

[EXECUTIVE ORDER NO. 473, April 17, 1998]

PROVIDING FOR THE SEGREGATION AND UNBUNDLING OF ELECTRICAL POWER TARIFF COMPONENTS OF THE NATIONAL POWER CORPORATION AND THE FRANCHISED ELECTRIC UTILITIES

WHEREAS , Section 28 of Article II of the Constitution provides that "the State adopts and implements a policy of full public disclosure of all its transactions involving public interest";

WHEREAS, Section 5 of Article II of the Constitution provides that "the protection of x x x property, and the promotion of the general welfare are essential for the enjoyment by all the people of the blessings of democracy";

WHEREAS, wholesome and constructive competition promotes satisfaction and efficiency in the management and operation of the public service;

WHEREAS, the generation, transmission, and distribution of electric power are separate and distinct fields of activity with different cost considerations;

WHEREAS, the National Power Corporation (NPC) and franchised electric utilities have been traditionally providing electric power service to customers whereby the generation, transmission, and distribution of electric power are integrated or combined and charged as a single tariff;

WHEREAS, Executive Order No. 215, series of 1987, and its implementing rules and regulations allowing private sector participation in power generation prescribes the transmission or wheeling of power to electric utilities and mandates the NPC and franchised electric utilities with transmission and/or distribution facilities of 69 kilovolts (KV) or above to file with the Energy Regulatory Board (ERB) standard interconnection policies and procedures, and wheeling tariffs for the ERB's approval;

WHEREAS, in the interest of transparency and accountability and consistent with Executive Order No. 215, series of 1987, and its implementing rules and regulations and to rationalize the economic and efficient generation, transmission and distribution of electricity, there is a need to identify, segregate and "unbundle" the different components of the electricity tariff that NPC and the franchised electric utilities are charging their respective customers;

WHEREAS, in the decision in ERB Case No. 96-118, dated June 11, 1997, the ERB approved an open access transmission tariff and tariff for ancillary services to allow non-discriminatory use of NPC's transmission grid by private sector generating facilities and electric utilities;

WHEREAS, pursuant to Republic Act No. 7638, series of 1992, the Department of Energy (DOE) is mandated, among others, to provide for an environment conducive