

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
PETITION FOR THE
AVAILMENT OF THE
ENVIRONMENTAL
CHARGE/SHARE FROM THE
UNIVERSAL CHARGE FOR
THE REHABILITATION AND
MANAGEMENT OF
WATERSHED AREAS (PLAN
17)**

ERC CASE NO. 2021-023 RC

**NATIONAL POWER
CORPORATION,**
Petitioner.
X-----X

Promulgated:
April 22, 2021

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 31 March 2021, National Power Corporation (NPC) filed a *Petition* dated 24 March 2021, seeking the Commission's approval of the availment of the Environmental Charge (EC) or share from the Universal Charge (UC) for the rehabilitation and management of watershed areas (Plan 17).

The pertinent portions of the said *Petition* are hereunder quoted as follows:

1. NPC is a government owned-and-controlled corporation created and existing under and by virtue of Republic Act No. 6935, as amended (NPC Charter), with principal office address at NPC Office Building Complex, Quezon Avenue Corner BIR Road, Diliman, Quezon City, where it may be served with notices and other processes of this Honorable Commission;
2. Under the NPC Charter, particularly Section 3, paragraph (N), NPC is vested with the power to exercise complete jurisdiction and control over watersheds surrounding the reservoir of plants and/or projects it constructed;

ERC CASE NO. 2021-023 RC
NOTICE OF VIRTUAL HEARING/12 April 2021
PAGE 2 of 7

3. To further strengthen NPC's jurisdiction and control over watersheds, Executive Order (EO) No. 224 was issued on 16 July 1987, wherein NPC was granted complete jurisdiction, control and rehabilitation function over the following watershed areas and reservations: (a) Upper Agna Watershed Reservation as covered by Proclamation No. 548; (b) Angat Watershed Reservation as covered by Proclamation, Nos. 505 and 599; (c) Caliraya-Lumot Watershed Reservation as covered by Proclamation No. 573; (d) Makiling-Banahaw Geothermal Reservations as covered by Proclamation No. 1111; (e) Buhi-Barit Watershed as covered by Proclamation No. 573; (f) Tiwi Geothermal Reservation as covered by Presidential Proclamation No. 739;
4. Accordingly, NPC became responsible for the management, protection, development, and rehabilitation of the aforementioned watershed areas, including but not limited to the following: (a) Enforcement of forestry laws, rules and regulations governing the Integrated Management of Watershed Reservation under Ministry Order No. 83-01-13, Series of 1982; (b) Identification of areas which required immediate rehabilitation and development; (c) Preparation of plans and programs using the integrated multiple use concept of Watershed Management for the maximum utilization of Watershed resources; (d) Formulation and/or implementation of measures to prevent denudation of forest cover and siltation of existing reservoirs; (e) Public education and information drive to create awareness among the populace about the importance of forest resources and watershed areas; (f) Promotion of the development and conservation of existing vegetative cover; (g) Formulation of plans and development programs for resettlement and relocation; (h) Coordination with government agencies/instrumentalities, academic institutions, Local Government Units (LGUs), Indigenous Peoples (IPs)/Indigenous Cultural Communities (ICCs), as well as religious and civil groups in undertaking forest conservation and rehabilitation measures in watershed areas; (i) Afforestation, reforestation and implementations of physical rehabilitation measures in critically denuded watershed areas; (j) Development, maintenance and management of free farms within adequately vegetative watershed for the production of transmission line poles;
5. NPC's jurisdiction and control over watersheds was again recognized and reiterated in Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA), and its Implementing Rules and Regulations (IRR), particularly Section 6 (c), Rule 23 of the IRR, by mandating NPC to continue being responsible for watershed rehabilitation and management;
6. Under the EPIRA, NPC is entitled to the Environmental Charge (EC) equivalent to one-fourth of one centavo per kilowatt-hour sales (P 0.0025/kWh), which forms part of the Universal Charge (UC). This environmental fund is intended solely for watershed rehabilitation and management and is being managed by NPC

ERC CASE NO. 2021-023 RC
NOTICE OF VIRTUAL HEARING/12 April 2021
PAGE 3 of 7

under existing arrangements. In order to avail said EC, NPC is required to file with this Honorable Commission a petition for the availment of the UC-EC in relation to the proposed watershed rehabilitation and management projects on or before March 15 of every year;

7. In order to review and restructure some of NPC's rehabilitation and other allied activities within the watershed areas; and due to the restrictions imposed by the National Government and Local Government Units in local travels, coupled with the strict implementation of health and safety protocols against Covid-19; NPC requested for extensions in filing its UC-EC Plan 17 petition for the Calendar Year (CY) 2020. (Attached as Annexes "P" to "R", are NPC's letters to this Honorable Commission dated March 12, July 2, and December 28, 2020, respectively, which all form an integral part hereof);
8. However, the threat of Covid-19 to health and life remains. Restrictions in local travels and implementation of health and safety protocols still cause delay, not only in the validation of target sites for its restoration, but also in the consultations conducted by the Watershed Area Teams (WATs) with the concerned stakeholders. As a result, in a letter dated February 22, 2021 (Attached as Annex "S", which forms an integral part hereof), NPC informed this Honorable Commission of its decision to forego its availment of UC-EC for CY 2020, and instead file Plan 17 Petition for UC-EC CY 2021. NPC also requested that it be allowed to file its petition for Plan 17 until 31 March 2021 in order for WATs to complete the documentation and packaging of the proposed projects in their respective areas, and to comply with the posting and pre-filing requirements. Hence, this Petition;
9. In support of this petition, NPC hereby submits its proposed operations plan for Calendar Year 2021 (hereinafter referred to as "Plan 17") for the availment of the UC-EC for the rehabilitation and management of the watersheds. (Attached as Annex "A" is the Executive Summary of Plan 17 which forms an integral part hereof);
10. Plan 17 was crafted in order to strengthen and intensify NPC's undertakings to address the issue of uncontrolled deforestation, especially in watershed areas. For the past 19 years (2002-2021), NPC continues to embark on non-stop greening initiatives in various watershed areas that gained acceptance and encouraged cooperation from stakeholders. In line with the Greening Program of the National Government, NPC's Watershed Management Department (WMD) and its Watershed Area Teams (WATs) are committed to reforest idle/open and denuded areas and promote the use of indigenous species (Rainforestation) in its greening projects. Alongside with the greening programs, WMD intends to raise planting stocks to be distributed to qualified beneficiaries that are willing and able plant trees in their respective communities;

ERC CASE NO. 2021-023 RC
NOTICE OF VIRTUAL HEARING/12 April 2021
PAGE 4 of 7

11. Plan 17 is composed of programs and projects specified in Section 1, Article II of the Rules and Procedures Governing the Utilization and Disbursement of UC-EC (Rules), with the proposed modes of procurement, namely: (1) Watershed Protection and Law Enforcement; (2) Watershed Rehabilitation; (3) Watershed Resource Development; (4) Infrastructure; (5) Administrative and Project Operations and/or Supervision; (6) Equipment Acquisition; (7) Sustainability and Third-Party Evaluation; (8) Biodiversity and Ecotourism; and (9) Research Development. These programs and projects, which were recommended by the concerned WAT, were reviewed and evaluated by the Head Office-WMD. (Attached as Annexes "C" to "L", which form an integral part hereof, are the proposed plans of the WATs assigned in Angat, Buhi-Barit, Caliraya-Lumot, Lake-Lanao Agus River, Mak-Ban, Pulangi, San Roque, Tiwi, Upper Agno and the WMD-Head Office);
12. Plan 17 covers the six (6) watershed areas and reservations over which NPC has complete jurisdiction and control by virtue of EO 224: San Roque Watershed (Lower Agna) which is managed by NPC for San Roque Multi-Purpose Project by virtue of PD 2320; Lake Lanao-Agus River and Pulangi Watershed Area which are covered by a Memorandum of Agreement between NPC and the Department of Environment and Natural Resources (DENR);
13. Plan 17, which was crafted with reference to the previous proposed plans submitted to this Honorable Commission, also forms part of, and is premised on the NP Board approved Integrated Watershed Master Plan for the nine (9) watershed areas managed by NPC;
14. Aside from maintaining the objectives of the previous proposed plans, Plan 17 seeks to: (a) attain the rehabilitation, through vegetative measures, of 496 hectares of open and denuded areas; (b) contribute to climate change mitigation through the sequestration of carbon equivalent to 3,472 tons/year (Lasco, R.D. and Pulhin, F.B., 2003); (c) reduce sedimentation and soil erosion inside NPC's reforestation areas of at least 644.80 tons/year (Sapalco, S.R., 1981); (d) increase biodiversity in terms of species richness and flora and fauna population through conservation and ecotourism programs; (e) strengthen and sustain the protection and conservation of the watershed areas through community participation; and (f) employ approximately 1,000 individuals from the local community;
15. Plan 17 complies with ERC Case Res. Nos. 1.8 Series of 2011, which requires it to conduct consultation with the Local Government Units (LGU) and LGAs where projects will be situated. Reference was made to the environmental projects of the LGUs and LGAs to avoid duplication in funding. Concerns of stakeholders were brought to the attention of concerned WAT personnel and served as guides in packaging Plan 17. This helped ensure support from the LGUs and the local communities;
16. In order to attain the objectives of Plan 17, NPC needs to avail and

ERC CASE NO. 2021-023 RC
NOTICE OF VIRTUAL HEARING/12 April 2021
PAGE 5 of 7

utilize the funds from the UC-EC amounting to TWO HUNDRED FORTY- SIX MILLION FIVE HUNDRED FIFTY THOUSAND SIXTEEN PESOS and EIGHTY-ONE CENTAVOS (Php246,550,016.81), as shown in the Consolidated Financial Summary attached as Annex "B" which forms an integral part hereof. This amount was computed based on existing rules and regulations prescribed for government projects;

17. In compliance with Section 2 (b), Article II of the Rules, NPC furnished a copy of this petition to the Sangguniang Panlungsod and the Office of the City Mayor of Quezon City, where NPC principally operates, and published it in a newspaper of general Circulation. (Attached as Annexes "M" and "N" which form an integral part hereof, are proofs of service and publication of this petition).

WHEREFORE, premises considered, NPC prays that this petition be APPROVED by this Honorable Commission.

OTHER RELIEFS and REMEDIES, which in law or equity may be deemed just and equitable under the premises, are likewise prayed for.

The Commission has set the instant *Petition* 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 2020¹ dated 24 September 2020:

Date	Platform	Activity
03 June 2021 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation for Luzon Stakeholders
10 June 2021 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Expository Presentation for Visayas Stakeholders
01 July 2021 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Expository Presentation for Mindanao Stakeholders

¹ Entitled: "A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission".

ERC CASE NO. 2021-023 RC
NOTICE OF VIRTUAL HEARING/12 April 2021
PAGE 6 of 7

Date	Platform	Activity
08 July 2021 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Pre-Trial Conference
16 July 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Presentation of Evidence
23 July 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Presentation of Evidence
30 July 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	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, 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, all 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, copy furnish the Legal Service through 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.

ERC CASE NO. 2021-023 RC
NOTICE OF VIRTUAL HEARING/12 April 2021
PAGE 7 of 7


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 such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

Any person mentioned in the preceding paragraphs may access the *Petition* on the Commission's official website at www.erc.gov.ph.

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

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 12th day of April 2021 in Pasig City.


AGNES VST DEVANADERA
Chairperson and CEO


LS-VMA/ISP/MCCG

