

**REGULATORY FRAMEWORK OF  
ENERGY PROJECTS**  
**ENERGY INVESTMENT FORUM AND  
STAKEHOLDERS CONFERENCE**  
**7 SEPTEMBER 2017**

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# TALKING POINTS

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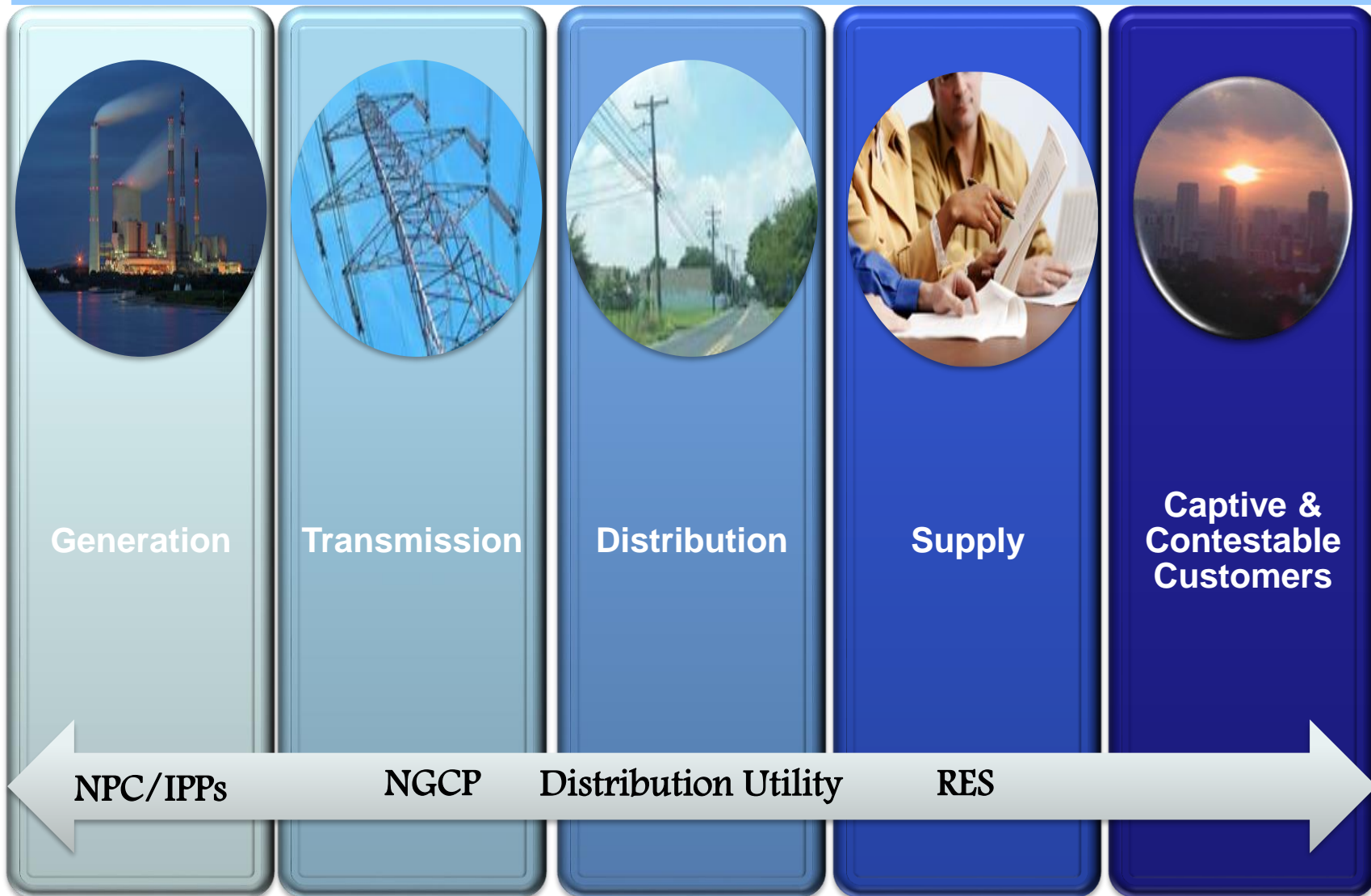
Background on Industry Reforms

Revenue Streams for Generation Companies

Regulatory Compliances

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# THE INDUSTRY TODAY



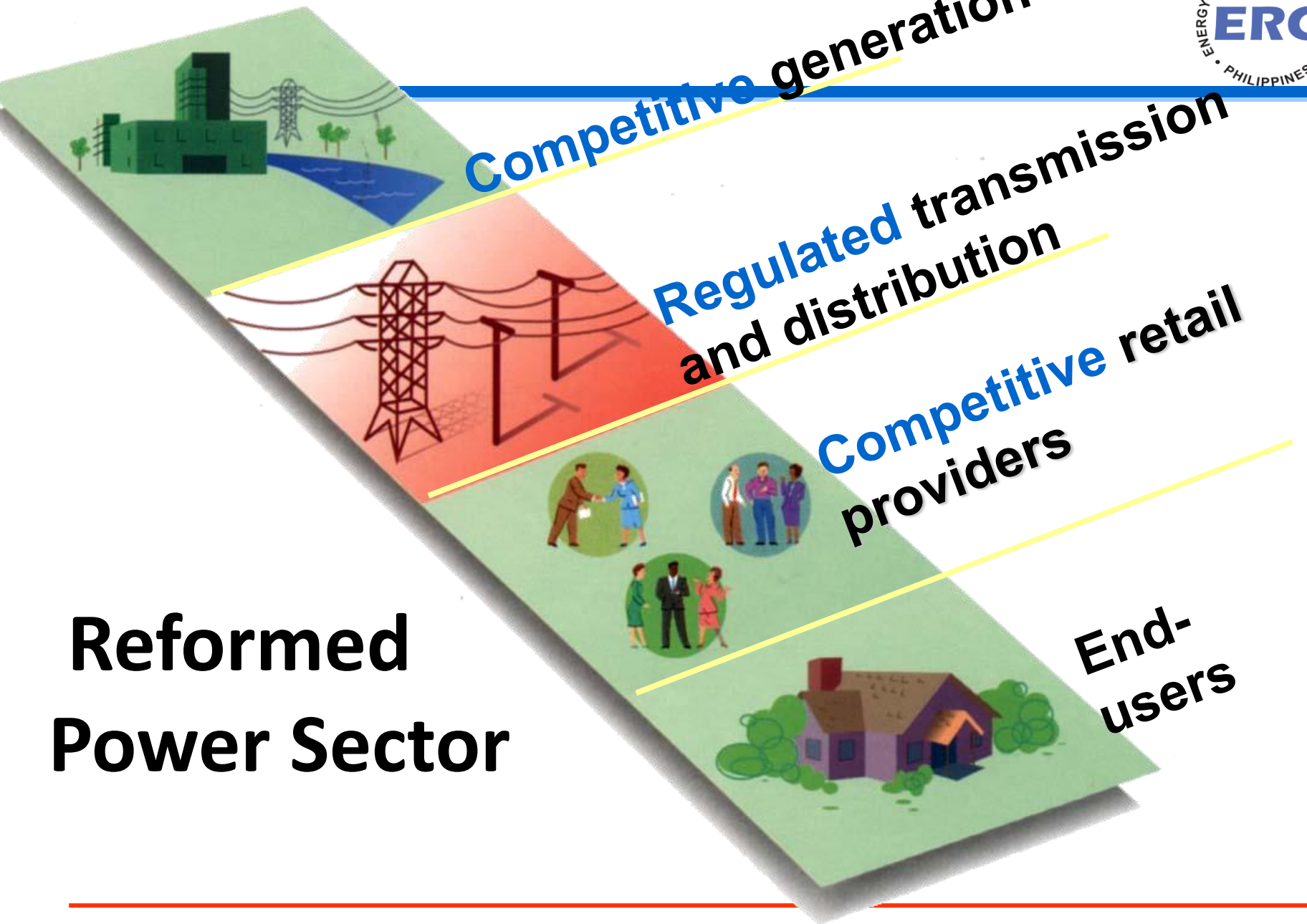
**Competitive generation**

**Regulated transmission  
and distribution**

**Competitive retail  
providers**

**End-  
users**

# Reformed Power Sector



# REVENUE STREAMS

## Generation Companies

### Distribution Utility

Bilateral Power Supply contracts/  
Transition Supply Contracts (TSC)

### Regulated

*(EPIRA, Section 67, 45(b))*

### WESM/ CREM

Contracts with RES/  
End-users

### Competitive

*(EPIRA Section 29, 30 & 31)*

### Others

End-users  
Feed-in Tariff

### Renewable Energy Law

# REVENUE STREAMS

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Bilateral Supply Contracts with DUs

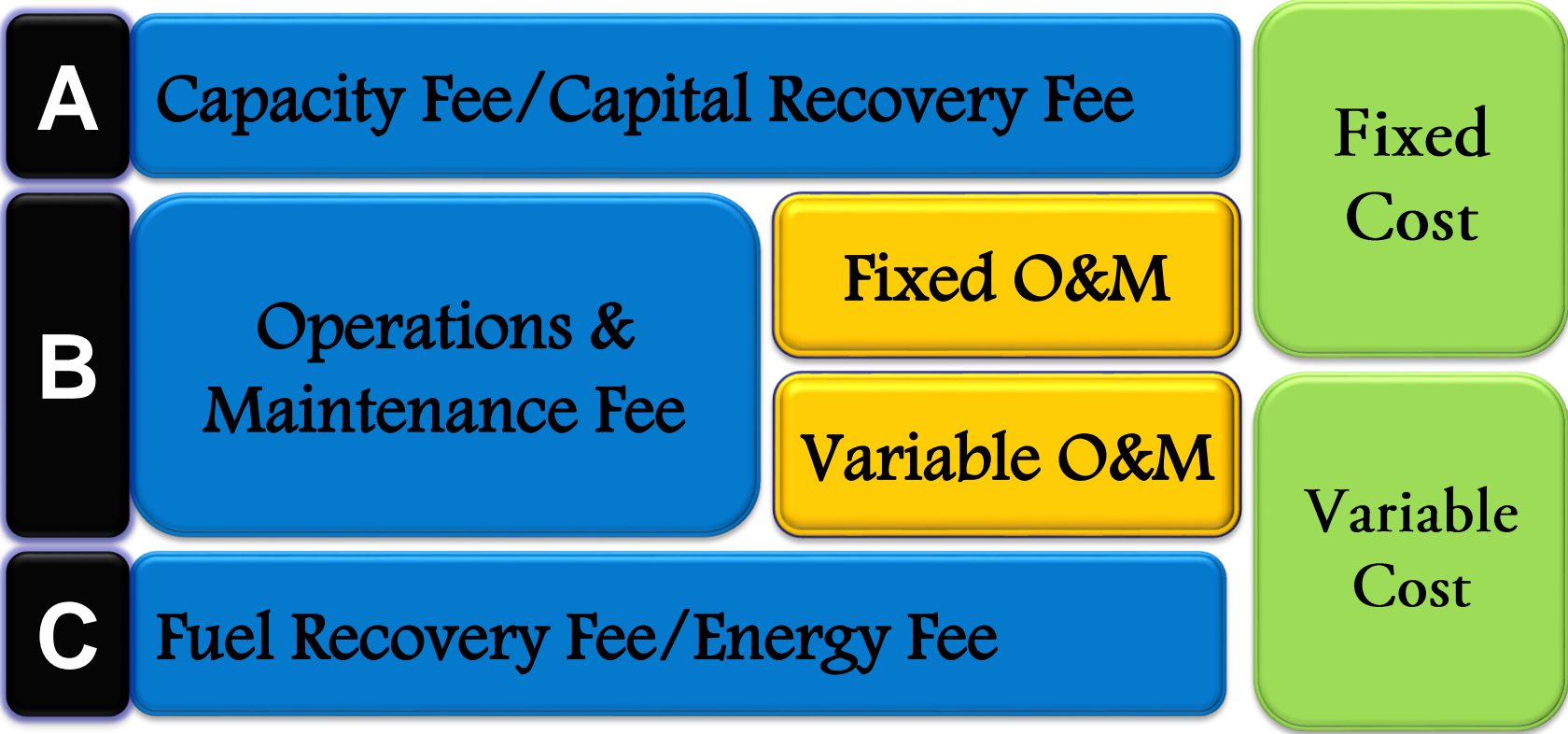
Market Transactions

Feed-in Tariff thru FIT-All Collection

Regulatory Compliances

- Power Supply Agreement (PSA) Approval
  - Licenses
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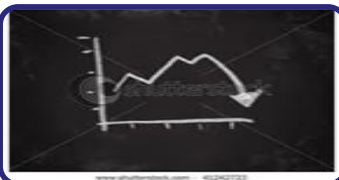
# BILATERAL POWER SUPPLY CONTRACTS



# SALIENT FEATURES OF WESM



Market place for trading electricity as a commodity that reflects its market based value



Prices not subject to regulation but governed by market forces



Uses the concept of a “gross pool” where all electricity output including those covered by bilateral contracts are centrally coordinated

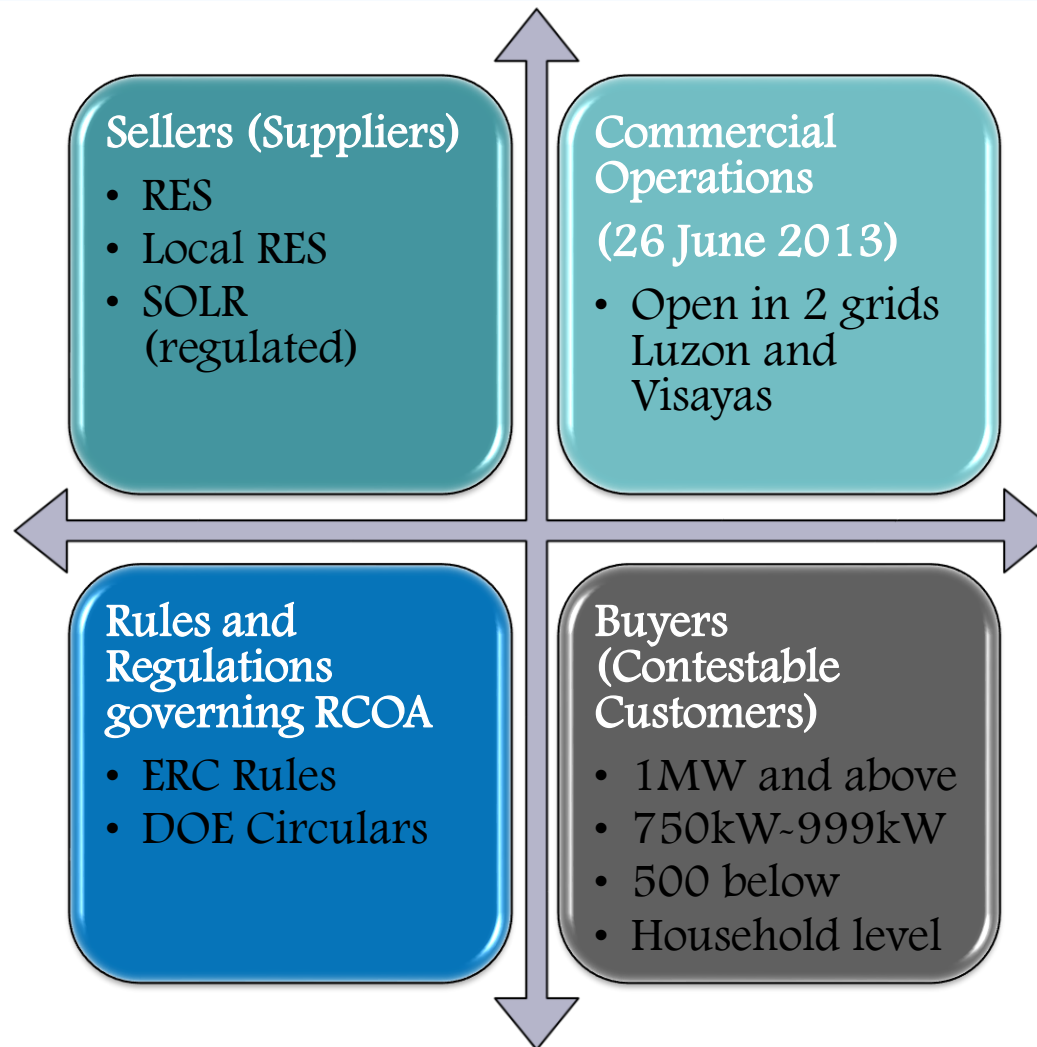


Uses the locational marginal pricing concept where prices vary across points in the power system

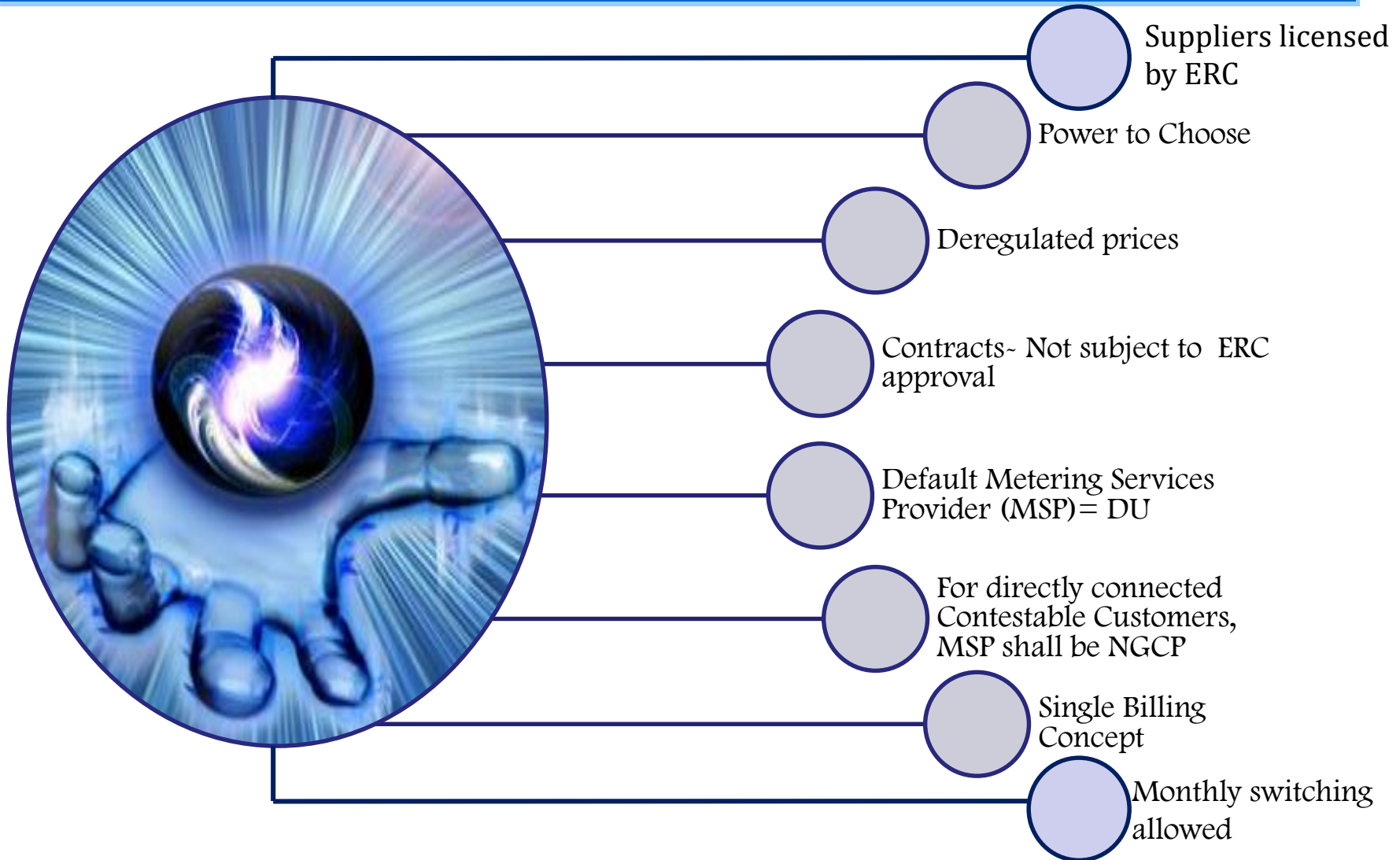




# RCOA SCHEME

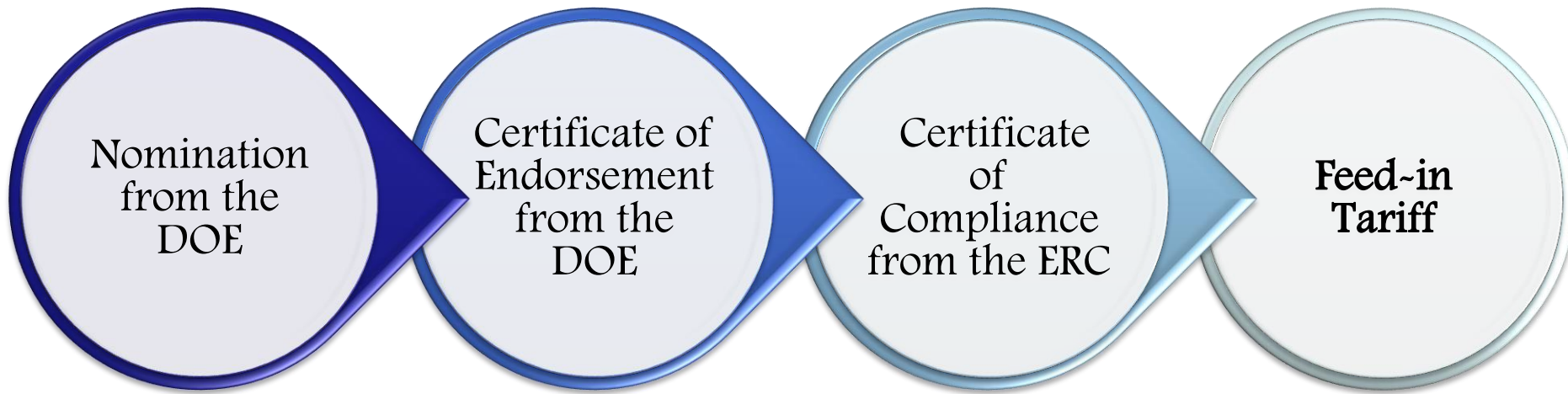


# SALIENT FEATURES



# THE FIT MECHANISM

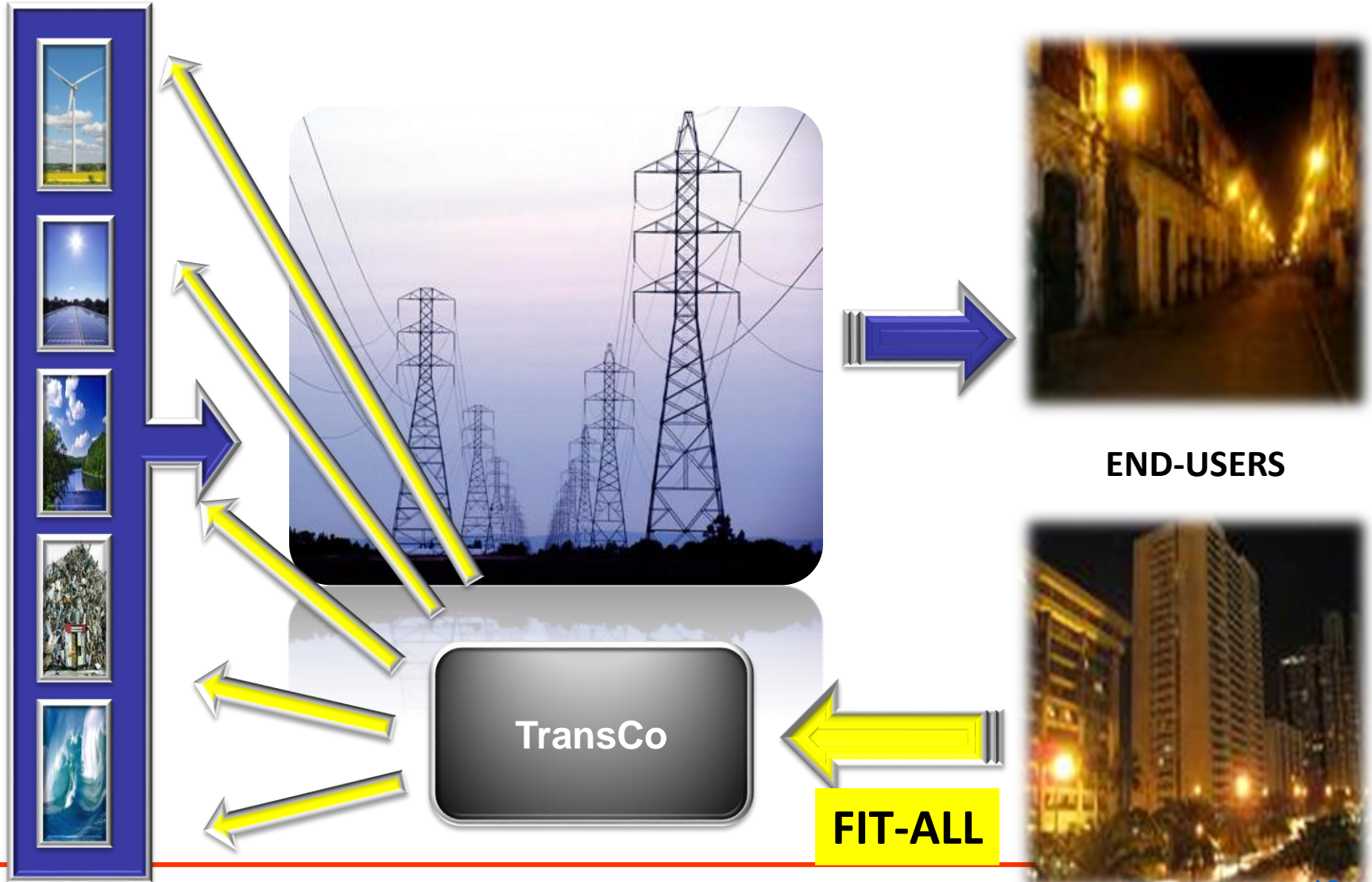
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**Conditions for FIT entitlement**

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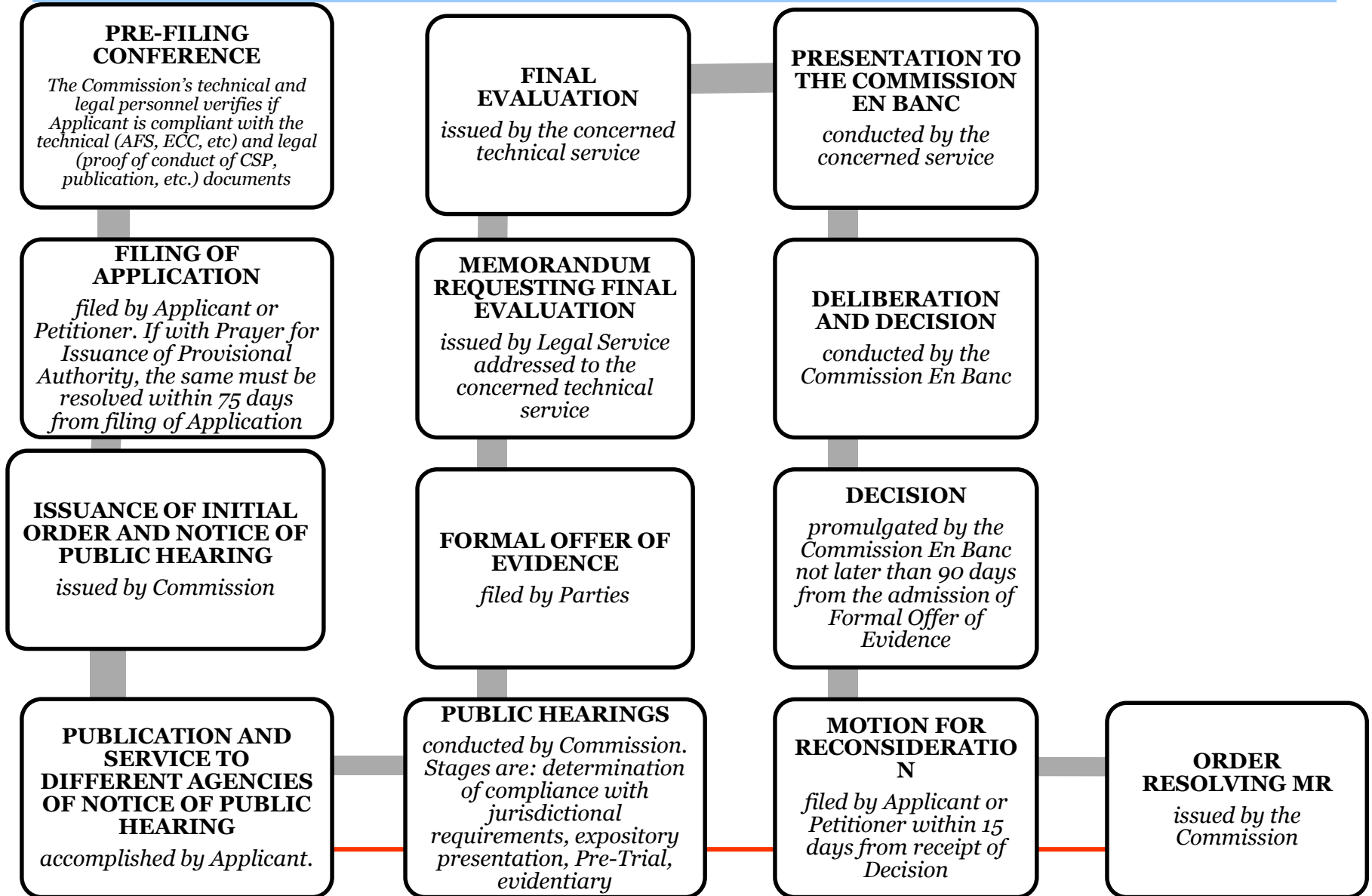
# THE FIT MECHANISM



# APPROVED FEED-IN TARIFFS (FITs)






RE Technology	Feed-In-Tariff (FIT) Rates (PhP/kWh)	Installation Targets (MW)
Solar 1	9.6800	50
Solar 2	8.6900	500
Wind 1	8.5300	400
Wind 2	7.4000	
Bio-mass	6.6300	250
ROR Hydro	5.9000	250

# FLOWCHART FOR ERC-FILED CASES



# CERTIFICATE OF COMPLIANCE

Section 6 of EPIRA and Rule 5 of IRR- No person may engage in the Generation of Electricity as a new Generation Company unless such Person has received a COC from the ERC to operate facilities used in the Generation of Electricity.

 <b>Ocular Inspection</b> New Gencos/ Facilities: ~ After test and Commissioning of facilities ~ Prior to commercial operation All Gencos/ Facilities: ~At least twice (2x) during five (5) year term of COC	 <b>Gov't Permits</b> ~DENR ~SEC ~DOE	 <b>Cross- Ownership and Market Share Limitation</b> ~30% of the installed generating capacity in a Grid ~25% of the installed generating capacity in the national grid	 <b>Financial Standards</b> ~1.5 Debt Service Capability Ratio	 <b>Technical Standards</b> ~PGC ~PDC ~PEC ~TransCo/ NGCP ~ERC
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# RETAIL ELECTRICITY SUPPLIER LICENSE

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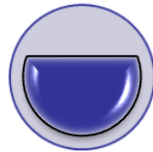


Section 29 of the EPIRA~ “xxx All suppliers of electricity to the contestable market shall require a license from the ERC.xxx”



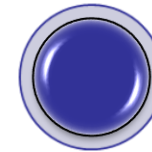
## RES License Application

- RES Information Sheet
- 5-Year Business Plan
- Credit and Financial Standards
- Organizational, Technical and Managerial Standards
- RES Application and License Fee



## Reportorial Requirements

- Ave. Prices
- Revenues
- Customers
- Contract Information
- Disclosure of Capacity and Energy Allocations



## Business Separation and Unbundling Plan

- (if applicable)
  - RES with 2 or more electricity-related businesses
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**THANK YOU.**

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