

TRANSCO's Response

Company	Other issues:	Comments	TRANSCO's Position	Suggested Action
DLPC	Loss compensation for using alternate route of energy which passes thru a DU's/customer's metering	<p>Clarification</p> <ol style="list-style-type: none"> 1. There are situations where we use alternate route to get power. However, these routes passes thru the metering facilities of another DU. 2. How will the additional losses imputed by the user be computed? 3. How will the energy/demand registration be reconciled? 4. What if the resetting happens one day before the 25th of the month (meter reading day)? 	Additional losses incurred by the DU are included in its own rate filing with the ERC. TransCo will adopt such ERC-approved technical losses with respect to each DU/customer. Computation for the recovery of the losses shall be treated on a case-to-case basis.	
DLPC	Metering facilities	<ol style="list-style-type: none"> 1. Transco should provide the customer with data to consider Time Of Use 	TransCo is willing to provide data as maybe necessary.	
DLPC	Contestable customers	<ol style="list-style-type: none"> 1. For customers who buy power from the spot market, will the OATS apply to them? 2. Will they have to connect to the Transmission Provider and the DU? 	<p>OATS will apply to customers who buy power from the spot market in the following circumstances:</p> <ul style="list-style-type: none"> • Where that customer is a Direct Connect Customer, drawing Electricity directly off the Grid for its own consumption. • Any Distribution Utility with a Large Customer (as defined in the Grid Code, viz. demand of 1MW and above) must comply with the Grid Code and seek the approval of the System Operator prior to allowing that customer to connect to its own lines. 	
CEPALCO	Direct Connections	It appears to be the intention of the draft OATS to continue Direct Connections (the provision of Transmission Service to load customers using either customer-owned subtransmission facilities or dedicated subtransmission facilities owned by NAPOCOR). We point out that it is the intent of	See response to comments on definition of "Connected Transmission Customer" in Module A above.	

TRANSCO's Response

		<p>RA 9136 (the EPIRA) and the Implementing Rules and Regulations (IRR) to eliminate customer-owned subtransmission facilities, and to transfer subtransmission assets of NPC to the distribution utilities. As a consequence of this, in the fully restructured electric power industry the customers for transmission services will be only the distribution utilities and the generation companies. No end-user will be directly connected to the transmission system, and any end-user requiring transmission service will be served through the distribution utilities.</p> <p>It is possible that those who drafted the OATS agree with us that Direct Connections will be eliminated, and that the OATS does not intend the perpetuation of Direct Connections. If so, we suggest that some of the proposed definitions and related provisions be revised so that it cannot be inferred that Direct Connections will be allowed in the reformed power industry.</p> <p>It is probably the case that the National Transmission Corporation (or at least the Corporate Planning Group of the NTC) holds the position that Direct Connections will remain indefinitely as legal customers of the NTC. In this case, considering that the distribution utilities hold the opposite position that RA 9136 and the IRR have eliminated Direct Connections, the ERC will have to make a decision as to the correct position. This may have to be done in a venue other than discussion of the OATS, but the settlement of this issue will have to be done before the OATS can be finalized. In this connection, we point out the following:</p> <p>(a) Sec. 9(f) of RA 9136 states: "A generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the TDP: Provided, That</p>		
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TRANSCO's Response

		<p>such facilities are required only for the purpose of connecting to the transmission system, and are used solely by the generating facility, subject to prior authorization by the ERC:..." This is repeated in Rule 5, Sec. 5 of the IRR, where it is also stated that dedicated point-to-point limited transmission facilities "are not used to serve End-users or suppliers directly". These particular provisions allow ownership of transmission facilities (by entities other than the TRANSCO) and subtransmission facilities (by entities other than the TRANSCO and the Distribution Utilities) only by generation companies, and only for a specific purpose. Ownership of transmission and subtransmission facilities by Load Customers is not allowed.</p> <p>(b) In Sec. 7 of RA 9136, and in the pertinent sections of the IRR, the TRANSCO is directed to transfer subtransmission assets (which, we contend, include dedicated facilities that serve end-users, i.e., the direct connection facilities) to qualified distribution utilities.</p> <p>(c) Rule 7, Sec. 4 states: "Any existing End-user within the Franchise Area of a Distribution Utility that is connected to TRANSCO facilities shall be served by the franchised Distribution Utility upon acquisition of the subtransmission facilities."</p> <p>Those provisions should make it clear that Direct Connections will be eliminated by the implementation of RA 9136. We are prepared to cite other provisions to this effect in RA 9136 and in the IRR, and to fully argue this issue</p>		
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TRANSCO's Response

		before the ERC in an appropriate venue if the NTC does not accept that Direct Connections will be eliminated by full implementation of the EPIRA.		
DECORP	Direct Connections	It is the intention of R.A. 9136 to eventually discontinue Direct Connection Services to End-users. As provided for in Sec. 8 of R.A. 9136 and in Rule 6 Sec. 4 of its IRR, "the sub-transmission functions and assets shall be segregated from the transmission functions ... TRANSCO shall negotiate with and thereafter transfer such functions, assets and associated liabilities to the qualified distribution utility." Moreover, Rule 7 Sec. 4 of the IRR states, "any existing End-user within the Franchise Area of a Distribution Utility that is connected to TRANSCO facilities shall be served by the franchised Distribution Utility upon acquisition of the sub-transmission facilities." And Rule 5 Sec. 5 of the IRR states, "TRANSCO or its Buyer or Concessionaire may allow a Generation Company to develop, own and/or operate dedicated point-to-point limited transmission facilities provided, that such ... are not used to serve End-users or Suppliers directly." Therefore, we suggest revisions to some of the Defined Terms and Interpretation, and related provisions.	Same comment as above.	
CEPALCO	Distinction of OATS Rules from Grid Code and WESM Rules	There should be a clear distinction of the purposes of the OATS from that of the Grid Code and the WESM Rules. As drafted the OATS encroaches on what should be the domains of the Grid Code and the WESM Rules. For example, the OATS sets out requirements and procedures for making System Impact Studies, which properly belong to the Grid Code. We suggest the following: (a) The OATS should be limited to specifying the relationships of the Transmission Service Provider and its customers where the actions to be required of the TSP and customers are not	See response to comments on A3.5 above.	

TRANSCO's Response

		<p>covered in the Grid Code and in the WESM Rules.</p> <p>(b) Topics covered in the draft OATS, which are not in the Grid Code but belong to the Grid Code, should be submitted to the Grid Management Committee for inclusion in the Grid Code. An example of this is the previously mentioned System Impact Studies, which are part of the Grid Impact Studies that are covered in the Grid Code. Other examples are provisions for System Operations.</p> <p>(c) It should be stated in the OATS that where there is a conflict between a provision of the OATS and the provision of the Grid Code or the WESM Rules, the Grid Code or the WESM Rules shall prevail and not the OATS.</p> <p>In our comments on specific provisions of the OATS, we will point out the sections in the OATS that repeat or contradict provisions in the Grid Code or the WESM Rules, or which are topics that belong to the Grid Code or WESM Rules.</p>		
<p>CEPALCO</p>	<p>Rates for Transmission Services</p>	<p>Provisions in the draft OATS that significantly affect the effective price paid by customers of transmission services should be taken up in a rate case and not in the OATS. An example is the definition of the Billing Determinant for transmission and related services. The Billing Determinant was established when the unbundled rates of the NAPOCOR were approved by the ERC; no new definitions of the Billing Determinant, which would affect the effective rates paid by customers, should be set out in the OATS, but should be taken up in an application for revision of rates. The OATS sets out the terms and conditions for providing transmission service, but should not change the price of transmission service based on the rates approved by the ERC, and should not impose new charges for transmission service.</p>	<p>TransCo believes that the charges determined under the OATS will be consistent with and comply with the rates approved by the ERC.</p>	

TRANSCO's Response

DECORP	Contract for the Supply of Electricity	Our existing 10-year Contract for the Supply of Electricity with the National Power Corporation (NPC) will last until August 25, 2010. Will "Annex A, Rules on Transmission of Electricity" of the said Contract continue to be enforced for the duration of our Contract, or will it be replaced with the approved OATS? We are aware of the provision in our Contract that the Supply Service, Transmission Service and Sub-transmission Service are separate and distinct, and NPC is allowed to assign, sell, transfer or subcontract all or any part of its rights or obligations under our Contract in the event of restructuring of the electric industry.	See discussion on A22 above. The terms of transmission service in NPC's Power Supply Contracts shall remain in place (as "Existing Agreements") and, to the extent allowed under the terms, shall be modified by the OATS Rules.	
DECORP	Relation of OATS Rules, Grid Code and WESM Rules	The Philippine Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the high voltage backbone Transmission System in the Philippines. On the other hand, the WESM Rules establishes the basic rules, requirements and procedures that govern the operation of the Philippine electricity market. The OATS Rules should have a similar statement or foreword that the OATS is limited to specifying the relationship of the Transmission Service Provider (TSP) and its customers, where the actions to be required are	Noted. See also discussion on A3.5 above.	

TRANSCO's Response

		not covered in the Grid Code and WESM Rules. Provisions in the draft OATS, which are not in the Grid Code or WESM Rules, but belongs to the Grid Code or WESM Rules, should be submitted to the Grid Management Committee or the WESM Technical Working Group for inclusion in the Grid Code or WESM Rules, respectively. Should there be conflict between specific provisions, the Grid Code or WESM Rules should prevail over the OATS Rules.		
CEPALCO	Language Error	In this Module, and in the other parts of the OATS Rules, we suggest that British spelling of words be changed to Filipino English spelling (e.g., endeavour to endeavor).	Noted. These grammatical errors were not intended and should be corrected.	