

5 **MINUTES OF THE MEETING**
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8 Attendance: (see annex)
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10 **I. PRELIMINARY MATTERS**
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12 IDC and RDC Power Subcommittee Chairman Emmanuel Rabacal called the meeting to
13 order at 9:45 a.m. After which, Ms. Rosa Edna Hubahib of NEDA 7 called the roll and announced
14 the presence of a quorum. Mr. Rabacal then welcomed the members to the meeting.
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16 The body approved the proposed agenda as presented after adding the update on the
17 Wholesale Electricity Spot Market (WESM) under "Other Matters". The body also approved the
18 minutes of the previous meeting held on 17 November 2010.
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20 **II. STATUS OF AGREEMENTS AND INSTRUCTIONS**
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22 Ms. Hubahib presented the status of the agreements reached and instructions given during
23 the previous meeting.
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25 On the instruction for the distribution utilities (DUs) and electric cooperatives (ECs) to
26 submit data on total power consumption by type of customer, Ms. Hubahib reported that the DUs
27 and ECs had already submitted the required data. As to the data on the average annual growth
28 rate or annual consumption for the past five to ten years, this needed further consultation since this
29 is related to another agreement for the committee to study the possibility of having three scenarios
30 in projecting power growth, e.g. low, medium, high.
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32 On the instructions for the independent power producers (IPPs) and NPC to provide data
33 on cost of power generation and for DUs and ECs on end-use electricity prices by type of
34 customer, Ms. Hubahib said that these data and other data gathered by the secretariat for the
35 proposed power profile would be presented during the meeting.
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37 On the request for DOE to take the lead in studying the distortions in the power supply-
38 demand outlook, Ms. Hubahib said that the letter request was yet to be formalized since the matter
39 involved five points for consideration that needed further validation.
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41 On the instruction for DOE to provide the members with a soft copy of the updated
42 Philippine Energy Plan (PEP), Ms. Hubahib said that the secretariat had made follow-ups on this.
43 She also stated that the DOE representative, Mr. Saul Gonzales, would be presenting updates on
44 the power situation in the Visayas during the meeting.
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46 **III. MATTERS FOR ENORSEMENT/DISCUSSION/INFORMATION**
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48 **1. Additional Power Subcommittee Members**
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50 Ms. Hubahib briefed the body on the following composition of the power subcommittee:
51 three government agencies, two government-owned-and-controlled corporations (GOCCs), three
52 RDC private sector representatives (PSRs), two private sector groups, two private corporations,
53 seven ECs, two DUs, and two IPPs. She said that the subcommittee composition needed to be
54 expanded because there were other IPPs, DUs, ECs, government agencies and government
55 corporations that were left out and she enumerated these.
56

57 Mr. Carlos Itable of BOHECO II informed the body that the Janopol Mini-Hydro Power
58 Corporation could not be included as a new member since this plant was owned by BOHECO I.
59 Ms. Hubahib acknowledged that the data from the Janopol Power Plant and the Sevilla Mini-Hydro
60 Power Plant came from BOHECO I and the representation of these plants would be assumed by
61 BOHECO I.

62
63 Mr. Urbano Mendiola of NPC stated that he was amenable to the proposed inclusion of
64 NPC-SPUG as additional member since it operates the SPUG power plants in the missionary
65 areas while NPC is now Operator of PSALM for the undisposed generating plants in the main
66 grids. On the list of original members, he suggested that "NPC" be written as "NPC-PSALM"
67 instead in view of the fact that the assets of NPC had already been transferred to PSALM.

68
69 Atty. Joel Bontuyan of ERC requested that they be allowed to assume the role of observer
70 during the times when the body would tackle issues that involve ERC approval. Mr. Rabacal
71 assured him that they could always inhibit themselves during the meeting when such types of
72 discussions and issues are tackled.

73
74 PSR Jose Mari Bigornia suggested to include the group of renewable energy (RE)
75 suppliers in the subcommittee. The body, however, deferred action on this matter until after the
76 specific name of the RE group and its willingness to join the subcommittee are confirmed.

77
78 On motion duly seconded, the body approved the membership of the following power
79 entities to the subcommittee: NPC-SPUG, Camotes Electric Cooperative (CELCO), Bantayan
80 Electric Cooperative (BANELCO), Province of Siquijor Electric Cooperative (PROSIELCO), Bohol
81 Light Company Inc. (BLCI), East Asia Utilities Corporation (EAUC), First Gen Corporation, ICS
82 Renewables Inc., and Sta. Clara Power Corporation.

83 84 **2. Update on Power Indicators**

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86 Ms. Cleofe SanieI of the secretariat stated that as repository of power data in the region,
87 the subcommittee had previously agreed to gather from its members and other concerned
88 agencies key regional power data. She then reported on the status of submission of power data
89 as of 11 April 2011 by the concerned power entities. She subsequently requested those entities
90 that had no submissions yet to submit the requested data so that the power profile could be
91 prepared and presented in the next meeting. Mr. Itable, Mr. Ramon Corro of First Gen Corp. and
92 Mr. Eddie Plando of MECO promised to submit their lacking data as soon as possible.

93
94 Ms. SanieI also presented a table showing the installed and dependable capacities, as well
95 as the contracted and uncontracted capacities of the different power plants in the region based on
96 the submissions so far received. The data on power plant capacities were taken from two sources,
97 the individual power plants and statistics from the DOE. She asked the body for directions on
98 which data to use considering a marked disparity in data from the two sources.

99
100 Mr. Saul Gonzales stated that his agency obtains data from NGCP, and that their figures on
101 plant capacities came from the power generators themselves. He said that in supply and demand
102 comparison, rated capacity was used instead of dependable capacity because the former was a
103 more stable factor. Dependable capacity of a power plant varies from time to time, while the rated
104 capacity is fixed. On the disparity between their figures and those of the power plants, he
105 supposed that this could have been due to the time difference in the data submission.

106
107 NEDA 7 Assistant Regional Director (ARD) Efren Carreon stated that there is a need to
108 standardize not only the definition of terms but also the frequency of submission. He suggested
109 that data submission be done every quarter or semester (especially for dependable capacity) so
110 that the power profile could be updated regularly. In this regard, Mr. Mendiola commented that
111 there was a possibility that the dependable capacity data submitted to DOE or ERC could have
112 been the average output during the year.

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Mr. Rabacal solicited comments from the body regarding the comments made by Mr. Edecio Satina of Global Power during the previous meeting about the distortions in the power supply vs. demand outlook. According to Mr. Satina, power supply figures should be based on contracted capacities of the power plants and not on their rated capacities. Also, embedded generators that have no contract, on economic shutdown, or on standby that have the potential to increase overall supply capacity should be accounted for as well. The NPC representative agreed that distortions in the system should be looked into if the power subcommittee wanted to be more accurate about the power outlook. However, he said that for purposes of outlook planning, DOE figures (particularly for rated capacity) were already sufficient.

Atty. Bontuyan suggested that in order to address the concern on the timing of data submission, power generators should be allowed to submit requested data directly to the subcommittee, just like what the DUs and ECs were doing. He suggested also that there should be proper definition of terms regarding plant capacities (e.g. rated, installed, dependable, contracted) so that the body could be guided on which plant capacity to use in the profile. Relatedly, ARD Carreon urged the body to decide which data on plant capacities to use, e.g. data from the DOE or data from the power generators, for purposes of preparing the first draft of the power profile. The body agreed to use the data on plant capacities that would be provided directly by the power generators. This agreement, however, did not preclude the use of DOE data in the future. The body also agreed to request DOE-VFO to assist the secretariat in gathering data on plant capacities from the generators in Regions 6 and 8. Ms. Sanieel had earlier suggested to do this to be able to get an overall picture of the capacity of the entire Visayas Grid. Mr. Corro also suggested that the two geothermal power plants operated by First Gen Corp. in Leyte (Tongonan and Leyte A and B) be taken as one because the plants only have one source of steam and it would be easier to get the true capacity of the steam field.

3. Energy Contingency Plan on the Middle East and North Africa (MENA) Crisis

Mr. Gonzales informed the body of the government's programs to address the effects of the political tensions in the MENA. The MENA crisis was expected to adversely affect the country through increased oil prices, low OFW remittances, increased inflation, etc., prompting President Benigno Aquino III to issue Administrative Order No. 6 organizing the Inter-agency Energy Contingency Committee (IECC). The IECC was tasked to coordinate all government agencies to ensure contingencies were in place to avert energy supply shortages.

The DOE representative also presented the mitigating measures adopted by the DOE, mentioning specific activities in the short-term, medium-term and long-term. Among those he mentioned was the provision of fuel discounts in over 300 gas stations nationwide. This was contained in Executive Order No. 32 or the Public Transport Assistance Program, commonly known as "Pantawid Pasada" issued recently by Pres. Aquino III. Under this program, government would be distributing "Smart Cards" to the vulnerable sectors starting 2 May to cushion the impact of projected high fuel prices.

Mr. Gonzales also mentioned the past circulars issued by the DOE to address supply and pricing issues during an oil crisis. The approach was to improve the government's regulatory functions, intensify information and education campaign, and get the full cooperation of the local government units and industry players.

4. Power Supply-Demand Situation

Mr. Gonzales then reported the Visayas supply-demand situation in 2010. He said that there were times when power supply was lower than the demand (peaked at 1,431 MW last December). On those times, the Luzon Grid supplemented power to the Visayas Grid thus averting a power crisis in the central region.

169 For 2011, it was expected that the total system capacity for the Visayas would be around
170 2,095 MW, while the average available rated capacity would be around 1,849 MW. This was
171 based on NGCP's Visayas Grid Operating and Maintenance Program (GOMP) for 2011. He then
172 showed the actual power situation of the Visayas from January to March and DOE's actions plans,
173 current accomplishments and cross cutting activities for 2011.

174
175 Mr. Rabacal asked about the power outlook for the Visayas in 2011 taking into account
176 NGCP's GOMP. Mr. Gonzales said that the Visayas supply could cope with the demand, and the
177 central region would have a moderate surplus of power until 2016 if the average annual growth
178 rate of 4.6 percent is maintained and no major problems in the system arises.

179
180 Mr. Rabacal asked further if DOE has power projects in the pipeline that use renewable
181 energy (RE) sources, i.e wind, tide, solar. The DOE representative replied that they are
182 encouraging investors to put up power plants using renewable sources, but they are hesitant
183 because of the high costs involved. The high cost of generating power from these sources would
184 redound to a higher cost of electricity. Nevertheless, it was informed that some groups were
185 conducting a study on the feasibility of establishing windmill power plants in Cebu.

186
187 As to the geothermal power plant in Negros Oriental, Mr. Corro informed the body that First
188 Gen Corp. is running the plant at full load, after conducting rehabilitation works in the old plant.

189 190 **5. Report on Renewable Energy Conference**

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192 Mr. Bigornia reported that the RE conference held in Manila on December 2010 was
193 attended by various groups involved in RE and players in the power industry. The activity involved
194 three plenary sessions and nine technical sessions.

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196 On the outlook of the Philippine RE sector, he presented the following highlights: (a) RE
197 comprised one-third of the energy needs of the country; (b) the potential of RE was 25 times more
198 than its uses; (c) feed-in-tariff rates to provide guarantee payment for investors; (d) starting 2015
199 all new energy requirements should be from the "green" energy sector, and its capacity was
200 expected to double in 20 years; and (d) investment pledges for power generation amounted to P
201 80 billion, but only P 1.8 billion was for RE projects.

202
203 On RE efforts, Mr. Bigornia said that a UNDP study showed how the Philippines is very
204 vulnerable to oil price changes and that putting up small scale RE projects (i.e. mini-hydro, mini-
205 solar, mini biomass) is the cheapest option to address this problem. The study also talked about
206 scaling RE efforts, which involved setting governance priorities and targets, injecting investment in
207 research and developing a market for RE. On carbon markets and climate finance, he said that
208 RE and energy efficiency were stressed as substantial contributors to climate change mitigation.

209
210 The technical sessions meanwhile, delved on the following: the next generation
211 geothermal, leading technologies in biomass, advance wind power development, hydro and ocean
212 technology approaches and solutions, accelerating solar power development, dismantling market
213 barriers, addressing financing challenges, bridging technical requirements, and eliminating cross-
214 cutting issues.

215 216 **6. Updates on WESM**

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218 Mr. Arthur Pintado of PEMC said that the commercial operations of WESM Visayas started
219 last 26 December 2010. Based on their monitoring, the Visayas system demand from January to
220 March 2011 peaked at 1,276 MW, 1,293 MW, and 1,307 MW, respectively. System supply,
221 however, peaked at 1,405 MW boosted by the entry of two new power plants. e.g. KSPC I and
222 PEDC I (registered in WESM last 28 February and 19 March, respectively). The trend in increased
223 supply was expected to continue once new power plants were added into the system, e.g. PEDC
224 Unit II and KSPC Unit II was expected to enter WESM in April and May, respectively.

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In March, the average bidding price offered by the traders in the Visayas was P2.70 /kwh, with a low of P 0.0/kwh during off-peak periods to a high of P 9.74/kwh during peak periods. Meanwhile, the weighted average market price since 26 December 2010 was computed at P 2.99 /kwh. Around said period, almost 80 percent of the time the weighted average market price was below P4.00 /kwh, while 20 percent of the time the price reached P6.00 to P7.00 /kwh when supply became tight.

He also revealed that prior to their commercial operations in December 2010, the Visayas manual load dropping (MLD) reached 40 MW. But this reduced dramatically at the start of 2011 with the entry of some embedded generators that were not fully contracted but offered excess capacity to the market. An MLD of 3.5 MW occurred on 11 February in Panay, 6.7 MW on 14 March in Cebu, and 4 MW on March 11 to avoid overloading of the Negros-Panay submarine cable. He noted that most of the MLD occurred due to either low system voltage or tripping of some power units, and no longer due to insufficient supply.

Mr. Lyndon Jayme of VECO asked how much energy was bought by the DUs in the WESM. Mr. Pintado estimated that the exposure of DUs was about 7 percent, but added that he could give the full information about this in the next meeting.

IV. ADJOURNMENT

The meeting was adjourned at 12:15 pm.

Certified correct:

Attested:

ROSE EDNA L. HUBAHIB
IDC/RDC Power Subcommittee
Secretary

EMMANUEL S. RABACAL
IDC/RDC Power Subcommittee
Chairman

RDC Power Subcommittee Meeting
NEDA 7 Conference Room, 13 April 2011

ATTENDANCE

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Members Present

Mr. Emmanuel S. Rabacal	Chairperson
RD Marlene Ca P. Rodriguez rep. by ARD Efren B. Carreon	NEDA 7
Engr. Jose Mari T. Bigornia	PSR Cebu
Dir. Antonio E. Labios rep. by Mr. Saul Gonzales	DOE Visayas
Atty. Joel Y. Bontuyan	ERC Visayas
Ms. Edita S. Bueno rep. by Ms. Marlou M. Rendon	NEA
Mr. Urbano C. Mendiola Jr.	NPC
Mr. Edmund Veloso	NPC-SPUG
Mr. Raul M. Galano rep. by Mr. Rodrigo C. Polentinos	NGCP
Ms. Melinda L. Ocampo rep. by Mr. Arthur P. Pintado	PEMC
Mr. Gordon Alan P. Joseph rep. by Mr. Fernando C. Fajardo	CBC
Mr. Oscar Seares	BANELCO
Mr. Eulogio Signe	Bohol Light Company Inc.
Engr. Carlos Itable	BOHECO II
Ms. Marlou M. Rendon rep. by Mr. Kennedy Quintana	CEBECO I
Engr. Jevy Q. Buensalida rep. by Mr. Lowell Belciña	CEBECO III
Mr. Rolando Camaso	CELCO
Mr. Ramon G. Corro	First Gen Corporation
Engr. Gilbert Pagobo rep. by Mr. Eddie Plando	MECO
Mr. Ephraim Taclob rep. by Mr. Samuel U. Arbon	NORECO II
Mr. Lyndon Jayme	VECO

Guests

Mr. Manuelito C. Labuca	NPC
Mr. Victor B. Acompañado	NPC

Secretariat / NEDA 7 Staff

Ms. Rosa Edna L. Hubahib	NEDA 7
Ms. Cleofe C. Saniel	NEDA 7
Engr. Dante F. Gador	NEDA 7
Mr. Albert D. Ligan	NEDA 7
Ms. Isabelita O. Labus	NEDA 7