

Republic of the Philippines
ENERGY REGULATORY COMMISSION
1 Jade Drive, Ortigas Center, Pasig City

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE EMERGENCY
POWER SUPPLY AGREEMENT
(EPSA) BETWEEN QUEZON II
ELECTRIC COOPERATIVE, INC.
(QUEZELCO II) AND ENERGY
DEVELOPMENT CORPORATION
(EDC) WITH MOTION FOR
CONFIDENTIAL TREATMENT OF
INFORMATION,**

ERC CASE NO. [2026-076](#) - RC

[May 26, 2026](#)

**QUEZON II ELECTRIC
COOPERATIVE, INC. (QUEZELCO
II) AND ENERGY DEVELOPMENT
CORPORATION (EDC),**

Applicants.

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JOINT APPLICATION

(With Motion for Confidential Treatment of Information)

Applicants **QUEZON II ELECTRIC COOPERATIVE, INC.** (“**QUEZELCO II**”) and **ENERGY DEVELOPMENT CORPORATION** (“**EDC**”), through the undersigned counsel and unto this Honorable Commission, most respectfully state:

PARTIES

1. Co-Applicant **QUEZELCO II** is a distribution utility (“**DU**”) and electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. Gumian, Infanta, Quezon.

Attached is QUEZELCO II's Certificate of Registration issued by the National Electrification Administration ("NEA").¹ QUEZELCO II is represented by its Board President, Ms. Annie A. Moises, and has been authorized by its Board of Directors to file the Joint Application, as evidenced by Resolution No. 25, Series of 2026 dated 24 February 2026.²

2. Co-applicant EDC is a power generation company duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at the 9/F Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City 1604, Philippines.

Attached are EDC's latest Amended Articles of Incorporation,³ latest Amended By-Laws,⁴ and latest General Information Sheet (GIS).⁵ EDC is represented by its Vice-President, Gabriel S. Vergara, who has been authorized by its Board of Directors to file the Joint Application, as evidenced by the Secretary's Certificate dated 16 March 2026.⁶

3. The Applicants may be served with notices and other processes of this Honorable Commission through their respective counsels at the addresses indicated herein.

4. Pursuant to Rule 20(B) of the 2020 Revised Energy Regulatory Commission ("ERC") Rules of Practice and Procedure ("ERC Rules"), and other pertinent rules and regulations, this Joint Application is being submitted to this Honorable Commission for approval of the Emergency Power Supply Agreement dated 9 March 2026 between QUEZELCO II and EDC (the "EPSA").

NATURE OF THE APPLICATION

5. The Joint Application for Approval of the EPSA is being submitted to the Honorable Commission for its review and approval pursuant to Republic Act No. 9136, or the Electric Power Industry Act of 2001 ("EPIRA"), Sections 25 and 45(b); Implementing Rules and Regulations, Rule 5, Section 4(e) and Rule 11, Section 5; ERC Rules of Practice and Procedure, Rule 20(B), and other pertinent rules and regulations.

6. Pursuant to ERC Resolution No. 7, Series of 2026, or the Amended Implementing Guidelines for Procurement, Execution, and

¹ A copy of QUEZELCO II's Certificates of Registration issued by the NEA is attached herewith as Annex "L".

² A copy of QUEZELCO II's Board Resolution No. 25, Series of 2026 authorizing Ms. Annie A. Moises to file the subject application is attached herewith as Annex "D-1".

³ A copy of EDC's Amended Articles of Incorporation is attached as Annex "09-A".

⁴ A copy of EDC's Amended By-Laws is attached as Annex "09-B".

⁵ A copy of EDC's General Information Sheet (GIS) is attached as Annex "09-C".

⁶ A copy of EDC's Secretary's Certificate dated 16 March 2026 is attached as Annex "D-3".

Evaluation of Power Supply Agreements Entered Into by Distribution Utilities for the Supply of Electricity to their Captive Market (“**2026 Amended ERC CSP Guidelines**”), power supply intended to meet the electricity demand of the DU’s⁷ captive market shall be procured through a competitive selection process.⁸ Conduct of the competitive selection process, however, shall not be required under limited instances specified in Section 2.3 of Department of Energy (“**DOE**”) Department Circular No. DC 2023-06-00021 (“**2023 DOE CSP Circular**”) and Section 3 of DOE Department Circular No. DC 2025-10-0022 (“**2025 DOE Circular**”).⁹

7. The instances where the conduct of competitive selection process shall not be required includes the negotiated procurement of emergency power supply wherein the agreement shall have a maximum and non-extendible period of one (1) year from its execution.

8. This Joint Application is for the review and approval of the EPSA between QUEZELCO II and EDC.

STATEMENT OF FACTS

9. QUEZELCO II was granted the exclusive franchise to own and operate a system for the distribution of electricity in the Municipalities of Infanta, Real, and General Nakar, Province of Quezon (“**Franchise Area**”) pursuant to Presidential Decree No. 269. Based on QUEZELCO II’s supply-demand forecast, it foresees a deficit in its power supply due to the increasing demand of its Franchise Area.¹⁰

10. EDC owns and operates the Unified Leyte Geothermal Power Plant Complex (ULGPP) with an installed capacity of approximately 547 megawatts (MW),¹¹ located in Ormoc City and Kananga Municipality in the Province of Leyte. The plant generates renewable energy for sale to DUs, electric cooperatives and retail electricity suppliers.

11. On 25 December 2025, the Contracted Supply of Electric Energy (CSEE) between QUEZELCO II and the Power Sector Assets and Liabilities Management Corporation (“**PSALM**”) expired. In its letter dated 3 February 2026 to PSALM, QUEZELCO II requested for a one-year extension of their CSEE. Despite prior coordination and diligent efforts to

⁷ DU or Distribution Utility refers to any Electric Cooperative, private corporation, government-owned utility, or existing local government unit, with an exclusive franchise or is authorized by law to distribute electricity to end-users.

⁸ 2026 Amended ERC CSP Guidelines, Section 4.

⁹ 2026 Amended ERC CSP Guidelines, Section 5.

¹⁰ A copy of QUEZELCO II’s Historical and Forecasted Supply-Demand Scenario is attached as **Annex “01-A”**.

¹¹ The Department of Energy (DOE) issued a letter dated 5 March 2026 confirming the decommissioning of the 149.440 MW Upper Mahiao Geothermal Combined Cycle Units (GCCU) 1 to 4 with earliest Effective Decommissioning Date of 30 November 2026.

secure an extension, PSALM has manifested that no further extension shall be granted.¹²

12. QUEZELCO II undertook competitive selection processes in 2023 and 2024 for renewable energy demand for three (3) MW. These rounds failed because no bidders participated.

13. Currently, QUEZELCO II maintains an existing supply agreement for a contracted capacity of five (5) MW. However, this contracted capacity has become insufficient to address QUEZELCO II's increasing load requirements. Based on QUEZELCO II's load forecasts and actual supply position, QUEZELCO II faces a power supply shortfall.

14. In compliance with its procurement obligations under applicable NEA guidelines,¹³ QUEZELCO II undertook preparatory steps for the conduct of a competitive selection process, including the submission of its Terms of Reference and related requirements to the NEA. However, NEA advised that the procurement be undertaken instead through an Aggregated Competitive Selection Process ("ACSP"), consistent with its policy to ensure transparency, competitiveness, and efficiency in power supply procurement. Accordingly, QUEZELCO II plans to undertake procurement of replacement and additional capacity through an ACSP to be conducted in coordination with NEA. Based on current timelines, however, the ACSP is expected to commence toward the latter part of 2026.

15. In the interim, the onset of the summer season is expected to result in elevated temperatures and heat indices within the Province of Quezon, which historically correspond to a significant increase in electricity demand driven by higher cooling loads. This anticipated surge in demand is expected to place additional strain on QUEZELCO II's available supply portfolio and exacerbate the existing supply deficiency, thereby increasing the risk of capacity shortfall during peak periods.

16. Compounding this situation, ongoing geopolitical conflicts in the international arena continue to disrupt global energy markets, exerting upward pressure on fuel prices and contributing to volatility in generation costs. These external developments introduce further uncertainty in the availability and pricing of electricity supply, particularly under spot market conditions where prices are highly sensitive to supply-demand imbalances and external shocks.

17. The deficiency in power supply arising from expiration of the PSALM CSEE, compounded by the extended procurement timeline for the planned ACSP – which NEA directed QUEZELCO II to undertake – and further aggravated by the supervening circumstances owing to the extensive

¹² A copy of the letter of QUEZELCO II to PSALM dated 03 February 2026 is attached as **Annex "M"**.

¹³ NEA Memorandum No. 2017-019.

geopolitical conflict, collectively constitutes a fortuitous event. This exposes QUEZELCO II to heightened level of reliance on the Wholesale Electricity Spot Market (“WESM”), which poses substantial risks due to price volatility and supply uncertainty, adversely affecting its operations and resulting in higher and unpredictable electricity costs for its consumers.

18. Resultantly, and to ensure continuous and affordable supply of electricity, while avoiding prolonged and excessive exposure to WESM, QUEZELCO II has resorted to procurement via an emergency power supply agreement which shall serve as a temporary and interim supply arrangement. In letters dated 10 February 2026, QUEZELCO II notified in writing the DOE, ERC, and NEA¹⁴ of its need for an additional interim power supply.

19. Hence, QUEZELCO II proceeded to procure emergency power¹⁵ to address the resulting supply deficiency and to ensure reliable and adequate power supply within its franchise area.

20. In accordance with ERC Resolution No. 16, Series of 2023, or the Implementing Guidelines for Procurement, Execution, and Evaluation of Power Supply Agreements Entered Into by Distribution Utilities for the Supply of Electricity to their Captive Market (“**2023 ERC CSP Guidelines**”), QUEZELCO conducted a Negotiated Procurement for an Emergency Power Supply Agreement (EPSA) through its Special Bids and Awards Committee (“**SBAC**”). It invited qualified generation companies to submit proposals for the supply of three megawatts (three (3) MW) baseload emergency power for the period 26 February 2026 to 26 February 2027, intended to bridge QUEZELCO II’s projected power supply deficiency through an emergency power supply agreement.¹⁶

21. After evaluating the legal, commercial, and technical aspects of EDC’s proposal, and considering the immediate availability of its supply and its commitment to meet the required commercial operation timeline, the SBAC declared EDC as having the Lowest Calculated and Responsive Offer (LCRO) and recommended the award of the three (3)-MW emergency power supply contract to EDC, as embodied in SBAC Resolution No. 01, Series of 2026.¹⁷ The recommendation was subsequently approved by the

¹⁴ A copy of the QUEZELCO II Letter dated 10 February 2026 addressed to ERC, DOE, and NEA is attached as **Annex “J-1”, “J-2”, and “J-3”, respectively**.

¹⁵ Emergency Power refers to the power required by a Distribution Utility when its available power supply falls below its load demand due to Force Majeure or Fortuitous Events beyond its control, subject to the final determination of the Energy Regulatory Commission (ERC) (Section 3.7, DOE Department Circular No. DC 2023-06-0021 [June 30, 2023]).

¹⁶ A copy of QUEZELCO II’s Invitation Letter containing the Terms of Reference (“TOR”) for the EPSA dated 11 February 2026 is attached herewith as **Annex “N”**.

¹⁷ A copy of the SBAC Resolution No. 01, Series of 2026 is attached herewith as **Annex “P”**.

Board of Directors of QUEZELCO II through Board Resolution No. 25, Series of 2026 dated 24 February 2026.¹⁸

22. On 24 February 2026, QUEZELCO II issued a Notice to Award in favor of EDC.¹⁹

23. Following negotiations between herein Applicants, QUEZELCO II and EDC executed the subject EPSA on 9 March 2026.²⁰

24. In view of the foregoing, herein Applicants respectfully file this Joint Application seeking the approval of the EPSA between QUEZELCO II and EDC.

25. This Joint Application is being filed within thirty (30) days from the execution of the EPSA.²¹

SALIENT FEATURES OF THE EPSA

26. The EPSA between QUEZELCO II and EDC contains the following salient features:

SECTION 2. SALE AND PURCHASE OF ENERGY/CAPACITY

Subject to and in accordance with the terms of this Agreement, Seller shall make available and sell to Buyer, and Buyer shall purchase from Seller the Contract Capacity and MMCE (as defined in Section 5.2.1) and specified in Schedule 2 (Contract Capacity and Minimum Monthly Contract Energy), at the Delivery Points specified in Schedule 3 (Take Off and Delivery Points), and at the rates specified in Schedule 4 (Contract Price) from the Supply Commencement Date until the expiry of the Contract Term.

SECTION 3. CONTRACT TERM

3.1 This Agreement shall commence from Effective Date and continue in effect until 25 February 2027, or unless sooner terminated in accordance with this Agreement (“Contract Term”).

¹⁸ A copy of the Board Resolution No. 25, Series of 2026 dated 24 February 2026 is attached herewith as **Annex “D-1”**.

¹⁹ A copy of the Notice of Award dated 24 February 2026 issued by ERC is attached herewith as **Annex “Q”**.

²⁰ A copy of the duly executed EPSA dated 9 March 2026 is attached herewith as **Annex “02”**.

²¹ 2026 Amended CSP Guidelines, Section 26. The provision states:

Section 26. Filing of the Application – The PSA or EPSA application shall be a joint responsibility of the DU and the Winning Bidder (or Captive Market Supplier, in the case of EPSAs). Within thirty (30) calendar days from execution of the PSA or EPSA, the parties thereto shall initiate the filing of their joint application with the ERC in accordance with Sections 23 and 25 hereof.

X X X

3.3 Supply Commencement Date

Seller shall commence Supply of Contract Capacity to Buyer pursuant to this Agreement on Supply Commencement Date. The Supply Commencement Date shall be the first Day of the Billing Period following the Parties' confirmation that all the Conditions Precedent for Supply as stated in Section 3.2 have been complied with.

X X X

SECTION 4. PLANT

Seller shall Supply the Contract Capacity, in whole or in part, from the Plant. Under circumstances allowed by Applicable Laws and in accordance with prudent utility practice, Seller may Supply from Other Source(s) subject to the operating procedures of the System Operator, Market Operator, and Central Registration Body, and the terms and conditions hereunder.

X X X

SECTION 5. OBLIGATIONS

5.1 Responsibilities of Seller

5.1.1 Seller shall make available for Supply and delivery to Buyer the Contract Capacity during the Contract Term from the Plant from Supply Commencement Date and throughout the Contract Term in accordance with the terms and conditions of this Agreement; provided that, Seller shall not be obligated to deliver electricity hereunder during (i) an event of Force Majeure, or (ii) following the date on which a Termination Notice is validly issued by Seller pursuant to a Buyer default.

5.1.4 In a given Billing Period, Seller must make available to Buyer energy corresponding to one hundred percent (100%) of Contract Capacity as indicated in Schedule 2 (Contract Capacity and Minimum Contracted Energy).

5.2 Responsibilities of Buyer

5.2.1 Buyer shall purchase the Minimum Monthly Contract Energy ("MMCE") from the Plant throughout the Contract Term subject to the terms and conditions of this Agreement; provided that Buyer shall not be required to pay the capacity or a portion thereof that it cannot accept due to Events of Force Majeure.

5.2.4 Buyer must take delivery and dispatch first the electricity supplied by Seller of up to the Contract Capacity every Trading

Interval, before Buyer can dispatch from all its other electricity suppliers/sources to fulfill its load requirements.

X X X

SECTION 7. REDUCTION IN CONTRACT CAPACITY

7.1 Should there be a reduction in the capacity required by Buyer due to any of the following:

- a. Switching of Buyer's customers as a result of the implementation of the Retail Competition and Open Access ("RCOA") Rules, or
- b. Switching of Buyer's customers to the Green Energy Option Program ("GEOP"),

Seller agrees that the Contract Capacity may be adjusted in proportion to the total contracted capacity of all suppliers of Buyer; provided that a written request is given by Buyer within sixty (60) Days prior to such request. Further, Buyer shall not be in default or be made to pay electricity fees for the capacity that it can no longer accept due to any of the circumstances mentioned above or any change in applicable requirements.

X X X

SECTION 8. OUTAGES

8.1 There shall be no plant outage allowance. Seller is obliged to Supply the Contract Capacity during outages ("Replacement Power") which shall be charged to and paid by Buyer at the Contract Price.

8.2 Seller shall not be obliged to Supply Contract Capacity or any portion thereof during deration or outages arising from or caused by Force Majeure events.

SECTION 9. REPLACEMENT POWER

9.1 Except when supply is unavailable due to an event of Force Majeure, Replacement Power within the Contract Capacity will be provided by Seller and paid for by Buyer at the Contract Price.

9.2 In case of an event of Force Majeure, Seller is not obligated to supply to Buyer, but if requested by Buyer, Seller may, but is not obligated to, provide Replacement Power to be paid by Buyer based on the actual cost of procuring the Replacement Power.

SECTION 10. FEES, PAYMENT AND BILLING

10.1 Monthly Fees

For each Billing Period, Buyer shall pay to Seller the Monthly Fee equivalent to the rate (PhP/kWh) set out in Schedule 4 (Contract Price) (“Contract Price”) multiplied by Billing Energy for every Billing Period.

The Monthly Fee shall be the product of: (i) the Contract Price, and the (ii) Billing Energy payable in Philippine Pesos (PHP) computed as follows:

$$\text{Monthly Fee} = \text{Contract Price (PhP/kWh)} \times \text{Billing Energy for Billing Period}$$

In respect of each Billing Period within the Contract Term, Buyer shall pay the Monthly Fee to Seller in accordance with Schedule 4 (Contract Price), provided that Buyer shall not be made to pay for capacity that it can no longer accept due to an event of Force Majeure.

For avoidance of doubt, even if Buyer has not fully taken the MMCE in any Billing Period, the Billing Energy for purposes of computing the Monthly Fee shall nevertheless be based on the MMCE for such Billing Period. Schedule 4 (Contract Price) illustrates a sample computation of the charges applicable in respect of the MMCE.

SCHEDULE 4

Contract Price

(in Php/kWh), VAT exclusive

I. The Contract Price shall be equal to:

$$\text{Contract Price} = \text{CRF} + \text{FOMF} + \text{VOMF}$$

<i>Contract Price, P/kWh</i>	<i>CRF*, P/kWh</i>	<i>FOMF*, P/kWh</i>	<i>VOMF*, P/kWh</i>
4.5396	1.5464	1.1112	1.8820

Where:

- a) *CRF is the Capital Recovery Fee in P/kWh;*
- b) *FOMF is the Fixed Operation and Maintenance Fee in P/kWh;*
and
- c) *VOMF is the Variable Operation and Maintenance Fee in P/kWh.*

27. Based on the Rate Impact Study conducted by QUEZELCO II under various scenarios, specifically when the EPSA with EDC is in effect, it can be observed that the EPSA would redound to the benefit of QUEZELCO II and its consumers through a lower generation rate with an average decrease of Php0.5228/kWh. The EPSA significantly lowers the

generation cost, leading to a reduction in the pass-through generation cost for consumers of QUEZELCO II.

SOURCE	KWH Purchased	Energy Share (%)	Basic Generation Cost (Php)	Other Charges/Adjustments (Php)	Total Generation Cost for the Month (Php)	Generation Rate per Kwh
A. MAINLAND (On-Grid)						
ACTUAL DATA						
GN Power Dinginin Ltd. Co.	2,646,469.02	63.61%	18,617,496.10	319,968.28	18,937,464.38	7.1557
Wholesale Electricity Spot Market (WESM)	1,505,610.00	36.19%	4,149,244.08		4,149,244.08	2.7559
Net-Metering	8,552.52	0.21%	48,085.47		48,085.47	5.6224
Total	4,160,631.54	100%	22,814,825.65	319,968.28	23,134,793.93	
** Other Generation Rate Adjustments						
PPD/UCCB/CUD/OD Discounts					231,200.59	
Generation Charge- BEFORE					22,903,593.34	5.6322
GN Power Dinginin Ltd. Co.	1,383,274.02	33.25%	9,731,116.62	167,243.15	9,898,359.77	7.1557
Energy Development Corporation	2,016,000.00	48.45%	9,151,833.60		9,151,833.60	4.5396
Wholesale Electricity Spot Market (WESM)	752,805.00	18.09%	2,074,622.04		2,074,622.04	2.7559
Net-Metering	8,552.52	0.21%	48,085.47		48,085.47	5.6224
Total	4,160,631.54	100%	21,005,657.73	167,243.15	21,172,900.88	
** Other Generation Rate Adjustments						
PPD/UCCB/CUD/OD Discounts					395,400.47	
Generation Charge- WITH EDC					20,777,500.41	5.1094
DECREASE IN GENERATION CHARGE						- 0.5228

28. In support of the instant Joint Application, the Applicants hereby submit the following supporting documents to the Honorable Commission to form integral parts of herein Joint Application:

28.1. In compliance with the *Technical Pre-filing Requirements* for the EPSA Application:

Annex	Description of Document
“01-A”	QUEZELCO II’s Supply and Demand Scenario
“01-B”	QUEZELCO II’s Average Daily Load Curve
“01-C”	QUEZELCO II’s Power Supply Contract Utilization
“02”	Duly Signed EPSA between QUEZELCO II and EDC
“03”	Executive Summary of the EPSA
“04”	[Confidential] EDC Generation Rate and Derivation
“04-A”	[Confidential] EDC Generation Rate and Derivation – Excel Sheet
“05”	Write up of Inapplicable Document - EDC Fuel Procurement Process
“06”	[Confidential] EDC Technical and Economic Characteristics of the Facility
“07”	[Confidential] EDC Cost Analysis

28.2. In compliance with the *Minimum Pre-filing Requirements* for the EPSA Application under the 2026 Amended ERC CSP Guidelines:

Annex	Description of Document
“08”	QUEZELCO II’s Board Resolution No. 70, series of 2025, indicating the list of Board of Directors and Board Members
“09”	EDC’s Secretary’s Certificate dated 13 April 2026, signifying that the Articles of Incorporation (AOI), By-Laws, and latest General Information Sheet (GIS) are true and correct
“09-A”	EDC’s Articles of Incorporation (AOI)
“09-B”	EDC’s By-Laws
“09-C”	EDC’s General Information Sheet (GIS)
“10”	EDC’s Sample Bill
“11”	QUEZELCO II’s Rate Impact Study
“12”	EDC’s Provisional Authority to Operate (PAO)

28.3. In compliance with the *Legal Pre-filing Requirements* for the EPSA Application:

Annex	Description of Document
“A”	Certificates of Email Registration
“A-1”	Electronic Pre-Filing Verified Declaration
“C”	Signed Joint Application
“C-1”	Verification and Certification against Forum Shopping
“D-1”	QUEZELCO II’s Board Resolution authorizing the execution of the EPSA with EDC and designating its Board President, Annie A. Moises, as the authorized signatory.
“D-2”	QUEZELCO II’s Board Resolution authorizing undersigned counsel to represent QUEZELCO II in the instant Joint Application
“D-3”	EDC’s Secretary’s Certificate on Board’s Resolution to file an application with the ERC for the approval of the EPSA, designating the authorized representative and authorizing the Affiant to execute and sign Verification and Certification against Forum Shopping
“E”	QUEZELCO II’s Board Resolution authorizing the

Annex	Description of Document
	Affiant to execute and sign Verification and Certification against Forum Shopping
“F”	Proof of Service to the Local Government Units (LGUs)
“G”	Affidavit of Publication
“G-1”	Copy of the Newspaper issue containing the publication
“I”	Verified Certification of Non-Applicability – Certification from a Relevant Government Agency or Institution certifying the occurrence of Force Majeure or Fortuitous Event
“J-1”	Notice of Force Majeure or Fortuitous Event to the ERC dated 10 February 2026, with proof of email transmittal
“J-2”	Notice of Force Majeure or Fortuitous Event to the DOE dated 10 February 2026, with proof of email transmittal
“J-3”	Notice of Force Majeure or Fortuitous Event to the NEA dated 10 February 2026, with proof of email transmittal
“K”	Affidavit on the write-up/details of Force Majeure or Fortuitous Event to support the claim of its occurrence and performance of necessary due diligence to address emergency situation

28.4. Other documents in support of this *Joint Application*:

Annex	Description of Document
“L”	QUEZELCO II’s Certificate of Registration from NEA
“M”	QUEZELCO II’s Letter to PSALM dated 03 February 2026, wherein QUEZELCO II requested for a one-year extension of their CSEE
“N”	QUEZELCO II’s Letter-request dated 11 February 2026 for the submission of proposal for an EPSA to different power providers
“O”	EDC’s Proposal to QUEZELCO II dated 23 February 2026
“P”	QUEZELCO II SBAC Resolution No. 01, Series of 2026 declaring EDC as having the Lowest

Annex	Description of Document
	Calculated and Responsive Offer (LCRO) and recommending the award of the 3-MW emergency power supply contract to EDC
“Q”	QUEZELCO II’s Notice to Award in favor of EDC dated 24 February 2026
“R”	Email Acknowledgment confirming completion of the ERC Pre-Filing Form to Initiate the Filing of the Joint Application

**CONDITIONS FOR THE
NEGOTIATED PROCUREMENT OF THE EPSA**

29. Under the 2023 DOE CSP Circular and the 2026 Amended ERC CSP Guidelines, the following requisites and conditions need to be complied with for the negotiated procurement of EPSAs:

- a. The EPSA Rate shall not be higher than the latest ERC-approved generation tariff specific for the plant, if available. Otherwise, it shall be capped at the latest ERC-approved generation tariff for the same technology.
- b. The cooperation period of such EPSA shall not exceed one (1) year from its execution.
- c. The DU shall, within five (5) calendar days from the occurrence of the Force Majeure or Fortuitous Event, notify in writing the ERC, DOE, and the NEA, in case of ECs, and the NPC, in case of off-grid areas, of such emergency power procurement.
- d. Within thirty (30) calendar days from execution of the EPSA, the parties thereto shall initiate the filing of their Joint Application.
- e. The procurement of energy power supply shall not be entitled to any form of subsidy.

30. In compliance with the prevailing regulations:

- a. The EPSA rate as agreed upon between EDC and QUEZELCO II and stated in Schedule 4 of the EPSA is not higher than the latest applicable ERC-approved generation tariff as approved in

the Order dated 12 November 2024 for ERC Case No. 2023-110 RC.²²

- b. Based on Section 3.1 of the EPSA, the EPSA shall commence from its Effective Date²³ on 9 March 2026 until 25 February 2027, or unless sooner terminated,²⁴ and such period does not exceed one (1) year.
- c. QUEZELCO II complied with the notification requirement when it sent Notification Letters to this Honorable Commission, the DOE, and the NEA, in its letter dated 10 February 2026, informing such agencies of the existence of a Force Majeure or Fortuitous Event.²⁵
- d. The Parties initiated the filing of the Joint Application on 12 March 2026, or within thirty (30) days from the execution of their EPSA.²⁶
- e. The EPSA does not provide for any form of subsidy.

31. Considering the foregoing, QUEZELCO II can validly undertake a negotiated procurement of the EPSA. Furthermore, the EPSA shall be immediately implemented to address the current power supply deficiency of QUEZELCO II.

ALLEGATIONS IN SUPPORT OF MOTION FOR CONFIDENTIAL TREATMENT

32. The allegations in the preceding paragraph are reproduced and incorporated herein by reference where applicable.

33. Under Rule 4 of the ERC Rules, the Honorable Commission may, upon request of a party and determination of the existence of conditions which would warrant such remedy, treat certain information submitted to it as confidential. Pursuant to such Rules, the Applicants respectfully pray for the issuance of a protective order declaring **Annexes “04”, “04-A”, “06”, and “07”** as confidential information, since Applicants intend to present them as evidence in the Joint Application.

34. With respect to these documents, the Applicants respectfully move that these be treated as confidential information and not be disclosed to any party for the reason that these documents contain information which

²² See **Annex “02”**.

²³ “Effective Date” means the execution date of the EPSA, which is 9 March 2026.

²⁴ See **Annex “02”**.

²⁵ See **Annexes “J-1”, “J-2”, and “J-3”**.

²⁶ A copy of the Email Acknowledgment confirming completion of the ERC Pre-Filing Form, initiating the filing of the Joint Application, is attached as **Annex “R”**.

are of commercially sensitive nature and may affect price offers and that such information falls within the bounds of valuable proprietary interest under “trade secrets” which are entitled to protection under the 1987 Philippine Constitution, statutes, and rules and regulations.

35. Moreover, some of these documents contain numbers, methodology, and calculations which provide valuable information and insight into how EDC arrived at its power generation rate and would accordingly reflect EDC’s bidding strategy for distribution utilities undertaking CSPs for their power suppliers. It also contains information regarding the debt or equity ratio, capital costs, weighted average cost of capital, and fuel cost, among other information.

36. The data contained in the aforesaid documents have proprietary value that constitute trade secrets of EDC. Thus, EDC has actual and valuable proprietary interest to protect the same; for if the same were disclosed, it may seriously prejudice the competitive advantage of EDC.

37. Information which are within the definition of a trade secret, as defined by jurisprudence, is clearly information which merits the confidential treatment provided for under Rule 4 of the ERC Rules. The case of *Air Philippines Corp. v. Pennswell, Inc.*²⁷ states:

A trade secret is defined as a plan or process, tool, mechanism or compound known only to its owner and those of his employees to whom it is necessary to confide it. The definition also extends to a secret formula or process not patented, but known only to certain individuals using it in compounding some article of trade having a commercial value. A trade secret may consist of any formula, pattern, device, or compilation of information that: (1) is used in one’s business; and (2) gives the employer an opportunity to obtain an advantage over competitors who do not possess the information. Generally, a trade secret is a process or device intended for continuous use in the operation of the business, for example, a machine or formula, but can be a price list or catalogue or specialized customer list. It is indubitable that trade secrets constitute proprietary rights. The inventor, discoverer, or possessor of a trade secret or similar innovation has rights therein which may be treated as property, and ordinarily an injunction will be granted to prevent the disclosure of the trade secret by one who obtained the information “in confidence” or through a “confidential relationship.” American jurisprudence has utilized the following factors to determine if an information is a trade secret, to wit:

- (1) the extent to which the information is known outside of the employer’s business;
- (2) the extent to which the information is known by employees and others involved in the business;

²⁷ G.R. No. 172835, 13 December 2007.

- (3) the extent of measures taken by the employer to guard the secrecy of the information;
- (4) the value of the information to the employer and to competitors;
- (5) the amount of effort or money expended by the company in developing the information; and
- (6) the extent to which the information could be easily or readily obtained through an independent source.

38. Meanwhile, in its Decision in ERC Case No. 2015-111 RC dated 30 May 2017, the Honorable Commission explicitly held that the formulas and pricing structures of a Generation Company are confidential and must not be publicly disclosed, stating:

In the case of PNOC RC, the documents sought to be protected from disclosure contain formula and pricing structures used in arriving at their proposed tariff. In fact, all three (3) documents were used by the Commission in evaluating the reasonableness of the proposed rate. In the electric power industry where prices is [*sic*] a major consideration in selecting one's supplier, it is apparent that the assumptions used in arriving at one's proposed tariff is considered a competitive leverage by one player against its competitors.

Thus, the Commission resolves to treat the said documents confidential and may not be publicly disclosed.

39. The Honorable Commission has acknowledged that maintaining the confidentiality of pricing structures is essential to preserving the competitiveness of the generation sector. Accordingly, any information that qualifies as a *trade secret*, as established by prevailing jurisprudence, warrants the confidential treatment prescribed under Rule 4 of the Revised ERC Rules.

40. Considering the foregoing, **Annexes “04”, “04-A”, “06”, and “07”** are therefore entitled to the protection of confidential information provided under Rule 4 of the ERC Rules.

41. Applicants hereby submit one (1) copy of each of the foregoing confidential documents in a sealed envelope, with the envelope and each page of the document stamped with the word “Confidential”.

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed that this Honorable Commission:

- (i) **ISSUE** an Order (a) **GRANTING** the *Motion for Confidential Treatment* of Confidential Documents (*i.e.*, Annexes “04”, “04-A”, “06”, and “07”), and all information contained therein; (b) **DIRECTING** the non-disclosure of the Confidential Documents and all information therein to persons other than the officers and staff of the Honorable Commission; and (c) continuously **PROTECTING** the Confidential Documents and all information therein from public disclosure by maintaining the same separate and apart from the records of the case, pursuant to Section 2, Rule 4 of the Revised ERC Rules; and

- (ii) After hearing on the merits, **ISSUE** a Decision **APPROVING** the Emergency Power Supply Agreement (EPSA) dated 9 March 2026.

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

Mandaluyong City, 22 April 2026.

[Signature page follows.]

PUNO AND PUNO

Counsel for Energy Development Corporation
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12 ADB Avenue, Ortigas Center
Mandaluyong City 1550
Telephone Nos. 8631-1261 to 64

By:



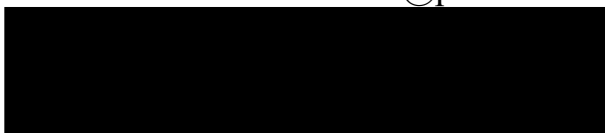
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-and-

QUEZON II ELECTRIC COOPERATIVE, INC.



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REPUBLIC OF THE PHILIPPINES)
MANDALUYONG CITY) SS.

VERIFIED DECLARATION

I, **HANNAH LOUISE B. LEE**, hereby declare that all the documents hereto submitted electronically are complete and are true copies of the original documents (and annexes).

IN WITNESS WHEREOF, I have hereunto affixed my signature this APR 22 2026 in Mandaluyong City, Philippines.


HANNAH LOUISE B. LEE

SUBSCRIBED AND SWORN to before me this APR 22 2026, in Mandaluyong City, affiant exhibited to me her Driver's License No. E03-16-002808 expiring on 08/12/2031.

Doc No. 2 ;
Page No. 2 ;
Book No. L ;
Series of 2026.




ATTY. ZEANNE ALTHEA M. GATDULA
Notary Public for and in Mandaluyong City
Commission No. 0790-25 (until December 31, 2027)
33rd Floor, The Podium West Tower, 12 ADB Avenue
Ortigas Center, Mandaluyong City 1550
Roll of Attorneys No. 89942
PTR No. 6049156/01.09.2026/Mandaluyong City
IBP No. 580786/12.31.2025/Rizal (RSM)
MCLE Compliance No. VIII-0025951; until 04.14.2028

Notarial DST pursuant to Sec. 61 of the TRAIN Law (amending Sec. 188 of the NIRC) affixed on Notary Public's copy
DST # 1578719/

REPUBLIC OF THE PHILIPPINES }
Municipality of Infanta } s.s.

VERIFICATION AND CERTIFICATION AGAINST FORUM SHOPPING

I, **ENGR. VON ERWIN G. AZAGRA**, Filipino, of legal age, married, with principal office address at QUIZELCO II, Barangay Gumian, Infanta, Quezon, after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the General Manager of Quezon II Electric Cooperative, Inc. (QUEZELCO II) and its duly authorized representative, organized and existing under the Philippine laws, with principal office address at Barangay Gumian, Infanta, Quezon;
2. I have the authority to commence, initiate, sign and file the foregoing Joint Application, entitled "*Application for the Approval of the Emergency Power Supply Agreement Between Quezon II Electric Cooperative, Inc. (QUEZELCO II) and Energy Development Corporation (EDC), with Motion for Confidential Treatment of Information*" pursuant to Board Resolution No. 47 dated April 21, 2026, copies of which is hereto attached as Annex "A";
3. I have read the said Application and the allegations therein are true and correct based on my personal knowledge or the authentic records available to QUEZELCO II;
4. The Joint Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;
5. The factual allegations in the Joint Application have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;
6. I or QUEZELCO II 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

7. If I or QUEZELCO II should hereafter 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 set my hand this 21st day of April 2026, in Infanta, Quezon, Philippines.



Engr. VON ERWIN G. AZAGRA
Affiant

SUBSCRIBED AND SWORN TO before me this 22 day of April 2026 at INFANTA, QUEZON, affiant exhibiting to me his government-issued ID: _____ valid until _____ as competent proof of identity.

APR 22 2026

OMAR IAN R. TUANQUN
NOTARY PUBLIC
My Commission Expires on Dec. 31, 2026
Roll of Attorney's No. 52049 - May 11, 2026
IBP Lifetime No. 07488 - May 7, 2008
PTR NO. 9778589 01/05/2026 - Infanta, Quezon
TIN No. 716 - 464 - 111 - 000
11 Bienta De Julio St. Pob. 39, Infanta, Quezon

Doc. No. 160 ;
Page No. 2 ;
Book No. LXX ;
Series of 2026

**VERIFICATION AND CERTIFICATION OF
NON-FORUM SHOPPING**

I, **GABRIEL S. VERGARA**, a Vice-President of **ENERGY DEVELOPMENT CORPORATION** (the "Corporation"), Filipino, of legal age, with office address at the 9th Floor, Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City, after being sworn in accordance with law, hereby depose and say that:

1. I am the representative of **ENERGY DEVELOPMENT CORPORATION** in this case, as shown in the attached Secretary's Certificate as Annex "A";

2. I have caused the preparation of the foregoing Joint Application, the factual allegations of which are true and correct to the best of my personal knowledge and/or based on existing authentic documents made available to me;

3. The Joint Application is not filed to harass, cause unnecessary delay or needlessly increase the costs of litigation;


4. The factual allegations of the Joint Application have evidentiary support or will likewise have evidentiary support after a reasonable opportunity for discovery;

5. My signature serves as certification of the truthfulness of the allegations in the Joint Application;

6. The Corporation has not commenced any other action or proceeding involving the same issues before the Supreme Court, the Court of Appeals, or different divisions thereof, or the Regional Trial Court or any tribunal or agency, and that to the best of my knowledge, no such action or proceeding is pending before the Supreme Court, the Court of Appeals, or different divisions thereof, or this Court or any other tribunal or agency; and

7. Should I thereafter learn that a similar action or proceeding has been filed or is pending before the Supreme Court, the Court of Appeals or different divisions thereof, or the Regional Trial Court or any tribunal or agency, I hereby undertake to promptly inform the aforementioned courts and this Honorable Commission within five (5) calendar days from knowledge thereof.

IN WITNESS WHEREOF, I hereunto affixed my signature.


GABRIEL S. VERGARA

SUBSCRIBED AND SWORN TO me this APR 22 2026, in MANDALUYONG CITY, affiant exhibited to me his Passport No. P7606431B issued on September 15, 2021, at DFA NCR NORTHEAST, and expiring on September 14, 2031.

Doc No. 1 ;
Page No. 2 ;
Book No. 1 ;
Series of 2026.



Notarial DST pursuant to Sec. 61 of the TRAIN Law (amending Sec. 188 of the NIRC) affixed on Notary Public's copy

DCT#K78799


ATTY. ZEANNE ALTHEA M. GATDULA
Notary Public for and in Mandaluyong City
Commission No. 0759-26 (until December 31, 2027)
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MCLE Compliance No. VIII-0025951; until 04.14.2028