



RATES FOR OCTOBER 2011 BILLING PERIOD

The effective rates for the billing month of October 2011 (or September 26 – October 25, 2011) 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	344.18	11.3155
Visayas	289.18	9.5074
Mindanao	305.55	10.0456

Following the issuance of the July 4, 2011 Decision on ERC Case No. 2010-152RC, the PDS Rates shall be computed monthly based on the approved Maximum Allowable Revenue (MAR) of PhP44,889.03 Million and the Performance Incentive Scheme (PIS) of PhP322 Million consistent with Module F of the 2006 Revised Open Access Transmission Service (OATS) Rules.

System Operations Charge and Metering Services Provider Charges

For System Operator (SO) Charge and Metering Service Provider (MSP) Charges, the rates remain consistent with the July 4, 2011 Decision on ERC Case No. 2010-152RC.

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

Pursuant to ERC Order dated January 11, 2010, the monthly Connection Charges and Residual Sub-transmission Charges of customers shall be based on the ERC-approved CY 2007 CC & RSTC level until the ERC issues its Final Decision on the Application for the Approval of the CC & RSTC for CY 2010.

Ancillary Services (AS) Charges

Effective February 2011 billing month, in accordance with the ERC Decision dated November 22, 2010 and the Final Determination of NGCP's revenue for the Third Regulatory Period (2011-2015), the level of Regulating Reserve for each grid shall be equal to 4% of the forecast demand for the grid. Moreover, the available Dispatchable Reserve shall be equal to the scheduled load and reserve on the second most heavily loaded scheduled generator on each grid.

The AS Charges for this month are as follows:

Ancillary Service Type per Customer Segment	AS Cost (in PhP)	Firm Rate (P/kW-month)	Non-firm Rate (P/kW per day)
Luzon			
Regulating Reserve	235,205,653.35	30.35	0.9978
Contingency Reserve	914,214,779.47	117.97	3.8785
Dispatchable Reserve	578,707,280.36	74.67	2.4549
Black Start Capacity	771,966.00	0.10	0.0033

Visayas			
Regulating Reserve	-	-	-
Contingency Reserve	24,371,771.10		
<i>Leyte-Samar-Bohol</i>		6.96	0.2288
<i>Cebu-Negros-Panay</i>		18.85	0.6197
Dispatchable Reserve	18,872,763.52	12.82	0.4215

Mindanao			
Regulating Reserve	25,261,988.70	16.73	0.5500
Contingency Reserve	71,559,655.75	47.40	1.5584
Dispatchable Reserve	258,257,304.23	171.07	5.6242

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.

The increase in Luzon AS Costs for this billing period is mainly due to higher Market Clearing Price (MCP). During the peak period (9am-9pm), the average MCP nearly doubled while the 24-hour average rose by about 60%.

Note that effective August 2011 billing period, NGCP implemented its approved Ancillary Services Procurement Agreement with First Gen Hydro Power Corporation (FGHPC) pursuant to June 6, 2011 ERC Order. Accordingly, NGCP utilized FGHPC's Pantabangan Hydro Electric Plant for the provision of ancillary services, particularly Contingency Reserve, Dispatchable Reserve and Reactive Power Support. The corresponding cost of said provision was determined using the rates and conditions approved in the said Order.


