



**GRID
MANAGEMENT
COMMITTEE**
PHILIPPINES

GMC 2014 - 002
09 January 2014

HON. ZENAIDA G. CRUZ-DUCUT

*Chairperson
Energy Regulatory Commission
Pacific Center Building, San Miguel Ave.
Ortigas Center, Pasig City*

Subject: **GMC'S COMMENT TO ERC RESOLUTION NO.16, SERIES
OF 2011**

Dear Chairperson Ducut:

The Committee respectfully submits its report on the subject matter for your consideration.

It is hoped that this will provide you relevant information in assessing the case.

Yours sincerely,

ARTHUR T. EVANGELISTA
GMC Chairman

Cc:
Hon. Josefina Patricia A. Magpale-Asirit – Commissioner
Hon. Gloria Victoria C. Yap – Taruc – Commissioner
Hon. Alfredo J. Non – Commissioner
Atty. Francis Saturnino C. Juan – Executive Director

GMC Comments to ERC Resolution 16, Series of 2011

A report by the Grid Management Committee presented
to the Energy Regulatory Commission

Date Completed:	December 3, 2013
Prepared by:	Grid Planning Subcommittee

I EXECUTIVE SUMMARY

Since the approval of the Resolution Adopting the Amended Rules on the Definition and Boundaries of Connection Assets for Customers of Transmission Provider (ERC Resolution 16, Series of 2011) in 2011, there have been varied interpretations, particularly for the succeeding year, from different sectors of the industry as to the objective of such Resolution.

Having that these ideas, seen at different angles, inevitably result to some conflict, there must be a standard notion developed for the common understanding between the major sectors of the power industry (particularly generation, transmission and distribution).

Normal to a diversified structure is an association of elements with different perspectives; a degree of greater probe to consider all the concerns of these elemental sectors makes just a practical sense. While the issue on asset delineation could be conveniently established by function, the economics and reliability aspects of this model of asset management may not be a guarantee thus a case-to-case treatment.

II LITERATURE REVIEW

A. Philippine Energy Act of 2001 (EPIRA)

Introducing a reform, the Act organizes the electric power industry into four (4) sectors namely: generation, transmission, distribution and supply (Section 5, Chapter II).

Initial classification of Transmission Assets is to be distinguished by standards of voltage to be set by the ERC. Pending such issuance, the distinction shall be as follows: Luzon transmission - 230kV; Visayas transmission - 69kV except for radial; Mindanao - 138kV (Section 7, Chapter II).

By virtue of ERC Resolution 25, Series of 2006 and Resolution 41, Series of 2006 amending the same, the term "*Connection Assets*" for transmission customers was devised in order to delineate a sub-category of assets affecting the charging arrangements of the Transmission Provider. The stipulation of the assets is already based on Functionality (Sec. 3) stating Connection Assets as those facilities which, if taken out of the System, will only affect the Customer connected to it and will have minimal effect on the Grid, or other connected Customers.

However, the generation sector may develop and own or operate dedicated point-to-point limited transmission facilities provided these are for sole-use and required only for connecting to the grid (Section 5, Rule 5, Part II, IRR). It is further stated that these assets shall be acquired by the transmission sector once required for competitive purposes.

