

## **INTERIM PERFORMANCE INCENTIVE SCHEME**

---

### Overview of the Performance Incentive Scheme

The Performance Incentive Scheme (PIS) is one of the key features of Performance Based Regulation. The service delivery performance of the Regulated Entities will be monitored and, depending on performance against pre-set benchmarks, the DU will be rewarded or penalized. The penalty or reward is capped at a maximum of 3% of the annual revenue requirement for each DU.

### Interim Performance Incentive Scheme

Section 9.1 of the Position Paper requires each entrant DU to design its own simplified performance incentive scheme for the Second Regulatory Period. This would take into account those indices in the framework that it can measure and for which it has historical data, or use indices that could, over time, be rolled into the final framework. Entrant DUs were to suggest, with appropriated justification, the performance bands against which actual performance should be measured for each index, and the relative weighing that should apply to each index.

In compliance to the requirements of RDWR (clause 8.2) and to the framework presented in the Position Paper specifically on Section 9, ILPI hereby proposes its **Interim Performance Incentive Scheme** consisting of the following three main streams:

1. Priced-linked Incentive Scheme;
2. Guaranteed Service Level Scheme;
3. Information Disclosure.

## **1. PRICE-LINKED INCENTIVE SCHEME**

### **1.1 Price-Linked Performance Indices**

#### **1.1.1 Network Performance Measures**

For the Second Regulatory Period, ILPI proposes to adopt the following network service performance indices as prescribed in the final framework of the Performance Incentive Scheme (PIS) to be used for the Third Regulatory Period:

- a. System Average Interruption Frequency Index (SAIFI);
- b. Customer Average Interruption Duration Index (CAIDI);
- c. Planned System Average Interruption Duration Index (SAIDI);
- d. Voltage Regulation; and
- e. System Losses.

ILPI will also adopt the descriptions and definitions as well as the formulas of the above network performance indices as indicated in the final framework of the PIS.

#### **1.1.2 Determination of Performance Targets for Network Performance Indices**

The performance levels for each indices being measured are based on available five-year historical records from 2003 to 2007 except for the Voltage Regulation

index which only have a two-year historical data from 2006 to 2007. The target performance values for the indices were set at the average based on the available historical data as shown in Table 1 below. Tabulated data which serves as the basis of the figures indicated in Table 1 is shown in Annex A of this Scheme.

**Table 1: Historical Network Performance**

Performance Indices	Unit	2003	2004	2005	2006	2007	Average	Standard Deviation
SAIFI	no.	25.60	22.27	9.99	19.32	13.96	<b>18.23</b>	6.28
CAIDI	min.	153.42	190.04	185.10	219.74	294.85	<b>208.70</b>	53.60
Planned SAIDI	min.	2,033.22	2,794.06	808.22	2,477.38	1,723.43	<b>1,967.26</b>	766.65
Voltage Reg.	%	-	-	-	23.77	5.59	<b>14.68</b>	12.85
System Losses	%	4.92	6.91	10.72	10.98	10.88	<b>10.86</b>	0.13

However, ILPI hereby manifests to the Commission that:

- a. The computation for the Voltage Regulations was limited only to the available historical data of 2006 and 2007 at 230 nominal volt levels. ILPI does not have the capability to measure the voltage regulation in the primary nominal voltage (13.8 kV) because it lacks the required test equipment for such.
- b. The recent 3-year system loss profile from 2005 to 2007 is more reflective of ILPI's system loss performance and a more accurate baseline for ILPI's future performance. Thus for the computation of the System Loss, ILPI uses the recent 3-year system loss historical data.

Based on the foregoing, ILPI hereby proposes to the Commission that the following will be its Network Performance Targets for the Second Regulatory Year under the Priced-linked Incentive Scheme:

**Table 2: Proposed Network Performance Targets**

Performance Indices	Unit	Performance Targets for the Second Regulatory Period (2008-2012)
SAIFI	no.	<b>18.23</b>
CAIDI	min.	<b>208.70</b>
Planned SAIDI	min.	<b>1,967.26</b>
Voltage Regulation	%	<b>14.68</b>
System Losses	%	<b>10.86</b>

**1.2.1 Service Performance Measures**

For the service performance indices, ILPI proposes to adopt the indices to be measured as prescribed in the final framework but with the exclusion of Call Center performance index due to the inability to measure it. It also adopts the description and definition as well as the formulas prescribed therein in the formulation of the following indices:

- a. Time to process applications for Regulated Distribution Services
- b. Time to connect premises to the Regulated Distribution System

**1.2.2 Determination of Performance Targets for Service Performance Measures**

**(A) TIME TO PROCESS APPLICATION FOR REGULATED DISTRIBUTION SERVICES**

Description:

The average elapsed time between (a) receiving an application for regulated services of ILPI, including the processing of the application for Distribution Connection Services and, (b) approval of the application.

**(B) TIME TO CONNECT PREMISES TO THE REGULATED DISTRIBUTION SYSTEM AFTER COMPLIANCE WITH ALL GOVERNMENT AND REGULATED ENTITY REQUIREMENTS**

Description:

The average time spent to provide a connection to a Regulated Distribution Service after all government (local and national) approvals has been obtained and the service applicant has met all service requirements.

The performance levels for each indices being measured are based on sample periods taken from 2003 to 2006. The target performance values for the indices were set at the average based on the said sample period as shown in Table 3 below.

**Table 3: Historical Service Performance**

No. of Samples (n)	Application SAMPLE DATES	Time to PROCESS (in days)	Time to CONNECT (in days)	Number of CUSTOMERS
1	Aug 25-30, 2003	1.94	2.45	53
2	Dec 1-7, 2004	3.17	8.77	47
3	Nov 22-26, 2004	3.34	5.77	47
4	Oct 11-16, 2004	4.23	7.69	64
5	Sep 21-27, 2004	1.77	1.38	42
6	Jan 10-15, 2005	5.49	7.09	82
7	Feb 1-5, 2005	9.07	7.42	43
8	May 23-28, 2005	3.62	4.12	50
9	Oct 17-22, 2005	6.06	5.03	31
10	Dec 5-9, 2005	5.77	6.74	24
11	Mar 6-11, 2006	6.76	4.54	41
12	Apr 3-8, 2006	5.27	5.07	35
13	Jun 12-17, 2006	5.71	6.29	28
14	Jul 24-29, 2006	6.68	4.59	37
15	Aug 7-12, 2006	4.43	3.95	42
16	Sep 25-30, 2006	4.54	3.98	41
17	Oct 2-7, 2006	4.80	4.79	41
18	Nov 13-18, 2006	4.95	7.88	46
29	Dec 18-23, 2006	4.79	4.29	38
20	2007	4.96	7.14	4,060
AVERAGES		<b>4.87</b>	<b>5.45</b>	<b>245</b>

Standard Deviation	<b>1.68</b>	<b>1.91</b>	
<b>Proposed Performance Target for the 2nd Regulatory Period (2008-2012)</b>	<b>5.00</b>	<b>5.50</b>	

Based on the foregoing, ILPI proposes that the following will be its Performance Targets for Service Performance Measures for the Second Regulatory Year under the Priced-linked Incentive Scheme:

**Table 4: Proposed Service Performance Targets**

Performance Indices	Unit	Performance Targets for the Second Regulatory Period (2008-2012)
Time to Process Applications for Regulated Distribution Services	no.	<b>5.00</b>
Time to Connect Premises to the Regulated Distribution System after Compliance with all government and ILPI's requirements	min.	<b>5.50</b>

### 1.2 Calculation of the S-factor

In the calculation of the S-factor, ILPI proposes to adopt the given formulas in computing the different performance factors or as prescribed in the PIS Framework in the Position Paper with the exclusion of the Call Center Performance.

### 1.3 Weighting of the performance indices

ILPI proposes the following weightings for the S-component as shown in the table below with the comparison of the weight prescribed in the PIS framework:

**Table 5: Proposed Weightings for the S-components**

Performance Indices	Weight		Remarks
	ILPI proposal	per PIS framework	
SAIFI	0.20	0.20	
CAIDI	0.20	0.20	
Planned SAIDI	0.15	0.15	
Voltage Regulation	0.10	0.10	
System Losses	0.05	0.05	
Time to Process	0.15	0.10	
Time to Connect	0.15	0.10	
Call Center	0.00	0.10	The 0.10 weight of call center was equally distributed to the remaining service performance indices

## 1.4 Proposed Performance Assessment Bands

For the Second Regulatory Period, ILPI will adopt the performance assessment bands as prescribed in the PIS final framework for the allocation of performance value to the index being assessed.

**Table 6: Performance Assessment Bands**

Performance Band	Description	Performance Value
1	Performance greatly below target	-1.0
2	Target not achieved	-0.5
3	Performance as per expectation	0.0
4	Target exceeded	0.5
5	Target greatly exceeded	1.0

ILPI proposed the following setting of performance bands for the network and service performance indices included in the price-linked incentive scheme.

**Table 7: Performance Band for SAIFI**

<b>System Average Interruption Frequency Index (SAIFI)</b>	
Average <b>SAIFI</b> value	<b>18.23</b>
Standard deviation	<b>6.28</b>
Performance greatly below target	SAIFI >= 30.80
Target not achieved	24.51 < SAIFI < 30.80
Performance as per expectation	11.94 <= SAIFI <= 24.51
Target exceeded	5.66 < SAIFI < 11.94
Target greatly exceeded	SAIFI <= 5.66

**Table 8: Performance Band for CAIDI**

<b>Customer Average Interruption Duration Index (CAIDI)</b>	
Average <b>CAIDI</b> (mins.) value	<b>208.70</b>
Standard deviation	<b>53.60</b>
Performance greatly below target	CAIDI >= 315.91
Target not achieved	262.30 < CAIDI < 315.91
Performance as per expectation	155.10 <= CAIDI <= 262.30
Target exceeded	101.50 < CAIDI < 155.10
Target greatly exceeded	CAIDI <= 101.50

**Table 9: Performance Band for Planned SAIDI**

<b>Planned System Average Interruption Duration Index (SAIDI)</b>	
Average <b>SAIDI</b> (mins.) value	<b>1,967.26</b>
Standard deviation	<b>766.65</b>
Performance greatly below target	SAIDI >= 3,500.56
Target not achieved	2,733.91 < SAIDI < 3,500.56
Performance as per expectation	1,200.61 <= SAIDI <= 2,733.91
Target exceeded	433.97 < SAIDI < 1,200.61
Target greatly exceeded	SAIDI <= 433.97

**Table 10: Performance Band for Voltage Regulation**

<b>VOLTAGE REGULATION</b>	
Target probability of voltage violation (%)	<b>14.68%</b>
Standard deviation	<b>12.85%</b>
Performance greatly below target	$pV_v \geq 40.38\%$
Target not achieved	$27.53\% < pV_v < 40.38\%$
Performance as per expectation	$1.83\% \leq pV_v \leq 27.53\%$
Target exceeded	$n/a < pV_v < 1.83\%$
Target greatly exceeded	$n/a \leq n/a$

**Table 11: Performance Band for System Losses**

<b>SYSTEM LOSSES</b>	
Target loss for <b>System Losses</b> (%)	<b>10.86%</b>
Standard deviation	<b>0.13%</b>
Performance greatly below target	n/a
Target not achieved	n/a
Performance as per expectation	$10.73\% \leq \text{Sysloss} \leq 10.99\%$
Target exceeded	$10.60\% < \text{Sysloss} < 10.73\%$
Target greatly exceeded	$\text{Sysloss} \leq 10.60\%$

**Table 12: Performance Band for Time to Process Application**

<b>Time to Process Application (TPA)</b>	
Average Time to Process Application (days) value	<b>5.00</b>
Standard deviation	<b>1.68</b>
Performance greatly below target	$\text{TPA} \geq 8.36$
Target not achieved	$6.68 < \text{TPA} < 8.36$
Performance as per expectation	$3.32 \leq \text{TPA} \leq 6.68$
Target exceeded	$1.64 < \text{TPA} < 3.32$
Target greatly exceeded	$\text{TPA} \leq 1.64$

**Table 13: Performance Band for Time to Connect Premises**

<b>Time to Connect Premises (TCP)</b>	
Average Time to Connect Premises (days) value	<b>5.50</b>
Standard deviation	<b>1.91</b>
Performance greatly below target	$\text{TCP} \geq 9.32$
Target not achieved	$7.41 < \text{TCP} < 9.32$
Performance as per expectation	$3.59 \leq \text{TCP} \leq 7.41$
Target exceeded	$1.68 < \text{TCP} < 3.59$
Target greatly exceeded	$\text{TCP} \leq 1.68$

### 1.5 Excluded Events

For the Second Regulatory Period, ILPI will adopt the listed external events as prescribed in the final framework which will be excluded from the statistics used to calculate network or service performance. In addition thereto, ILPI proposes to include the following to the List of Excluded Events:

- a. Security concern that may arise in some areas that may hinder ILPI personnel to perform its functions in relation to the indices or performance measures.
- b. Faults due to fire incidents not caused by ILPI facilities.
- c. Failure of an applicant to appear on the pre-agreed schedule, in relation to service performance measures.
- d. Preference of an applicant for a particular date for service beyond the target accomplishment period as indicated in this scheme.

### **1.6 Improvement in Performance Measurement Capability**

ILPI ventures for the improvement of performance measurement capability through the acquisition or development of Call Accounting System for call logging at the Call Center, Testing Equipment/Devices for power quality monitoring and improvement, Outage Management System for outage logging and system reliability monitoring and SCADA upgrading/Feeder Monitoring System for substation or feeder load monitoring and balancing.

## **2. GUARANTEED SERVICE LEVEL (GSL) SCHEME**

### **2.1 Guaranteed Service Level Indices**

ILPI proposes to the Commission the following indices to be measured under the Guaranteed Service Level scheme.

- a. GSL1: Duration of Sustained Interruptions above annual threshold level.  
  
Total duration of the sustained interruptions experienced by an end-user over the measurement period.
- b. GSL2: Number of Sustained Interruptions above annual threshold level.  
  
Total number of sustained interruptions experienced by an end-user over the measurement period.
- c. GSL3: Restoration of Supply after Fault on Secondary Side of Distribution System.  
  
The duration of an interruption to an end-user resulting from a fault on the secondary side of the regulated distribution system, including on the distribution connection assets.
- d. GSL4: Failure to Provide a Connection on Time.  
  
A regulated entity fails to provide a connection to the regulated distribution system on the day previously agreed with a customer.

### **2.2 Determination of Annual Threshold and Affected customers**

The methodology that ILPI used in determining the Annual Threshold levels was based on the average of its available historical data from year 2003 to 2007 as shown in the table below. For illustration purposes only one historical data is presented for GSL1, 2 and 3.

Table 14 shows the cumulative hours and frequency of sustained interruptions per feeders/sub feeders of the whole distribution network of ILPI. For 2003 the average hours and frequency of sustained interruptions equals to 59 hours and 20 times respectively.

**Table 14: Cumulative hours and frequency of sustained interruptions**

<b>2003</b>					
Crkt no	Hours	Freq			
average	<b>59</b>	<b>20</b>			
001	34.9	11	065	34.53	16
002	31.4	10	066	37.45	17
003	42.37	13	067	34.68	17
007	26.8	7	068	34.68	17
008	26.8	7	069	38.93	18
009	21.1	6	070	38.2	16
010	37.6	10	071	38.2	16
012	56.09	19	072	46.43	19
013	21.1	6	073	46.68	20
014	7.35	3	074	46.43	19
015	11.02	6	075	51.43	20
016	7.35	3	078	1.35	2
017	7.35	3	079	1.35	2
018	1.43	2	080	1.35	2
019	35.52	10	081	1.35	2
022	0.25	1	082	1.35	2
023	10.92	3	083	35.61	16
024	15.3	5	084	35.61	16
025	10.92	3	085	58.41	20
026	0.25	1	086	51.34	20
027	15.87	6	087	35.61	16
028	17.77	6	088	42.11	18
029	28.58	10	089	33.78	15
032	0.25	1	090	33.78	15
033	7.45	4	091	54.66	18
042	2.32	3	092	65.26	21
043	6.7	4	093	69.36	21
044	0.25	1	094	62.6	12
046	0.25	1	095	59.36	20
047	38.2	16	096	54.66	18
048	38.2	16	098	34.72	4
049	46.68	18	099	90.41	32
050	1.3	2	100	54.66	18
051	38.2	16	101	84.09	30
052	38.2	16	102	101.92	32
053	38.2	16	104	59.91	19
054	38.2	16	105	54.66	18
055	38.2	16	106	55.39	19
056	12.67	8	107	60.71	20
057	14.34	9	108	60.71	20
058	12.67	8	109	62.36	20
059	14.38	5	110	33.95	17
060	0.25	1	111	59.94	20
061	33.78	15	112	55.86	19
062	0.25	1	123	48.17	9
063	33.78	15	126	33.78	15
064	33.78	15	127	33.78	15
			128	33.78	15
			130	33.78	15
			131	77.34	41
			132	23.17	15
			133	23.17	15
			134	42.59	18
			135	42.59	18
			136	42.59	18
			137	51.5	7
			138	25.09	16
			139	49.95	16
			140	23.17	15
			141	23.17	15
			142	23.17	15
			144	29.4	20
			145	32.48	22
			146	32.48	22
			147	32.48	22
			148	32.48	22
			149	33.43	23
			150	82.61	44
			151	29.4	20
			152	29.4	20
			153	44.15	21
			154	44.15	21
			155	29.4	20
			157	33.95	17
			158	23.17	15
			159	33.95	17
			160	33.95	17
			161	41.53	18
			162	43.03	20
			163	41.62	18
			164	41.62	18
			165	50.8	21
			166	53	24
			167	57.02	23
			168	50.8	21
			169	50.8	21
			170	50.8	21
			171	55.8	22
			172	50.8	21
			176	41.62	18
			177	50.28	20
			178	46.2	19
			179	47.87	21
			180	46.2	19
			181	46.2	19
			182	46.2	19
			183	46.43	19
			184	62.6	12
			186	33.95	17
			187	33.95	17
			188	43.32	19
			189	34.87	18
			190	39.74	19
			191	39.74	19

SCHEDULE J  
Performance Incentive Scheme

192	46.82	20
193	39.74	19
194	46.66	22
195	47.06	21
196	48.53	23
197	47.43	22
198	66.05	12
199	24.42	16
200	24.42	16
201	24.42	16
202	24.42	16
203	77.34	41
205	84.67	42
206	84.67	42
207	84.67	42
208	89.92	43
209	77.34	41
210	84.47	42
212	77.34	41
213	78.46	42
214	77.34	41
216	77.34	41
217	83.94	42
218	77.34	41
219	82.84	42
220	78.46	42
222	42.37	13
223	77.34	41
224	43.32	19
225	77.34	41
226	28.58	10
227	14.1	4
228	14.1	4
230	23.17	15
231	33.78	15
232	16.17	5
233	40.31	18
234	62.6	12
235	62.6	12
236	65.08	14
237	77.17	17
238	77.17	17
240	94.88	21
241	62.6	12
242	66.98	14
243	62.6	12
247	64.42	14
249	62.6	12
250	62.6	12
251	63.2	13
252	24.42	16
253	79.25	18
254	33.02	4
255	33.02	4
256	33.02	4
257	33.02	4
258	33.02	4
259	33.02	4
260	34.48	6

261	34.1	5
262	43.09	7
263	33.6	5
264	37.35	6
265	1.45	1
266	34.1	5
267	35.85	6
268	33.02	4
269	34.1	5
270	34.1	5
271	33.02	4
272	35.07	6
273	35.07	6
274	34.1	5
275	34.1	5
276	62.6	12
279	98.07	18
280	32.58	4
281	59.82	9
282	59.82	9
283	59.82	9
284	60.8	10
285	73.55	15
286	73.55	15
294	2.92	1
300	77.34	14
301	77.34	14
302	77.34	14
303	78.92	15
304	78.92	15
305	78.92	15
306	78.92	15
307	78.92	15
308	59.82	9
309	59.82	9
310	36.77	5
312	55.02	9
313	51.5	7
314	51.5	7
315	51.5	7
316	51.5	7
318	73.9	14
319	51.5	7
320	56.17	9
321	65.75	11
322	52.83	8
323	52.83	8
324	3.82	3
325	52.83	8
326	33.02	4
327	44.15	21
328	42.59	18
329	35.2	18
330	35.2	18
332	49.58	23
333	23.17	15
334	84.67	42
335	77.34	41
336	78.46	42

337	77.34	41
338	77.34	41
339	77.34	41
340	77.34	41
341	77.34	41
343	90.34	43
344	0.55	1
345	104.42	44
346	92.26	44
347	90.34	43
348	90.67	44
350	84.46	45
351	88.38	47
352	95.35	49
353	84.46	45
354	84.46	45
355	84.46	45
356	79.24	42
357	78.11	42
360	61.24	11
361	77.34	41
362	81.89	42
363	84.76	42
365	81.42	42
366	87.25	43
368	77.34	41
369	77.34	41
370	53.31	9
371	62.71	12
372	52.83	8
373	61.9	12
374	69.67	18
375	68.52	17
376	0.77	2
377	52.83	8
378	53.25	8
379	51.5	7
380	33.02	4
381	51.5	7
382	35.87	6
383	78.94	42
384	77.34	41
385	77.84	42
386	81.11	42
387	77.34	41
389	77.34	41
390	77.34	41
391	84.27	42
392	82.61	44
393	83.83	46
394	77.34	41
395	46.54	11
396	17.77	6
398	142.32	25
399	47.06	21
402	33.78	15
403	50.8	21
404	33.95	17
405	34.87	18

SCHEDULE J  
Performance Incentive Scheme

406	34.87	18
411	17.77	6
412	77.34	41
415	23.17	15
416	5.17	2
417	59.82	9
418	77.92	42
421	77.34	41
422	77.34	41
423	33.78	15
427	54.66	18
428	33.78	15
432	78.46	42
433	41.62	18
435	75.32	39
436	77.34	41
437	33.78	15
438	19.5	13
439	29.4	20
440	36.62	21
441	36.62	21
442	0.25	1
444	62.6	12
445	62.6	12
446	48.53	23
447	73.9	14
448	29.4	20
449	64.77	11
450	64.77	11
452	64.77	11
453	23.17	15
454	14.1	4
455	33.95	17
456	33.95	17
457	77.34	14
458	61.24	11
461	34.1	5
462	34.1	5
463	54.52	10
465	24.67	16
466	33.02	4
467	78.46	42
469	36.08	17
472	59.82	9
474	1.35	2
477	37.62	18
478	23.17	15
479	31.4	10
483	44.15	21
484	78.92	15
487	77.34	41
488	77.34	41
489	34.9	11
490	77.34	41
492	42.59	18
493	46.2	19
494	54.66	18
495	50.8	21
498	46.82	20

503	43.32	19
504	29.4	20
505	90.34	43
506	84.46	45
507	77.34	41
508	84.47	42
509	33.78	15
510	69.36	21
511	37.45	17
512	46.43	19
513	0.25	1
514	12.67	8
516	7.45	4
517	54.66	18
521	0.25	1
522	34.1	5
523	33.02	4
524	51.5	7
525	51.5	7
526	64.77	11
527	73.9	14
528	51.5	7
529	56.17	9
530	56.17	9
532	61.9	12
533	61.9	12
534	53.31	9
535	53.31	9
536	51.5	7
537	59.82	9
538	59.82	9
548	64.42	14
550	33.02	4
552	33.78	15
005	42.37	13
006	42.37	13
011	115.83	28
020	92.27	18
021	111.15	20
030	51.78	19
031	59.91	21
034	7.45	4
035	7.45	4
036	7.45	4
037	14.55	6
038	8.15	6
039	47.15	15
040	54.73	18
041	7.45	4
103	104.54	33
114	42.37	13
115	67.6	20
116	76.92	26
117	65.44	22
118	83.94	33
119	83.94	33
120	104.79	41
121	84.44	29
122	108.56	39

124	152.99	49
125	185.99	55
174	70.25	30
175	78.42	32
239	88.13	18
244	64.42	14
245	64.42	14
246	64.42	14
248	83.9	25
278	65.44	22
287	90.27	16
288	90.27	16
289	140.57	25
290	141.04	26
291	143.5	27
292	186.24	33
295	200.94	36
297	107.04	17
298	93.57	17
331	60.71	20
349	60.71	20
359	205.6	41
397	108.56	39
401	215.94	43
407	199.82	38
408	86.9	24
409	209.44	40
410	67.6	20
414	209.44	40
424	92.27	18
425	67.6	20
426	70.25	30
431	186.24	33
434	65.44	22
451	199.82	38
459	161.57	36
460	161.57	36
464	205.6	41
468	100.99	30
470	215.94	43
471	215.94	43
475	94.88	21
476	83.9	25
480	115.83	28
481	209.44	40
485	42.37	13
486	42.37	13
491	161.57	36
496	70.25	30
497	161.57	36
499	209.44	40
500	209.44	40
501	209.44	40
502	42.37	13
515	51.78	19
518	76.92	26
519	104.79	41
520	104.79	41
531	56.17	9

SCHEDULE J  
Performance Incentive Scheme

<b>539</b>	77.34	14
<b>540</b>	215.94	43
<b>541</b>	161.57	36
<b>542</b>	205.6	41
<b>543</b>	205.6	41
<b>544</b>	205.6	41
<b>545</b>	161.57	36
<b>546</b>	94.88	21
<b>547</b>	94.88	21

<b>549</b>	84.44	29
<b>551</b>	51.34	20

While Table 15 shows the historical records of the restoration time per event of fault at the secondary side of the Distribution Network (transformer level only) of the year 2003. Restoration time after a fault means the complete restoration of power to the affected customer(s). For 2003 the average time of restoration after a fault equals to 4.08 hours.

**Table 15: GSL 3 Historical Data**

2003		
Cause of Outage	Hour	Control/ Trans No.
<b>average</b>	<b>4.08</b>	
System failure	30.80	T1194
System failure	35.95	T1317
Vegetation	3.65	T0039
System failure	5.58	T1075
System failure	0.57	T0011
Others	0.57	T1467
Others	2.08	T0678
Others	1.03	T0625
Vegetation	8.18	T1101
Vegetation	1.83	T1030
Others	1.77	T1422
System Failure	0.42	T0310
Others	0.70	T0301
Others	2.77	T0342
Others	0.35	T0556
System Failure	6.92	T0124
Vegetation	0.47	T0599
Vegetation	2.22	T0065
Vegetation	0.42	T0023
System Failure	0.55	T0381
Others	0.80	T0832
Others	2.05	T0127
Others	0.75	T1342
System Failure	1.50	T1241
Others	0.98	T0210
Others	0.80	T1251
Vegetation	19.58	T0213
System Failure	0.50	T0538
Others	1.33	T1285
Vegetation	1.23	T0085
System Failure	8.98	T0717
System Failure	24.98	T0656
Others	3.83	T1473
Others	1.77	T1173
Vegetation	4.08	T0439
Others	0.93	T0599
System Failure	0.82	T1204
Others	1.03	T0065
System Failure	1.15	T1282
Others	0.68	T0756
System Failure	0.18	T0014
Others	0.25	T1462

Vegetation	0.57	T0520
System Failure	5.33	T0279
System Failure	2.13	T0250
Others	4.33	T0361
Vegetation	4.55	T0237
Vegetation	5.32	T0911
Others	1.83	T0233
Others	1.70	T0374
Others	2.02	T0457
Others	1.58	T1282
System Failure	1.40	T0170
System Failure	1.00	T0170
Vegetation	1.08	T0911
Others	0.92	T0209
Others	2.00	T1082
Vegetation	5.00	T0154
Force Majeur	1.75	T0391
Force Majeur	1.75	T1125
Force Majeur	1.75	T1167
Others	1.92	T0172
Others	1.25	T0553
System Failure	10.52	T0074
Others	13.13	T0077
Others	0.33	T0627
Others	2.08	T0152
System Failure	5.68	T0610
Others	2.25	T0225
System Failure	1.00	T0506
Others	2.02	T1309
System Failure	8.42	T0106
Vegetation Hazard	6.22	T1412
Others	5.38	T0280
System Failure	7.50	T0410
Others	3.23	T0592
System Failure	2.33	T1045
System Failure	9.80	T01409
System Failure	0.97	T1521
System Failure	1.58	T1422
System Failure	4.63	T0100
System Failure	4.00	T0943
Vegetation Hazard	19.80	T1045
Others	1.12	T0457
System Failure	0.75	T0018

### 2.2.1 Annual Threshold for GSL 1, GSL 2 and GSL 3

For setting the GSL 1, 2 and 3 annual thresholds, the average of the five-year historical data (average) was taken into account and was set as the annual threshold for the three indices.

**Table 16: GSL 1, 2 and 3 Annual Threshold**

Index	2003	2004	2005	2006	2007	Average
<b>GSL1</b>	59 hrs	82 hrs	32 hrs	74 hrs	89 hrs	<b>67 hours</b>
<b>GSL2</b>	20 times	23 times	11 times	19 times	17 times	<b>18 times</b>
<b>GSL3</b>	4 hrs	3 hrs	3 hrs	3 hrs	6 hrs	<b>4 hours</b>

### 2.2.2 Annual threshold for GSL 4

ILPI proposes that threshold level is within 5.5 working days based on the average of the random samples of historical data from 2003 to 2006 (see Table 3) or as mutually agreed with the customer, whichever is longer. Provided that,

- Number of working days is measured from the day the applicant signed the Service Contract and paid the pertinent service fees up to the day service is connected.
- Saturdays, Sundays, Legal Holidays and declared non-working holidays are excluded in counting of the duration within which connection of service is rendered.
- Changes to the original schedule as mutually agreed by ILPI and applicant/customer due to failure of the applicant/customer to appear on the pre-agreed schedule or the applicant/customer prefers a particular date which is beyond the standard accomplishment period.

### 2.2.3 Determination of Affected customer if annual threshold is violated

Based on historical data, the possible number of end-users that may violate or breach the annual thresholds is tabulated below.

**Table 17: Historical number of customers violated using the GSL thresholds**

GSL Threshold	2003	2004	2005	2006	2007
<b>GSL1: 67 hours</b>	14,009	12,581	1,013	15,413	17,128
<b>GSL2: 18 times</b>	17,942	15,549	3,514	16,375	9,093
<b>GSL3: 4 hours</b>	1,710	926	784	1,317	1,542
<b>GSL4: 5.5 days</b>	277	1,333	930	521	1,722

From the table above, the maximum or largest population of customers that might breach the annual GSL thresholds is, 17,128 for GSL1, 17,942 for GSL2, 1,710 for GSL3 and 1,722 for GSL4. Basing from this figures, the projected number of customers from 2007 to 2013 is shown below. Table 19 shows the estimated number of customers to be compensated annually for the Secondary Regulatory Period (RY 2009 to RY 2013) if the annual GSL thresholds are breach.

**Table 18: Projected number of customers from 2007 to 2013**

GSL Threshold	Max. Values	Projected Values (using the polynomial curved-fitting method of projection)
GSL1: <b>67 hours</b>	17,128	19,466
GSL2: <b>18 times</b>	17,942	20,392
GSL3: <b>4 hours</b>	1,710	1,943
GSL4: <b>5.5 days</b>	1,722	1,957

**Table 19: Estimated number of customers to be compensated annually**

GSL Threshold	RY2010	RY2011	RY2012	RY2013	Average
GSL1: <b>67 hours</b>	18,216	18,187	18,157	18,125	<b>18,171</b>
GSL2: <b>18 times</b>	14,987	14,864	14,734	14,596	<b>14,795</b>
GSL3: <b>4 hours</b>	1,943	1,943	1,943	1,943	<b>1,943</b>
GSL4: <b>5.5 days</b>	1,957	1,957	1,957	1,957	<b>1,957</b>

### 2.3 Calculations of Payment Levels

ILPI adopts the methodology prescribed in the PIS Framework in the Position Paper. However, ILPI will design an allocation scheme such that the total revenue allocation will be allocated equitably to the four GSL schemes.

To do this, ILPI may use the estimated number of customers who will likely receive the penalty payment for every GSL scheme as basis to equitably allocate the total revenue allocation.

**Table 20: Proposed Penalty Levels for GSL Scheme**

**ARR<sub>ave.</sub> Php 1,511,966.75**

Index	Estimated number of customers to be compensated	% Allocation	Allowance per GSL index	Penalty Level (Php) per violation
GSL1	18,171	49%	Php 745,237.75	Php 41.01
GSL2	14,795	40%	Php 606,781.53	Php 41.01
GSL3	1,943	5%	Php 79,686.15	Php 41.01
GSL4	1,957	5%	Php 80,260.32	Php 41.01

Note: maximum of one violation per year per customer connection or account

### 2.4 Excluded Events

For the Second Regulatory Period, ILPI will adopt the listed external events as prescribed in the final framework which will be excluded from the statistics used to calculate network or service performance. In addition thereto, ILPI proposes to include the following to the List of Excluded Events:

- a. Security concern that may arise in some areas that may hinder ILPI personnel to perform its functions in relation to the indices or performance measures.
- b. Faults due to fire incidents not caused by ILPI facilities.
- c. Failure of an applicant to appear on the pre-agreed schedule, in relation to service performance measures.
- d. Preference of an applicant for a particular date for service beyond the target accomplishment period as indicated in this scheme.

### 3. **INFORMATION DISCLOSURE**

ILPI proposes to adopt the PIS framework stated thereof relative to Information Disclosure requirements.

#### Network Performance Indices

- a. momentary average interruption frequency index (MAIFI);
- b. frequency of tripping events per 100 circuit-km

#### Service Performance Indices

- a. average time to reconnect a service after payment of all dues