

COPY

PIPPA

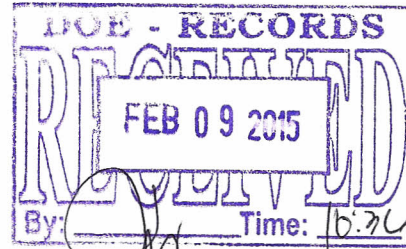
PHILIPPINE INDEPENDENT POWER PRODUCERS ASSOCIATION, INC.

Unit 2408, 24th Floor, Prestige Tower, F. Ortigas Jr. Road (formerly Emerald Avenue),
Ortigas Center, Pasig City 1605
Telefax: (632) 633-3844

PIPPA 2015-003

21 January 2015

HON. CARLOS JERICHO L. PETILLA
Secretary
Department of Energy (DOE)
Energy Center, Rizal Drive,
Bonifacio Global City, Taguig City



SUBJECT: Request for Deferment: Central Scheduling and Dispatch of Energy and Contracted Reserves

Dear Secretary Petilla:

We support DOE's initiative in the issuance of DOE Circular No. 2014-12-0022, otherwise known as the Central Scheduling and Dispatch of Energy and Contracted Reserves (the "Circular"). The Circular aims to prepare the market participants in the integration of ancillary reserves into the WESM with target operationalization on **26 January 2015** or the February billing period as per the WESM timetable.

In this regard, we would like to express our concern on the impact of the new dispatch protocol for regulating reserves, particularly on hydro power plants.

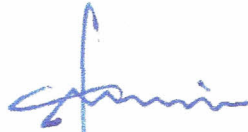
For instance, in the Circular, the protocol for regulating reserves as per the will include an energy dispatch of the plant equal to one half of the capacity contracted as regulating reserve. In this scenario, the hydro plants may consume more water than what normally is needed in the current ancillary protocol with NGCP. As such, if the hydro plants will increase water consumption in February billing period, these hydro power plants may not have enough water for summer.

Our proposal, for your kind consideration, is to defer the Central Scheduling and Dispatch of Energy and Contracted Reserves as per DOE Circular No. 2014-12-0022. We believe that this will greatly help in improving the power supply situation in the summer of 2015.

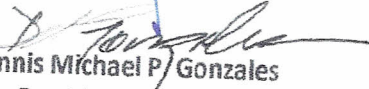
We hope for your kind consideration on this matter.

Very truly yours,

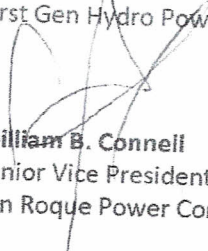
ANNE ESTORCO-MACIAS
Managing Director- PIPPA



Emmanuel V. Rubio
President and CEO
SN Aboitiz Power-Magat, Inc.



Dennis Michael P. Gonzales
Vice President
First Gen Hydro Power Corporation (Pantabangan-Masiway)



William B. Connell
Senior Vice President
San Roque Power Corporation

Copy to:

Director Mylene C. Capongcol
Electric Power Industry Management Bureau

