

Proposed Amendments to the Implementing Rules and Regulations (IRR) of Republic Act No. 9136, Otherwise known as the “Electric Power Industry Reform Act of 2001 (EPIRA)”

Proposed by: National Electrification Administration (NEA)

EPIRA-IRR Provision	EPIRA Provision	Proposed Amendments	Rationale/Comments
<p>RULE 7. DISTRIBUTION SECTOR</p> <p>Section 4. Obligations of a Distribution Utility.</p> <p>(a) xxx</p> <p>(b) xxx</p> <p>(c) xxx</p> <p>(d) A Distribution Utility shall comply with the technical specifications and financial standards prescribed in the Distribution Code and the performance standards prescribed in these Rules. To this end, ERC shall issue submission requirements for Distribution Utilities to comply with the technical specifications, financial and the performance standards after the effectivity of these Rules and the Distribution Code.</p> <p>(i) A Distribution Utility shall submit to ERC a statement of compliance.</p>	<p>CHAPTER II ORGANIZATION AND OPERATION OF THE ELECTRIC POWER INDUSTRY</p> <p>xxx</p> <p>Section 23. Functions of Distribution Utilities.</p> <p>xxx</p> <p>To achieve economies of scale in utility operations, distribution utilities may, after due notice and public hearing, pursue structural and operational reforms such as but not limited to, joint actions between or among the distribution utilities, subject to the guidelines issued by the ERC. Such joint actions shall result in improved efficiencies, reliability of service, reduction of costs and compliance to the performance standards prescribed in the IRR of this Act. Distribution utilities shall submit to the ERC a statement of their compliance with the technical specifications prescribed in the Distribution Code and the performance standards prescribed in the IRR of this Act. Distribution utilities which do not comply with any of the prescribed technical specifications and performance standards shall submit to the ERC a plan to comply, within three (3) years, with said prescribed</p>	<p>"Section 23. Functions of Distribution Utilities. - xxx</p> <p>xxx</p> <p>"To achieve economies of scale in utility operations, distribution utilities may, after due notice and public hearing, pursue structural and operational reforms such as but not limited to joint actions between or among the distribution utilities, subject to the guidelines issued by the ERC. Such joint actions shall result in improved efficiencies, reliability of service, reduction of costs and compliance to the performance standards prescribed in the IRR of this Act. ACCORDINGLY, IN PURSUING JOINT ACTIONS PARTICULARLY IN AGGREGATING DEMAND TO ATTRACT INVESTMENTS THAT WOULD RESULT TO THE REDUCTION OF THE PER KILOWATT HOUR OF</p>	<p>The proposed amendments are anchored on the following considerations:</p> <ul style="list-style-type: none"> • Retain state ownership of Agus-Pulangui Hydroelectric plants complexes to ensure stability of power supply and thereby avert power crises in Mindanao grid; • Create the Mindanao Power Corporation to manage and operate the Agus and Pulangui Hydro Electric Power Plants; • Optimize the powers and functions of the DOE to protect the electric consumers against market abuse; • Rationalize application of the wholesale Electricity Spot Market to achieve the objective of stabilizing power supply and the maximum utilization thereof, at least cost manner; • Authorize the government, through the National Power Corporation, to engage in power generation and contracting

<p>(ii) A Distribution Utility that does not comply with the technical specifications, performance standards and financial capability standards as prescribed in the Distribution Code shall submit to ERC a plan to comply within three (3) years therewith. The ERC shall, within sixty (60) days from receipt of such plan, evaluate the same and notify the Distribution Utility concerned of its action.</p> <p>(iii) A Distribution Utility is required to implement the ERC approved plan to comply with the said technical specifications prescribed in the Distribution Code and the performance standards of these Rules within three (3) years from the approval of said plan. (iv) Failure by the Distribution Utility to submit a feasible and credible plan or failure to implement the same shall serve as ground for the imposition of appropriate sanctions, fines or penalties as may be</p>	<p>technical specifications and performance standards. The ERC shall, within sixty (60) days upon receipt of such plan, evaluate the same and notify the distribution utility concerned of its action. Failure to submit a feasible and credible plan and/or failure to implement the same shall serve as grounds for the imposition of appropriate sanctions, fines or penalties.</p> <p>xxx</p>	<p>ELECTRICITY, THE DISTRIBUTION UTILITIES MAY CREATE A SUBSIDIARY COMPANY, THE OWNERSHIP OF WHICH SHALL BE SUBJECT TO THE LIMITATIONS IMPOSED UNDER THE CROSS-OWNERSHIP PROVISION</p> <p>xxx”</p>	<p>capacity undertaking as supplementary to stabilize market prices during emergency shutdown of base load plants;</p> <ul style="list-style-type: none"> • Transfer of Small Power Utilities Group (SPUG) operation to the National Electrification Administration (NEA); • Ensure true market competition by enhancing safeguards on ownership limitations and restrictions; • Simplify the distribution of the shares of the national wealth tax, the communities hosting any source of energy are entitled for eighty percent (80%) with the provision that the generation facilities deduct the same amount from the generation charges imposed to electric consumers; • Enhance the selection process for the heads of agencies in the power sector; and <p>Expand the use of Universal Charge through funding the rehabilitation of lines previously</p>
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<p>prescribed by ERC.</p> <p>Xxx</p>			<p>constructed using subsidy funds from NEA and/or Priority Development Assistance Fund (PDAF) to electrify far-flung areas.</p>
	<p>Section 27. Franchising Power in the Electric Power Sector.</p> <p>The power to grant franchises to persons engaged in the transmission and distribution of electricity shall be vested exclusively in the Congress of the Philippines and all laws inconsistent with this Act particularly, but not limited to, Section 43 of PD 269, otherwise known as the "National Electrification Decree," are hereby deemed repealed or modified accordingly: Provided, That all existing franchises shall be allowed to their full term: Provided, further, That in the case of electric cooperatives, renewals and cancellations shall remain with the National Electricity Commission under the National Electrification Administration for five (5) more years after the enactment of this Act.</p>	<p>"SEC. 27. Franchising Power in the Electric Power Sector.- The power to grant franchises to persons engaged in the transmission and distribution of electricity shall be vested exclusively in Congress; PROVIDED, that for Electric Cooperatives, the power to approve, grant and renew Certificate of Incorporation; grant and thereafter to repeal, alter or amend new franchises, or repeal, alter or amend all franchises for distribution of electricity by Electric Cooperatives is hereby transferred/delegated to and shall be exercised by the NATIONAL ELECTRIFICATION ADMINISTRATION (NEA), whose Board of Directors shall, acting as a Commission, administer the</p>	<p>(Rationale for proposal for Sec. 27) Considering the current situation of the ECs whose corporate existence and franchises are nearly expiring, this amendatory proposal is founded to be urgent. To delay this concern will jeopardize the total electrification effort of the government to the prejudice of people in the rural areas.</p>

		<p>provision of this section. In exercising the powers herein provided, the NEA shall at all times seek to serve the national objective of the most rapid total electrification of the Philippines on an area coverage basis. To effectively implement this provision, the NEA is authorized to promulgate rules and regulations for the purpose.”</p>	
<p>RULE 9. WHOLESALE ELECTRICITY SPOT MARKET (WESM)</p> <p>Section 3. Organization. Within one (1) year from the effectivity of the Act, the DOE shall establish a WESM composed of the WESM Participants. For this purpose, the DOE shall, jointly with Electric Power Industry Participants, promulgate the WESM Rules, and undertake actions including but not limited to the following:</p> <ul style="list-style-type: none"> (a) xxx; (b) xxx; (c) xxx. <p>Section 5. The WESM Rules.</p> <ul style="list-style-type: none"> (a) xxx (b) Jointly with the Electric Power 	<p>Section 30. Wholesale Electricity Spot Market. - Within one (1) year from the effectivity of this Act, the DOE shall establish a wholesale electricity spot market composed of the wholesale electricity spot market participants. The market shall provide the mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity.</p>	<p>"SEC. 30. Wholesale Electricity Spot Market. - Within one (1) year from the effectivity of this Act, the DOE shall establish a wholesale electricity spot market composed of the wholesale electricity spot market participants. The market shall provide the mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity.</p> <p>“Jointly with the power electric</p>	

<p>Industry Participants, the DOE shall formulate the detailed rules for the WESM, in accordance with the following principles:</p> <p>(i) Provide an efficient, competitive, transparent and reliable spot market;</p> <p>(ii) Ensure efficient operation of the WESM by the Market Operator in coordination with the system operator in a way which:</p> <p>(1)Minimizes adverse impacts on system security;</p> <p>(2)Encourages market participation; and</p> <p>(3)Enables access to the market.</p> <p>(iii) Subject to the provisions of Section 43(u) of the Act, provide a cost-effective framework for resolution of disputes among WESM Participants, and between WESM Participants and the Market Operator;</p> <p>(iv) Provide for adequate sanctions in cases of breaches of the WESM Rules; and</p> <p>(v) Provide efficient, transparent and fair processes for amending the WESM Rules.</p>	<p>Jointly with the electric power industry participants, the DOE shall formulate the detailed rules for the wholesale electricity spot market. Said rules shall provide the mechanism for determining the price of electricity not covered by bilateral contracts between sellers and purchasers of electricity users. The price determination methodology contained in said rules shall be subject to the approval of ERC. Said rules shall also reflect accepted economic principles and provide a level playing field to all electric power industry participants. The rules shall provide, among others, procedures for:</p> <p>(a) xxx</p> <p>(b) xxx</p> <p>(c) xxx</p> <p>(d) Prescribing guidelines for the market operation in system emergencies; and</p>	<p>power industry participants, the DOE shall formulate the detailed rules for the Wholesale electricity spot market. Said rules shall provide the mechanism for determining the price of electricity not covered by bilateral contracts between sellers and purchasers of electricity users. The price determination methodology contained in said rules shall be subject to the approval of ERC. Said rules shall also reflect accepted economic principles SUCH AS THE REQUIREMENT OF ESTABLISHING AVAILABILITY OF SUPPLY PRIOR TO THE IMPLEMENTATION OF THE WESM and provide a level playing field to all electric power industry participants. The rules shall provide, among others, procedures for:</p> <p>(a) xxx;</p> <p>(b) xxx;</p> <p>(c) xxx;</p> <p>(d) Prescribing guidelines for the market operation in system emergencies, WHICH INCLUDE THE REQUIREMENT OF</p>	
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<p>Section 6. The Market Operator.</p> <p>(a) A Market Operator in accordance with the WESM Rules shall implement the WESM. Not later than one (1) year after the implementation of the WESM, an independent entity, the IMO, shall be formed and the functions, assets and liabilities of the AGMO shall be transferred to such entity with the joint endorsement of the DOE and the Electric Power Industry Participants: Provided, That the IMO shall be financially and technically capable, with proven experience and expertise of not less than two (2) years as a leading independent market operator of similar or larger size electricity market.</p> <p>(b) Subject to Technical Constraints, the grid operator of the TRANSCO or its Buyer or Concessionaire shall provide Central Dispatch of</p>	<p>(e) Amending the rules.</p> <p>The wholesale electricity spot market shall be implemented by a market operator in accordance with the wholesale electricity spot market rules. The market operator shall be an autonomous group, to be constituted by DOE, with equitable representation from electric power industry participants, initially under the administrative supervision of the TRANSCO. The market operator shall undertake the preparatory work and initial operation of the wholesale electricity spot market. Not later than one (1) year after the implementation of the wholesale electricity spot market, an independent entity shall be formed and the functions, assets and liabilities of the market operator shall be transferred to such entity with the joint endorsement of the DOE and the electric power industry participants. Thereafter, the administrative supervision of the TRANSCO over such entity shall cease.</p>	<p>ESTABLISHING THE AVAILABILITY OF SUPPLY IN A CERTAIN GRID PRIOR TO THE IMPLEMENTATION OF THE SAME; and</p> <p>(e) Amending the rules.</p> <p>"The wholesale electricity spot market shall be implemented by a market operator in accordance with the wholesale electricity spot market rules. The market operator shall be an autonomous group, to be constituted by DOE, with equitable representation from electric power industry participants, initially under the administrative supervision of the TRANSCO. The market operator shall undertake the preparatory work and initial operation of the wholesale electricity spot market. Not later than one (1) year after the implementation of the wholesale electricity spot market, an independent entity shall be formed and the functions, assets and liabilities of the market operator shall be transferred to such entity with the joint</p>	
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<p>all Generation Facilities connected, directly or indirectly, to the transmission system in accordance with the dispatch schedule submitted by the Market Operator, which schedule shall take into account outstanding bilateral contracts.</p> <p>(c) The Market Operator shall have the following functions and responsibilities:</p> <p>(i) Operate and administer the WESM and allocate resources to enable it to operate and administer the market, in accordance with the WESM Rules;</p> <p>(ii) Determine the dispatch schedule of all facilities in accordance with the WESM Rules. Such schedule shall be submitted to the grid operator of the TRANSCO or its Buyer or Concessionaire;</p> <p>(iii) Monitor daily trading activities in the market;</p> <p>(iv) Oversee transaction billing and settlement procedures; and</p> <p>(v) Maintain and publish a register of all WESM Participants and must update and publish the register whenever a Person becomes or ceases to be a WESM Participant.</p>	<p>Subject to the compliance with the membership criteria, all generating companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC shall be eligible to become members of the</p>	<p>endorsement of the DOE and the electric power industry participants. Thereafter, the administrative supervision of the TRANSCO over such entity shall cease.</p> <p>NOTWITHSTANDING THE FAILURE OF ESTABLISHING WESM IN MINDANAO GRID, TRANSCO SHALL ACT AS THE MARKET OPERATOR OF THE GRID IN CONTRA-DISTINCTION TO THE ROLE OF THE NGCP, WHICH IS THE DE FACTO SYSTEMS OPERATOR OF THE GRID.</p> <p>"Subject to the compliance with the membership criteria, all generating companies, distribution utilities, suppliers,</p>	
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<p>Section 10. Market Suspension.</p> <p>In cases of national or international security emergencies or natural calamities, the ERC is empowered to suspend the operation of the WESM or declare a temporary WESM failure in accordance with the procedures set out in the WESM Rules.</p>	<p>wholesale electricity spot market.</p> <p>xxx</p> <p>In cases of national and international security emergencies or natural calamities, the ERC is hereby empowered to suspend the operation of the wholesale electricity spot market or declare a temporary wholesale electricity spot market failure.</p>	<p>bulk consumers/end-users and other similar entities authorized by the ERC shall be eligible to become members of the wholesale electricity spot market. NOTWITHSTANDING SUCH ELIGIBILITY, MEMBERSHIP IN THE WHOLESALE ELECTRICITY MARKET SHALL BE VOLUNTARY.</p> <p>xxx</p> <p>"In cases of national and international security emergencies or natural calamities.</p> <p>the ERC is hereby empowered to suspend the operation of the wholesale electricity spot market or declare a temporary wholesale electricity spot market failure, OR UPON PETITION BY CONCERNED POWER INDUSTRY PARTICIPANT OR ANY PERSON OR ENTITY WHO WILL BE ADVERSELY AFFECTED IN AN UNREASONABLE INCREASE OF ELECTRICITY COST RESULTING FROM THE</p>	
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		<p>IMPLEMENTATION OF WESM OR SIMILAR STRUCTURE OF MARKET OPERATIONS EVEN IN INSTANCES WHEN THE ELECTRICITY DEMAND INCREASES WITHOUT THE CORRESPONDING INCREASE OR ADDITIONAL SUPPLY IN A PARTICULAR GRID, WHEN FOUND MERITORIOUS, SHALL SUSPEND THE OPERATION OF WESM OR ANY SIMILAR STRUCTURE OF MARKET OPERATIONS THEREAT.</p>	
<p>RULE 18. THE UNIVERSAL CHARGE</p> <p>Section 1. Guiding Principle. Within one (1) year from the effectivity of the Act, there shall be a Universal Charge to be determined, fixed and approved by the ERC that shall be imposed on all electricity End-users, including self-generation entities.</p> <p>Section 2. Scope of Application. This Rule shall apply to the following:</p> <p>(a) Petitioners for availments from the Universal Charge.</p>	<p>Section 34. Universal Charge. –</p> <p>Within one (1) year from the effectivity of this Act, a universal charge to be determined, fixed and approved by the ERC, shall be imposed on all electricity end-users for the following purposes:</p> <p>(a) xxx</p> <p>(b) xxx</p> <p>(c) xxx</p> <p>(d) An environmental charge equivalent to one-fourth of one</p>	<p>"SEC. 34. Universal Charge. —</p> <p>Within one (1) year from the effectivity of this Act, a universal charge to be determined, fixed and approved by the ERC, shall be imposed on all electricity end-users for the following purposes:</p> <p>(a) xxx</p> <p>(b) xxx</p> <p>(c) xxx</p> <p>(d) An environmental charge equivalent to one-fourth of one centavo per kilowatt-hour</p>	

<p>(i) PSALM for the Stranded Debts and Stranded Contract Costs of NPC;</p> <p>(ii) Distribution Utilities with respect to their Stranded Contract Costs of Eligible Contracts; Page 59 of 100</p> <p>(iii) Missionary Electrification;</p> <p>(iv) Qualified Generation Companies with respect to the equalization of taxes and royalties between indigenous or Renewable Energy Resources and imported fuels;</p> <p>(v) NPC, with respect to the environmental charge of P0.0025 per kilowatt-hour sales to be used for the rehabilitation and management of watershed areas; and</p> <p>(vi) NPC/PSALM and Distribution Utilities with respect to the mitigation of the removal of cross subsidies.</p>	<p>centavo per kilowatt-hour (P0.0025/kWh), which shall accrue to an environmental fund to be used solely for watershed rehabilitation and management. Said fund shall be managed by NPC under existing arrangements; and</p> <p>(e) A charge to account for all forms of cross-subsidies for a period not exceeding three (3) years.</p>	<p>(P0.0025/kWh), which shall accrue to an environmental fund to be used solely for watershed rehabilitation and management. Said fund shall be managed by NPC under existing arrangements; [and]</p> <p>(e) A charge to account <i>tot</i> all forms of cross-subsidies for a period not exceeding three (3) years[.];AND</p> <p>"(f) TO FUND THE REHABILITATION OF LINES PREVIOUSLY CONSTRUCTED USING NEA-SUBSIDY FUNDS AND/OR PRIORITY DEVELOPMENT ASSISTANCE FUND (PDAF) TO ELECTRIFY FAR-FLUNG UNVIABLE AREAS.</p>	
<p>RULE 3. RESPONSIBILITIES OF THE DOE, ERC, NPC, NEA AND PSALM</p> <p>Section 1. Responsibilities of the DOE.</p> <p>In addition to its existing powers and</p>	<p>CHAPTER III</p> <p>ROLE OF THE DEPARTMENT OF ENERGY</p> <p>Section 37. Powers and Functions of the DOE. - In addition to its existing powers and functions, the DOE is hereby mandated to supervise the restructuring of the electricity</p>	<p>"SEC. 37. Powers and Functions of the DOE. – In addition to its existing powers and functions, the DOE is hereby mandated to supervise the restructuring of the</p>	

<p>functions, the DOE shall supervise the Restructuring of the electricity industry and perform the following functions:</p> <p>(a) Xxx</p> <p>(b) xxx</p> <p>(c) xxx</p> <p>(d) Ensure the reliability, quality and security of supply of electric power;</p> <p>(e) xxx</p>	<p>industry. In pursuance thereof, Section 5 of R. A. 7638 otherwise known as "The Department of Energy Act of 1992" is hereby amended to read as follows:</p> <p>(a) xxx;</p> <p>(b) xxx;</p> <p>(c) xxx;</p> <p>(d) Ensure the reliability, quality and security of supply of electric power;</p> <p>(e) xxx;</p>	<p>electricity industry. In pursuance thereof, Section 5 of R. A. 7638 otherwise known as "The Department of Energy Act of 1992" is hereby amended to read as follows:</p> <p>(a) xxx;</p> <p>(b) xxx;</p> <p>(c) xxx;</p> <p>"(d) Ensure the reliability, quality and security of supply of electric power, BY EFFECTIVELY DETERMINING THE SOURCES OF ENERGY, ITS DEVELOPMENT AND UTILIZATION THROUGH THE RESTRUCTURING AND EASING OF ITS PERMITTING PROCEDURES, REDUCING AND MAKING CONVENIENT COMPLIANCE OF THE REQUIREMENTS, THEREBY ENCOURAGING THE PARTICIPATION OF INTERESTED INVESTORS.</p> <p>(e)xxx;</p>	
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<p>(i)xxx</p> <p>(ii)xxx</p> <p>(iii)xxx</p> <p>(iv)xxx</p> <p>(f) Jointly with the Electric Power Industry Participants, establish the Wholesale Electricity Spot Market (WESM) and formulate the detailed rules governing the operations thereof;</p> <p>(g) xxx</p> <p>(h) xxx</p> <p>(i) Develop policies and procedures and, as appropriate, promote a system of energy development incentives to enable and encourage Electric Power Industry Participants to</p>	<p>(i) xxx;</p> <p>(ii) xxx;</p> <p>(iii) xxx; and</p> <p>(iv) xxx;</p> <p>(f) Jointly with the electric power industry participants, establish the wholesale electricity spot market and formulate the detailed rules governing the operations thereof;</p> <p>(g) xxx;</p> <p>(h) xxx;</p> <p>(i) Develop policies and procedures and, as appropriate, promote a system of energy development incentives to enable and encourage electric power industry participants to provide adequate capacity to meet demand including, among others, reserve requirements;</p>	<p>(i) xxx;</p> <p>(ii) xxx;</p> <p>(iii) xxx; and</p> <p>(iv) xxx</p> <p>"(f) Jointly with the electric power industry participants, establish the wholesale electricity spot market WHEN IT IS WARRANTED BY UNCONDITIONAL DECLARATION, STABILITY OF SUPPLY, AND, WITH THE CONCURRENCE OF THE ENERGY REGULATORY COMMISSION, and formulate the detailed rules governing the operations thereof;xxx;</p> <p>(g) xxx;</p> <p>(h) xxx;</p> <p>“(i) Develop policies and procedures and, as appropriate, promote a system of energy development incentives to enable and encourage electric power industry participants to provide adequate capacity to meet demand, ESPECIALLY A SUDDEN</p>	<p>(COMMENTS:EXPLORATION AND DETERMINATION OF ENERGY SOURCES AND ITS DEVELOPMENT SHOULD BE SERIOUSLY CONSIDERED BY THE DOE IN ORDER FOR DISTRIBUTION UTILITIES TO HAVE SUFFICIENTLY SUPPLY FOR DISTRIBUTION)</p>
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<p>provide adequate capacity to meet demand including, among others, reserve requirements;</p> <p>(j) xxx</p> <p>(k) xxx</p> <p>(l) xxx</p> <p>(m) xxx</p> <p>(n) xxx</p> <p>(o) xxx</p> <p>(p) Formulate such rules and regulations as may be necessary to implement the objectives of the Act;</p>	<p>(j) xxx;</p> <p>(k) xxx;</p> <p>(l) xxx;</p> <p>(m) xxx;</p> <p>(n) xxx;</p> <p>(o) xxx;</p> <p>(p) Formulate such rules and regulations as may be necessary to implement the objectives of this Act; and</p>	<p>SURGE OF DEMAND THAT MAY ARISE ON EMERGENCY SITUATION BROUGHT UPON BY A SIMULTANEOUS OUTAGE BY SEVERAL GENERATORS, OR A SINGLE ONE, REPRESENTING A HUGE BULK OF SUPPLY ON PER GRID BASIS, including ,among others, reserve requirements;</p> <p>(j) xxx;</p> <p>(k) xxx;</p> <p>(l) xxx;</p> <p>(m) xxx;</p> <p>(n) xxx;</p> <p>(o) xxx;</p> <p>(p) EXERCISE SUPERVISION OVER GOVERNMENT AGENCIES IN THE POWER SECTOR, FOR THEIR COMPLIANCE TO THIS ACT IN ORDER TO MONITOR AND TAKE REMEDIAL MEASURES IN PENALIZING ABUSE OF MARKET POWER CARTELIZATION, AND ANTI-COMPETITIVE OR DISCRIMINATORY BEHAVIOUR. TO THIS END,</p>	
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<p>(q) As part of the reportorial requirements of the Act, the DOE shall prepare and submit to the Power Commission a semi-annual report on the status of the implementation of the Act on or before the last week of April and October of each year. Towards this end, the DOE may require reports or documents from the Electric Power Industry Participants as necessary to facilitate compliance with this mandate and subject to appropriate measures to preserve the confidentiality of proprietary or commercially sensitive information; and</p> <p>(r) Exercise such other powers as</p>	<p>(q) Exercise such other powers as may be necessary or incidental to attain the objectives of this Act."</p>	<p>DOE IS EMPOWERED MOTU PROPIO TO INVESTIGATE AND FILE CORRESPONDING CHARGES, IN THE APPROPRIATE COURT OR TO THE ERC, AGAINST VIOLATORS PARTICULARLY ON CARTELIZATION, ABUSE OF MARKET POWER, ANTI-COMPETITIVE OR DISCRIMINATORY BEHAVIOR OF INDUSTRY PARTICIPANTS [Formulate such rules and regulations as may be necessary to implement the objectives of this Act]; (and)</p> <p>(q) FORMULATE SUCH RULES AND REGULATIONS AS MAY BE NECESSARY TO IMPLEMENT THE OBJECTIVES OF THIS ACT; AND</p>	
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<p>may be necessary or incidental to attain the objectives of the Act.</p>		<p>(r) EXERCISE SUCH OTHER POWERS AS MAY BE NECESSARY OR INCIDENTAL TO ATTAIN THE OBJECTIVES OF THIS ACT.”</p>	
	<p>Section 43. Functions of the ERC. – xxx</p> <p>(a) xxx</p> <p>(b) xxx</p> <p>(i) Performance standards for TRANSCO O & M Concessionaire, distribution utilities and suppliers: Provided, That in the establishment of the performance standards, the nature and function of the entities shall be considered; and</p> <p>(c) (ii) In consultation with the DOE and DOF, financial capability standards for the generating companies, the TRANSCO, distribution utilities and suppliers: Provided, That in the formulation of the financial capability standards, the nature and function of the entity shall be considered: Provided, further, That such standards are set to ensure that the electric power</p>	<p>"SEC. 43. Functions of the ERC. -xxx</p> <p>“(a) xxx</p> <p>(b) xxx</p> <p>“(i) Performance standards for TRANSCO O & M Concessionaire, and suppliers: <i>Provided</i>, That in the establishment of the performance standards, the nature and function of the entities shall be considered; and</p> <p>“(ii) Financial AND TECHNICAL capability standards for the generating companies, the TRANSCO, distribution utilities and suppliers: Provided, That in the formulation of the financial and TECHNICAL capability standards the nature and function of the entity shall be considered: <i>Provided, further</i>, That such standards are set to ensure that</p>	

industry participants meet the minimum financial standards to protect the public interest. Determine, fix, and approve, after due notice and public hearings the universal charge, to be imposed on all electricity end-users pursuant to Sections 34 hereof;

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the electric power industry participants meet the minimum financial **AND TECHNICAL** standards to protect the public interest. **PROVIDED, FURTHERMORE, THAT MONITORING, SUPERVISION AND ENFORCEMENT OF FINANCIAL AND TECHNICAL STANDARDS OF THE ELECTRIC COOPERATIVES, INCLUDING COMPLIANCES OF GUIDELINES PROMULGATED BY THE ENERGY REGULATORY COMMISSION, WILL BE IMPLEMENTED BY THE NATIONAL ELECTRIFICATION ADMINISTRATION.** Determine, fix, and approve, after due notice and public hearings the universal charge, to be imposed on all electricity end users pursuant to Section 34 hereof.

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RULE 11. CROSS OWNERSHIP, MARKET ABUSE AND ANTI-COMPETITIVE BEHAVIOR

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Section 3. Prohibition of Cross Ownership.

(a) Pursuant to Section 45 of the Act, no Generation Company, IPP Administrators, Distribution Utility or Supplier, their respective subsidiaries, Affiliates, stockholders, directors or officers or other Page 42 of 100 entity engaged in generating and supplying electricity specified by ERC, shall hold any interest, directly or indirectly, in the TRANSCO or its Buyer or Concessionaire, or the Market Operator.

(b) TRANSCO or its Buyer or Concessionaire and any of its stockholders, directors or officers or any of their relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, shall not hold any interest, whether directly or indirectly, in any Generation Company, IPP Administrators, Distribution Utility or Supplier.

(c) Except for ex officio government-appointed representatives, no Person who is an officer or director of the

Section 45. Cross Ownership, Market Power Abuse And Anti-Competitive Behavior. xxx

No generation company or distribution utility, or its respective subsidiary or affiliate or stockholder or official of a generation company or distribution utility, or other entity engaged in generating and supplying electricity specified by ERC shall be allowed to hold any interest, direct or indirect, in TRANSCO or its concessionaire. Likewise, the TRANSCO, or its concessionaire or any of its stockholders or officials or any of their relatives within the fourth civil degree of consanguinity or affinity, shall not hold any interest, whether direct or indirect, in any generation company or distribution utility. Except for government-appointed representatives, no person who is an officer or director of TRANSCO or its concessionaire shall be an officer or director of any generation company, distribution utility or supplier.

SEC. 45. Cross Ownership, Market Power Abuse and Anti-Competitive Behavior. -xxx

“No generation company or distribution utility, or its respective subsidiary or affiliate or stockholder or official of a generation company or distribution utility, **AND ANY OF THEIR RELATIVES WITHIN THE SIXTH CIVIL DEGREE OF CONSANGUINITY OR AFFINITY**, or other entity engaged in generating and supplying electricity specified by ERC [within the fourth civil degree of consanguinity or affinity], **EXCEPT WITH THE OFFICIALS OF A NON-STOCK AND NON-PROFIT ELECTRIC COOPERATIVES**, shall be allowed to hold any interest, direct or indirect, on TRANSCO or its concessionaire. Likewise, the TRANSCO, or its concessionaire or any of its stakeholders or officials or any of their relatives within the (fourth] **SIXTH** civil degree of consanguinity or affinity, shall not hold any interest, whether direct or indirect, in any generation company or distribution utility. Except for

<p>TRANSCO or its Buyer or Concessionaire shall be an officer or director of any Generation Company, IPP Administrators, Distribution Utility or Supplier.</p> <p>(d) This Section shall not apply to PSALM in the course of its Privatization of NPC assets pursuant to Sec. 47 of the Act.</p> <p>Section 4. Limits on Concentration of Ownership, Operation or Control of Installed Generating Capacity.</p> <p>(a) No company, Related Group or IPP Administrator, singly or in combination, can own, operate or Control more than thirty percent (30 %) of the installed generating capacity of a Grid and/or twenty-five percent (25%) of the national installed generating capacity: Provided, That such restrictions shall not apply to PSALM or NPC during the time that its assets are being privatized pursuant to Section 47 of</p>	<p>To promote true market competition and prevent harmful monopoly and market power abuse, the ERC shall enforce the following safeguards:</p> <p>(a) Starting not later than five (5) years from the approval of this Act and until such time that the ERC has reduced the threshold level to one hundred kilowatts (100kW), no company or related group can own and operate or control and operate more than forty percent</p>	<p>government-appointed representatives, no person who is an officer or director of TRANSCO or its concessionaire shall be an officer or director of any generation company, distribution utility or supplier.</p> <p>An "affiliate" means any person, which, alone or together with any other person, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person. As used herein, "control" shall mean the power to direct or cause the direction of the management policies of a person by contract, agency or otherwise.</p> <p>"To promote true market competition and prevent harmful monopoly and market power abuse, the ERC shall enforce the following safeguards:</p> <p>"(a) No company or related group can own, operate or control more than fifteen percent (15%) [thirty percent (30%)] of the installed generating capacity of a grid [and/or twenty-five percent (25%) of the national installed generating capacity) AS IN LUZON, VISAYAS AND MINDANAO GRID, THE SAME</p>	
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<p>the Act and isolated grids that are not connected to the high voltage transmission system. The ERC shall determine the installed generating capacity in a Grid and the national installed generating capacity.</p> <p>(b) The capacity of such facility shall be credited to the entity controlling the terms and conditions of the prices or quantities of the output of such capacity sold in the market in cases where different entities own the same Generation Facility. In cases where different Persons own, operate or Control the same Generation Facility, the capacity of such facility shall be credited to the Person controlling the capacity of the Generation Facility.</p>	<p>(40%) of the installed generating capacity of a grid and/or thirty percent (30%) of the national installed capacity; and</p>	<p>LEVEL OF OWNERSHIP SHALL BE MAINTAINED ON A PER ISLAND GRID BASIS EVEN AFTER THE INTERCONNECTION OF THE THREE MAIN GRIDS. "Related group" includes a person's business interests, including its subsidiaries, affiliates, directors or officers or any of their relatives by consanguinity or affinity, legitimate or common law, within the (fourth] SIXTH civil degree[;].</p> <p>THE SECURITIES AND EXCHANGE COMMISSION (SEC) IS HEREBY TASKED TO CONSIDER IN THEIR TEMPLATE OF APPL CATION FOR REGISTRATON OF ALL POWER INDUSTRY PLAYERS INFORMATION RELATVE TO ABOVE AND WILL BE HELD RESPONSIBLE IN CASE OF VIOLAT ON OF THE PROVISION FOR ANY POWER INDUSTRY PLAYER THAT CAN REGISTER EVEN IF NOT QUALIFIED PURSUANT TO THE ABOVE PROHIBITION.</p>	
<p>RULE 23. PRIVATIZATION OF THE ASSETS OF NPC</p> <p>Section 1. Guiding Principle. Consistent with Section 47 of the Act, the PSALM shall privatize the assets transferred to it from NPC in</p>	<p>CHAPTER V PRIVATIZATION OF THE ASSETS OF THE NATIONAL POWER CORPORATION</p> <p>Section 47. NPC Privatization. - Except for the assets of SPUG, the generating assets, real estate, and other disposable assets as</p>	<p>"SEC. 47.NPC Privatization. - [Except for the assets of SPUG, the generating assets, real estate, and other disposable assets as well as generation contracts of NPC shall</p>	

<p>accordance with these Rules. Within one hundred eighty (180) days from the effectivity of the Act, PSALM shall submit a Privatization plan for the endorsement by the Power Commission and the approval of the President of the Philippines. This plan shall cover the total Privatization of the transmission and generation assets, real estate, and other disposable assets as well as the existing IPP contracts of NPC, except for assets of SPUG. Upon approval of the Privatization plan, PSALM shall implement the same. The participation by Filipino citizens and corporations in the purchase of NPC assets shall be encouraged.</p> <p>Section 4. Privatization Guidelines.</p> <p>(a) xxx;</p> <p>(b) xxx;</p> <p>(b) xxx;</p>	<p>well as generation contracts of NPC shall be privatized in accordance with this Act. Within six (6) months from the effectivity of this Act, the PSALM Corp. shall submit a plan for the endorsement by the Joint Congressional Power Commission and the approval of the President of the Philippines, on the total privatization of the generation assets, real estate, other disposable assets as well as existing generation contracts of NPC and thereafter, implement the same, in accordance with the following guidelines, except as provided for in paragraph (e) herein:</p> <p>(a) xxx;</p> <p>(b) xxx;</p> <p>(c) xxx;</p>	<p>be privatize in accordance with this Act. Within six (6) months from the effectivity of this Act, the PSALM Corp. shall submit a plan for the endorsement by the Joint Congressional Power Commission and the approval of the President of the Philippines, on the total privatization of the generation assets, real estate, other disposable assets as well as existing generation contracts of NPC and thereafter, implement the same, in accordance with the following guidelines, except as provided for in paragraph (f) herein:] EXCEPT FOR THE AGUS AND PULANGUI HYDRO ELECTRIC PLANTS COMPLEXES, THE GENERATION ASSETS, REAL ESTATE, AND OTHER DISPOSABLE ASSETS AS WELL AS IPP CONTRACTS OF NPC SHALL BE PRIVATIZED IN ACCORDANCE WITH THIS ACT AND THE FOLLOWING GUIDELINES,EXCEPT AS PROVIDED FOR IN PARAGRAPH (F) HEREIN:</p> <p>(a) xxx</p> <p>(b) xxx</p> <p>(c) xxx</p> <p>(d) xxx</p>	
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<p>(c) xxx;</p> <p>(d) xxx;</p> <p>(e) The Agus and the Pulangui complexes in Mindanao shall be excluded from among the Generation Companies that will be initially privatized. Their ownership shall be transferred to the PSALM and both shall continue to be operated by the NPC. Said complexes may be privatized not earlier than ten (10) years from the effectivity of the Act, and, except for Agus III, shall not be subject to BOT, BuildRehabilitate-Operate-Transfer (BROT) and other variations thereof pursuant to Republic Act. No. 6957 (BOT Law), as amended by Republic Act No. 7718. The Privatization of Agus and Pulangui complexes shall be left to the discretion of PSALM in consultation with Congress. PSALM, out of the earnings in the operation of Agus and Pulangui complexes, shall ensure the availability of adequate funds intended for the upkeep of facilities to include funds for repairs, maintenance and expansion of existing</p>	<p>(d) xxx;</p> <p>(e) xxx;</p> <p>(f) The steamfield assets and generating plants of each geothermal complex shall not be sold separately. They shall be combined and each geothermal complex shall be sold as one package through public bidding. The geothermal complexes covered by this requirement include, but not limited to, Tiwi-Makban, Leyte A and B (Tongonan), Palinpinon, and Mt. Apo;</p>	<p>(e) xxx</p> <p>“(f) The Agus and the Pulangui complexes in Mindanao shall be excluded from among the generation companies that will be (initially] privatized. Their ownership shall be transferred to the PSALM Corp. and both shall continue to be operated by the NPC. Said complexes [may be privatized not earlier than ten(10) years from the effectivity of this Act, and except for Agus III, shall not be subject to Build-Operate-Transfer (B-O-T), Build-Rehabilitate-Operate-Transfer (B-R-O-T) and other variations thereof pursuant to Republic Act No. 6957, as amended by Republic Act. No. 7718. The privatization of Agus and Pulangui complexes shall be left to the discretion of PSALM Corp. in consultation with Congress] SHALL BE RETAINED TO GENERATE POWER WHICH WILL SERVE AS BUFFER SUPPLY TO AVERT POWER CRISES. THE GOVERNMENT THROUGH THE NPC SHALL ENSURE ITS IMMEDIATE REHABILITATION TO MAXIMIZE ITS CAPACITY OUTPUT THROUGH LOANS WHICH SHALL BE RECOVERED IN A GENERATION RATE TO BE FILED</p>	
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facilities;

WITH THE ERC WHOSE REVENUE SHALL BE USED FOR THE REPAYMENT OF ITS REHABILITATION AND OPERATION EXPENSES. PROVIDED, THAT ELECTRIC COOPERATIVES SHALL BE PRIORITIZED IN CONTRACTING THESE COMPLEXES' CAPACITY TO SERVE THE NEED OF THE RESIDENTIAL CONSUMERS.

"FOR THE PURPOSE OF ENSURING THE VIABILITY OF OPERATION OF THE AGUS AND PULANGI HYDRO ELECTRIC PLANTS COMPLEXES, A MINDANAO POWER CORPORATION SHALL BE CREATED THAT WILL MANAGE, OPERATE AND MAINTAIN THE PLANTS. FOR THIS PURPOSE, THE ASSETS AND LIABILITIES OR OBLIGATIONS AND DEBTS OF NAPOCOR PSALM RELATED TO THE OPERATION OF THE MINDANAO GENERATION (MINGEN) SHALL BE SEPARATED FROM THE BOOK OF ACCOUNTS OF NAPOCOR AND TRANSFERRED TO THE NEW ENTITY, THE MINDANAO POWER CORPORATION.

"THE MINDANAO POWER

<p>(f) xxx;</p> <p>(g) xxx;</p> <p>(h) Not later than three (3) years from the effectivity of the Act, and in no case later than the initial implementation of Open Access, at least seventy percent (70%) of</p>	<p>(g) xxx;</p> <p>(h) xxx; and</p> <p>(i) NPC may generate and sell electricity only from the undisposed generating assets and IPP contracts of PSALM Corp.: Provided, That any unsold capacity shall be privatized not later than eight (8) years from the effectivity of this Act.</p>	<p>CORPORATION SHALL BE A GOVERNMENT OWNED AND CONTROLLED CORPORATION BUT SHALL BE MANAGED AND OPERATED IN A PRIVATELY OWNED TYPE OF MANAGEMENT, WHOSE COMPOSITION IN ITS BOARD OF DIRECTORS SHALL INCLUDE ONLY THE SECRETARY OF THE MINDANAO DEVELOPMENT AUTHORITY AS CHAIRMAN. OTHER BOARD MEMBERS COMPOSED OF A MAXIMUM OF FIVE EXCLUDING THE CHAIRMAN SHALL BE A REPRESENTATIVE OF ELECTRIC COOPERATIVES IN MINDANAO, PRIVATELY OWNED DUS IN MINDANAO, CONSUMER ORGANIZATION, BUSINESS SECTOR REPRESENTATIVE, AND FROM LAKE LANAO WATERSHED PROTECTION AND DEVELOPMENT COUNCIL.</p> <p>(g) xxx</p> <p>(h) xxx</p> <p>“(i) Not later than three (3) years from the effectivity of this AMENDATORY Act, and in no case later than the initial implementation of open access, at least seventy percent (70%) of the total capacity of</p>	
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the total capacity of generation assets of NPC and of the total capacity of the power plants under contract with NPC located in Luzon and Visayas shall have been privatized: Provided, That any unsold capacity shall be privatized not later than eight (8) years from the effectivity of the Act;

- (i) Except as otherwise provided in these Rules, all appropriate existing authorizations, licenses and permits issued by the National Government, including its departments, bureaus and agencies, and LGUs to NPC shall automatically transfer to PSALM;

generating assets of NPC and of the total capacity of the power plants under contract with NPC located in Luzon and Visayas, **WITH THE EXCEPTION OF THOSE WHICH ARE EXCLUDED FROM PRIVATIZATION AND SALE BY THIS AMENDATORY ACT**, shall have been privatized: *Provided*, That any unsold capacity [shall be privatized not later than eight (8) years from the effectivity of this Act] **AT THE TIME OF THE APPROVAL OF THIS AMENDMENT, WITH THE EXCEPTION OF THOSE TO BE FORMED UNDER THE MINDANAO POWER CORPORATION, SHALL BE RETAINED AS ASSETS OF NPC TO SERVE AS ANCILLARY SERVICE PROVIDER OF THE LUZON AND VISAYAS GRID**; and

"(j) NPC **SHALL** [may] generate and sell electricity [only] from the undisposed generating assets [and IPP contracts of PSALM Corp. and shall not incur any new obligations to purchase power through bilateral contracts with generation companies or other suppliers.] **EXCLUSIVE OF THE AGUS AND PULANGUI HYDRO COMPLEXES IN MINDANAO WHICH SHALL BE OPERATED BY A SEPARATE ENTITY AND IPP CONTRACTS,**

INCLUDING NEW POWER SUPPLY PORFOLIO WHICH SHOULD NOT BE LESS THAN THE REQUIRED ANCILLARY CAPACITY OF EACH GRID IN LUZON, VISAYAS AND MINDANAO AS DETERMND BY THE GRID MANAGEMENT COMMITTEE AND TO BE UPRATED ON THE BASE LOAD REQUIREMENT OF THE GRID PLUS TEN PERCENT (10%).

"THE CAPACITY FEE OF ALL NPC POWER PLANTS AND POWER SUPPLY CONTRACTS THAT WILL SERVE AS ANCILLARY SHALL BE RECOVERED IN A FORM OF ANCILLARY SERVICE CHARGE TO BE COLLECTED FROM ALL ELECTRICITY END USERS BY THE GRID OPERATOR AND REMITTED DIRECTLY TO THE NPC.

"ANCILLARY CHARGES SHALL INCLUDE FIXED COST AND A CERTAIN MARGIN WHICH SHOULD BE APPLIED BY NPC TO THE ERC FOR COST DETERMINATION AND APPROVAL.

"IN CASE OF EMERGENCY AND IN ORDER TO STABILIZE THE PRICE IN THE WESM, NPC POWER PLANTS SHALL OPERATE AS BASE LOAD PLANTS WITH

		<p>GENERATION COST TO BE DETERMINED BY ERC BASED ON THE TECHNOLOGY USED."</p>	
	<p>Section 48. National Power Board of Directors. - Upon the passage of this Act, the provisions of R.A. 6395, otherwise known as the NPC Charter, referring to the composition of the National Power Board of Directors, are hereby repealed and a new Board shall be immediately organized. The new Board shall be composed of the Secretary of Finance as Chairman, with the following as members: the Secretary of Energy, the Secretary of Budget and Management, the Secretary of Agriculture, the Director-General of the National Economic and Development Authority, the Secretary of Environment and Natural Resources, the Secretary of Interior and Local Government, the Secretary of the Department of Trade and Industry, and the President of the National Power Corporation.</p>	<p>'SEC. 40. [National Power Board of Directors] NATIONAL POWER CORPORATION.- Upon the passage of this Act, Section 6 of RA 6395, as amended, and Section 13 of RA 7638, as amended, referring to the composition of the National Power Board of Directors, are hereby repealed and a new Board shall be immediately organized. The new Board shall be composed of the Secretary of Finance as Chairman, with the following as members: the Secretary of Energy, the Secretary of Budget and Management, the Secretary of Agriculture, the Director General of the National Economic and Development Authority, the Secretary of Environment and Natural Resources, the Secretary of Interior and Local Government, the Secretary of the Department of Trade and Industry, and the President of the National Power Corporation.</p> <p>"THE NATIONAL POWER CORPORATION SHALL REMAIN AS A GOVERNMENT OWNED AND</p>	<p>It is suggested to review Charter of NPC.</p>

		<p>CONTROLLED CORPORATION (GOCC), HOWEVER, ITS OPERATIONAL GOVERNANCE AND CONDUCT OF BUSINESS SHOULD BE BASICALLY SIMILAR TO THAT OF A PRIVATE UTILITY THAT ENSURES BUSINESS VIABILITY AND THEREFORE THE QUALIFICATIONS AND HIRING OF PERSONNEL AS WELL AS ITS ORGANIZATION STRUCTURE SHOULD BE ALIGNED TO THAT OF A PRIVATELY OWNED COMPANY OR CORPORATION.</p>	
	<p>Section 57. Conversion of Electric Cooperatives.</p> <p>Electric Cooperatives are hereby given the option to convert into either stock cooperative under the Cooperative Development Act or stock corporation under the Corporation Code. Nothing contained in this act shall deprive electric cooperatives of any privilege or right granted to them under existing laws, particularly those under the provisions of Republic Acts No. 6938, 7160 and 8241.</p>	<p>“SEC. 57. Conversion of Electric Cooperatives. Electric Cooperatives are hereby given the option to convert into a stock cooperative pursuant to the Cooperative Development Act, and shall be under the supervision of the NEA pursuant to Republic Act 10531. As such, all ECs stock and non-stock cooperative shall enjoy exemption from payment of any and all taxes, tariff duties and other impositions, either by the national or local government.</p>	
	<p>CHAPTER VIII GENERAL PROVISIONS</p> <p>Section 62. Joint Congressional Power Commission. - xxx</p>	<p>SEC. 62. Joint Congressional Power Commission.-xxx</p> <p>"The Commission shall, in aid of</p>	

	<p>The Commission shall, in aid of legislation, perform the following functions, among others:</p> <p>(a) xxx;</p> <p>(b) xxx;</p> <p>(c) xxx;</p> <p>(d) xxx;</p> <p>(e) xxx;</p> <p>(f) xxx;</p> <p>(g) Submit periodic reports to the President of the Philippines and Congress;</p> <p>(h) Determine inherent weaknesses in the law and recommend necessary remedial legislation or executive measures; and</p>	<p>legislation, perform the following functions, among others:</p> <p>(a) xxx</p> <p>(b) xxx</p> <p>(c) xxx</p> <p>(d) xxx</p> <p>(e) xxx</p> <p>(f) xxx</p> <p>(g) Determine inherent weaknesses in the law THAT BREEDS REGULATORY FLAWS and recommend necessary remedial legislation or executive measures; [and]</p> <p>"(h) [Perform such other duties and functions as <i>may</i> be necessary to attain its objectives] ENHANCE THE QUALITY OF THE SEARCH, SCREENING, AND SELECTION PROCESS FOR THE FOLLOWING POSITIONS: SECRETARY OF THE DEPARTMENT OF ENERGY,</p>	
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	<p>(i) Perform such other duties and functions as may be necessary to attain its objectives.</p> <p>xxx</p>	<p>CHAIRMAN OF THE ERC, PRESIDENT OF NPC, PRESIDENT OF PEMC, PRESIDENT AND CEO OF TRANSCO, PRESIDENT AND CEO OF PSALM, ANO OTHER HEADS OF AGENCIES COVERED BY EPIRA[;];</p> <p>"(i) SUBMIT A LIST OF FIVE (5) NOMINEES FOR EACH POSITION ENUMERATED IN SECTION 62 (H) TO THE PRESIDENT OF THE PHILIPPINES FOR FINAL APPOINTMENT AT LEAST ONE (1) YEAR BEFORE THE INCUMBENT'S TERM EXPIRES; AND</p> <p>"(j) PERFORM SUCH OTHER DUTIES AND FUNCTIONS AS MAY BE NECESSARY TO ATTAIN ITS OBJECTIVES.</p> <p>xxx</p>	
<p>RULE 29. BENEFITS TO HOST COMMUNITIES. Pursuant to Section 66 of the Act, the obligations of Generation Companies and energy resource developers to communities hosting the Generation Page 81 of 100 Facilities and/or energy resource development projects as defined under Chapter II, Section 289 to 294 of the Republic Act No. 7160 (Local Government Code) and</p>	<p>Section 66. Benefits to Host Communities. - The obligations of generating companies and energy resource developers to communities hosting energy generating facilities and/or energy resource developers as defined under Chapter II, Sections 289 to 294 of the Local Government Code and Section 5(i) of Republic Act No. 7638 and their implementing rules and regulations and applicable orders and circulars consistent</p>	<p>"SEC. 66. Benefits to Host Communities.-The obligations of generation companies and energy resource developers to communities hosting energy generating facilities and/or energy resource developers as defined under Chapter II, Sections 289 to 294 of the Local Government Code and Section S(i) of Republic Act No. 7638 and their implementing</p>	

<p>Section 5 (i) of Republic Act No.7638 (DOE Law) and their implementing rules and regulations shall continue: Provided, That the obligations mandated under Chapter II, Section 291 of Local Government Code, shall apply to privately-owned corporations or entities utilizing the national wealth of the locality.</p>	<p>with this Act shall continue: Provided, further, That the obligations mandated under Chapter II, Section 291 of Republic Act No. 7160, shall apply to privately-owned corporations or entities utilizing the national wealth of the locality.</p> <p>“xxx”</p>	<p>rules and regulations and applicable orders and circulars [consistent with this Act shall continue: <i>Provided</i>, That the obligations mandated under Chapter II, Section 291 of Republic Act No. 7160, shall apply to privately-owned corporations or entities utilizing the national wealth of the locality]</p> <p>INCONSISTENT WITH THIS ACT ARE HEREBY AMENDED TO SIMPLIFY THE DISTRIBUTION OF THE SHARES IN NATIONAL WEALTH TAX.</p> <p>"THE COMMUNITIES HOSTING ANY SOURCE OF ENERGY SHALL BE ENTITLED TO THE EIGHTY PERCENT (80%) OF THE NATIONAL WEALTH TAX; PROVIDED, THAT THE GENERATION FACILITIES AND/OR ENERGY RESOURCE DEVELOPERS SHALL DEDUCT THIS AMOUNT FROM THE POWER BILLS OF THE ELECTRIC COOPERATIVES/ DISTRIBUTION UTILITIES; PROVIDED FURTHER, THAT THIS SHALL HAVE RETROACTIVE EFFECT FROM THE TIME THE GENERATION FACILITIES AND/OR ENERGY RESOURCE DEVELOPERS STARTED TO OPERATE IN THE HOST COMMUNITIES.</p>	
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<p>RULE 13. MISSIONARY ELECTRIFICATION</p> <p>Section 1. Guiding Principle.</p> <p>(a) xxx;</p> <p>(b) The Missionary Electrification function of SPUG shall be funded from the revenues from sales in the missionary areas and from the Universal Charge to be collected from all electricity End-users as determined by the ERC.</p> <p>xxx</p> <p>Section 3. Obligations of SPUG.</p> <p>(a) SPUG shall be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the Grid and cannot be serviced by Distribution Utilities and other qualified third parties.</p> <p>xxx</p>	<p>Section 70. Missionary Electrification. - Notwithstanding the divestment and/or privatization of NPC assets, IPP contracts and spun-off corporations, NPC shall remain as a National Government-owned and -controlled corporation to perform the missionary electrification function through the Small Power Utilities Group (SPUG) and shall be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system. The missionary electrification function shall be funded from the revenues from sales in missionary areas and from the universal charge to be collected from all electricity end-users as determined by the ERC.</p>	<p>"SEC. 70. Missionary Electrification.- [Notwithstanding the divestment and/or privatization of NPC assets, IPP contracts and spun-off corporations, NPC shall remain as a National Government-owned and -controlled corporation to perform the missionary electrification function through the Small Power Utilities Group (SPUG) and shall be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system.]</p> <p>THE MISSIONARY ELECTRIFICATION FUNCTIONS OF NPC-SPUG SHALL BE PERFORMED BY THE NATIONAL ELECTRIFICATION ADMINISTRATION AS AN ADDITIONAL MANDATE IN ACCORDANCE WITH SECTION 58 OF THIS ACT. THE NEA SHALL BE RESPONSIBLE IN PROVIDING POWER GENERATION AND ITS ASSOCIATED POWER DELIVERY SYSTEMS IN OFF-GRID AREAS.</p> <p>The missionary electrification function shall be funded from the revenues from sales in missionary areas and from the universal charge to be collected from all the electricity</p>	

		<p>end-users as determined by the ERC, WHICH SHALL NOW BE REMITTED TO AND ADMINISTERED BY THE NEA. WHEN PREVAILING CIRCUMSTANCES WARRANT, NEA MAY OPT TO TRANSFER OR RELINQUISH THE OPERATION OF THE OFF-GRID POWER PLANTS TO THE ELECTRIC COOPERATIVE IF FOUND TO BE TECHNICALLY AND FINANCIALLY CAPABLE OF MAINTAINING THE PLANT. IF THE CONCERNED ELECTRIC COOPERATIVE IS NOT FINANCIALLY AND TECHNICALLY CAPABLE TO PURCHASE AND UNDERTAKE THE OPERARION AND MAINTENANCE THEREOF, AFORESAID ASSETS SHALL BE TRANSFERRED TO NEA BY THE NPC-SPUG. ACCORDINGLY, NEA SHALL CAUSE THE OPERATION AND MAINTENANCE IF THE ASSETS IN SUCH DEEMED APPROPRIATE AND ADVANTAGEOUS TO THE CONSUMERS THEREAT.</p>	
<p>RULE 24. ELECTRIC POWER CRISIS PROVISION Upon the determination by the President of the Philippines of an imminent shortage of the Supply of Electricity, Congress may authorize, through a joint</p>	<p>Section 71. Electric Power Crisis Provision - Upon the determination by the President of the Philippines of an imminent shortage of the supply of electricity, Congress may authorize, through a joint resolution, the establishment of additional generating</p>	<p>"SEC.71. Electric Power Crisis Provision.-Upon the determination by the President of the Philippines of an imminent shortage of the supply of electricity, (Congress may authorize, through a joint resolution, the establishment of additional</p>	

<p>resolution, the establishment of additional generation capacity under such terms and conditions as it may approve.</p>	<p>capacity under such terms and conditions as it may approve.</p>	<p>generating capacity under such terms and conditions as it may approve] THE PRESIDENT SHALL AUTHORIZE THE ESTABLISHMENT OF ADDITIONAL GENERATING CAPACITY."</p>	
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