

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.**

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DOCKETED  
Date: DEC 04 2018  
By: 

**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)<sup>1</sup> 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.<sup>2</sup>

**The Petitioner**

<sup>1</sup> Decision dated 3 October 2007 (Decision) in ERC Case No. 2006-049 RC;  
<sup>2</sup> ERC Case No. 2017-010 RM;

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. 9511<sup>3</sup> 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

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<sup>3</sup> 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 AS-CRM.

### **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

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

d. Adoption of the new AS Billing Determinant

<b>Ancillary Service Billing Determinant</b>	
Grid-Connected Generator	<p>Ancillary Service -Generator Billing Determinant (AS-GBD)</p> <ul style="list-style-type: none"> <li>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.</li> </ul>
Embedded Generator	<p>Ancillary Service -Embedded Generator Billing Determinant (AS-EGBD)</p> <ul style="list-style-type: none"> <li>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.</li> </ul>
Load	<p>Ancillary Service -Billing Determinant Demand (AS-BDD)</p> <ul style="list-style-type: none"> <li>The AS-BDD for a Billing Period shall be the summation of the daily coincident [to the system of Load] peak demand.</li> </ul>

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:

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

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](mailto: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*

  
LS/BJVG/ESA/GLO