

ANNEX "G"

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Ave., Pasig City

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE STRUCTURE
AND LEVEL OF 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. PATRICK S. FERNANDEZ**

The examination of Mr. Patrick S. Fernandez was conducted by Atty. Andrea S. Joson-Mendiola at 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 and some of its supporting documents;
3. To prove the Detailed Description of the *Budget for the REM pertaining to the Operating Expenses (OPEX)*, specifically the portion pertaining to Utilities, Communications, Rentals and Repairs and Maintenance, their justifications and cost basis;
4. To prove the Detailed Description of the *Budget for the REM pertaining to the Capital Expenditures (CAPEX)*, including the justifications and cost basis thereof;
5. To prove that the provisional authority should be granted by the Honorable Commission; and
6. Such other matters relevant to the Application.

Republic of the Philippines)
City of Pasig) Ss

JUDICIAL AFFIDAVIT

I, **MR. PATRICK S. FERNANDEZ**, 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 position in the Philippine Electricity Market Corporation ("PEMC").

A1: *I am the Head of the Information Systems and Technology Department (ISTD) of PEMC.*

Q2: Please state your educational qualifications.

A2: *I graduated from Mapua Institute of Technology with a degree of BS- Electrical Engineering and Computer Engineering. I also graduated from De La Salle University with Masters degree in Computer Science.*

Q3: What are your duties and responsibilities as Head of PEMC ISTD?

A3: *As head of ISTD, I am in charge of the management and supervision of the operation and maintenance of the PEMC's Information Technology ("IT") infrastructure, designs implementation, including the requirements for establishing and maintaining multiple IT Systems as well as integrating them. This includes hardware, software, telecoms, internet connectivity and other support systems for a complete IT-driven system.*

Q4: Are you familiar with the Application titled, "In the Matter of the Application for the Approval of the Structure and Level of Transaction Fee for the Renewable Energy Market (REM) with Prayer for Provisional Authority", pending with Energy Regulatory Commission ("ERC") .

A4: Yes, I am familiar with the Application because as Head of the ISTD, among my responsibilities is to know the information system projects of PEMC including funding requirement of the projects. I have provided inputs in the formulation of the Application and I participated in the preparation thereof and some of the supporting documents.

Q5: What are these supporting documents that you prepared in relation to the Application?

A5: *I prepared the following supporting documents:*

1. *Detailed Description of the OPEX budgetary requirement of the Application specifically for the Utilities,*

*Communication, Rentals and Repairs and Maintenance, pages 12 to 16 of **Annex “D”** of the Application; and*

- 2. Detailed Description of the CAPEX budgetary requirements, which is **Annex “E”** of the Application.*

Q6: I am showing you the Detailed Description of the OPEX specifically for the cost for Utilities, Communication, Repairs and Maintenance and Rentals, pages 12 to 16 of Annex “D,” which are attached to the Application and sub-marked as **Annexes “D-11” to “D-15”**. Are these the same documents that you mentioned?

A6: Yes.

(MANIFESTATION: We request that the documents be marked as Exhibits “D-11” to “D-15.”)

Q7: On the last page of the said Detailed Description there are two signatures, with one above the printed name Patrick S. Fernandez, can you please tell us whose signature this is?

A7: *This is my signature.*

(MANIFESTATION: We request that the signature on the last page above the name Patrick S. Fernandez be marked as **Exhibit “D-15-b.”)**

Q8: In the said Detailed Description of the OPEX component, what is being referred by the budget for REM – Utilities, Communication and Repairs and Maintenance?

A8: *These are the cost for electricity consumption for the operation of the Philippine Renewable Energy Market Systems (PREMS), data communication between the system sites and the internet and the maintenance support for the PREMS which includes Software license and technical support.*

Q9: How much is the budget for the Utilities, Communication and Repairs and Maintenance?

A9: The proposed budget for the Utilities, Communication and Repairs and Maintenance are shown in the table below:

Particulars	Proposed Budget (in Millions PhP)	
	Development of the REM	One (1) Year Commercial Operation
I. Utilities		
<i>Electricity consumption for the operation of the PREMS</i>	0.550	0.550
Total Cost for Utilities	0.550	0.550
II. Communications		
<i>a. One (1) year Monthly Recurring Cost (MRC) of the Primary Communication Link (DLL)</i>	0.806	1.680
<i>b. One-Time Installation Cost (OTIC) of the Primary Comm Link (DLL)</i>	0.050	---
<i>c. One (1) year MRC) of the Back-up Comm Link (DLL)</i>	---	1.680
<i>d. One year MRC of Comm Link-DIA for the PREMS Main Site</i>	---	0.323
<i>e. One year MRC of Comm Link- DIA for the PREMS Disaster Recovery ("DR") site</i>	0.538	0.538
<i>f. One Time Installation Cost (OTIC) of Comm Link- DIA for DR site</i>	0.050	---

Total Cost for Communications	1.444	4.221
III. Repairs and Maintenance		
<i>a. Database (EDB Postgres Standard)</i>	---	8.080
<i>b. PREMS application</i>	---	2.800
Total Cost for Repairs and Maintenance	---	10.880

Q10: What is the purpose of the Communication Link ("Comm Link")–DLL?

A10: *This the communication link that connects the PREMS Main site and the PREMS Disaster Recovery ("DR") Site.*

Q11: What is the reason for the increase in the proposed budget of the Comm Link- DLL for the One-Year Commercial Operation of the REM?

A11: *There is an upgrade of the bandwidth of the Comm Link-DLL from 50 mbps to 100 mbps.*

Q12: Why is there a need to expand the bandwidth for the Comm Link-DLL?

A12: *This based on estimated volume of data to be transferred between the PREMS main and the PREMS Disaster Recovery Site. The expanded bandwidth already took into consideration the expected volume of data when the PREMS is put into commercial operations.*

Q13: What is the purpose of the PREMS DR Site?

A13: *The PREMS Disaster Recovery Site is a backup system of the PREMS Main to ensure continuous operation of the PREMS in case of any unforeseeable circumstances which causes the PREMS main to crash or shut down.*

Q14: Why is there a need for the Comm Link-DLL during the Development of the REM?

A14: *This was used to allow the conduct of a switching and performance testing of the PREMS DR Site as part of the system specification and acceptance criteria of the PREMS.*

Q15: What is the difference between the Comm Link-DLL and the Comm Link-DIA?

A15: *The Comm link-DLL connects the PREMS Main and DR sites while the Comm Link-DIA connects both of the PREMS sites to the cloud.*

Q16: What is the installation cost for the Comm Link?

A16: *This is the amount charged for the setting up of the lines and network equipment for the Comm Link service.*

Q17: Why is there a need for a Comm Link-DIA during the Development of the REM?

A17: *It is used to allow the users of the PREMS to connect to the system during testing and/or training and is a necessary requirement for the conduct of the software certification audit of the PREMS.*

Q18: What is the EDB Postgres cost?

A18: *This is a technical support availed of by the Applicant for fixing of software bugs and version updates to the PREMS database software which manages and retrieves data of the PREMS.*

- Q19:** What do we refer by EDB Postgres Standard?
- A19:** *This just refer to the type of technical support availed by PEMC.*
- Q20:** Why is the PREMS Application part of the Repairs and Maintenance proposed budget?
- A20:** *The PREMS Application covers the technical support in addressing issues that may be encountered during the operations of the PREMS, such as performance slow down, accuracy issues and data security breaches.*
- Q21:** Were those issues present and checked as a condition of the acceptance of PREMS?
- A21:** *Issues that were identified during testing were checked and fixed prior to acceptance however, there is still a possibility of defects and malfunctions if PREMS would be used in actual operation.*
- Q22:** How was the proposed budget for Utilities, Communications and Repairs and Maintenance determined?
- A22:** *The proposed costs for Utilities, Communications and Maintenance were determined as follows:*

PARTICULARS	COST BASIS
<i>I. Utilities</i> <i>Electricity Charges</i>	<i>Estimated based on the equipment rating and prevailing rates by power utilities</i>
<i>II. Communications</i>	
<i>Comm Link (DLL)</i> <i>A. Installation</i> <i>B. MRC</i>	<i>Based on submitted quotations by service providers.</i>

Comm Link (DIA) A. Installation B. MRC	Based on submitted quotations by service providers.
III. Repairs and Maintenance	
Database (EDB Postgres Standard)	Based on PREMS project cost
PREMS application	Based on actual cost component in the PREMS project

Q23: What is being referred by the budget for Rentals?
A23: *The OPEX budget requirements for the Application covers the annual cost of leased space and other related services for the housing of the servers which serves as PREMS DR Site or the backup system of the PREMS.*

Q24: How much is the budget requirement on the Rentals?
A24: *The proposed OPEX for the Rentals is shown in the table below.*

I. Rentals	Proposed Budget (in Millions PhP)	
	Development	One (1) Year Operations
<i>a. Co-location Rental and provision of other services for the PREMS DR site.</i>	0.510	0.510
Total Cost for Rentals	0.510	0.510

Q25: How did you determine the proposed cost for the Rentals determined?
A25: *The costs of the Rentals covers the power and cooling consumption based on actual consumption and 50%*

administrative costs but in the absence of an actual power and cooling consumption reading, the costs are computed based on the equipment ratings against the prevailing electricity rate.

Q26: Why are the charges for electricity included in the Rental costs?

A26: *The Rentals includes not only a provision for an allocated space to house the PREMS servers but also the provision of power and cooling facilities for the PREMS DR systems to prevent intermittent malfunctions caused by power and temperature fluctuations.*

Q27: You mentioned earlier that you likewise prepared a document for the CAPEX budgetary requirement of the Application, if shown to you would you be able to identify the same?

A27: Yes.

Q28: I am showing you the Detailed Description of the CAPEX budgetary requirement attached as ANNEX "E" to the Application. Is this the same document that you mentioned earlier?

A28: Yes.

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

Q29: On page 4 of the said Detailed Description of the CAPEX, attached as Annex E, there appears a signature above the printed name Patrick S. Fernandez, can you please tell us whose signature it is?

A29: *That is my signature.*

(MANIFESTATION: We request that the signature on the last page of Annex E be marked as Exhibit "E-1.")

Q30: What are included in the CAPEX budget on the Development of the REM, if there are any?

A30: *This refers to the Precision Air-conditioning Unit (PACU) for the PREMS and seven (7) units of computer laptops.*

Q31: Where will you install the PACU?

A31: *This will be installed at PEMC's data center located at 18th Floor etc.*

Q32: Why is there a need to add an Air-conditioning unit for the PREMS at PEMC's data center?

A32: *The cooling capacity of the existing PACU at PEMC's data center can no longer accommodate the cooling requirement of the PREMS equipment.*

Q33: Why is there need for additional computer laptops?

A33: *This is for use in the testing of the PREMS and to support the RE Registrar functions in the processing of RE registrations, the preparation of reports and conduct of Information Enhancement Campaign (IEC) for the REM.*

Q34: What are included in the CAPEX for the One-Year Commercial Operation of the REM, if there are any?

A34: *This refers to the CAPEX for Software Modification to include functional improvements and additional features of the PREMS which were identified during the testing of the system but which however out of scope on the Development Contract. This includes necessary modifications or enhancements required based on the non-compliances that may be discovered during the software certification audit.*

Q35: How much is the proposed CAPEX for the Development and the One-Year Commercial Operation of the REM?

A35: *The CAPEX for Development and the One-Year Commercial Operation of the REM is shown in the table below.*

Capital Expenditures	Proposed Budget (in Millions PhP)	
	Development	One (1) Year Operations
<i>a. Precision Air-conditioning Unit</i>	1.200	----
<i>b. Computer Laptops (7 units)</i>	0.560	-----
<i>c. PREMS Application Software Modification</i>	-	4.590
CAPEX Total	1.760	4.590

Q36: How did you determine the CAPEX for the Development of the REM?

A36: *The proposed budget is based on the actual costs of the PACU and of the actual costs of previously purchased computer laptops.*

Q37: How did you determine the CAPEX for the One-Year Commercial Operation of the REM:

A37: *The proposed budget is derived after estimating the cost percentage of software enhancements against the total costs of the project system. The project enhancements were estimated to be more or less equivalent to 35% of the project system costs. The 35% of actual cost of the PREMS software were then computed as basis of the proposed budgetary requirement for the PREMS Software Modification.*

Q38: Why is the approval of the provisional authority as prayed for under the Application necessary and reasonable?

A38: *The approval of the instant prayer for provisional authority is necessary and reasonable considering that necessary preparatory works/activities which must be performed as part of the readiness conditions for the timely commencement/operationalization of the REM on June 2021 which are vital to the acceleration and development of RE resources in the country where an increased RE based power capacity might ultimately lower electricity prices for the consumers.*

As such in order for PEMC to implement and perform its responsibilities under the REM Rules and govern the REM and to establish and operate the RE Registrar.

Q39: What is the reason why you are executing this Judicial Affidavit?

A39: *I am executing this Judicial Affidavit in support of PEMC's Application for the Approval of the Structure and Level of Transaction Fees for the Renewable Energy Market.*

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.


PATRICK S. FERNANDEZ
Affiant

SUBSCRIBED AND SWORN to before me, in the City of Pasig this 27th day of November 2020, affiant exhibiting to me his Driver's License No. N02-95-267820 issued by the Land Transportation Office on 2018/12/11 and valid until 2024/01/11.

Document No.: 120
Page No.: 26
Book No.: XII
Series of 2020.


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.

Document No.: 480
Page No.: 97
Book No.: XV
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