

SCHEDULE J. PERFORMANCE INCENTIVE SCHEME DETAILS

J.1. PRICE-LINKED INCENTIVE SCHEME

J.1.1 Details of Scheme Proposed

Network Performance Measures

For the Third Regulatory Period, CLPC proposed to adopt the following network performance indices prescribed in the Framework for the Performance Incentive Scheme to apply from the Third Regulatory Period (the PIS Framework) issued by the Commission on March 5, 2008:

- a. SAIFI
- b. CAIDI
- c. Planned SAIDI
- d. Voltage Variation
- e. System Loss

CLPC will also adopt the descriptions and the definitions as well as the formulas of the above performance indices in the PIS Framework.

Due to concerns on the accuracy of historical data on the network performance, CLPC decided to include SAIFI, CAIDI, and Planned SAIDI in its proposed PIS at distribution feeder level only.

CLPC further proposes that the voltage variation of $\pm 10\%$ of the nominal voltage shall be net of grid voltage variation. CLPC has no control of the grid's voltage variation and the grid should be accountable for voltage variation beyond the standard level.

Service Performance Measures

As an overview, for PIS purposes, CLPC's Customer Service Section (CSS) whose personnel attend to service applications for regulated distribution service and connection both in the City proper and in the outlying Municipalities of Datu Odin Sinsuat and Sultan Kudarat.

The objective of the Service Section is to provide service connection to new regulated distribution service applicants in the quickest possible time and in the safest manner in accordance with the Philippine Electrical Code, CLPC's Service Standards and the Distribution Service and Open Access Rules (DSOAR) and all other related government laws and rules.

In attending to a Service Connection application, the following important technical factors are considered:

1. Serviceable distance or the distance between the company's facilities and the proposed service location
2. Line road right-of-way and customer property boundaries
3. Service line and metering elevation clearances
4. Line and transformer capacity and loading
5. Complete service entrance connection facilities
6. Vegetation and line obstruction clearances
7. Approved government permits (i.e. electrical permit, certificate of electrical inspection) from Local Government Building Office or the appropriate government agency.

If the application for regulated service requires additional or a new line extension and/or the installation of transformer facilities, the applicant will be notified correspondingly of this requirement and processing of application will proceed following the applicable provisions in the Distribution Service and Open Access Rules (DSOAR) .

Based on the foregoing, CLPC proposed to adopt the following Service Performance Measures provided in the PIS Framework with some modifications:

Time to process applications for Regulated Distribution Services

DEFINITION: The average time between receiving an application for regulated services of CLPC (including the processing of the application for Distribution Connection Services), processing and approving the application.

Calculation Formula:

$$TA = \frac{\sum (DatN_i - DL_i - DatA_i - D_h)}{AplCom}$$

Where:

- TA = Average time to process application in working days. This is calculated for applications for which the processing was completed during the measurement period.
- DatA_i = Date when application *i* was received by CLPC and converted to a numerical index that allows the calculation of working days elapsed between this date and another period.
- DatN_i = Date when the customer is notified that his Regulated Distribution Service application *i* has been approved (or finally disapproved), converted to a numerical index that allows the calculation of working days elapsed between this date and another period.
- DL_i = Time lost in processing application *i* due to factors beyond the control of CLPC (measured in working days). Any event lasting less than 12 hours shall be counted as one half (0.5) day.
- D_h = Holidays or special non-working days, including half-day during Saturday and whole of Sunday.
- AplCom = Number of approved applications for which processing was completed over the measurement period.

Notes:

1. Working days are used for the calculations instead of calendar days.
2. Completed processing means the time applicant was notified that his/her application for a regulated distribution service has been approved.
3. Time lost due to factors beyond the control of CLPC are as follows:
 - Time to obtain licenses, permissions or approvals from parties external to CLPC (i.e. OBO, Municipal Engineers) from the date such applications are lodged up to when the required response is obtained;

- Time spent waiting further information from an applicant, without which such service applications cannot proceed, from the notification date for a request for information until the response date, when an answer or commitment is received that allows processing of the application to proceed.
 - Time spent for the re-inspection due to non-compliance by the applicant of CLPC’s technical policies and other requirements.
4. Processing of applications for regulated service whose service location is beyond the serviceable distance and/or requires additional/upgrading of line or transformer capacity shall be processed following the DSOAR.

Time to connect premises to the Regulated Distribution System

DEFINITION: The average time for providing a connection to a Regulated Distribution Service after all government (local and national) approvals have been obtained and the service applicant has met CLPC requirements.

Calculation Formula:

$$TC = \frac{\sum (DatC_i - DL_i - DatR_i - D_h)}{ConCom}$$

Where:

- TC = The average time to complete a connection to the Regulated Distribution System (in working days). This is calculated for connections completed during the measurement period.
- DatC_i = Date when a connection *i* was completed, converted to a numerical index that allows the calculation of working days elapsed between this date and another period.
- DatR_i = Date when the connection *i* was ready to commence after receiving all necessary approvals and the applicant has met all requirements for the connection to proceed, converted to a numerical index that allows the calculation of working days elapsed between this date and another period.
- DL_i = Time lost in providing connection *i* due to factors beyond the control of CLPC (measured in working days). Any event lasting less than 12 hours shall be counted as one half (0.5) day.
- D_h = Holidays or special non-working days, including half-day during Saturday and whole of Sunday.
- ConCom = Number of connections completed over the measurement period.

Notes:

1. Working days are used for the calculations instead of calendar days.
2. Completed connection means the date that the applicant was notified that

it can start consuming electricity through the connection point, after all testing, commissioning work and the necessary certification had been completed.

3. Time lost due to factors beyond the control of CLPC as follows:
 - Time that access to the connection site is not possible due to the actions or non-actions of the connection applicant or where severe weather conditions, natural or man-made disasters prevent the access to the site; and
 - Time spent waiting for further information from the applicant after he/she has been notified of a problem that hinders the construction of the connection point, from the notification date until the response date when an answer or commitment is received that allows the installation of the connection to proceed.

J.1.2 PROPOSED TARGET LEVELS

CLPC will adopt the following scheme in determining the target performance values:

A. SAIFI, CAIDI and Planned SAIDI

As prescribed in the PIS Framework, the target performance values for these indices will be set at the average value based on historical data. These performance indices are at distribution feeder level.

Based on the foregoing, the following are the proposed target levels for SAIFI, CAIDI and Planned SAIDI:

INDICES	2010	2011	2012	2013
System Average Interruption Frequency Index, SAIFI (number)	5.37	5.37	5.37	5.37
Customer Average Interruption Duration Index, CAIDI (minutes)	1,178.85	1,178.85	1,178.85	1,178.85
System Average Interruption Duration Index, Planned SAIDI (minutes)	76.57	76.57	76.57	76.57

B. Voltage Violation

The PIS Framework set the target probability of voltage violation at 4%. Based on the measured voltage of 97 load center samples at various points of the distribution system, 104 readings exceeded the 110% nominal voltage level of 231V from 2,526 long-duration voltage readings or 4.12% voltage violations. Hence, CLPC proposed a target probability of voltage violation of 4.5%.

C. For System Loss

CLPC will adopt the measurement scheme and the target levels prescribed in the PIS Framework. Hence, for the Third Regulatory Period, System Loss target would be 9.5%.

D. Time to Process Application

CLPC's proposed target for time to process application is 8 working days. See

Schedule J.1.3.5 for the computation.

E. Time to Connect Premises

CLPC's proposed target for time to connect premises is 5 working days. See Schedule J.1.3.1 for the computation.

Proposed Weights for the S-component

CLPC proposed weights of the S-component are shown below with comparison of the weight prescribed in the PIS Framework.

Performance Indices	Weight	
	CLPC Proposal	PIS Framework
SAIFI	0.20	0.20
CAIDI	0.20	0.20
Planned SAIDI	0.15	0.15
Voltage Violation	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

Note: The 0.10 weight for call center was equally distributed to Time to Process and Time to Connect

Proposed Performance Bands

CLPC will adopt the performance assessment bands and performance value prescribed in the PIS Framework, as follows:

Performance Band	Description	Performance Value
1	Performance greatly below target	-1.0
2	Target not achieved	-0.5
3	Performance as per expectation	0
4	Target exceeded	+0.5
5	Target greatly exceeded	+1.0

Schedules J.1.2.1 is the details of the computation of performance bands for each performance index.

J.1.3 Supporting Information and Calculations

The following Schedules contain the information and calculations to support our proposed target levels:

1. Schedule J.1.3.1. Calculation of the proposed targets for network performance and service performance
2. Schedules J.1.3.2 Calculation of monthly SAIFI for the years 2004 – 2007
3. Schedules J.1.3.3 Calculation of monthly CAIDI for the years 2004 – 2007
4. Schedules J.1.3.4 Calculation of monthly Planned SAIDI for the years 2004 – 2007

5. Schedule J.1.3.5 Calculation of yearly average day to process applications

Excluded events

CLPC will adopt the excluded events specified in the PIS Framework plus the following proposed additional events:

1. Faults due to fire incidents not caused by CLPC facilities
2. Faults due to damaged structures caused by vehicular accidents

J.2 GUARANTEED SERVICE LEVELS (GSL)

J.2.1 Details of Scheme Proposed

CLPC will adopt all GSL Schemes prescribed in the PIS Framework with variations on the restoration of supply after fault on secondary side of distribution system (GSL3).

2.1 GSL1. Duration of sustained interruptions above annual threshold level

The proposed target level is at distribution feeder only. Planned and unplanned interruptions were considered in coming up with single threshold value.

2.2 GSL2. Number of sustained interruptions above annual threshold level

The proposed target level is at distribution feeder only. Planned and unplanned interruptions were considered in coming up with single threshold value.

2.3 GSL3. Restoration of supply after fault on secondary side of distribution system

CLPC intends to segregate the Guaranteed Service Levels under GSL3 of the PIS Framework. The main reason for the further segregation is due to different restoration time for faults at the service wires, secondary lines, and distribution transformer. Hence, CLPC proposed three (3) GSL schemes under GSL 3. These are:

2.3.1 **GSL3a.** Restoration of service to a customer after a fault in the service conductors of the customer

2.3.2 **GSL3b.** Restoration of service to a customer after a fault in the secondary line of a regulated distribution system

2.3.3 **GSL3c.** Restoration of service to a customer after a fault in the distribution transformer of a regulated distribution system

2.4 GSL4. Failure to provide a connection on time

Connection to the CLPC distribution system will be done during working days. Legal and special non-working holidays and sundays will not be included in the counting of days in computing the penalty.

J.2.2 Proposed Target Levels for GSL

GSL1. CLPC's proposed threshold value for duration of sustained interruptions above annual threshold level is 6 hours.

GSL2. CLPC's proposed threshold value for number of sustained interruptions above annual threshold level is 6 interruptions.

GSL3. Restoration of supply after fault on secondary side of distribution system

Outage Type	Threshold Level (hours)
GSL3a. Broken Service Wire	Within 1.3
GSL3b. Broken Secondary Line	Within 1.6
GSL3c. Distribution Transformer Outage	Within 1.8

GSL4. CLPC's proposed threshold value for time to connect premises is within 5 days.

J.2.3 Penalty Levels

CLPC will adopt the methodology prescribed in the PIS Framework and in the Position Paper. However, in order to ensure fairness in the allocation of penalty levels and to avoid possible abuse by customers, CLPC will design an allocation scheme such that the total revenue allocation will be allocated to the four GSL schemes in a manner that will result to more or less equal penalty levels for all customers.

To do this, CLPC 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. These are:

1. GSL1

Based on historical data, the number of customers likely to have sustained interruptions exceeding 6 hours duration during any regulatory year of the third regulatory period is 2,211 which is equivalent to the total number of customers connected to the affected feeders. This is because the historical data did not include interruptions involving lateral sections and transformer stations.

2. GSL2

Based on historical data, the number of customers likely to have sustained interruptions exceeding 6 interruptions during any regulatory year of the third regulatory period is 9,714 which is equivalent to the total number of customers connected to the affected feeders. This is because the historical data did not include interruptions involving lateral sections and transformer stations.

3. GSL3

Based on year 2006 and 2007 historical data, there were an average of 6 instances that GSL3a were exceeded, an average of 6 instances GSL3b were exceeded, and average of 2 instances that GSL3c were exceeded. The average number of connected customers for distribution transformer is 48 and the average number of main secondary lines is 4. Making the average number of connected customers for secondary lines to 12. The number of customers likely to have faults exceeding GSL3a, GSL3b and GSL3c during any regulatory year would be:

Outage Type	Affected Customers
GSL3a. Broken Service Wire	134
GSL3b. Broken Secondary Line	323
GSL3c. Distribution Transformer Outage	224

4. GSL4

Based on historical data, there is an average of 207 customers in any regulatory year whose service connections were completed beyond the proposed Guaranteed Service Level will likely receive compensation from CLPC.

Based on the foregoing scheme, shown in Annex A is the detailed computation of the Penalty Level for each GSL Scheme.

J.2.4 Supporting Information and Calculations

Proposed Scheme in Setting the Target Levels for GSLs

For GSL1:

Tabulated historical values of feeder interruption durations for the period starting year 2004 up to 2007 are shown in Table 1. CLPC proposed that the average figures from historical data will be used as basis in setting the threshold levels. Hence, based on the actual data tabulated below, the threshold levels will be 6 hours.

Table 1: Duration of sustained interruptions (hours) and No. of customers per Feeder

FEEDER	2004	2005	2006	2007	AVERAGE
SIN2	3.58	6.75	4.65	9.02	6.00
unplanned	0.47	6.75	3.92	9.02	5.04
planned	3.12	0.00	0.73	0.00	1.93
SIN3	4.55	0.85	0.50	6.77	3.17
unplanned	4.55	0.85	0.50	6.77	3.17
planned	0.00	0.00	0.00	0.00	0.00
SIN4	2.67	1.50	1.00	13.47	4.66
unplanned	2.02	1.50	1.00	6.77	2.82
planned	0.65	0.00	0.00	6.70	3.68
SAL1	2.40	0.00	0.00	0.00	2.40
unplanned	0.93	0.00	0.00	0.00	0.93
planned	1.47	0.00	0.00	0.00	1.47
SAL2	6.73	7.78	7.32	10.70	8.13
unplanned	3.77	7.78	7.32	10.70	7.39
planned	2.97	0.00	0.00	0.00	2.97
SAL3	7.03	3.85	4.08	2.97	4.48
unplanned	5.57	0.58	2.33	2.97	2.86
planned	1.47	3.27	1.75	0.00	2.16

No. of Customers

FEEDER	2004	2005	2006	2007
SIN2	6,405	6,660	7,036	7,503
SIN3	1,003	1,007	1,016	1,053
SIN4	6,775	7,067	7,045	7,202
SAL1	1,776	1,730	1,756	1,872
SAL2	2,034	2,158	2,166	2,211
SAL3	7,737	8,027	7,907	7,967

For GSL2:

Tabulated historical values of feeder interruption frequency for the period starting year 2004 up to 2007 are shown below. CLPC proposed that the average figures from historical data will be used as basis in setting the threshold levels. Hence, the proposed threshold levels will 6 interruptions.

Table 2: Frequency of sustained interruptions and No. of customers per feeder

FEEDER	2004	2005	2006	2007	AVERAGE
SIN2	3	4	8	11	6.50
unplanned	2	4	7	11	6.00
planned	1	0	1	0	1.00
SIN3	5	2	4	9	5.00
unplanned	5	2	4	9	5.00
planned	0	0	0	0	0.00
SIN4	3	3	5	11	5.50
unplanned	2	3	5	9	4.75
planned	1	0	0	2	1.50
SAL1	3	0	0	0	3.00
unplanned	2	0	0	0	2.00
planned	1	0	0	0	1.00
SAL2	4	6	5	10	6.25
unplanned	2	6	5	10	5.75
planned	2	0	0	0	2.00
SAL3	11	2	4	4	5.25
unplanned	10	1	3	4	4.50
planned	1	1	1	0	1.00

No. of Customers

FEEDER	2004	2005	2006	2007
SIN2	6,405	6,660	7,036	7,503
SIN3	1,003	1,007	1,016	1,053
SIN4	6,775	7,067	7,045	7,202
SAL1	1,776	1,730	1,756	1,872
SAL2	2,034	2,158	2,166	2,211
SAL3	7,737	8,027	7,907	7,967

For GSL3:

Tabulated historical values of restoration time for faults on the secondary side of the distribution system are shown in Annex B.

In setting the proposed threshold levels for GSL3, CLPC used the average value between the average restoration time over the 2-year historical period. Hence, the proposed threshold levels will be 1.3 hours, 1.6 hours and 1.8 hours for GSL3a, GSL3b, and GSL3c, respectively.

For GSL4:

Proposed threshold level is within 5 working days or as mutually agreed with the customer, whichever is later. 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.
- Sundays, legal and special non-working holidays are excluded in counting the duration within which connection of service is rendered.
- Penalty will start from the day after the proposed threshold of 5 working days and only working days will be counted for computing the penalty.
- Changes to the original due date done with the mutual or prior approval of the applicant/customer and CLPC will result in a new due date. In this case,

penalties will only be calculated based on the new connection due date.

Tabulated historical values of the average days to connect to CLPC distribution system and number of customer who will most likely to receive compensation are shown below.

Table 4A. Average annual customer connection to CLPC distribution system

DESCRIPTION	2004	2005	2006	2007	Total
Days (Date Approved – Date Installed)	5,004	7,496	7,160	11,630	31,290
Total Number of Application	1,253	1,652	1,887	1,896	6,688
Average Days per Application	3.99	4.54	3.79	6.13	4.68

Table 4B. Number of customers provided with electrical supply

NO. OF DAYS	2004	2005	2006	2007	Total	Average
Same Day	117	92	271	235	715	179
1 Day	502	436	760	688	2,386	597
2 Days	208	286	356	354	1,204	301
3 Days	121	224	135	161	641	160
4 Days	79	162	82	93	416	104
5 Days	39	109	42	60	250	63
6 Days	31	60	37	34	162	41
7 Days	38	52	30	24	144	36
8 days & Over	105	193	100	125	523	131
6 days & Over	174	305	167	183	829	207

Excluded events

CLPC will adopt the excluded events specified in the PIS Framework plus the following proposed additional events:

1. Faults at customer side
2. Faults due to fire incidents not caused by CLPC facilities
3. Failure of the applicant to appear on the pre-agreed schedule
4. The applicant prefers a particular date which is beyond the standard accomplishment period
5. Planned interruptions are excluded in GSL3
6. Under GSL3, affected customers living in barangays/barrios below will not be attended in faults will occur between 7:00 pm to 6:00 am the following day due to security risks:
 - Interior Tukananes
 - Kalanganan
 - Bucana
 - Interior Mabini
 - Boliao 1 and 2
 - Purok Lumayon/Polysack Area
 - Nayon Kabunsuan
 - Kakar
 - Katuli
 - Darping
 - Mulaog
 - Pinarang
 - Raguisi
 - Tamontaka 2, 3, 4, and 5
 - Lower Dimapatoy
 - Tapian