SECURITIES AND EXCHANGE COMMISSION
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Company Information

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Industry Classification: E40100
Company Type: Stock Corporation

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COVER SHEET
for
Current Report under Section 17 of the Securties Regulation Code and SRC Rule 17.2 © Thereunder

S.E.C. Registration Number

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Company Name

TARLAC
ELECTRIC INC.

Principal Office (No./Street/Barangay/City/Town/ Province)

MABINI ST.,
TARLAC CITY,
TARLAC

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-C	SEC	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
corporate@teiph.com	(045) 606 - 1834	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
50	Every 4th Friday of June	12 / 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
FLORIZA D. FORLALES	fforlales@teiph.com	(045)606-1834	0920-951-0075

Contact Person's Address

Mabini St., Tarlac City, Tarlac

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. **19 June 2026**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **23874** 3. BIR Tax Identification No. **004-070-881**

4. **TARLAC ELECTRIC INC.**
   Exact name of issuer as specified in its charter

5. **TARLAC CITY, TARLAC, PHILIPPINES**
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. **MABINI ST., TARLAC CITY, TARLAC, PHILIPPINES**
   Address of principal office

   2300
   Postal Code

8. **(045) 606 1834**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES	**5,750,000**

11. Indicate the item numbers reported herein: **ITEM 5 - Legal Proceedings**

Tarlac Electric Inc. ("TEI") hereby reports that on 19 June 2026, the Company received the Order promulgated by Energy Regulatory Commission ("ERC", the "Commission"), on 18 June 2026, granting provisional authority on the joint application filed by TEI and Sual Power Inc. ('SPI") for the approval of the Power Supply Agreement (PSA) under ERC per Case No. 2026-048 RC[1], entitled *"In the Matter of the Application for Approval of the Power Supply Agreement (PSA) Between Tarlac Electric Inc (TEI) and Sual Power Inc. (SPI) with Motion for Confidential Treatment of Information and Prayer for Provisional Authority and/or Interim Relief"*.

[1] *A copy of the order is attached herewith as Annex "A".*

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TARLAC ELECTRIC INC.	**22 June 2026**
Issuer	Date

[redacted]

VITUS M. ROMERO
President and General Manager

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF POWER SUPPLY AGREEMENT BETWEEN TARLAC ELECTRIC INC. (TEI) AND SUAL POWER INC. (SPI), WITH MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION AND PRAYER FOR PROVISIONAL AUTHORITY AND/OR INTERIM RELIEF

ERC CASE NO. 2026-048 RC

TARLAC ELECTRIC INC. (TEI) AND SUAL POWER INC. (SPI),
Applicants.
x--------------------------------------x

June 18, 2026

ORDER

Before the Commission for resolution is the prayer for issuance of provisional authority contained in the *Joint Application* dated 30 March 2026, filed by Applicants Tarlac Electric Inc. (TEI) and Sual Power Inc. (SPI) on 08 April 2026.

In the instant *Joint Application*, Applicants are seeking the Commission's approval of their Power Supply Agreement (PSA), for the power supply of 10 to 25 MW for fifteen (15) years, with motion for confidential treatment of information and issuance of a provisional authority or interim relief.

FACTUAL ANTECEDENTS

On 06 May 2026, the Commission issued an *Order* and a *Notice of Virtual Hearing*, setting the instant *Joint Application* for hearing on the following dates: (a) 03 June 2026 for the determination of compliance with the jurisdictional requirements and expository presentation; and (b) 10 June 2026 for the Pre-Trial Conference and presentation of evidence.

During the 03 June 2026 hearing, only Applicants TEI and SPI appeared. There were no intervenors or oppositors who appeared, nor was there any intervention or opposition filed. The Applicants presented proofs of compliance with the *Order* issued on 06 May 2026.[1] Upon determining the Applicants' compliance with the notice and publication requirements, the Commission acquired jurisdiction over the instant case.

Thereafter, the hearings[2] for the expository presentation, Pre-trial Conference, and presentation of evidence proceeded, as scheduled.

At the end of the proceeding, the Applicants were directed to submit their Formal Offer of Evidence (FOE) and additional documents, within fifteen (15) days from the 10 June 2026 hearing, or until 25 June 2026.

THE COMMISSION'S RULING

After due deliberation, the Commission, pursuant to its regulatory powers, hereby resolves to **GRANT PROVISIONAL AUTHORITY** the Applicants TEI and SPI and allow them to implement their PSA, subject to conditions.

DISCUSSION

In deciding to issue the provisional authority to the Applicants, the Commission considered the following parameters: 1) Determination of CSP Compliance; 2) Supply-Demand Scenario; 3) PSA Terms and Conditions; 4) Contracted Capacity and Contract Term; 5) Comparative Rates; and 6) Contract Price.

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[1] TEI and SPI presented their *Compliance of Notice Requirements* and *Compliance (to the Order dated 06 May 2026)*, respectively, including the publication of the *Notice of Virtual Hearing* in the newspaper issues of the *Manila Standard* dated 08 May 2026 and 15 May 2026, and *News Central* dated 08 May 2026 and 15 May 2026.

[2] The hearings were conducted on 03 June 2026 and 10 June 2026.

I. Supply-Demand Scenario

Shown below is TEI's submitted Supply-Demand Scenario[3] for the years 2025 to 2035:

Table 1. TEI's submitted Current and Forecasted Supply-Demand Scenario

ERC Case No.		Current Year	Forecasted Year									
		2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
Peak Demand (MW)		86.82	87.87	89.69	95.86	97.20	98.29	100.14	101.77	103.84	105.83	107.79
Suppliers												
GN Power Mariveles Coal Plant Ltd.	2007-121 RC	46.40	46.40	46.40	46.40	46.40						
Tarlac Power Corporation	2008-060 RC	14.88	14.88									
Trustpower Corporation	for pre-filing		10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Sto. Niño Solar Power Corporation	CSP Exception		9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80
Sual Power Inc. (SPI)	Pre-filed			10.00	15.00	20.00	20.00	20.00	25.00	25.00	25.00	25.00
For CSP - Open Tech						15.00	15.00	15.00	15.00	15.00	15.00	15.00
For CSP - Open Tech						10.00	10.00	10.00	10.00	10.00	10.00	10.00
Total Supply (MW)		**61.28**	**81.08**	**76.20**	**81.20**	**111.20**	**64.80**	**64.80**	**69.80**	**69.80**	**69.80**	**69.80**
(Deficit)/ Surplus		**(25.54)**	**(6.79)**	**(13.49)**	**(14.66)**	**14.00**	**(33.49)**	**(35.34)**	**(31.97)**	**(34.04)**	**(36.03)**	**(37.99)**

Note: *The resulting surplus for 2029 results from temporary overlap of contracted capacities. The incoming CSPs will replace the expiring 46.40 MW contracted capacity from GMEC in February 2029, creating a short-term overlap that leads to the indicated surplus.*

As reflected in Table 1, TEI is projected to incur a power supply deficit of 25.54 MW for the year 2025. Moreover, its projected deficit is expected to range from 6.79 MW to 37.99 MW during the period 2026 to 2035, except in 2029. TEI explained that the projected surplus in 2029 would result from the temporary overlap of contracted capacities. Specifically, the incoming capacities to be procured through the CSPs will replace the 46.40 MW contracted capacity from GN Power Mariveles Energy Center Ltd. Co. (GMEC) upon the expiration of the latter's contract in February 2029, resulting in a short-term overlap and the corresponding projected surplus. In this regard, TEI shall set the commencement date of its incoming suppliers in the year 2029 immediately after the expiration of its GMEC contract in order to avoid oversupply.

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3 Annex "18.1" and "18.1.1" of the *Joint Application*.

Based on the records of the Commission, the following observations are noted and verified on TEI's indicated suppliers in the submitted supply demand scenario:

i. *"GN Power Mariveles Energy Center Ltd. Co. (GMEC) (formerly GN Power Mariveles Coal Plant Ltd.) (GMCP) 2007-121 RC"*[4]. This PSA was filed on 23 May 2007 and was granted final authority (FA) in a *Decision* dated 03 October 2007. It has a contract capacity of 32 MW to 40 MW and a contract term of one hundred eighty (180) months or fifteen (15) years;

ii. *"Tarlac Power Corporation (TPC) 2008-060 RC"*[5]. This PSA was filed on 28 November 2008 with a contract term of fifteen (15) years. This PSA was granted final authority (FA) in a *Decision* dated 11 April 2011;

iii. *"Trustpower Corporation (Trustpower) for pre-filing"*[6]. This PSA was filed under ERC Case No. 2026-001 RC on 06 January 2026 with 10 MW contracted capacity and a contract term for ten (10) years. This PSA was granted final authority (FA) in a *Decision* promulgated on 26 March 2026;

iv. *"Sto. Niño Solar Power Corporation (SNSPC) - CSP Exception"*[7]. This PSA was filed under ERC Case No. 2026-081 RC on 01 June 2026 for 9.55 MW contracted capacity and a contract term for twenty (20) years;

v. *"SPI"* is the subject case; and

vi. The *"For CSP - Open Tech 15 MW"* and *"For CSP - Open Tech 10 MW"* are not yet filed with the Commission.

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[4] In The Matter of the Joint Application for the Approval of the Power Purchase and Sale Agreement (PPSA) entered into by and between Batangas I Electric Cooperative, Inc. (BATELEC I), Cagayan I Electric Cooperative, Inc. (CAGELCO I), Cagayan II Electric Cooperative, Inc. (CAGELCO II), Ilocos Sur Electric Cooperative, Inc. (ISECO), La Union Electric Cooperative, Inc. (LUELCO), Pangasinan III Electric Cooperative, Inc. (PANELCO III), Peninsula Electric Cooperative, Inc. (PENELCO), Tarlac I Electric Cooperative, Inc. (TARELCO I), Tarlac II Electric Cooperative, Inc. (TARELCO II), Tarlac Electric Incorporation (TEI) And GNPower Limited Company (GNPOWER), with Prayer for Provisional Authority.

[5] In the Matter of the Application for: (A) Extension of Power Purchase Agreement (PPA); and (B) the Approval of the Amended Electric Power Purchase Agreement (AEPPA) entered into by and between Tarlac Electric, Inc. (TEI) and Tarlac Power Corporation (TPC), with Prayer for Provisional Authority.

[6] In the Matter of the Application for Approval of the Power Supply Agreement (PSA) Between Tarlac Electric, Inc. (TEI) and Trustpower Corporation (Trustpower) with Prayer for Confidential Treatment.

[7] In the Matter of the Application for the Approval of Power Supply Agreement Between Tarlac Electric Inc. (TEI) and Sto. Niño Solar Power Corporation (SNSPC) with Prayer for Confidential Treatment of Certain Documents.

The Commission likewise conducted a supply-demand simulation for TEI for the year 2027, considering that the subject PSA is expected to commence supply on 26 December 2026. The simulation was based on TEI's projected peak demand as reflected in its Power Supply Procurement Plan (PSPP) and took into account its existing and prospective power suppliers, based on the records of the Commission, as follows:

Table 2. Commission's Simulated Supply-Demand Scenario

	Year 2027, MW	**Remarks**
Peak Demand	85.92	Per submitted PSPP[8] (Coincident Peak less Retail Electricity Suppliers)
GMCP/GMEC 2007-121 RC	46.40	With Decision dated 03 October 2007. As per Decision, the contract capacity is at 32 MW to 40 MW only. This will be clarified during the hearing.
Trustpower 2026-001 RC	10.00	With Decision promulgated on 26 March 2026
SNSPC 2026-081 RC	9.55	Filed on 01 June 2026
SPI (This Case) 2026-048 RC	10.00	Subject case; Contract capacity is 10 to 25 MW; 10 MW for the first year
Total Supply	**75.95**	
(Deficit)/Surplus	**(9.97)**	

As reflected above, the necessity of supply is established due to the existence of a deficit of 9.97 MW for year 2027 even with the inclusion of the subject PSA.

The Commission further studied the actual generation mix of TEI for the recent available month data based on the submitted Uniform Reportorial Requirement (URR)[9] as follows:

Table 3. TEI's Generation Mix – One (1) month (latest)

Period	**26 February 2026 to 25 March 2026**	
Suppliers	**Energy Purchased by TEI per supplier, kWh**	**Percentage Share to the Total Energy Purchased, %**
WESM	9,532,620.00	29.90%
TPC	444,340.82	1.39%
GMEC	21,528,483.16	67.53%
Net-metering/DER	374,333.00	1.17%

[8] Annex "18-B" of the *Joint Application*.
[9] Subject to the Commission's validation.

Total	**31,879,776.98**	**100.00%**

As shown above, TEI sourced the majority of its power requirements from GMEC, followed by the Wholesale Electricity Spot Market (WESM) for the recent month.

Based on the above discussions, the Commission confirms that the 10 MW to 25 MW contracted capacity in the instant PSA will help address the said power supply deficit and WESM exposure of TEI.

II. Commission's Rate Evaluation

A. Bid Rate and PSA Rate

Shown below is the comparison of bids received by TEI in its CSP for the 10 MW to 25 MW PSA as indicated in the Abstract of Bids, attached as Annex "U-2" of the subject *Joint Application*:

"The details of the results are as follows:

BID PROPOSALS			
Item	***APC***	***SPI***	***TVI***
CRF	2.3481	1.7000	2.5138
FOMF Fixed	-	0.3000	1.0533
FOMF PhCPI	0.5000	-	-
VOMF Fixed	-	0.1000	-
VOMF PhCPI	0.0838	-	-
VOMF USCPI-$	-	-	-
FC US$	2.6203	-	-
FC PhP	0.4034	2.6100	1.5000
FC total	3.0237	2.6100	1.5000
TGC (VAT inc)	**6.6703**	**5.2752**	**5.6752**
LR (VAT inc)	(0.0018)	0.1411	(0.3147)
DISCOUNTS (VAT inc)	0.0000	(0.4609)	(0.2705)
HLR-100% (VAT inc)	**~~6.6685~~**	**4.9554**	**5.0900**
LCOE	**~~7.5884~~**	**4.9554**	**5.0900**
ACP y11	8.0818	4.9554	5.0900
Wt Average	7.3685	4.9554	5.0900
Risk Control Discount	0.0000	(0.1000)	(0.1000)
Discounted Wt Average	7.3685	4.8554	4.9900
Rank	**3**	**1**	**2**
LR CAP (VAT inc)		**0.2757**	
Passed/Disqualified	**DQ**	**P**	**P**

Two (2) of the three (3) participants passed the compliance with Reserve Prices indicated below.

Reserve Price	
HLR-100% (VAT inc)	**5.8152**
LCOE	**6.4892**

Based on the foregoing, Sual Power Inc. (SPI) was identified as the lowest bidder, having offered the lowest discounted weighted average. Xxx

For SPI, the contract price is computed as follows:

PARTICULARS	***RATE***
Offered Contract Price, with 1 REC/MWh supplied	₱4.7100/kWh + VAT Fixed for 15 years
Prompt Payment Discount (PPD)	₱0.1700/kWh
Offered Contract Price, net of PPD	₱4.5400/kWh
Line Rental Cap	₱0.2462/kWh

For the 1 REC/MWh supplied, please note the following:

1. *SPI will give, at no additional cost, 1 REC per 1MWh delivered to TEI throughout the contract term.*
2. *For bid evaluation purposes, the ERC-approved REC price cap of ₱241.56/MWh of (₱0.2415/kWh) was used.*
3. *Since the RECs are granted free of charge and are not reflected in the billing, the ₱0.2415/kWh is treated as a non-cash discount for the entire contract duration.*

Shown below is the comparison of SPI's bid rate[10] and the proposed rate as indicated in the PSA:

Table 4. SPI Bid Rate and Proposed Rate

Components	**Bid Rate**	**PSA Rate**
Capital Recovery Fee (CRF), PhP/kWh	1.7000	1.7000
Fixed Operations & Maintenance Fee (FOM), PhP/kWh	0.3000	0.3000
Variable Operations & Maintenance Fee (VOM), PhP/kWh	0.1000	0.1000
Fuel Fee (FF), PhP/kWh	2.6100	2.6100
Total Generation Charges (TGC), PhP/kWh	**4.7100**	**4.7100**

The Commission notes that the base rates under SPI's bid rate are the same as the rates specified in the PSA.

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[10] Annex "25" of the *Joint Application*

The CRF and FOM shall be adjusted based on the actual Capacity Utilization Factor (CUF) and will not be subject to any indexation. Further, the VOM and Fuel Fee shall be fixed throughout the duration of the contract term consistent with the formula under Schedule 4 of the PSA. However, the Commission further notes Sections 12.14.1 and 12.14.2. of the subject PSA wherein:

> 12.14.1. Change in Circumstances shall include but not limited to:
>
> xxx
>
> d. Any extraordinary change in the variables affecting the Total Generation Charge that are verifiable from/recognized by publicly available resources and were not contemplated by the Parties on Execution Date.
>
> 12.14.2. Any increase in the Total Generation Charge and/or other material conditions or components of this Agreement arising from any of the above Changes in Circumstances shall be effective upon receipt of an ERC approval. The Party affected by such Change in Circumstances shall file the application for the approval of the adjustment(s) within (30) Days from such mutual agreement; xxx

B. Rate Comparison

Shown in the table below is the comparison of the SPI's proposed rates with the Commission's previously approved PSA for the same power plant:

Table 5. Comparison with the approved rates of SPI

<table>
<tr><th>Component</th><th>SPI – ESAMELCO
(as approved)</th><th>SPI – ILECO III
(as approved)</th><th>SPI – CEDC
(as approved)</th><th>SPI – CEDC
(as approved)</th><th>SPI – TEI
(Proposed Rate)</th></tr>
<tr><td rowspan="2">CRF</td><td>At 100% - 65% CUF:
PhP2.2933/kWh – PhP3.5282/kWh</td><td>At 100% - 70% CUF:
PhP1.9407/kWh – PhP2.7725/kWh</td><td rowspan="7">PhP5.5292/ kWh
Inclusive of Line Rental and VAT
Fixed except during event of extraordinary circumstance(s) or inflation as provided for under Section 6.6 of the subject PSA</td><td rowspan="7">PhP5.7900/ kWh
Inclusive of Line Rental and VAT
Fixed except during event of extraordinary circumstance(s) or inflation as provided for under Section 6.7 of the subject PSA</td><td>At 100% CUF:
PhP1.7000/ kWh</td></tr>
<tr><td>Fixed</td><td>Fixed</td><td>Subject to CUF</td></tr>
<tr><td rowspan="2">FOM</td><td>At 100% - 65% CUF:
PhP0.2120/kWh – PhP0.3262/kWh</td><td>At 100% - 70% CUF:
PhP0.3500 /kWh – PhP0.5000 /kWh</td><td>At 100% CUF:
PhP0.3000/ kWh</td></tr>
<tr><td>Subject to PhCPI adjustment</td><td>Fixed</td><td>Subject to CUF</td></tr>
<tr><td rowspan="2">VOM</td><td>PhP 0.1071/kWh</td><td>PhP 0.1000/kWh</td><td>PhP0.1000/ kWh</td></tr>
<tr><td>Subject to PhCPI adjustment</td><td>Fixed</td><td>Fixed</td></tr>
<tr><td>Total non-fuel, PhP/kWh</td><td>2.6124 – 3.9615</td><td>2.3907 – 3.3725</td><td>PhP2.1000/ kWh</td></tr>
</table>

Component	SPI – ESAMELCO (as approved)	SPI – ILECO III (as approved)	SPI – CEDC (as approved)	SPI – CEDC (as approved)	SPI – TEI (Proposed Rate)
Fuel Fee, PhP/kWh	3.6467 *(Assumed)*	3.5700 *(Assumed)*			**PhP2.6100/ kWh**
	Subject to efficiency cap of 0.70kg/kWh or actual fuel consumption rate whichever is lower	*Subject to efficiency cap of 0.70kg/kWh or actual fuel consumption rate whichever is lower*			*Fixed*
Total, inclusive of fuel fee	**6.2591 – 7.6082** Exclusive of Line Rental and VAT	**5.9607 – 6.9425** Line Rental: Seller shall shoulder PhP0.5000/kWh Exclusive of VAT			**PhP4.7100 / kWh** Line Rental: Seller shall shoulder the excess of PhP0.2757/ kWh Exclusive of VAT
ERC Case No.	2025-006 RC[11]	2025-034 RC[12]	2025-170 RC[13]	2025-211 RC[14]	2026-048 RC
Date of Approval	**Interim Relief (IR)** 27 August 2025 (reconfirmation)	**Interim Relief** 16 October 2025	**Provisional Authority** 13 November 2025	**Provisional Authority** 26 February 2026	**This Case**
Nature of the PSA	**Physical (Baseload)**	**Physical (Baseload)**	**Financial (Baseload)**	**Financial (Mid-merit)**	**Physical (Baseload)**
Remarks	Conducted CSP	Direct Negotiation after two (2) failed biddings	Conducted CSP	Direct Negotiation after two (2) failed biddings	Conducted CSP

As can be gleaned above, the other comparator cases are both physical and financial PSAs. Nonetheless, it is also apparent that the proposed rate is lower than the recently approved rates for SPI considering that the proposed rate does not have any indexation including the fuel fee. Thus, the Commission believes that the proposed rate is reasonable.

C. Comparison with TEI's current supplier

[11] In the Matter of the Application for Approval of Power Supply Agreement Between Eastern Samar Electric Cooperative, Inc. (ESAMELCO) And Sual Power Inc. (SPI) with Motion for Confidential Treatment of Information and Prayer for Provisional Authority and/or Interim Relief

[12] In the Matter of the Joint Application for the Approval of the Power Supply Agreement (PSA) Between Iloilo III Electric Cooperative, Inc. (ILECO III) And Sual Power Inc. (SPI), with Motion for Confidential Treatment of Information and Prayer for Provisional Authority or Interim Relief

[13] In the Matter of the Application for Approval of Power Supply Agreement (PSA) Between Clark Electric Distribution Corporation and Sual Power Inc. with Motion for Confidential Information and Prayer for Provisional Authority

[14] In the Matter of the Application for Approval of Power Supply Agreement (PSA) Between Clark Electric Distribution Corporation and Sual Power Inc. with Motion for Confidential Information and Prayer for Provisional Authority

The Commission further compared the proposed rate of the Applicants with the actual implemented rates of TEI's current suppliers based on the latest URR for its recent billing month data, as follows:

Table 6. TEI Generation Charges for April 2026 billing month

Suppliers	Generation Rate (GR), PhP/kWh 26 February 2026 to 25 March 2026
WESM	4.1347
TPC	30.9572
GMEC	6.8433
Net Metering/DER	5.7325
Blended GR	**6.3564**

As shown above, the proposed rate in the subject PSA at PhP4.7100/kWh is found to be lower than TEI's blended rate for the specified period. Moreover, it must be noted also that the proposed rate is within the range of the implemented rate of its current suppliers.

Based on its appreciation of the evidence offered by the Applicants vis-à-vis these parameters, the Commission finds merit and necessity to allow the Parties to implement their PSA pending the issuance of the Final Decision in this case.

WHEREFORE, the Commission hereby **GRANTS PROVISIONAL AUTHORITY** to Applicants Tarlac Electric Inc. (TEI) and Sual Power Inc. (SPI), to implement their Power Supply Agreement (PSA), subject to the following conditions:

a. The Applicable Rate shall as follows:

Components	Rate
Capital Recovery Fee (CRF), PhP/kWh	1.7000
Fixed Operations & Maintenance Fee (FOM), PhP/kWh	0.3000
Variable Operations & Maintenance Fee (VOM), PhP/kWh	0.1000
Fuel Fee (FF), PhP/kWh	2.6100
Total Generation Charges (TGC), PhP/kWh	**4.7100**

The CRF and FOM shall be adjusted based on the actual Capacity Utilization Factor (CUF) and will not be subject to any indexation consistent with the formula under Schedule 4 of the PSA.

The VOM and Fuel Fee shall be fixed throughout the duration of the contract term consistent with the formula under Schedule 4 of the PSA.

Any rate adjustments shall be subject to prior approval of the Commission;

b. The Line Rental Cap shall be at a rate of PhP0.2757/kWh (VAT inclusive). Any excess in the line rental cap shall be for the sole account of SPI;

c. TEI shall share at least fifty percent (50%) of the PPD availed from SPI to its consumers to reduce the electricity bill, pursuant to existing rules;

d. In the provision of RECs, the Applicants shall comply with the pertinent rules on RPS compliance;

e. Any renewal or extension of the contract term of the PSA is **DISALLOWED**, for being violative of the existing policies, rules, and regulations governing the conduct of CSP;

f. In case of a Force Majeure event, TEI and SPI are **DIRECTED** to observe the following:

    1. The Applicants shall officially notify the Commission within five (5) calendar days from the occurrence of a Force Majeure event, indicating the date and time of the event;

    2. The Applicants shall file a detailed action plan within the same period of five (5) calendar days from the occurrence thereof, stating the necessary steps to be undertaken by the Applicants relative thereto to ensure continuous supply of power; and

    3. Any other arrangements in case of force majeure that is agreed upon by the parties, which will result in a modification of the terms in the PSA, will need prior approval of the Commission;

g. SPI will be allowed no more than 27.9 days for scheduled outages and 16.8 days for unscheduled outages per year Schedule 3 of the PSA;

h. The provision of replacement power beyond the allowed outage allowance and Force Majeure event shall be the obligation of SPI. In the event of SPI's failure to deliver the contracted capacity, TEI may source the replacement power from other sources. The replacement power rates to be charged therefore shall be: (a) the actual price of the alternative supply, or (b) the approved rate herein, whichever is lower;

i. The term of the PSA shall be effective for fifteen (15) years, pursuant to Sections 3.1 of the PSA, but subject to the continued subsistence of TEI's legislative franchise;

j. Moreover, in the following instances, prior approval of the Commission shall be required:

    1. Termination of the PSAs shall require the Commission's prior approval, in accordance with Section 36, Article VIII of the Commission's Resolution No. 07, Series of 2026 (2026 CSP Guidelines). In relation thereto, SPI and TEI must file the necessary motion and specify the grounds stipulated under the PSA, pursuant to the 2026 CSP Guidelines;

    2. Any reduction of the contracted capacity which will result in a higher blended rate of TEI, shall require prior approval by the Commission. On the other hand, if such reduction will result to a lower blended rate, the Applicants must notify the Commission through the filing of a *Manifestation*;

    3. Any assignment under the PSA must have prior approval of the Commission, pursuant to Section 18, Appendix "B" of the 2026 CSP Guidelines, to ensure that the parties have the technical, legal, and financial capabilities to continue performing their obligations under the PSA;

    4. Any amendment in the provisions of the subject PSA shall require the Commission's prior approval;

k. TEI and SPI shall ensure that the contract capacity is only within contract capacity as defined under the PSA;

l. Any increase in the contract capacity on the Applicants' PSA shall be disallowed pursuant to the Commission's rules and regulations and policies on CSP. This is to ensure that the DU supplies its electricity in the least-cost manner to its captive market;

m. Penalties incurred by SPI shall be applied to reduce the generation rate to be passed-on to TEI's consumers;

n. Any increase in charges, or any interest, penalty, and other liabilities that may be charged to TEI under the PSA shall not be passed on to TEI's consumers;

o. The final generation cost that can be recovered by SPI, including all the evidence submitted by the Applicants, shall be reviewed and evaluated by the Commission in its final resolution of the Joint Application;

p. In the event that the final rate is lower than the provisional rate granted, the amount corresponding to the reduction shall be refunded by SPI to TEI, which shall thereafter be refunded by TEI to its consumers over a period to be determined by the Commission;

q. TEI shall comply with the requirements of the ERC Resolution No. 14, Series of 2022,[15] and SPI shall provide TEI with the pertinent information and data, including official receipts/invoices that the latter will use to verify pass-through costs and charges, including the applicable fuel costs. The supporting documents on pass-through costs shall be included by TEI in its Uniform Reportorial Requirements (URR) submission;

r. TEI shall set the commencement date of its incoming suppliers in the year 2029 immediately after the expiration of its GMEC contract in order to avoid oversupply; and

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[15] Entitled, "Revised Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities (Revised ACA Rules)."

s. TEI is hereby **DIRECTED** to efficiently utilize the contracted capacity from all its suppliers bearing in mind its obligation to supply at the least cost.

SO ORDERED.

Pasig City.

FOR AND BY THE AUTHORITY OF THE COMMISSION:

[redacted]

FRANCIS SATURNINO C. JUAN
Chairperson and CEO[16]

[redacted]
LS: JAB/MVM/MCCG

[redacted]
ROS: JAA/TCC/AJMO

Deliberated during the Commission Meeting held on 17 June 2026.

[16] Authority granted during CM on 16 October 2025.

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