

[ERC RESOLUTION NO. 12-02, S. 2004, December 10, 2004]

ADOPTING A METHODOLOGY FOR SETTING DISTRIBUTION WHEELING RATES

WHEREAS, Section 43 (f) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), authorizes the Energy Regulatory Commission (ERC) to adopt alternative forms of internationally-accepted rate-setting methodology it may deem appropriate;

WHEREAS, the rate setting methodology so adopted and applied must ensure a reasonable price of electricity;

WHEREAS, on various dates, the ERC rendered its Decisions on the respective unbundling applications of the private distribution utilities using the Return on Rate Base (RORB) Methodology;

WHEREAS, the ERC has developed a new methodology for setting the distribution wheeling rates of private distribution utilities embodied in a document denominated as the "Distribution Wheeling Rates Guidelines" (DWRG);

WHEREAS, on August 9, 2004, the ERC issued a Notice setting the DWRG for public consultation and directing interested parties to submit their comments thereon;

WHEREAS, interested parties submitted their written comments and public consultations were conducted on August 31, 2004 and October 19, 2004 on the proposed DWRG;

WHEREAS, after conducting public consultations on the DWRG, the Commission posted the second (2nd) draft of the proposed DWRG on November 17, 2004 at the ERC Website;

WHEREAS, after said posting, a number of additional written comments were received and thereby considered by the Commission in its final deliberation of the DWRG;

WHEREAS, in accordance with the aforesaid mandate and after a careful consideration of the various views and comments submitted by interested parties, the ERC finds it appropriate to adopt a new methodology for setting distribution wheeling rates for private distribution utilities;

NOW, THEREFORE, be it RESOLVED, as the ERC hereby RESOLVES, to APPROVE and ADOPT, as it hereby APPROVES and ADOPTS, the "Distribution Wheeling Rates Guidelines (DWRG)" for private distribution utilities hereto attached as ANNEX "A"* together with the significant timelines for its implementation hereto attached as ANNEX "B"* and made an integral part of this Resolution;