



National Association of Electricity Consumers for Reforms
No. 10 Bayside Court Compound, 680 Quirino Avenue, Tambo
Parañaque City 1700 Philippines
Phone No.: +63.2.8530731
TeleFax No.: +63.2.8530732
<http://www.nasecore.com>
eMail: nasecore2003@yahoo.com

17 May 2006

ENGR. JESUSITO H. SULIT
Vice President for System Operations
National Transmission Corporation
Power Center, Quezon Avenue
Diliman, Quezon City

Dear Engineer Sulit:

Warm Greetings!

This refers to Transco's imbalance and ancillary charges which are terms often used during the hearing at the Energy Regulatory Commission on Transco's TWRG application.

May we, please, be clarified on the following:

1. What do these two (2) charges mean?
2. How are these two (2) charges incurred?
3. Are these charges paid by private distribution utilities (PDU's) and electric cooperatives?
4. Are these charges recovered by distribution utilities?
5. How are these charges recovered by distribution utilities?

Hoping for your immediate reply to our query. Thank you so much.

Very truly yours,

PETE L. ILAGAN
President