

Customer Bulletin 2018-42

December 7, 2018

Order on ERC Case No. 2018-005 RM

On 14 September 2018, NGCP filed a Petition with the Energy Regulatory Commission (ERC) entitled, *In the Matter of the Petition for the Approval of Amended Ancillary Services – Cost Recovery Mechanism*, docketed as ERC Case No. 2018-005 RM.

The said petition to initiate rule-making was filed to seek the adoption of the proposed amendments to the Ancillary Services – Cost Recovery Mechanism (AS-CRM) to reflect therein the new provisions on the Ancillary Services under the Philippine Grid Code 2016 Edition (2016 PGC) and be consistent with the proposed amendments to the Open Access Transmission Service (OATS) Rules.

Accordingly, the Petition was set for public consultation on the following dates and venues:

DATE	TIME	VENUE	PURPOSE
09 January 2019 (Wednesday)	9:00 AM	ERC Main Office 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Jurisdictional and Expository Presentation
23 January 2019 (Wednesday)	9:00 AM	Apo View Davao Bonifacio St., Pob. District, Davao City	Public Consultation for Mindanao Stakeholders
06 February 2019 (Wednesday)	9:00 AM	Cebu Parklane Hotel N. Escario St., Cebu City	Public Consultation for Visayas Stakeholders
20 February 2019 (Wednesday)	9:00 AM	ERC Main Office 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Public Consultation for Luzon Stakeholders

Republic of the Philippines ENERGY REGULATORY COMMISSION

San Miguel Ave., Pasig City



IN THE MATTER OF THE PETITION FOR THE APPROVAL OF AMENDED ANCILLARY SERVICES – COST RECOVERY MECHANISM,

ERC Case No.2018-005 RM

NATIONAL GRID CORPORATION OF THE PHILIPPINES,

Petitioner.

x-----x

DOCKETED Date: DEC 94 2018

ORDER

On 14 September 2018, the National Grid Corporation of the Philippines (NGCP) filed a *Petition* seeking the Commission's approval of its proposed amendments to the Ancillary Services—Cost Recovery Mechanism (AS-CRM).

In the said Petition, NGCP alleged, among others, the following:

Nature of the Petition

1. This is a petition for the amendment of the Ancillary Services-Cost Recovery Mechanism (AS-CRM)¹ to reflect therein the new provisions on the Ancillary Services under the Philippine Grid Code 2016 Edition (2016 PGC); and be consistent with the proposed amendments to the Open Access Transmission Service (OATS) Rules.²

The Petitioner

2. NGCP is a corporation created and existing under the laws of the Philippines, with principal office address at

² ERC Case No. 2017-010 RM;

¹ Decision dated 3 October 2007 (Decision) in ERC Case No. 2006-049 RC;

NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City, where it may be served with notices, orders, resolutions and other issuances of this Commission through its Office of the General Counsel. It is the concessionaire which assumed the power transmission functions of the National Transmission Corporation (TRANSCO) pursuant to the EPIRA.

3. It holds a franchise under Republic Act No. 9511³ to engage in the business of conveying or transmitting electricity through high-voltage back-bone system of interconnected transmission lines, substations and related facilities, and for other purposes. The franchise also includes the conduct of activities necessary to support the safe and reliable operation of the transmission system.

Background

- 4. On 11 September 2006, TRANSCO filed an application entitled: "In the Matter of the Application for the Approval of Ancillary Services Cost Recovery Mechanism (AS-CRM) of the Ancillary Services Procurement Plan, with Prayer for Provisional Authority", docketed as ERC Case No. 2006-049RC. The Commission approved the AS-CRM through a Decision dated 3 October 2007.
- 5. On 5 October 2016, the Commission promulgated Resolution No. 22, Series of 2016, entitled: "A Resolution Approving the Publication of the Approved Philippine Grid Code, 2016 Edition" (2016 PGC). The 2016 PGC adopted the latest international standards and practices in the operation of ancillary services. As a consequence, on 31 March 2017, NGCP filed a petition entitled: "In the Matter of the Petition for the Approval of the Amended Ancillary Services Procurement Plan", docketed as ERC Case No. 2017-005 RM to harmonize the provisions of the Ancillary Services Procurement Plan (ASPP) with the 2016 PGC, particularly with Section GO 6.6.

³ Entitled "An Act Granting the National Grid Corporation of the Philippines a Franchise To Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-Bone System of Interconnected Transmission Lines, Substations and Related Facilities, and for other Purposes."

- 6. On 22 December 2017, NGCP filed another petition entitled: "In the Matter of the Petition for the Adoption of the Proposed Amendments to the 2006 Open Access Transmission Service Rules (OATS Rules)", ERC Case No. 2017-010 RM, for the amendment of certain provisions of the current OATS Rules to conform with the provisions of the Wholesale Electricity Spot Market (WESM) Rules, 2016 PGC, Feed In Tariff Rules, Renewable Energy Act, and various resolutions and issuances of the Honorable Commission, Grid Management Committee and Department of Energy.
- 7. Consequently, there is also a need to amend the AS-CRM to reflect therein the new provisions on Ancillary Services under the Philippine Grid Code, 2016 Edition (2016 PGC); and be consistent with the proposed amendments to the OATS Rules.
- 8. Thus, this petition to initiate rule-making is being filed to seek the adoption of the proposed amendments to the ASCRM.

Proposed Amendments

- 9. The salient features of the proposed amendments to the AS-CRM are as follows:
 - a. Adoption of the following specifications of AS, as defined in the PGC 2016 Edition, as follows:
 - i. Primary Reserve Ancillary Service (PRAS)
 - ii. Secondary Reserve Ancillary Service (SRAS)
 - iii. Tertiary Reserve Ancillary Service (TRAS)
 - iv. Reactive Power Support Ancillary Service (RPSAS)
 - v. Black Start Ancillary Service (BSAS)
 - b. Procurement of AS only through:
 - i. Ancillary Services Procurement Agreement (ASPA)
 - ii. Reserve Market Arrangements
 - c. Matrix of Cost Recovery

	Grid- Connected Generator	Embedded Generator	Load
PRAS	✓	✓	
SRAS	✓	✓ .	√
TRAS	✓	✓	√
RPSAS			✓
BSAS	✓	✓	✓

d. Adoption of the new AS Billing Determinant

	Ancillary Service Billing Determinant
Grid-	Ancillary Service -Generator Billing Determinant
Connected	(AS-GBD)
Generator	• The AS-GBD for a Billing Period shall be the summation of the daily coincident [to the system of the Grid-Connected Generator] peak injection to the Grid.
Embedded	Ancillary Service -Embedded Generator Billing
Generator	Determinant (AS-EGBD)
	 The AS-EGBD for a Billing Period shall be the summation of the daily coincident [to the system of both Embedded Generator and the host Load] peak injection to the Load's system.
Load	Ancillary Service -Billing Determinant Demand
	(AS-BDD)
	 The AS-BDD for a Billing Period shall be the summation of the daily coincident [to the system of Load] peak demand.

- 10. A copy of the proposed amendments to the AS-CRM which contains the proposals of NGCP is attached to the *Petition*.
- 11. NGCP prays for the Commission to:
 - a. Exercise its rule-making power under Rule 21 of its Rules of Practice and Procedure; and
 - b. Approve the proposed amendments to the AS-CRM, after notice and public consultation.

12. It also prays for other relief deemed just and equitable under the premises.

Having found the said *Petition* to be sufficient in substance, with the required fees having been paid, an *Order* dated 25 October 2018 was issued by the Commission setting the case for public consultations with scheduled dates and venues.

On 9 November 2018, NGCP filed an *Urgent Motion* dated 5 November 2018 and prayed for the issuance of a new order and public hearing, resetting the schedules for the expository presentation and public consultation.

Finding the said *Motion* to be meritorious, the Commission hereby resets the public consultation on the following new dates and venues:

DATE and TIME	VENUE	ACTIVITY
09 January 2019	ERC Main Office	Jurisdictional and
(Wednesday)	15 th Floor, Pacific	Expository
Nine o'clock in the	Center Building, San	Presentation
morning (9:00 A.M.)	Miguel Avenue, Pasig	
_	City	
23 January 2019	APO VIEW DAVAO	Public Consultation for
(Wednesday)	Bonifacio St., Pob.	Mindanao Stakeholders
Nine o'clock in the	District, Davao City	
morning (9:00 A.M.)		
6 February 2019	CEBU PARKLANE	Public Consultation for
(Wednesday)	HOTEL	Visayas Stakeholders
Nine o'clock in the	N. Escario St.,Cebu City	
morning (9:00 A.M.)		
20 February 2019	20 February 2019 ERC Main Office	
(Wednesday)	15 th Floor, Pacific	Luzon Stakeholders
Nine o'clock in the	Center Building, San	
morning (9:00 A.M.)	Miguel Avenue, Pasig City	

All interested parties may submit their comments (in both hard and soft copies) on the proposed Rules on or before 09 January 2019. Electronic copies may be sent to *tariffs@erc.gov.ph*. Parties who have filed their written comments on or before the prescribed period would be given priority during the above-scheduled public consultation. The said Petition may be photocopied at cost, during the regular office hours at the ERC Main Office.

Accordingly, NGCP is hereby directed anew to:

- Cause the publication of the attached *Notice of Proposed Rule- Making* in two (2) newspapers of nationwide circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice* of *Proposed Rule- Making*, all Distribution Utilities (DU's) for the appropriate posting thereof on their respective bulletin boards;
- 3) Furnish with copies of this *Order* and the attached *Notice* of *Proposed Rule- Making* the Offices of the Mayors of Quezon City, City of Cebu, City of Davao, and their respective local legislative bodies for the appropriate posting thereof on their respective bulletin boards;
- 4) Inform of the filing of the *Petition*, the reason therefor, and of the scheduled public consultation thereon the consumers within the affected franchise area of the DUs, by any other means available and appropriate;
- 5) Furnish with copies of this *Order* and the attached *Notice* of *Proposed Rule- Making* the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and
- 6) Furnish with copies of the *Petition* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial public consultation, NGCP must submit to the Commission its written compliance with the aforementioned requirements attaching therewith, methodically arranged and duly marked the following:

- The evidence of publication of the attached *Notice of Proposed Rule-Making* consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Proposed Rule-Making was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this *Order* and the attached *Notice of Proposed Rule-Making* consisting of certifications issued to that effect, signed by the aforementioned Mayors, LGU legislative bodies, or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by NGCP to inform the consumers within the affected franchise area of the filing of the *Petition*, its reasons thereof, and of the scheduled hearing thereon;
- The evidence of receipt of copies of this *Order* and the attached *Notice of Proposed Rule-Making* by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Petition* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

NGCP must also be prepared to make an expository presentation of its *Petition*, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the Petition is all about and the reasons and justifications being cited in support thereof.

(This space is intentionally left blank)

Failure of NGCP to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled public consultation, and the resetting of which shall be six (6) months from the said date of cancellation.

SO ORDERED.

Pasig City, 21 November 2018.

FOR AND BY AUTHORITY OF THE COMMISSION:

JOSEFINA PATRICIA A MAGPALE-ASIRIT

Oversight Commissioner for Legal Service

ERC CASE NO. 2018-005 RM ORDER / 21 November 2018 PAGE 9 OF 10

Copy furnished:

- 1. Atty. Luis Manuel U. Bugayong
 Atty. Mark Anthony S. Actub
 Atty. Raycell D. Baldovino
 Office of the General Counsel
 National Grid Corporation of The Philippines
 NGCP Building, Quezon Avenue corner
 BIR Road, Diliman, Quezon City
 Telephone No: (02) 9812361
 Fax No: (02) 9293410
- 2. National Transmission Corporation

 Office of the General Counsel

 Quezon Avenue cor. BIR Road

 Diliman, 1101 Quezon City
- 3. National Transmission Corporation

 Office of the President

 Quezon Avenue cor. BIR Road

 Diliman, 1101 Quezon City
- 4. Power Sector Assets And Liabilities
 Management Corporation
 Office of the General Counsel
 Quezon Avenue cor. BIR Road
 Diliman, 1101 Quezon City
- 5. Power Sector Assets And Liabilities
 Management Corporation
 Office of the President
 Vertis North Corporate Center 1
 Astra corner Luz Drives, Vertis North
 Mindanao Avenue, Quezon City
- 6. Office of the Solicitor General (OSG)
 134 Amorsolo Street, Legaspi Village
 Makati City, Metro Manila
- Commission on Audit (COA)
 Commonwealth Avenue
 Quezon City, Metro Manila
- 8. Senate Committee on Energy GSIS Bldg. Roxas Blvd., Pasay City Metro Manila
- 9. House of Representatives Committee on Energy Batasan Hills, Quezon City, Metro Manila
- 10. Philippine Chamber of Commerce and Industry (PCCI) 3rd Floor, Chamber and Industry Plaza (CIP) 1030 Campus Avenue corner Park Avenue, McKinley Town Center, Fort Bonifacio, Taguig City

ERC CASE NO. 2018-005 RM ORDER / 21 November 2018 PAGE 10 OF 10

- 11. Association of Mindanao Rural Electric Cooperatives, Inc. (AMRECO) 52nd Mother Ignacia Business Center,
 Justo Gaerlan St., 9000 Cagayan de Oro City,
 Misamis Oriental
- Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA)
 2F PNB Building, Brgy PHILAM
 #92 West Avenue, Quezon City
- Philippine Independent Power Producers Association, Inc. (PIPPA)
 Unit 2408 24th Floor Prestige Tower,
 F. Ortigas, Jr. Road (formerly Emerald Avenue),
 Ortigas Center, Pasig City 1605
- 14. Private Electric Power Operators Association Inc. (PEPOA)
 7/F Strata 100 Bldg., F. Ortigas Jr. Road,
 Ortigas Center, Pasig City, Metro Manila
- 15. All Private Distribution Utilities
- 16. All Electric Cooperatives
- 17. The City Mayor Quezon City
- 18. The City Mayor Cebu City
- 19. The City Mayor Davao City
- 20. ERC ROS-SCMD

Republic of the Philippines ENERGY REGULATORY COMMISSION

San Miguel Ave., Pasig City



IN THE MATTER OF THE PETITION FOR THE APPROVAL OF AMENDED ANCILLARY SERVICES – COST RECOVERY MECHANISM,

ERC Case No.2018-005 RM

NATIONAL GRID
CORPORATION OF THE
PHILIPPINES,
Petitioner.

DOCKETED Date: DEC 0 4 2018

NOTICE OF PROPOSED RULE-MAKING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 14 September 2018, the National Grid Corporation of the Philippines (NGCP) filed a *Petition* seeking the Commission's approval of its proposed amendments to the Ancillary Services—Cost Recovery Mechanism (AS-CRM).

In the said *Petition*, NGCP alleged, among others, the following:

Nature of the Petition

1. This is a petition for the amendment of the Ancillary Services-Cost Recovery Mechanism (AS-CRM)¹ to reflect therein the new provisions on the Ancillary Services under the Philippine Grid Code 2016 Edition (2016 PGC); and be consistent with the proposed amendments to the Open Access Transmission Service (OATS) Rules.²

The Petitioner

² ERC Case No. 2017-010 RM;

¹ Decision dated 3 October 2007 (Decision) in ERC Case No. 2006-049 RC;

- 2. NGCP is a corporation created and existing under the laws of the Philippines, with principal office address at NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City, where it may be served with notices, orders, resolutions and other issuances of this Commission through its Office of the General Counsel. It is the concessionaire which assumed the power transmission functions of the National Transmission Corporation (TRANSCO) pursuant to the EPIRA.
- 3. It holds a franchise under Republic Act No. 9511³ to engage in the business of conveying or transmitting electricity through high-voltage back-bone system of interconnected transmission lines, substations and related facilities, and for other purposes. The franchise also includes the conduct of activities necessary to support the safe and reliable operation of the transmission system.

Background

- 4. On 11 September 2006, TRANSCO filed an application entitled: "In the Matter of the Application for the Approval of Ancillary Services Cost Recovery Mechanism (AS-CRM) of the Ancillary Services Procurement Plan, with Prayer for Provisional Authority", docketed as ERC Case No. 2006-049RC. The Commission approved the AS-CRM through a Decision dated 3 October 2007.
- 5. On 5 October 2016, the Commission promulgated Resolution No. 22, Series of 2016, entitled: "A Resolution Approving the Publication of the Approved Philippine Grid Code, 2016 Edition" (2016 PGC). The 2016 PGC adopted the latest international standards and practices in the operation of ancillary services. As a consequence, on 31 March 2017, NGCP filed a petition entitled: "In the Matter of the Petition for the Approval of the Amended Ancillary Services Procurement Plan", docketed as ERC Case No. 2017-005 RM to harmonize the provisions of the

³ Entitled "An Act Granting the National Grid Corporation of the Philippines a Franchise To Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-Bone System of Interconnected Transmission Lines, Substations and Related Facilities, and for other Purposes."

- Ancillary Services Procurement Plan (ASPP) with the 2016 PGC, particularly with Section GO 6.6.
- 6. On 22 December 2017, NGCP filed another petition entitled: "In the Matter of the Petition for the Adoption of the Proposed Amendments to the 2006 Open Access Transmission Service Rules (OATS Rules)", ERC Case No. 2017-010 RM, for the amendment of certain provisions of the current OATS Rules to conform with the provisions of the Wholesale Electricity Spot Market (WESM) Rules, 2016 PGC, Feed In Tariff Rules, Renewable Energy Act, and various resolutions and issuances of the Honorable Commission, Grid Management Committee and Department of Energy.
- 7. Consequently, there is also a need to amend the AS-CRM to reflect therein the new provisions on Ancillary Services under the Philippine Grid Code, 2016 Edition (2016 PGC); and be consistent with the proposed amendments to the OATS Rules.
- 8. Thus, this petition to initiate rule-making is being filed to seek the adoption of the proposed amendments to the ASCRM.

Proposed Amendments

- 9. The salient features of the proposed amendments to the AS-CRM are as follows:
 - a. Adoption of the following specifications of AS, as defined in the PGC 2016 Edition, as follows:
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 - b. Procurement of AS only through:
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 - ii. Reserve Market Arrangements

c. Matrix of Cost Recovery

	Grid- Connected Generator	Embedded Generator	Load
PRAS	✓	✓	
SRAS	✓	✓	✓
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RPSAS			√
BSAS	✓	✓	✓

d. Adoption of the new AS Billing Determinant

	Ancillary Service Billing Determinant
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Generator	• The AS-GBD for a Billing Period shall be the summation of the daily coincident [to the system of the Grid-Connected Generator] peak injection to the Grid.
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	 The AS-BDD for a Billing Period shall be the summation of the daily coincident [to the system of Load] peak demand.

- 10. A copy of the proposed amendments to the AS-CRM which contains the proposals of NGCP is attached to the *Petition*.
- 11. NGCP prays for the Commission to:
 - a. Exercise its rule-making power under Rule 21 of its Rules of Practice and Procedure; and
 - b. Approve the proposed amendments to the AS-CRM, after notice and public consultation.

12. It also prays for other relief deemed just and equitable under the premises.

Having found the said *Petition* to be sufficient in substance, with the required fees having been paid, an *Order* dated 25 October 2018 was issued by the Commission setting the case for public consultations with scheduled dates and venues.

On 9 November 2018, NGCP filed an *Urgent Motion* dated 5 November 2018 and prayed for the issuance of a new order and public hearing, resetting the schedules for the expository presentation and public consultation.

Finding the said *Motion* to be meritorious, the Commission hereby resets the public consultation on the following new dates and venues:

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(Wednesday)	Bonifacio St., Pob.	Mindanao Stakeholders
Nine o'clock in the	District, Davao City	
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6 February 2019	CEBU PARKLANE	Public Consultation for
(Wednesday)	HOTEL	Visayas Stakeholders
Nine o'clock in the	N. Escario St.,Cebu City	
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20 February 2019	ERC Main Office	Public Consultation for
(Wednesday)	15 th Floor, Pacific	Luzon Stakeholders
Nine o'clock in the	Center Building, San	
morning (9:00 A.M.)	Miguel Avenue, Pasig	
	City	

All interested parties may submit their comments (in both hard and soft copies) on the proposed Rules on or before 09 January 2019. Electronic copies may be sent to *tariffs@erc.gov.ph*. Parties who have filed their written comments on or before the prescribed period would be given priority during the above-scheduled public consultation. The said Petition may be photocopied at cost, during the regular office hours at the ERC Main Office.

WITNESS, the Honorable Chairperson and CEO, AGNES VST DEVANADERA, and the Honorable Commissioners ALEXIS M. LUMBATAN and CATHERINE P. MACEDA, Energy Regulatory Commission, this 21 November 2018 in Pasig City.

JOSEFINA PATRICIA A. MAGPALE-ASIRIT

Oversight Commissioner for Legal Service

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

IN THE MATTER OF THE PETITION FOR THE APPROVAL OF AMENDED ANCILLARY SERVICES-COST RECOVERY MECHANISM



ERC Case No. 2018-__RM

NATIONAL CORPORATION PHILIPPINES.

GRID THE

Petitioner.

OF

X-----X

PETITION

Applicant NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP), by counsel, respectfully states:

The Petitioner

- 1. NGCP is a corporation created and existing under the laws of the Philippines, with principal office address at NGCP Building, Quezon Avenue corner B.I.R. Road, Diliman, Quezon City. It is the concessionaire that operates and maintains the nationwide transmission system pursuant to Republic Act No. (RA) 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA). It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated below.
- 2. Pursuant to Republic Act No. 9511,¹ NGCP was granted the franchise to operate, manage and maintain, and in connection therewith, to engage in the business of conveying or transmitting electricity through a high-voltage back-bone system

¹ An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High-Voltage Back-bone System or Interconnected Transmission Lines, Substations and Related Facilities, and For Other Purposes;

of interconnected transmission lines, substations and related facilities, system operations, and other activities that are necessary to support the safe and reliable operation of the transmission system² and is authorized to charge its customers at the rates approved by the Honorable Commission.

Nature of the Petition

3. This is a petition for the amendment of the Ancillary Services-Cost Recovery Mechanism (AS-CRM)³ to reflect therein the new provisions on Ancillary Services under the Philippine Grid Code 2016 Edition (2016 PGC); and be consistent with the proposed amendments to the Open Access Transmission Service (OATS) Rules⁴.

Background

- 4. On 11 September 2006, TRANSCO filed an application entitled: "In the Matter of the Application for the Approval of Ancillary Services Cost Recovery Mechanism (ASCRM) of the Ancillary Services Procurement Plan, with Prayer for Provisional Authority", docketed as ERC Case No. 2006-049RC. The Honorable Commission approved the AS-CRM through a Decision dated 3 October 2007.
- 5. On 5 October 2016, the Honorable Commission promulgated Resolution No. 22, Series of 2016, entitled: "A Resolution Approving the Publication of the Approved Philippine Grid Code, 2016 Edition" (2016 PGC). The 2016 PGC adopted the latest international standards and practices in the operation of ancillary services. As a consequence, on 31 March 2017, NGCP filed a petition entitled: "In the Matter of the Petition for the Approval of the Amended Ancillary Services Procurement Plan", docketed as ERC Case No. 2017-005RM to harmonize the provisions of the Ancillary Services Procurement Plan (ASPP) with the 2016 PGC, particularly with Section GO 6.6.
- 6. Also, on 22 December 2017, NGCP filed another petition entitled: "In the Matter of the Petition for the Adoption of the Proposed Amendments to the 2006 Open Access

² Id, Section 1;

³ Decision dated 3 October 2007 (Decision) in ERC Case No. 2006-049RC;

⁴ ERC Case No. 2017-010RM;

Transmission Service Rules (OATS Rules)", ERC Case No. 2017-010RM, for the amendment of certain provisions of the current OATS Rules to conform with the provisions of the Wholesale Electricity Spot Market (WESM) Rules, 2016 PGC, Feed In Tariff Rules, Renewable Energy Act, and various resolutions and issuances of the Honorable Commission, Grid Management Committee and Department of Energy.

7. Consequently, there is also a need to amend the AS-CRM to reflect therein the new provisions on Ancillary Services under the Philippine Grid Code, 2016 Edition (2016 PGC); and be consistent with the proposed amendments to the OATS Rules.

Brief Discussion

- 8. The salient features of the proposed amendments to the AS-CRM are as follows:
- a. Adoption of the following specifications of AS, as defined in the PGC 2016 Edition, as follows:
 - i. Primary Reserve Ancillary Service (PRAS)
 - ii. Secondary Reserve Ancillary Service (SRAS)
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- b. Procurement of AS only through:
 - i. Ancillary Services Procurement Agreement (ASPA)
 - ii. Reserve Market Arrangements
- c. Matrix of Cost Recovery

	Grid- Connected Generator	Embedded Generator	Load
PRAS	/	✓	
SRAS	✓	✓	✓
TRAS	✓	✓	✓
RPSAS			✓
BSAS	✓	✓	✓

d. Adoption of the new AS Billing Determinant

	Ancillary Service Billing Determinant		
Grid-Connected	Ancillary Service -Generator Billing Determinant (AS-		
Generator	GBD)		
	 The AS-GBD for a Billing Period shall be the summation of the daily coincident [to the system of 		
	the Grid-Connected Generator] peak injection to the Grid.		
Embedded	Ancillary Service -Embedded Generator Billing		
Generator	Determinant (AS-EGBD)		
	 The AS-EGBD for a Billing Period shall be the summation of the daily coincident [to the system of both Embedded Generator and the host Load] peak injection to the Load's system. 		
Load	Ancillary Service -Billing Determinant Demand (AS-BDD)		
	 The AS-BDD for a Billing Period shall be the summation of the daily coincident [to the system of Load] peak demand. 		

9. A copy of the proposed amendments to the AS-CRM which contains the proposals of NGCP is attached as **Annex** "A."

PRAYER

ACCORDINGLY, NGCP respectfully prays for the Honorable Commission to:

- 1. EXERCISE its rule-making power under Rule 21 of its Rules of Practice and Procedure; and
- 2. APPROVE the proposed amendments to the ASCRM, after notice and public consultation.

NGCP prays for other just and equitable relief under the premises.

Quezon City for Pasig City, 6 September 2018.

OFFICE OF THE GENERAL COUNSEL NATIONAL GRID CORPORATION OF THE PHILIPPINES

NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City Tel. No. 981-2100 (Trunk Line)

By:

LUIS MANUEL U. BUGAYONG

PTR No. 5521013 / 01.03.18 / Quezon City IBP Lifetime No. 010191/RSM MCLE Compliance No. V-0006616 / 02.24.15 Roll of Attorneys No. 38002

Email address: lubugayong@ngcp.ph

MARK ANTHONY SACTUB

PTR No. 5521006 / 01.03.18 / Quezon City MCLE Compliance No. V-0006614 / 02.24.15 IBP Lifetime No. 04514/ Misamis Oriental Roll of Attorneys No. 45707 Email address: msactub@ngcp.ph

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Email address: rdbaldovino@ngcp.ph

Courtesy Copy:

NATIONAL TRANSMISSION CORPORATION

c/o Office of the General Counsel Quezon Avenue corner BIR Road Diliman, Quezon City

NATIONAL TRANSMISSION CORPORATION

c/o Office of the President Quezon Avenue corner BIR Road Diliman, Quezon City

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION

c/o Office of the General Counsel Quezon Avenue corner BIR Road Diliman, Quezon City