



DRAFT 25 JUNE 2008

**RESOLUTION NO. \_\_\_\_, Series of 2008**

**A RESOLUTION ADOPTING POLICIES TO GOVERN THE  
EXTENSION OF TRANSITION SUPPLY CONTRACTS**

**WHEREAS**, Section 67 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), requires the National Power Corporation (NPC) to file for the approval of the Commission Transition Supply Contracts (TSCs) duly negotiated with the distribution utilities;

**WHEREAS**, under the said provision, the term of the TSCs shall not extend beyond one (1) year from the introduction of open access and that said contracts shall be assignable to the NPC successor generating companies;

**WHEREAS**, on separate dates, NPC filed for the approval of these TSCs which were correspondingly approved by the Commission on 19 October 2006 for TSCs covering the Visayas and Mindanao grids and on 06 February 2007 for TSCs covering the Luzon grid;

**WHEREAS**, as a result of the privatization process envisioned under Section 47 of the EPIRA, several NPC generation assets have been successfully privatized as a consequence of which, several TSCs were assigned and transferred to the NPC successor generating companies;

**WHEREAS**, the Commission is cognizant that there are several TSCs whose terms are to expire even before one (1) year from introduction of open access and that the NPC successor generating companies and the concerned distribution utilities may require sufficient time to negotiate for the execution of new bilateral power supply contracts;

**NOW THEREFORE**, the Commission, after thorough and due deliberation, **RESOLVED**, as it hereby **RESOLVES** to **ADOPT** the following policies that should govern the extension of these TSCs assigned and transferred to the NPC successor generating companies:

1. TSCs assigned and transferred to NPC successor generating companies shall retain their nature as such until the expiration of the term originally agreed upon in the contract or the extension granted by the

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Commission, provided that these contracts shall not extend beyond one (1) year from open access;

2. The parties to a particular TSC assigned to an NPC successor generating company are hereby allowed to extend the contract period, under the same terms and conditions, subject to the filing of a Joint Manifestation for the approval of the Commission at least forty five (45) days prior to the expiration of the said TSC. Any extension shall be on a month-to-month basis, until a new bilateral power supply contract is approved by the Commission;

4. For TSCs which are set to expire within forty five (45) days from the effectivity of this Resolution, the terms and conditions of the contract are deemed to have been extended on a month-to-month basis until a new bilateral power supply contract is negotiated and duly approved by this Commission;

5. The parties to the new bilateral power supply contracts shall file their applications with the Commission within three (3) months from expiration of the TSCs.

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

Let copies of this Resolution be furnished the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR) and all entities engaged in the generation, distribution and supply of electricity.

Pasig City, 25 June 2008.

**RODOLFO B. ALBANO, JR.**  
Chairman

**RAUF A. TAN**  
Commissioner

**ALEJANDRO Z. BARIN**  
Commissioner

**MARIA TERESA A.R. CASTAÑEDA**  
Commissioner

**JOSE C. REYES**  
Commissioner