

[DOE CIRCULAR NO. DC 2005-02-001, January 31, 2005]

DIRECTING THE NATIONAL POWER CORPORATION, NATIONAL TRANSMISSION CORPORATION, DISTRIBUTION UTILITIES AND INDEPENDENT POWER PRODUCERS TO ADOPT CONTINGENCY MEASURES TO MINIMIZE THE IMPACT OF EL NIÑO IN THE MINDANAO POWER SYSTEM

WHEREAS, it is the policy of the state to ensure a continuous, adequate and economic supply of energy through the judicious conservation, renewal and efficient utilization of energy which includes electric power, pursuant to Section 2 of Republic Act (R.A.) No. 7638, known as the "Department of Energy Act of 1992"

WHEREAS, the Department of Energy (DOE) exercises supervision and control over all government activities relative to energy projects pursuant to Section 5 (h) of R.A. No. 7638, as amended by R.A. No. 9136, known as the "Electric Power Industry Reform Act of 2001" and that the DOE is authorized under Section 5 (p) thereof to formulate rules and regulations as may be necessary to implement the objectives of said R.A. No. 7638, as amended;

WHEREAS, scientific studies predict the impending occurrence of the El Niño phenomenon and its effects in the months covering March to December 2005, which will directly imperil the supply of electric power from hydro resources especially in Mindanao;

WHEREAS, the availability of the electricity is vested with public interest such that it is incumbent upon the government to take the necessary measures to ensure the continuous operation of vital industries in Mindanao by ensuring that there will be no interruptions in the delivery of electricity;

NOW, THEREFORE, in view of the foregoing, I, Vincent S. Perez, Jr. Secretary of Energy, hereby issue the following guidelines:

SECTION 1. Additional Generating Capacity - The National Power Corporation (NPC) and the National Transmission Corporation (TransCo) shall be responsible for ensuring the transfer and operation of a 32 MW Power Barge from Iloilo to Mindanao before April 1, 2005 and the restoration of operations of Iligan Diesel Power Plant (IDPP) before May 1, 2005. A Second 32 MW Power Barge shall be transferred and be operational by June 1, 2005. Transco shall provide the transmission line facilities appropriate for these power barges.

SECTION 2. Reserve Requirement - The TransCo shall adopt the capacity of the largest single unit as the reserve requirement of the Mindanao grid.

SECTION 3. Ancillary Services - The TransCo shall procure ancillary services to ensure desirable reserve margin. The reserve shall be sourced from embedded