

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



**IN THE MATTER OF THE
PETITION FOR THE
APPROVAL OF AMENDED
ANCILLARY SERVICES –
COST RECOVERY
MECHANISM,**

ERC Case No.2018-005 RM

**NATIONAL GRID
CORPORATION OF THE
PHILIPPINES,**

Petitioner.

X-----X

DOCKETED
Date: DEC 04 2018
By: [Signature]

ORDER

On 14 September 2018, the National Grid Corporation of the Philippines (NGCP) filed a *Petition* seeking the Commission's approval of its proposed amendments to the Ancillary Services–Cost Recovery Mechanism (AS-CRM).

In the said *Petition*, NGCP alleged, among others, the following:

Nature of the Petition

1. This is a petition for the amendment of the Ancillary Services-Cost Recovery Mechanism (AS-CRM)¹ to reflect therein the new provisions on the Ancillary Services under the Philippine Grid Code 2016 Edition (2016 PGC); and be consistent with the proposed amendments to the Open Access Transmission Service (OATS) Rules.²

The Petitioner

2. NGCP is a corporation created and existing under the laws of the Philippines, with principal office address at

¹ Decision dated 3 October 2007 (Decision) in ERC Case No. 2006-049 RC;

² ERC Case No. 2017-010 RM;

NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City, where it may be served with notices, orders, resolutions and other issuances of this Commission through its Office of the General Counsel. It is the concessionaire which assumed the power transmission functions of the National Transmission Corporation (TRANSCO) pursuant to the EPIRA.

3. It holds a franchise under Republic Act No. 9511³ to engage in the business of conveying or transmitting electricity through high-voltage back-bone system of interconnected transmission lines, substations and related facilities, and for other purposes. The franchise also includes the conduct of activities necessary to support the safe and reliable operation of the transmission system.

Background

4. On 11 September 2006, TRANSCO filed an application entitled: *"In the Matter of the Application for the Approval of Ancillary Services – Cost Recovery Mechanism (AS-CRM) of the Ancillary Services Procurement Plan, with Prayer for Provisional Authority"*, docketed as ERC Case No. 2006-049RC. The Commission approved the AS-CRM through a Decision dated 3 October 2007.
5. On 5 October 2016, the Commission promulgated Resolution No. 22, Series of 2016, entitled: *"A Resolution Approving the Publication of the Approved Philippine Grid Code, 2016 Edition"* (2016 PGC). The 2016 PGC adopted the latest international standards and practices in the operation of ancillary services. As a consequence, on 31 March 2017, NGCP filed a petition entitled: *"In the Matter of the Petition for the Approval of the Amended Ancillary Services Procurement Plan"*, docketed as ERC Case No. 2017-005 RM to harmonize the provisions of the Ancillary Services Procurement Plan (ASPP) with the 2016 PGC, particularly with Section GO 6.6.

³ Entitled *"An Act Granting the National Grid Corporation of the Philippines a Franchise To Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-Bone System of Interconnected Transmission Lines, Substations and Related Facilities, and for other Purposes."*

6. On 22 December 2017, NGCP filed another petition entitled: *“In the Matter of the Petition for the Adoption of the Proposed Amendments to the 2006 Open Access Transmission Service Rules (OATS Rules)”*, ERC Case No. 2017-010 RM, for the amendment of certain provisions of the current OATS Rules to conform with the provisions of the Wholesale Electricity Spot Market (WESM) Rules, 2016 PGC, Feed In Tariff Rules, Renewable Energy Act, and various resolutions and issuances of the Honorable Commission, Grid Management Committee and Department of Energy.
7. Consequently, there is also a need to amend the AS-CRM to reflect therein the new provisions on Ancillary Services under the Philippine Grid Code, 2016 Edition (2016 PGC); and be consistent with the proposed amendments to the OATS Rules.
8. Thus, this petition to initiate rule-making is being filed to seek the adoption of the proposed amendments to the AS-CRM.

Proposed Amendments

9. The salient features of the proposed amendments to the AS-CRM are as follows:
 - a. Adoption of the following specifications of AS, as defined in the PGC 2016 Edition, as follows:
 - i. Primary Reserve Ancillary Service (PRAS)
 - ii. Secondary Reserve Ancillary Service (SRAS)
 - iii. Tertiary Reserve Ancillary Service (TRAS)
 - iv. Reactive Power Support Ancillary Service (RPSAS)
 - v. Black Start Ancillary Service (BSAS)
 - b. Procurement of AS only through:
 - i. Ancillary Services Procurement Agreement (ASPA)
 - ii. Reserve Market Arrangements
 - c. Matrix of Cost Recovery

	Grid-Connected Generator	Embedded Generator	Load
PRAS	✓	✓	
SRAS	✓	✓	✓
TRAS	✓	✓	✓
RPSAS			✓
BSAS	✓	✓	✓

d. Adoption of the new AS Billing Determinant

Ancillary Service Billing Determinant	
Grid-Connected Generator	<p>Ancillary Service -Generator Billing Determinant (AS-GBD)</p> <ul style="list-style-type: none"> The AS-GBD for a Billing Period shall be the summation of the daily coincident [to the system of the Grid-Connected Generator] peak injection to the Grid.
Embedded Generator	<p>Ancillary Service -Embedded Generator Billing Determinant (AS-EGBD)</p> <ul style="list-style-type: none"> The AS-EGBD for a Billing Period shall be the summation of the daily coincident [to the system of both Embedded Generator and the host Load] peak injection to the Load's system.
Load	<p>Ancillary Service -Billing Determinant Demand (AS-BDD)</p> <ul style="list-style-type: none"> The AS-BDD for a Billing Period shall be the summation of the daily coincident [to the system of Load] peak demand.

10. A copy of the proposed amendments to the AS-CRM which contains the proposals of NGCP is attached to the *Petition*.
11. NGCP prays for the Commission to:
 - a. Exercise its rule-making power under Rule 21 of its Rules of Practice and Procedure; and
 - b. Approve the proposed amendments to the AS-CRM, after notice and public consultation.

12. It also prays for other relief deemed just and equitable under the premises.

Having found the said *Petition* to be sufficient in substance, with the required fees having been paid, an *Order* dated 25 October 2018 was issued by the Commission setting the case for public consultations with scheduled dates and venues.

On 9 November 2018, NGCP filed an *Urgent Motion* dated 5 November 2018 and prayed for the issuance of a new order and public hearing, resetting the schedules for the expository presentation and public consultation.

Finding the said *Motion* to be meritorious, the Commission hereby resets the public consultation on the following new dates and venues:

DATE and TIME	VENUE	ACTIVITY
09 January 2019 (Wednesday) Nine o'clock in the morning (9:00 A.M.)	ERC Main Office 15 th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Jurisdictional and Expository Presentation
23 January 2019 (Wednesday) Nine o'clock in the morning (9:00 A.M.)	APO VIEW DAVAO Bonifacio St., Pob. District, Davao City	Public Consultation for Mindanao Stakeholders
6 February 2019 (Wednesday) Nine o'clock in the morning (9:00 A.M.)	CEBU PARKLANE HOTEL N. Escario St., Cebu City	Public Consultation for Visayas Stakeholders
20 February 2019 (Wednesday) Nine o'clock in the morning (9:00 A.M.)	ERC Main Office 15 th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Public Consultation for Luzon Stakeholders

All interested parties may submit their comments (in both hard and soft copies) on the proposed Rules on or before 09 January 2019. Electronic copies may be sent to tariffs@erc.gov.ph. Parties who have filed their written comments on or before the prescribed period would be given priority during the above-scheduled public consultation. The said *Petition* may be photocopied at cost, during the regular office hours at the ERC Main Office.

Accordingly, NGCP is hereby directed anew to:

- 1) Cause the publication of the attached *Notice of Proposed Rule- Making* in two (2) newspapers of nationwide circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Proposed Rule- Making*, all Distribution Utilities (DU's) for the appropriate posting thereof on their respective bulletin boards;
- 3) Furnish with copies of this *Order* and the attached *Notice of Proposed Rule- Making* the Offices of the Mayors of Quezon City, City of Cebu, City of Davao, and their respective local legislative bodies for the appropriate posting thereof on their respective bulletin boards;
- 4) Inform of the filing of the *Petition*, the reason therefor, and of the scheduled public consultation thereon the consumers within the affected franchise area of the DUs, by any other means available and appropriate;
- 5) Furnish with copies of this *Order* and the attached *Notice of Proposed Rule- Making* the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and
- 6) Furnish with copies of the *Petition* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial public consultation, NGCP must submit to the Commission its written compliance with the aforementioned requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached *Notice of Proposed Rule-Making* consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Proposed Rule-Making was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this *Order* and the attached *Notice of Proposed Rule-Making* consisting of certifications issued to that effect, signed by the aforementioned Mayors, LGU legislative bodies, or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by NGCP to inform the consumers within the affected franchise area of the filing of the *Petition*, its reasons thereof, and of the scheduled hearing thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Proposed Rule-Making* by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Petition* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

NGCP must also be prepared to make an expository presentation of its *Petition*, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the *Petition* is all about and the reasons and justifications being cited in support thereof.

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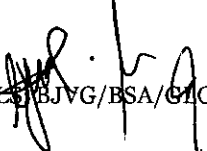
Failure of NGCP to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled public consultation, and the resetting of which shall be six (6) months from the said date of cancellation.

SO ORDERED.

Pasig City, 21 November 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal Service


E.E. BJVG/BSA/GIO

Copy furnished:

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3. National Transmission Corporation
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Quezon Avenue cor. BIR Road
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4. Power Sector Assets And Liabilities
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5. Power Sector Assets And Liabilities
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Office of the President
Vertis North Corporate Center 1
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Mindanao Avenue, Quezon City
6. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
7. Commission on Audit (COA)
Commonwealth Avenue
Quezon City, Metro Manila
8. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
Metro Manila
9. House of Representatives Committee on Energy
Batasan Hills, Quezon City, Metro Manila
10. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP)
1030 Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City

11. Association of Mindanao Rural Electric Cooperatives, Inc. (AMRECO)
52nd Mother Ignacia Business Center,
Justo Gaerlan St., 9000 Cagayan de Oro City,
Misamis Oriental

12. Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA)
2F PNB Building, Brgy PHILAM
#92 West Avenue, Quezon City

13. Philippine Independent Power Producers Association, Inc. (PIPPA)
Unit 2408 24th Floor Prestige Tower,
F. Ortigas, Jr. Road (formerly Emerald Avenue),
Ortigas Center, Pasig City 1605

14. Private Electric Power Operators Association Inc. (PEPOA)
7/F Strata 100 Bldg., F. Ortigas Jr. Road,
Ortigas Center, Pasig City, Metro Manila

15. All Private Distribution Utilities

16. All Electric Cooperatives

17. The City Mayor
Quezon City

18. The City Mayor
Cebu City

19. The City Mayor
Davao City

20. ERC ROS-SCMD