

[DOE DEPARTMENT CIRCULAR NO. DC 2003-12-011, December 05, 2003]

ENJOINING ALL DISTRIBUTION UTILITIES TO SUPPLY ADEQUATE, AFFORDABLE, QUALITY AND RELIABLE ELECTRICITY

WHEREAS, Section 2 of Republic Act No. 9136, also known as the "Electric Power Industry Reform Act of 2001" or "EPIRA", declared as a policy of the state, among others, "[t]o ensure the quality, reliability, security and affordability of the supply of electric power;"

WHEREAS, pursuant to Section 37 of EPIRA, the Department of Energy has the mandate, among others:

- a. "[t]o ensure the reliability, quality, and security of supply of electric power" (Sec. 37 (d);
- b. "[t]o encourage private sector investments in the electricity sector and promote development to indigenous and renewable energy sources" (Sec. 37 (e) (i);
- c. "[i]n consultation with other government agencies, to promote a system of incentives to encourage industry participants, including new generating companies and end-users to provide adequate and reliable electric supply" (Sec. 37 (e) (iii);
- d. "[t]o develop policies and procedures and, as appropriate, promote a system of energy development incentives to enable and encourage electric power industry participants to provide adequate capacity to meet demand including, among others, reserve requirements" (Sec. 37 (i); and,
- e. "[t]o monitor private sector activities relative to energy projects in order to attain goals of the restructuring, privatization, and modernization of the electric power sector as provided for under existing laws. Provided, that the Department of Energy shall endeavor to provide for an environment conducive to free and active private sector participation and investment in all energy activities" (Sec. 37 (j));

WHEREAS, pursuant to Section 6 of EPIRA, the "generation of electric power, a business affected with public interest, shall be competitive and open;"

WHEREAS, pursuant to Section 47 (j) of EPIRA, the National Power Corporation ("NPC") may generate and sell electricity only from the undisposed generating assets and IPP [Independent Power Producer] contracts of PSALM Corp. and shall not incur any new obligations to purchase power through bilateral contracts with generation companies or other suppliers;"