

**CONNECTION AGREEMENT  
BETWEEN NGCP AND [REDACTED]**

This **CONNECTION AGREEMENT** (hereinafter referred to as the "Agreement") is entered into by and between:

The **NATIONAL GRID CORPORATION OF THE PHILIPPINES**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at the NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City, duly represented in this Agreement by its Chief Administrative Officer, **ANTHONY L. ALMEDA**, who is duly authorized to represent said Corporation in this Agreement, hereinafter referred to as "NGCP";

- and -

**[CUSTOMER]**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with its principal office address at **[address]**, duly represented in this Agreement by its **[position]**, **[REPRESENTATIVE]**, who is duly authorized to represent said Corporation in this Agreement, hereinafter referred to as "**[REDACTED]**" or "Transmission Customer";

WITNESSETH:

**WHEREAS**, under Section 8 of Republic Act 9136, otherwise known as *Electric Power Industry Reform Act of 2001* (the EPIRA), the National Transmission Corporation (TRANSCO) was created to assume the power transmission functions of the National Power Corporation (NPC) and the authority and responsibility of NPC for the planning, construction and centralized operation and maintenance of its high voltage transmission facilities, including grid interconnection and ancillary services;

**WHEREAS**, Section 47 of the EPIRA mandated that except for the assets of Small Power Utility Group (SPUG), the generation assets, real estate, and other disposable assets as well as Independent Power Producer (IPP) contracts of NPC shall be privatized;

**WHEREAS**, Section 49 of the EPIRA provided for the creation of the Power Sector Assets and Liabilities Management Corporation (PSALM) and

**CUSTOMER**

By:

**REPRESENTATIVE**

Position

Signed in the Presence of:

**NATIONAL GRID CORPORATION OF THE PHILIPPINES**

By:

**ANTHONY L. ALMEDA**

Chief Administrative Officer

mandated that PSALM shall take ownership of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets;

**WHEREAS**, PSALM issued Circular No. 2005-003 (PSALM Circular), entitled "Guidelines in the Determination of Fixed Asset Boundary Between Generating Facility and TransCo" dated February 14, 2005;

**WHEREAS**, the Energy Regulatory Commission (ERC) issued Resolution No. 25 dated May 23, 2006 entitled "A Resolution Adopting the Definition and Boundaries of Connection Assets," as amended by Resolution No. 41 dated August 2, 2006, to delineate those assets that are put in primarily to connect a Customer to the Grid and used for purposes of Transmission Connection;

**WHEREAS**, under ERC Resolution No. 41, Existing Generation Plants are defined as "those which were under construction, were in existence, were in service, have been granted a Certificate of Compliance (CoC) by the ERC as a Generation Company, or have applied with the ERC for a CoC as a Generation Company, as at the date of the Commission's Resolution adopting the Transmission Connection Asset (TCA) definition and boundaries";

**WHEREAS**, ERC Resolution No. 41 also provides that any existing Generation Plant has no TCA beyond their Connection Point to the Grid;

**WHEREAS**, on December 13, 2006, the Energy Regulatory Commission (ERC) issued a Decision in ERC Case No. 2006-015RC, approving the Revised Rules, Terms, and Conditions for the Provision of Open Access Transmission Service (the 2006 OATS Rules) which will govern TRANSCO's provision of transmission services to qualified grid users;

**WHEREAS**, in the public bidding conducted by PSALM, pursuant to Section 21 of EPIRA, the winning consortium, which was incorporated as the National Grid Corporation of the Philippines (NGCP), was awarded in February 2008 the concession contract to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair and refurbish the Transmission Assets of TRANSCO;

**WHEREAS**, on January 15, 2009, by virtue of the congressional franchise granted under Republic Act No. 9511, entitled "An Act Granting the National Grid Corporation of the Philippines A Franchise to Engage in the Business of Conveying or Transmitting Electricity through High Voltage Back-Bone System of Interconnected Transmission Lines,

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Substations, and Related Facilities, and For other Purpose,” NGCP took over TRANSCO’s power transmission business;

**WHEREAS**, by virtue of the EPIRA, PSALM took ownership of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets.

**WHEREAS**, pursuant to the bidding process undertaken by PSALM, the Transmission Customer was successfully awarded the ownership of and, as such, will own and operate the \_\_\_\_\_ Power Plant (\_\_\_\_\_) located in \_\_\_\_\_ its associated ancillary and auxiliary equipment and associated transformer(s) (the “Generation Facility”) and has taken possession of the Generation Facility on \_\_\_\_\_ (the “Turn-over Date”);

**WHEREAS**, the Generation Facility, which, pursuant to ERC Resolution 25 is an Existing Generation Plant, is presently connected to the Transmission System through the connection details indicated in the single line diagram attached hereto as **Annex “A”**;

**WHEREAS**, in order for the Generation Facility to remain connected to the Transmission System and continue to avail of the transmission services, the Parties desire to enter into this Agreement pursuant to the OATS Rules to set forth the terms and conditions for the connection of the Generation Facility to the Transmission System;

**NOW, THEREFORE**, in view of the foregoing premises and in consideration of the terms and conditions set forth below, the Parties hereby agree as follows:

1. **Definition of Terms.** For purposes of this Agreement, and unless the express provisions or the context otherwise requires, the capitalized terms used herein shall have the same meaning as defined in the OATS Rules and the Philippine Grid Code, as may be amended from time to time.
2. **Effectivity and Term.**
  - 2.1. **Effectivity.** This Agreement shall take effect on the day when this Agreement and the Related Agreements, as described in Section 9 herein, shall have been executed.

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2.2. **Term.** This Agreement shall continue to be in full force and effect until [REDACTED], unless extended or earlier terminated in accordance with this Agreement.

3. **Application of the OATS Rules and the Philippine Grid Code.** The performance by the Parties of their respective obligations under this Agreement shall be governed by the OATS Rules and the Philippine Grid Code, and other relevant issuances, orders, rules and regulations which the proper government agencies and authorities may promulgate in the future.
4. **References to the ERC Issuances.** Reference to the OATS Rules, the Grid Code, and all other issuances of the ERC, as used in this Agreement, shall be understood to include all amendments and modifications thereof, as may be issued from time to time.
5. **Force Majeure; Emergency Situations; Liability and Indemnity.** The provisions of Modules A5 (Force Majeure), A6 (Emergency Situations) and A7 (Liability and Indemnity) of the OATS Rules shall apply to this Agreement, such that references to the OATS Rules therein shall be deemed to include this Agreement.

#### Obligations of the Parties

6. **Agreement to Connect.** The Parties acknowledge and agree that the Generation Facility's Connection Point is shown under **Annex "B"**.
7. **Applicable Charges.**
  - 7.1. **Connection Charges.** The Parties acknowledge and agree that NGCP's provision of transmission service as a result of the Generation Facility's connection to NGCP's Transmission System shall be subject to the applicable connection charges, if any, as provided under the OATS Rules, the Philippine Grid Code, and all applicable ERC issuances, as may be amended from time to time.
  - 7.2. **Regulated Charges.** NGCP shall collect from, and the Transmission Customer shall pay, the applicable regulated charges for the Generation Facility in accordance with the OATS Rules and all applicable ERC issuances, as may be amended from time to time.

8. **Compliance with Rules and Regulations.** The Parties shall comply

with the relevant provisions of the OATS Rules, the Ancillary Services-Cost Recovery Mechanism and the Philippine Grid Code, and other relevant issuances, orders, rules and regulations, and their amendments, which the ERC and the proper government agencies and authorities have promulgated and may promulgate from time to time.

9. **Execution of Related Agreements.**

9.1. The Parties shall enter into a Metering Service Agreement to govern NGCP's provision of metering services to the Transmission Customer and a Transmission Services Agreement to govern the provision of transmissions services by NGCP for the Customer.

**Billing and Payment**

10. **Billing and Payment.** Module F of the OATS Rules shall govern the billing of the Transmission Customer by NGCP and the payment by the Transmission Customer of such billings.

11. **Mode of Payment.** In relation to Module F5.1 of the OATS Rules, payment of NGCP's billings shall be made by way of:

- a) Checks to be paid through Over-the-Counter (OTC) bills payment facility;
- b) On-line funds transfer to NGCP's account;
- c) Through an Automatic Debit Account (ADA) arrangement; or
- d) Cash through OTC bills payment facility.

The Parties may apply other modes of payment as may be approved by their respective finance departments.

12. **Check Payments.** In case a check issued in payment is dishonored, the applicable penalty under the OATS rules shall accrue from the Due Date. NGCP shall have the right to refuse subsequent payments made by check.

13. **Application of Payments.** In case the Transmission Customer is liable for any amounts due under the OATS Rules and this Agreement, including penalties, NGCP shall have the option of applying any payments received from the Transmission Customer to such amounts due, before applying the same to the payment of the current billing.

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CUSTOMER

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Chief Administrative Officer

14. **Designated Commercial Banks.** In accordance with Module F5 and for purposes of determining interest on amounts unpaid after Due Date, including amounts placed in escrow or in any other form placed by reason of a dispute, NGCP shall inform the Transmission Customer in writing of its designated commercial banks. NGCP shall have the right to change its list of designated commercial banks; the Transmission Customer shall be notified in writing of the said change, which shall be effective commencing the billing month following the receipt of the notice.

### Dispute Procedures

15. **Procedure for Dispute Resolution.** Pursuant to Module A9 of the OATS Rules, the Parties shall endeavour to amicably resolve disputes in relation to this Agreement or the OATS Rules. The resolution of disputes shall be governed by the terms and conditions in **Annex "C"** hereof, which shall form part of this Agreement.

### Termination and Suspension of Service

16. **Termination.** This Agreement may be terminated by the Parties in accordance with Module A13 of the OATS Rules. In addition, either Party may terminate this Agreement in case of material breach by the other Party of this Agreement, by giving notice of termination stating the reason for such termination. This Agreement shall be deemed terminated upon receipt of a notice of termination, except as otherwise provided in the OATS Rules. NGCP may include in such notice, notice that, instead of terminating this Agreement, it may exercise its right to suspend service, as provided in Section 17 hereof. Termination shall be without prejudice to the fulfilment of the Parties' remaining obligations under this Agreement, if any.

17. **Suspension of Service.** Where NGCP has the right to terminate this Agreement or any of the Related Agreements, it may, at its discretion and as an interim measure, suspend the provision of services to the Transmission Customer. NGCP, at its discretion, may resume the provision of services to the Transmission Customer, subject to the payment of a reconnection fee to be determined by NGCP. Suspension of service by NGCP shall be without prejudice to its right to terminate this Agreement.

18. **No Liability for Termination or Suspension of Service.** NGCP shall not be liable for damages of any form arising from or related to,

directly or indirectly, to the exercise of its rights under this Agreement to suspend service or terminate this Agreement.

- 19. **Co-Terminus with Related Agreements.** As applicable, this Agreement shall be co-terminus with the Related Agreements, provided that the termination of the Metering Services Agreement shall not cause the termination of this Agreement if the Transmission Customer has obtained a different metering service provider.

**Notices**

- 20. **Notices.** For communications to be given in relation to this Agreement, Module A12 of the OATS Rules shall apply. Each communication to be made hereunder shall be made in writing and, unless otherwise stated, may be made by letter, delivered in person, by hand, air mail, facsimile or established courier service to the contact details noted below or such other contact details as such Party notifies in writing to the other Party from time to time and which notice shall be effective upon receipt.

20.1. Communications may likewise be sent by email from an email address designated by the sending Party below to an email address designated by the recipient Party below, provided that proof of receipt shall be the email "read receipt" in accordance with Module A12 of the OATS Rules.

**NGCP** NGCP Building, Quezon Avenue corner BIR Road,  
Diliman, Quezon City  
Fax No.: (02) 928-1861 / 981-4862  
Attention: MS. MA. CYNTHIA Y. MANRIQUE  
Email Address: [mymanrique@ngcp.ph](mailto:mymanrique@ngcp.ph)  
Backup Email Address: [pddasalla@ngcp.ph](mailto:pddasalla@ngcp.ph)

[redacted] [\[address\]](#)  
Fax No.: [redacted]  
Attention: [redacted]  
Email Address: [\[redacted\]](#)  
Backup Email Address: [\[redacted\]](#)

**Miscellaneous**

- 21. **Good Faith Compliance.** The Parties shall comply with this Agreement in good faith. This Agreement shall continue to govern the rights of the Parties for as long as this Agreement remains

CUSTOMER

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REPRESENTATIVE

Position

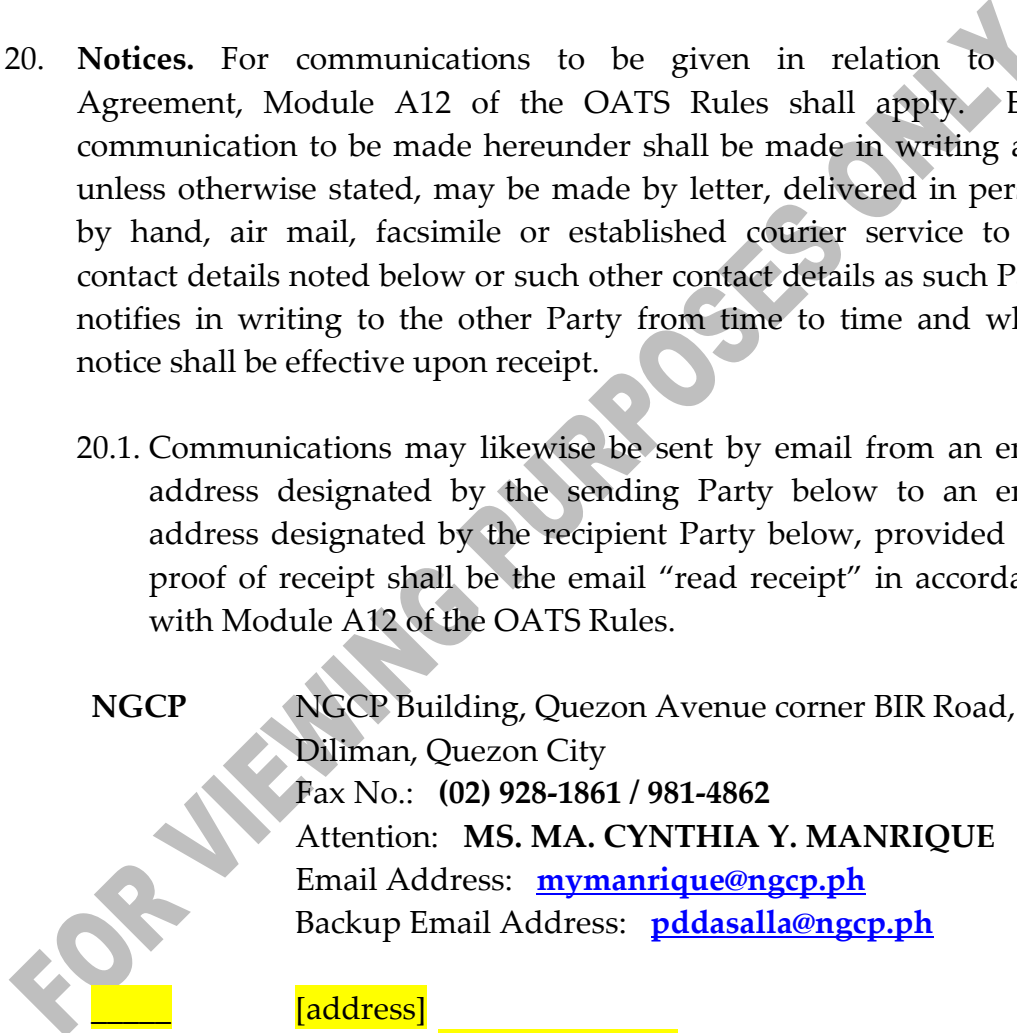
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Chief Administrative Officer



effective, except as otherwise provided herein. No Party to this Agreement shall do or attempt to do, either directly or indirectly, that which is prohibited by this Agreement.

22. **Warranty of Corporate Existence and Authority.** Each Party represents and warrants that it is duly organized, validly existing, in good standing and holds the corporate power and authority to enter into, perform and carry out all its respective obligations or exercise its rights under this Agreement, and that it suffers from no legal impediment that prohibits or impairs the performance of its obligations or the exercise of rights under this Agreement. Each Party further represents and warrants that its representatives has full power, authority and legal right to enter into this Agreement and the execution and delivery of this Agreement.

23. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Republic of the Philippines. This Agreement shall be subject to existing laws, policies, rules and regulations, administrative orders and any amendments and modifications thereof, emanating from the Department of Energy, the ERC, other government agencies or authorized bodies, and shall be deemed incorporated herein.

24. **Non-waiver of Rights.** No failure or delay by any Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by any Party or any breach of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof.

25. **Entire Agreement and Amendments.** The OATS Rules as may be amended from time to time, this Agreement, its schedules, attachments and annexes supersede any previous agreement, arrangements or representation between the Parties, whether oral or written, in respect of the subject matter of this Agreement and shall constitute the entire agreement between the Parties in relation thereto. This Agreement may only be amended or modified by a written instrument signed by each of the Parties.

26. **Assignment.** No Party hereto shall be entitled to assign this Agreement or its rights and obligations hereunder, except as expressly provided herein or upon prior written consent of the other Party. Module A11 of the OATS Rules shall apply to the assignment of any

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rights and obligations hereunder.

27. **Severability.** If at any time, one or more provisions in this Agreement shall be determined to be illegal, invalid or unenforceable in any respect, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby, provided that the remaining provisions are sufficient to render to each Party the benefits contemplated hereby.
28. **Actions.** Any actions, suits or claims arising out of or related to this Agreement that is under the jurisdiction of the Energy Regulatory Commission shall be brought before the said body. The Parties expressly recognize that under Section 43 of Republic Act No. 9136, the ERC has original and exclusive jurisdiction over all cases involving disputes between the Parties, and shall not bring such disputes before any other forum. Any other actions, suits of claims arising out of or related to this Agreement that are not within the jurisdiction of the ERC shall be filed exclusively in the proper courts of Quezon City, Philippines.

IN WITNESS WHEREOF, the Parties have executed this Agreement this \_\_\_\_ day of \_\_\_\_\_ 2010 at \_\_\_\_\_.

NATIONAL GRID CORPORATION  
OF THE PHILIPPINES (NGCP)

[REDACTED] CUSTOMER

By:

By:

\_\_\_\_\_  
ANTHONY L. ALMEDA  
Chief Administrative Officer

\_\_\_\_\_  
[REDACTED] REPRESENTATIVE  
Position

Signed in the Presence of:

\_\_\_\_\_

\_\_\_\_\_

Republic of the Philippines)  
Quezon City )S.S.

**AKNOWLEDGEMENT**

BEFORE ME on the place and date as indicated prior, personally appeared the following presenting their respective government issued identification cards bearing their pictures:

Name	Government ID
ANTHONY L. ALMEDA	Passport No. UU0329701, issued at Manila, Philippines, on December 12, 2006

who represented themselves to be the same persons who executed this instrument and acknowledged the same to be their true and voluntary act and deed.

This instrument, consisting of \_\_\_ ( ) pages, including the page on which this acknowledgment is written, has been signed on the left margin of each and every page thereof by the concerned parties and their witnesses, and sealed with my notarial seal.

IN WITNESS WHEREOF, I have hereunto set my seal and signature.

Notary Public

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2011.

CUSTOMER

By:

REPRESENTATIVE

Position

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By:

ANTHONY L. ALMEDA

Chief Administrative Officer

**Annex "A"**

**SINGLE LINE DIAGRAM**

**CUSTOMER**

By:

**REPRESENTATIVE**

Position

Signed in the Presence of:

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By:

**ANTHONY L. ALMEDA**

Chief Administrative Officer

**FOR VIEWING PURPOSES ONLY**

Annex "B"

CONNECTION POINT

**CUSTOMER**

By:

**REPRESENTATIVE**

Position

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By:

**ANTHONY L. ALMEDA**

Chief Administrative Officer

FOR VIEWING PURPOSES ONLY

Annex "C"

DISPUTE PROCEDURES

1. **Dispute Resolution.** In case of any disputes in relation to this Agreement or the OATS Rules, the procedure provided in Module A9 of the OATS Rules shall apply. In accordance with Module A9, the Parties shall seek at the outset to resolve the dispute, in the following manner:

1.1. **Dispute Notice.** The Party claiming or raising the dispute (the "Disputing Party") shall notify the other Party in writing of its claim and shall provide sufficient details thereof ("Dispute Notice").

1.2. **Meeting to Resolve Dispute.** Within ten (10) days from receipt of the Dispute Notice from the Disputing party, the duly designated senior representatives of the Parties shall meet and shall discuss on how to resolve the dispute.

1.3. **Resolution of Dispute or Elevation to ERC.** If the dispute is resolved, the Parties shall execute an agreement embodying the terms and conditions in resolving the same. If the dispute is not resolved within thirty (30) days from receipt of the Dispute Notice or within such other period as may be agreed upon by the Parties, the dispute shall be referred to ERC by either or both Parties for resolution.

2. **Payment Under Protest.** In case of disputes involving the payment of sums of money, the Disputing Party shall pay such disputed amounts in full under protest, without right of offsetting or deduction, on or before the due date of such payment. The same rule shall apply to any amounts that may fall due while the dispute is still pending.

3. **Billing Dispute.** In case of billing disputes, Module F6 of the OATS Rules shall apply, subject to the provisions of this Agreement. To avoid any doubt, the provisions on the OATS Rules on the transmittal of a notice of billing errors shall apply to the Dispute Notice.

4. **Representatives.** For purposes of the dispute resolution process stated-above, the Parties hereby designate their respective representatives, as follows:

NGCP

MS. MA. CYNTHIA Y. MANRIQUE  
Acting Manager, Revenue and Regulatory Affairs

[REDACTED]

[NAME OF REPRESENTATIVE]  
[Position]

Either Party may designate an alternate or substitute representatives by giving

CUSTOMER

By:

REPRESENTATIVE

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a written notice to the other Party.

**FOR VIEWING PURPOSES ONLY**