



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF ENERGY

Implementing Rules and Regulations of Republic Act 9136 (EPIRA-IRR)

FOCUS GROUP DISCUSSION



INTRODUCTION

March 10, 2017, the DOE issued Special Order No. SO2017-03-0021 or Creating A Technical Working Group To Review The Implementing Rules And Regulations (IRR) Of Republic Act No. 9136 (EPIRA) And To Propose Amendments Thereto;

Review of the EPIRA-IRR is undertaken:

1. Revisit consistency of the IRR with the EPIRA
2. Identify provisions requiring improvements/changes to effectively implement the law
3. Identify provisions that may actually require amendment of the EPIRA



INTRODUCTION

- Minor amendments:
 - Correction of grammatical errors
 - Correction of misplaced provision
 - Deletion of unnecessary phrases



INTRODUCTION

- Major amendments:
 - Strengthen mandates for ensuring quality, reliability and security of the supply of electric power (Rule 3)
 - Provisions on the formulation of the TDP to clarify DOE, ERC and TransCo/NGCP mandates (Rule 3)
 - Provisions on NEA's mandate to align with RA 10531 (Rule 3)
 - Clarification on some definition of terms, e.g. marginalized customers, missionary electrification, viable/unviable areas (Rule 4)
 - Improve process on the remittance of benefits to host communities (Rule 29)



INTRODUCTION

- Major amendments:
 - Review and rationalize the Universal Charges with regards to :
 - application to self-gen; and
 - application to missionary electrification, equalization of tax/royalties and environmental charge, among others



INTRODUCTION

- Major amendments:
 - Define Marginalized Consumers to rationalize lifeline rates beneficiaries –(Rule 20)
 - Enhancement of provision on competition and cross-ownership provision (Rule 11)
 - Clarification and strengthening of unbundling provisions (Rule 15)
 - Expound the provision on the IMO to strengthen the “independency” in line with the intent of EPIRA (Rule 9)



INTRODUCTION

PROCESS FLOW

Timeline	Activities	Participants
May – June 2018	FGD, Solicitation of Proposals	All concerned stakeholders
June – July 2018	Processing/Evaluation of Inputs/Drafting of Amendatory Circular	DOE
Aug – Sept 2018	Solicitation of Comments on Final Draft/ Public Consultation	All concerned stakeholders
Oct – Nov 2018	Finalization/ Promulgation	DOE
Dec 2018 - onwards	IEC	All concerned stakeholders



DISCUSSION OF PROPOSALS

- PSALM
- NPC
- PEMC
- NGCP
- TRANSCO
- NEA
- PEPOA
- Aboitiz Power
- PALECO
- BENEKO



DISCUSSION OF PROPOSALS

PSALM

- Rates of undisposed Generation assets to be exempted from regulation by the ERC
- PSALM Representation in the Transco Board
- Include Cash incentives for RE Developers under Rule 13: Missionary Electrification
- Additional lead time for the transfer of UC funds from STF to beneficiaries from every 20th of the month to 25th
- Exemption of Self Generating entities from UC
- Clarification on whether NPC-SPUG is the sole beneficiary of the UC-ME
- Reconsideration on the calculation of the PSALM dividends to exclude from the determination of net-earnings from income from sale/disposal of assets, IPPA, Dividends from TransCo Concession and UC-SCC, including UC-SD



DISCUSSION OF PROPOSALS

NPC

- NPC proposal for PSALM not to be considered as Generation Company
- Transfer of the administration of UC-ME and UC-Environmental from PSALM to NPC in view of end of life of PSALM
- Clarify that NPC-SPUG Assets are exempted from the PSALM privatization activities
- Privatization of Agus-Pulangi including all other undisposed assets should no longer be pursued and be reverted to NPC
- Propose that the operation and maintenance agreement entered into by NPC should cover provision for payment of fees
- Propose to allow NPC-SPUG to directly contract with RE Developer and be exempted with the RA7718 (BOT Law) and RA9184
- Exemption of end-users in the Missionary Areas from the grant of MRR



DISCUSSION OF PROPOSALS

PEMC

- Ensure consistency on the mandate of DOE to formulate TDP
- Align provision on Dispatch Scheduling by removing requirement to account for bilateral contracts

NGCP

- Amend definition of TDP to include development, operation and maintenance of viable SPUG areas, and consequently amendment to the functions of TRANSCO that it should be allowed to operate in viable SPUG areas
- Clarify classification of Transmission and Sub-transmission assets

TransCo

- Need to clarify roles/responsibilities between TransCo and NGCP
- Harmonize RA 9511 vis RA 9136



DISCUSSION OF PROPOSALS

NEA – Mainly amendments to RA9136

- Allow DU to create subsidiaries that will undertake demand aggregation for the purpose of achieving lower cost
- Transfer of franchising authority to the NEA
- Inclusion of Supply availability as one of the principles of the Price Determination Methodology of the WESM
- TRANSCO to act as Market Operator in the WESM Mindanao
- Voluntary membership on WESM;
- Include as additional condition for the suspension of the WESM any petition filed by participant that is adversely affected by unreasonable increase in price, and increase in demand
- To include in the coverage in UC funds for rehabilitation of lines previously constructed using NEA subsidy
- Additional provision on the DOE mandate
- Inclusion of Technical Standards in the Grid and Distribution Code
- Mandate for NEA to implement the supervision of Financial and Technical Standards



DISCUSSION OF PROPOSALS

NEA cont..

- Percentage of supply for initial implementation covering RE
- Additional provision on cross-ownership limitation:
 - Up to 6th degree of consanguinity or affinity but with exemption for the officials of non-profit and non-stock Ecs
 - Cross-ownership limitation of 25% national and 30% per grid should be retained even after interconnection of island grid to the main grid
 - Requirement for SEC to include above details in the participant application for registration
- Express exemption of Agus-Pulangi from privatization and creation of Mindanao Power Corporation
- Unsold capacity of NPC to be retained to serve as Ancillary Service Provider of Luzon and Visayas
- NPC to remain as Government Corporation with structure similar to a private utility



DISCUSSION OF PROPOSALS

NEA cont..

- Provision on the selection of heads of DOE and attached agencies and ERC to be undertaken by the JCPC
- Deduction of 80% of the NWT directly from the power bills of the DUs/ECs
- Transfer to NEA of the function of NPC-SPUG including direct remittance and administration of UC-ME; for SPUG-ECs which are technically and financially capable, NEA may opt to relinquish operation and maintenance of Off-grid Power Plants within the concerned EC's franchise area
- Amendment to Electric Power Crisis Provision i.e. President to authorize the establishment of additional generating capacities



DISCUSSION OF PROPOSALS

PEPOA

- Amend provisions requiring DU that are not publicly listed to offer and sell to the public at least 15% of its shares of stocks such that DUs shall be deemed compliant if public offering is made pursuant to Revised Securities Act
- Electricity End-user may choose to remain in the Captive Market despite being certified as belonging to the Contestable Market
- DU supplying electricity to End-Users in the Contestable Market located within their franchise areas should no longer be required to get license from ERC



DISCUSSION OF PROPOSALS

Aboitiz Power

- Additional Provision for ERC to decide on a petition not later than 15 months, in case no provisional approval issued, otherwise it will be deemed approved
- Amendment to Rule 5, Section 4 to clarify that the rates of generation company shall not be subject to ERC regulation upon initial implementation of Open Access
- Additional provision to emphasize that the TRANSCO has the primary responsibility and obligation to connect Generator to the Grid, and for Embedded Generator it should be the DUs



DISCUSSION OF PROPOSALS

Aboitiz Power cont..

- Additional provision to emphasize Responsibility of TRANSCO, its buyer or concessionaire to procure Ancillary Services
- Amendment on the Licensing requirements of Suppliers
 - Removal of cross-ownership limitation
- Additional provision on the creation of governance body for the IMO
- On the ERC approval of bilateral contracts:
 - Remove referencing to NPC transition supply contracts
 - Limit review of ERC to ensuring that the contracts are obtained in transparent and competitive manner
- Additional provision on the condition of the implementation of Open Access in Mindanao, i.e. 70% privatization level



DISCUSSION OF PROPOSALS

PALECO

- Net metering guidelines for off-grid areas.
- Merit order dispatch versus priority dispatch indicated in the PSA
- Guidelines for DUs/ECs who would like to venture into power generation business as sole owner or in joint venture with other companies
- Creation of a council or a group who will monitor the performance of generation companies to ensure they are operating within the industry standards
- Equip DUs/ECs with capability to conduct GIS / DIS
- Provide a template for GIS/DIS and enumerate the standards that should be used
- Require intermittent RE based power plants to provide an energy management system (EMS)



DISCUSSION OF PROPOSALS

BENECO

- Return power to grant franchise to NEA
- Exemption of sales of generated power by generation, transmission power, distribution of electricity and supply shall be exempted from 12% VAT or any form of taxes
- The poles and lines of the ECs should be exempted from real property tax as assessed by the LGUs
- Direct remittance of ER1-94 funds to LGU
- Exemption from bilateral supply contracting limitation
- Allow to put up their generation facility provided the source of power will be renewable energy
- Generation plants erected in SPUG areas be transferred to the ECs from the NPC



SCHEDULE OF ACTIVITIES

DATE/GROUP	VENUE
09 MAY 2018 – AA, ERC, NGCP	THE LEGEND VILLAS, MANDALUYONG CITY
16 MAY 2018 – SL DUs, GenCos	ACE HOTEL, PASIG CITY
22 MAY 2018 - Vis DUs, GenCos	THE MANSION, ILOILO CITY
30 MAY 2018 – NL DUs, GenCos	QUEST HOTEL, CLARK, PAMPANGA
13 JUNE 2018 - Min DUs, GenCos	GREENLEAF HOTEL, GENERAL SANTOS CITY
25 JUNE 2018 – Vis Dus, GenCos	CEBU PARKLANE INTERNATIONAL HOTEL, CEBU CITY

Kindly submit proposals

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(02) 840-1773 / 479-2900 local 264

on or before 30 JUNE 2018





Thank You!

Kindly submit proposals thru

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