



National Association of Electricity Consumers for Reforms

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DR. ALAN T. ORTIZ

President and CEO

National Transmission Company

Power Center, BIR Road cor. Quezon Avenue

Diliman, Quezon City

Dear President Ortiz:

Thank you for your letter of September 27, 2005 faxed to us on September 29, 2005 inviting us to Consultation Meetings on TransCo's Transmission Development Plan (Mindanao Grid Only) at the Marco Polo Hotel in Davao City on October 6 and 7, 2005.

In your letter, you said that the consultation is in compliance with Section 9(f) of R.A. 9136, apparently the third of a series. Likewise, in a separate letter dated 6 June 2005, reference is made to the on-going consultations, as compliance with RA9136.

Considering that what are being presented in these sessions are completed plans and programs, we are afraid this cannot fall within the purview of the end-user consultations envisioned in EPIRA, which refers to "***the preparation of the TDP***".

The matter of end-user or consumer participation in the preparation of the TDP is of far-reaching significance to us, especially in light of the apparently conflicting interpretation of "*economic dispatch*" by the Energy Regulatory Commission and TransCo.

To recall, we raised the matter to your office in May this year, and your reply on 15 June 2005 is to the effect that: "*economic dispatch, we take that to mean as operating our system in the most economical manner*"

(reducing losses, good maintenance practices, operating in a cost effective manner, etc.) and establishing the WESM – xxx”.

Needless to say, TransCo’s definition of economic dispatch was more bewildering than enlightening.

On 19 July 2005, in his letter to NPC President Cyril C. del Callar, ERC Chairman Rodolfo B. Albano, Jr., had occasion to address the issue of economic dispatch, to wit: *“Appendix C.1 Section 13 (of the WESM Dispatch Protocol) which cites that “The System Operator shall strictly observe the dispatch criteria (security, reliability, and **economics**) in the preparation of the Day-ahead Generation Schedule”. (Underscoring supplied). Considering that ERC is mandated, among others, to promote consumers’ interests, the term “economics” should mean dispatch of NPC-owned plants and power plants of Independent Power Producers or IPPs (both contracted by NPC and Meralco) by the SO-Transco that will bring the least cost to the end-consumers”.* (Underscoring mine.)

In view of the far-reaching effects of a regime of economic dispatch that would promote consumers’ interests, there is a compelling need to hold separate end-user consultations on TDP, in so far as this should reflect and operationalize that dispatch protocol.

We have had a chance to browse and visit your website, but it would help us further if TransCo will create a Consumer Help Lane, or any similar facility dedicated to consumers, to facilitate our inquiries.

Thank you and God Bless.

Very truly yours,

PETE L. ILAGAN

President

CC: DOF Sec. Margarito Teves
DOE Sec. Raphael Perpetuo M. Lotilla
ERC Chairman Rodolfo Albano, Jr.