

**GDP,**  
from S1/1

The Philippine Statistics Authority will release the GDP and December trade data on Jan. 27, a day after the agency is set to report agriculture performance on Jan. 26.

Economists attributed the GDP growth in the last three months of 2021 to the further easing of movement restrictions amid the decline in new coronavirus disease 2019 (COVID-19) cases, allowing more businesses to increase operational capacity.

Most parts of the Philippines were under the more relaxed Alert Level 2 from Nov. 5, 2021 to Jan. 2, 2022.

"Gradual easing in restrictions in Q4 likely resulted in more

economic activities domestically, buoying business and consumer sentiment," said Makoto Tsuchiya, an economist from Oxford Economics, in an e-mail. "Indeed, manufacturing PMI (purchasing managers' index) continuously breached 50 throughout Q4, reflecting greater domestic demand."

Manufacturing PMI jumped to a nine-month high of 51.8 in December from 51.7 in November and 51 in October as new orders increased.

A reading above 50 indicates improving conditions in the manufacturing sector from the month before.

"Consumer spending was boosted by the sharp decline in

COVID-19 daily new cases as well as seasonal Christmas sales, helping to underpin GDP growth in Q4 2021," IHS Markit Asia and the Pacific Chief Economist Rajiv Biswas said in an e-mail.

"Positive growth in personal remittance inflows from workers abroad have also helped to support consumption spending in 2021," he added.

Personal remittances increased by 4.8% annually to \$2.77 billion in November, preliminary data from the Bangko Sentral ng Pilipinas showed. Year to date, it reached \$31.59 billion, higher by 5.3% year on year.

Cash remittances coursed through banks rose by 5.1% year

on year in November to \$2.50 billion. This brought the remittance during the 11-month period to \$28.43 billion, up by 5.2%.

Emilio S. Neri, Jr., lead economist of Bank of the Philippine Islands (BPI), said Typhoon Odette may have hampered demand and business activities in the Visayas and Mindanao, "but our estimates show this was not enough to offset the meaningful rebound during the quarter."

Typhoon Odette (international name: Rai) ravaged many areas in the Visayas and Mindanao in mid-December. It left damage to infrastructure and agriculture worth P17.19 billion and P13.3 billion, respectively.

Economists are hoping to see the Philippine economy rebound this year but the outlook is clouded by the emergence of new COVID-19 variants.

"As for 2022, the Omicron wave has by now probably put the brakes on the recovery again," Alex Holmes, Asia economist at Capital Economics, said in an e-mail. "On the plus side, restrictions being brought in are much less stringent than previously and we don't expect a significant further tightening."

"Overall, the recovery is more likely to stall, than slip into reverse, and should get back on track in Q2. Nonetheless, the more drawn out the recovery the

worse the long-term scarring from the pandemic will be," he added.

BPI's Mr. Neri penciled in a growth estimate of 7.3% for 2022, "assuming that COVID-19 cases will drop sharply by March 2022, herd immunity will be achieved by the second quarter of 2022 and schools will gradually return to face-to-face interaction."

"Downside risks to this will, of course, be the possibility of more severe COVID variants, poor conduct of the elections, an energy crisis, surge in global inflation, faster-than-expected US central bank rate hikes," he said.

The government is targeting a 7-9% GDP growth for 2022. — **Mariedel Irish U. Catilogo**

(ix) **MAINTENANCE SERVICE ADJUSTMENT**

6.6 CUSTOMER may avail of the service adjustment during the scheduled maintenance of its facilities, not to exceed two (2) billing periods in one year. The minimum charge on the energy consumption shall be fifty percent (50%) of the Contract Energy. To be able to avail of this adjustment, CUSTOMER must inform PSALM in writing thirty (30) days prior to the commencement of the scheduled maintenance.

(x) **PROMPT PAYMENT DISCOUNT**

6.10 Subject to ERC's approval, the Prompt Payment Discount (PPD) shall be in accordance with the PSALM's credit and collection policies duly approved by the PSALM Board.

(xi) **DISPUTED BILLS**

6.11 Should there be any dispute on bills, any such dispute would be considered as waived unless CUSTOMER questions the same in writing within sixty (60) days from CUSTOMER's receipt thereof. On a "best-efforts basis", PSALM commits to resolve such disputed bills within a period of sixty (60) days upon PSALM's receipt of said disputed bills' complete supporting documents, from the date of filing of the claim.

(xii) **OVERDUE ACCOUNT**

6.15 In the event that a power bill remains unpaid within five (5) days after its due date, PSALM has the option to call on or draw against the Security Deposit as provided for under Section 5 (Security Deposit) of this Contract.

6.16 Any power bill or account of CUSTOMER not paid on due date shall bear a floating rate of interest computed from the first day after it becomes due and payable, based on the highest non-prime lending rate of PSALM's depository banks for every quarter ending March, June, September and December of each year. Interest on overdue accounts shall be computed based on a 360-day year.

6.17 A restructuring agreement of the overdue account shall be executed by the CUSTOMER, with the following salient terms and conditions:<sup>24</sup>

(xiii) **DEDUCTION DUE TO FORCE MAJEURE**

9.6 PSALM shall have a maximum of seventy-two (72) hours from the time a force majeure event prevented it from supplying electricity and perform its other obligations under the Contract to resume supply. CUSTOMER shall not be entitled to interruption adjustment for such period, unless interruptions exceed seventy-two (72) hours and the CUSTOMER failed to fully take or consume its Contract Energy.

(xiv) **CONTRACT TERMINATION**

9.11 Either party will have the right to terminate this Contract upon failure of the other to perform its obligation under this Contract, provided that the party at fault will have to pay all its outstanding account and reimburse the costs incurred by the other party as a result of the termination.

(xv) **EFFECTIVITY**

9.20 This Agreement shall be executed in counterparts and shall be effective when at least one counterpart shall have been executed by one of the parties herein, and each set of counterparts shall constitute one single and binding agreement.

21. The remaining Subject CSEEs contain the same salient provisions as above; the only substantial differences are the following:

- 21.1 those found in Annex 1 of the Subject CSEEs (which reflects the Contracted Energy and the corresponding Equivalent Demand);
- 21.2 the amendment to Section 3.1 on Contract Duration of the Subject CSEEs;<sup>25</sup>
- 21.3 Section 5.2 of the PSALM-CAMELCO CSEE;<sup>26</sup>
- 21.4 Section 5.2 of the PSALM-DORECO CSEE;<sup>27</sup>
- 21.5 Section 5.2 of the PSALM-LANECO CSEE;<sup>28</sup>
- 21.6 Section 5.2 of the PSALM-MOELCI II CSEE;<sup>29</sup>
- 21.7 Section 5.2 of the PSALM-MORESCO II CSEE;<sup>30</sup>
- 21.8 Section 5.2 of the PSALM-SURNECO CSEE;<sup>31</sup>
- 21.9 Section 5.2 of the PSALM-SURSECO II CSEE;<sup>32</sup> and
- 21.10 Section 5.2 of the PSALM-ZAMSURECO I CSEE.<sup>33</sup>

22. Summaries of the Contracted Energy, Equivalent Demand, and Load Factor of the Subject CSEEs are attached hereto as Annex "C" to "C-21," respectively.

23. Further, in compliance with Section 2, Rule 6 (Pre-Filing Requirements) of this Honorable Commission's Resolution No. 01, Series of 2021,<sup>34</sup> a copy of the instant Application (including Annexes) was furnished to the offices of the City Mayor and the *Sangguniang Panlungsod* of Quezon City (see Annexes "D" and series hereof). The Application (excluding Annexes) was also published in a newspaper of general circulation (see Annex "E" hereof).

PSALM is exempted from joining the mandatory CSP in the procurement of power supply

24. This Honorable Commission recognized that PSALM is exempted from joining the mandatory Competitive Selection Process ("CSP") in the procurement of power supply. In a letter dated 20 September 2016 (see Annex "F" hereof), this Honorable Commission said that PSALM need not participate in the CSP due to the nature of its operations.

25. Also, this Honorable Commission recognized PSALM's exemption from joining the mandatory CSP in its decision approving the application for the approval of the CSEEs and LOAs with the DUs under ERC Case No. 2016-186 RC.

**ALLEGATIONS IN SUPPORT FOR THE ISSUANCE OF PROVISIONAL AUTHORITY**

26. PSALM acknowledges that the continued operation of the Contracting DUs is indispensable to the economic efficiency of the franchise area they service, not to mention the ripple effect of that efficiency on the economic growth of the entire country. In order for these DUs to continue lawfully drawing electricity from the grid, it is imperative that they enter into agreement/s with PSALM as Supplier for the supply of electricity, through a contract of sale for electricity, hence the respective CSEE.

27. A grant of Provisional Authority ("PA") to execute the Subject CSEEs will ultimately redound to the benefit of end consumers

28. Attached as Annex "G" is the Judicial Affidavit of Engr. James Marvin A. Mamaradlo, the Corporate Staff Officer B of the Electricity Trading Department under PSALM's Privatization and Asset Management Group, attesting to the truth of the above matters.

29. Pursuant to ERC Rules of Practice and Procedure, this Honorable Commission may exercise its discretion by granting a PA or an Interim Relief prior to a final decision.

30. It is understood that the PA or Interim Relief sought by PSALM, which may be granted by this Honorable Commission, shall be subject to adjustments and other conditions that this Honorable Commission may impose after its hearing and final determination.

**PRAYER**

WHEREFORE, PSALM most respectfully prays that this Honorable Commission:

1. APPROVES PSALM's duly negotiated CSEEs with the following DUs:

- 1.1 ANECO;
- 1.2 ASELCO;
- 1.3 BUSECO;
- 1.4 CAMELCO;
- 1.5 COTELCO;
- 1.6 DANECO;
- 1.7 DORECO;
- 1.8 ILPI;
- 1.9 LANECO;
- 1.10 MOELCI I;
- 1.11 MOELCI II;
- 1.12 MORESCO II;
- 1.13 SIARELCO;
- 1.14 SOCOTECO I;
- 1.15 SOCOTECO II;
- 1.16 SUKELCO;
- 1.17 SURNECO;
- 1.18 SURSECO I;
- 1.19 SURSECO II;
- 1.20 ZAMSURECO I;
- 1.21 ZAMSURECO II; and
- 1.22 ZANECO.

2. ISSUES a PA or Interim Relief authorizing PSALM to implement the Subject CSEEs with the Contracting DUs in the Mindanao Grid.

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

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020<sup>35</sup> dated 24 September 2020 and Resolution No. 01, Series of 2021 dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):<sup>36</sup>

Date	Platform	Activity
17 February 2022 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams	Determination of compliance with the jurisdictional requirements and expository presentation
24 February 2022 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams	Pre-trial Conference and presentation of evidence

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

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

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

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

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

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

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

**WITNESS**, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 29<sup>th</sup> day of December 2021 in Pasig City.

  
**AGNES VST DEVANADERA**  
Chairperson and CEO

KJP bp 7  
LS: KJP/LSP/MCCG

<sup>1</sup> Hereinafter referred to as "PSALM-ANECO CSEE".  
<sup>2</sup> Hereinafter referred to as "PSALM-ASELCO CSEE".  
<sup>3</sup> Hereinafter referred to as "PSALM-BUSECO CSEE".  
<sup>4</sup> Hereinafter referred to as "PSALM-CAMELCO CSEE".  
<sup>5</sup> Hereinafter referred to as "PSALM-COTELCO CSEE".  
<sup>6</sup> Hereinafter referred to as "PSALM-DANECO CSEE".  
<sup>7</sup> Hereinafter referred to as "PSALM-DORECO CSEE".  
<sup>8</sup> Hereinafter referred to as "PSALM-ILPI CSEE".  
<sup>9</sup> Hereinafter referred to as "PSALM-LANECO CSEE".  
<sup>10</sup> Hereinafter referred to as "PSALM-MOELCI I CSEE".  
<sup>11</sup> Hereinafter referred to as "PSALM-MOELCI II CSEE".  
<sup>12</sup> Hereinafter referred to as "PSALM-MORESCO II CSEE".  
<sup>13</sup> Hereinafter referred to as "PSALM-SIARELCO CSEE".  
<sup>14</sup> Hereinafter referred to as "PSALM-SOCOTECO I CSEE".  
<sup>15</sup> Hereinafter referred to as "PSALM-SOCOTECO II CSEE".  
<sup>16</sup> Hereinafter referred to as "PSALM-SUKELCO CSEE".  
<sup>17</sup> Hereinafter referred to as "PSALM-SURNECO CSEE".  
<sup>18</sup> Hereinafter referred to as "PSALM-SURSECO I CSEE".  
<sup>19</sup> Hereinafter referred to as "PSALM-SURSECO II CSEE".  
<sup>20</sup> Hereinafter referred to as "PSALM-ZAMSURECO I CSEE".  
<sup>21</sup> Hereinafter referred to as "PSALM-ZAMSURECO II CSEE".  
<sup>22</sup> Hereinafter referred to as "PSALM-ZANECO CSEE".  
<sup>23</sup> See page 13 of the Decision dated 24 October 2017 in ERC Case No. 2016-186 RC where this Honorable Commission said that the Application in ERC Case No. 2014-175 RC was "Deliberated and approved during the Commission's meeting on 16 August 2016."  
<sup>24</sup> Please see the detailed list of terms and conditions under 6.17.1 to 6.17.12 of the PSALM-ANECO CSEE.  
<sup>25</sup> However, similar to the PSALM-ANECO CSEE, the Contract Duration of the PSALM-SUKELCO and PSALM-DANECO CSEEs are also from 26 December 2020 to 25 December 2025.  
<sup>26</sup> Section 5.2 of the PSALM-CAMELCO CSEE reads:  
 5.2 The Security Deposit may be required to be posted upon privatization of the generating asset/s to which this Contract is allocated or assigned as provided for in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, cash bond, manager's or cashier's check, bank certified check, irrevocable stand-by letter of credit. In the event the Security Deposit of the CUSTOMER becomes nil, the PSALM reserves the right to refuse or discontinue supply of electric energy. In cases of partial depletion of the Security Deposit, the CUSTOMER shall replace the Security Deposit not later than thirty (30) days thereafter. PSALM reserves the right to continue supply of electric energy to the extent of Security Deposit of the CUSTOMER.  
<sup>27</sup> Section 5.2 of the PSALM-DORECO CSEE reads:  
 5.2 The Security Deposit may be required to be posted upon privatization of the generating asset/s to which this Contract is allocated or assigned as provided for in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, cash bond, manager's or cashier's check, bank certified check, irrevocable stand-by letter of credit. In the event the Security Deposit of the CUSTOMER becomes nil, the PSALM reserves the right to refuse or discontinue supply of electric energy. In cases of partial depletion of the Security Deposit, the CUSTOMER shall replace the Security Deposit not later than thirty (30) days thereafter. PSALM reserves the right to continue supply of electric energy to the extent of Security Deposit of the CUSTOMER.  
<sup>28</sup> Section 5.2 of the PSALM-LANECO CSEE reads:  
 5.2 The Security Deposit may be required to be posted upon privatization of the generating asset/s to which this Contract is allocated or assigned as provided for in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, cash bond, manager's or cashier's check, bank certified check, irrevocable stand-by letter of credit. In the event the Security Deposit of the CUSTOMER becomes nil, the PSALM reserves the right to refuse or discontinue supply of electric energy. In cases of partial depletion of the Security Deposit, the CUSTOMER shall replace the Security Deposit not later than thirty (30) days thereafter. PSALM reserves the right to continue supply of electric energy to the extent of Security Deposit of the CUSTOMER.  
<sup>29</sup> Section 5.2 of the PSALM-MOELCI I CSEE reads:  
 5.2 The Security Deposit may be required to be posted upon privatization of the generating asset/s to which this Contract is allocated or assigned as provided for in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, cash bond, manager's or cashier's check, bank certified check, irrevocable stand-by letter of credit. In the event the Security Deposit of the CUSTOMER becomes nil, the PSALM reserves the right to refuse or discontinue supply of electric energy. In cases of partial depletion of the Security Deposit, the CUSTOMER shall replace the Security Deposit not later than thirty (30) days thereafter. PSALM reserves the right to continue supply of electric energy to the extent of Security Deposit of the CUSTOMER.  
<sup>30</sup> Section 5.2 of the PSALM-MORESCO II CSEE reads:  
 5.2 The Security Deposit may be required to be posted upon privatization of the generating asset/s to which this Contract is allocated or assigned as provided for in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, cash bond, manager's or cashier's check, bank certified check, irrevocable stand-by letter of credit. In the event the Security Deposit of the CUSTOMER becomes nil, the PSALM reserves the right to refuse or discontinue supply of electric energy. In cases of partial depletion of the Security Deposit, the CUSTOMER shall replace the Security Deposit not later than thirty (30) days thereafter. PSALM reserves the right to continue supply of electric energy to the extent of Security Deposit of the CUSTOMER.  
<sup>31</sup> Section 5.2 of the PSALM-SURNECO CSEE reads:  
 5.2 The Security Deposit may be required to be posted upon privatization of the generating asset/s to which this Contract is allocated or assigned as provided for in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, cash bond, manager's or cashier's check, bank certified check, irrevocable stand-by letter of credit. In the event the Security Deposit of the CUSTOMER becomes nil, the PSALM reserves the right to refuse or discontinue supply of electric energy. In cases of partial depletion of the Security Deposit, the CUSTOMER shall replace the Security Deposit not later than thirty (30) days thereafter. PSALM reserves the right to continue supply of electric energy to the extent of Security Deposit of the CUSTOMER.  
<sup>32</sup> Section 5.2 of the PSALM-SURSECO II CSEE reads:  
 5.2 The Security Deposit may be required to be posted upon privatization of the generating asset/s to which this Contract is allocated or assigned as provided for in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, cash bond, manager's or cashier's check, bank certified check, irrevocable stand-by letter of credit. In the event the Security Deposit of the CUSTOMER becomes nil, the PSALM reserves the right to refuse or discontinue supply of electric energy. In cases of partial depletion of the Security Deposit, the CUSTOMER shall replace the Security Deposit not later than thirty (30) days thereafter. PSALM reserves the right to continue supply of electric energy to the extent of Security Deposit of the CUSTOMER.  
<sup>33</sup> Section 5.2 of the PSALM-ZAMSURECO I CSEE reads:  
 5.2 The Security Deposit may be required to be posted upon privatization of the generating asset/s to which this Contract is allocated or assigned as provided for in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, cash bond, manager's or cashier's check, bank certified check, irrevocable stand-by letter of credit. In the event the Security Deposit of the CUSTOMER becomes nil, the PSALM reserves the right to refuse or discontinue supply of electric energy. In cases of partial depletion of the Security Deposit, the CUSTOMER shall replace the Security Deposit not later than thirty (30) days thereafter. PSALM reserves the right to continue supply of electric energy to the extent of Security Deposit of the CUSTOMER.  
<sup>34</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.  
<sup>35</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.  
<sup>36</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.