

May 6, 2003

COTABATO LIGHT ANP POWER CO. INC. (COLIGHT)

RE: Comments on Asset Classification Guidelines

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

Article I, General Provisions

Comments:

We suggest to include “subtransmission” in the statement. Letter C and D should be read as follows:

- c) To enhance the inflow of private capital and broaden the ownership base of the electric power transmission **and subtransmission** sector;
- d) To provide for the orderly and transparent privatization of the transmission **and subtransmission** assets of the TRANSCO;

Article II, Section 1. Scope

Comments:

Section 8, Chapter II of RA 9136 states, that:

“The TRANSCO may exercise the power of eminent domain subject to the requirements of the Constitution and existing laws. Except as provided herein, no person, company or entity other than the TRANSCO shall own any transmission facilities.”



There's no mention in the guidelines about assets owned by other entities other than Transco, which will eventually transfer to TRANSCO in the future. What are the mechanics for the transfer?

Section 2. Definition of Terms

(g) "Franchised Consortium" shall refer to a Consortium that has been granted a franchise to **own**, operate, maintain, expand and upgrade one or more Subtransmission Assets;

Comment:

It would be appropriate if we insert the word "own" in the definition.

Article III, Section 2. Establishment of a Voltage Standard:

" Except as may be authorized by the succeeding article, an asset of TRANSCO or its Buyer or Concessionaire located in the Luzon, Visayas or Mindanao Grids and in the isolated distribution system, shall be classified as transmission assets if its rated voltage is 69 kV and above and subtransmission assets if its rated voltage is below 69 kV".

Comments:

What is the rational behind in reclassifying 69kv into transmission system?

The classifications under the proposed guidelines will only complicate Transco's present Transmission and sub-transmission Charges since rates were based on the assets classified under Chapter II Section 7 of RA 9136.

Furthermore, classifying subtransmission asset (69KV) to transmission asset provide disincentive for customers to connect to higher voltage. Transmission customers will end up paying for assets that they did not use.

We suggest that the classification should retain the present voltage levels stipulated in the law, that is: assets below 230 kv in Luzon Grid, below 69 KV in the Visayas Grid and in the isolated distribution system, and below 138 kv in the Mindanao Grid.

We reserve the right to make additional comments if necessary based on the discussion during the public hearing.