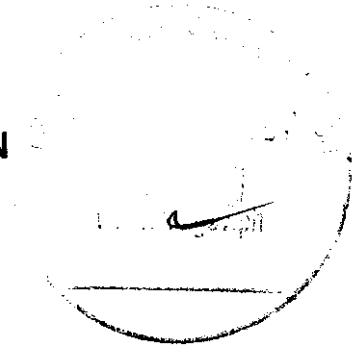


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City




IN THE MATTER OF THE
APPLICATION FOR APPROVAL OF
THE ANCILLARY SERVICES
PROCUREMENT AGREEMENT
BETWEEN THE NATIONAL GRID
CORPORATION OF THE PHILIPPINES
AND FIRST GEN HYDRO POWER
CORPORATION, WITH PRAYER FOR
THE ISSUANCE OF PROVISIONAL
AUTHORITY

ERC CASE NO. 2011-062 RC

NATIONAL GRID CORPORATION OF
THE PHILIPPINES (NGCP) AND FIRST
GEN HYDRO POWER CORPORATION,
INC. (FGHPC),

Applicants.

X-----X

DOCKETED
Date: JUL 08 2011
By: 

ORDER

On June 6, 2011, the Commission issued an Order provisionally approving the instant application, the dispositive portion of which reads:

*"WHEREFORE, the foregoing premises considered, the Commission hereby **PROVISIONALLY APPROVES** the application filed by the National Grid Corporation of the Philippines (NGCP) and First Gen Hydro Power Corporation (FGHPC), with prayer for the issuance of provisional authority, subject to the following rates and conditions:*

1. *Applicable Rates:*

For Contingency and Dispatchable

FGHPC should nominate a corresponding price (in per kW capacity per hour) each time it nominates Ancillary Service capacity to NGCP. In the event that said nominated capacity is scheduled for Ancillary Service, the pricing shall be as follows:

a. *Scheduled Capacity Without Energy Dispatched*

A handwritten signature in black ink, appearing to be the signature of a Commission member, is located at the bottom of the page.

NGCP shall pay FGHPC the corresponding Nominated Price of that scheduled capacity. Provided, however, that the Nominated Price shall in no case exceed the lower between the proposed rates and the Market Clearing Price (ex-posts prices at plant node) at the time that such capacity is scheduled for Ancillary Service.

Provided, further, that the Market Clearing Price shall not be lower than the Commission's provisionally approved FGHPC's reasonable cost of generation (PhP4.3648/kW capacity per hour). Otherwise, NGCP shall pay to FGHPC the said reasonable cost of generation. However, in the event that FGHPC nominates a rate that is lower than its generation cost, said nominated rate shall be regarded as the floor price.

The proposed rates are as follows:

Ancillary Service	Applicable Rate
Contingency Reserve	PhP6.2185/kW capacity/hour
Regulating Reserve	PhP6.2018/kW capacity/hour

The proposed rate, as price cap, shall be applied on a monthly basis and shall be computed as follows:

$$\text{Proposed Monthly AS Cost} = \sum (\text{kW scheduled per hour during the relevant month}) \times \text{proposed AS rate}$$

The determination of whether the approved AS rates exceeded the proposed AS rates shall be determined monthly based on the formula indicated above."

In the said Order, the Commission provisionally approved the proposed rates, as follows:

Ancillary Service	Applicable Rate
Contingency Reserve	PhP6.2185/kW capacity/hour
Regulating Reserve	PhP6.2018/kW capacity/hour

Due to inadvertence, the Dispatchable Reserve was erroneously typewritten as Regulating Reserve. Accordingly, the Commission hereby amends the foregoing to read, as follows:



Ancillary Service	Applicable Rate
<i>Contingency Reserve</i>	<i>PhP6.2185/kW capacity/hour</i>
<i>Dispatchable Reserve</i>	<i>PhP6.2018/kW capacity/hour</i>

SO ORDERED.

Pasig City, July 7, 2011.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ALEJANDRO Z. BARIN
Commissioner


MVA/NJS

Copy Furnished:

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