

Office of the President  
REPUBLIC OF THE PHILIPPINES

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13 February 2023

**YOUR EXCELLENCY, PRESIDENT FERDINAND R. MARCOS, JR.**  
Malacañang Palace

Subject: **A DOE CIRCULAR MANDATING BOTH TRANSCO AND  
NGCP TO JOINTLY PREPARE AND SUBMIT THE  
TRANSMISSION DEVELOPMENT PLAN WITH THE DOE  
AND JOINTLY FILE RATE APPLICATIONS WITH ERC**

**Dear Mr. President:**

On behalf of the 30 million electricity consumers of the Philippines, may we request your intercession and assistance in convincing the Secretary of the Department of Energy to issue a Circular mandating both National Transmission Corporation (TRANSCO) and the National Grid Corporation of the Philippines (NGCP) to "jointly prepare and submit the Transmission Development Plan" to the Department of Energy (DOE) for review and approval and jointly file rate and other form of applications with the Energy Regulatory Commission (ERC). Attached is our letter to DOE Secretary Raphael PM Lotilla of even date.

As of now, it is only NGCP, which is a mere concessionaire, which does the same and which we find to be an anomalous situation, because TRANSCO remains the OWNER of all transmission assets and it cannot be relegated to a passive and secondary role; otherwise, public interest is left out of the consideration, to the prejudice of the government and the electricity consumers.

Such a Circular as proposed will lift the lagging government oversight of NGCP and lead toward a more secure, stable, efficient energy sector and contribute to your popularity as champion of consumer rights.

We look forward to your most favorable response. Thank you.

Very respectfully yours,

A handwritten signature in black ink, appearing to read "Pete L. Ilagan", written over a horizontal line.

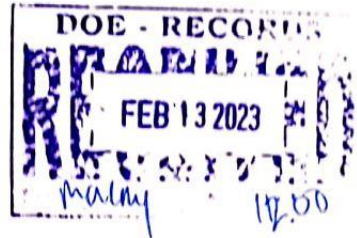
**PETE L. ILAGAN**  
President



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13 February 2023

**HON. RAPHAEL PERPETUO M. LOTILLA**  
 Secretary, Department of Energy &  
 Vice-Chairman, National Transmission Corporation  
 Energy Center, Rizal Drive, 34<sup>th</sup> Street  
 Taguig City



Thru: **HON. BAYANI H. AGABIN**, DOF Undersecretary and  
 Alternate Chairman, TRANSCO

**HON. ROWENA CRISTINE GUEVARA**, DOE Undersecretary  
 and Alternate Vice-Chairperson, TRANSCO

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Dear Secretary Lotilla,

Warm greetings!

This pertains to the application of the National Grid Corporation of the Philippines (NGCP) filed with the Energy Regulatory Commission (ERC) on 22 December 2022 for its Maximum Annual Revenue (MAR) for the Fourth Regulatory Period (RP) covering Regulatory Years (RYs) 2016 to 2022 docketed as ERC Case No. 2022-089RC.

This application will be subject of ERC's evaluation of NGCP's actual expenditure for the 4<sup>th</sup> RP through the examination of its necessity and efficiency to ensure its consistency with the principles and provisions in accordance with the revised Rules for Setting Transmission Wheeling Rates (RTWR) in determining the Annual Revenue Requirement (ARR).

NASECORE, together with PSALM, TRANSCO, generation companies and private distribution utilities such as MERALCO and VECO, have been recognized as Intervenor in the said NGCP application.

"The fear of the Lord is the beginning of wisdom" (Proverbs 9:10)

Item 2 and 3 of NGCP's application state:

*[ Under Republic Act No. 9511 entitled, "An act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-bone system or interconnected Transmission Lines, Substation and Related facilities, and for Other Purposes", NGCP holds a franchise to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair and refurbish the present nationwide transmission system of the republic of the Philippines.]*

*" Under the Concession Agreement between NGCP, the Power Sector Assets and Liabilities Management Corporation (PSALM) and National Transmission Corporation (TRANSCO), PSALM granted NGCP, on an exclusive basis, the following rights and responsibilities: (a) to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair, refurbish, and replace TRANSCO's transmission assets; (b) to, for its own account, bill and collect from transmission customers such charges as it , being a regulated entity, may lawfully demand; (c) to take over and operate the whole of TRANSCO's regulated transmission business as a going concern; and, (d) as between TRANSCO and itself, to be the **sole representative** of the regulated entity before this Honorable Commission. Finally. On 15 January 2009, NGCP commenced the management , operation, and maintenance of the nationwide transmission system."*

Further, in item 4 of TRANSCO's Pre-Trial Brief, it states:

**"TRANSCO retained ownership of all its Transmission Assets pursuant to section 5.01 of the CA:**

***"xxx Transco shall retain title to (i) all of the Transmission Assets, Intellectual Property rights, (ii) all assets comprising Projects Under Construction or New Projects , and (iii) all easements, rights of way or other real estate interests, including, Documented Property Rights acquired by the Concessionaire in accordance with Section 5.06. (Documented Property Rights)"***

Given the above premises that TRANSCO remains the owner of all the Transmission Assets and other related rights and interests, it behooves TRANSCO to assert its right to review, evaluate and approve NGCP's application for Maximum Annual Revenue (MAR) prior to its submission to the ERC for approval, specifically where it concerns its Transmission Development Plan for the construction, installation, financing, improvement, expansion, operation, maintenance, rehabilitation, repair, refurbish and replacement of the transmission assets, including the acquisition of all easements, rights of way or other real estate interest and documented property rights. Moreover, TRANSCO, as the OWNER and NGCP, being a mere Concessionaire, should appear as Joint applicants for any rate or rule-making application and other applications before the ERC.

NASECORE believes that TRANSCO as the OWNER of the transmission assets should not be relegated to a passive and secondary role vis-à-vis NGCP in the management of the national grid; it should assert its rights in order to seek maximum advantage to the government and the consuming public, which is the beneficial owner of these transmission assets. In practice, TRANSCO as the OWNER must be actively involved in the preparation of the NGCP's Transmission Development Plan, evaluating the benefits not only to the concessionaire but to the public as well, to the end that the expenditures for asset acquisition and operation are just, reasonable and beneficial to the electricity consumers.

In the exigency of the matter, we strongly urge the Department of Energy, being the agency mandated to successfully implement the Electric Power Industry Reform Act (EPIRA), to immediately issue a Department Circular mandating that the Transmission Development Plan must be prepared and submitted **jointly** by TRANSCO and NGCP to the ERC, including all applications pertaining to the construction, installation, financing, improvement, expansion, operation, maintenance, rehabilitation, repair, refurbish and replacement of the transmission assets including the acquisition of all easements, rights of way or other real estate interest and documented property rights.

The Department Circular must cover the current application of NGCP docketed as ERC Case No. 2022-089RC.

In the public interest, we look forward to the Department's immediate and most favorable response.

Thank you.

Very truly yours,



**PETE L. ILAGAN**  
President

Copy furnished:

1. His Excellency, President Ferdinand R. Marcos, Jr.
2. Hon. Juan Miguel F. Zubiri, Senate President
3. Hon. Benjamin Diokno, DOF Secretary
4. Hon. Ferdinand Martin G. Romualdez, Speaker of the House
5. Hon. Rafael T. Tulfo, Chairman-Senate Committee on Energy
6. Hon. Lord Allan Jay Q. Velasco, Chairman-House Committee on Energy
7. Hon. Monalisa Dimalanta, ERC Chairperson and CEO