

FAQ on Pre-Conditions of Open Access and Retail Competition

Question: WHAT ARE THE PRECONDITIONS STATED IN THE EPIRA BEFORE OPEN ACCESS AND RETAIL COMPETITION CAN BE IMPLEMENTED?

Answer: Per Section 31 of R.A. 9136:

Retail competition and open access on distribution wires shall be implemented not later than three (3) years upon the effectivity of RA 9136 **SUBJECT TO THE FOLLOWING CONDITIONS:**

1. Establishment of the Wholesale Electricity Spot Market (WESM)
2. Approval of unbundled transmission and distribution wheeling charges

ERC has completed the unbundling of the transmission charges of the National Transmission Corporation (TRANSCO) as well as the unbundling of the distribution charges of 139 out of 141 unbundling applications.

3. Initial implementation of the cross-subsidy removal scheme

ERC already ordered the full removal of the Inter-Regional Grid Cross Subsidy in its unbundling decision of NPC , already ordered the 3-yr phase-out of Intra-Regional Grid Cross Subsidy, and initiated the removal of inter-class cross subsidy in various phases beginning June 2003.

4. Privatization of at least seventy (70%) percent of the total capacity of generating assets of NPC in Luzon and Visayas
5. Transfer of the management and control of at least seventy (70%) percent of the total energy output of power plants under contract with NPC to the IPP Administrators