



Republic of the Philippines
National Electrification Administration

June 18, 2008

MEMORANDUM No. 2008-017

TO : ALL ELECTRIC COOPERATIVES (ECs)
SUBJECT : Regulatory Concerns

Power rates are becoming a more complex and critical issue in the advent of a highly competitive environment. EPIRA requires reforms in the electric power industry including the promulgation and enforcement of alternative forms of rate-setting methodology, to ensure a reasonable and non-discriminatory price of electricity.

As such, the Energy Regulatory Commission (ERC) formulates such rules and regulations as maybe necessary to implement the objectives of EPIRA. Accordingly, it is imperative for all EC General Managers to fully understand the intricacies of rates (generation, transmission, and distribution) as well as the other pertinent regulatory guidelines/issuances and the possible impact to their operation. To support the ECs' capacity building, NEA provides among others, Competency Programs in partnership with the UP-National Engineering Center consisting of Basic Distribution Engineering, Distribution System Planning, Operation, Design and Utility Economics.

The following are current rate developments that may affect the EC operation:

1. Proposed Classification and Benchmarking of ECs;
2. Proposed Rules on the Default Wholesale Supply Agreement;
3. Proposed Rule for Regulated Entities' Capital Expenditures;
4. Proposed Interim Open Access in the Luzon and Visayas Grid; and
5. Imposition of Connection and Residual Sub-Transmission Charges

The ECs are directed to carefully study these issuances and to actively participate in the regulatory public consultations / hearings to protect the interest of the cooperatives and the member-consumers. It is also advisable for the ECs to hire rate experts or consultants in order to properly address these regulatory concerns.


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