

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

**IN THE MATTER OF THE 11<sup>th</sup>  
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. 2021-059 RC**

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

**Promulgated:**  
August 10, 2021

X-----X

**NOTICE OF VIRTUAL HEARING**

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 23 July 2021, Power Sector Assets and Liabilities Management Corporation (PSALM) filed an *Application*, seeking for the Commission's approval of the 11<sup>th</sup> 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 (NPC), as amended.

The pertinent portions of the said *Application* are hereunder quoted as follows:

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 24<sup>th</sup> 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 Charge<sup>1</sup> (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 RC<sup>2</sup>, broken down as follows:

*(This space is intentionally left blank.)*

---

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

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

**ERC CASE NO. 2021-059 RC**  
**NOTICE OF VIRTUAL HEARING/02 AUGUST 2021**  
**PAGE 3 OF 15**

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

Table 1: Basic Generation Charge per Component

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/USD<sup>6</sup>. 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.

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

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

<sup>5</sup> Other components are NPC's O&M costs, depreciation and return on rate base.

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

**ERC CASE NO. 2021-059 RC**  
**NOTICE OF VIRTUAL HEARING/02 AUGUST 2021**  
**PAGE 4 OF 15**

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

PARTICULARS (Date Filed)	TEST PERIOD	LUZON	VISAYAS	MINDANAO	STATUS/REMARKS
		In Million Pesos			
1 <sup>st</sup> 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 <sup>nd</sup> ACRM True-Up (30 Apr 2012)	Mar 2011 - Dec 2011	2,199.52	1,649.72	(1,736.51)	
3 <sup>rd</sup> ACRM True-Up (02 May 2013)	Jan. 2012 - Dec. 2012	(661.11)	896.35	(1,894.70)	
4 <sup>th</sup> ACRM True-Up (30 June 2014)	Jan. 2013 - Dec. 2013	(634.90)	1,635.46	(2,041.85)	
5 <sup>th</sup> ACRM True-Up (29 June 2015)	Jan. 2014 - Dec. 2014	(126.01)	996.80	(1,395.06)	
6 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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: 1<sup>st</sup> – 10<sup>th</sup> ACRM True-Up Adjustments

12. PSALM’s applications for its 1<sup>st</sup> to 5<sup>th</sup> 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 6<sup>th</sup> to 10<sup>th</sup> ACRM True-Up Adjustments, PSALM already filed its Formal Offer of Evidence.
14. For the 11<sup>th</sup> 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 11<sup>th</sup> 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 11<sup>th</sup> 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

**ERC CASE NO. 2021-059 RC**  
**NOTICE OF VIRTUAL HEARING/02 AUGUST 2021**  
**PAGE 6 OF 15**

---

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 <sub>afppc</sub>	=	Actual allowable fuel and purchased power costs for the test period, in PHP
FPPCA <sub>billed</sub>	=	Fuel and purchased power costs billed through the last ERC-approved base rate for the test period, in PHP
FPPCA <sub>peso</sub>	=	Recovered/billed fuel and purchased power costs monthly from customers under the ACRM, in PHP

- A. First Component of the TAFPPC: FPPCA<sub>afppc</sub>
8. FPPCA<sub>afppc</sub> 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:

**ERC CASE NO. 2021-059 RC**  
**NOTICE OF VIRTUAL HEARING/02 AUGUST 2021**  
**PAGE 7 OF 15**

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 1<sup>st</sup> to 5<sup>th</sup> 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 IPPs vis-à-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:

*(This space is intentionally left blank.)*

**ERC CASE NO. 2021-059 RC**  
**NOTICE OF VIRTUAL HEARING/02 AUGUST 2021**  
**PAGE 8 OF 15**

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
<b>FPPCA<sub>afppc</sub></b>	<b>16,920,908.85</b>	<b>4,581,107,126.71</b>	<b>5,135,314,284.32</b>

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 <sup>7/</sup>	Purchased Power Cost Component <sup>7/</sup>
	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

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
<b><math>FPPCA_{billed}</math></b>	<b>29,665,751.27</b>	<b>4,597,018,157.94</b>	<b>6,501,473,419.78</b>

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

<sup>7</sup> 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.



**ERC CASE NO. 2021-059 RC**  
**NOTICE OF VIRTUAL HEARING/02 AUGUST 2021**  
**PAGE 9 OF 15**

---

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  $FPPCA_{\text{peso}}$  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		
$FPPCA_{\text{afppc}}$	16,920,908.85	4,581,107,126.71	5,135,314,284.32
Less: $FPPCA_{\text{billed}}$	29,665,751.27	4,597,018,157.94	6,501,473,419.78
Less: $FPPCA_{\text{peso}}$	0.00	0.00	0.00
<b>TAFPPCA</b>	<b>(12,744,842.42)</b>	<b>(15,911,031.23)</b>	<b>(1,366,159,135.46)</b>

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:

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

where:

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

A. First Component of TAFxA:  $FxA_{\text{afxc}}$

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

**ERC CASE NO. 2021-059 RC**  
**NOTICE OF VIRTUAL HEARING/02 AUGUST 2021**  
**PAGE 10 OF 15**

---

PARTICULARS	LUZON	VISAYAS	MINDANAO
	In PHP		
FxA <sub>afxc</sub>	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<sub>peso</sub>
27. FxA<sub>peso</sub> 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<sub>peso</sub> 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 <sub>afxc</sub>	5,679,182.80	91,583,782.29	152,221,274.28
Less: FxA <sub>peso</sub>	0.00	0.00	0.00
<b>TAFxA</b>	<b>5,679,182.80</b>	<b>91,583,782.29</b>	<b>152,221,274.28</b>

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
<b>TOTAL</b>	<b>7,065,659.62</b>	<b>75,672,751.06</b>	<b>(1,213,937,861.18)</b>

Table 11: Total ACRM True-up Adjustment

*(This space is intentionally left blank.)*

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
<b>TOTAL</b>	<b>(0.9432)</b>	<b>0.0539</b>	<b>(0.3624)</b>

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 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 11<sup>th</sup> TAFPPC and TAFxA allocated per customer based on Annex “H-1” as the Schedule of Energy Sales per Customer for the year 2020.

**ERC CASE NO. 2021-059 RC**  
**NOTICE OF VIRTUAL HEARING/02 AUGUST 2021**  
**PAGE 12 OF 15**

---

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 2021<sup>8</sup>, 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".

**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
<b>TOTAL</b>	<b>(7,065,659.62)</b>	<b>75,672,751.06</b>	<b>(1,213,937,861.18)</b>

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
<b>TOTAL</b>	<b>(0.9432)</b>	<b>0.0539<sup>9</sup></b>	<b>(0.3624)</b>

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

<sup>8</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

<sup>9</sup> 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.

**ERC CASE NO. 2021-059 RC**  
**NOTICE OF VIRTUAL HEARING/02 AUGUST 2021**  
**PAGE 13 OF 15**

---

The Commission hereby sets the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence on the following dates and online platform for the conduct thereof pursuant to Resolution No. 09, Series of 2020<sup>10</sup> dated 24 September 2020 and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure)<sup>11</sup>:

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>14 September 2021</b> (Tuesday) at nine o'clock in the morning (9:00 A.M.)	<b>Microsoft Teams</b>	Determination of compliance with jurisdictional requirements, and Expository Presentation for Luzon, Visayas and Mindanao Stakeholders
<b>21 September 2021</b> (Tuesday) at nine o'clock in the morning (9:00 A.M.)	<b>Microsoft Teams</b>	Pre-Trial Conference and Presentation of Evidence
<b>28 September 2021</b> (Tuesday) at nine o'clock in the morning (9:00 A.M.)	<b>Microsoft Teams</b>	Presentation of Evidence

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via electronic mail (e-mail) at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph). The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, any person who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and

---

<sup>10</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission”

<sup>11</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address, and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may likewise file through e-mail at [docket@erc.ph](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at [www.erc.gov.ph](http://www.erc.gov.ph).

Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru [legal.virtualhearings@erc.ph](mailto:legal.virtualhearings@erc.ph), with their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

*(This space is intentionally left blank.)*

**WITNESS**, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 2<sup>nd</sup> day of August 2021 in Pasig City.

  
**AGNES VST DEVANADERA**  
*Chairperson and CEO*

  
LS: MVM/ LSP/MCCG

