

September 11, 200

Dir. Anthony Alden S. Aguilar
Director, Regulations Operation Service
Energy Regulatory Commission

Attention : Dir. Anthony Alden S. Aguilar
Ms. Alma Clemente

This has reference to the announcement published on your website concerning the Public Consultation on the proposed Open Access Transmission Service (OATS) which is scheduled on Sept 24-25, 2003.

Please find below the initial comments from Davao Light & Power Co., Inc.:

1. In F3 All amounts are exclusive of value-added-tax
Comment:
 - a. How will the non-vat customers be billed?

2. In F(AI)3 Power Delivery Charge payable by Load Transmission customer
Comments:
 - a. What happen to the sub-transmission charges?
 - b. What is now the benefit of owning or buying a sub-transmission line?

3. In F(AI)3.2 Load Billing Determinant
Comments:
 - a. Why use the average peak demand over the last 12 month?
 - b. Why not use the actual peak demand of the billing month?

4. In F(AI)4.3 %Lp = Percentage of the Power Delivery Service Revenue Requirement to be recovered from load customers
Comments
 - a. Are distribution utilities and industries considered the same load customers?
 - b. How will the % allocation be computed?

5. In F(AVI)2.2 Load Following and Frequency Regulation Rate
Comments:
 - a. LFFR cost is the expected or contracted cost to the transmission provider...
 - b. Expected or contracted are projections. They may or may not be totally delivered or needed by the system.
 - c. Can this be measured using a time-of-use meter instead?.

6. In F(AIV)5.1 The “Loss Factor” refers to transmission losses as percent of net generation determined to 0.01%
Comment:
 - a. What is the meaning of this sentence?
 - b. What is the basis for “loss Factor”

7. In Annex VIII Module F Billing Adjustments
Comments:
 - a. Will there be prompt payment discount?

8. In F(AVIII)1.4, the Standard PF is 95%. Penalty is below 85%. Bonus above 95%. Not applicable if Actual PF is between 85%-95%.
Comments:
 - a. The present Standard PF is 90%.
 - b. Increasing the SPF to 95% would reduce the Power Factor Adjustment to more than 50%.
 - c. It should be noted that to achieve an average of 95% PF, distribution utilities and industries need to use complicated and expensive capacitor controls to minimize the effect of over correction during light load.
 - d. One possible effect to this is for utilities to maintain a PF between 85%-90%.
 - e. This will result to higher losses for the grid and possible low voltage problem and over-loading of lines.
 - f. To minimize these potential problems, Transco will now be burdened to solve the problem and correct the short fall.

9. In F(AVIII)2.2
Comments:
 - a. Suggest to use “ Should specified services under these OATS Rule be interrupted or curtailed to a level **below the billing month’s registered peak demand**, the demand charges shall be adjusted”
 - b. The demand stated in the Service Agreement (contract) may not be reflective of the actual peak demand of the billing month.
 - c. During curtailment, power is not interrupted.
 - d. Curtailment may happen after the demand meter registered the highest peak for the billing month.
 - e. During the bombing incident in Mindanao in the first quarter of 2003, power was curtailed in March and April by as much a 10%-20%. Yet Transco billed us as if they delivered the full power requirements continuously for 30 days.
 - f. Separate computation for curtailment should be used like convert the demand charges to per day to reflect the % demand curtailed on a specific day.

We hope you can give us some clarifications on these comments. We look forward to joining you and the other concerned stakeholders during the public hearing on Sept. 24-25, 2003.

Thank you.

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