

of cash, manager’s or cashier’s check, or irrevocable stand-by letter of credit. In the event the Security Deposit of the CUSTOMER becomes nil, PSALM reserves the right to refuse or discontinue supply of electric energy. Within five (5) business days from PSALM’s service of the notice that it has drawn on the Security Deposit, the

CUSTOMER shall replace, replenish, or provide such additional security or securities acceptable to PSALM as may be sufficient to restore the original amount of the Security Deposit. PSALM reserves the right to continue supplying electric energy to the extent of the CUSTOMER’s remaining Security.

v. RELEASE OF SECURITY DEPOSIT

5.3 The Security Deposit shall be returned to the CUSTOMER within thirty (30) days upon expiration or termination of the Contract provided that the CUSTOMER shall have no outstanding obligation with PSALM. PSALM shall return or release the Security Deposit to CUSTOMER, subject to deductions for any amounts owed by the CUSTOMER to PSALM.

vi. BASIC ENERGY CHARGE

6.1 The Basic Energy Charge (BEC) applied to the CUSTOMER’s hourly energy consumption which shall be the ERC-approved NPC/PSALM’s Time of Use (TOU) generation rates, Franchise and benefits to Host Communities (FBHC), plus adjustments in the tariff including but not limited to Deferred Accounting Adjustments (DAAs) and the Incremental Currency Exchange Rate Adjustments (ICERA), Automatic Cost Recovery Mechanism (ACRM), ACRM True Up Adjustments, which is attached as Annex III, and the RA 9136 Mandatory Rate Reduction Adjustments, if applicable. The BEC to be applied to the Contract Energy shall be in accordance with Section 7.1 (Price Settlement Mechanism During the WESM Operation).

Energy consumption higher than the contracted level shall be sourced and settled by the CUSTOMER in accordance with relevant WESM Rules.

6.1.1 The BEC shall be applied to the CUSTOMER’s hourly energy consumption based on the hourly nominated energy quantity mentioned in Section 4.1.1 (Contract Energy).

vii. MINIMUM CHARGES

6.2 CUSTOMER shall pay the Minimum Charges if it has not fully taken or failed to consume the Contract Energy. The calculation for the Minimum Charges shall be the difference between the Contract Energy as indicated in Section 4.1 of this Contract and the actual energy delivered per billing period, multiplied by the BEC which is the average TOU rate for the same billing period and FBHC, subject to deductions and adjustments as expressly provided for in this Contract.

viii. FUTURE ADJUSTMENT

6.3 CUSTOMER shall be liable to pay (or be entitled for a refund on) any applicable ERC-approved cost/true-up adjustments for the period it was drawing power from PSALM.

ix. SERVICE INTERRUPTION ADJUSTMENT

6.4 Should the supply of electricity be interrupted or curtailed to a level below the Contract Energy due to the fault or lack of generation capacity of PSALM, even if CUSTOMER was at that time unable to take or consume electricity, the Contract Energy shall be adjusted taking into account the ratio of the number of hours that electric service was interrupted to the total number of hours in the billing period. The adjusted Contract Energy shall be used in the calculation of Minimum Charge.

x. MAINTENANCE SERVICE ADJUSTMENT

6.7 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, the CUSTOMER must inform PSALM in writing at least thirty (30) days prior to the commencement of the scheduled maintenance.

xi. PROMPT PAYMENT DISCOUNT

6.11 Pursuant to the agreement between PSALM and the CUSTOMER, the PPDA shall no longer be applicable.

xii. DISPUTED BILLS

6.12 Should there be any dispute on bills, any such dispute would be considered as waived unless the CUSTOMER questions the same in writing within sixty (60) calendar days from the CUSTOMER’s receipt thereof. On a “best-efforts basis”, PSALM commits to resolve such dispute within a period of sixty (60) calendar days counted from PSALM receipt of the CUSTOMER’s written dispute, the disputed bills and complete supporting documents.

xiii. OVERDUE ACCOUNT

6.16 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).

6.17 The CUSTOMER shall pay its unpaid current power account within thirty (30) days from receipt of

notice from PSALM. Any current power bill or account of the CUSTOMER not paid on the due date shall bear a floating interest rate computed from the first day after it becomes due and payable pursuant to PSALM’s Credit and Collection Policy. The floating interest rate shall be 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.

6.18 A restructuring agreement and/or special payment arrangement of the overdue account shall be executed by PSALM and the CUSTOMER, subject to the PSALM’s Credit and Collection Policy and such other terms and conditions which may be agreed upon by the Parties.

xiv. DEDUCTION DUE TO FORCE MAJEURE

8.5 The Duties and responsibilities of the Party affected by the Force Majeure shall be temporarily suspended while the Force Majeure subsists. Moreover, the Parties shall be excused from performing their respective obligations under this Contract and shall not be liable for damages if and only to the extent that they are unable to so perform or are prevented from performing their respective obligations under this Contract by reason of the Event Force Majeure, provided that:

The Party affected by the Force Majeure gives the other Party written notice describing the event, the effect thereof, the specific time it would need to recover from the Force Majeure (if known), and the actions being taken in response thereto.

The other Party shall have thirty (30) days to verify or deny in writing that such situation exists.

The Contract Energy and Equivalent Demand shall be adjusted to the actual off-take below contract level for all hours when service was suspended because of a Force Majeure.

No obligation of either Party, which arose before the occurrence of the event that caused the suspension of performance, shall be excused as a result of the Force Majeure.

xv. CONTRACT TERMINATION

8.8 Either party will have the right to terminate this Contract upon failure of the other to perform its obligation herein, 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.

xvi. EFFECTIVITY

8.17 This Contract 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.

PSALM’S EXEMPTION FROM JOINING THE COMPETITIVE SELECTION PROCESS (“CSP”)

18. This Honorable Commission recognized that PSALM is exempted from joining the CSP in the procurement of power supply. In a letter dated 20 September 2016, the Honorable Commission said that PSALM need not participate in the CSP due to the nature of its operations.

A copy of the Honorable Commission’s letter dated 20 September 2016 is attached hereto as *Annex “G”*.

19. This Honorable Commission also recognized PSALM’s exemption from joining the CSP in its Decisions in ERC Case No. 2016-186 RC,<sup>1</sup> ERC Case No. 2018-054 RC,<sup>2</sup> and ERC Case No. 2019-040 RC.<sup>3</sup> Moreover, in its Decision in ERC Case No. 2019-040 RC, the Honorable Commission referred to Section 2 of the Department of Energy’s (“DOE”) Department Circular No. 2018-02-0003<sup>4</sup> to further justify PSALM’s exemption from joining the CSP.

20. In relation to Section 2.2.1.5 of the DOE Department Circular No. 2021-09-0030<sup>5</sup> relative to the provision of power supply by PSALM through bilateral contracts and submission of Certificate of Exemption (“COE”) from the conduct of CSP, the DOE through its letter dated 07 March 2022, requested PSALM to include as one of its requirements in entering/renewing a CSEE, a letter from the DOE that the DU has a pending application/request for the issuance of a COE” from the conduct of CSP.

21. However, pursuant to the DOE Advisory on the Implementation of DOE Department Circular No. DC2023-06-00217, applications for COE-CSP received by the DOE after 18 July 2023 shall no longer be processed. Thereafter, all instances exempted from CSP shall be submitted or applied with the ERC.

COMPLIANCE WITH THE HONORABLE COMMISSION’S PRE-FILING REQUIREMENTS

22. In compliance with Section 2, Rule 6 (Pre-Filing Requirements) of the Honorable Commission’s Resolution No. 01, Series of 2021 (the “ERC Revised Rules of Practice and Procedure”), a copy of the instant Application (including its Annexes) will be furnished to the offices of the City Mayor and the Sangguniang Panlungsod of Quezon City and be published (excluding its Annexes) in a newspaper of general circulation.

23. The proof of compliance with the Pre-Filing Requirements, particularly, the service to the Mayor and the Sangguniang Panlungsod of Quezon City as well as the publication of the instant Application, shall be attached to the instant Application as *Annexes “H” and series*, pursuant to Section 3, Rule 6 of the ERC Revised Rules of Practice and Procedure.

PRAYER

WHEREFORE, Applicant POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION (“PSALM”) most respectfully prays that the Honorable Commission *APPROVE* the PSALM-CAGELCO I CSEE duly notarized on 14 May 2025.

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

Quezon City for Pasig City, 22 May 2025.

**POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION**

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Republic of the Philippines )  
Quezon City ) S.S.

VERIFICATION AND CERTIFICATION AGAINST FORUM SHOPPING

I, DENNIS EDWARD A. DELA SERNA, of legal age, married, with office address at the Power Sector Assets and Liabilities Management Corporation (PSALM), 10th Floor Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City, after having been duly sworn to in accordance with law, do hereby depose and state for myself and for PSALM, that:

- I am the President and Chief Executive Officer of PSALM with authority to commence, initiate, sign and file the foregoing Application entitled, “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”, pursuant to PSALM Board Resolution No. 2025-0925-02 dated 25 February 2025 2024. The copy of the Secretary’s Certificate confirming the abovementioned resolution is attached hereto as Annex “A”.
- I have read the Application and the allegations therein are true and correct based on my personal knowledge or the authentic records available to PSALM;
- The Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;
- The factual allegations in the Application have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;
- Except for the pending pre-filed Application with the ERC 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”, I or PSALM have not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and
- If I or PSALM should hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report the said fact within five (5) days from discovery thereof to the Honorable Commission.

IN WITNESS WHEREOF, I have hereunto affixed my signature this day of \_\_\_\_\_ at Quezon City, Metro Manila.

**DENNIS EDWARD A. DELA SERNA**  
*Affiant*

SUBSCRIBED and SWORN TO before me this MAY 22 2025, with affiant DENNIS EDWARD A. DELA SERNA presenting to me his Philippine Passport I.D. No. \_\_\_\_\_, issued at DFA Manila valid until \_\_\_\_\_ known to me and to me known to be the same person who executed the foregoing Verification and Certification Against Forum Shopping.



Doc. No. 583;  
Page No. 583;  
Book No. 1;  
Series of 2025.

NOTARY PUBLIC

**ATTY. CARLO MARCO Q. MERCADO**  
*Commissioned Notary Public for Quezon City*  
Adm. Matter No. SP-164 Tumulit 11 Dec. 2020  
Roll of Attorneys No. 20991 IBP Life Member Roll No. 09442  
MCLE Compliance No. VIII-00050442  
PTR No. 1006443 \* 01 January 2015 \* Quezon City  
417 Vertis North Corporate Center 1, Astra corner Lux Drives,  
Batangas Raging Page 544, Quezon City

<sup>1</sup> Dated 24 October 2017.  
<sup>2</sup> Dated 20 September 2021.  
<sup>3</sup> Dated 21 July 2021.  
<sup>4</sup> Entitled “Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market.”  
<sup>5</sup> Entitled, “Amending Certain Provisions of and Supplementing Department Circular No. DC2018-02-0003 on the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market.”