



**RULES GOVERNING THE EXECUTION, REVIEW, AND EVALUATION OF
 POWER SUPPLY AGREEMENTS ENTERED INTO BY DISTRIBUTION
 UTILITIES FOR THE SUPPLY OF ELECTRICITY TO THEIR CAPTIVE MARKET**

| Document | Article / Section | Discussion of Comment/s and/or Questions for Clarification | Suggestions / Proposed Change(s) |
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| PSA Rules | Article I; Item (c) To streamline the review and approval of process of PSA | <ul style="list-style-type: none"> ➤ The PSA and the rates therein, having been subjected to CSP, should be subject to review and final approval of ERC for a period not longer than one (1) year or shorter than a year, in order to obtain this objective. | We strongly suggest ERC to set a firm and reasonable time frame on the review and approval process of the PSA (both provisional and final approval). |
| | Article IV: Sec. 4.1 Swiss Challenge Process | <ul style="list-style-type: none"> ➤ This Section provides no specific period within which counter-offer/s on the original proponent's offer may be tendered. ➤ In the event that there is no third party counter-proposal tendered, would this invalidate the Unsolicited Proposal of the Original Proponent? Or can the Original Proponent's offer be considered as the best offer? | ERC to determine a reasonable period within which to submit counter-offer/s. |
| | Article V: Sec. 2. Filing of the PSA ... "Following the execution of the PSA, the parties thereto shall file with the ERC, within thirty (30) days therefrom..." | <ul style="list-style-type: none"> ➤ Based on our experience on the recent PSA filing of the application, the 30-day period is not sufficient in order for the applicants to meet the documentary requirements being required by the ERC. Securing government permits, certifications from LGUs, RESC, ECC and BOI (if any) applications would really take some time. | We recommend that the period be extended seventy five (75) days from execution of the PSA. |
| Appendix A | | | |
| Appendix B | | | |

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| Appendix C | Requirement for Distribution Utility (DU) | We noticed that the Appendix “C” (<i>ERC Checklist of requirements</i>) does not include the Distribution or Grid Impact Study (DIS/GIS) as a requirement for the DUs. We believe that such study is necessary for the DUs to come up with the absolute solution for their whole system. Further, this study will not only help the DUs on how much capacity they should procure but also where to situate such capacity in their distribution system and what type of distribution reinforcements (if any) they may need. | To add Distribution or Grid Impact Study (DIS/GIS) in the Checklist of requirements. |
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