

September 11, 2003

**Energy Regulatory Commission**

Pacific Center Building  
San Miguel Avenue  
Ortigas Center, Pasig City  
Facsimile No. 634-8641, 631-7287

Attention: **Anthony Alden S. Aguilar**  
Director, Regulatory Operations Service

Subject: **ERC Case No. 2002-253:**  
**Proposed Rules, Terms and Conditions for the provision**  
**of Open Access Transmission Service (OATS)**

Gentlemen:

We thank the Commission for giving us the opportunity to comment on the revised “Proposed Rules, Terms and Conditions for the provision of Open Access Transmission Service (OATS)” and to participate in the public consultation scheduled thereon. Hereunder are the comments of Dagupan Electric Corporation (DECORP).

**Module A22 Transitory Arrangements**

The 10-year Bulk Supply Contract between DECORP and NPC/TRANSCO is valid until August 25, 2010. Based on A22.1, Existing Contracts shall continue to be in force and effective. When the OATS Rules become effective, and in case of conflict between the provisions of the Existing Contract and the OATS Rules, the Existing Contract should prevail. Therefore, we recommend adding the following to A22.2:

“Each Existing Agreement shall be deemed to be a Service Agreement under the OATS Rules and accordingly the parties to each Existing Agreement will be bound by these OATS Rules as if the Existing Agreement was a System Agreement entered pursuant to these OATS Rules to the extent that they do not impair the obligations arising therefrom. **However, in case of conflict between the provisions of the Existing Contract and the OATS Rules, the former should prevail.**”

**Module B(I)5 Communication and SCADA Equipment Requirements**

Section 5.6 of the (PGC) Philippine Grid Code specifically tasked the Grid Owner, which is TRANSCO, to provide the complete communication and SCADA equipment required for the monitoring and control of all Connection Points. The Distribution Utilities, for their own application and operational efficiency, can provide their own SCADA equipment. However, the

interfacing and linking of TRANSCO Communication and SCADA equipment to the SCADA Equipment of the Distribution Utilities should be the responsibility of TRANSCO as per Section 5.6 of the PGC. Therefore, we recommend that in B5.5 to B5.9, and B5.11 of the proposed OATS Rules should refer to the Transmission Provider, or TRANSCO, and not to the Connected Transmission Customers. Moreover, we recommend deleting B5.12.

**Module F3 All Amounts are Exclusive of Value-Added Tax**

In F3.1 of the proposed OATS Rules, it is provided that all amounts determined under F1 and F2 are exclusive of value-added-tax and other taxes, if applicable. If these taxes becomes applicable and implemented, would these taxes become an additional charge to the Transmission Customers? If such will be the case, can we pass on this additional charge to our own customers, as additional charge to the transmission charge, after ERC approves the unbundling of our rates?

**Module F4 Billing and Settlement Service**

The 3-day provision in F4.3 of the proposed OATS Rules to notify the Transmission Provider by the Transmission Customer when an error is identified in the Billing Statement is too short. We recommend adopting the provision of our Existing Contract which allows Disputed Bills to be questioned in writing by the Transmission Customer within sixty (60) days, considering the voluminous data in the Billing Statement that needs to be checked. Therefore, we recommend revision to F4.3 as follows:

“Procedure. If the Transmission Customer identifies an error in the Billing Statement, it shall immediately notify the Transmission Provider **in writing** within ~~three (3)~~ **sixty (60)** days from receipt thereof. **Failure to question such bills on time shall constitute a waiver by the Transmission Customer of any claim on such bills.** The Transmission Provider shall, upon verification of an error, issue a new Billing Statement to correct the error within three (3) days from receipt of notice from the Transmission Customer. If the Transmission Provider is unable to issue a new Billing Statement within this three (3) day period, it shall issue a debit/credit notice within ninety (90) days from date of its receipt of notice from the Transmission Customer.”

**Module F5 Transmission Customer Obligations**

In F5.1 of the proposed OATS Rules, what mode of payment should we consider to be classified as “via immediately available funds”? Kindly provide a definition of “via immediately available funds in the Defined Terms and Interpretation of the proposed OATS Rules.

**Module F6 Billing Disputes**

In F6.1(b), the Transmission Customer pays into an independent escrow account the portion of the amounts due to the Transmission Provider in the Billing Statement in dispute, pending resolution of each dispute. A payment made to an escrow account earns interest. If disputes are settled and the funds withdrawn, who will be entitled to the interest derived from the said account?

**Prompt Payment Discount (PPD)**

In our Existing Contract, DECORP is entitled to a three (3%) percent prompt payment discount on the total NPC power bill if paid within ten (10) days after receipt of bills. In the proposed OATS Rules there was no mention regarding PPD. Therefore, we recommend adding the following:

**“Prompt Payment Discount. The Transmission Customer shall be entitled to a three (3%) percent prompt payment discount on the total power bill of the Transmission Provider if paid within ten (10) days after receipt of bills, for as long as this is being granted to other similiary situated customers of the Transmission Provider.”**

DECORP hopes that the Commission will consider the foregoing concerns and look forward to actively participate in the public consultation scheduled on September 24 and 25, 2003.

Very truly yours,

**Dagupan Electric Corporation**

**Dave Andrew F. Opiso**  
Corporate Staff Engineer