

[ERC RESOLUTION NO. 21, S. 2011, August 22, 2011]

A RESOLUTION ADOPTING THE AMENDED GUIDELINES FOR THE SETTING AND APPROVAL OF ELECTRICITY GENERATION RATES AND SUBSIDIES FOR MISSIONARY ELECTRIFICATION AREAS

WHEREAS, Section 43(t) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), authorizes the Energy Regulatory Commission (ERC) to "perform such regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry x x x";

WHEREAS, Section 70 of the EPIRA provides that the missionary electrification function of the National Power Corporation (NPC), through the Small Power Utilities Group (SPUG), shall be funded from the revenues from sales in missionary areas and from the Universal Charge to be collected from all electricity end-users as determined by the ERC;

WHEREAS, Section 34 of the EPIRA empowers the ERC to determine, fix and approve a Universal Charge to be imposed on all electricity end-users;

WHEREAS, on December 16, 2008, Republic Act No. 9513 (R.A. 9513), otherwise known as the Renewable Energy Act of 2008, was enacted;

WHEREAS, Section 15(h) of R.A. 9513 mandates that a renewable energy developer, established after the effectivity thereof, shall be entitled to a cash generation-based incentive per kilowatt hour rate generated, equivalent to fifty percent (50%) of the Universal Charge for power needed to service missionary areas where it operates the same, to be chargeable against the Universal Charge for Missionary Electrification (UC-ME);

WHEREAS, Section 12 of R.A. 9513 requires the NPC-SPUG or its successors-in-interest and/or qualified third parties in off-grid areas, in the performance of its mandate to provide missionary electrification, to source a minimum percentage of its total annual generation, upon recommendation of the National Renewable Energy Board (NREB), from available renewable energy resources in the area concerned, as may be determined by the Department of Energy (DOE);

WHEREAS, Section 7 of R.A. 9513 and Section 5 of its Implementing Rules and Regulations (IRR) mandate the ERC, in consultation with NREB, to formulate and promulgate the Feed-In Tariff System (FITS) Rules;

WHEREAS, on July 12, 2010, the ERC, in pursuance of this mandate, promulgated Resolution No. 16, Series of 2010, entitled "Resolution Adopting the Feed-In Tariff (FIT) Rules";