

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pacific Center Building, San Miguel Avenue
Ortigas Center, Pasig City

**IN THE MATTER OF THE 11th
APPLICATION FOR THE TRUE-UP
ADJUSTMENTS OF FUEL AND
PURCHASED POWER COSTS
(TAFPPC), AND FOREIGN
EXCHANGE-RELATED COSTS
(TAFxA) UNDER THE RULES FOR
THE AUTOMATIC RECOVERY OF
MONTHLY FUEL AND
PURCHASED POWER COSTS
AND FOREIGN EXCHANGE-
RELATED COSTS BY THE
NATIONAL POWER
CORPORATION, AS AMENDED,**

ERC CASE NO. 2021-_____

**POWER SECTOR ASSETS
AND LIABILITIES MANAGEMENT
CORPORATION (PSALM),**

Applicant

x-----x

APPLICATION

Applicant **POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT (PSALM) CORPORATION**, through the undersigned counsel and unto this Honorable Commission, most respectfully states that:

1. Applicant PSALM is a government-owned and controlled corporation created by virtue of Republic Act No. 9136 or the “Electric Power Industry Reform Act of 2001” (EPIRA), with principal office address at 24th Floor, Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City.

2. The instant application is being filed by PSALM pursuant to Section 4(e), Rule 3 of the Implementing Rules and Regulations of the EPIRA (EPIRA-IRR), Rule 6 of the Energy Regulatory Commission (ERC) Rules of Practice and Procedure, and Article V of ERC Resolution No. 19, Series of 2009 entitled “A Resolution Adopting the Rules for the Automatic Recovery of Monthly Fuel and Purchased Power Costs and Foreign Exchange-Related Costs by the National Power Corporation (NPC)”, as amended by ERC Resolution No. 25, Series of 2009 (ACRM Rules).

3. Article V of the ACRM Rules requires the submission of an application for the TAFPPC and TAFxA at least every twelve (12) months in order for the ERC to verify the recovery of fuel and purchased power costs adjustments (FPPCA) and foreign exchange-related cost adjustment (FxA) by comparing the actual allowable costs incurred for the period with the actual revenues for the same period generated by the fuel and purchased power costs components under the Basic Generation Charge¹ (BGC) and the FPPCA and FxA under the monthly ACRM.

4. The BGC is an ERC-approved generation rate imposed by NPC/PSALM for the sale of electric energy to its customers with Transition Supply Contract (TSC) or Contract for the Supply of Electric Energy (CSEE).

5. The existing BGC, pegged at CY 2007 test period, was provisionally approved by the ERC pursuant to Orders dated 16 February 2009 and 23 March 2009 under Case No. 2009-004 RC², broken down as follows:

Particulars	Luzon	Visayas	Mindanao
	In Peso per Kilowatt Hour (PhP/kWh)		
Fuel Costs Base (FCB) ³	1.6811	1.2789	0.8961
Purchased Power Costs Base (PPCB) ⁴	2.2791	1.8834	1.0446
Other Components ⁵	0.4046	0.5632	0.8770
TOTAL	4.3648	3.7255	2.8177

Table 1: Basic Generation Charge per Component

¹ Provisional Approval issued by the ERC on 16 February 2009 and 23 March 2009 under ERC Case No. 2009-004 RC

² In the Matter of the Application for the Proposed New Basic Generation Rates for Luzon, Visayas and Mindanao Grids with Prayer for Provisional Authority

³ Page 8, ERC Order dated 14 December 2009 under ERC Case No. 2008-019 RM in relation to ERC Resolution 19, as amended

⁴ Page 11, ERC Order dated 14 December 2009 under ERC Case No. 2008-019 RM in relation to ERC Resolution 19, as amended

⁵ Other components are NPC’s O&M costs, depreciation and return on rate base.

6. Considering that the BGC is pegged at CY 2007 costs, to enable NPC/PSALM to reflect the current year's actual/allowable fuel and purchased power costs (PPC) in accordance with prevailing market prices and capture the change in generation mix brought about by privatization of PSALM's generating assets and Independent Power Producer (IPP) contracts, the ERC approved the implementation of the Fuel and Purchased Power Cost Adjustments (FPPCA) under the Automatic Cost Recovery Mechanism (ACRM) Rules.

7. Further, the ERC set the base foreign exchange rate (FX) covering the principal portion of debt at PHP 44.0494/USD⁶. Since the FX varies at the time of debt payment, the ERC allowed an adjustment under the ACRM to cover FX fluctuations (FxA).

8. Similar to the BGC, cost adjustments namely the FPPCA and the FxA are collected from regular TSC/CSEE customers via i) Monthly ACRM and ii) ACRM True-up Adjustments, by virtue of the ACRM Rules.

9. With the effectivity of the ACRM Rules on 27 February 2010, fifteen (15) days after its publication in a newspaper of general circulation in the Philippines, PSALM implemented the ACRM Rules starting March 2010 billing period and calculated the monthly FPPCA and FxA, or the Monthly ACRM, using economic indices to reflect the movement in the fuel, purchased power, and foreign exchange-related costs. This Monthly ACRM was however set to zero (0) beginning June 2016 billing period in the Luzon, Visayas and Mindanao Grids in accordance with ERC Order dated 28 June 2016.

10. Article V of the ACRM Rules requires the submission of an application for the TAFPPC and TAFxA (collectively referred as ACRM True-Up Adjustments), at least every twelve (12) months, in order for the ERC to verify the recovery of FPPCA and FxA by comparing the actual allowable costs incurred for the period with the actual revenues for the same period generated by the FCB and PPCB under the BGC and the FPPCA and FxA under the Monthly ACRM.

11. Since the implementation of the ACRM Rules, PSALM filed before the ERC annual petitions for TAFPPC and TAFxA, details are as follows:

⁶ Page 12, ERC Order dated 14 December 2009 under ERC Case No. 2008-019 RM

PARTICULARS (Date Filed)	TEST PERIOD	LUZON	VISAYAS	MINDANAO	STATUS/REMARKS
		In Million Pesos			
1 st ACRM True-Up (18 Aug 2011)	Mar. 2010 - Feb. 2011	2,814.45	2,203.03	(858.20)	Approved per ERC Decision dated 20 June 2017; Implementation effective Jan 2018 billing period
2 nd ACRM True-Up (30 Apr 2012)	Mar 2011 - Dec 2011	2,199.52	1,649.72	(1,736.51)	
3 rd ACRM True-Up (02 May 2013)	Jan. 2012 - Dec. 2012	(661.11)	896.35	(1,894.70)	
4 th ACRM True-Up (30 June 2014)	Jan. 2013 - Dec. 2013	(634.90)	1,635.46	(2,041.85)	
5 th ACRM True-Up (29 June 2015)	Jan. 2014 - Dec. 2014	(126.01)	996.80	(1,395.06)	
6 th ACRM True-Up (30 June 2016)	Jan. 2015 - Dec. 2015	(69.47)	161.74	(2,108.79)	Formal Offer of Evidence Filed on 07 January 2020
7 th ACRM True-Up (29 June 2017)	Jan. 2016 - Dec. 2016	(4.48)	22.22	(3,474.39)	Formal Offer of Evidence Filed on 07 January 2020
8 th ACRM True-Up (28 June 2018)	Jan. 2017 - Dec. 2017	(8.62)	5.5	(5,029.83)	Formal Offer of Evidence Filed on 10 December 2018
9 th ACRM True-Up (25 June 2019)	Jan. 2018 - Dec. 2018	(10.16)	32.80	(3,209.04)	Formal Offer of Evidence Filed on 09 December 2019
10 th ACRM True- Up (01 September 2020)	Jan.2019-Dec. 2019	21.54	891.80	(1,047.36)	Formal Offer of Evidence Filed on 23 April 2021

Table 2: 1st - 10th ACRM True-Up Adjustments

12. PSALM's applications for its 1st to 5th ACRM True-Up Adjustments were already approved per ERC's Decision dated 20 June 2017 and implemented effective January 2018 billing period.

13. As for PSALM's applications for its 6th to 10th ACRM True-Up Adjustments, PSALM already filed its Formal Offer of Evidence.

14. For the 11th ACRM True-Up Adjustments filing, PSALM filed a Manifestation, dated 29 March 2021, that it is constrained to file the 11th TAFPPCA and TAFxA application covering the billing period January - December 2020 on or before 30 June 2021.

15. Further, PSALM fully complied with the monthly reporting requirements as required under Article V, Section 1 of the ACRM Rules, timely submitting calculations for the monthly recovery/ (refund) of the incremental/downward adjustments in FPPC and FX costs, as well as supporting documents. Attached as **Annex "A" and Series** are evidence of the receipt of the ERC of PSALM's monthly compliances. The same monthly reporting

requirements and their respective voluminous attachments were scanned and saved to a compact disc which is hereto attached as **Annex "A - Compact Disc"**.

DISCUSSION

I. COVERAGE

1. The TAFPPC and TAFxA, collectively known as ACRM True-Up Adjustments, are applicable only to PSALM's regular TSC/CSEE customers. Regular TSC/CSEE Energy Sales correspond to NPC/PSALM sales to customers who are billed the approved BGC rate including ERC-approved adjustments. In other words, WESM sales and sales to customers with preferential rates are not covered by the ACRM True-Up Adjustments.

2. For the Luzon Grid, Caliraya-Botocan-Kalayaan (CBK) power plant's station use is being billed with the Luzon BGC rate and ERC-approved adjustments, in accordance with the provisions in the Independent Power Producer (IPP) contract. Same with CBK, the Camarines Sur Electric Cooperative IV (CASURECO IV) and Pampanga Electric Cooperative II (PELCO II) are being billed with the same rate and adjustments in accordance with their CSEEs with PSALM. However, the energy dispatch to these customers is sourced from the Unified Leyte (UL) power plant, the sole provider in the Visayas grid, due to the interconnection and as part of the dispatch strategy of PSALM. Thus, the energy sales of CASURECO IV and PELCO II were considered in the calculation of the 11th ACRM True-up Adjustment for the Visayas grid since both customers have benefited from the electricity produced by UL.

3. Further, NPC/PSALM is still supplying the energy requirements of the host communities of Ilocos Sur Electric Cooperative (ISECO) and Benguet Electric Cooperative (BENECO), however, these customers are excluded in the ACRM True-Up Adjustments since their power supply is sourced from the Luzon Hydro (Bakun) that is under an IPP Administrator Administration Agreement (IPPA AA).

4. In the Visayas Grid, apart from the inclusion of CASURECO IV and PELCO II, PSALM has twenty (20) other customers that are covered by the 11th ACRM True-Up Adjustments.

In the Mindanao Grid, there were fifty-four (54) customers considered in the calculation.

5. Below are the annual average percentages of energy sales of customers that were considered in the ACRM True-Up Adjustments based on the Total Energy Sales in the Grid (TSC/CSEE Energy Sales Ratio) for January - December 2020:

LUZON	VISAYAS	MINDANAO
0.4548%	45.0431%	100%

Table 3: TSC/CSEE Energy Sales Ratio

6. Attached as **Annex "B"** is the TSC/CSEE Energy Sales Ratio for January- December 2020 based on the Monthly Energy Sales per Plant (TSC/CSEE and WESM), which is **Annex "B-1" and Series**.

II. TRUE-UP ADJUSTMENT OF FUEL AND PURCHASED POWER COSTS (TAFPPC)

7. Pursuant to Article V, Section 4 of the ACRM Rules, PSALM determined the TAFPPC based on the following formula:

$$\text{TAFPPC} = \text{FPPCA}_{\text{afppc}} - \text{FPPCA}_{\text{billed}} - \text{FPPCA}_{\text{peso}}$$

where:

TAFPPC = True-up Adjustment of Fuel and Purchased Power Costs, in PHP

FPPCA_{afppc} = Actual allowable fuel and purchased power costs for the test period, in PHP

FPPCA_{billed} = Fuel and purchased power costs billed through the last ERC-approved base rate for the test period, in PHP

FPPCA_{peso} = Recovered/billed fuel and purchased power costs monthly from customers under the ACRM, in PHP

A. First Component of the TAFPPC: FPPCA_{afppc}

8. **FPPCA_{afppc}** refers to the Actual Allowable Fuel and Purchased Power Costs covering the test period January to December 2020.

9. There was no Allowable Fuel Costs (AFC) considered in the calculation of FPPCA in the Luzon Grid, considering that Malaya Thermal Power Plant (MTPP), the only remaining fuel-based plant, was not used to supply the energy requirement of TSC/CSEE

customers in view of its designation as Must-Run Unit (MRU) in the Wholesale Electricity Spot Market (WESM) in accordance with the Department of Energy (DOE) Circular No. DC2014-01-003.

10. In the Visayas and Mindanao Grids, PSALM has no remaining fuel-fired plants. Thus, AFC for both Grids is likewise zero (0).

11. Allowable Purchased Power Costs (APPC) of the following IPPs, based on ERC’s approval of the IPP contracts, that supplied energy to TSC/CSEE customers during the test period were considered in the calculation:

LUZON		VISAYAS		MINDANAO	
Casecnan	ERC Case No. 2001 -457	Leyte A and B (Unified Leyte Bulk Portion)	ERB Case No. 98-55	Mt. Apo I	ERB Case No. 98-54
				Mt. Apo II	ERC Case No. 2001-714
Caliraya-Botocan - Kalayaan	ERC Case No. 2007-159 RC			Mindanao Coal	ERC Case No. 2001-811

Table 4: IPPs supplying TSC/CSEE Customers

12. In accordance with the ERC Decision 20 June 2017, covering the 1st to 5th ACRM application filed by PSALM, the Honorable Commission adopted PSALM’s consideration or treatment of APPC as that which corresponds to whichever is lower between the actual purchased power costs (PPC) paid to the IPPs vis-a-vis calculated PPC based on the ERC approval of the IPP contracts.

13. Considering that Leyte A and B (Unified Leyte) are now dedicated to supplying the Visayas Grid energy requirements, APPC of Unified Leyte (UL) was pegged at PHP1.45/kWh base energy rate (BER) plus inflation factor (IF) in line with the ERB Decision dated 27 December 1999 under Case No. 98-55. The APPC of Unified Leyte (UL) is calculated by determining the capacity administered by PSALM during the period over the total contracted capacity of the plant (440 MW) multiplied by the total APPC. PSALM awarded the 200 MW UL capacity to its IPP Administrators (IPPA)/Strips Owners on 26 December 2014. During 2017, PSALM terminated the IPPA Administration Agreement with Good Friends Hydro Resources Corporation, PHINMA Energy Corporation, FDC Utilities, Inc., Waterfront Mactan Casino Hotel, Inc., Vivant Energy Corporation and Aboitiz Energy Solutions, Inc. effective 10 August 2017, 04 September 2017, 04 September 2017, 17 October 2019, 25 October 2019 and 25 October 2019, corresponding to the awarded strips equivalent to 20

MW, 40 MW, 40 MW, 3 MW, 17 MW and 40 MW, respectively, thereby increasing by 160 MW and bringing the capacity being administered by PSALM to 400 MW on 26 October 2019.

14. Further, out of the Total APPC, only the portion used to supply the Regular TSC/CSEE Energy Sales is considered in the TAFPPC. This is derived by multiplying the APPC of each plant by the TSC/CSEE Energy Sales Ratio.

15. The $FPPCA_{afppc}$ is the sum of AFC and APPC for ACRM True-Up Adjustment, as summarized below:

PARTICULARS	LUZON	VISAYAS	MINDANAO
	In PHP		
AFC	0.00	0.00	0.00
APPC	16,920,908.85	4,581,107,126.71	5,135,314,284.32
FPPCA_{afppc}	16,920,908.85	4,581,107,126.71	5,135,314,284.32

Table 5: Actual Allowable Fuel and Purchased Power Costs

16. The schedule of Allowable Fuel and Purchased Power Costs per Grid - TSC/CSEE Share is hereto attached as **Annex "C"**.

B. Second component of the TAFPPC: $FPPCA_{billed}$

17. $FPPCA_{billed}$ is the Fuel and PPC billed to TSC/CSEE customers through the ERC-approved base rate. Fuel cost billed is calculated by multiplying Regular TSC/CSEE Energy Sales (in kWh) with the FCB (in PHP/kWh) of the provisionally approved BGC, while the PPC billed is derived by multiplying Regular TSC/CSEE Energy Sales (in kWh) with the PPCB (in PHP/kWh) of the provisionally approved BGC.

18. Below are the fuel and purchased power cost components of the provisionally approved BGC used in the calculation:

Grid	Fuel Cost Component ^{7/}	Purchased Power Cost Component ^{7/}
	In Peso per Kilowatt Hour (PHP/kWh)	
Luzon	1.6811	2.2791
Visayas	1.2789	1.8834
Mindanao	0.8961	1.0446

Table 6: Fuel and PPC Component of the ERC-approved BGC

⁷ Based on Provisional Approval of the BGC dated 16 February 2009 and 23 March 2009 under ERC Case No. 2009-004 RC and ERC Order dated 14 December 2009 under ERC Case No. 2008-019 RM.

19. The summary of $FPPCA_{billed}$, in PHP, is shown below:

PARTICULARS	LUZON	VISAYAS	MINDANAO
	In PHP		
FCB_{billed}	12,593,074.71	1,875,106,492.70	3,001,994,296.63
$PPCB_{billed}$	17,072,676.56	2,721,911,665.24	3,499,479,123.15
$FPPCA_{billed}$	29,665,751.27	4,597,018,157.94	6,501,473,419.78

Table 7: Fuel and Purchased Power Costs Billed Under the BGC

* FCB_{billed} for Luzon = (Energy Sales of Luzon Customers x 1.6811)
 $PPCB_{billed}$ for Luzon = (Energy Sales of Luzon Customers x 2.2791)
 ** FCB_{billed} for Visayas = (Energy Sales of Visayas Customers * 1.2789) +
 (Energy Sales of CASURECO IV and PELCO II * 1.6811)
 $PPCB_{billed}$ for Visayas = (Energy Sales of Visayas Customers * 1.8834) +
 (Energy Sales of CASURECO IV and PELCO II * 2.2791)

C. Third component of the TAFPPC: $FPPCA_{peso}$

20. $FPPC_{peso}$ refers to the recovered or billed fuel and PPC adjustment from TSC/CSEE customers through the monthly ACRM. Considering that PSALM has ceased billing the monthly $FPPCA$ and FxA beginning June 2016 billing period in the Luzon, Visayas and Mindanao Grids pursuant to the ERC Order dated 28 June 2016, thus, the $FPPCA_{peso}$ is equivalent to zero (0) for all Grids for the year 2020.

D. TOTAL TAFPPC

21. Following the formula approved by the ERC in Article V of the ACRM Rules, the TAFPPC for Luzon, Visayas, and Mindanao grids covering the test period, January 2020 to December 2020, are as follows:

PARTICULARS	LUZON	VISAYAS	MINDANAO
	In Peso		
$FPPCA_{afppc}$	16,920,908.85	4,581,107,126.71	5,135,314,284.32
Less: $FPPCA_{billed}$	29,665,751.27	4,597,018,157.94	6,501,473,419.78
Less: $FPPCA_{peso}$	0.00	0.00	0.00
TAFPPCA	(12,744,842.42)	(15,911,031.23)	(1,366,159,135.46)

Table 8: True-Up Adjustment of Fuel and Purchased Power Costs

22. Attached hereto as **Annex “D” and Series** is the monthly computation of the above TAFPPC.

III. TRUE-UP ADJUSTMENT OF FOREIGN EXCHANGE-RELATED COSTS (TAFxA)

23. In accordance with Article V, Section 5 of the Rules, PSALM shall calculate the TAFxA based on the following formula:

$$TAFxA = FxA_{afxc} - FxA_{peso}$$

where:

- TAFxA = True-up Adjustment of Foreign Exchange-Related Costs, in PHP
- FxA_{afxc} = Actual Foreign Exchange-Related Costs for the test Period, in PHP
- FxA_{peso} = Recovered/billed Foreign Exchange-Related Costs from Customers under the monthly ACRM, in PHP

A. First Component of TAFxA: FxA_{afxc}

24. FxA_{afxc} is calculated as the difference between: 1) principal debt payments made during the test period converted into Peso using the actual exchange rate at the time of payment and 2) principal payments during the same period converted to Peso using the ERC-approved base foreign exchange rate of PHP44.0494/USD.

25. The FxA_{afxc} is adjusted to reflect costs incurred only for Regular TSC/CSEE customers. This is derived by multiplying the Total FxA_{afxc} with the TSC/CSEE Energy Sales Ratio. The summary of FxA_{afxc} for regular TSC/CSEE customers is as follows:

PARTICULARS	LUZON	VISAYAS	MINDANAO
	In PHP		
FxA _{afxc}	5,679,182.80	91,583,782.29	152,221,274.28

Table 9: Actual Foreign Exchange-Related Costs

26. The schedule of Actual Foreign Exchange-Related Costs – TSC/CSEE Share is hereto attached as **Annex “E” and Series**.

B. Second Component of TAFxA: FxA_{peso}

27. FxA_{peso} refers to the recovered/billed foreign exchange-related costs from customers through the monthly ACRM. As stated above, the implementation of monthly ACRM is set to zero starting June 2016, thus, the FxA_{peso} for Luzon, Visayas and Mindanao Grids is zero (0).

C. Total TAFxA

28. Following the formula approved by the ERC in Article V of the ACRM Rules, TAFxA for Luzon, Visayas, and Mindanao grids covering the test period January to December 2020 is as follows:

PARTICULARS	LUZON	VISAYAS	MINDANAO
	In PHP		
FxA _{afxc}	5,679,182.80	91,583,782.29	152,221,274.28
Less: FxA _{peso}	0.00	0.00	0.00
TAFxA	5,679,182.80	91,583,782.29	152,221,274.28

Table 10: True-Up Adjustment on Foreign Exchange-Related Costs

29. Attached hereto as **Annex “F” and Series** is the monthly computation of the above TAFxA.

IV. TOTAL TRUE-UP ADJUSTMENT

30. In summary, the TAFPPC and TAFxA for the test period January 2020 to December 2020, are as follows:

PARTICULARS	LUZON	VISAYAS	MINDANAO
	In PHP		
TAFPPC	(12,744,842.42)	15,911,031.23	(1,366,159,135.46)
TAFxA	5,679,182.80	91,583,782.29	152,221,274.28
TOTAL	7,065,659.62	75,672,751.06	(1,213,937,861.18)

Table 11: Total ACRM True-up Adjustment

V. RECOVERY

31. Below are the equivalent rates, in PHP/kWh, of the above ACRM True-Up Adjustments covering a one (1) year recovery/(refund) period, which were derived by dividing the ACRM True-up Adjustment amount by the 2020 Regular TSC/CSEE Energy Sales:

PARTICULARS	LUZON	VISAYAS	MINDANAO
	In Peso per Kilowatt Hour (PHP/kWh)		
TAFPPC	(1.7014)	0.0113	(0.4078)
TAFxA	0.7581	0.0653	0.0454
TOTAL	(0.9432)	0.0539	(0.3624)

Table 12: Total True-up Adjustment, in PHP/Kwh

32. For better appreciation and clarity, classification has been broken down as to whether a certain plant or Independent Power Producer is eligible or ineligible. Details of the above TAFPPC and TAFxA covering each Eligible and Ineligible Plant and Independent Power Producer are shown and attached hereto as **Annex “G”**.

VI. REFUND/RECOVERY TO PSALM TSC/CSEE CUSTOMERS

33. To implement the recovery/(refund) scheme under the ACRM, PSALM proposes that for TSC/CSEE customers of PSALM in 2020 who have transferred thereafter to other power suppliers, it shall directly recover/refund the TAFPPC and TAFxA True-Up Adjustments by issuing the corresponding Debit/Credit Memo, regardless of the expiration. For TSC/CSEE customers who are still sourcing their power requirements from PSALM at the time of issuance or implementation of ERC Decision/Order on the TAFPPC and TAFxA, the same shall be reflected in their power bill.

Moreover, please note that since CASURECO IV and PELCO II draw their power from the Visayas Grid, it is appropriate that the recovery/refund to be implemented on both customers are the True-up Adjustments for the Visayas Grid applied to the actual rate billed in their corresponding CSEEs with PSALM but based on the Luzon BGC since both CASURECO IV and PELCO II are Luzon customers. The TAFPPC allocation of the customers in the Visayas Grid including CASURECO IV and PELCO II was calculated by using the difference between the prorated $FPPCA_{afppc}$ and the $FPPCA_{billed}$, which was calculated by multiplying the customer's drawn energy to the corresponding BGC.

34. Attached hereto as **Annex "H"** is the Schedule of 11th TAFPPC and TAFxA allocated per customer based on **Annex "H-1"** as the Schedule of Energy Sales per Customer for the year 2020.

35. In compliance with Section (e) of Rule 3 of the EPIRA-IRR and ERC Resolution No. 19, Series of 2009 as amended by ERC Resolution No. 25, Series of 2009 and further amendment brought about by the Honorable Commission's Resolution No. 01, Series of 2021⁸, a copy of this instant application (including Annexes, other documents and compact discs) was furnished to the Offices of the City Mayor and the Sangguniang Panlungsod of Quezon City. A copy of the Certification of Posting/Affidavit of Service is hereto attached as **Annex "I"**. The Petition (excluding Annexes) was also published in a newspaper of general circulation. A copy of the Affidavit of Publication is hereto attached as **Annex "J"**.

⁸ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed to this Honorable Commission that consistent with ERC Resolution No. 19, Series of 2009, as amended, adopting the Rules for the Automatic Recovery of Monthly Fuel and Purchased Power Costs and Foreign Exchange-Related Costs by the National Power Corporation, and Section 4 (e), Rule 3 of the Implementing Rules and Regulations of the Electric Power Industry Reform Act, the following Total True-Up Adjustment amounts (TAFPPC + TAFxA) per Grid and corresponding True-up Adjustment rates (PHP/kWh) with one (1) year recovery period for the Luzon and Visayas Grids and one (1) year refund period for the Mindanao Grid, covering the test period January 2020 to December 2020 be **APPROVED**:

Particulars	Luzon	Visayas	Mindanao
	In Pesos		
TAFPPC	(12,744,842.42)	15,911,031.23	(1,366,159,135.46)
TAFxA	5,679,182.80	91,583,782.29	152,221,274.28
TOTAL	(7,065,659.62)	75,672,751.06	(1,213,937,861.18)

The rates in PHP/kWh corresponding to the above recovery/(refund) for one (1) year are as follows:

Particulars	Luzon	Visayas	Mindanao
	In Peso per Kilowatt Hour (PHP/kWh)		
TAFPPC	(1.7014)	0.0113	(0.4078)
TAFxA	0.7581	0.0653	0.0454
TOTAL	(0.9432)	0.0539⁹	(0.3624)

Other reliefs as may be deemed just and equitable under the premises are likewise prayed for.

Quezon City for Pasig City, 23 June 2021.

-Signatories on the following page-

⁹ Note that, CASURECO IV and PELCO II (Luzon Customers) were considered in the Visayas Grid computation since the dispatched energy came from the Unified Leyte (UL). Thus, applicable recovery rate of Visayas Grid’s ACRM True-up Adjustments will apply

**LEGAL GROUP
POWER SECTOR ASSETS AND LIABILITIES
MANAGEMENT CORPORATION**

24th Floor Vertis North Corporate Center 1
Astra corner Lux Drives,
North Avenue, 1105 Quezon City
Telefax No. (+632) 902-9000
Email address: mardelacruz@psalm.gov.ph



JULIUS M. LOTILLA

Vice President and General Counsel
IBP Lifetime No. 010574, Antique
MCLE Exemption No. V-002608 (04-14- 2016)
Roll of Attorney No. 47461
jmlotilla@psalm.gov.ph



MARIA ILYN G. ALBITO

Corporate Legal Counsel
IBP No. 103609 (01-07-20, Quezon City)
MCLE Compliance No. VI-0020686 (3-25-2019)
Roll of Attorney No. 58287
migalbito@psalm.gov.ph



GRACIELA MONA LUMANG-GUTIERREZ

Corporate Attorney
IBP No. 141658 (01-06-2021, Nueva Ecija)
MCLE Compliance No. VI-0026936 (05-23-2019)
Roll of Attorney No. 42822
gmlgutierrez@psalm.gov.ph

(Republic of the Philippines)
(Quezon City) S.S.

VERIFICATION AND CERTIFICATION

I, **IRENE JOY BESIDO - GARCIA**, of legal age, married, with office address at the Power Sector Assets and Liabilities Management (PSALM) Corporation, 24th Floor Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City, after having been duly sworn to in accordance with law, do hereby depose and state for myself and for PSALM, that:

- (1) I am the designated President and Chief Executive Officer of the Power Sector Assets and Liabilities Management (PSALM) Corporation with authority to commence, initiate, sign and file the foregoing 11th APPLICATION FOR THE TRUE-UP ADJUSTMENTS OF FUEL AND PURCHASED POWER COSTS (TAFPPC), AND FOREIGN EXCHANGE-RELATED COSTS (TAFxA) UNDER THE RULES FOR THE AUTOMATIC RECOVERY OF MONTHLY FUEL AND PURCHASED POWER COSTS AND FOREIGN EXCHANGE-RELATED COSTS BY THE NATIONAL POWER CORPORATION, AS AMENDED, pursuant to PSALM Board Resolution No. 2021-0526-01 dated 26 May 2021;
- (2) I have read the Application and the allegations therein are true and correct based on my personal knowledge or the authentic records available to PSALM;
- (3) The Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;
- (4) The factual allegations in the Application have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;
- (5) I or PSALM have not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and
- (6) If I or PSALM should hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report the said fact within five (5) days from discovery thereof to the Honorable Commission.

— June 2021, Quezon City.



IRENE JOY BESIDO - GARCIA
Affiant

JUN 23 2021

SUBSCRIBED and SWORN TO before me this _____ day of _____ 2021, with affiant **IRENE JOY BESIDO - GARCIA** presenting to me her Philippine Passport I.D. No. P0087701B, issued at DFA Manila valid until 02 January 2029, known to me and to me known to be the same person who executed the foregoing Verification and Certification.

NOTARY PUBLIC

Doc. No. 33 ;
Page No. 8 ;
Book No. XV ;
Series of 2021.


ATTY. TOMAS B. BAGA, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
ADM. NO. NP-017 (2020-2021)
ATTYS. ROLL NO. 13003
IBP NO. 156177/2-5-2021
PTR NO. CP 0624050, 1/19/21 COT.
MCLE NO. VI-0028822
RCM BLDG. TIMOG COR. PANAY AVE. Q.C.



POWER SECTOR
ASSETS & LIABILITIES
MANAGEMENT CORPORATION



SECRETARY'S CERTIFICATE

I, MARIA BELEN P. MONTES-NERA, of legal age, Filipino, and with office address at 24th Floor Vertis North Corporate Center I, Astra corner Lux Drives, North Avenue, Quezon City 1105, hereby certify that:

1. I am the duly appointed Corporate Secretary of the Power Sector Assets and Liabilities Management Corporation ("PSALM"), a corporation duly organized and existing under and by virtue of Republic Act 9136, with office address as stated above. As such Corporate Secretary, I am the custodian of the corporate records of the Corporation including, but not limited to, Board Resolutions.
2. At a regular meeting of the Board of Directors held on 26 May 2021, at which meeting a quorum was present and acting throughout, the following resolution, among others, was approved and adopted by the Board, thus:

BOARD RESOLUTION NO. 2021-0526-01

ELEVENTH (11TH) TRUE-UP ADJUSTMENT OF FUEL, PURCHASED POWER, AND FOREIGN EXCHANGE-RELATED COSTS COVERING JANUARY TO DECEMBER 2020 TEST PERIOD

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that as recommended by the PSALM Management and endorsed by the Board Review Committee (BRC), the Board of Directors approves and confirms the following:

1. Approve the filing before the Energy Regulatory Commission (ERC) of the 11th Automatic Cost Recovery Mechanism (ACRM) True-up Adjustment of Fuel and Purchased Power Costs (TAFPPC) and the True-up Adjustment of Foreign Exchange-Related Costs (TAFxA) covering the January to December 2020 test period, with the following details:

PARTICULARS	LUZON	VISAYAS	MINDANAO
	In PHP		
TAFPPC	(12,744,842.42)	(15,911,031.23)	(1,366,159,135.46)
TAFxA	5,679,182.80	91,583,782.29	152,221,274.28
TOTAL	(7,065,659.62)	75,672,751.06	(1,213,937,861.18)

The rates in PHP/kWh corresponding to the above recovery/(refund) over a one (1) year period are as follows:

PARTICULARS	LUZON	VISAYAS	MINDANAO
	In Peso per Kilowatt Hour (PHP/kWh)		
TAFPPC	(1.7014)	(0.0113)	(0.4078)
TAFxA	0.7581	0.0653	0.0454
TOTAL	(0.9432)	0.0539*	(0.3624)

*CASURECO IV and PELCO II were considered in the Visayas Grid.

2. Authorize the President and CEO or her duly authorized representative to sign, execute and deliver documents, and to perform such other actions necessary to implement the same, including the following:
 - a. Commence, initiate, file and represent PSALM in its 11th ACRM True-Up Adjustment Application; and
 - b. Execute a verification and certification against forum shopping on PSALM's behalf.

APPROVED and CONFIRMED.
26 May 2021.

3. The foregoing resolution has not been revoked, amended, nor in any manner modified and may be relied upon until written notice to the contrary is issued by PSALM.


MARIA BELEN P. MONTES-NERA
Corporate Secretary

Republic of the Philippines }
Quezon City, Metro Manila }

SUBSCRIBED AND SWORN TO BEFORE ME on 18 June 2021 at Quezon City, Metro Manila, Affiant exhibiting to me her IBP ID No. 37737, IBP Chapter Quezon Province.

351
72
XIV
2

