

**In the Matter of the Proposed Joint
Venture Between the Bases
Conversion and Development
Authority and Meralco – Marubeni
Consortium for the Smart Distribution
Electricity Infrastructure in New Clark
City**

MAO Case No. M-2019-016

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COMMISSION DECISION NO. 19-M-016/2019

This is a review of the proposed joint venture between the Bases Conversion and Development Authority (“BCDA”) and Meralco – Marubeni Consortium for the Smart Distribution Electricity Infrastructure (“Consortium”, and together with BCDA, the “Parties”) in New Clark City, pursuant to Sections 16 and 17 of Republic Act No. 10667 and Section 1, Rule 4 of the Rules and Regulations to Implement the Provisions of Republic Act No. 10667.

Upon review of the findings and recommendation of the Mergers and Acquisitions Office and the Parties’ submissions, the Commission finds that the proposed joint venture between BCDA and the Consortium (the “Transaction”) will not likely result in substantial lessening of competition in (1) the market for provision of retail electricity supply services within New Clark City, and (2) the market for the purchase by a distribution utility of generated electricity from a generation company through a supply agreement in the Luzon and Visayas grids.

This is because post-Transaction: (1) in the market for provision of retail electricity supply services, the contestable customers located within the New Clark City will retain the option to source their electricity from other providers; and (2) in the market for the purchase by a distribution utility of generated electricity from a generation company through a supply agreement in the Luzon and Visayas grids, (i) the requirement for distribution utilities to go through Competitive Selection Process in securing power supply agreements will constrain the Parties’ ability to foreclose other power generation companies and (ii) the competitive constraints posed by other power generation companies will restrict the Parties’ ability to foreclose other distribution utilities and electric cooperatives.

This assessment is strictly limited to the competition-related concerns of the Transaction. It does not include an assessment of all the other regulatory and legislative requirements, including the grant of the franchise to BCDA to construct, install, establish, operate, lease, own, manage, and maintain distribution systems for the conveyance of electric power to end users in selected areas, that the Parties are also expected to comply with.



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ACCORDINGLY, the Commission resolves to take no further action with respect to the proposed Transaction between BCDA and the Consortium.

This Decision is rendered solely on the facts disclosed and circumstances of the proposed Transaction and documents submitted by BCDA and the Consortium.

25 June 2019.


ARSENIO M. BALISACAN
Chairman


JOHANNES BENJAMIN R. BERNABE
Commissioner


AMABELLE C. ASUNCION
Commissioner


MACARIO R. DE CLARO, JR.
Commissioner

Copy Furnished:

Bases Conversion and Development Authority

BCDA Corporate Center
2nd Floor, Bonifacio Technology Center
31st Street corner, 2nd Avenue
Bonifacio Global City, Taguig City

Meralco – Marubeni Consortium

Lopez Building, Ortigas Avenue
Brgy. Ugong, Pasig City

Angara Abello Concepcion Regala & Cruz Law Offices

Counsel for Meralco – Marubeni Consortium
22nd Floor, ACCRALAW Tower, 2nd Avenue corner
30th Street, Crescent Park West
BGC 1635, Taguig City

Mergers and Acquisitions Office

25th Floor, Vertis North Corporate Center 1
North Avenue, Quezon City