

Customer Bulletin 2019-16

May 9, 2019

NGCP'S ANCILLARY SERVICES PROCUREMENT AGREEMENT (ASPA) WITH SN ABOITIZ POWER BENGUET, INC. (FOR AMBUKLAO)

In an Order dated 23 April 2019, the Energy Regulatory Commission (ERC) granted Provisional Authority on NGCP's Ancillary Services Procurement Agreement (ASPA) with SN Aboitiz Power Benguet, Inc. (for Ambuklao) (SNAP-BI), docketed under ERC Case No. 2019-014 RC, entitled "In the Matter of the Application for Approval of the Ancillary Services Procurement Agreement (ASPA) between the National Grid Corporation of the Philippines (NGCP) and SN Aboitiz Power Benguet, Inc. (for Ambuklao), **subject to the following rates and conditions:**

1. Applicable Rates:

SNAP-BI shall nominate the corresponding price (in per kVARh) for the Reactive Power Support (RPS) service to NGCP. NGCP shall pay SNAP-BI the corresponding nominated price of that RPS service as per dispatched. Provided, however, that the nominated price shall in no case exceed the following Fixed Fee Rate, without any minimum cost:

Ancillary Service	Applicable Rate (Maximum Hourly Rate)
	(Non-Firm)
Reactive Power Support (RPS)	PhP4.00/kVARh

2. The RPS under this contract shall be provided at all times as necessary as per declaration by the System Operator to protect the grid and avoid the occurrence of Manual Load Dropping;
3. NGCP must ensure that the AS rates applied by SNAP-BI shall not exceed that of the approved maximum AS rates by the Commission. In the event that the final rates are lower than the provisional rate granted in this *Order*, the amount corresponding to the reduction shall be refunded by SNAP-BI to NGCP and the latter shall pass it on to its customers.
4. NGCP is hereby **DIRECTED** to:
 - a. Optimize economic and technical dispatch of the available ancillary service capacity wherein it shall schedule a mix of hourly ancillary service capacity at least cost for a reserve needed to maintain power quality, security, reliability, and integrity of the grid;
 - b. Strictly observe the approved Ancillary Services-Cost Recovery Mechanism (AS-CRM) in passing on to its customers the Ancillary Services cost; and

- c. Submit its monthly computation of Ancillary Service rates that it passed on to its customers, with supporting documents, on or before the 5th day of every month after the computed billing month.

Ancillary Services are pass-through costs of NGCP. Nevertheless, above ASPA rates are the result of negotiations by NGCP with generators with the objective of providing lower AS costs for the benefit of the customers with ERC provisionally approving the arrangement.

In view of the foregoing, NGCP shall implement the billing of the provisionally approved ASPA **effective May 2019 billing month** (April 26, 2019 to May 25, 2019) for Mindanao Customers.

Copy of the Order may be downloaded at <http://www.erc.gov.ph/IssuancesPage/3/0>.

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. 02-863-7207/7208.