

## PROPOSALS FOR THE EPIRA LAW (RA 9136) REVIEW

LGUs, Academe, NGOs, Consumers  
February 6, 2014 Parklane Hotel, Cebu City

PROPONENT/SUMMARY OF PROPOSED AMENDMENTS	RATIONALE/DISCUSSION	SPECIFIC PROVISION(S) AFFECTED	PROPOSED REWORDINGS OF PROVISION
<p><b>The reduction of Valencia's share from 100% to only 6%</b></p>	<p><b>Engr. Godofredo Anqui - MPDO LGU Valencia</b></p> <p>The Local Government Code of 1991 (RA 7160) Chapter 2 (Share of the LGU's) Sec. 291, Local Government Units shall have a share of one percent (1%) of gross sales of forty percent (40%) of royalties whichever will produce a higher share for the LGU." But because of Chapter V., Sec. 13 of R.A. 9513, the LGU's has no option but only the 1.5% of gross income. The 40% of the royalties based on the old law was DELETED. This mean that the RENEWABLE ENERGY ACT OF 2008 limited government share (both local and national) to only 1.5% of gross income of geothermal energy producers. It reduces the LGU share from 100% to only 6%.</p> <p>For example if the government receives 100M because of Renewable energy act it will be reduced to only about 6 M. If there are amendments on the Renewable Energy act is their a possibility that the provision of the Renewable Energy Act will also be superceded?</p> <p>If the EPIRA Law will be amended it will bring back again the share of the LGU to 40%.</p> <p><b>Mayor Teves</b></p> <p>We've been a producer of energy since 1977, we have the geothermal power of valencia, which is contributory to our coffers since 1982. Since the initiation of EPIRA law, it has changed a lot for the mun. of valencia. Before we used to receive about 150M per year, but now only 6M from royalty. We were hopeful that the EPIRA law would have lower the cost of electricity.</p> <p>I made a research myself and commissioned a lawyer in Manila. It was found out</p>	<p><b>CHAPTER VIII</b> <i>General Provisions</i> <b>SECTION 66</b> <i>Benefits To Host Communities</i></p> <p>R.A. 9136 as amended by R.A. 9513 or the Renewable Energy Act of 2008. Chapter V, Sec. 13 (Government Share)</p>	<p><b>Chapter V</b> <b>Sec.13 of RA 9513</b> <b>(Government Share)</b></p> <p>"The government share on existing and new re-development projects.. Except for indigenous geothermal energy, which shall be at one and a half percent (1.5%) of gross income."</p> <p><b>Sec. 66 of R.A. 9136</b> <b>BENEFITS TO HOST COMMUNITIES</b></p> <p>"The obligations of generation companies and energy resource developer...as defined under Chapter II, sections 289 to 294 of the Local Government Code".</p> <p><b>Proposed Re-Wording of Provision</b></p> <p><b>CHAPTER V (GOVERNMENT SHARE)</b> <b>Sec. 13 of RA 9513 of the Renewable Energy of 2008 be</b></p>

	<p>that per congressional records at house of representatives. HB #4193 was filed by Cong. Mike Arroyo on May 27, 2008 and on the same day committee of energy submitted a committee report recommending its approval and was first read on May 28, 2008 and referred to the committee on rules on June 10, 2008. It was certified as urgent by the President for both house, on the same date the house approved the final individual amendment and terminated the period of amendment. A vote was made and was approved on second reading. It was approved on third reading on June 11, 2008. It was transmitted to the senate on June 17, 2008. The senate version SB 2046 was prepared by the Committee on Energy on Feb. 4, 2008. On Sept. 29, 2008 the senate approved the final individual amendment and terminated the period of amendment. SB 2046 was approved on second reading and third reading on the same day. The President signed it into law on December 16, 2008.</p> <p>Observation: Section 26 of two article of the Constitution provides that no bill passed by either house shall become a law unless it has passed three readings on separate days and printed copies thereof of its final form had been distributed to its members three days before the passage except when the President certifies to the necessity of immediate re enactment to meet the possible the calamity or emergency. It must be noted that the bill must pass three readings on separate days and its final form must be distributed to its members three days before its final passage, which are not met or complied with.</p> <p>Another point of observation is that when the house voted to approve the conference committee report on October 8, 2008 there was neither a roll call nor declaration of a qourom.</p> <p>In 2011 there was no collection of royalties. When in 2012 and 2013 where the municipality received significant reduced share from royalties. In lieu of royalties, the municipality was encouraged to collect real property tax and business tax however, the means varies significant drop in revenue earnings of the municipality. What we are trying to impart is that it has put our municipality on a problem. Three barangays used to collect royalties from the share. For 20 years they have been using their royalty share to reduce the cost of power and deposited the excess</p>		<p><b>re-word.</b></p> <p>“Government Share - The government shares on existing and new RE development project to communities hosting energy facilities and/or energy resource developers’ as defined under Chapter II, Sections 289 to 294 of the Local Government Code of 1991.”</p>
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amount as time deposit. One barangay for example has 240 Million in time deposit and they used the interest of the said time deposit to handle the overhead expense for the barangay. But a new ruling by the DBM said that they can not use the interest for operation expense which has caused problems to the barangay and also to our town. The reduction of income of this municipality is really affecting us. Hopefully this concern should be also be taken in Congress.

**Engr. Josue Balacuit -DOE**

There are two benefits under the EPIRA law, 1. Rule 29A ER 1-94 to recompense the host community from electricity sales and 2. Rule 29B on royalty or national wealth tax, which is to tax the power producer in terms of energy utilization. Medyo lumiit na ngayon ang royalty share because of RE Law. In RE Law there is a provision in the law to encourage/attract investors for RE. Walang sinabi doon if na amend ba ang Local Government Code or hindi po klaro if na amend ba ng RE Law ang Local Government Code of 1991.

**Atty. Joel Bontuyan -ERC**

There was this dispute between Kananga and Ormoc City. I just want to be clarified, bcoz under ER 1-94, in fund availment, there was this statement that it is directly remitted to LGU, RDC, DU. And the same thing under royalty tax which is also directly remitted. But under government share, it only says IPP with service contracts to DOE through DBM. What does that imply? Does not mean that government share is no longer directly remitted to LGU?

**Josue Balacuit - DOE**

Before this law, PNOCC was a GOCC. During that time PNOCC can directly remit to LGU. But after EPIRA when assets were already privatized it was released to the national government through the DBM. It is now the national government who will release the share to the LGU.

	<p><b>Mayor Teves - Valencia</b></p> <p>We tried to get information from DOE as to the production of power producer, as to how many MW has been produced. But always we were answered that it is confidential. The municipality has no basis of collecting relative to the amount of production.</p> <p><b>Josue Balacuit- DOE</b></p> <p>The right bureau to answer that is the Geothermal Bureau of the DOE who conduct</p> <p><b>Usec. Acol - DOE</b></p> <p>We will check with the Geothermal Bureau whether or not the information on its confidentiality is true or not. Because, the Geothermal Bureau conducts audit of sales of the energy produced and that is the basis of the share of the local government.</p> <p><b>Usec. Acol -DOE</b></p> <p>After conferring with the Geothermal Bureau, the data on geothermal generation, is readily available upon request and is not confidential. Just address your request to the director of the REMB.</p>		
<p><b>EPIRA's failed promise of low and affordable electricity rates</b></p>	<p><b>Mr. Theody Navea</b>  <b>National Vice President -BMP</b>  <b>Secretary General - Sanlakas Sugbo</b></p> <p>Please see attached BMP-Cebu Statement.</p> <p>"The BMP's position is not keen on amending EPIRA but more of a total recall of the law which meant a repeal of the EPIRA and crafting a new one.</p>		<p>Repeal or Recall the EPIRA and craft a new one</p>

It has been more than a decade now and yet the promised low and affordable electricity rates remain elusive. EPIRA (Electricity Power Industry Reform Act) failed to address the very reason of its passage. It has only opened the doors of the power industry to the richest oligarchs in the land; Lopez, Aboitiz, Cojuangco/Ang, Ayala, Ty, Alcantara, Pangilinan, Henry Sy and Gokongwei. Under EPIRA, the ERC became a useless ornament to rein in power rates. In concrete terms, it was an ERC that could not perform its mandate to regulate but instead became an accomplice and ally of corporate interests.

EPIRA was a major failure for it only aggravates the problem of spiraling electricity rates stems from the twin policies of privatization and deregulation. It did not offer any competition at all but instead run by oligopoly where only a few barons have captured and democratized.

BMP further believes that EPIRA's framework do not reconcile with the pro people policy where power should be treated as a basic utility and not being used as a tool for corporate greed and profits."

*Ang kuryente po ay Serbisyo. Ang kuryente po ay hindi Negosyo.*

**Benjamin Ypil - Napocor Retiree**

The EPIRA achieved only the opposite, it has brought misery hard ship on the people. And only the oligarchs has benefit from it. Before I was in the front line to sell EPIRA to the public and *di ko gusto nga tulisokon sa akong mga apo ngano nag anam naman ug saka ang presyo sa kuryente*. When we were made to believe that competition would bring down the cost of power, only to see that in the end, that nag inilogay naman nuan sa genansya. Gikan sa government monopoly gibalhin sa private monopoly whose primary motive is profit and secondary motive is service. I have one proposal to have in the original proposed bill, to have a ban on cross ownership, meaning the industry players. Those engaged in distribution should not engaged in generation, to avoid cartel, to avoid price dictation. It is only today that our Supreme Court, the highest court of the land is being blackmailed by a power

	<p>player.</p> <p><b>Atty. Joel Bontuyan - ERC</b></p> <p>If the EPIRA would be repealed, <i>unsay atong ipuli</i>, and how could we ensure <i>nga mas mo barato ang presyo sa kuryente</i>. This is an opportunity now, we may not to repeal the law, or only amend to our benefit. Regarding Cross Ownership actually theres nothing have been changed. What is prohibited by the EPIRA is the cross ownership between sectors of the power industry that have direct contact, like for example if you are in generation, you could not own transmission and vice versa. But with regards to generation, because in the structure the power you generate passes through transmission lines, that is another sector. So theres no direct contact between generation and distribution. There is no prohibition for a distribution company to own and co own a generating plant. In fact there are some technical experts who are saying that is advantageous to the franchise of the DU if there is an embedded power plant, <i>kay dili naman mo agi didto sa transmission lines</i>. Or if duna man gani moagi didto sa transmission line the pathway would be shorter and line rental would be lower. There is really no prohibition because if youre in the generation sector under the rules of the WESM you are supposed to sell your generated power to the gross pool. Of course there is this an allegation of collusion, but its very difficult to prove. Its easy to throw allegations, its another thing to prove them. Im saying, if you want to have EPIRA repealed, just make sure that whatever would be placed after EPIRA would give you lower rates. If there is no ERC or EPIRA, will the price of buying fuel to feed our plants change?</p>		
<p><b>The passing on to customers on the cost of damage by Yolanda to NGCP facilities</b></p>	<p><b>Engr. Salisi - BISU Bohol</b></p> <p>When Bohol was hit by earthquake, how true is it that the owner of the generating company who also owns the distribution company in Bohol refused to operate for almost a month. Therefore, I agree that there should be no cross over of ownership on the sectors. And is it true that the damages incurred by NGCP due to Yolanda, will be charged to the consumers. Why is it that the consumers are always charged with the losses.</p>		<p>Remove the provision of passing to customers the cost of damage brought about by calamities/disasters</p>

	<p><b>Atty. Bontuyan - ERC</b></p> <p>There is a provision allowing recovery for any loss or damage due to force majeure. There is also another provision on systems loss also being charged to consumers.</p> <p>As analogy for example when you buy lettuce, at farm gate price its cheap. You buy the same lettuce in carbon market its much smaller, but the price mas mahal. Because the loss in transito was charged to you. Kaning mga companies, asa man nila i recover ang ilang loss. Ang diperensya lang in EPIRA all charges are put in black and white. In power industry, its very transparent, you know what you are paying for. The practice of recovering loss is also practiced in other enterprise other than power.</p>		
	<p><b>Edsel Bacalso - Nagkaisa/ALU TUCP</b></p> <p>As a result of this categorization, the generation company does not have to secure franchise to operate. Another interpretation is that prices charged by generation company for supply of electricity is not subject to regulation by the ERC, thus exempting and excluding generation sector from 12% cap on profits and net income of a public utility.</p> <p>A public utility is defined as a business or service engaged in regularly supplying the public with some commodity or service of public consequence, or essential to the general public such as water, electricity, transportation and media services. Public utility operations are subject to a 12% cap on return of investment proceeding from the Public Service Law of 1936.</p> <p>Power generation is not just like any other commodity. It just like the provision of water and transportation, imbued with public interest. Power generation is key to the building of nations, to facilitating growth and progress, enhancing the quality of life and increasing the choices available to all Filipinos. It is analogous to being the milk run, the hospital run and the bank run. It is by its very nature a public utility</p>	<p><b>CHAPTER II</b> <i>Organization and Operation of the Electric Power Industry</i></p> <p><b>SECTION 6</b> <i>Generation Sector</i></p> <p>GENERATION SECTOR - defines power generation as NOT a public utility operation.</p>	<p>Generation as well as Supply of Electricity should be treated as Public Utility Operations</p>

	<p>and therefore must be subject to a regulation by the ERC.</p> <p>Placing it outside the jurisdiction of the ERC is fraught with dangers. Power generation, transmission, supply and distribution are natural monopolies, with electricity flowing seamlessly through the lines to the individual customer. Unlike other commodities, the laws of physics and the current state of technology do not allow enormous amounts of electricity to be stored. Power must be used once it is generated.</p> <p>Artificially withdrawing power generations or man-made induced shortages of electricity will unduly bring the economy to a standstill and return domestic comforts back to the level of the primitive. They will also unduly bring up the cost of power. As we saw, the combined effects of the scheduled Malampaya outage and the effects of the presumably force majeure simultaneous shutdowns of other power plants supposedly placed MERALCO at the mercy of the merchant generation plants selling their power at the spot market. The flaw in competition theory arises in a situation when no cap on return of investments is set and, the players just go thru the motions of pretending to compete or operate as a cartel wherein their unregulated generation costs will just be treated as a “pass through” charge by the distribution utilities.</p>		
	<p><b>Edsel Bacalso - Nagkaisa/ALU TUCP</b></p> <p>Mandates only the shareholding limits of persons (including directors, officers, stockholders and related interests) in a generation company, distribution utility and their respective holding companies to a maximum of fifteen (15%) of the voting shares of stock to those not listed in the PSE. This therefore, implies that for those listed, the percentage in the voting shares can be much higher.</p> <p>This section exempts utilities or companies like MERALCO, VECO, and other big and established power companies that are controlled by few families. This runs counter to the policy of the State as described in EPIRA’s Declaration of Policy to “enhance the inflow of private capital and <b>broaden the ownership base of the power generation, transmission and distribution sectors</b> in order to minimize the financial</p>	<p><b>CHAPTER II</b> <i>Organization and Operation of the Electric Power Industry</i> <b>SECTION 28</b> <i>Demonopolization and shareholding Dispersal</i></p>	<p>Broaden Ownership Base in the Power Industry to also include consumers and workers. This can be realized through effective de-monopolization and dispersal of ownership in the power industry</p>



	<p>risk exposure of the national government.</p> <p>The 15% shareholding limit must apply to all power companies. Allowing broader base shall prevent the perpetuation of cartel in the power industry.</p>		
	<p><b>Edsel Bacalso - Nagkaisa/ALU TUCP</b></p> <p>Section 38 only provides for 5 members of the Commission. These are the Chairman and four other members to be appointed by the President.</p> <p>Two members from consumers and labor organizations must be included in the Energy Regulatory Commission to ensure true representation in the welfare of consumers in the power industry. These two new members shall be selected and endorsed by consumers and labor organizations respectively.</p>	<p><b>CHAPTER IV</b> <i>Regulation of the Electric Power Industry</i></p> <p><b>SECTION 38</b> <i>Creation of the Energy Regulatory Commission</i></p>	<p>Ensure Representation of Workers and Consumers in ERC. Add two seats in the ERC to include representation from consumers and labor sector</p>
	<p><b>Edsel Bacalso - Nagkaisa/ALU TUCP</b></p> <p>Sec. 43 provides that “In the public interest, (ERC) establish and enforce a methodology for setting transmission and distribution wheeling rates and retail rates for the captive market of a distribution utility, taking into account all relevant considerations, including the efficiency or inefficiency of the regulated entities. The rates must be such as to allow the recovery of just and reasonable costs and a reasonable return on rate base (RORB) to enable the entity to operate viably. The rate-setting methodology so adopted and applied must ensure a reasonable price of electricity. The rates prescribed shall be non-discriminatory..</p> <p>The ERC must revert to the old formula that it is using - the RORB. The Performance Based Rate Methodology that it has been using since 2006, replacing RORB, has proven to be much beneficial only to the power companies like MERALCO and to great disadvantage of their customers. Under RORB, the power companies pay for the ACTUAL costs of their operation and apply before the ERC for recovery of their costs and their profit margin. Under PBR, the companies present to ERC their PROJECTED costs including their profit, the companies present to ERC their PROJECTED costs including their profit, and based on this their charges from their customers will be determined and collected. After two years, their costs will be</p>	<p><b>CHAPTER IV</b> <i>Regulation of the Electric Power Industry</i></p> <p><b>SECTION 43</b> <i>Functions of ERC</i></p>	<p>Replace the Current Un-Transparent and Complex Performance Based Rate-Setting Methodology (PBR) with simplified and transparent formula like the return-on-rate-base (RORB) that puts 12% ceiling on profits and net income</p>

	<p>reviewed and their over or under-recoveries will be determined. In case of overrecoveries, their customers have already advanced these costs to them. In effect, under PBR, the customers are advancing or paying for all the PROJECTED COSTS declared by the companies in their application to ERC. Again, this is contrary to EPIRA's Declaration of Principle to ensure transparent and reasonable prices of electricity.</p>		
	<p><b>Edsel Bacalso - Nagkaisa/ALU TUCP</b></p> <p>The succeeding paragraph under this Section renders the intention weak or this Section in general, ineffective, as cross-ownership is only prohibited between the transmission company and any company in the other sectors (generation and distribution).</p> <p>This would encourage sweetheart deals, and even more so under the current legal regime where the EPIRA does not prohibit cross-ownership between and among the power generation and distribution sectors. To truly prevent market power abuse and anti-competitive behaviour, prohibition on cross-ownership should apply between all sectors. A company and its shareholders should only stick to one business operation - either generation, distribution, supply or transmission - and should no longer have any interest (either through its subsidiary, affiliate) in another business operation in the power sector to avoid collusion and other anti-competitive behaviour.</p> <p>We should already learn our lesson from the case of MERALCO and its independent power producers (Sta. Rita, San Lorenzo) . There is cross-ownership in MERALCO and the First Gas group with former being held 5% by the Lopez group which also owns the latter. We also have the example of the Davao Light and power distribution company owned by the Aboitiz group which provides the power generation therein. This cross ownership gives them undue advantage over other players, and give them control over pricing and market behaviour to the detriment of the consumers.</p> <p>From the NAPOCOR monopoly, we have moved to a monopsony within each major</p>	<p><b>CHAPTER IV</b> <i>Regulation of the Electric Power Industry</i></p> <p><b>SECTION 45</b> <i>Cross Ownership, Market Power Abuse and Anti-Competitive Behavior</i></p>	<p>Effectively Prohibit Cross-Ownership Between the Generation, Distribution, Supply and Transmission Sectors</p>

	<p>island grid. 60% of the power generation in each grid are owned by three families providing them with market dominance in the supply sector. In the distribution side, we have a ridiculously large MERALCO franchise which constitutes 70% of the power sales and is the dominant buyer in the Luzon grid. Without ERC regulation, the generation sector could cherry-pick its customers (providing disguised subsidies to competition. Indeed, while the unbundling of the horizontally structured monopoly of the government-owned National Power Corporation was intended to generate competition and lower the prices, the exact opposite as happened. What was horizontally broken up, is now being vertically reassembled with the generation, transmission, supply and distribution sectors being put together (with cross-ownership being very much the norm) under the smaller franchise areas of MERALCO, Visayan Electric Corporation, and Davao Light and Power. This same model is now being replicated as the 119 electric cooperatives are being gobbled up by the major power players. The EPIRA may have rid us of supposedly corrupt NAPOCOR, but in its place is a socially unaccountable and financially avaricious private power sector.</p>		
	<p><b>Edsel Bacalso - Nagkaisa/ALU TUCP</b></p> <p>If we can change EPIRA or we can amend EPIRA to ensure that electric cooperatives should apply to CDA. It will lower electricity rates because registered electric cooperatives are tax exempt, and genuine consumer ownership. Through CDA registration, will make management accountable to greater operation transparency.</p> <p><b>Usec Acol - DOE</b></p> <p>So we will take note of your position recommending amendments of the EPIRA.</p> <p><b>Mrs. Cabanilla - Bacolod City</b></p> <p>The new NEA law RA 10531, CDA registered cooperatives are also under NEA, which some of them opted to file with the Supreme Court.</p>		<p>Ensure Electric Cooperatives to register under CDA</p>

	<p><b>Atty. Joel Bontuyan - ERC</b></p> <p>Im very supportive of the proposals to amend the ERC and im asking you to support the strengthening of ERC or support the ERC to act as truly independent regulatory body if you allow us to have fiscal autonomy to insulate ERC from the “whims” of politicians.</p>		
<p><b>Over due separation benefits to former NPC employees</b></p>		<p>Rule 33 Separation Benefits</p>	<p>Proposal by Mr. Ben Ypil - NPC Retiree</p> <p>Proposed Re wording</p> <p>Immediate release of pending benefits of separation</p>
<p><b>Reorganization of ERC</b></p>	<p>RDC 7- Sub-Committee on Power</p> <p>You can NOT compare the organizational sturcture of the ERC to the Court of Appeals and the NLRC which have area or regional divisions.</p> <p>ERC is an administrative regulatory body which exercises administrative and quasi-judicial functions.</p> <p>The routine administrative function are directly supervised by teh Executive Director of the Commission.</p> <p>The Commission sits in Division or en banc only when it exercises its quasi-judicial functions.</p> <p>Declogging of cases may be addressed by enhancing the efficiency of theERC in hearing and deciding cases.</p> <p>The commission may promulgate rules of procedure that would govern the</p>	<p><b>CHAPTER IV</b> <i>Regulation of the Electric Power Industry</i></p> <p><b>SECTION 38</b> <i>Creation of the Energy Regulatory Commission</i></p> <p>Section 38 on RA 9136 on the subject of the Creation [i.e. Composition, etc. Of the ERC]</p>	<p>Proposal by Atty. Joel Bontuyan -ERC 7 Field Office</p> <p>Commission shall be composed of 1 Chairperson and 15 members</p> <ul style="list-style-type: none"> <li>-Divided into 5 divisions having 3 members each</li> <li>-Division established in NCR, North Luzon, Visayas and Mindanao</li> <li>-Atleast 1 Commissioner member of the Bar</li> <li>-Over-all Chairperson presides en banc sessions</li> <li>-En Banc - cases of national concern or involving national policy and on issues of first instance or in the absence of</li> </ul>

	disposition of cases.		<p>prior established rules or jurisprudence</p> <p>Alternative Proposal by Atty. Michael P. Enriquez (FDC -Cebu)</p> <p>Commission shall be composed of 1 Chairperson and 5 members</p> <ul style="list-style-type: none"><li>-Divided into 2 divisions having 3 members each</li><li>-The Commission may decide how they convene the Division who may hear and decide the cases [Chairperson presides the 1<sup>st</sup> Division]</li><li>-The Chairperson presides en banc sessions</li><li>-The Commission shall promulgate rules on what cases may be heard through a Division or those directly cognizable by the Commission sitting en banc.</li></ul> <p>Reception of evidence and expository hearings may be delgated by the Commission but always in the presence of atleast 1 Commissioner who will take note of objections and make rulings on such objections.</p> <p>However, the resolution of the case shall always be done in a</p>
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			Division or en banc as the case may be.
<p><b>Generation Companies not subjected to ERC Regulation</b></p>	<p><b>Mrs. Yvonne Cabanilla - Bacolod City</b></p> <p>Upon implementation of RCOA prices by a generation company for a supply of electricity shall not be subject to regulation by ERC except as provided in this law, because when we speak of RCOA, that would mean a power of choice. But for me this is very dangerous, because ERC will no longer have regulatory powers to generation companies. We are now under the RCOA since June 2013. What is the role now of ERC with regards to this provision of the EPIRA.</p> <p><b>Atty. Bontuyan - ERC</b></p> <p>Under the RCOA, the contestable customer has the right/option to choose the supplier of his power. Even before RCOA the generation sector was not under the regulation of the ERC, and the reason for that was to encourage investment. In the past the power industry was monolithic. The DUs sector is also a natural monopoly, but generation could be subjected for competition. Generation was deregulated under EPIRA, because our government could no longer afford to put up power plants, and in order for investors to be enticed to invest. By competition it requires a free market. In the Distribution sector it has to be regulated because it is a natural monopoly.</p> <p><b>Usec. Acol - DOE</b></p> <p>The RCOA applies to contestable customer with 1 MW for the last 12 month period and subsequently reduced to 750KW. With the implementation of RCOA do you want generation sector be regulated?</p> <p><b>Mrs Cabanilla - Bacolod City</b></p> <p>Of course, considering the fact that we have very limited generation companies yet. Like for example if it is not regulated, the concept our government is more friendly</p>		<p>Generation Companies should be subjected to the regulation of the ERC</p>

to investors than to consumers, and precisely because 60 to 65% of our power bill is generation charge?

**Usec. Acol - DOE**

Therefore you wanted the paragraph reworded that the prices charged by generation companies for the supply of electricity shall be subjected to the regulations of the ERC.

**Mrs. Cabanilla - Bacolod City**

I have yet to submit the recommendations and proposals to the SP of Bacolod City, after which we will submit our report to you.

In the Visayas Grid, is there ASPA? Is NGCP contracting for reserve?

**NGCP Representative -**

Right now, we dont have the figures, but we can include it in our comments.

**Dir. Labios - DOE**

It the presentation of the Supply Demand Outlook, the peak demand presented already includes the peak deman as well as the required reserve margin i.e. regulating reserve, contingency, and dispatchable reserve requirement as required by law.