

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
<p>Ten million jobs created in six years</p> <p>Increased Investment rate from 19% of gross domestic product (GDP) to 28% of GDP in two years</p> <p>Increased growth to be a sustainable 7% or more up to 2010</p>	<p>Address National Power Corporation (NPC) Losses</p>	<p>Privatize TransCo and NPC generation plants in an optimal manner</p>	<p>The National Transmission Corporation (TransCo) 25-year concession was auctioned for the fourth time on Dec. 12, 2007 after two failed biddings in 2003 and one failed bidding in February 2007. A bidder with the highest bid of US\$3.95 billion was selected.</p> <p>Power Sector Assets and Liabilities Management (PSALM) Corp. issued the notice of selection to the consortium of Monte Oro Grid Resources Corp. (MOGRC), Calaca Power Holdings Corp. and State Grid Corp. of China (SGCC) on Jan. 11, 2008. It had the post-qualification period after the bidding to validate the documents submitted by the consortium.</p> <p>The Concession Agreement, after the execution and delivery to the Concessionaire,</p>	<p>PSALM, DOE, TransCo</p>	<p>Congressional approval of the TransCo franchise bill and creditors' consent is secured.</p> <p>TransCo Privatization by way of a 25-year Concession (conduct of due diligence presentations to the three prospective bidders), renewable for 25 years.</p> <p>Purchase consideration to include deferred payments.</p>	<p>Congressional approval of the TransCo franchise bill and creditors' consent is secured.</p>

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			<p>became effective on Feb. 28, 2008.</p> <p>Republic Act (RA) 9511 or An Act Granting the National Grid Corp. of the Philippines (NGCP) a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-Bone System of Interconnected Transmission Lines, Substations and Related Facilities, and for Other Purposes was signed into law by President Gloria Macapagal Arroyo on Dec. 1, 2008. It mandated the transfer of the franchise of the government-owned power grid operator, TransCo, to NGCP and allowed the private concessionaire to commence its operation, maintenance and expansion of the electric transmission grid for 50 years, in accordance with the Concession Agreement</p>			

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			<p>As of June 30, 2008, 1,855 circuit-km (ckm) of subtransmission assets including 320 megavolt ampere (MVA) transformers have been successfully sold to 42 distribution utilities (DUs) amounting to PhP2.52 billion. To date, 17 Sale Contracts have been approved by the Energy Regulatory Commission (ERC).</p> <p>CY 2004: Five generation plants were successfully bid out. These were Talomo, Agusan, Barit, Cawayan and Loboc plants.</p> <p>CY 2005: Completion of conditions precedent to closing the transactions of the plants that was successfully bid out in 2004</p> <p>CY 2006: Three plants were privatized- Pantabangan, Masiway</p>	<p>PSALM</p>	<p>Divestment of sub-transmission lines to qualified DUs</p> <p>At least 70% of National Power Corporation's (NPC) power generating assets in Luzon and Visayas, privatized by the end of 2005 through a transparent bidding process.</p> <p>* Generation Assets Sale Process — about 30% target sale by end 2004</p> <p>* Up to 70% target</p>	<p>TransCo is currently negotiating for the sale to 30 DUs of 1,492 ckm of subtransmission lines estimated at about PhP1.361 billion</p> <p>Bid out at least 800 megawatts (MW) to reach 70% privatization level by end 2008</p>

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			<p>and Magat.</p> <p>CY 2007: Four plants were successfully bid out - Masinloc, Calaca, Ambuklao and Binga</p> <p>CY 2008: Four plants were successfully privatized - Manila Thermal (a decommissioned plant), 747.53 Tiwi-Makban Geothermal Plant (located in Albay and Laguna), 146.5 MW Panay and 22 MW Bohol Diesel Power Plants</p> <p>CY 2004-2006: 12.5% cumulative privatization level by end 2006</p> <p>CY 2007: Successfully bid out about 36.4% of operating capacities in Luzon and Visayas</p> <p>CY 2008: Attained 73.2% cumulative privatization level</p>		<p>sale by end 2005</p>	<p>2008 – 70% cumulative privatization level</p> <p>2009 - 100% cumulative privatization level</p>

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		Transfer management and control of at least 70% of total energy output of power plants under contract with NPC to IPP Administrators	<p>This translates to 2,766.43 MW operating capacity, or 73.2% of the 3,777.43 MW aggregate capacity of all generating plants in Luzon and the Visayas as of end-2008</p> <p>An independent power producer administrator (IPPA) advisor has been hired under the World Bank grant (PHRD Grant Number: TF055609) to advise on the structure, contract terms and process for the appointment of IPPAs and commenced work in April 2007. The IPPA advisor submitted its final report in August 2007. Based on the recommendations, PSALM is studying two schemes for the transfer of the responsibility for trading the contracted energy of the independent power producers (IPPs) from PSALM to the private sector. Both schemes require the</p>	PSALM, DOE, NPC, TransCo	<p>By 2006, the preparations of the initial Terms of Reference (TOR) for the IPPAs, Eligibility Documents and Instruction to Bidders have been completed (will be effective only after the operationalization of the WESM).</p> <p>By 2007, finalize terms of reference/ IPPA approach/ structure. (The structure will be subject to approval by the interagency task force headed by DOE established to oversee the structuring of IPPA design).</p>	The approval and issuance of bid packages for the Luzon IPPA selection are targeted within the third quarter of 2008 while the conduct of bidding for the Luzon IPPA is targeted within the fourth quarter of the same year

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			<p>transfer of the fuel supply responsibility and its attendant risks to the private sector through an IPPA.</p> <p>PSALM currently serves as the interim IPPA, by trading the NPC/PSALM IPP output into the Wholesale Electricity Spot Market (WESM) on a daily basis</p> <p>On Nov. 5, 2008, the bidding for the selection of IPPAs started with the publication of the invitation to bid for the 1,000-MW Sual Power Plant in Sual, Pangasinan and the 700-MW Pagbilao Power Plant in Pagbilao, Quezon, both presently operated by Team Energy under build-operate-transfer (BOT) contracts that will expire in 2024 and 2025, respectively. The Bid Date is set for Feb. 20, 2009.</p>			

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		Absorb NPC debt by the National Government	<p>Under the Electric Power Industry Reform Act (EPIRA), the government shall absorb portion of NPC current debts by no more than PhP200 billion. Proceeds from the sale and privatization of NPC assets will be utilized for the payment of its debts. Actual collection as of 2007 amounted to US\$1.794 billion. PSALM's aggregate prepayment to date amounting to US\$1.30 billion has substantially contributed to cutting NPC's total debts from US\$7.01 billion as of end-2007 to US\$5.8 billion as of September 2008.</p> <p>Aside from savings on interest payments and guarantee fees, the prepayments reduced NPC's foreign currency debt by 4%, and increased the peso component of the debt currency mix by 2-13%.</p>	DOE, PSALM, Department of Finance (DOF)	NPC's PhP200 billion debt absorbed by the national government through its Fiscal Program 2004-2010 with legislative and administrative measures	NPC's PhP200 billion debt absorbed by the national government through its Fiscal Program 2004-2010 with legislative and administrative measures

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		Formulate a pricing policy and promote a regulatory environment that makes returns and risks manageable for investors	<p>ERC has shifted to a new pricing methodology for Transco and Private Utilities from Return on Rate Base (RORB) to Performance-Based Regulation (PBR). The Transmission Wheeling Rate Guidelines (TWRG) and Distribution Wheeling Rates Guidelines (DWRG) promulgated by the ERC on May 29, 2003 and Dec. 10, 2004, respectively, set out the performance-based methodology to be used in setting transmission and distribution rates to ensure appropriate and reasonable pricing of electricity.</p> <p>ERC promulgated several rules, regulations, guidelines and policies from 2004 to the first semester of 2008, which affect rates:</p> <p>1. Funding Mechanism for the Regulatory Reset Costs Associated with</p>	ERC	Ongoing activity	Ongoing activity

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			<p>Entering Performance-Based Regulation (PBR) (Feb 21, 2007)</p> <p>2. Rules for Recovery of NPC Stranded Contract Costs and Stranded Debts Portion of the Universal Charge (Feb 6, 2007)</p> <p>3. Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned DUs Entering PBR (Second and Later Entry Points) (Dec. 13, 2006)</p> <p>4. Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned DUs Entering PBR (First Entry Point) (July 26, 2006)</p> <p>5. Guidelines Prescribing the Tax Recovery Adjustment Mechanism (Jan. 11, 2006)</p> <p>6. Guidelines for the Calculation of the Over or</p>			

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			<p>Under Recovery in the Implementation of System Loss Rate by DUs (Nov. 23, 2005)</p> <p>7. Guidelines to Implement the Recovery of Value-Added Tax and Other Provisions of RA 9337 Affecting the Electric Power Industry (Nov. 7, 2005)</p> <p>8. Guidelines for a True-up mechanism of the Over or Under Recovery in the Implementation of Inter-Class Cross Subsidy Removal by Distribution Utilities (Aug. 3, 2005)</p> <p>9. A New Policy on the Treatment of Prompt Payment Discount (PPD) (July 20, 2005)</p> <p>10. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of Lifeline Rates by Distribution Utilities (July 8, 2005)</p>			

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			<p>11. Transition Supply Contract (TSC) Template (July 7, 2005)</p> <p>12. Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary Electrification Areas (July 6, 2005)</p> <p>13. Guidelines for the Financial Standards of Generation Companies (April 13, 2005)</p> <p>14. Guidelines for the Appraisal of Property, Plant and Equipment for Rate Fixing Purposes of ERC (March 17, 2005)</p> <p>15. Rules, Terms and Conditions for the provisions of Open Access Transmission Service (Dec. 20, 2004)</p> <p>16. Guidelines for the Application and Approval of Caps on the Recoverable Rate of</p>			

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			<p>Distribution System Losses (Oct. 29, 2004)</p> <p>17. Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates by Distribution Utilities (Oct. 13, 2004)</p> <p>18. Revised Guidelines and Procedures Governing the Remittances and Disbursements of the Universal Charge (June 20, 2004)</p> <p>19. Guidelines for Recovery of Costs for the Generation Components of the Distribution Utilities' Rates (March 25, 2004)</p> <p>20. Position Paper on the Regulatory Reset for October 2008 to September 2012 Regulatory Period for Privately Owned DUs subject to Performance-Based Regulation (March 14, 2007)</p>			

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			<p>21. Draft Determination on the Price Control Arrangements for the Second Regulatory Period of the following:</p> <ul style="list-style-type: none"> a. Cagayan de Oro Power and Light Company (CEPALCO) (May 15, 2007); b. Dagupan Electric Corporation (DECORP) (May 15, 2007); and c. Manila Electric Company (MERALCO) (May 15, 2007). <p>22. Policy that Grant of Preferential Rates to Qualified Customers shall be Considered as Management Prerogatives (Sept. 19, 2007)</p> <p>23. Adopting a New Grouping for Privately Owned DUs Entering Performance-Based Regulation (Oct. 24, 2007)</p>			

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		Explore financial engineering methods	<p>24. Rules to Govern the Implementation of the Time of Use (TOU) Retail Rates of DUs Sourcing 100% of their Power Requirements from NPC and/or IPPs with Authorized Rates Pegged at NPC's Rates (Jan. 9, 2008)</p> <p>25. Imposing a Moratorium on the Filing of Rate Adjustment Petitions/ Applications by the Electric Cooperatives (April 9, 2008)</p> <p>PSALM's liability management and financing plan was approved covering loans of up to US\$2.4 billion of NPC's debts, most of which will mature between 2009-2011. The targeted documentation and compliance work to get government approvals for the prepayment (termination) of certain loans denominated in</p>	PSALM, DOE	<p>Loan restructuring of IPP contracts continued and payment of stranded debt and stranded contract costs through the collection of universal charge pursued</p> <p>Design of a Liability Management Plan outlining utilization of proceeds, hedge</p>	<p>Continue implementation of the liability management and refinancing plan</p> <p>Utilization of privatization proceeds for debt payments and execution of hedge instruments for risk management</p>

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			<p>volatile currencies are ongoing</p> <p>A Principal-Only Swap (POS) transaction was executed on July 18, 2007, fixing US\$300 million of NPC's obligations at a dollar to peso rate of US\$1 to PhP44.788 until the maturity year in 2028 for a competitive premium interest of 2.867% per annum. This premium is effectively the cost of fixing the exchange rate of the dollar debt to PhP44.788. Accordingly on maturity date, whatever the exchange rate is, NPC/PSALM is only obligated to pay at the fixed exchange rate of PhP44.788 per US\$.</p> <p>The 2008 global financial turmoil affected one of PSALM's underwriters which went bankrupt. On Sept. 23, 2008, the joint NPC and PSALM Boards approved the</p>		<p>activities, and refinancing programs</p> <p>Prepayment (termination) of certain loans denominated in volatile currencies</p> <p>Design/execution of derivative instruments to minimize forex risks</p>	

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			<p>termination of US\$100 million POS with Lehman Brothers Special Financing, and gave authority to proceed with a competitive bid for a replacement swap with three potential counterparties. With the lowest annual premium bid (with prepayment option on Nov. 15, 2009), the Union Bank of Switzerland, was awarded the US\$100 Replacement POS as NPC/PSALM's Counterparty on Nov. 7 2008.</p> <p>Proceeds from the sale and privatization of NPC assets are being utilized for the payment of its debts. On Sept. 16 2008, PSALM prepaid two of its yen loans totaling ¥19.76 billion, or US\$ 184.14 million. The loans were extended by the Asian Development Bank (ADB) and the Japan Bank for International Cooperation</p>			

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			<p>(JBIC) to National Power for the 600-megawatt Masinloc coal-fired power plant in Zambales which was successfully privatized in 2007. The ADB loan amounted to ¥12.66 billion, or US\$ 117.82 million, while the JBIC loan reached ¥7.10 billion, or US\$ 66.32 million.</p> <p>Due diligence was undertaken by a technical working group (TWG) created on Jan. 19, 2007 to facilitate the documentary requirements for the filing of the recovery of universal charge (UC) for stranded contract cost (UC-SCC) and stranded debt (UC-SD). The Rules for Recovery of NPC Stranded Contract Costs and Stranded Debts Portion of the Universal Charge were issued by the ERC in February 2007 and became effective a month later.</p>		<p>Conduct of due diligence for the filing of UC for stranded debt and stranded contract cost</p>	<p>Conduct of annual due diligence for filing for UC for stranded debt and stranded contract costs</p>

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	Strive to Reduce Electricity Rates	Facilitate establishment of WESM and introduce open access and retail competition	<p>Through a letter dated June 6, 2007, PSALM informed the ERC that it deemed practical and prudent to approve the recommendation of PSALM management not to file the UC-SD/SCC for 2007</p> <p>PSALM informed the ERC on June 26, 2008 that their Board approved another management recommendation not to file the UC-SCC and UC-SD. Calculations showed that no UC-SCC for the eligible IPPs in the Luzon Grid has been incurred by NPC in 2007, and no UC-SD is expected for 2008, after considering the privatization proceeds.</p> <p>(a)The WESM commenced operations in the Luzon Grid in June 2006, behind the original target date of December 2005 due to the firming up of terms of references to</p>	PEMC, PSALM, DOE	<p>(a) Commercial operation of the WESM by December 2005</p> <p>* Registration to begins by December</p>	

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			<p>market participants. Nine generators and 12 DUs participated in the initial operations with 20,362,490 megawatt hours (MWh) total volumes traded from June 26 to Dec. 25 2006. This included spot transactions and volumes covered by bilateral power supply contracts. As of March 30, 2007, participation has increased to 20 generators and 15 DUs.</p> <p>On the other hand, DOE has recently deferred the commercial operations of WESM in the Visayas due to inadequate capacity both in the transmission and generation facilities. Nonetheless, the Philippine Electricity Market Corporation, as the market operator, continued implementation of the live dispatch operations in the Visayas.</p>		<p>2004 * Start date of Luzon market trial by June 2005 * Start date for Visayas market trial by December 2005 * Market rules for Mindanao set by 2006</p>	<p>* Market rules for Mindanao set by 2008</p>

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			<p>Monitoring of the Wholesale Electricity Spot Market (WESM)</p> <p>The ERC promulgated the following:</p> <p>(1) Rules for the Default Wholesale Supply (DWS) Arrangements for the Wholesale Electricity Spot Market in the Luzon Grid, as Amended (June 25, 2008);</p> <p>(2) Extending the Effectivity of the Default Wholesale Supply Arrangements (DWS) for the WESM in the Luzon Grid (June 20, 2007); and</p> <p>(3) Procedures in the Event of Market Suspension or Declaration of Temporary Market Failure and the Subsequent Market Resumption of the Operation of the WESM (April 11, 2008)</p>			

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			<p>b) ERC has promulgated the Rules for Recovery of NPC Stranded Contract Costs and Stranded Debts Portion of the Universal Charge on Feb. 6, 2007</p> <p>(c) ERC has decided 140 out of 141 or 99 percent of the total rate unbundling applications filed by NPC, NPC-Small Power Utilities Group (SPUG), 19 private utilities (PUs) and 120 electric cooperatives (ECs)</p> <p>ERC has issued Resolution No. 3 dated Jan. 24, 2007, stating that Open Access and Retail Competition shall commence as soon as the two remaining pre-conditions are met. It shall initially be implemented in Luzon and will initially consist of customers with at least 1 MW monthly demand.</p>	<p>ERC, PSALM, DOE</p> <p>ERC, PSALM, DOE</p>	<p>(b) Proceeds from Transco and NPC privatization to lower stranded costs/debts that will be passed on though the universal levy</p> <p>(c) Retail competition and open access implemented</p> <ul style="list-style-type: none"> • Unbundled transmission wheeling charges approved in September 2002 • Unbundled transmission and distribution wheeling charges approved by December 2004 • Initially, open to end-users with monthly average peak demand of 1 MW by July 2006 (Luzon) and January 2007 (Visayas) • 750 kW monthly average peak by July 2008 (Luzon) and January 2009 (Visayas) 	<p>(b) Proceeds from Transco and NPC privatization to lower stranded costs/debts that will be passed on though the universal levy</p> <ul style="list-style-type: none"> • 750 kW monthly average peak by July 2008 (Luzon) and January 2009 (Visayas)

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			<p>The contestable market shall be expanded to customers with at least 750 kilowatt (kW) monthly demands in Luzon two years after, in accordance with the EPIRA. At this level, aggregators shall be allowed to supply electricity to end-users whose aggregate demand within a contiguous area is at least 750 kW.</p> <p>ERC will gradually reduce the threshold level until it reaches the household demand level within a period of seven years. By the tenth year, open access and retail competition will already reach the household level.</p> <p>(d) The Lifeline Rates Subsidy is being implemented by all distribution utilities</p> <p>The ERC promulgated its decision in ERC Case</p>	DOE, ERC	(d) Lifeline Rates to marginalized consumers with minimal market distortions fully implemented by end 2004	

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			<p>No. 2008-016 RC on the Bureau of Trade Regulation and Consumer Protection- Department of Trade and Industry (BTRCP-DTI) petition for the approval of a new lifeline rate for marginalized end-users of Manila Electric Company (MERALCO) and other measures to achieve reduction of power rates on Dec. 10, 2008. In the decision, ERC granted MERALCO's marginalized customers whose consumption levels fall below 21 kilowatt-hours per month, a 100% discount versus the old level set at 50%.</p> <p>The revised lifeline levels are as follows: 71-100 kWh-20% discount 51-70 kWh- 35% discount 21-50 kWh-50% discount 0 to 20 kWh-100% discount</p>			

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		Strengthen ECs	<p>(a) As of the third quarter 2008, the national average system loss level was monitored at 13.92%</p> <p>2007: 13.87%</p> <p>2006: 14.29%</p> <p>2005: 14.28%</p> <p>2004: 14.43%</p> <p>2003: 15.08% - base year</p> <p>On Sept. 29, 2004, the ERC approved the Guidelines for the Application and Approval of Caps on the Recoverable Rate of Distribution System Losses. It however deferred the applications for three years starting in 2007, in order to give the DUs time to build up their databases to yield more reliable results.</p> <p>ERC approved its Resolution on Adopting a New System Loss Cap for Distribution Utilities on Dec. 8, 2008. This lowered the maximum recoverable rate of</p>	NEA, DOE, ERC, DUs	<p>(a) Lower system distribution loss as follows:</p> <p>2004: 14%</p> <p>2005: 13%</p> <p>2006: 12%</p> <p>2007: 11%</p> <p>2008: 10.8%</p> <p>2009: 10%</p> <p>2010: 9%</p>	<p>(a) Target revised to lower system distribution loss as follows:</p> <p>2008: 13%</p> <p>2009: 11%</p> <p>2010: 9%</p>

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			<p>system losses (technical and non-technical) of the total kWh generated, purchased and distributed by electric distribution utilities nationwide. For privately owned utilities, the threshold was lowered from 9.5% to 8.5% while for rural electric cooperatives, recoveries were capped at 13% from a previous rate of 14%. The new system loss caps will be effective beginning January 2010.</p> <p>(b) Initial study was conducted to establish a database on EC household service interruptions. ERC is in the process of preparing the Guidelines for a new rate-making methodology for ECs that will promote access to capital, improve its efficiency, and reduce regulatory costs.</p>		<p>(b) Reduction of household service interruptions by 25% by 2010</p>	<p>The National Electrification Administration (NEA) is suggesting to delete this item from their targets since assessment of service reliability is being held pending issuance of standards by the ERC</p>

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			<p>(c) The approved Revised Standard Formula and Parameters for nonpower cost of ECs was implemented. National average nonpower cost level is no longer assessed since present evaluation is based on ECs' individual unbundled rates as approved by ERC.</p> <p>2006: 15% 2005: 15% 2004: 17%</p> <p>ERC continues to monitor compliance of Transco and Utilities to the PGC and the PDC</p> <p>In fact, 135 out of 136 or 99% of the Statement of Compliance (SoCs) and Compliance Plans (CPs) filed before the ERC were already approved. As of July 23, 2008, the remaining six DUs who have not filed before ERC were all issued Show Cause Orders.</p>		<p>(c) Reduction of nonpower cost by 10% by 2010</p>	<p>(c) Maintain nonpower cost level at 15%</p>

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			<p>(d) For Base Year 2003, 60 ECs were rated A+ and A CY 2004: 72 CY 2005: 72 CY 2006: 67 CY 2007: 73</p> <p>(e) The NEA Management Academy for Rural Electrification forged a partnership with the University of the Philippines-National Engineering Center (UP-NEC), and a memorandum of agreement was signed by both NEA and UP-NEC for the conduct of Competency Training and Certificate Programs in Electric Power Distribution System Engineering which aims to train and test the DU engineers in the competency areas of Distribution System Planning, Operation, Design and Utility Economics, under the</p>		<p>(d) Increase in the number of category A+ and A ECs by 10 percent in 2010</p> <p>(e) Conduct of high-level management training for ECs and NEA through the Management Academy (established 2005) in cooperation with existing facilities such as the Development Academy of the Philippines, Local Government Academy and other interested educational institutions.</p>	<p>(d) Target was increased to 75 ECs rated A+ and A, from 2008 to 2010</p>

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OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
		Reduce claims on universal charge (UC) with respect to stranded cost	<p>restructured power industry. The courses have been offered for NEA and the ECs since 2005 and continue up to the present.</p> <p>In November 2006, PSALM and NPC have secured the clearance on the no objection basis for the Settlement and Clarification Agreement (SCA) for the Limay A & B Combined Cycle Plant</p> <p>On the other hand, the National Economic and Development Authority-Investment Coordination Committee (NEDA-ICC) has given final clearance on the Term Sheet offered by the Korean Electric Power Corp. (KEPCO) for its Malaya Rehabilitation Operation, Maintenance, and Management Agreement and Ilijan BOT and Energy Conversion Agreements (ECA).</p>	PSALM	<p>Renegotiations with IPPs finalized in 2005</p> <p>Secure approval of NEDA-ICC for renegotiated contracts with IPP sponsors for Limay A, Limay B, Electricity Supply Operation and Maintenance for Mindanao power barges 117 and 118 and Build-Operate-Transfer for the 200 MW Bauang power station</p>	

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>Likewise, NEDA-ICC granted clearance on a no-objection basis on the Supplemental Agreement No. 1 for Electricity Supply, Operation and Maintenance (ESOM) Agreement for the Mindanao Barges 117 and 118 in March 2007</p> <p>The NEDA-ICC cleared on a no objection basis the General Framework Agreement with respect to the BOT Agreement between NPC and Bauang Private Power Corp. for the Bauang Power Plant Complex on July 11, 2007</p> <p>The reduction in stranded contract cost led to an estimated potential savings of US\$1.028 billion in discounted present value terms as of December 2003, when the first batch of IPP contracts were successfully renegotiated. Additional potential savings of US\$19.51</p>			

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
		Introduce time-of-use tariff	<p>present value terms were posted in 2006 with the securing of clearance for the operation, maintenance, and repair agreement between NPC and Asea Brown Boveri (ABB) power (later on acceded to Alstom). In 2007, the approved supplemental agreement for the Power Barge 117 and 118 provided as estimated potential savings of PhP177.04 million in present value terms, while the approved general framework agreements for the BOT of Bauang bunker-fired diesel power station raised estimated potential savings of PhP5.97 million in present value terms.</p> <p>NPC and MERALCO are implementing the Time-of-Use Rates to its bulk customers that include distribution utilities and industries</p>	ERC, DOE	Metering market rules developed in 2005	

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
		Eliminate cross subsidy	<p>To date, all 120 ECs and 16 out of 18 Private Investor-owned Utilities have implemented cross-subsidy removal in electricity pricing in various phases (i.e., 50%-60% removal, 40%-60% removal, complete removal, 2/3 removal, 1/3 removal, 1/4 removal). The intergrid subsidy was removed upon the approval of the unbundled tariff of NPC.</p> <p>ERC has promulgated the Guidelines for the True-Up Mechanism of the Over or Under Recovery in the Implementation of Inter-Class Cross Subsidy Removal by Distribution Utilities on Aug. 3, 2005.</p> <p>It has also completed the evaluation for the removal of interclass cross subsidies and will be released simultaneously</p>	DOE, ERC	<p>Intergrid and intragrid cross subsidies reduced by one-third of their original subsidy levels in September 2002 and September 2003, respectively</p> <p>In accordance with the ERC timeline, both Intergrid and intragrid cross subsidies will be totally phased out by September 2005</p>	

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>with the approval on loan condonation to mitigate the effect on residential rates.</p> <p>67 ECs have already completely phased out their interclass cross subsidies, and the remaining 53 are still implementing the gradual removal of cross subsidies</p> <p>ERC has ordered the removal of interclass cross subsidies for 16 out of the 18 or 88.9% of the PUs. There are only two remaining PUs (Angeles Electric Company, Inc. (AEC) & Bohol Light Company, Inc. (BLCI)) who are still in the process of gradual removal. The rest of the PUs have completed the removal process.</p> <p>As of June 30 2008, the ERC has already issued final authorities to</p>			<p>Accomplished except for pending MRs</p>

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
	Encourage private sector participation	In the WESM and Retail Competition with Open Access Provision	<p>implement rate reduction resulting from condonation of loans to all of the 120 ECs, but 12 have not yet implemented the final rate reduction. Hence they were issued Show Cause Orders by the ERC.</p> <p>To date, only one remaining requirement has not been met to pave the way for Open Access i.e. the transfer of 70% of output of NPC-IPPs to IPP Administrators. The 70% privatization of generating assets of NPC was attained by the end of 2008 while the privatization of IPPAs is being accelerated.</p> <p>(a) PSALM has reorganized its four teams into three trading teams and filed for separate registrations with the Philippine Electricity Market Corporation (PEMC) in March 2007</p>	PSALM, TransCo, DOE	<p>WESM to start on December 2005, Retail Competition and Open Access commenced by July 1, 2006 in the Luzon main grid, January 2007 in the Visayas main grid and market rules for Mindanao developed by 2006</p> <p>(a) Review of trading portfolios and reinforcement of the independence of trading teams</p>	<p>Market rules for Mindanao to be developed by 2008</p> <p>(a) Trading is a transitory function of PSALM; it is expected that this will be phased out when the control of IPP output is turned over to IPP Administrators</p>

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>(b) TransCo submitted its proposed revisions to the Open Access Transmission Service (OATS) Rules on May 10, 2006. Among the primary aims of the revisions is to make the Rules ‘market-ready’. Relevant provisions were revised to align with the WESM Rules and Manuals.</p> <p>ERC approved the more WESM-ready, Revised OATS Rules on Dec. 13, 2006. One of the changes introduced in the rules is the reclassification of Connection and Residual Sub-transmission Services as excluded services. As such, revenue from these services does not form part of the maximum allowable revenue. They are to be collected on a customer-specific basis.</p> <p>(c) Accomplishments under the WESM Metering Project:</p>		<p>(b) Revision of the OATS Rules in line with TransCo’s Regulatory Reset for 2006-2010</p> <p>(c) WESM Metering project</p>	<p>(b) Implement the Revised OATS Rules</p> <p>(c) Continuation of the WESM Metering Project:</p>

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>(i) Procured potential and current transformers for NPC Plants WESM Permanent Revenue Metering</p> <p>(ii) Increased the number of Metering Installations (MIs) equipped with telephone links from 539 in 2006 to 688 MIs in 2007</p> <p>(iii) Obtained Provisional Certificate of Authority from ERC granting TransCo Metering Services Group to act as Metering Service Provider for the initial operation of WESM on June 21, 2006</p> <p>For Visayas, in preparation for the forthcoming commencement of WESM operations, TransCo has completed the commissioning of the Vis/Min Automatic Meter Reading (AMR) System. Communication links have been</p>			<p>(i.) Commissioning to service the permanent WESM metering facilities of NPC Plants in Luzon, Visayas and Mindanao using the instrument transformers procured under Contract Nos. BCMD.2004-07 and BCMD.2007-01;</p> <p>(ii.) Operationalization of regular WESM metering service in the Visayas;</p> <p>(iii.) Commissioning to service the new WESM-ready meters and data communication links to the Vis/Min AMR System using landline telephone or (global system for mobile communication) GSM Modems at 190 metering points in Mindanao.</p>

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>installed in 199 out of 205 WESM metering points, which are equipped with WESM-ready meters as of Dec. 31, 2007.</p> <p>From January to June 2008, the total number of MIs equipped with telephone links reached 711 nationwide.</p> <p>TransCo's AMR System has been providing the Luzon WESM on a daily basis with meter data from 497 active metering points. In Mindanao, 105 WESM ready meters have been installed.</p> <p>Communication links have been installed in 15 out of 105 WESM ready meters.</p> <p>(d) As of June 30, 2008, the ERC has already issued final authorities to all of the 120 ECs. Only 12 ECs have not yet implemented the final rate reduction and were issued Show Cause Orders by</p>			

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>the Commission to explain their failure to implement the final rate reduction and refund within the prescribed period.</p> <p>The total amount condoned was PhP17.5 billion and the reduction in rates ranges from PhP0.0578 to PhP1.3507. The average reduction in rates among all ECs is PhP0.3570</p> <p>(e) ERC has been preparing the groundwork for retail competition through the formulation and promulgation of rules and regulations meant to govern the competitive retail electricity market</p> <p>These rules are called the seven pillars for building a vibrant retail electricity market</p> <p>They are the following:</p> <ol style="list-style-type: none"> 1. Retail Electricity Suppliers (RES) Guidelines which 			

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>prescribes the criteria, qualifications, requirements and procedures for securing a RES license. It was approved on Feb. 1, 2006 and was published on February 15 of the same year</p> <p>2. Business Separation Guidelines which prescribes the clear separation of business operations and accounts between the regulated, as well as nonregulated business activities of electric power industry participants. It was approved on June 21, 2006.</p> <p>3. Code of Conduct for Competitive Retail Market Participants which prescribes the responsibilities and conduct of retail market participants in a competitive environment. It was approved on</p>			

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>June 7, 2006 and was published on June 30 of the same year.</p> <p>4. Competition Rules which aims to promote and ensure competition in the electric power industry pursuant to the Act and its IRR. It was approved on Aug. 23, 2006.</p> <p>5. Rules for the Supplier of Last Resort (SOLR), which ensures the provision of continuous supply of electricity to customers in the event that a customer is suddenly without the services of a RES and cannot obtain such services after reasonable endeavors. It was approved on June 21, 2006 and published on July 27, 2006.</p> <p>6. Distribution Services and Open Access Rules (DSOAR) which</p>			

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
		In the Privatization of NPC-SPUG existing areas	<p>pertains to the provision of services by a DU to captive and contestable customers, the RES, other DUs, and generators, under the new competitive environment created by the Act. It was approved on Jan. 18, 2006.</p> <p>7. Rules for Customer Switching (formerly Uniform Business Practices (UBP)) which prescribes the standardized business processes and rules for interactions between the Distribution Utility and RES or Local RES relating to customer enrollments, switching, exchange of metering, billing and payment information, and the like. This has already undergone a series of public consultations and is expected to be promulgated by end of 2007.</p> <p>In 2006, a new private provider took advantage of the</p>	DOE, NPC-SPUG	First pilot privatization of an NPC-SPUG area by December 2004	

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
		On the Waived and Missionary Electrification Areas to Qualified Third Parties (QTPs)	<p>DOE private sector participation program and is now catering to the power needs of Masbate. This brings the total privatized areas to eight out of the 14 first wave NPC-SPUG areas as of 2006. However, two areas are in the process of being transferred to NPPs as of end of 2008.</p> <p>As of the middle of 2007, the eight first wave areas were under new Power Providers, namely: Oriental Mindoro, Catanduanes, Southern Palawan, Bantayan, Marinduque, Tablas, Romblon and Masbate</p> <p>DOE Circular No. DC 2004-05-005 was issued on June 18, 2004 prescribing the Qualification Criteria for QTP in the provision of electric services in remote areas that franchised Distribution Utilities are unable to serve</p>	DOE, NEA	<p>Privatization of the 14 first wave SPUG areas completed by December 2004</p> <p>QTP implementation of some waived areas by ECs by December 2004</p>	

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>On Dec. 12, 2005, DOE issued Department Circular 2005-12-011 or the Prescribing the Guidelines for Participation by Qualified Third Parties (QTPs) for Provision of Electric Service in Remote and Unviable Areas. Pursuant to Sections 59 and 70 of the “Electric Power Industry Reform Act of 2001, and its Implementing Rules and Regulations (IRR), which the agency spearheaded. The NEA evaluates the EC-identified waived barangay for QTP, result of which is being submitted to DOE.</p> <p>The agency is updating the Missionary Electrification Development Plan (MEDP) 2007-2011 as basis for approval of UC-ME subsidy to QTPs and New Power Producers (NPPs) and NPC-SPUG for offgrid missionary electrification.</p>			

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
		In investment management contracting of ECs	<p>On issuance of Permits to QTPs, the ERC issued Resolution No. 22 dated May 3, 2006 promulgating The Rules for the Regulation of Qualified Third Parties Performing Missionary Electrification in Areas Declared Unviable by the Department of Energy.</p> <p>DOE is providing technical assistance to two potential QTPs for their application to ERC</p> <p>On the activity to implement investment management contracting of electric cooperatives, based on the experience of two approved investment management contracts (IMCs) (PELCO III and CASURECO IV) which were opposed by respective local officials and member-consumers, NEA requested for the review of DOE Department Circular No. 2004-06-007 particularly on the execution of the IMC by the parties in</p>	DOE, NEA	<p>At least six IMCs of ECs offered to private sectors and at least 15 guarantees issued for ECs by 2011</p> <p>* Pilot Bidding for at least one EC by December 2004</p> <p>* Final Bidding for at least two ECs by mid-2005</p>	<p>At least two QTPs to be endorsed by DOE to ERC, for issuance of permits and availment of the UC-ME subsidy</p> <p>DOE to pursue Technical Assistance (TA) to review and assess the IMC Program for ECs, basically a 3rd party review of the IMC program and action plans</p> <p>NEA is suggesting to delete this item from their targets since this is an activity spearheaded by DOE</p>

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OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>updates the ECs DDP and submits the same to DOE</p> <p>(b) Preparation of the 2007 Power Development Plan (PDP) is ongoing</p> <p>(c) The Performance Implementation Program (PIP) and Rehabilitation and Efficiency Plan (REP) have been integrated into the updated EC five-year plan (2005-2009) based on the newly designed Integrated Computerized Planning Model. It aims to assist the ECs in preparing a synchronized plan that contains all the plans and programs required by DOE, NEA and other monitoring agencies.</p> <p>(d) ERC promulgated/ issued the following: (i) Guidelines for the Monitoring of Power</p>		<p>(b) Annual updating and publication of the PDP and other power-related investment plans as embodied in the Philippine Energy Plan</p> <p>(c) Implementation of PIP and REP of ECs</p> <p>(d) Promulgate guidelines to rationalize technical regulation, ensure compliance</p>	<p>(b) Annual updating and publication of the PDP and other power-related investment plans as embodied in the Philippine Energy Plan</p> <p>(d) Promulgate guidelines to rationalize technical regulation, ensure compliance with ERC</p>

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
	Ensure sufficient	Prioritize TransCo projects which ad-	<p>Quality Standards for DUs (March 8, 2006);</p> <p>(ii) Guidelines for the Monitoring of Reliability Standards for DUs, (March 8, 2006);</p> <p>(iv) Resolution Requiring All Regulated Entities to Designate Regulatory Compliance Officer, (Feb. 6, 2006);</p> <p>(v) Resolution Instituting a Mandatory Regulatory Education Program for the Regulatory Compliance Officer and Other Key Officers of DUs, (Feb. 15, 2006);</p> <p>(vi) Mandatory Minimum Training Requirement for the Technical Personnel of Every DU, (March 8, 2006); and</p> <p>(vii) Guidelines Prescribing the Minimum Standards for Frontline Customer Services of DUs and other Electric Service Providers, (Aug. 4, 2006).</p> <p>There was priority projects originally included in capi-</p>	DOE, TransCo	<p>with ERC Rules and Regulations and strengthen customer service capabilities of DUs</p> <p>Should be contained in the TransCo Capital Expenditure Program</p>	Rules and Regulations and strengthen customer service capabilities of DUs

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
	and reliable power supply delivery and system efficiency improvement	<p>dress transmission line constraints</p> <p>Implementation of capital expenditure projects</p>	<p>tal expenditures (CAPEX). However, due to budget constraints, CAPEX was capped at PhP850 million. Hence, some projects have had to be deferred.</p> <p>(a) In 2004, Transco launched the Luzon Island Transmission Augmentation Program (LISTA), Visayas Transmission Augmentation Program (VISTA) and Mindanao Transmission Augmentation Program (MINTA), which adopt immediate, medium and long-term actions needed to address the projected increase in power requirements of electricity consumers in Luzon, Visayas and Mindanao. TransCo completed 184.5 ckm high-voltage backbone transmission lines in 2004 (i.e., Leyte-Bohol Interconnection Project Stage 2, Maasim-Kiamba 69 KV T/L and</p>	TransCo	(a) Transmission Line Capacity Addition Projects.	<p>(a) TransCo's ongoing and future infrastructure projects necessary to meet customers' demand and ensure the adequacy, reliability and security of the nationwide transmission system is embodied in the Transmission Development Plan (TDP)</p> <p>For 2008 to 2010 the capacity addition is about 1,372 ckm of transmission lines and 2,030 MVA of sub-station capacity</p> <p>Additional reactors totaling 1,675 MVAR will also be installed for line voltage regulation. These transmission line additions and reinforcements are meant to relieve the network problems that may be encountered within the period mentioned.</p>

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>Biñan-Dasmariñas 230 KV T/L in Visayas and Luzon).</p> <p>In 2005, TransCo completed a total of 84 ckm, which is composed of 3 transmission-line projects namely: Leyte-Cebu Interconnection Uprating Project, Makban A Switchyard Calamba Tower 50 transmission line (T/L) and Cebu-Mactan Interconnection Project to address the problem in Visayas and Luzon.</p> <p>For 2006, about 114.4 ckm were added to the transmission capacity of TransCo. The projects completed were the San Roque-San Manuel 230 KV double circuit steel tower (DC-ST) T/L, Panay-Boracay Interconnection Project, and Bauang-San Esteban 230 KV T/L Line 2.</p>			

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>For 2007, 4 transmission line projects consisting of about 132.0 ckm were completed by TransCo. These were the San Manuel-Concepcion (Stage I) T/L, Negros-Cebu Interconnection Uprating Project (Submarine Cable), Cebu III Transmission Line and Mindanao Subtransmission line.</p> <p>(b) From 2004 to 2006 the following substations (S/S) were completed to enhance the capability of TransCo's facility.</p> <ol style="list-style-type: none"> 1. Leyte-Bohol Stage 2 S/S component: Ubay (100 MVA) and Maasin (30 MVA) – Aug. 30, 2004 2. Anislagan SS (50 MVA) – July 30, 2004 3. Ormoc S/S (150 MVA) – Nov. 9, 2004 		<p>(b) Substation Capacity Addition Projects</p>	

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>4. Makban S/S (100 MVA) – Nov. 5, 2004</p> <p>5. Cadiz S/S (100 MVA) – Jan. 9, 2005</p> <p>6. Cabanatuan S/S (100 MVA) – April 16, 2005</p> <p>7. Batangas S/S (100 MVA) – May 29, 2005</p> <p>8. Hermosa S/S (100 MVA) – June 16, 2005</p> <p>9. Santiago S/S (50 MVA) – July 14, 2005</p> <p>10. Abaga S/S Expansion, Phase II (100 MVA) – July 16, 2005</p> <p>11. Campostela S/S (LCIUP) (150 MVA) – Aug 22, 2005</p> <p>12. Bacolod S/S Expansion (100 MVA) – Oct 2, 2005</p> <p>13. Dingle S/S (50 MVA) – Nov 27, 2005</p>			

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
		Development of a Long-term Capital Expenditure (CAPEX) Program for TransCo	<p>14. Mandaue GIS (CMIP) (200 MVA) – Dec. 5, 2005</p> <p>15. Mactan GIS (CMIP) (200 MVA) – Dec. 8, 2005</p> <p>16. La Trinidad S/S Expansion (50 MVA) –Dec. 20, 2005</p> <p>17. Labrador S/S (100 MVA) – June 2006</p> <p>18. Wright S/S (50 MVA) – June 3, 2006</p> <p>Lastly, the capacity of TransCo S/S expanded by 450 MVA through the completion of five substations namely Daraga, Gamu, Maco, Quiot and Ormoc S/S projects in Luzon and Visayas regions in 2007</p> <p>On Dec. 4, 2007, TransCo endorsed its 10-year TDP to DOE for review. The TDP identifies the capital projects that are necessary to address the</p>	TransCo	Formulation of 2007 TDP	

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>projected demand for electricity transmission and technical constraints for the next decade. The ERC-approved CAPEX for TransCo projects in the period 2006-2010 is PhP17.98 billion for its local currency component and US\$385.64 million for its dollar component. This is based on the ERC's Final Determination on PSALM/TransCo's Regulatory Reset Application through an Order released on June 13, 2006.</p> <p>Upon the enactment of RA 9511 and upon turnover of TransCo to the Concessionaire, it is understood that the NGCP will undertake the implementation of previously approved/on-going TransCo projects. Further, investments on the national transmission system are to be considered private sector investments. This notwithstanding, it</p>			

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>Electrification Areas and promulgated on July 6, 2005 to facilitate collection and disbursement of UC-ME.</p> <p>The UC to finance missionary electrification (ME) and environment protection projects is being collected as part of the bill of the endusers of electricity. PSALM administers the funds thru a Special Trust Fund (STF)</p> <p>Total collection/remittances as of Sept. 30, 2007 amounted to PhP7.43 billion out of which PSALM disbursed PhP7.15 billion from the STF for the environmental charge of NPC and the NPC-SPUG's ME in accordance with the provisions of EPIRA. This leaves the UC fund with a balance of about PhP274 million.</p>	<p>PSALM, NPC, NPC- SPUG</p>	<p>ERC authorized the annual release of PhP1.34 billion to NPC-SPUG's ME from the UC-ME fund for 2005 to 2008</p>	<p>2008-2010 Conduct of annual due diligence for filing for UC-ME</p>

Power Sector Reforms

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
			<p>For the period January to September 2007, PSALM received PhP1.39 billion in UC remittances. It also disbursed a total of PhP1.34 billion from the STF for the missionary electrification of NPC-SPUG in accordance with the decision of the ERC for the same period.</p>			