

40th Electric Power Industry Reform Act (EPIRA) Implementation Status Report

(For the Report Period April 2022)

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I. EXECUTIVE SUMMARY

The 40th Status Report on Republic Act (RA) No. 9136 titled, “*Electric Power Industry Reform Act (EPIRA) of 2001*” covers the implementation period November 2021 to April 2022. This highlights significant accomplishments, strategies and policies undertaken by the Department of Energy (DOE), the Energy Regulatory Commission (ERC), and the DOE attached agencies, as well as other private sector instrumentalities so mandated by the EPIRA.

For the report period, the following highlights the implementation status of the EPIRA:

1. The government-owned generating capacity subject for privatization is 1,116 MW while those for transfer to the Independent Power Producer Administrators (IPPAs) is 996.63 MW. The remaining assets for privatization are mainly situated in Luzon and Mindanao. In sum, the government generated a total of PhP916.59 Billion mainly allocated to pay for debts. As a result, the power sector liabilities were reduced to around PhP350 Billion as of the reporting period, from PhP831 Billion in year 2000.
2. In terms of the government’s effort to assist the marginalized electricity end-users, the Duterte Administration and the 18th Congress enabled the passage of RA 11552 allowing for the extended implementation of lifeline rates for an additional period of 30 years. The law likewise provides for a more stringent qualifications to avail of the subsidy, primarily those within the coverage of the Pantawid Pamilyang Pilipino (PPP) as duly certified by the Department of Social Welfare and Development (DSWD). As of the report period, the ERC, in coordination with relevant government agencies are drafting the implementing rules and regulations (IRR).
3. Power supply and demand for 2021 remain manageable despite instances of outages and major calamities and the increase in demand due to relaxation of community quarantine. 2021, the total non-coincidental peak demand of the Philippines has reached 16,036 MW, which is 755 MW or 4.9% higher than the peak demand in 2020. This increase in demand is the result of the ease of community quarantine restrictions compared to 2020 which allowed more public establishments in the country’s capital to operate at limited capacities, provided that all workers or employees are fully vaccinated against COVID-19 and the establishments strictly maintain minimum public health standards.
4. The Wholesale Electricity Spot Market (WESM) has transitioned to the 5-minute energy market since June 2021. Meanwhile, continuous preparation for the implementation of the WESM in Mindanao is being undertaken by the DOE, with the complete registration of targeted participants as the remaining tasks.
5. With regard to the continuous improvement of ancillary services in the country, the DOE promulgated on 14 October 2021 Department Circular (DC) 2021-10-0031 titled, “*Prescribing the Policy for the Transparent and Efficient Procurement of AS by the SO.*” The Circular provides for the competitive selection process (CSP) in the procurement of Ancillary Services (AS) by the System Operator (SO) governed by the principles of transparency, as well as non-discriminatory treatment of all Ancillary Service Providers (ASPs), promotion of competition among ASPs (least-cost, timely), and the promotion of additional investments in generation facilities for future AS requirements. Meanwhile, the preparations for the Reserve Market are ongoing with the review and amendments of the WESM Rules subjected to consultation process.
6. In terms of the market share limitations as provided in Section 45 of the EPIRA, it remained that no power generation entity has exceeded the installed generating

capacity and market share limitation of 30% per grid and 25% for the national grid. The country's electricity market reflected a moderately concentrated market, as measured by Herfindahl Hirschman Index (HHI), indicating the level of competitiveness of the power industry in the country.

7. With regard to the implementation of the Retail Competition and Open Access (RCOA), there was a recorded increase of eight (8) percent on the number of registered Contestable Customers (CCs) as compared from September of 2021. Majority of the CCs are situated within the franchise area of MERALCO at seventy-four (74) percent. Seven (7) percent is in the franchise area of Visayan Electric Company (VECO), while National Grid Corporation of the Philippines (NGCP) has accounted for the two (2) percent from the Directly Connected Contestable Customers (DCCCs). The Clark Electric Distribution Corporation (CEDC) has two (2) percent as well, and the remaining fifteen (15) percent were distributed among the fifty-seven (57) other franchises. The average metered quantity from September 2021 to February 2022 is 1,702 GWh, of which 105 percent are from Bilateral Contract Quantities (BCQs). The spot market has obtained negative excess quantity with an average of -90.20 GWh from September 2021 to February 2022.
8. The household electrification level of the country is estimated at 95.41% based on the latest status of energization provided by the National Electrification Administration (NEA) for the electric cooperatives (ECs), Local Government Unit-Owned Utilities (LGUOUs) and Private-Investor-Owned Utilities (PIOUs) as of December 2021. Said level corresponds to 25.017 million energized households (HHs) out of 22.98 million identified and targeted HH population based on the 2015 Census of the Philippine Statistics Authority (PSA).
9. In line with the DOE's mandate to ensure continued development and enhancement of policies and programs for the WESM, the DOE promulgated nine (9) DCs on mandating the National Transmission Corporation (TRANSCO) as Small Grid System Operator in Specific Off-Grid Areas and providing further amendments to the WESM Rules and Market Manuals. Likewise, seven (7) policy proposals are underway, which have undergone virtual public consultations with the participation of all concerned agencies.

II. PRIVATIZATION

A. Generating Assets and Independent Power Producer (IPP) Contracts

For the remaining generating assets, the latest privatization target is indicated in Table 1 below:

Table 1. Schedule of Privatization for Generating Assets as of April 2022

Asset Type/ Plant Name	Rated Capacity (MW)	Bid Date	Turnover Date
Casecnan HEPP ^{1/}	165.00	2022	2023
Agus 1 & 2 Hydro	260.00	Privatization is subject to consultation with Congress and PSALM Board's policy direction	
Agus 4 & 5 Hydro	213.10		
Agus 6 & 7 Hydro	273.00 ^{2/}		
Pulangi Hydro	255.00		

^{1/} Co-owned with the National Irrigation Administration

^{2/} Capacity increased by 19MW as a result of Agus VI Units 1 and 2 Uprating

Source: PSALM

For the selection and appointment of IPPAs, the latest privatization target is indicated in Table 2:

Table 2. Indicative Privatization Schedule for the Appointment of IPPAs as of April 2022

Grid	Plant Name	Contracted Capacity (MW)/Energy (GWh)	Commencement of Privatization Process	Turnover Date
Luzon Grid	Caliraya-Botocan- Kalayaan (CBK) Hydro	796.63 MW	2022	2023
Mindanao Grid	Mindanao Coal-Fired	200.00 MW	2023	2024

Source: PSALM

The Department of Finance (DOF) assisted PSALM in securing a grant from the Asian Development Bank (ADB) for the conduct of a study on the options and privatization structures for the Casecnan Multi-Purpose Project and the CBK Hydroelectric Power Plants (HEPPs).

ADB engaged a consultant to conduct the study through a technical assistance project between the DOF and ADB.

Said study commenced in July 2020 and was completed in February 2022 with the submission of the Final Report by the ADB consultant.

The ADB study identified the following issues and risks that should be addressed first before PSALM could proceed with the privatization of the CBK HEPPs:

1. Determine the competitive position of the CBK HEPPs in the ancillary market;
2. Change of the rates under Ancillary Services Procurement Agreement (ASPA) with the NGCP;

3. Change in the definition of the CBK HEPPs from a “load” center to a “generator” in accordance with the Philippine Grid Code, given that a load center has to pay for transmission charges; and
4. Reform in the manner by which NGCP enters into ASPAs – the possibility of taking away this responsibility from NGCP and given to a market platform.

Meanwhile, during the report period, following were the activities being conducted by PSALM with the winning consultant, Isla Lipana and Company (PwC Philippines) for the PSALM Board-approved procurement of consulting services for the financial valuation of Casecnan:

Date	Activity
05 November 2021	PSALM, CE Casecnan Water and Energy Company (CE Casecnan) and PwC Philippines discussed the site visit that the appraiser will conduct for the inspection of land, structures, and machinery and equipment of Casecnan.
15 and 16 November 2021	PSALM provided additional documents and information to PwC Philippines relative to the operational and financial aspects of the plant.
23 November 2021	PSALM and PwC Philippines discussed the trading of the Casecnan energy output.
23 November 2021	PwC transmitted via email the presentations regarding the following: <ul style="list-style-type: none"> • Valuation Methodology of the Land and Structures of Casecnan; and • Assessment on the Optimal Method for Valuing the Sale of the Land and Structures of Casecnan.
15 December 2021	PSALM provided PwC with the Audited Financial Statements of CE Casecnan for CY2010-2018.
13 January 2022	PSALM and PwC Philippines discussed the pending clarifications/requests and the status of the initial Draft Reports.
17 January 2022	PSALM provided PwC Philippines copies of the Asset Purchase Agreements (APAs) and Operation and Maintenance Agreements of Ambuklao-Binga, Angat, Magat, and Pantabangan-Masiway hydroelectric power plants and the Fixed Asset Boundary of Casecnan.
28 January 2022	PwC Philippines requested PSALM to extend the 28 February 2022 deadline for the submission of Final Report, detailing its financial valuation of the structures of Casecnan.
03 February 2022	PwC Philippines submitted to PSALM the initial draft report on the valuation of the structures of Casecnan.
21 February 2022	PSALM and PwC Philippines discussed the submitted initial draft reports and clarified the timeline of the project.
21 February 2022	PSALM granted the request of PwC Philippines for an extension of the project duration for one month or until 28 February 2022 to finalize the Draft Reports. PSALM also exercised its prerogative to extend the project duration for another month or until March 2022, or until PSALM received the instructions of its Board on the privatization timeline of Casecnan.

On 10 December 2021, the ceremonial turnover of the Casecnan Multi-Purpose Project from CE Casecnan to PSALM and National Irrigation Administration (NIA) was held in view of the expiration of the Casecnan Build-Operate-Transfer Agreement and Power Purchase Agreement (PPA) of Casecnan.

On 11 December 2021, the contractor for the Operation and Maintenance (O&M) Contract, Soosan ENS Co. Ltd. took over the operation and maintenance of Casecnan.

B. Other Disposable Assets

For the sale of other disposable assets which include real estate and unserviceable assets, waste and junk materials, following are the updates on PSALM's bidding activities:

1. Disposal of Real Estate Assets (REAs) through Option Existence Notice (OEN)

a. Masinloc Coal-Fired Power Plant Land (MCFPP)

On 31 March 2022, PSALM received a request from Masinloc Powe Partners Company Limited (MPPCL) for additional information on the remaining Leased Premises under PSALM-MPPCL Land Lease Agreement (LLA) for Masinloc.

b. Land Underlying Batangas Coal-Fired Thermal Power Plant (BCFTPP)

On 05 January 2022, PSALM received BCFTPP's letter dated 04 January 2022 requesting a copy of the filed BIR Form 1706-Capital Gain Tax Return covering three (3) parcels of land purchased by Sem-Calaca Power Corporation. PSALM on the other hand provided the said copy of the requested BIR Form on 11 January 2022.

On 17 February 2022, the OEN for the three (3) lots was completed with the execution of the notarized new Deed of Absolute Sale (DOAS) from Sem-Calaca Power Corporation (SCPC). The Deed of Cancellation of old DOAS was also provided to PSALM by SCPC.

2. Disposal of REA through Public Bidding

a. Sudipen Property

On 16 February 2022, PSALM requested National Power Corporation (NPC) to complete the joint technical survey for the said property.

Value Metrics, Inc. (VMI), the 3rd party appraiser for the said property through a letter dated 17 February 2022 requested to extend deadline of submission of the appraisal report. PSALM denied VMI's request through a letter dated 24 February 2022 further informing VMI that it will impose liquidated damages for the delay in the submission of the initial report, which is due last 03 February 2022.

On 22 March 2022, PSALM received from VMI its first draft appraisal report as of 21 December 2021. PSALM submitted its comments to the said report.

PSALM has yet to receive VMI's response relative to the imposition of liquidated damages for the delayed submission of the initial report.

On 18-22 April 2022, PSALM and NPC representatives conducted a joint technical survey on the property as part of the appraisal process.

b. Bantay Property

On 09 November 2021, the site inspection as well as the data gathering and meeting with the LGU officials was conducted by PSALM.

On 16 February 2022, PSALM requested NPC to complete the joint technical survey for the said property.

VMI, the 3rd appraiser party for the said property requested extension of submission of the appraisal report. Also, PSALM denied the said request and informed them that imposition of liquidated damages shall be made on the delay of submission of the initial report.

On 18-22 April 2022, PSALM and NPC representatives conducted a joint technical survey on the property as part of the appraisal process.

c. Master Planning Diliman Property

On 03 January 2022, NPC commented on the filing of a Verified Petition to remove the presumption of Important Cultural Property (ICP) from the Loocsin Buildings. As a response, PSALM relayed that it maintained its position that the Memorandum of Agreement (MOA) entered into by PSALM and NPC on 23 June 2014, for the reconveyance of portions of the Diliman Property to NPC, has no legal basis.

On 19 January 2022, PSALM requested confirmation from the National Historical Commission of the Philippines (NHCP) and the National Museum of the Philippines if the Loocsin Buildings are declared as historical site/landmark or included in the NHCP inventory of historic site.

On 23 February 2022, PSALM received letter from TRANSCO requesting update on the project implementation of the Diliman Property master plan.

On 15 March 2022, PSALM informed TRANSCO of the updates on the implementation of the master plan for Diliman Property.

PSALM coordinated with NPC and TRANSCO to request documentations on the renovations made at the Loocsin Building on the preparatory activities for the privatization of Diliman Properties.

The updating of Asset Profile is ongoing.

d. Puerto Azul Condominium Units and Puerto Azul Golf and Country Club (PAGCC) Share

On 14 January 2022, PSALM received bids from Ms. Maria Desiree M. Moy, a member of PAGCC.

On 28 January 2022, PSALM issued a Supplemental Offer to Sell Bulletin No. 3 to PAGCC, notifying prospective bidders of the receipts of bids from an individual bidder and the schedule of the opening and preliminary evaluation of bids.

On 02 February 2022 through an offer to Sell (OTS) to the members of the PAGCC, the OTS was done in accordance with the Master Deed with Declaration of Restrictions for the Condominium Units which prescribes that a unit owner shall offer his/her condominium unit to PAGCC members.

The bid of Ms. Moy amounted to PhP6,570,00.00 which is a total of the Minimum Bid Price (MBP) set for package 1 and 2. The MBP for Package 1 was set at PhP3.5 Million while the MBP for Package 2 was set at PhP3.1 Million.

The post qualification activity with the winning bidder was conducted on 09 February 2022 through virtual platform. The winning bidder's original copy of documents was verified and found to be compliant with all the requirements for the Sale of Puerto Azul Properties through OTS. Full payment is required for the issuance of Notice of Award (NOA) in March 2022.

On 04 March 2022, PSALM issued the NOA for both packages to Ms. Moy with her acceptance of the NOA.

On 09 March 2022, the Office of the General Corporate Counsel (OGCC) reviewed the DOAS and Deed of Sale of Share of Stocks (DOSS) of the sold properties. PSALM revised said DOAS and DOSS based on OGCC review and recommendations.

On 15 March 2022, Ms. Moy paid PSALM the balance of the purchase price for the sale of Puerto Azul Properties packages 1 and 2 amounting to PhP5.9 Million.

Upon full payment and complete submission of documentary requirements by the winning bidder, PSALM Bids and Awards Committee (BAC) issued a Supplemental Offer to Sell Bulletin No. 4 dated 15 March 2022 to PAGCC, informing the latter of the following:

- Updated bidding activities;
- Declaration of the Winning Bidder;
- Issuance of NOA to the Winning Bidder; and
- Receipt of full payment from the Winning Bidder.

The final DOAS will be submitted to Ms. Moy once signed.

e. Baguio Property

On 28 February 2022, PSALM transmitted the revised version of the MOA to Local Government Unit (LGU)-Baguio which incorporated the comments of the OGCC and the PSALM Board in order to confirm with the LGU-Baguio if they were amenable to the revised draft of the MOA.

On 11-12 April 2022, PSALM attended the Sangguniang Panlungsod regular session in Baguio City Hall, Baguio City on the Agency-to-Agency transaction over the sale of PSALM's Baguio Property.

f. Cawayan Property

Cawayan Property has an aggregate area of about 52,510 square meters located in Barangay Guinlajon, Sorsogon City.

Asset profiling is ongoing for said property in preparation for its disposal.

g. Mexico Property

PSALM informed the Commission on Audit (COA) that the third bidding for the Mexico Property was cancelled through a letter dated 19 January 2022.

As a way forward, PSALM is exploring the possibility of resorting to a Government-to-Government mode of disposal. Thus, in separate letters dated 25 January 2022, PSALM wrote the Municipal Governor of Pampanga to check their interest in acquiring the property at a Minimum Bid Price of PhP741 Million.

On 10 February 2022, PSALM invited the LGU of Pampanga to a coordination meeting to explore the benefits of acquiring the property from PSALM.

On 12 April 2022, PSALM assisted Friendly 3 Builders for ocular inspection of the property.

h. Talomo Property

Talomo Property has an estimated area of 327,273 sq.m located in Barangays Tugbok, Mintal, and Catalunan Pequeno, Davao City.

On 09 February 2022, PSALM informed the LGU-Talomo that it has engaged the services of VMI and Asian Appraisal Company, Inc. (AACI) for the conduct of land appraisal and profiling activities and endorsed VMI and AACI to conduct research and information/data gathering, including securing copies of pertinent documents relative to the property on behalf of PSALM.

VMI, the 3rd party appraiser for the said property through a letter dated 17 February 2022 requested to extend deadline for submission of the appraisal report. PSALM denied VMI's request that it will impose liquidated damages for the delay in the submission of the initial report which is due last 03 February 2022.

i. Magdalena Property

On 16 February 2022, PSALM requested NPC to complete the joint technical survey for the said property.

On 22 March 2022, PSALM received from VMI its first draft appraisal report as of 21 December 2021. PSALM submitted its comments to the said report.

PSALM has yet to receive the response of VMI on the imposition of liquidated damages for the delayed submission of the initial report.

j. Bataan Properties

On 10 January 2022, PSALM informed TRANSCO in a letter dated 10 December 2021 that PSALM is considering the transfer of the land underlying the Limay Substation to TRANSCO, subject to financial consideration and payment of the corresponding Real Property Taxes (RPTs) paid by PSALM in the past years.

On 02 February 2022, PSALM requested the Philippine Government of Bataan (PGB) to remit the just compensation it received from NGCP, amounting to PhP10.2 Million for portions of Lot 330-B-2 (7,603 sq.m.) and 330-B-3 (297 sq. m.) covered by expropriation case.

On 07 February 2022, PSALM also requested PGB to turn over the Original Owner's Duplicate Copies of the Transfer of Certificate Title (TCT) of nine (9) lots.

On 19 April 2022, PSALM and Panasia Energy, Inc. (PEI), the winning bidder of the privatized land underlying Limay housing and Bataan Thermal Power Plant, discussed the legal remedies for the titling of properties awarded to PEI.

On 29 April 2022, PSALM likewise facilitated a meeting with PGB, PEI, and TRANSCO to discuss the alleged occupancy by illegal settlers in NPC lots in Limay.

3. Disposal of REA through Other Modes

a. General Santos City Property

On 07 December 2021, through the Executive Committee, approved the disposal of said property through public bidding, including lots subject to re-purchase under DOAS between NPC and Mr. Honorio T. Allado, Sr. taking into consideration OGCC's legal advice.

The draft appraisal report from Royal Asia Corporation was received on 10 January 2022.

On 16 February 2022, PSALM requested NPC to complete the joint technical survey for the said property.

VMI, the 3rd party appraiser for the said property through a letter dated 17 February 2022 requested to extend deadline for submission of the appraisal report. PSALM denied VMI's request that it will impose liquidated damages for the delay in the submission of the initial report which is due last 03 February 2022.

On 21 April 2022, PSALM sent VMI its comments on the appraisal report for the General Santos City to Asian Appraisal Company, Inc.

b. Sucat Property

On 19 January 2022, a virtual meeting was held for the discussion of the Right-of-Way (RoW) requirements of its overhead transmission lines and

substation pursuant to the Deed of Sale entered between MERALCO and the Republic of the Philippines. The sketch plan of the Sucat Property reflecting the RoW for the transmission lines was coordinated with TRANSCO.

On 24 January 2022, Development Bank of the Philippines (DBP) assisted Department of Transportation (DOTr) in the conduct of appraisal and site inspection of the Sucat Property.

On 08 February 2022, PSALM received a letter from MERALCO submitting additional requested data/information and sketch plan of the lot area covered by its substation and the indicative RoW corridor for its transmission lines.

On 16 February 2022, PSALM received a letter from LGU-Muntinlupa transmitting the current Tax Declaration (TD) for Lots 5-B and 6-B and traceback of available TDs from October 197 onwards.

PSALM subsequently updated the Property Profile and the MOA for the sale of Sucat Property with DOTr to indicate the updates from MERALCO.

On 26 April 2022, PSALM transmitted a letter to DOTr dated 21 April 2022 for the request of the following:

- Copies of updated “as built” plan and/or drawing /sketch plans and site acquisition map of the project superimposed on the Subject properties showing the affected lots;
- Appraisal report by DBP;
- Status and updated timeline of the project for its North-South Commuter Railway project; and
- Copy of the Appraisal Report by DBP-Property Appraisal and Credit Investigation Unit (PACID).

For the report period, PSALM is updating the draft MOA with DOTr for the sale of Sucat Property to reflect asset-specific circumstances.

c. Ilijan Natural Gas Pipeline and Receiving Facility (INGPRF)

On 03 January 2022, the DOE recommended to withhold the sale of INGPRF due to the following reasons:

- Strategic goal of energy security through indigenous energy resource development;
- The continued oil and gas exploration and development within and accessible to the Malampaya gas infrastructure ensures natural gas supply security to Ilijan natural gas fired power plant as well as to other potential users through their open access to the INGPRF;
- The Ilijan natural gas fired power plant accounted significantly for 4.6% and 7.2% of the 202 national installed capacity and power generation respectively. Therefore, continued operation through the redundant alternative access to INGPRF is critical in the short and medium term when the Philippine economy is on its recovery mode from the pandemic and the required capacity build up from the current low capacity and reserve levels; and

- The strategic energy security value of keeping the INGPRF as part and parcel of the total Malampaya gas infrastructure outweighs the potential sales proceeds to PSALM.

PSALM presented to the Board Review Committee (BRC) on 08 February 2022 that the position of the DOE on the INGPRF to be maintained as an integral part of the Malampaya gas infrastructure. The BRC instructed PSALM to comply with the DOE's position that NGRF is included in the asset disposal of PSALM. The pipeline connecting the NGRF to the Tabangao processing facility will be excluded from the sale.

On 05 April 2022, PSALM conveyed to NPC the direction and clarification of the DOE on NGRF and Pipeline. PSALM also informed NPC of the DOE's position that the NGRF underlying land will be included in the long term LLA entered by PSALM with South Premier Power Corporation (SPPC) while the pipeline outside the INGCCPP complex and its underlying land will be excluded in the LLA.

On 18 April 2022, NPC transmitted the Closure Plan for NGRF and its pipeline including the associated cost estimates and/or resource requirements on closure and preservation/maintenance of the pipeline. PSALM further requested NPC for the submission of options and preservation plan assuming the pipeline will be maintained/preserved until the end of its useful life.

On 29 April 2022, a meeting with NPC was conducted relative to the closure and preservation plan. NPC agreed to submit options for the preservation of the pipeline.

d. Paranaque Properties

On 11 February 2022, PSALM informed the LGU-Paranaque through a letter that it has engaged the services of VMI and ACCI for the conduct of land appraisal and profiling of activities and endorsed VMI and AACI to conduct research and information/data gathering, including securing copies of pertinent documents relative to the property on behalf of PSALM.

VMI, the 3rd party appraiser for the said property through a letter dated 17 February 2022 requested to extend deadline for submission of the appraisal report. PSALM denied VMI's request that it will impose liquidated damages for the delay in the submission of the initial report which is due last 03 February 2022.

On 21 April 2022, PSALM sent its comments on the appraisal report for the Paranaque Property to Asian Appraisal Company.

e. Portion of Agus 5 Property

On 12 January 2022, PSALM through a letter dated 10 January 2022 informed Maria Cristina Falls Homeowners Association, Inc. (MCFHAI) that the execution of the Deed of Absolute Sale (DOAS) will temporarily be put on hold while awaiting resolution of the issues regarding the cancellation of title.

On 15 and 21 February 2022, PSALM coordinated with NPC-Mindanao Generation (MinGen) on the response of RD-Iligan City to NPC regarding the

cancellation of TCT-22840 by TCT No. 155-20211000767. NPC is requesting for the rectification of TCT No. 155-20211000767 to reflect Entry No. 8396 which is the annotation evidencing the sale of NPC Property from Sofia Gador.

PSALM provided MCFHAI the copy of the requested certification on the purchase of the portion of Agus 5 property through a letter dated 01 March 2022.

f. Maibarara Property

On 04 February 2022, a coordination meeting with the Department of Public Works and Highways (DPWH) was conducted on the RoW acquisition of Lot No. 2954 of the Maibarara Properties located at Barangay Santiago, Sto. Tomas, Batangas.

During the report period, PSALM is studying the RPT payments made by NPC/PSALM in the past years, in preparation for the planned acquisition of Lot No. 2954 by the DPWH.

Further, PSALM in a letter dated 15 February 2022 transmitted to Provincial Assessor's Office of Batangas on 17 February 2022, requested a Certification of Open and Continuous Possession of Lot No. 2954.

On 24 February 2022, PSALM requested the following from the Provincial Environment and Natural Resources Office (PENRO) regarding Lot No. 2954:

- Certification of Land Classification (whether alienable or disposable land); and
- Classification of Land Status.

The above documents are necessary to comply with the requirements of DPWH on expropriation.

On 22 April 2022, PSALM facilitated a meeting with the DOE on the Maibarara lots that will be affected by the SLEX-TR4 Project.

On 27 April 2022, PSALM informed the Toll Regulatory Board (TRB) and the DPWH of the PSALM's action on the proposed acquisition arrangement and issuance of Permit to Enter and informed them further that the said proposals were dependent on the Area Clearance to be issued by the DOE.

g. Tiwi Property (Tiwi Level II Potable Water System Project)

On 08 April 2022, PSALM sent a letter to LGU-Tiwi dated 29 March 2022 informing the LGU that the joint ocular inspection was already conducted and AP Renewables, Inc. (APRI) is yet to conclude plotting the coordinates of the area. PSALM also reiterated that the determination of purchase price is in accordance with the Board approved Strategic Plan for PSALM REAs.

h. San Roque Properties

On 09 March 2022, the signed MOA from NIA was returned to PSALM. PSALM subsequently executed and notarized the MOA on 18 March 2022.

On 06 April 2022, the closing date, exchange of closing deliverables with NIA took place. PSALM also received the remaining documents such as Certificates of Closing on 08 April 2022. PSALM received NIA's full payment of Purchase Price through Manager's Check in the amount of Php1.3 Million.

On 19 April 2022, PSALM received the executed Deed of Transfer with Conveyance from NIA.

- i. Agus Properties (Proposed Acquisition by DPWH of Portions of Lands Underlying the Agus 6 & 7 HEPPs)

On 15 November 2021, DPWH formally requested PSALM the permission to utilize and occupy portion of the Agus 6 & 7 HEPPs.

A series of meetings was conducted with NPC-MinGen, DPWH and Agus HEPP to discuss the details of the project and way forward for the requested permit to enter.

On 30 March 2022, PSALM requested a copy of the Certificate of No Objection and cost estimate of the structures affected by the DPWH.

- j. Ilijan Natural Gas Combined Cycle Power Plant (INGCCPP)

The Department of Environment and Natural Resources (DENR) and NPC have an existing Foreshore Lease Contract (FLC) covering the 168,043 sq.m. foreshore area of the Ilijan Power Plant, which is being used by Korea Electric Power Company (KEPCO), the IPP operator of Ilijan Power Plant. The FLC expired on 17 January 2022.

KEPCO Ilijan Corporation (KEILCO) on behalf of NPC/PSALM has commenced coordination with the DENR-Lipa City, Batangas for the possible extension of the FLC for another three (3) years. KEILCO also submitted application on 17 December 2021 for provisional permit. Pending response from the Lipa City DENR Office, PSALM in a letter transmitted on 20 January 2022 requested the intervention of DENR Secretary to facilitate the approval for the issuance of a provisional permit. The use of the foreshore area is crucial to the continuous operations of the Ilijan Power Plant.

On 03 February 2022, PSALM received from VMI the evaluated/assessed appraisal report.

On the same date, the TWG presented to the PBAC the authority to negotiate for the Ilijan properties and indicative Terms and Conditions of the LLA. It was then presented to the PSALM BRC on 08 February 2022 for endorsement to the Board for approval.

On 16 February 2022, PSALM met with SPPC to discuss the LLA of the land underlying the INGCCPP.

On 17 February 2022, PSALM wrote the City Government of Batangas, Provincial Government of Batangas and DPWH Batangas requesting confirmation of the official classification of the land traversed by/utilized as part of the Batangas-Lobo-Tabangao Road, whether it is a municipal, provincial or national road.

SPPC, on 22 February 2022, transmitted a letter to PSALM regarding its proposed short-term LLA and proposal for market price of the long-term LLA.

On 23 February 2022, the indicative terms and conditions of the LLA was approved by the Board.

On 23 March 2022, PSALM Board approved the final terms and conditions for the use of the INGCCP land and foreshore area.

The short term LLA (65 days) was executed on 31 March 2022 which covers the twelve (12) INGCCP lots and 3,957.12 sq.m. portion of the foreshore area for the period 01 April 2022 to 04 June 2022 or until the expiration of INGCCP Energy Conversion Agreement.

The long term LLA was executed on 04 April 2022 covering 70 INGCCPP lots with an area of 242,445.50 sq.m.

C. Disposal of Other Disposable Assets

Other Disposable Assets as defined under Section 5.03 of PSALM's Manual of Approvals to include, among others, are the excluded assets from sold plants (serviceable and unserviceable assets) such as spare parts, equipment and scrap/junk materials, waste oil from decommissioned plants, items, in warehouses and other items from abandoned and completed projects and scrap materials and other disposable items from PSALM-owned generating plants.

The excluded assets are composed of items which were as follows:

- Delivered items after Closing Date;
- Not listed in the NPC books of accounts (i.e., excess construction materials); and
- Not included in Schedule A (Purchased Assets) and Schedule B (Excluded Assets) of the corresponding APA when the power plant was sold to the Successor Generating Company.

1. Assets located in Cebu, Laguna, and Bicol

The PSALM Board approved the commencement of Sale/Disposal of the following Other Disposable Assets located in various locations through public bidding as follows:

Assets/Package	Location
Package 1 - Various junk/scrap from heavy equipment/engine block/engine crankshaft	Naga Power Plant Complex, City of Naga, Cebu
Package 2 - Various retired equipment, used/obsolete spare parts and scrap materials	Kalayaan Pumped Storage Power Plant in Kalayaan, Laguna and Caliraya Hydroelectric Power Plant in Caliraya, Laguna
Package 3 – Various old structures, retired equipment, used/obsolete spare parts and junk/scrap materials.	Makiling-Banahaw Geothermal Power Plant – Philippine Geothermal Production Corporation and Aboitiz Power Renewables, Inc. facilities located in Calauan and Bay, Laguna and Sto. Tomas, Batangas, and items from the Calaca Coal-Fired Thermal Power

Assets/Package	Location
	Plant, stored in the Mexico Central Warehouse
Package 4 – Various Ormat Binary equipment and spare parts, transformer, retired equipment, used/obsolete spare parts and scrap materials, office furniture, appliances, and fitness equipment.	Bacon-Manito Geothermal Power Plant in Manito, Albay and Tublijon, Sorsogon, Ligao Stockyard in Ligao, Albay and in Tiwi Geothermal Power Plant located in Tiwi, Albay

PSALM conducted and accomplished the inventory, inspection and appraisal in preparation for the proposed 3rd round bidding of the following:

Date	Location
08-10 September 2021	Package 1- assets located in the City of Naga and Talavera, Toledo in Cebu Province
13-18 September 2021	Package 2- assets located in Bacman-Ormat Basecamp, in Tublijon & Botong-Ragas, Sorsogon; Ligao Stockyard in Ligao, Albay and Tiwi GPP-PGPC and APRI facilities both in Tiwi, Albay

PSALM revised/updated the valuation, disposal timeline and packaging of the unserviceable assets for disposal into Packages 1, 2, 3, and 4.

The proposed/indicative timeline/Appraisal/Minimum Bid Price for Packages 1, 2, 3, and 4, and Draft Bidding Procedures was submitted and presented to the Disposal Committee through a Memorandum dated 05 November 2021.

On 06 December 2021, the Royal Asian Appraisal Company, Inc. (RAAC) conducted its valuation of the assets, in coordination with PSALM's Finance Group.

On 21 December 2021, PSALM demanded Therma Power Visayas, Inc. and Bac-Man Geothermal Inc. to settle the shortfall and to pay the cost of the missing items in their custody, respectively.

On 03 February 2022, the Agency Appraisal Documents for the packaged Sale of Various Excluded, Unserviceable, Junk and Scrap Materials and Other Disposable Assets and Packages 1, 2, 3, and 4 were submitted to COA.

To commence the bidding process, the Invitation to Bid (ITB) for the packaged sale was posted in three (3) leading newspapers and in the PSALM website on 23 February 2022.

The Pre-bid Conference was conducted virtually on 16 March 2022 for Packages 1, 2, 3, and 4.

On 21-30 March 2022, PSALM assisted bidders in the conduct of site viewing/due diligence for the packaged sale of various unserviceable assets.

On 20 April 2022, the BAC Disposal conducted the opening and evaluation of bids and rated the following bidders as passed, subject to evaluation and post-qualification:

Particular	Bidder	Rank	Bid Amount (PhP)
Package 1	Malachi Trading	1st	580, 512.00

Particular	Bidder	Rank	Bid Amount (PhP)
MBP: PhP226,000.00	Trame Enterprises	2nd	556,074.00
Package 2	C. Tumang Construction	1st	6,635,000.00
MBP: PhP4,673,000.00	JCZS Trading	2nd	6,200,000.00
Package 3	Malachi Trading	1st	9,100,000.00
MBP: PhP4,873,000.00	C. Tumang Construction	2nd	6,968,000.00
Package 2	JCZS Trading	1st	26,100,000.00
MBP: PhP17,960,000.00	Peter John Enterprises	2nd	25,708,888.00

On 28 and 29 April 2022, the Technical Working Group (TWG) evaluated the eligibility and financial submissions of Malachi Trading and A. C. Tumang Corporation, respectively, as part of the post-qualification process.

2. Assets located in Agus 1 and 2

On 20 April 2022, PSALM transmitted a letter dated 18 April 2022 informing NPC-MinGen that it will evaluate the request for consent for the disposal of the unserviceable assets in Agus 1 and 2. As to the commencement of sale, PSALM informed NPC-MinGen that it will seek the approval of the Board.

D. Privatization Proceeds

As of 30 April 2022, PSALM, through the privatization of generation assets, the transmission business, and the IPP contracted capacities, has generated a total of PhP916 Billion. The actual collection to date amounted to PhP699 Billion as of February 2022, including interest income on placements, were exclusively utilized for the liquidation of financial obligations amounting to PhP699 Billion as of April 2022.

Table 3. Privatization Proceeds Generation and Collection as of 30 April 2022 (in PhP Billion)

Privatization Assets	Generated	Collected
Generating Assets	164.03	164.03
Appointment of IPPAs	482.50	334.19
Transmission Concession	260.54	191.98
Decommissioned Plants	0.52	0.52
Other Priva-Related	8.00	8.00
TOTAL	915.59	698.72

Source: PSALM

Table 4. Privatization Proceeds Utilization as of 30 April 2022 (in PhP Billion)

Particulars	Amount
Debt Prepayment	57.62
Regular Debt Service	441.62
Lease Obligations	195.28
Subtotal	694.52
Others Privatization-Related Expenses	4.82
TOTAL	699.33

USD1:PhP52.158 (BSP Guiding Rate dated 30 April 2022)
Source: PSALM

PSALM utilizes its privatization proceeds to cover maturing obligations such as regular debt service, debt prepayment, IPP obligations, and other privatization-related expenses.

E. Concession of the National Transmission Network

Pursuant to the Concession Agreement (CA) between the Government and NGCP, RA 9511 or the Franchise Law, and the Construction Management Agreement (CMA), the TRANSCO continues to monitor the performance and compliance of NGCP to these Agreements.

On 16 February 2022, a kick-off meeting of the new Joint PSALM-TRANSCO Steering Committee was conducted for the 2021 assessment.

On 28 February 2022, the Joint-Transco Financial Team conducted its virtual Inspection of Books and Records (IBR).

Further, the Technical, Regulatory, Financial, and Legal Compliance Assessment Team (TRFLAT) is preparing the checklist of inspection of books and records covering Calendar Years (CYs) 2018, 2019, 2022, and 2021 for the following disciplines: Technical; Regulatory; Legal, Administrative, Information Technology, Quality Assurance Safety and Security Records except for Financial which will cover only for CY 2021. Once completed, the same will be transmitted to NGCP to inform them of the TRFLAT intention to proceed with the inspection for all areas.

During the report period, in connection with DOE Department Order (DO) No. DO2017-04-0004, TRANSCO wrote several letters to NGCP requesting data and information used in the preparation of the 2021-2040 Transmission Development Plan (TDP). However, NGCP neither replied nor provided the requested documents. Notwithstanding, TRANSCO attended the meetings of the DOE-created TDP Composite Team. Further, TRANSCO in compliance with DOE's instruction through letters dated 22 October 2021, and 24 November 2021, conducted its technical review and evaluation of the projects that were identified by NGCP in the draft 2021-2040 TDP based on TRANSCO'S available data and information. The results of the said review and evaluation were submitted to the DOE on 03 December 2021.

Meanwhile, as provided under CA, NGCP as the sole regulated entity before the ERC has pending rate cases filed with the Commission. Annexes 1 and 2 show the status of TRANSCO Inspection Report based on CA and NGCP related petitions to ERC, respectively.

F. Sale of Sub-Transmission Assets (STAs)

The sale of TRANSCO's sub-transmission assets involves 199¹ sale contracts with 107 interested distribution utilities (DUs), most of which are ECs. The STAs include around 6,990 ckt-km., most of which are 69 kV transmission lines and 865 MVA of substation capacity.

From 2004 to 30 April 2022, TRANSCO has closed 119 sale contracts with 96 DUs/ECs/consortia amounting to PhP6.2 Billion. These sales cover an aggregate length of 3,916 ckt-kms of sub-transmission lines and 35,075 sub-transmission structures and 835 MVA of substation capacity. Of the 119 sale contracts, 64 contracts with total sale price of PhP4.1² Billion have been approved, approved with modification, and disapproved.

¹ Number of sale packages pertaining to STAs Divestment with updates as of December 2020

² The total ERC approved amount of PhP3.005 Billion is lower compared to the total approved/disapproved/dismissed contract amount of PhP4.074 Billion due to the following reasons:

Also, nine (9) contracts amounting to PhP373.3 Million were disapproved/dismissed by the ERC. The rest of the sale contracts are for filing with or pending approval by the ERC.

Following the EPIRA provision to extend concessional financing to ECs, TRANSCO implemented Lease Purchase Agreements (LPAs) with an amortization period of 20 years. It should be noted that TRANSCO had long ceased requiring a 20% down payment from buyer DUs and ECs. Of the 119 sale contracts already signed, 82 are mostly under LPAs with 68 ECs/consortia, valued at around PhP4.2 billion. The remaining 37 involved sales to private DUs/consortia.

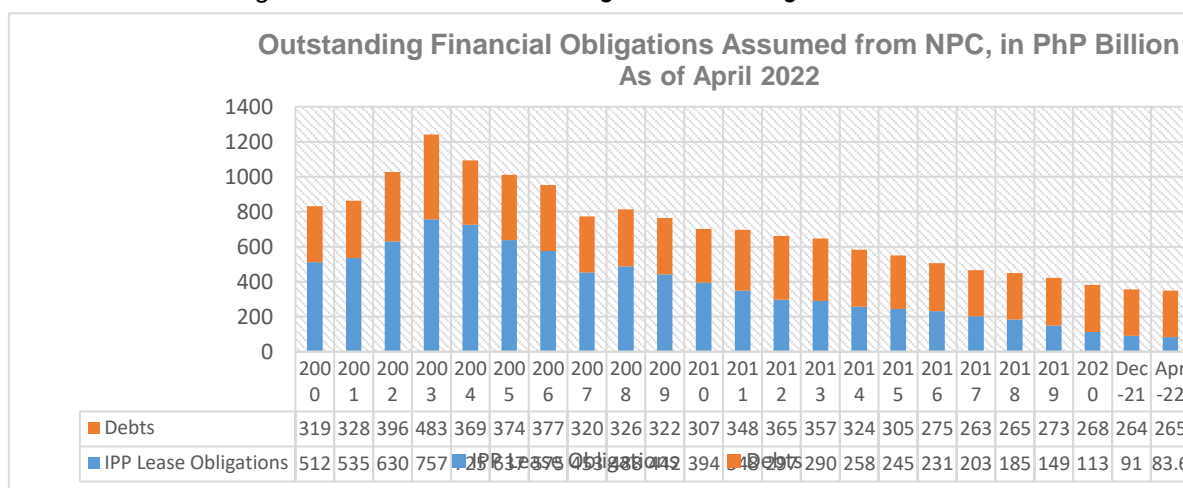
-
- a. *Exclusion of some assets from the ERC approval due to reclassification from sub-transmission to transmission assets;*
 - b. *The lower amount of valuation was used as basis of the ERC approval;*
 - c. *Exclusion of some assets from the ERC approval since said assets are not yet connected to the sold assets;*
 - d. *Exclusion of some assets from the ERC approval due to decommissioning;*
 - e. *DU withdrawal from the Joint Application pertaining to the divestment of sub-transmission assets; and*
 - f. *The STAs in the sale contract/s should have been sold to a consortium instead of a single DU because the STAs were in a super loop configuration.*

III. PSALM LIABILITY MANAGEMENT

As of 30 April 2022, PSALM's financial obligations were reduced to PhP348.7 billion or a decrease of PhP895.8 Billion from the 2003 peak level of PhP1.2 Trillion. In terms of currency, more than half (58%) of PSALM's Financial Obligations (FOs) is denominated in dollars, amounting to PhP200.1 Billion. Peso-denominated FOs of PhP128.2 Billion account to 37%, while the remaining FOs amounting to PhP16.5 Billion equivalent to 5% in Japanese Yen.

Figure 1 below shows the movement of the financial obligations of PSALM from 2000 to 30 April 2022:

Figure 1 - PSALM's Outstanding Financial Obligations Assumed from NPC



Source: PSALM

Table 5. FOs as of 30 April 2022

	PhP Equivalent (In Billion)
Debts	265.09
IPP Lease Obligations	83.65
Total	348.74

Source: PSALM

Table 6. FOs by Currency as of 30 April 2022

Currency	Amount in PhP Equivalent (In Millions)	% to Total
USD	198,506.99	57%
PHP	135,491.56	39%
JPY	14,746.02	4%
Total	348,744.57	100%

Exchange Rates Used: BSP Guiding Rate dated 30 April 2022

USD: PhP 1.00 = 52.1580 JPY: PhP 1.00 = 0.3986

Source: PSALM

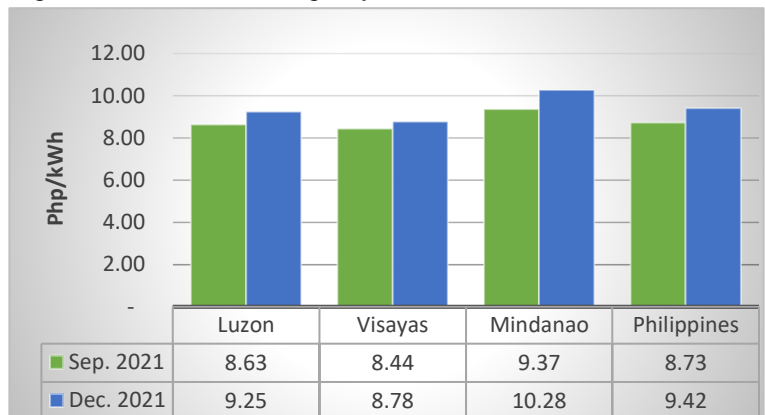
IV. ELECTRICITY RATES

The information contained in the DOE's EPIRA Reports are intended only to provide the Joint Congressional Energy Committee (JCEC) and the public an idea on the level of electricity prices. The average values are indicative values of available data gathered by the DOE. The relevant movement in prices should be examined more closely on a per utility basis. In this regard, the data cannot be used or attributed directly to the policies being adopted by the DOE.

A. Average Electricity Rates

The country's average electricity rate as of December 2021 is around PhP9.42/kWh, or PhP0.69/kWh higher compared with the September 2021 national average system rate. The Luzon grid rate is PhP9.25/kWh, which is PhP0.61/kWh higher than last September 2021. Meanwhile, the Visayas grid rate has increased by PhP0.34/kWh, rising from PhP8.44/kWh in September 2021 to PhP8.78/kWh in December 2021. Lastly, the Mindanao grid rate has increased by PhP0.90/kWh from PhP9.37/kWh to PhP10.28/kWh.

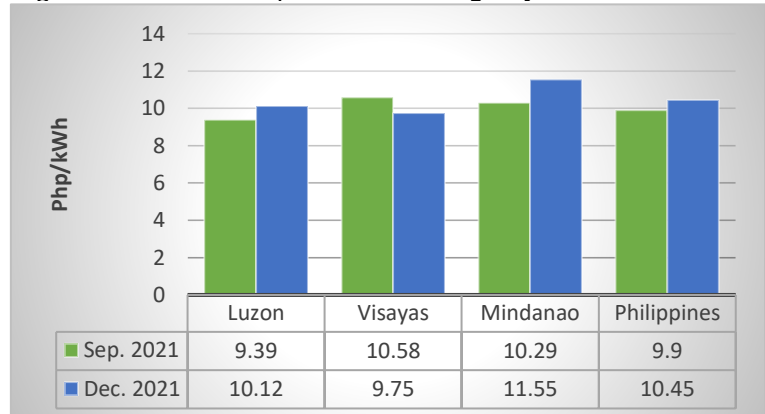
Figure 2 - National Average Systems Rate



Source: NEA and Monthly Operations Report of PDUs

On the other hand, the ECs' December 2021 average systems rate is PhP10.45/kWh, higher by PhP0.55/kWh from September 2021. The rates in the Luzon and Mindanao grids have increased by PhP0.73/kWh and PhP1.26/kWh, respectively. The Visayas grid, on the other hand, has dropped by PhP0.83/kWh.

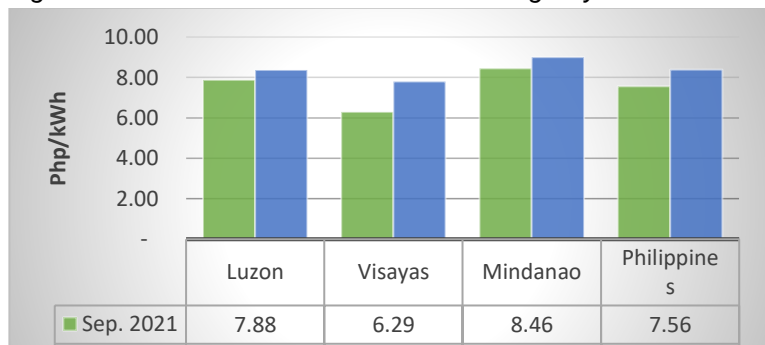
Figure 3 - Electric Cooperatives' Average Systems Rate



Source: NEA

The national average systems rates of Private Distribution Utilities (PDUs) and Ecozones posted an overall decrease by PhP0.52/kWh from PhP7.64/kWh in December 2020 to PhP7.12/kWh in March 2021. Luzon, Visayas and Mindanao grids posted a decrease in rate by PhP0.16/kWh, PhP1.37/kWh and PhP0.03/kWh, respectively.

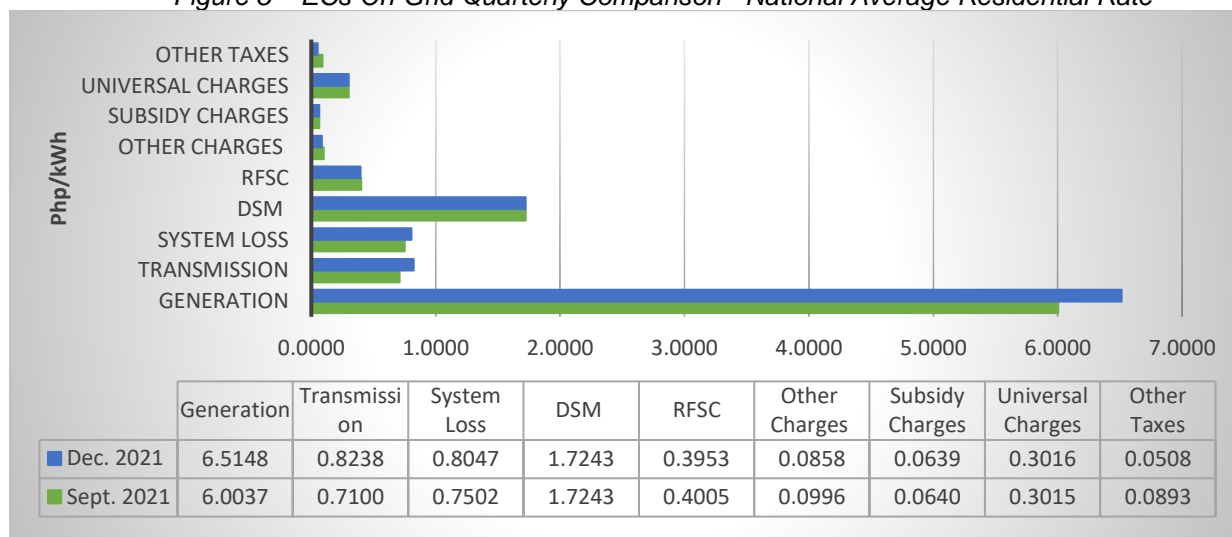
Figure 4 - Private Distribution Utilities' Average Systems Rate



Source: Monthly Operations Report of PDUs

B. ECs On and Off-Grid Residential Rates

Figure 5 – ECs On-Grid Quarterly Comparison - National Average Residential Rate



Source: NEA

Note: Rates are exclusive of VAT.

On the 100 on-grid ECs, 48 of them reported significant changes in their residential rates in December 2021 compared to September 2021. More than 85% of the 48 ECs (24 from Luzon, 5 from Visayas, and 12 from Mindanao) undergone significant rate hikes, which were attributed to higher power generation charges. Most of these ECs cited a rise in coal prices in the world market as the primary factor affecting the fuel charges of their contracted coal-fueled power plants. The decline in the production of the Malampaya Gas Field, as well as on the onslaught of Typhoon Odette, has aggravated the situation.

However, based on the ERC Advisory dated 20 September 2021, over 15% or seven (7) ECs out of the 48 ECs in Visayas, observed a decrease in residential rates as a result of the implementation of the congestion charge refund by the Independent Market Operator of the Philippines (IEMOP) in relation to Cebu-Negros submarine cable incident.

Table 7. ECs' On-Grid Unbundled Average Residential Electricity Rates as of December 2021

Bill Subgroup	LUZON		VISAYAS		MINDANAO		National	
	PhP/kWh	% share	PhP/kWh	% share	PhP/kWh	% share	PhP/kWh	% share
Generation Charges	6.54	62.1%	6.09	59.9%	6.90	62.2%	6.51	61.5%
Transmission Charges	0.87	8.2%	0.78	7.7%	0.80	7.2%	0.82	7.8%
System Loss Charge	0.76	7.2%	0.71	7.0%	0.97	8.8%	0.80	7.6%
DSM Charge	1.70	16.1%	1.83	18.0%	1.66	14.9%	1.72	16.3%
RFSC	0.38	3.6%	0.36	3.6%	0.46	4.2%	0.40	3.7%
Other Charges	-0.14	-1.4%	-0.04	-0.4%	-0.11	-0.9%	-0.09	-0.8%
Subsidy Charges	0.06	0.6%	0.06	0.6%	0.07	0.7%	0.06	0.6%

Bill Subgroup	LUZON		VISAYAS		MINDANAO		National	
	PhP/kWh	% share	PhP/kWh	% share	PhP/kWh	% share	PhP/kWh	% share
Universal Charges	0.30	2.9%	0.31	3.0%	0.30	2.7%	0.30	2.9%
Other Taxes	0.07	0.7%	0.05	0.5%	0.03	0.3%	0.05	0.5%
Total	10.53	100%	10.15	100%	11.09	100%	10.59	100%

Source: NEA

¹ Distribution, Supply and Metering Charges

² Reinvestment Fund for Sustainable CAPEX

³ Loan Condonation & PEMC-SPA Charge

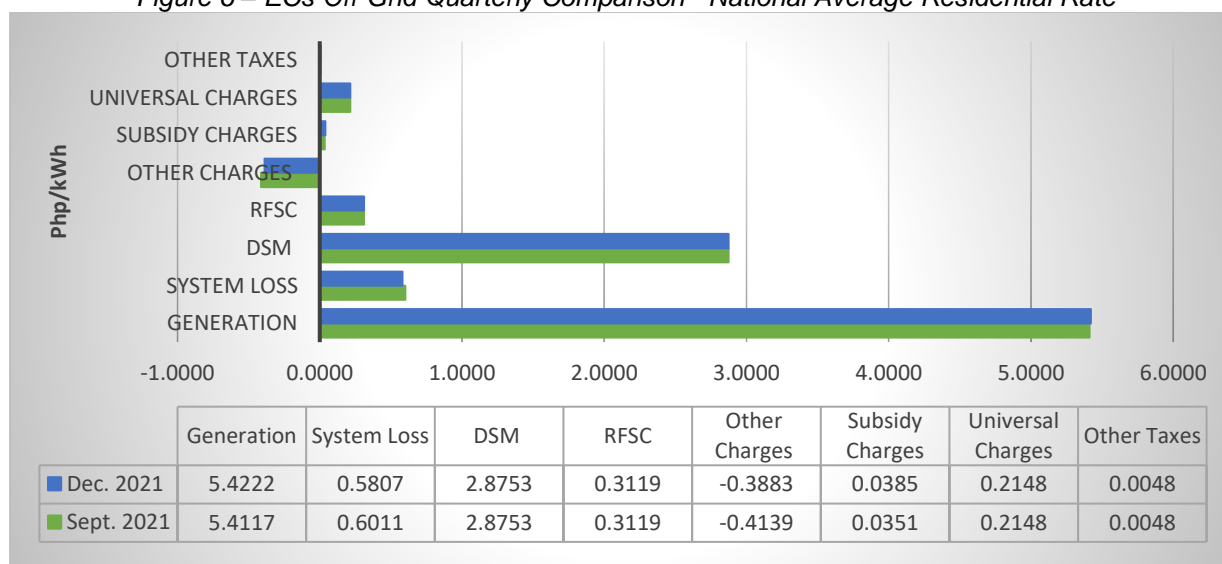
⁴ Lifeline & Senior Citizen Subsidy/Discount

⁵ Missionary Electrification, Environmental Charges, NPC Stranded Cost

⁶ Local Franchise & Business Taxes, Real Property Tax

As reflected in Table 7 above, the ECs' on-grid National Average Unbundled Residential Electricity Rate for December 2021 is at PhP10.59/kWh. Mindanao grid has the highest average unbundled residential electricity rates at around PhP11.09/kWh of which generation costs comprise 62.2%. On the average, generation costs comprise the bulk of ECs' residential rates at around 61.5% followed by distribution, supply, and metering charges (DSM) at 16.3%.

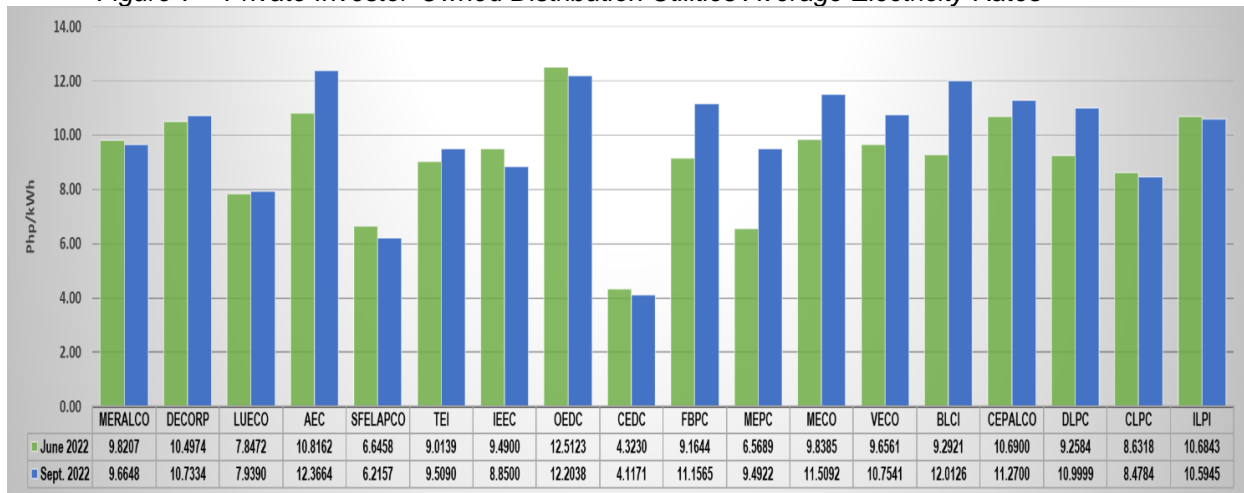
Figure 6 – ECs Off-Grid Quarterly Comparison - National Average Residential Rate



As shown in Figure 6 above, the average residential rate for off-grid ECs has increased by PhP0.0191/kWh (PhP9.0599/kWh in December 2021 compared to PhP9.0408/kWh in September 2021). Unlike on-grid ECs, the prices of the rate components of off-grid ECs are relatively stable due to several factors, including their non-exposure to WESM and the government's continued implementation of the Subsidized Approved Generation Rate (SAGR) as part of its effort to provide total electrification to missionary and unviable areas. Additionally, lower System Loss and the implementation of Over-Under Recoveries are the key factors in the off-grid ECs' average residential rate decline.

C. PDUs and Ecozones Average Electricity Rates

Figure 7 – Private Investor-Owned Distribution Utilities Average Electricity Rates



Source: Monthly Operations Report of PDUs

Among the Private Investor-Owned Utilities (PIOUs), Visayan Electric Company, Inc. (VECO) in Visayas has posted the highest average power rates for the billing month of December 2021 at PhP14.86/kWh, followed by First Bay Power Corporation (FBPC) at PhP10.95/kWh. On the other hand, the lowest average rate is noted for Clark Electric Distribution Corporation, Inc. (CEDC) in Luzon recorded at PhP4.06/kWh. This is higher by PhP0.24/kWh or 6.22% compared to CEDC’s September 2021 average systems rate.

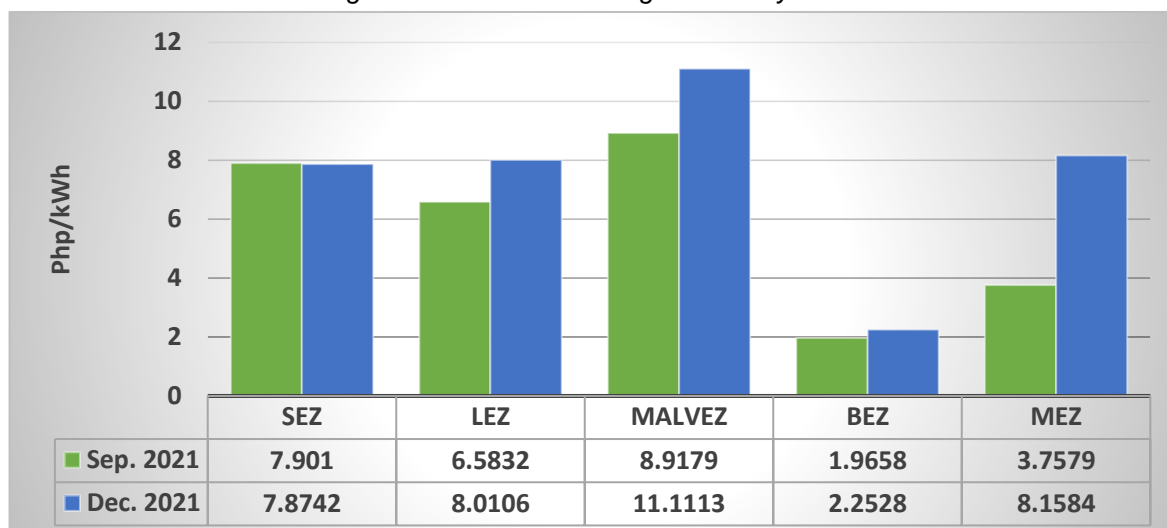
MERALCO, the country's major power distributor, has increased its average electricity rate by 6.7 percent from PhP8.37/kWh in September 2021 to PhP8.93/kWh in December 2021. Further, MERALCO's average rate has increased in October 2021 as a result of higher transmission charges, caused by increasing ancillary service charges, which account for approximately 33% of NGCP overall transmission costs.

Meanwhile, compared to previous months, the October bill has decreased its generation charge. Lower demand and fewer outages have resulted in lower power spot prices. Power Supply Agreements (PSAs) rose, but charges from Independent Power Producers (IPPs) decreased. Higher fuel prices and the depreciation of the peso have caused the PSA rates to increase. However, the distribution rate refund of PhP0.2761/kWh has helped to mitigate the price hike.

MERALCO's November 2021 average rate has increased due to the Malampaya gas field maintenance shutdown, which affected over 3,200 MW of power supply. The increase, however, was tempered by the distribution rate true-up refund. Generation charges have also increased, the same with the power spot prices, due to the thin supply in the Luzon grid. The spot market prices are consistently high for extended periods, triggering the imposition of a secondary price cap on September 30 and October 1, and from October 21 to 22. Meanwhile, charges from the IPPs have also increased following First Gen's Sta. Rita and San Lorenzo gas-fired plants' use of condensate, a more expensive liquid fuel. PSAs charges were also reduced as a result of increased excess energy deliveries from AC Energy, First Gen Hydro Power, San Miguel Energy Corporation, and SPPC, all of which were priced at a discount rate.

Meanwhile, lower ancillary services and power delivery service charges have resulted in a slight decrease in the transmission charge. Taxes, system loss, and other charges have risen slightly, while the environmental charge remains uncollected or suspended.

Figure 8 - Ecozones Average Electricity Rates



Source: Monthly Operations Report of PDUs

The average electricity rate of ecozones in December 2021 was recorded at Php7.48/kWh, or 28.43% higher than Php5.83/kWh in September 2021. The Php2.19/kWh or 24.6 percent increase in Malvar Enerzone's (MALVEZ) average rate in December 2021, which is higher compared to September 2021, has influenced the ecozones overall rate increase. In December 2021, MALVEZ has the highest average rate, while Balamban Enerzone (BEZ) had the lowest.

D. MERALCO's Unbundled Power Rates per Customer Class and Residential Unbundled Power Rates

Table 8. Summary of MERALCO Unbundled Power Rates per Customer Class as of December 2021 (Php/kWh)

Bill Subgroup	Residential	%	Commercial	%	Industrial	%
Generation	5.54	54.5%	5.53	61.8%	5.51	71.8%
Transmission	0.71	7.0%	0.79	8.8%	0.66	8.6%
System Loss	0.48	4.7%	0.38	4.2%	0.27	3.6%
Power Act Reduction	-0.01	-0.1%	-	-	-	-
DSM	2.27	22.3%	1.17	13.1%	0.54	7.0%
Cross Subsidies	-0.19	-1.9%	0.08	0.9%	0.08	0.9%
Universal Charges	0.20	1.9%	0.20	2.2%	0.20	2.6%
Gov't Taxes	1.07	10.5%	0.71	7.9%	0.32	4.1%
Fit-All Charges	0.10	0.9%	0.10	1.1%	0.10	1.3%
TOTAL	10.17	100%	8.96	100%	7.67	100%

Source: MERALCO

Among the different customer classes, MERALCO has the highest residential electricity rates at Php10.17/kWh followed by commercial at Php8.96/kWh and industrial customers with Php7.67/kWh.

Table 9. Summary of MERALCO Residential Unbundled Power Rates as of April 2022

BILL SUBGROUP	0 to 200 kWh	% Share	201 to 300 kWh	% Share	301 to 400 kWh	% Share	Over 400 kWh	% Share
Generation	5.87	57.7%	5.87	55.9%	5.87	54.3%	5.87	51.6%
Power Act Reduction	0.00	-0.1%	0.00	-0.1%	0.00	-0.1%	0.00	-0.1%
Transmission	0.83	8.2%	0.83	7.9%	0.83	7.7%	0.83	7.3%
System Loss	0.54	5.3%	0.54	5.1%	0.54	4.9%	0.54	4.7%
Distribution	1.49	14.6%	1.77	16.9%	2.05	18.9%	2.56	22.5%
Subsidies	0.09	0.9%	0.09	0.9%	0.09	0.9%	0.09	0.8%
Government Taxes	1.06	10.4%	1.10	10.6%	1.13	10.5%	1.20	10.5%
Universal Charge	0.20	1.9%	0.20	1.9%	0.20	1.9%	0.20	1.8%
Fit-All Renewable	0.10	0.9%	0.10	0.9%	0.10	0.9%	0.10	0.9%
TOTAL	10.18	100%	10.50	100%	10.82	100%	11.39	100%

Source: MERALCO

On the other hand, MERALCO's rate per consumption level in April 2022 has ranged from Php10.18/kWh to Php11.39/kWh of which the highest component was the generation costs at Php5.87/kWh. Meanwhile, MERALCO's distribution charges for its different residential customer classes have comprised of 14.6% to 22.5% of the total effective residential rates equivalent to about Php1.49/kWh and Php2.56/kWh, respectively. Systems loss charges on the other hand, was 54-centavos/kWh. MERALCO's rate per consumption level is higher by Php1.78/kWh compared to the previous year level of Php8.41/kWh, mainly due to the higher power generation charges.

E. MERALCO - PSALM Generation Costs and Sources of MERALCO Power Supply Requirement

Table 10. MERALCO Generation Costs

Particular	Oct. 2021	Nov. 2021	Dec. 2021	Jan. 2022	Feb. 2022	Mar. 2022	Apr. 2022
MERALCO BLENDED GENERATION COST	5.04	5.33	5.53	5.43	5.20	5.47	5.87
Quezon Power Philippines Limited Co. (QPPL)	7.85	5.79	5.95	6.02	6.06	10.58	63.98
First Gas Power Corp. (FGPC) - Sta. Rita	4.84	6.25	7.01	6.52	5.74	4.97	6.57
FGP – San Lorenzo	5.32	6.64	4.94	5.23	5.22	7.91	6.24
TLI	-	-	-	-	-	-	-
First Natural Gas Power Corp. - San Gabriel (FNPC)	6.03	5.13	4.62	4.72	4.40	4.90	5.87

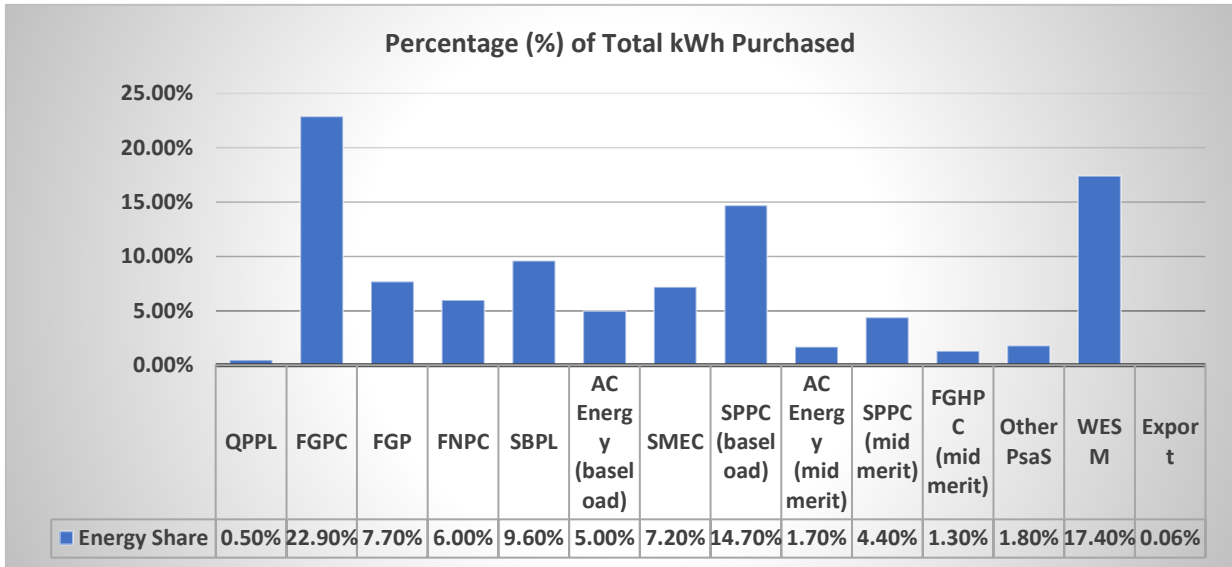
Particular	Oct. 2021	Nov. 2021	Dec. 2021	Jan. 2022	Feb. 2022	Mar. 2022	Apr. 2022
San Buenaventura Power Ltd. Co. (SBPL)	6.07	5.49	6.92	6.43	7.93	6.06	6.48
AC Energy (baseload)	3.99	3.99	3.99	3.94	4.19	3.80	3.80
San Miguel Electric Corporation (SMEC)	4.08	4.09	4.08	3.99	4.18	4.11	3.36
SPPC (baseload)	4.44	4.39	3.96	4.14	4.27	4.22	3.63
AC Energy (midmerit)	5.36	3.49	4.99	4.34	4.36	4.99	4.42
SPPC (midmerit)	5.31	4.90	6.12	4.96	4.99	4.91	5.30
First Gen Hydro Power Corp. (FGHPC) (midmerit)	5.52	5.29	5.30	5.30	5.49	5.50	5.50
Others	5.16	5.34	4.77	3.02	4.77	4.77	4.50
WESM	4.10	5.80	5.74	6.59	-6.54	6.88	7.35
Export Energy from Net Metering Customers	5.00	4.99	5.30	5.48	5.37	5.24	5.44
WESM ESSP	6.43	5.15	6.20	7.02	6.51	-	-
NPC/PSALM Generation Cost - LUZON	4.39	4.39	4.39	4.39	4.39	4.39	-
NPC/PSALM Generation Cost - VISAYAS	3.74	3.74	3.74	3.74	3.74	3.74	-
NPC/PSALM Generation Cost - MINDANAO	2.85	2.85	2.85	2.85	2.85	2.85	-

Source: MERALCO and PSALM Websites; values were rounded off.

In Table 10 above, it shows generation costs in reference to MERALCO's PSAs, WESM procurement, and PSALM regulated generation costs. MERALCO's blended generation costs have increased from October 2021 to December 2021 due to increased charges from PSAs caused by the use of alternative fuel due to supply restrictions and power spot market prices, increased due to thin supply in the Luzon grid. Charges from the IPPs increased following First Gen's Sta Rita and San Lorenzo gas-fired plants use of a more expensive liquid fuel. Further, the increase in generation costs was a spillover effect from the Malampaya maintenance shutdown in October 2021. In relation thereto, the blended generation cost was reduced from January to February 2022 due to lower costs from PSAs, IPPs, and the WESM.

On the other hand, MERALCO's generation costs have increased from March to April 2022 resulting to higher fuel prices due to limited supply from the Malampaya. Consequently, prices in the spot market increased due to scheduled power plant outages and peso depreciation.

Figure 9 – Sources of MERALCO Power Supply Requirement as of April 2022

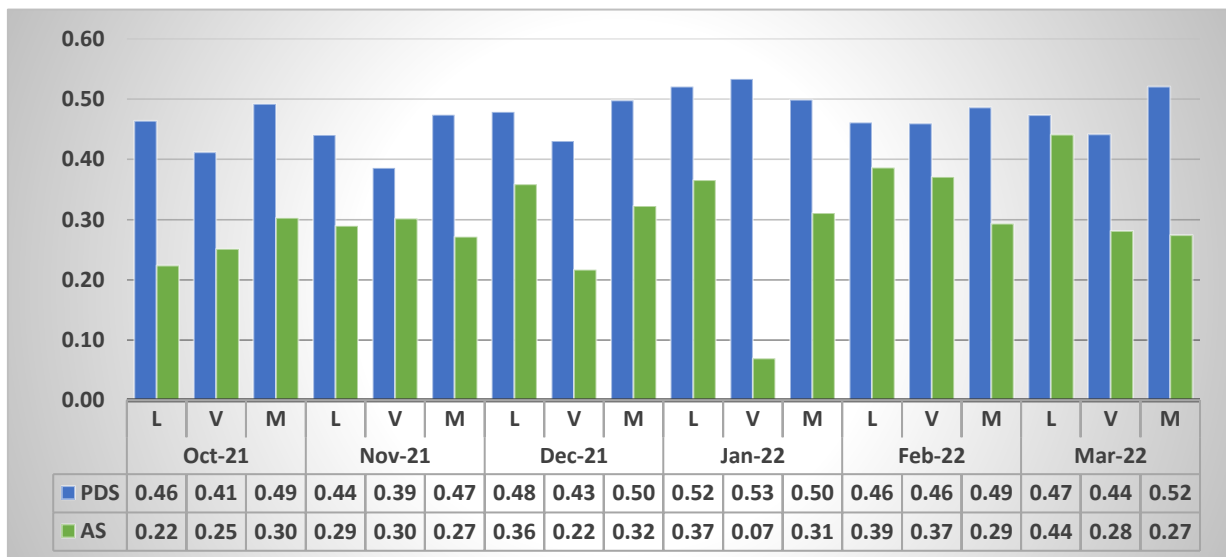


Source: MERALCO

MERALCO's bulk purchase comes from the FGPC- Sta. Rita at 22.9 percent, SPPC at 14.7 percent, and WESM at 17.4 percent. Both FGPC and SPPC are all natural gas-powered plants. MERALCO also sources a considerable amount of supply from SBPL at 10.7 percent and FGP Corp. (FGP) at 7.7 percent.

F. Transmission Costs

Figure 10 - Transmission Costs



Source: NGCP

Note: PDS - Power Delivery Service; AS – Ancillary Services

On 06 March 2020, the ERC has directed all DUs to refund to their respective consumers the over-recoveries in the Generation Rate (GR), Transmission Rate (TR), System Loss Rate (SLR), Lifeline Subsidy Rate (LSR), and Senior Citizen Subsidy Rate (SrSR), otherwise known as passed-through charges effected for a period of twelve (12) months except for MERALCO

and Angeles Electric Corporation (AEC) which requested for a shorter period of refund, beginning the next billing cycle thus decreasing the rate on the next bill.

Meanwhile, transmission charges, on the average, comprise around 7% to 8.8% of a DU's average electricity rates. Transmission charges have two (2) major components, namely, PDS, and AS charges. The PDS charges accounts to around 51.8% to 65.5% on the average of the total transmission costs, while AS charges is around 34.5% to 48.2% of the total transmission costs.

For the period October 2021 to March 2022, Luzon Grid recorded the highest transmission charges at PhP0.82kWh of which 47 centavos was paid for the PDS charges while 34 centavos/kWh went to AS charges. The Visayas Grid had the lowest average transmission cost in January 2022 at 60 centavos of which PDS charges was around 53 centavos/kwh while AS charges had cost 7 centavos/kWh. The highest transmission cost for the report period was noted in the Luzon Grid at about PhP0.91/kWh in March 2022.

On 13 February 2020, ERC Case No. 2019-086 RC granted the NGCP an interim relief to implement an Interim Maximum Annual Revenue (iMAR) 2020 in the amount of PhP47,051.64 Million. However, due the Pandemic, the NGCP has maintained the approved iMAR 2016 of PhP43,789.05 Million. The interim relief reduced the existing transmission charges by PhP0.0413 from PhP0.5114/kWh in 2019 to PhP0.4701/kWh for 2020. This is to provide relief to all electricity consumers, especially those who lost their jobs and earnings due to the Covid-19 Pandemic.

Measures/Support Implemented to Provide Relief to Electricity Consumers During the Government's Implementation of the Alert Level System and Typhoon Odette's Onslaught

On 22 December 2021, following the onslaught of Typhoon Odette in the Visayas and Mindanao areas, the ERC issued an advisory directing the concerned electric power industry stakeholders to:

- The NGCP and the affected DUs, both privately-owned and electric cooperatives shall prioritize the restoration of their damaged transmission and distribution facilities in order to expedite the restoration of electricity, and to provide regular updates to the Commission on the progress of their restoration efforts;
- The DUs whose franchise areas were affected by Typhoon Odette, are directed to extend their bill payment due dates by at least thirty (30) days for the billing months of December 2021 and January 2022; and
- The generation companies that supply these areas to apply the same, as well as the NGCP, PSALM, and WESM.

G. Universal Charge (UC)

This section provides development on the implementation of UC pursuant to Section 34 of the EPIRA. Highlights include status of collection and disbursements, updates on PSALM's application for the recovery of stranded contract costs (SCCs) and stranded debts (SDs), and the implementation of UC collection from self-generating facilities.

1. UC Remittances, Interests & Disbursements Charge Remittances, Interests & Disbursements

As of 30 April 2022, the total collections of UC amounted to PhP228.7 Billion with interest earnings from deposits and placements of UC funds amounted to PhP0.3 Billion. On the other hand, UC fund disbursement amounted to PhP226.4 Billion.

Below are the details of UC remittances, interests and disbursements:

Table 11. UC Collections as of 30 April 2022 (in Billion PhP)

Particulars	Remittances	Interests	Disbursements
Special Trust Fund – Missionary Electrification (ME) NPC-SPUG	129.98	0.05	130.01
Special Trust Fund – ME Renewable Energy Developer Cash Incentive (REDCI)	1.08	0.03	0.36
Special Trust Fund – Environmental Charge (EC)	2.56	0.17	1.49
Special Trust Fund – Stranded Contract Cost (SCC)	80.92	0.08	80.39
Stranded Debts	14.16	0.00	14.16
TOTAL	228.70	0.33	226.42

Source: PSALM

2. UC Remittances

For November 2021 to April 2022, PSALM received PhP6 Billion in UC remittances.

3. UC Disbursements

For November 2021 to April 2022, PSALM disbursed PhP6 Billion to NPC-SPUG to fund the missionary electrification functions, chargeable against the UC-ME fund.

The aforementioned UC disbursement is pursuant to the following ERC Decisions/Orders:

ERC Case No.	Date Approved	Particulars
2012-085 RC	12 August 2013	ERC Decision on CY 2011 True-up Adjustments (PhP4.651 Billion)
2012-046 RC	10 October 2013	ERC Decision on CY 2010 True-up Adjustments (PhP2.566 Billion)
2014-135 RC	03 November 2013 & 17 August 2015	ERC Order on CY 2015 UC-ME Subsidy
2012-085 RC	20 April 2015	ERC Order on CY 2014 UC-ME Subsidy (PhP2.763 Billion)

In accordance with the ERC decision dated 28 January 2013 under Case No. 2011-091 RC, the amount of PhP0.29 Billion was transferred from the UC-SD to the UC-SD Special Fund Account for the period February 2022.

4. ERC-Approved UC Rates

The table below shows the ERC-approved UC rates being implemented as of 30 April 2022:

Type of UC	PhP/kWh
UC-ME	0.1544
ME – REDCI (Renewable Energy Developers Cash Incentive)	0.0017
UC-EC	0.0000 ^{1/}
UC-SCC	0.0000 ^{2/}
UC-SD	0.0428
Total	0.1989

*1/ Collection of **UC-EC of PhP0.0025/kWh** from all electricity end-users by all collecting entities, including NGCP, has been suspended effective 22 May 2020, until further notice from the ERC.*

*2/ Collection of **UC-SCC of PhP0.0543/kWh** from all electricity end-users by all collecting entities has ceased effective February 2020 in view of full recovery of ERC-approved SCC amount of PhP5.117 billion.*

5. Updates on UC Rate Applications

a. UC for Missionary Electrification (UC-ME)

The NPC filed the following petitions before the ERC for the availment of the UC-ME share from the UC which are still pending resolution by the ERC:

ERC Case No.	Date Filed	Purpose	Amount (In PhP)
2013-191 RC	20 September 2013	Shortfall of CY 2012 Subsidy	5,370,284,135.27
2014-089 RC	20 June 2014	Shortfall of CY 2013 Subsidy	5,462,754,938.54
2014-135 RC	14 September 2014	CY 2015 Subsidy	12,093,887,870.00
		CY 2016 Subsidy	11,371,002,556.00
2016-008 RC	26 January 2016	Shortfall of CY 2014 Subsidy	5,895,588,224.47
2016-134 RC	26 May 2016	CY 2017 Subsidy	10,324,139,351.43
2017-006 RC	27 January 2017	Shortfall of CY 2015 Subsidy	1,111,902,576.28
2017-054 RC	30 May 2017	CY 2018 Subsidy	13,304,273,206.97
2018-076 RC	13 July 2018	CY 2019 Subsidy	17,804,818,088.38
2019-004 RC	11 January 2019	Surplus of CY 2016	(1,483,845,466.76)
2019-069 RC	12 September 2019	CY 2020 Subsidy	18,460,843,967.62
2019-084 RC	28 October 2019	True up for 2017	849,455,932.62
2020-004 RC	23 January 2020	True up for CY 2018	5,918,612,399.05
2020-011 RC	13 March 2020	CY 2021 Subsidy	20,730,183,569.03
2021-017 RC	16 March 2021	Shortfall of CY 2019 Subsidy	7,562,400,703.79
2021-022 RC	31 March 2021	CY 2022 Subsidy	20,209,689,289.65
TOTAL			154,985,989,289.65

b. UC for Environmental Charge (UC-EC)

The following petitions for the availment of the EC share from the UC were filed by NPC before the ERC for its resolution:

ERC Case No.	Date Filed	Purpose	Amount (In PhP)
2014-021 RC	12 March 2014	CY 2014 UC-EC Availment	320,008,239.75
2015-050 RC	12 March 2014	CY 2015 UC-EC Availment	426,875,421.95
2016-019 RC	14 March 2016	CY 2016 UC-EC Availment	426,710,057.72
2017-021 RC	15 March 2017	CY 2017 UC-EC Availment	431,192,804.80
2018-103 RC	15 March 2018	CY 2018 UC-EC Availment	239,350,386.41
2019-021 RC	03 March 2019	CY 2019 UC-EC Availment	240,425,017.78
2021-023 RC	31 March 2021	CY 2022 UC-EC Availment	246,550,016.81
TOTAL			2,331,111,945.22

c. Pending UC-SCC and UC-SD filed before the ERC

In view of the effectivity of the Murang Kuryente Act (MKA) and its IRR, ERC in its Order dated 28 May 2020, dismissed the following PSALM UC-SCC applications:

ERC Case No.	Date Applied	Purpose	Amount Applied
No. 2017-066 RC	06 July 2017	CY 2016 UC-SCC Availment	3,686,192,736.05
No. 2019-048 RC	31 July 2018	CY 2016 UC-SCC Availment	5,228,678,356.46

For UC-SD, the CY 2014 True-Up Adjustment Motion for Reconsideration filed by PSALM on 06 June 2019 amounting to PhP1,578,164,643.22 was declared moot and academic by ERC in its order dated 28 May 2020 as posted in their website.

The following UC-SD True-Up Adjustment applications were likewise dismissed due to the effectivity of the MKA and its IRR:

ERC Case No.	Date Applied	Purpose	Amount Applied
No. 2016-150 RC	30 June 2016	CY 2015 UC-SD True-Up Adjustment	27,670,386,541.73
No. 2017-069 RC	31 July 2017	CY 2016 UC-SD True-Up Adjustment	34,642,180,036.26
No. 2018-087 RC	31 July 2018	CY 2017 UC-SC True-Up Adjustment	11,804,635,030.22
No. 2019-047 RC	25 June 2019	CY 2018 UC-SC True-Up Adjustment	4,722,490,975.31

On 30 December 2021, RA 11639 or the General Appropriations Act for FY 2022 was signed by President Rodrigo R. Duterte which contained the allocations chargeable against the MKA-Special Account in the General Fund (SAGF) pursuant to the IRR of RA11371 or the MKA.

On 21 January 2022, DOE Secretary Alfonso G. Cusi endorsed to the Department of Budget and Management (DBM) the release of Eight Billion Pesos (PHP8,000,000,000.00), as approved by the PSALM Board, which was allocated as part of the PSALM's FY 2022 budget under the MKA-SAGF. This represents the amount earmarked for the payment of stranded debts, stranded cost and anticipated shortfalls of PSALM pursuant to the MKA, chargeable against the Malampaya Fund.

H. Lifeline Rate Subsidy

The Lifeline Rate Subsidy is mandated under Section 73 of the EPIRA and is considered a socialized pricing mechanism called a Lifeline Rate for the marginalized end-users shall be set by the ERC, which shall be exempted from the cross-subsidy phase-out under the said Act for a period of ten (10) years, unless extended by law. The said EPIRA provision originally lapsed in June 2011 and was extended for another ten (10) years upon enactment of RA 10150 or the Lifeline Rate Act Extension, which expired in June 2021.

On 27 May 2021, President Rodrigo R. Duterte signed into law RA 11552 which further amends Section 73 of the EPIRA, extending for the period of 50 years the Lifeline Rate. Subsequently, the ERC together with the DOE and DSWD, shall promulgate the IRR of the said Act to provide assistance to the marginalized electricity end-users and to ensure a more equitable distribution of the lifeline subsidy.

During the report period, the draft IRR of the Act is being finalized by the ERC, as the lead agency to incorporate the comments and recommendations being submitted by various stakeholders, DOE, ERC, DSWD, and PSA. Subsequently, the IRR shall be promulgated through a Joint Resolution to be signed by the ERC, DOE, and DSWD with a target date of July 2022.

In its provisions, RA 11552 provided clarifications on the qualifications of the beneficiaries referred as the marginalized consumers which include: (i) families or households listed under the RA 11310 or the "*Pantawid Pamilyang Pilipino Program (4Ps) Act*" whose level of consumption as determined by the ERC are qualified marginalized end-users under the said Act, and (ii) households that have been certified and continually validated as such by their distribution utility based on a criteria determined by the ERC.

As of April 2022, the average total number of lifeline customers was 5,256,346 nationwide wherein 50 percent are from Luzon, 26 percent from the Visayas and 24 percent from Mindanao. In the same manner, the biggest subsidy is given by non-lifeline customers in Luzon amounting to PhP292.1 Million, PhP24.3 Million in the Visayas, and PhP14.6 Million in Mindanao. Average consumption of lifeline customers in Luzon was recorded at 35 kWh, in Visayas at 20 kWh, and Mindanao at 28 kWh.

Lifeline customers in Luzon enjoyed PhP2.69 discount per kWh, PhP2.47 in the Visayas while PhP2.15 per kWh in Mindanao. This equates to a subsidy of PhP0.07 per kWh on a national average with Luzon and Mindanao attaining the same figure while Visayas is lower at PhP0.06 per kWh.

Table 12. Average Lifeline Consumption and Subsidy per Grid

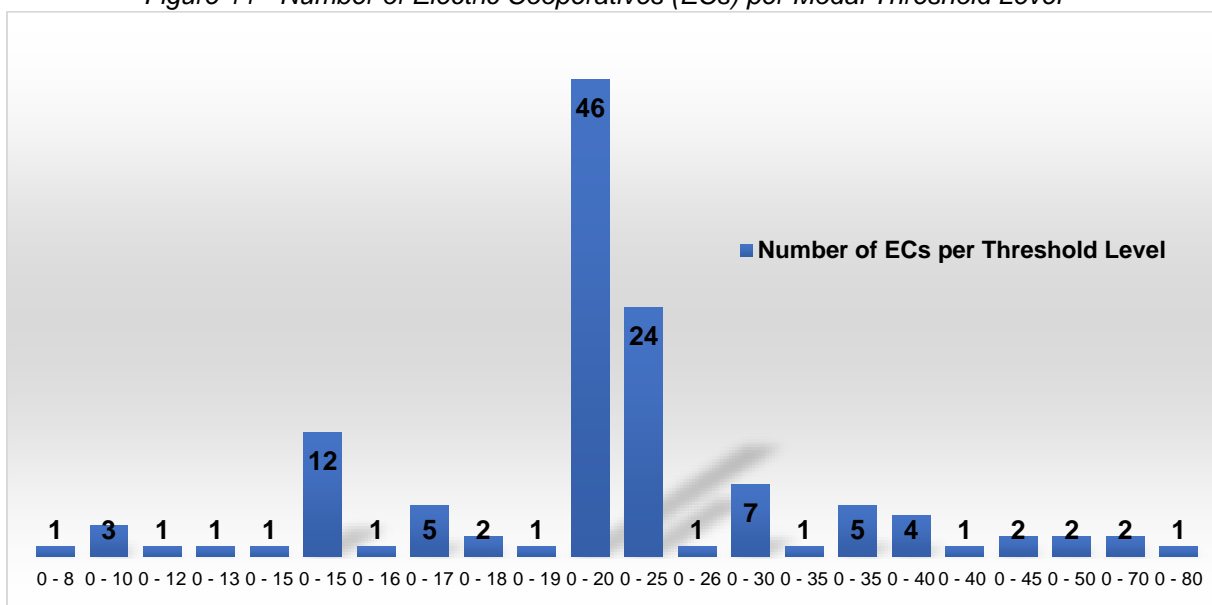
Particulars	Luzon	Visayas	Mindanao	Grand Total
Average Number of Lifeline Customers per Month	3,509,962	917,058	829,326	5,256,346
Average Number of Non-Lifeline Customers per Month	8,193,568	2,305,071	1,888,012	12,386,651
Average Total Monthly Consumption of Lifeline Customers (kWh)	124,302,978	18,531,278	23,198,744	166,033,000
Average Monthly Consumption of Non-Lifeline Customers (kWh)	5,000,430,922	722,924,197	885,669,480	6,609,024,599

Particulars	Luzon	Visayas	Mindanao	Grand Total
Average Monthly Discounts Provided to Lifeline Customers (in PhP)	335,309,143	45,797,759	49,809,933	430,916,834
Average Monthly Amount of Subsidy Provided by Non-Lifeline Customers (in PhP)	335,572,267	45,710,235	61,907,385	443,189,887
Average Monthly Consumption per Lifeline Customer (kWh)	35.41	20.21	27.97	31.59
Average Amount of Discount Provided to Lifeline Customers, in PhP/kWh	2.69	2.47	2.15	2.59
Average Amount of Subsidy Provided by Non-Lifeline Customers, in PhP/kWh	0.07	0.06	0.07	0.07

Source: ERC

MERALCO alone still recorded the biggest number of lifeline customers with 2.5 Million as of April 2022, slightly lower from the combined total lifeline customers of remaining DUs with 2.7 Million. Average consumption per lifeline customer in MERALCO franchise area was 42 kWh. Meanwhile, other DUs recorded an average of 22 kWh of subsidized consumption. It was noted that the highest amount of subsidized consumption was from Subic Enerzone Corporation (SEZ) at 58 kWh while Sorsogon I Electric Cooperative, Inc (SORECO I) recorded the lowest amount of subsidized consumption at 1.3 kWh. On the other hand, MERALCO non-lifeline customers contributed PhP0.08 per kWh to lifeline subsidy, while remaining DUs had PhP0.05 per kWh in April 2022.

Figure 11 - Number of Electric Cooperatives (ECs) per Modal Threshold Level



The highest threshold level in 2022 was recorded at 0-80 while the lowest was 0-8. As shown in the above Figure 11, 0-20 threshold level had the greatest number of ECs, next was 0-25 level with 24 ECs recorded, and 0-15 level had 12 ECs.

I. Mandatory Rate Reduction (MRR)

Upon the effectivity of the EPIRA, Section 73 of the law provides that residential end-users shall be granted a rate reduction from the NPC rates of thirty centavos per kilowatt-hour (P0.30/kWh). Such reduction shall be reflected as a separate item in the consumer billing statement. The NPC continuously grants residential customers with the mandatory discount of 30-centavos/kWh in accordance with the provisions of the EPIRA.

From the commencement of implementation of the MRR in 2001, the NPC was able to provide a total subsidy amounting to PhP31.7 Billion to residential consumers at an average of about PhP6.7 Million per month.

Table 13. NPC Total Amount Incurred Due to Mandatory Rate Reduction

Billing Month	TOTAL LUZON	VISAYAS	MINDANAO	TOTAL
2001-December 2019	3,474,638,051.05	3,254,434.73	5,594,501,835.04	31,532,335,006.60
Jan-20	2,941,005.32	398,185.99	2,599,232.61	2,941,005.32
Feb-20	3,048,343.79	472,958.76	2,588,058.23	3,048,343.79
Mar-20	2,813,156.00	502,510.24	2,525,969.56	2,813,156.00
Apr-20	3,433,780.90	558,445.60	2,640,828.06	3,433,780.90
May-20	3,701,995.55	605,201.38	2,774,469.12	3,701,995.55
Jun-20	3,527,103.44	653,215.60	2,806,772.16	3,527,103.44
Jul-20	3,385,213.38	589,463.96	2,723,942.34	3,385,213.38
Aug-20	3,318,808.44	578,223.55	2,726,251.59	3,318,808.44
Sep-20	3,489,192.11	603,217.69	2,725,210.83	3,489,192.11
Oct-20	2,210,689.89	577,062.66	2,718,006.10	2,210,689.89
Nov-20	3,374,521.93	513,626.09	2,744,676.75	3,374,521.93
Dec-20	3,015,149.59	516,210.30	2,844,367.77	3,015,149.59
Jan-21	3,054,333.64	596,870.81	2,892,998.55	3,054,333.64
Feb-21	2,863,417.33	498,225.51	2,909,206.19	2,863,417.33
Mar-21	2,961,807.02	487,864.90	2,767,671.05	2,961,807.02
Apr-21	3,449,078.40	574,070.77	3,000,840.73	3,449,078.40
May-21	3,875,381.08	637,424.52	3,217,730.55	3,875,381.08
Jun-21	3,945,269.79	686,384.25	3,137,558.03	3,945,269.79
Jul-21	3,696,176.95	465,620.62	2,999,010.69	3,696,176.95
Aug-21	4,632,573.60	424,657.80	3,143,296.67	4,632,573.60
Sep-21	3,526,677.78	422,748.79	3,177,126.45	3,526,677.78
Oct-21	3,566,261.57	430,072.14	3,920,722.22	3,566,261.57
Nov-21	3,592,783.80	442,035.07	3,240,418.49	3,592,783.80
Dec-21	3,268,471.32	405,758.68	3,016,896.34	3,268,471.32
Jan-22	3,066,001.01	345,818.66	2,844,453.71	3,066,001.01
Feb-22	2,738,293.42	355,505.15	2,967,040.74	2,738,293.42

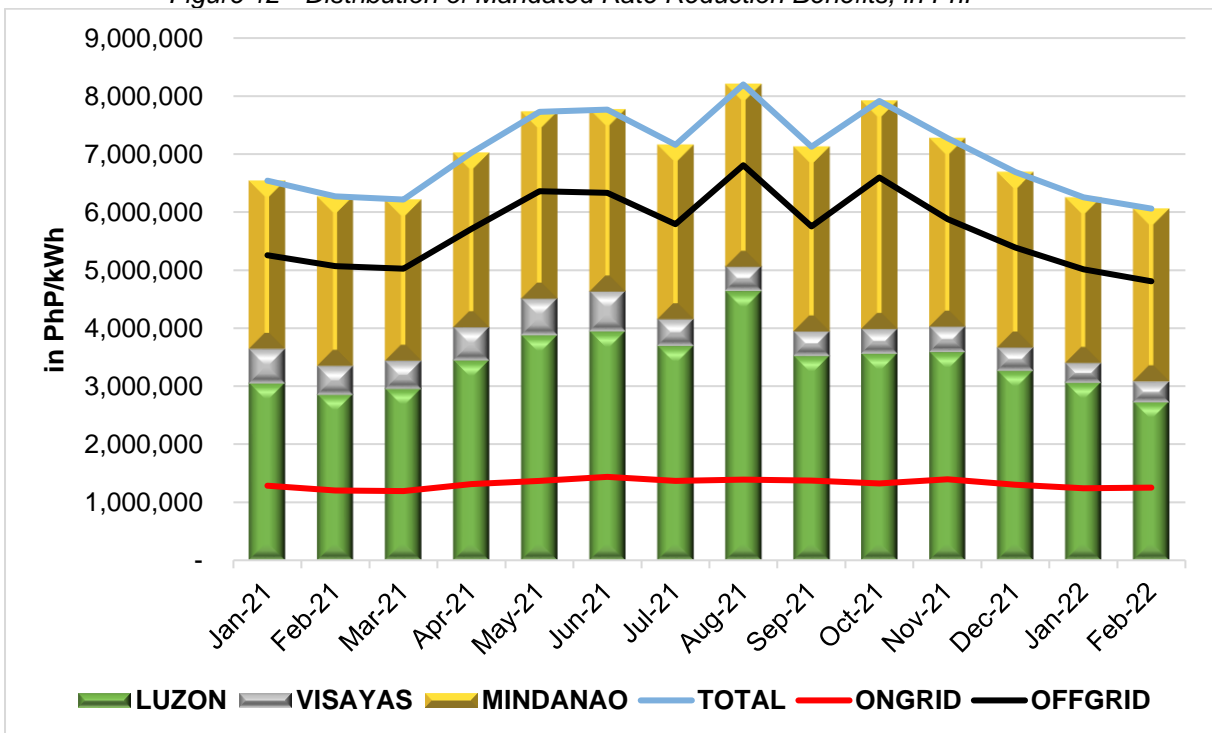
Billing Month	TOTAL LUZON	VISAYAS	MINDANAO	TOTAL
TOTAL	3,561,133,538.10	16,595,814.22	5,670,154,590.57	3,561,133,538.10

Source: NPC

Majority of the rate reduction for the period review is applied in the off-grid areas, taking the biggest amount of subsidy amounting to PhP53 Million from June 2021 to February 2022 alone. In the Visayas, residential customers in the Camotes Island remained to be the highest recipient of the MRR with PhP208,000.00 during the month of June 2021.

Meanwhile, for the months of July 2021 until February 2022, Northern Samar Electric Cooperative Inc. (NORSAMELCO) recorded a total PhP1.04 Million MRR subsidies for its recipients. In Mindanao, Sulu remained to get the highest amount of rate reduction with PhP8.3 Million for the months of July 2021 until February 2022, followed by Basilan and Sultan Kudarat with PhP7.6 Million and PhP5.2 Million, respectively. The MRR is extended only to residential customers of DUs which has a supply contract with NPC.

Figure 12 - Distribution of Mandated Rate Reduction Benefits, in PhP



Source: NPC

As of February 2022, the provision of MRR is heavily concentrated in the off-grid areas particularly in Luzon and Mindanao, where NPC's remaining operations are concentrated. The biggest beneficiary provinces are Basilan, Palawan, Marinduque, Romblon, Northern Samar, Sultan Kudarat, Sulu, Tawi-Tawi, and Ticao Island.

V. COMPETITION

This section provides an update on key areas of competition covering the period from November 2021 to April 2022 on the operation of the WESM and monitoring of compliance with Section 45 of the EPIRA.

A. WESM Highlights

As of 25 March 2022, there are 288 registered participants in the integrated WESM (Luzon and Visayas) composed of 146 generation companies and 135 customers.

In the March 2022 billing month, only one (1) Ancillary Service Provider (ASP) Direct Customer has registered in the WESM namely, MORE Power Barge Inc. (MPBI) located in the Visayas Region. Meanwhile, two (2) Directly Connected Customers (DCCs) with Indirect Membership such as Batangas City Water District (BCWD) and Ecosystem Research and Development Bureau (ERDB) were removed from the list of DCCs in February 2022 due to their transfer to the Retail Market.

The breakdown of the Generation Companies and Customer Trading Participants is shown in the table below:

Table 14. Registration Update as of 25 March 2022 (Luzon and Visayas)

CATEGORY	REGISTERED						
	TOTAL	DIRECT			INDIRECT		
		LUZ	VIS	LUZ/VIS	LUZ	VIS	LUZ/VIS
Generation Companies	146	95	47	3	1	0	0
Customers							
Private distribution utilities & Local government utilities	20	10	5	0	5	0	0
Electric cooperatives	71	31	28	0	12	0	0
Directly Connected Customers	44	7	3	1	26	8	1
Total Customer Trading Participants	135	48	36	1	43	8	1
Ancillary Service Provider	7	2	5	0	0	0	0
TOTAL PARTICIPANTS	288	145	88	4	42	8	1

Source: Philippine Electricity Market Corporation (PEMC)

The customer spot market transactions (spot market volume) increased from 616.337 GWh (9.18%) in February 2022 to 844.055 GWh (12.83%) in March 2022. On the other hand, the total volume transacted and settled outside the market in February 2022 is about 90.82% and around 87.17% in March 2022.

Luzon spot market transactions were recorded at 554.503 GWh in February 2022 and 759.203 GWh in March 2022, while Visayas spot market transactions were at 61.834 GWh in February 2022 billing and 84.853 GWh for March 2022 billing. Luzon generator payments greatly increased from PhP2.866 Billion in February 2022 to PhP5.293 Billion in March 2022. While for Visayas generators, payments were recorded from PhP1.932 Billion in February to PhP1.794 Billion for March 2022 billing.

Spot market transactions increased by 36.95% from 616.34 GWh in February 2022 to 844.06 GWh in March 2022, while the generator payments increased by 47.71% from PhP4.797 Billion in February 2022 to PhP7.086 Billion in March 2022. The Net Effective Spot Settlement Price for generators amounted to PhP7,196.04 per MWh and the Effective Spot Settlement Price for customers amounted to PhP7,342.87 per MWh.

B. Updates on WESM Governance Activities

Market Surveillance Committee

The Market Surveillance Committee (MSC) monitors and assesses market outcomes and the activities of market participants to ensure efficiency and fair competition, with the Market Assessment Group (MAG) as the primary support unit. In line with this mandate, the MSC accomplished the following:

1. Review of Market Assessment Highlights for January and February 2022

Pursuant to the WESM Rules and the Market Surveillance Manual, the Market Assessment Report (MAR) is prepared for the purpose of monitoring and assessing the efficiency and competitiveness of the WESM under different timescales and market conditions. The periodic MAR includes an assessment of market behavior, providing the analysis of the market monitoring indices, which is based on the market monitoring data that are collected primarily from the Market Operator (MO) and the SO.

The MSC assessed the market outcome for the period of 26 December 2021 to 25 February 2022, the highlights of which were presented to the MSC during its Regular Meeting held on 17 March 2022. The MSC took note that Ilijan and San Gabriel units were derated due to the SPEX Malampaya gas restriction during the covered period. The average WESM prices in January 2022 recorded an increase due to high level of plant outages and the deration of natural gas plants while a decrease was noted for February 2022 due to improvements on the outage capacities.

The MSC likewise noted the increase in the imposition of the Secondary Price Cap and Administered Prices due to the effects of Typhoon Odette and line constraints in January 2022. Meanwhile, prevalent normal pricing conditions in relation to normalization of market operations and condition were noted for the February 2022 billing month.

2. Assessment of Over-riding Constraints for November and December 2021

The MSC reviewed the assessment results on the over-riding constraints imposed on generator-trading participants for the period of 26 October to 25 December 2021. Some assessment highlights were as follows:

- Similar with the previous billing months, all events were categorized as non-security limit. No security limit events were noted during the billing month under review;
- Significant decline in the number of impositions for the December 2021 billing month were attributed to a series of market intervention/suspension events, as well as the commercial operation of the Dinginin Coal-Fired Power Plant;
- Majority of the non-security limit events were recorded due to the conduct of testing and commissioning (T&C) involving plants that started either in 2020 or 2021; and

- Similar with the previous month, majority of the over-riding constraints were imposed on Battery Energy Storage System (BESS) Facilities, and biomass plants.

Upon the Committee's request, IEMOP likewise discussed the updates on the status of plants on testing and commissioning.

3. Review of Retail Market Assessment Highlights for Q4 2021

Pursuant to Section 3.1.2 of the Catalogue of Retail Market Monitoring Data and Indices (CRMMDI), the MSC monitored and assessed the performance of the Retail Market, as provided for under the Retail Market Assessment Report, which discussed the results of retail monitoring indices and provided indications on how the retail market performed during the period in review.

The MSC reviewed the Retail Market Assessment Report on the RCOA Market covering the billing period of 26 September to 25 December 2021, as submitted by Market Assessment Group (MAG). Some highlights of the Report were as follows:

- RCOA Market registered an additional 87 CCs which was equivalent to a 5% increase from the 3rd quarter of 2021, resulting in 1,837 total registered CCs in the market. This increase in the registration activities was largely due to the ERC's implementation of the RCOA Phase III which lowered the contestability threshold level down to 500 kW from 749 kW beginning 26 February 2021;
 - The MERALCO Group remained the top entity on both measures (number of engaged CCs and total consumption) at 38%. Other groups recorded minimal changes in shares, both in terms of CCs engaged, and total consumption;
 - The market generally saw a slight decrease in consumption in the fourth quarter of 2021 compared to the previous quarter, but registered a significant increase compared to the same period in 2020. The decrease in the consumption in the fourth quarter of 2021 is mainly due to the onslaught of Typhoon Odette which devastated the Visayas grid in the month of December 2021, causing the reduction in consumption of the captive customers; and
 - Calculations based on the Herfindahl-Hirschman Index (HHI) indicated a concentrated market based on the number of CCs and CC consumption.
- ### 4. Review of Proposed Amendments in the Registration Manual and Penalty Manual in relation to Violations / Breach During Expired Testing & Commissioning (T&C) Status

The MSC discussed the penalty framework and the proposed amendments to the penalty and registration manuals to incorporate the provisions of the DOE DC on T&C. The penalty framework and amendments were mainly to ensure strict enforcement to mitigate any possible non-compliance with the 2-month T&C without cause, and non-compliance with the 0 MW Real Time Dispatch (RTD) schedule.

The MSC provided its comments on the penalty framework and amendments which will be subject to further review and revisions by both the MAG and Enforcement and Compliance Office (ECO) prior to finalization and request for comments from the Rules Change Committee (RCC).

5. Finalization of Resolution on the Updated Market Trigger Thresholds and Supply Margin Price Index

The MSC reviewed and finalized the Resolution adopting the updated seasonality thresholds for the spot price indices on market monitoring triggers and interesting pricing event in consideration of the market prices of the previous year as approved in the last Committee meeting on 17 February 2022. The Committee was then apprised that the approved thresholds will be provided to the DOE and the ERC for information and reference.

6. Review of Market Suspension (MS) events which occurred on 16 December 2021 - 10 February 2022 and Market Intervention (MI) event on 20 February 2022

Following the initial discussion last 17 February 2022, the MSC reviewed and discussed the facts and summary of assessment conducted by MAG on the MS events which occurred from 16 December 2021 to 17 January 2022 with the Bohol Island remaining under the said suspension until 10 February 2022, based on the submission of the MO and SO. As previously discussed, the said event was mainly due to multiple tripping of generators and transmission lines during the onslaught of Typhoon Odette.

Aside from the MS event, the MSC likewise discussed the MI event on 20 February 2022 mainly due to database error that resulted to non-publishing of market results. With this, the MSC requested MAG to inquire with MO as regard to the steps undertaken or to be undertaken to mitigate the occurrence of the issues resulting to MI.

The MSC is currently composed of the following: Atty. Doroteo B. Aguila as the Chairperson, Engr. Arthur N. Escalante, Engr. Christian M. Orias, Engr. Ferdinand P. Villareal, and Engr. Peter L. Wallace, as members.

Rules Change Committee

The RCC is tasked to assist the Philippine Electricity Market (PEM) Board and the DOE in the formulation and amendment of the Market Rules and Manuals. The rules change process is aimed at enhancing market design, as well as refining market processes and operations appropriate for the current environment.

During the period covered, the RCC deliberated on the following proposals:

1. Submitted Proposals to the PEM Board

The RCC has approved the endorsement to the PEM Board of the following proposals:

- a. Proposed Amendments to the Guidelines Governing the Constitution of the PEM Board Committees per RCC Resolution No. 2022-03 dated 18 March 2022; and
- b. Proposed Amendments to the WESM Rules, WESM Manual and Retail Manual on Validation Timeline Adjustment in Metering and Billing per RCC Resolution No. 2022-04 dated 18 March 2022.

2. Deliberation of Proposals

- a. Proposed Amendments to the WESM Rules and WESM Manuals on System Security and Reliability and Dispatch Protocol for the Implementation of the Reserve Market (ORCP-WR-WM-21-13)

The subject proposal was submitted by NGCP on 10 December 2021 to:

- Harmonize the terms, definitions, and provisions with 2016 Philippine Grid Code (PGC);
- Harmonize the prescribed reserve categories; and
- Minor clerical enhancements.

The proposal amends the following documents:

- WESM Rules;
- WESM Manual on Dispatch Protocol; and
- WESM Manual on System Security and Reliability Guidelines.

The RCC initially discussed the proposal on 17 December 2021 and approved the same for solicitation of comments, which ended on 04 February 2022. Comments were received from SN Aboitiz Power (SNAP), SPC Island Power Corp. (SPC/SIPC), MERALCO, Millennium Energy Inc./Panasia Energy Inc. (MEI/PEI), Technical Committee (TC), and IEMOP.

The proposal, in consideration of the comments and the proponent's response, was deliberated during the 192nd RCC Regular Meeting held on 22 March 2022. Discussion will be continued in the next RCC Regular Meeting.

- b. Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints (ORCP-WM-22-04)

As recommended by the RCC, the NPC submitted this proposal on 17 February 2022, to include under the “non-security limit” category of over-riding constraints their request for NPC plants to be dispatched during anticipated weather disturbance to lower the water reservoir levels. The document to be amended is the WESM Dispatch Protocol Manual.

The proposal aims to allow hydroelectric plants to run under non-security over-riding constraints and, if possible, to prioritize dispatch of hydropower plants in the occurrence of “Local Calamities” and “Emergencies” as a means of ensuring dam and public safety.

Comments were received from MEI/PEI, IEMOP, TC, SNAP, PEMC, and NGCP, which will be considered in the deliberation of the proposal in the next RCC Regular Meeting.

- c. Proposed General Amendments to the WESM Manuals to Include Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation (ORCP-WM-22-01)

The proposal was submitted by MEI/PEI on 10 January 2022 to provide additional compensation to qualified Trading Participants whose generating units were scheduled and dispatched in dispatch intervals in which a pricing error notice was issued, and a market pricing re-run was performed by the MO.

The proposal amends the WESM Manuals on Price Determination Methodology and Billing and Settlement.

Comments received from MERALCO Power Generation/Global Business Power (MGEN/GBP), Aboitiz Power Corporation (APC), IEMOP, PEMC, and TC, and the line-by-line review will be conducted in the next RCC Regular Meeting.

- d. PEM Board-Approved Urgent Amendments to the WESM Rules, Retail Rules and Various Market Manuals on the Implementation of the Green Energy Option Program (GEOP)

The proposal was originally submitted by IEMOP as an urgent amendment, which was approved by the PEM Board on 24 November 2021. The amended documents for the implementation of GEOP took effect on 25 November 2021.

Pursuant to the new process under Section 7 of the WESM Manual on Procedures for Changes to the WESM Rules, Retail Rules, and Market Manuals, the PEM Board-Approved Urgent Amendment on the subject matter was posted in the PEMC website to solicit comment as a general proposal. Comments received from APC, National Renewable Energy Board GEOP Technical Working Group (NREB GEOP TWG), MERALCO, IEMOP, TC, and PEMC were considered during the RCC's ongoing discussion on the proposal which started on 18 March 2022.

The RCC is composed of independent members and representatives from the following sectors: four (4) from the Generation Sector; four (4) from the Distribution Sector; one (1) from the Supply Sector; one (1) from the Transmission Sector/SO; and one (1) from the MO. Ms. Concepcion I. Tanglao was appointed as the new Chairperson effective 01 March 2022 and will expire on 31 October 2022.

PEM Audit Committee (PAC)

The PAC is responsible for the regular conduct of operational audits of the market operator, settlement systems, and procedures relevant to the market operations and to test and/or check any new items or versions of software provided by the MO for use by WESM members. It is also mandated to oversee the conduct of review of metering installations and arrangements, as well as any special audit as directed or required by the PEM Board. During the covered period, the PAC supervised the following activities:

During the report period, the PAC supervised the following activities:

1. Audit of Net Settlement Surplus/Deficit (NSS/NSD) Allocation

The PAC continued to supervise the NSS/NSD Audit conducted by Roxas Cruz Tagle and Co. (RCT).

The audit covering the period December 2019 to March 2021 is still in progress with five (5) out of six (6) tasks completed. The RCT submitted the initial findings and assessment for the completed tasks on 08 March 2022.

On 22 March 2022, the RCT presented the initial findings and assessment for the completed tasks to the Auditee, IEMOP. Subsequently, on 25 March 2022, the RCT provided its working papers for IEMOP's validation of the variances noted by the RCT.

2. Audit of Additional Compensation Tool for Must Run Units (MRU) Reconciled Intervals (MRU Tool)

The PAC is currently supervising the audit of MRU Tool conducted by Reyes Tacandong & Co. (RT&Co).

On 01 March 2022, RT&Co submitted the final draft of the preliminary audit report. Upon revalidation by RT&Co on the comments/inputs and additional documentation submitted by IEMOP, the findings under the Change Management Review (CMR) were retained. During the closing meeting on 09 March 2022, the RT&Co presented the assessment and findings to PAC and IEMOP.

Subsequently, on 14 March 2022, IEMOP submitted action plans on the audit findings and recommendations, as well as the additional documentation to support their response. Thereafter, the RT&Co. submitted the draft final report to PAC on 15 March 2022.

3. 4th Review of Metering Installations and Arrangements (RMIA)

The PAC continued to explore possible ways to commence the 4th RMIA which will be handled by RSM Australia Pty Ltd (RSM).

During the coordination meeting on 02 March 2022, the RSM informed the PAC and PEMC that its partner for the onsite inspection, Techsafe, lost many of their skilled resources due to COVID-19 and consequently RSM no longer has the capacity or expertise to deliver the audit services under the engagement contract.

In view of RSM's update on its partnership with Techsafe, on 07 March 2022, PAC recommended to PEMC through a resolution the termination of Audit Services Contract with RSM if the latter fails to engage another partner for the onsite inspection. If the termination of contract will proceed, another competitive bidding will be conducted.

On the other hand, on 10 March 2022, RSM informed PAC that Nilsen, the prospective technical partner to replace Techsafe, confirmed their capacity to assist RSM with the fieldwork required to complete Task 2.3 Onsite Inspection. Considering RSM's update, PAC recommended to PEMC to issue a letter to RSM requiring firm commitment from both RSM and Nilsen to accomplish the scope of work as per contract and Terms of Reference (TOR) requirement and the methodology for conducting Task 2.3 Onsite Inspection. RSM provided regular updates on the status of its negotiation to engage Nilsen for this activity.

4. MO Performance Monitoring

In accordance with the requirements under the Market Manuals on Metering Standards and Procedures, the PEMC monitors the performance of wholesale and Retail Metering Services Providers (RMSPs).

The February 2022 MSP performance rating was issued to each retail MSPs on 24 March 2022 for review/verification and thereafter published in PEMC website on 31 March 2022.

The PAC is currently composed of the following: Atty. Maila Lourdes G. de Castro as Chairperson, and Mr. Francisco L.R. Castro, Jr., and Mr. Rossano C. Luga, as members.

Market Readiness Steering Committee (MRSC)

In reference to the DOE Department Circulars regarding the operationalization of the RM and the directive for PEMC to provide regular updates or reports on the status of readiness for the RM, the PEMC, through the MRSC, continued the review of activities and timelines for the RM readiness.

The report on RM readiness as of February 2022 was submitted to the DOE on 11 March 2022. A copy of the said report was likewise provided to ERC for information.

Enforcement and Compliance Office (ECO)

During the period covered by this report, the ECO has completed and submitted to the Compliance Committee its Investigation Reports for sixty-two (62) cases which involve non-compliances with the Must Offer Rule, Rule on Nomination of Loading Levels or Projected Outputs, and RTD Schedules and/or SO instructions.

C. Market Development Updates

Establishment of the WESM in Mindanao

The DOE has directed IEMOP to continue to implement the WESM Central Scheduling (WCS) until such time that the pending items on registration are resolved. The WCS is a period where all Generator Trading Participants are expected to implement the 5-minute dispatch schedules generated from the New Market Management System (NMMS), but settlement shall be based on the existing contractual arrangements in Mindanao (i.e., no settlement of WESM transactions).

The conduct of the WCS aims to continue the assessment on the viability of implementing the 5-minute WESM in Mindanao. All Generators that are required to register in the WESM, including those that voluntarily registered, shall participate in the WCS. These include grid-connected and embedded generators. As of the report period, non-binding market prices in Mindanao continue to reflect negative values, which indicate a surplus of contracted capacity in this region.

The IEMOP continues to accept and evaluate registration requirements from WESM Mindanao participants. As of 10 May 2022, there are 97 expected participants, including Metering Services Providers (MSPs) that have registered in the WESM. The following table shows the breakdown of the WESM registration status in Mindanao:

Membership Type	Expected Participants	Have Not Yet Applied	On-going Completion of Requirements	Registered
Grid Connected Generator	15	-	1	14
Embedded Generator	28	-	15	13
Electric Cooperative	28	1	15	12
Private Distribution Utility	4	-	2	2
Directly Connected Customer	12	-	5	7
Metering Service Provider	10	-	1	9

Membership Type	Expected Participants	Have Not Yet Applied	On-going Completion of Requirements	Registered
Total	97	1	39	57

D. Retail Competition and Open Access (RCOA)

Table 15. Summary of RCOA Registration

Membership Category		Total Registered RCOA participants						
		Jun-13	Sep. 21	Dec. 21	Mar-22	June 2013 vs. Mar-22	Sep.21 vs. Mar-22	Dec-21 vs. Mar-22
Contestable Customers	D ≥ 1MW	240	1,185	1,204	1,214	406%	2%	1%
	750kW ≥ D > 1MW	-	159	223	258	-	62%	16%
	500kW ≥ D > 749kW	-	401	408	421	-	5%	3%
	Total	240	1,745	1,835	1,893	689%	8%	3%
Suppliers	RES	15	36	36	36	140%	0%	0%
	LRES	3	14	15	15	400%	7%	0%
	Total	18	50	51	51	183%	2%	0%
SOLR		0	25	25	25	-	0%	0%
RMSP		29	58	59	60	107%	3%	2%
Grand Total		287	1,878	1,970	2,029	607%	8%	3%

Source: ERC and PEMC

As of March 2022, the total number of RCOA prospective participants gradually improved, with the increasing number of registered electricity end-users with 500 kW to 749 kW threshold. The total CCs is comprised of sixty-four (64) percent customers with 1 MW threshold while fourteen (14) percent and twenty-two (22) percent are shared by end-users with 750 kW – 1 MW and 500 kW to 749 kW thresholds, respectively. Within the observed period from December 2021 to March 2022, no registered entrants were recorded in the supplier's side.

Table 16. Summary of RCOA Registration

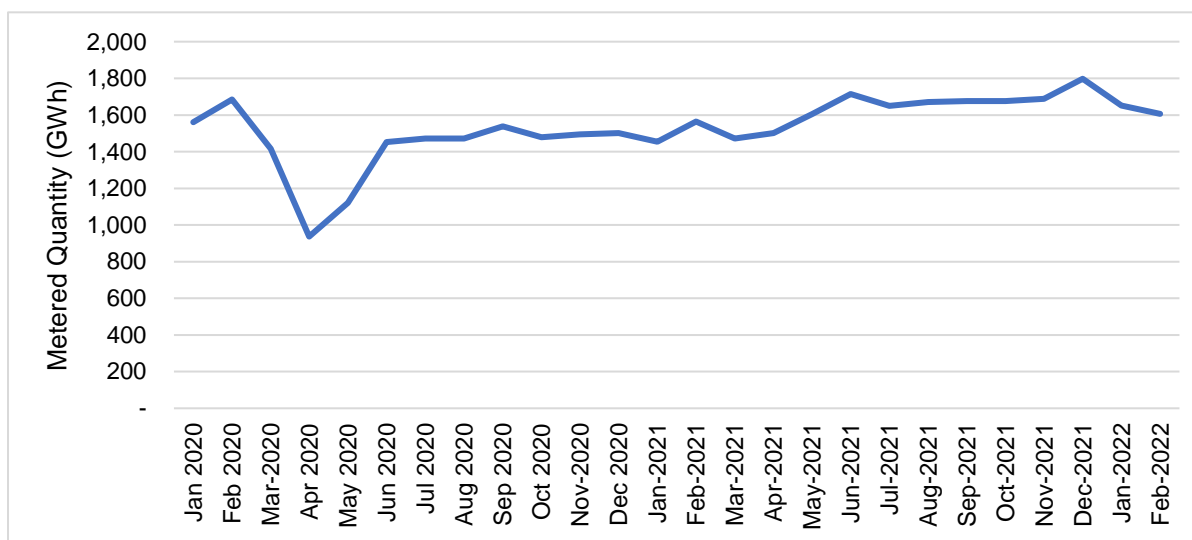
Membership Category		Prospective Participants in the Retail Market						
		Jun-13	Sep. 21	Dec. 21	Feb-22	June 2013 vs. Mar-22	Sep.21 vs. Mar-22	Dec-21 vs. Mar-22
Contestable Customers	D ≥ 1 MW	240	1,477	1,489	1,495	523%	1%	0.40%
	750 kW ≥ D > 1 MW	-	660	666	664	-	1%	-0.30%

Membership Category		Prospective Participants in the Retail Market						
		Jun-13	Sep. 21	Dec. 21	Feb-22	June 2013 vs. Mar-22	Sep.21 vs. Mar-22	Dec-21 vs. Mar-22
	500 kW ≥ D > 749 kW	-	793	810	818	-	3%	1%
	Total	240	2,930	2,965	2,977	1140%	2%	0.40%
Suppliers	RES	15	43	44	44	193%	2%	0%
	LRES	3	28	28	28	833%	0%	0%
	Total	18	71	50	52	189%	-27%	4%
SOLR		0	47	47	47	-	0%	0%
RMSP		29	58	59	60	107%	3%	2%
Grand Total		287	3,106	3,121	3,136	993%	1%	0%

Source: ERC and PEMC

Prospective participants as reflected in the February 2022 Competitive Retail Electricity Market (CREM) Report increased by 0.4 % from 2,965 in December 2021 to 2,977 CCs in February 2022. The total registered participants are composed of ninety-five (95) percent CCs, two (2) percent Suppliers, one (1) percent Supplier of Last Resort (SOLR) and about two (2) percent RMSP.

Figure 13 – Total Energy Consumption of Contestable Customers from January 2020 to February 2022

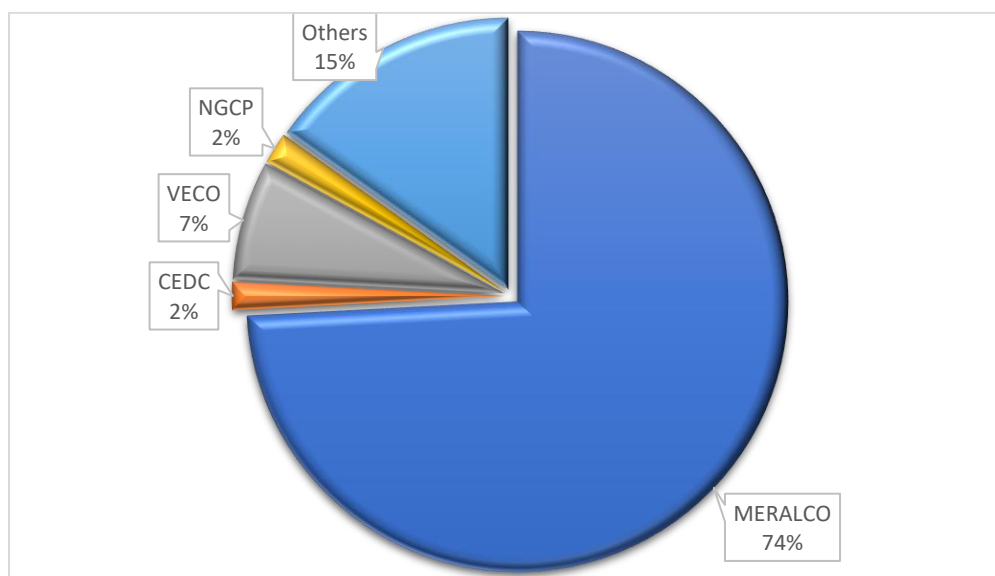


Source: PEMC

No increase was recorded from September 2021 until October 2021 on the CCs' energy consumption. The number barely increased to one (1) percent in November 2021 and significantly declined to negative eight (8) percent by January 2022 and negative three (3) percent by February 2022.

Figure 14 below illustrates that majority of the CCs are located within the franchise area of MERALCO at seventy-four (74) percent. Seven (7) percent is in the franchise area of VECO, while NGCP accounts for the two (2) percent from the DCCC. The Clark Electric Distribution Corporation (CEDC) has two (2) percent as well, and the remaining fifteen (15) percent were distributed among the fifty-seven (57) other franchises.

Figure 14 - Registered Contestable Customers per Franchise Area as of February 2022



Source: ERC and PEMC

Of the 2,977 total CCs in the CREM, 1,884 are currently transacting as RES of which eighty-eight (88) percent are in the threshold of 1 MW and above, eight (8) percent are within the threshold of 750 kW to 999 kW) and three (3) percent are in Phase III or 500 kW to 749 kW.

Table 17. List of Suppliers with Contestable Customers as of February 2022

Suppliers	Number of CCs
Aboitiz Group	363
Aboitiz Energy Solutions, Inc.	144
AdventEnergy, Inc.	123
SN Aboitiz Power – RES Inc.	27
San Fernando Light & Power	1
PRISM Energy, Inc.	51
SN Aboitiz Power-Magat, Inc.	17
Ayala Group	256
Ecozone Power Management, Inc.	24
DirectPower Management, Inc.	87
AC Energy and Infrastructure Corporation	10
AC Energy Corporation	135
San Miguel Group	128
SMEC	-
SMC Consolidated Power Corp.	101
Masinloc Power Partners Co., Ltd.	27
MERALCO Group	784
Manila Electric Co. (MPower)	610
Vantage Energy Solution and Management, Inc.	129
Clark Electric Distribution Corporation	12

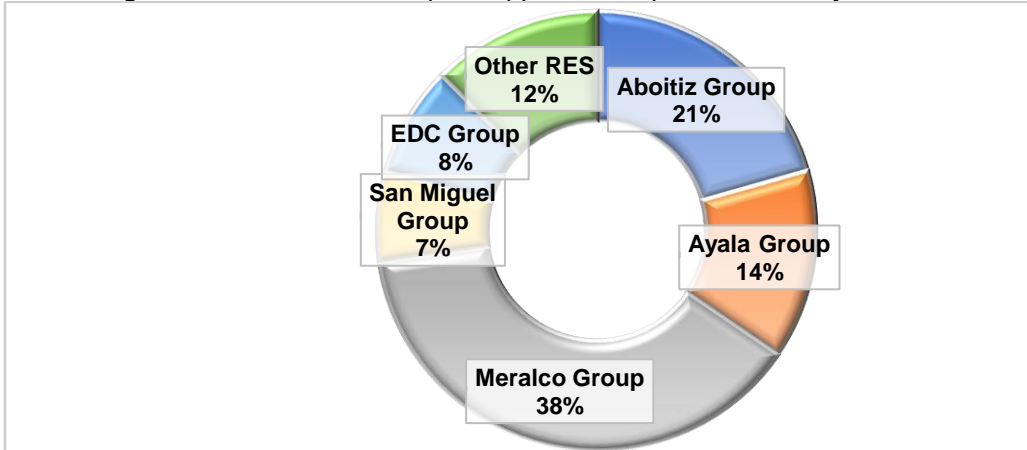
Suppliers	Number of CCs
MeridianX Inc.	1
Global Energy Supply Corp.	32
EDC Group	154
First Gen Energy Solutions	20
Bac-Man Geothermal, Inc.	99
Green Core Geothermal, Inc.	35
Yuchengco Group	5
EEI Energy Solutions Corporation	5
Others	194
Global Energy Supply Corp.	-
GNPower Ltd. Co.	4
TEAM (Phils.) Energy Corp.	22
Shell Energy Philippines, Inc.	25
KEPCO SPC Power Corporation	7
Premier Energy Resource Corp.	17
FDC Retail Electricity Sales Corporation	21
Kratos RES Inc.	36
Citicore Energy Solutions	16
Coreenergy, Inc.	16
Anda Power Corporation	4
SEM-Calaca RES Corporation	8
Batangas II Electric Cooperative, Inc. – Local RES	1
Mabuhay Energy Corporation	16
Solar Philippines Retail Electricity, Inc.	1
Mazzaraty Energy Corporation	-
EEI RES, Inc.	-
TOTAL	1884

Source: PEMC and ERC

Comparing the June 2021 versus the February 2022 data, there is a recorded increase of twenty-six (26) percent for RES associated with the MERALCO Group, twenty-three (23) percent for Energy Development Corporation (EDC) Group, eight (8) percent for affiliated RES of Aboitiz Group, five (5) percent for Ayala Group, six (6) percent for San Miguel Group and the remaining twenty-four (24) percent increase belongs to other groups.

MERALCO Group has the greatest number of contracted CCs with a total share of thirty-eight (38) percent as of February 2022. Consolidated number of CCs for the Aboitiz Group ranked second with twenty-one (21) percent, followed by the Ayala Group with fourteen (14) percent. The San Miguel Group recorded seven (7) percent while the EDC Group carved out eight (8) percent of the shares on number of CCs. RES/Local RES (LRES) without affiliation accounted for the remaining twelve (12) percent.

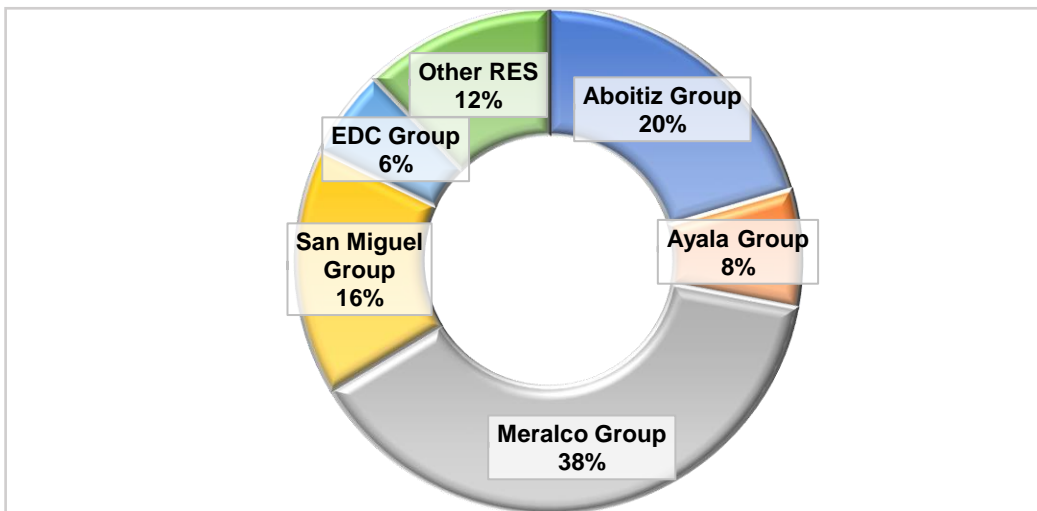
Figure 15 - Number of CCs per Suppliers Group as of February 2022



Source: PEMC

Similarly, MERALCO Group has the largest share of energy sales with thirty-eight (38) percent as of February 2022. The Aboitiz and San Miguel Groups have twenty-one (21) percent and seven (7) percent energy shares, respectively, while the Ayala Group has fourteen (14) percent of the total energy sales from CCs. The EDC Group has obtained eight (8) percent on the total energy sales. The remaining twelve (12) percent of the share is attributed from the other Suppliers.

Figure 16 - Sales per Supplier Groups' as of February 2022



Source: ERC and PEMC

The average metered quantity from September 2021 to February 2022 is 1,702 GWh, of which 105 percent is from BCQs. The spot market has obtained negative excess quantity with an average of -90.20 GWh from September 2021 to February 2022.

There is a total of seventy-one (71) CCs switching from September 2021 to February 2022. The CC switching rate is ninety-seven (97) percent is from Luzon while the remaining three (3) percent is from Visayas. Forty-five (45) customers have switched during the month of January 2022 which have accounted for the highest number of switches from September 2021 to February 2022 billing period.

E. Generating Capacity Market Share and Concentration

Section 45 of the EPIRA provides that “No company or related group can own, operate or control more than thirty percent (30%) of the installed generating capacity of a grid and/or twenty-five percent (25%) of the national installed generating capacity”.

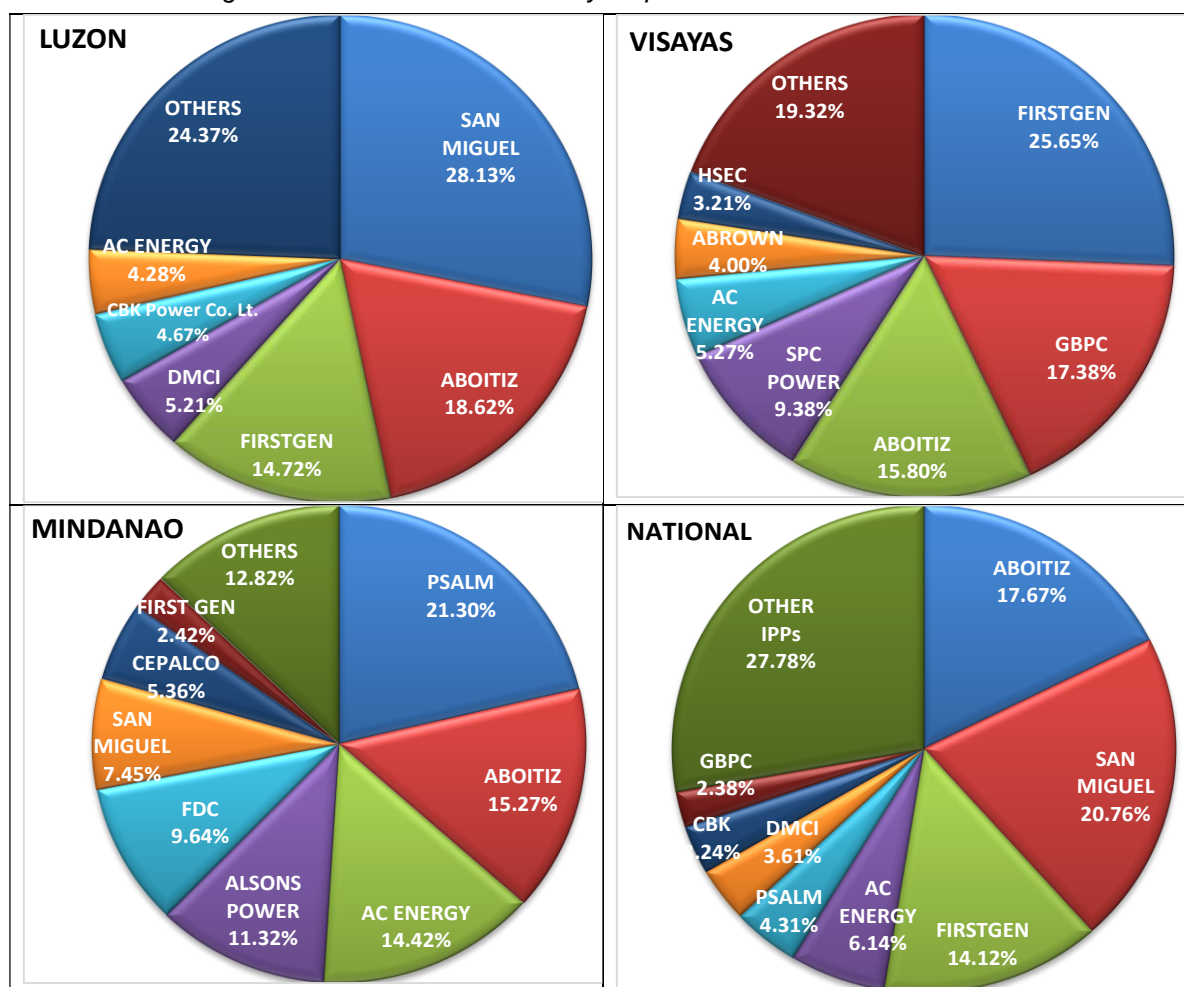
Table 18. Market Share Determination per Grid and National Grid

Grid	Installed Generating Capacity (MW)	% Market Share Limitation as per RA 9136	Installed Generating Capacity Limit (MW)
Luzon	17,077,536	30%	5,123,261
Visayas	3,372,640	30%	1,011,792
Mindanao	4,201,042	30%	1,260,313
National	24,651,218	25%	6,162,805

Source: ERC Resolution No. 01, Series of 2022

Below is the graphical presentation of the dominant power market players with their respective percentage market share:

Figure 17 - Dominant Market Players per Grid and National Grid



*Note: Computation of market share was based on the available information on ownership posted on the website of each respective entity.

In Luzon, San Miguel Power Corporation with 4,803.80 MW total installed generating capacity (IGC) or 28.13% of the total IGC of the Luzon Grid tops the list of the power generators. This is followed by the Aboitiz Power Corporation with 3,180.64 MW total IGC or 18.62% of the Luzon market share. On the third spot is the FirstGen Power Corporation with a total IGC of 2,513.05 MW or 14.72 % market share. Other companies that have significant market share in Luzon power generation are DMCI, CBK Power Company Limited, and AC Energy. No power generating company in Luzon exceeded the market share limitation of 30%.

In Visayas, the FirstGen Corporation leads the power generation with 865.24 MW covering 25.65% of the total IGC. The Global Business Power Corporation follows with 586.04 MW or 17.38% while on the third spot is Aboitiz Power with 15.80% or 532.90 MW IGC. Other companies that have major market share in Visayas power generation are SPC Power Corporation, AC Energy, ABrown Company, Inc., and Helios Solar Energy Corporation. No generating company in Visayas exceeded the market share limitation of 30%.

In Mindanao, the PSALM still holds the main portion of the power generation business having an IGC of 895.01 MW or 21.30% share of the total IGC of the Mindanao Grid. Aboitiz Power ranks seconds on the list with 641.50 MW IGC or 15.27%, followed by AC Energy with 605.61 MW or 14.42%. Other companies that have substantial market share in Mindanao are Alsons Power Group, FDC Utilities, Inc., San Miguel Power Corporation, Cagayan Electric Power & Light Company, Inc., and FirstGen Power Corporation. None of the market participants in Mindanao exceeded the market share limitation of 30%.

In totality, the San Miguel Power Corporation holds the largest market share in the Philippine power generation, having 20.76% of the national IGC, followed by Aboitiz Power Corporation with 17.67% and FirstGen Power Corporation with 14.12% market share. For the reporting period, no power generation entity has exceeded the IGC and market share limitation of 25% for the national Grid.

To measure the current Philippine power market concentration, the DOE uses the Herfindahl-Hirschman index (HHI) computation. HHI³ is the most common measure used to assess concentration from shares of industry participants. In the US, the market with an HHI of less than 1,500 is considered to be a competitive marketplace, an HHI of 1,500 to 2,500 to be a moderately concentrated marketplace, and an HHI of 2,500 or greater to be a highly concentrated marketplace. The closer a market is to a monopoly, the higher the market's concentration (and the lower its competition).

Luzon and Visayas indicate a moderately concentrated market or reasonably competitive market having an HHI of 2,016 and 1,725 respectively. Meanwhile, Mindanao reflects a competitive market having an HHI of 1,370.

Generally, the HHI for the national grid of 1,800 reflects a moderately concentrated market which means that the energy market of the Philippines is still competitive and quite far from a monopoly.

Ranking	Market Players	IGC (MW)	Market Share	% Share (squared)
1	San Miguel	4,803.00	28.13%	791
2	Abotiz	3,180.64	18.62%	347
3	FirstGen	2,513.05	14.72%	217
4	DMCI	890.00	5.21%	27

³ <https://www.investopedia.com/terms/h/hhi.asp>

Ranking	Market Players	IGC (MW)	Market Share	% Share (squared)
5	CBK Power Co. Lt.	797.78	4.67%	22
6	AC Energy	731.25	4.28%	18
7	Others	4,161.02	24.37%	594
<i>Total</i>		<i>17,077.54</i>		2,016

Ranking	Market Players	IGC (MW)	Market Share	% Share (squared)
1	FirstGen	865.24	25.65%	658
2	GBPC	586.04	17.38%	302
3	Aboitiz	532.90	15.80%	250
4	SPC Power	316.20	9.38%	88
5	AC Energy	177.68	5.27%	28
6	ABrown	135.00	4.00%	16
7	HSEC	108.12	3.21%	10
8	Others	651.46	19.32%	373
<i>Total</i>		<i>3,372.64</i>		1,725

Ranking	Market Players	IGC (MW)	Market Share	% Share (squared)
1	PSALM	895.01	21.30%	454
2	Aboitiz	641.50	15.27%	233
3	AC Energy	605.61	14.42%	208
4	Alsons Power	475.69	11.32%	128
5	FDC	405.00	9.64%	93
6	San Miguel	312.88	7.45%	56
7	CEPALCO	225.34	5.36%	29
8	FirstGen	101.60	2.42%	6
9	Others	538.41	12.82%	164
<i>Total</i>		<i>4,201.04</i>		1,370

Ranking	Market Players	IGC (MW)	Market Share	% Share (squared)
1	San Miguel	5,116.68	20.76%	312
2	Aboitiz	4,355.04	17.67%	431
3	FirstGen	3,479.86	14.12%	199
4	AC Energy	1,514.54	6.14%	38
5	PSALM	1,063.01	4.31%	19
6	DMCI	890.00	3.61%	13
7	CBK Power Co. Lt.	797.78	3.24%	10
8	GBPC	586.04	2.38%	6
9	Others	6,848.24	27.78%	772
<i>Total</i>		<i>24,651.22</i>		1,800

VI. POWER SUPPLY SECURITY AND RELIABILITY

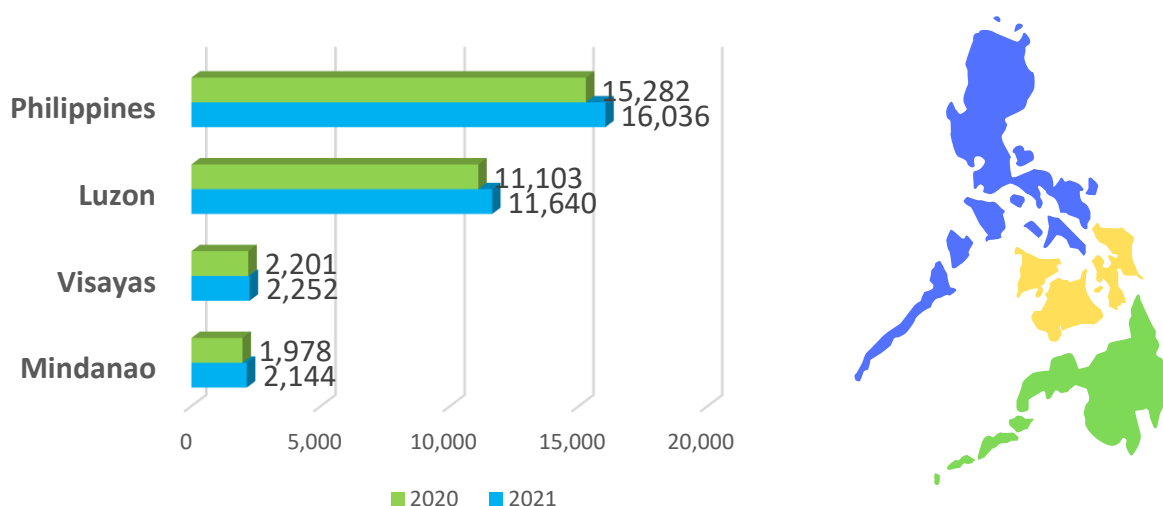
A. Peak Demand

In 2021, the total non-coincidental peak demand of the Philippines reached 16,036 MW, which is 755 MW or 4.9% higher than the peak demand in 2020.

The Luzon grid contributed 11,640 MW or 72.5% of the total demand, with an increase of 537 MW or 5% from the 2020 peak demand of 11,103 MW. This increase in demand is the result of the easing of community quarantine restrictions compared to 2020, which allowed more public establishments in the country's capital to operate at limited capacities, provided that all workers or employees are fully vaccinated against COVID-19 and the establishments strictly maintain minimum public health standards.

Figure 18 below shows the comparison between the recorded peak demand in 2021 and 2020 for Luzon, Visayas, and Mindanao grids.

Figure 18 - 2021 vs. 2020 Peak Demand Per Grid, in MW



Grid	Peak Demand in MW		Difference in MW	Growth Rate in Percent
	2021	2020		
Luzon	11,640	11,103	537	5.0
Visayas	2,252	2,201	51	2.0
Mindanao	2,144	1,978	167	8.4
Philippines	16,036	15,282	755	4.9

Despite the challenges brought about by the COVID-19 pandemic, the power sector continued to remain steadfast in meeting the country's energy demand as the economy recovers to its normal level.

B. Installed and Dependable Capacity

For 2021, even with the issuance of the coal moratorium in 2020, coal-fired power plants continue to dominate the installed capacity mix with 42.46% share, followed by renewable energy or RE (28.95%), oil-based (16.05%), and natural gas (12.55%).

Table 23. Total Installed and Dependable Capacity Per Technology (As of 31 December 2021)

FUEL TYPE	Installed Capacity		Dependable Capacity	
	in MW	% Share	in MW	% Share
Coal	11,684	42.46	10,927	44.88
Oil Based	4,417	16.05	3,082	12.66
Natural Gas	3,453	12.55	3,286	13.50
Renewable Energy (RE)	7,965	28.95	7,055	28.97
<i>Geothermal</i>	1,928	7.01	1,753	7.20
<i>Hydro</i>	3,781	13.74	3,527	14.48
<i>Biomass</i>	489	1.78	291	1.19
<i>Solar</i>	1,324	4.81	1,041	4.28
<i>Wind</i>	443	1.61	443	1.82
TOTAL	27,519	100.0	23,409.9	100.0

NOTE: Includes off-grid generators

C. Power Projects

To abate the challenges brought by the continued pandemic and lessen the delays in construction due to community quarantine restrictions in 2021, the DOE aided power generation companies through holding virtual meetings, issuing official identification cards, and facilitating the entry of their foreign experts to the country, among others. Moreover, the DOE continued to encourage the private sector to invest and develop power generation projects and facilities to augment the existing power capacity to meet the demand in the coming years.

Table 24 below presents the summary of committed and indicative power projects as of 31 December 2021. About 87% of the total 9,024.24 MW committed capacity is from coal and natural gas, while the remaining 13% is from RE and oil-based power projects. Meanwhile, the total indicative capacity stood at 34,911.33 MW, largely coming from RE (78.3%), and natural gas (15.8%). Indicative coal projects continuously decreased to 4.35% due to the implementation of the coal moratorium advisory that limits the development of coal power projects in the future to allow entry of more flexible generation. With the recent DOE policy issuance on Energy Storage System (ESS), the committed and indicative ESS capacity reached 2,112.59 MW and 1,137 MW, respectively, by the end of 2021.

Table 24. Committed and Indicative Capacities, Philippines, as of 31 December 2021 (in MW)

Fuel Type	Committed		Indicative	
	Installed / Rated Capacity (MW)	% Share	Installed / Rated Capacity (MW)	% Share
Coal	4,353.40	48.24%	1,520.00	4.35%
Oil-Based	269.57	2.99%	547.2	1.57%
Natural Gas	3,500.00	38.78%	5,510.00	15.78%
Renewable Energy (RE)	901.27	9.99%	27334.13	78.30%
<i>Geothermal</i>	115.60	1.28%	274	0.78%
<i>Hydro</i>	232.50	2.58%	5,862.29	16.79%
<i>Biomass</i>	64.60	0.72%	37	0.11%
<i>Solar</i>	488.57	5.41%	14,688.04	42.07%
<i>Wind</i>	0.00	0.00%	6,472.80	18.54%
TOTAL	9,024.24	100.00%	34,911.33	100.00 %
BESS	2,112.59		1,137.35	

Source: DOE List of Private Sector – Initiated Power Projects as of 31 December 2021

D. Status of Transmission Projects

The required transmission expansion, additions, and reinforcement are essential not only to accommodate the entry of new generation capacities in the power system but also to allow reliable delivery of power to load centers. The timely completion of transmission projects is closely monitored by the DOE to ensure sufficient, reliable and continuous conveyance of electricity, as mandated by the EPIRA. The steady availability of electric power supply is crucial to economic growth and is a component that fuels the economy of the country.

With the implementation of community quarantine in the country due to COVID-19 pandemic that imposed restrictions on travel and entry of foreign nationals, the development of major transmission infrastructures had been delayed which would become a future constraint in the delivery of generation capacity addition and addressing projected load growth.

Ongoing Transmission Projects:

1. Luzon Grid

Power Quality

- TUGUEGARAO–LAL-LO (MAGAPIT) 230 kV T/L (PQ, LG)

The Tuguegarao–Lal-lo (Magapit) 230 kV Transmission Line Project aims to address the imminent overloading of the Tuguegarao–Magapit 69 kV Line due to the forecasted load growth (LG) in the northern part of Cagayan Province. It also aims to improve the power quality and reliability of supply in the area, which is presently being served by a very long 69 kV line. As of 28 February 2022, the Transmission Line portion is 65.77% complete while the Substation Portion is 89.38% complete. The expected time of completion of the Project is by March 2023.



System Reliability

- AMBUKLAO–BINGA 230 kV T/L UPGRADING

The Ambuklao–Binga 230 kV Transmission Line Upgrading Project aims to upgrade the existing line in order to address its old age condition and to maintain the N-1 contingency provision taking into consideration the repowering of the Ambuklao HEPP and the proposed generation capacity additions in the Cagayan Valley area. Thus, during maximum generation of the power plants, this Project will prevent the overloading under N-1 contingency condition, i.e., outage of one 230 kV circuit. As of 28 February 2022, the Substation and Transmission portion is 94.35% and 3.44% completed, respectively. The expected time of completion of the Project is by July 2023.



- BINGA–SAN MANUEL 230 kV T/L

The Binga–San Manuel 230 kV Transmission Line Upgrading Project aims to provide N-1 contingency during maximum dispatch of the generating plants. The existing line, as well as the power circuit breakers at Binga Substation, which were constructed/installed in 1956 have already surpassed their economic life. Moreover, there are developments in the power plants affecting the power flow at

the Binga–San Manuel 230 kV line. As of 28 February 2022, the Transmission Line Portion is 3.44% completed while the Substation Portion is 91.76% for Binga and 95.02% for San Manuel Substation. The Project is expected to be completed by February 2024.

- **SAN MANUEL – NAGSAAG 230 kV T/L**

The project aims to address the overloading of the San Manuel– Nagsaag 230 kV tie line, Pantabangan– Cabanatuan 230 kV Line, and the Nagsaag 500/230 kV transformer. During Maximum North condition where all plants are operating at maximum capacity and the hydro plants are maximized, outage of the San Manuel–

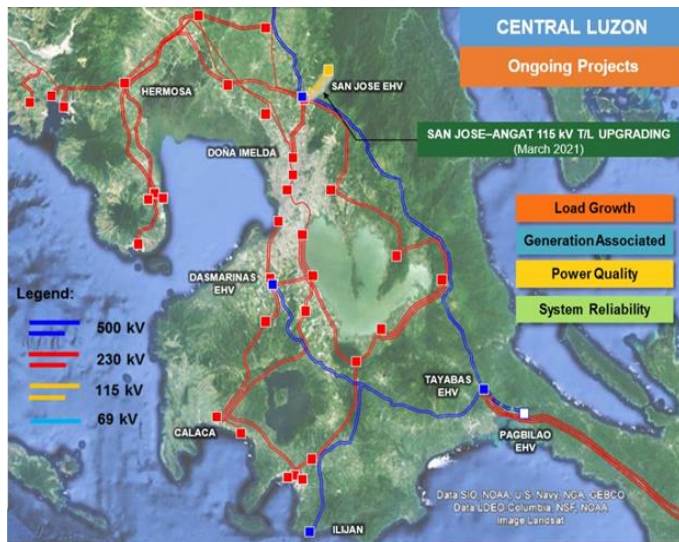


Nagsaag 230 kV tie line will result in the overloading of the single circuit Pantabangan– Cabanatuan 230 kV line. Conversely, the outage of the Pantabangan–Cabanatuan 230 kV line will result in overloading of the San Manuel–Nagsaag 230 kV tie line. As of 28 February 2022, the transmission line portion is 100% completed while the substation portion is above 95.50% completed. Nonetheless, the project is expected to be completed by December 2022.

System Reliability

- **SAN JOSE–ANGAT 115 kV LINE UPGRADING PROJECT**

The San Jose–Angat 115 kV Line Upgrading Project aims to ensure the reliability of the existing 115 kV transmission lines connecting the Angat Hydroelectric Power Plant (HEPP) to the Luzon Grid. The 300 MVA capacity per circuit of the project would be sufficient to provide N-1 contingency during maximum dispatch of the 246 MW Angat HEPP. As of 28 February 2022, the Transmission Line Portion is 98.23% completed and the expected time of completion of the Project by July 2022.



- TIWI 230 KV SUBSTATION PROJECT

The project aims to upgrade the old and deteriorated substation equipment at Tiwi A and C Substations to improve the reliability of the system. It is also intended to augment the power requirement of the Malinao/Ligao Load-end Substation by installation of additional power transformer at Tiwi C Substation and will clearly identify the asset boundaries within the Tiwi Geothermal Power Plant Complex through construction of NGCP's own control facilities. As of 28 February 2022, the construction of Primary Equipment is already 68.03% completed while the Secondary Equipment is 94.45% completed. The expected time of completion of the Project by December 2022.



Load Growth

- CLARK-MABIGA 69 KV TRANSMISSION LINE PROJECT

The Clark–Mabiga 69 kV Line Project aims to provide transmission capacity reinforcement to the Mexico–Clark 69 kV Line, which is currently serving the Pampanga Rural Electric Service Cooperative, Inc. (PRESCO), Pampanga I Electric Cooperative (PELCO I), Pampanga II Electric Cooperative

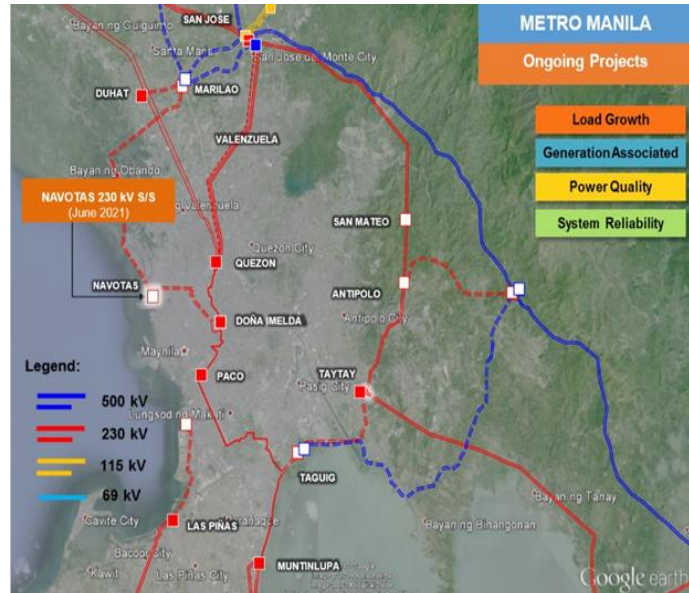


(PELCO II), Angeles Electric Corporation (AEC), Quanta Paper Corporation and Clark Electric Development Corporation (CEDC). This Project will address not only the load growth in the areas of Angeles and Mabalacat together with the new industries in Clark Freeport Zone but also shall improve the power quality of supply in the area. As of 28 February 2022, the Substation Portion is 93.76% complete. On the other hand, its Transmission Line Portion is for re-routing since the proposed original route was affected by the Malolos-Clark Railway Project. The expected time of completion of the Project by July 2023.

- NAVOTAS 230 KV SUBSTATION PROJECT

The Navotas 230 kV Substation aims to cater the load growth in the Sector 1 of MERALCO and to serve as a connection point for power plants in the area such as the Therma Mobile, Inc. and Millennium Power Plants. With the further increase in load, the existing 230/115 kV substations in Metro Manila become heavily loaded and have been losing already

the provision for N-1 contingency. This will expose the Metro Manila loads to supply reliability risk as well as power quality concerns during system peak load condition. The proposed Navotas 230 kV Substation will be initially linked to the grid through cut-in connection along the existing Marilao–Quezon 230 kV Transmission Line and will ultimately terminate in the future Marilao 500 kV Substation. As of 28 February 2022, the overall project accomplishment is 35.12% completed. The Project is expected to be completed by February 2024.



- ANTIPOLO 230 KV SUBSTATION PROJECT

The Antipolo 230 kV Substation aims to cater the load growth in Sector 2 of MERALCO. It involves the construction of a new 230 kV substation that will bus-in along the existing Steel Tower- Double Circuit San Jose-Taytay 230 kV line. Initially, the substation will also be installed with capacitor banks for voltage support. As of 28 February 2022, the status of the Project's overall accomplishments is 86.93% completed. The Project is expected to be completed by June 2022.



- TAGUIG 500 KV SUBSTATION PROJECT

The Taguig 500 kV Substation intends to provide another 500/230 kV drawdown substation to decongest the San Jose Extra High Voltage (EHV) Substation and provides higher level of reliability to the 500 kV system of the Luzon Grid. It will also address the criticality of the existing 230 kV single-circuit line from Quezon to Muntinlupa during N-1 contingency.

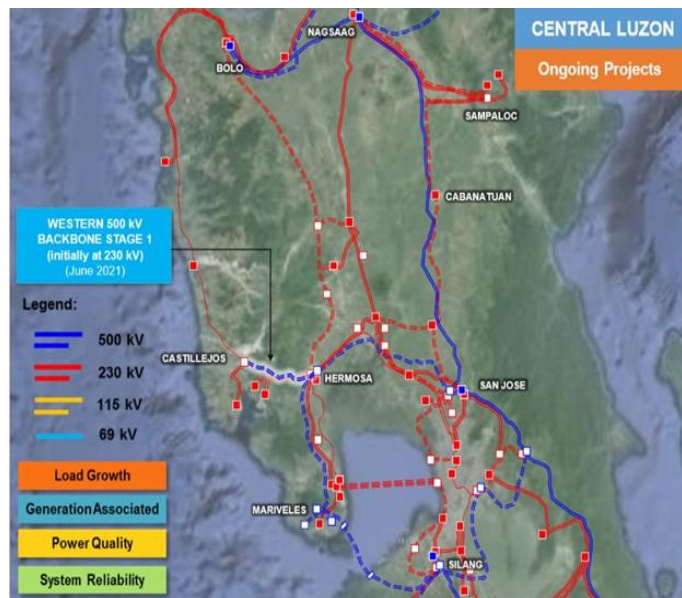


Further, this Project will address the severe low voltage of the Metro Manila 230 kV Substations due to the single-circuit configuration and heavy loading condition of the Quezon–Muntinlupa 230 kV Line. As of 28 February 2022, the overall accomplishment of the Transmission Line and the Substation Portion is 23% completed. The Project is expected to be completed by December 2023.

Generation Entry

- WESTERN LUZON BACKBONE STAGE 1 (Castillejos–Hermosa 500 kV T/L Project)

The Western Luzon Backbone (Stage 1: Castillejos–Hermosa 500 kV Transmission Line Project) pertains to the construction of a transmission facility to connect the 2x300 MW Redondo Peninsula Energy Coal-Fired Power Plant (CFPP) to the Luzon Grid through the Hermosa Substation. It is part of the proposed long-term plan for 500 kV backbone loop development from Bolo (Kadampat) down to Hermosa Substation.

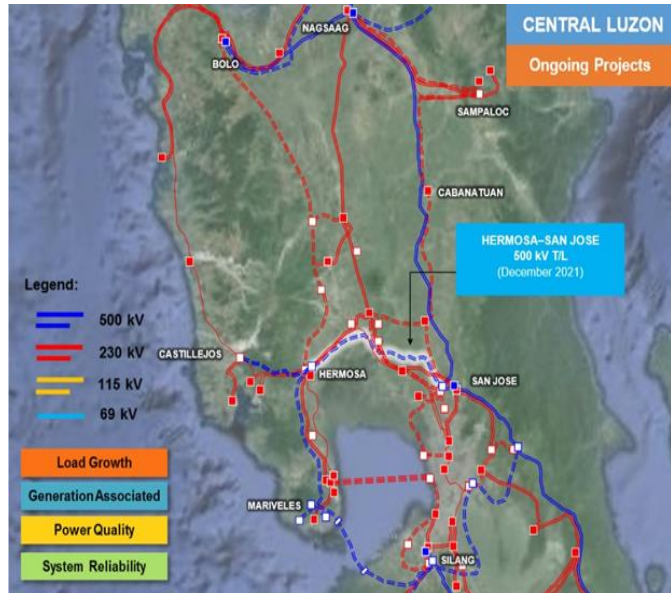


As of 28 February 2022, the Transmission Line Portion is 95.63% completed. The expected time of completion of the Project by December 2022.

- HERMOSA–SAN JOSE 500 kV TRANSMISSION LINE PROJECT

The Hermosa–San Jose 500 kV Transmission Line Project will serve as a new 500 kV corridor for the bulk power generation coming from the existing Limay Combined Cycle Power Plant, Petron Refinery Solid Fuel-Fired, Subic Enron Diesel Power Plant, Mariveles CFPP, and the programmed generation capacity additions which include Redondo Peninsula Energy CFPP and SMC CFPP.

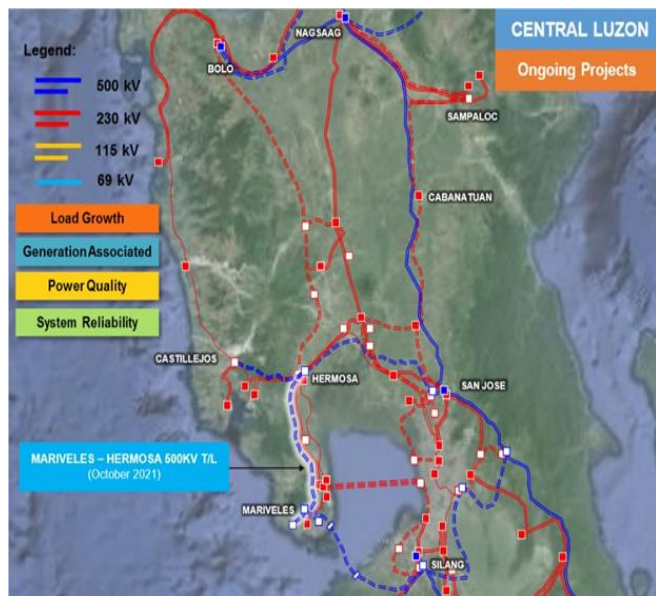
As of 28 February 2022, the Transmission Line portion is 38.4% completed while the Substation Portion is 73.75% completed. The expected time of completion of the Project by December 2022.



- MARIVELES-HERMOSA 500 kV TRANSMISSION LINE PROJECT

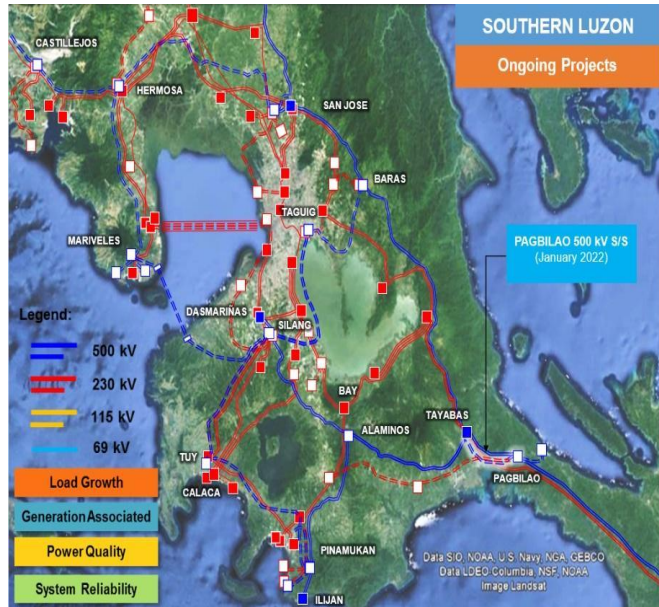
The Mariveles–Hermosa 500 kV Transmission Line Project aims to allow the connection of incoming generations in Bataan Peninsula, which include 2x668 MW GN Power Dinginin CFPP and 8x150 MW SMC Consolidated Power Corporation CFPP. While the Bataan 230 kV Grid Reinforcement Project can increase the capacity of the existing 230 kV corridor in the area, the huge generation capacity addition cannot be accommodated unless a new transmission highway is developed.

This new backbone will form part of the loop from Hermosa to Mariveles then to Cavite/Metro Manila upon completion of the future submarine cable. As of 28 February 2022, the Transmission Line Portion is 99.92% completed while the Substation Portion is 75.58% completed. The expected time of completion of the Project by December 2022.



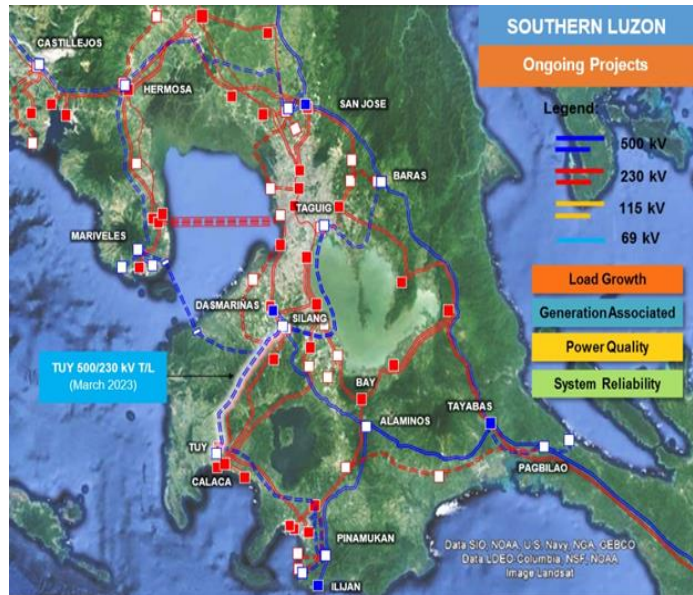
- **PAGBILAO 500 kV SUBSTATION PROJECT**

The Pagbilao 500 kV Substation Project will accommodate the connection of incoming power plants in the Quezon Province. The Pagbilao EHV Substation Project will address the overloading of the Tayabas 500/230 kV transformers and the fault level issue at the Tayabas 230 kV Substation. As of 28 February 2022, the Transmission Line Portion is 90.65% completed while the Substation Portion is 84.72% completed. The Project is expected to be completed by June 2022.



- **TUY 500/230 kV SUBSTATION PROJECT/TUY-DASMARIÑAS 500 kV T/L PROJECT**

The Tuy 500 kV Substation (Stage 1) aims to accommodate the connection of the 2x350 MW St. Raphael Power Generation Corporation Coal Plant and to allow full dispatch of bulk generation capacity addition in Batangas. The generation capacity addition will turn the Calaca Substation into a merging point of more than 2,000 MW of power generation. As of 28 February 2022, the Transmission Line component is 2.88% completed while the Substation component is already 88.24% completed. The expected time of completion of the Project is by June 2023.

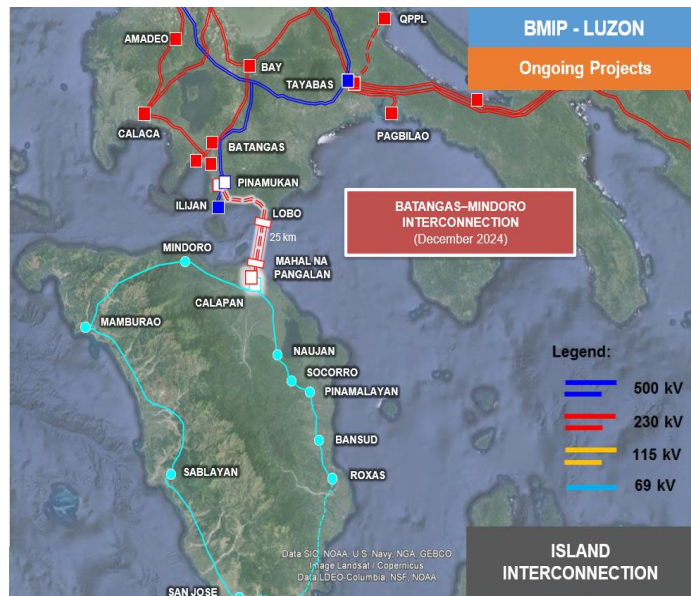


Island Interconnection

- **BATANGAS-MINDORO INTERCONNECTION PROJECT**

The proposed interconnection of Mindoro Island with the Luzon Grid was envisioned to provide access to bulk generation sources in the main grid, while at the same time providing the means to export possible excess power once the generation potentials, including RE-based plants, within the island have been developed. The nearest

connection point in the Luzon Grid for the planned island interconnection project is the proposed Pinamukan 500 kV Substation, while Calapan would serve as the interconnection point in the Mindoro Island. As of 28 February 2022, NGCP is awaiting the approval of the ERC to commence the implementation of the Project. The estimated time of completion of the Project is by February 2026.

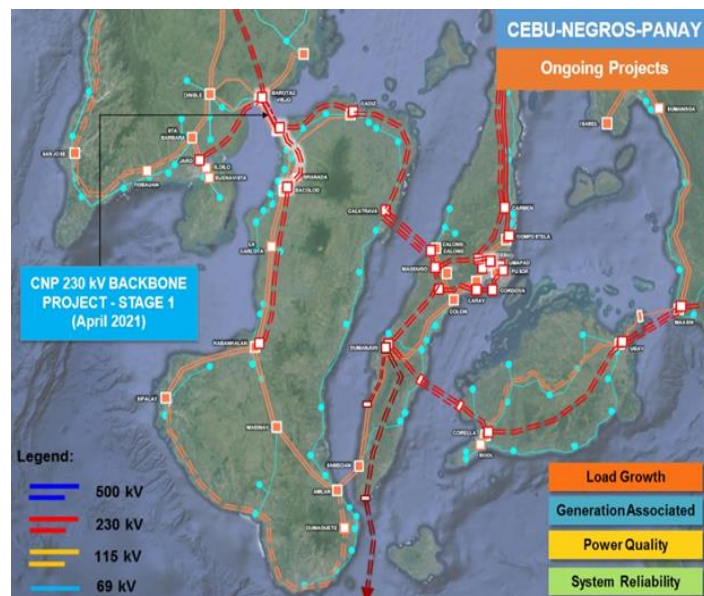


2. VISAYAS GRID

Generation Entry

- **CEBU-NEGROS-PANAY 230 kV BACKBONE PROJECT – STAGE 1, GENERATION ENTRY AND SYSTEM RELIABILITY (GE & SR)**

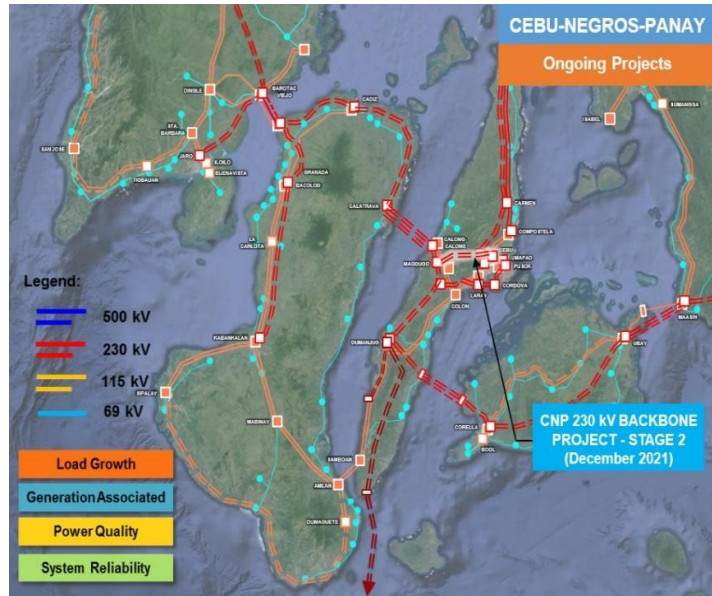
To ensure the effective transmission of excess power generation from Panay towards Negros, a high-capacity transmission corridor is being proposed. Strategically, the Project will be designed consistent with the long-term transmission master plan of having a 230 kV transmission backbone in the Visayas by establishing a 230 kV interconnection from Panay to Cebu. The Transmission Line portion is 86.59% completed while the Substation component is already 100% completed. The expected time of completion of the Project is by December 2022.



- CEBU-NEGROS-PANAY 230 kV BACKBONE PROJECT – STAGE 2, GE & SR

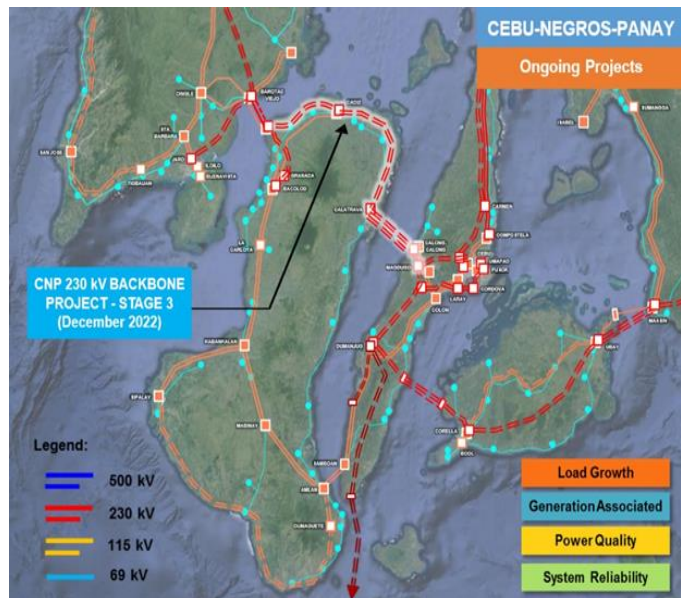
To ensure the effective full generation dispatch of new power plants, a new transmission corridor, which includes high-capacity transmission line and new substation facilities, is being proposed towards Metro Cebu. As of 28 February 2022, following is the status of the project's components:

- 1) Transmission Line portion is 100% completed;
- 2) Substation Portion is 85.63% completed;
- 3) Underground Cable is at least 63.34% completed;
- and 4) Multi-storey facility is 94.17% completed. The expected time of completion of the Project is by October 2022.



- CEBU-NEGROS-PANAY 230 kV BACKBONE PROJECT – STAGE 3

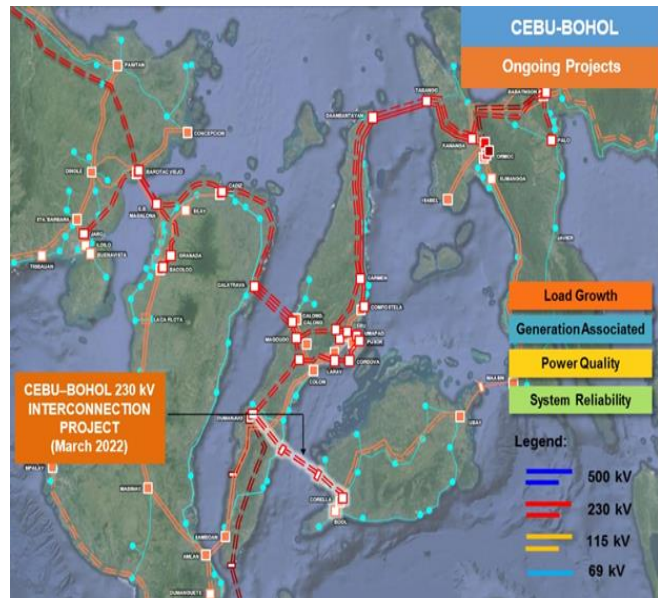
The development of new power plants, including baseload and RE, in Panay and Negros Islands will result in the increase in power exchange between the islands of Panay, Negros and Cebu. To ensure the effective transmission of excess power generation from Panay and Negros towards Cebu, a high-capacity transmission corridor is being proposed and this will serve as the stage 3 or the final stage for the Cebu–Negros–Panay 230 kV Backbone Project. As of 28 February 2022, the overall accomplishment of the Project which consists of three phases is 84.34%. The expected time of completion of the Project is by June 2023.



Load Growth

- CEBU-BOHOL 230 kV INTERCONNECTION PROJECT

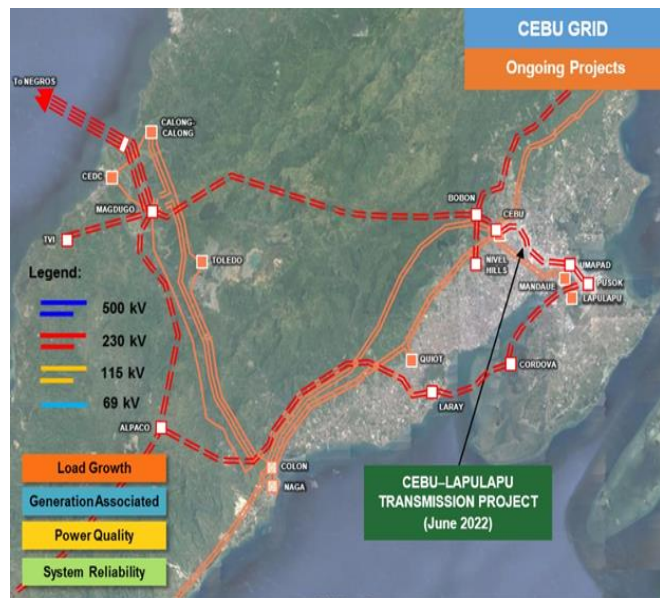
Currently, Cebu, Leyte and Bohol are connected radially. As such, an outage of the Leyte–Bohol 138 kV Interconnection will cause power delivery interruption towards the entire Bohol Island. Since the existing power plants in Bohol do not have sufficient generation capacity to cater the power demand in the island during N-1 contingency condition, there is a need to provide additional transmission backbone towards Bohol. As of 28 February 2022, the Project is 13.29% completed. The expected time of completion of the Project is by November 2023.



System Reliability

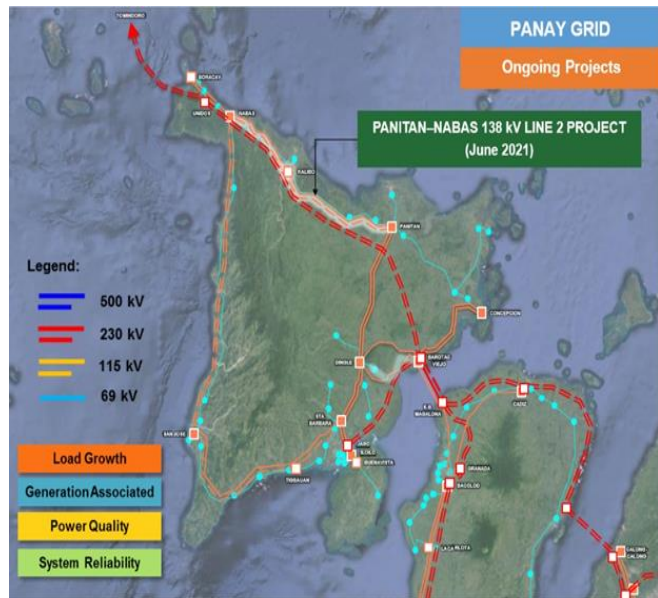
- CEBU-LAPU-LAPU 230 kV TRANSMISSION PROJECT

The existing transmission corridors serving the major load centers in Mandaue and Mactan in Cebu do not have N-1 contingency provision. Thus, a new transmission corridor, composed of overhead transmission line and submarine/underground cable system, is proposed between the Cebu Substation and Lapu-Lapu Substation. As of 28 February 2022, the Substation portion is 97.40% completed. On the other hand, the Transmission Line components of the Project are at the tendering stage. Time of completion of the Project is by December 2023.



- PANITAN – NABAS 138 kV TRANSMISSION LINE – LINE 2 (2ND CIRCUIT STRINGING)

The northwestern part of Panay, which includes the Boracay Island, is served by the Nabas Substation which normally draws power from the grid through the existing Panitan–Nabas 138 kV Transmission Line. The Nabas Substation is also linked to the San Jose Substation by 69 kV transmission line. However, during the outage of the 138 kV line, the 69 kV line will have limited transmission capacity to cater to the entire load of the area; hence, will result in power curtailment. To cater to the entire power requirement of the Nabas Substation even during N-1 condition, a new 138 kV circuit will be installed from the Panitan Substation and Nabas Substation. As of 28 February 2022, the Transmission Line component is ready for energization while the Substation Portion is 99.05% completed. The expected time of completion of the Project is by March 2022.

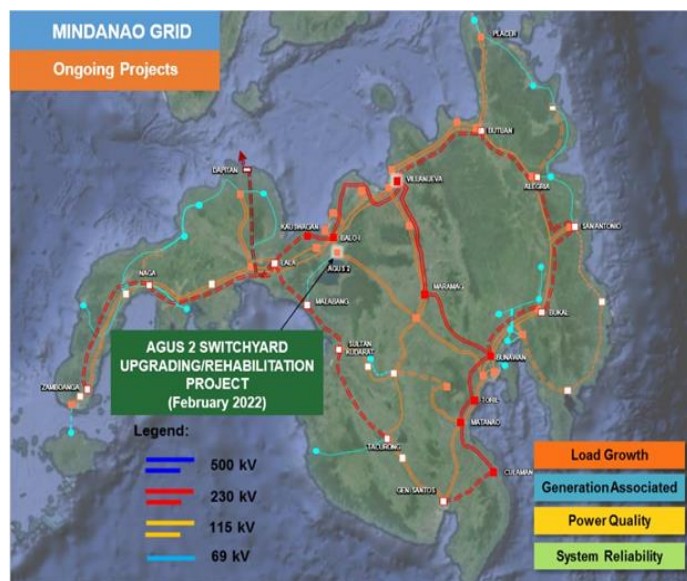


3. MINDANAO GRID

System Reliability

- AGUS 2 SWITCHYARD UPGRADING/REHABILITATION PROJECT

The Project enhances the operational stability of the grid that ensures the continuity of service of the power plant's transmission corridor. It involves the replacement of obsolete power circuit breakers, capacitive potential transformers, telecom equipment, and other secondary devices. As of 28 February 2022, the Project is 96.63% completed. The expected time of completion of the Project is by October 2022.



System Reliability

- MINDANAO SUBSTATION UPGRADING PROJECT (MSUP)

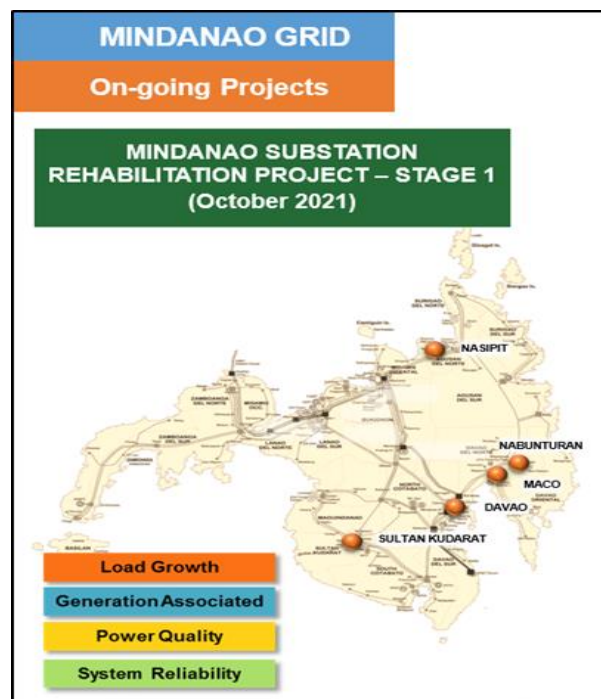
The MSUP will provide additional transformers, install capacitor banks, and replace defective, old, obsolete and underrated power circuit breakers (PCBs) to ensure adequate, reliable, and high-quality power transmission system in Mindanao. It also involves the installation of a total of 875 MVA power transformers, 52.5 Megavolt ampere reactive (MVAR) capacitor banks, nineteen (19) 138 kV PCBs and twenty-one (21) 69 kV PCBs. Also included as project component is the replacement of eleven (11) 138 kV and twenty-seven (27) 69 kV PCBs in various substations in the grid.



The Project is divided into two (2) Stages. Segments of Stage 1 of the Project is already 93.69% completed as of 28 February 2022. On the other hand, Stage 2 of the MSUP is already on-going at 98.85%. The MSUP is expected to be completed by December 2022.

- MINDANAO SUBSTATION REHABILITATION PROJECT (MSRP) – STAGE 1

Mindanao Substation Rehabilitation Project (MSRP) will replace PCBs in various substations in Mindanao due to defectiveness, old age, obsolescence, and low fault level capacity. Implementation of the Project will increase the reliability of the network, reduce/prevent unserved energy, avoid costly maintenance expenses, improve personnel safety and decrease incidents of breaker failures. As of 28 February 2022, Stage 1 of the Project is already 80.15% completed. The expected time of completion of the Project is by December 2022.



Island Interconnection

- MINDANAO-VISAYAS INTERCONNECTION PROJECT

Due to the circumstances brought about by COVID-19, the expected time of completion of the project is moved to October 2022 (see table below):

MINDANAO-VISAYAS INTERCONNECTION PROJECT		STATUS (AS OF 28 FEBRUARY 2022)
OVERALL ACCOMPLISHMENT		89.79%
Submarine Cable	Santander CTS-Dapitan CTS HVDC	99.81%
Substation	Dumanjug Converter Station & S/S	89.59%
	Lala Converter Station & S/S	
	Aurora S/S (3-138 kV PCB)	
	Magdugo S/S (2-230 kV PCB)	
	Dumanjug S/S	Newly awarded
Transmission Line	Umapad GIS S/S	82.98%
	Dumanjug-Magdugo HVAC T/L	
	Kauswagan-Lala HVAC T/L	
	Aurora-Lala HVAC T/L	
	Dumanjug-Santander HVDC OHTL	
	Lala-Dapitan HVDC OHTL	
Transmission Line	Alegria-Dumanjug Electrode Line	75.33%
	Kolambugan-Lala Electrode Line	



MVIP faced delay due to severe submarine cable damage as determined during verification surveys done from 03-06 February 2021. The Project was extended beyond its adjusted December 2021 target completion due to the damage to several portions of its fiber optic cable connection.

VII. TOTAL ELECTRIFICATION

The declared policy of the State pursuant to Section 2 (a) of the EPIRA ensures and accelerates the total electrification of the country. Said law also mandates the DUs to provide universal service in their franchise areas, including unviable areas at a reasonable time. The Government has implemented a massive and focused action to increase and accelerate access to electricity services in the country's unenergized communities and households while contributing to poverty alleviation. Previous programs and activities of the Government resulted in almost 100% barangay electrification, with only eight (8) barangays out of the total of 42,395 potential barangays remaining as unenergized due to geographical and security reasons. The current program of the Government aims to attain 100% total household electrification by 2022.

1. Status of Household Electrification

For the report period, the household electrification level of the country is estimated at 95.41% based on the latest status of energization provided by NEA for the ECs, LGUOUS and PIOUS as of December 2021. Said level corresponds to 25.017 Million energized HHs out of 22.98 Million identified and targeted HH population based on the 2015 Census of the PSA.

Table 25. Household Electrification Level

Distribution Utility	Total Household Population (2015 Census)	Served HHs	Unserved HHs, actual per DU per Province ^[a]	%HH Level ^[b]
Electric Cooperatives	14,320,138	14,830,858	1,005,910	92.98%
EC - QTP/NPC-SPUG	14,967	11,510	3,531	76.41%
MERALCO	6,478,982	7,922,478	-	100.00%
Other PIOUS/LGU Owned Utilities	2,170,884	2,251,995	46,273	97.87%
Total	22,984,971	25,016,841	1,055,722	95.41%

Source : DOE

Note : [a] Unserved HHs per DU per Province = (Potential HHs – Served HHs) per DU per Province
 [b] %HH Level = (Potential HHs – Unserved HHs per DU per Province) / Potential HHs

In previous reports, the electrification level only accounts for the served households of all DUs and it results in higher household electrification level since some DUs have already exceeded the total potential number of households as reported by PSA, thus compensating the DUs with low electrification level. With the new computation, it accounts for the actual number of unserved households per DU per Province. This formula provides accurate representation of the status of household electrification level of the country.

On 09 December 2021, President Rodrigo R. Duterte signed Executive Order (EO) No. 156 titled, "Instituting Measures to Ensure Consistent and Reliable Electricity Service in Inadequately Served Areas, Improve Performance of Ineffective Distribution Utilities, and Achieve Total Electrification of the Country". While the electrification of the entire country is one of the primary concerns of the government, certain DUs, as well as ailing ECs, continued to underperform, and thus hamper government efforts for the country's total electrification.

Relative to EO 156, the DOE issued a Memorandum to all DUs and NEA regarding their submissions of the updated Comprehensive Electrification Master Plan (CEMP) on 14 January 2022. The CEMP shall contain the following:

1. Detailed inventory of all inadequately served areas (unserved, underserved, and poorly served areas);
2. Action Plans and Programs to achieve the timely implementation of their total electrification program, including proposal to waive identified areas for alternative service providers and qualified third parties under Section 59 of the EPIRA;
3. Specific timelines to implement each action plan and program to deliver continuous, reliable, and affordable service; and
4. Budgetary requirements and funding sources.

On 21 February 2022, the DOE issued DO No. DO2022-02-0002 titled, *“Implementing Framework of EO156”*. This DO 2022-02-0002 created the DOE EO 156 Composite Team and DOE EO156 TWG, with the following functions:

1. Implement EO 156;
2. Provide further details in the manner of implementation including the timeline with due consideration to short term achievements in the next six (6) months;
3. Identify sources of funding to implement the program under EO 156; and
4. Perform such functions to accelerate the implementation of the mandate as provided for in EO 156.

The DOE shall provide an initial report within 60 days from the effectiveness of the EO on the programs and corresponding timelines adopted by each DU. Another report on the status of implementation shall be submitted by DOE, NEA, and ERC within six (6) months after the submission of the initial report.

The CEMP should be consistent with the Distribution Development Plan (DDP) of the DUs and the Missionary Electrification Plan (MEP) of NPC submitted to DOE.

2. On-going and Planned Programs and Activities

- Grid Electrification

- a. NEA’s Expanded Sitio Electrification Program (Expanded SEP)

This refers to NEA’s program of attaining 100 percent sitio electrification in the country while providing house wiring and connection assistance to eligible HHs. SEP is the energization of unlit sitio/purok/zone defined as a territorial enclave that forms part of barangay, the location of which may be distant from the center of barangay itself, by providing funds for the construction of distribution lines and house wiring facilities to the beneficiaries. This provision includes two (2) bulbs, 1 (one) convenient outlet, a kilowatt-hour meter, and thirty (30) meters of service drop wire, as well as the cost of house wiring service.

Under the Sitio Electrification Program (SEP) and the off-grid solar project for 5,000 HHs, the programs are currently experiencing delays due to the continuing restrictions imposed by the government. NEA revised the number of sitios to be included in the SEP for 2021, from the original target of 5,000 sitios that were

submitted to DBM to 1,085 sitios. As of 31 December 2021, NEA, through the ECs, has completed the energization of 1,096 sitios.

b. NEA's Barangay Line Enhancement Program (BLEP)

This aims to rehabilitate those barangays previously energized through solar home systems, generator sets and other off-grid solutions but deemed unsustainable. To enhance the Program, it shall only cover those off-grid barangays that are already economically feasible for distribution line extension. Funds are provided for grid extension projects such as overhead lines, submarine cable, underground cable and enhancement/upgrading of distribution lines.

However, no budget allocation on BLEP Projects for CY 2018-2021 were granted by DBM; hence, NEA has no targets for CY 2021. However, as of 31 December 2021, there are 166 barangays nationwide that need enhancement. NEA plans to fully energize the said identified barangays by 2026 and expects to energize around 9,960 HHs.

c. Rationalization of the Implementation of Energy Regulations (ER) No.1-94 Electrification Funds (EF)

Under this concept, the DOE shall effectively administer ER 1-94 EF to support the total electrification of the identified host barangays and municipalities consistent with the policies set forth under the guidelines. This aims of bringing electricity to all HHs in the communities hosting the power generating facilities and/or energy resources following the radiating order, prioritizing the host cities/municipalities project proposal for DOE's funding approval under the ER 1-94 EF.

For the report period, with the extension of the State of Public Health Emergency until September 2022 through Proclamation No. 1218, host communities can still utilize the EF for their COVID-19 responses pursuant to DOE DC No. DC2020-04-0008 titled, "*Rationalizing the Utilization of ER1-94 Funds by Local Government Units in Response to COVID-19 Public Health Emergency*".

Table 26. Summary of Transfer of ER1-94 Funds to Host LGUs as of 31 December 2021

Fund Type	No. of Host LGUs	Total Amount Transferred (in PhP Million)
Electrification Fund	637	2,186.95
Development and Livelihood Fund	916	1,246.22
Reforestation, Watershed Management, Health and/or Environment Enhancement Fund	925	1,280.18

Source: DOE

d. Nationwide Intensification of Household Electrification (NIHE) Program

Approved in 2014, the NIHE Project is a 3-year program that aims to implement measures and grant assistance to intensify household electrification. Under NIHE, DUs are encouraged to adopt more proactive and innovative marketing strategies to fast-track electrification of the remaining unelectrified households both in rural and urban areas of the country. Technical assistance to be undertaken by the NIHE Project includes streamlining of connection process, LGU-DU partnership

for assistance in connection permits, and policy support to address the issue of slum electrification and flying connections, among others.

However, during the budget deliberations in Congress, the House of Representatives has allotted another budget for the program under the General Appropriations Act for CY 2018 to accommodate more requests amounting to PhP300 Million.

For the 2015-2018 NIHE Program, 246,129 HHs are reported energized out of 344,090 identified unserved HHs, as of 31 December 2021, as detailed in the table below:

Funding Year	No. of Approved HHs	No. of Energized HHs
2015	30,512	26,750
2016	116,592	93,436
2017	115,216	69,888
2018	81,770	56,055
TOTAL	344,090	246,129

The DOE has encountered some administrative concerns about the implementation of the NIHE Program that affected the timely releases of project funds to the concerned ECs in the past. This delay was further worsened during the COVID-19 pandemic. Other factors that affected the release of these funds to concerned ECs include the delayed submission of the pertinent bidding documents from the concerned ECs, as well as the closeout of previously completed projects by the concerned ECs.

Moreover, with the continuous threat of COVID-19 to the health of the general public, the DOE issued an Advisory dated 30 March 2021 to DUs about the documentary requirements and procedures in conducting project close-out activities for Locally Funded Projects (LFP) NIHE and PVM Projects during the COVID-19 pandemic.

Additionally, the DOE is already preparing for the termination of the NIHE Program. Letters to implementing DUs were issued to inform them of the deadline of completion of their respective projects. Included in those letters are the pertinent documents necessary for the issuance of Notice to Proceed (NTP) for the conduct of technical inspection pursuant to Section 4.1 of the said Advisory. The DOE is currently awaiting the submissions of the required documents from these DUs.

e. Total Electrification Program (TEP)

In November 2021, the Task Force E-POWER MO (TFEM) issued TFEM Resolution No. 1, Series of 2021 for the approval of the priority projects funded under DOE’s LFP-TEP for FY 2021 totaling to PhP317 Million, as follows:

Stakeholder	No. of Projects	No. of Beneficiaries	Total Project Cost (PhP)
NPC	23	6,874	289,288,358.00
NEA	2	1,740	27,817,990.15
Total	25	8,614	317,106,348.15

Table below shows the breakdown of sub-projects approved for NEA and NPC:

Distribution Utility / Stakeholder	Project Type	No. of Projects	No. of Beneficiaries	Total Project Cost (PhP)
NPC (BASELCO)	Mini Grid	4	3,563	₱ 134,657,255.00
NPC (Claveria ES)	Dx Line Extension	1	205	₱ 29,021,500.00
NPC (ISELCO II)	PV SHS	11	993	₱ 31,776,000.00
NPC (LGU-San Pascual)	Dx Line Extension	3	1,025	₱ 66,405,250.00
NPC (MASELCO)	Dx Line Extension	1	905	₱ 25,972,405.00
NPC (SAMELCO I)	Regular HH Connection	3	183	₱ 1,455,948.00
NPC Sub-total		23	6,874	₱ 289,288,358.00
DORECO	Regular HH Connection	1	1,397	₱ 7,477,990.15
QUEZELCO II	Mini Grid	1	243	₱ 20,340,000.00
NEA Sub-Total		2	1,740	₱ 27,817,990.15
TOTAL		25	8,614	₱ 317,106,348.15

On 31 December 2021, Memorandum of Agreements (MOAs) between the DOE-NEA and DOE-NPC were executed for their implementation and target completion by 2022.

Additionally, the DOE also issued the Policy Guidelines for the Provision of Portable Solar Home Systems as Interim Solution for the Immediate and Effective Energization of Unserved Households under LFP -TEP, referred to as TEP 2. It aims to implement portable solar home systems as an additional electrification strategy and interim solution to address the challenges and hasten the provision of electricity to all unserved households in conflict-affected and vulnerable areas in the county. The target of this policy guidelines for LFP-TEP projects are the unserved HHs/areas that are situated and located in the following areas: 1) Conflict-affected areas; (2) Geographically Isolated and Disadvantaged Areas; and (3) calamity/hazard prone areas.

During the 3rd TFEM Quarterly meeting conducted on 21 September 2021, the TFEM reviewed and approved the system design and complete specification for the provision of portable solar home systems. Immediately, the following activities are conducted to ensure completion of the Projects:

- Consultation with the identified ECs for submission of the target areas;
- Acknowledgement and evaluation of submitted target areas;
- Drafting of MOA, Approval Documents, Notice of Approval, Endorsement to Secretary, and Approval of Projects; and

- Preparation of documents for the conduct of competitive public bidding.

On 02 December 2021, the TFEM issued Resolution No. 2, Series of 2021 for the approval of the list of target areas for the Pilot Project for the Provision of Solar Home System to be funded under the DOE's LFP - Total Electrification Project for FY 2021, as indicated in the table below:

DUs	Region	Province	Number of Target Municipality Beneficiaries	Household Beneficiaries
Occidental Mindoro Electric Cooperative, Inc., (OMECCO)	IV-B	Occidental Mindoro	8	5,874
Oriental Mindoro Electric Cooperative, Inc., (ORMECCO)	IV-B	Oriental Mindoro	7	1,128
Busuanga Island Electric Cooperative, Inc., (BISELCCO)	IV-B	Palawan	3	1,863
Palawan Electric Cooperative, Inc., (PALECCO)	IV-B	Palawan	4	565
Agusan del Norte Electric Cooperative, Inc., (ANECCO)	XIII	Agusan del Norte	11	570
Total				10,000

The DOE conducted competitive public bidding on 28 December 2021. The NOA was issued to the winning bidder amounting to PhP98 Million for the supply and delivery of 10,000 units of portable Photovoltaic Solar Home Systems (PV-SHS). The contract was signed on 31 December 2021 for the delivery of the said system to designated delivery areas and targeted to be completed within 90 calendar days. The target completion of the Project with the DUs shall be upon delivery of all the 10,000 units of portable PV-SHS to its target household beneficiaries. Thereafter, a post evaluation of the Pilot Project will be conducted to determine the implementation efficiency and possible duplication with other qualified areas.

- Off-Grid Electrification

1. PV Mainstreaming (PVM) Program:

Below is the status of the PVM with the corresponding funding sources:

- a. European Union-Philippine (EU-Phil) Access to Sustainable Energy Programme (ASEP)

For the report period, the NTP for the contracting of 30,500 SHS under ASEP Window 2 was issued on 27 April 2021 to the winning Bidder. Following the said issuance, the training on the installation, operations, and maintenance of SHS for all six (6) beneficiary ECs were consecutively conducted from May to July 2021. The first tranche of 6,500 SHS was already delivered and inspected in the Contractor's central warehouse in Davao City on 02 and 16 August 2021, respectively, while the second tranche with a total of 9,150 SHS is expected to arrive by October 2022. Meanwhile, the execution of the Installation Agreement between the participating ECs and NPC as the implementing arm of the EU-Phil ASEP World Bank component is ongoing. It is expected that the full implementation will be completed as targeted by the 2nd Semester of 2022.

b. DOE Locally Funded Project

The Zamboanga del Sur I Electric Cooperative, Inc. (ZAMSURECO I), Sulu Electric Cooperative, Inc. (SULECO), Iloilo II Electric Cooperative, Inc. (ILECO II), Busuanga Island Electric Cooperative, Inc. (BILECO), and Bohol II Electric Cooperative, Inc. (BOHECO II) complied with the requirements and completed the final technical inspections, with the guidance of the LFP Advisory signed by Secretary Alfonso G. Cusi in April 2021. However, the said technical inspections with ZAMSURECO I, ILECO II, BOHECO II, and BISELCO were still being reviewed. Further SULECO has completed the technical inspection assessment and is ready to close out the Project.

Meanwhile, the DOE is awaiting eight (8) ECs, namely, BOHECO II, BISELCO, South Cotabato II Electric Cooperative, Inc. (SOCOTECO II), Davao Del Sur Electric Cooperative, Inc. (DASURECO), First Bukidnon Electric Cooperative Inc. (FIBECO), Bukidnon II Electric Cooperative Inc. (BUSECO), Iloilo III Electric Cooperative, Inc. (ILECO III), and Camarines Sur IV Electric Cooperative, Inc. (CASURECO IV) that are currently implementing PVM, to submit all the necessary requirements for the issuance of DOE Certificate of Endorsement (COE) to the ERC for the issuance of its Order of Approval for the subject implementation. This is in compliance with ERC Resolution No. 17, Series of 2017 titled, “Resolution Adopting the Rules Governing the Setting of Regulated Solar Home Systems Tariff for the Provision of Electricity Service by the Electric Cooperatives”.

2. Qualified Third Party (QTP) Approach

The most recent development in the QTP Program was the promulgation of RA No. 11646 titled, “An Act Promoting the Use of Microgrid Systems to Accelerate the Total Electrification of Unserved and Underserved Areas Nationwide” or the “Microgrid Systems Act” on 21 January 2022. The said Act renamed the QTP into Microgrid System Providers (MGSPs) which shall provide integrated power generation and distribution services in areas that will be declared by the DOE as unserved and underserved. Further, the said Act mandates the conduct of CSP in the electrification and service of DOE-declared unserved and underserved areas by the MGSP as well as the procedure for the electrification of the DUs’ identified unserved areas through the microgrid system.

Further, the Act mandated the DOE to issue the IRR within sixty (60) working days upon its effectivity. Immediately, the DOE issued a Special Order creating a TWG composed of the energy agencies, to craft the said IRR. The proposed IRR was subjected to public consultation last 08 April 2022. As required by the Act, the IRR shall be issued and published on or before 06 May 2022.

Following the issuance of the Public Notice declaring the 69 QTP Service Areas in March 2021, the DOE posted on 05 January 2022 the updated QTP Service Areas. From the initial list of 69, it was reduced to 44 QTP service areas. The Public Notice also mentioned that all unviable and unserved areas not included in the list may be nominated by any interested QTPs to the DOE pursuant to Section 12.4 of the Revised QTP Guidelines.

QTP Service Areas per Public Notice No. PN2021-01-0001	
Distribution Utility	Number of Areas

Negros Occidental Electric Cooperative, Inc., (NOCECO)	6
Palawan Electric Cooperative, Inc., (PALECO)	39

Following are the updates on the QTP Program being spearheaded by the DOE:

a. Malapascua Island in the Municipality of Daanbantayan, Cebu

PowerSource Philippines Inc.'s (PSPI) QTP Site located in Malapascua Island is currently operating by virtue of the Authority to Operate (ATO) granted by the ERC. Currently, there are three (3) units of diesel generator sets at the PSPI QTP site which provide electricity to 1,142 households in the Island. The average daily load of the plant from September 2021-March 2022 was 6,810 kWhr and the demand growth was 31.40%. For the report period, Malapascua recorded 19 new connections and 9 disconnections due to unpaid electric bills. The average fuel cost is PhP67.15 per liter.

b. Barangay Liminangcong in the Municipality of Taytay, Palawan

PSPI's QTP Site located in Rizal Palawan is currently operating by virtue of the ATO granted by the ERC. PSPI also submitted the application for a Certificate of Compliance (COC) with the ERC on August 27, 2021. Currently, there are three (3) units of diesel generator sets at the PSPI QTP site which provide electricity to two (2) barangays (Brgy. Candawaga & Brgy. Culasian) with a total of 1,061 households. The average daily load from September 2021-March 2022 was at 3,650.27 kWhr and the demand growth was 3.8%. For the report period, there are 22 new connections and 24 disconnections due to unpaid electric bills, and some household owners transferred to another place. The average fuel cost is PhP60 per liter.

c. Barangay Candawaga and Culasian in the Municipality of Rizal, Palawan

PSPI's QTP Site located in Manamoc Palawan is currently operating by virtue of PSPI's agreement with the Provincial Government of Palawan (PGP) and PALECO. The application for the ATO with the ERC was already submitted and in the final stage in relation to its approval. The average daily load from September 2021-March 2022 was at 49.56 kW and there's no demand growth recorded. For the report period, there are 9 new connections and around 58 disconnections due to unpaid electric bills. However, majority were able to reconnect after settling their payment. The number of outages was 37 with a total of 28.45 hours.

d. Barangays Lahuy, Haponan and Quinalasag in Municipality of Garchitorena, Camarines Sur

FP Island Energy Corporation, a subsidiary of the First Philippine Holdings Corp began commercial operations in the Islands on 10 December 2021. As of March 2022, a total of 1,885 households have been electrified. At the start of commercial operations in December 2021, there were 1,768 that were already electrified. Thus, a total of 117 new connections have been made since the start of commercial operations. Monthly household demand was at 15,884.59 kWh.

By March 2022, the monthly household demand had risen to 54,579.18 kWh. This represents a demand growth of 243.60% over the three-month period. For diesel fuel, the weighted average cost is PhP74.07/ liter, while for lube, the weighted average cost is PhP206.25/ liter.

e. Barangay Cabayugan (Sabang), Puerto Princesa City, Palawan

Sabang Renewable Energy Corporation (SREC) continues to provide 24/7 electricity to 579 customers connected to the grid as of 31 March 2022. SREC is prepared to connect more customers to grow its demand load and economic activity within the service area, with support from the local government. The effect of COVID-19 has been severe on the local economy, with tourism severely affected. As the international and domestic rollout of vaccines progresses, SREC is expecting a gradual pick-up in tourism and related activities in the last quarter of 2022 and anticipates some increase in load demand thereon.

SREC has an average daily load of around 2,071.82 kWh which corresponds to a decrease of 3.77% since the last report. SREC is authorized by the ERC to collect PhP12/kWh for residential and public buildings and PhP15/kWh for commercial establishments.

For the report period, Brgy. Cabayugan experienced 11 unscheduled and two (2) scheduled power outages. The scheduled outages were for the extensive tree trimming and grid maintenance operations while the unscheduled outages were due to adverse weather conditions, causing tree branches to fall onto the distribution line.

Below is the Summary Status of the QTP Projects as of April 2022:

PROJECT LOCATION	TECHNOLOGY	TARGET HHs	Served HHs	Electrification Level %	Proponent	Status
Malapascua, Daan-Bantayan, Cebu	750 kW Diesel	1,342	1,319	98.29%	PSPI	Operational, Permanent ATO issued by ERC, 2016
Sabang, Puerto Princesa City, Palawan	Hybrid: 1.4 MW Solar + 1.2 MW Diesel + 2.3 MWh Battery	769	579	83.91%	SREC	ATO issued by ERC 05 October 2016
Candawaga & Culasian, Rizal, Palawan	268 kW Diesel	2,151	946	44%	PSPI	Operational, Interim Relief, April 2018
Balut Island, Sarangani, Davao Occidental	690 kW Diesel	4,003			PSPI	On-going PIPO activity, Interim Relief, April 2018
Liminangcong, Taytay, Palawan	108 kW Diesel	1,199	1001	83.55%	PSPI	Operational, Provisional ATO issued by ERC, 2016

PROJECT LOCATION	TECHNOLOGY	TARGET HHs	Served HHs	Electrification Level %	Proponent	Status
Brgy. Tumbod, Taytay, Palawan	Line extension from Brgy. Liminangcong	395			PSPI	Expository Hearing conducted on 25 April 2019
Lahuy Island, Haponan Island in Municipality of Caramoan and Quinalasag Island in the Municipality of Garchitorena, Camarines Sur	Lahuy Island: 246 kWp Solar + 400 kW Diesel + 79 kWh Battery Haponan Island: 51.4 kWp Solar + 100 kW Diesel + 19 kWh Battery Quinalasag Island: 331 kWp Solar + 500 kW Diesel + 80kWh Battery	Lahuy: 550 HHs Haponan : 87 HHs Quinalasag: 705 HHs	1,885	84%	FPIEC	On-going construction , Provisional ATO issued by ERC, June 2019
Bgy. Poblacion, Dumarán, Palawan	Hybrid: 132.8 kWp Solar + 144 kW Diesel + 351.1 kWh Battery	497			PSPI	Endorsed to ERC (18 March 2019)
Bgy. Manamoc, Cuyo, Palawan	216 kW Diesel	605	593	98%	PSPI	Endorsed to ERC (18 March 2019)
Bgy. Port Barton, San Vicente, Palawan	Hybrid: 200 kWp Solar + 609.5 kW Diesel + 200 kWh Battery	1,259	877	69.67%	PSPI	Endorsed to ERC (18 March 2019)

Source: DOE

VIII. PROMOTION OF RURAL ELECTRIFICATION

Pursuant to Section 58 of the EPIRA, as additional mandate, the NEA shall develop and implement programs in strengthening the technical capability and financial viability of the rural ECs as electric utilities and to prepare the said ECs to operate and compete in deregulated electricity market, specifically in RCOA.

1. Financial Assistance

During the report period, NEA released a total of PhP182.8 Million loans to TISELCO, BOHECO II, LUELCO, CASURECO I, ZAMSURECO II, DORECO, BASELCO, SURSECO I, QUEZELCO I, ILECO III, CELCO, LEYECO IV, SIARELCO, FLECO, CANORECO, and ZANECO for capital projects. In addition, a total of PhP50 Million loan was released to LANECO for Short Term Credit Facility while a total of PhP189.3 Million loans was released to BATANELCO, FICELCO, BATANELCO, BOHECO II, BOHECO I, LEYECO IV, SOLECO, SURNECO, and NORECO I for calamity.

Particulars	No.	Electric Cooperatives	Project	Amount (In PhP Million)
Capital Projects	1	Ticao Island Electric Cooperative, Inc. (TISELCO)	For the liquidation of unexpanded subsidy funds (1996-2006) SEP/BLEP Subsidy)	7.7
	2	Bohol II Electric Cooperative, Inc. (BOHECO II)	Construction of Main Office Building in Barangay Cantagay, Jagna, Bohol	8.0
	3	La Union Electric Company, Inc. (LUELCO)	Supply, delivery, construction, and commissioning of 15 MVA, Sison Substation (2 nd release)	8.0
	4	Camarines Sur 1 Electric Cooperative Inc. (CASURECO I)	For settlement of its power accounts with Isla Norte Energy Corp.	15.0
			Emergency CAPEX-Purchase, Installation and Commissioning of a New 20 MVA Substation in Sipocot, Camarines Sur	24.8
	5	Zamboanga del Sur II Electric Cooperative, Inc. (ZAMSURECO II)	Reconductoring of Ipil-Titay Distribution Line and Purchase of Kwhr Meters in Replacement for Meter in Service Over 15 years	8.4
	6	Davao Oriental Electric Cooperative, Inc. (DORECO)	Purchase of Maintenance Truck, maintenance Vehicle, Motorcycle, 4 Wheel Maintenance and Service Vehicle	10.2
	7	Basilan Electric Cooperative, Inc. (BASELCO)	Construction of Feeder 3 from Substation	10.0
	8	Surigao del Sur I Electric Cooperative, Inc. (SURSECO I)	Supply and delivery of materials and labor for the relocation of Barobo Substation, uprating and installation of Barobo Substation from 5MVA to 10MVA	5.8
	9	Quezon I Electric Cooperative, Inc. (QUEZELCO I)	Replenishment of materials used by Typhoons Tisoy, Quinta, Rolly, and Ulysses	15.1
10	Iloilo III Electric Cooperative, Inc. (ILECO III)	Construction of 15 MVA Banate Substation and 13.2 Double Circuit for BF1 and BF2	7.6	

Particulars	No.	Electric Cooperatives	Project	Amount (In PhP Million)
	11	Camotes Electric Cooperative, (CELCO) Inc.	Timely payment to power supplier - CAMPCOR	11.0
	12	Leyte IV Electric Cooperative, (LEYECO IV) Inc.	Construction of 10 MVA Bato Substation	6.4
	13	Siargao Electric Cooperative (SIARELCO) Inc.	Acquisition of New Distribution Transformers, 34.5 kV (19,920/24V)	11.1
			Buffer Stocks for Contingencies/Emergency/Calamities	4.5
	14	First Laguna Electric Cooperative, (FLECO) Inc.	Uprating of 10 MVA to 20 MVA Power Transformer located at Famy Substation (final release)	16.9
	15	Camarines Norte Electric Cooperative, (CANORECO) Inc.	Uprating of existing 5 MVA Tawig Substation	4.8
	16	Zamboanga del Norte Electric Cooperative, Inc. (ZANECO)	Acquisition of kWh Meters, distribution transformers, Poles and Service Drop Wires (15% initial release)	7.5
<i>Subtotal</i>				<i>182.8</i>
Short Term Credit Facility (STCF)	14	Lanao del Norte Electric Cooperative, (LANECO) Inc.	STCF	50.0
<i>Subtotal</i>				<i>50.0</i>
Calamity	15	Batanes Electric Cooperative, (BATANELCO) Inc.	Rehabilitation and restoration of power lines damaged by Typhoon Kiko	10.0
	16	First Catanduanes Electric Cooperative, (FICELCO) Inc.	Restoration of the distribution lines after Typhoon Rolly	17.8
	17	Batanes Electric Cooperative (BATANELCO)	Rehabilitation of BATANELCO distribution system damaged by Super Typhoon Kiko	10.0
	18	BOHECO II	Replacement of poles and equipment and restoration caused by Tropical Cyclone Odette	31.6
	19	Bohol I Electric Cooperative, (BOHECO I) Inc.	Restoration/rehabilitation of their distribution facilities caused by Typhoon Odette	19.0
	20	LEYECO IV	Restoration/rehabilitation of their distribution facilities caused by Typhoon Odette	7.8
			Restoration/rehabilitation of their distribution facilities caused by Typhoon Odette (additional)	9.6
	21	Southern Leyte Electric Cooperative, (SOLECO) Inc.	Restoration/rehabilitation of their distribution facilities caused by Typhoon Odette	41.0
22	Surigao del Norte Electric Cooperative, Inc. (SURNECO)	Restoration/rehabilitation of their distribution facilities caused by Typhoon Odette	25.1	

Particulars	No.	Electric Cooperatives	Project	Amount (In PhP Million)
	23	Negros Oriental 1 Electric Cooperative, Inc. (NORECO I)	Rehabilitation/Restoration of damaged distribution utilities by Typhoon Odette (additional)	17.4
<i>Subtotal</i>				189.3
TOTAL				422.1

2. Competency Seminars and Training Programs for EC Personnel

Due to the current state of pandemic crisis in the country, NEA pursued to conduct online trainings and competency programs which aimed to increase the learning curve for NEA and EC personnel in the following activities:

Date	Title of Training/Seminar	No. of Participants
14-15 December 2021	Online Cooperative Management Course I – Part I	66
18-21 January 2022	How to Really Read Financial Statements for ECs	75
25-27 January 2022	Introduction to Competencies and Its Role in the Organization for ECs - Batch 2	31
8-11 February 2022	Seminar on Philippine Electric Power Industry	56
15-18 February 2022	Technical Report Writing for ECs – Batch 2	36
28 March 28-06 April 2022	Essentials and Practice of Internal Auditing- Module II: Internal Audit Engagement- Batch 6	46
4-8 April 2022	Seminar-Workshop for the Balanced Scorecard Adoption by the ECs- ABRECO	42
19-22 April 2022	How To Really Read Financial Statement for ECs – Batch 3	65
25-29 April 2022	Seminar on Fraud Auditing – Batch 3	48
TOTAL		465

3. Approved Policies/Guidelines

For the report period, in accordance with its expanded powers, functions, and privileges under Section 5 of the EPIRA, the NEA has formulated six (6) policy guidelines geared towards the fulfillment of its mandate and to aid the ECs in the performance of their franchise obligations as follows:

- Policy of EC Investments which was approved on 09 November 2021 under Board Resolution No. 2021-129;
- Revised Policy on the Selection, Hiring, Termination of Service/Suspension for General Managers of Electric Cooperatives (4th Revision), Amending NEA Memorandum No. 2017-035 dated 24 October 2017 which was approved on 29 November 2021 under Board Resolution No. 2021-130;
- Revised Policy Guidelines on the Conduct of Examination and Interview of Applicants to the Position of General Managers of Electric Cooperatives which was approved on 29 November 2021 under Board Resolution No. 2021-131;
- Policy on the Qualifications of a General Manager to a Neighboring EC which was approved on 29 November 2021 under Board Resolution No. 2021-132;

- Policy on the Qualifications of Non-NEA Personnel or Non-Personnel to be assigned as Project Supervisor and/or Acting General Manager of an EC which was approved on 29 November 2021 under Board Resolution No. 2021-133; and
- Policy on the Appointment of a Task Force to an EC which was approved on 29 November 2021 under Board Resolution No. 2021-134.

IX. POLICY DEVELOPMENT AND MEASURES

Under Section 37 of the EPIRA, the DOE is mandated to formulate rules and regulations as may be necessary to implement its objectives and exercise such other powers as may be necessary or incidental to attain the objectives of the said Act.

For the report period, following are the policies being approved and promulgated by DOE Secretary Alfonso G. Cusi:

1. DC No. DC2021-11-0039 titled, *“Mandating the National Transmission Corporation (TRANSCO) As Small Grid System Operator (SO) in Specific Off-Grid Areas”* promulgated on 09 November 2021. The issuance aims to designate TRANSCO in accordance with the following:
 - a. To ensure stable operation and control and optimal dispatch of power supply in small grids and other off-grid power systems towards attaining adequate, reliable, secure, quality, and efficient electricity supply and services to end-users and reducing the cost of such supply and services;
 - b. To promote appropriate investments, new capabilities and advanced technologies towards enhancing the performance of the system operation in small grids and other off-grid power systems;
 - c. To formulate grid interconnection development plans and program for the off-grid areas and prepare the DUs and generation companies for the assumption of TRANSCO as Small Grid SO and the eventual interconnection of the small grids to the Luzon, Visayas, and Mindanao grids; and
 - d. To harmonize and clarify the operationalization of policies of the DOE and the regulatory guidelines of the ERC in relation to system operation and other aspects of management of the small grids and off-grid power systems.
2. DC No. DC2021-11-0037 titled, *“Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules and Market Manuals on the Rationalization of Billing Timelines”* promulgated on 23 December 2021. This issuance aims to reduce the financial risks of the WESM Trading Participants due to billing adjustments by providing a shorter timeline in reporting and correcting errors or discrepancies in settlement.
3. DC No. DC2021-11-0038 titled, *“Amending Certain Provisions of Department Circular No. DC2021-03-0007 entitled Adopting Further Amendments to the WESM Rules and Market Manual on the Management of Net Settlement Surplus (Harmonization with ERC Resolution No. 07, Series of 2019”* promulgated on 23 December 2021. The amendment is for several provisions that need to be further aligned with ERC Resolution No. 07, Series of 2019.
4. DC No. DC2021-12-0041 titled, *“Adopting Further Amendments to the WESM Rules and Market Manual on WESM Compliance Officers (WCO) Certification and Registration”* promulgated on 31 December 2021. This policy aims to ensure that the WCOs possess the right competencies and knowledge and empower them to effectively ensure compliance with their obligations in the WESM.
5. DC No. DC2022-03-0003 titled, *“Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules and its Market Manual on Billing and Settlement for the Implementation of Enhancements to WESM Design and*

Operations (Provision for Prudential Requirements)” promulgated on 06 April 2022. The amendment aims to incorporate the following:

- a. Addition of assessment by requesting prudential requirements;
 - b. Inclusion of force majeure events and large reduction in load served as considerations for replacement month in the computation of maximum exposure;
 - c. Revision on the basis of security amount from average price and monthly quantities to hourly price and hourly quantities;
 - d. Revision on the grounds for exempting a WESM Member from prudential requirement;
 - e. Revision on the allowed forms of security; and
 - f. Clarification on the process of refund.
6. DC No. DC2022-03-0009 titled, *“Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) and WESM Registration Manual (Provision for De-registration and Cessation of Registration)”* promulgated on 21 April 2022. The Circular aims to enhance the process of de-registering WESM members that have recently become ineligible for membership, and to provide a validation period for cessation requests.
7. DC No. DC2022-03-0010 titled, *“Adopting Further Amendments to the Market Manual on Registration, Suspension, and Deregistration Criteria and Procedures to Clarify Bilateral Contracts Accounted for In Settlements”* promulgated on 21 April 2022. It aims to eliminate involuntary sharing of commercially sensitive information between: (a) RES and its corresponding Generation Company supplier; and (b) Generation Company and corresponding customer of another Generation Company.
8. DC No. DC2022-03-0011 titled, *“Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules and its Market Manual on Information, Disclosure, and Confidentiality (Exceptions for Confidentiality Undertakings for DOE and ERC)”* promulgated on 21 April 2022. The policy enhances the market data provisions to DOE and ERC by providing exceptions to them as oversight bodies in receiving confidential market data and by exempting them from the requirement of non-disclosure agreement with the MO.
9. DC No. DC2022-03-0012 titled, *“Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules, Retail Rules, and Market Manual (Provision for Audit and Performance Monitoring)”* promulgated on 21 April 2022. The Circular intends to enhance the preparation and implementation of market audits and the performance monitoring of WESM service providers considering recommendations of external auditors.

Aside from the approved Circulars, the DOE continuously drafts policy proposals that are in different stages of development. The following are the proposals subject for the conduct of public consultations:

1. Draft DC on the Proposed Amendments to the WESM Rules and Various WESM Manuals on the Implementation of the Reserve Market

The rationale for the policy proposal are as follows:

- a. Align definition of reserve categories with DOE DC2021-03-0009 titled, *“Declaring a New Commercial Launch for the WESM Reserve Market and Directing a Central Scheduling and Dispatch of Energy and Contracted Reserves”*;
 - b. Specify information required for registration of ASPs;
 - c. Include reserve settlement quantities and amounts;
 - d. Remove spot reserve recovery charges from the settlement amounts of the Trading Participants; and
 - e. Designate the SO as a single buyer for reserves.
2. Draft DC on the Proposed General Amendments to WESM Rules and WESM Manual on Constraint Violation Coefficients and Pricing Re-runs to Harmonize with ERC Directives on Automatic Pricing Re-runs for Under-Generation and Over-Generation

The proposed policy aims to delete the shortage pricing (for under-generation) and excess pricing (for over-generation) in order to harmonize with the ERC directives on Automatic Pricing Re-runs for Under-Generation and Over-Generation.

3. Draft DC on the Proposed General Amendments to the WESM Manual on Billing and Settlement to Harmonize with ERC Directives on Additional Compensation Process

The said draft DC aims the following:

- a. Harmonize the Billing and Settlement Manual with the ERC Decision on ERC Case No. 2017-042RC (Price Determination Methodology);
 - b. Provide supplementary guidelines on the additional compensation process in the Billing and Settlements Manual (BSM) and
 - c. Consistently apply the guidelines to the different pricing or dispatch conditions eligible for additional compensation.
4. Draft DC on the Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures for General Enhancements to the Application Process of New WESM Members

The following are the rationale for the amendments:

- a. Introduce phases for registration of generating units corresponding to the development progress of the generating unit, namely:
 - Backfeed Registration for its withdrawal of energy from the grid during construction;
 - Test and Commissioning Registration for the conduct of the activity in accordance with the Philippine Grid Code; and
 - Commercial Operation Registration for its full participation in the WESM including submission of offers or self-schedules.

- b. Define the requirements, timelines, and guidelines for each registration phase;
 - c. Require the execution of the Market Participation Agreement prior to the issuance of the notice of WESM approval to obtain commitment of the applicant in following the rest of the registration procedures after the approval of its WESM membership;
 - d. Require the completion of payment of the registration fee, installation of digital certificate and submission of COC or Provisional Authority to Operate (PAO) prior to the issuance of the notice of WESM Membership approval for the complete preparation, authorization, and establishment of the market interfaces necessary for the immediate participation of the WESM member upon the issuance of the notice of approval; and
 - e. Establish additional guidelines for the registration and conduct of test and commissioning activity, including clarification on the valid duration of test and commissioning status based on existing ERC rules and its impact on settlement.
5. Draft Amendments and Supplemental Policy Issuance to DC2018-08-0021 for the Implementation of ER 1-94 Program to efficiently execute the provision of financial benefits to Host Communities;
 6. Proposed policy for DC2020-02-0004 entitled Providing Guidelines on the Planned Outage Schedules of Power Plants and Transmission Facilities and the Public Posting of the Grid Operating and Maintenance Program (GOMP) which aims to provide additional supporting features/guidelines on the implementation of the DC2020-02-0004 on the compliance of the NGCP and Generation facilities in providing their the three-year GOMP; and
 7. Proposed policy on Implementing Policies and Guidelines For The Decommissioning, Retirement And Mothballing Of Grid And Off-Grid Generation Facilities which aims to ensure the reliability, quality, and security of supply of electric power, any policy or guideline relevant to decommissioning, retirement and mothballing of power facilities.

X. INFORMATION, EDUCATION AND COMMUNICATION (IEC) CAMPAIGN ON EPIRA IMPLEMENTATION

In compliance with Section 76 of the EPIRA, despite of the COVID-19 pandemic, the DOE in keeping with its mandate undertakes continuing nationwide IEC campaign in a virtual manner on the education and protection of end-users, particularly for the academe as participants in selected public and private schools in the country.

The conduct of IEC on the implementation of the EPIRA is a continuation of the DOE's effort to provide information to the academe to be empowered with the basic foundation and familiarization on EPIRA and to enable them to cope with the challenges and changes brought about by the restructuring of the electric power industry.

On 18 and 28 March 2022, the IECs on EPIRA Implementation were conducted virtually with Adamson University in two (2) batches, headed by Engineer Evelyn Q. Raguindin, Dean of College of Engineering. Said activity was attended by 126 students and three (3) faculty members for Batch 1 leg while around 66 students and two (2) faculty members joined the Batch 2 leg.

The IECs covered topics on Understanding the Philippine Electric Power Industry, Power Systems 101, Understanding the Electricity Bill, and Magna Carta for Electricity Consumers.

ANNEXES

Annex 1. TRANSCO's Inspection Reports Based on the Concession Agreement

No.	Inspection Report No.	Location	Name of Project/ Transmission Facilities	Inspection Date
LUZON				
1	SLR-D1-21-84	District 1 South Luzon	Dasmaringas, Binan, Muntinlupa, Las Pinas, Batangas, Salong, Ternate, Calaca, & Rosario Substations, Bolbok and Taal LES and VCA for Dasma-Tayabas TL, STACC, Tamayo RS, Dela Paz RS	9-12 November 2021
2	NLR-D1-21-86	District 1 North Luzon	Bauang, Bacnotan, San Esteban, Bantay, Currimao and Laoag Substations	9-12 November 2021
3	NLR-D6-21-87	District 6 North Luzon	Mexico, Concepcion, Cabanatuan & San Rafael Substation, Pantabangan HEPP & LES and Fatima RS, Cuyapo RS and VCA for North Luzon MTD-B	23-26 November 2021
4	SLR-AC-21-89	South Luzon	Southern Tagalog Area Control Center, Tamayo, and Haligue Silangan Repeater Stations	24-26 November 2021
5	NLR-D3-22-01	District 3 North Luzon	North Luzon District 3 with verification of corrective actions at Cuyapo, San Isidro, & Dasol RS	11-14 January 2022
6	NLR-MB-22-03	North Luzon	North Luzon MTD-B	11-14 January 2022
7	NCR-OM-22-05	Luzon	National Capital Region O&M	24-28 January 2022
8	SLR-RS-22-07	South Luzon	Southeastern Luzon RS	24-28 January 2022
9	SLR-D2-22-10	District 2 South Luzon	Tayabas SS, san Juan SS, Lumban SS, Caliraya SS, Bay SS, Gumaca SS, Lewin RS, Mauning RS and VCA for Tayabas-San Jose TL	8-11 February 2022
10	NLR-AC-22-14	North Luzon	North Luzon Area Control Center, Tuba Repeater Station and Ampucao Repeater Station	22-24 February 2022
11	SLR-MB-22-16	South Luzon	MTD-B South Luzon O&M	22-24 February 2022
12	NLR-RS-22-19	North Luzon	Northwestern Luzon Repeater Station (Cuyapo, San Isidro & Dasol Repeater Stations)	8-11 March 2022
13	NLR-D1-22-21	District 1 North Luzon	Bauang, Bacnotan, San Esteban, Bantay, Currimao and Laoag Substations	8-11 March 2022
14	NLR-RS-22-24	North Luzon	Iligan, Enrile, and Ramon Repeater Stations	22-25 March 2022
15	SLR-D3-22-25	District 3 South Luzon	Tayabas SS, Bay SS, San Juan SS, Lumban SS & RS, Caliraya SS, Gumaca SS, Los Baños LES, Calamba LES, Pitogo LES, Mulanay LES and Lopez LES	22-25 March 2022
16	NLR-D5-22-28	District 5 North Luzon	Hermosa SS, Limay SS, SBMA SS, Olongapo SS, Botolan SS, Subic SS, BCCPP Switchyard Station, Morong Load End Station & Palauig RS, San Isidro RS & Dasol RS	4-8 April 2022
17	NLR-D2-22-37	District 5 North Luzon	La-Trinidad SS, Binga SS, Ambuklao SS, Itogon SS and VCA for VCA for NLACC, Tuba RS, Ampucao RS	19-22 April 2022
VISAYAS				
1	VIS-D1-21-85	District 1 Visayas	Ormoc, tabango, Maasin, Babatngon, Sta. Rita, Paranas & Calbayog Substation and Ormoc HVDC and VCA for Leyte ACC, Palompon RS, Isabel RS	9-12 November 2021
2	VIS-D4-22-06	District 4 Visayas	Sta. Barbara SS, Barotac SS, San Juan SS, Dingle SS, Concepcion SS, Panit-an SS, Nabas SS, San Jose SS and Boracay Load End Station, Ivisan Repeater Station, Timpas Repeater Station, Tangalan Repeater Station and VCA Panay Area	24-28 January 2022
3	VIS-AC-22-13	Visayas	Leyte Area Control Center, Matag-ob (Palompon) Repeater Station, and Isabel Microwave Room	22-23 February 2022
4	VIS-D2-22-20	District 2 Visayas	Cebu Province	8-11 March 2022
5	VIS-TL-22-22	Visayas	Colon-Calong-calong-Daanlungsod 138 kV T/L	8-11 March 2022
6	VIS-D2-22-23	District 2 Visayas	Bohol Province	15-18 March 2022

No.	Inspection Report No.	Location	Name of Project/ Transmission Facilities	Inspection Date
7	VIS-TL-22-31	Colon-Toledo-Calong-Calong 138 kV T/L	Cebu Province	4-8 April 2022
8	VIS-D3-22-32	District 3, Visayas	Bacolod SS, Kabangkalan SS, Mabinay SS, Cadiz SS, Sipalay SS, Amlan SS, & Pondol CTS	4-8 April 2022
9	VIS-RS-22-33	Visayas Repeater Station	Borbon, Poro, Compostela, and Pio RS	20-22 April 2022
10	VIS-TL-22-35	Naga-Colon-Samboan 138 kV T/L	Cebu Province	19-22 April 2022
11	VIS-MB-22-36	Visayas MTD-B	Cebu City	19-22 April 2022
MINDANAO (DACC)				
1	MIN-AC-21-88	Mindanao	Davao Area Control Center, Mintal Repeater and Matina Repeater Station	24-26 November 2021
2	MIN-D2-22-02	District 2 Mindanao	Mindanao District 2 and CVA for Iligan ACC, Manticao, Talacogon & Ma. Cristina RS	11-14 January 2022
3	MIN-AC-22-04	Mindanao	Butuan ACC and RS	24-28 January 2022
4	MIN-TL-22-08	Mindanao	Balo-i-Aurora 138 kV T/L	24-28 January 2022
5	MIN-D6-22-09	District 6 Mindanao	General Santos, Tacurong, Kidapawan & Sultan Kudarat Substations and Ilomavis Repeater Station	8-11 February 2022
6	MIN-RS-22-11	Mindanao	Siay Repeater Station	9-11 February 2022
7	MIN-RS-22-12	Mindanao	Vitali (Taguite) Repeater Station	10-11 February 2022
8	MIN-RC-22-15	Mindanao	Mindanao Regional Control Center and Cugman Repeater Station	22-24 February 2022
9	MIN-RS-22-17	Mindanao	Impasug-ong (Kitanglad) Repeater Station	8-9 March 2022
10	MIN-RS-22-18	Mindanao	Damulog Repeater Station	10-11 March 2022
11	MIN-D5-22-26	District 5 Mindanao	Davao SS, Nabunturan SS, Toril SS, Maco SS, Bunawan SS, Culaman SS, Matanao SS and VCA for DACC, Mintal RS, Matina RS	22-25 March 2022
12	MIN-RS-22-29	Northwestern Mindanao Repeater Stations	Zaboanga Del Sur & Misamis Occidental	4-8 April 2022
13	MIN-AC-22-30	Davao ACC & Repeater Stations	Davao City & Davao De Oro	4-8 April 2022
14	MIN-D3-22-34	District 3, Mindanao	Cagayan De Oro, Kibawe, Opol, Maramag, Tagoloan, Jasaan and Villanueva Substations, Manolo Fortich Substation	19-22 April 2022

Source: TRANSCO

Annex 2. NGCP Related Petitions to ERC as of April 2022

ERC Case No./Title	Prayer/Petition	Status																														
<p>ERC Case 2021-084 RC: Application of the National Grid Corporation of the Philippines for the Approval of Force Majeure Event Regulated FM Pass-Through for Typhoon Quinta and Super Typhoon Rolly in Luzon, and Tropical Storm Vicky and Landslide in Mindanao filed on 20 October 2021.</p>	<ul style="list-style-type: none"> DECLARE the occurrence Typhoon “Quinta” and Super Typhoon “Rolly” in South Luzon, and Landslide Incident caused by Tropical Storm Vicky which resulted in an increase in costs incurred by the NGCP to restore, repair and rehabilitate various affected transmission assets and facilities in the NGCP Operations and Maintenance and System Operations, as a Force Majeure Event (FME); Immediately GRANT Provisional Authority to implement and bill the following FM Pass-Through Amounts to Luzon and Mindanao customers starting the billing month of January 2022 to December 2025, or until such time that the amounts incurred are fully recovered; <table border="1" data-bbox="810 563 1341 746"> <thead> <tr> <th>Luzon</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>P/kW-mo.</td> <td>0.6451</td> <td>0.0774</td> <td>0.0837</td> <td>0.0909</td> </tr> <tr> <td>P/kWh</td> <td>0.0012</td> <td>0.0001</td> <td>0.0002</td> <td>0.0002</td> </tr> <tr> <th>Mindanao</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> </tr> <tr> <td>P/kW-mo.</td> <td>0.0600</td> <td>0.0322</td> <td>0.0288</td> <td>0.0263</td> </tr> <tr> <td>P/kWh</td> <td>0.0001</td> <td>0.0001</td> <td>0.0001</td> <td>0.0001</td> </tr> </tbody> </table> APPROVE the FME CAPEX and OPEX amounting to Seventy-Seven Million Seven Hundred Seventy-Eight Thousand Seven Hundred Fifty-Nine and 26/100 Pesos (Php77,778759.26) incurred by NGCP for the repair, restoration and rehabilitation of the damaged transmission assets and facilities due Typhoon “Quinta,” “Rolly,” and Landslide brought about by Tropical Storm “Vicky”, exclusive of VAT; APPROVE the Net Fixed Asset Value of the transmission assets and facilities damaged due to Typhoon “Quinta” Super Typhoon “Rolly”, and landslide incident brought about by Tropical Storm “Vicky” amounting to Thirty Five Million Five Hundred One Thousand Nine Hundred Ninety Two and 46/100 Pesos (Php35,501,992.46) and ALLOW its recovery given that it would have been fully recovered by NGCP if these transmission assets and facilities have not been damaged or destroyed by the said FMEs; and the NFAV of other assets and facilities affected by the said FMEs, which are yet to be retired be CONSIDERED during the next Reset Process; APPROVE, after due notice and hearing, the proposed FM Pass-Through Amounts to be collected from the Luzon and Mindanao customers starting January 2022 billing month to December 2025 or until such time that the amounts incurred are fully recovered; and EXCLUDE the proposed Pass-Through Amounts from the side constraint calculation. 	Luzon	2022	2023	2024	2025	P/kW-mo.	0.6451	0.0774	0.0837	0.0909	P/kWh	0.0012	0.0001	0.0002	0.0002	Mindanao	2022	2023	2024	2025	P/kW-mo.	0.0600	0.0322	0.0288	0.0263	P/kWh	0.0001	0.0001	0.0001	0.0001	<ul style="list-style-type: none"> 28 April 2022 – TRANSCO filed its Comments to NGCP’s FOE 12 April 2022 – NGCP filed its Formal Offer of Evidence (FOE) dated April 11, 2022. 11 March 2022 – NGCP filed its Partial Compliance with Motion for Extension to fully comply with the directive of the Commission during the hearing on 10 February 2022. 22 February 2022 – TRANSCO filed its Manifestation dated 21 February 2022 (relative to Applicant’s Compliance dated 14 February 2022). 15 February 2022 – NGCP filed its Compliance dated 14 February 2022 (to the directive of the Commission during 18 January 2022 hearing). 10 February 2022 – the presentation of evidence was continued and terminated. 08 February 2022 – NGCP filed its Compliance to the directive of the Commission during the 03 February 2022 hearing. 03 February 2022 – the virtual hearing for the presentation of evidence was continued. 02 February 2022 – NGCP filed its Motion for Extension (to comply the ERC directive during the 18 January 2022 hearing). 25 January 2022 – continuation of the presentation of evidence. 18 January 2022 - the Commission conducted virtual hearing for the pre-trial conference and presentation of evidence. 11 January 2022 - the Commission conducted virtual hearing for the determination of compliance
Luzon	2022	2023	2024	2025																												
P/kW-mo.	0.6451	0.0774	0.0837	0.0909																												
P/kWh	0.0012	0.0001	0.0002	0.0002																												
Mindanao	2022	2023	2024	2025																												
P/kW-mo.	0.0600	0.0322	0.0288	0.0263																												
P/kWh	0.0001	0.0001	0.0001	0.0001																												

ERC Case No./Title	Prayer/Petition	Status
		<p>with jurisdictional requirements and expository presentation.</p> <ul style="list-style-type: none"> 06 January 2022 – TRANSCO filed its Petition to Intervene and its Pre-trial Brief. 12 November 2021 – the Commission promulgated its Order dated 29 October 2021, setting the virtual hearing for the determination of compliance with jurisdictional requirements, expository presentation, pre-trial conference and presentation of evidence on 11 and 18 January 2022 (both at 2:00P.M.), respectively.
<p>ERC Case No. 2021-056 RC Application for Approval of the Ancillary Services Procurement Agreement between the National Grid Corporation of the Philippines and SMCGP Philippine Storage Co. Ltd. (For Regulating Reserve) - filed on 19 July 2021.</p>	<ul style="list-style-type: none"> ISSUE an Order: <ul style="list-style-type: none"> Immediately granting provisional authority to implement the subject ASPA dated 6 May 2021; Treating Schedules 3 and 7 of Annex "A," Annexes "A-1","C," "C-1" portions of Annex "0", specifically Annex B thereof, "I," and "K" and the information contained therein as confidential information within the purview of Rule 4 of the ERC Revised Rules of Practice and Procedure, and prescribing the guidelines for the protection thereof; and Providing for the procedures to be observed in handling the confidential information upon the close of the proceedings and its return/delivery to Applicant SPESCL within the purview of Rule 4 of the ERC Rules of Practice and Procedure and prescribing the guidelines for the protection thereof. APPROVE, after notice and hearing, the subject ASPA granting final authority. 	<ul style="list-style-type: none"> 01 April 2022 – in consideration of SMCGP's motion to reset the hearing and various position of intervenors, the hearing officer manifested that the Commission will issue an Order to set the new hearing schedule. 28 January 2022 – due to the pending resolution of the pleadings of co-applicant SPESCL and intervenor NASECORE, the scheduled pre-trial conference and presentation of evidence was reset to 22 March 2022. 13 January 2022 – ERC promulgated its Order dated 11 January 2022, wherein the Petition for Intervention of NASECORE, VECO and SNAP-MI were GRANTED. Relative thereto, the pre-trial conference and presentation of evidence were scheduled on 28 January 2022 and 04 February 2022. 06 January 2022 – the Commission promulgated its Order dated 30 September 2021, Granting Provisional Authority to the co-applicant to implement their ASPA, subject to some conditions.
<p>ERC Case No. 2021-031 RC: Application of the National Grid Corporation of the Philippines for the Approval of the Implementation of Capital Expenditure Program for Calendar Years 2021-2025 (Batch 2) – filed on 27 April 2021.</p>	<ul style="list-style-type: none"> Immediately ISSUE an Order provisionally authorizing the implementation of the proposed CAPEX Project; and APPROVE, After Notice and Hearing, the proposed CAPEX Project. 	<ul style="list-style-type: none"> 03 March 2022 - PSALM filed its Motion for Extension of Time to file Comment and Memorandum from original deadline of 03 March 2022 to 18 March 2022 (15 days extension). 11 February 2022 – NGCP filed its Compliance to the directive of the Commission during the 18 January 2022 hearing.

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		<ul style="list-style-type: none"> • 18 January 2022 –continuation of the presentation of evidence was conducted and terminated. • 16 December 2021 – TRANSCO received e-copy of NGCP's Compliance with Motion for Extension relative to the Commission's directive during the 26 November 2021, hearing. • The ERC promulgated its Order dated 29 November 2021 confirming the proceedings during the pre-trial conference on 06 August 2021 and 19 November 2021 relative to the proposed stipulations of Atty. Dimagiba. Also, the Commission set the cross examination by Atty. Dimagiba on 18 January 2022 (Tuesday, 9:00AM). • 26 November 2021 – the Commission conducted virtual hearing for the continuation of the presentation of evidence. • 19 November 2021 – the pre-trial conference was continued and terminated. The presentation of evidence was likewise conducted.
ERC Case No. 2020-037 RC: Application for Approval of the Ancillary Services Procurement Agreement Between the National Grid Corporation of the Philippines and Pagbilao Energy Corporation (For Reactive Power Support) – filed on 19 October 2020.	<ul style="list-style-type: none"> • Immediately ISSUE a provisional authority to implement the subject ASPA executed on 14 July 2020, granting authority for the procurement and supply, under a per-occurrence basis, of RPS outside the range of 85% lagging and 90% leading power factors, the latter subject to the submission of the accreditation certificate: and • APPROVE, after notice and hearing, the subject ASPA. 	<ul style="list-style-type: none"> • 07 January 2022 – ERC promulgated its Order dated 09 December 2021, wherein the co-applicants were Granted Interim Relief to continue implementing their ASPA.
ERC Case No. 2020-033 RC: Application for Approval of the Ancillary Services Procurement Agreement Between the National Grid Corporation of the Philippines and Therma Luzon Inc. (For Reactive Power Support) – filed on 15 October 2020.	<ul style="list-style-type: none"> • Immediately ISSUE a provisional authority to implement the subject ASPA executed on 14 July 2020, granting authority for the procurement and supply, under a per-occurrence basis, of RPS outside the range of 85% lagging and 90% leading power factors, the latter subject to the submission of the accreditation certificate: and • APPROVE, after notice and hearing, the subject ASPA. 	<ul style="list-style-type: none"> • 25 January 2022 – ERC promulgated its Order dated 09 December 2021, wherein co-applicants are GRANTED INTERIM RELIEF to continue implementing their ASPA.
ERC Case No. 2019-086 RC: Application of the National Grid Corporation of the Philippines for Approval of Interim Maximum Annual Revenue for CY 2020 - filed on 29 October 2019.	<ul style="list-style-type: none"> • Immediately ISSUE an Order provisionally approving the collection of the iMAR2020 in the amount of Php58,846Mn effective January 2020 billing month (December 26, 2019 to January 25, 2020); and • APPROVE, after Notice and Hearing, the authority to collect the iMAR2020 in the amount of Php58,846 Million. 	<ul style="list-style-type: none"> • ERC Order dated 23 March 2022 (promulgated on 29 April 2022) – the ERC RESOLVED to: <ol style="list-style-type: none"> 1. PARTIALLY GRANT the Motion for Reconsideration filed by TRANSCO; and

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		<p>2. GRANT INTERIM RELIEF to NGCP to implement an iMAR2020 in the amount of PhP51,471,130,000.00, effective January 2020 until a new transmission revenue has been determined.</p> <ul style="list-style-type: none"> • NGCP was also directed to implement the above-mentioned iMAR2020 in the next billing cycle and to submit its proposed recovery scheme on its unbilled iMAR2020 for CYs 2020, 2021 and first four (4) months of 2022 within sixty days from receipt of the ERC Order. • 28 April 2022 - ERC Commissioner Catherine P. Maceda submitted its Dissenting Opinion (promulgated on 29 April 2022) on the 'Resolution of the Motion for Reconsideration filed by TRANSCO and Reiteratory Motion for Implementation of iMAR2020 and Motion to Resolve filed by NGCP. Commissioner Maceda did not sign the said Order dated 23 March 2022 and wished to have no part in that decision due to her dissenting opinion that the Order was not in accordance with the law, evidence, and the results of the review of economic indicators and actual data had no basis. • 27 January 2022 – TRANSCO filed its Comment (to NGCP's Compliance dated 17 January 2022). • 17 January 2022 – NGCP filed its Compliance (to ERC Order dated 05 January 2022) • 09 December 2021 - TRANSCO filed a Rejoinder to NGCP's Reply dated 11 November 2021. • 16 November 2021 - TRANSCO received e-copy of NGCP's Reply dated 11 November 2021 on TRANSCO's Comment dated 14 October 2021.
ERC Case No. 2018-094 RC: Application for Approval of the Ancillary Services Procurement Agreement Between the National Grid Corporation of the Philippines (NGCP) and Western Mindanao Power Corporation (WMPC) - filed on 20 September 2018.	<ul style="list-style-type: none"> • Immediately ISSUE a Provisional Authority to implement the ASPA between NGCP and WMPC; and • APPROVE, after notice and hearing, the ASPA between NGCP and WMPC. 	<ul style="list-style-type: none"> • 24 March 2022 – ERC promulgated its Order dated 28 July 2021, wherein the Manifestation with Motion for the Allowance of recovery of Incidental Energy for Reactive Power Support filed by WMPC was GRANTED, subject to some conditions.
ERC Case No. 2017-110 RC: Application of the National Grid Corporation for the Approval of the Implementation of Additional Capital Expenditure	<ul style="list-style-type: none"> • Immediately ISSUE an Order provisionally authorizing the implementation of the proposed CAPEX projects; and 	<ul style="list-style-type: none"> • 07 March 2022 – NGCP filed its Memorandum to aid the Commission in issuing a resolution for the approval of the instant Application.

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<p>Program for the Calendar Years 2017 - Beyond 2020 - filed on 01 December 2017.</p>	<ul style="list-style-type: none"> APPROVE, after notice and hearing, the proposed CAPEX projects. 	<ul style="list-style-type: none"> 07 March 2022 - CLPC filed manifestation that it will no longer file its Memorandum and will not present any witness. 07 March 2022 - DLPC filed manifestation that it will no longer file a Memorandum and will not present any witness.
<p>ERC Case No. 2016-003 RC: Application of the National Grid Corporation of the Philippines for the Approval of Force Majeure Event Regulated FM Pass-Through for Tropical Storm Amang in Visayas and Sabotage Incidents in Mindanao - filed on 22 August 2016</p>	<ul style="list-style-type: none"> DECLARE the Tropical Storm Amang and Sabotage incidents in Mindanao as Force Majeure Events (FME); GRANT Provisional Approval to implement and bill the FM Pass-Through Amounts to Visayas and Mindanao customers starting February 2016 billing month to December 2020 billing month or until such time that the amount incurred is fully recovered; APPROVE the Capital Expenditure (CAPEX) amounting to PhP23,688,607.80 incurred by NGCP for the repair, restoration and rehabilitation of the damaged transmission assets and other related facilities due to Tropical Storm Amang and sabotage incidents in Mindanao as FMEs; APPROVE after due notice and hearing, the proposed FM Pass-Through Amount to be collected from the Visayas and Mindanao customers starting February 2016 billing month to December 2020 billing month or until such time that the amount incurred is fully recovered; APPROVE and ALLOW the recovery of the Net Fixed Asset Value of the transmission assets and other related facilities damaged by the FME Tropical Storm Amang and sabotage incidents in Mindanao amounting to PhP1,049,732.95, given that it would have been fully recovered by NGCP if these transmission assets and other related facilities have not been damaged or destroyed by FME Tropical storm Amang and sabotage incidents in Mindanao; and EXCLUDE the proposed Pass-Through Amount from the side constraint calculation. 	<ul style="list-style-type: none"> 07 April 2022 – NGCP filed its Compliance to ERC Order dated 18 March 2022, directing NGCP to submit documents to aid the Commission in the resolution of the instant case.
<p>ERC Case No. 2016-196 RC: Application of the National Grid Corporation of the Philippines for the Approval of Force Majeure Event Regulated FM Pass-Through for Typhoon Nona in Luzon and Visayas and Sabotage Incidents in Mindanao - filed on 12 December 2016</p>	<ul style="list-style-type: none"> DECLARE Typhoon Nona in Luzon and Visayas and sabotage incidents in Mindanao as Force Majeure Events (FMEs); Immediately GRANT Provisional Approval to implement and bill the following FM Pass-Through Amounts starting January 2017 billing month to December 2020 for Luzon and Visayas customers and starting January to December 2017 for Mindanao customers, or until such time that the amount incurred is fully recovered; APPROVE the CAPEX and OPEX amounting to Fifty-Nine Million Seven Hundred Ninety-Five Thousand Seven Hundred Sixty-Five and 82/100 Pesos (PhP59,795,765.82) incurred by NGCP for the repair, restoration and rehabilitation of the damaged transmission assets and other related facilities due 	<ul style="list-style-type: none"> 18 April 2022 – ERC promulgated its Order dated 04 April 2022, re-setting the virtual hearing for the determination of compliance with jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on 20 and 27 May 2022 (both at 2:00P.M.) 15 March 2022 – the scheduled hearing was reset due to NGCP’s Motion to reset hearing that was filed on 22 February 2022. 03 March 2022 – TRANSCO filed its Petition for Intervention.

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	<p>to FMEs Typhoon Nona in Luzon and Visayas and sabotage incidents in Mindanao;</p> <ul style="list-style-type: none"> APPROVE after due notice and hearing, the proposed FM Pass-Through Amount to be collected from the Luzon and Visayas and Mindanao customers starting January billing month until such time that the amount incurred are fully recovered; APPROVE and ALLOW the recovery of the Net Fixed Asset Value of the transmission assets and other related facilities damaged by the FMEs Typhoon Nona in Luzon and Visayas amounting to Php25,765,226.01, given that it would have been fully recovered by NGCP if these transmission assets and other related facilities have not been damaged or destroyed by said FME; and EXCLUDE the proposed Pass-Through Amount from the side constraint calculation. 	<ul style="list-style-type: none"> 09 February 2022 – the Commission promulgated its Order dated 25 January 2022, setting the virtual hearing for the determination of compliance with jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on 15 and 22 March 2022 (both at 9:00A.M.), respectively.
<p>ERC Case No. 2011-134 RC: Application of the National Grid Corporation of the Philippines for Approval of the Capital Expenditure for the Acquisition of the Panay Energy Dev't. Corp. (PEDC) Assets pursuant to Section 9 of Republic Act No. 9136 - filed on 20 September 2011.</p>	<ul style="list-style-type: none"> Immediately ISSUE a Provisional Approval authorizing NGCP to acquire the PEDC Assets, including the lot where the switchyard is constructed, upon payment to PEDC of the amount equivalent to NGCP's valuation of the assets to be charged from the CAPEX approved for 2011 or in any year of the 3rd Regulatory Period. After due notice and hearing, APPROVE the CAPEX Application for the acquisition of the PEDC Assets, including the lot where the switchyard is constructed, as transmission assets pursuant to the provisions of R.A. No. 9136, its Implementing Rules and Regulations, and ERC Resolution No. 16, Series of 2011, subject to payment to PEDC of its fair market price to be charged from the CAPEX approved for 2011 or in any year of the 3rd Regulatory Period. In the event that NGCP exceeds the level of the CAPEX approved for 2011 or in any year of the 3rd Regulatory Period on account of the acquisition of the PEDC Assets, the difference in amount between the actual CAPEX and the ERC-approved levels be considered exempted and excluded from the computation of the CAPEX Efficiency Adjustment as provided in Article IX of the RTWR. 	<ul style="list-style-type: none"> 16 December 2021 – TRANSCO received e-copy of NGCP's Compliance with Manifestation and Motion to withdraw application". 03 December 2021 – ERC conducted the virtual hearing for the clarification of the status of the case. 18 November 2021 – ERC promulgated its Order dated 15 November 2021, re-setting the virtual hearing from 19 November 2021 (2:00 P.M.) to 03 December 2021 (2:00 P.M.). 05 November 2021 – ERC promulgated its Order dated 02 November 2021, setting the virtual hearing on 19 November 2021 (2:00 P.M.).
<p>ERC Case No. 2011-133 RC: Application of the National Grid Corporation of the Philippines for the Approval of the Capital Expenditure for the acquisition of the Cebu Energy Development Corporation (CEDC) Assets pursuant to Section 9 of Republic Act no. 9136, with prayer for Provisional Authority - filed on 19 September 2011.</p>	<ul style="list-style-type: none"> Immediately ISSUE a Provisional Approval authorizing NGCP to acquire the CEDC Assets, including the lot where the switchyard is constructed, upon payment to CEDC of the amount equivalent to NGCP's valuation of the assets to be charged from the CAPEX approved for 2011 or in any year of the 3rd Regulatory Period. After due notice and hearing, APPROVE the CAPEX Application for the acquisition of the CEDC Assets, including the lot where the switchyard is constructed, as transmission assets pursuant to the provisions of R.A. No. 9136, its Implementing Rules and Regulations, and ERC Resolution No. 16, Series of 2011 subject to payment to IX of the RTWR. 	<ul style="list-style-type: none"> 03 December 2021 – ERC conducted the virtual hearing for the clarification of the status of the case. 18 November 2021 – ERC promulgated its Order dated 15 November 2021, re-setting the virtual hearing from 19 November 2021 (9:00 A.M.) to 03 December 2021 (9:00 A.M.). 05 November 2021 – ERC promulgated its Order dated 02 November 2021, setting the virtual hearing on 19 November 2021 (9:00 A.M.).

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	<ul style="list-style-type: none"> • CEDC of its fair market price to be charged from the CAPEX approved for 2011 or in any year of the 3rd Regulatory Period. In the event that NGCP exceeds the level of the CAPEX approved for 2011 or in any year of the 3rd Regulatory Period on account of the acquisition of the CEDC Assets, the difference in amount between the actual CAPEX and the ERC-approved levels be considered exempted and excluded from the computation of the CAPEX Efficiency adjustment as provided in Article IX of the RTWR. 	
<p>ERC Case No. 2011-108 RC: Application of the National Grid Corporation of the Philippines for the Approval of the Batangas-Mindoro Interconnection Project - filed on 02 August 2011</p>	<ul style="list-style-type: none"> • ISSUE, immediately upon filing of the Application, a Provisional Authority for the implementation of the Batangas-Mindoro Interconnection Project and • APPROVE, after notice and hearing, the Application for the implementation of the Batangas-Mindoro Interconnection Project and render judgment making provisional approval permanent. 	<ul style="list-style-type: none"> • 09 November 2021 – the Commission promulgated its Order 18 August 2021 wherein it GRANTED NGCP's withdrawal of the case.
<p>ERC Case No. 2009-161 RC: Application of the National Grid Corporation of the Philippines (NGCP) for the Approval of Force Majeure (FM) Event Regulated FM Pass-Through for the Sabotage in Mindanao - filed on 16 November 2009.</p>	<ul style="list-style-type: none"> • DECLARE the incidents of sabotage, destroying Tower 52 and 31 in Mindanao as Force Majeure Events (FME); • APPROVE the expenditures incurred for the rehabilitation/repair of the damaged transmission facilities and to declare that the same are prudent and documented; • APPROVE the proposed pass-through amount representing return on and of capital expenditure associated with the emergency responses and the repair and rehabilitation of facilities damaged due to the said events; • GRANT a Provisional Authority to implement and bill the FME Pass-Through amount effective the billing month 26 December 2009 to 25 December 2010 to the Mindanao customers; and • EXCLUDE the proposed Pass-Through Amounts from the Side Constraint calculation in the years 2009 and 2010. 	<ul style="list-style-type: none"> • 14 February 2022 – TRANSCO filed its Entry of Appearance in compliance with the ERC directive during the 11 February 2022 hearing. • 11 February 2022 – ERC conducted virtual hearing for the continuation of proceedings on the case. • 24 January 2022 – ERC promulgated its Order dated 19 January 2022 and set the virtual hearing on 11 February 2022 (2:00 PM) via MS Teams.

Source: TRANSCO