



BRINGING POWER INTO YOUR HANDS

RAUF A. TAN
Energy Regulatory Commission



**“The most expensive electricity
is no electricity.”**



Electric Power Industry Reforms

June 26, 2001
EPIRA

► Restructuring

Open Access &
Retail Competition



Generation

• Competitive



Transmission

• Regulated



Distribution

• Regulated



Supply

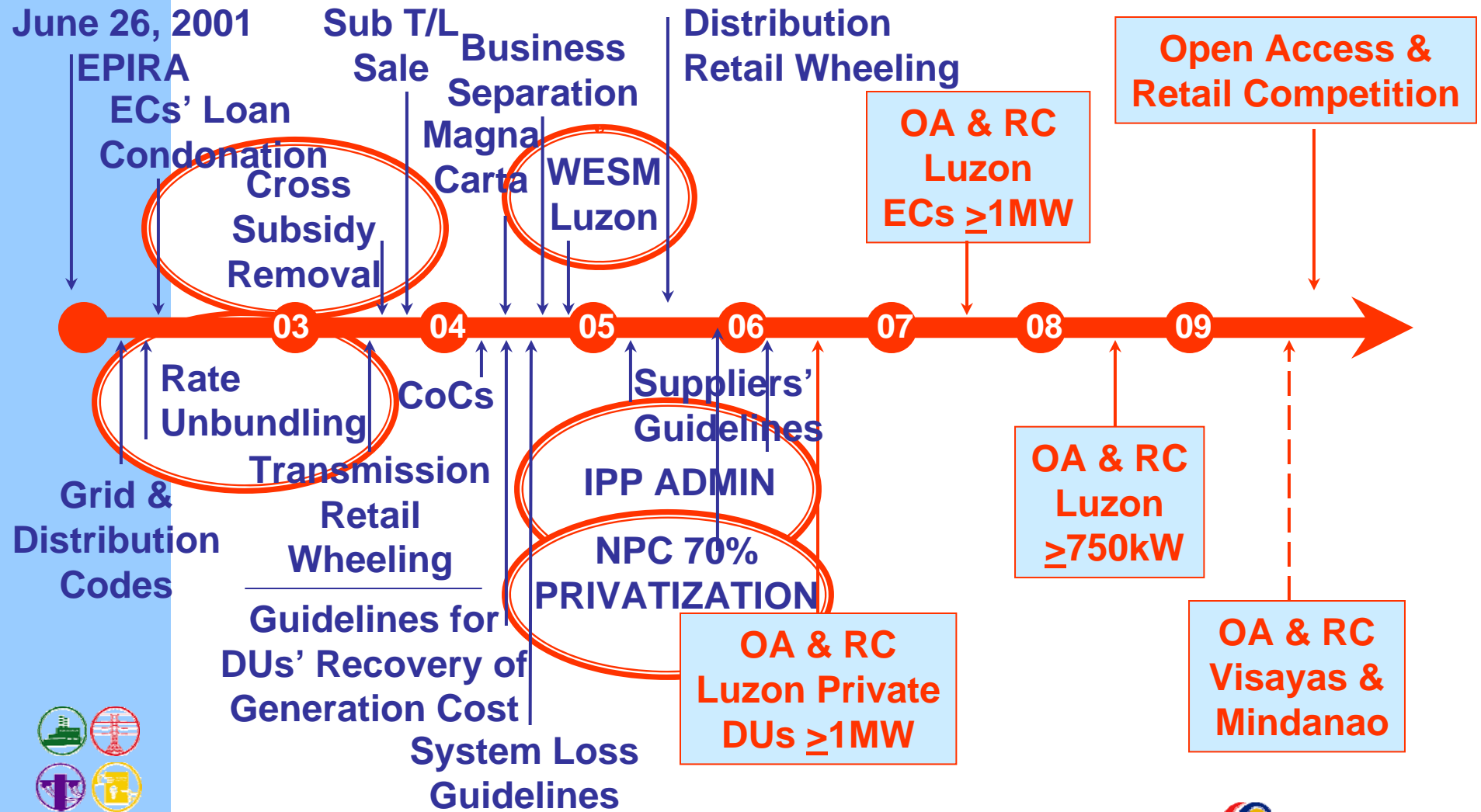
• Competitive

► Privatization





Open Access & Retail Competition



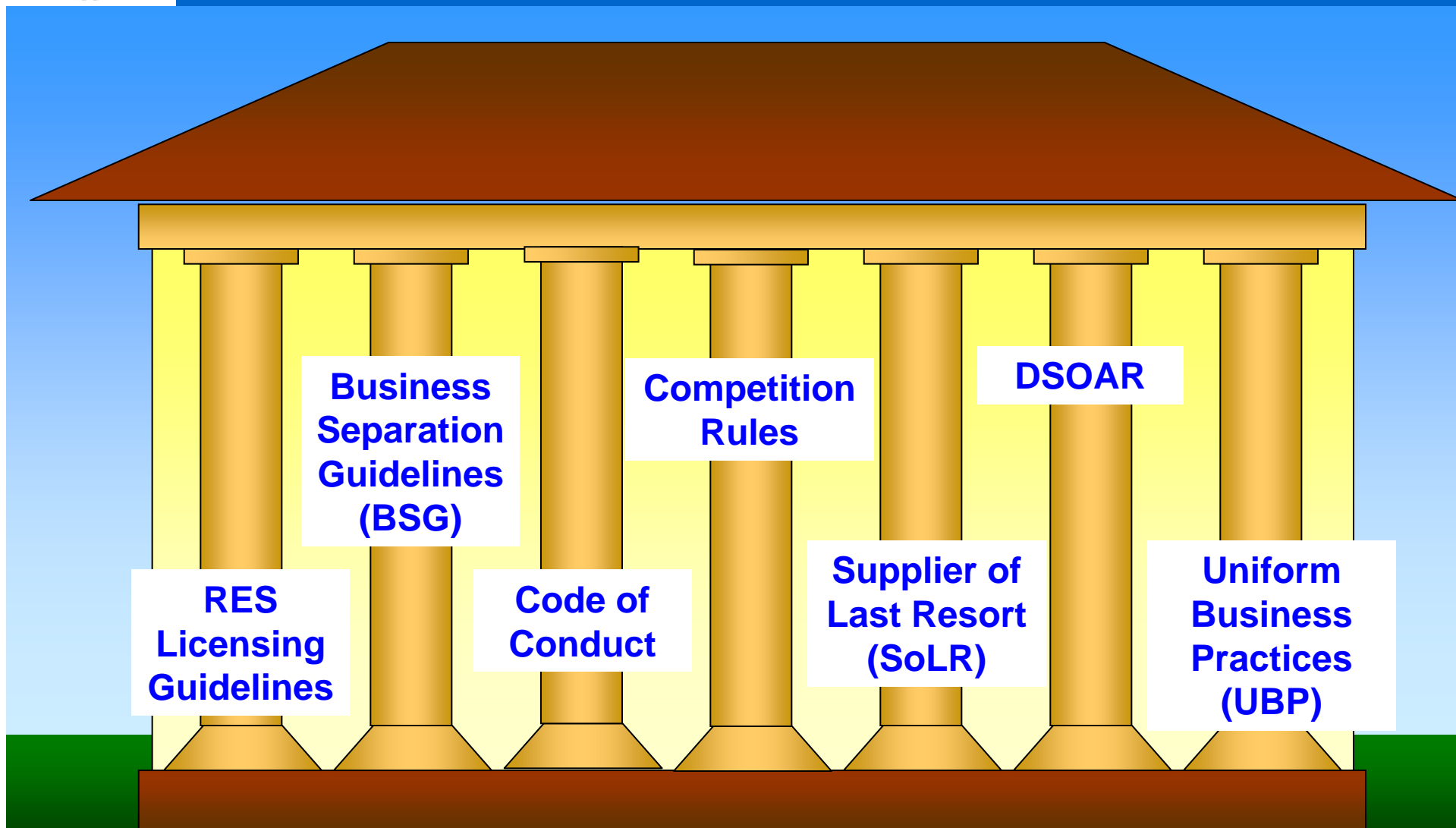


Retail Competition Timeline

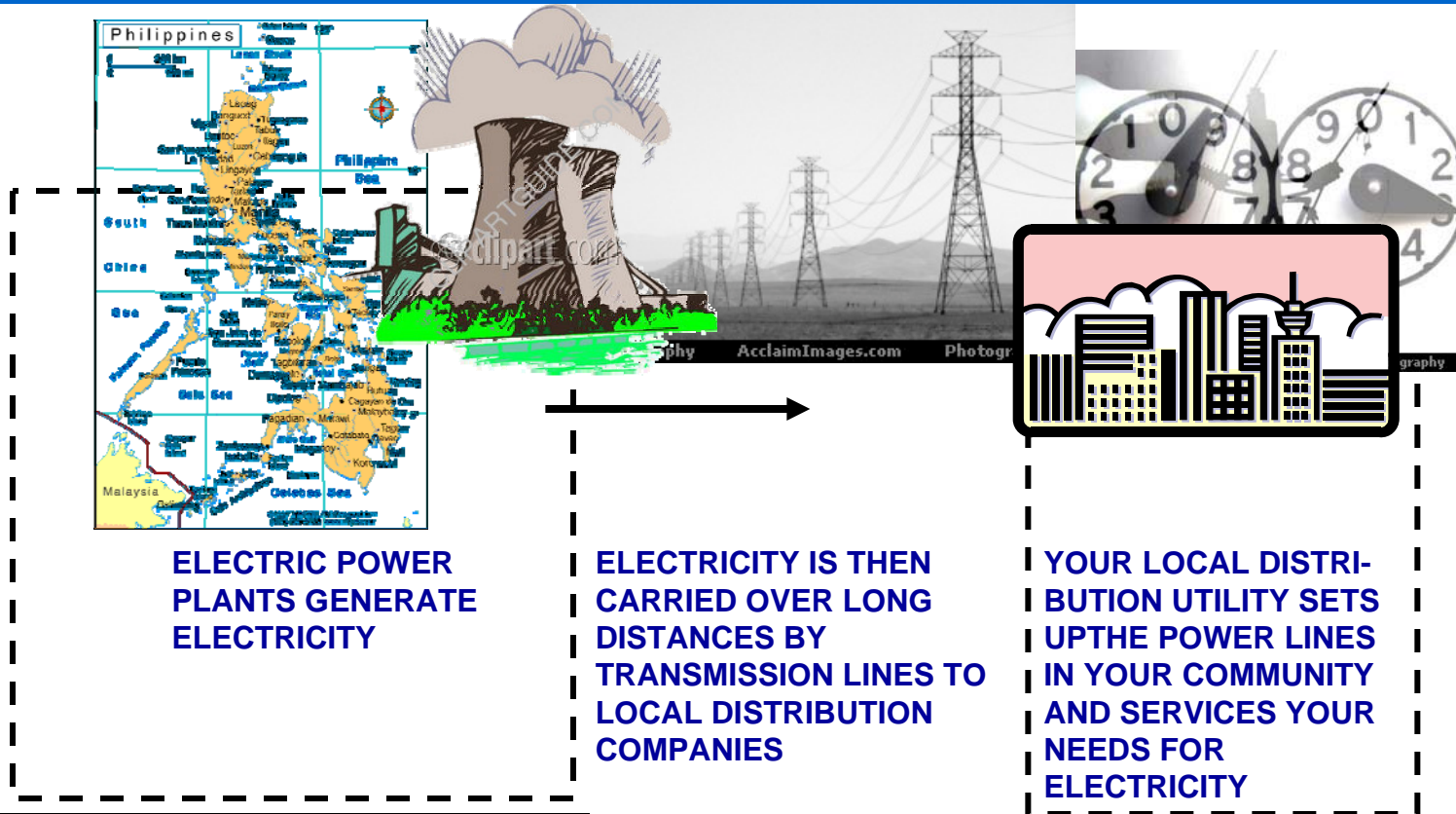
PARTICULARS	SEPT. 20, 2004	OPTIMISTIC	CONSERVATIVE
70% NPC Privatization	December 2005	December 2007	December 2008
Transfer to IPP Administrator	January 2006	January 2008	January 2009
Luzon 1 MW Private DUs	July 1, 2006	July 1, 2008	July 1, 2009
Luzon 1 MW ECs	July 1, 2007	July 1, 2008	July 1, 2009
Luzon 750 kW	July 1, 2008	July 1, 2010	July 1, 2011
Full Retail Competition		July 1, 2012	July 1, 2013



Building a Vibrant Retail Market



Your Electricity Cost



GENERATION CHARGES

- Competitive
- Pass through
- Transition Supply Contracts
- Bilateral Contracts
- WESM

(75%)

TRANSMISSION & DISTRIBUTION CHARGES

- Regulated
- Transmission: PBR Revenue Cap
- Distribution:
 - Private DUs: PBR Price Cap / RoRB
 - Electric Cooperatives: Cash Flow

(25%)





Energy Regulatory Commission

- Promote competition
- Encourage market development
- Ensure customer choice
- Penalize abuse of market power
- Promote consumer interests





Generation: Competition & Regulation

- ❑ The Price Determination Methodology for the WESM;
- ❑ The Market Fees paid by Market Participants;
- ❑ Suspension of the operation of the WESM or declaration of a temporary wholesale electricity spot market failure;
- ❑ The Administered Price Determination Methodology during Market Suspension or Intervention;
- ❑ The Competition Rules;
- ❑ The Price Determination Methodology for the Ancillary Services (Reserves) Market – (application still to be submitted by PEMC).



Performance Based Regulation

- Provides incentives for distributors to achieve efficiencies in the provision of services by allowing them to retain any savings in the cost of service provision for a period
- Objectives:
 - Increased Efficiency
 - Improve Dependable Quality of Service
 - Reduce Costs
 - Reasonable Rates
- Transmission: Revenue Cap
- Distribution: Price Cap
 - Manila Electric Company
 - Dagupan Electric Corporation
 - Cayagan Electric Power and Light Company, Inc.





VISION:

**Asia's benchmark for excellence
in power regulation.**

THANK YOU!

MISSION:

**The Energy Regulatory Commission
promotes and protects
the long-term consumer interests
in terms of quality, reliability, and reasonable pricing
of a sustainable supply of electricity.**

