



The

# POWER NEWS

OFFICIAL NEWSLETTER OF THE ENERGY REGULATORY COMMISSION

ERC 3RD ANNIVERSARY EDITION

JUNE 2004

## ERC Celebrates Its 3rd Year

By Roshella O. Faberes

The end of June marks the anniversary of the agencies of the Reformed Power Industry. And on its third year, ERC is planning a modest yet meaningful event.

This year's commemoration of the signing of the EPIRA into law is slated on June 25, a Friday. Task committees were set since late May. The Planning and Information Service is assigned with the program and invitations. The Regulatory Operations Service together with the Kapisan ng mga Kawani ng ERC (KEREC) are organizing the games while the Financial and Administrative Service is in-charge of prizes and awards. The Market Operations Service has been tasked with the decorations and physical arrangement of the hearing room. The Consumer Affairs Service will coordinate meals, snacks and beverage provisions for the day-long event. The Legal Service will act as the emergency and first aid committee.

The day's program kicks-off with a timely Stress Management Seminar to be conducted by representatives from GlaxoSmithKline. The traditional Thanksgiving Mass to be presided by Rev. Fr. Alex Quico precedes the lunch break. Team-building activities and wacky games are scheduled in the afternoon.

A focal point in this year's celebration is the poignant end of term of our two commission members: Commissioner Leticia V. Ibay and Commissioner Carlos R. Alindada.

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Commissioner Leticia V. Ibay (inset) presides over one of the public consultations on the Magna Carta for Electricity Consumers held at the ERC Hearing Room.

## ERC gifts consumers with Magna Carta

By Jojo S. Braza

The Energy Regulatory Commission (ERC) recently approved the Magna Carta for Residential Electricity Consumers, granting residential power users certain rights that will protect and promote their well-being. "ERC would like to celebrate its anniversary by gifting the Filipino people with rights that will further promote their well-being," ERC chairman Rodolfo B. Albano, Jr. said.

Among the new rights of consumers are the exemption from payment of meter deposits and the refund of bill deposits as long as they pay their bill on or before its due date. The Magna Carta also provides clear-cut policies on connections and disconnections of electric service, the source of most complaints filed with the Commission.

Distribution Utilities (DUs) are mandated to keep their customers well-informed on matters that affect them. Documents and major announcements must be posted in bulletin boards. Scheduled power interruptions must also be announced through print, radio, television or interactive media. Bulletin boards shall be set up along roadsides or in front of the provincial/municipal/city hall if tri-media resources are not available.

The Magna Carta also spells out the corresponding obligations of consumers. These include payment of monthly bills within nine (9) days from the time it is received. Consumers should also allow access to DU representatives to their premises for the purpose of inspecting and maintaining, among others, their facilities.

The Commission assures fair treatment to DUs despite the pro-consumer orientation of the Magna Carta. "We shall continue to stand in the middle, balancing the interests of consumers and electricity providers," the ERC Chief emphasized.

# MESSAGE FROM THE CHAIRMAN



## Mabuhay!

Today, we celebrate three years of fruitful service to the Filipino people. We also celebrate our victory in advancing the interests of the electricity consumers and the investors we have vowed to promote and protect. We stand proud to report to the nation our accomplishments given our scarce human and financial resources.

Let us all be jubilant for overcoming the birth pains of the Electric Power Industry Reform Act (EPIRA). Amidst the tide of criticisms, we have remained steadfast in fulfilling our mission to create a globally competitive electricity industry environment and promote consumer interests by setting transparent and reasonable prices of power and by ensuring that electricity industry players provide and maintain safe, adequate, reliable and efficient electric service.

I congratulate the men and women of ERC for the successful promulgation of rules, regulations, guidelines, and policies that will bring order to the industry and achieve the desired reforms envisioned by the EPIRA. Through your collective efforts, the Commission's regulatory effectiveness continues to be strengthened and enhanced.

Our organization is faced by enormous responsibilities and great challenges as we cross the bridge of tomorrow. While we celebrate our 3<sup>rd</sup> anniversary, let us all pause and revisit our plans. A strategic plan that is consistent and responsive to the desired reforms in the Philippine electric power industry must be put into place.

ERC has an important role to play in shaping the future of the industry. I challenge each one to surpass our achievements to realize our vision of becoming a strong, independent and professional regulator.

Happy 3<sup>rd</sup> anniversary to all of us!

**Mabuhay ang ERC!**

## ERC Celebrates... from page 1

A very special and Salamat-Paalam Program, complete with surprise numbers, in honor of our two leaders is being prepared by the Administrative Division.

In the face of compelling issues surrounding the power industry these past few weeks, the anniversary is hoped to be a well-merited time-off from all the demands of our role as public servants.

One thing is for sure on this year's celebration: it may be small on budget but big on memories.

# MESSAGE FROM THE KERC PRESIDENT



The Kapisanan ng mga Kawani sa Energy Regulatory Commission (KERC) would like to greet the management and staff of this Commission in the celebration of its 3<sup>rd</sup> year anniversary.

For the past three years, the ERC is creating a regulatory environment that establishes a policy of greater transparency, accountability, and stability in balancing the interests of the consumers and the utility investors. Alas, the pressure on us is greatly felt, this is normal, because we are dealing with various parties with conflicting interests.


Our employees union has been a constant partner of the government towards good governance and to the Commission in achieving its goals. The KERC and the Commission are best exemplified by two strands, which when entwined together, combined a strong and well-built rope. A rope that would propel the ERC into realizing its mission.

Yes, our mission is hampered with problems on funding our operations and limited personnel. We are at the mercy of the budget department for the release of our budget, which, more often than not, is less than the amount necessary to keep a high level of efficiency. While our morale is still high at the moment, we need to sustain this, not only for the sake of our family, but also for the sake of our boss – the public.

To my fellow employees, remember that we exist not to appease anybody. Let us respond to criticisms with an open mind. We believe that at the end of the day, our Commission shall arrive at decisions that are fair and reasonable.

Lastly, we are one into seeing towards a fiscally autonomous ERC.

**Mabuhay tayong lahat!**

The POWER NEWS

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MEMBERS OF THE COMMISSION

CHAIRMAN/ Rodolfo Albano, Jr.; COMMISSIONERS/ Oliver B. Butalid, Leticia V. Ibay, Carlos R. Alindada, Jesus N. Alcordo.

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# 3<sup>rd</sup> year anniversary wishes for the ERC



“ERC was able to gain the respect of the industry players as to the competence of the staff and the soundness of ERC decisions.

I would like to see ERC, three years from now, as a model of regulatory institution throughout the world. As a model in unbundling activities considering the numbers of entities that we have in terms of the cooperatives and private utilities, and also a model in monitoring and administering the wholesale market. Also, I would like to see the staff grow in terms of competence and skills.”

Director Edgar Samonte



“ERC is trying its best to implement the EPIRA Law despite being undermanned.

I would like to see ERC to be an active partner in building the economy thru implementation of the EPIRA Law.”

Atty. Crisoldo Fortuna

“For the past three years, the ERC, as a regulator, is doing its best to balance the interests of the public and the utilities.



In line with ERCs 3<sup>rd</sup> year anniversary, it is my wish that ERC will be granted the fiscal independence it seeks.”

Ms. Sharon Montañer



“As the new environment for the power industry unfolds, the Commission struggles to perform its functions. Change doesn’t happen overtime. Just like other processes, the Commission underwent a transition period.

The Commission hurdled the unrealistic timelines for priority tasks and limited manpower and financial resources. The change of leadership from Chairman Fe B. Barin to the present Chairman Rodolfo B. Albano did not rocked the organization. Instead, the changing of the guards brought further improvement in the Commission’s actions. The Commission’s ROS shed blood, sweat, tears and sleepless nights towards completion of its evaluation on unbundling cases.

I believe that the Commission’s staff remains to be its most valued asset. The continued participation of the major stakeholders and various sectors in the electric industry proved to be our partner in realizing our goals and programs. They have helped the Commission bring to reality its deliverables.

I am confident that the Commission’s endeavors will provide impetus that will steer us towards realization of our vision of being a strong and independent regulatory body.”

Ms. Ellen Aguila

## ERC 3<sup>RD</sup> ANNIVERSARY CELEBRATION

June 25, 2004

ERC Hearing Room, 15/F Pacific Center Building  
San Miguel Avenue, Ortigas Center, Pasig City

### PROGRAM OF ACTIVITIES

8:30 a.m.	-	8:45 a.m.	Flag Ceremony and ERC Hymn
8:45 a.m.	-	9:00 a.m.	Opening Remarks by <b>Chairman Rodolfo B. Albano, Jr.</b>
9:00 a.m.	-	10:00 a.m.	<b>Salamat-Paalam Program</b> ( a Tribute to <b>Commissioner Carlos R. Alindada</b> and <b>Commissioner Leticia V. Ibay</b> )
10:00 a.m.	-	11:00 a.m.	Managing Your Stress Seminar
11:00 a.m.	-	12:00 noon	Mass
12:00 p.m.	-	1:30 p.m.	Lunch
1:30 p.m.	-	4:15 p.m.	Parlor Games
4:15 p.m.	-	4:45 p.m.	Awarding/Raffle
4:45 p.m.	-	5:00 p.m.	Closing Remarks by <b>Exec. Director Fructuoso C. Lagunzad, Jr.</b>

# Highlights of Accomplishments Under EPIRA

By Ronces Anne S. Reyes

Three years after the Electric Power Industry Reform Act (EPIRA) was promulgated, the Energy Regulatory Commission (ERC) reports substantial progress and solid results to its stakeholders – the industry players, investors, and the consumers.

## GENERATION SECTOR

- Collection of the Universal Charge (12/5/2003)
- Generation Rate Adjustment Mechanism (2/24/2003)
- Certificate of Compliance for Generation Companies / Facilities (06/26/2002)



## TRANSMISSION SECTOR

- Rules and Procedures Relating to the Conduct of Business of the Grid Management Committee (3/10/2004)
- Sale and Transfer of the TRANSCO's Subtransmission Assets and the Franchising of Qualified Consortia (10/17/2003)
- Open Access Transmission Service (6/2003)
- Transmission Wheeling Rates Guidelines (5/29/2003)
- Statement of Compliance / Compliance Plan of the System Operator (1/29/2003)
- Formation of the Grid Management Committee (GMC) (5/15/2002)
- Philippine Grid Code (12/19/2001)



Issuance of Certificate of Compliance (COC)

62 COCs were issued to generation companies, Independent Power Producers (IPPs), and self-generation companies. The COC is issued upon compliance with the Philippine Grid and Distribution Codes (PGDC), the Wholesale Electricity Spot Market (WESM) Rules, the Cross Ownership and Market Share Limitations and the Environmental Compliance Certificate (ECC), among other requirements.



## DISTRIBUTION SECTOR

- Recovery of Costs for the Generation Components of the Distribution Utilities' Rates (3/25/2004)
- Remittances and Disbursements of the Universal Charge (6/20/2004)
- Appraisal of Property, Plant and Equipment for Rate Fixing Purposes of ERC (1/9/2004)
- Business Separation Guideline (9/22/2003)
- Business Separation and Unbundling Plan - Filing Package (9/22/2003)



- Remittances and Disbursements from the Special Trust Fund (9/2003)1 Statement of Compliance / Compliance Plan of Distributors (1/29/2003)
- Rate Reduction Due to Loan Condonation (10/21/2002)
- Formation of the DMC (5/15/2002)
- Philippine Distribution Code (12/19/2001)
- De-Monopolization & Share-Holding Dispersal (8/24/2001)

### Unbundling of Electricity Rates

The Commission has decided on 107 or more than 76% of the total number of unbundling of rate cases filed by distribution utilities as of June 8, 2004. The Commission has completed the evaluation



of 89% of the unbundling of rate cases filed by the utilities as of the same date. Subsequently, the remaining applications (those for hearing and with on-going hearing) will be processed and evaluated.

A comprehensive appraisal and assessment of each of the unbundling application is carried out to verify if the utilities have acted according to the prescribed requirements, and if rates are just and reasonable.

Public hearings on unbundling of rate applications are being held to allow the concerned entities to air their views and clarify matters with the distribution utility petitioning for revised rate.

### Loan Condonation



After conducting regional public hearings, 118 provisional authorities were issued to electric cooperatives to reduce their rates due to the condonation of their debts. The average reduction in rates amounts to P0.2029/kWh. The Commission has issued 26 final authorities to date.



### CONSUMER SERVICES

- Magna Carta for Electricity Consumers (06/10/2004)

To ensure optimum consumer protection, the Commission approves the Magna Carta for Residential Electricity Consumers which lists the rights and obligations of residential consumers. The Magna Carta also exempts all consumers from paying meter deposits since the Distribution Utilities have already incorporated the cost of electric watt-hour in the rate base. Electric Cooperatives, on the other hand, will use their respective Reinvestment Funds to procure electric watt-hour meters for their consumers.

- Complaints Filed with the CAS of ERC (6/25/2002)
- Administrative Sanctions in the Form of Fines and Penalties (5/17/2002)



### Consumer Education

The Commission, to further educate the consumers, intensified information campaigns through booth placements at the Light Rail Transit (LRT) and Metro Rail Transit (MRT) stations on November 27 and 28, 2003.

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June 17, 2004

## TO THE PEOPLE AT ERC

### Looking to the Future

Today as I write this little item, I look forward to the future and I see that in exactly nine days from now, or June 26, 2004, I shall be entering into the second retirement in my professional life – a retirement from the Energy Regulatory Commission – my professional home for the last three years.



### Looking at the Past

I joined this government agency after retiring from a professional accounting firm in the private sector. I spent a full 45 years of my professional life there, which I believe was challenging and fruitful for me.

### Looking at the Present

I now face another crossroad in my life. For the past three years up to the present, I can truly say that I enjoyed most of every moment of my stay in this governmental agency – I enjoyed it for the new experience I gained and the people I met and worked with.

It was an experience not too many people who join government participate it – I joined a newly created organization and actively participated in the formation of the organization structure and plantilla from the beginning or day one. I went through the joys of creating something new, and feeling the pains of transitioning from the entity ERC replaced. I found many opportunities to temper tough decisions with compassion and sympathy whenever this was possible.

In the course of the many commission meetings with my fellow commissioners, I enjoyed the many debates we have had on many subjects. There were debates won – and debates lost in the process. We have tried to win our arguments by researching and creating case studies to prove a point – and when we lost an argument, we tried to be a good team player by abiding by the decision of the majority.

In exercising my commissioner oversight responsibilities, I have done my best to let the director concerned exercise his full authority and discretion – but made myself available to discuss and help resolve the tough issues. I did this by asking the right questions and pointing out matters that had to be considered – and many times the solution just fell into place.

I live and exercised most of my professional life in the Philippines – I have enjoyed the Philippines constitutional guarantees of freedom and the peaceful pursuit of happiness. After 45 years of a rewarding professional life in the private sector, I believed I needed to show my gratitude to my country not just in words but in deed. I am greatly grateful to the ERC for being the vehicle where, in my small way, I could show thanks by sharing what knowledge I carried with me with the people I worked with in this government institution.

## THANKYOUERC

As I retire and depart from ERC I shall always remember the **People** who made up ERC during my tenure; the **Experience** in organizing a new government entity; the friendly **Debates** during commission meetings; the Sharing of knowledge and experience with people who worked with me; and last but not least, ERC itself, for being the **Vehicle** that enabled me to show, in a small way, my gratitude for being a Filipino.

God Bless To All at ERC.

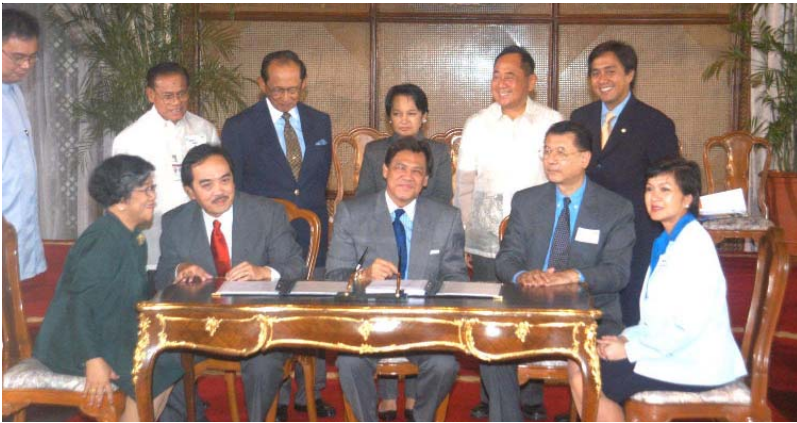
**CARLOS R. ALINDADA**  
Commissioner



Greetings to the ERC officials and staff on the occasion of ERC's 3<sup>rd</sup> anniversary.

On June 26, 2004, I will be bowing from the Government service after 43 years of service, three years of which have been with ERC.

My three-year stint with ERC has been very challenging. It was the period when the Commission was involved in laying the foundation for the restructuring of the electric industry, preparing the Implementing Rules and Regulations of RA 9136, unbundling of cases and loan condonation, among others.



Looking back, I remember the several times we had to stay in the office late in the night, missing our much-awaited Christmas vacation and the endless seminars. I have seen the commitment and personal sacrifices of the staff in order to finish the tasks to enable them to present the same to the Commission. I have likewise seen the change in their attitude, their desire to learn more and improve themselves. The growing confidence in themselves now-a-days is very apparent.

Let us continue to discipline ourselves and put into action the "Panunumpa ng Kawani ng Gobyerno". Let us not just recite it. I repeat, let us put it into action. Let us strive hard to do the best for ERC.



Let us always bear in mind that the success we may be enjoying today is the result of the price we have paid in the past.

*Minia. Uy*



# MESSAGES

Director Ma. Teresa R. Castañeda for LVI



“She is one of the few persons that I find very funny in the sense that she has a way of scolding us without being antagonistic. She has inclination towards the consumers. This is understandable considering that one of the mandates in the EPIRA Law is to protect consumer interest. She contributed a lot in this Commission because she’s able to teach us how to value and give importance to your work and at the same time, showed us that everyone has the capacity to learn new things.

Commissioner Ibay, good luck and hope to see you around.”

Commissioner Ibay, good luck and hope to see you around.”

Camille Nable for LVI



“She’s patient and she’s willing to work with me like teaching me the ropes. She’s one of the most hardworking Commissioner, fair, honest, and transparent towards other people. She’s very high in consumer rights.”

Atty. Ressie Baldo for LVI

“Thank you for bearing the inconvenience of being with us. Enjoy your retirement because you deserve it na magpahinga after sobrang pagod sa ERC.”



Director Corazon Guevarra for CRA



“Commissioner Alindada is a principled and a good man. Sir, Thank you so much for the advice and guidance you’ve given us.”

Clod Ralph Patano for CRA

“Mabait, considerate at marunong syang makisama. Di sya madaling magalit as in super bait.”



Carmen Avestros for CRA



“Thank you very much. I wish you all the luck in this world, enjoy your retirement, and the rest of your life.”

Judith Mangosing for CRA



“I wish him good luck after retirement. After all the hardwork in the ERC, he deserves a rest. God bless.”

Sheila Faberes for LVI



“Commissioner Ibay inspired me in different ways even though our encounters are very short, like in the elevator. She has a very positive disposition. What I admire most of her is that she has still time for her spirituality, though she is a very busy person. She finds time for the Lord.

I hope you touch more lives after ERC and inspire more people to be better person and better Christian. Good luck ma’am.”

Apolinar Bajaro, Jr. for LVI



“Si ma’am, mabait, kaya lang pagdating sa trabaho, kailangang masipag.”

Director Marina C. Bugayong and CAS staff for LVI

“Commissioner Ibay values professionalism, discipline, hardwork, dedication and love of God, which values, she tried to inculcate in us. We will surely miss her, the shrill voice when criticizing dirty floors or papers on top of the tables. Most of all, we will miss her motherly disposition and innate understanding of our feelings for our respective families.

Ma’am, thank you very much and enjoy your retirement.”



Loreta Yulo for CRA

“He is the best boss. I enjoyed working with him and it brought out the best in me. I wish you all the luck in your retirement.”



Royce Lacanieta for CRA

“Madaling kausapin parang hindi Commissioner. He’s down to earth.”



Dennis Siaton for CRA

“I wish him all the best. He’s a very approachable, considerate, and kind person. He doesn’t point out who commits the mistake but he sees to it that what is identified is the mistake itself and how to correct it.”

