



NGCP

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Customer Bulletin 2017-08

March 6, 2017

RATES FOR FEBRUARY 2017 BILLING PERIOD

The effective rates for the billing month of FEBRUARY 2017 (January 26, 2017 – February 25, 2017) are as follows:

Power Delivery Service (PDS) Rates

Power Delivery Service Rates	Firm Rate (P/kW-month)	Non-firm Rate (P/kW per day)
Luzon	282.2320	9.2789
Visayas	263.1982	8.6531
Mindanao	288.6002	9.4882

Following the Energy Regulatory Commission's (ERC) Order dated 19 December 2016 on ERC Case No. 2015-173 RC¹, starting January 2017 billing month, the PDS Rates shall be computed monthly based on the amount of PHP45,924.28Mn which includes the *approved Interim Maximum Annual Revenue Calendar Year 2017 (iMAR2017)*, and the *difference between the provisionally-approved and the approved Interim Maximum Annual Revenue Calendar Year 2016 (iMAR2016)*, consistent with Module F of the 2006 Revised Open Access Transmission Service (OATS) Rules.

For February 2017, PDS rates for Luzon, Visayas and Mindanao decreased by 0.309%, 0.733% and 0.809% respectively.

System Operations Charge and Metering Services Provider Charges

System Operator (SO) Charge and Metering Service Provider (MSP) Charges are based on the provisionally-approved rates under the ERC Order on MAR 2015.

Connection Charges and Residual Sub-transmission Charges (CC/RSTC)

ERC's Decision dated July 6, 2011 on ERC Case Nos. 2008-066RC and 2009-153RC approved the CYs 2008 and 2009 CC/RSTC and directed NGCP to implement the approved CY 2009 CC/RSTC as its current charges. Accordingly, effective December 2011, customers are billed using the CY 2009 level of CC/RSTC.²

Ancillary Services (AS) Charges

Consistent with the ERC-approved Ancillary Services-Cost Recovery Mechanism (AS-CRM), the monthly Ancillary Services (AS) charges are computed based on the total cost of AS provision (as billed by AS providers per service type and per grid) and the total billing determinant of customers who benefited from the service.

¹ ERC Order dated 19 December 2016 on ERC Case No. 2015-173 RC entitled "In the Matter of the Application for the Approval of an Interim Maximum Annual Revenue for Calendar Year 2016 (iMAR 2016) and an Interim Net Performance Incentive for Calendar Year 2015 (iNPI 2015), with Prayer for Provisional Authority"

² Please refer to Customer Bulletin No. 2011-24, Implementation of the Approved 2009 Connection Charges and Residual Sub-transmission Charges starting December 2011 Billing Period

The AS Charges for this month are as follows:

AS Type per Customer Segment	AS Cost (in PhP)	Firm Rate (P/kW/mo)	Non-firm Rate (P/kW/day)
Luzon			
Regulating Reserve	315,750,140.46	34.7828	1.1435
Contingency Reserve	615,776,955.34	67.8334	2.2302
Dispatchable Reserve	203,108,995.69	22.3743	0.7357
Visayas			
Contingency Reserve			
Cebu-Negros-Panay	3,981,002.57	2.7341	0.0899
Dispatchable Reserve			
Cebu-Negros-Panay	78,136,955.91	53.6625	1.7643
Leyte-Samar-Bohol	13,435,915.72	40.0824	1.3178
Mindanao			
Regulating Reserve	45,648,139.26	25.9395	0.8528
Contingency Reserve	100,843,712.92	57.3043	1.8840

For Luzon, Total AS cost decreased by PhP139.94Mn which is around 10.98% of the previous month's AS cost due to the decrease in the total scheduled capacity.

For Visayas, AS cost decreased by PhP45.70Mn or 32.35% as compared to the previous month's AS costs cost due to the decrease in the total scheduled capacity.

Lastly, the AS cost in Mindanao increased by PhP31.69Mn which is about 27.60% of the previous month's AS cost due to the increase in the total scheduled capacity.

Value Added Tax (VAT)

The proportions of the VAT to be paid to the AS Providers are as follows:

Grid/AS Type	AS Provider	VAT (in %)
Luzon		
Regulating Reserve	Panasia Energy, Inc. (PEI)	100%
Contingency Reserve	Therma Luzon Inc. (TLI)	100%
Dispatchable Reserve	PHINMA Energy Corporation (formerly Trans-Asia Oil and Energy Development Corp. – Subic)	70.4441%
	Trans-Asia Power Generation Corp. (Bulacan)	29.5559%
Visayas		
Contingency Reserve	SPC Island Power Corporation (SIPC)	100%
Dispatchable Reserve	SIPC	78.7500%
	SPC Power Corporation (SPC)	21.2500%

Ancillary Service Differential Charge

Effective May 2016 billing month, NGCP billed the AS Differential Charge of **PhP31.38/kW-month** for the Luzon, Visayas, and Mindanao grids to customers who benefitted from the AS provision

from April 2008 to October 2009 billing months pursuant to the Order on ERC Case No. 2009-029 RC.³

Starting November 2016 billing month, NGCP ceased the billing of the AS Differential Charge for Luzon so as not to exceed the approved amount in the Order.

Feed-In Tariff Allowance (FIT-All)

In an Order dated 16 February 2016 on ERC Case No. 2015-216 RC⁴, ERC provisionally approved a FIT-All rate of Php0.1240/kWh to be collected from all On-Grid electricity consumers effective April 2016 billing period. NGCP, being a Collection Agent of the FIT-All, implemented the FIT-All rate of **Php0.1240/kWh** starting April 2016 billing month.

Universal Charge-Stranded Contract Costs (UC-SCC)

Consistent with the Decision on ERC Case No. 2011-091 RC dated 28 January 2013, effective March 2013 billing period, NGCP collects from its end-user customers the following Universal Charge-Stranded Contract Costs (UC-SCC) of NPC for Luzon, Visayas and Mindanao Grids:

UC-SCC Rate	Php 0.1938/kWh
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Universal Charge of the Share for Missionary Electrification (UCME)

In an Order dated 17 August 2015 on ERC Case No. 2014-135 RC⁵, ERC extended until revoked or made permanent the provisional authority granted in the Order⁶ dated 03 November 2014, subject to the following condition:

- a. All distribution utilities and the National Grid Corporation of the Philippines (NGCP) are directed to extend the collection of the provisionally approved Universal Charge for Missionary Electrification (UCME) subsidy of Php0.1561/kWh from the consumers and remit the same to PSALM, on or before the 15th day of the succeeding month, until the final resolution of the instant petition;
- b. PSALM is directed to release to NPC the amount collected from the implementation of the UCME while the amount collected pertaining to the Php0.0017/kWh Cash Incentive (CI) shall be disbursed by PSALM to Renewable Energy Developers in accordance with the Order dated November 3, 2014; and
- c. The final UCME and the disbursements made shall be considered in the final evaluation of this case and adjustments shall be made accordingly, if warranted.

Thus, NGCP bills the UCME rate of **Php0.1561/kWh** to end-user customers.

This Customer Bulletin was prepared by the Tariff Design and Billing Management Division of the Revenue and Regulatory Affairs Department (RRAD). For any questions/inquiries, you may contact telephone nos. 981-2525/2394/2530.

³ Please refer to Customer Bulletin No. 2016-10, Energy Regulatory Commission Order on NGCP's Ancillary Services Procurement Agreement with the National Power Corporation.

⁴ Please refer to Customer Bulletin No. 2016-06, *In the Matter of the Application for Approval of the Feed-In Tariff Allowance for Calendar Year 2016 Pursuant to the Guidelines for the Collection of the Feed-In Tariff Allowance and Disbursement of the Feed-In Tariff Allowance Fund, With Prayer for Provisional Authority.*

⁵ Please refer to Customer Bulletin No. 2015-14, *Energy Regulatory Commission (ERC) Order on National Power Corporation's (NPC) Application on ERC Case No. 2014-135 RC Extending the Implementation of the Prevailing Universal Charge for Missionary Electrification (UCME).*

⁶ Please refer to Customer Bulletin No. 2015-05, *Extended Implementation of the Prevailing Universal Charge for Missionary Electrification (UCME) of Php0.1561 until August 2015 Pursuant to ERC Order on NPC's Application on ERC Case No. 2014-135 RC.*