Republic of the Philippines
**ENERGY REGULATORY COMMISSION**
Pasig City

**IN THE MATTER OF THE APPLICATION FOR AUTHORITY TO DEVELOP AND OWN DEDICATED POINT-TO-POINT LIMITED TRANSMISSION FACILITIES TO CONNECT THE 100.8 MW KALAYAAN 2 WIND POWER PROJECT TO THE SAN JUAN 230KV SUBSTATION OF THE NATIONAL GRID CORPORATION OF THE PHILIPPINES ("NGCP"), WITH PRAYER FOR PROVISIONAL AUTHORITY OR INTERIM RELIEF**

**ERC CASE NO. 2024-034 MC**

**LAGUNA WIND ENERGY CORP. ("LWEC"),**
*Applicant.*
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**Promulgated:**
July 10, 2025

# DECISION

For resolution before the Commission is the *Application* dated 23 May 2024, filed by Laguna Wind Energy Corp. (LWEC) on 19 July 2024, through the Energy Virtual One-Stop Shop (EVOSS) portal, seeking the Commission's approval for the authority to develop, and own dedicated point-to-point limited transmission facilities to connect the 100.8 MW Kalayaan 2 Wind Power Project (Kalayaan 2 WPP) to the grid through the San Juan 230kV Substation of the National Grid Corporation of the Philippines (NGCP), with prayer for Provisional Authority or Interim Relief.

## FACTUAL ANTECEDENTS

On 29 August 2024, the Commission issued an *Order* and *Notice of Virtual Hearing*, both of even date, setting the *Application* for hearing on 27 September 2024 for the determination of compliance with the jurisdictional requirements, expository presentation, and Pre-trial Conference.[1]

On 17 September 2024, LWEC submitted a *Notice of Compliance (To the Order dated 29 August 2024)* dated 16 September 2024.

On 20 September 2024, the NGCP, as a necessary party, submitted a *Manifestation* of even date.

During the 27 September 2024 hearing, LWEC and the NGCP appeared. No intervenor or oppositor appeared, neither was there any intervention nor opposition filed.

LWEC presented its proofs of compliance with the Commission's publication and posting requirements, pursuant to the *Order* dated 29 August 2024, including the publication of the *Notice of Virtual Hearing* in the Daily Tribune's 05 September 2024 issue.[2] Upon determining LWEC's compliance with the publication and posting requirements, the Commission declared that it acquired jurisdiction over the instant case.

Thereafter, LWEC conducted its expository presentation and presented Mr. Aaury Yves Guillame Brucker (Mr. Brucker), the Business Development Manager of LWEC. Mr. Brucker discussed, under oath, the instant *Application*.NGCP then moved for a declaration of general default against those who failed to file any intervention or opposition. Finding said motion in order, the Commission granted the same.

On 14 October 2024, LWEC submitted its *Notice of Compliance (To the Directive During Hearing on 27 September 2024)*, and *Formal Offer of Evidence*, both of even date.

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[1] In the Commission's *Advisory* dated 26 July 2023, the Commission adopted the Summary Proceedings in accordance with Rule 17 of the Commission's Revised Rules of Practice and Procedure (ERC Revised RPP) in the filing, processing and evaluation of the applications for authority to develop and own or operate dedicated point-point limited transmission facilities, in the following instances: (1) Applications without intervenors, or uncontested applications; and (2) Applications with intervenors, provided all parties have agreed to subject the application to summary proceedings. Under the said summary proceedings and in accordance with Rule 17 of the ERC Revised RPP, the Applicant's presentation of evidence is through the submission and offering of the affidavits of its witnesses and other pieces of evidence within the time allowed by the Commission.

[2] In the Applicants' *Notice of Compliance* filed on 16 September 2024, they attached the copies of the *Daily Tribune* dated 05 September 2024 where the *Notice of Virtual Hearing* dated 29 August 2024 was published, and the *Affidavit of Publication* issued by the said publisher.

On 28 October 2024, the Commission issued an *Order* declaring the *Application* deemed submitted for resolution.

On 29 April 2025, the Commission issued an Order directing LWEC to submit, within five (5) calendar days, the following documents: (1) Updated Relevant Dates of the subject facilities (Annex "A" template); (2) Engineering, Procurement and Construction (EPC) Contract or actual cost of the subject facilities (in excel format); (3) Current status of the San Juan Switchyard expansion being undertaken by NGCP at its San Juan 230 kv Substation, including its relevant dates; and (4) 2024 General Information Sheet (GIS) of The Blue Circle Philippines Holdings Corp. (TBCPHC).

On 07 May 2025, LWEC submitted a *Notice of Compliance (To the Order dated 24 April 2025)* dated 05 May 2025.

On 08 May 2025, LWEC submitted its *Supplemental Compliance (To the Order dated 24 April 2025).*

## ISSUES

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

1. Whether or not the Commission should approve the instant *Application* and authorize LWEC to develop and own the subject facilities to connect its 100.8 MW Kalayaan 2 WPP to the Grid through a direct connection to the San Juan 230 kV Substation of the NGCP; and

2. The manner on how the cost should be treated or recovered should the subject assets be required for competitive purposes, and ownership of the same is transferred to NGCP, as National Transmission Corporation's (TRANSCO) concessionaire.

## THE COMMISSION'S RULING

After due deliberation, thorough evaluation of all the evidence submitted and appreciation of all the information gathered, the Commission, pursuant to its regulatory powers, hereby resolves the issues presented, as follows:

1. The prayer for the authority of LWEC to develop and own the subject facilities to connect its 100.8 MW Kalayaan 2 WPP to the Grid through a direct connection to the San Juan 230 kV Substation of the NGCP is **APPROVED**, subject to certain conditions; and

2. In case the subject assets shall be required for competitive purposes, the ownership of the same shall be transferred to NGCP using the fair market price of the said facilities, subject to optimization.

## DISCUSSION

In the determination and evaluation of the merits of the instant *Application*, the Commission focused its evaluation on six (6) major aspects: (1) the corporate structure of LWEC; (2) the subject project; (3) the legal basis of LWEC's authority to develop and own the dedicated point-to-point limited transmission facilities; (4) the technical capability of LWEC to develop the subject facilities; (5) the operation and maintenance of the dedicated point-to-point limited facilities; and (6) the mode of recovery of cost in case the subject facilities are required for competitive purposes and ownership of the same is transferred to NGCP.

### 1. Corporate Structure of LWEC

LWEC is a corporation duly organized and existing by virtue of and under the laws of the Republic of the Philippines, with principal office address at 3/F Makati Stock Exchange, 6767, Ayala Ave. corner Makati Ave., Bel-Air, Makati City, Philippines.

Based on its 2024 General Information Sheet (GIS),[3] the list of LWEC stockholders and their corresponding percentage share of ownership are shown in Table 1:

**Table 1.** LWEC's Stockholders and Ownership Share

| Item | Name | Nationality | % of Ownership |
|---|---|---|---|
| 1 | The Blue Circle Philippines Holdings Corp. | Singaporean | 99.99925% |
| 2 | Oliver Michel Reńe Duguet | French | 0.00025% |
| 3 | Ethel Jane A. Saludares | Filipino | 0.00025% |
| 4 | Gilles Yves Beau | French | 0.00025% |

[3] Annex 'B' *of the Supplemental Compliance [To the Order dated 24 April 2025].*

**Table 1.** LWEC's Stockholders and Ownership Share

| Item | Name | Nationality | % of Ownership |
|---|---|---|---|
| **Total** | | | 100% |

Upon further verification of LWEC's 2024 GIS, the Commission notes that TBCPHC is a corporation composed of foreigners. [4] The list of TBCPHC's stockholders and their corresponding percentage share of ownership are shown in Table 1a:

**Table 1a.** TBCPHCs Stockholders and Ownership Share

| Item | Name | Nationality | % of Ownership |
|---|---|---|---|
| 1 | The Blue Circle KYCA PTE. LTD. | Singaporean | 23.30% |
| 2 | The Blue Circle PTE. LTD. | Singaporean | 76.70% |
| 3 | Oliver Michel Reńe Duguet | French | 0.00% |
| 4 | Gilles Yves Beau | French | 0.00% |
| **Total** | | | 100% |

## 2. The Subject Project

### 2.1 The Power Plant

LWEC is the duly registered Renewable Energy (RE) developer for the Kalayaan 2 WPP, located in Pakil, Paete, and Kalayaan in the province of Laguna, and Mauban in the province of Quezon.

Cleantech Global Renewables, Inc. (CGRI) was the initial RE developer and holder of the Wind Energy Service Contract (WESC) No. 2018-11-124 for the Kalayaan 2 WPP. On 14 August 2023, the DOE approved the assignment and transfer of the WESC No. 2018-11-124 from CGRI to LWEC.[5]

The Kalayaan 2 WPP is proposed to be connected to the San Juan 230kV Substation of NGCP.

The Kalayaan 2 WPP and the subject facilities were issued the following permits:

4 Annex 'D' *of the Notice of Compliance [To the Order dated 24 April 2025].*

5 Exhibit 'G' *of the Formal Offer of Evidence dated 14 October 2024.*

**Table 2.** Permits issued to LWEC for the 100.8 MW Kalayaan 2 WPP and the subject facilities

| Issuing Government Agency | Type of Permit | Permit Reference No. | Date of Issue |
|---|---|---|---|
| Department of Energy (DOE) | Wind Energy Service Contract (WESC) of the Kalayaan 2 WPP, CGRI as the initial RE developer and holder of WESC[6] | WESC No. 2018-11-124 | 20 December 2019 |
| | Certificate of Registration (COR) for the Kalayaan 2WPP assigned to LWEC[7] | WESC No. 2018-11-124-AFI | 14 August 2023 |
| | Assignment of WESC No. 2018-11-124 to LWEC[8] | WESC No. 2018-11-124 | 14 August 2023 |
| | Certificate of Confirmation of Commerciality (CoCoC) of LWEC's Kalayaan 2 WPP[9] | No. WCC-2023-11-021 | 14 November 2023 |
| Department of Environment and Natural Resources (DENR) | Environmental Compliance Certificate (ECC) for the Kalayaan 2 WPP[10] | ECC-R4A-2023-05-0068 | 09 June 2023 |
| | Environmental Compliance Certificate (ECC) for the Kalayaan 2 WPP's transmission line[11] | ECC-OL-R4A-2024-0367 | 19 June 2024 |

## 2.2 The Subject Facilities

### 2.2.1 Technical Configuration

The components of the subject facilities are the following:

6 Exhibit 'F' *of the Formal Offer of Evidence dated 14 October 2024.*
7 Exhibit 'H' *of the Formal Offer of Evidence dated 14 October 2024.*
8 Exhibit 'G' *of the Formal Offer of Evidence dated 14 October 2024.*
9 Exhibit 'I-1' *of the Formal Offer of Evidence dated 14 October 2024.*
10 Exhibit 'V' *of the Formal Offer of Evidence dated 14 October 2024.*
11 Exhibit 'V-1' *of the Formal Offer of Evidence dated 14 October 2024.*

1. *First Facility*

   a. 2x63 MVA, 34.5/230kV, Kalayaan 2 WPP Take-off Substation including protection and telecommunication equipment; and

   b. 10 km, 230kV, double circuit line using 795 MCM ACSR.

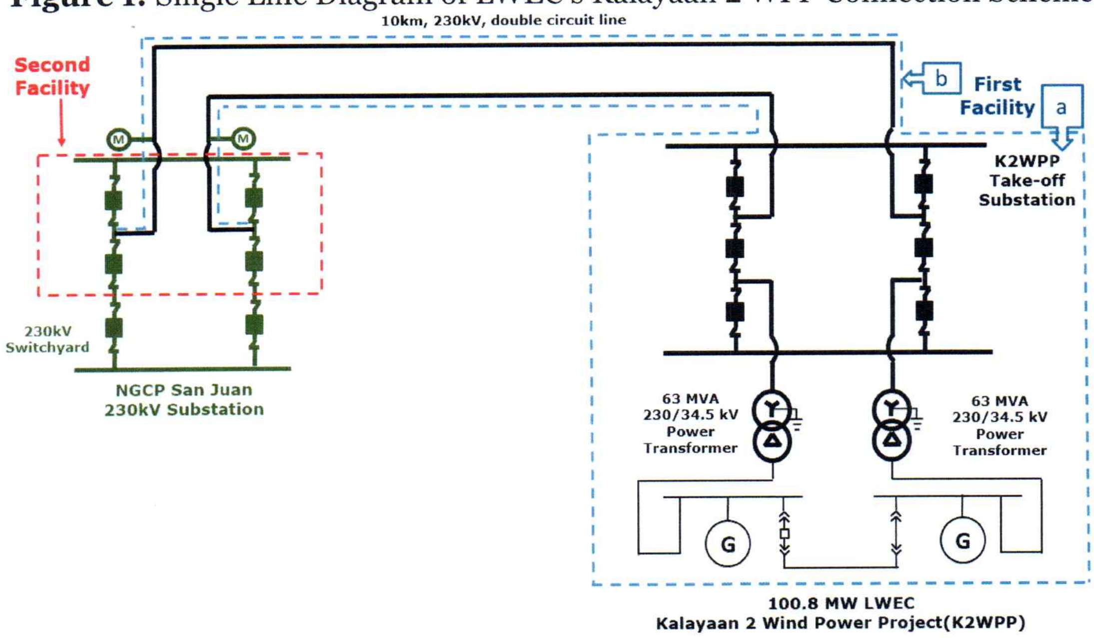
2. *Second Facility*

   Assets to be installed for the connection Kalayaan 2 WPP at NGCP's San Juan 230kV Substation.

### 2.2.2 Single Line Diagram

Figure 1 shows the Single Line Diagram (SLD) of the connection of LWEC's 100.8 MW Kalayaan 2 WPP to the San Juan 230kV Substation of NGCP, with indicated project components:

**Figure 1:** Single Line Diagram of LWEC's Kalayaan 2 WPP Connection Scheme




## 3. Legal Basis of LWEC's Authority to Develop and Own the Dedicated Point-to-Point Limited Transmission Facilities

Pursuant to Sections 8 and 21 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001

(EPIRA), TRANSCO or its concessionaire, NGCP, should provide transmission facilities and services for grid-users directly connected to the Grid.[12]

Based on the above provisions, NGCP, as TRANSCO's concessionaire, is responsible for the construction of the connection facility for the Kalayaan 2 WPP of LWEC. However, Section 9 of EPIRA provides for an exception:

> Section 9. xxx
>
> A generation company **<u>may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the Transmission Development Plan (TDP)</u>**: *Provided, that* **<u>such facilities are required only for the purpose of connecting to the transmission system, and are used solely by the generating facility, subject to prior authorization by the [Energy Regulatory Commission (ERC)]</u>**: xxx."
>
> *(Emphases and underscoring supplied.)*

In the instant *Application*, LWEC opted to avail of the exception under Section 9 of the EPIRA by developing the subject facilities to connect its Kalayaan 2 WPP to the Grid.

The abovementioned provision requires that the point-to-point limited transmission facilities are consistent with the Transmission Development Plan (TDP).

Based on the Commission's verification, it is noted that LWEC's Kalayaan 2 WPP was already included in the 2022-2040 TDP, which was approved on 23 December 2022.

LWEC also submitted a Certificate of Endorsement (COE) issued by the DOE for the 100.800 MW Kalayaan 2 WPP, bearing COE No. DOE-EPIMB-ERC-P2P No. 2024-04-0018 dated 22 April 2024 in

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[12] As a general rule, the National Transmission Corporation (TRANSCO) or its concessionaire, the NGCP, has the responsibility to provide grid interconnection for generating facilities pursuant to Sections 8 and 21 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA):

> Section 8. *Creation of the National Transmission Company.* – x x x. The TRANSCO shall assume the authority and responsibility of NPC for the planning, construction and centralized operation and maintenance of its high voltage transmission facilities, including grid interconnections and ancillary services. x x x. Except as provided herein, no person, company, or entity other than the TRANSCO shall own any transmission facilities. x x x.
>
> Section 21. TRANSCO *Privatization* – x x x. The buyer/concessionaire shall be responsible for the improvement expansion, operation, and/or maintenance of its transmission assets and the operation of any related businesses. x x x.

support of its *Application*.

On 27 November 2024 and 13 February 2025, the DOE approved the 2023-2040 TDP and 2024-2050 TDP, respectively. In both versions of the TDP, LWEC's Kalayaan 2 WPP is included therein.

Aside from the requirement that the subject point-to-point facilities should be consistent with the TDP, LWEC must likewise comply with the following conditions required under Section 9 of the EPIRA: (1) such facilities are required only for the purpose of connecting to the transmission system; (2) the same will be used solely by the generating facility; and (3) the project has been authorized by the Commission.

### 3.1 Necessity of the Proposed Project to Connect LWEC's Kalayaan 2 WPP to the Luzon Grid

As of March 2025, the actual system peak demand of the Grid is 17,350 MW.[13] The capacity of Kalayaan 2 WPP will help augment the power requirements of the Luzon Grid.

Based on the instant *Application,* the target Commercial Operation Date (COD) of the Kalayaan 2 WPP is 23 December 2026.

With regard to the application for a Certificate of Compliance (COC) for the Kalayaan 2 WPP, LWEC has not yet filed an application before the Commission.

It should be noted that for LWEC to commence commercial operations of its Kalayaan 2 WPP, the same should first be connected to the Grid. Thus, the development of the subject

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[13] The Generator List from the DOE provides that the total installed and dependable capacities in Luzon, Visayas, and Mindanao as of March 2025 are 30,480 MW and 26,468 MW, respectively.

| Year | Grid | Capacity (MW) | | Peak Demand (MW) | Operating Margin | |
|---|---|---|---|---|---|---|
| | | **Installed** | **Dependable** | | **MW** | **%** |
| 2025 (March) | Luzon | 22,005 | 19,152 | 12,467 | 6,685 | 35 |
| | Visayas | 3,860 | 3,296 | 2,425 | 871 | 26 |
| | Mindanao | 4,615 | 4,020 | 2,458 | 1,562 | 39 |
| | | **30,480** | **26,468** | **17,350** | **9,118** | **34** |

The operating margin as of March 2025 was 9,118 MW, with a reserve of 34% assuming no plant outage, be it planned or unplanned. It bears emphasizing that the operating margin provides for flexibility in maintaining the efficiency and reliability of the power system. This will also allow the system to respond to variations in supply and demand. The additional capacities, however, should be consistent with the provisions of the Philippine Power Development Plan and the TDP. As mentioned above, Kalayaan 2 WPP is included in the latest-approved TDP.

facilities is necessary to enable the said connection and to allow LWEC to supply power to the Grid.

Furthermore, the Commission notes that before assigning Kalayaan 2 WPP to LWEC, CGRI was offer the facility in the Green Energy Auction - a(GEA-1), wherein it emerged as one of the winning bidders.

However, CGRI failed to comply with the requirement to post the Performance Bond as required under the GEA-1 Terms of Reference (TOR), which resulted in the forfeiture of its award and barred CGRI from offering the same RE Facility in future GEAs.[14]

## 3.2 Functions of the Subject Facilities

The second parameter required under Section 9 of the EPIRA is that the subject facilities must be a dedicated point-to-point limited transmission facility, or shall be used solely by the generating facility.

In determining whether the subject Facilities are compliant with the second parameter under the EPIRA, the Commission referred to the definition of Connection Assets provided in Commission Resolution No. 23, Series of 2016:[15]

> Connection Assets are those assets that are put in place primarily to connect a Customer/s to the Grid and used for purposes of Transmission Connection Services for the conveyance of electricity which **if taken out of the System, will only affect the Customer connected to it and will have minimal effect on the Grid, or other connected Customers.**
>
> (Emphasis and underscoring supplied.)

Based on the foregoing definition, dedicated point-to-point limited facilities function similarly as Connection Assets.

Considering the foregoing definition of Connection Assets, the Commission, upon evaluation, finds that the assets for the *First Facilit,y* to be constructed by LWEC to connect its Kalayaan 2 WPP to the San Juan 230kV Substation of NGCP, are dedicated

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14 Green Energy Auction -1 Terms of Reference (TOR) at p. 9.

15 Entitled, "Resolution Adopting the Amended Rules on the Definition and Boundaries of Connection Assets for Customers of Transmission Provider."

point-to-point limited transmission facilities (Connection Assets), because if these assets were to be removed or cut from the system, only the Kalayaan 2 WPP of LWEC will be disconnected. Hence, the second parameter required under Section 9 of EPIRA is met.

Since the *First Facility* is found to be a dedicated point-to-point limited transmission facility or Connection Assests, LWEC is authorized to develop and own the same.

On the other hand, the assets for the *Second Facility* are not considered dedicated point-to-point limited transmission facilities or Connection Assets; rather, these are considered Transmission Assets. As shown in Figure 1, these assets are already inside the High Voltage (HV) Switchyard of NGCP's San Juan 230 kV Substation, which is a Transmission Asset under Commission's Resolution No. 23, Series of 2016. Hence, LWEC shall not be authorized to develop and own the said facility, considering that the assets for the *Second Facility* will not be functioning as a dedicated point-to-point transmission facility. NGCP should construct the *SecondFacility* in accordance with the Facility Study (FS) it approved.

The Commission notes that in NGCP's Letter dated 18 August 2023 to LWEC, NGCP stated that it will implement the *Second Facility*. According to NGCP, the said facility will be filed under the revised Luzon Primary Equipment Substation Upgrading Project (Project).[16]

LWEC shall coordinate with NGCP immediately upon receipt of this *Decision* as to the installation and construction of the same so as not to delay the Project. Thereafter, LWEC shall submit a report regarding the construction of the said assets by NGCP, within sixty (60) calendar days upon receipt of this *Decision*.

### 3.3 Project Cost Assessment

Based on the instant *Application*, the total estimated cost for the subject Facilities amounts to **One Billion Three Hundred Seventy-Six Million Six Hundred Nineteen Thousand and Sixty-One Pesos (PhP1,376,619,061.00)**.

However, in its *Compliance*[17] dated 05 May 2025 pursuant to the Commission's directive in its *Order* dated 24 April 2025,

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16 Exhibit 'O-3' *of the Formal Offer of Evidence dated 14 October 2024.*
17 Annex "B" *of the Notice of Compliance [To the Order dated 24 April 2025].*

LWEC submitted the Bill of Quantities (BOQ) based on the EPC contract with the updated project cost amounting to **One Billion Two Hundred Twenty-Nine Million Three Hundred Eighty- Seven Thousand Ten Pesos and Twenty-Three Centavos (PhP1,229,387,010.23),** as shown in Table 3.

**Table 3:** Cost Breakdown of the Subject Facilities based on EPC Contract

| Item | Project Components | Cost (PhP) |
|---|---|---|
| **230kV Kalayaan 2 Line** | | |
| **1.** | **General Requirements** | 4,029,672.03 |
| **2.** | **Civil Works** | |
| a. | Foundations | 66,791,534.56 |
| b. | Structure gantry 1 and gantry 2 | 4,897,122.50 |
| c. | Others (clearing of right-of-way for stringing) | 3,804,293.27 |
| **3.** | **Electrical Works** | |
| a. | Tower and associated lines | 133,768,427.97 |
| b. | TL line hardwares | 16,490,974.62 |
| c. | TL line insulator | 27,491,355.35 |
| d. | Power conductor and accessories | 34,107,913.38 |
| e. | Optical ground wire (opgw) | 7,884,375.22 |
| f. | Grounding assemblies | 11,179,924.93 |
| g. | Signages | 8,403,807.72 |
| h. | Guying Works | 136,343.91 |
| | **Total 230kV Kalayaan 2 Line Cost** | **318,985,745.47** |
| | | |
| **Kalayaan 2 Substation** | | |
| **1.** | **General Requirements** | 95,489,274.33 |
| **2.** | **Civil Works** | |
| a. | Kalayaan Take-off Substation (ground conditioning works, foundations supports, gantry, foundation transformer, steel structure, drainage system, pavements, perimeter fence) | 116,049,937.60 |
| b. | Buildings (warehouse, pumphouse, hazard waste area, generator house control building, offices, guardhouse, parking canopy) | 75,774,818.19 |
| **3.** | **Mechanical Works** | 22,215,772.71 |
| **4.** | **Electrical Works** | |
| a. | 63 MVA power transformer 230/34.5kV, power circuit breaker, motorized disconnector & earthing switch, VT, SA, installation materials, stations ac & dc distribution system, storage batteries, battery charger/rectifier, Power control and instrumentation cables, cable trays, outdoor lighting system, zig-Zag transformer, neutral grounding resistance, medium voltage busbar switchgears, protection and Control System Panels, Internet and Telecommunication for Operation, stand-by generator,TSA, switchyard overhear conductors, cable trench, main transformer mv side cable, multiple feeder trenches + precast concrete cover | 383,208,473.88 |
| b. | Grounding system | 12,330,571.53 |
| c. | CCTV System | 4,649,690.75 |
| d. | Exterior lighting system | 5,850,542.15 |
| e. | Spares & Spare parts | 6,736,111.96 |
| f. | Takeoff substation - testing & commissioning | 3,082,952.36 |
| | **Total Kalayaan 2 Substation Cost** | **725,388,145.46** |
| | | |
| **NGCP San Juan Substation** | | |

**Table 3:** Cost Breakdown of the Subject Facilities based on EPC Contract

| Item | Project Components | Cost (PhP) |
|---|---|---|
| **1.** | **NGCP Support Steel Structures** | 1,915,481.70 |
| **2.** | **Electrical Works** | |
| a. | Power circuit breaker | 20,280,360.70 |
| b. | Motorized disconnector & earthing switch | 6,148,359.89 |
| c. | Voltage transformer (ccvt) | 3,112,411.07 |
| d. | Surge arrester | 1,264,569.30 |
| e. | Revenue meter | 5,938,937.08 |
| f. | Installation materials | 8,657,312.74 |
| g. | Grounding materials | 5,883,242.04 |
| h. | Power control and instrumentation cables (various types and sizes) | 6,518,651.10 |
| i. | Cable trays | 5,998,014.96 |
| j. | Outdoor lighting system | 1,374,610.46 |
| k. | Switchyard conductors | 1,884,885.55 |
| l. | Indoor Protection Panels | 60,026,658.71 |
| | **Total NGCP San Juan Substation Cost** | **129,003,495.30** |
| | | |
| **Bonus Provision** | | 22,403,850.00 |
| **Provisional Sum** | | 33,605,774.00 |
| | | |
| | **Total Cost based on EPC Contract (230kV Kalayaan 2 Line +Kalayaan 2 Substation + NGCP San Juan Substation + Bonus Provision + Provisional Sum)** | **1,229,387,010.23** |

To reiterate, the Commission resolved that LWEC shall not be authorized to develop and own the *Second Facility* because it will not function as a dedicated point-to-point limited transmission facility or Connection Asset. Thus, the Commission resolved to exclude the cost of the assets in the NGCP's San Juan 230kV Substation listed in Table 3 in the computation of permit fee.

Moreover, the Bonus Provision is not directly related to the cost of the assets. Instead, it serves as an incentive payment to the contractor for the early or timely completion of construction activities, thereby encouraging improved efficiency and adherence to the project schedule. The Commission resolved to exclude the cost of the Bonus Provision as listed in Table 3 in the computation of permit fee.

The Commission notes that the Provisional Sum refers to a budgeted allowance intended to cover contingencies within the project contract. Considering the relevance of this cost to specific work items or assets, the Commission resolved to include the Provisional Sum in the computation of the permit fee.

In view thereof, the Commission adjusted the total cost for the dedicated point-to-point limited transmission facilities to **One Billion Two Hundred Six Million Nine Hundred**

**Eighty-Three Thousand One Hundred Sixty Pesos and Twenty-Three Centavos (PhP1,206,983,160.23).** The breakdown of the adjusted cost of the subject Facilities is shown in Table 4.

**Table 4:** Adjusted Cost for Dedicated Point-to-Point Facilities

| Item | Project Components | Cost (PhP) |
|---|---|---|
| **230kV Kalayaan 2 Line** | | |
| **1.** | **General Requirements** | 4,029,672.03 |
| **2.** | **Civil Works** | |
| a. | Foundations | 66,791,534.56 |
| b. | Structure gantry 1 and gantry 2 | 4,897,122.50 |
| c. | Others (clearing of right-of-way for stringing) | 3,804,293.27 |
| **3.** | **Electrical Works** | |
| a. | Tower and associated lines | 133,768,427.97 |
| b. | TL line hardwares | 16,490,974.62 |
| c. | TL line insulator | 27,491,355.35 |
| d. | Power conductor and accessories | 34,107,913.38 |
| e. | Optical ground wire (opgw) | 7,884,375.22 |
| f. | Grounding assemblies | 11,179,924.93 |
| g. | Signages | 8,403,807.72 |
| h. | Guying Works | 136,343.91 |
| | **Total 230kV Kalayaan 2 Line Cost** | **318,985,745.47** |
| | | |
| **Kalayaan 2 Substation** | | |
| **1.** | **General Requirements** | 95,489,274.33 |
| **2.** | **Civil Works** | |
| a. | Kalayaan Take-off Substation (ground conditioning works, foundations supports, gantry, foundation transformer, steel structure, drainage system, pavements, perimeter fence) | 116,049,937.60 |
| b. | Buildings (warehouse, pumphouse, hazard waste area, generator house control building, offices, guardhouse, parking canopy) | 75,774,818.19 |
| **3.** | **Mechanical Works** | 22,215,772.71 |
| **4.** | **Electrical Works** | |
| a. | 63 MVA power transformer 230/34.5kV, power circuit breaker, motorized disconnector & earthing switch, VT, SA, installation materials, stations ac & dc distribution system, storage batteries, battery charger/rectifier, Power control and instrumentation cables, cable trays, outdoor lighting system, zig-Zag transformer, neutral grounding resistance, medium voltage busbar switchgears, protection and Control System Panels, Internet and Telecommunication for Operation, stand-by generator,TSA, switchyard overhear conductors, cable trench, main transformer mv side cable, multiple feeder trenches + precast concrete cover | 383,208,473.88 |
| b. | Grounding system | 12,330,571.53 |
| c. | CCTV System | 4,649,690.75 |
| d. | Exterior lighting system | 5,850,542.15 |
| e. | Spares & Spare parts | 6,736,111.96 |
| f. | Takeoff substation - testing & commissioning | 3,082,952.36 |
| | **Total Kalayaan 2 Substation Cost** | **725,388,145.46** |
| | | |
| **Provisional Sum** | | 33,605,774.00 |
| | | |
| | **Total Cost based on EPC Contract** | **1,206,983,160.23** |

**Table 4:** Adjusted Cost for Dedicated Point-to-Point Facilities

| Item | Project Components | Cost (PhP) |
|---|---|---|
| | **(230kV Kalayaan 2 Line +Kalayaan 2 Substation+Provisional Sum)** | |

The costs indicated herein are solely for purposes of determining the permit fee.

It should be emphasized that if the subject assets herein considered as dedicated point-to-point limited transmission facilities were to be eventually required for competitive purposes, the ownership of the same shall be transferred to NGCP. It is further emphasized that the above costs, which was used for determining the permit fee, do not necessarily constitute the fair market value that will be used as basis for payment of the subject assets by NGCP.

## 3.4 Project Status

Table 5 shows the status of the implementation of the Kalayaan 2 WPPand the subject Facilities based on the submitted relevant dates of LWEC.[18]

**Table 5:** Project Status of the Power Plant and Subject Facilities

| Description | Actual Start date of Construction | Target Completion date of Construction |
|---|---|---|
| Power Plant Facility (Kalayaan 2 WPP) | 29 January 2024 | 01 January 2026 |
| Subject Facility (*First Facility* – Take-off Substation, 230kV line) | 15 June 2024 | 20 June 2025 |
| Subject Facility (*Second Facility* – assets at NGCP San Juan Substation) | Not yet started[19] | |

As quoted in the earlier discussion, Section 9 of the EPIRA requires the prior authorization by the Commission to develop such dedicated point-to-point limited transmission facilities. LWEC should have first sought authorization from the Commission prior to the commencement of the construction of the subject Facilities. In this case, the instant *Application* was filed on 19 July 2024 while the construction of the subject facilities started on 15 June 2024, which is thirty-four (34) days prior to the filing of the instant *Application*.

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18 Annex 'A' *of the Supplemental Compliance [To the Order dated 24 April 2025]*..

19 According to LWEC's email to NGCP dated 30 April 2025 (Annex 'A' *of the Notice of Compliance [To the Order dated 24 April 2025])*, LWEC was informed during their previous meeting that NGCP Engineering already has plans and proposals for the implementation of the upgrading for Bay 83/84 but will still need to be presented to the NGCP Management for approval.

Considering LWEC's commencement of construction and development of the subject facilities prior to the approval of its instant *Application*, the Commission resolves to issue a Show Cause Order (SCO), separate from this *Decision*, against LWEC for its failure to observe the pertinent provision of the EPIRA and the rules and regulations of the Commission.[20]

## 4 Technical Capability of LWEC to Develop the Subject Facilities

### 4.1 System Impact Study (SIS) and Facility Study (FS)

In September 2021, NGCP conducted a System Impact Study (SIS) to determine the technical feasibility of the connection of the 100.8 MW Kalayaan 2 WPP to the Grid.

The executive summary of the submitted SIS is quoted as follows:

- CleanTech Global Renewables, Inc. (CTGRI)[21] is proposing the connection of the 100.8 MW Kalayaan 2 Wind Power Plant (WPP) Project (the "Project") to the Luzon Grid via double circuit direct connection to NGCP's existing San Juan 230 kV Substation. The Project will be located in the municipalities of Kalayaan, Paete and Pakil, Laguna and is expected to be operational in 2023.

- The thermal assessment results show that the Lumban–Malaya and Lumban–Bay 230 kV Transmission Lines are sufficient to accommodate the proposed Project. It is also observed that the loading of Malaya–Taytay 230 kV Transmission Line reaches 99% during single outage contingency (N-1) condition in the study year 2023 at peak loading scenario. In the Transmission Development Plan (TDP) 2021-2040, this anticipated overloading issue will be addressed by the completion of the Taguig–Taytay 230 kV Transmission Line which will be complemented by the Taytay bypass component. For year 2028, no overloading issues were observed during normal and N-1 conditions considering the completion of the identified grid reinforcement.

- For the voltage assessment, the simulation results show a normal voltage level for all the facilities that are directly associated to the Project. The SIS confirms

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[20] Section 20, Article VII, ERC Resolution No. 17, Series of 2023 "A Resolution Adopting the 2023 Revised Rules for the Issuance of Certificates of Compliance (COCs) for Generation Facilities".

[21] CGRI assigned and transferred WESC No. 2018-11-124 to LWEC, which was approved by the DOE through its letter dated 14 August 2023.

> that the voltage levels of the monitored substations are within the 0.95 and 1.05 p.u. during normal and N-1 conditions for both study years 2023 and 2028.
>
> - The short circuit simulation results indicate that the increased fault levels in the 230 kV substations associated to the entry of the Project are within acceptable limits and will not breach the interrupting capacity of the installed circuit breakers in years 2023 and 2028. Also, the derived high value of Short Circuit Ratio (SCR) at San Juan 230 kV Substation in 2023 and 2028 upon entry of the Project indicates an improved voltage regulation thus, the terminal voltage is practically constant during the load variation.
>
> - The dynamic stability simulation results show that the system regains synchronism following a three-phase fault disturbance in both normal and delayed fault clearing times for years 2023 and 2028 peak load condition. Further, the sudden disconnection of the Project while supplying its full capacity to the grid does not result in frequency oscillations lower than 59.2 Hz hence, does not trigger the Automatic Load Dropping (ALD) Scheme of the Luzon Grid.
>
> - Overall, the connection of the 100.8 MW Kalayaan 2 WPP Project to the Luzon Grid is technically feasible.

The validity of the SIS is provided under item 1.4 of the SIS dated September 2021:

> The SIS is valid for a period of one (1) year reckoned from the Project commissioning year considered in this study provided that the recommended connection scheme, findings, conclusion and recommendation in the SIS still hold true. NGCP reserves the right to require the proponent to facilitate the re run of the SIS.

The SIS indicated that the target commercial operation of the Kalayaan 2 WPP is in year 2023. Given its one-year validity period reckoned from the commissioning year considered in the study, the SIS remains valid until 2024.

Based on the instant *Application*, the target COD was revised from 2023 to 2026. for the Kalayaan 2 WPP LWEC sought NGCP's assessment to determine if a SIS and FS re-run are necessary. On its Letter dated 14 August 2023,[22] NGCP confirmed that even with the Kalayaan 2 WPP's new target COD, the required transmission reinforcement project is still consistent with the approved SIS, hence, the SIS and FS re-run

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[22] Exhibit 'R' *of the Formal Offer of Evidence dated 14 October 2024.*

are not necessary. Thus, the submitted SIS and FS can still be used in the resolution of the instant *Application*.

Based on the results of the SIS, the entry of LWEC's Kalayaan 2 WPP is technically feasible. The Lumban–Malaya and Lumban–Bay 230 kV transmission lines are sufficient to accommodate Kalayaan 2 WPP. However, the Malaya–Taytay 230 kV transmission line will reach 99% during single outage contingency (N-1) condition at peak loading scenario. This overloading will be addressed by the completion of the Taguig–Taytay 230 kV Transmission Line Project, which includes the Taytay Bypass Component.

The Taguig–Taytay 230 kV Transmission Line Project, which includes the Taytay Bypass Component is included in ERC Case No. 2017-110 RC,[23] with a target completion date of December 2026. However, based on the NGCP's Transmission Project Status Report (TPSR), as of 31 March 2025, the estimated completion date of the Taguig–Taytay 230 kV Transmission Line Project, which includes the Taytay Bypass Component has been moved to December 2030.

In May 2022, an FS was conducted by Power System Research and Consultancy Group for the connection of the Kalayaan 2 WPP to determine what facilities and equipment should be installed by LWEC[24] based on the requirements of the SIS and the PGC. Thereafter, NGCP prepared a Review Report dated 26 August 2022 for the said FS. Specific technical requirements pertaining to the method of interconnection, standard essential components such as power transformer, power supply, monitoring, transmission assets, fiber optic communication system, SCADA and telecommunication, fault clearance system and metering system have been identified and reflected in the review report.

The SIS and FS Report serve as the basis of the technical design and specifications of the subject Facilities in the instant *Application*.

LWEC engaged the services of the Sta. Clara International Corporation (SCIC) for the construction and development of the subject Facilities. SCIC is an accredited contractor and involved in several projects of NGCP.

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23 Entitled, "In the Matter of the Application for the Approval of the Implementation of Additional Capital Expenditure Program for Calendar 2017 – Beyond 2020, with Prayer for the Issuance of a Provisional Authority".

24 FS was prepared to CGRI. However, in NGCP's letter dated 14 August 2023, an FS re-run is not necessary at this time.

Thus, SCIC, as engaged by LWEC, is deemed to possess the technical capability and competence to construct and develop the subject Facilities.

## 4.2 Compliance with the Technical Requirements

LWEC, based on its submissions, claims that the development of the subject Facility complies with the provisions of the PGC and the requirements of NGCP.

As a generator seeking connection to the Grid, LWEC must comply with the following standards, among others, as provided in the PGC,[25] *to wit*:

GCR 4.2.9.2 At the nominal voltages below 115 kV, the Transmission Network Provider shall specify the Grounding requirements and the applicable Earth Fault Factor at the Connection Point.

GCR 4.2.10.2 All Equipment at the Connection point shall be designed, manufactured, and tested in accordance with the quality assurance requirements of the ISO 9000 series.

x x x

GCR 4.4.1.1.1 The Large Generating Plant's Equipment shall be directly connected to the Grid.

GCR 4.4.1.1.3 The Connection Point shall be controlled by a Circuit Breaker that is capable of interrupting the maximum short circuit current at the point of connection.

GCR 4.4.1.1.4 Disconnect switches shall also be provided and arranged to isolate the Circuit Breaker for maintenance purposes.

x x x

GCR 4.6.1.2 All substations shall be controlled by Circuit Breakers that are capable of interrupting the maximum short circuit current at the point of connection. The Connection Point shall be provided with the Components specified in a, b and c respectively.

a. Connections to the Grid above 69 kV shall at least be provided with surge

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25 Commission Resolution No. 22, Series of 2016 entitled, "A Resolution Approving the Publication of the Approved Philippine Grid Code 2016 Edition."

arrester, disconnect switches and Circuit Breaker of appropriate rating at the Connection Point;

b. Connections to 69 kV shall at least be provided with Disconnect Switches, and faulted circuit indicators at the Connection Point; and

c. Connections below 69 kV shall at least be provided with fuse cut-out of appropriate rating at the Connection Point.

x x x

GCR 4.6.1.4 If the line between the Connection Point and the substation of the Distribution Utility (or other Grid User) is greater than 500 meters (m), a Circuit Breaker of appropriate rating shall be provided at the Connection Point. However, a line equal to or less than 500 m between Connection Point and substation of the Distribution Utility (or other Grid User) shall at least be provided with Disconnect Switch.

x x x

GCR 4.7.1.1 A communication system shall be established so that the Transmission Network Provider, the System Operator, and the Users can communicate with one another, as well as exchange data signals for monitoring and controlling the Grid during normal and emergency conditions.

x x x

GRM 9.2.1.1 The metering point between the Grid and User System shall be at the Connection Point.

GRM 9.2.1.2 The metering facility shall be located between the disconnect switch and Circuit Breaker.

GRM 9.2.4.3 The provision of Metering Equipment and other obligations relative to the revenue metering facilities shall be in accordance with the Open Access Transmission Service (OATS) Rules, the WESM Rules and Metering Manual, and the Metering Service Agreement between the Grid User and its MSP.

x x x

In compliance with the abovementioned GCR 4.4.1.1.3 of the PGC and the requirements of NGCP, the connection point, which is located at the NGCP San Juan 230kV Substation, shall be controlled by a circuit breaker. In addition, the connection point shall be equipped with disconnect switches, surge arresters, instrument transformers, protective relays, and their accessories, which should be compliant with the standards of the PGC. To reiterate, NGCP should install and construct these assets.

Likewise, LWEC shall construct a take-off substation which is equipped with 2x63 MVA power transformers. The said transformers shall be used to step up the voltage from 34.5 kV to 230 kV. The other facilities that shall be installed by LWEC include surge arresters, instrument transformers, protective relays and their accessories at the said substation, which are in accordance with the standards of the PGC.

LWEC shall comply with the standards on equipment grounding and shall provide telecommunication systems for the purpose of communication, control and monitoring between the substations during normal and emergency conditions, which should be compliant with the standards of the PGC.

The Commission underscores the need for the subject Facilities' compliance with the standards imposed by the DOE, the Commission, and the System Operator, among others, as well as with pertinent codes, rules, and regulations.

Based on the Single Line Diagram, the metering point of LWEC's Kalayaan 2 WPP will be located at the connection point, which is at the NGCP's San Juan 230 kV Substation. The Commission finds that the same is in accordance with the above-quoted GRM 9.2.1.1 of the PGC.

## 5 Operation of the Dedicated Point-to-Point Limited Transmission Facilities

The Commission notes that while LWEC applied for authority to develop, and own the dedicated point-to-point limited transmission facilities, LWEC intends to engage NGCP for the operation and maintenance of the connection facility that will connect its plant to the Grid.[26]

[26] Exhibit 'U' *of the Formal Offer of Evidence dated 14 October 2024.*

Consistent with the previous rulings on the matter, the Commission resolves that the dedicated point-to-point limited transmission facilities should be operated by NGCP. As the concessionaire of TRANSCO, NGCP is mandated under Section 9 (c) of the EPIRA to ensure and maintain the reliability, adequacy, security, stability, and integrity of the nationwide electrical grid.

Moreover, NGCP was granted by the Congress of the Philippines the exclusive franchise to operate and maintain the transmission system pursuant to its Legislative Franchise under Republic Act No. 9511.[27]

Thus, the Commission has consistently ruled that the dedicated point-to-point limited transmission facility should be operated and maintained by the NGCP because there should be an assurance that the subject facility will be operated without adverse effect to the reliability of the Grid.

The only exception recognized in the EPIRA is when a generation company acquires prior approval from the Commission to operate such dedicated point-to-point limited facility. This exception, however, is bound by numerous strict conditions, one of which is that the generation company applying for such authority should be able to prove that it is capable to operate operate a point-to-point facility, and that its operation of the said facility is in the best interest of the consumers.

In view of the foregoing, the Commission resolves that the operation and maintenance of the subject facilities shall be through NGCP, to ensure and maintain the reliability, adequacy, security, stability, and integrity of the power system.

Furthermore, the NGCP shall undertake the operation, service, and maintenance of the dedicated point-to-point limited facility involving, among others, periodic inspection and regular assessment of poles and wire conditions, subject to applicable charges to LWEC.

## 6 Mode of Recovery of Cost in Case the Subject Facilities are Transferred to NGCP

As previously discussed, the assets for the *First Facility* are considered dedicated point-to-point limited transmission facilities or Connection Asset.

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[27] Entitled, "An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity through High Voltage Back-Bone System of Interconnected Transmission Lines, Substations and Related Facilities, and for Other Purposes."

If these assets shall be required for competitive purposes, or shall be used to connect any other user to the Grid, the ownership of the same shall be immediately transferred to NGCP. In such a case, NGCP shall pay LWEC using the fair market price of the said assets, subject to optimization.

However, in the event that the Kalayaan 2 WPP is included in the GEAP, the cost of the dedicated point-to-point limited facilities, as incorporated in the Green Energy Tariff (GET), shall be considered once the asset is transferred to NGCP.

The following considerations shall be observed:

1. Should the fair market price of the assets (subject to optimization) be higher than the Facilities' cost incorporated in the determination of the GET, NGCP shall pay the difference between the said cost and the fair market price of the assets; or

2. Should the fair market price of the assets (subject to optimization) be lower than the Facilities' cost incorporated in the determination of the GET, the asset shall be treated as Contribution in Aid of Construction (CIAC) to avoid double recovery.

The treatment of the recovery of cost as CIAC shall be guided by its definition under Open Access Transmission Services (OATS) Rules 2022 edition, as follows*:*

> Amounts paid by the Transmission Customer or Prospective Transmission Customer for the construction and/or extension of Connection Assets. The Transmission provider or Distribution Utility (DU) **maintains a separate account of these amounts and the cost of the assets never appear in the rate base nor in the asset appraisal.**
>
> *(Emphasis and underscoring supplied.)*

Based on the abovementioned provision, NGCP shall maintain a separate account for the CIAC, if applicable, and the assets should not appear in its rate base or asset appraisal.

## 7 Payment of Permit Fee

Section 40 of the Public Service Act, as amended,[28] provides the legal basis for the collection of permit fee:

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[28] Commonwealth Act No. 146, as amended by Republic Act No. 11659.

> SEC 40. Administrative Fees and Charges. — Administrative Agencies may collect from any public service, including any public utility, reasonable fees and charges, and impose appropriate penalties and fines as provided by law: *Provided*, that such fees, charges, penalties and fines may be adjusted to its present value every five (5) years using the Consumer Price Index (CPI) as published by the Philippine Statistics Authority (PSA).

Thus, based on the adjusted project cost of the dedicated point-to-point limited facilities as determined by the Commission, and pursuant to the schedule of fees and charges provided by the the Commission,[29] the total amount of permit fee is **Nine Million Fifty-Two Thousand Three Hundred Seventy-Three Pesos and Seventy Centavos (PhP9,052,373.70)**, computed as follows:

$$\frac{\textbf{PhP1,206,983,160.23}}{\text{PhP100.00}} \times \text{PhP0.75} = \textbf{PhP9,052,373.70}$$

The permit fee shall be considered in the determination of the fair market price, in the event that the dedicated point-to-point limited transmission facility shall be required for competitive purposes or if the same will be used to connect any other user to the Grid, and ownership of the same is consequently transferred to the NGCP.

A perusal of the evidence presented herein shows that the approval of the instant *Application* of LWEC to connect the 100.8 MW Kalayaan 2 WPP to the Grid through NGCP's San Juan 230kV Substation will redound to the benefit of the electricity consumers in terms of continuous, quality, reliable, and efficient power supply as mandated by Section 2 of the EPIRA.

**WHEREFORE,** the foregoing premises considered, the *Application* filed by Laguna Wind Energy Corp. (LWEC) to develop, and own dedicated point-to-point limited transmission facilities to connect the 100.8 MW Kalayaan 2 Wind Power Project (Kalayaan 2 WPP) to the Grid through the San Juan 230kV Substation of the National Grid Corporation of the Philippines (NGCP), is hereby **RESOLVED** as follows:

1. LWEC is hereby **AUTHORIZED** to develop and own the dedicated point-to-point limited transmission facility to connect its 100.8 MW Kalayaan 2 WPP to the Grid through a direct connection to the San Juan 230kV Substation of the NGCP, subject to the following conditions:

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[29] Commission Resolution No. 21, Series of 2007, entitled, "A Resolution Approving the Revised ERC Fees and Charges."

1.1. The generated energy of LWEC's 100.8 MW Kalayaan 2 WPP shall be subject to generation curtailment and appropriate dispatch prioritation during N-1 condition until the completion of the Taguig–Taytay 230 kV transmission line and Taytay Bypass Component;

1.2. The dedicated point-to-point limited transmission facility shall be used solely by the generating facility;

1.3. The subject facilities shall be developed and constructed in accordance with the System Impact Study (SIS), Facility Study (FS), and NGCP's requirements listed on the FS review report which shall be complied with by LWEC prior to the commercial operation of its 100.8 MW Kalayaan 2 WPP, so as not to result in the degradation of NGCP's transmission system;

1.4. The metering point shall be in accordance with the Philippine Grid Code (PGC);

1.5. Should any portion of the dedicated point-to-point limited transmission facility be required for competitive purposes or to connect with any other users, the ownership of the same shall be transferred immediately to NGCP. In such a case, NGCP shall pay LWEC using the fair market price of the said facilities, subject to optimization. The following shall be complied with by NGCP and LWEC:

1.5.1 The transfer of the asset, as the case may be, shall be effected on the same day that another user is physically connected. A report on such transfer shall be submitted to the Commission within thirty (30) days from the subject physical connection by another user to the facility;

1.5.2 NGCP and LWEC shall ensure the completion of the transactions and requirements for the legal transfer of ownership of the subject assets no later than one (1) year from the physical connection of another user to the facility. A report on such legal transfer of ownership shall be submitted to the Commission within thirty (30) days from the subject physical connection by another user to the facility;

1.5.3 Non-compliance with the above directives as provided in 1.5 and its sub-clauses, and other pertinent provisions of this *Decision* shall merit the issuance of a Show Cause Order, and subject to penalties as may be imposed by the Commission;

1.6. In the event that the Kalayaan 2 WPP is included in the Green Energy Auction Program (GEAP), the cost of the dedicated point-to-point limited facility, as incorporated in the determination of the Green Energy Tariff (GET), shall be considered once the asset is transferred to NGCP. The following shall be complied with by NGCP and LWEC:

1.6.1 Should the fair market price of the assets (subject to optimization) be higher than the facilities' cost incorporated in the determination of the GET, NGCP shall pay the difference between the said cost and the fair market price of the assets; or

1.6.2 Should the fair market price of the assets (subject to optimization) be lower than the facilities' cost incorporated in the determination of the GET, the asset shall be treated as Contribution in Aid of Construction (CIAC) to avoid double recovery.

NGCP shall maintain a separate account of these amounts and the assets should not appear in the rate or in its asset appraisal;

1.6.3 The transfer of the assets, as the case may be, shall be effected on the same day that another user is physically connected. A report on such transfer shall be submitted to the Commission within thirty (30) days from the subject physical connection by another user to the facility;

1.6.4 NGCP and LWEC shall ensure the completion of the transactions and requirements for the legal transfer of ownership of the subject assets no later than one (1) year from the physical connection of another user to the facility. A report on such legal transfer of ownership shall be submitted to the Commission within thirty (30) days from the subject physical connection by another user to the facility;

1.6.5 Non-compliance with the above directives as provided in 1.6 and its sub-clauses, and other pertinent provisions of this *Decision* shall merit the issuance of a Show Cause Order, and subject to penalties as may be imposed by the Commission;

2. LWEC is **NOT AUTHORIZED** to develop and own the assets for the *Second Facility* which are not dedicated point-to-point limited transmission facilities. NGCP shall construct the said facilities in accordance with the FS it approved. LWEC shall immediately coordinate with NGCP, upon receipt of the *Decision*, for the installation and construction of the same, so as not to delay the project.

   NGCP is hereby **DIRECTED** complete the installation of the *Second Facility* prior to the target testing and commissioning of the Kalayaan 2 WPP.

   Further, LWEC is **DIRECTED TO SUBMIT** a report, within sixty (60) calendar days upon receipt of the *Decision,* regarding the construction of the foregoing assets by NGCP;

3. NGCP is hereby **DIRECTED** to operate and maintain the subject dedicated point-to-point limited facilities to ensure and maintain the reliability, adequacy, security, stability, and integrity of the nationwide electrical grid, subject to applicable charges to LWEC and to regulatory inspections at the Commission's discretion.

   LWEC is **DIRECTED** to submit a copy of the executed Operation and Maintenance Agreement between LWEC and NGCP for the subject Facilities within thirty (30) days from its execution;

4. NGCP is hereby **DIRECTED** to expedite the completion of the Taguig–Taytay 230 kV transmission line project and Taytay bypass component; and

5. LWEC is hereby **DIRECTED** to pay, and remit to the Commission the full amount of **Nine Million Fifty-Two**

**Thousand Three Hundred Seventy-Three Pesos and Seventy Centavos (PhP9,052,373.70), within fifteen (15) calendar days** from receipt hereof, as payment for the permit fee, pursuant to Section 40 of the Public Service Act, as amended, and the Commission's Revised Schedule of Fees and Charges. The permit fee computed herein shall be considered in the determination of the fair market price of the assets in the event that these assets are transferred to NGCP.

**RELATIVE TO THE FOREGOING**, LWEC is hereby **DIRECTED** to submit a *Compliance Report* showing its *Compliance* or *Compliance Plan* with all the directives of the Commission **within thirty (30) calendar days** from receipt hereof.

**FURTHERMORE**, the resolution of the instant *Application* shall be without prejudice to LWEC's compliance with the Certificate of Compliance (COC) requirements of the Commission, as well as other government agencies' requirements, rules, and regulations.

*(This space is intentionally left blank.)*

**FINALLY,** a Show Cause Order (SCO), separate from this *Decision*, shall be issued against LWEC, for its failure to observe the pertinent provision of the EPIRA and the rules and regulations of the Commission.

**SO ORDERED.**

Pasig City, 10 July 2025.

FOR AND BY AUTHORITY
OF THE COMMISSION:

ERC
*Office of the Chairperson and CEO*
MCD2025-028384

mcdimalanta
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*Chairperson and CEO*

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