



ACCOMPLISHMENT REPORT FOR CY 2016

I. INSPECTION OF ASSETS OPERATED AND MAINTAINED BY NGCP

For 2016, TransCo conducted a total of seventy (70) inspections of transmission facilities and transmission projects, which include Projects Under Construction (PUCs). Of these, 58 inspections were on transmission facilities while twelve (12) inspections were on transmission projects (Annex A).

Of the 5,777 open observations noted during the inspection of transmission facilities, a total of 4,261 observations were corrected or closed by NGCP in 2016. The observations are classified as either 'major' and 'minor' observations and are tabulated as follows:

A. Status of Observations on Transmission Facilities

Observations	Total	Number of Open Observations	Number/Percentage of Closed Observations
Major Observations	2,153	544	1,609 (74.73%)
Minor Observations	3,624	972	2,652 (73.18%)
	5,777	1,516	4,261

Annexes B and C show the summary status of the 42 PUCs and 79 new NGCP transmission projects, respectively.

B. Status of Projects Under Construction (PUCs)

Status of Projects	As of January 15, 2009	As of December 31, 2016
Energized / Completed	8	37
Under Construction	10	4
Tendering Stage	11	0
Pre-construction Stage	13	0
Cancelled	0	1
Total	42	42

C. Status of New Projects

Status of Projects	As of December 31, 2016
Energized & Completed	22
Under Construction	26
Tendering Stage	24
Pre-construction Stage	7
Cancelled	0
Total	79

TransCo's Asset Inspection Teams also monitored the environmental compliance of NGCP pertinent to its operation and maintenance of transmission facilities in Luzon, Visayas and Mindanao. The environmental inspectors checked for availability of relevant permits, assessed the sufficiency of structures that conform with environmental protection requirements, looked at proper storage of hazardous/chemical substances and availability of required storage facilities, and validated NGCP's corrective actions done to address previous observations.

II. REGULATORY COMPLIANCE AND MONITORING OF NGCP RATE CASES

In accordance with the Concession Agreement, NGCP is the sole regulated entity before the ERC. Hence, all transmission rate cases are now being filed and attended to by NGCP. For its part, TransCo regularly monitors NGCP's applications filed with ERC and participates in the conduct of hearings and public consultations on major rate cases as well as other applications. Whenever necessary, TransCo files petitions for intervention, conducts reviews, provides comments, and submits the same to ERC. For CY 2016, TransCo attended and participated in the hearings on the following petitions of NGCP with the ERC:

Nature of ERC Cases	No. of Hearings Attended/ Participated
1. Maximum Allowable Revenue (MAR) Applications	7 of 7
2. Force Majeure Event (FME) Applications	12 of 13
3. New Project Applications	2 of 2
4. Project Expansion/Upgrading	None
5. Reclassification of Sub-Transmission Assets to Transmission Assets	4 of 4
6. Ancillary Services Procurement Agreement (ASPA)	2 of 2
TOTAL	27 of 28

With regard to the Regulatory Reset for the transmission business covering the Fourth Regulatory Period (Census Years 2016-2020), TransCo attended and participated in Public Consultations conducted by the ERC in 2014 and 2015. However, as of December 31, 2016, the ERC has yet to issue its Position Paper for the regulated entity to proceed with the reset process.

III. FEED-IN-TARIFF (FIT) ALLOWANCE FUND ADMINISTRATION

ERC Resolution No. 15, Series of 2012 dated November 19, 2012 designated TransCo as the Feed-in-Tariff Allowance (FIT-All) Fund Administrator. TransCo 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 (RE) developers.

TransCo filed before the ERC the application for approval of the Feed-In Tariff Allowance for 2016 on December 22, 2015 at the level of PhP 0.1025/kWh. Subsequently, the ERC considered the most updated data and issued a Provisional Authority (PA) for the Administrator to collect a FIT-All Rate of PhP 0.1240/Kwh effective on the April 2016 billing period. TransCo received the ERC order on March 21, 2016. To date, no final decision on this has been issued by the ERC. TransCo filed its 2017 FIT-ALL application petition before the Energy Regulatory Commission on December 1, 2016. Likewise, the ERC has not released any order relative thereto.

As of the January 5, 2017 payment date, TransCo as FIT-All Fund Administrator has collected about PhP 6.58 Billion out of the recorded PhP 7.022 Billion FIT-All Receivables covering January 1, 2016 to December 31, 2016, translating to a Collection Efficiency of 93.75%. For the Actual Cost Recovery Revenue (ACRR), TransCo collected 98.93% of its receivable of PhP 3.694 Billion over the same period.

The total claim of FIT-Eligible RE Developers is about PhP 17.52 Billion as of December 31, 2016 based on actual energy generation supplied to the Grid. Of this figure, PhP 12.766 Billion has already been disbursed/paid from the FIT-All Fund.

As of December 31, 2016, a total of 50 Renewable Energy Payment Agreements (REPA) have been issued and signed by TransCo and the RE Developers. Of these, 22 REPAs were contracted in 2016.

Plant Type	No. of REPA	Capacity MW	Effective REPA	
			Number	Capacity (MW)
Solar	25	575.95	13	244.54
Hydro	5	34.60	4	26.60
Biomass	13	121.25	8	86.15
Wind	7	426.90	7	426.9
Total	50	1,158.7	32	784.19

IV. ASSESSMENT OF NGCP'S COMPLIANCE WITH THE CONCESSION AGREEMENT

The first Assessment Review was conducted by a Joint PSALM-TransCo Technical, Financial, and Legal Assessment Team (TFLAT) under Memorandum Order No. 2010-0010 dated 15 February 2010. The assessment of NGCP's compliance with the Concession Agreement covered the period from the commencement date (15 January 2009) to 15 January 2010. The

Assessment Report was submitted by the TFLAT to both Presidents of TransCo and PSALM on 15 March 2010.

With the inclusion of the regulatory aspect of NGCP operations, TFLAT was later renamed TRFLAT. A TRFLAT Report for CY 2012, with emphasis on the findings of non-compliances and partial compliances was transmitted to NGCP on 09 January 2017 and NGCP was given 60 calendar days from its receipt to respond.

For the Concession Years 2013, 2014 and 2015, the Joint PSALM and TransCo Technical, Regulatory, Financial, and Legal Assessment Team (PSALM-TransCo) re-convened pursuant to Office Order No. 2016-492 dated September 19, 2016. Accordingly, the TRFLAT undertook the following:

- A. Inspection of Books and Records (Year 4 covering CYs 2014 and 2015). A report was completed and transmitted to NGCP and a copy was provided to the Department of Energy; and
- B. Assessment of NGCP's Compliance with the Concession Agreement (covering CYs 2013, 2014 and 2015). This is targeted for completion in February 2017. Once completed, the Assessment Report shall be transmitted to NGCP for its response. A copy shall also be provided to the DOE.

V. DIVESTMENT OF SUB-TRANSMISSION ASSETS

The sale of TransCo's sub-transmission assets involves 123 sale contracts with 107 interested distribution utilities, most of which are electric cooperatives. The sub-transmission assets include around 5,900 circuit kilometers (ckt-kms) of mostly 69-kV transmission lines and 1,600-MVA of substation capacity.

With only a few sub-transmission assets remaining to be divested to interested and qualified distribution utilities, TransCo signed one sale contract with a distribution utility in 2016.

As of December 31, 2016, TransCo has signed 113 sale contracts with 92 distribution utilities/electric cooperatives/consortia. These sales cover an aggregate length of about 3,804 ckt-kms of sub-transmission lines and about 34,048 sub-transmission structures and 830 MVA of substation capacity. Of the 113 sale contracts, 70 contracts have been either approved, approved with modification or disapproved. Included in the 70 contracts are 8 contracts disapproved as of December 31, 2016 posting in the ERC website. The rest of the sale contracts are for filing with the ERC or for its evaluation and approval.

To help electric cooperatives in their amortizations, TransCo extended concessional financing through the signing of lease agreements with a maximum term of 20 years.

Of the 113 sale contracts already signed, 76 are under lease purchase agreements with 65 electric cooperatives/consortia. The remaining 37 contracts represent sales to private distribution utilities/consortia.

VI. VALIDATION OF RIGHT-OF-WAY CLAIMS

TransCo is principally in charge of validating all right-of-way (ROW) claims involving transmission facilities existing prior to the Commencement Date (January 15, 2009), except those identified as Projects Under Construction (PUCs).

The following general activities are part and parcel of TransCo's regular validation process:

- A. Authentication of ownership of landowner-claimant
- B. Determination as to whether or not there are existing right-of-way documentation covering the affected property
- C. Ascertainment of the land classification of the said properties, both current and at the time of taking
- D. Identification of the transmission project involved and the year the said project was constructed or commissioned
- E. Conduct of verification survey to determine whether the property is affected and, if in the affirmative, determination of the actual area affected
- F. Establishment of the appropriate valuation of the affected property

In 2016, TransCo was able to validate a total of 195 ROW claims, exceeding its target of 193 approved by the TransCo Board and the Governance Commission for Government-Owned and Controlled Corporations (GCG).

VII. VERIFICATION SURVEY OF TRANSMISSION LINES

TransCo conducted validation/verification surveys in North Luzon, South Luzon, Visayas, and Mindanao to determine whether a property is traversed by a transmission line and find out the actual affected area thereof. This process involves the following activities:

- A. Actual survey/ocular inspection
- B. Plotting of the sketch plan and Narrative Technical Description
- C. Research of technical data from the Land Management Bureau (LMB)
- D. Coordination with various agencies (ROD, LRA, DAR, Assessor's Office, NHA, etc.)

In 2016, from a target of 245 kilometers transmission line linear length, TransCo was able to survey 245.12 linear kilometers of affected properties.

VIII. HANDLING OF RIGHT-OF-WAY CLAIMS/CASES APPROVED FOR SETTLEMENT/INITIATION OF EXPROPRIATION CASES

As in previous years, TransCo received claims and demands for payment of just compensation involving lands affected by transmission lines and other transmission-related facilities constructed/commissioned by its predecessor-in-interest, the National Power Corporation (NPC).

In cases where TransCo's offer of compensation is rejected by the landowner and prevents TransCo and NGCP entry to the premises which would compromise the operation and maintenance of the transmission line, TransCo files an expropriation case over the affected

property to ensure the smooth and unhampered operation and maintenance of the transmission line/s.

TransCo's target for 2016 of 34 ROW claims/cases approved for settlement and expropriation cases initiated was accomplished 100%.

IX. FORMULATION AND SUBMISSION OF TIME-BOUND ACTION PLANS ON ROW CLAIMS

TransCo prepared and submitted to the GCG ahead of the set deadline a Board-approved, comprehensive and time-bound action plan for the settlement of ROW claims issues and hasten the resolution of said claims, particularly on the three (3) targets discussed above.

Part of the approved plan is to outsource the land parcel survey activities (parcellary survey) of all existing transmission facilities nationwide that will result in the complete and proper documentation of said facilities, including all affected lands and structures.

The outsourcing of the parcellary survey was implemented on a pilot basis for the Kadampat-San Manuel-San Jose 500-kV T/L in North Luzon and the Banilad-Naga-Suba 138-kV T/L Project in the Visayas region. These are expected to be completed by February and March 2017, respectively.

X. OTHER ROW ACTIVITIES

TransCo continued handling other right-of-way-related issues such as the following:

- A. Verification/validation of properties subject of real property tax assessments
- B. Evaluation of requests for cancellation of right-of-way grants/annotations
- C. Handling of requests for the use of or to have access to NPC/TransCo properties as well as requests to buy back properties no longer utilized as transmission line ROW corridor/route
- D. Evaluation/validation of requests for subdivision/partition of lots which were partially acquired by NPC/TransCo or partially-affected by transmission lines and asset boundaries, verification/research of right-of-way issues/documents involving the divestment of sub-transmission assets
- E. Inspection of books and records of the Concessionaire involving Projects under Construction (PUCs) and New Projects involving rights-of-way
- F. Evaluation of requests for relocation of transmission towers and poles, inspection and evaluation of projects affecting the transmission lines
- G. Verification/validation/evaluation of ROW issues/documents in NPC's possession to be transferred to TransCo
- H. Preparation of Commissioner's Reports and comments to Commissioner's Reports on just compensation for litigated cases
- I. Validation of cases for possible compromise
- J. Review, preparation of various agreements and contracts with NPC, NGCP and other government and private entities relating to rights-of-way
- K. Updating of transmission line and substation profiles
- L. Inventory, scanning, filing and linking of ROW documents to the e-copy of Masterlists of project-affected landowners

- M. Management and consolidation of land titles, easement rights/grants and other ROW agreements in the name of TransCo/NPC
- N. Collection of various receivables pertaining to ROW

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

In line with its mandate to operate and maintain the electrical systems of the Baguio City Economic Zone (BCEZ) and the Freeport Area of Bataan (FAB), TransCo's Utility Management Department (UMD) performed the following upgrading works, preventive/predictive maintenance, corrective maintenance, and energy audits.

A. Baguio City Economic Zone

1. Upgrading Activities
 - Conversion of Structure Type from C to Modified A at Structure #3 along Moog-Norwegian Line
2. Preventive / Predictive Maintenance
 - a. Maintenance shutdown of TIPI feeders to facilitate the following:
 - 1) Diagnostic testing of 20/25 MVA transformer and associate devices
 - 2) Testing of 69-kV and 13.8-kV relay protection
 - 3) Testing of 69-kV and 13.8-kV breaker and voltage transformer
 - 4) Testing of 69-kV and 13.8-kV surge arrester
 - 5) Oil testing of 25/30 MVA transformer main tank and OLTC
 - 6) Erection of steel pole at Feeder 4&5 between Structure 2&3 to correct the sag of the line
 - b. Maintenance of power cable at Substation 1
 - 1) Insulation testing of 3 primary power cable for SFB Admin feeder
 - 2) Pull out of power cables connecting SFB-Admin feeder breaker
 - 3) Retirement of damaged power cables
 - c. Maintenance shutdown of Moog-Norwegian Feeders
 - 1) Preventive maintenance and testing of 3-167-kVA transformer bank of Norwegian and STP
 - 2) Assist Moog in final tapping of new MVA transformer
 - d. Ground resistance test at PEZA SS 1, 2 and 3
 - e. Technical Assistance extended to TIPI to facilitate the following:
 - 1) Dismantling and retrieval of damage disconnection switch
 - 2) Installation of 6 pieces pin-type insulators
 - 3) Joining conductors with wedge-type connector
 - f. Battery Capacity Test at PEZA Substation 1, 2 and 3
 - g. High Potential Test of power cable for replacement at Feeder 1 and 5
 - h. Maintenance shutdown of Substation 1,2,3 and Team Energy to facilitate the following activities:
 - 1) Testing of protection relay of TIPI Feeder 1 and 5
 - 2) Replacement of power cable of Feeder 1 and 5 phase A
 - 3) Replacement of fuse cut-out assembly at SFB transformer
 - 4) Transfer of SFB Feeder line to its original feeder breaker at Substation 1
 - i. Maintenance Shutdown of SFB Admin lines and Moog-Tesda Norwegian line to facilitate the following activities:
 - 1) APMT of transformer of SFB, Admin and Norwegian

- 2) Hotspot correction along SFB and Admin Lines
 - 3) Replacement of surge arrester from ceramic to polymer at SFB, Admin and Norwegian
 - 4) Sag correction of line conductors near Structure 3 & 4 along Moog-Norwegian line
3. Corrective Maintenance
- a. Emergency assistance extended to TIPI in replacement of busted LA at Phase B Feeder 4
 - b. Replacement of busted voltage transformer (Phase C) at STP (Moog-Norwegian line tripped)
 - c. Emergency Maintenance shutdown of La-Tri 69 kV line to facilitate the following activities:
 - 1) Repair of identified line defect, cut conductor strand between Structures 59 and 60
 - 2) Clearing of pine trees along TIPI lines
 - 3) Hotspot correction at TIPI Feeder 6, 7 and 8
 - d. Assisted Baysport in correction of their power cables at SFB power room
 - e. Activities during the passage of Typhoons *Karen and Lawin*
 - 1) Monitoring of PEZA substation and distribution lines
 - 2) Hotspot correction at Structure 3 along Moog-Norwegian line
 - 3) Clearing of fallen pine trees at TI Feeder 3 near Kadaklan and near Structure 35 along SFB- Admin line
 - 4) Replacement of damaged pin insulator at Structure 35 along SFB Admin line
 - 5) Temporary installation of pin insulator and conductor cover between Structure 3 & 4 along Moog-Norwegian line
 - 6) Repair of suspension insulator at Structure 11 along TIPI Feeder 2
 - f. Assistance to TIPI in clearing of a pine tree that fell on the line and caused feeder to trip
4. Energy Audit
- a. Replacement of meters due for calibration:
 - SITEL 1
 - SS#1 and TEAM Station Service, Norwegian, Auroch, TESDA, INNOVE
 - SFB Moog Totalizer, CEVA TI 3, LTX, TARA, SITEL 2, SITEL 3, MOOG 1 & 2, JFS, PEZA GYM, Airfreight, Welcome arches, PEZA Engineering, Transco, OMED, Medina's Canteen, Phytos, Police Station 4, Streetlight (Moog), Eastern Telecom, Synchronic 1, Rosking, DHL, AGX Express, SFB Hallway, & Contaq 2
 - b. Relocation and replacement of metering facilities of PEZA Admin

B. Freeport Area of Bataan

1. Upgrading Activities
 - a. Street light facilities for the whole Freeport Area of Bataan
 - 1) Eleven (11) units Billing Meter Upgrade to Electronic meters
 - 2) Industrial Winners
 - 3) Service Commercial Customers
 - b. Commissioning of Distribution Transformer in Bataan Convention Center, SMC Litherage Corporation, Pietrucha MFG. INC., Phil. Foremost Milling, F.P.F., BFD Global, PPMI, GICC
2. Preventive/Predictive Maintenance

- a. Clearing activities
 - 1) Distribution Line ROW
 - 2) Pad-mounted transformer perimeter fence
- b. Routine inspection of electro-mechanical components & testing of insulation level of oil
- c. Resetting of Feeder Protection
- 3. Corrective Maintenance
 - a. Correction of Hot Spots
 - b. Correction of Findings during Distribution Line Inspection
 - 1) Sag correction
 - 2) Hardware replacement
 - 3) Tree trimming activities
- 4. Energy audit
 - a. Calibration of Power Billing meters of Transco-BCEZ
 - 1) Three-phase electronic type – 18 units
 - 2) Single-phase electro-mechanical type – 12 units
 - b. Relocation of 12 units single phase meters
 - 1) Service Commercial
 - 2) Residential
 - c. Installation of Primary Metering in Bataan Convention Center, SMC Litherage Corporation, Pietrucha MFG. INC., Phil. Foremost Milling, F.P.F., BFD Global, PPMI, GICC

As a whole, TransCo’s UMD registered the following key performance measures in 2016 compared those of the previous year.

PERFORMANCE MEASURES	2016	2015
Availability Factor (%)	99.95	99.83
Collection Efficiency (%)	99.49	97.67
Cost Efficiency (expenses/income generated)	0.7992	0.8381

Attachments:

1. Annex A: Transmission Facilities and Projects Inspected in 2016
2. Annex B: Status of Projects Under Construction (PUCs) as of December 31, 2016
3. Annex C: Status of New Transmission Projects as of December 31, 2016