

REPUBLIC OF THE PHILIPPINES
ENERGY REGULATORY COMMISSION
PASIG CITY

IN THE MATTER OF THE PETITION TO
INITIATE RULE-MAKING FOR THE
SUSPENSION OF ERC RESOLUTION NO. 07,
SERIES OF 2021 AND THE ADOPTION OF
THE PROPOSED RULES ON THE
IMPOSITION OF SECONDARY PRICE CAP

RECEIVED BY:
RON ANDREY MANTALON

23 OCT 17 P 2:59



PHILIPPINE INDEPENDENT POWER
PRODUCERS ASSOCIATION, INC.,

Petitioner.

ERC Case No. 2023-008-RM

X-----X

PETITION TO INITIATE RULE-MAKING

(with Proposed Draft of Rules on the Imposition of Secondary Price Cap)

Petitioner, **PHILIPPINE INDEPENDENT POWER PRODUCERS ASSOCIATION, INC.**, ("Petitioner"), by counsel, most respectfully files the instant Petition to Initiate Rule-Making and in support thereof states:

PREFATORY STATEMENT

1. On 27 December 2013, the Wholesale Electricity Spot Market ("WESM") Tripartite Committee – composed of the Department of Energy ("DOE"), the Energy Regulatory Commission ("ERC"), and the Philippine Electricity Market Corporation ("PEMC") – set the offer price ceiling of PhP32,000.00 per megawatt-hour (MWh), through the issuance of Joint Resolution No. 2, entitled "*Adjustments to the Wholesale Electricity Spot Market Offer Price Cap*". This is a reduction from the previous price cap of PhP62,000.00/MWh imposed in WESM Tripartite Joint Resolution No. 2 issued in June 2006.

2. Pending amendment of the offer price cap, the ERC imposed a Secondary Price Cap ("SPC") in the WESM, through ERC Resolution No. 8, Series of 2014. Under said resolution, the ERC:

- a. Imposed the SPC in the amount of PhP6,245.00/MWh for the supply months of May and June 2014, upon breach of the Generator Weighted Average Price (GWAP) over a rolling seventy-two (72) hour period on the threshold of PhP8,186.00/MWh;
- b. Declared that the GWAP rolling average shall remain in effect until the succeeding GWAP rolling average is already less than the said threshold.

3. The pre-emptive mitigating measures and the SPC under ERC Resolution No. 8, Series of 2014 were initially implemented as interim mitigating measures. The ERC, however, subsequently issued several resolutions which extended, and later made permanent, the interim mitigating measures and the SPC of PhP6,245/MWh.

4. Through the issuance of ERC Resolution No. 13, Series of 2014, the ERC extended the SPC's implementation until 09 August 2014. The same SPC was further extended until 08 December 2014 under ERC Resolution No. 14, Series of 2014. Eventually, the SPC was implemented as a permanent mitigating measure in the WESM through ERC Resolution No. 20, Series of 2014, which provides for a permanent pre-emptive measure with the same value as the SPC upon breach of the Cumulative Price Threshold ("CPT") of PhP1,512,028.00 over a rolling seven (7) day period or an average CPT per hour of PhP9,000.00/MWh.

5. On 09 May 2017, the ERC issued Resolution No. 4, Series of 2017, which recalculated the threshold level at One Million Eighty Thousand Pesos (PhP1,080,000.00) equivalent to the GWAP over a rolling five (5)-day period, instead of seven (7) days. The average CPT, however, remained at PhP9,000/MWh.

6. The ERC thereafter issued ERC Resolution No. 7, Series of 2021, which adopted a shorter rolling average period to three (3) days, and determined a regional/ island SPC mechanism to be applied when the grid interconnection is on outage: Luzon - PhP5,249/MWh, Visayas - PhP2,837/MWh, and Mindanao - PhP3,074/MWh.

7. To note, ERC Resolution No. 7, Series of 2021 did not change the values of the SPC, which remains at PhP6,245/MWh, and the CPT, which stays at PhP9,000/MWh.

8. With this, Petitioner, representing its Member Generating Companies, consistently raised its position and concerns relating to the implementation of the SPC through several correspondences and conferences with the ERC.

9. Petitioner respectfully submits that there is a need to rescind and/or suspend the implementation of the SPC and to adopt a new set of rules for the imposition of the SPC.

NATURE OF THE PETITION

10. This is a Petition to Initiate Rule-Making under Rule 21 of the Revised Rules of Practice and Procedure of the ERC (the “ERC Procedural Rules”) for the suspension of the Pre-Emptive Mitigation Measure in the WESM under ERC Resolution No. 07, Series of 2021.

11. Pursuant to Section 2, Rule 21 of the ERC Procedural Rules, interested persons may petition the Honorable Commission to adopt, amend, or repeal a rule, to wit:

Section 2. Petition to Initiate Rule-making. - Interested persons may petition the Commission to adopt, amend, or repeal a rule by filing a petition to initiate rule-making. The petition must contain the name, address, and e-mail address of the petitioner, the specific rule or action requested, the reasons for the rule or action requested, and facts showing that the petitioner has a substantial interest in the rule or action requested. (Underscoring supplied)

PARTY TO THE PETITION

12. Petitioner is a domestic corporation duly organized and existing under and by virtue of Philippine laws, with principal office at Unit 2408, 24th Floor, Prestige Tower, F. Ortigas Jr. Road (formerly “Emerald Avenue”), Ortigas, Pasig City. It may be served pleadings, orders, and other legal process through the undersigned counsel at SYMECS Law, 3109 One Corporate Center, Julia Vargas corner Meralco Avenue, Ortigas Center, Pasig City; or through Petitioner’s e-mail address at pleadings@symecslaw.com.¹

¹ A copy of the Secretary’s Certificate authorizing the undersigned to file the instant Petition on behalf of Petitioner is attached herein as **Annex “A”**. A copy of Petitioner’s Certificate of Filing Amended Articles of Incorporation and Amended Articles of Incorporation are attached herein as **Annexes “A-1”** and **“A-2”**, respectively.

13. Petitioner is a professional organization of independent power producers. It represents its members that are engaged in power generation and are covered by the Pre-Emptive Mitigating Measure in the WESM. Thus, Petitioner has substantial interest in initiating this Petition, pursuant to Rule 21 of the ERC Procedure Rules.

ARGUMENTS

I. Any regulation on price control should have a defined process, and appropriate inclusion of its determination under the WESM Rules.

14. The ERC resolutions issued did not contain clear and definite guidelines and conditions that can be followed when setting the CPT and SPC in the WESM. The resolutions of the ERC directly set the value of the CPT, SPC, and the rolling average days, without providing for conditions that must be fulfilled when determining the values.

15. To illustrate, ERC Resolution No. 20, Series of 2014 only states the following information:

- a. That the CPT is set to Php 1,512,028, based on the GWAP over a rolling seven (7)-day period or one hundred sixty-eight (168)-hour trading interval, and equivalent to an average spot price of Php9,000/MWh over the period;
- b. That the breach of the CPT will trigger the imposition of a price cap amounting to Php6,245/MWh; and
- c. If the price cap is imposed and the market clearing price goes lower than the price cap, the market clearing price will be applied.

16. A Discussion Paper on the Pre-emptive Mitigation Measure was also attached as Annex A to the said ERC Resolution. The discussion paper included a summary of secondary price cap impositions in other jurisdictions. It also stated how the proposed CPT and secondary price cap for the WESM were arrived.

20. The discussion paper, however, is not a rule that can be revised; the only rule available for revision is the value of the CPT, hours of rolling average and SPC.

21. The latest resolution amending the SPC is ERC Resolution No. 7, Series of 2021, which also does not include any rules on the determination of the CPT, rolling average days and SPC.

22. Petitioner proposes that a new set of rules on the imposition of the SPC be issued, that includes specific parameters and processes in updating the values of the SPC and CPT. The Proposed Rules on the Imposition of the SPC ("Proposed Rules") is herein attached as **Annex "B"** of this Petition, and should form part of the WESM Rules.

23. Under the Proposed Rules, Petitioner proposes that the SPC be set at PhP9.8526/kWh, which is calculated using the levelized cost of energy ("LCOE") for the best new entrant of a peaking plant. The parameters and the base value for the computation of the LCOE is found at Section 7, Article III of the Proposed Rules.

24. Meanwhile, Petitioner advocates that the CPT value shall be PhP13,657.38/MWh. The CPT value is derived using the values of the following:

- a. Year to date 2022 WESM Price and Load Weighted Average Price (LWAP) using Pagbilao Node;
- b. 24 hours per day was divided into (i) First-off peak – 9 hours, (ii) Peak – 9 hours, (iii) Price Spike – 3 hours, (iv) Second-off Peak – 3 hours;
- c. For the Price Spike, PhP32,000/MWh was assigned;
- d. The corresponding LWAP was assigned to the specific number of hours in a day and was averaged; and
- e. The hourly CPT was then derived.

25. Thus, Petitioner urges the ERC to adopt the proposed SPC and CPT values, and the conditions used to determine the values, as part of the WESM Rules.

II. The current SPC value should be rescinded, as it discourages participants in the energy sector to build new plants, contrary to the mandate of the ERC to promote competition under the Electric Power Industry Reform Act (“EPIRA”).

26. Under Section 43 of the EPIRA, the ERC is mandated to promote competition in the restructured electricity industry by monitoring the activities in the generation and supply of the electric power industry.

27. With due respect, the SPC value of PhP6,245/MWh discourages energy participants from building new power plants. The current value fails to encourage fair competition since the SPC does not provide enough incentive for power players to recover expenses from building plants and to realize reasonable gains. The SPC affects not only peaking plants, but baseload capacities as well.

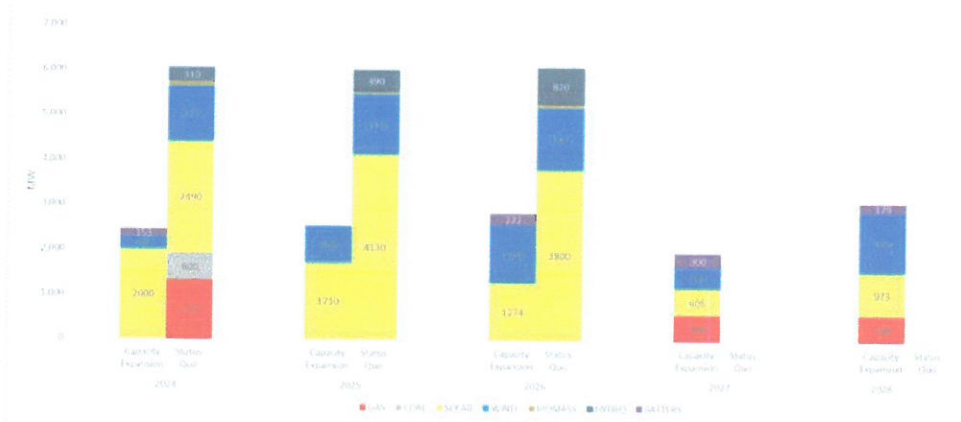
28. Since the current SPC value acts as a deterrent for new players in the power industry, maintaining the SPC value of PhP6,245/MWh runs contrary to the mandate of the ERC under the EPIRA to promote competition in increasing the power supply.

29. Petitioner understands that the SPC intends to protect consumers in the short term, in that it insulates consumers from extreme price volatilities in the WESM. Petitioner submits, however, that in the long run, maintaining the current SPC value could produce pervasive adverse effects on energy security.

30. Part of the study on the Proposed Rules was a simulation conducted to determine the effect of removing the SPC and its effect on the WESM prices. The study likewise looked into the capacity addition that will result due to the unconstrained market prices from said removal of the SPC.

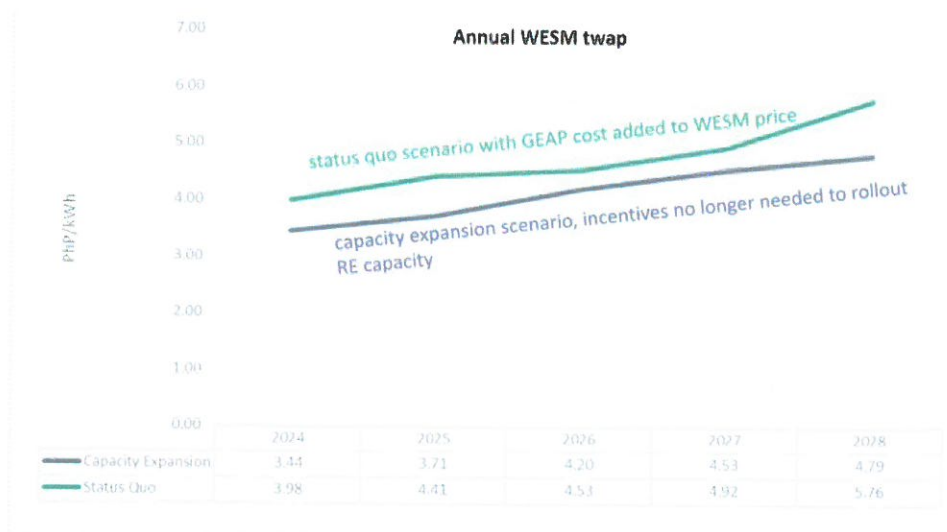
31. *Figure 1* shows an additional capacity of 2,886MW by 2028, should the SPC be removed. The status quo capacity addition no longer shows the increase in capacity as this is dependent on the Green Energy Auction Program (GEAP) as well as Competitive Selection Process (CSP) of Distribution Utilities (DUs).

Figure 1. Capacity Roll Out



32. The projected WESM price for 2028, with the removal of the SPC, is at Php4.79/kWh as shown in Figure 2. Figure 2 further illustrates the impact of the inclusion and exclusion of the SPC and the GEAP cost to WESM prices. Under status quo scenario where the GEAP cost is included, the WESM prices are comparatively higher than the proposed capacity extension scenario where the SPC and the GEAP costs are removed from WESM prices. The capacity expansion scenario shows that RE capacity can naturally recover from the spot market.

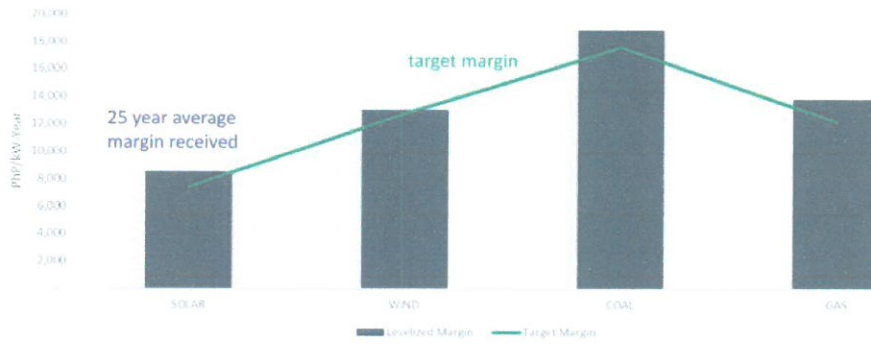
Figure 2. WESM Prices with the removal of the SPC



33. The higher prices under the status quo scenario are caused by the limitation of investments in baseload plants, instead, only the Variable Renewable Energy ("VRE") sources from GEAP are able to increase supply. On the other hand, the removal of the SPC under the capacity

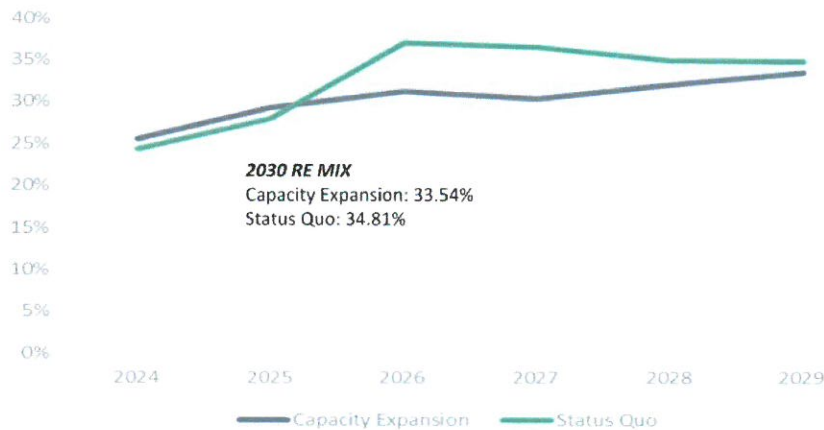
expansion scenario will create and/or result in merchant opportunity for renewable energy, with a weighted average cost of capital (“WACC”) of 11.3%, and gas, with a WACC of 13%, within the corresponding twenty-five (25)-year capture gross margin, as shown in *Figure 3*.

Figure 3. Target Margin vs. Levelized Margin (Php/kW-Year)



34. It must be emphasized that the study does not discriminate against RE technology. The capacity expansion scenario will, in fact, help attain the target RE share of thirty five percent (35%), without the need for add-on costs to the grid, which would then display a smoother RE roll out. The lump sum capacity additions in the early years would have implications in grid operations (*e.g.*, need for higher ancillary services at the onset).

Figure 4. RE Mix by 2030 - Capacity Expansion vs Status Quo



35. The results from the above simulation gives a conclusion that price caps do not necessarily work for the benefit of consumers. In the long run, the price caps deprive consumers of a secure and stable power supply and lower WESM prices arising from competition pressure due to the entry of more investors.

III. Without prejudice to Petitioner's position on rescinding the SPC altogether, the current values for CPT, SPC and hours of rolling average should at least be amended.

36. Without prejudice to Petitioner's position that the SPC should be rescinded, the Petitioner created a technical working group ("TWG") among its members to update the SPC based on the prevailing market conditions.

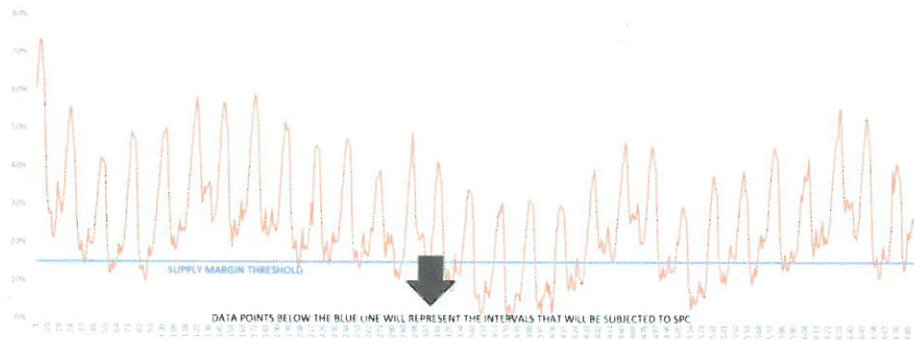
37. The study of the TWG proposes a PhP9,8526/MWh SPC based on the levelized cost of energy ("LCOE") for Best New Entrants ("BNE"). Petitioner further identified three (3) conventional BNEs for peaking, mid-merit and baseload.

38. Petitioner proposes that the Supply Margin shall be the primary indicator of the tightness of electricity supply and extraordinary events in the grid. The calculation of the CPT and the eventual implementation of the SPC shall be primarily triggered when the Supply Margin breaches lower than the threshold of fifteen percent (15%). For avoidance of doubt, the CPT shall not be calculated by the Market Operator if the Supply Margin is still equal to or above the Supply Margin threshold.

39. The Supply Margin threshold shall be computed through the following formula:

$$\text{SUPPLY MARGIN (SM) (\%)} = (\text{TOTAL SUPPLY OFFERS} + \text{PRIORITY \& MUST DISPATCH REs}) / \text{DEMAND}$$

40. Below is a sample illustration on how the Supply Margin was calculated during the October 2022 period.



Note that Supply Margin is calculated per interval, separate for each of Visayas and Luzon Grids.

41. Petitioner, thus, recommends adopting a fifteen percent (15%) threshold level which is based on the total ancillary services requirement divided by the peak demand for Luzon. The result of the supply margin is $15\% = (480\text{MW RR} + 668\text{MW CR} + 668\text{MW DR}) / 12000\text{MW}$.²

42. Additionally, Petitioner has calculated and arrived at the proposed CPT level of PhP13,657.29/MWh using the 2022 YTD Load Weighted Average Price (LWAP).

43. Petitioner further advocates increasing the rolling average hours to one hundred sixty-eight (168) hours from seventy-two (72) hours when calculating the CPT.

44. To recall, ERC Resolution No. 20, Series of 2014 initially imposed a seven (7)-day rolling average in the calculation of CPT. Petitioner posits that a period of seven (7) days, instead of the three (days) under ERC Resolution No. 7, Series of 2021, is a more appropriate period to consider as the trigger mechanism of the SPC. A more detailed calculation of the CPT is included under the Proposed Rules.

45. Moreover, Petitioner urges that the SPC be calculated using the LCOE for a BNE of a peaking plant. For the purpose of setting the SPC, the BNE for peaking plants is determined to be an LNG single cycle gas turbine. Parameters for the calculation of LCOE shall be as follows:

Parameters	Base Value
Investment Cost, USD/kkWh	713
FOM, PhP/kW-year	389.61
VOM, PhP/kWh	0.2505
Type of Fuel	LNG
Fuel Cost, USD/BtuTU	12.8667
Heat Rate (Btu/kWh)	8,000
FX	55.66
Cost of Debt	9.1365%
Cost of Equity	15%
Debt-Equity Ratio	70:30
Economic Life	25
Capital Recovery Fee	114.91
Total LCOE, PhP/kWh	9.8526

² Where "RR" refers to Regulating Reserve, "CR" refers to Contingency Reserve, and "DR" refers to Dispatchable Reserve.

IV. Additional trigger mechanisms should be considered in the implementation of the Secondary Price Cap.

46. The purpose of the SPC is to “*establish a pre-emptive mitigation measure to limit the impact of extreme price volatilities and excessive levels of prices in the WESM*”. However, it is unfortunate that extreme price volatilities and excessive levels were never defined and measured. Most price volatilities may have been normal occurrences and are part of the characteristics of a competitive market.

47. Petitioner proposes the inclusion of an additional mechanism to trigger the SPC. Instead of relying only on the CPT and the number of days of rolling average price, the determination of supply margin should also be considered.

48. Petitioner further proposes that the calculation on the CPT and the rolling average should only proceed if the supply margin is below fifteen percent (15%) of the peak demand for the current month. This additional consideration will separate normal price volatility with the extreme ones.

V. Pending determination of a more appropriate level of the SPC, components of Additional Compensation should include all FOM, VOM and Fuel costs of all affected generators

49. The Independent Electricity Market Operator of the Philippines (“IEMOP”) is the Market Operator of the WESM and is in charge of the evaluation and recovery of the additional compensation of affected generators. IEMOP’s current practice of disallowing additional compensation for the items enumerated above results in financial losses to Petitioner’s Member Generators which will affect its loan covenants and debt service coverage ratio (“DSCR”) compliance.

50. On 23 November 2022, the IEMOP through a letter addressed to the ERC sought to clarify the allowed cost of claims for additional compensation specifically for Variable Operation and Maintenance Items (“VOM”).

51. In addition to the above, Petitioner reiterates the request of IEMOP for guidance on how to treat costs that are not considered as part of VOM such as maintenance cost, personnel services, ER 1-94, Market Fees, NGCP ancillary services charges and wheeling charges which are necessary and legitimate costs. Said costs are incurred when the Member Generators are dispatched during market suspension or intervention, must run or constrain on generating units and when price mitigating measures are applied (*i.e.*, the SPC). The situation of delayed compensation again makes the operation of the power plant financially unviable which dampens new investments.

PRAYER

WHEREFORE, Petitioner respectfully prays that this Honorable Commission to:

- a. **RESCIND** the implementation of *ERC RESOLUTION NO. 07, SERIES OF 2021* and any and all issuances related to the imposition of the Secondary Price Cap;
- b. **ADOPT** the Rules on the Imposition of Secondary Price Cap (Annex B) as herein proposed;
- c. **SUSPEND** the implementation of *ERC RESOLUTION NO. 07, SERIES OF 2021*, and any and all issuances related to the imposition of the Secondary Price Cap;
- d. Urgently **GRANT** all VOM, FOM and fuel components as part of recoverable costs for Additional Compensation mechanism in the WESM.

Other just and equitable reliefs are likewise prayed for.

Pasig City for Pasig City, 16 October 2023.

SYMECS Law
Counsel for Petitioner-Appellant
3109 One Corporate Center
Julia Vargas corner Meralco Avenues
Ortigas Center, Pasig City
Tel. No. 8-531-5332

By:



ALBERT G. CUKINGNAN, JR.
PTR No. 0173124 / 01-11-23/ Pasig City
IBP Lifetime Member No. 010772 / O.R. No. 892677/Calmana
Roll No. 61125
MCLE Compliance No. VII – 0016929 valid until 04/14/2025
Email address: agcukingnan@symecslaw.com



DIANE MARGRET V. UY
PTR No. 9569587 / 01-06-2023 / Makati City
IBP No. 292743/01-09-2023/PPLM
Roll No. 72748
MCLE Compliance No. VII-0017140 valid until 4/14/2025
Email address: dvuy@symecslaw.com



MARIVICA A. WAYAH
PTR No. 0173617/ 06-07-2023/ Pasig City
IBP No. 334340/ 05-03-2023/ Baguio City
Roll No. 87890
MCLE Compliance – Admitted 2023
Email address: mawayah@symecslaw.com

**VERIFICATION AND
CERTIFICATION AGAINST FORUM SHOPPING**

I, **ANNE ROSE ESTORCO-MONTELIBANO**, of legal age, Filipino, and with office address at Unit 3109, One Corporate Center, Julia Vargas Avenue, corner Meralco Ave, Ortigas Center, Pasig City after having been duly sworn in accordance with law, hereby depose and state:

1. I am the authorized representative of Philippine Independent Power Producers Association, Inc. ("Petitioner"), with full power and authority to cause the preparation and the filing of this Petition and to execute this Verification and Certification against Forum Shopping.
2. Pursuant to the authority granted to me, I have caused the preparation and filing of this Petition.
3. I have read this petition and the facts alleged therein are true and correct based on my personal knowledge and/or based on authentic records.
4. This petition is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation. The factual allegations in this petition have evidentiary support at present, which may also be supplemented after a reasonable opportunity of discovery. I also attest to the authenticity of the annexes to this petition.
5. I hereby certify that neither I nor Petitioner have commenced any action or claim involving the same issues in this petition before any court, tribunal, or quasi-judicial agency, and, to the best of my knowledge, no such other action or claim is pending therein.
6. If I or Petitioner should learn that the same or a similar action or claim has been filed or is pending in any court, tribunal, or quasi-judicial agency, I shall report that fact to this Honorable Commission within five days from notice.


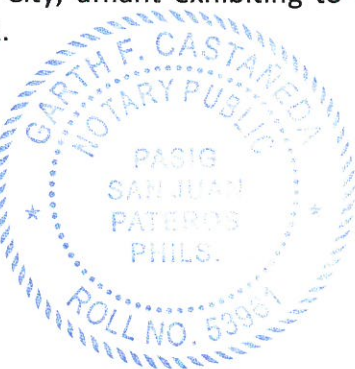
IN WITNESS WHEREOF, I have signed this Verification and Certification against Forum Shopping this 16 OCT 2023 2023 in Pasig City.



ANNE ROSE ESTORCO-MONTELIBANO

SUBSCRIBED AND SWORN, before me this 16 OCT 2023 day of 16 OCT 2023 2023 at PASIG CITY City, affiant exhibiting to me her Driver's License No. N02-12-011719 valid until 11-16-2032.

Doc. No. 223
Page No. 46
Book No. 2
Series of 2023.



GARTH F. CASTAÑEDA
Appointment No. 123 (2023-2024)
Notary Public for Pasig City, San Juan and Pateros
Until December 31, 2024
PTR No. 0173122/01.11.23/Pasig City
IBP Lifetime No. 012255/01.07.2014/RSM
Roll No. 53961
MCLE Compliance No. VII-0016912/04.14.2025
3109 One Corporate Center, Julia Vargas cor. Meralco Ave.
Ortigas, Pasig City

REPUBLIC OF THE PHILIPPINES)

MAKATI CITY) S.S.**SECRETARY'S CERTIFICATE**

I, **EDWARD ALBERT E. EVIOTA**, Filipino, of legal age, with office address at 3/F Patriarch Building, 2224 Chino Roces Avenue corner Don Bosco Road, Makati City, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly appointed and incumbent Corporate Secretary of **PHILIPPINE INDEPENDENT POWER PRODUCERS ASSOCIATION (PIPPA)**, a non-stock corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Unit 2408, 24/F Prestige Tower, F. Ortigas Jr. Road (formerly Emerald Avenue), Ortigas, Pasig;

2. At the special meeting of the Board of Trustees held on October 12, 2023, at which a quorum was present and acted throughout, the following resolutions were unanimously passed and approved:

"RESOLVED, that the Board of Trustees of **PHILIPPINE INDEPENDENT POWER PRODUCERS ASSOCIATION (PIPPA)**, authorize, as it hereby authorizes, the filing of a *Petition to Initiate Rule-Making* with the Energy Regulatory Commission (ERC), and/or any other pleadings, motions, documents, and papers, and appear in any hearing, public conference and/or assemblies, and perform any and all acts to protect its interest, including appearing in any other proceedings (of any nature and in any venue) that are ancillary or related thereto, including an appeal to a higher tribunal, if found to be necessary to protect and defend the rights of PIPPA;"

"RESOLVED ALSO, that the Board of Trustees authorizes **ANNE ROSE ESTORCO-MONTELIBANO** to sign the verification, certification against forum-shopping, and similar affidavits in relation to the Petition to be filed with the ERC;"

"RESOLVED, FURTHER, that the Board of Trustees authorizes **SYMECS Law**, any of its lawyers, namely: **ATTY. GARTH F. CASTANEDA, ATTY. ALBERT G. CUKINGNAN, JR., ATTY. MIGUEL S. REGAL, ATTY. DIANE MARGRET V. UY, ATTY. XIAN JUSTIN R. ALDEN, ATTY. KARLO FRANCISCO H. MARCILLA, ATTY. MARIVIC A. WAYAH, and ATTY. KRIZMA B. AMGAO** (the "Counsels"), to:

- (i) appear in all proceedings, hearings, public consultations and/or conferences, meetings and discussions, before the Energy Regulatory Commission, as well as any court or tribunal, perform any and all acts and deeds, and submit and sign such documents and pleadings necessary to implement this authority;
- (ii) act as agent of and appear on behalf of PIPPA in the proceedings relating to the aforementioned Petition, with full power to make commitments, take positions, as well as consider other viable options and other matters as may aid in prompt disposition of the proceedings;
- (iii) file any appeal or represent PIPPA in further proceedings relative to the aforementioned Petition, to do and agree on such other matters as may aid in the prompt disposition of the action; and
- (iv) to do and perform all and every act requisite or necessary to carry into effect the foregoing authorities, as fully to all intents and purposes as the Corporation could lawfully do."

✓

"RESOLVED FINALLY, that the Corporation hereby approves, confirms, and ratifies all acts performed and documents executed by each of the foregoing authorized representatives and Counsels, in relation to the case."

3. The foregoing resolutions are valid, subsisting, and effective and have not been revoked or modified.


IN WITNESS WHEREOF, I have hereunto affixed my signature this OCT 13 2023 in MAKATI CITY.


EDWARD ALBERT E. EVIOTA
Corporate Secretary

OCT 13 2023

SUBSCRIBED AND SWORN to before me this _____, in MAKATI CITY, Philippines, affiant exhibiting to me his Driver's License No. K07-88-005457 valid until 11/15/2024.

Doc. No. 181;
Page No. 38;
Book No. 52;
Series of 2023.


ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77376
MCLE COMPLIANCE NO. 0001383, Jan. 03, 2023 Until Apr. 14, 2028
PTR NO. 9563854 / JAN. 03, 2023 / PASIG CITY
1107 D BATAAN ST., GUADALUPE NUEVO, MAKATI CITY



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
Ground Floor, Secretariat Building, PICC
City Of Pasay, Metro Manila

ANNEX "A-1"

COMPANY REG. NO. AN95004246

**CERTIFICATE OF FILING
OF
AMENDED ARTICLES OF INCORPORATION**

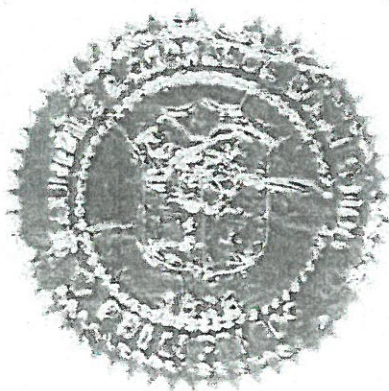
KNOW ALL PERSONS BY THESE PRESENTS:


This is to certify that the amended articles of incorporation of the

**PHILIPPINE INDEPENDENT POWER PRODUCERS
ASSOCIATION, INC.**
(Amending Article II Purpose & VI thereof.)

copy annexed, adopted on November 15, 2016 by majority vote of the Board of Trustees and by the vote of two-thirds of the members of the corporation, and certified under oath by the Corporate Secretary and a majority of the said board was approved by the Commission on this date pursuant to the provisions of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Pasay City, Metro Manila, Philippines, this 7th day of July, Twenty Seventeen.




FERDINAND B. SALES
Director
Company Registration and Monitoring Department

COVER SHEET
for Applications at
COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application: AMENDMENT

SEC Registration Number: A N O 9 5 - 0 4 2 4 6

Company Name:
P H I L I P P I N E I N D E P E N D E N T P O W E R
P R O D U C E R S A S S O C I A T I O N , I N C .

AMENDED TO:
New Company Name

Principal Office (No./Street/Barangay/City/Town/Province)

U N I T 2 4 0 8 , 2 4 T H F L O O R ,
P R E S T I G E T O W E R F . O R T I G A S J R .
R O A D , O R T I G A S C E N T E R P A S I G I P A S I G I 1 6 0 5

COMPANY INFORMATION

Company Email Address: N/A

Company's Telephone Numbers: 6351722 / 633-8844

Mobile Number: N/A

CONTACT PERSON INFORMATION

The designated person **MUST** be a Director/Trustee/Partner/Officer/Resident Agent of the Corporation

Name of Contact Person: EDWARD ALBERT E. EVIDTA

Email Address: edwardevidta@dldtelaw.com

Telephone Numbers: 727-6556

Mobile Number: 0917-8274249

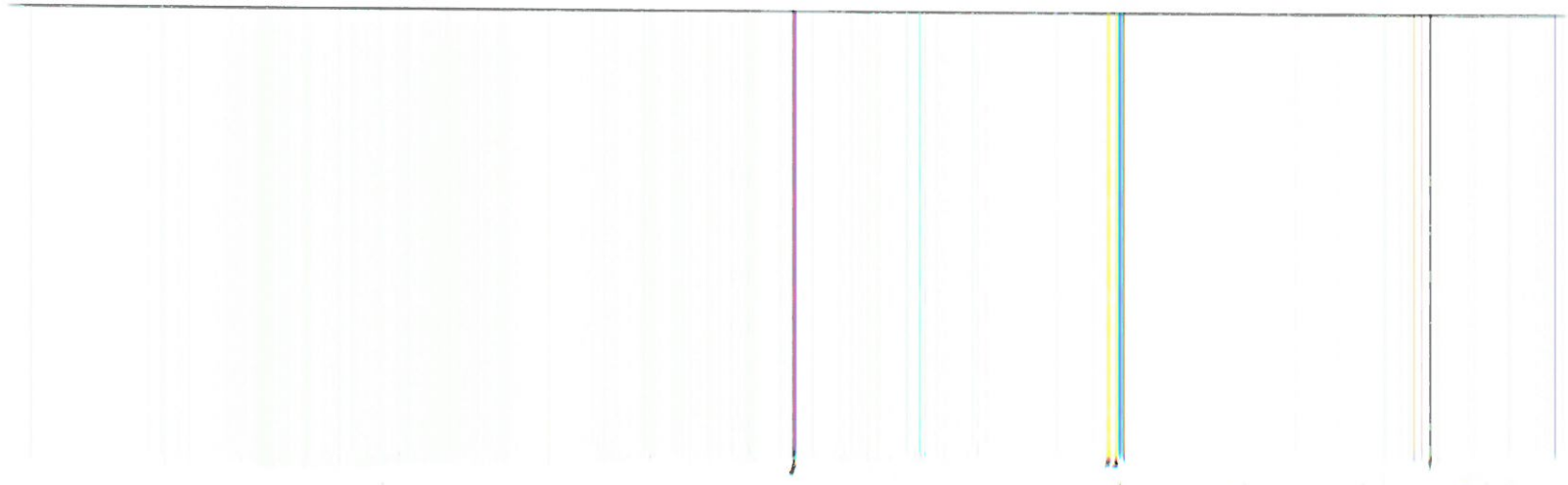
Contact Person's Address

UNIT 201 MIDWAY COURT BUILDING, 241 EDSA, MANDALUYONG CITY

To be accomplished by CRMD Personnel

	Date	Signature
Assigned Processor	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
Document I.D.		
Received by Corporate Filing and Records Division (CFRD)	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
Forwarded to:	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>

- Corporate and Partnership Registration Division
- Green Lane Unit
- Financial Analysis and Audit Division
- Licensing Unit
- Compliance Monitoring Division



AMENDED ARTICLES OF INCORPORATION
Of

PHILIPPINE INDEPENDENT POWER PRODUCERS ASSOCIATION, INC.

Name of Corporation

KNOW ALL MEN BY THESE PRESENTS:

The undersigned incorporators, all of legal age and majority of whom are residents of the Philippines, have this day voluntarily agreed to form a non-stock corporation under the laws of the Republic of the Philippines.

AND WE HEREBY CERTIFY:

FIRST: That the name of the corporation shall be:

"PHILIPPINE INDEPENDENT POWER PRODUCERS ASSOCIATION, INC."

SECOND: That the purpose or purposes for which the corporation is incorporated are:

1. To promote the common interests and growth of the independent power production industry as well as those of the related and support industries.
2. To provide a forum for **its individual and corporate members** to share and discuss common concerns and other issues so the same can be addressed from the sectorial viewpoint. **(as amended on 15 November 2016)**
3. To develop a constructive and closer relationship between the membership of the Association and pertinent government institutions, in particular the Department of Energy, **the Energy Regulatory Commission, the Philippine Electricity Market Corporation, the National Grid Corporation of the Philippines, the National Transmission Corporation,** and the National Power Corporation. **(as amended on 15 November 2016)**

THIRD: That the principal office of the association is located in Unit 2408, 24/F, Prestige Tower, F. Ortigas Jr., Avenue, Ortigas Center, Pasig City, Metro Manila, Philippines. (as amended on 09 May 2014)

FOURTH: That the term for which said association is to exist is fifty (50) years from and after the date of incorporation.

FIFTH: That the names and nationalities and residences of the incorporators of said association are as follows:

	Name	Nationality	Address
1.	William J.K Leong	Malaysian	#27 Tolentino St., San Lazaro Village Makati City
2.	Edgardo A. Bautista	Filipino	1434 Calumpang St., Dasmarinas Village., Makati City
3.	Manuel P. Gallego	Filipino	#6 Jacaranda Road, North Forbes, Makati City
4.	David Tan	American	c/o Edison Energy Corp., Unit 202 A, 25/F Philippine Stock Exchange Road, Pasig, Metro Manila
5.	Rolf A. Hellstorm	Swedish	#7 Tamarind Road, South Forbes, Makati City
6.	Denis T. Carpio	Filipino	Apt. 701 Residencia 8888, Pearl Drive Metro Manila

SIXTH: That the number of trustees of the association shall be **Twelve (12)** and that the names and residences of the first Trustees of the association are as follows: **(as amended on 15 November 2017)**

	Name	Nationality	Address
	William J.K Leong	Malaysian	#27 Tolentino St., San Lazaro Village Makati City
	Edgardo A. Bautista	Filipino	1434 Calumpang St., Dasmarinas Village., Makati City
	Manuel P. Gallego	Filipino	#6 Jacaranda Road, North Forbes, Makati City
	David Tan	American	c/o Edison Energy Corp., Unit 202 A, 25/F Philippine Stock Exchange Road, Pasig, Metro Manila

Rolf A. Hellstrom	Swedish	#7 Tamarind Road, South Forbes, Makati City
Denis T. Carpio	Filipino	Apt. 701 Residencia 8888, Pearl Drive Metro Manila

SEVENTH: That the present members of the association with their contributors are the following:

(List of additional members, should be submitted to the Securities & Exchange Commission.)

	Name	Contribution
1.	Denis T. Carpio	P10,000.00
2.	Jesus N. Alcordo	10,000.00
3.	David Tan	10,000.00
4.	Rolf A. Hellstrom	10,000.00
5.	Manuel P. Gallego	10,000.00
6.	William J.K Leong	10,000.00
7.	Edgardo A. Bautista	10,000.00
8.	Nicasio Alcantara	10,000.00
9.	Tommy Sam	10,000.00

EIGHT: Manuel P. Gallego has been elected by the members as Treasurer of the association to act as such until his/her successor is duly elected and qualified in accordance with the by-laws, and that as such Treasurer, he/she has been authorized to receive for and in the name and for the benefit of the association, all contributors or donations paid or given by the members.

IN WITNESS WHEREOF, we have hereunto signed this Articles of Incorporation, this _____ day of Oct. 20, 1995, in the City/Municipality of Pasig City, Province of _____, Republic of the Philippines.

<p><i>(ORIGINAL SIGNED)</i> WILLIAM J.K. LEONG</p>	<p><i>(ORIGINAL SIGNED)</i> EDGARDO A. BAUTISTA</p>
---	--

<p><i>(ORIGINAL SIGNED)</i> MANUEL P. GALLEGO</p>	<p><i>(ORIGINAL SIGNED)</i> DAVID TAN</p>
<p><i>(ORIGINAL SIGNED)</i> ROLF A. HELLSTROM</p>	<p><i>(ORIGINAL SIGNED)</i> DENIS T. CARPIO</p>

Signed in the presence of:

(ORIGINAL SIGNED)

(ORIGINAL SIGNED)

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES }
Quezon City, M. Mla. City } S.S.

BEFORE ME, a Notary Public in and for Quezon City, M. Mla., Philippines, this _____ day of October 20, 1995, 19 _____, personally appeared the following persons with their corresponding Residence Certificate Nos.:

	Name	Passport No./ Res. Cert. No.	Date/Place Issued
1.	William J.K Leong	2885825	02/27/95-Manila
2.	Edgardo A. Bautista	2885826	02/27/95-Manila
3.	Manuel P. Gallego	9523823	04/27/95-Pasig City
4.	David Tan	054233687	08/01/95-San Francisco CA
5.	Rolf A. Hellstorm	3629835	02/24/95-Pasig City
6.	Denis T. Carpio	3672718c	04/27/95-Pasig City

known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation constituting of five (5) pages, including this page where the acknowledgement is written, and they acknowledged to me that the same is their free act and voluntary deed.


WITNESS MY HAND AND SEAL, on the day first above written.

(ORIGINAL SIGNED)

NOTARY PUBLIC
Until December 31, 1995

Doc. No. 456;
Page No. 42;
Book No. 84;
Series of 1995.

**TRUSTEES' CERTIFICATE OF AMENDMENT
OF THE ARTICLES AND BY-LAWS OF THE
PHILIPPINE INDEPENDENT POWER PRODUCERS ASSOCIATION, INC.**

28
2017


KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned, consisting of the entire membership of the Board of Trustees of the Philippine Independent Power Producers Association, Inc. (the "Association"), a corporation duly organized and existing under Philippine laws, with the Corporate Secretary countersigning, do hereby certify that:

1. At a Special Meeting of the Members of the Association held on November 15, 2016, in Makati City, the Board of Trustees, by majority vote, and the Members, representing at least 2/3 of the Association's membership, approved the amendment of the Articles of Incorporation of the Association, as follows:

- a. SECOND ARTICLE - to expand the purposes of the Association to cover both Individual and Corporate Members; and to expand relationships to additional agencies; and
- b. SIXTH ARTICLE - to increase the number of Trustees to Twelve (12);

2. At the same meeting, the Board of Trustees, by majority vote, and the Members, representing at least 2/3 of the Association's membership, approved the amendment of the By-Laws of the Association, as follows:

- a. Article I, Sections 2 and 7 - to provide for Monthly and Special meetings of the Members; and provide voting rights to Corporate Members;
- b. Article II, Sections 2, 4, 5, 6, 7, 8 and 9 - to provide for qualifications for election to the Board of Trustees; the new composition of the Board of Trustees and a Transitory Provision; holding of Monthly and Special Meetings of the Board; Notices and Quorum for Meetings; and Terms of Offices of Trustees;
- c. Article III, Section 1 - to provide for new Officers of the Association including Chairman, Vice Chairman and Executive Director; and removing the positions of Vice President, Group Representatives and Managing Director;
- d. Article IV, Sections 1, 2, 3 and 7 - to provide for the functions of the Chairman, the Vice Chairman, the President and the Executive Director;
- e. Article V, Sections 1 and 2 - to provide for the qualifications and rights of Individual and Corporate Members; and
- f. Article VII, Section 2 - to provide for payment of Fees and Dues.

2. Written notices and of the time and place of said meeting were made upon each member of the Association and each member of the Board of Trustees, respectively, at his/her place of residence, as shown in the books of the Association.

--	--	--	--	--	--

3. Pursuant to said notices, a majority of the members of the Board of Trustees and at least a majority of the members of the Association appeared in person or by proxy.

4. At such meeting, upon motion duly made and seconded, the following resolutions were adopted by the affirmative vote of majority of the members of the Board of Trustees and at least 2/3 of the members of the Association:

“RESOLVED, that the SECOND Article of the Articles of the Association be amended to read as follows:

“SECOND: That the purpose or purposes for which the corporation is incorporated are:

1. To promote the common interests and growth of the independent power production industry as well as those of the related and support industries.
2. To provide a forum for **its individual and corporate members** to share and discuss common concerns and other issues so the same can be addressed from the sectorial viewpoint.
3. To develop a constructive and closer relationship between the membership of the Association and pertinent government institutions, in particular the Department of Energy, **the Energy Regulatory Commission, the Philippine Electricity Market Corporation, the National Grid Corporation of the Philippines, the National Transmission Corporation, and the National Power Corporation.**

X X X

“RESOLVED, FURTHER, that the SIXTH Article of the Articles of the Association be amended to read as follows:”

“SIXTH: That the number of trustees of the association shall be **Twelve (12)** and that the names and residences of the first Trustees of the association are as follows:

Name	Nationality	Address
William J.K Leong	Malaysian	#27 Tolentino St., San Lazaro Village Makati City
Edgardo A. Bautista	Filipino	1434 Calumpang St., Dasmariñas Village., Makati City
Manuel P. Gallego	Filipino	#6 Jacaranda Road, North Forbes, Makati City
David Tan	American	c/o Edison Energy Corp., Unit 202 A, 25/F

		Philippine Stock Exchange Road, Pasig, Metro Manila
Rolf A. Hellstrom	Swedish	#7 Tamarind Road, South Forbes, Makati City
Denis T. Carpio	Filipino	Apt. 701 Residencia 8888, Pearl Drive Metro Manila”

X X X

“RESOLVED, FURTHER, that Article I Sections 2 and 7 of the By-Laws of the Association be amended to read as follows:

“Section 2. **Quarterly/Special Meetings** – Quarterly meetings of the members shall be called by the **Chairman or the President** of the association. During such meetings, the President shall render his report to the members regarding the activities of the association.

“Special meetings may be called as the need thereof arises, by **a majority of the Board of Trustees or the Chairman** or the President or upon petition of 1/3 of the general membership.”

X X X

“Section 7. Voting Proxy – **Unless otherwise provided in the By-laws, corporate members shall be entitled to vote, and they may vote either in person or by proxy, which shall be in writing and filed with the Secretary of the Association before the scheduled meeting.**”

X X X

“RESOLVED, FURTHER, that Article II Sections 2, 4, 5, 6, 7, 8 and 9 of the By-Laws of the Association be amended to read as follows:

“Section 2. **Qualifications** – **Except for individual member[s] of the association, no person representing a corporate member shall be eligible for election to the Board of Trustees unless he has the following qualifications:**

1. Duly appointed representative by authorized officer of the corporate member in good standing; and
2. Supported by a duly issued Board Resolution of the corporate member. (As amended on 09 May 2014)”

X X X

“**Section 4. Composition of the Board of Trustees – Beginning May 2020, the Board of Trustees shall be**

composed of the following: (a) an independent and non-voting Trustee; and (b) eleven (11) voting Trustees who shall be elected by the members at the annual meeting held for the purpose. The independent and non-voting Trustee shall be elected by a majority vote of the voting members. The eleven (11) voting Trustees shall be the nominees receiving the highest number of votes from the voting members.

“The votes shall be based on the installed capacities of the voting members in accordance with the Certificate of Compliance (COC) issued by the Energy Regulatory Commission (ERC) for the voting members’ generation facilities. A member is entitled to nominate and vote for one (1) independent and non-voting Trustee and one voting (1) Trustee.

“Allocation of capacity for joint ventures is on a 30/70 basis – 30% for the owner-operator and 70% for the WESM member.”

“Section 5. Transitory Provision – Prior to May 2020, the Board of Trustees shall be composed of one (1) independent and non-voting Trustee and eleven (11) voting Trustees consisting of (a) at least three (3) representatives from the Build-Operate-Transfer/Build-Operate-Own Contractors (the “BOT/BOO Contractors Group”); (b) at least three (3) representatives from the Independent Power Producer Administrators (the “IPPA Group”); and (c) at least five (5) representatives from the Merchant Plants/ Privatized Plants (the “Merchant Plants Group”). The Board of Trustees may institute other group/s or sector/s in lieu of existing ones and allocate the eleven (11) seats of the voting Trustees among all groups.

“A member is entitled to nominate and vote for one (1) independent and non-voting Trustee and one voting (1) Trustee in the group where the member belongs. A member belonging to two or more groups shall, for the purpose of nominating and voting for a Trustee, signify only one (1) chosen group at such date as may be indicated in the notice of meeting which date shall not be later than one (1) week prior to the general membership meeting.

“The independent and non-voting Trustee shall be elected by a majority vote of the voting members. The eleven (11) voting Trustees shall be the nominees, in such number as allocated to each of the BOT/BOO Contractors Group, the IPPA Group, the Merchant Plants Group and such other groups as may be instituted by the Board of Trustees, receiving the highest number of votes from the voting members of each group.

“The votes shall be based on the installed capacities of the voting members in accordance with the COC issued by the ERC for the voting members’ generation facilities. In no case shall any member or its Affiliates have concurrent representatives in two or more groups.

“For purposes of computing the installed capacities, the combined installed capacities of a member and its Affiliates within the same group shall be considered. For purposes of this Article, an Affiliate refers to any person which, alone or together with any other person, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person, and includes a subsidiary company and parent company and subsidiaries, directly or indirectly, of a common parent. The term “Control”, when used in the context of the definition of “Affiliate” refers to the power to direct or cause the direction of the management policies of a person by contract, by agency, or otherwise.”

“Section 6. Monthly/Special Meetings – The Board of Trustees shall hold monthly meetings regarding the activities of the association. Special meetings may be called, as the need thereof arises, by a majority of the Board or the President. Meetings of the Board shall be held at the principal office of the association or at such other places as may be designated in the notice. Said meetings may be attended by the Trustees either in person or through video/teleconference in accordance with existing rules and regulations of the Securities and Exchange Commission.

“Section 7. Notices – Notices of the date, time and place of monthly and special meetings of the Trustees shall be given either personally, by special delivery mail, by courier, by electronic mail, or by facsimile, at least one week before the date set for such meeting. In urgent cases, the notice may be communicated at least two days before the meeting personally, by telephone, by telegram, by electronic mail, or by facsimile, if contact is not possible. The notice of every special meeting shall state briefly the purpose or purposes of the meeting. No other business shall be considered at such meeting, except with the unanimous consent of all Trustees present thereat, and provided further that no resolutions may be passed without the required quorum. Notice of meeting may be waived verbally by any Trustee attending it.

“Section 8. Quorum – A quorum for any meeting of the Board of Trustees shall consist of a majority of the

Board and a majority of such quorum may decide any question at the meeting, except those matters where the Corporation Code requires the affirmative vote of a greater proportion of the members of the association.

“Section 9. Term of Office of Trustees – Trustees of the association shall hold office for one (1) year and until their successor are duly elected and qualified. In the event a Trustee resigns during his term, the new Trustee should be from the same member-company, and shall serve the remaining portion of the term only.

“The Chairman may hold office for a maximum of three (3) consecutive 1-year terms and until his successor is duly elected and qualified. This limitation shall apply to a corporate member such that none of its representatives, regardless of the change in the person of any such representative, may hold office for more than the maximum of three (3) consecutive 1-year terms and until the successor of the Chairman is duly elected and qualified.”

X X X

“RESOLVED, FURTHER, that Article III Section 1 of the By-Laws of the Association be amended to read as follows:

“Section 1. Officers – The officers of the association shall be a Chairman, Vice Chairman, President, an Executive Director, a Treasurer, an Auditor, and a Secretary. The Chairman, the Vice Chairman, and the President shall be Trustees of the association.

“The Board of Trustees shall elect the officers. The Board may combine compatible officers in a single person, except that no one shall act as Chairman and President, President and Secretary or as President and Treasurer at the same time.”

X X X

“RESOLVED, FURTHER, that Article IV Sections 1, 2, 3 and 7, of the By-Laws of the Association be amended to read as follows:

“Section 1. Chairman - The Chairman shall preside at all meetings of the members and the Board of Trustees at which he may be present.”

“Section 2. Vice-Chairman - In the absence of the Chairman, the Vice Chairman shall perform the duties of the Chairman.”

“Section 3. President – There shall be an independent President elected by the Board of Trustees and who shall act as the Chief Executive Officer of the association. He shall serve as the primary spokesperson

for the association. He shall represent the association in all business transactions, official and business functions and all statutory affairs with full power and representation.

"He shall execute all resolutions and/or decisions of the Board of Trustees. He shall be charged with directing and overseeing the activities of the association.

"He shall appoint and have control over all employees of the association, review and approve expense vouchers. Together with the Secretary of the association, he shall present to the Board of Trustees and the members an annual budget and, from time to time as may be necessary, supplementary budgets. He shall submit to the Board as soon as possible after the close of each fiscal year, and to the members of each annual meeting, a complete report of the activities and operations of the association for the fiscal year under his term.

"He shall receive such salary, allowances or other emoluments as the Board may authorize."

X X X

"Section 7. Executive Director – The Executive Director shall be appointed by the Board of Trustees and (a) be in charge of the day-to-day internal affairs of the association, (b) supervise and be responsible for the active management of the affairs, business, and activities of the association and its staff; (c) coordinate and monitor the activities of the committees and their chairmen and members, and provide administrative support thereto and such other bodies or agencies created by PIPPA; (d) shall exercise all powers and perform all duties of the President in the absence of a President; and (e) perform such other duties as may be assigned by the Board of Trustees.

"The Executive Director shall be independent of any members of the association."

X X X

"RESOLVED, FURTHER, that Article V Sections 1 and 2 of the By-Laws of the Association be amended to read as follows:

"Section 1. Qualifications for Membership – The association shall have corporate and individual members:

- a. Corporate Member(s) – composed of generators who shall have at least 50 megawatt (MW) installed/controlled capacity; and
- b. Individual Members – composed of qualified individuals duly approved by the Board. The Board

shall determine when to open membership to qualified individuals.”

“Section 2. Rights of Members – A member shall have the following rights:

“For Corporate Members:

- a. To exercise the rights to vote on all matters relating to the affairs of the association;
- b. To be eligible to any elective or appointive office of the association through its duly authorized representatives; and
- c. To examine all the records or books of the association during business hours.

“For Individual Members:

“The membership of Individual Members shall only be for the purpose of qualifying them as members of the Board of Trustees or for any elective or appointive office of the association. Individual Members shall not have any voting rights.”

X X X

“RESOLVED, FINALLY, that Article VII Section 2 of the By-Laws of the Association be amended to read as follows:

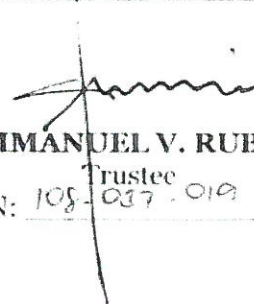
“Section 2. Fees and Dues – Except for individual member(s), every member of the association shall pay a membership fee and other dues and/or assessments that may be imposed by the association from time to time, as approved by the Board of Trustees.”

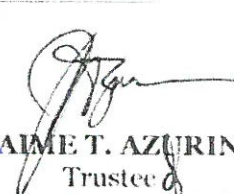
X X X

5. The requirements of Section 48 of the Corporation Code have been complied with.

6. The attached Articles and By-Laws is a true and correct copy of the Association’s Articles and By-Laws, as amended.

IN WITNESS WHEREOF, we have hereunto set our hands on this MAY 03 2017 in PASAY CITY


EMMANUEL V. RUBIO
Trustee
TIN: 108-037-019


JAIME T. AZURIN
Trustee
TIN: 102-116-570

NEERAJ BHAT
Trustee
TIN: 452 890 210

ELENITA D. GO
Trustee
TIN: 123-077-200

TRISTAN A. TAGHOY
Trustee
TIN: 158-360-710

GUILLERMO P. DABBAY, JR.
Trustee
TIN: 125-673-254

JUAN EUGENIO L. ROXAS
Trustee
TIN: 154-828-409

MIGUEL JOSE C. VALENCIA
Trustee
TIN: 144-040-507

Countersigned:


VICTOR B. SANTOS, JR.
Chairman
TIN: 123-665-320

EDWARD A. E. EVIOTA
Corporate Secretary
TIN: 135-910-885

SUBSCRIBED AND SWORN TO BEFORE ME, this
 MAY 03 2017 at PASAY CITY, affiants
 exhibiting to me the following:

<u>Name</u>	<u>Govt. Issued ID / Passport Number</u>	<u>Date/Place of Issue</u>
Emmanuel V. Rubio	POG52883A	Dec 17, 2016 / DFA Manila
Jaime T. Azurin	EC3220709	April 08, 2015 / DFA Manila South
Neeraj Bhat	546349085	Nov 9, 2016 / DFA USA
Guillermo P. Dabbay, Jr.	NO2-27-060550/ EC8623456	OCT 14, 2016 / LTO / QC March 10, 2014 / DFA Manila
Elenita D. Go	NO2-29-410861	Dec 18, 2014 / LTO QC
Juan Eugenio L. Roxas	EA0011744	Dec 10, 2014 / DFA Manila
Victor B. Santos, Jr.	EB9666201	Nov 23, 2013 / DFA Manila
Miguel Jose C. Valencia	ECG815053	Feb 20, 2016 / DFA NCR East
Edward A. E. Eviota	ECG871641	Feb 27, 2016 / DFA Manila
Tristan A. Taghoy	EC0072926	Jan 22, 2014 / DFA Manila

PAGE NO. 244
 PAGE NO. 48
 BOOK NO. (1)
 SERIES OF 217


 ATTY. JOVINO R. ANSEL
 NOTARY PUBLIC
 UNTIL DEC. 31, 2018
 PTR NO. 5266148-1/3/2017 PASAY CITY
 IBP NO. 1052058-1/3/2017 PASAY CITY
 COMPLIANCE NO. U-0024151-10/25/2016
 ROLL NO. 28761

SECRETARY'S CERTIFICATE

I, EDWARD ALBERT E. EVIOTA, of legal age, Filipino citizen, with office address at Unit 201 Midway Court Building, 241 EDSA, Mandaluyong City, after having been duly sworn in accordance with law depose and say:

1. I am the duly appointed and incumbent Corporate Secretary of PHILIPPINE INDEPENDENT POWER PRODUCERS ASSOCIATION, INC., an association duly organized and existing under the laws of the Philippines, with principal business address at Unit 2408, 24/F, Prestige Tower, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City, Metro Manila, Philippines, herein referred to as the "Association".

2. As such Corporate Secretary, I am the custodian of the corporate records of the Association, including the minutes of the meeting of its Members and Board of Trustees.

3. At a special meeting of the Members and the Board of Trustees of the Association held in 15 November 2016 in Makati City, the following resolutions were approved and adopted:

"RESOLVED, that the SECOND Article of the Articles of the Association be amended to read as follows:

"SECOND: That the purpose or purposes for which the corporation is incorporated are:

- 1. To promote the common interests and growth of the independent power production industry as well as those of the related and support industries.*
- 2. To provide a forum for its individual and corporate members to share and discuss common concerns and other issues so the same can be addressed from the sectorial viewpoint.*
- 3. To develop a constructive and closer relationship between the membership of the Association and pertinent government institutions, in particular the Department of Energy, the Energy Regulatory Commission, the Philippine Electricity Market Corporation, the National Grid Corporation of the Philippines, the National Transmission Corporation, and the National Power Corporation.*

x x x

"RESOLVED, FURTHER, that the SIXTH Article of the Articles of the Association be amended to read as follows:"

"SIXTH: That the number of trustees of the association shall be Twelve (12) and that the names and residences of the first Trustees of the association are as follows:

<i>Name</i>	<i>Nationality</i>	<i>Address</i>
<i>William J.K Leong</i>	<i>Malaysian</i>	<i>#27 Tolentino St., San Lazaro Village Makati City</i>
<i>Edgardo A. Bautista</i>	<i>Filipino</i>	<i>1434 Calumpang St., Dasmariñas Village, Makati City</i>

Manuel P. Gallego	Filipino	#6 Jacaranda Road, North Forbes, Makati City
David Tan	American	c/o Edison Energy Corp., Unit 202 A, 25/F Philippine Stock Exchange Road, Pasig, Metro Manila
Rolf A. Hellstrom	Swedish	#7 Tamarind Road, South Forbes, Makati City
Denis T. Carpio	Filipino	Apt. 701 Residencia 8888, Pearl Drive Metro Manila

x x x

"RESOLVED, FURTHER, that Article I Sections 2 and 7 of the By-Laws of the Association be amended to read as follows:

"Section 2. Quarterly/Special Meetings – Quarterly meetings of the members shall be called by the Chairman or the President of the association. During such meetings, the President shall render his report to the members regarding the activities of the association.

"Special meetings may be called as the need thereof arises, by a majority of the Board of Trustees or the Chairman or the President or upon petition of 1/3 of the general membership."

x x x

"Section 7. Voting Proxy – Unless otherwise provided in the By-laws, corporate members shall be entitled to vote, and they may vote either in person or by proxy, which shall be in writing and filed with the Secretary of the Association before the scheduled meeting."

x x x

"RESOLVED, FURTHER, that Article II Sections 2, 4, 5, 6, 7, 8 and 9 of the By-Laws of the Association be amended to read as follows:

"Section 2. Qualifications – Except for individual member[s] of the association, no person representing a corporate member shall be eligible for election to the Board of Trustees unless he has the following qualifications:

1. Duly appointed representative by authorized officer of the corporate member in good standing; and
2. Supported by a duly issued Board Resolution of the corporate member. (As amended on 09 May 2014)"

x x x

"Section 4. Composition of the Board of Trustees – Beginning May 2020, the Board of Trustees shall be composed of the following: (a) an independent and non-voting Trustee; and (b) eleven (11) voting Trustees who shall be elected by the members at the annual meeting held for the purpose. The independent and non-voting Trustee shall be elected by a majority vote of the voting members. The eleven (11) voting

Trustees shall be the nominees receiving the highest number of votes from the voting members.

"The votes shall be based on the installed capacities of the voting members in accordance with the Certificate of Compliance (COC) issued by the Energy Regulatory Commission (ERC) for the voting members' generation facilities. A member is entitled to nominate and vote for one (1) independent and non-voting Trustee and one voting (1) Trustee.

"Allocation of capacity for joint ventures is on a 30/70 basis – 30% for the owner-operator and 70% for the WESM member."

"Section 5. Transitory Provision – Prior to May 2020, the Board of Trustees shall be composed of one (1) independent and non-voting Trustee and eleven (11) voting Trustees consisting of (a) at least three (3) representatives from the Build-Operate-Transfer/Build-Operate-Own Contractors (the "BOT/BOO Contractors Group"); (b) at least three (3) representatives from the Independent Power Producer Administrators (the "IPPA Group"); and (c) at least five (5) representatives from the Merchant Plants/ Privatized Plants (the "Merchant Plants Group"). The Board of Trustees may institute other group/s or sector/s in lieu of existing ones and allocate the eleven (11) seats of the voting Trustees among all groups.

"A member is entitled to nominate and vote for one (1) independent and non-voting Trustee and one voting (1) Trustee in the group where the member belongs. A member belonging to two or more groups shall, for the purpose of nominating and voting for a Trustee, signify only one (1) chosen group at such date as may be indicated in the notice of meeting which date shall not be later than one (1) week prior to the general membership meeting.

"The independent and non-voting Trustee shall be elected by a majority vote of the voting members. The eleven (11) voting Trustees shall be the nominees, in such number as allocated to each of the BOT/BOO Contractors Group, the IPPA Group, the Merchant Plants Group and such other groups as may be instituted by the Board of Trustees, receiving the highest number of votes from the voting members of each group.

"The votes shall be based on the installed capacities of the voting members in accordance with the COC issued by the ERC for the voting members' generation facilities. In no case shall any member or its Affiliates have concurrent representatives in two or more groups.

"For purposes of computing the installed capacities, the combined installed capacities of a member and its Affiliates within the same group shall be considered. For purposes of this Article, an Affiliate refers to any person which, alone or together with any other person, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person, and includes a subsidiary company and parent company and subsidiaries, directly or indirectly, of a common parent. The term "Control", when used in the context of the definition of "Affiliate" refers to the power to direct or

cause the direction of the management policies of a person by contract, by agency, or otherwise."

"Section 6. Monthly/Special Meetings – The Board of Trustees shall hold monthly meetings regarding the activities of the association. Special meetings may be called, as the need thereof arises, by a majority of the Board or the President. Meetings of the Board shall be held at the principal office of the association or at such other places as may be designated in the notice. Said meetings may be attended by the Trustees either in person or through video/teleconference in accordance with existing rules and regulations of the Securities and Exchange Commission.

"Section 7. Notices – Notices of the date, time and place of monthly and special meetings of the Trustees shall be given either personally, by special delivery mail, by courier, by electronic mail, or by facsimile, at least one week before the date set for such meeting. In urgent cases, the notice may be communicated at least two days before the meeting personally, by telephone, by telegram, by electronic mail, or by facsimile, if contact is not possible. The notice of every special meeting shall state briefly the purpose or purposes of the meeting. No other business shall be considered at such meeting, except with the unanimous consent of all Trustees present thereat, and provided further that no resolutions may be passed without the required quorum. Notice of meeting may be waived verbally by any Trustee attending it.

"Section 8. Quorum – A quorum for any meeting of the Board of Trustees shall consist of a majority of the Board and a majority of such quorum may decide any question at the meeting, except those matters where the Corporation Code requires the affirmative vote of a greater proportion of the members of the association.

"Section 9. Term of Office of Trustees – Trustees of the association shall hold office for one (1) year and until their successor are duly elected and qualified. In the event a Trustee resigns during his term, the new Trustee should be from the same member-company, and shall serve the remaining portion of the term only.

"The Chairman may hold office for a maximum of three (3) consecutive 1-year terms and until his successor is duly elected and qualified. This limitation shall apply to a corporate member such that none of its representatives, regardless of the change in the person of any such representative, may hold office for more than the maximum of three (3) consecutive 1-year terms and until the successor of the Chairman is duly elected and qualified."

x x x

"RESOLVED, FURTHER, that Article III Section 1 of the By-Laws of the Association be amended to read as follows:

"Section 1. Officers – The officers of the association shall be a Chairman, Vice Chairman, President, an Executive Director, a Treasurer, an Auditor, and a Secretary. The Chairman, the Vice Chairman, and the President shall be Trustees of the association.

"The Board of Trustees shall elect the officers. The Board may combine compatible officers in a single person, except that no one shall act as Chairman and President, President and Secretary or as President and Treasurer at the same time."

x x x

"RESOLVED, FURTHER, that Article IV Sections 1, 2, 3 and 7, of the By-Laws of the Association be amended to read as follows:

"Section 1. Chairman - The Chairman shall preside at all meetings of the members and the Board of Trustees at which he may be present."

"Section 2. Vice-Chairman - In the absence of the Chairman, the Vice Chairman shall perform the duties of the Chairman."

"Section 3. President - There shall be an independent President elected by the Board of Trustees and who shall act as the Chief Executive Officer of the association. He shall serve as the primary spokesperson for the association. He shall represent the association in all business transactions, official and business functions and all statutory affairs with full power and representation.

"He shall execute all resolutions and/or decisions of the Board of Trustees. He shall be charged with directing and overseeing the activities of the association.

"He shall appoint and have control over all employees of the association, review and approve expense vouchers. Together with the Secretary of the association, he shall present to the Board of Trustees and the members an annual budget and, from time to time as may be necessary, supplementary budgets. He shall submit to the Board as soon as possible after the close of each fiscal year, and to the members of each annual meeting, a complete report of the activities and operations of the association for the fiscal year under his term.

"He shall receive such salary, allowances or other emoluments as the Board may authorize."

x x x

"Section 7. Executive Director - The Executive Director shall be appointed by the Board of Trustees and (a) be in charge of the day-to-day internal affairs of the association, (b) supervise and be responsible for the active management of the affairs, business, and activities of the association and its staff; (c) coordinate and monitor the activities of the committees and their chairmen and members, and provide administrative support thereto and such other bodies or agencies created by PIPPA; (d) shall exercise all powers and perform all duties of the President in the absence of a President; and (e) perform such other duties as may be assigned by the Board of Trustees.

"The Executive Director shall be independent of any members of the association."

x x x

"RESOLVED, FURTHER, that Article V Sections 1 and 2 of the By-Laws of the Association be amended to read as follows:

"Section 1. Qualifications for Membership – The association shall have corporate and individual members:

- a. Corporate Member(s) – composed of generators who shall have at least 50 megawatt (MW) installed/controlled capacity; and
- b. Individual Members – composed of qualified individuals duly approved by the Board. The Board shall determine when to open membership to qualified individuals."

"Section 2. Rights of Members – A member shall have the following rights:

"For Corporate Members:

- a. To exercise the rights to vote on all matters relating to the affairs of the association;
- b. To be eligible to any elective or appointive office of the association through its duly authorized representatives; and
- c. To examine all the records or books of the association during business hours.

"For Individual Members:

"The membership of Individual Members shall only be for the purpose of qualifying them as members of the Board of Trustees or for any elective or appointive office of the association. Individual Members shall not have any voting rights."

x x x

"RESOLVED, FINALLY, that Article VII Section 2 of the By-Laws of the Association be amended to read as follows:

"Section 2. Fees and Dues – Except for individual member(s), every member of the association shall pay a membership fee and other dues and/or assessments that may be imposed by the association from time to time, as approved by the Board of Trustees."

x x x

"RESOLVED, to appoint the Corporate Secretary, Edward Albert E. Eviota, as the Corporation's authorized representatives, to represent and act for and in behalf of the Association, to file the necessary application for approval of the amendments with the Securities and Exchange Commission (SEC), to do and perform any and all acts and resolve any and all matters to be taken in connection with the transaction. Further thereto, said representative shall have the authority to submit, receive, enter into, accept, sign, deliver and perform all communications, filings of notices and any other documents necessary or incidental to the transaction."

4. That the above resolutions have not been altered, modified or revoke, and as of this date of certification, is in full force and effect.
5. I further certify that from time of such Members and Trustees' approval of the foregoing amendments up to the filing to the Commission of the application for the amendment of the Articles of Incorporation and By-laws of the Association, to the best of my knowledge, no action or proceeding has been filed or is pending before any court involving an intra-corporate dispute and/or claim by any person or group against the Board of Trustees, individual Trustees and/or major officers of the Association as its duly elected and/or appointed officers or vice versa.

In witness whereof, I have hereunto set my hand this MAY 03 2017 at PASAY CITY.

Edward Albert E. Eviota
EDWARD ALBERT E. EVIOTA
 Corporate Secretary

MAY 03 2017
 SUBSCRIBED AND SWORN to before me this _____ day of April 2017 in PASAY CITY the affiant exhibited to me his 717 00 135 910 885 000

Doc. No. 243
 Page No. 48
 Book No. 11
 Series of 2017.

Jojo Angel
 ATTY. JOVINO R. ANGEL
 NOTARY PUBLIC
 UNTIL DEC. 31, 2018
 PTR NO. 5266148-1/3/2017 PASAY CITY
 IBP NO. 1052058-1/3/2017 PASAY CITY
 COMPLIANCE NO. U-0024151-10/25/2016
 ROLL NO. 28761

ANNEX B
Proposed Rules on the Imposition of
Secondary Price Cap

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

RULES FOR THE IMPOSITION OF SECONDARY PRICE CAP

Article I - General Provisions

Objectives

Governing Principles

Scope and Application

Definition of Terms

Article II - Supply Margin

Article III - Secondary Price Cap

Article IV - Cumulative Price Threshold

Article V - Additional Compensation

Article VI - Final Provisions

RULES FOR THE IMPOSITION OF SECONDARY PRICE CAP

WHEREAS, Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), declares it a policy of the state to ensure the quality, reliability, security and affordability of the supply of electric power, as well transparent and reasonable prices of electricity in a regime of free and fair competition.

WHEREAS, The Energy Regulatory Commission (ERC), under Section 43 of EPIRA, is tasked to promote competition, encourage market development, ensure customer choice, and discourage/ penalize abuse of market power in the restructured electric industry.

WHEREAS, the ERC on 05 May 2014, initially issued *An Urgent Resolution Setting an Interim Mitigating Measure in the Wholesale Electricity Spot Market*, Resolution No. 8, series of 2014, which set a secondary cap in the Wholesale Electricity Spot Market. This was followed by several other issuances, such as: (i) Resolution No. 13, series of 2014, (ii) Resolution No. 14, series of 2014, (iii) Resolution No. 20, series of 2014, (iv) Resolution No. 4, series of 2017, and finally (v) Resolution No. 7, series of 2021.

WHEREAS, the Offer Cap in the WESM has been adopted to limit or reduce possible instances of excessive increases or high market prices. Such a cap has been set at the marginal cost of operating the most expensive plant. However, there is a need to mitigate the sustained high prices that are still within the offer cap that will have an upward impact on the WESM prices that will ultimately affect the consumers.

WHEREAS, in order to address the need for long-term supply and promote competition in the generation sector, there is a need to revise the methodology of determining the secondary cap and the conditions that will trigger its implementation.

ARTICLE I - GENERAL PROVISIONS

Section 1. General Objectives

These Rules aim to set the implementation of the Secondary Price Cap as a price mitigation for customers, with minimal effect on the investment environment for Generation Companies. Specifically to:

- (a) Provide the supply side margin approach mechanism as the preemptive mitigating measure before the secondary price cap is imposed.
- (b) Provide the mechanism for the imposition of the secondary price cap as a result of supply constraints.
- (c) Include the process for updating the indices for fuel and forex to reflect market prices and efficiency gains that will benefit the consumers.
- (d) Streamline the approval process for additional compensation components that cannot be covered by any adjustments in the indices.

Section 2. Governing Principles.

- (a) **Pre-emptive Mitigation in the Dynamic Spot Market.** In recognition of the highly volatile nature of the spot market, the ERC established a pre-emptive mitigating measure through the Secondary Price Cap mechanism to safeguard consumer interests.
- (b) **Provision of mechanism for updating Secondary Price Cap.** Regular updates to the mechanism are essential to account for influencing factors. The WESM, Generators, and the DUs must comply with the caps established through the mechanisms provided under these rules.
- (c) **Balancing Consumer Protection and Market Viability.** This principle involves maintaining the balance between protecting consumers from extreme price fluctuations within the WESM, and ensuring that these mitigating measures will not distort the market to the extent that Generation Companies are no longer sufficiently compensated and will make their operations economically unviable.
- (d) **Adaption to Evolving Market Dynamics.** As the energy market evolves, such as the reserves market being operational by 2024, the ERC will study the transitional nature of the preemptive mitigating measure of the Secondary Price Cap.

Section 3. Scope and Application. These rules for the imposition of the Secondary Price Cap shall apply to all Market Participants of the Wholesale Electricity Spot Market.

Section 4. Definition of Terms

- (a) **“Administered Price”** means the price imposed by the Market Operator to the Trading Participants during Market Suspension or Market Intervention; Price is determined by getting the weighted average of the four (4) previous similar days and similar intervals.
- (b) **“Cumulative Price Threshold”** means a predetermined maximum price for a rolling average of a set period of time frame that will trigger the Secondary Price Cap.
- (c) **“Market Intervention”** means a measure taken by the System Operator when the grid is in alert or emergency state, or by the Market Operator when there is a failure in market systems. During such events, the administered price shall be used for settlements
- (d) **“Market Operator”** means the entity responsible for carrying out the market procedures according to the designed Market Mechanism.
- (e) **“Market Suspension”** means an event wherein the ERC declares the operation of the spot market to be suspended in cases of natural calamities or national and

international security emergencies. During such an event, the administered price cap shall be used for settlements in the WESM.

- (f) **“Must Dispatch “** is facilitated in the WESM by qualified and registered intermittent RE-Based plants, whether or not under FIT system, such as wind, solar, run-of-river hydro, or ocean energy, according to the preference in the dispatch schedule whenever generation is available. The enjoyment of Must Dispatch by intermittent RE-based plants is based on the difficulty to precisely predict the availability of resources inherently uncontrollable pursuant to Section 20 of the RE Act.
- (g) **“Offer Cap”** means the maximum price that can be offered by a Scheduled Generating Unit in the spot market during any dispatch and trading interval.
- (h) **“Priority Dispatch”** means giving preference to all qualified and registered RE plants that are not must dispatch, such as biomass, geothermal, and impounding hydro plants.
- (i) **“Secondary Price Cap (SPC)”** is the interim price mitigation mechanism as per ERC Resolution No. 07, Series of 2021
- (j) **“Supply Margin”** as per Section 8 of this Rules
- (k) **“System Operator”** the party responsible for generation dispatch, the provision of Ancillary Services, and the operation and control to ensure safety, power quality, stability, reliability and security of the Grid.
- (l) **“Total Supply Offers”** means total energy offers from generators that are not constrained due to transmission line limitations.
- (m) **“Energy Charge”** means Fuel Cost, Variable O&M and other attributable production costs
- (n) **“Variable O&M”** shall mean ERC Approved VOM, or the Actual Operations and Maintenance costs involved in operating the plant attributable to its energy generation.

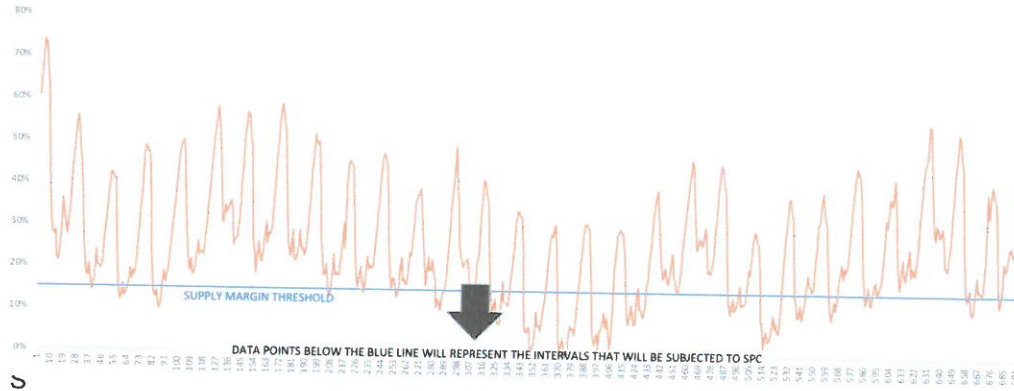
ARTICLE II - SUPPLY MARGIN

Section 5. Definition of Supply Margin. The Supply Margin shall be the primary indicator of the tightness of electricity supply and extraordinary events in the grid. The calculation of CPT and eventual implementation of the Secondary Price Cap shall be primarily triggered when the Supply Margin breaches lower than the threshold of **fifteen percent (15%)**. For avoidance of doubt, the CPT shall not be calculated by the MO if the Supply Margin is still equal to or above the Supply Margin threshold.

Section 6. Calculation of Supply Margin. The Supply Margin threshold shall be computed following this formula:

$$\text{SUPPLY MARGIN (SM) (\%)} = (\text{TOTAL SUPPLY OFFERS} + \text{PRIORITY \& MUST DISPATCH REs}) / \text{DEMAND}$$

Below is a sample illustration on how the supply margin was calculated during the October 2022 period:



Supply Margin is calculated per interval, separate for each of Visayas and Luzon Grids.

An arbitrary Supply Margin Threshold 15% (blue line in the chart above) was superimposed. It was simulated that the SPC was triggered 22% of the time at the point when Supply Margin Threshold was reduced to 15%.

ARTICLE III - SECONDARY PRICE CAP

Section 7. Base values of the Secondary Price Cap. The Secondary Price Cap shall be calculated using the levelized cost of energy (LCOE) for a Best New Entrant (BNE) of a peaking plant. Parameters for the calculation of LCOE shall be as follows:

Parameters	Base Value
Investment Cost, USD/kWh	713
FOM, PhP/kW-year	389.61
VOM, PhP/kWh	0.2505
Type of Fuel	LNG
Fuel Cost, USD/Btu	12.8667

ARTICLE IV. CUMULATIVE PRICE THRESHOLD (CPT)

Section 9. Calculation of CPT Values. The CPT shall be at Php13,657.38/MWh. The CPT was derived using the following values:

- (a) Year to date 2022 WESM Prices and Load Weighted Average Price (LWAP) using Pagbilao Node
- (b) 24 hours per day was divided into i). First-off peak-9 hours, ii. Peak- 9 hours, iii. Price Spike-3 hours, iv. Second-off Peak -3 hours
- (c) For the Price Spike Php 32,000/MWh was assigned.
- (d) The corresponding LWAP was assigned to the specific number of hours in a day and was averaged.
- (e) The hourly CPT was then derived.

The calculation is shown below.

Price Spike proxy value
at Php32,000/MWh

2022 YTD Prices	No. Of Hours in a day	Average LWAP (PhP/MWh)	Price Threshold (PhP/MWh)
1st Off-peak	9	8,133.40	73,200.60
Peak	9	13,345.49	120,109.41
Price Spike	3	32,000.00	96,000.00
2nd Off-peak	3	12,821.62	38,464.86
Total	24		327,774.87
Average CPT Per Hour			13,657.29

Hour	GWAP
1	10,729.99
2	9,360.53
3	8,104.75
4	7,231.08
5	7,669.50
6	6,980.09
7	5,441.89
8	6,973.01
9	10,709.73 1st Off-peak
10	11,372.82 Peak
11	32,000.00 Price Spike

12	13,163.64	
13	10,589.52	Peak
14	32,000.00	
15	32,000.00	Price Spike
16	15,193.12	
17	13,698.01	
18	11,811.07	
19	15,336.77	
20	14,017.89	
21	14,926.53	Peak
22	14,340.34	
23	12,737.73	
24	11,386.78	2nd Off-peak

Section 10. Rolling Average Number of Hours. The rolling average number of hours to be used for the CPT shall be one hundred sixty eight (168) hours, or equivalent to seven (7) days. The seven (7)-day rolling average is ideal to normalize the prices and always account for weekdays and weekends.

ARTICLE V. ADDITIONAL COMPENSATION

Section 11. Costs Allowed for Claiming Additional Compensation for SPC. The ERC recognizes that the SPC is determined using the LCOE of the BNE, which is the most efficient new entrant. Thus, existing plants may have costs more than the BNE. Generation Companies can claim additional compensation for costs incurred over and above the determined SPC. The following costs shall be included in the determination of total costs:

- (a) Fuel costs
- (b) Variable O&M
- (c) Maintenance costs, including spare parts and service fees
- (d) ER 1-94
- (e) Network service provider fees, including wheeling charges

Section 12. Timeline of Recovery. The Generation Company and the MO shall follow the timeline in the submission and processing of additional compensation, below:

--	--	--	--	--	--

Heat Rate (Btu/kWh)	8,000
FX	55.66
Cost of Debt	9.1365%
Cost of Equity	15%
Debt-Equity Ratio	70:30
Economic Life	25
Capital Recovery Fee (SCGT)	114.91
Total LCOE, PhP/kWh	9.8526

For the purpose of SPC determination, the BNE for peaking plants is determined to be a liquefied natural gas (LNG) single cycle gas turbine. The Secondary Price Cap shall be initially set at PhP 9.8526/kWh, subject to updating of values as per Section 8 of this Rules.

Section 8. Updating the SPC. The SPC shall be adjusted every quarter of every year, with the adjusted SPC published every January 15, April 15, August 15 and October 15 using the following formula:

$$SPC_n = SPC_b \times (0.3000 + 0.6000 \times \frac{LNG_n}{LNG_b} \times \frac{FX_n}{FX_b} + 0.1000 \times \frac{PCPI_n}{PCPI_b})$$

where

LNG_b = [12.8667] US\$/MMBtu, which is the LNG Japan price as of [July 2023]
LNG_n = The average of the LNG Japan price for the preceding three (3) months prior to the quarter, US\$/MMBtu, as posted in the World Commodity Price Data (The Pink Sheet) of the World Bank

FX_b = [55.6585] PhP to US\$, which is the PhP to US\$ exchange rate as of [August 2023]
FX_n = The average of the PhP to US\$ exchange rate as posted by the Bangko Sentral ng Pilipinas for the preceding three (3) months prior to the quarter

PCPI_b = [set specific amount] (2018=100)
PCPI_n = The average of 3 Philippine Consumer Price Index for the preceding three (3) months prior to the quarter as published by the Philippine Statistics Authority

- (a) Notice to MO of possible claim - not later than 14 working days after the issuance of the WESM final statement bill and settlement data;
- (b) Submission of all requirement by the Generation Company - maximum period of sixty (60) business days from the Market Operator's receipt of the written claim;
- (c) Process and approval by MO - within 30 days after the submission of all requirements by the Generation Company;
- (d) Recovery of additional compensation - shall be the billing month immediately after the approval of the MO.

ARTICLE VI. TRANSITORY AND FINAL PROVISIONS


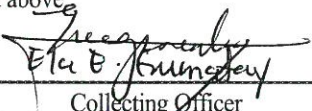
Section 13. Transitory Provision. The implementation of the SPC shall be transitory in nature. The SPC shall then eventually be removed subject to an ERC defined timeline.

Section 14. Repealing Clause. All rules and regulations, or any portion thereof, that are inconsistent with this Rules are hereby repealed or modified accordingly.

SECTION 15. Separability Clause. If for any reason that any section of this Rules is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

Section 16. Effectivity. The Rules shall take effect fifteen (15) calendar days after its publication in a newspaper of general circulation in the Philippines.

Pasig City, [date].

		Official Receipt of the Republic of the Philippines	
		No. 0032029 <i>003 2029</i>	
		Date 10/17/2023	
Agency ENERGY REGULATORY COMMISSION		Fund	
Payor Philippine Independent Power Producers Association			
Nature of Collection	Account Code	The Amount	
Filing Fee <i>2023-LS-5452</i> <i>4-02-01-130-02</i>		₱ 3,000.00	
UPLRF <i>2-99-99-990</i>		30.00	
TOTAL		₱ 3,030.00	
Amount in Words Three thousand thirty Pesos only			
<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Check <input type="checkbox"/> Money Order	Drawee Bank	Number	Date
Received the amount stated above  Collecting Officer			
NOTE: Write the number and date of this receipt on the back of check or money order received.			

STATEMENT OF ACCOUNT

STATEMENT NO: 2023-LS-5452

DATE ISSUED: October 17 2023

DUE DATE: October 24 2023

EXTENDED DATE:

	AMOUNT
IMPOSITION OF	3,000.00
IMPOSITION OF	30.00
TOTAL AMOUNT (PhP)	PHP 3,030.00

ONLY

by: *for 10/17/23*
 Dir. Maria Corazon Gines

Director III, LS

by: 
 Ernest June Coloma
 Billing Section

IMPOSITION OF SECONDARY PRICE CAP - UPLRF

TOTAL AMOUNT (PHP): 3030.00

BILLED TO : Philippine Independent Power Producers Association, Inc.
 Unit 2408, 24/F, Prestige Tower, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City, Metro Manila, Philippines

Assessed By : Daniel Joshua Reyes

STATEMENT NO : 2023-LS-5452

DATE ISSUED : October 17 2023

DUE DATE : October 24 2023

EXTENDED DATE :

Agency Code : 26-008-0000000