



JOINT RESOLUTION NO. 1

A RESOLUTION ENJOINING ALL DISTRIBUTION UTILITIES TO CONDUCT COMPETITIVE SELECTION PROCESS (CSP) IN THE PROCUREMENT OF SUPPLY FOR THEIR CAPTIVE MARKET

WHEREAS, Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA)," declares among others the following policy of the State:

- (a) Ensure the quality, reliability, security and affordability of the supply of electric power;
- (b) Ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;
- (c) Enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors; and
- (d) Protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power.

WHEREAS, Section 23 of EPIRA provides that all Distribution Utilities (DUs) shall have the obligation to supply electricity in the least-cost manner to their Captive Market, subject to the collection of retail rate duty approved by the Energy Regulatory Commission (ERC);

WHEREAS, on 05 December 2003, the DOE issued Department Circular No. DC2003-12-011 entitled "Enjoining All Distribution Utilities to Supply Adequate, Affordable, Quality and Reliable Electricity," which reiterated the state policy that all DUs must henceforth take cognizance and assume full responsibility to forecast, assure and contract for the supply of electric power within their respective franchise areas to meet their obligations as a DU particularly to their Captive Market;

WHEREAS, adequate and proper power supply contracting through a transparent procedure ensures electricity demand is met, while electricity end-users is protected from unnecessary exposure in the volatility of spot prices in the Wholesale Electricity Spot Market (WESM);

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WHEREAS, the DOE and ERC recognize the adoption of competitive selection as a policy that will encourage investments in the power generation business thereby ensuring electric power supply availability in a regime of transparent process in securing Power Supply Agreements (PSAs), which is an integral part of the power sector reform agenda;

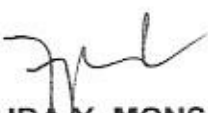
NOW THEREFORE, pursuant to their respective mandates under Republic Act No. 9136, the DOE and the ERC resolve to jointly adopt the following:


Section 1. Competitive Selection Process. Consistent with their respective mandates, the DOE and ERC recognize that Competitive Selection Process (CSP) in the procurement of PSAs by the DUs engenders transparency, enhances security of supply, and ensures stability of electricity prices to captive electricity end-users in the long-term. Consequently, by agreement of the DOE and ERC, the ERC shall issue the appropriate regulations to implement the same.

Section 2. Effectivity. This Joint Resolution shall take into effect immediately following its publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.

Signed this 20th of October 2015 at Metro Manila, Philippines.

For and by Authority of the
Energy Regulatory Commission:


ZENAIDA Y. MONSADA
Secretary
Department of Energy


JOSE VICENTE B. SALAZAR
Chairperson
Energy Regulatory Commission



ERC
Office of the Chairman



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