



Republic of the Philippines
National Electrification Administration
Quezon City

05 March 2009

MEMORANDUM No. 2009-006

TO : **ALL ELECTRIC COOPERATIVES**

SUBJECT : **TRANSITION SUPPLY CONTRACTS**

It has been noted that the Transition Supply Contracts (TSCs) with the National Power Corporation (NPC) of most of the electric cooperatives (ECs) have either expired or will expire in next one (1) or two (2) years. For Luzon ECs, several TSCs had expired last December 2008, while for Visayas and Mindanao ECs, some TSCs will expire by 2010 and 2011, respectively. Thus, to ensure the reliability of energy supply in the coverage areas of ECs, necessary action should be undertaken.

Article VI of Sections 1 and 2 of the "New Bilateral Power Supply Contracts" of the ERC Guidelines for Recovery of Cost for the Generation Component of Distribution Utilities Rates which took effect on 09 May 2004, provides that all Distribution Utilities should invite/bid-out/scout New Power Provider to ensure present/future supply requirements.

This memorandum reiterates compliance to said requirements. The privatization of NPC continues, and major power plants have new business owners now. ECs have to proactively source their new and future power supply to continue to be relevant to the industry.

For our monitoring and assistance purposes, ECs are requested to submit copies of tender documents relative to their Bilateral Power Supply Contracts to the Engineering Department.

For your guidance.


EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION

IN REPLYING, PLEASE REFER TO: #OR014294



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RE
3/12/09