

PROPOSED AMENDMENTS TO THE ELECTRIC POWER INDUSTRY REFORM ACT (EPIRA) OF 2001

ISSUE	SPECIFIC PROVISION AFFECTED	PROPOSED AMENDMENTS ON THE PROVISIONS AFFECTED	DISCUSSION OF PROPOSAL
<p>Exemption of the public ecozones from the coverage of RCOA</p>	<p>Sec. 31</p>	<p>Sec. 31 Retail Competition and Open Access <b><u>-Except for ecozone enterprises located inside PEZA public economic zones,</u></b> retail competition and open access on distribution wires shall be implemented not later than three (3) years upon the effectivity of this Act, subject to the following conditions: x xx</p>	<ul style="list-style-type: none"> <li>• PEZA is the regulator of utilities, including power inside PEZA-registered ecozones</li> <li>• As the DU in the public ecozones, PEZA aggregates the entire ecozone load and enters into a power supply contract in behalf of all the ecozone locators with the generation/supplier. This has always been the practice even during the time of EPZA, PEZA's predecessor, in the 1980s.</li> <li>• PEZA has existing long term bilateral contracts with generation companies for the supply of power in the public ecozones. The locators subsequently signed their respective undertaking with PEZA in contracting capacities. Allowing any contestable customers to opt out of the bilateral contract shall result in an increase in generation cost because of the reduction in</li> </ul>

			<p>energy levels and load factor rating. Thus, there will be disparity of power rates in the public ecozones which may lead to the increase of production costs which will affect the competitiveness of the ecozone locators in the global market.</p> <ul style="list-style-type: none"> <li>• In the survey conducted by PEZA to its ecozone locator enterprises in the public zones regarding the open access regime, majority of them favoured PEZA as the Local RES and to maintain the status quo of PEZA as the distributor and supplier of power in the ecozone.</li> </ul>
<p>Aggregation of demand in the private special economic zones</p>	<p>Sec. 31</p>	<p>Sec. 31 x xx</p> <p>Upon the initial implementation of the open access, the ERC shall allow all electricity end-users with a monthly average peak demand of at least one megawatt (1 MW) for the preceding twelve (12) months to be contestable market. <b><u>During this stage, ecozone enterprises located inside PEZA manufacturing special economic zones shall be allowed to aggregate their</u></b></p>	<ul style="list-style-type: none"> <li>• An ecozone is <i>sui generis</i> which requires special considerations on its power requirements.</li> <li>• An ecozone should be treated as a <b>single contestable customer</b> in order to increase the bargaining power of the locators through their designated RES in securing the best rate from their preferred supplier. This will also result in the non-displacement of captive</li> </ul>

		<u>demand.</u>	<p>customers located in the same ecozone because a uniform rate for a common delivery point will be provided by generators.</p> <ul style="list-style-type: none"> <li>• An ecozone is a <b>contiguous area</b> which makes it easier for generators and suppliers to provide the required power inside the ecozone.</li> <li>• Aggregation of the ecozone load shall also promote competition among generation-suppliers as they will find the load more attractive than those contestable customers which shall negotiate individually.</li> </ul>
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1. Will PEZA be comfortable in allowing government to participate in generation
2. Arrangement in public ecozones be replicated in the private ecozones
3. Will the PEZA proposed amendments help to ensure supply security at reasonable cost for ecozone locators?
  - a. The existing arrangement for supply in PEZA allows lower rates which they hope can be replicated in the private ecozones
4. Does PEZA require submission of development plans from utilities?
  - a. Annual submission of rates, 5-year planning
  - b. DOE should consider the competitive market environments and PEZA should not compete with the private sector, it will not achieve greater investments

- c. What if a locator wants to access lower priced electricity from other suppliers – still allowed as per policy

#### DENR

1. Is there a way to expedite issuance of permits?
2. There may be need to amend relevant laws if there will be revision in the ECC
3. Is it possible to establish inter-agency committee in the processing of permits

#### BIR

1. PEMC proposed to add new provision on the taxation of electricity sp. WESM and PEMC, this may increase cost of electricity – Section 6
2. Withholding regulation of BIR creates problem in the industry and this accumulated still unpaid to generators, this is not a revenue by PEMC
3. As per BIR, RA 9337 should be amended
4. Request of PEMC is covered by Section 30 of NRC

#### DILG

1. Propose to develop guidelines to streamline issuance of permits in the LGUs
2. As per DOJ, there is an existing rating/scorecard for LGUs which aims to streamline/fasttrack their processing of permits
3. Impact of national significance to PPP
4. Single form was not pursued because of issues from each government agencies – based on cost of doing business study, processing is easier through online
5. Amendments in the EPIRA may be included in the repealing clause if there is a need to amend to the Local Government Code

6. DOE-DILG Joint Circular on the share of NWT, there is no guidelines on the mandatory use of 80% for rate reduction. There were complaints of abuse of the fund

DTI

DOJ

1. Issues on RPT and discounted power rates
2. Competition Policy (need to invite the DOJ Office for Competition)
- 3.