

# **NATIONAL TRANSMISSION CORPORATION**

Accomplishment Report for CY 2014

## **Concession Contract Management Group (CCMG)**

### **I. DIVESTMENT/SALE OF SUB-TRANSMISSION ASSETS**

The sale of TransCo's sub-transmission assets involves 131 sale contracts and 107 interested distribution utilities, most of which are electric cooperatives. The sub-transmission assets include some 5,900 ckt-km of mostly 69 kV transmission lines and 1,600 MVA of substation capacity.

In compliance with the mandate of EPIRA and under the guidelines set by the Energy Regulatory Commission, TransCo in 2014 signed three sale contracts with distribution utilities.

As of December 31, 2014, TransCo has signed 112 sale contracts with 80 distribution utilities/electric cooperatives/consortia. These sales cover an aggregate length of about 4,040 ckt-kms of sub-transmission lines and about 36,300 sub-transmission structures and 865 MVA of substation capacity. Of the 112 sale contracts, 51 contracts have been approved with or without modification. However, five contracts were disapproved and one contract withdrawn by the ERC as of December 31, 2014 posting in the ERC website. The rest of the sale contracts are for filing with the ERC and for ERC's evaluation and approval.

Following the EPIRA provision to extend concessional financing to electric cooperatives, TransCo implemented lease purchase arrangements with a term of 20 years. Of the 112 sale contracts already signed, 69 are under lease purchase agreements with 60 electric cooperatives/consortia. The remaining 42 involved sales to private distribution utilities/consortia.

TransCo is looking forward to the sale of about 20 ckt-km of sub-transmission lines and about 200 MVA of substation equipment to three (3) interested distribution utilities/consortia.

### **II. INSPECTION OF ASSETS, PROJECTS UNDER CONSTRUCTION AND NEW TRANSMISSION PROJECTS UNDERTAKEN BY NGCP**

This entails technical inspection, assessment, reporting and monitoring of the operating condition of the TransCo-owned electric power transmission assets being managed by NGCP nationwide, including but not limited to, inspection of NGCP's books and records, all equipment and facilities in compliance with the provisions of the Concession Agreement,

the Philippine Grid Code, environmental, safety and security requirements and pertinent laws.

From January-December 2014, TransCo conducted inspections in ten (10) Projects and fifty-three (53) transmission facilities.

### TRANSMISSION PROJECTS

No.	Inspection Report No.	Location	Name of Project	Inspection Dates
1	NLR-PR-14-02	North Luzon	Luzon PCB Replacement Project (San Jose and Malaya)	Feb. 11-13, 2014
2	NLR-PR-14-06	North Luzon	Luzon S/S Expansion Project 2 (Mexico & Concepcion)	June 18-20, 2014
3	SLR-PR-14-07	South Luzon	Luzon S/S Expansion Project 3 (Batangas & Bay Substation)	July 23-25, 2014
4	NLR-PR-14-08	North Luzon	Laoag and San Esteban Substations San Esteban-Laoag 230 kV T/L Project 2	Aug. 11-15, 2014
5	VIS-PR-14-01	Visayas	Southern Panay Backbone 138kV Transmission Project	Jan.22-24, 2014
6	VIS-PR-14-03	Visayas	Colon-Cebu 138kV Transmission Project	Mar. 11-14, 2014
7	VIS-PR-14-09	Visayas	Calong-Calong-Toledo-Colon T/L Project	Sept. 23-26, 2014
8	MIN-PR-14-04	Mindanao	Matanao-Gen. Santos 138kV Transmission Project	Apr. 22-24, 2014
9	MIN-PR-14-05	Mindanao	Mindanao S/S Reliability Project 1	May 19-23, 2014
10	MIN-PR-14-10	Mindanao	Matanao-Kibawe 138kV Transmission Project	Oct. 28-30, 2014

## TRANSMISSION FACILITIES

No.	Inspection Report No.	Location	Name of Transmission facilities	Inspection Dates
<b>LUZON</b>				
1	NLACC-14-02	North Luzon	La Trinidad Area Control Center	Jan. 20-21, 2014
	NL-MTDA-14-04	North Luzon	La Union MTD-B	Jan. 22-23, 2014
2	CLACC-14-05	North Luzon	Mexico (Area Control Center)	Feb. 3-4, 2014
	NL-MTDB-14-07	North Luzon	Mexico, Pampanga	Feb. 5-6, 2014
3	NLRD3-14-08	DISTRICT 3	San Manuel, Bolo, Labrador, Kadampat, Nagsaag, Mangaldan, Cuyapo	Feb. 3-7, 2014
4	NLRD7-14-10	North Luzon	San Jose, Doña Imelda (Araneta), Tay-Tay (Dolores), Malaya, Quezon (Balintawak)	Feb. 17-21, 2014
5	SLRD2-14-11	South Luzon District 2	Tayabas, Gumaca, Makban, Kalayaan, Caliraya	Mar. 3-7, 2014
6	NLRD5-14-12	North Luzon District 5	Hermosa, Limay, Hanjin, Olongapo, Subic, Botolan and Morong	Mar. 10-14, 2014
7	NLRD1-14-16	North Luzon District 1	Bauang, Bacnotan, San Esteban, Bantay, Currimaog, Laoag	Apr. 21-25, 2014
8	NLOMD4-14-20	North Luzon District 4	Santiago, Gamu, Tuguegarao, Bayombong, Cauayan, Ilagan, Lagawe	May 5-9, 2014
9	STACC-14-21	Southern Tagalog	Laguna, Southern Tagalog ACC	May 20-21, 2014
	SL-MTDA-14-22	South Luzon	Laguna, Southern Tagalog MTD-A	May 22-23, 2014
10	SLRD1-14-23	South Luzon District 1	Dasmariñas, Ternate, Rosario, Zapote,	May 19-23, 2014

No.	Inspection Report No.	Location	Name of Transmission facilities	Inspection Dates
			Sucacat, Binan, Calaca, Batangas	
11	SLR-MB-14-24	South Luzon	Daraga, Albay MTD-B	June 3-4, 2014
	SLR-AC-14-25	South Luzon	Bicol Area Control Center	June 4-5, 2014
12	NLR-RS-14-27	North Luzon	Ampucao, Tuba, Angat & San Mateo Repeater Stations	June 2-6, 2014
13	SLR-RS-14-29	South Luzon	South Luzon Repeater Station	June 16-20, 2014
14	NLR-D7-14-33	District 7 North Luzon	San Jose, Doña Imelda (Araneta), Taytay (Dolores), Malaya, Quezon (Balintawak)	July 14-18, 2014
15	NCC-AC-14-34	H.O., Diliman	National Control Center - Diliman, Quezon City	July 21-25, 2014
16	NLR-D3-14-42	North Luzon	San Manuel, Bolo, Labrador, Kadampat, Nagsaag, Mangaldan, Cuyapo	Sept. 1-5, 2014
17	NLR-D2-14-46	North Luzon District 2	La Trinidad, Ambuklao, Binga, Beckel, Itogon	Sept. 29 - Oct. 2, 2014
18	SLR-D3-14-49	South Luzon District 3	Naga City, Labo, Daraga, Tiwi	Oct. 13-17, 2014
19	SLR-D2-14-56	South Luzon District 2	Tayabas, Gumaca, Makban, Kalayaan, Caliraya	Nov. 17-21, 2014
20	SLR-D1-14-58	South Luzon District 1	Dasmariñas, Ternate, Rosario, Zapote, Sucacat, Binan, Calaca, Batangas	Dec. 1-5, 2014
21	NLR-D6-14-60	North Luzon District 6	Mexico, Concepcion, Cabanatuan, Pantabangan, Cruz na Daan	Dec. 8-12, 2014
<b>VISAYAS</b>				
22	VISD3-14-03	Visayas District 3	Bacolod, Cadiz, Kabankalan, Mabinay, Amlan	Jan. 20-24, 2014

No.	Inspection Report No.	Location	Name of Transmission facilities	Inspection Dates
23	WVRS-14-09	Visayas	Western Visayas	Feb. 17-21, 2014
24	VIS-RCC-14-14	Visayas	Regional Control Center, Cebu City	Mar. 31-Apr. 1, 2014
	VIS-MTDA-14-15	Visayas	MTD-A – Talamban, Cebu City	Apr. 2-3, 2014
25	VISD4-14-17	District 4 Visayas	Sta. Barbara, Dingle, San Juan, Panit-an, Baldoza	Apr. 21-25, 2014
26	VISD1-14-19	District 1 Visayas	OrmocCity, Babatngon, Wright, Isabel, Tabango, Maasin, Bagolibas	May 5-9, 2014
27	VIS-D3-14-28	District 3 Visayas	Bacolod, Cadiz, Kabankalan, Mabinay, Amlan	June 16-20, 2014
28	VIS-D2-14-30	District 2 Visayas	Banilad, Mandaue, Mactan, Compostela, Quiot, Naga, BDPP, Ubay, Talisay	June 30-July 4, 2014
29	VIS-AC-14-31	Visayas	Negros- Area Control Center	July 14-15, 2014
	VIS-MB-14-32	Visayas	MTD-B Visayas, Bacolod City	July 16-17, 2014
30	VIS-RS-14-38	Visayas	Busay, Muagao & Compostela Repeater Stations	Aug. 25-28, 2014
31	VIS-AC-14-47	Visayas	Bohol Area Control Center & Buenavista RS	Sept. 29- Oct. 2, 2014
32	VIS-AC-14-52	Visayas	Leyte ACC & Palompon RS	Oct. 27-31, 2014
33	VIS-D4-14-53	Visayas District 4	Sta. Barbara, Dingle, San Juan, Panit-an, Baldoza	Oct. 27-31, 2014
34	VIS-D1-14-54	Visayas District 1	Ormoc City, Babatngon, Wright, Isabel, Tabango, Maasin, Bagolibas	Nov. 10-14, 2014

No.	Inspection Report No.	Location	Name of Transmission facilities	Inspection Dates
35	VIS-AC-14-57	Visayas	Panay Area Control Center	Dec. 1-4, 2014
<b>MINDANAO</b>				
36	MIND2-14-06	Mindanao DISTRICT 2	Lugait, Iligan (Overton), Balo-i (Abaga), Mindanao RCC, Metering Facilities and Microwave Station	Feb. 3-7, 2014
37	MIND5-14-13	DISTRICT 5	Davao City, Bunawan, Matanao, Maco, Nabunturan, Kidapawan	Mar. 24-28, 2014
38	MIND3-14-18	Mindanao DISTRICT 3	Carmen, Tagoloan, Aplaya, Kibawe, Maramag	Apr. 21-25, 2014
39	MIND6-14-26	Mindanao District 6	Tacurong, Gen Santos City, Nuling	June 2-6, 2014
40	MIN-D2-14-35	Mindanao District 2	Lugait, Iligan (Overton), Balo-i Abaga), Mindanao RCC, Metering Facilities & Microwave Station	Aug. 11-15, 2014
41	MIN-AC-14-36	Mindanao	Davao Area Control Center	Aug. 26-27, 2014
	MIN-MB-14-40	Mindanao	Davao MTD-B	Aug. 28-29, 2014
42	MIN-MA-14-37	Mindanao	Iligan MTD-A	Aug. 26-27, 2014
43	MIN-AC-14-39	Mindanao	Iligan Area Control Center	Aug. 27-28, 2014
44	MIN-D5-14-41	Mindanao	Davao City, Bunawan, Matanao, Maco, Nabunturan, Kidapawan	Sept. 1-5, 2014
45	MIN-AC-14-43	Mindanao	Gen. Santos Area Control Center & Calumpang Repeater Station	Sept. 15-19, 2014
46	MIN-D1-14-44	Mindanao	Aurora, Sta. Clara, Sangali, Pitogo,	Sept. 15-19, 2014

No.	Inspection Report No.	Location	Name of Transmission facilities	Inspection Dates
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47	MIN-D4-14-45	Mindanao	Butuan City, Bislig, San Francisco, Nasipit, Placer (Anislagan)	Sept. 15-19, 2014
48	MIN-AC-14-48	Mindanao	Zamboanga ACC, Tumaga RS, Sangali RS & Mercedes RS	Sept. 29- Oct. 2, 2014
49	MIN-D3-14-50	Mindanao District 3	Carmen, Tagoloan, Aplaya, Kibawe, Maramag	Oct. 13-17, 2014
50	MIN-AC-14-51	Mindanao	Butuan ACC & Carmen RS	Oct. 27-31, 2014
51	MIN-AC-14-55	Mindanao	Mindanao ACC & Manticao RS	Nov. 17-21, 2014
52	MIN-RS-14-59	Mindanao	Mintal, Matina, Malalag and Tupi Repeater Stations	Dec. 8-11, 2014
53	MIN-RS-14-61	Mindanao	Talacogon (Lugait), Gingoog, Camiguin Repeater Stations	Dec. 15-18, 2014

### III. MONITORING OF ENVIRONMENTAL COMPLIANCE OF NGCP

TransCo's Asset Inspection Team monitored, among others, the environmental compliance of NGCP-managed facilities in Luzon, Visayas and Mindanao. The Environmental Inspectors reviewed the availability of relevant permits, looked at hazardous/chemical storage facilities, and validated NGCP's corrective actions done to address previous observations. Below is a listing of inspected NGCP District substations together with common environmental observations from January to November 2014.

- North Luzon – Districts 1, 2, 3, 4, 5, 7
- South Luzon – Districts 1, 2, 3
- Visayas – Districts 1, 2, 3, 4
- Mindanao – Districts 1, 2, 3, 4, 5, 6
- North and South Luzon Repeater Stations
- Western and Eastern Visayas Repeater Stations

#### **The common environmental observations in the facilities inspected were:**

- Station service transformers filled with oil has no catch basin and oil-water separator in case of oil leak.
- Some transformers have insufficient catch basins to capture oil in case of leak.

- Some oil circuit breakers and transformers have oil leak that seep into the soil and likely pollute the ground water. (Ref.: R.A. 9275 "Clean Water Act")
- Absence of/expired Sanitary Permits in some of the facilities per District in Luzon, Visayas, and Mindanao.
- Expired Permits-To-Operate from DENR of some generator sets in Visayas. (Ref.: R.A. 8749 "Clean Air Act")
- Drums of used oil exceeded the one (1) year storage limit in hazardous waste facility in Luzon, Visayas, and Mindanao. (Ref: DAO 04-36 "Hazardous Waste Management")
- Some drums of used oil were not labeled while those with labels were not in standard material and faded inside the Hazardous Waste Area in Luzon, Visayas, and Mindanao. (Ref: DAO 04-36 "Hazardous Waste and Chemical Management")
- No easy access in going to and from the hazardous waste facility in some substations in Luzon, Visayas, and Mindanao. (Ref: DAO 04-36 "Hazardous Waste and Chemical Management")

**IV. REVIEW OF ALL NGCP PROJECTS FILED WITH THE ENERGY REGULATORY COMMISSION (ERC) AND SUBMISSION OF CORRESPONDING POSITION PAPERS.** TransCo conducted studies on the following:

<b>No.</b>	<b>ERC Case</b>	<b>Date Received by GTMD</b>	<b>Status</b>
1	ERC Case No. 2014-014 RC: Submarine Fiber Optic Cable Sorsogon-Samar Interconnection Project	March 4, 2014	Submitted to CMD and LCD on April 14, 2014
2	ERC Case No. 2014-015 RC : La-Trinidad-Calot 69kV Line Project	March 4, 2014	Submitted to CMD and LCD on April 14, 2014
3	ERC Case No. 2014-016 RC: Hermosa-Floridablanca 69kV Line Project	March 4, 2014	Submitted to CMD and LCD on April 14, 2014
4	ERC Case No. 2014-017 RC : Pasay 230kV Substation Project	March 4, 2014	Submitted to CMD and LCD on April 14, 2014
5	ERC Case No. 2014-024 RC : Eastern Panay Transmission Line Project	March 26, 2014	Submitted to CMD and LCD on May 7, 2014
6	ERC Case No. 2014-057 RC : Bataan-Cavite(Metro Manila) Transmission Line Project (Phase 1-Feasibility Study)	May 12, 2014	Submitted to CMD and LCD on June 13, 2014



7	ERC Case No. 2014-060 RC: Malita-Matanao 230 kV Transmission Line Project	May 23, 2014	Submitted to CMD and LCD on July 4, 2014
8	ERC Case No. 2014-033 MC: Reclassification of the Cadiz-San Carlos 69kV Line into Transmission Asset	May 21, 2014	Submitted to CMD and LCD on June 20, 2014
9	ERC Case No. 2014-087 MC: 69kV Lines of SOCOTECO II and SEC into Transmission Asset	June 25, 2014	Submitted to CMD and LCD on July 31, 2014
10	ERC Case No. 2014-081 MC: Reclassification of Team Energy Corporation's Switchyard, Limay-BPC 230kV Lines 1 and 2 and associated equipment	July 22, 2014	Submitted to CMD and LCD on October 10, 2014
11	ERC Case No. 2014-082 MC: Reclassification of Asset owned and operated by Toledo Power Company	July 22, 2014	Submitted to CMD and LCD on October 7, 2014
12	ERC Case No. 2014-084 MC: Reclassification of Aurora-Ozamiz-Oroquieta 69kV Line	July 22, 2014	Submitted to CMD and LCD on October 7, 2014
13	ERC Case No. 2014-134 RC: Approval of the Taguig Extra High-Voltage Substation Project	September 16, 2014	Submitted to CMD and LCD on January 23, 2015
14	ERC Case No. 2014-111MC: Reclassification of New Salong 230kV Subtransmission Line and Salong-Calaca 230kV Line into Transmission Assets	September 16, 2014	Submitted to CMD and LCD on November 3, 2014

## V. ASSESSMENT OF NGCP COMPLIANCE WITH THE CONCESSION AGREEMENT

The Technical, Legal and Financial Assessment (TLFA) of NGCP's Compliance with the Concession Agreement (CA) for CY 2012 was undertaken by the Joint PSALM-TransCo Technical, Financial and Legal Assessment Team in 2014. During the conduct of the assessment, the performance of NGCP vis-à-vis its obligations under the various provisions of the Concession Agreement was evaluated. NGCP's attention was called on those provisions which have not been complied with as noted by the Team. The copy of report on the findings on NGCP's compliance with the Concession Agreement for CY 2012 is maintained at CCMG data room.

## **VI. FILING OF THE FEED-IN TARIFF ALLOWANCE (FIT-ALL) RATE WITH THE ERC [Updates on the Implementation as Well as the Role of TransCo in Feed-in Tariff (FIT)]**

TransCo has been designated to assume the role of Feed-in Tariff Allowance (FIT-All) Fund Administrator under ERC Resolution No. 15 Series of 2012 dated November 19, 2012. As such, it is tasked with the establishment, management, administration and disbursement/settlement (thru the Trustee Bank) of the FIT-All Fund for the benefit of FIT-eligible Renewable Energy developers.

On 30 July 2014, TransCo successfully filed with ERC the FIT-All Rate petition entitled "In The Matter Of The Application For The Approval Of The Feed-In Tariff Allowance For Calendar Years 2014 and 2015 Pursuant To The Guidelines For The Collection Of The Feed-In Tariff Allowance Fund With Prayer For Provisional Authority". The same petition has been granted Provisional Authority by the ERC, adopting the TransCo computations, assumptions and determined FIT-All Rate, and is for implementation during the January 2015 billing of FIT-All Fund Collection Agents.

TransCo actively provided inputs and comments for the consideration of the ERC in finalizing its issuances like the FIT-All Guidelines and templates for the REPA/RESA.

TransCo is currently working internally on a computerized FIT All Management System (FAMS) to assist its FIT-All Team in monitoring inflows into the FIT-All Fund and preparing disbursements out of the FIT-All Fund. It is drafting a set of guidelines for the Collection Agents to follow in the remittance into the FIT-All Fund.

TransCo is also finalizing its negotiations with Land Bank of the Philippines which shall act as the trustee bank for the FIT-All Fund.

## **VII. OTHER RELEVANT INFORMATION**

### **A. Updates on the Turnover of Hanjin Transmission Assets**

Following the acquisition by TransCo of Hanjin's transmission assets, TransCo and NGCP executed a Turnover Agreement dated December 4, 2014 to formalize the turnover of the subject assets for the latter's operation and maintenance. TransCo and NGCP has likewise negotiated on the terms and conditions for the refund/reimbursement of the cost of acquisition of the said assets. The Memorandum of Agreement is now being routed for PSALM signature.

### **B. Compliance with Section 37 (e-iv) of RA 9136 (Electric Power Industry Reform Act of 2001)**

1. TransCo submitted twelve (12) monthly reports on Updates on TransCo's Accomplishments in Relation to RA 9136 (EPIRA) Implementation to the Department of Energy, for the period January 1, 2014 to December 31, 2014.

2. TransCo submitted three (3) quarterly reports on the Updates of NGCP and TransCo's Action on its EPIRA Mandate to the Joint Congressional Power Commission in compliance with the provision of Section 62 of RA 9136. The 2014 last quarter report will be submitted as soon as NGCP, the Concessionaire provides its updates.

### **3. Update On TransCo's Applications With The Energy Regulatory Commission and other Regulatory Compliance.**

The Concession Agreement provides that between TransCo and NGCP, it shall be NGCP who will be the sole regulated entity before the Energy Regulatory Commission (ERC). Hence, all rate cases are now being filed and attended to by NGCP. TransCo regularly monitors NGCP applications filed with ERC and participates in the conduct of hearings and public consultations on major rate cases as well as other applications. In some instances, TransCo files petitions for intervention, conducts review and provides comments (as may be necessary) and submits the same to ERC. The Summary Report on the Monitoring of NGCP Applications filed with the ERC is maintained at the CCMG data room.

## **C. Fourth Regulatory Period (2016 to 2020)**

In connection with the Regulatory Reset for the Fourth Regulatory Period, TransCo provided comments on the Issues Paper issued by the ERC in May 2014 on the Implementation of Rules for Setting Transmission Wheeling Rates (RTWR). TransCo's comments and position was submitted to ERC on July 2014.

After the ERC's consolidation of comments, a series of public consultations were conducted in Luzon, Visayas and Mindanao where TransCo actively participated, and presented and discussed its comments and positions before the Commission and all stakeholders present. The ERC has yet to issue its (Draft) Position Paper for the stakeholders' views and comments.

## **Legal, Right Of Way and Land Management Services Group (LRLMSG)**

### **I. HANDLING OF RIGHT-OF-WAY CLAIMS/CASES**

Pursuant to Section 5.08 of the Concession Agreement, TransCo is responsible for all existing rights-of-way whose causes of action accrued prior to the Commencement Date. The settlement of right-of-way claims and cases contributes to ensuring that the delivery of reliable and efficient electric power is uninterrupted, by securing appropriate rights over land traversed by the transmission projects.

As approved by the TransCo Board and the Governance Commission for Government-Owned and Controlled Corporations (GCG), LRLMSG's target for 2014 is Twenty-Eight

(28) right-of-way claims/cases approved for settlement and expropriation cases initiated. The said target was accomplished 100%.

## **II. VALIDATION OF RIGHT-OF-WAY CLAIMS**

LRLMSG was also able to attain a 100% validation of its mandated target of one hundred fifty-nine (159) right-of-way claims by the end of 2014.

## **III. VERIFICATION SURVEY OF TRANSMISSION LINES**

Another mandated target is the conduct of validation/verification survey for an identified total transmission (linear) length of at least sixty-six (66) kilometers (kms) for North Luzon, South Luzon, Visayas, & Mindanao. By the end of 2014, LRLMSG was able to survey and verify 66.09 kms of affected properties, also recording a 100% accomplishment rate.

## **IV. SIGNING AND IMPLEMENTATION OF MEMORANDUM OF AGREEMENT ON THE SUBSTITUTION OF PARTIES BETWEEN NPC AND TRANSCO REGARDING ALL TRANSMISSION-RELATED CASES**

LRLMSG likewise worked on and completed the Memorandum of Agreement (MOA) regarding the substitution of NPC by TransCo as party in all transmission-related cases, including all expropriation cases, and other right-of-way related actions. The substitution of parties is pursuant to Section 8 of Republic Act No. 9136 (the EPIRA Law) which mandates that the ownership of all transmission assets shall be transferred from NPC to TransCo, as well as Section 5.08 of the Concession Agreement that TransCo shall be responsible for all rights-of-way involving all existing transmission lines and facilities.

In October 2014, the said MOA was executed and signed by NPC, TransCo, the Power Sector Assets and Liabilities Management Corporation (PSALM), the Office of the Solicitor General (OSG) and the Office of the Government Corporate Counsel (OGCC).

## **V. AMENDMENTS TO THE TRANSCO'S MANUAL OF APPROVALS**

LRLMSG was also instrumental in having amendments in the TransCo Manual of Approvals (MOA) on right-of-way matters and issues not addressed by the existing TransCo MOA, approved by the TransCo Board in 2014. These are:

- a. Execution of Partition Agreements which are necessary to implement earlier executed Deeds of Sale and Compromise Agreements involving NPC/TransCo-acquired portions of properties traversed or affected by transmission lines and other facilities.
- b. Cancellation of right-of-way grants annotated in titles of properties which are clearly determined as not affected by any transmission line or other facility.

**VI. MEMORANDUM OF UNDERSTANDING BETWEEN TRANSCO AND THE LAND REGISTRATION AUTHORITY (LRA) ON THE IDENTIFICATION OF TRANSCO REAL ASSETS FALLING WITHIN ITS TRANSMISSION LINE RIGHT-OF-WAY**

LRLMSG also worked closely the Land Registration Authority (LRA) for the implementation of the Memorandum of Understanding (MOU) to identify real properties of NPC and TransCo falling within the rights-of-way of transmission lines. The subject MOU and POC Report is free of charge to TransCo.

**UTILITY MANAGEMENT DEPARTMENT**

**MANAGEMENT AND OPERATION OF ELECTRICAL DISTRIBUTION SYSTEMS AT PEZA-BAGUIO AND AFAB.**

TRANSCO's Utility Management Department (UMD) operated and maintained the electrical distribution systems of two economic zones of Philippine Economic Zone Authority (PEZA) namely Cavite Economic Zone and Baguio City Economic Zone, as well as the Authority of the Freeport Area of Bataan (AFAB).

UMD performed annual preventive maintenance and testing of distribution transformers and line equipment, distribution line inspections and correction of hot spots to reduce the frequency of power interruptions. It also conducted calibration of billing meters and performed energy audits to reduce system losses.

As a measure of its performance, UMD registered an Availability Factor of 99.90% and a Collection Efficiency of 98.82%.

In preparation for the expiration of all O&M service contracts of UMD with PEZA and AFAB in May 2014, TransCo successfully negotiated a new 3-year contract with the BCEZ and a 5-year contract with AFAB.