

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
CONTRACT FOR SUPPLY
OF ELECTRIC ENERGY
(CSEE) WITH CAGAYAN I
ELECTRIC COOPERATIVE,
INC. (CAGELCO I),
LOCATED IN THE LUZON
GRID

ERC CASE NO. 2025-137 RC

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

Promulgated:
October 08, 2025

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 04 July 2025, Power Sector Assets and Management Liabilities Management (PSALM) Corporation filed an Application dated 22 May 2025, seeking the Commission's approval of its Contract of Supply of Electric Energy (CSEE) with Cagayan I Electric Cooperative, Inc. (CAGELCO I), located in the Luzon grid.

The docketed copy of the Application, excluding its annexes, is attached as Annex "A" of the Notice of Virtual Hearing.

The Commission has set the Application for hearing, pursuant to the pertinent rules of the Commission, as follows:

Date and Time	Platform	Activity
05 NOVEMBER 2025 (WEDNESDAY) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Determination of Compliance with Jurisdictional Requirements, Expository Presentation, Pre-Trial Conference and Presentation of Evidence

Accordingly, Applicants are hereby directed to mirror the virtual hearings, to be hosted by the Commission, at **CAGELCO I's Principal Office at Maddrarlug, Solana, Cagayan, Philippines** as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, Applicants shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

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

Moreover, any person who has 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, a verified Petition to Intervene at least **five (5) calendar days** prior to the date of the initial virtual hearing. The verified Petition to Intervene must follow 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 state 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, copy furnish the Legal Service through 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 the person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgement receipt e-mail sent by the Commission.

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Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses, indicating therein the case number of the instant *Joint 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 Chairperson and CEO **FRANCIS SATURNINO C. JUAN** and the Honorable Commissioners **FLORESINDA G. BALDO-DIGAL**, **MARKO ROMEO L. FUENTES**, **AMANTE A. LIBERATO** and **PARIS G. REAL**, Energy Regulatory Commission in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ATTY. KRISHA MARIE T. BUELA¹
Director III, Office of the General Counsel
and Secretariat

LS: NRG/JGGW

¹ Office Order No. 71, Series of 2025 dated 20 August 2025, with the subject "Approving/Signing Authorities for Consumer Complaints Cases and Interlocutory Orders".

ANNEX "A"

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE CONTRACT
FOR THE SUPPLY OF ELECTRIC
ENERGY (CSEE) WITH CAGAYAN I
ELECTRIC COOPERATIVE, INC.
(CAGELCO I), LOCATED IN THE
LUZON GRID

ERC Case No. 2025-137 RC

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

July 04, 2025

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APPLICATION

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

1. Pursuant to Section 67 of Republic Act No. 9136, otherwise known as the *Electric Power Industry Reform Act of 2001* ("EPIRA") and Section 5, Article III of the Energy Regulatory Commission's ("ERC") Guidelines for the Recovery of Costs for the Generation Component of the Distribution Utilities' Rate, PSALM respectfully submits this Application for the approval of the CSEE entered into by PSALM with Cagayan I Electric Cooperative, Inc. (CAGELCO I), located in the Luzon Grid.
2. PSALM is a government-owned and controlled corporation created by virtue of the EPIRA, with principal office address at 10th Floor Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Brgy. Bagong Pag-asa, Quezon City.
3. CAGELCO I is an electric cooperative, duly organized and existing under the laws of the Republic of the Philippines, with principal office address at Maddrarlug, Solana, Cagayan Philippines.

4. In order to facilitate the approval of CSEEs, the ERC issued Resolution No. 8, Series of 2005 dated 07 July 2005, which adopted a template for the CSEEs. Said template was later on amended by the ERC in its Resolution No. 15, Series of 2005 dated 09 August 2005.

5. In ERC Resolution No. 33, Series of 2006, entitled "Resolution Clarifying the Purpose of the Adoption of the Transition Supply Contract ("TSC") Template," the ERC clarified that the template should merely serve as a guide and should not be construed as the contract contemplated under Section 67 of the EPIRA.

BACKGROUND OF THE CSEE SUBJECT OF THIS APPLICATION

6. On 20 October 2023, PSALM pre-filed its application for the approval of the CSEEs and Letter of Agreement entitled, "IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF THE LETTER OF AGREEMENT (LOA) WITH CAMARINES SUR II ELECTRIC COOPERATIVE, INC. (CASURECO II) AND CONTRACTS FOR THE SUPPLY OF ELECTRIC ENERGY (CSEEs) WITH LA UNION ELECTRIC COOPERATIVE, INC. (LUELCO), PANGASINAN I ELECTRIC COOPERATIVE, INC. (PANELCO I), PAMPANGA RURAL ELECTRIC SERVICE COOPERATIVE, INC. (PRESCO), QUEZON II ELECTRIC COOPERATIVE, INC. (QUEZELCO II), AND CAGAYAN I ELECTRIC COOPERATIVE, INC. (CAGELCO I) LOCATED IN THE LUZON GRID, WITH PRAYER FOR ISSUANCE OF PROVISIONAL AUTHORITY."

7. One of the CSEEs submitted for approval in the above-mentioned application is the contract entered into between PSALM and CAGELCO I. A copy of the Application with attached CSEE of CAGELCO I is attached hereto as Annex "A".

8. Pursuant to Section 3.1 of the CSEE, the contract period covers from 26 October 2023 to 25 October 2024. The approval of the CSEE is currently pending before the Regulatory Operations Service of the Honorable Commission

9. Thereafter, CAGELCO I, in its letter dated 13 August 2024, requested for the extension of its CSEE. Copy of the said letter is hereto attached as Annex "B". Upon evaluation, PSALM agreed to extend the term of the CSEE with CAGELCO I from 26 October 2024 until 25 May 2025. Thus, LOA with CAGELCO I is attached hereto as Annex "B-1".

10. Further, it is understood that the PSALM-CAGELCO I LOA shall be an integral part of the PSALM-CAGELCO I CSEE, and terms and conditions not otherwise affected by the above-mentioned amendment shall remain valid and effective.

11. The ERC Letter dated 20 June 2024 clarified that LOAs for the extension of ongoing CSEEs should be filed as motions in the respective pending CSEE application.

12. Thus, on 13 May 2025, PSALM filed a Motion requesting the approval of the LOA with CAGELCO I. A copy of the present motion is attached hereto as Annex "C".

CSEE SUBJECT OF THE PRESENT APPLICATION

13. In a letter dated 20 November 2024, CAGELCO I requested an additional capacity of 8 MW for a period of seven (7) months, covering the period from 26 October 2024 to 25 May 2025. A copy of said letter is attached hereto as Annex "D".

14. After due consideration, PSALM granted the request in part and approved the additional capacity for a limited duration of two (2) months, specifically from 26 March 2025 to 25 May 2025. Accordingly, a new CSEE was executed to cover this period in compliance with the ERC letter dated 20 June 2024 which provides that

any request for an increase in capacity shall be the subject of a separate CSEE and must be filed as a new application. A copy of the new PSALM-CAGELCO I CSEE is attached hereto as Annex "E".

15. A copy of the Secretary's Certificate attesting to the approval of the execution of the PSALM-CAGELCO I CSEE by the PSALM's Board of Directors pursuant to Board Resolution No. 2025-0226-02 is attached herein as Annex "F".

16. Further, the above-mentioned CSEE was executed based on the ERC-approved template under ERC Resolution No. 08, Series of 2005, as amended by Resolution No. 15, Series of 2005. Likewise, the same CSEE incorporated the changes previously proposed by PSALM and approved by the DUs, which changes were contained in the CSEEs approved by this Honorable Commission in PSALM's Applications in ERC Case Nos. 2018-054 RC, 2020-030 RC and subsequent applications. Further, subsequent revisions proposed by PSALM were incorporated in the same CSEE, as reviewed and subsequently approved by the Office of the Government Corporate Counsel (OGCC) in its Contract Review No. 439 series of 2024 dated 15 May 2024.

SALIENT PROVISIONS OF THE PSALM-CAGELCO I CSEE

17. The subject CSEE has the following salient provisions:

i. CONTRACT ENERGY

4.1 Contract Energy and Equivalent Demand as indicated in Annex I may be changed by PSALM at any time during the Contract Duration due to: (a) a change in the projected available capacity of PSALM's power plants; or (b) the privatization of any of the assets of PSALM pursuant to the EPIRA.

4.1.1 CUSTOMER shall nominate: (i) its hourly month-ahead energy quantity requirements three (3) days before the start of the next billing period; and (ii) its day ahead energy requirements in a per 5- minute interval on or before 1400H. On a day-to day transaction, the CUSTOMER shall confirm the schedule of hourly energy requirements to PSALM on the day ahead. PSALM shall declare to WESM the schedule of energy requirements delivered to customers immediately on the day after.

ii. ASSIGNABILITY

4.8 PSALM may assign or transfer part or all of its rights and obligations in the supply of Contract Energy herein stated, to any such entity, provided that prior written notice is given to the CUSTOMER Ninety (90) days before the actual transfer. This Contract shall remain binding to Parties, their successors and assignees. PSALM warrants that any sale, assignments, transfer, or subcontracting of the Contract shall not affect or impair the CUSTOMER's rights and obligations with respect to quantity and price of electricity, Contract effectiveness, incentives, discounts and other terms and conditions of this Contract. The assignee shall, by written instrument, assume the rights and obligations of PSALM to CUSTOMER. Should this Contract be assigned by PSALM to a Successor Generating Company (SGC) by virtue of the privatization of the PSALM Generating Plant pursuant to the EPIRA, the SGC has the option to renegotiate this Contract with the CUSTOMER within six (6) months from its actual transfer to the SGC. If the CUSTOMER and the SGC fail to reach an agreement, either Party shall have the right to terminate this Contract.

4.9 The CUSTOMER may assign, sell or transfer a part or all of its Contract Energy and/or Equivalent Demand either permanently or for a certain number of billing periods, subject to the written consent of PSALM under the following conditions, and which consent shall not be unreasonably withheld:

If applicable, the CUSTOMER has obtained a certification from NGCP that the transmission, sub-transmission, substation and other facilities can accommodate the increase in the power requirements of the assignee/transferee.

The buyer, assignee or transferee has no outstanding obligation to PSALM, and said buyer, assignee or transferee undertakes to assume the obligations of the CUSTOMER and to pay for the additional expenses necessary or incidental to the transfer.

Assignment of CUSTOMER to buyer, assignee or transferee shall comply with the forms provided in Annex IV-A and Annex IV-B of this Contract.

THE BUYER, ASSIGNEE OR TRANSFEREE SHALL ASSUME ALL OBLIGATIONS OF THE CUSTOMER related to Contract Energy that might arise in a pending suit with the ERC or in Arbitration proceedings.

Payment of corresponding assignment fee equivalent to PhP500,000.00.

iii. SECURITY DEPOSIT AMOUNT

5.1 The Security Deposit shall stand as security for the faithful and proper compliance by the CUSTOMER of its obligations under this Contract and shall be procured and maintained by the CUSTOMER for the entire Contract Duration and any extension thereof. The Security Deposit shall be equivalent to 100% of the average monthly Contracted Energy, as may be amended, indicated in Annex I of the CSEE multiplied by the average TOU rate pursuant to Annex III of the CSEE and shall become valid and effective for the Contract Duration.

iv. FORM AND TIME OF POSTING

5.2 The Security Deposit shall be required to be posted upon the effectiveness of this Contract and it may be allocated or assigned as provided in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form