

April 21, 2003

ENERGY REGULATORY COMMISSION

Pacific Center
San Miguel Avenue
Ortigas, Pasig City

Attention : Mr. Edgar L. Samonte
Officer-in-Charge, Market Operations Service

Subject : COMMENTS on RULES on OPEN ACCESS TRANSMISSION SERVICE

Dear Sir:

We respectfully submit our comments/inputs for your consideration as you formulate subject:

1. A5.1 Force Majeure

Considering the scope of force majeure as defined in Module A, is a 14 consecutive days or more than a total of 28 days in any 12 month period reasonable or enough basis for serving a notice in terminating the Transmission Customer's Service Agreement? Please further clarify what is the basis for the 14 days/28 days.

2. A7.2 (c) Liability and Indemnity

Please clarify the basis for the limit on the liability of not more than 25M in relation to any event or series of events or the 50M in aggregate to the Indemnified Party over any 12-month period.

3. B3 Safety, Power Quality and Reliability

Please qualify what is meant by GOOD INDUSTRY PRACTICES? What compose these practices?

4. B7 Critical Events List

What types of significant operating events may be considered Critical? How will it affect the Interruption Billing Adjustment per Module F Annex II?

5. B14.2 Determination whether System Impact Studies (SIS) is necessary

It is stated that the Transmission Provider shall determine whether SIS is required on a non-discriminatory basis. The basis or guidelines in determining the need for an SIS must be standard, transparent or known to all prospective transmission customers.

6. B17.2 Security for New Facilities or Facility Upgrades

The Transmission Customer is required to provide a letter of credit before commencement of any transmission facility upgrades in order to meet the Service Agreement. Does this mean that the transmission customer who meets the cost of the transmission facility now owns it when the Grid Code specifies that the Transmission Provider can only own it?

Shouldn't the transmission customer just place a deposit? If a deposit, the conditions for refund should also be set.

7. C3.2 Reliability

Is the Interruption Level specified in the Service Agreement inclusive of those due to Critical Events as identified by both Transmission Provider and Transmission Customer?

If not related to the Critical Events List identified, is there a benchmark or basis for identifying the allowable interruption level per connection point?

8. C11.1(bi) Conditions

In interruptions, there is an established level where any excess is subject to a billing adjustment. Curtailment likewise has a financial implication, such as where inefficient maintenance programs may result to excessive curtailment and consequently loss of revenue for the transmission customer. A similar mechanism to that of interruptions may be designed to compensate the effects of curtailment. A level may be established and if exceeded, a billing adjustment may be made.

We thank you for your usual kind attention to our comments or concerns relative to the development of guidelines that affect the power industry.

Very truly yours,

ILIGAN LIGHT & POWER, INC.