

# **NATIONAL TRANSMISSION CORPORATION**

Accomplishment Report for CY 2013

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

### **I. DIVESTMENT 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 circuit-kilometers (ckt-kms) of mostly 69-kV transmission lines and 1,600 megavolt-amperes (MVA) of substation capacity.

In compliance with the mandate of EPIRA and under the guidelines set by the Energy Regulatory Commission, TransCo in 2013 signed four sale contracts with distribution utilities.

As of December 31, 2013, TransCo has signed 109 sale contracts with 78 distribution utilities/electric cooperatives/consortia. These sales cover an aggregate length of about 4,000 ckt-kms of sub-transmission lines and about 36,300 sub-transmission structures and 865 MVA of substation capacity. Of the 109 sale contracts, 49 contracts have been approved with one (1) contract disapproved by the ERC as of the December 31, 2013 posting in the ERC website. The rest of the sale contracts are for ERC filing, 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 109 sale contracts already signed, 67 are under lease purchase agreements with 59 electric cooperatives/consortia. The remaining 42 involved sales to private distribution utilities/consortia.

TransCo is looking forward to the sale of about 610 ckt-kms of sub-transmission lines and about 485 MVA of substation equipment to 13 interested distribution utilities/consortia for the next two years.

### **II. INSPECTION OF ASSETS OPERATED AND MAINTAINED BY NGCP NATIONWIDE**

This entailed the technical inspection, assessment, reporting and monitoring of operating condition of the TransCo-owned electric power transmission grid being managed by NGCP nationwide. This includes but is not limited to, inspection of NGCP's books and records, all the equipment and facilities in, compliance with the provisions of the Concession Agreement, the Philippine Grid Code, environmental safety, and security requirements and other pertinent laws.

In 2013, TransCo conducted 55 inspections (listed below) covering the substations, repeater stations, Regional Control Centers (RCCs), Area Control Centers (ACCs), Maintenance & Testing Division (MTD), Projects Under Construction (PUCs) including new projects.

No.	Report No.	Location	Site	Inspection Date
1/55	VISD3-13-01	DISTRICT 3	Bacolod, Cadiz, Kabankalan, Mabinay, Amlan	Jan. 7-11
2/55	NLOMD5-13-02	DISTRICT 5	Hermosa, Limay, Hanjin, Olongapo, Subic, Botolan and Morong	Jan. 14-18
3/55	MIND2-13-03	DISTRICT 2	Lugait, Iligan(Overton), Balo-i(Abaga), Mindanao RCC, Metering Facilities and Microwave Station	Jan. 21-25
4/55	VISD2-13-04	DISTRICT 2	Banilad, Mandaue, Mactan, Compostela, Quiot, Naga, BDPP, Ubay, Talisay	Feb. 4-8
5/55	PUC-13-01	North Luzon	Mariveles Coal transmission Reinforcement Proj. (T/L Portion)	Feb. 11-13
6/55	PUC-13-02	North Luzon	Mariveles Coal transmission Reinforcement Proj. (S/S Portion)	Feb. 11-13
7/55	NLOMD1-13-05	DISTRICT 1	Bauang, Bacnotan, San Esteban, Bantay, Currimao, Laoag	Feb. 18-22
8/55	NLOMD3-13-06	DISTRICT 3	San Manuel, Bolo, Labrador, Kadampat, Nagsaag, Mangaldan, Cuyapo	Mar. 4-8
9/55	NLOMD7-13-07	DISTRICT 7	San Jose, Doña Imelda (Araneta), Tay-Tay (Dolores), Malaya, Quezon (Balintawak)	Mar. 11-15
10/55	NLOMD4-13-08	DISTRICT 4	Santiago, Gamu, Tuguegarao, Bayombong, Cauayan, Ilagan, Lagawe	Mar. 18-22
11/55	PUC-13-03	Mindanao	Balo-i - Villanueva (Abaga-Kirahon) 230kV T/L Project	Mar. 19-22
12/55	PUC-13-04	Mindanao	Balo-i (Abaga) and Villanueva (Kirahon) 230kV S/S Project	Mar. 19-22
13/55	PUC-13-05	Mindanao	Villanueva - Maramag (Kirahon - Maramag) 230kV Transmission Project	Mar. 19-22
14/55	SLRD2-13-09	DISTRICT 2	Tayabas, Gumaca, Makban, Kalayaan, Caliraya	Apr. 1-5
15/55	MIND5-13-10	DISTRICT 5	Davao City, Bunawan, Matanao, Maco, Nabunturan, Kidapawan	Apr. 15-19
16/55	NL-MTDB-13-11	North Luzon	Mexico, Pampanga	Apr. 22-23
	CLACC-13-12	North Luzon	Mexico (Area Control Center)	Apr. 24-25
17/55	VISD4-13-13	DISTRICT 4	Sta. Barbara, Dingle, San Juan, Panit-an, Baldoza	Apr. 22-26
18/55	MIND3-13-14	DISTRICT 3	Carmen, Tagoloan, Aplaya, Kibawe, Maramag	Apr. 22-26
19/55	NLACC-13-15	North Luzon	La Trinidad ACC	May 6-7
	NL-MTDA-13-16	North Luzon	La Union MTD-B	May 8-9
20/55	NLOMD6-13-17	DISTRICT 6	Mexico, Concepcion, Cabanatuan, Pantabangan, Cruz naDaan	May 6-10
21/55	VISD1-13-19	DISTRICT 1	OrmocCity,Babatngon, Wright, Isabel, Tabango, Maasin, Bagolibas	May 20-23
22/55	STACC-13-18	South Luzon	Laguna, Southern Tagalog ACC	May 21-22
	SL-MTDA-13-20	South Luzon	Laguna, Southern Tagalog MTD-A	May 23-24
23/55	SL-MTDB-13-21	South Luzon	MTD-B, Bicol	June 4-5
	BACC-13-22	South Luzon	Bicol Area Control Center	June 5-6

24/55	SLRD1-13-23	DISTRICT 1	Dasmariñas, Ternate, Rosario, Zapote, Sucat, Binan, Calaca, Batangas	June 3-7
25/55	VIS-RCC-13-24	Visayas	Regional Control Center, Cebu	June 17-21
	VIS-NACC-13-25	Visayas	Negros Area Control Center	June 18-19
26/55	MOMD1-13-26	DISTRICT 1	Aurora, Sta. Clara, Sangali, Pitogo, Lunzuran	June 17-21
27/55	VIS-MTDA-13-27	Visayas	MTD-A, Talamban, Cebu	June 17-21
	VIS-MTDB-13-28	Visayas	MTD-B, Bacolod	June 19-20
28/55	PUC-13-06	Visayas	Bohol Backbone Transmission Project	June 19-21
29/55	IACC-13-29	Mindanao	Iligan Area Control Center	July 1-2
	MOM-MTDA-13-30	Mindanao	Iligan, MTD-A	July 3-4
30/55	VISD3-13-31	DISTRICT 3	Bacolod, Cadiz, Kabankalan, Mabinay, Amlan	July 1-5
31/55	MOM-DACC-13-32	Mindanao	Davao Area Control Center	July 15-16
	MOM-MTDB-13-34	Mindanao	Davao MTD-B	July 17-18
32/55	GSACC-13-33	Mindanao	GenSan Area Control Center	July 16-17
33/55	MIND2-13-35	DISTRICT 2	Lugait, Iligan(Overton), Balo-i(Abaga), Mindanao RCC, Metering Facilities and Microwave Station	July 15-19
34/55	VISD2-13-37	DISTRICT 2	Banilad, Mandaue, Mactan, Compostela, Quiot, Naga, BDPP, Ubay, Talisay	July 29-Aug 2
35/55	MIN-BACC-13-38	Mindanao	Butuan Area Control Center	Aug. 5-7
36/55	VIS-BACC-13-39	Visayas	Bohol Area Control Center	Aug. 5-8
37/55	VIS-PACC-13-40	Visayas	Panay Area Control Center	Aug. 12-16
38/55	NLOMD3-13-41	DISTRICT 3	San Manuel, Bolo, Labrador, Kadampat, Nagsaag, Mangaldan, Cuyapo	Aug. 12-15
39/55	MIND4-13-42	DISTRICT 4	Butuan City, Bislig, San Francisco, Nasipit, Placer (Anislagan)	Aug. 19-23
40/55	VIS-LACC-13-43	Visayas	Ormoc City, Leyte	Sept. 2-3
41/55	NLRD7-13-44	DISTRICT 7	San Jose, Quezon, Taytay, Malaya & Doña Imelda	Sept. 2-3
42/55	SLOMD2-13-45	DISTRICT 2	Tayabas, Gumaca, Bay, Lumban, San Juan, Famy, Calamba, Caliraya, Pitogo, Lopez, Mulanay and Maunong	Sept. 16-20
43/55	MIND6-13-46	DISTRICT 6	General Santos, Tacurong, Sultan Kudarat and Calumpang	Sept. 23-26
44/55	MIND5-13-47	DISTRICT 5	Davao, Nabunturan, Kidapawan, Maco, Bunawan, Matanao and Matina	Sept. 30-Oct. 4
45/55	NP-13-01	South Luzon	Lumban EHV-Bay Transmission Upgrading Project	Sept. 18-20
46/55	MIND3-13-48	Mindanao	Carmen, Tagoloan, Aplaya, Kibawe, Maramag	Oct. 7-11
47/55	NCC-13-49	Luzon	National Control Center	Oct. 16-18
48/55	VISD4-13-50	Visayas	Sta. Barbara, Dingle, San Juan, Panit-an, Baldoza	Oct. 21-25
49/55	NP-13-02	North Luzon	Luzon S/S Reliability Project 1 (Botolan S/S)	Oct. 30-31
50/55	SLRD3-13-51	South Luzon	Naga City, Labo, Daraga, Tiwi	Nov. 4-8
51/55	MRCC-13-52	Mindanao	Mindanao Regional Control Center	Nov. 4-8
52/55	NLD2-13-53	North Luzon	La Trinidad, Ambuklao, Binga, Beckel, Itogon	Nov. 18-22
53/55	NP-13-03	North Luzon	La Trinidad & Binga SS Projects	Nov. 20-22

54/55	ZACC-13-54	Mindanao	Zamboanga Area Control Center	Dec. 2-6
55/55	SLRD1-13-55	South Luzon	Dasmariñas, Ternate, Rosario, Zapote, Sucat, Binan, Calaca, Batangas	Dec. 9-13

### III. CONDUCT OF TECHNICAL STUDIES AND ASSISTANCE TO DOE AND PEMC

- A. Review of all NGCP projects filed with the Energy Regulatory Commission (ERC).** TransCo conducted technical studies on the following NGCP projects and submitted corresponding Position Papers.

ERC CASE NO.	PROJECT TITLE
2013-064 RC	Tuguegarao – Lalo (Magapit) 230kV Transmission Line Project
2013-077 RC	Laoag – Bangui 230kV Transmission Line Project
2013-132 RC	Toril Substation Project
2013-139 RC	Calamba 230kV Substation Project
2013-144 RC	Manila (Navotas) 230kV Substation Project
2013-148 RC	Cebu – Lapu-lapu Transmission Project

- B. Study on the Minimum Right-Of-Way Width for Transmission Lines.** TransCo conducted the study with consideration to engineering, health and safety principles and standards. It was subsequently presented and discussed with positive results in international fora, the Institute of Integrated Electrical Engineers (IIEE) and other industry stakeholders. The study has been submitted to the IIEE for its consideration and adoption in the Philippine Electrical Code.
- C. Provision of Technical Inputs to the Department of Energy (DOE).** TransCo provided DOE with technical inputs on the Interim Mindanao Electricity Market (IMEM), Retail Competition and Open Access (RCOA), review of the Transmission Development Plan, and the May 8, 2013 partial system blackout in Luzon.
- D. Provision of Technical Assistance to the Philippines Electricity Market Corporation (PEMC).** TransCo likewise provided technical assistance to the PEMC Audit Committee on the evaluation of the compliance of the Metering Service Provider with WESM rules.

### IV. REGULATORY COMPLIANCE MONITORING

- A. Monitoring of TransCo's Applications with the Energy Regulatory Commission (ERC).** The following are the updates on the TransCo's applications with the ERC:

1. **ERC Case No. 2008-061RC entitled “In the Matter of the Application for the Approval of Force Majeure (FM) Event Regulated FM Pass-through for Mindanao Tower Sabotage.”** This was filed by TransCo with the ERC on December 5, 2008. After having complied with all the requirements for the said application, the ERC issued its Decision dated July 6, 2011 authorizing TransCo to recover the approved FME expenditures from the Mindanao Grid customers within 24 months and likewise directed TransCo to pay the corresponding permit fee. Given the Decision, on December 2, 2011, TransCo filed a *Motion for Clarification* (MC) on the case but at the same time settled the payment of the required permit fee to the ERC. Pending ERC’s action on the MC, a follow-up *Motion to Resolve* the case was filed with the ERC on November 9, 2012. To date, there has been no resolution on the same. The approved cost has also not been recovered yet from the Mindanao Grid customers.
  
2. **ERC Case No. 2008-041RC entitled, “In the Matter of the Application for the Approval of the Ancillary Services Procurement Agreement (ASPA) between TransCo and NPC for the Panit-an Modular Diesel Power Plant.”** ERC issued a Decision on May 16, 2011 approving the ASPA thereby authorizing TransCo/NGCP to recover the costs relative to the ASPA for the period June 2008 to June 2009. In compliance with ERC’s directive, TransCo and NGCP jointly filed a *Compliance and Motion* on November 27, 2012 and submitted two (2) computations of the Ancillary Service cost and the proposed recovery scheme from the customers. To date, the case is still pending ERC resolution.

**B. Monitoring of Environmental Compliance of NGCP Nationwide.** The TransCo Asset Inspection Team looked into the compliance of NGCP in Luzon, Visayas, and Mindanao. Environmental Inspections of critical districts are done twice a year, and once a year for non-critical districts. Also, the TransCo Team counterchecked the availability and validity of relevant environmental permits and ensured that copies of the same are maintained in the concerned NGCP sites and the TransCo Data Room, where applicable.

In 2013, the following NGCP franchise areas (Districts) were inspected by the Team.

<b>Critical Districts (O &amp; M)</b>	<b>Non-Critical Districts (O &amp; M)</b>
North Luzon District 3	North Luzon District 1
North Luzon District 7	North Luzon District 2
South Luzon District 1	North Luzon District 4
South Luzon District 2	North Luzon District 5
Visayas District 1	North Luzon District 6
Visayas District 2	South Luzon District 3
Visayas District 3	Mindanao District 1
Visayas District 4	Mindanao District 4
Mindanao District 2	Mindanao District 6
Mindanao District 3	
Mindanao District 5	

- C. Monitoring of Updates on Rate Cases Filed by NGCP with the ERC and Participation in ERC Hearings and Public Consultations.** While ERC is the regulator and the NGCP is the sole regulated entity for the transmission business, a continuous monitoring and review/analysis of NGCP's rate cases are also regularly conducted as these involve the use of TransCo assets. TransCo also attends the relevant regulatory hearings pertaining to the applications of NGCP.
- D. Technical, Legal and Financial Assessment of NGCP's Compliance with the Concession Agreement (CA).** This activity is regularly conducted jointly by TransCo and PSALM in accordance with Memorandum Order No. 2013-11 dated 19 July 2013 on the creation of a joint TransCo and PSALM Assessment Team. During the conduct of the assessment, the performance of NGCP vis-à-vis its obligations under the various provisions of the Concession Agreement were evaluated. NGCP's attention was called on those provisions which have not been complied with as noted by the Team.
- E. Preparation for New Role as Feed-in Tariff (FIT) Administrator of the FIT All Fund.** Republic Act No. 9513, otherwise known as the Renewable Energy Act (RE Act) was promulgated in 2008. One of the non-fiscal incentives granted to RE Developers is the Feed in Tariff (FIT), a guaranteed rate that an eligible RE Developer is entitled to for twenty (20) years, adjusted for inflation and changes in foreign exchange. The "FIT Rules" was initially released by the ERC under Resolution No. 16 (series of 2010) and was later amended by ERC Resolution No. 15 (series of 2012), which also designated TransCo as the FIT All Fund Administrator. Subsequently, TransCo has done the following preparatory activities to enable itself to be ready to assume this new responsibility such as 1) the development of a computerized FIT-All Collection Management System; 2) study and provision of substantial comments/inputs on the draft Guidelines for the Collection and Disbursement of FIT All fees filed by the National Renewable Energy Board (NREB) before the ERC for approval including the draft Renewable Energy Payment Agreement and Trust Agreement; 3) determination of proposed staffing and budget needed in the Administration of FIT All Fund; 4) attendance to hearings and public consultations on the proposed guidelines; and 5) coordination and collection of data needed in the determination of FIT All Rate, among others.
- F. Turnover of Hanjin Transmission Assets.** Following the acquisition by TransCo of Hanjin's transmission assets, TransCo negotiated with NGCP on the formal turnover of the same for the latter's operation and maintenance. The Turnover Agreement is now being routed for signature among the concerned parties. In the meantime, NGCP has formally submitted its proposal to TransCo for the refund/reimbursement of the cost of acquisition thereof. The proposal is still being studied by TransCo management.
- G. Compliance with reportorial requirements of regulatory agencies and other government agencies.** Pursuant to Section 37(e-iv) of RA 9136, TransCo submitted regular updates on TransCo's accomplishments relative to the EPIRA implementation to the Department of Energy (DOE) and provided quarterly updates on the same to

the Joint Congressional Power Commission (JCPC). Likewise, TransCo regularly complied with the requirements/inquiries of DOE, NEDA, COA and other government agencies.

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

#### **I. HANDLING RIGHT-OF-WAY (ROW) CLAIMS AND CASES**

TRANSCO continued handling right-of-way (ROW) claims and cases involving existing transmission lines, substations and other transmission-related facilities which accrued prior to the turnover of the transmission function to NGCP.

Of the targeted 24 ROW claims/cases approved for settlement and expropriation cases initiated, RLMSD was able to attain a 100% accomplishment rate.

#### **II. VALIDATION OF ROW CLAIMS**

For 2013, TransCo was able to validate a total of 136 right-of-way claims, slightly exceeding its target for the year.

Validation involves determining whether or not there are existing right of way documentation covering the affected properties, validation of ownership of the claimants, conduct of verification surveys to determine whether the properties are affected and if in the affirmative, the areas affected and establishment of appropriate valuations of the properties.

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

TransCo also continued the conduct of verification/validation surveys of transmission lines in Luzon, Visayas and Mindanao. This activity is necessary to determine whether a particular property is traversed by a transmission line and the actual affected area thereof. The verification/validation survey one of the requirements in the processing of compensation claims.

For the year 2013, TransCo was able to conduct surveys totaling 61 kilometers of transmission lines ranging from 69-kv to 500-kv, to slightly exceed its approved target.

### **UTILITY MANAGEMENT DEPARTMENT**

#### **MANAGEMENT AND OPERATION OF ELECTRICAL DISTRIBUTION SYSTEMS AT PEZA AND AFAB**

TRANSCO's Utility Management Department (UMD) manages the electrical distribution systems of the two (2) public economic zones of Philippine Economic Zone Authority (PEZA) in Cavite and Baguio City as well as the Authority of the Freeport Area of Bataan (AFAB) through an O&M Services Contract. The 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 conducts calibration of billing meters and performs energy audits to reduce systems losses.