

**[ ERC RESOLUTION NO. 18, S. 2008, December 15, 2008 ]**

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

WHEREAS, Section 43(f) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) provides that any significant operating costs or projects investments 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 Commission to ensure that the contracting and procurement of the equipment, assets and services have been subjected to transparent and accepted industry procurement and practices to protect the public interest;

WHEREAS, on March 8, 2006, the Commission 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 applications for approval of their respective proposed capital projects.

WHEREAS, in two (2) years of its implementation, several suggestions/comments were brought to the attention of the Commission to further improve said Guidelines;

WHEREAS, on May 29, 2003, the Commission adopted Resolution No. 04, Series of 2003 entitled "Adopting an Alternative Rate Setting Methodology for the National Transmission Corporation (TRANSCO) and Any Future Concessionaire Thereof" and the annex attached thereto entitled "Guidelines on the Methodology for Setting of Transmission Wheeling Rates" (TWRG);

WHEREAS, on April 11, 2006, the Commission adopted Resolution No. 16, Series of 2006 entitled "Adopting a Policy That Entry to the Performance Based Regulation (PBR) by Private Utilities Under the Distribution Wheeling Rates Guidelines (DWRG) be Made Mandatory".

WHEREAS, on July 26, 2006 and December 13, 2006, the Commission adopted Resolution No. 39, Series of 2006 entitled "Adopting the Rules for Setting the Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (First Entry Point)" and Resolution No. 54, Series of 2006 entitled "Adopting the Rules for Setting the Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (Second and Later Entry Points)", respectively;

WHEREAS, the Commission is in the process of formulating a new rate-setting methodology for Electric Cooperatives (ECs) which is envisaged to be implemented by 2009.