

[ERC RESOLUTION NO. 26, S. 2009, December 09, 2009]

RESOLUTION AMENDING THE RULES FOR APPROVAL OF REGULATED ENTITIES' CAPITAL EXPENDITURE PROJECTS

WHEREAS, Section 43(f) of Republic No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 or the EPIRA provides that any significant operating costs or projects investment of the National Transmission Corporation (TRANSCO) and Distribution Utilities (DUs) which shall become part of the rate base shall be subject to verification by the Energy Regulatory Commission (ERC) to ensure that the contracting and procurement of the equipment, assets and services have been subjected to transparent and accepted industry procurement and purchasing practices to protect the public interest;

WHEREAS, on March 8, 2006, the ERC adopted Resolution No. 13, Series of 2006, entitled "A Resolution Adopting the Guidelines to Govern the Submission, Evaluation and Approval of Electric Distribution Capital Projects", which provided the DUs with a uniform system of filing application for approval of their respective proposed capital projects;

WHEREAS, on December 15, 2008, the ERC adopted Resolution No. 18, Series of 2008, entitled "Resolution Adopting the Rules for Approval of Regulated Entities' Capital Expenditure Projects";

WHEREAS, on various dates, the ERC received several requests from Electric Cooperatives (ECs) in Mindanao requesting for extension of time within which to file their respective multiyear capital expenditure applications pursuant to the Transitory Provision of the abovementioned Resolution in view of their needs for capacity building and modification of their existing system technologies;

WHEREAS, on April 20, 2009, the ERC issued an Order suspending the filing of ECs' multiyear capital expenditure applications until further notice;

WHEREAS, pursuant to its mandate under Section 58 of the EPIRA, the National Electrification Administration (NEA) required all (ECs) to formulated their Integrated Computerized Planning Model (ICPM) in preparation for their annual capital expenditure (CAPEX) projects and programs, and structural and/or institutional development;

WHEREAS, Section 23 of the EPIRA provides, among others, that DUs shall prepare and submit to the Department of Energy (DOE) their annual Distribution Development Plans (DDP). In the case of ECs, such plans shall be submitted through the NEA;

WHEREAS, the ERC recognizes the significance and importance of having a