

**COMMENTS ON THE REVISED DRAFT RULES, TERMS
AND CONDITIONS FOR THE PROVISION OF OPEN
ACCESS TRANSMISSION SERVICE (OATS)**

By

Cagayan Electric Power & Light Co., Inc.

A. General Comments

1. In general, provisions in the OATS Rules dealing with requirements for connection to the grid (such as those in Modules B, C, D, and E) should eventually be transferred to the Grid Code. The OATS Rules should contain only contractual obligations between the Transmission Provider and the Transmission Customers that are not obligations required of users of the Grid.
2. OATS Rules should be consistent with and subordinate to the Grid Code.

Issues of conflicts between the OATS and the WESM Rules of the Grid Code must be addressed. We agree with TRANSCO that there maybe some need for certain areas to expand on the provisions contained in the Grid Code. However, TRANSCO must be careful in that these expansions or additional provisions **MUST** be consistent with what is found in the PGDC.

The PGDC and WESM Rules have been promulgated and approved according to law. On the other hand, the OATS can be seen as not a direct requirement under RA 9136. Therefore, the OATS must be consistent with and be subordinate to, the existing law (RA 9136) and its instruments such as the WESM Rules and PGDC.

In cases of conflict, what takes precedence should be the WESM Rules and the PGDC, not the OATS.

B. Specific Comments

1. Definition of “Connected Transmission Customer”, “Direct Connect Customer”, and “Load Customer” must be consistent with the EPIRA.

Suggested definitions as previously submitted are as follows:

- (a) Revise the definition of “**Connected Transmission Customer**” to read as follows: “Connected Transmission Customer: Any Transmission Customer with Facilities physically connected to the Grid at one or more Points of Connection. For the avoidance of doubt, this includes Generation Plants, Distribution Utilities, and End-Users who have not yet been transferred to the Distribution Utilities.”
- (b) Revise the definition of “**Direct Connect Customer**” to read as follows: “Direct Connect Customer. Any person or entity drawing Electricity directly off the Grid for its own consumption, prior to the transfer of such person or entity to the Distribution Utilities. Such entities or persons, and this definition, will cease to exist when all have been transferred to the Distribution Utilities.”
- (c) Revise the definition of “**Load Customer**” to read as follows: “Load Customer: Any Transmission Customer taking Electricity off the Grid which, for the a avoidance of doubt, includes but is not restricted to Distribution Utilities and Direct Connect Customers, prior to the transfer of the latter to the Distribution Utilities.”

In addition, Section 8 of RA 9136 mandates that TRANSCO dispose of its subtransmission assets to the DUs. This is further supported by the IRRs of RA 9136, which state that any line that is serving an end-user directly shall be classified as a subtransmission line to be sold to the DU (Rule 6, Section 5).

Section 23 of RA 9136 clearly states that it is the obligation of the DU to serve any end-user in its franchise area. This is further supported by Rule 7, Section 4 of the IRR, which states that for any end-user within the franchise area of a DU and is connected to the facilities of the facilities of TRANSCO, the same end-user will become a customer of the DU once the DU purchases the particular subtransmission facility.

Lastly, the Grid and Distribution Codes clearly define “load” as an entity or electrical equipment that consumes electricity. It also defines “customer” as any person/entity supplied with electric service under a contract with a distributor or supplier.

Therefore, we believe that our suggestion to reword the three definitions (Connected Transmission Customer, Direct Connect Customer and Load Customer) is more consistent with EPIRA, the Grid Code, and the Distribution Code.

2. A3.3 All Modules apply to the Transmission Provider/System Operator. This Module A applies to all Participants. Modules D and F apply to all Transmission Customers. Modules B and C apply to all Connected Transmission Customers. **Module E applies to all Connected Transmission Customers prior to the Spot Market Commencement Date.** This is summarized in the table below:

Comment:

Revise the fifth sentence to read as follows:

“Module E applies to all Connected Transmission Customers prior to the Spot Market Commencement Date, and applies to all Transmission Customers from the Spot Market Commencement Date if the Transmission Provider is selected to be the Meter Operator.”

3. A3.5 These OATS Rules set out the terms on which the Transmission Provider/System Operator shall:
 - (a) permit a Transmission Customer to connect to the Grid;
 - (b) provide Power Delivery Service to the Transmission Customer;
 - (c) perform the System Operator functions; and**
 - (d) provide services to the Transmission Customer incidental to the above.

Comment: Delete **section (c)**, which reads “perform the System Operator functions”. The rules governing this function fall under the Grid Code.

4. A9 Dispute Resolution Procedures

Comment: Add a new subsection to read as follows:

“Disputes over Transmission Provider/System Operator functions to be dealt with under the Grid Code. In the event of a dispute over or an alleged breach of the Transmission Provider’s or System Operator’s obligations under the Grid Code, both the Participants agree that such disputes or alleged breaches shall be dealt with exclusively through the processes set out in the Grid Code.”

This is patterned after A9.5.

5. B5.5 **Facilities to Interface SCADA.** The Connected Transmission Customer shall be responsible for the installation and maintenance of all necessary facilities to interface with the Transmission Provider’s SCADA system.

Comment:

In accordance with Section 5.6.2 of the Grid Code, the Transmission Provider, and not the Connected Transmission Customer, shall “be responsible for the installation and maintenance of all necessary facilities to interface with the Transmission Provider’s SCADA system.”

6. **B5.6 Telecommunications Facilities to Link Station(s) to Existing Telecommunications Network.** The Connected Transmission Customer shall be responsible for providing all telecommunication facilities necessary to link/connect its station(s) to the existing telecommunication network of the Transmission Provider. In particular, this obligation includes providing radio and/or an optical link of appropriate bandwidth to accommodate the communication requirements stated in these OATS Rules from the Connected Transmission Customer to the nearest or most feasible telecommunication node within the Transmission Provider’s telecommunication network.

Comment:

In accordance with Section 5.6.1 of the Grid Code, the Transmission Provider, and not the Connected Transmission Customer, shall be responsible for providing all telecommunication facilities necessary to link/connect the Customer’s station(s) to the existing telecommunication network of the Transmission Provider.

7. **B5.9 Tele-protection paths.** The Connected Transmission Customers shall provide redundant tele-protection paths between its station and the adjacent substations of the Transmission Provider, by using either of the following:
 - (a) Power Line Carrier and Microwave Radio; or
 - (b) Optical Fiber and Microwave Radio.

Comment:

The Transmission Provider, and not the Customer, shall provide redundant tele-protection paths.

8. **B18.2 Connected Transmission Customer’s Non-Compliance.** If the Prospective Transmission Customer/Transmission Customer fails to comply, when so required, with any of its obligations in this Module B, the Transmission Provider shall have the right to require the Prospective Transmission Customer/Transmission Customer to take any and all such measures, including but not limited to the installation of new or additional equipment, as necessary to comply with such requirements. [In the event that the Prospective Transmission Customer/Transmission Customer fails to take any or all of such measures within thirty \(30\) days after receipt of notice of noncompliance, the Transmission Provider shall have the right](#)

itself to take (or cause to be taken) such measures without further notice. The Prospective Transmission Customer/Transmission Customer shall be responsible for any and all costs and expenses incurred as a result of its non-compliance.

Comment:

The 30-day deadline is too short considering that most of the equipment are imported with normal purchasing lead time of at least 3 months.

Additional Comment:

On Scheduled Power Interruptions, the Transmission Provider should provide sufficient lead time to notify customers.

9. E1.1 **Pre-Market.** Prior to the Spot Market Commencement Date, the Transmission Provider shall provide metering services as outlined in this Module E and in accordance with these OATS Rules and [in order to meet the standards set out in](#) the Grid Code.

Comment: Revise to read as follows:

“Prior to the Spot Market Commencement Date, the Transmission Provider shall provide metering services as outlined in this Module E and in accordance with these OATS Rules and in the Grid Code.”

Proposed for deletion are the words [“in order to meet the standards set out in”](#). The Grid Code also sets out the functions and responsibilities of the Meter Operator, and not only standards.

10. E1.2 **WESM Conditions.** From the Spot Market Commencement Date, the Transmission Provider shall undertake the role of [Metering Service Provider](#) for the Transmission Customer in accordance with these OATS Rules, the Grid Code and the WESM Rules if selected to do so by the Transmission Customer.

Comment:

Either change the term “Metering Service Provider” to “Meter Operator” as used in the Grid Code, or else change the term used in the Grid Code to MSP in order to make it clear that the same entity is meant in both OATS Rules and Grid Code.

11. E2 Metering Requirements (E2.1 and E2.2)

Comments:

Delete. These are all provided in E1 and in the Grid Code.

Responsibilities of the Meter Operator are set out in GC9.2.2.

E2.2(b) is inconsistent with GC9.5.6, where it is the System Operator that provides data to the Market Operator.

12. E4 to E9

Comment: Delete E4 to E9.
These are adequately covered in the Grid Code.

13. Module F -

Comment: No more Prompt Payment Discount granted on payments made before due dates?

14. Annex I F (AI) 4.2 and Annex I F (AI) 4.3 (page 70)

$GPDRR = \%Gp * PDSRR$
 $LPDRR = \%Lp * PDSRR$

Comment:
In the above formula, how will the percentages, **%Gp** and **%Lp** of the PDSRR for the Generator Power Delivery Service Revenue Requirement (GPDRR) and the Load Power Delivery Service Revenue Requirement (LPDRR), respectively, be set? These percentages are very significant determinant in the resulting levels of charges to be billed by Generator and Loan Customers.

15. System Operator Charge (page 78)

$GSOC = (SORR * \%Gs) * (GBD i / _ GBDi) / 12$
 $LSOC = (SORR * \%Ls) * (LBD i / _ LBDi) / 12$

Comment:
How are the %Gs % and %Ls of SORR to be recovered from Generation Customer or Embedded Generator and Load Customer, be set?

16. **F(AVI)6 Energy Imbalance Charge** (page 92)

F(AVI)6.2 For hours when the EI due to under-delivery exceeds 1.5% the charge is determined by applying the applicable [ERC approved percentage to the hourly marginal cost or the prevailing Electricity rates](#), whichever is higher. Over generation beyond the 1.5% deviation band shall not be credited.

Comment: Does ERC approval refer to the [percentage](#)?

17. The IRGCS Demand Charge applies to all Transmission Customers, including Embedded Generators. (page 93)

Comment:

There is a need to clarify if in NPC-TRANCO rates unbundling, when the level of IRGCS was set, the billing determinants for Generation Customer and Embedded Generators were taken into account. If not, this will result to distorted cross subsidy recovery until it is fully removed.