

participants who have expressed willingness to voluntarily implement retail competition and open access notwithstanding the non-fulfillment of all pre-conditions imposed under Section 31 of the EPIRA, *to wit*:

“SEC. 31. Retail Competition and Open Access. – Any law to the contrary notwithstanding, 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:

- (a) Establishment of the wholesale electricity spot market;
- (b) Approval of unbundled transmission and distribution wheeling charges;
- (c) Initial implementation of the cross subsidy removal scheme;
- (d) Privatization of at least seventy (70%) percent of the total capacity of generating assets of NPC in Luzon and Visayas; and
- (e) Transfer of the management and control of at least seventy percent (70%) of the total energy output of power plants under contract with NPC to the IPP Administrators.

Upon the initial implementation of open access, the ERC shall allow all electricity end-users with a monthly average peak demand of at least one megawatt (1MW) for the preceding twelve (12) months to be the contestable market. Two (2) years thereafter, the threshold level for the contestable market shall be reduced to seven hundred fifty kilowatts (750kW). At this level, aggregators shall be allowed to supply electricity to end-users whose aggregate demand within a contiguous area is at least seven hundred fifty kilowatts (750kW). Subsequently and every year thereafter, the ERC shall evaluate the performance of the market. On the basis of such evaluation, it shall gradually reduce threshold level until it reaches the household demand level. In the case of electric cooperatives, retail competition and open access shall be implemented not earlier than five (5) years upon the effectivity of this act.

2. The Terms of Reference was developed in consultation with the electricity industry participants: Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI), National

Competitiveness Council (NCC), Philippine Chamber of Commerce and Industry (PCCI), Federation of Philippine Industries (FPI), Philippine Exporters Confederation, Inc., The American Chamber of Commerce of the Philippines, Inc. (AMCHAM), The Canadian Chamber of Commerce of the Philippines, Inc. (CanCham), European Chamber of Commerce in the Philippines, Inc (ECCP), Japanese Chamber of Commerce & Industry in the Philippines, Inc., Korean Chamber of Commerce in the Philippines, Inc., SN Aboitiz Power Magat Incorporated, First Gen Hydro Power Corporation, PNOC Development Corporation, First Gen Corporation, Manila Electric Company (MERALCO), Clark Electric Distribution Corp., Panay Electric Company, Inc. (PECO), AES Philippines, Confederation of Garment Exporters of the Philippines (CONGEP), Textile Mills Association of the Philippines (TMAP) and Garment Business Association of the Philippines (GBAP).

3. The purposes and objectives under the Terms of Reference, as stated in its preambles, are as follows:

"Proposal to amend the Electric Power Industry Reform Act (EPIRA) was (were) filed in both houses of Congress with the view of (to) accelerating retail competition and open access by lowering the required privatization threshold and removing the requirement for the TRANSCO concessionaire to secure a Congressional franchise. Such efforts were opposed by power industry participants and other significant sectors in the Philippine business community. While it was conceded that the intentions underlying the foregoing legislative initiatives are indeed commendable, serious apprehensions were expressed that introducing basic legislative changes at this point in time when the positive results of the EPIRA's reforms are beginning to take shape may only negate the momentum that has already been achieved. Moreover, the tedious and potentially disruptive process of amending the EPIRA may create considerable uncertainty among present and prospective investors which could slow down the privatization process that has picked up speed in the last 18 months, erode the gains of the last few years, and create an impression that the Philippine power sector is not serious about reforms after all.

In the meantime, industrial and other large power consumers have requested that the implementation of retail competition and open access be accelerated within the framework of the EPIRA. In response to the clamor, the option to directly choose the power supplier that can give the most reliable service at the most competitive rates was granted,

initially, to large power consumers. The DOE continues to address this concern by continuing to explore other initiatives that will enable a greater number of consumers the same opportunity of choice.

During the Energy Summit held in January 2008, President Arroyo emphasized the need to take action and introduce the early implementation of open access to mitigate the high cost of electricity which is affecting Philippine competitiveness in the world market and hurting the country's ability to attract more business. In this regard, she urged that industry players, particularly private generation companies and distribution utilities, should cooperate to find solutions to implement accelerated open access.

In answer to this call, a number of electricity industry participants have expressed their willingness to voluntarily implement retail competition and open access notwithstanding the non-fulfillment of the pre-conditions imposed under Section 31 of the EPIRA. There is an emerging view that open access can be implemented early and still be consistent with the policy intent of EPIRA. Mitigating measures and other similar safety nets will, however, have to be established before Interim Open Access can be implemented, to ensure that there is a level-playing field with sufficient participants in a truly competitive market where no dominant player/s can enjoy undue advantage."

4. In seeking the approval by the Commission of the petition, Section 43(t) of the EPIRA is invoked, *to wit*:

SEC. 43. *Functions of the ERC.* –The ERC shall promote competition, encourage market development ensure customer choice and penalize abuse of market power in the restructured electricity industry. In appropriate cases, the ERC is authorized to issue cease and desist order after due notice and hearing. Towards this end it shall be responsible for the following key functions in the restructured industry:

x x x

(t) "(P)erform such other regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry".

5. Under the Interim Open Access, the following are being proposed:

A. Eligible Contestable Customers

1. Upon the commencement of Interim Open Access and retail competition, Eligible Contestable Customers with a monthly average peak demand of at least one megawatt (1MW) for the preceding 12 months may now be allowed by its distribution utilities to choose to purchase its electricity requirements among the Eligible Generation Companies and retail supply companies.

2. Six months thereafter, the threshold level for the contestable customers shall be reduced to seven hundred fifty kilowatts (750kW).

B. Distribution Utilities [and Electric Cooperatives]

3. Upon effectivity of Interim Open Access and retail competition, all Distribution Utility [Electric Cooperative] franchise holders shall immediately notify all its Eligible Contestable Customers that Interim Open access and retail competition has become effective pursuant to an Energy Regulatory Commission (ERC) resolution and that all Eligible Contestable Customers shall now have the freedom to choose their electricity supplier from among the Eligible Generation Assets and retail supply companies.

4. Each Eligible Generation Companies or retail supply company, Eligible Contestable Customer will enter into an energy wheeling agreement with the appropriate Distribution Utility/Electric Cooperative and/or Transco.

C. Eligible Generation Companies

5. All generation companies, including those that acquired the privatized National Power Corporation (NPC) Generation Assets, or their related groups, that are within the mandated market cap, i.e., owning, operating or controlling 30% or less of the installed generating capacity in a grid and/or 25% or less of the national installed capacity pursuant to Section 45 of EPIRA, will be allowed to voluntarily sell or contract directly with Eligible Contestable Customers.

6. For this purpose, all NPC Generation Assets and NPC-IPP Contracts shall be attributable to NPC, including those that may have been assigned or in anyway transferred to Power Sector Assets and Liabilities Management Corporation (PSALM) pursuant to EPIRA.

7. All Eligible Generation Companies must secure the appropriate Supplier license from the ERC before it can participate in Interim Open Access.

D. Role of NPC

8. NPC will continue to sell power into the Wholesale Electricity Spot Market (WESM), Distribution Utilities, Electric Cooperatives, and SPUG areas.

9. Once the privatization thresholds required under Section 31 of the EPIRA have been fully satisfied, NPC may participate up to the extent of its remaining capacity.

E. Transition Supply Contracts

10. All existing Transition Supply Contract (TSC) will remain valid.

11. The Implementation of Interim Open Access, being a temporary measure, will not in anyway shorten the life or effectivity of any or all existing TSCs.

12. NPC will continue to serve its existing TSCs until they are transferred to the winning bidders in the privatization of the remaining NPC Generation Assets.

13. If a Distribution Utility and/or Electric Cooperative loses a contestable customer as a result of a bilateral contract entered by a Privatized NPC Generation Asset as a result of Interim Open Access, the TSC contracted volume will be reduced in an amount equal to the load contracted by the contestable customer without any penalty to the Distribution Utility.

14. NPC electricity rate will remain under ERC regulation.

F. Implementing Agency

15. The ERC has the authority to prescribe the qualifications for the participation in the retail or contestable market under Section 31 of EPIRA.

16. The ERC has the authority under Sections 43 and 45 of the EPIRA to promulgate rules and regulations to ensure and promote competition, encourage market development and customer choice and discourage abuse of market power.

17. ERC shall establish the guiding principles for the early implementation of Interim Open Access and retail competition. Interim Open Access shall take immediate effect upon publication of the appropriate ERC resolution.

G. Effectivity and Scope

18. A petition for Interim Open Access will be filed with the ERC with the endorsement of all participating Eligible Generation Companies, and participating Distribution Utilities/Electric Cooperatives.

19. Interim Open Access shall take effect only upon the transfer of the operation of the Calaca and Masinloc Privatized NPC Generation Assets to the private generation companies concerned.

20. Full privatization of NPC generation assets and IPP contracts shall be completed "not later than eight (8) years from the effectivity of the "EPIRA" or by 2009, pursuant to Sec. 47(i) of EPIRA. Thus, Interim Open Access will be implemented until the earlier of June 30, 2010 or upon the occurrence of the effectivity of retail competition and open access as declared by ERC accordance with Section 31 of EPIRA/

21. Interim Open Access shall be implemented only in the Luzon and Visayas grids."

Finding the said petition to be sufficient in form and substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearings on the following dates and venues:

DATE	TIME	VENUE	PARTICULARS
June 16, 2008 (Monday)	Two o'clock in the afternoon (2:00 P.M.)	ERC Hearing Room, 15 th Floor, Pacific Center Building, San Miguel Ave. Pasig City	Jurisdictional hearing and Pre-trial Conference for Luzon Grid
June 17, 23, 24 & 25, 2008 (Tuesday, Monday, Tuesday & Wednesday)	Two o'clock in the afternoon (2:00 P.M.)	ERC Hearing Room, 15 th Floor, Pacific Center Building, San Miguel Ave. Pasig City	Evidentiary hearing (Reception of evidence and presentation of witnesses) for Luzon Grid

July 3, 2008 (Thursday)	Nine o'clock in the morning (9:00 A.M)	ERC Visayas Field Office, Ground Floor, Machay Building, Gorordo Ave., Cebu City	Jurisdictional hearing and Pre-trial Conference for Visayas Grid
July 4, 2008 (Friday)	Two o'clock in the afternoon (2:00 P.M.)	ERC Visayas Field Office, Ground Floor, Machay Building, Gorordo Ave., Cebu City	Evidentiary hearing (Reception of evidence and presentation of witnesses)
July 17-18, 2008 (Thursday & Friday)	Nine o'clock in the morning (9:00 A.M)	ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Ave. Pasig City	Evidentiary hearing (Continuation of presentation of witnesses if necessary) for Luzon Grid
July 22-23, 2008 (Tuesday & Wednesday)	Nine o'clock in the morning (9:00 A.M.)	ERC Visayas Field Office, Ground Office, Machay Building, Gorordo Ave., Cebu City	Evidentiary hearing (Continuation of presentation of witnesses if necessary) for Visayas Grid

Petitioners are hereby directed to cause the publication of the attached Notice of Public Hearing, at their own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the scheduled date of initial hearing. It is also directed to inform the consumers within their franchise areas, by any other means available and appropriate, of the filing of the instant petition, its reasons therefor, and of the scheduled hearings thereon.

Let copies of the petition, this Order and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress.

They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Mayors of the Cities and Municipalities within Petitioners' franchise areas for the appropriate posting thereof on their respective bulletin boards.

Petitioners are hereby directed to furnish all those making requests therefor with copies of the petition and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing and pre-trial conference, Petitioners must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Mayors or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing was published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

Petitioners and all interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-trial Briefs containing, among others:

- (a) a summary of admitted facts and proposed stipulation of facts;



- (b) the issues to be tried or resolved;
- (c) the documents or exhibits to be presented, stating the purposes thereof and proposed markings therefor; and
- (d) the number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

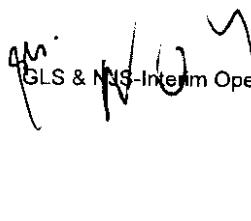
Failure of Petitioners to submit the required Pre-trial Briefs and Judicial Affidavits of their witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

As part of the pre-trial conference, Petitioners must also be prepared to make expository presentations on their petition, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the petition is all about and the reasons and justifications being cited in support of the same.

SO ORDERED.

Pasig City, May 26, 2008.


RODOLFO B. ALBANO, JR.
Chairman *h*


GLS & NIS-Interim Open Access-Order.2008-026RC

Copy furnished:

1. **Atty. Roderico V. Puno**
Atty. Helena Rosales-Calo
Atty. Trina San Diego
Puno and Puno
Counsels for Petitioners
12th F, East Tower Philippine Stock Exchange Center,
Exchange Road, Ortigas Center,
Pasig City, Metro Manila, Phils.
2. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila, Phils.
3. **Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila, Phils.
4. **Senate Committee on Energy**
GSIS Bldg., Roxas Blvd., Pasay City
Metro Manila, Phils.
5. **House Committee on Energy**
Batasan Hills, Quezon City, Metro Manila, Phils.
6. **Mr. Ernesto B. Pantangco**
President
Philippine Independent Power Producers Association
3/F Benpres Bldg., Exchange Road,
Ortigas Center, Pasig City, M.M. Phils.
7. **Mr. Jesus P. Francisco**
President and Chief Operating Officer
Manila Electric Company
Lopez Bldg., MERALCO Compound,
Ortigas Center, Pasig City, M.M. Phils.
8. **Mr. Juan Antonio E. Bernad**
Senior Vice President and Regulatory
Compliance Officer
Visayan Electric Company
J. Panis St., Banilad, Cebu City, Phils.
9. **Mr. Juan Antonio E. Bernad**
Senior Vice President and Chief Finance Officer
Davao Light and Power Company
Ponciano Office 163-165 C. Bangoy Sr.St.,
Davao City, Phils.
10. **Ms. Ivanna G. Dela Peña**
Director
Clark Electric Distribution Corporation
N 2830 Bayanihan St., Clark Freeport Zone, Pampanga, Phils.
11. **Mr. Ramon C. Abaya**
Chairman and CEO
Cagayan Electric Power and Light Co., Inc.
8/F Strata 100 Bldg., Emerald Ave.,
Ortigas Center, Pasig City, Phils.
12. **Mr. Jose T. Lazatin**
Senior Vice president and General Manager
San Fernando Electric Light and Power Company, Inc.
Ba. Lourdes Teopaco Subd., San Fernando City,
Pampanga, Phils.

13. **Mr. Randy S. Pastolero**
CEO
Panay Electric Company, Inc.
23 General Luna St.,
Iloilo City, Phils.
14. **The Hon. Mayor**
Pasig City,
M.M., Phils
15. **The Hon. Mayor**
Mandaue City
Cebu, Phils.
16. **The Hon. Mayor**
Municipality of Lilo-an,
Cebu, Phils.
17. **The Hon. Governor**
Province of Cebu, Phils.
18. **The Hon. Mayor**
Municipality of Consolacion,
Cebu, Phils.
19. **The Hon. Mayor**
Municipality of Minglanilla,
Cebu, Phils.
20. **The Hon. Mayor**
Naga City, Cebu, Phils.
21. **The Hon. Mayor**
Municipality of San Fernando,
Cebu, Phils.
22. **The Hon. Mayor**
Talisay City,
Cebu, Phils.
23. **The Hon. Mayor**
Cebu City,
Cebu, Phils.
24. **The Hon. Mayor**
San Fernando City,
Pampanga, Phils.
25. **The Hon. Governor**
Province of Pampanga, Phils.
26. **The Hon. Mayor**
San Antonio Mexico,
Pampanga, Phils.
27. **The Hon. Mayor**
Iloilo City,
Iloilo, Phils.
28. **The Hon. Governor**
Iloilo Province, Phils.

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

**IN THE MATTER OF THE PETITION
FOR APPROVAL OF INTERIM OPEN
ACCESS IN THE LUZON AND
VISAYAS GRIDS**

ERC CASE NO. 2008 - 026 RC

**PHILIPPINE INDEPENDENT POWER
PRODUCERS ASSOCIATION
(PIPPA), MANILA ELECTRIC
COMPANY (MERALCO), VISAYAN
ELECTRIC COMPANY (VECO),
DAVAO LIGHT & POWER CO. INC.
(DLPC), CAGAYAN ELECTRIC
POWER AND LIGHT COMPANY
(CEPALCO), SAN FERNANDO
ELECTRIC LIGHT & POWER CO.
(SFELAPCO) and PANAY ELECTRIC
COMPANY, INC. (PECO),**

Petitioners.

X-----X

D O C K E T E D
Date: MAY 27 2008
By: *[Signature]*

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on May 23, 2008, Philippine Independent Power Producers Association (PIPPA), Manila Electric Company (MERALCO), Visayan Electric Company (VECO), Davao Light & Power Co. Inc. (DLPC), Cagayan Electric Power and Light Company (CEPALCO), San Fernando Electric Light & Power Co. (SFELAPCO) and Panay Electric Company, Inc. (PECO) filed a joint petition praying for the Commission's approval of the interim open access in the Luzon and Visayas Grids and its implementation in accordance with their approved Terms of Reference.

In the said petition, it was alleged, among others, that:

1. They are among the signatories to the "Terms of Reference of the Interim Implementation of Open Access" (the "Terms of Reference"), drafted and signed by several electricity industry participants who have expressed willingness to voluntarily implement retail competition and open access notwithstanding the non-fulfillment of all pre-conditions imposed under Section 31 of the EPIRA, *to wit*:

"SEC. 31. Retail Competition and Open Access. – Any law to the contrary notwithstanding, 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:

(a) Establishment of the wholesale electricity spot market;

(b) Approval of unbundled transmission and distribution wheeling charges;

(c) Initial implementation of the cross subsidy removal scheme;

(d) Privatization of at least seventy (70%) percent of the total capacity of generating assets of NPC in Luzon and Visayas; and

(e) Transfer of the management and control of at least seventy percent (70%) of the total energy output of power plants under contract with NPC to the IPP Administrators.

Upon the initial implementation of open access, the ERC shall allow all electricity end-users with a monthly average peak demand of at least one megawatt (1MW) for the preceding twelve (12) months to be the contestable market. Two (2) years thereafter, the threshold level for the contestable market shall be reduced to seven hundred fifty kilowatts (750kW). At this level, aggregators shall be allowed to supply electricity to end-users whose aggregate demand within a contiguous area is at least seven hundred fifty kilowatts (750kW). Subsequently and every year thereafter, the ERC shall evaluate the performance of the market. On the basis of such evaluation, it shall gradually reduce threshold level until it reaches the household demand level. In the case of electric cooperatives, retail competition and open access shall be implemented not earlier than five (5) years upon the effectivity of this act.

2. The Terms of Reference was developed in consultation with the electricity industry participants: Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI), National Competitiveness Council (NCC), Philippine Chamber of Commerce and Industry (PCCI), Federation of Philippine Industries (FPI), Philippine Exporters Confederation, Inc., The American Chamber of Commerce of the Philippines, Inc. (AMCHAM), The Canadian Chamber of Commerce of the Philippines, Inc. (CanCham), European Chamber of Commerce in the Philippines, Inc (ECCP), Japanese Chamber of Commerce & Industry in the Philippines, Inc., Korean Chamber of Commerce in the Philippines, Inc., SN Aboitiz Power Magat Incorporated, First Gen Hydro Power Corporation, PNOC Development Corporation, First Gen Corporation, Manila Electric Company (MERALCO), Clark Electric Distribution Corp., Panay Electric Company, Inc. (PECO), AES Philippines, Confederation of Garment Exporters of the Philippines (CONGEP), Textile Mills Association of the Philippines (TMAP) and Garment Business Association of the Philippines (GBAP).

3. The purposes and objectives under the Terms of Reference, as stated in its preambles, are as follows:

“Proposal to amend the Electric Power Industry Reform Act (EPIRA) was (were) filed in both houses of Congress with the view of (to) accelerating retail competition and open access by lowering the required privatization threshold and removing the requirement for the TRANSCO concessionaire to secure a Congressional franchise. Such efforts were opposed by power industry participants and other significant sectors in the Philippine business community. While it was conceded that the intentions underlying the foregoing legislative initiatives are indeed commendable, serious apprehensions were expressed that introducing basic legislative changes at this point in time when the positive results of the EPIRA’s reforms are beginning to take shape may only negate the momentum that has already been achieved. Moreover, the tedious and potentially disruptive process of amending the EPIRA may create considerable uncertainty among present and prospective investors which could slow down the privatization process that has picked up speed in the last 18 months, erode the gains of the last few years, and create an impression that the Philippine power sector is not serious about reforms after all.

In the meantime, industrial and other large power consumers have requested that the implementation of retail competition and open access be accelerated within the framework of the EPIRA. In

response to the clamor, the option to directly choose the power supplier that can give the most reliable service at the most competitive rates was granted, initially, to large power consumers. The DOE continues to address this concern by continuing to explore other initiatives that will enable a greater number of consumers the same opportunity of choice.

During the Energy Summit held in January 2008, President Arroyo emphasized the need to take action and introduce the early implementation of open access to mitigate the high cost of electricity which is affecting Philippine competitiveness in the world market and hurting the country's ability to attract more business. In this regard, she urged that industry players, particularly private generation companies and distribution utilities, should cooperate to find solutions to implement accelerated open access.

In answer to this call, a number of electricity industry participants have expressed their willingness to voluntarily implement retail competition and open access notwithstanding the non-fulfillment of the pre-conditions imposed under Section 31 of the EPIRA. There is an emerging view that open access can be implemented early and still be consistent with the policy intent of EPIRA. Mitigating measures and other similar safety nets will, however, have to be established before Interim Open Access can be implemented, to ensure that there is a level-playing field with sufficient participants in a truly competitive market where no dominant player/s can enjoy undue advantage."

4. In seeking the approval by the Commission of the petition, Section 43(t) of the EPIRA is invoked, *to wit*:

SEC. 43. *Functions of the ERC.* –The ERC shall promote competition, encourage market development ensure customer choice and penalize abuse of market power in the restructured electricity industry. In appropriate cases, the ERC is authorized to issue cease and desist order after due notice and hearing. Towards this end it shall be responsible for the following key functions in the restructured industry:

x x x

(t) "(P)erform such other regulatory functions as are appropriate and necessary in order to ensure

the successful restructuring and modernization of the electric power industry".

5. Under the Interim Open Access, the following are being proposed:

A. Eligible Contestable Customers

1. Upon the commencement of Interim Open Access and retail competition, Eligible Contestable Customers with a monthly average peak demand of at least one megawatt (1MW) for the preceding 12 months may now be allowed by its distribution utilities to choose to purchase its electricity requirements among the Eligible Generation Companies and retail supply companies.
2. Six months thereafter, the threshold level for the contestable customers shall be reduced to seven hundred fifty kilowatts (750kW).

B. Distribution Utilities [and Electric Cooperatives]

3. Upon effectivity of Interim Open Access and retail competition, all Distribution Utility [Electric Cooperative] franchise holders shall immediately notify all its Eligible Contestable Customers that Interim Open access and retail competition has become effective pursuant to an Energy Regulatory Commission (ERC) resolution and that all Eligible Contestable Customers shall now have the freedom to choose their electricity supplier from among the Eligible Generation Assets and retail supply companies.
4. Each Eligible Generation Companies or retail supply company, Eligible Contestable Customer will enter into an energy wheeling agreement with the appropriate Distribution Utility/Electric Cooperative and/or TRANSCO.

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5. All generation companies, including those that acquired the privatized National Power Corporation (NPC) Generation Assets, or their related groups, that are within the mandated market cap, i.e., owning, operating or controlling 30% or less of the installed generating capacity in a grid and/or 25% or less of the national installed capacity pursuant to Section 45 of EPIRA, will be allowed to voluntarily sell or contract directly with Eligible Contestable Customers.

6. For this purpose, all NPC Generation Assets and NPC-IPP Contracts shall be attributable to NPC, including those that may have been assigned or in anyway transferred to Power Sector Assets and Liabilities Management Corporation (PSALM) pursuant to EPIRA.
7. All Eligible Generation Companies must secure the appropriate Supplier license from the ERC before it can participate in Interim Open Access.

D. Role of NPC

8. NPC will continue to sell power into the Wholesale Electricity Spot Market (WESM), Distribution Utilities, Electric Cooperatives, and SPUG areas.
9. Once the privatization thresholds required under Section 31 of the EPIRA have been fully satisfied, NPC may participate up to the extent of its remaining capacity.

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10. All existing Transition Supply Contract (TSC) will remain valid.
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17. ERC shall establish the guiding principles for the early implementation of Interim Open Access and retail competition. Interim Open Access shall take immediate effect upon publication of the appropriate ERC resolution.

G. Effectivity and Scope

18. A petition for Interim Open Access will be filed with the ERC with the endorsement of all participating Eligible Generation Companies, and participating Distribution Utilities/Electric Cooperatives.
19. Interim Open Access shall take effect only upon the transfer of the operation of the Calaca and Masinloc Privatized NPC Generation Assets to the private generation companies concerned.
20. Full privatization of NPC generation assets and IPP contracts shall be completed "not later than eight (8) years from the effectivity of the "EPIRA" or by 2009, pursuant to Sec. 47(i) of EPIRA. Thus, Interim Open Access will be implemented until the earlier of June 30, 2010 or upon the occurrence of the effectivity of retail competition and open access as declared by ERC accordance with Section 31 of EPIRA/
21. Interim Open Access shall be implemented only in the Luzon and Visayas grids."

The Commission has set the petition for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearings on the following dates and venues:

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July 17-18, 2008 (Thursday & Friday)	Nine o'clock in the morning (9:00 A.M)	ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Ave. Pasig City	Evidentiary hearing (Continuation of presentation of witnesses if necessary) for Luzon Grid
July 22-23, 2008 (Tuesday & Wednesday)	Nine o'clock in the morning (9:00 A.M.)	ERC Visayas Field Office, Ground Office, Machay Building, Gorordo Ave., Cebu City	Evidentiary hearing (Continuation of presentation of witnesses if necessary) for Visayas Grid

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (1) the petitioner's name and address; (2) the nature of petitioner's interest in the subject matter of the proceeding, and the way and manner in which such interest is affected by the issues involved in the proceeding; and (3) a statement of the relief desired.

All other persons who may want their views known to the Commission with respect to the subject matter of the proceeding may file their opposition to the petition or comment thereon at any stage of the proceeding before the Petitioners conclude the presentation of their evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the petition may request the Petitioners, prior to the date of the initial hearing, that they be furnished with a copy of the petition. The Petitioners are hereby directed to furnish all those making such request with copies of the petition and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the petition and other pertinent records filed with the Commission during the usual office hours.

WITNESS, the Honorable Chairman, **RODOLFO B. ALBANO, JR.**, and Honorable Commissioners, **ALEJANDRO Z. BARIN**, **MARIA TERESA A.R. CASTAÑEDA**, and **JOSE C. REYES**, Energy Regulatory Commission, this 26th day of May 2008 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III