

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE GREEN
ENERGY AUCTION
ALLOWANCE FOR
CALENDAR YEARS 2025-
2026 PURSUANT TO THE
GUIDELINES ON THE
COLLECTION OF THE
GREEN ENERGY AUCTION
ALLOWANCE AND
DISBURSEMENT OF THE
GREEN ENERGY AUCTION
ALLOWANCE FUND, WITH
PRAYER FOR
PROVISIONAL AUTHORITY**

ERC CASE NO. 2025-127 RC

**NATIONAL TRANSMISSION
CORPORATION,**

Applicant.

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Promulgated:

December 26, 2025

DECISION

For resolution before the Commission is the *Application* dated 13 May 2025 filed by the National Transmission Corporation (TransCo) on 13 June 2025, seeking the Commission's approval of the Green Energy Auction Allowance (GEA-All) for Calendar Years (CYs) 2025 to 2026, pursuant to the *Guidelines on the Collection of the Green Energy Auction Allowance and Disbursement of the Green Energy Auction Allowance Fund*¹, with prayer for provisional authority and motion for confidential treatment of information.

¹ ERC Resolution No. 6, Series of 2025.

FACTUAL ANTECEDENTS

On 10 July 2025, the Commission issued an *Order* and a *Notice of Public/Virtual Hearing*, both of even date, setting the instant case for hearing on the following dates: (a) 26 August 2025² for the determination of compliance with jurisdictional requirements and expository presentation for Luzon Stakeholders; (b) 02 September 2025 for expository presentation for Visayas Stakeholders; (c) 09 September 2025 for expository presentation for Mindanao Stakeholders; (d) 16 September 2025 for Pre-Trial Conference and presentation of evidence; and (e) 23 September 2025 and 30 September 2025 for the continuation of the presentation of evidence.

On 20 August 2025, TransCo filed its *Compliance with Jurisdictional Requirements* of even date.

On 22 August 2025, Nuevasol Energy Corp. and Megasol Energy 1, Inc. filed their respective *Questions and Comments – Notice of Public/Virtual Hearing* dated 20 August 2025.

During the 02 September 2025 hearing, TransCo and Visayan Electric Company, Inc. (VECO) appeared. In the said hearing, TransCo presented its compliance with the posting and publication requirements of the Commission. The Commission then found TransCo's submissions to be compliant with the jurisdictional requirements pursuant to the *Order* dated 10 July 2025. Thus, the Commission declared that it acquired jurisdiction over the instant case.³

Various hearings⁴ were conducted by the Commission and in the course thereof, the Commission admitted the following as intervenors for the instant case:

1. Manila Electric Company (MERALCO);⁵

² The hearing scheduled on 26 August 2025 was cancelled in view of the issuance by the Office of the President of Memorandum Circular No. 94-A, suspending work in government in areas, including Metro Manila, due to forecasted heavy rainfall.

³ TransCo presented its *Compliance with Jurisdictional Requirements* dated 20 August 2025, including the publication of the *Notice of Virtual Hearing* in the newspaper issues of *Daily Tribune* dated 08 August 2025 and 15 August 2025, and *BusinessWorld* dated 08 August 2025 and 15 August 2025.

⁴ The hearings were held on 02 September 2025, 09 September 2025, 16 September 2025 and 23 September 2025. The hearing scheduled 30 September 2025 was cancelled following the termination of the proceedings during the 23 September 2025 hearing.

⁵ MERALCO filed its *Petition to Intervene with Entry of Appearance* dated 18 August 2025, on 19 August 2025.

2. VECO;⁶ and
3. Greenergy for Global, Inc. doing business under G4G (G4G) and Greentech Solar Energy Inc. (GSEI).⁷

During the said hearings, the Commission directed TransCo to submit additional documents necessary for the evaluation of the instant *Application*.⁸

On 17 September 2025, G4G and GSEI filed their *Compliance* of even date, pursuant to the Commission's directive during the 16 September 2025 hearing.

On 10 October 2025, VECO filed its *Manifestation* of even date.

On 16 October 2025, TransCo filed its *Formal Offer of Evidence* dated 15 October 2025.

On 20 October 2025, MERALCO filed a *Manifestation* of even date, stating that it no longer intends to comment on the *Formal Offer of Evidence* submitted by the Applicant.

On 11 December 2025, the Commission issued an *Order*, resolving the TransCo's motion for confidential treatment of information.

The Commission found the exhibits contained in the *Formal Offer of Evidence* of TransCo, as well as the various submissions, to be relevant and material in the resolution of the case. Thus, the Commission admitted the same and declared the case submitted for resolution.

ISSUE

The issue for the Commission's resolution is whether the instant *Application*, filed by TransCo, should be approved.

⁶ VECO filed its *Verified Petition to Intervene* dated 22 August 2025, on even date.

⁷ G4G and GSEI filed their *Joint Petition for Intervention* dated 05 September 2025, on 08 September 2025.

⁸ The following compliances were submitted: (a) Compliance dated 11 September 2025 filed by TRANSCO on even date; (b) Compliance dated 18 September 2025 filed by TRANSCO on even date; and (c) Compliance dated 30 September 2025 filed by TRANSCO on 02 October 2025.

COMMISSION’S RULING

After due deliberation, thorough evaluation of all evidence submitted, including the updated information submitted by TransCo after the filing of the instant *Application*, and appreciation of all information gathered, the Commission, pursuant to its regulatory powers, resolves to **APPROVE** the instant *Application* **WITH MODIFICATION**.

DISCUSSION

I. DETERMINATION OF THE GEA-ALL RATE FOR 2025-2026

Section 5.3 of the GEA-All Guidelines provides for the formula in computing the GEA-All, *to wit*:

$$GEA-All = \frac{GD + WCA + AA + DA}{FNS}$$

Where:

DESCRIPTION	
GEA-All	is the Green Energy Auction Allowance to be implemented in Year $t+1$ in PhP/kWh, as provided for in GEA-All Guidelines.
GD	is the estimated Total GET Differential required for Year $t+1$ in PhP, and as further described in Section 5.4.1 of the GEA-All Guidelines.
WCA	is the estimated Working Capital Allowance required for Year $t+1$ in PhP, and as further described in Section 5.4.2 of the Guidelines.
AA	is the Administration Allowance to be implemented in Year $t+1$ in PhP, and as further described in Section 5.4.3 of the GEA-All Guidelines.
DA	is the Disbursement Allowance to be implemented in Year $t+1$ in PhP, and as further described in Section 5.4.3 of the GEA-All Guidelines.
FNS	is the Forecast National Sales, in kWh, to be applied for Year $t+1$ and as further described in Section 5.4.4.2 of the GEA-All Guidelines.
T	is the year the application for setting the GEA-All is filed with the Energy Regulatory Commission (ERC).
t+1	is the year following t.

Based on the foregoing formula, it can be established that the GEA-All rate is the sum of the estimated Total GEA Differential required for a given year, combined with TransCo's estimated Working Capital Allowance (WCA), Administration Allowance (AA), and Disbursement Allowance (DA), over the Forecast National Sales (FNS)

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which pertains to the estimated total kWh of electricity billed to consumers who are supplied with electricity in all on-grid areas in the Philippines for the same year.

TransCo, demonstrated that it used the same formula discussed herein in arriving at its proposed GEA-All rate of PhP0.0061/kWh for CY 2025-2026 in the instant *Application*, to wit:

Table 1: Summary of 2025-2026 GEA-All Computation

COMPONENTS	GEA-1 RE PLANT	GEA-2 RE PLANT	TOTAL	RATE (PhP/kWh)	SHARE (%)
GET DIFFERENTIAL	-	(298,801,117)	(298,801,117)	(0.0016)	- 25.76%
2026 Generation	-	(175,275,504)	(175,275,504)	(0.0009)	-15.11%
2025 Generation	-	(123,525,613)	(123,525,613)	(0.0007)	-10.65%
WORKING CAPITAL ALLOWANCE	417,860,907	1,033,474,560	1,451,335,466	0.0077	125.11%
ADMINISTRATION ALLOWANCE	3,744,009	3,744,009	7,488,017	0.0004	0.65%
DISBURSEMENT ALLOWANCE	-	-	-	0.0000	0.00%
Total	421,604,915	738,417,451	1,160,022,367		
FNS, kWh	189,577,324,025	189,577,324,025	189,577,324,025	0.0061	
GEA-All, PhP/kWh	0.0022	0.0039			

TransCo, in its *Application*, prayed for an alternative GEA-All 2025-2026 rate based on new evidence presented at the trial but not available to the Applicant at the time of the filing of the *Application*.

Thus, pursuant to directives by the Commission during the 23 September 2025 evidentiary hearing, TransCo submitted its updated GEA-All Rate Computation as of 30 September 2025, at PhP0.0371/kWh, to wit:

**Table 2: 2026 Updated Amended GEA-All Rate Computation
As of 30 September 2025**

COMPONENTS	GEA-1	GEA-2	GEA-4	TOTAL	RATE (PhP/kWh)
GET DIFFERENTIAL	(275,167,912)	907,445,902	2,208,272,419	2,840,550,409	0.0185
2026 Generation	(259,408,803)	800,848,063	2,208,272,419	2,749,711,679	0.0179
2025 Generation	(15,759,110)	106,597,839		90,838,729	0.0006
WORKING CAPITAL ALLOWANCE	418,836,169	1,035,888,627	1,398,541,047	2,853,263,842	0.0185
ADMINISTRATIO N ALLOWANCE	-	-		7,488,017	0.00005
DISBURSEMENT ALLOWANCE	-	-		-	0.00000
Total	143,668,256	1,943,332,528	3,606,813,466	5,701,302,268	
FNS, kWh	153,823,121,159	153,823,121,159	153,823,121,159	153,823,121,159	0.0371
GEA-All, PhP/kWh	0.0009	0.0126	0.0234		

II. COMPONENTS OF THE GEA-ALL

Based on the GEA-All Formula, the GEA-All rate has the following components: (1) Forecast National Sales (FNS); (2) GET-Differential (GD); (3) Working Capital Allowance (WCA); (4) Administration Allowance (AA); and (5) Disbursement Allowance (DA). These components are discussed in detail hereunder:

A. Forecast National Sales (FNS)

The FNS is the denominator in the GEA-All formula. Following the GEA-All Guidelines, it should be stated in kWh and to be applied for Year t+1.

Section 5.4.4.2 of the GEA-All Guidelines states that FNS is the estimated total kilowatt-hours of electricity billed to consumers who are supplied with electricity in all On-Grid areas in the Philippines for a given year. The FNS shall be equal to the latest available Electricity Sales as stated in the Philippine Power Statistics, excluding Utilities Own Use and Power Losses, or as otherwise certified by the DOE, and as adjusted by the historical growth rate published for the immediately preceding three (3) years. It shall be computed as follows:

$$\text{FNS} = \text{Net Electricity Sales} \times (1 + \text{Historical Growth Rate})$$

From the historical data provided by DOE covering the years 2021 to 2024,⁹ TransCo computed the Compounded Annual Growth Rate (CAGR) of Electricity Sales for a 3-year period using the formula below:

$$\text{CAGR}_{t_0,t_n} = \left(\frac{V_{t_n}}{V_{t_0}} \right)^{\frac{1}{t_n-t_0}} - 1$$

Where:

$V(t_0)$ = start value

$V(t_n)$ = finish value

t_n-t_0 = number of years

⁹ Annexes "A" to "A-3" of the *Application*: DOE transmittal email dated April 14, 2025 and DOE letter dated April 11, 2025 with attached (i) Actual 2021 to 2023 Electricity Sales and Power Consumption Data (in kWh) and (ii) 2024 Preliminary Data and 2025-2026 Forecast Data for Electricity Sales and Power Consumption Data (in kWh).

TransCo computed the projected 2026 level by increasing the historical 2024 level by the computed CAGR (2021-2024). Then TransCo again computed for the rolling three-year CAGR to project the 2026 level.

TransCo, in its *Application*, used FNS levels of 119,053,190,412.59 kWh and 130,050,728,819.06 kWh, for 2025 and 2026, respectively. Considering the 2025 and 2026 FNS and TransCo’s estimated date of GEA-All rate approval, TransCo computed for an 18-month collection period FNS of **189,577,324,025.36 kWh**.

It should be noted that the DOE’s 2024 data used by TransCo as of the time of its filing was preliminary only. Thus, in their updated computation as of 30 September 2025, TransCo used the 2024 data published on the DOE website as of 15 June 2025 to project the 2025 and 2026 FNS. In addition, the collection period was adjusted from 18 to 16 months. Thus, TransCo combined the prorated (3 months) projected 2025 FNS with the projected 2026 FNS to arrive at **153,823,121,158.60 kWh**.

Like TransCo, the Commission, in the determination of the FNS, used the on-grid actual electricity sales for the years 2021 to 2024 based on the data published on DOE’s website and then used the CAGR formula in computing the 2025 FNS, which yielded the 2025 and 2026 FNS of 110,069,438,852 kWh and 117,133,308,207.90 kWh, respectively. However, only the 2026 FNS of **117,133,308,207.90 kWh** was applied in the calculation of the GEA-All rate since it will only be collected in 2026.

Table 3: Forecast National Sales (FNS)

	TransCo (kWh)	TransCo (Updated Calculation) (kWh)	Commission (kWh)
2025	59,526,595,206.3*	36,689,812,950.70**	-
2026	130,050,728,819.06	117,133,308,207.90	117,133,308,207.90
Forecast National Sales	189,577,324,025.36	153,823,121,158.60	117,133,308,207.90

*July to December 2025

** September to December 2025

B. GET Differential (FD)

As provided in Section 5.4.1 of the GEA-All Guidelines, GD is represented by the following formula:

$$GD = \left[\sum_x (\text{ForecastREGen}_{x,t+1} (\text{GET}_{x,t+1} - \text{ForecastCostRecoveryRate}_{x,t+1})) \right] + GD_{t-1,(over)/under}$$

Where:

	DESCRIPTION
Forecast RE Gen_{x,t+1}	is the Forecast RE Generation of GEA Plant x, (in kWh). For purposes of forecasting, the Administrator shall include GEA Plants that have been issued COE-GET, whether or not a COC/PAO has been issued by the ERC, as of time of filing by the Administrator for the GEA-All.
GET_{x,t+1}	is the GET for Year t+1, expressed in PhP/ kWh, that GEA Plant x will receive for each kWh delivered.
Forecast Cost Recovery	is the applicable Forecast Cost Recovery Rate to be implemented in Year t+1 for GEA Plant x, expressed in PhP/ kWh
GD_{t-1} (over)/under	is the variance between the actual GET Differential for year t-1 (Actual GD t-1) and the GET Differential collected for year t-1 (Collected GD t-1). There is over recovery if Collected GD t-1 > Actual GD t-1 and under recovery if Collected GD t-1 < Actual GD t-1. Any over recovery shall be reflected as a negative number and any under recovery shall be reflected as a positive number.

TransCo, in the computation of the GD, used the formula and parameters provided in the GEA-All Guidelines, namely: (a) the Forecast Annual Renewable Generation; (b) the Green Energy Tariff (GET); (c) the Forecast Cost Recovery Rate (FCRR); and (d) the (Over)/Under recoveries. Using the said parameters, TransCo used the data summarized in Tables 4 to 10 to determine the GD detailed in Table 11.

1. Forecast Annual Renewable Energy Generation

Section 5.4.1 of the GEA-All Guidelines states that the Forecast RE Generation is equivalent to the Forecast RE Generation of GEA Plants that have been issued COE-GET, whether or not a COC/PAO has been issued by the ERC, as of time of filing by the Administrator for the GEA-All.

For new GEA Plants, the Forecast RE Generation shall be equivalent to its nameplate rating in kilowatts multiplied by 8,760 hours per year, multiplied by the expected annual capacity factor of the GEA Plant, as approved by the ERC as part of the GEA Plant's application requirements for the issuance of a COC. Further, for RE Plants with COE-GET but without COC, the capacity factor will be based on the generation forecast provided by the DOE.

For GEA Plants that have already been in Commercial Operation for at least one (1) year, the Forecast Annual RE Generation shall be equivalent to the GEA Plant's nameplate rating in kilowatts multiplied by 8,760 hours per year, multiplied by average historical capacity factor for the number of years or fraction thereof in Commercial Operation. For this purpose, the nameplate ratings shall refer to those specified by the ERC in the COCs issued to these GEA Plants.

TransCo, in the computation of the Forecast Annual RE Generation computation, used the most updated list of GEA plants with COE-GET and the corresponding forecast generation data provided by the DOE¹⁰.

In addition, TransCo used its derived monthly seasonality indices from the generation history of RE plants under the Feed-In-Tariff (FIT) system, per grid, in determining the monthly generation forecast of GEA plants.

With the list from DOE providing the best estimate of the timing of entry of GEA Plants, TransCo aimed to provide for the corresponding payout requirements adequately. However, the list does not give preemptive rights to the identified projects to be counted under the final roster of GEA plants. Neither does it limit the payment of GETs to these projects. Only the GEA plants providing actual generation to the grid will be paid according to actual generation volume.

As a result, the total capacity included was 72.18 MW and the applicable forecast annual renewable energy generation of the GEA plants (in GWh) with COE-GET from DOE for the years 2025 and 2026 are as follows:

Table 4. TransCo's Forecast Annual Renewable Energy Generation, GWh

Technology	GEA-1			GEA-2		
	2025	2026	2027	2025	2026	2027
Biomass			24.11			
Hydropower			359.67			
Solar			2,088.92	90.80	101.16	2,641.63
Wind			658.14			3,522.88
Total	-	-	3,130.84	90.80	101.16	6,164.51

¹⁰ The data used are lifted from the DOE transmittal email dated 21 April 2025 and Letter dated 15 April 2025, and its attachments attached as "Annexes C" to "C-7."

The 2027 levels are needed for the determination of the WCA.

Meanwhile, the Commission computed the GD based on the GEA plants with COE-GET as of 30 September 2025. Thus, the Commission recorded a total capacity of 233.40 MW for GEA-1 and 85.16 MW for GEA-2.

Furthermore, the Commission arrived at the total generation of 908,447.98kWh as shown in Table 5, based on the installed capacity multiplied by the capacity factor and total number of hours in a year.

Table 5 shows the side-by-side comparison of computed generation of TransCo and the Commission:

Table 5. Summary of Computed Generation for 2025 and 2026

Technology	TransCo (MWh)		Commission (MWh)	
	2025	2026	2025	2026
Biomass			23,529.36	23,529.36
Hydropower				
Solar	90,800.00	101,160.00	138,835.07	151,358.39
Wind				571,195.80
Total	90,800.00	101,160.00	162,364.43	746,083.55
	191,960.00		908,447.98	

2. Green Energy Tariff (GET)

Section 5.4.1.1 of the GEA-All Guidelines provides that the Green Energy Tariff (GET) is the price, in PhP/kWh, resulting from the conduct of each GEA corresponding to each winning bidder on a pay-as-bid basis.

TransCo, in its *Application*, adopted the RE Developers' offer prices, *to wit*:

Table 6. Effective GET, PhP/kWh

Technology	GEA-1	GEA-2
Biomass	5.07	
Hydropower	5.43	
Solar	3.65	4.25
Wind	4.33	5.61
Effective GET	4.01	5.03

TransCo computed the Total GET Revenue by multiplying the generation forecast summarized in Table 5 by the corresponding appropriate GETs in Table 6, applied on a per plant and per month basis, as follows.

Table 7. GET Revenue, in Mn PhP

Technology	GEA-1			GEA-2		
	2025	2026	2027	2025	2026	2027
Biomass			108.72			
Hydropower			1,952.75			
Solar			7,619.25	399.49	445.11	11,213.96
Wind			2,847.98			19,775.03
Total	-	-	12,528.70	399.49	445.11	30,988.99

Likewise, the Commission applied the GETs based on the results of the conduct of GEA.

3. Forecast Cost Recovery Rate (FCRR)

Section 5.4.1.2 of the GEA-All Guidelines provides that the Forecast Cost Recovery Rate (FCRR), “expressed in PhP/kWh as “Forecast Cost Recovery Rate in year $t+1$ ” or “FCRR $t+1$,” for the GEA Plants shall be equivalent to the average monthly system final Load Weighted Average Price (LWAP) of the WESM for the Luzon, Visayas, and Mindanao grids for the thirty-six (36)-month period, if immediately preceding the filing of the application for the setting of the GEA-All, if available.”

The GEA Plant must be a direct participant in the WESM, in accordance with the WESM Rules, regardless of whether the GEA Plant is: (i) directly connected to the Grid; or (ii) connected to the Grid through a distribution system.

Using the data provided by the Independent Electricity Market Operator of the Philippines (IEMOP), TransCo arrived at thirty-six (36)-month averages ending March 2025 of PhP6.13/kWh, PhP6.86/kWh, and PhP4.62/kWh for Luzon, Visayas, and Mindanao, respectively. In TransCo’s updated calculation, the 36-month averages were as of July 2025.

The Commission, on the other hand, computed for GEA-All using a 36-month LWAP at PhP0.0361/kWh. However, based on the historical LWAP for the last two (2) years, the Commission also computed the GEA-All using 18-month LWAP from April 2024 to September 2025 of PhP4.58/kWh, PhP5.45/kWh, and PhP4.39/kWh

for Luzon, Visayas, and Mindanao, respectively. This resulted to a GEA-All rate of **PhP0.0423/kWh**, with the rest of the details of the computation also discussed in this *Decision*. The use of an 18-month period is representative timeframe for capturing prevailing market conditions.

While the GEA-All Guidelines provide a default 36-month LWAP, applying a three-year period would no longer be reflective of the current situation of the market, particularly given the notable shifts in market rates. A 36-month window risks diluting recent trends with outdated data, thereby underrepresenting the more immediate cost environment that affects RE developers' revenue shortfalls today.

Conversely, a 12-month LWAP was deemed too short and potentially susceptible to distortions arising from temporary or isolated events, such as planned or unplanned outages, fuel price spikes, or seasonal fluctuations. Such short-term irregularities could cause an unrepresentative deviation in the computed LWAP, which in turn may misalign the GEA-All with the more stable and underlying market conditions.

Table 8 below shows TransCo and the Commission's LWAP averages for Luzon, Visayas, and Mindanao:

Table 8. Average LWAP, PhP/kWh

Area	TransCo's Application (PhP/kWh) (Apr 2022 to Mar 2025 BM-36 months)	TransCo's Updated Calculation (PhP/kWh) (Aug 2022 to July 2025 BM-36 months)	Commission (PhP/kWh) (April 2024 to September 2025 BM)
Luzon	6.13	5.77	4.58
Visayas	6.86	6.48	5.45
Mindanao (WESM commenced on 26 January 2023)	4.62	4.49	4.39

Multiplying the forecast eligible RE Generation from Table 5 with the appropriate FCRRs in Table 8, TransCo derived the following Forecast Cost Recovery Revenue:

Table 9. TransCo’s Total Forecast Cost Recovery Revenue by Technology, in Mn Pesos

Technology	GEA-1			GEA-2		
	2025	2026	2027	2025	2026	2027
Biomass			98.97			
Hydropower			2,086.05			
Solar			12,862.58	523.02	620.38	16,274.90
Wind			4,059.29			22,488.56
Total	-	-	19,106.90	523.02	620.38	38,763.46

Following the GD formula, TransCo subtracted the total FCRR in Table 9 from the corresponding GET Revenue in Table 7, on a per plant basis, and yielded the following GET Differential summary from 2025 to 2027. The 2025-2026 GETs and FCRRs were adopted for 2027 for the determination of the WCA, which will be discussed later in this *Decision*.

Table 10. TransCo’s GET Differential, in Mn Pesos

Technology	GEA-1			GEA-2		
	2025	2026	2027	2025	2026	2027
Biomass			9.76			
Hydropower			(133.30)			
Solar			(5,243.33)	(123.53)	(175.28)	(5,060.94)
Wind			(1,211.32)			(2,713.53)
Total	-	-	(6,578.19)	(123.53)	(175.28)	(7,774.47)

Final GET Differential (FD) Computation

TransCo’s final estimated GD for 2025-2026 in PhP/kWh is as follows:

Table 11. TransCo’s GET Differential Computation, In Mn PhP

Particulars	TransCo’s Application			Updated Calculation			
	GEA-1	GEA-2	Total	GEA-1	GEA-2	GEA-4	Total
GET Differential	-	(298,801,117)	(298,801,117)	(275,167,912)	907,445,902	2,208,272,419	2,840,550,409
2026 Generation	-	(175,275,504)	(175,275,504)	(259,408,803)	800,848,063	2,208,272,419	2,749,711,679
2025 Generation	-	(123,525,613)	(123,525,613)	(15,759,110)	106,597,839		90,838,729

It should be noted that in its updated calculation, TransCo included generation from GEA-4 plants, wherein GET Differential was based on the GEA plant’s Delivery Commencement Date, using a CRR or Market Rate of PhP4/kWh.

Meanwhile, Table 12 below shows the resulting GD computation of the Commission:

Table 12. Commission’s GET Differential Computation, In Mn PhP

Components	GEA-1	GEA-2	GEA-4	TOTAL
GET Differential	(122,074,002.34)	64,607,307.25	-	(57,466,695.09)
2025 Generation	(163,982,537.59)	(26,746,945.08)	-	(190,729,482.67)
2026 Generation	41,908,535.25	91,354,252.32	-	133,262,787.58

The resulting GD is **Negative Fifty-Seven Million Four Hundred Sixty-Six Thousand Six Hundred Ninety-Five Pesos and Nine Centavos (-PhP57,466,695.09)**.

C. Working Capital Allowance

Section 5.4.2 of the GEA-All Guidelines states that an amount shall be collected as part of the GEA-All charge to serve as a buffer for working capital requirements. This buffer, referred to as the Working Capital Allowance or WCA is intended to address any default or delay in the collection and/or remittance of the GEA-All and/or ACRR. This allowance may include, but is not limited to:

1. Variations between the actual and forecasted (a) RE generation from GEA Plants resulting from over- and under- generation, (b) Annual National Sales and (c) applicable Forecast Cost Recovery Rates and Actual Cost Recovery Revenues;
2. The timing difference of the collection and billing cycle for the GEA-All and Actual Cost Recovery Revenue; and,
3. Any other collection or payment shortfall.

As stated in Section 5.4.2 of the GEA-All Guidelines, the determination of the WCA amount is expressed as:

$$WCA_{t+1} = (\text{Forecast Annual Payout}_{t+2} \times \text{Factor Rate}) - WCA_{\text{Ending Balance } t}$$

From the foregoing, it may be gleaned that an initial Forecast Annual Payout for the year 2027 needs to be determined since it is envisioned that buffer requirements for the following year should be collected and built up during the current year. Hence, aside from the 2025-2026 levels for Forecast Cost Recovery Revenue, GET Differential, Administration Allowance, and Disbursement Allowance, the 2027 projected levels thereof were also established.

To compute the WCA, the FCRRs used by TransCo for 2027 were set at the same level as 2025-2026. The same holds true for the GET.

The projected Administration Allowance for 2027 was estimated to be PhP3,215,351.76.

On the other hand, for the estimated trustee fee or Disbursement Allowance for 2027 was set to zero (PhP0.00), pending the execution of the Trust Agreement with the Trustee Bank.

Combining the results and assumptions, the Forecast Annual Payout for 2027 computed by TransCo is as follows:

Table 13. 2027 Forecast Annual Payout, In Mn PhP

Particulars	GEA-1	GEA-2	Total
Forecast Cost Recovery Revenue	(6,578.19)	(7,774.47)	(14,352.66)
GET Differential	19,106.90	38,763.46	57,870.36
Administration Allowance	1.61	1.61	3.22
Disbursement Allowance	-	-	-
Forecast Annual Payout	12,530.32	30,990.60	43,520.92

Pursuant to the GEA-All Guidelines, the National Renewable Energy Board (NREB) recommended a formula for the Factor Rate in the 2014-2015 FIT-All Application. Using the same formula for this *Application* but with updated inputs, a factor rate of **3.33%**¹¹ was derived.

Further, the Guidelines define the WCA Ending Balance to be the balance of the WCA component account for the immediately preceding month prior to the month of filing. Since

¹¹ The document entitled, "2026 Factor Rate Computation" using the formula recommended by NREB in its Resolution No. 3, series of 2014 is attached TransCo's Application as **Annex "J,"** to form an integral part thereof.

the GEA-All Fund, including the WCA component, is yet to be established, WCA ending balance is at PhPo.00.

From the given information, TransCo computed the combined buffer required for 2025-2026, which is equivalent to the 2027 fund requirement multiplied by the Factor Rate, less the WCA ending balance, at **PhP1,451,335,466.33**.

The Commission computed for a WCA amounting to **Five Billion Three Million Nine Hundred Ninety-Nine Thousand Five Hundred Eighty-Five Pesos and Forty-Five Centavos (PhP5,003,999,585.45)** using a factor rate of **5.65%**.

Table 14: Working Capital Allowance

	TransCo Application	Commission
Working Capital Allowance (PhP)	1,451,335,466.33	5,003,999,585.45
Factor Rate used %	3.33%	5.65%

The Commission's WCA for CY 2025-2026 is equivalent to the Forecast Annual Payout for the year 2027 multiplied by the Effective Factor Rate, as described below.

The Effective Factor Rate of 5.65% was calculated using the formula recommended by the NREB as reflected in the Commission's *Decision* under ERC Case No. 2014-109 RC¹² (FIT-All 2014-2015). The Effective Factor Rate is the sum of the Weighted Factor Rates for WESM and non-WESM while the Weighted Factor Rate is a product of the Annual Pay-out to Total Annual Pay-out Ratio and the X-Factor Rate.

Table 15 shows Commission's computation of the WCA, *to wit*:

Table 15: Commission's Computed WCA Computation

	CRR	GD, AA, DA
Cost Recovery Revenue, PhP	46,989,139,364	
GET Differential, PhP		-
Admin Allowance, PhP		7,488,017
Disbursement Allowance, PhP		-

¹² Entitled, "In the Matter of the Application for Approval of the Feed-In Tariff Allowance for Calendar Years 2014 and 2015 Pursuant to the Guidelines for the Collection of the Feed-In Tariff Allowance and Disbursement of the Feed-In Tariff Allowance Fund, with Prayer for Provisional Authority."

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	CRR	GD, AA, DA
Annual Payout, PhP	46,989,139,364	7,488,017
Divided by Total Annual Payout, PhP		46,996,627,382
Ratio	99.98%	0.02%
Factor Rate	5.65%	22.34%
Weighted Factor Rate	5.65%	0.00%
Effective Factor Rate		5.65%

Particulars	GEA-1	GEA-2	GEA-4	Total
Forecast Annual Payout, PhP	16,526,434,905.51	36,190,150,924.59	35,808,105,090.03	88,524,690,920.13
Factor Rate	5.6527%	5.6527%	5.6527%	5.6527%
Required WCA	934,183,136.44	2,045,706,100.09	2,024,110,348.92	5,003,999,585.45
Less: WCA Ending Balance				-
Working Capital Allowance, PhP	934,183,136.44	2,045,706,100.09	2,024,110,348.92	5,003,999,585.45

D. Administration Allowance (AA)

Section 5.4.3 of the GEA-All Guidelines provides that the GEA-All shall also consider the Administrator’s administration costs to defray the expenses in connection with the performance of its functions as GEA-All Fund Administrator, i.e., Administration Allowance (AA).

TransCo, in its *Application*, proposed a total of **PhP7,488,017.36** based on CY2026 Board-Approved Corporate Operating Budget of GEA-All Fund Administration Division.

On 30 September 2025, TransCo provided the Commission with its updated Details of Administration for CY 2025 comprised of actual utilization from January to September 2025 and forecast numbers October to December 2025.

The Commission, in the evaluation of the AA, generally considered TransCo’s Updated AA based on its Compliance dated 30 September 2025, unless otherwise indicated, as reflected in Table 16 below.

The Commission computed the AA at **PhP7,633,054.11** with the following breakdown, in comparison with the amount applied by TransCo:

Table-16: Administration Allowance Justification

Particulars	TransCo					Commission			Remarks	
	Applied		Updated AA based on Compliance dated Sep. 30, 2025			2025		2026		TOTAL
	2025	2026	TOTAL	2025 Actual (Jan to Sep)	2025 Forecast (Oct to Dec)	2025 Total	2026	TOTAL		
Personnel Services	-	-	-	-	-	-	-	-	-	
Maintenance and Other Operating Expenses (MOOE) - Contract of Service (COS) Personnel	2,272,665.60	2,272,665.60	4,545,331.20	1,144,224.00	686,534.40	1,830,758.40	2,272,665.60	4,103,424.00	4,103,424.00	
Professional and General Services	2,272,665.60	2,272,665.60	4,545,331.20	1,144,224.00	686,534.40	1,830,758.40	2,272,665.60	4,103,424.00	4,103,424.00	
Other Professional Services - Salaries	1,893,888.00	1,893,888.00	3,787,776.00	986,400.00	591,840.00	1,578,240.00	1,893,888.00	3,472,128.00	3,472,128.00	
Other Professional Services - 20% Premium	378,777.60	378,777.60	757,555.20	157,824.00	94,694.40	252,518.40	378,777.60	631,296.00	631,296.00	
Maintenance and Other Operating Expenses (MOOE) - Others	-	942,686.16	942,686.16	833,097.96	160,000.00	993,097.96	942,686.16	1,935,784.12	1,529,630.11	
Professional and General Services	-	4,000.00	4,000.00	3,737.00	-	3,737.00	4,000.00	7,737.00	7,474.00	
Other Professional Services	-	4,000.00	4,000.00	3,737.00	-	3,737.00	4,000.00	7,737.00	7,474.00	
Travelling Expenses	-	195,000.00	195,000.00	81,767.50	-	81,767.50	195,000.00	276,767.50	163,535.00	
Travelling Expenses - Local	-	195,000.00	195,000.00	81,767.50	-	81,767.50	195,000.00	276,767.50	163,535.00	
Supplies and Materials Expenses	-	219,091.24	219,091.24	-	80,000.00	80,000.00	219,091.24	299,091.24	170,388.25	
Office Supplies Expenses	-	208,702.99	208,702.99	-	80,000.00	80,000.00	208,702.99	288,702.99	160,000.00	
Fuel, Oil & Lubricant Expenses	-	10,388.25	10,388.25	-	-	-	10,388.25	10,388.25	10,388.25	
Communication Expenses	-	50,000.00	50,000.00	18,000.00	-	18,000.00	50,000.00	68,000.00	36,000.00	
Postage and Courier Services	-	50,000.00	50,000.00	18,000.00	-	18,000.00	50,000.00	68,000.00	36,000.00	

Salaries of five (5) COS personnel assigned to the GEA-All Fund for 8 months (May - December 2025)

20% premium of five (5) COS personnel assigned to GEA-All Fund in accordance with COA-DBM No. 2, S. 2022 for 8 months (May - Dec 2025)

Filing Fee of GEA-All Application.

2026 based on actual 2025

Conduct of Audit to Collection Agents, site/ plant visit/ inspection, attendance to hearings, meetings, and public consultations

2026 based on actual 2025

Office supplies and GEA-All accountable forms, i.e. Payment Instruction and Acknowledgement Receipt

2026 based on actual 2025

Fuel of TransCo vehicle for the conduct of audit, site/plant inspection, attendance to hearings, meetings, and pubbons, and delivery of documents

Courier services

2026 based on actual 2025

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Particulars	TransCo							Commission			
	Applied				Updated AA based on Compliance dated Sep. 30, 2025			2025	2026	TOTAL	Remarks
	2025	2026	TOTAL	2025 Actual (Jan to Sep)	2025 Forecast (Oct to Dec)	2025 Total	2026				
Repairs and Maintenance		29,594.92	29,594.92	-	-	29,594.92	-	29,594.92	29,594.92	29,594.92	
Repairs and Maintenance - Machinery and Equipment		29,594.92	29,594.92			29,594.92		29,594.92	29,594.92	29,594.92	Cartridge, toner/ink ribbons
Other Maintenance and Operating Expense		445,000.00	445,000.00	313,044.48	-	445,000.00	313,044.48	445,000.00	313,044.48	626,088.96	
Advertising, Promotional and Marketing Expenses		400,000.00	400,000.00	313,044.48		400,000.00	313,044.48	400,000.00	313,044.48	626,088.96	Newspaper publication relative to TransCo's GEA-All Application (Pre-filing and Notice of Hearing)
Representation Expenses (Representation/Entertainment)		20,000.00	20,000.00			20,000.00		20,000.00	-	-	Insufficient supporting documents Internal meetings initiated by the GEA-All Fund Administration
Representation Expenses (Public Relations & Project Acceptance)		25,000.00	25,000.00			25,000.00		25,000.00	-	-	Insufficient supporting documents thus, the Commissioner resolves to adopt the 2026 based on actual 2025.
Capital Expenditure (CAPEX)		2,000,000.00	2,000,000.00	-	-	2,000,000.00	-	2,000,000.00	2,000,000.00	2,000,000.00	Meetings initiated by GEA-All Fund Administration w/ third parties
Other Utility Plant		2,000,000.00	2,000,000.00			2,000,000.00		2,000,000.00	2,000,000.00	2,000,000.00	Insufficient supporting documents
GEA-All System Development and Implementation (outsourcing)		2,000,000.00	2,000,000.00			2,000,000.00		2,000,000.00	2,000,000.00	2,000,000.00	Development of GEA-All Fund Management Information System (GEA-FMIS)
Total	2,272,665.60	5,215,351.76	7,488,017.36	1,977,321.96	846,534.40	5,215,351.76	2,823,856.36	8,039,208.12	4,809,197.75	7,633,054.11	

However, the Commission notes that its computed AA amount is higher than what TransCo applied for. Thus, the Commission resolves to adopt TransCo's applied amount instead:

Table 17: Administration Allowance

Administration Allowance (PhP)	TransCo	Commission
	7,488,017.36	7,488,017.36

E. Disbursement Allowance

For the Disbursement Allowance, TransCo currently has an ongoing negotiation with the prospective Trustee Bank and a Trust Agreement is yet to be executed and approved. Thus, TransCo set the Disbursement Allowance for 2025 to 2026 at zero (**Phpo.00**).

The Commission adopts the same Disbursement Allowance amount applied by TransCo.

III. Commission's Computed GEA-All Rate for 2026

Considering the above-mentioned assumptions, the resulting GEA-All rate calculated by the Commission is shown in Table 18:

Table 18: Summary of 2026 GEA-All Computation

COMPONENTS	GEA-1 RE PLANT	GEA-2 RE PLANT	GEA-4 RE PLANT	TOTAL	RATE (PhP/kWh)
GET DIFFERENTIAL	(122,074,002.34)	64,607,307.25	-	(57,466,695.09)	(0.0005)
2026 Generation	(163,982,537.59)	(26,746,945.08)	-	(190,729,482.67)	(0.0016)
2025 Generation	41,908,535.25	91,354,252.32	-	133,262,787.58	0.0011
WORKING CAPITAL ALLOWANCE	934,183,136.44	2,045,706,100.09	2,024,110,348.92	5,003,999,585.45	0.0427
ADMINISTRATIO N ALLOWANCE			7,488,017.36	7,488,017.36	0.00006
DISBURSEMENT ALLOWANCE		-		-	0.00000
Total	819,597,151.47	2,110,313,407.34	2,024,110,348.92	4,954,020,907.72	
FNS, kWh	117,133,308,207.90				0.0423
GEA-All, PhP/kWh	0.01	0.02	0.02	0.04	

However, considering that the Commission may grant only such relief as is sought in the application or petition, the Commission hereby adopts TransCo's updated GEA-All calculation of PhPo.0371/kWh instead of the Commission's computed rate of PhPo.0423/kWh.

WHEREFORE, the *Application* filed by the National Transmission Corporation (TransCo) is hereby **APPROVED WITH MODIFICATION**, subject to the following conditions:

1. TransCo is hereby **AUTHORIZED** to collect a Green Energy Auction Allowance (GEA-All) equivalent to **PhPo.0371/kWh**, effective its January 2026 billing;
2. TransCo, Distribution Utilities (DUs), Retail Electricity Suppliers (RES), Supplier of Last Resort (SOLR), National Grid Corporation of the Philippines (NGCP), and the Independent Electricity Market Operator of the Philippines (IEMOP) are hereby **DIRECTED** to make available their records to the Commission, pertinent to the implementation of the GEA-All as part of a GEA-All audit which shall be undertaken by the Commission immediately;
3. The following entities (Collection Agents) are hereby **DIRECTED** to collect GEA-All proceeds, and promptly remit, in full, the collections to the GEA-All Fund no later than the 15th day of the month following the end of the relevant Billing Period:
 - 3.1. DUs to collect GEA-All from captive consumers;
 - 3.2. RES and Suppliers of Last Resort (SOLR), to collect GEA-All from retail and Green Energy Option Program (GEOP) customers;
 - 3.3. NGCP to collect GEA-All from Directly Connected Customers (DCC); and
 - 3.4. IEMOP to collect WESM proceeds of Actual Cost Recovery Revenue (ACRR) from WESM participants;

4. The above-mentioned Collection Agents are directed to reflect, as a separate line item, the GEA-All, in the electricity bills to consumers; and
5. TransCo is hereby directed to set-up the GEA-All Fund immediately, prior to the scheduled first remittance of the Collection Agents to the fund.

SO ORDERED.

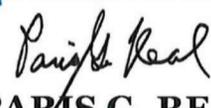
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Chairperson and CEO


FLORESINDA G. BALDO-DIGAL
Commissioner


MARKO ROMEO L. FUENTES
Commissioner


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Commissioner


PARIS G. REAL
Commissioner


LS: JAB/MVM/MCCG


MOS: PSJ/JCC/SOM

**Deliberated and approved during the 11 December 2025 Commission Meeting.*

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