

[**ERC RESOLUTION NO. 22, S. 2005, December 07, 2005**]

"RESPONSE TO SUBMISSIONS RECEIVED ON THE ISSUES PAPER" AND "POSITION PAPER" ON THE REGULATORY RESET PROCESS FOR THE SECOND REGULATORY PERIOD

WHEREAS, Section 43 (f) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), authorizes the Energy Regulatory Commission (ERC) to adopt alternative forms of internationally accepted rate setting methodology it may deem appropriate;

WHEREAS, on December 10, 2005, the ERC adopted a performance-based rate setting methodology for setting the distribution wheeling rates of private distribution utilities embodied in a document denominated as the "Distribution Wheeling Rates Guidelines" (DWRG);

WHEREAS, under Section 7.1.2 of the DWRG, the ERC must issue a Regulatory Reset Issues Paper embodying its initial views on the issues raised by the pending Regulatory Reset Process, specifying the information required to be delivered and indicating the procedure to be undertaken by Regulated Entities for purposes of the Regulatory Reset Process;

WHEREAS, on September 30, 2005, the ERC issued its Issues Paper;

WHEREAS, in a "Notice" issued and published on September 28, 2005, the ERC informed the public where they can secure a copy or access said issues paper and set the same for several public consultations on different venues during the months of October and November 2005;

WHEREAS, in the same notice, interested parties were directed to file their written comments/inputs on the said issues paper not later than October 28, 2005;

WHEREAS, on various dates, MERALCO, DECORP and CEPALCO submitted their written comments/inputs on the said issues paper;

WHEREAS, during said public consultations, various stakeholders (private distribution utilities, commercial, industrial and residential consumers) were present and given opportunity to manifest their respective positions orally or in writing on the matters or issues presented in the Issues Paper;

WHEREAS, the foregoing public consultations were held in preparation for the issuance of a) the ERC's *Response to Submissions Received on the Issues Paper* which contain all the comments/inputs of the stakeholders on the issues presented in the issues paper together with the ERC's responses thereon; and b) the ERC's *Position Paper* which shall describe the position of the ERC with regard to the regulatory reset for the Second Regulatory Period following its consideration of the submissions received and aspects raised during the consultation process. Said position paper shall embody the ratemaking policies and principles that will govern the disposition of rate applications to be filed by the entrant DUs for the Second Regulatory Period;

WHEREAS, after due deliberation and consideration of all the oral and written submissions by interested parties, the ERC hereby RESOLVES to APPROVE and ADOPT, as it hereby APPROVES and ADOPTS the "Response to Submissions Received on the Issues Paper" and "*Position Paper*" on the Regulatory Reset Process for the Second Regulatory Period hereto attached and made an integral part of this Resolution as Annex "A*" and "B*", respectively.

This Resolution shall take effect immediately.

Adopted: 7 Dec. 2005

(SGD.) RODOLFO B. ALBANO, JR.
Chairman

(SGD.) OLIVER B. BUTALID
Commissioner

(SGD.) JESUS N. ALCORDO
Commissioner

(SGD.) RAUF A. TAN
Commissioner

(SGD.) ALEJANDRO Z. BARIN
Commissioner

* Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

