

NGCP's Position on the Other Comments/Arguments of VECO, PEPOA, and GMC

SUBJECT/AREA/ITEM	DISCUSSION OF ARGUMENTS	NGCP'S POSITION
VECO		
Definition of Terms	The term "point-to-point limited facilities" should be defined as a "line used to connect a power plant connection asset (switchyard) to the grid or to a load customer's connection asset without any tapping in between".	<ul style="list-style-type: none"> • NGCP disagrees on the proposal of VECO. <p>Firstly, the <u>point-to-point limited transmission facilities</u> denote a group of assets being used to connect the generator to the grid.</p> <p>Secondly, ERC's Resolution No. 25, Series of 2006, already established that dedicated point to point limited transmission facilities include both Equipment¹ and transmission lines.</p> <p>The second and the third paragraphs of Section 4.2.2 state,</p> <p><i>"For a New Generation Plant, the boundaries of the TCA are defined in the same manner as for Load (refer to 4.0 above), and also include those Equipment and transmission lines which the generation plant requires for connection from the Connection at its generation site to the Grid and which it is willing to fund as a contributed asset to TransCo (which retains ownership and</i></p>

¹All apparatus, machines, conductors, etc. used as part of, or in connection with, an electrical installation (attachment 1, Definition of Terms of Annex A of Resolution No. 25, Series of 2006)

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		<p><i>responsibilities for operation and maintenance) because TransCo is unable or unwilling to invest in those Connection Assets at that time.</i></p> <p><i>Any new Generating Plant can choose to install and own its Transmission Facilities (including lines) up to the Connection Point to the Grid offered for connection by TransCo. Such Connection Point to the Grid must be offered by TransCo, but excluding connection to such Sub-transmission Systems as are connected to that System and are owned and operated by TransCo."</i></p> <p><u>The ERC Rules had established what the phrase dedicated point to point transmission facilities mean and it is wrong to re-define such.</u></p> <p><u>Therefore, the dedicated point to point limited transmission facilities include both Equipment and transmission lines.</u></p>
Justifications on why a DU should be allowed to tap directly to a power plant switchyard and bypassing the grid	1) Resolution Nos. 25 & 41, Series of 2006 allow Distribution Utilities to tap Connection Assets to the switchyard of a power plant. This is likewise supported by Section 2.9.2 of the Amended	<ul style="list-style-type: none"> • NGCP disagrees on the argument of VECO. <p>Nothing in the EPIRA that states "a generation company may develop and own</p>

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	<p>DSOAR which states:</p> <p><u>"Section 2.9.2 Connection Assets and Facilities</u></p> <p>A generation company may develop and own or operate dedicated point-to-point limited facilities provided, that <u>such facilities are required only for the purpose of connecting to the distribution system</u>, and are used solely by the generating facility, subject to prior authorization by the ERC.</p> <p>The DU may likewise provide the connection facilities, provided that the generator pays the facilities and such payments are not refundable and shall be treated as a CIAC, unless otherwise provided for in the Renewable Energy Act and its Implementing Rules and Regulations. In the alternative, <u>a DU may provide the connection facilities</u> subject to connection charges mutually acceptable to the parties. The said facilities shall not form part of the DU's Regulatory Asset Base or plant in service."</p> <p>In Resolution 25 & 41, the generation company owns the switchyard to which the Connection Asset is tapped</p>	<p><i>or operate dedicated point-to-point limited facilities provided, that <u>such facilities are required only for the purpose of connecting to the distribution system</u>, and are used solely by the generating facility, subject to prior authorization by the ERC."</i></p> <p><u>Section 2.9.2 of DSOAR is wrong.</u></p> <p><u>NGCP posits that there is a need to amend the DSOAR as Section 2.9.2 is not consistent with the provisions set forth in the EPIRA.</u></p>

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	<p>In Resolution 16, Transco/NGCP will own the switchyard of the power plant if a Connection Asset serving a DU is tapped to the switchyard.</p> <p>2) There is reduction in the customer's bill through lesser Power Delivery Service charge if power delivered by the IPP is delivered directly to the Connection Assets of a DU.</p> <p>a) For instance, this was shown in VECO's Motion for Partial Reconsideration filed on March 23, 2010 on ERC Case No. 2009-040RC with regards the 138 kV Connection Asset. The cost of the project and its effect to the distribution charge 2012 showed an increase of PhP0.1025/kWh. However, a comparison on the transmission charges if the 105 MW from CEDC was delivered through the 138 kV Connection Asset or through the grid showed a decrease of PhP0.1769/kWh.</p> <p>b) Offsetting the above increase and decrease shows a net decrease (net advantage to VECO's customers) of PhP0.0744/kWh.</p>	<ul style="list-style-type: none"> • NGCP disagrees on the argument of VECO. <p>1. The provisionally approved rates in the Electric Power Purchase Agreement (EPPA) between VECO and CEDC under ERC Case No. 2009-075RC entitled, <i>"In the Matter of the Application for Approval of the Electric Power Purchase Agreement (EPPA) between Visayan Electric Company, Incorporated (VECO) and Cebu Energy Development Corporation (CEDC), with Prayer for Provisional Authority"</i>, are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>PhP/kWh*</th> <th>PhP/kWh**</th> <th>PhP/kWh***</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">5.2310</td> <td style="text-align: center;">5.3782</td> <td style="text-align: center;">5.5419</td> </tr> </tbody> </table> <p>* at 100% Load Factor ** at 95% Load Factor up to less than 100% Load Factor *** At 90% Load Factor up to less than 95% Load Factor</p> <p>On the other hand, the provisionally approved rate for the Power Sales Contract</p>	PhP/kWh*	PhP/kWh**	PhP/kWh***	5.2310	5.3782	5.5419
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	<table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 40%;">Transmission Cost</th> <th style="width: 30%;">CEDC via NGCP</th> <th style="width: 30%;">CEDC embedded</th> </tr> </thead> <tbody> <tr> <td>NPC</td> <td style="text-align: right;">107,727,927.3</td> <td style="text-align: right;">107,727,927.3</td> </tr> <tr> <td>CEDC</td> <td style="text-align: right;">48,714,750.0</td> <td style="text-align: right;">12,863,550.0</td> </tr> <tr> <td>CPAC</td> <td style="text-align: right;">.0</td> <td style="text-align: right;">.0</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">156,442,677.3</td> <td style="text-align: right;">120,591,477.3</td> </tr> <tr> <td>PFD</td> <td style="text-align: right;">9,135,328.2</td> <td style="text-align: right;">9,135,328.2</td> </tr> <tr> <td>Ave Transmission</td> <td style="text-align: right;">0.7494</td> <td style="text-align: right;">0.5725</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr> <td style="width: 60%;">Decrease in Transmission charges</td> <td style="text-align: right;">0.1769</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%;">P /kwh</th> </tr> </thead> <tbody> <tr> <td>Reduction in transmission (PDS) charges</td> <td style="text-align: right;">(0.1769)</td> </tr> <tr> <td>Increase in distribution charges</td> <td style="text-align: right;">0.1025</td> </tr> <tr> <td>Net effect</td> <td style="text-align: right;">(0.0744)</td> </tr> </tbody> </table> <p>c) Distribution Utilities and Electric Cooperatives should continue to construct Connection Assets and tapped directly to the switchyards of IPPs when there is economic and financial benefit to the customers.</p> <p>3) In cases where a power plant is located inside the franchise area of a DU or EC, it will be very impractical for the power to go out into the grid and then delivered back to the DU when a Connection Asset can be built and power is delivered directly to the DU.</p>	Transmission Cost	CEDC via NGCP	CEDC embedded	NPC	107,727,927.3	107,727,927.3	CEDC	48,714,750.0	12,863,550.0	CPAC	.0	.0	Total	156,442,677.3	120,591,477.3	PFD	9,135,328.2	9,135,328.2	Ave Transmission	0.7494	0.5725	Decrease in Transmission charges	0.1769		P /kwh	Reduction in transmission (PDS) charges	(0.1769)	Increase in distribution charges	0.1025	Net effect	(0.0744)	<p>between KSPC and CEBECO II under ERC Case No. 2011-020RC entitled, <i>"In the Matter of the Application for the Approval of the Commissioning Power Sales Contract between Kepco-SPC and Cebu II Electric Cooperative, Inc. (CEBECO II), with Motion for the Issuance of Provisional Authority"</i>, PhP4.2511/kWh.</p> <p><u>Based on the aforementioned ERC Cases, KSPC's generation charge is much lower than that of the CEDC's.</u></p> <p><u>Conclusion: Had VECO exercise prudence in procuring energy, it would have contracted cheaper generation from the grid such as KSPC.</u></p> <p>2. Based on our simulation, even if KSPC's generation charge of PhP4.2511/kWh is subjected to demand-related transmission charge of approximately equal to PhP0.7306/kWh, it will still be lower than that of CEDC's generation charge.</p> <p style="text-align: right;">KSPC's generation charge : 4.2511 Demand-related transmission charge: 0.7306 Equals : 4.9817</p>
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		<p><u>Conclusion: Had VECO exercise prudence in procuring energy, it would have contracted cheaper generation from the grid such as KSPC.</u></p>
PEPOA		
<p>Distribution Utilities can and should be allowed to connect directly to a power plant.</p> <p><i>EPIRA IRR</i></p> <p>Section 5: Dedicated Point-to-point Limited Transmission Facility of a Generation Facility.</p> <p>Subject to prior authorization from ERC, TransCo or its buyer or concessionaire may allow a Generation Company to develop, own/or operated dedicated point-to-point limited transmission facilities: Provided that (i) such dedicated point-to-point limited transmission facilities are required only for the purpose of connecting to the grid which will be used solely by the generation facility, and are not used to serve End-users or Suppliers directly;</p>	<p>This section specifies how a generation company will be connected to the grid. This does not include the switchyard of the generation company.</p> <div style="text-align: center;"> </div>	<ul style="list-style-type: none"> • NGCP disagrees on the argument of PEPOA. <p>Firstly, the point-to-point limited transmission facilities denote a group of assets being used to connect a generator to the grid.</p> <p>Secondly, ERC's Resolution No. 25, Series of 2006, already established that dedicated point to point limited transmission facilities include both Equipment² and transmission lines.</p> <p>As previously discussed, the second and the third paragraphs of Section 4.2.2 state,</p> <p><i>"For a New Generation Plant, the boundaries</i></p>

²All apparatus, machines, conductors, etc. used as part of, or in connection with, an electrical installation (attachment 1, Definition of Terms of Annex A of Resolution No. 25, Series of 2006)

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		<p><i>of the TCA are defined in the same manner as for Load (refer to 4.0 above), and also include those Equipment and transmission lines which the generation plant requires for connection from the Connection at its generation site to the Grid and which it is willing to fund as a contributed asset to TransCo (which retains ownership and responsibilities for operation and maintenance) because TransCo is unable or unwilling to invest in those Connection Assets at that time.</i></p> <p><i>Any new Generating Plant can choose to install and own its transmission Facilities (including lines) up to the Connection Point to the Grid offered for connection by TransCo. Such Connection Point to the Grid must be offered by TransCo, but excluding connection to such Sub-transmission Systems as are connected to that System and are owned and operated by TransCo."</i></p> <p><u>The ERC Rules had established what the phrase dedicated point to point transmission facilities mean and it is wrong to re-define such.</u></p>

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		<p><u>Therefore, the dedicated point to point limited transmission facilities include both Equipment and transmission lines.</u></p>
<p>Diagram 4 Annex C of Res. No. 16, Series of 2011 is inconsistent with the provisions of existing rules in the IRR of EPIRA and the DSOAR</p> <p>DSOAR Section 2.8.1 Interconnection and Operating Agreements states:</p> <p>"A generator shall execute an appropriate agreement with the DU governing the interconnection and operation of generating facilities."</p>	<p>This section specifies that a generator can make arrangements with a DU for connection to the DU distribution network.</p>  <pre> graph TD G[Generator] --- L[] L --- D[DU/EC] subgraph Facilities [Dedicated Point-to-Point limited Facilities] L end </pre>	<ul style="list-style-type: none"> • NGCP disagrees on the argument of PEPOA. • Nothing in the EPIRA that states <i>"a generation company may develop and own or operate dedicated point-to-point limited facilities provided, that <u>such facilities are required only for the purpose of connecting to the distribution system, and are used solely by the generating facility, subject to prior authorization by the ERC.</u>"</i> <p><u>Thus, it is NGCP's position that there is a need to amend the DSOAR as Section 2.9.2 is not consistent with the provisions set forth in the EPIRA.</u></p>
<p>DSOAR Section 2.9.2 on Connection Assets and Facilities states that "A generation company may develop and own or operate dedicated point-to-point limited facilities; provided, that such facilities are required only for the purpose of connecting to the distribution system, and are used solely by the generating facility, subject to prior authorization by the ERC. The DU may likewise provide the</p>	<p>The DSOAR did not specify "embedded generation company". This means that the generation company specified in the IRR of the EPIRA can be the same generation company in the DSOAR.</p>	<ul style="list-style-type: none"> • NGCP disagrees on the argument of PEPOA. • Nothing in the EPIRA that states <i>"a generation company may develop and own or operate dedicated point-to-point limited facilities provided, that <u>such facilities are required only for the purpose of connecting to the distribution system, and are used</u></i>

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<p>connection facilities provided that then generator pas facilities and such payments are not refundable and shall be treated as a CIAC xxx. In the alternative, a DU may provide the connection facilities subject to connection charges mutually acceptable to the parties. The said facilities shall not form part of the DU's Regulatory Asset Base or plant in service.</p>		<p><i>solely by the generating facility, subject to prior authorization by the ERC."</i></p> <p><u>Section 2.9.2 of DSOAR is wrong.</u></p> <p><u>NGCP posits that there is a need to amend the DSOAR as Section 2.9.2 is not consistent with the provisions set forth in the EPIRA.</u></p>
<p>Resolution 16, Series of 2011 Section 4.2 Connection Assets for Generation Customer of Transmission Provider include those assets from the last Single Mechanical Connection of a User System or Equipment of a Generator at its Point, to the last Single mechanical Connection which is not shared with another Generator within the grid.</p>	<p>A load customer is not a generator. Thus, when a load customer is connected to the switchyard of a generator, it is submitted that the switchyard remains to be classified a connection asset of a generator.</p> <p>Under the IRR of EPIRA, only the transmission line is included in the definition of a dedicated point-to-point limited transmission facility.</p> <p>Under Section 4.2 of Resolution 16, the bus and switchyard to which a load customer will tap its dedicated-to-point limited facility will remain to be classified as a connection asset of a generation</p>	<ul style="list-style-type: none"> • NGCP disagrees with the argument of PEPOA. It is <u>CLEAR</u> under Section 9 of the EPIRA the following: <ol style="list-style-type: none"> 1. conditions prior to the generator's development of dedicated point to point limited transmission facilities; and 2. effect/impact once the conditions are not met. • NGCP finds no provision in the IRR of EPIRA that dedicated point-to-point limited transmission facility to mean only the transmission line. • To reiterate, <p><i>"A generation company may develop and own or operate dedicated point to point</i></p>

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	<p>company. Thus, the bus cannot be part of the transmission facility.</p> <p>The DSOAR allows a DU to connect directly to a generation company. A DU can therefore tap to the connection assets of a generation company and not necessarily only to a transmission facility. The bus and switchyard to which a DU will tap its dedicated point-to-point facility will thus remain to be classified as a connection asset of a generation company.</p>	<p><i>limited transmission facilities that are consistent with the TDP: Provided, That such facilities are required only for the purpose of connecting to the transmission system, and are used solely by the generating facility, subject to prior authorization by the ERC: Provided, further, That in the event that such assets are required for competitive purposes, ownership of the same shall be transferred to the TransCo at a fair market price: Provided, finally, that in the case of disagreement on the fair market price, the ERC shall determine the fair market value of the asset”.</i></p>
<p>Diagram 5 Annex C of Resolutions Nos. 25 and 41, Series of 2006, illustrates how the IRR of EPIRA will connect the generator to the grid, and the same how the DSOAR will connect the generator to a DU/Customer.</p>		<ul style="list-style-type: none"> • NGCP wishes to emphasize that the diagrams used in Annex C of Resolution No. 25, Series of 2006 pertain to the asset boundary between the Transmission Provider and NPC/NPC-IPP Generating Plants. <p>Nonetheless, it is worthy to note that Section 4.2.2 of Annex A of Resolution No. 25, Series of 2006 provides what are the Transmission</p>

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		<p>Connection Assets of the New Generation Plants³. Specifically, the second and the third paragraphs of Section 4.2.2 state,</p> <p><i>“For a New Generation Plant, the boundaries of the TCA are defined in the same manner as for Load (refer to 4.0 above), and also include those Equipment and transmission lines which the generation plant requires for connection from the Connection at its generation site to the Grid and which it is willing to fund as a contributed asset to TransCo (which retains ownership and responsibilities for operation and maintenance) because TransCo is unable or unwilling to invest in those Connection Assets at that time.</i></p> <p><i>Any new Generating Plant can choose to install and own its transmission Facilities (including lines) up to the Connection Point to the Grid offered for connection by TransCo. Such Connection Point to the Grid must be offered by TransCo, but excluding connection to such Sub-transmission Systems</i></p>

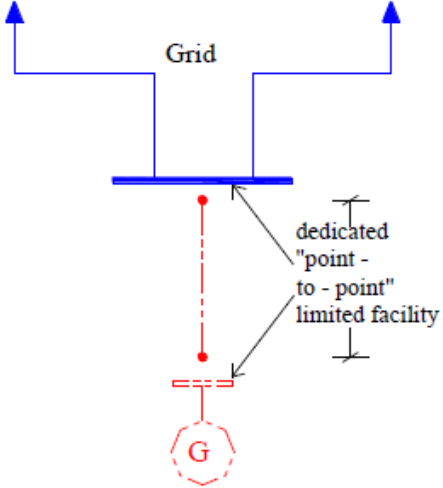
³Those which have not applied to the ERC for a Certificate of Compliance (COC) as a Generation Company under s.6 of the Electric Power Industry Reform Act of 2001 and s.4 of Rule 5 of its Implementing Rules and Regulations (IRR), as at the date of the Commission's Resolution of the Definition and Boundaries of Transmission Connection Asset

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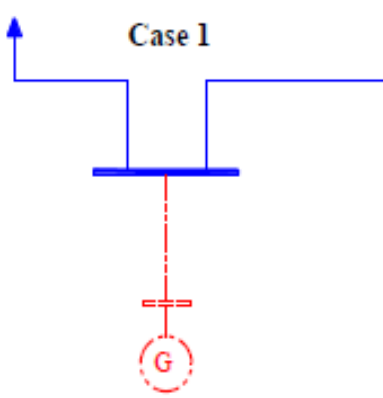
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		<p><i>as are connected to that System and are owned and operated by TransCo."</i></p> <p><u>Therefore, the dedicated point to point limited transmission facilities include both Equipment⁴ and transmission lines.</u></p>
GMC		
Published Diagrams (Annex)	<p>Annex an illustration for a "Fundamental Block Diagram" (illustration 1 on page 6 of 10 of this document) to provide a basic principle in reckoning the functional boundaries of Connection Assets with the Transmission Assets.</p> <p>The Committee probes that this term, As used in the Resolution, is limited to denote a transmission line that is intended to serve a sole Grid User (illustrated below) and excludes the termination nodes (substations) on both ends.</p> <p>Illustration: Dedicated point-to-point limited facility</p>	<ul style="list-style-type: none"> • NGCP disagrees on the argument of GMC. <p>Firstly, the point-to-point limited transmission facilities denote a group of assets being used to connect the generator to the grid.</p> <p>Secondly, ERC's Resolution No. 25, Series of 2006, already established that dedicated point to point limited transmission facilities include both Equipment and transmission lines.</p> <p>As previously discussed, the second and the third paragraphs of Section 4.2.2 state,</p> <p><i>"For a New Generation Plant, the boundaries of the TCA are defined in the same manner</i></p>

⁴All apparatus, machines, conductors, etc. used as part of, or in connection with, an electrical installation (attachment 1, Definition of Terms of Annex A of Resolution No. 25, Series of 2006)

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	 <p>The diagram illustrates a connection between a power grid and a generating plant. At the top, a horizontal blue line represents the 'Grid', with two blue lines extending upwards and ending in blue arrows. Below the grid, a vertical red dashed line connects to a red dot, which is labeled 'dedicated "point-to-point" limited facility'. This facility is further connected to a red dashed line that leads to a red dashed circle containing the letter 'G', representing the generating plant.</p>	<p><i>as for Load (refer to 4.0 above), and also include those Equipment and transmission lines which the generation plant requires for connection from the Connection at its generation site to the Grid and which it is willing to fund as a contributed asset to TransCo (which retains ownership and responsibilities for operation and maintenance) because TransCo is unable or unwilling to invest in those Connection Assets at that time.</i></p> <p><i>Any new Generating Plant can choose to install and own its transmission Facilities (including lines) up to the Connection Point to the Grid offered for connection by TransCo. Such Connection Point to the Grid must be offered by TransCo, but excluding connection to such Sub-transmission Systems as are connected to that System and are owned and operated by TransCo."</i></p> <p><u>The ERC Rules had established what the phrase dedicated point to point transmission facilities mean and it is wrong to re-define such.</u></p>

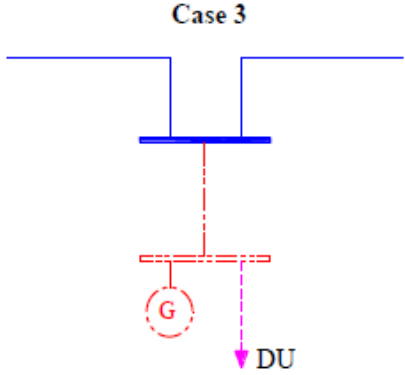
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		<u>Therefore, the dedicated point to point limited transmission facilities include both Equipment and transmission lines.</u>
Case 1: Generation plant's radial/direct connection to grid.	<p>Assumption: Standard interconnection of a prospective generation plant to the grid.</p> <p>Sketch:</p> 	<ul style="list-style-type: none"> • NGCP agrees.
Case 2: Generation plant with multi-sited generation installations (same owner).	<p>Assumption: Such set-up is under the circumstance of a reasonably distant location or is intended for no other interest but the aggregation capacity.</p>	<ul style="list-style-type: none"> • NGCP agrees.

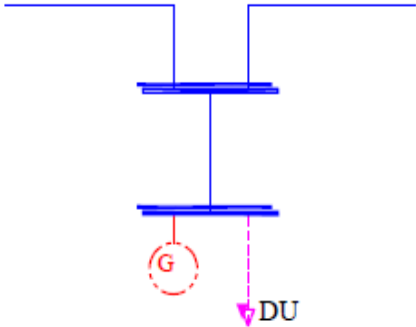
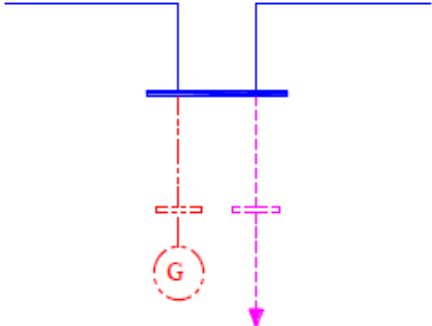
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	<p>Sketch:</p>	
<p>Case 3. Generation plant with an embedded Load Customer (DU).</p>	<p>Assumption: While Sec. 5a(i) of the IRR of EPIRA sets a condition for limited transmission facilities to not serve End-Users or Suppliers directly, the Committee resolved that a Distribution Utility (but not a directly-connected End-User) may be permitted to draw power directly from the generation plant's switchyard.</p> <p>However, such arrangement should be subject for a System Impact Study (SIS) to validate that the DU's connection to the switchyard of the generator will have negligible impact to the grid's normal operation. Otherwise, the treatment for the assets based on functionality will be as shown on Sketch B.</p>	<ul style="list-style-type: none"> • NGCP disagrees on the argument of GMC. <p>NGCP reiterates the Section 9 of the EPIRA which states,</p> <p><i>“A generation company may develop and own or operate dedicated point to point limited transmission facilities that are consistent with the TDP: Provided, That such facilities are required only for the purpose of connecting to the transmission system, and are used solely by the generating facility, subject to prior authorization by the ERC: Provided, further, That in the event that such assets are required for competitive purposes, ownership of the same shall be</i></p>

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	<p>On a significant technical perspective, based on experience, a direct connection of a Load to the generator's facility will benefit both during grid disturbance in the manner that the generator will run on an island mode. It will not require a long duration of wait for the generator to start up nor will it disrupt the supply of its connected Load.</p> <p style="text-align: center;">Sketch A:</p> <div style="text-align: center;">  <p>The diagram, labeled 'Case 3', illustrates a power system configuration. At the top, there are two horizontal blue lines representing a busbar or main supply lines. A vertical blue line connects this busbar to a thick horizontal blue line representing a generator's terminal bus. From this terminal bus, a vertical red dashed line extends downwards to a horizontal red dashed line representing a load bus. A circle containing the letter 'G' is connected to the bottom of the red dashed line, representing the generator. To the right of the load bus, a vertical purple dashed line with a downward-pointing arrowhead is labeled 'DU', representing a load or disturbance unit.</p> </div>	<p><i>transferred to the TransCo at a fair market price: Provided, finally, that in the case of disagreement on the fair market price, the ERC shall determine the fair market value of the asset". (emphasis supplied)</i></p>

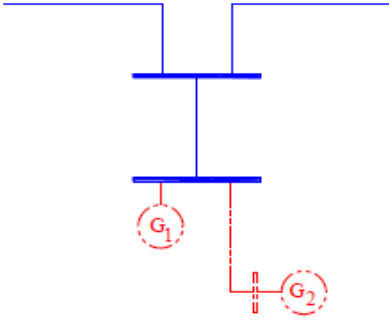
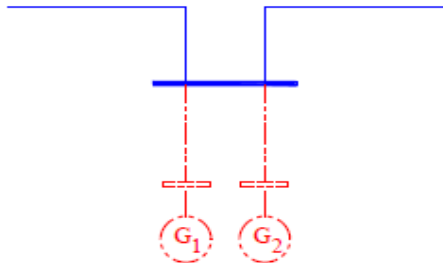
NGCP's Position on the Other Comments/Arguments of VECO, PEPOA, and GMC

SUBJECT/AREA/ITEM	DISCUSSION OF ARGUMENTS	NGCP'S POSITION
	<p>Sketch B:</p> <p style="text-align: center;">Case 3</p> 	
<p>Case 4: Generation plant in parallel with a Load Customer.</p>	<p>Assumption: The Load Customer can either be a DU or a directly-connected End-User.</p> <p>Sketch:</p> <p style="text-align: center;">Case 4</p> 	<ul style="list-style-type: none"> • NGCP agrees.
<p>Case 5. Generation plant traversing another Generation plant's (different owner) substation</p>	<p>Assumption: Initial set-up is as illustrated by the standard connection of Case 1. In the event that</p>	<ul style="list-style-type: none"> • NGCP agrees.

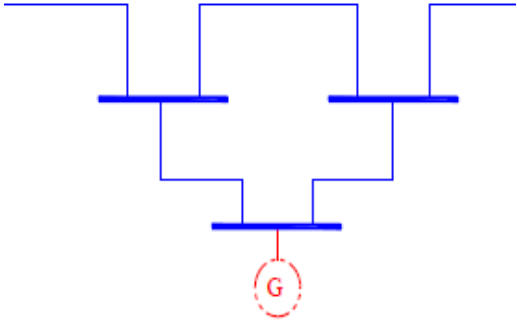
NGCP's Position on the Other Comments/Arguments of VECO, PEPOA, and GMC

SUBJECT/AREA/ITEM	DISCUSSION OF ARGUMENTS	NGCP'S POSITION
<p>facility to the grid.</p>	<p>G1 <u>grants</u> the interconnection of G2 to its facility, the treatment for the assets based on functionality will be as shown.</p> <p>Additionally, if it is contemplated that another User is to connect to the Generator's switchyard facility, the provision of Rule 5 a (i) from the IRR of RPIRA shall be invoked. Should the interconnection be pursued, it shall be subject to the following:</p> <ol style="list-style-type: none"> 1. A consent form the Generator to concede with the interconnection allowing its own facilities to perform a transmission function. 2. An SIS prior to connection. 3. A tri-partite agreement between the Generator, the other User, and the Transmission Provider as to boundary, ownership, and classification of the assets 4. Amendment of the Connection Agreement between the initial Generator and the Transmission Provider. 	

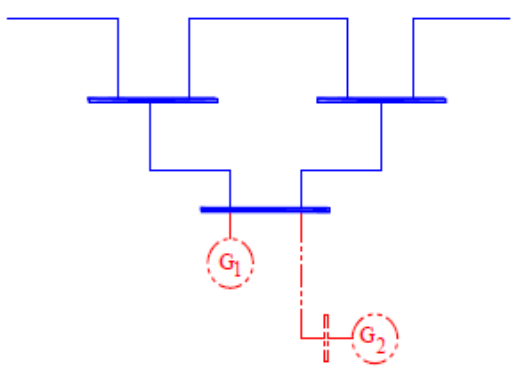
NGCP's Position on the Other Comments/Arguments of VECO, PEPOA, and GMC

SUBJECT/AREA/ITEM	DISCUSSION OF ARGUMENTS	NGCP'S POSITION
	<p style="text-align: center;">Sketch:</p> <p style="text-align: center;">Case 5</p> 	
<p>Case 6: Generation plant in parallel with another Generation plant.</p>	<p>Assumption: Standard interconnection of prospective parallel generation plants delivering power to the grid.</p> <p style="text-align: center;">Sketch:</p> <p style="text-align: center;">Case 6</p> 	<ul style="list-style-type: none"> • NGCP agrees.
<p>Case 7: Generation plant looped on two transmission substation facilities.</p>	<p>Assumption: For reliability purposes, the Generation plant grants set-up subject to an agreement between itself and the Transmission</p>	<ul style="list-style-type: none"> • NGCP agrees.

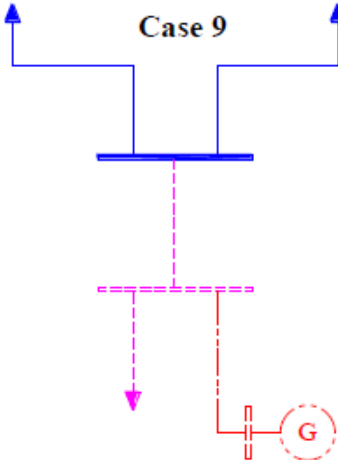
NGCP's Position on the Other Comments/Arguments of VECO, PEPOA, and GMC

SUBJECT/AREA/ITEM	DISCUSSION OF ARGUMENTS	NGCP'S POSITION
	<p>Provider.</p> <p>The Generation plant's facility has a transmission function in the manner that it completes a loop in the delivery power from one transmission substation to the other. By this mere reason, it has significant impact to the normal operation of the grid.</p> <p>Sketch:</p> <p style="text-align: center;">Case 7</p> 	
<p>Case 8: Generation plant traversing another Generation plant's facility which is looped on two transmission substation facilities.</p>	<p>Assumption: There is a common utilization of the Generation plant G1's facility so it has a transmission function in the manner that any disturbance therewith affects the grid and another User.</p>	<ul style="list-style-type: none"> • NGCP agrees.

NGCP's Position on the Other Comments/Arguments of VECO, PEPOA, and GMC

SUBJECT/AREA/ITEM	DISCUSSION OF ARGUMENTS	NGCP'S POSITION
	<p style="text-align: center;">Sketch:</p> <p style="text-align: center;">Case 8</p> 	
<p>Case 9: Generation plant embedded at the facility of a directly-connected Load Customer to the grid (provided by Sec. 2.9.2 of DSOAR).</p>	<p>Assumption: An embedded Generation plant provided that such plant does not have a significant impact to the grid.</p>	<ul style="list-style-type: none"> • NGCP disagrees on the argument of GMC. <p>NGCP reiterates the Section 9 of the EPIRA which states,</p> <p><i>“A generation company may develop and own or operate dedicated point to point limited transmission facilities that are consistent with the TDP: Provided, That such facilities are required only for the purpose of connecting to the transmission system, and are used solely by the generating facility, subject to prior authorization by the ERC: Provided, further, That in the event that such assets are required for competitive</i></p>

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SUBJECT/AREA/ITEM	DISCUSSION OF ARGUMENTS	NGCP'S POSITION
	<p>Sketch:</p>  <p>The diagram, titled 'Case 9', illustrates a power system configuration. At the top, a blue horizontal line represents a transmission line, with two blue arrows pointing upwards from its ends. A vertical blue line descends from the center of this transmission line to a pink dashed horizontal line, which represents a distribution system. From the center of this pink dashed line, a vertical pink dashed line descends to a red horizontal line. From the right end of this red horizontal line, a red line extends to a red circle containing the letter 'G', representing a generator. A red arrow points downwards from the left end of the pink dashed line.</p>	<p><i>purposes, ownership of the same shall be transferred to the TransCo at a fair market price: Provided, finally, that in the case of disagreement on the fair market price, the ERC shall determine the fair market value of the asset". (emphasis supplied)</i></p> <p>Furthermore, nothing in the EPIRA that states "a generation company may develop and own or operate dedicated point-to-point limited facilities provided, that <u>such facilities are required only for the purpose of connecting to the distribution system, and are used solely by the generating facility, subject to prior authorization by the ERC.</u>"</p> <p><u>Section 2.9.2 of DSOAR is wrong.</u></p> <p><u>NGCP posits that there is a need to amend the DSOAR as Section 2.9.2 is not consistent with the provisions set forth in the EPIRA.</u></p> <p>Only for the sake of discussion. In other jurisdictions embedded generators are those connected within the distribution system and do not have access to the transmission network. And, these generations are the usual small capacities of renewable energy</p>

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SUBJECT/AREA/ITEM	DISCUSSION OF ARGUMENTS	NGCP'S POSITION
		sources that do not have effect to the grid.