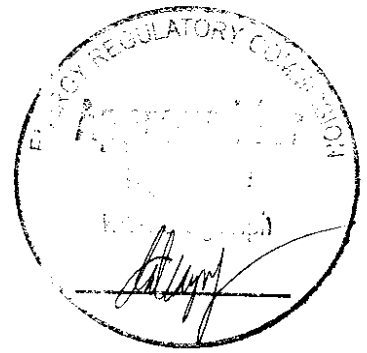


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City



IN THE MATTER OF THE APPLICATION FOR RECOVERY OF INCREMENTAL FUEL AND INDEPENDENT POWER PRODUCER (IPP) COSTS UNDER THE 10<sup>TH</sup> GENERATION RATE ADJUSTMENT MECHANISM (GRAM), WITH PRAYER FOR PROVISIONAL AUTHORITY

ERC CASE NO. 2008-042 RC

IN THE MATTER OF THE APPLICATION FOR THE RECOVERY OF INCREMENTAL FUEL AND INDEPENDENT POWER PRODUCER (IPP) COSTS UNDER THE 11<sup>TH</sup> GENERATION RATE ADJUSTMENT MECHANISM (GRAM), WITH PRAYER FOR PROVISIONAL AUTHORITY

ERC CASE NO. 2008-053 RC

IN THE MATTER OF THE 12<sup>th</sup> APPLICATION FOR THE RECOVERY OF INCREMENTAL FUEL AND INDEPENDENT POWER PRODUCER (IPP) COSTS UNDER THE GENERATION RATE ADJUSTMENT MECHANISM (GRAM), WITH PRAYER FOR PROVISIONAL AUTHORITY

*[Handwritten signature]*

ERC CASE NO. 2008-063 RC

IN THE MATTER OF THE 13<sup>th</sup> APPLICATION FOR RECOVERY OF INCREMENTAL FUEL AND INDEPENDENT POWER PRODUCER (IPP) COSTS UNDER THE GENERATION RATE ADJUSTMENT MECHANISM (GRAM), WITH PRAYER FOR PROVISIONAL AUTHORITY

ERC CASE NO. 2009-032 RC

IN THE MATTER OF THE 14<sup>TH</sup> APPLICATION FOR THE RECOVERY OF INCREMENTAL FUEL AND INDEPENDENT POWER PRODUCER (IPP) COSTS UNDER THE GENERATION RATE ADJUSTMENT MECHANISM (GRAM), WITH PRAYER FOR PROVISIONAL AUTHORITY

*[Handwritten signature]*

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ERC CASE NO. 2009-056 RC

*[Handwritten initials]*

IN THE MATTER OF THE 15<sup>TH</sup>  
APPLICATION FOR THE  
RECOVERY OF INCREMENTAL  
FUEL AND INDEPENDENT POWER  
PRODUCER (IPP) COSTS UNDER  
THE GENERATION RATE  
ADJUSTMENT MECHANISM  
(GRAM), WITH PRAYER FOR  
PROVISIONAL AUTHORITY

ERC CASE NO. 2010-003 RC

IN THE MATTER OF THE 16<sup>TH</sup>  
APPLICATION FOR THE RECOVERY  
OF INCREMENTAL FUEL AND  
INDEPENDENT POWER PRODUCER  
(IPP) COSTS UNDER THE  
GENERATION RATE ADJUSTMENT  
MECHANISM (16<sup>TH</sup> GRAM), WITH  
PRAYER FOR PROVISIONAL  
AUTHORITY

ERC CASE NO. 2010-068 RC

IN THE MATTER OF THE 17<sup>TH</sup>  
APPLICATION FOR THE RECOVERY  
OF INCREMENTAL FUEL AND  
INDEPENDENT POWER PRODUCER  
(IPP) COSTS UNDER THE  
GENERATION RATE ADJUSTMENT  
MECHANISM (17<sup>TH</sup> GRAM), WITH  
PRAYER FOR PROVISIONAL  
AUTHORITY

ERC CASE NO. 2010-074 RC

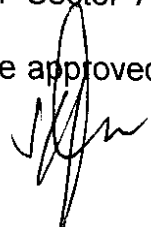
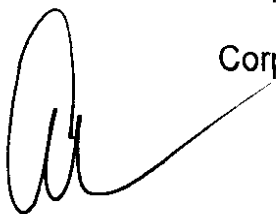
NATIONAL POWER CORPORATION  
(NPC) AND POWER SECTOR  
ASSETS AND LIABILITIES  
MANAGEMENT CORPORATION  
(PSALM),

Applicants.

x-----x

## ORDER

On March 26, 2012, the Commission issued a Decision approving the instant applications with modification and authorizing the National Power Corporation (NPC) and the Power Sector Assets and Liabilities Management Corporation (PSALM) to recover the approved Deferred Accounting Adjustments




(DAAs) on Generation Rate Adjustment Mechanism (GRAM) for the Luzon, Visayas and Mindanao Grids. Relative thereto, they were directed to submit a report containing the latest balance of the DAAs and the corresponding calculations applicable for each of the Successor Generation Companies (SGCs), including their proposed recovery/refund scheme.

In compliance with the aforesaid Decision, on June 1, 2012 and June 21, 2012, PSALM filed a "Partial Compliance with Motion for Extension to Comply with ERC Decision Dated 26 March 2012" and "Additional Compliance (ERC Decision Dated 26 March 2012)", respectively.

On July 18, 2012, the Commission conducted a clarificatory hearing where PSALM was given the opportunity to explain its submissions and compliances. In the course thereof, several issues were raised by Independent Power Producers (IPPs)/SGCs and various consumers relative to the methodology adopted by PSALM in computing the GRAM.

On various dates, the following were submitted:

1. The letter dated May 14, 2012 of Eagle Cement Corporation;
2. The letter dated June 26, 2012 of SKK Steel Corporation (SKK);
3. The "Joint Consolidated Comment (Applicant PSALM's Compliance)" filed on July 3, 2012 by Masinloc Power Partners Company, Limited (MPPCL) and Aboitiz Power (APRI);
4. The "Reply (to MPPCL and APRI's Joint Consolidated Comment)" filed on July 23, 2012 by PALM;
5. The "Manifestation" filed on July 31, 2012 by SN Aboitiz Power-Magat, Inc. (SNAP);
6. The "Joint Rejoinder (Applicant PSALM's Reply Dated 23 July 2012)" filed on August 2, 2012 by MPPCL and APRI;




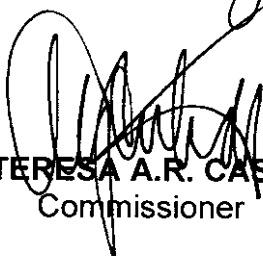
7. The letter dated August 1, 2012 of Visayan Electric Company (VECO); and
8. The letter dated August 8, 2012 of Antique Electric Cooperative, Inc. (ANTECO).

Considering the various issues raised herein and pending the final approval of their proposed recovery scheme, PSALM and NPC are hereby directed to implement the Commission's Decision dated March 26, 2012 using the kWh sales for the current billing month of their customers under their existing Contracts for Supply of Electricity (CSE) or Transition Supply Contracts (TCSs) and DEFER the collection of the approved GRAM from customers with expired CSE or TSCs.

**SO ORDERED.**

Pasig City, August 10, 2012.

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson

  
**MARIA TERESA A.R. CASTAÑEDA**  
Commissioner

  
**JOSE C. REYES**  
Commissioner

(On Official Travel)  
**ALFREDO J. NON**  
Commissioner

  
**GLORIA VICTORIA C. YAP-TARUC**  
Commissioner

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