**ANNEX "F"**

Republic of the Philippines
**ENERGY REGULATORY COMMISSION**
San Miguel Avenue, Pasig City

**IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF THE STRUCTURE AND LEVEL OF THE MARKET TRANSACTION FEES FOR THE RENEWABLE ENERGY MARKET (REM), WITH PRAYER FOR PROVISIONAL AUTHORITY,**

**ERC CASE NO. __________**

**PHILIPPINE ELECTRICITY MARKET CORPORATION (PEMC),**
*Applicant.*
**X-------------------------------------------X**

**JUDICIAL AFFIDAVIT**
**OF**
**MR. CLARES LOREN C. JALOCON**

The examination of Mr. Clares Loren C. Jalocon was conducted by Atty. Andrea Joson-Mendiola the 18th Floor Robinsons-Equitable Tower, ADB Avenue, Ortigas Center, Pasig City.

**OFFER OF TESTIMONY**

The testimony of the witness is being offered for the following purposes:

1. To prove his participation in the preparation of the Application and some of its supporting documents;
2. To identify the instant Judicial Affidavit;
3. To prove the legal basis for the filing of the Application;
4. To prove the justifications for the approval of the Application;
5. To prove the authority of the President in filing the Application;
6. To prove that the Application shall cover the budget revenue requirements for the Development and One-Year Commercial Operation of the REM;
7. To prove the approval of the Structure, Rate and Level of REM Transaction Fees in the Application;
8. To prove the basis, proposed Structure and Components of the REM Transaction Fees;
9. To prove the basis, manner of computation, assessment and allocation of the REM Transaction Fee Rate;
10. To prove the basis in determining the Total Estimated number of RECs;
11. To prove the REM Transaction Fee Rate of Php 1.76/REC or Php1.76/MWh proposed in the Application ;
12. To prove the amount of PhP52,390,000.00 as the total budgetary requirement and the proposed Level of REM Transaction Fees in the Application with the amounts Php19,090,000.00 and Php33,300,000.00 corresponding to the budget revenue requirements of the Development and One-Year Commercial Operation of the REM;
13. To prove the Detailed Description, justification and cost-basis of the *OPEX Component of the REM Transaction Fees,* specifically the Honoraria, Contracted Services, Audit Requirements, Supplies and Materials, Subscriptions and Publications, Conferences and Events, Trainings, and Travel and Transportation;
14. To prove the approval and necessity of the allocation, utilization and use for the Development of the REM of the Financial Penalty collected in the Wholesale Electricity Spot Market ("WESM");
15. To prove that the prayer for issuance of a Provisional Authority should be granted; and
16. Such other matters relevant to the Application.

Republic of the Philippines)
City of Pasig ) Ss.

## JUDICIAL AFFIDAVIT

I, **MR. CLARES LOREN C. JALOCON,** Filipino, of legal age, with office address at the 18th Floor Robinsons-Equitable Tower, ADB Avenue, Ortigas Center, Pasig City, subscribing under oath and fully aware that any statements made herein can make myself criminally liable for false testimony or perjury, hereby depose and state that:

**Q1:** Please tell us your work position in the Philippine Electricity Market Corporation ("PEMC").

***A1:*** *I am the Head for the Corporate Planning and Communications ("CPC") Department of PEMC.*

**Q2:** Please tell us your educational attainment.

***A2:*** *I graduated from University of the Philippines, Diliman with a degree of BS-Electrical Engineering in 2006. I also graduated from same university with Masters degree in Electrical Engineering in 2013.*

**Q3:** What are your duties and responsibilities as Head for the CPC Department of PEMC?

***A3:*** *My duties and responsibilities include (1) Spearheading the development of the corporation's business plan and annual operational plans, ensuring synergy across performance measures; and, alignment of corporate goals and activities with regulatory compliance and government policies; (2) Prioritizing the execution of PEMC's plans and projects and monitoring of their implementation; (3) Managing risk management activities and the development of business opportunities; (4) Conducting research, development and design of new market types, such as the REM, and the required prototypes/application tools for the new market types; and (5) Managing the development and operationalization of the overall training and communications plan.*

*Considering that the CPC is the unit under PEMC assigned to perform the Renewable Energy ("RE") Registrar function, my position is responsible in overseeing the registration of REM members and provision of support services to the same including conduct of trainings. Upon commercial operations of the REM I will supervise the collection of market data needed by the Philippine RE Market System (PREMS) from the WESM, processing of these data for the issuance of RE Certificates (RECs), facilitation of REC transactions, and reporting to the Department of Energy ("DOE") on the compliance of Mandated Participants to the Renewable Portfolio Standards (RPS).*

**Q4:** Are you familiar with the Application entitled, "In the Matter of the Application for the Approval of the Structure and Level of the Transaction Fees for the Renewable Energy Market (REM) with Prayer for Provisional Authority", pending before the ERC?

***A4:*** *Yes, I am familiar with the Application because I participated in the preparation thereof and some of its supporting documents.*

**Q5:** What is the basis for the filing of the instant Application, if there is any?

**A5:** *Applicant filed the instant Application pursuant to the following laws and rules and regulations:*

*(a) Republic Act No. 9513 or Renewable Energy Act of 2008, or the "RE Act";*
*(b) Rule 3, Section 10 of the Implementing Rules and Regulations (IRR) of RE Act;*
*(c) Rule 3, Section 11 of the RE Act-IRR; and*
*(d) Section 7 of the Department Circular 2019-12-0016 or Promulgating the REM Rules.*

*The foregoing rules established the responsibility of the Applicant to establish and operate the Renewable Energy ("RE") Registrar, to issue, keep and verify Renewable Energy Certificates ("RECs") and its authority to impose a Transaction Fee equal to half what it currently charged regular WESM players, subject to endorsement of the Applicant's Board of Directors ("PEM Board") for filing before the ERC.*

**Q6:** What is the Renewable Energy Market (REM)?

***A6:*** *The REM refers to the market where the trading of the RECs equivalent to an amount of power generated from RE resources, as provided under Section 4 (qq) of the RE Act.*

**Q7:** What are involved in the establishment of the REM?

***A7:*** *The establishment of the REM involves the -*

*(a) Development and issuance of policy instruments that will define the protocols and procedures for the REM; and*

*(b) Development of an enterprise grade system that is the Philippine Renewable Energy Market Systems ("PREMS") which will handle the registration and contract management, REC transaction and allocation, and Renewable Portfolio Standards (RPS) compliance and reports management.*

**Q8:** What developments have been made by concerned entities in relation to the REM, if there are any?

***A8:*** *The DOE already triggered the establishment of the REM by providing the policy framework specifically its issuance of Department Circulars No. DC2017-12-0015 and DC2018-08-0024 or the RPS On-Grid Rules and RPS Off-Grid Rules.*

*The DOE also formalized the establishment of the REM by issuing the REM Rules which among others, (a) promulgated the REM Rules; (b) Applicant's performance of the RE Registrar function; and (c) the establishment of the Renewable Energy Market Governance Committee ("RGC") under the supervision and oversight of the PEM Board.*

*Also, the PREMS that will be used by PEMC as the RE Registrar is established via the Development for the Renewable Energy Applications Mainstreaming and Market Sustainability ("DREAMS Project") which is a joint effort of the PEMC, DOE and United Nations Development Programme (UNDP).*

**Q9:** What is the relation of the DREAMS Project to the REM and the RE Registrar, if there is any?

***A9:*** *The DREAMS Project has been designed as an umbrella project that would initially develop and provide coordination for the Philippine efforts to promote the development of RE in the Philippines through addressing the barriers to RE project pre-development and realization. The establishment of the PREMS and conduct of related market studies are included of the baseline projects under the DREAMS Project that would be implemented to accelerate development of RE resources in the country.*

**Q10:** What is the status of PREMS?

***A10:*** *The PREMS, an online trading platform for the REM to be used mainly by the RE Registrar for its processes and transactions of REM Participants, had already been launched by the DOE on 17 December 2019.*

**Q11:** Who are authorized to use and/or access the PREMS, if there are any?

***A11:*** *Noting that PEMC is designated pursuant to the RE Act to perform the RE Registrar functions, it would be the primary user of the PREMS.*

**Q12:** What is the RE Registrar?

***A12:*** *The RE Registrar is the unit established under the RE Act to issue, keep and verify RE certificates corresponding to the RE generation of eligible RE facilities in the REM.*

**Q13:** Who is the RE Registrar?

***A13:*** *Under RE Act, it is the Applicant that is mandated to perform the functions of the RE Registrar under the RE Act. Applicant was also appointed to perform the functions of the as the RE Registrar under the REM Rules".*

**Q14:** Aside from performing the functions of the RE Registrar, is there any other functions to be performed by PEMC?
***A14:*** *In accordance with the REM Rules, Applicant ultimately will be responsible for the governance of the REM. As such, it exercises its governance functions under the REM Rules through the RGC, the PEM Audit Committee and its Enforcement and Compliance Office, under the PEM Board's oversight.*

**Q15:** In what capacity is the Applicant filing the Application?
***A15:*** *The Applicant is filing the Application under its name in its capacity as the RE Registrar and the governing body of the REM;*

***Q16:*** *Does the Applicant have any authority to impose Transaction Fees for the REM?*
***A16:*** *In accordance with the RE Act and the REM Rules, the Applicant, under its own name, is authorized to impose a Transaction Fee equal to half of the amount currently paid by regular WESM Members, subject to endorsement of the PEM Board.*

**Q17:** When is the Commercial Operation of the REM?
***A17:*** *The REM is targeted to commence Commercial Operation on June 2021 following the DOE's Advisory regarding the recalibration of the Commercial Operation date from June 2020 to June 2021.*

**Q18:** What is referred to by the Development of the REM?
***A18:*** *This refers to the period prior to June 2021 where preparatory works and/or activities must be undertaken and completed to ensure the timely commencement of the Commercial Operation of the REM.*

**Q19:** What is referred to by the One-Year Commercial Operation of the REM?

**A19:** *Subject to the final declaration by the DOE, the One-Year Commercial Operation of the REM refers to the period from 26 June 2021 to 25 June 2022, wherein transactions made in the REM by the REM Trading Participants already have commercial effect.*

**Q20:** What needs to be ensured by Applicant on the Development of the REM?

**A20:** *The Applicant needs to ensure that (a) it has the appropriate procedures, tools and systems in place; (b) the software and systems shall be certified by an independent reviewer as correctly implementing the intent of the REM Rules and relevant manuals; (c) the RGC is established; and (d) the development and implementation of a comprehensive Information and Education Campaign (IEC) are performed and conducted.*

**Q21:** What are other responsibilities to be performed by the Applicant on Commercial Operation of the REM?

**A21:** *Applicant shall (a) carry out the governance, compliance functions and rule and manual change process and/or approvals, through the RGC under the oversight function of the PEM Board; (b) conduct compliance audit on the PREMS, RE Registrar and Mandated Participants providing metering data for REC Issuance; (c) carry out investigations of breaches of the REM Rules, through the ECO unit of the Applicant; (d) implement an alternative dispute resolution mechanism and facilitate the resolution of disputes through the Dispute Resolution Administrator (DRA) of the WESM; (e) maintain, operate and administer the RE Registry; (f) allocate resources to enable it to operate and administer the REM and the Registry on a non-profit basis; and (g) carry out the development, improvement and maintenance of systems, processes and procedures to be used in the operation of the REM and the Registry, which is the PREMS.*

**Q22:** What supporting documents did you prepare and/or provide in relation to the instant Application, if there are any?

**A22:** *I provided/prepared the following supporting documents:*

a. *Secretary's Certificate dated 27 November 2020 attached as Annex "A" of the Application;*

b. *The document entitled, "Discussion of the Transaction Fee Rate for the Renewable Energy Market, attached as Annex "B" of the Application,*

c. *The document summarizing the budgetary components of the proposed REM Transaction Fee under the Application, attached as Annex "C" of the Application, and*

d. *The document entitled, "Detailed Description of the Operating Expenses ("OPEX") Component of the REM Transaction Fees, specifically with respect to Honoraria, Contracted Services, Audit Requirements, Supplies and Materials, Subscriptions and Publication, Conferences and Events, Trainings and Education, and Travel and Transportation, pages 1 to 11 thereof, attached as* ***Annexes "D" to "D-10"*** *of the Application.*

**Q23:** I am showing you a Secretary Certificate dated 27 November 2020 attached as **Annex "A"** of the Application. Is this the one that you mentioned?

***A23:*** *Yes.*

***(MANIFESTATION: We request that the document be marked as Exhibit "A").***

**Q24:** From the secretary's certificate can you recite the approvals or confirmation of the board as indicted therein?

***A24:*** *The following approvals/ confirmation was indicated:*

*(a) Approval of the proposed structure of the REM Transaction Fees;*

*(b) Approval of the proposed REM Transaction Fee Rate the showing the formula thereof;*

*(c) Approval of the Php1.76/REC or Php1.76/MWh as the REM Transaction Fee Rate of the Application;*

*(d) Approval of the Level of REM Transaction Fees in the amount Php52,390,000.00 which consists of budget for*

*the Development and One-Year Commercial Operation of the REM in the amounts of Php19,090,000.00 and Php33,300,000.00, respectively;*

(e) *Confirmation of the Approval of the allocation, utilization of the collected Financial Penalty from the WESM for Development of the REM in the amount of Php19,090,000.00;*

(f) *Confirmation of the prayer for issuance of provisional authority; and*

(g) *Confirmation of the authority of the President to cause the fling of the Application for REM Transaction Fees before the ERC.*

**Q25:** What is the proposed Structure of the REM Transaction Fee?

***A25:*** *The Applicant proposes a single market fee structure, broken down to the Applicant 's detailed OPEX and CAPEX budget revenue requirements for the RE Registrar and the REM to be imposed as a charge to all REM Trading Participants based on the number of RECs issued to them.*

*The REM Transaction Fees shall also adopt the following methodologies in compliance to the principles provided by the REM Rules:*

(a) *The Transaction Fee shall be set for a one-year period;*

(b) *All costs necessary for Applicant's performance of its function shall be included;*

(c) *No income should be retained as profit as the projected budget revenue should equal its costs;*

(d) *It shall be imposed to all REM Trading Participants who are the first recipient or default owner of the RECs created;*

(e) *the annual budget revenue requirements may be adjusted to take into account escalation costs; and*

(f) *The REM Transaction Fees shall be allocated in proportion to the created/ issued RECs.*

**Q26:** Why did you propose that Structure for the REM Transaction Fees?

***A26:*** *The proposed Structure is transparent and does not discriminate among the REM Trading Participants as it is* *allocated proportionately to the REM Trading Participants based on the number of RECs issued to them while allowing the Applicant to cover the costs required for the governance and implementation of the REM and the operations of the RE Registrar, which are the conditions provided under the REM Rules. Moreover, the structure would effectively include the required costs components necessary for the performance of the functions of the RE Registrar and the RGC and the cost for the implementation, administration and operation of the REM.*

**Q27:** What is the OPEX component referred to in the proposed Transaction Fees?

***A27:*** *The OPEX budget revenue requirement covers the personnel services cost and Maintenance and other operating expenses ("MOOE") of the Applicant. The MOOE covers expenses on Honoraria, Contracted Services, Audit requirements, Training and Education, Conferences and Events, Travel and Transportation, Supplies and Materials, Subscriptions and Publications, Insurance, Taxes and Dues, Utilities, Communications, Repairs and Maintenance and Rentals.*

**Q28:** What about the CAPEX component?

***A28:*** *The CAPEX covers the procurement, enhancement, improvement, modification or replacement of assets including back-up systems, disaster-recovery sites, corporate infrastructure, equipment, hardware and software requirements, among others.*

**Q29:** Is there a possibility that there would be over or under collection?

***A29:*** *Yes.*

**Q30:** In case there is over or under collection what will you do with it?

***A30:*** *Any over or under collection shall accordingly be reported to the ERC. The Applicant will defer to the appropriate ruling of the ERC.*

**Q31:** I am showing you a document entitled "Discussion of the Transaction Fee Rate for the Renewable Energy Market", attached as Annex "B" of the Application. Is this the one you mentioned?

***A31.*** *Yes*

***(MANIFESTATION:*** **We request that the document be marked as Exhibit "B").**

**Q32:** Based on the discussion what is the rate or charge to be imposed on the REM Trading Participants for the current Application?

***A32:*** *The Transaction Fee Rate of Php 1.76/REC or Php1.76/MWh with an equivalent rate of Php0.00176/kWh or 0.176 centavos /kWh.*

***(MANIFESTATION: We request that the rate Php1.76/REC or Php1.76/MWh indicated in the document be marked as Exhibit "B-1").***

**Q33:** How to do you compute the REM Transaction Fee Rate?

***A33:*** *The REM Transaction Fee Rate is computed by determining the quotient of the total budgetary requirement and the Total Estimated Number of RECs for Eligible RE Generation Grid.*

*Under the current Application and the total estimated number of RECs for Eligible RE Generation Grid to be issued is for CY2018-2021.*

***(MANIFESTATION: We request that the formula indicated in the document be marked as Exhibit "B-2").***

**Q34:** What is the manner of assessment of the REM Transaction Fee.

***A34:*** *The REM Transaction Fees will be assessed on the REM Trading Participant for each of the RECs to be created/issued to them as the default owner or the first recipient of the RECs.*

**Q35:** How do you allocate the REM Transaction Fee Rate?
***A35:*** *The REM Transaction Fee is proposed to be allocated to all REM Trading Participants, such that allocations to each relevant REM Trading Participant will be based on the proportionate number of RECs to be created/issued following the timelines below:*

| *RE Generation Transaction* | *Collection Period* |
|---|---|
| *WESM/ Grid and Feed-in tariff* | *Monthly* |
| *Non-WESM/ Off-grid*<br><br>*(i. e. Net-metered and embedded)* | *Quarterly* |

**Q36:** How do you determine the total estimated Eligible REC?
***A36:*** *The estimated Eligible REC is determined using the capacity data provided in the list of Eligible RE Power Plants for RPS Compliance published by the DOE in its website or alternatively, eligible RE Capacities registered with the RE Registrar, and following the standard formula below:*

$$Annual\ RE\ Generation = \sum_{i=1} Total\ Capacity_i \times Capacity\ Factor_i \times 8760$$

Where

| | |
|---|---|
| $i,$ | Eligible RE Technology |
| $Total\ Capacity_i$ | Sum of the eligible capacities for RE Technology $i$ |
| $Capacity\ Factor_i$ | Capacity Factor for RE Technology $i$ |

The details of the computation is provided in Annex "B" of the Application.

**Q37:** Why did you cover the CY2018 -2019 when the REM had yet to commence Commercial Operation?

**A37.** *The RPS Rules and the REM Rules require that the RE Registrar issue RECs for the eligible RE generation starting 2018 even if the REM Commercial Operations is yet to happen this coming 26 June 2021.*

**Q38:** Can you give an example of how to compute the REM Transaction Fee for a distribution utility.

***A38:*** *The table below is an example for the computation of the REM Transaction Fee to be charged to a distribution utility applying the following formula:*

$$\text{REM Market Fee}_{\text{m}} = \text{REM Market Fee Rate x } (REC_{Grid,m} + REC_{FiT,m} + REC_{Non-grid,m})$$

Where,

REM Market Fee. m = Transaction Fee (PhP) for REM Trading Participant *m*

$REC_{Grid,m}$= Number of RECs issued to REM Trading Participant *m* corresponding to On-grid RE generation, issued monthly

$REC_{FiT,m}$= Number of RECs issued to REM Trading Participant *m* corresponding to Feed-in-Tariff (FiT) RE generation, issued monthly

$REC_{Non-grid,m}$ = Number of RECs issued to REM Trading Participant *m* corresponding to RE generation of Net-metered, embedded and own-use facilities, issued one (1) month after every quarter

| Month | $REC_{Grid}$ | $REC_{FiT}$ | $REC_{Non-Grid}$ | Total Number of RECs | REM Market Fee |
|---|---|---|---|---|---|
| January | 4,110.00 | 223 | 0 | 4,333.00 | 7626.08 |
| February | 4,231.00 | 206 | 0 | 4,437.00 | 7809.12 |
| March | 3,502.00 | 162 | 2 | 3,666.00 | 6452.16 |
| April | 4,817.00 | 185 | 0 | 5,002.00 | 8803.52 |

**Q39:** At the last part of the document there appears to be a signature above the name Clares C. Jalocon, can you tell me whose signature this is?
**A:39:** This is my signature.

***(MANIFESTATION: We request that the signature above the name Clares C. Jalocon be marked as Exhibit "B-3".)***

**Q40:** I am now showing you the document entitled "Proposed Total Budgetary Requirements of the Renewable Energy Market (REM), attached as Annex "C" of the Application. Is this the one you mentioned earlier?
***A40:*** *Yes*

***(MANIFESTATION: We request that the document be marked as Exhibit "C").***

**Q41:** On the Proposed Total Budget Revenue Requirements, how much was the Level of REM Transaction Fees Indicated therein?
***A41:*** *The amount Php52,390,000.00 was indicated as the Level of REM Transaction Fees.*

***(MANIFESTATION: We request that the amount Php52,390,000.00 be marked as Exhibit "C-1").***

**Q42:** Do you also see in the said document an amount covering the budget revenue requirements for the Development and One-Year Commercial Operation of the REM?
***A42:*** *Yes, the total budget revenue requirements for the Development of the REM as indicated therein is equal to Php19,090,000.00 and for One-Year Commercial Operation of the REM the amount indicated therein is Php33,300,000.00.*

***(MANIFESTATION: We request that the amounts Php19,090,000.00 and Php33,300,000.00 be marked as Exhibits "C-2" and "C-3", accordingly).***

**Q43:** Do you know of any approval where the budget revenue requirement for the Development of REM in the of Php19,090,000 will be sourced from?

***A43:*** *I believe the PEM Board approved the allocation, utilization and use of the collected Financial Penalty in the WESM for the budget revenue requirement during Development of the REM.*

**Q44:** Why is there a need to allocate, utilize and use the collected Financial Penalty in the WESM for the Development of REM?

***A44:*** *Given that the Applicant is mandated to undertake preparatory acts, works and activities on the Development of the REM and have yet to collect any Transaction Fees. If not then Applicant would be left with no recourse or means to achieve the purpose and as such the Commercial Operation of the REM would fail to commence.*

**Q45:** On the last part of the document there appears to be a signature above the name Clares C. Jalocon, can you tell me whose signature this is?

***A45:*** *This is my signature.*

***(MANIFESTATION: We request that the signature above the name Clares C. Jalocon be marked as Exhibit "C-4.")***

**Q:46:** I am showing you the document entitled, "Detailed Description of the Operating Expenses of the REM specifically pages 1 to 16 thereof, attached as **Annexes "D" to "D-15"** of the Application. Is this the one that you mentioned?

***A46:*** *Yes.*

***(MANIFESTATION: We request that the documents be marked as Exhibits "D" to "D-15").***

**Q47:** On the last page of the Detailed Description, there are two signatures, one of which is above the name Clares Loren C. Jalocon. Can you tell me whose signature this is?
***A47:*** *This is my signature.*

***(MANIFESTATION: We request that the signature on the last page above the name Clares C. Jalocon be marked as Exhibit "D-15-a.")***

**Q48:** What are proposed OPEX on the Development of the REM under this Application?
***A48:*** *The OPEX budget revenue requirement of the Transaction Fees on the Development of the REM includes the costs for the Maintenance and Other Operating Expenses ("MOOE") which shall cover all operating expenses – (a) honoraria; (b) contracted services; (c) Audit requirements; (d) Conferences and Events; (e) Subscriptions and Publications; (f) Supplies and Materials; (g) Utilities; (h) Communications, (i) Training and Education; (j) Rentals; (k) Repairs and Maintenance.*

**Q49:** Why are these expenses necessary?
***A49:*** *Expending this cost will allow PEMC to perform and/or conduct preparatory acts, works or activities which are part of the readiness conditions prior to commencement of the Commercial Operation of the REM on June 2021.*

**Q50:** What are the proposed OPEX on Commercial Operation of the REM under this Application?
***A50:*** *The OPEX on Commercial Operation of the REM includes the costs for the Maintenance and Other Operating Expenses ("MOOE") which shall cover all operating expenses – (a) honoraria; (b) contracted services; (c) Audit requirements; (d) Conferences and Events; (e) Subscriptions and Publications; (f) Supplies and Materials; (g) Utilities; (h) Communications; (i) Rentals; and (k) Repairs and Maintenance.*

**Q51:** Why are these expenses necessary?

**A51:** *The costs are necessary for Applicant to effectively implement and govern the REM and perform the RE Registrar functions under the REM Rules.*

**Q52:** What is the cost of the OPEX proposed?

**A52:** *The proposed OPEX for the Development and One-year Commercial Operations of the REM amounts to PhP17,330,000.00 and PhP28,710,000.00, respectively.*

**Q53:** What is the basis for the proposed cost of the OPEX?

**A53:** *The cost of The cost of the OPEX components are based on (a) submitted quotations by potential supplier*; (b) actual costs of equipment or service; (c) estimation of cost based on the percentage of works required against a completed project.

**Q54:** Are there possible OPEX costs which are not covered under this Application?

**A54:** *Yes, budget revenue requirements for personnel services, taxes and dues are not included under the Application.*

**Q55:** Why is the approval of the instant Application necessary and reasonable?

**A55:** *The approval of the instant Application is necessary and reasonable considering that the Commercial Operation of the REM and RE Registrar are vital to the implementation of the RPS that is mandated to be implemented as a key mechanism in the RE Act. Once both mechanisms are in place, the acceleration and development of renewable energy resources in the country will be facilitated thereby increasing the RE based power capacity.*

**Q56:** Why should a provisional authority be granted in favor the Applicant?

**A56:** *The grant of provisional authority in favor of the Applicant is warranted under the circumstances since the RE Market and Registrar are targeted by the DOE to be operational in June*

*2021 pursuant to DOE's recent pronouncements, and there is utmost necessity for Applicant to perform and/or conduct preparatory/ development works or activities which are part of the readiness conditions prior to commencement/ operationalization of the REM in June 2021.*

*Any further delay in the establishment of the RE Market and Registrar would only deter compliance to the RPS by REM Trading Participants and would definitely defeat the objective of the RE Act of encouraging the stakeholders in the electric power industry to contribute to the growth of the renewable energy industry in the country, and even the overall realization of the targets set by the DOE under the National Renewable Energy Program (NREP), and by the UNDP, concerned government agencies and stakeholders for the DREAMS Project.*

**IN TRUTH WHEREOF,** I have hereunto set my hand this 27th day of November 2020 in Pasig City. I answered the questions asked of me, fully conscious that I did so under oath and that I may face criminal liability for false testimony or perjury. I warrant in this Judicial Affidavit that each copy of the original documents attached is a faithful copy or reproduction of the original.

**CLARES LOREN C. JALOCON**
Affiant

**SUBSCRIBED AND SWORN** to before me in the City of Pasig, this 27th day of November 2020, affiant exhibiting to me his Philippine Regulatory Commission License with Registration No. 0039283 issued by the Philippine Regulatory Commission 10/16/2006 and valid until 10/8/2021.

Document No.: 121
Page No:. 27
Book No.: XII
Series of 2020.

MAGHER S. BAUL
Notary Public for and in the Cities of Pasig, San Juan and in the Municipalities of Pateros
Appointment No. 118 (2020-2021)
Commission expires on 31 December 2021
Suite 1105,11th Floor, Prestige Tower Condominium
Ortigas Center, F. Ortigas Jr., Pasig City, Metro Manila
Roll of Attorney No. 63521
IBP No. 012691- Lifetime/04-02-2014/Manila City
PTR No. 5242348/01-08-2020/Pasig City
MCLE Compliance No. VI-0017845

Republic of the Philippines )
City of Pasig )

## LAWYER'S ATTESTATION

I, **ANDREA S. JOSON-MENDIOLA**, Legal Senior Specialist of the Philippine Electricity Market Corporation (PEMC), with office address at the 18th floor Robinsons-Equitable Tower, ADB Avenue, Ortigas Center, Pasig City, after being duly sworn in accordance with law, hereby depose and state that:

1.) I conducted the examination of the aforesaid witness;

2.) I have caused the faithful recording of the questions asked and the corresponding answers the witness gave;

3.) Neither I nor any other person then present during the examination coached the said witness regarding the latter's answers.

IN WITNESS WHEREOF, I have hereunto set my hand on this ___ day of NOV 27 2020 2020 in Pasig City.

**ANDREA S. JOSON-MENDIOLA**
Affiant

SUBSCRIBED AND SWORN to me before this NOV 27 2020 day of December 2020, affiant exhibiting to me her Driver's License No. N26-12-027268 issued by the Land Transportation Office on 16 July 2018 in Makati City and valid until 13 July 2023.

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Series of 2020.

ATTY. ANTONIO B. BETITO
Notary Public – Pasig City
Commission No. 152 (2019-2020)
709 MegaPlaza Condo. ADB Ave. Pasig City
Attorney's Roll No. 27614
IBP #099907/12-26-19/Rizal
PTR#6424676/01-03-20/Pasig City.
MCLE Compliance No. VI-0020478 March 18, 2019