operational

Where WESM is operational, the FCRR (in PhP/kWh) expressed as “Forecast Cost Recovery Revenue Rate WESM in year t+1” or FCRR_{WESM,t+1} for the Eligible RE Plants-WESM shall be equivalent to the average monthly system Ex-ante Load Weighted Average Price (LWAP) of the WESM for the Luzon and Visayas grids for the thirty-six (36) months immediately preceding the filing of the application for the setting of the FIT-All. The average monthly system Ex-ante

LWAP shall be computed using a reasonable averaging method acceptable to the Commission.

1.4.1.2.2 Computation of the Applicable Forecast Cost Recovery Rate (FCRR): WESM Non-Operational

Eligible RE Plants where the WESM is non-operational (i.e. Mindanao) shall be treated as follows: the FCRR (in PhP/kWh) to be applied for such eligible RE Plant-Non-WESM with existing RESA with the Host DU, for the nearest twelve (12) months preceding the filing of the application for the setting of the FIT-All. When the WESM becomes operational in Mindanao, all Eligible RE Plants-Non-WESM shall be deemed to be eligible RE Plants-WESM and Section 1.4.1.2.1 shall be applied.

xxx

TransCo, in computing the FCRR used the 36-month Load Weighted Average Price (LWAP) of PhP5.8590/kWh and PhP6.0579/kWh in Luzon and Visayas, respectively, for the period of 26 April 2020 to 25 April 2023 applicable to all technologies.

Following the commencement of WESM for Mindanao Grid on 26 January 2023, TransCo set the FCRR for Mindanao using the 36-month Ex-Ante LWAP of the Visayas Grid.

The Commission, on the other hand, used the Actual Cost Recovery Rate (ACRR) for January 2024 to December 2024.

Thus, the Commission arrived at an effective rate for each technology, per grid, as shown in the Table 15:

Table 15. Commission's Actual Cost Recovery Rate per Grid

Area/ Technology	PhP/kWh (Actual January 2024 - December 2024)
Luzon	
Biomass	4.8451
Wind	4.7787
Solar	4.4732
ROR Hydro	4.6799
Visayas	
Biomass	3.0172
Wind	5.3954
Solar	5.5418
ROR Hydro	8.3632
Mindanao	

Area/ Technology	PhP/kWh (Actual January 2024 - December 2024)
Biomass	2.9715
Wind	-
Solar	4.8208
ROR Hydro	3.7720

4. Over/Under-recoveries

Under Section 1.4.1 of the FIT-All Guidelines, there is over-recovery if the collected FD t-1 is greater than the Actual FD t-1; and under-recovery if the collected FD t-1 is less than the Actual FD t-1. Under-recoveries are reflected as a positive number.

In its *Application*, TransCo estimated an **over-recovery** in the FIT-All Fund by the end of 2023 in the amount of **Three Hundred Thirty – Eight Million, Thirty Thousand Nine Hundred Nineteen Pesos and Thirty Centavos (PhP338,030,919.30)**. TransCo’s calculations were made based on actual billing data as of May 2023 billing month and forecasted the over-recovery for June to December 2023. TransCo also assumed that FIT-All collection of the current rate of PhP0.0364/kWh will resume starting September 2023 billing month. It may be recalled that the collection of FIT-All was suspended from December 2022 pursuant to ERC Resolution No. 12, Series of 2022²², and extended until January 2024, pursuant to ERC Resolution No. 11, Series of 2023²³. These Resolutions were issued in view of the significant over-recoveries in the FIT-All Fund during the relevant periods. In addition, TransCo’s projection was based on data available only up to end-2023.

The Commission, on the other hand computed an over-recovery of **Four Million Eight Hundred Seventy – Two Thousand Five Hundred Nineteen Pesos and Eleven Centavos (PhP4,872,519.11)**, using data on actual payments made up to the 05 February 2025 payment date. The over-recovery, as applied for by TRANSCO, and as computed by the Commission appears in Table 16:

Table 16. Over/Under-recovery

Over Recovery	TransCo (Forecast) (PhP)	Commission (As of 05 February 2025) (PhP)
	(338,030,919.30)	(4,872,519.11)

²² A Resolution Adopting the Suspension of the Collection of Feed-In-Tariff Allowance (FIT-All).

²³ A Resolution Adopting the Extension of Suspension of the Collection of Feed-In Tariff Allowance (FIT-All)

Final FIT Differential (FD) Computation

As previously mentioned, the Commission computed the payment for the arrears on the January 2019 to December 2019 Adjusted FIT Rates applied in 2024 amounting to Two Billion One Hundred Twenty Million Nine Hundred Sixty-Five Thousand, Nine Hundred Fifty-Three Pesos and Forty-Seven Centavos (PhP2,120,965,953.47).

Consistent with previous FIT-All Decisions, the said amount is added to the FD from actual RE generation for January 2024 to December 2024 amounting to Seven Billion Eight Hundred Ninety-Seven Million Nine Hundred Twenty-Six Thousand Three Hundred Eighty-Seven Pesos and Eighty-Two Centavos (PhP7,897,926,387.82); back billings from 2016 Generation charged in CY 2024 amounting to One Hundred Eleven Million Ten Thousand Sixty-Two Pesos (PhP111,010,062.00); and Over Recovery as of 05 February 2025 amounting to Four Million Eight Hundred Seventy-Two Thousand Five Hundred Nineteen Pesos and Eleven Centavos (PhP4,872,519.11).

The resulting FD is **Ten Billion One Hundred Twenty-Five Million Twenty-Nine Thousand Eight Hundred Eight-Four Pesos and Eighteen Centavos (PhP10,125,029,884.18)**.

Table 17. Commission’s FIT Differential (FD) Computation

FIT Differential (PhP)	
FD	10,125,029,884.18
2024 FIT Differential-2024 Gen	7,897,926,387.82
2024 FIT Differential-2016 Gen	111,010,062.00
Provision for FIT Rate Adjustment - Arrears (2019 Charged to 2024)	2,120,965,953.47
Under (Over) Recovery as of 05 February 20245	(4,872,519.11)

C. Working Capital Allowance

Section 2.5 of the FIT Rules states that part of the charge of the FIT – All is collected to serve as a buffer for working capital requirements to address any default or delay in the collection and/or remittance of the FIT-All and/or Actual Cost Recovery Revenue.

As stated in Section 1.4.2 of the FIT-All Guidelines, the determination of the WCA amount is expressed as:

$$WCA_{t+1} = (\text{Forecast Annual Payout}_{t+2} \times \text{Factor Rate}) - WCA_{\text{Ending Balance } t}$$

In the instant *Application*, TransCo computed a WCA requirement of (Negative) One Billion Five Hundred Eighty-Two Million One Hundred Eighty-Four Thousand One Hundred Ninety-Seven Pesos and Eighty Centavos (-PhP1,582,184,197.80) using a factor rate of 6.0475%. Worthy of note is that a negative WCA means that the ending balance of the WCA is more than enough to cover the WCA requirements for the year.

The Commission’s computation, on the other hand, arrived at a WCA amounting to **One Billion Eight Hundred Sixty-One Million Nine Hundred Ten Thousand Five Hundred Nineteen Pesos and Twenty-Three Centavos (PhP1,861,910,519.23)**, using a factor rate of 6.67%. The said amount is higher than TransCo’s applied WCA due to the higher WCA Ending Balance as of TransCo’s filing of the *Application* and the extension of suspension of FIT-All Collection in 2023.

For 2023, TransCo projected the WCA to have an ending balance amounting to PhP3,942,341,311.21. On the other hand, the Commission, in computing the WCA, used zero (0) ending balance, which was the actual balance of the WCA sub-account as of 05 February 2025. The suspension of the FIT-All collection from December 2022 until January 2024 contributed to the wipe-out of the WCA sub-account.

Table 18: Working Capital Allowance

Working Capital Allowance	TransCo (PhP)	Commission (PhP)
	(1,582,184,197.82)	1,861,910,519.23

The Commission’s WCA for CY 2024 is equivalent to the Forecast Annual Payout for the year 2025 multiplied by the Effective Factor Rate, as described below, less the WCA ending balance as of 05 February 2025.

The Effective Factor Rate of 6.67% was calculated using the formula recommended by National Renewable Energy Board (NREB) as reflected in the Commission’s *Decision* under ERC Case No. 2014-109 RC²⁴ (FIT-All 2014-2015). The Effective

²⁴ Entitled, “*In the Matter of the Application for Approval of the Feed In Tariff Allowance for Calendar Years 2014 and 2015 Pursuant to the Guidelines for the Collection of the Feed-In Tariff*”

Factor Rate is the sum of the Weighted Factor Rates for WESM and non-WESM while the Weighted Factor Rate is a product of the Annual Pay-out to Total Annual Pay-out Ratio and the X-Factor Rate.

Table 19 shows the Commission's computation of the WCA, to wit:

Table 19: Commission's Computed WCA Computation

	CRR WESM	FD, AA, DA
Cost Recovery Revenue, PhP	16,704,021,356.49	
FIT Differential, PhP		9,121,827,117.43
Admin Allowance, PhP		16,379,251.56
Disbursement Allowance, PhP		1,227,435.05
Provision for FIT Rate Adjustments, PhP		2,120,965,953.47
Annual Payout, PhP	16,704,021,356.49	11,260,399,757.51
Total Annual Payout, PhP		27,964,421,114.00
Ratio	59.73%	40.27%
Factor Rate	1.53%	14.29%
Weighted Factor Rate	0.91%	5.76%
Effective Factor Rate		6.67%

Particulars	2024	2025
Forecast Annual Payout, PhP	27,946,814,427.39	27,917,228,242.24
Factor Rate		6.67%
Equals: Portion of Annual Payout, PhP		1,861,910,519.23
Less: WCA Ending Balance (As of 05 February 2025), PhP	(0.00)	
Working Capital Allowance, PhP	1,861,910,519.23	

D. Administration Allowance (AA)

As for the Administration Allowance (AA), TransCo proposed a total of **Eighteen Million Six Hundred Thousand Three Hundred Eighty-Four Pesos and Thirty Centavos (PhP18,600,384.30)**.

The Commission, in the evaluation of the AA, considered TransCo's **actual CY 2024 expenses** as reflected in Table 20 below. The actual expenses, were based on TransCo's Actual Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE) for year 2024, duly certified by the manager of TransCo's Finance Department and previously submitted to the Department of Budget and Management (DBM). For Capital Expenditure (CAPEX), the receipts of actual procured items were considered in the calculation.

Thus, the Commission sets the Administration Allowance at **Sixteen Million Three Hundred Seventy-Nine Thousand Two Hundred Fifty-One Pesos and Fifty-Six Centavos (PhP16,379,251.56)** with the following breakdown:

Table-20: Administration Allowance Justification

Particulars	TransCo	Commission	
	2024 (PhP)	2024 (PhP)	Remarks
Personnel Services	10,368,146.82	10,133,199.03	
Salaries and Wages-Regular	6,444,420.00	6,018,517.09	Based on Executive Order (E.O.) No. 150, s. 2021 ²⁵ and GCG MC no. CPCS Implementing Guidelines No. 2021-01 ²⁶ .
Personnel Economic Relief Allowance (PERA)	192,000.00	168,000.00	Based on the Schedule of Benefits approved by DBM and CGC CPCS Circular No. 2021-003 ²⁷ .
Representation Allowance (RA)	240,000.00	168,045.82	Based on the Schedule of Benefits approved by DBM and CGC CPCS Circular No. 2021-006 ²⁸ .
Transportation Allowance (TA)	240,000.00		
Clothing/Uniform Allowance	48,000.00	49,000.00	Based on the Schedule of Benefits approved by DBM and CGC CPCS Circular No. 2021-002 ²⁹ .
Year End Bonus	537,035.00	1,040,260.00	Based on the Schedule of Benefits approved by DBM and CGC CPCS Circular No. 2021-001 ³⁰ .
Cash Gift	40,000.00		Insufficient supporting documents.
Mid-Year Bonus	537,035.00		Based on the Schedule of Benefits approved by DBM and CGC CPCS Circular No. 2021-001.
Other Bonuses and Allowance (Performance-based Bonus)	349,072.75	326,709.50	Subject to rules and regulations of the GCG.
Other Bonuses and Allowance - Performance Enhancement Incentive (PEI)	40,000.00	175,000.00	Based on CPCS Circular No. 2021-008 ³¹ .
Retirement and Life Insurance Premiums	773,330.40	722,202.07	Republic Act No. 8291 ³²
Pag-IBIG Contributions	14,400.00	16,100.00	HDMF Circular No. 274, dated 07 January 2010 ³³
PhilHealth Contributions	322,221.00	150,415.40	Republic Act No. 11223 ³⁴
Employees Compensation Insurance Premiums	9,600.00	8,400.00	Republic Act No. 8291

²⁵ Entitled, "Approving the Compensation and Position Classification System (CPCS) and Index of Occupational Services, Position Titles, and Job Grades for GOCCs (IOS-G) Framework, Repealing Executive Order No. 203 (S. 2016), and for Other Purposes."

²⁶ Implementing Guidelines of Executive Order No. 150 S. 2021 ("Approving the Compensation and Position Classification System (CPCS) and Index of Occupational Services, Position Titles, and Job Grades for GOCCs (IOS-G) Framework, Repealing Executive Order No. 203 (s. 2016), and For Other Purposes").

²⁷ Grant of Personnel Economic Relief Assistance (PERA).

²⁸ Grant of Representation and Transportation Allowance (RATA).

²⁹ Grant of Uniform/Clothing Allowance (U/CA).

³⁰ Grant of Year-End Bonus and Cash Gift.

³¹ Grant of Productivity Enhancement Incentive (PEI)

³² Entitled, "An Act Amending Presidential Decree No. 1146, as Amended, Expanding and Increasing the Coverage and Benefits of the Government Service Insurance System, Instituting Reforms therein and for Other Purposes."

³³ Revised Guidelines on Pag-Ibig Fund Membership.

³⁴ Entitled, "An Act Instituting Universal Health Care for All Filipinos, Prescribing Reforms in the Health Care System, and Appropriating Funds Therefor", also known as the "Universal Health Care Act."

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Particulars	TransCo	Commission	
	2024 (PhP)	2024 (PhP)	Remarks
Provident Welfare Fund Contributions	322,221.00	601,844.91	Sec. 10 RA 9136 (EPIRA Law); Included in the Schedule of Benefits Approved by DBM and rationalized under EO No. 150.
Terminal Leave Benefits (Monetization)	258,811.67	688,704.24	CSC and DBM Joint Circular No. 2-97 ³⁵
Maintenance and Other Operating Expenses (MOOE)	6,718,904.15	4,912,719.20	
Traveling Expenses	1,105,976.00	706,215.88	
Traveling Expenses-Local	1,105,976.00	706,215.88	FIT-All Fund Administration Division's (FFAD) budget during the conduct of audit to collection agents, site /plant visit/inspection, and attendance to hearings, meetings, and public consultations in Luzon, Visayas, and Mindanao .
Training and Scholarship Expenses	81,000.00	21,208.33	
Training Expenses (Training & Education)	81,000.00	21,208.33	Learning and development of FFAD personnel
Supplies and Materials Expenses	211,141.55	168,103.11	
Office Supplies Expenses	86,282.57	64,060.14	Purchase of office supplies
Fuel, Oil & Lubricant Expenses	57,228.00	42,442.18	Fuel of TransCo Vehicle charged to the FFAD for the conduct of audit to Collection Agents, site/plant visit/ inspection, attendance to hearings, meetings, and public consultation, and delivery of documents to Trustee Bank and other agencies in Luzon areas.
Semi-Expandable Machinery and Equipment Expenses	67,630.98	61,600.79	Purchase of non-consumable equipment and materials with acquisition cost of less than PhP15,000.00
Communication Expenses	274,000.00	184,113.31	
Postage and Courier Services	190,000.00	184,113.31	Courier services for FFAD correspondences.
Telephone Expenses	84,000.00		Telephone/mobile phone assigned to FFAD and FFAD personnel.
Professional Services	3,403,665.60	2,421,145.54	
Other Professional Services	3,403,665.60	2,421,145.54	Filing fees of TransCo's FIT-All Rate Application and salaries of (4) Contract of Service (COS) personnel assigned to FFAD.
Repairs and Maintenance	190,701.00	80,603.28	
Repairs and Maintenance - Machinery Equipment	190,701.00	80,603.28	Cartridge toner/ink and ribbon for printers of the FFAD.
Taxes, Insurance Premiums & Other Fees	990,000.00	990,000.00	
Fidelity Bond Premiums	990,000.00	990,000.00	Fidelity Bond of FIT-All signatories and alternate signatories as required by the Commission on Audit; Amount was based on Treasury Circular No. 02--2019 dated 25 April 2019 issued by the Bureau of Treasury.
Others	462,420.00	349,829.75	

³⁵ Entitled, "Amendatory Rules and Regulations Governing the Monetization of Leave Credits of Government Officials and Employees."

Particulars	TransCo	Commission	
	2024 (PhP)	2024 (PhP)	Remarks
Advertising, Promotional and Marketing Expenses	300,000.00	282,944.00	Newspaper publication relative to TransCo's FIT-All Rate Application (Pre-Filing and Notice of Hearing).
Representation Expenses (Representation/Entertainment)	37,920.00	34,944.61	Meetings initiated by FFAD within TransCo.
Representation Expenses (Public Relation & Project Acceptance)	25,000.00	6,809.14	Meetings of FFAD with third parties (e.g. RE Developers, Collection Agents, Trustee Bank, ERC, DOE, PEMC, COA and BIR).
Rent/Lease Expenses	99,500.00	16,632.00	Rental of office-based copying machine assigned to FFAD, vehicle rental for the annual Planning Session and for the conduct of audit in Visayas and Mindanao areas wherein TransCo vehicle is not available.
Capital Expenditure (CAPEX)	1,513,333.33	1,333,333.33	
FIT-All System Development and Implementation (Outsourcing)	1,333,333.33	1,333,333.33	Amortized cost relative to the development of FIT-All Management System (FITMS).
GPE/Information Technology	180,000.00		Lack of Supporting documents.
Total	18,600,384.30	16,379,251.56	

Shown in Table 21 is a comparison of TransCo's computed Administration Allowance and the Commission's computation.

Table 21: Administration Allowance

Administration Allowance	TransCo (PhP)	Commission (PhP)
	18,600,384.30	16,379,251.56

E. Disbursement Allowance

For the Disbursement Allowance, TransCo proposed **Two Million Three Hundred Eleven Thousand Eight Hundred Forty Pesos and Eight Centavos (PhP2,311,840.08)**, which is composed of the fixed fee of Seven Hundred Twenty Thousand Pesos (PhP720,000.00) paid to the Trustee Land Bank of the Philippines (LBP) – Trust Group in addition to TransCo's estimates of the variable component.

On the other hand, the Commission used the actual disbursement from January 2024 to December 2024, which is composed of Seven Hundred Twenty Thousand Pesos (Php720,000.00) fixed Trustee Fee and the Bangko Sentral ng Pilipinas (BSP) Supervision Fee amounting to Five Hundred Seven Thousand Four Hundred Twenty-Five Pesos and Five Centavos (PhP507,425.05) resulting to a Disbursement Allowance of **One Million Two Hundred Twenty-Seven**

Thousand Four Hundred Thirty-Five Pesos and Five Centavos (PhP1,227,435.05).

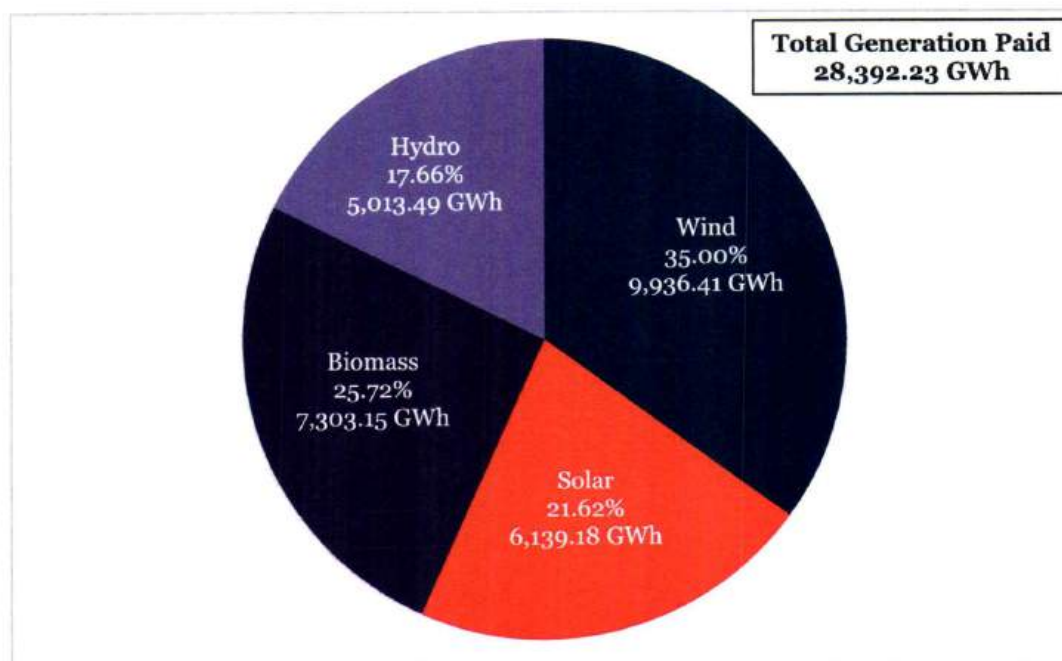
Shown in Table 22 is a comparison of TransCo’s computed Disbursement Allowance and the final amount used by the Commission in the FIT-All computation.

Table 22: Disbursement Allowance

Disbursement Allowance	TransCo (PhP)	Commission (PhP)
	2,311,840.08	1,227,435.05

III. FIT-All Fund Status

Based on TransCo’s submitted monthly FIT-All Fund Update, as of 05 February 2025, payout to FIT-Eligible RE Plants has already reached a total of **Two Hundred One Billion One Hundred Eighty-One Million, Seven Hundred Eighty Thousand Pesos (PhP201,181,780,000.00)** for a total of 28,392.23 GWh generation paid.

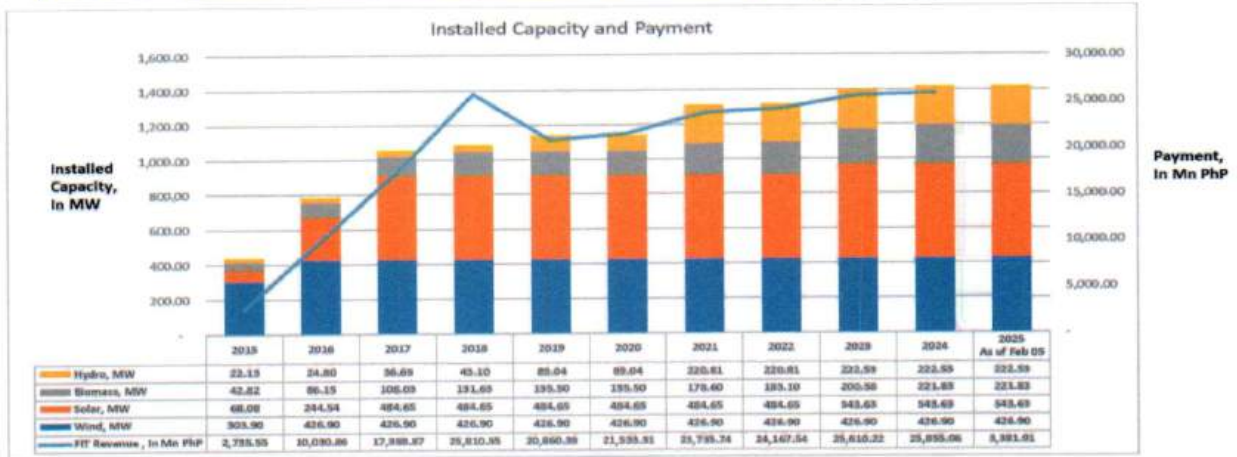


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**PAYMENTS MADE = PhP201,181.78Mn, 98.68%
OUTSTANDING PAYABLE = PhP2,695.26Mn, 1.32%**

*Does not include interest payment of PhP839.79Mn made as of date



Note that the spike of payment is due to the payment of interest charges for the delayed payment of FIT Revenues caused by insufficiency of fund.

In addition, as of 05 February 2025, there is a FIT-All fund balance of **Four Million Eight Hundred Seventy-Two Thousand Five Hundred Nineteen Pesos and Eleven Centavos (PhP4,872,519.11)**.

IV. The Commission's Computed FIT-All Rate for 2024

Considering the above-mentioned assumptions, the resulting FIT-All rate calculated by Commission is shown in Table 23:

Table 23: Summary of 2024 FIT-All Computation

Summary of 2024 FIT-All Computation		
Components	Amount (PhP)	Rate (PhP/kWh)
FD	10,125,029,884.18	0.1003
WCA	1,861,910,519.23	0.0184
AA	16,379,251.56	0.0002
DA	1,227,435.05	0.00001
Total	12,004,547,090.02	
FNS, kWh	100,927,277,015.03	
FIT-All, PhP/kWh		0.1189

V. Issues Raised by the Intervenors

During the Pre-trial Conference, the issues raised by TransCo and intervenors MERALCO, G4G and GSEI, DLPC, VECO and HTI, as

stated in their respective *Pre-trial Briefs*, were joined by the Commission. These issues are as follows:

1. Whether or not the Commission, should approve the FIT-All Rate of PhPo.0867/kWh for 2024, which is composed of PhPo.0865/kWh FIT-All rate of FIT RE Plants under the current FIT system and PhPo.0002/kWh FIT-All Rate corresponding to the fund requirement of potential RE Plants under the GEAP; or in the alternative, a FIT-All Rate for 2024 based on new evidence presented in the course of the proceedings but not available to TRANSCO at the time of the filing of the *Application*; and
2. Whether or not the FIT-All rate applied is in accordance with the RE Law, FIT Rules, and the Guidelines and should be approved.

The foregoing issues have been discussed in the previous sections of this *Decision*. To reiterate, the Commission determined a FIT-All rate of PhPo.1189/kWh that is lower than TransCo's updated FIT-All calculation at PhPo.1313/kWh, pursuant to the FIT-All Guidelines and pertinent issuances.

WHEREFORE, the foregoing premises considered, the *Application* filed by the National Transmission Corporation (TransCo) is hereby **APPROVED WITH MODIFICATION**, subject to the following conditions:

1. TransCo is hereby **AUTHORIZED** to collect a Feed-In Tariff Allowance (FIT-All) equivalent to **PhPo.1189/kWh**, effective March 2025 billing;
2. TransCo, Distribution Utilities (DUs), Retail Electricity Suppliers (RES), Supplier of Last Resort (SOLR), National Grid Corporation of the Philippines (NGCP), and the Independent Electricity Market Operator of the Philippines (IEMOP) are hereby **DIRECTED** to make available their records to the Commission, pertinent to the implementation of the FIT-All as part of a FIT-All audit which shall be undertaken by the Commission immediately;
3. The following entities are hereby **DIRECTED** to collect FIT-All proceeds, and promptly remit, in full, the

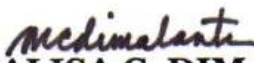
collections to the FIT-All Fund no later than the 15th day of the month following the end of the relevant Billing Period:

- 3.1. DUs to collect FIT-All from captive consumers;
- 3.2. RES and Suppliers of Last Resort (SOLR), to collect FIT-All from retail and Green Energy Option Program (GEOP) customers;
- 3.3. NGCP to collect FIT-All from Directly Connected Customers (DCC); and
- 3.4. IEMOP to collect WESM proceeds of Actual Cost Recovery Revenue (ACRR) from all WESM participants.

SO ORDERED.

Pasig City, 19 February 2025.




MONALISA C. DIMALANTA
Chairperson and CEO


ALEXIS M. LUMBATAN
Commissioner


CATHERINE P. MACEDA
Commissioner

With reservations on FIT Adjustment given that Sec. 7 of R.A. 9513 provide, among others, that the FIT is a fixed tariff. No other provisions thereof allow for the adjustment of the FIT.


FLORESINDA G. BALDO-DIGAL
Commissioner


MARKO ROMULO L. FUENTES
Commissioner


LS: MVM/LSP/KTB


MOS: PSJ/JCC/SOM

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