

REPUBLIC OF THE PHILIPPINES
ENERGY REGULATORY COMMISSION
SAN MIGUEL AVENUE, PASIG CITY

RESOLUTION No. 04
SERIES OF 2003

ADOPTING AN ALTERNATIVE RATE SETTING
METHODOLOGY FOR THE NATIONAL TRANSMISSION
CORPORATION (TRANSCO) AND ANY FUTURE
CONCESSIONAIRE THEREOF

WHEREAS, Section 43(f) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), authorizes the Energy Regulatory Commission (ERC) to adopt alternative forms of internationally-accepted rate-setting methodology as it may deem appropriate;

WHEREAS, the rate-setting methodology so adopted and applied must ensure a reasonable price of electricity and shall be non-discriminatory;

WHEREAS, in a Decision dated June 26, 2002 and Order dated September 20, 2002, the ERC approved the unbundled rates of the National Power Corporation (NPC), which included therein a transmission system charge component, using the Return on Rate Base (RORB) methodology;

WHEREAS, pursuant to said Section 43 (f) of Republic Act No. 9136, the ERC has developed a new methodology for setting the transmission wheeling rates of TRANSCO;

WHEREAS, on January 14, 2003, the ERC issued an Order setting the said methodology for public consultations and directing interested parties to submit their comments thereon;

WHEREAS, interested parties submitted their written comments to the ERC and public consultations were conducted on February 19-21, 2003 on the proposed guidelines for the adoption of an alternative form of rate-setting methodology applicable to TRANSCO's transmission wheeling rates;

WHEREAS, in accordance with the aforesaid mandate, and after a careful consideration of the various views and comments submitted by interested parties, the Commission finds it appropriate to adopt a new methodology for setting TRANSCO's transmission wheeling rates;

NOW, THEREFORE, be it resolved, as this Commission hereby resolves, to APPROVE and ADOPT, as it hereby APPROVES and ADOPTS, the "Guidelines on the Methodology for Setting of Transmission Wheeling Rates" hereto attached as ANNEX "A" and made an integral part of this Resolution.

This Resolution shall take effect fifteen (15) days following its publication in a newspaper of general circulation in the country.

Pasig City, May 29, 2003.



MANUEL R. SANCHEZ
Chairman



MARY ANNE B. COLAYCO
Commissioner



OLIVER B. BUTALID
Commissioner



CARLOS R. ALINDADA
Commissioner



LETICIA V. IBAY
Commissioner