

FAQ on ERC Functions

Question:WHAT ARE THE ERC'S PRIMARY FUNCTIONS?

Answer:The ERC's primary functions are the following:

1. Promote Competition;
2. Encourage Market Development;
3. Ensure Customer Choice;
4. Regulate Electricity Rates;
5. Penalize Abuse of Market Power;
6. Promote Consumer Interests; and
7. Enforce the Implementing Rules and Regulations of the EPIRA.

Question:WHAT ARE THE DETAILED FUNCTIONS OF ERC?

Answer:The detailed functions of the ERC are the following:

1. Promote competition, encourage market development, ensure customer choice and penalize abuse of market power in the electricity industry. To carry out this undertaking, ERC shall promulgate necessary rules and regulations, including Competition Rules, and impose fines and penalties for any non-compliance with or breach of the EPIRA, and other rules and regulations which it promulgates or administers as well as other laws it is tasked to implement/enforce.
2. Determine, fix and approve, after due notice and hearing, Transmission and Distribution Wheeling Charges, and Retail Rates through an ERC established and enforced rate-setting methodology that will promote efficiency and non-discrimination.
3. Approve applications for issue, grant, revoke, review and modify Certificate of Public Convenience and Necessity (CPCN), Certificate of Compliance (COC), as well as licenses and/or permits of electric industry participants.
4. Promulgate and enforce a National Grid Code and a Distribution Code that shall include performance standards and the minimum financial capability standards and other terms and conditions for access to and use of the transmission and distribution facilities
5. Enforce the rules and regulations governing the operations of the Wholesale Electricity Spot Market (WESM) and the activities of the WESM operator and other WESM participants, for the purpose of ensuring greater supply and rational pricing of electricity.
6. Functionally and structurally unbundle their respective business activities and rates; determine the level of cross subsidies in the existing retail rates until the same is removed and thereafter, ensure that the charges of Transco or any distribution utility bear the cross subsidies between grids, within grids, or between classes of customers except as provided by law.
7. Set a Lifeline Rate for the Marginalized End-Users.
8. Promulgate rules and regulations prescribing the qualifications of Suppliers which shall include among others their technical and financial capability and creditworthiness.
9. Determine the electricity End-users comprising the Contestable and Captive Markets.
10. Verify the reasonable amounts and determine the manner and duration for the full recovery of stranded debts and stranded contract costs of NPC and the Distribution Utilities.
11. Handle consumer complaints and ensure promotion of consumer interests.
12. Act on applications for cost recovery and return on Demand-Side Management (DSM) projects.
13. Fix user fees to be charged by Transco for ancillary services to all electric power industry participants or self generating entities connected to the Grid.
14. Review power purchase contracts between IPPs and NPC, including the Distribution Utilities.
15. Monitor and take measure to discourage/penalize abuse of market power, cartelization and any anti-competitive or discriminatory behavior by any electric power industry participant.
16. Review and approve the terms and conditions of service of the Transco or any Distribution Utility and any changes therein.

17. Determine, fix and approve a universal charge to be imposed on all electricity end-users.
18. Test, calibrate and seal electric watt-hour meters.
19. Implement pertinent provisions of R.A. No. 7832 or the Anti-Pilferage of Electricity Law.
20. Fix and regulate the rate schedule or prices of piped gas to be charged by duly franchised gas companies which distribute gas by means of underground pipe system.

Question: UNDER THE ERC'S APPROVED ORGANIZATIONAL STRUCTURE, WHAT ARE THE DIFFERENT SERVICES AND ITS FUNCTIONS?

Answer: The following are the different Services with the following functions:

1. Regulatory Operations Service (ROS)

Responsible for recommending and enforcing the rules, regulations, standards and methodologies adopted by the Commission.

- Prepares studies and makes recommendations regarding electric rates and tariffs including transmission and distribution wheeling charges, cross subsidies, universal charge, lifeline rates and other related issues;
- Conducts investigations and makes recommendations related to violations by the participants in the electric industry of the standards, rules and regulations issued by the ERC; and
- Prepares and recommends revisions to the various standards promulgated and enforced by ERC and conducts the necessary studies related thereto, including individual distribution utility system losses. Evaluates the Compliance Plans to the Philippine Grid and Distribution Codes, evaluates the expansion, rehabilitation and development projects of the TRANSCO and distribution utilities.

2. Market Operations Service (MOS)

- Makes recommendations with supporting studies in all pending matters before the Commission including issuance of Certificates of Compliance, licenses for suppliers of electricity, contestable markets, wholesale electricity spot market, anti-competitive behavior and other matters as directed by the CEO; and
- Establishes dispute resolution procedures.

3. Consumer Affairs Service (CAS)

Responsible for handling consumer complaints and ensure the adequate promotion of consumer interests.

- Provides the consumers with timely, relevant and complete information on electricity matters that affect their interest;
- Encourages electricity consumers to air their complaints and grievances against any participant/player in the electric industry, or even the ERC or any of its operating units or personnel, who may be perceived or actually known as working against the interest of the consumers/end-users;
- Acts on complaints/grievances by referring it to the office/operating unit concerned for immediate action/resolution;
- Sets up mechanisms/procedures for responsive, fair and acceptable actions on complaints/grievances;
- Designs programs/systems to prevent, eliminate, or eradicate potential sources of consumer complaints/grievances, in coordination with participants/players in the electric industry;
- Recommends sanctions against any participant/player/ERC personnel who has been proven as working against the interest of consumers/end-users, or rewards/incentives to participants/players with no record of complaints from consumers/end-users; and
- Exercises functional and administrative supervision over the Visayas/Mindanao offices.

4. Finance and Administrative Service (FAS)

Responsible for the preparation of ERC's annual budget for submission to the DBM and Congressional approval, under the direction of the CEO.

Responsible for providing financial, administrative, and human resource services to the Commission and its various operating units including, but not limited to the following areas of concern:

- Internal financial audit;
- Basic and subsidiary accounting/bookkeeping;
- Collection/disbursement of funds;
- Records management/custodianship;
- Supply, procurement and property utilization;
- Transportation and communication;
- General housekeeping; and
- Human Resource Management and Development Policies.

5. Legal Service (LS)

Responsible for providing legal assistance and representation to all line departments in any proceedings before the Commission and assistance in external legal matters as requested by the General Counsel. Responsible for safekeeping of legal documents.

Acts as the custodian of legal records, maps, profiles, tariffs, reports and other documents/papers filed in connection with any case or proceeding before the Commission.

6. Planning and Information Service (PIS)

Responsible for providing the Commission with relevant, timely and accurate reports, data/information, and for taking the lead role in the information dissemination to the general public.

- Conducts technical and policy research and development to address the needs and demands of a dynamic electric industry;
- Develops and implements ERC's management information system by using appropriate and responsive information and communication technology/ systems;
- In coordination with the CEO, prepares corporate short, medium and long-term plans for the Commission's approval; and
- Prepares an annual performance/ accomplishment report for the CEO's approval.

7. Office of the General Counsel and Secretariat (OGCS)

Responsible for providing legal advice or assistance to the Commission and acts as secretariat to the Commission.