

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

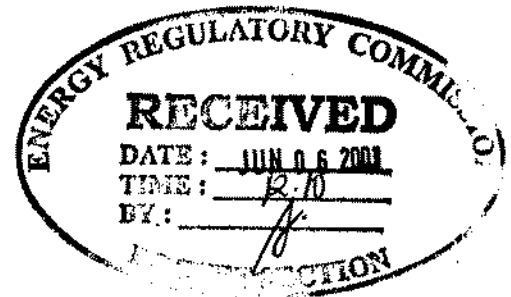
IN THE MATTER OF THE APPROVAL OF THE PROPOSED GUIDELINES TO GOVERN THE SETTING OF STANDARDS TO DISTINGUISH THE TRANSMISSION FROM THE SUBTRANSMISSION ASSETS OF TRANSCO AND THE BUYER OR CONCESSIONAIRE OF SAID ASSETS AND THE GRANT OF FRANCHISE TO OPERATE THE SUBTRANSMISSION ASSETS



ERC CASE NO. 2003-296

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SUPPLEMENTAL RESPONSE



COMES NOW, the **ASSOCIATION OF MINDANAO INDUSTRIES (AMI)** and unto this Honorable Commission, as supplemental response and comments to the RESPONSE, submitted on May 30, 2003, respectfully avers and comments on the Proposed Guidelines, as follows:

I

We propose to amend ARTICLE I, Sec. (b) by adding the element of reflecting the true cost of rendering the transmission services as mandated by Sec. 36 of EPIRA.

The proposed amended section should read, as follows:

- (b) To ensure the transparent and reasonable prices of electric service in a regime of free and fair competition and to achieve greater operation and economic efficiency(;) *reflective of the true costs of*

II

We propose to amend the definition of "Directly Connected Entity" to include those directly to Transmission Assets. There are, in fact, end users that are connected directly to Transmission Assets of NPC, now TRANSCO, as allowed by Rule 5, Section 5. (Dedicated Point to Point Transmission Facility of a Generation Company) and Rule 6, Sec. 5(d) of the IRR of EPIRA that provides that "any line below the specified level for each Grid that serves a transmission function shall be considered a transmission line."

Hence, Section (h) of Article II of the Proposed Guideline should read as follows:

- (h) "Directly Connected Entity" shall refer to such End User, person or entity other than a Qualified Distribution Utility, the members of a Franchised Consortium, or TRANSCO or its Buyer or Concessionaire that is directly connected to the *Transmission or Sub-Transmission Assets*.

III

In line with the previous proposal on the definition of Directly Connected End User, we propose the amendment of Article III - FUNCTIONAL AND VOLTAGE SUB-TRANSMISSION STANDARDS, Section 1, b. Directly Connected End Users, for the classification of the assets utilized in direct connection to depend on the function of the connection, as provided in the previously cited sub-section (d), Section 5, of Rule 6 of the IRR of EPIRA. The way the Rule is written, the function of the line prevails over the voltage in the classification of the Assets. To arbitrarily classify assets that directly connect an End User to a Grid as sub-transmission as the Proposed Guidelines read may, thus, be not altogether be correct.

Moreover, it may run counter to the provisions of Section 4, Rule 6 of the IRR, particularly, sub-sections (a) and (b) that read as follows:


"(a) Sub-transmission Assets are normally in close proximity to retail customers.

(b) Sub-transmission Assets are primarily radial in character."

WHEREFORE, it is respectfully prayed that the foregoing Comments be given due consideration in the final draft of the Guidelines for Classification of Transmission and Sub-Transmission Assets.

Makati City for Pasig City, June 5, 2003.

ASSOCIATION OF MINDANAO INDUSTRIES



RICARDO P. GUEVARA

Chairman