

**REPUBLIC OF THE PHILIPPINES  
ENERGY REGULATORY COMMISSION  
PASIG CITY**

**IN THE MATTER OF THE  
APPLICATION FOR APPROVAL  
OF THE CONTRACTS FOR THE  
SUPPLY OF ELECTRIC ENERGY  
(CSEE) WITH VARIOUS  
DISTRIBUTION UTILITIES, ALL  
LOCATED IN THE MINDANAO  
GRID**

ERC Case No. 2026-060 RC

April 24, 2026

**POWER SECTOR ASSETS AND  
LIABILITIES MANAGEMENT  
CORPORATION (PSALM),**

*Applicant.*

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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 of Article III of this Honorable Commission's Guidelines for the Recovery of Costs for the Generation Component of the Distribution Utilities' Rate, PSALM respectfully submits this Application for the approval of its Contracts for the Supply of Electric Energy (CSEE) with Cotabato Electric Cooperative, Inc. - PPALMA (COTELCO-PPALMA), Davao Del Sur Electric Cooperative, Inc. (DASURECO), Misamis Occidental II Electric Cooperative, Inc. (MOELCI II), Siargao Electric Cooperative, Inc. (SIARELCO), Agusan Del Norte Electric Cooperative, Inc. (ANEKO), Agusan Del Sur Electric Cooperative, Inc. (ASELCO), Cotabato Electric Cooperative, Inc. (COTELCO), Davao Oriental Electric Cooperative, Inc. (DORECO), Lanao Del Norte Electric Cooperative, Inc. (LANECO), Misamis Oriental II Electric Service Cooperative, Inc. (MORESCO II), South

Cotabato I Electric Cooperative, Inc. (SOCOTECO I), South Cotabato II Electric Cooperative, Inc. (SOCOTECO II), Sultan Kudarat Electric Cooperative, Inc. (SUKELCO), Surigao del Norte Electric Cooperative, Inc. (SURNECO), Surigao del Sur I Electric Cooperative, Inc. (SURSECO I), Surigao del Sur II Electric Cooperative, Inc. (SURSECO II), Zamboanga del Sur I Electric Cooperative, Inc. (ZAMSURECO I), Zamboanga del Norte Electric Cooperative, Inc. (ZANECO), Bukidnon II Electric Cooperative, Inc. (BUSECO), Cotabato Light and Power Company, Inc. (CLPC), Davao Light and Power Company, Inc. (DLPC), and Zamboanga City Electric Cooperative, Inc. (ZAMCELCO), Misamis Occidental I Electric Cooperative, Inc. (MOELCI I), and Iligan Light & Power, Inc. (ILPI) all located in the Mindanao 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. COTELCO-PPALMA is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Green Valley, Poblacion 8, Midsayap, Cotabato.

4. DASURECO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Brgy. Cogon, Digos City, Davao del Sur.

5. MOELCI II is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Circumferential Road, Ozamis City, Misamis Occidental.

6. SIARELCO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Catab-an, Siargao, Surigao del Norte.

7. ANECO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Km. 2, J.C. Aquino Avenue, 8600 Butuan City.

8. ASELCO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at San Isidro, San Francisco, Agusan del Sur.

9. COTELCO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Manubuan, Matalam, Cotabato.

10. DORECO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at National Highway, Madang, City of Mati, Davao Oriental.

11. LANECO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Sagadan, Poblacion, Tubod, Lanao del Norte.

12. MORESCO II is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Tion St., North Poblacion, Medina, Misamis Oriental.

13. SOCOTECO I is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Brgy. Morales, City of Korandal, South Cotabato.

14. SOCOTECO II is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Jose Catolico Sr. Avenue, Lagao, General Santos City, South Cotabato.

15. SUKELCO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at National Highway, Kalandagan, Tacurong City, Sultan Kudarat.

16. SURNECO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Espina Street, Brgy. Taft, Surigao City.

17. SURSECO I is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at San Fernando, Bislig City, Surigao del Sur.

18. SURSECO II is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Balilahan, Mabua, Tandag City 8300, Surigao del Sur.

19. ZAMSURECO I is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Gov. Vicente M. Cerilles St., Pagadian City, Zamboanga del Sur.

20. ZANECO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at General Luna St., Central Barangay, Dipolog City, Zamboanga del Norte.

21. BUSECO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Manolo Fortich, Bukidnon.

22. CLPC is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Sinsuat Avenue, Rosary Heights, Cotabato City 9600.

23. DLPC is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at C. Bangoy Sr. St., Davao City.

24. ZAMCELCO is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at MCLL Highway, Putik, Zamboanga City.

25. MOELCI I is an electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the

Philippines, with principal office address at Magcamiguing, Calamba Misamis Occidental.

26. ILPI is a private distribution utility, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Bro. Jeffry Road, Pala-o, Iligan City, Lanao del Norte.

27. To facilitate the approval of CSEEs, this Honorable Commission issued Resolution No. 8, Series of 2005, adopting a template for the same. This was later amended under Resolution No. 15, Series of 2005.

28. Further, in its Resolution No. 33, Series of 2006, this Honorable Commission 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.

#### **THE CSEEs SUBJECT OF THE INSTANT APPLICATION**

29. PSALM is filing the instant Application for the approval of the following CSEEs with various Distribution Utilities (DUs), listed as follows:

	<b>DU</b>	<b>Duration</b>	<b>Covered Period</b>
1	COTELCO-PPALMA <sup>1</sup>	One (1) Year	26 December 2025 to 25 December 2026
2	DASURECO <sup>2</sup>	One (1) Year	26 December 2025 to 25 December 2026
3	MOELCI II <sup>3</sup>	One (1) Year	26 December 2025 to 25 December 2026
4	SIARELCO <sup>4</sup>	One (1) Year	26 December 2025 to 25 December 2026
5	ANECO <sup>5</sup>	One (1) Year	26 December 2025 to 25 December 2026
6	ASELCO <sup>6</sup>	One (1) Year	26 December 2025 to 25 December 2026

<sup>1</sup> A copy of PSALM-COTELCO-PPALMA CSEE is attached hereto as **Annex "A."**

<sup>2</sup> A copy of PSALM-DASURECO CSEE is attached hereto as **Annex "A-1."**

<sup>3</sup> A copy of PSALM-MOELCI II CSEE is attached hereto as **Annex "A-2."**

<sup>4</sup> A copy of PSALM-SIARELCO CSEE is attached hereto as **Annex "A-3."**

<sup>5</sup> A copy of PSALM-ANECO CSEE is attached hereto as **Annex "A-4."**

<sup>6</sup> A copy of PSALM-ASELCO CSEE is attached hereto as **Annex "A-5."**

7	COTELCO <sup>7</sup>	One (1) Year	26 December 2025 to 25 December 2026
8	DORECO <sup>8</sup>	One (1) Year	26 December 2025 to 25 December 2026
9	LANECO <sup>9</sup>	One (1) Year	26 December 2025 to 25 December 2026
10	MORESCO II <sup>10</sup>	One (1) Year	26 December 2025 to 25 December 2026
11	SOCOTECO I <sup>11</sup>	One (1) Year	26 December 2025 to 25 December 2026
12	SOCOTECO II <sup>12</sup>	One (1) Year	26 December 2025 to 25 December 2026
13	SUKELCO <sup>13</sup>	One (1) Year	26 December 2025 to 25 December 2026
14	SURNECO <sup>14</sup>	One (1) Year	26 December 2025 to 25 December 2026
15	SURSECO I <sup>15</sup>	One (1) Year	26 December 2025 to 25 December 2026
16	SURSECO II <sup>16</sup>	One (1) Year	26 December 2025 to 25 December 2026
17	ZAMSURECO I <sup>17</sup>	One (1) Year	26 December 2025 to 25 December 2026
18	ZANECO <sup>18</sup>	One (1) Year	26 December 2025 to 25 December 2026
19	BUSECO <sup>19</sup>	One (1) Year	26 December 2025 to 25 December 2026
20	CLPC <sup>20</sup>	One (1) Year	26 December 2025 to 25 December 2026
21	DLPC <sup>21</sup>	One (1) Year	26 December 2025 to 25 December 2026

<sup>7</sup> A copy of PSALM-COTELCO CSEE is attached hereto as **Annex "A-6."**

<sup>8</sup> A copy of PSALM-DORECO CSEE is attached hereto as **Annex "A-7."**

<sup>9</sup> A copy of PSALM-LANECO CSEE is attached hereto as **Annex "A-8."**

<sup>10</sup> A copy of PSALM-MORESCO II CSEE is attached hereto as **Annex "A-9."**

<sup>11</sup> A copy of PSALM-SOCOTECO I CSEE is attached hereto as **Annex "A-10."**

<sup>12</sup> A copy of PSALM-SOCOTECO II CSEE is attached hereto as **Annex "A-11."**

<sup>13</sup> A copy of PSALM-SUKELCO CSEE is attached hereto as **Annex "A-12."**

<sup>14</sup> A copy of PSALM-SURNECO CSEE is attached hereto as **Annex "A-13."**

<sup>15</sup> A copy of PSALM-SURSECO I CSEE is attached hereto as **Annex "A-14."**

<sup>16</sup> A copy of PSALM-SURSECO II CSEE is attached hereto as **Annex "A-15."**

<sup>17</sup> A copy of PSALM-ZAMSURECO I CSEE is attached hereto as **Annex "A-16."**

<sup>18</sup> A copy of PSALM-ZANECO CSEE is attached hereto as **Annex "A-17."**

<sup>19</sup> A copy of PSALM-BUSECO CSEE is attached hereto as **Annex "A-18."**

<sup>20</sup> A copy of PSALM-CLPC CSEE is attached hereto as **Annex "A-19."**

<sup>21</sup> A copy of PSALM-DLPC CSEE is attached hereto as **Annex "A-20."**

22	ZAMCELCO <sup>22</sup>	One (1) Year	26 December 2025 to 25 December 2026
23	MOELCI I <sup>23</sup>	One (1) Year	26 December 2025 to 25 December 2026
24	ILPI <sup>24</sup>	One (1) Year	26 December 2025 to 25 December 2026

30. Prior to the execution of CSEEs, the following DUs submitted their respective letters of intent to PSALM as shown in the table below:

	DU	Letter of Intent
1	COTELCO-PPALMA	09 May 2025 <sup>25</sup>
2	DASURECO	02 July 2025 <sup>26</sup>
3	MOELCI II	23 June 2025 <sup>27</sup>
4	SIARELCO	17 January 2025 <sup>28</sup>
5	ANECO	09 June 2025 <sup>29</sup>
6	ASELCO	05 March 2025 <sup>30</sup>
7	COTELCO	21 April 2025 <sup>31</sup>
8	DORECO	14 July 2025 <sup>32</sup>
9	LANECO	11 July 2025 <sup>33</sup>
10	MORESCO II	14 July 2025 <sup>34</sup>
11	SOCOTECO I	05 November 2025 <sup>35</sup>
12	SOCOTECO II	15 May 2025 <sup>36</sup>

<sup>22</sup> A copy of PSALM-ZAMCELCO CSEE is attached hereto as **Annex "A-21."**

<sup>23</sup> A copy of PSALM-MOELCI I CSEE is attached hereto as **Annex "A-22."**

<sup>24</sup> A copy of PSALM-ILPI CSEE is attached hereto as **Annex "A-23."**

<sup>25</sup> A copy of COTELCO-PPALMA's Letter of Intent is attached hereto as **Annex "B."**

<sup>26</sup> A copy of DASURECO's Letter of Intent is attached hereto as **Annex "B-1."**

<sup>27</sup> A copy of MOELCI II's Letter of Intent is attached hereto as **Annex "B-2."**

<sup>28</sup> A copy of SIARELCO's Letter of Intent is attached hereto as **Annex "B-3."**

<sup>29</sup> A copy of ANECO's Letter of Intent is attached hereto as **Annex "B-4."**

<sup>30</sup> A copy of ASELCO's Letter of Intent is attached hereto as **Annex "B-5."**

<sup>31</sup> A copy of COTELCO's Letter of Intent is attached hereto as **Annex "B-6."**

<sup>32</sup> A copy of DORECO's Letter of Intent is attached hereto as **Annex "B-7."**

<sup>33</sup> A copy of LANECO's Letter of Intent is attached hereto as **Annex "B-8."**

<sup>34</sup> A copy of MORESCO II's Letter of Intent is attached hereto as **Annex "B-9."**

<sup>35</sup> A copy of SOCOTECO I's Letter of Intent is attached hereto as **Annex "B-10."**

<sup>36</sup> A copy of SOCOTECO II's Letter of Intent is attached hereto as **Annex "B-11."**

13	SUKELCO	08 April 2025 <sup>37</sup>
14	SURNECO	02 July 2025 <sup>38</sup>
15	SURSECO I	22 April 2025 <sup>39</sup>
16	SURSECO II	23 April 2025 <sup>40</sup>
17	ZAMSURECO I	10 April 2025 <sup>41</sup>
18	ZANECO	10 July 2025 <sup>42</sup>
19	BUSECO	08 May 2025 <sup>43</sup>
20	CLPC	16 December 2025 <sup>44</sup>
21	DLPC	12 December 2025 <sup>45</sup>
22	ZAMCELCO	7 July 2025 <sup>46</sup>
23	MOELCI I	17 February 2025 <sup>47</sup>
24	ILPI	02 June 2025 <sup>48</sup>

31. Upon review and due consideration, the President and CEO of PSALM has approved the execution of the CSEEs with COTELCO-PPALMA, DASURECO, MOELCI II, SIARELCO, ANECO, ASELCO, COTELCO, DORECO, LANECO, MORESCO II, SOCOTECO I, SOCOTECO II, SUKELCO, SURNECO, SURSECO I, SURSECO II, ZAMSURECO I, ZANECO, BUSECO, CLPC, DLPC, ZAMCELCO, MOELCI I, and ILPI. This authority is granted pursuant to the provisions of the PSALM Manual of Approvals<sup>49</sup> in relation to

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<sup>37</sup> A copy of SUKELCO's Letter of Intent is attached hereto as **Annex "B-12."**

<sup>38</sup> A copy of SURNECO's Letter of Intent is attached hereto as **Annex "B-13."**

<sup>39</sup> A copy of SURSECO I's Letter of Intent is attached hereto as **Annex "B-14."**

<sup>40</sup> A copy of SURSECO II's Letter of Intent is attached hereto as **Annex "B-15."**

<sup>41</sup> A copy of ZAMSURECO I's Letter of Intent is attached hereto as **Annex "B-16."**

<sup>42</sup> A copy of ZANECO's Letter of Intent is attached hereto as **Annex "B-17."**

<sup>43</sup> A copy of BUSECO's Letter of Intent is attached hereto as **Annex "B-18."**

<sup>44</sup> A copy of CLPC's Letter of Intent is attached hereto as **Annex "B-19."**

<sup>45</sup> A copy of DLPC's Letter of Intent is attached hereto as **Annex "B-20."**

<sup>46</sup> A copy of ZAMCELCO's Letter of Intent is attached hereto as **Annex "B-21."**

<sup>47</sup> A copy of MOELCI I's Letter of Intent is attached hereto as **Annex "B-22."**

<sup>48</sup> A copy of ILPI's Letter of Intent is attached hereto as **Annex "B-23."**

<sup>49</sup> A copy of the pertinent page of the PSALM Manual of Approvals relating to the approval of CSEEs is attached hereto as **Annex "C."**

PSALM Board Resolution Nos. 2024-0910-04,<sup>50</sup> 2025-0625-01<sup>51</sup>, and 04-38<sup>52</sup>.

32. The CSEEs were executed based on the approved template of this Honorable Commission under Resolution No. 8, Series of 2005, as amended by Resolution No. 15, Series of 2005, and pursuant to the Office of the Government Corporate Counsel Contract Review No. 771 dated 21 October 2025.

33. In the letter<sup>53</sup> dated 20 June 2024, this Honorable Commission clarified that: (i) it has no objection to PSALM continuing to file its CSEE applications in a consolidated manner per grid; and that PSALM may continue to solely file the CSEE applications before this Honorable Commission.

### **SALIENT PROVISIONS OF THE CSEEs**

34. The CSEEs subjects of this Application have the following salient provisions:

(a.) **CONTRACT ENERGY**

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

**4.1.1** The 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 five (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 one (1) day in advance. PSALM shall then declare to WESM the schedule of energy requirements delivered to customers on the following day.

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<sup>50</sup> A copy of the Secretary's Certificate regarding PSALM Board Resolution No. 2024-0910-04 is attached hereto as **Annex "D."**

<sup>51</sup> A copy of the Secretary's Certificate regarding PSALM Board Resolution No. 2025-0625-01 is attached hereto as **Annex "D-1."**

<sup>52</sup> A copy of the Secretary's Certificate regarding PSALM Board Resolution No. 04-38 is attached hereto as **Annex "D-2."**

<sup>53</sup> A copy of this Honorable Commission's Letter dated 20 June 2024 is attached hereto as **Annex "E."**

(b.) **ASSIGNABILITY**

**4.8** PSALM may assign or transfer part or all of its rights and obligations related to the supply of Contract Energy stated herein, to any such entity, provided that prior written notice is given to the CUSTOMER at least ninety (90) days before the actual transfer. This Contract shall remain binding upon the 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 effectivity, incentives, discounts and other terms and conditions of this Contract. The assignee shall assume PSALM's rights and obligations to the CUSTOMER through a written instrument. In the event that this Contract be assigned by PSALM to a Successor Generating Company (SGC) pursuant to the privatization of the PSALM Generating Plants pursuant to its mandate under the EPIRA, the SGC shall have 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** Subject to the applicable rules, regulations, and procedures of the ERC, the CUSTOMER may assign, sell or transfer a part or all of its Contract Energy and/or Equivalent Demand, either permanently or for a specified number of billing periods, subject to the prior written consent of PSALM and the CUSTOMER's compliance with all of the following conditions:

- a. If applicable, the CUSTOMER has obtained a certification from NGCP confirming that the transmission, sub-transmission, substation and other facilities can accommodate the increase in the power requirements of the assignee, buyer or transferee.
- b. The assignee, buyer, or transferee must have no outstanding obligation to PSALM, and shall undertake to assume the obligations of CUSTOMER, including payment of any additional expenses necessary or incidental to the assignment, conveyance or transfer.
- c. The assignment by the CUSTOMER to assignee, buyer or transferee shall be carried out in

accordance with the forms provided in "Annex IV-A" and "Annex IV-B" of this Contract.

- d. The assignee, buyer or transferee shall assume all obligations of the CUSTOMER related to this Contract that may arise from suits, arbitration proceedings, or actions before the ERC or other competent tribunals and courts.
- e. Payment of corresponding assignment fee equivalent to Five Hundred Thousand Pesos (PhP500,000.00).

(c.) **SECURITY DEPOSIT AMOUNT**

**5.1** The Security Deposit shall serve as security for the faithful and proper compliance by the CUSTOMER with its obligations under this Contract. It shall be procured and maintained by the CUSTOMER throughout the entire Contract Duration, including any extension thereof, and shall remain in effect until sixty (60) days after the due date of the final Billing Period. The Security Deposit shall be equivalent to 100% of the average monthly Contract Energy, as may be amended, indicated in "Annex I," multiplied by the applicable Time-of-Use (TOU) rates based on "Annex III."

(d.) **FORM AND TIME OF POSTING**

**5.2** The Security Deposit shall be required to be submitted prior to the effectivity of this Contract and may be allocated or assigned as provided in Section 4.8, if required by the prospective buyer, assignee, transferee, or successor-in-interest. It shall be in the form of cash, manager's or cashier's check, or an irrevocable stand-by letter of credit.

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 an additional security deposit acceptable to PSALM, sufficient to restore the original amount of the Security Deposit. PSALM reserves the right to continue supplying electric energy only to the extent of the CUSTOMER's remaining Security Deposit.

In the event the Security Deposit becomes nil or if the CUSTOMER fails to replenish its Security Deposit, PSALM reserves the right to refuse or discontinue the supply of electric energy.

(e.) **RELEASE OF SECURITY DEPOSIT**

5.3 After the effectivity period of the Security Deposit as provided in Section 5.1 and following the CUSTOMER's written request for its release, PSALM shall return the Security Deposit within thirty (30) days from receipt of the CUSTOMER's written request, provided the CUSTOMER has no outstanding obligations.

The return or release of the Security Deposit shall be subject to deductions for any amounts owed by the CUSTOMER to PSALM.

(f.) **BASIC ENERGY CHARGE**

6.1 The Basic Energy Charge (BEC) applied to the CUSTOMER's hourly energy consumption shall consist of the ERC-approved NPC/PSALM Time-of-Use (TOU) generation rates, the Franchise and Benefits to Host Communities (FBHC) charge, and applicable tariff adjustments.

As computed in "Annex III" of this Contract, the tariff adjustments include, but are not limited to, Deferred Accounting Adjustments, Generation Rate Adjustment Mechanism, Incremental Currency Exchange Rate Adjustments, the monthly Automatic Cost Recovery Mechanism (ACRM) adjustment, ACRM True-Up Adjustments, and the Mandatory Rate Reduction Adjustments under RA No. 9136, as amended, where applicable.

The BEC to be applied to the Contract Energy shall further be in accordance with Section 7.1 (Price Settlement Mechanism During the WESM Operation).

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

(g.) **MINIMUM CHARGES**

6.2 The 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 and the actual energy delivered per billing period, multiplied by the BEC applied to the CUSTOMER's hourly energy consumption.

(h.) **FUTURE ADJUSTMENT**

**6.3** The CUSTOMER shall be liable to pay, or entitled to a refund for, any applicable ERC-approved cost or true-up adjustments for the period during which it was drawing power from PSALM.

(i.) **SERVICE INTERRUPTION ADJUSTMENT**

**6.4** Should the supply of electricity be interrupted or curtailed to a level below the Contract Energy due to the lack of generation capacity of PSALM, the Contract Energy shall be adjusted to actual off-take below Contract Energy level for all hours when service was interrupted. The adjusted Contract Energy shall be used in the calculation of Minimum Charge.

(j.) **MAINTENANCE SERVICE ADJUSTMENT**

**6.7** CUSTOMER may avail of the service adjustment during the scheduled maintenance of its facilities, for a period not to exceed two (2) billing periods in one (1) year. During such period, the Minimum Charge on the energy consumption shall be fifty percent (50%) of the Contract Energy. To avail of this adjustment, the CUSTOMER must notify PSALM in writing at least thirty (30) days prior to the commencement of its scheduled maintenance.

(k.) **DISPUTED BILLS**

**6.11** Should there be any dispute regarding the bills, such dispute shall be deemed waived unless the CUSTOMER raises it in writing within sixty (60) calendar days from the date of receipt. On a "best-efforts basis," PSALM shall endeavor to resolve the dispute within a period of sixty (60) calendar days from its receipt of the CUSTOMER's written notice, the disputed bills, and complete supporting documents.

(l.) **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 Overdue Account within thirty (30) days from the due date. Failure to pay on the Overdue Account shall give rise to the right of PSALM to discontinue the supply of electric service pursuant

to Section 6.20, in accordance with PSALM's Credit and Collection Policies. A restructuring agreement and/or a special payment arrangement for the overdue account may be executed by PSALM and the CUSTOMER, subject to PSALM's Credit and Collection Policies and such other terms and conditions which may be agreed upon by the Parties.

(m.) **DEDUCTION DUE TO FORCE MAJEURE**

**8.6** The duties and responsibilities of the Party affected by the force majeure shall be temporarily suspended for the duration of such event. Moreover, the Parties shall be excused from performing their respective obligations under this Contract and shall not be held liable for any damages, but only to the extent that the performance is rendered impossible or is prevented by reason of the force majeure event; provided, that:

- a. The Party affected by the force majeure shall provide the other Party written notice describing the nature of the event, its impact on the Party's inability to perform its obligations, the estimated time required for recovery, and the actions being undertaken or to be taken to address or mitigate the effects of the event.
- b. The other Party shall have thirty (30) days to verify or deny in writing the existence of the alleged force majeure event.
- c. The Contract Energy and Equivalent Demand shall be adjusted to reflect the actual off-take below contract level for all hours during which service was suspended due to a force majeure event.
- d. Any obligation of either Party that arose prior to the occurrence of force majeure event shall not be excused or discharged by reason of such event.

(n.) **CONTRACT TERMINATION**

**8.9** Either Party will have the right to terminate this Contract upon failure of the other to perform its obligations herein, and the party at fault will have to pay all its outstanding accounts and shall reimburse the costs incurred by the other party as a result of the termination.

**8.10** Failure by the CUSTOMER to settle the Overdue Account within a period of six (6) months from due date shall entitle PSALM to terminate this Contract,

without prejudice to its right to recover unpaid bills and other penalties from the CUSTOMER.

(o.) **EFFECTIVITY**

**8.20** This Agreement shall be filed immediately with the ERC for approval in accordance with its issuances, rules and procedures.

**PSALM'S EXEMPTION FROM JOINING  
THE COMPETITIVE SELECTION PROCESS (CSP)**

35. This Honorable Commission has recognized that PSALM is exempted from joining the CSP for the procurement of power supply. In a letter dated 20 September 2016,<sup>54</sup> this Honorable Commission stated that PSALM need not participate in the CSP due to the nature of its operations.

36. This Honorable Commission has likewise recognized PSALM's exemption from joining the CSP in its Decisions in ERC Case Nos. 2016-186 RC,<sup>55</sup> 2018-054 RC,<sup>56</sup> and 2019-040 RC.<sup>57</sup>

37. In the Honorable Commission's Decision in ERC Case No. 2019-040 RC, Section 2 of the Department of Energy's (DOE) Department Circular No. 2018-02-0003<sup>58</sup> was cited to further justify PSALM's exemption from joining the CSP.

38. Further, Section 2.3.2 of the DOE Department Circular No. DC2023-06-0021<sup>59</sup> provides that the conduct of CSP shall not be required for the provision for power supply by PSALM through bilateral contracts for the power produced from the undisposed generating assets and contracts with Independent Power Producers (IPP).

39. Furthermore, pursuant to the DOE Advisory<sup>60</sup> on the Implementation of DOE Department Circular No. DC2023-06-0021, applications for Certificate of Exemption from the Conduct of CSP (COE-CSP) received by the DOE after 18 July 2023 shall no longer be

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<sup>54</sup> A copy of this Honorable Commission's Letter dated 20 September 2016 is attached hereto as **Annex "F."**

<sup>55</sup> Decision dated 24 October 2017.

<sup>56</sup> Decision dated 20 September 2021.

<sup>57</sup> Decision dated 21 July 2021.

<sup>58</sup> 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>59</sup> Prescribing the Policy for the Mandatory Conduct of the Competitive Selection Process by the Distribution Utilities for the Procurement of Power Supply for their Captive Market.

<sup>60</sup> Dated 31 August 2023.

processed; thereafter, all instances exempted from CSP shall be submitted or applied with this Honorable Commission.

**COMPLIANCE WITH THE PRE-FILING REQUIREMENTS  
OF THIS HONORABLE COMMISSION**

40. In compliance with Section 2 of Rule 6 (Pre-Filing Requirements) of the Revised Rules of Practice and Procedure of this Honorable Commission,<sup>61</sup> a copy of the instant Application (including its Annexes) shall be furnished to the Offices of the City Mayor and the Sangguniang Panlungsod of Quezon City and published (excluding its Annexes) in a newspaper of general circulation.

41. The proof of compliance with the Pre-Filing Requirements, particularly, the service to the Offices of the City Mayor and the Sangguniang Panlungsod of Quezon City, as well as the publication of the instant Application, shall be attached and marked accordingly pursuant to Section 3 of Rule 6 of the Revised Rules of Practice and Procedure of this Honorable Commission.

**PRAYER**

**WHEREFORE**, it is respectfully prayed and pleaded unto this Honorable Commission that PSALM's CSEEs with COTELCO-PPALMA, DASURECO, MOELCI II, SIARELCO, ANECO, ASELCO, COTELCO, DORECO, LANECO, MORESCO II, SOCOTECO I, SOCOTECO II, SUKELCO, SURNECO, SURSECO I, SURSECO II, ZAMSURECO I, ZANECO, BUSECO, CLPC, DLPC, ZAMCELCO, MOELCI I, and ILPI be **APPROVED**.

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

**MOST RESPECTFULLY SUBMITTED.**

09 January 2026. Quezon City for Pasig City.

*- signatories on the following page -*

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<sup>61</sup> Resolution No. 01, Series of 2021.

**POWER SECTOR ASSETS AND LIABILITIES  
MANAGEMENT CORPORATION**

**Legal Group**

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by:

**MARIA ILYN C. GERONIMO-ALBITO**

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MCLE Compliance No. VIII-0006338 / 04.18.2028  
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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 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:

1. 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 APPROVAL OF THE CONTRACTS FOR THE SUPPLY OF ELECTRIC ENERGY (CSEE) WITH VARIOUS DISTRIBUTION UTILITIES, ALL LOCATED IN THE MINDANAO GRID,"*. This authority is granted pursuant to PSALM Board Resolution Nos. 2025-0625-01 and 04-38, as certified in the attached Secretary's Certificates;
2. 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;
3. The Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;
4. 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;
5. Aside from the above Application, 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
6. 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, said fact shall be reported within five (5) days from discovery thereof to the Honorable Commission.

IN WITNESS WHEREOF, I have hereunto affixed my signature this  
JAN 09 2026 in Quezon City, Metro Manila.

DENNIS EDWARD A. DELA SERNA  
*Affiant*

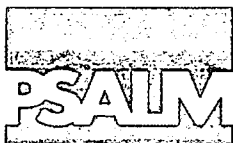
SUBSCRIBED and SWORN to before me this  
JAN 09 2026, with the above-named affiant presenting to  
me his \_\_\_\_\_, with expiry date until \_\_\_\_\_  
2028, known to me and to me known to be the same person who  
executed the foregoing Verification and Certification Against Forum  
Shopping.

NOTARY PUBLIC

Doc. No. : 127 ;  
Page No. : 27 ;  
Book No. : 1 ;  
Series of 2026.



**ATTY. JAMES MARVIN A. MAMARADLO, REE**  
Notary Public for Quezon City  
Admin Matter No. NP-351 (2025-2026)  
Roll of Attorney No. 93940  
IBP No. 10V 581 208 12/31/2025 /OC  
PTR No. 839 8852 01/07/2026 /OC  
MCLE Compliance: Newly Admitted  
24th floor Vertis North Corporate Center 1  
Astra cor Lux Drives, North Avenue, Quezon City



## SECRETARY'S CERTIFICATE

I, **REYMAR H. SANTIAGO**, of legal age, Filipino, and with office address at 10<sup>th</sup> Floor Vertis North Corporate Center I, Sola corner Lux Drives, North Avenue, Quezon City 1105, hereby certify that:

1. I am the duly appointed Corporate Secretary of the Power Sector Assets and Liabilities Management Corporation ("PSALM"), a corporation duly organized and existing under and by virtue of Republic Act 9136, with office address as stated above. As such Corporate Secretary, I am the custodian of the corporate records of the Corporation including, but not limited to, Board Resolutions.
2. During a special meeting of the Board of Directors held on 25 June 2025, in which meeting a quorum was present and acting throughout, the following resolution, among others, was approved and adopted by the Board, thus:

### BOARD RESOLUTION NO. 2025-0625-01

#### RE-ELECTION OF MR. DENNIS EDWARD A. DELA SERNA AS PRESIDENT AND CEO OF PSALM CORPORATION

**NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED**, that as recommended and endorsed by the Board Review Committee (BRC) acting as Nomination and Remuneration Committee (NRC), the Board of Directors approves and confirms the re-election of Mr. Dennis Edward A. Dela Serna as President and CEO of PSALM Corporation for a term of office beginning on 01 July 2025 and ending on 30 June 2026, unless sooner removed for a cause or until a successor is named or appointed by the President of the Philippines.

**APPROVED and CONFIRMED.**  
25 June 2025.

3. The foregoing resolution has not been revoked, amended, nor in any manner modified and may be relied upon until written notice to the contrary is issued by PSALM.

**REYMAR H. SANTIAGO**  
Corporate Secretary

Republic of the Philippines }  
Quezon City, Metro Manila }

**SUBSCRIBED AND SWORN TO BEFORE ME** on 17 December 2025 at Quezon City, Metro Manila, affiant exhibiting to me his

DOC. NO. 186 ;  
PAGE NO. 033 ;  
BOOK NO. 11 ;  
SERIES OF 2025 .



**ATTY. CARLO MARCO Q. MERCADO**  
Commissioned Notary Public for Quezon City  
Adm. Matter No. NP-154 (until 31 Dec 2026)  
Roll of Attorneys No. 70294; IBP Life Member Roll No. 19242  
MCLE Compliance No.: 000-0033212  
PTR No. 71196231 / 10 January 2025 / Quezon City  
24/E Vertis North Corporate Center I, Astra cor. Lux Drives,  
Barangay Bagong Pag-Asa, Quezon City



BAGONG PILIPINAS

## SECRETARY'S CERTIFICATE

I, **REYMAR H. SANTIAGO**, of legal age, Filipino, and with office address at 10<sup>th</sup> Floor Vertis North Corporate Center I, Sola corner Lux Drives, North Avenue, Quezon City 1105, hereby certify that:

1. I am the duly appointed Corporate Secretary of the Power Sector Assets and Liabilities Management Corporation ("PSALM"), a corporation duly organized and existing under and by virtue of Republic Act 9136, with office address as stated above. As such Acting Corporate Secretary, I am the custodian of the corporate records of the Corporation including, but not limited to, Board Resolutions.
2. Per records on file, during a meeting of the Board of Directors held on 25 May 2004, in which meeting a quorum was present and acting throughout, the following resolution, among others, was approved and adopted by the Board, thus:

### BOARD RESOLUTION NO. 04-38

**NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED,** That the President of PSALM Corp. or his duly authorized representative, be and is hereby authorized, for and in behalf of the corporation, to commence, initiate and file an action, complaint, claim for relief or other initiatory pleading asserting the rights, claims and interests of the corporation; to defend the corporation from suits or claims against it in any court, tribunal or quasi-judicial agency; to verify and certify under oath the filing of such initiatory and responsive pleadings; and to perform all other acts necessary for the pursuit of the foregoing acts;

**RESOLVED FURTHER,** that the President of PSALM Corp. is authorized to designate the lawyers of the Office of the Vice President-General Counsel and its statutory counsel, the Office of the Government Corporate Counsel, to appear and represent the corporation in the pre-trial conference of cases involving the corporation and to perform such other acts necessary to assert the rights, claims and interests of the corporation, defend the corporation from suits or claims against it, and to perform all other acts necessary for the pursuit of the foregoing acts as may be authorized by the President of PSALM Corp.

**APPROVED and CONFIRMED.**  
25 May 2004.

3. The foregoing resolution has not been revoked, amended, nor in any manner modified and may be relied upon until written notice to the contrary is issued by PSALM.

**REYMAR H. SANTIAGO**  
*Corporate Secretary*

Republic of the Philippines }  
Quezon City, Metro Manila }

**SUBSCRIBED AND SWORN TO BEFORE ME** on 17 December 2025 at Quezon City, Metro Manila, affiant exhibiting to me his \_\_\_\_\_ ID

DOC. NO. 135 ;  
PAGE NO. 023 ;  
BOOK NO. 112 ;  
SERIES OF 2025 .



**ATTY. CARLO MARCO Q. MERCADO**  
Commissioned Notary Public for Quezon City  
Adm. Matter No. NP-154 (until 31 Dec 2026)  
Roll of Attorneys No. 70294; IBP Life Member Roll No. 19242  
MCLE Compliance No.: 0001-0035442  
PTR No. 7119623D / 10 January 2025 / Quezon City  
24/F Vertis North Corporate Center I, Astra cor. Lux Drives,  
Barangay Bagong Pag-Asa, Quezon City