

[ERC RESOLUTION NO. 10, S. 2009, April 21, 2009]

A RESOLUTION LIFTING THE MORATORIUM ON THE FILING OF RATE ADJUSTMENT PETITIONS/APPLICATIONS BY THE OFF-GRID ELECTRIC COOPERATIVES

WHEREAS, Section 25 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) provides that the retail rates charged by Distribution Utilities (DUs) for the supply of their electricity in their captive market shall be subject to regulation by the Energy Regulatory Commission (ERC) based on the full recovery of prudent and reasonable economic costs incurred, or such other principles that will promote efficiency as may be determined by the ERC;

WHEREAS, Section 43 (f) of the EPIRA and Section 4 Rule 3 of its Implementing Rules and Regulations (IRR) empower the ERC to establish and enforce, in the public interest, a methodology for setting retail rates for the captive market of a DU. The ERC may likewise adopt alternative forms of internationally-accepted rate-setting methodology as it may deem appropriate;

WHEREAS, on April 21, 2008, the ERC adopted Resolution No. 7, Series of 2008 which imposed a moratorium on the filing of rate adjustment petitions/applications by the Electric Cooperatives (ECs) in anticipation of the implementation of the new rate-setting methodology for ECs or the so-called "Benchmarking Methodology";

WHEREAS, the moratorium was imposed on all ECs, both on-grid and off-grid, to prevent duplication of efforts, better manage time and resources and for the smooth implementation of the said methodology;

WHEREAS, on April 20, 2009, the ERC resolved to subject the Draft "Rules for Setting the Electric Cooperatives' Wheeling Rates" (Draft Rules), which apply only to the "on-grid ECs", to Rule-Making proceedings under Rule 21 of the Commission's Rules of Practice and Procedures;

WHEREAS, considering that the "Benchmarking Methodology" will apply only to the "on-grid ECs", it follows that only their rates will be adjusted using the said methodology if the same is approved; thus, it becomes necessary to allow the "off-grid ECs" to file for rate adjustment petitions/applications since the rationale for the issuance earlier of the moratorium will not apply to them;

WHEREAS, there are clamors from the "off-grid ECs" to lift the moratorium on them since they need an adjustment in their rates to enable them to operate viably and deliver satisfactory service to their member-consumers;

NOW THEREFORE, the Commission, after thorough and due deliberation, RESOLVED, as it hereby RESOLVES to LIFT the moratorium on the filing of rate adjustment petitions/applications by the "off-grid ECs".