



**NGCP**

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11 July 2014  
BRD-BSDRM-RRA-2014-208

**HON. ZENAIDA G. CRUZ-DUCUT**  
Chairperson  
Energy Regulatory Commission  
San Miguel Avenue, Ortigas  
Pasig City

THRU: **ATTY. FRANCIS SATURNINO C. JUAN**  
Executive Director  
Energy Regulatory Commission

SUBJECT: **Clarificatory Questions on the Comments to PIPPA's Proposed  
Amendment of ERC Resolution 16, Series of 2011**

Dear Hon. Chairperson Ducut:

In compliance with the directive of the Honorable Commission during the Focus Group Discussion held on 8 July 2014 to submit clarificatory questions on the comments to the proposed amendment of the ERC Resolution 16, Series of 2011, NGCP hereby submits the following for the consideration of the Honorable Commission:

1. Is PIPPA's proposal to amend Diagram 4 consistent with Republic Act No. 9136 (EPIRA) and its Implementing Rules and Regulations (IRR), specifically on anti-competition, other existing Philippine laws, and other regulatory issuances?
2. Is PIPPA's proposal on the amendment of the definition of the term "Connection Assets", consistent with the provisions of the EPIRA, its IRR and other regulatory issuances, i.e., the classification of assets is based on function and not on ownership?
3. Is PIPPA's proposal on the amendment of the definition of the term "Connection Assets", consistent with Section 9 and Section 5 IRR of the EPIRA and other regulatory issuances?
4. Under Philippine setting, what is the connection option for a Load Customer in terms of reliability and security of supply: (i) through "island grid"; or (ii) directly to the transmission system?
5. If a load customer is on "island grid", does it still benefit from the system reliability and other services provided through the main transmission system?
6. If a load customer is electrically connected to the grid via a Generation Company's switchyard, does it benefit from the system reliability and other services provided through the transmission system?



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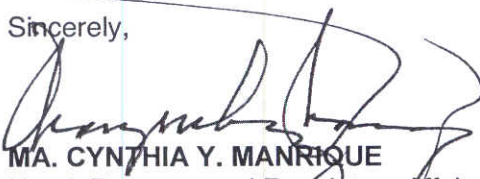
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7. Since a load customer electrically connected to the grid via a Generation Company's switchyard benefits from the system reliability and other services provided through the transmission system, will it be reasonable and fair for this load customer not to pay transmission charge?
8. If a Customer does not pay transmission charge while enjoying the benefits of being electrically connected to the transmission system, is it fair that other customers are subsidizing such connection? Following the Pareto efficiency principle, it is impossible to make any one individual better off without making at least one individual worse off.
9. If a distribution utility became a captive market of a generation company, will its customers that are eligible for retail open access, still avail of the opportunity to directly purchase electricity from other suppliers?

Likewise, NGCP reserves the right to submit additional issues/queries as it may be deemed necessary.

Thank you and we hope that this submission satisfactorily complies with the Honorable Commission's directive.

Sincerely,

  
**MA. CYNTHIA Y. MANRIQUE**  
Head, Revenue and Regulatory Affairs and  
Regulatory Compliance Officer