

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



ERC RESOLUTION NO. 07, Series of 2005

**A Resolution to Address the Issue on the Discontinuance by the
National Transmission Corporation (TRANSCO) of the
Prompt Payment Discount (PPD)**

WHEREAS, the National Transmission Corporation (TRANSCO) issued a notice informing the Distribution Utilities (DUs) of its intention to discontinue granting Prompt Payment Discounts (PPD);

WHEREAS, on February 3, 2005, the Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA) informed the Commission of such notice;

WHEREAS, on April 11, 2005, the Commission issued a letter requesting TRANSCO to defer the discontinuance of granting PPD until such time that the Commission shall have adopted a mechanism to address the concerns of the DUs;

WHEREAS, TRANSCO notified all its customers of the extension of the grant of PPD;

WHEREAS, the National Power Corporation (NPC) and TRANSCO entered into a Memorandum of Agreement (MOA) to the effect that only DUs with up-to-date accounts with them may avail of the PPD;

WHEREAS, the PPD granted by NPC is separate and distinct from the PPD granted by TRANSCO to its customers and as such the Commission deems unreasonable that DUs' obligations and arrearages to NPC be made as a condition-precedent to the grant by TRANSCO of such PPD;

WHEREAS, considering that TRANSCO in its letter dated June 6, 2005 referred back to the Commission the determination of all policies and agreements relative to PPD, the Commission hereby clarifies the policy on PPD.

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NOW WHEREFORE, BE IT RESOLVED AS THE COMMISSION HEREBY RESOLVES, that in no case shall the DUs' settlement of the obligations and arrearages to NPC be made as a condition-precedent to the grant by TRANSCO of such PPD.

Let copies of this Resolution be furnished all DUs for their information. Likewise, let copies of this Resolution be furnished TRANSCO, NPC, the Committees on Energy of both Houses of Congress, National Electrification Administration (NEA), and other concerned agencies for their information and guidance.

This resolution shall take effect immediately.

Pasig City, June 20, 2005.


RODOLFO B. ALBANO, JR.
Chairman


OLIVER B. BUTALID
Commissioner


JESUS N. ALCORDO
Commissioner


RAUF A. TAN
Commissioner


ALEJANDRO Z. BARIN
Commissioner