Republic of the Philippines
ENERGY REGULATORY COMMISSION
Exquadra Tower 1 Jade Drive, Ortigas Center,
Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE POWER SUPPLY AGREEMENT (PSA) BETWEEN ILOILO III ELECTRIC COOPERATIVE, INC. AND PALM CONCEPCION POWER CORPORATION WITH PRAYERS FOR THE ISSUANCE OF PROVISIONAL AUTHORITY OR INTERIM RELIEF AND CONFIDENTIAL TREATMENT OF INFORMATION

ERC CASE NO. 2026-206 **RC**

November 20, 2026

ILOILO III ELECTRIC COOPERATIVE, INC. (ILECO III) AND PALM CONCEPCION POWER CORPORATION (PCPC),

Applicants.

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JOINT APPLICATION

(With Prayers for the Issuance of Provisional Authority or Interim Relief and Confidential Treatment of Information)

Joint Applicants, **ILOILO III ELECTRIC COOPERATIVE, INC. (ILECO III),** and **PALM CONCEPCION POWER CORPORATION (PCPC)**, through respective counsels, and unto this Honorable Commission, respectfully state that:

I
THE APPLICANTS

1. ILECO III is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, particularly Presidential Decree (PD) No. 269 as amended by PD 1645, Republic Act (RA) No. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA), and RA 10531, otherwise known as the National Electrification Administration Reform Act of 2013 (NEARA), with principal office at Brgy. Preciosa, Sara, Iloilo.

1.1 ILECO III is a distribution utility (DU) duly authorized to engage in distribution of light and power within its franchise area covering the municipalities of Ajuy, Anilao, Balasan, Banate, Barotac Viejo, Batad, Carles, Concepcion, Estancia, Lemery, San Dionisio, San Rafael and Sara, all in the Province of Iloilo.

1.2 ILECO III is duly represented herein by its Board President, Lanie J. Velasco, and/or General Manager, Atty. James G. Balsomo II.[1]

2. PCPC is a domestic corporation duly organized and existing under the laws of the Republic of the Philippines with principal office address at Sitio Puntales, Brgy. Nipa, Municipality of Concepcion, Province of Iloilo.

2.1 PCPC is the owner and operator of the 134.980 MW Circulating Fluidized Bed Coal-Fired Thermal Power Plant (Power Plant), located at Sitio Puntales, Brgy. Nipa, Municipality of Concepcion, Province of Iloilo.

2.2 PCPC is duly represented herein by its Authorized Representative, Margarita Angela B. Robles.[2]

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1 A copy of the Board Resolution No.189, Series of 2026 is attached herein as Annex "E".

2 A copy of the Secretary Certificate dated 16 September 2026 is attached herein as Annex "E-1".

(PCPC and ILECO III are jointly referred hereinafter as "Joint Applicants".)

3. The Joint Application is filed pursuant to ERC *Resolution No. 7, Series of 2026* (**Amended CSP Guidelines**)[3] requiring DUs and generation companies (GENCOs) to jointly file an application for the approval of their PSA.

4. Joint Applicants may be served with orders, notices, and other processes of the Honorable Commission through undersigned counsels at the addresses given below.

II
NATURE AND TIMELINESS OF THE APPLICATION

5. This Joint Application seeks the Honorable Commission's approval of the PSA dated 09 September 2026 between Joint Applicants pursuant to Sections 25[4] and 45(b)[5] of Republic Act No. 9136, otherwise known as the *Electric Power Industry Reform Act* of 2001 (**EPIRA**), Rules 5, Section 4(e)[6] and 11, Section 54 of its *Implementing Rules and Regulations* (**IRR**), Rule 20(B) of its *Revised Rules of Practice and Procedure,*[7] Article VII of the *Amended CSP Guidelines,*[8] and other pertinent rules and regulations.

6. Section 5.4. of the Department of Energy (DOE) Department Circular No. DC2023-06-0021, as amended by DOE Department Circular No. DC2025-10-0022 (**DOE CSP Policy**) provides

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3 *ERC Resolution No. 07, Series of 2026,* promulgated on 01 April 2026, entitled *"Amended Implementing Guidelines for the Procurement, Execution, and Evaluation of Power Supply Agreements Entered into by Distribution Utilities for the Supply of Electricity to their Captive Market."*

4 Section 25. Retail Rate. - The retail rates charged by distribution utilities for the supply of electricity in their captive market shall be subject to regulation by the ERC based on the principle of full recovery of prudent and reasonable economic costs incurred, or such other principles that will promote efficiency as may be determined by the ERC.

5 Distribution utilities may enter into bilateral power supply contracts subject to review by the ERC: xxx xxx.

6 Limits on Bilateral Supply Contracts by a Distribution Utility.

7 Resolution No. 01, Series of 2021.

8 Amended Implementing Guidelines for the Procurement, Execution, and Evaluation of Power Supply Agreements Entered into by Distribution Utilities for the Supply of Electricity to their Captive Market.

that *"in case an EC is unable to complete the CSP one (1) year before said scheduled date as indicated in its PSPP, the NEA shall undertake or continue the CSP on behalf of the EC."*

7. Section 5.2 of the DOE CSP Policy further provides that *"ECs with limited capability to undertake CSP may request the NEA to provide the necessary assistance and resources to conduct the same x x x".*

8. Article XIII, Sections 13.1 and 13.2 of the National Electrification Administration (NEA) Memorandum No. 2023-057 (**NEA 2023 CSP Guidelines**) reiterate the DOE CSP Policy and further provide that *"in case an EC (or aggregated ECs) requests the NEA assistance xxx or is unable to complete its CSP one (1) year before the scheduled date as indicated in the PSPP, the NEA shall undertake the CSP on behalf of the EC. For this purpose, the NEA can mobilize its own manpower complement and structure, the manpower of the EC itself, as well as those of other ECs to undertake the CSP process, as necessary".*

III
STATEMENT OF FACTS

The Conduct of Joint Competitive Selection Process (CSP)

9. Based on the latest Power Supply Procurement Plans (PSPP), several ECs[9] connected to the Luzon and Visayas Grid faced

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[9] Luzon Visayas Electric Cooperatives Aggregation (LVECA) is composed of: **For Luzon Member ECs:** 1) Abra Electric Cooperative; 2) Aurora Electric Cooperative, Inc.; 3) Batangas II Electric Cooperative, Inc.; 4) Cagayan I Electric Cooperative, Inc.; 5) Camarines Sur II Electric Cooperative, Inc.; 6) Camarines Sur III Electric Cooperative, Inc.; 7) First Laguna Electric Cooperative, Inc.; 8) La Union Electric Cooperative, Inc.; 9) Nueva Ecija I Electric Cooperative, Inc.; 10) Nueva Vizcaya Electric Cooperative; 11) Pangasinan I Electric Cooperative; 12) Pampanga III Electric Cooperative, Inc.; 13) Quezon I Electric Cooperative, Inc.; 14) Quezon II Electric Cooperative, Inc. 15) Quirino Electric Cooperative; 16) San Jose City Electric Cooperative; 17) Tarlac I Electric Cooperative, Inc.; 18) Zambales I Electric Cooperative, Inc.; and 19) Zambales II Electric Cooperative, Inc.

For Visayas Member ECs: 1) Capiz Electric Cooperative, Inc.; 2) Cebu I Electric Cooperative, Inc.; 3) Cebu II Electric Cooperative, Inc.; 4) Guimaras Electric Cooperative; 5) Iloilo I Electric Cooperative, Inc.; 6) Iloilo II Electric Cooperative, Inc.; 7) Iloilo III Electric Cooperative, Inc.; 8) Negros Occidental Electric Cooperative; 9) Negros Oriental I Electric Cooperative, Inc.; 10) Negros Oriental II Electric Cooperative.
"Collectively referred to as Member ECs."

baseload power supply deficits that needed to be addressed through the timely conduct of CSPs to ensure sufficient and reliable power supply for their respective captive markets.

10. However, the CSPs intended to address the baseload supply deficits of the ECs, including ILECO III, were not completed within one (1) year prior to the expiration of their existing PSAs or prior to the increase in demand of the Luzon and Visayas ECs, as provided in their respective PSPPs.

11. Pursuant to the foregoing, ILECO III and other ECs were included in the Luzon and Visayas Electric Cooperatives Aggregation (LVECA) for NEA's conduct of Joint Competitive Selection Process (Joint CSP) for their aggregated baseload supply requirements.

12. On 03 February 2026, NEA issued Office Order No. 2026-043, Series of 2026, where NEA - Special Bids and Awards Committee (NEA-SBAC), Secretariat, and Technical Working Group (NEA-SBAC-TWG) for the Joint CSP for the Luzon and Visayas ECs were constituted.

13. The Joint CSP was structured into two (2) Lots: Lot 1, covering the Luzon Member ECs, and Lot 2, covering the Visayas Member ECs. For each Lot, the Bidder shall submit an offer and commit to supply a fixed percentage of the Aggregated Contract Capacity for such Lot (Offered Contract Capacity), which shall not be less than twenty percent (20%) nor more than fifty percent (50%) of the Aggregated Contract Capacity for any given year. The percentage proposed by the Bidder for a Lot shall remain fixed for the entire PSA Term and shall apply uniformly to all Member ECs within that Lot.

14. On 13 and 14 April 2026, NEA-SBAC-TWG presented the draft Terms of Reference (TOR), Invitation to Bid (ITB), and bidding documents to NEA-SBAC.

15. On 15 April 2026, or at least five (5) calendar days before the first publication of the ITB, NEA-SBAC informed DOE and the Honorable Commission of the conduct of the Joint CSP.

16. On even date, NEA issued the Certificate of Conformity No. NEA-RAO-COC-2026-02 that certified the respective contract

quantities and cooperation periods covered by the Joint CSP were consistent with the latest posted PSPPs of each Member EC.

17. On 21 April 2026 and 28 April 2026, the ITB and TOR were published in The Manila Times Newspaper. The NEA-SBAC and Member ECs likewise caused their posting on the DOE CSP e-based portal, NEA website, and Member ECs' respective official websites and social media accounts.

18. On 06 May 2026, copies of the Invitation for CSP Observers were sent to DOE, Philippine Chamber of Commerce and Industry, Institute of Integrated Electrical Engineers of the Philippines and Nationwide Association of Consumers, Inc. A general invitation for CSP Observers was likewise posted on the NEA website.

19. On 14 May 2026, the Pre-Bid Conference took place with the participation of representatives from the NEA-SBAC-TWG, Secretariat, CSP Observers, and all interested bidders.

20. Following the Pre-Bid Conference, NEA released Bid Bulletin Nos. 01 to 04 that included the revised schedule of bidding activities, responses to concerns from prospective bidders, and clarifications on the final bidding procedures and related transaction documents.

21. The Final Transaction Documents was issued on 17 June 2026, which were subsequently amended on 25 June 2026, setting 10 July 2026 as the deadline for submission of bids and the date for the opening and evaluation thereof.

22. On 10 July 2026, the submission, opening, and evaluation of bids were conducted.[10]

23. For Lot 1, three (3) out of six (6) prospective bidders timely submitted their respective bids, namely, Mariveles Power Generation Corporation (MPGC), Therma Luzon, Inc. (TLI), and Sual Power, Inc. (SPI).

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10 The NEA-SBAC set a Reserve Bid Price of PhP6.3000/kWh for both Lots in the Transaction, which was disclosed to the bidders during the opening of bids.

24. For Lot 2, six (6) out of ten (10) prospective bidders timely submitted their respective bids, namely, Malita Power, Inc. (MPI), Therma Visayas, Inc. (TVI), Energy Development Corporation (EDC), Cebu Energy Development Corporation (CEDC), Panay Energy Development Corporation (PEDC), and PCPC.

25. Thereafter, the following GENCOs withdrew from the Joint CSP: GNPower Dinginin Energy Ltd. Co. (GNPD), GNPower Mariveles Energy Center Ltd. Co (GMEC), and PEDC for Lot 1; and FDC Misamis Power Corporation (FDCMPC), GN Power Kauswagan Ltd. Co. (GNPK), Therma South, Inc. (TSI), and Toledo Power Co. (TPC) for Lot 2.

Evaluation of Bids for Lot 2

26. Upon careful evaluation, NEA-SBAC determined that MPI, PCPC, TVI, and EDC for Lot 2 successfully passed the preliminary evaluation for their respective Eligibility Requirements, Technical Proposal, and Bid Security submissions.

27. NEA-SBAC issued separate Notices of Disqualification, dated 14 July 2026 to CEDC and PEDC, disqualifying them from further participation in Lot 2 due to non-compliance with the Technical Proposal Requirements.[11]

28. After completing the preliminary evaluation, the Financial Proposals of MPI, PCPC, TVI, and EDC were subsequently opened and compared. These are summarized as follows:

RANK NO.	BIDDER	LCOE (PhP/kWh)	BID SECURITY AMOUNT (PhP)	OCC (in %)	REMARKS
1	MPI	5.6845	530,000,000.00 Compliant	20	Lowest Calculated Bid 1
2	PCPC	5.798	500,000,000.00	20	Lowest Calculated Bid 2

[11] Technical Proposal Requirements: Envelope 1, Folder 1-4 did not include the 2021-2024 GCMRs necessary to independently verify the planned and unplanned outages, the Plant Availability Factor (PAF) computation, and compliance with the applicable PAF requirement.

			Compliant		
3	TVI	5.8899	727,000,000.00	40	Lowest Calculated Bid 3
			Compliant		
4	EDC	5.9388	550,967,142.96	20	Lowest Calculated Bid 4
			Compliant		

29. Following the completion of the Post-Qualification Activities, the TWG submitted its Post-Qualification Report on 11 August 2026, that confirmed the legal, technical, and financial documents of MPI, PCPC, TVI, and EDC for Lot 2, are genuine, valid, and accurate.

30. Accordingly, the TWG recommended that NEA-SBAC declare MPI, PCPC, TVI, and EDC for Lot 2 as Lowest Calculated and Responsive Bidders and that Notices of Award be issued in their favor.

31. On 12 August 2026, Bid Bulletin No. 05 was issued, announcing the revised schedule for the issuance of the Notice of Award to the Winning Bidders and signing of the PSAs.

32. On 17 August 2026, NEA-SBAC issued Resolution No. 13, Series of 2026, declaring, among others, that MPI, PCPC, TVI, and EDC for Lot 2 as Lowest Calculated and Responsive Bidders.

33. In accordance with NEA Memorandum No. 2023-057, NEA-SBAC endorsed the aforementioned resolution to the NEA Office of the Administrator (Office of the Administrator) for the issuance of Notices of Award in favor of said bidders.

34. On 18 August 2026, the Notices of Award were issued and subsequently accepted by the Winning Bidders.[12]

35. From 24 August 2026 to 04 September 2026, duly authorized representatives of Member ECs negotiated and finalized their respective PSAs with the Winning Bidders.

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12 The Notices of Award were accepted by SPI on 25 August 2026, TLI on 20 August 2026, MPI on 24 August 2026, PCPC on 25 August 2026, TVI on 20 August 2026, and EDC on 25 August 2026.

36. On 04 September 2026, the negotiated and finalized PSAs were submitted to NEA-SBAC for evaluation and approval.

37. Through Resolution No. 14, Series of 2026, NEA-SBAC approved the negotiated PSAs and endorsed the same to the Office of the Administrator for the issuance of the corresponding Notices to Execute the Agreement.

38. On 08 September 2026, the Office of the Administrator issued Notices to Execute the Agreement, directing Visayas Member ECs to proceed with the execution and signing of their respective PSAs with MPI, PCPC, TVI, and EDC.

39. **On 09 September 2026, Joint Applicants executed the subject PSA.**

40. Through NEA's aggregated procurement, the participating ECs, including ILECO III, were able to pursue the procurement of the required baseload power supply, consistent with the projected supply requirements and timelines set forth in their respective PSPPs.

41. The procurement outcome assures compliance with EPIRA's principles of least-cost and transparency principles. Implementing the PSA will ensure a stable and least-cost power supply to ILECO III's franchise area, benefitting consumers through long-term price stability, reduced Wholesale Electricity Spot Market (WESM) exposure, improved supply reliability and reduced overall generation cost.

ABSTRACT OF THE PSA

42. Pursuant to the PSA, PCPC shall supply power to ILECO III for the Agreement Term with a **Contract Capacity of 0.6 MW Baseload (Firm).**

43. The power supply will be sourced from PCPC's 134.980 MW Circulating Fluidized Bed Coal-Fired Thermal Power Plant

situated at Sitio Puntales, Brgy. Nipa, Municipality of Concepcion, Province of Iloilo.

44. The following are the Salient Features of the PSA:

44.1 Sale and Purchase of Energy/Capacity: Subject to and in accordance with the terms of this Agreement, Seller shall make available and sell to Buyer, and Buyer shall purchase from the Seller for the consideration described in SECTION 11, the Contract Capacity and Associated Energy from and after the Delivery Date until the expiry of the Term, unless sooner terminated in accordance with this Agreement and upon approval by the ERC.

44.2 Contract Term: This Agreement shall take effect immediately from the Effective Date, and from such date shall remain in force and effect for fifteen (15) years from Delivery Date unless sooner terminated in accordance with this Agreement and upon approval by the ERC.

44.3 Delivery Date: The Seller shall commence delivery of the Contract Capacity provided in SCHEDULE 2 to Buyer on Delivery Date. The Delivery Date shall be the later of either: a.) 26 December 2026; or b) The next immediate 26th day of the month following the ERC's issuance of a Provisional Authority or Interim Relief to implement the Agreement, as applicable, or Final Authority to implement the Agreement, if neither Provisional Authority nor Interim Relief was issued.

44.4 Supply of Energy: Subject to the approval of the ERC, beginning on the Delivery Date and until the termination or expiration of this Agreement, Seller shall supply and deliver the Contract Capacity as provided in SCHEDULE 2 to Buyer at the Delivery Point, and Buyer shall purchase the Contract Capacity and Associated Energy and pay Seller as provided in SCHEDULE 7. The Delivery Point shall be the point/s specified in SCHEDULE 3.

44.5 Seller's Outage Allowance. Seller is allowed a Scheduled Outage Allowance and Unscheduled Outage Allowance (taken together, the "Outage Allowance") not to exceed the number of days for each Year as set forth in SCHEDULE 6, during which times, reduced or no deliveries shall be available to Buyer, subject to ERC rules and regulations on reliability performance indices applicable for the Facility.

Scheduled Outages	0 days
Unscheduled Outages	0 days

44.6 Line Rental Cap: The Line Rental Cap is PhP0.2784/kWh and shall apply on a per Billing Period basis throughout the entire Term. For each Billing Period, the Buyer shall pay only the lower of: (a) the Actual Line Rental Charges incurred for the energy delivered during such Billing Period; or (b) Capped Line Rental Charges.

44.7 Prompt Payment Discount: Seller shall extend a three percent (3%) discount based on the total Capital Recovery Fee, Fixed Operations and Maintenance Fee, and Variable Operations and Maintenance Fee for the Billing Period to Buyer as a Prompt Payment Discount if: a. Payment by Buyer is made in full or partial within fifteen (15) Days (upon receipt of the Seller Invoice for a Billing Period (the "Prompt Payment Period"); and b. Buyer is up to date with all its payment obligations under this Agreement.

44.8 Replacement Power during Outages: The procurement of any Replacement Power shall be the responsibility of Seller, provided that the rates to be paid by Buyer for the procurement of Replacement Power shall be the lower between: i. the actual rate of the Replacement Power; or ii. the generation rate based on the approved tariff for this Agreement.

If Seller provides Replacement Power, Seller shall attach to the Seller Invoice the computation showing both the actual rate

of the Replacement Power and the generation rate based on the approved tariff for this Agreement.

If the Seller is able to supply only a portion of the Contract Capacity, contrary to its committed capacities under this Agreement, and the Seller's Outage Allowance has already been exhausted, the Seller shall procure and provide Replacement Power for the deficient capacity at the generation rate equivalent to the Provisional or Final Approved Generation Rate, or the actual rate of the Replacement Power, whichever is lower.

44.9 Contract Capacity:

TABLE I
(in MW)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2027	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2028	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2029	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2030	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2031	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2032	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2033	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2034	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2035	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2036	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2037	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2038	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2039	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2040	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2041	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6

44.10 Monthly Payment, Indexation, and Adjustment:

Total Generation Charge

Total Generation Charge= CRF_{CUF_t} + $FOMF_{CUF_t}$ +$VOMF_t$ + FC_t + VAT

A. Capital Recovery Fee ("CRF")

The CRF_{CUF_t} shall be calculated as the product of the Capital Recovery Rate ("CRR_{CUF_t}"), in PhP/kWh, and the Actual Energy Delivered during the Billing Period or the equivalent Associated Energy based on the 65% Monthly Minimum CUF, whichever is higher. The formula to calculate the CRF_{CUF_t} shall be:

$$CRF_{CUFt} = CRR_{CUFt} \times max(AE_t, AED_t)$$

$$CRR_{CUFt} = \frac{CRR_{100\%CUF}}{CUF_t}$$

Where:

CRF_{CUFt}	Corresponding CRF_{CUF} to calculate the Total Generation Charge, expressed in PhP, for the Billing Period
CRR_{CUFt}	Rate Component to calculate CRF_{CUFt}, expressed in PhP/kWh, for the Billing Period
AE_t	Associated Energy based on the 65% Monthly Minimum CUF in kWh for the Bil1ing Period
AED_t	Actual Energy Delivered from the Facility during the Billing Period in kWh
$CRR_{100\%CUF}$	Corresponding CRR at 100% CUF, which is **PhP2.1000 /kWh** For reference, the CRR_{CUF} from 65% to 100% is presented below.
CUF_t	Actual CUF for the Billing Period. The CUF shall be calculated in accordance with the formula below.
t	Billing Period

CUF	CRR Php/kWh
100%	2.1000
99%	2.1212
98%	2.1429
97%	2.1649
96%	2.1875
95%	2.2105
94%	2.2340
93%	2.2581
92%	2.2826
91%	2.3077
90%	2.3333
89%	2.3596
88%	2.3864
87%	2.4138
86%	2.4419
85%	2.4706
84%	2.5000
83%	2.5301

82%	2.5610
81%	2.5926
80%	2.6250
79%	2.6582
78%	2.6923
77%	2.7273
76%	2.7632
75%	2.8000
74%	2.8378
73%	2.8767
72%	2.9167
71%	2.9577
70%	3.0000
69%	3.0435
68%	3.0882
67%	3.1343
66%	3.1818
65%	3.2308

- The CUF_t shall be calculated in accordance with the formula below:

$$CUF_t = \frac{Q_t}{CC_t \times (H_T - H_O - H_{FM})}$$

Where:

CUF_t	As previously defined
Q_t	Energy delivered during the Billing Period or the equivalent associated energy based on the Monthly Minimum CUF, whichever is higher
CC_t	Contract Capacity for the Billing Period, in kW, as indicated in Schedule 2
H_t	Total number of hours in the Billing Period
H_O	Zero (0) for each Billing Period, as the Seller has no Outage Allowance
H_{FM}	The Equivalent Hours of Force Majeure in the Billing Period
t	As previously defined

- Formula to calculate the Q_t:

$$Q_t = max(AE_t, TED_t)$$

$$AE_t = 65\% \times CC \times (H_T - H_O - H_{FM})$$

Where:

Q_t	As previously defined
AE_t	As previously defined
TED_t	Total Energy Delivered, which is Actual Energy Delivered from the Facility and the Replacement Power energy, during the Billing Period, in kWh
CC	As previously defined
H_t	As previously defined
H_O	As previously defined
H_{FM}	As previously defined
t	As previously defined

- The formula to calculate the H_{FM} shall be:

$$H_{FM} = \sum_{i=1}^{y} \left(1 - \frac{Seller\ Actual\ BCQ\ Declared, due\ to\ force\ majeure}{Buyer\ Day\ Ahead\ Nomination}\right)$$

Where:

Y	Total number of Hours in a Billing Period
Seller Actual BCQ Declared, due to force majeure	The actual reconciled quantity of BCQ declared by the Seller to the Buyer for the relevant hour i, expressed in kW, which was affected by or reduced due to an event of force majeure for either the Buyer or the Seller, in accordance with the BCQ Nomination Protocol under the PSA
Buyer Day Ahead Nomination	The quantity of BCQ nominated by the Buyer for delivery for the relevant hour i in the Day-Ahead Nomination, expressed in kW, submitted in accordance with the BCQ Nomination Protocol under the PSA

B. Fixed Operation and Maintenance Fee ("FOMF")

The $FOMF_{CUFt}$ shall be calculated as the product of the Fixed Operation and Maintenance Rate ("$FOMR_{CUFt}$"), in PhP/kWh, and the actual energy delivered during the Billing Period or the equivalent associated energy based on the Monthly Minimum CUF, whichever is higher. The formula to calculate the $FOMF_{CUFt}$ shall be:

$$FOMF_{CUFt} = FOMR_{CUFt} \times max(AE_t, AED_t)$$

$$FOMR_{CUFt} = \frac{FOMR_{100\%CUF}}{CUF_t}$$

Where:

$FOMF_{CUFt}$	Corresponding $FOMF_{CUF}$ to calculate the Total Generation Charge, expressed in PhP, for the Billing Period
$FOMR_{CUFt}$	Rate Component to calculate $FOMF_{CUFt}$, expressed in PhP/kWh, for the Billing Period.
AE_t	As previously defined
AED_t	As previously defined
$FOMR_{100\%CUF}$	Corresponding FOMR at 100% CUF, which is **PhP0.2300 /kWh.** For reference, the $FOMR_{CUF}$ from 65% to 100% is presented below.

CUF	FOMR LOCAL Php/kWh
100%	0.2300
99%	0.2323
98%	0.2347
97%	0.2371
96%	0.2396
95%	0.2421
94%	0.2447
93%	0.2473
92%	0.2500
91%	0.2527
90%	0.2556
89%	0.2584
88%	0.2614
87%	0.2644
86%	0.2674
85%	0.2706
84%	0.2738
83%	0.2771
82%	0.2805
81%	0.2840

80%	0.2875
79%	0.2911
78%	0.2949
77%	0.2987
76%	0.3026
75%	0.3067
74%	0.3108
73%	0.3151
72%	0.3194
71%	0.3239
70%	0.3286
69%	0.3333
68%	0.3382
67%	0.3433
66%	0.3485
65%	0.3538

C. Variable Operations and Maintenance Fee ("VOMF")

The $VOMF_t$ shall be calculated as the product of the Variable Operation and Maintenance Rate ("VOMR"), in PhP/kWh, and the actual energy delivered for the Billing Period. The formula to calculate the VOMF shall be:

$$VOMF_t = VOMR_t \times AED_t$$

$VOMF_t$	Corresponding VOMF to calculate the Total Generation Charge, expressed in PhP, for the Billing Period
$VOMR_t$	Rate Component to calculate $VOMF_t$ which is **PhP 0.1000 /kWh**
AED_t	As previously defined

D. Fuel Cost ("FC")

The FC_t for the Billing Period shall be calculated as follows:

$$FC_t = \left(\frac{FP_t \times FCR_t}{1000}\right) \times AED_t$$

$$FP_t = (FCC_t \times FX_m) + NFCC_t + Applicable\ Taxes$$

Where:

FC_t	Corresponding FC to calculate the Total Generation Charge, expressed in PhP, for the Billing Period
FP_t	Applicable Fuel Price for the Billing Period, expressed in PhP/MT
FCC_t	Fuel Commodity Cost in USD/MT calculated using the formula below: $$76.5120 \times \left[\left(96.74\% \times \frac{NFI\ 1_{3m\ avg}}{NFI\ 1_O}\right) + 3.26\%\right]$$
$NFI\ 1_{3m\ avg}$	The average value for the three (3) months preceding the Billing Period for which the Invoice is being prepared of the Indonesian Coal Index 3 (5,000 GAR/ 4,600 NAR) as published by the Argus/Coalindo for Indonesian Coal Index Report, in USD/MT
$NFI\ 1_O$	Value of Indonesian Coal Index 3 (5,000 GAR/ 4,600 NAR) for the month of May 2026, which is 82.23, in USD/MT
AED_t	As previously defined
$NFCC_t$	Weighted average of the actual Freight Cost, Marine Cargo Insurance, Stevedoring & Arrastre, Wharfage, and Brokerage Fees, in PhP/MT. When applicable, Seller must disclose actual cost of NFCC in USD/MT and disclose the actual foreign exchange rate used to convert USD denominated costs into PHP. Demurrage costs arising from this Agreement shall be a pass-through cost subject to the following: (a) Any demurrage arising from the Seller's procurement of coal in excess of its requirements, including demurrage resulting from the use of a port or vessel as temporary storage for such excess coal, shall be solely for the account of the Seller and shall not be passed on to the Buyer; provided, however, that this limitation shall not apply where such excess procurement or the resulting demurrage is attributable (i) to a directive of a relevant government agency, regulatory authority, or market operator, such as the Department of Energy, the Energy Regulatory Commission, the System Operator, or the Independent Electricity Market Operator of the Philippines; or (ii) to comply with applicable laws, regulations, or mandatory fuel inventory requirements, in which case the resulting demurrage cost or 190 PhP/MT,

	whichever is lower, shall be passed on to the Buyer, net of despatch or other similar credits. (b) Demurrage arising from the negligence or fault of the Seller shall be solely for the account of the Seller and shall not be passed on to the Buyer. (c) Demurrage costs arising from causes other than the Seller's excess procurement of coal, negligence, or fault, as stated above, shall be passed on to the Buyer and shall be the lower of 190 PhP/MT or the actual demurrage cost, net of despatch or other similar credits. (d) Any penalty, fine, surcharge, or similar charge imposed by the DOE or BOC arising from the failure to timely secure, submit, or comply with the requirements relating to the Certificate of Compliance for coal importation issued by the DOE shall be solely for the account of the Seller. Seller can only recover the NFCC items listed above and shall submit to the Buyer proof of actual costs in the form of official invoices and supporting documents.
FX_m	The monthly average of the PhP/USD exchange rate for the month (i.e., first until last day of the month) for which the invoice is being prepared, as published in the Bangko Sentral ng Pilipinas website
Applicable taxes	Applicable taxes relating to FC for the Billing Period, in PhP/MT

In the event that the index (a) becomes unavailable, (b) is replaced by a new benchmark rate as determined by the relevant authorized entity, its successor-in-interest, or (c) ceases to exist, the Parties shall agree to adopt a new price index.

The FP_t to be billed by Seller shall be the lower between:

1. The sum of the (i) resulting value using the Fuel Commodity Cost Formula and (ii) the Non-Fuel Commodity Cost; or

2. The actual Fuel Commodity Cost and Non-Fuel Commodity Cost as billed by the suppliers supported by actual invoices and other documents for the relevant Billing Period.

For this purpose, the Seller's Invoice shall include, subject to confidentiality clause, the relevant fuel supplier's invoice, certified by Seller, which will detail the actual fuel cost incurred to produce the delivered energy to Buyer. If any index or indices are used, the Seller must provide the Buyer with either: (a) screenshot or snapshot of the actual published price from the index provider OR (b) a certification from the publisher of the nominated index/indices certifying the actual published price. The Seller must also attach the monthly fuel inventory report submitted to the DOE.

The Buyer reserves the right to refuse payment of the Fuel Cost if Seller fails to provide either the fuel supplier's invoice, FSAs, or the monthly inventory report referred to above.

FCR_t	Applicable Fuel Consumption Rate ("FCR") for the Billing Period, expressed in kg/kWh, shall be the lower between: (i) the guaranteed FCR_{CUF_t}; or (ii) the actual plant FCR

If Buyer fails to utilize the Contract Capacity at the Monthly Minimum CUF, Seller may apply the higher of its actual plant FCR or the guaranteed consumption rate corresponding to the Minimum CUF for that Billing Period.

If the resulting CUF_t is a whole percentage number, the guaranteed FCR_{CUF_t} shall be the corresponding FCR set forth in the table below for CUF levels from 65% to 100%.

If the resulting CUF_t is not a whole percentage number, the guaranteed FCR_{CUF_t} shall be determined using the following formula:

$$FCR_{CUFt} = FCR_{CUF1} + \frac{(FCR_{CUF2} - FCR_{CUF1}) \times (CUF_t - CUF1)}{(CUF2 - CUF1)}$$

FCR_{CUFt}	guaranteed FCR corresponding to the Actual CUF for the Billing Period
CUF_t	as previously defined
FCR_{CUF2}	corresponding FCR for CUF2 set forth in the table below
FCR_{CUF1}	corresponding FCR for CUF1 set forth in the table below

CUF2	CUF increment of the nearest upper value, in %
CUF1	CUF increment of the nearest lower value, in %

Illustration: CUF_t 91.56%

CUF2	92%
CUF1	91%
FCR_{CUF2}	0.6551
FCR_{CUF1}	0.6558

The FCR at CUF levels from 65% to 100% are as follows:

CUF	FCR, kg/kWh
100%	0.6495
99%	0.6501
98%	0.6508
97%	0.6514
96%	0.6522
95%	0.6528
94%	0.6535
93%	0.6543
92%	0.6551
91%	0.6558
90%	0.6567
89%	0.6576
88%	0.6585
87%	0.6594
86%	0.6604
85%	0.6614
84%	0.6625
83%	0.6635
82%	0.6647
81%	0.6658
80%	0.6671
79%	0.6684
78%	0.6697
77%	0.6711
76%	0.6725
75%	0.6741
74%	0.6756
73%	0.6772

72%	0.6789
71%	0.6807
70%	0.6826
69%	0.6846
68%	0.6866
67%	0.6887
66%	0.6909
65%	0.6933

Note: For avoidance of doubt, the Buyer shall bear all other applicable costs, charges and taxes pursuant to Section 13.2 of this Agreement.

E. Value-added Tax ("VAT'), if any. VAT shall only be chargeable to the Buyer if prevailing laws expressly allow its passing on by the Seller.

Except for VAT, which shall be a pass-through component of the price, all other taxes and government dues, the WESM market fees, and ER 1-94 (Benefits to Host Community) shall be to the account of the Seller.

Replacement Power Charge

If Seller provides Replacement Power, Seller shall attach to the Seller Invoice the computation showing both the actual rate of the Replacement Power and the generation rate based on the approved tariff for this Agreement.

In computing the actual rate of the Replacement Power, Seller shall declare whether the replacement energy was generated from a renewable energy source/s or from sources exempt from Value-Added Taxes and shall provide the invoice issued to it by the replacement power plant clearly showing the breakdown of the rate for the replacement energy delivered.

The generation rate based on this Agreement shall be computed in accordance with Schedule 7 as follows:

- The CRR_{CUF_t}, $FOMR_{CUF_t}$ and $VOMR_t$ shall be as previously defined above.
- Further, the Fuel Cost shall be calculated using a fuel rate based on the FP_t and FX_m as previously defined above and the Seller's Fuel Consumption Rate at the CUF level associated with the CRR_{CUF_t} and $FOMR_{CUF_t}$.
- In the event that the FP_t is unavailable due to the Facility being unable to utilize fuel and generate power for the supply under this Agreement, the fuel rate shall be based on the most recent 3-month average fuel cost, in PhP/kWh.

Thus, the Replacement Power cost shall be:

$$RP_t = [Min(RP_r, CP_r) \times RE_t] + VAT_t, if\ applicable$$

$$CP_r = [(CRR_{CUFt} + FOMR_{CUFt} + VOMR_t) + (\frac{FP_t \times FCR_{CUFt} \times FX_m}{1000})]$$

RP_t	Replacement Power cost for the Billing Period, in PhP
RP_r	Actual generation rate of the Replacement Power exclusive of VAT, in PhP/kWh
CP_r	Generation rate based on this Agreement exclusive of VAT, in PhP/kWh
RE_t	Replacement Power Energy supplied by the Seller to the Buyer for the Billing Period, in kWh
CRR_{CUFt}	As previously defined
$FOMR_{CUFt}$	As previously defined
$VOMR_t$	As previously defined
FP_t	As previously defined
FCR_{CUFt}	As previously defined
FX_m	As previously defined
VAT_t	Applicable VAT for the Replacement Power Cost for the Billing Period, if any.
t	Billing Period

NECESSITY OF POWER SUPPLY

45. ILECO III's Supply and Demand Scenario shows that the actual peak demand within its franchise area increased from 25.71 MW in 2021 to 30.98 MW in 2025. The Supply-Demand Scenario also shows that ILECO III expects the peak demand within its franchise area to continuously increase from 32.50 MW in 2026 to 87.30 MW in 2041. As of 2026, ILECO III has a supply deficit of 11 MW in its portfolio, with an expected supply deficit of 66.30 MW by 2041.

	RC Case No	Historical					Current Year	Forecast														
		Last 5 Years						Up to End of Contract Term														
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Peak Demand (MW)		25.71	27.21	29.25	29.71	30.98	32.50	34.73	37.17	39.81	42.66	45.70	48.952	52.41	56.06	59.92	63.98	68.25	72.71	77.38	82.26	87.30
Captive		20.25	20.82	22.58	22.45	23.48	23.99	19.63	21.27	23.06	25.02	27.14	29.41	31.84	34.42	37.15	40.02	43.04	46.19	49.48	52.91	56.43
**Contestable		5.46	6.39	6.68	7.26	7.50	8.51	15.10	15.91	16.75	17.63	18.56	19.539	20.56	21.64	22.77	23.96	25.21	26.52	27.90	29.35	30.87
Suppliers:																						
Panay Energy Development Power Corp. (PEDC) - Unit 1&2	2011-077 RC	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00					
Green Core Geothermal Inc. (GCGI)	2013-093 RC	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50											
Panay Energy Development Power Corp. (PEDC) - Unit 3	2015-154 RC	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
SPC Island Power Corporation (SIPC)	2016-001 RC	2.00																				
GNPower Mariveles Energy Center Ltd., Co. (GMEC)/ GNPower Dinginin Ltd. Co. (GNPD)	2019-038 RC	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00				
*Palm Concepcion Power Corporation (PCPC)	2024-065 RC	1.50	2.50																			
*GNPower Kauswagan Ltd. Co. (GNPK)	2024-066 RC				3.00	3.00																
*Sual Power Inc. (SPI)	2025-149 RC					7.00																
Sual Power Inc. (SPI)	2025-034 RC					7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00									
*Green Core Geothermal Inc. (GCGI)							2.00															
Upcoming PSA: Energy Development Corporation (EDC)								0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Upcoming PSA: Malita Power, Inc. (MPI)								0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Upcoming PSA: Palm Concepcion Power Corporation (PCPC)								0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Upcoming PSA: Therma Visayas, Inc. (TVI)								1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Upcoming PSA: Intermediate (Embedded-Solar)								5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Planned PSA: Intermediate (Solar)								5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Planned PSA: Baseload (Solar)										5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total Supply (MW)		16.00	15.00	12.50	15.50	29.50	21.50	32.50	32.50	37.50	37.50	32.00	32.00	25.00	25.00	25.00	25.00	23.00	21.00	21.00	21.00	21.00
(Deficit)/ Surplus		- 9.71	-12.21	-16.75	-14.21	- 1.48	-11.00	- 2.23	- 4.67	- 2.31	- 5.16	-13.70	-16.95	-27.41	-31.06	-34.92	-38.98	-45.25	-51.71	-56.38	-61.26	-66.30

INDICATIVE RATE IMPACT

46. The indicative rate impact on ILECO III's overall generation rate with the additional supply from PCPC shows a **decrease of about PhP0.2972/kWh**, to *wit:*

Simulation of Generation Mix Rate with PCPC	
Generation rate with PCPC	PhP9.1159/kWh
Generation rate without PCPC	PhP9.4131/kWh
Rate Impact, Increase/(Decrease)	**PhP(0.2972)/kWh**

47. In *Alyansa Para sa Bagong Pilipinas, Inc. vs. Energy Regulatory Commission, et. al.,*[13] the Supreme Court held that the purpose of the CSP is to ensure transparency and competition in the procurement of power supply by DUs so as to provide the least-cost electricity to the consuming public. This was also adopted by the Honorable Commission and is provided under Article I, Section 1(c), (d), and (i) of its Amended CSP Guidelines.

48. Considering that the PSA is the result of a valid Joint CSP conducted by NEA, Joint Applicants respectfully submit that the rates

13 G.R. No. 227670, 03 May 2019.

in the PSA be approved for it will ultimately redound to the benefit of ILECO III's member-consumer-owners (MCOs).

IV
PRE-FILING REQUIREMENTS AND OTHER RELATED DOCUMENTS

49. In support of the Joint Application, the following documents are attached herein as annexes and made as integral part hereof:

ANNEXES	DOCUMENTS
"01"	PSA
"02"	ILECO III NEA Certificate of Franchise
"02A"	ILECO III NEA Certificate of Registration
"02B"	ILECO III Articles of Incorporation
"02C"	ILECO III Constitution and By-Laws
"02D"	PCPC Secretary's Certificate
"02E"	PCPC Articles of Incorporation
"02F"	PCPC Amended By-Laws
"2G"	PCPC Latest General Information Sheet
"03"	ILECO III Historical and Forecasted Supply and Demand Scenario
"03A"	ILECO III Existing Suppliers
"03B"	ILECO III Power Supply Contract Utilization
"03C"	ILECO III Average Daily Load Curve
"03D"	ILECO III Distribution Development Plan
"03E"	ILECO III Power Supply Procurement Plan
"04"	Matrix of Comparison of TOR and PSA
"05" - Series	Bid Forms ***(Confidential)***
"05A"	PCPC Generation Rate and Derivation ***(Confidential)***
"05B"	PCPC Sample Power Bill
"05B-02"	ILECO III Rate Impact Analysis
"06"	PCPC Provisional Authority to Operate
"07"	ILECO III WESM Registration
"07A"	PCPC WESM Registration
"08"	PCPC Latest Audited Financial Statement

"09"	PCPC Secretary's Certificate
"09A"	ILECO III Verified Certification showing list of Board of Directors and Board Members and no parent company
"10"	PCPC Explanation on Inapplicability of Certain Requirements
"11"	ILECO III Estimation of Potential Reduction in Load
"13"	PCPC Environmental Compliance Certificate
"14"	PCPC Amended Certificate of Endorsement
"18"	PCPC Transmission Service Agreement
"19"	PCPC EPC Contract ***(Confidential)***
"19A"	PCPC O&M Contract ***(Confidential)***
"20"	PCPC Coal Supply Agreement ***(Confidential)***
"21"	PCPC Sworn Statement on Fuel Concerns ***(Confidential)***
"D" and "E"	ILECO III Board Resolution No. 189, Series of 2026
"D-1 "	PCPC Secretary's Certificate – Authority of Counsel
"E-1"	PCPC Secretary's Certificate – Authority to Execute the VCAFS
"F" - Series	Proof of furnishing copies of the Joint Application to the Offices of the Mayor and Sangguniang Bayan and Governor and Sangguniang Panlalawigan where the Applicants principally operates
"G" - Series	Proof of publication of the Joint Application in a newspaper of general circulation within DU's franchise area or where it principally operates
"H"	Brief Description of the CSP Conducted
"I" - Series	BAC/Joint
"J" - Series	CSP Observers
"K"	Invitation to Bid (ITB)
"L"	Certificate of Conformity from the NEA
"M"	Publication of the ITB
"N" - Series	Posting of the ITB
"O"	Instruction to Bidders
"P"	Terms of Reference (TOR)
"Q"	Pre-bid Conference
"R" - Series	Eligibility Requirements

"S" - Series	Submission of Bids
"T" - Series	Evaluation of Bids
"U" - Series	Award of Contract
"V" - Series	Execution of Contract
"W"	Protest Mechanism
"X"	Affidavit to Support Provisional Approval or Interim Relief

PRAYER FOR CONFIDENTIAL TREATMENT OF INFORMATION

50. Pursuant to *Rule 4* of *ERC Revised Rules of Practice and Procedure,* Joint Applicants may request that certain information not be disclosed and be treated as confidential.[14] Pursuant to this, PCPC prays for the confidential treatment of the information contained in the **Annexes "05" - Series, "05A", "19", "19A", "20" and "21".**

51. PCPC treats the information contained in the above-mentioned documents, such as sources of funds/financial plans, certifications from bank/lending institutions, generation rate and derivation, cash flow, description of power plant, and fuel supply agreement, as **proprietary** in nature considering that it involves trade secrets reflecting investment and business calculations.

52. These documents are considered as trade secrets contemplated by law and jurisprudence. In the case of *Air Philippines Corporation vs. Pennswell, Inc.*[15], the Supreme Court defined a trade secret, as follows:

> A trade secret may consist of any formula, pattern, device, or compilation of information that: **(1) is used in one's business; and (2) gives the employer an opportunity to obtain an advantage over competitors who do not possess the information.** Generally, a trade secret is a process or device intended for continuous use in the operation of the business, for example, a machine or formula, but **can be a price list or catalogue or specialized customer list.** It is indubitable that

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14 Section 1, Rule 4, *Rules of Practice and Procedure* of the Honorable Commission.

15 G.R. No. 172835, 13 December 2007.

> trade secrets constitute proprietary rights. The inventor, discoverer, or possessor of a trade secret or similar innovation has rights therein which may be treated as property, and ordinarily an injunction will be granted to prevent the disclosure of the trade secret by one who obtained the information "in confidence" or through a "confidential relationship". American jurisprudence has utilized the following factors to determine if an information is a trade secret, to wit:
>
> (1) the extent to which the information is known outside of the employer's business;
>
> (2) the extent to which the information is known by employees and others involved in the business;
>
> (3) the extent of measures taken by the employer to guard the secrecy of the information;
>
> (4) the value of the information to the employer and to competitors;
>
> (5) the amount of effort or money expended by the company in developing the information; and
>
> (6) the extent to which the information could be easily or readily obtained through an independent source.[16]

53. The foregoing documents were prepared and developed for the exclusive use of PCPC and were designed for its specific use in its power generation business. If the information contained in these documents are disclosed to the public, PCPC's competitors or other entities engaged in the power business will gain undue advantage and could incorporate the said information in their operations. Consequently, the negotiating power of PCPC with parties it plans to contract with or who it is currently doing business with will be undermined if it is compelled to disclose such information.

54. Accordingly, Joint Applicants hereby submit one (1) copy of the confidential documents in a sealed envelope, with the

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16 *Ibid*, emphasis supplied.

envelope and each page of the document stamped with the word "*Confidential.*"[17]

PRAYER FOR PROVISIONAL AUTHORITY OR INTERIM RELIEF

55. Joint Applicants re-plead, by reference, all the foregoing allegations to support its prayer for Provisional Authority (PA) or Interim Relief (IR).

56. Joint Applicants pray for the issuance of a PA or IR for the implementation of the PSA pending the issuance of a final decision pursuant to Section 1, Rule 14 of the *ERC Revised Rules of Practice and Procedure*, which provides:

> Section 1. Provisional Authority or Interim Relief. - For applications or petitions covered by Section 1, Rule 6 of these Rules, the Commission may grant either a provisional authority or an interim relief, upon motion included in the application or petition and indicated in the caption thereof that such relief is requested.

57. A careful perusal of the supporting documents submitted in relation to the instant Joint Application shows that the Joint CSP was conducted by the NEA in accordance with Article 13.1 of the NEA 2023 CSP Memorandum and consistent with the DOE CSP Policy, as amended. The Joint CSP was undertaken in recognition of the need to assist the Luzon and Visayas ECs whose timely commencement or completion of their respective CSPs had been delayed, as reflected in their latest and duly posted PSPPs.

58. This recognition by the NEA of said delay in the commencement or completion of the member ECs' individual CSP is a clear indicium of an existing and very immediate necessity for the concerned ECs, including ILECO III, to procure and implement the resulting PSA for a continuous and reliable supply of electricity to its MCOs at affordable rates.

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17 In line with the Honorable Commission's rules and regulations, soft copies of the documents covered by the prayer for confidential treatment were password-protected and submitted *via* electronic submission.

59. While ILECO III is fully aware that the target commencement date for the delivery of supply under the PSA is "December 26, 2026," it also recognizes that there is a rigorous process required to secure the final approval for the PSA, from ERC's technical and legal pre-filing to its final evaluation.

60. Considering the lengthy regulatory processes before the Joint Applicants could secure a final approval of the PSA, there exists a real and imminent risk that the delay in the target commencement date for the delivery of supply from PCPC will further be prolonged, placing then ILECO III's MCOs at a significant risk of being exposed to the volatile prices of the WESM by the time the supply requirements arise absent a PA or IR.

61. Furthermore, from the ILECO III's rate impact simulation, it is clear that the implementation of the PSA with PCPC would reduce ILECO III's rate by Php0.2972/kWh, as compared to sourcing the same power requirements from the WESM.

62. As such, the issuance of a PA or IR, which will allow the timely implementation of the PSA pending final evaluation of the Honorable Commission, would be beneficial to ILECO III and its MCOs as it will ensure the timely provision of reliable, secure, and quality supply of electricity in the least cost manner. Any further delay to its implementation will be tantamount to a denial of MCO's opportunity to enjoy its advantageous and beneficial effect.

63. To support the motion for provisional authority or interim relief, the Affidavit in Support of the Issuance of a Provisional Authority or Interim Relief is attached hereto as Annex "X".

PRAYER

WHEREFORE, premises considered, Joint Applicants, respectfully pray unto the Honorable Commission to:

1. **ISSUE** a Provisional Authority or Interim Relief, as the case may be, authorizing the immediate implementation of the PSA pending final evaluation of the Honorable Commission;

2. **TREAT** Annexes **"05" - Series, "05A", "19", "19A", "20" and "21",** inclusive of their submarkings, and the information contained therein as confidential and **DIRECT** their non-disclosure to persons other than the necessary officers and staff of this Honorable Commission in accordance with *Section 2, Rule 4 of the Rules of Practice and Procedure;* and

3. After hearing on the merits, **APPROVE** the **JOINT APPLICATION** and the **PSA,** including all the rates, fees, charges and tariff adjustment mechanisms set out therein, and authorizing ILECO III to charge and collect the fees therein from its customers reckoned from the commencement of the power supply by the Joint Applicants.

Other reliefs, just and equitable under the premises, are likewise being prayed for.

Pasig City, 20 October 2026.

[Signature pages follow.]

Guzman Ceniza Law Office

Counsel for PCPC

6th Floor, Pacific Center Building,

#33 San Miguel Ave., Ortigas Center, Pasig City, Philippines

0917-557-70-65

E-mail: gclawoffice@gclawoffice.com.ph

Website: www.gclawoffice.com.ph

CARL STEPHEN A. GUZMAN

Roll of Attorneys No. 58596

PTR No. 1895036/ 01-08-26/ San Juan City

IBP Lifetime Membership No. 013941/ 06-24-15/ RSM

MCLE Compliance No. VIII- 0011670/ 08 August 2024

BRIAN P. CENIZA

Roll of Attorneys No. 59273

PTR No. 4006810/ 01-09-26/ Pasig City

IBP No. 569620/ 12-22-25/ Pasig City

MCLE Compliance No. VIII – 0011677/ 08 August 2024

JASPER ADRIAN A. TUBAY

Roll of Attorneys No. 89441

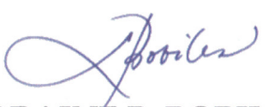
PTR No. 4006811/ 01-09-26/ Pasig City

IBP No. 578373/ 12-30-25/ Tarlac

MCLE Compliance No. VIII -0026824/ 10 April 2025

DECHAVEZ LERIOS-AMBOY AND EVANGELISTA LAW OFFICES
Counsel for Applicant
Iloilo III Electric Cooperative, Inc. (ILECO III)
Unit 2008, Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City 1605
Tel. Nos. 7910-1587
E-mail: powerlawfirm@gmail.com

By:



LORAINE B. BOBILES
Roll of Attorneys No. 73213
PTR No. 3985843, 07 January 2026, Pasig City
IBP Member No. 589395, 06 January 2026, RSM Chapter
MCLE Compliance No. VIII–0027697, Until 14 April 2028