

## **TransCo seeks legal recourse vs NGCP over violations**

May 4, 2017

Danessa O. Rivera

State-run National Transmission Corp. (TransCo) is seeking legal recourse against the National Grid Corp. of the Philippines (NGCP) for the alleged violations of putting up telecommunication facilities within in transmission assets without government clearance.

In a briefing yesterday, TransCo Melvin Matibag said the agency will file a complaint with the Energy Regulatory Commission (ERC) for the installation of telecommunication sites using government transmission facilities.

Moreover, these facilities were installed without the knowledge or consent of Power Sector Assets and Liabilities Management Corp. (PSALM) and TransCo nor clearance from the ERC, which is a violation of the provisions of Electric Power Industry Reform Act (EPIRA) and the concession agreement, he said.

Under the EPIRA, any related business of an energy utility requires a petition with the ERC, a portion of the net income from the undertaking to be used to reduce wheeling charges, and maintenance of separate accounts for the project.

“We are preparing several complaints and we’ll file petition with ERC. We also forwarded this report to the Office of the President, to Senate, to Congress for proper disposition,” Matibag said.

The TransCo official said personnel were also denied access to inspect the telco facilities, which are being dismantled by NGCP until May 2017.

In a statement, NGCP chief administrative officer Anthony Almeda said the grid operator does not earn from fiber optic facilities of transmission lines.

“Since NGCP took over power transmission services in 2009, it has always been transparent with its operations. It is unfortunate that the issue on the use of the fiber optic network for the national broadband program has been brought to the attention of the media by TransCo,” he said.

“NGCP reiterates that it does not earn anything from existing fiber optic facilities. The main purpose of the network is for the delivery of efficient power transmission services.

However, Almeda said NGCP remains open to transactions with any entity who is interested to develop the national broadband network, with the national government as its top priority.

TransCo was directed by Energy Secretary Alfonso Cusi to maximize the utilization of the fiber optic assets of the power transmission facilities to lower electricity and Internet rates.

He said the availability and readiness of the fiber optic assets on the transmission system could improve the electricity services of the NGCP and reduce the cost of electricity and the national broadband project.

The DOE oversees TransCo, which is mandated to protect the national government’s interests by ensuring NGCP’s compliance with the terms and conditions of the concession agreement and the policies of the State.

Under EPIRA, the NGCP was awarded the sole Concession Agreement for the country’s transmission system in 2009.

However, the DOE as well as TransCo have yet to receive an update from the NGCP amid the sudden proliferation of full page paid print advertisements and repeated pronouncements over the media to support the government's broadband and grid interconnection projects.

"At the onset of this administration, we repeatedly requested the NGCP, through TransCo, to provide the details on how we can take full advantage of their fiber optic assets embedded in the grid," Cusi said.

This led the Energy secretary to direct TransCo to do an audit on NGCP's work program whose findings are the following:

- a) In 2012, NGCP rejected the request of the National Government for the use of spare fiber for the Integrated Government Philippines (IGovPhils) Project;
- b) Concealment of a contract involving the use of the national government's transmission assets (substations, high voltage towers/poles, and high-voltage transmission lines) as a telecommunications backbone; and
- c) Decommissioning and dismantling of a separately installed Fiber Optic Network used by major telecommunications companies.

"At the end of the day, what we would like to achieve is that the consuming public would benefit from all the government deals and activities, thus we are exploring and exhausting all the potentials of the transmission system as a government-owned asset," Cusi said.

"At the same time, the department will not hesitate to file cases against abuses or any violation of the contract which maybe discovered and proven after further investigation of the NGCP's operations and its activities," he said.

--