

[ERC RESOLUTION NO. 06, S. 2009, February 23, 2009]

A RESOLUTION ADOPTING THE RULES FOR THE DISTRIBUTION OF NET SETTLEMENT SURPLUS

WHEREAS, Section 30 Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), provides for the establishment of the Philippine Wholesale Electricity Spot Market (WESM);

WHEREAS, commercial operations of the WESM commenced on 26 June 2006;

WHEREAS, there is a surplus or deficit resulting from the aggregate settlement transaction in the WESM termed as the Net Settlement Surplus or Deficit;

WHEREAS, there is a need to establish a suitable process for the immediate and equitable flow back of the Net Settlement Surplus by the Philippine Electricity Market Corporation (PEMC) to the party who paid for the same;

WHEREAS, the ERC proposed a set of Rules for the Distribution of Net Settlement Surplus;

WHEREAS, the set Rules for the Distribution of Net Settlement Surplus establishes, among others, the (i) definition and allocation of Net Settlement Surplus, (ii) distribution of Net Settlement Surplus; (iii) flow back computation of Net Settlement Surplus; (iv) treatment of interests incurred from the Net Settlement Surplus; and (v) reportorial requirements;

WHEREAS, the said Rules were posted on the ERC Website to solicit comments from interested stakeholders and a public consultation was conducted on 29 October 2008;

WHEREAS, the revised Rules incorporating the comments of the industry stakeholders were again posted on the ERC website on 14 January 2009;

WHEREAS, the Rules were revised to consider the comments submitted on its second posting;

NOW THEREFORE, after careful deliberation on the issues relative thereto, the ERC RESOLVED, as it hereby RESOLVES, to APPROVE and ADOPT the "Rules for the Distribution of Net Settlement Surplus", herein attached as Annex "A"^[*] and made an integral part of this Resolution.

All previous Decisions, Issuances and Derivatives by the ERC contrary to the instant Resolution are deemed superseded.

This Resolution shall take effect immediately.