Energy Regulatory Commission’s Regulatory Framework

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Outline

• Industry Structure prior to Electric Power Industry Reform Act (EPIRA)
• Regulatory Framework under EPIRA
• Government Regulation
• Renewable Energy Act
Industry Structure
Prior to Electric Power Industry Reform Act (EPIRA)
Generation: Owned and operated by National Power Corporation (NPC). Rates are fixed by NPC subject to review of PSC.

Transmission: Owned and operated by National Power Corporation (NPC). Rates are fixed by NPC subject to review of PSC.

Distribution: Private Distribution Utility or Electric Cooperative. Rates are approved by ERB.

Consumer: Captive Customers.
Regulatory Framework under Electric Power Industry Reform Act (EPIRA)
Restructuring under EPIRA was Implemented in Tranches

1. Unbundling
2. Privatization of NPC Assets
3. Removal of Cross-subsidies
4. Establishment of Spot Market

RETAIL COMPETITION
NPC’s Generating Assets were privatized to different entities to jump-start competition. PEMC acts as the Market Operator who administer the Wholesale Electricity Spot Market. PEMC is Self-Regulating.

NPC’s Transmission Assets – owned by Transco but operated by NGCP (through a concession agreement) are Regulated as Public Utility.

Distribution is private distribution utility or electric cooperative. Regulated as Public Utility.

Consumer is captive customer.
Government Regulation under EPIRA
WESM Rules and PDM subject to DOE and ERC approval, Respectively

Partially Regulated as to non-price issues by ERC

Generation Companies
Retail Electricity Suppliers

COMPETITIVE

Private Distribution Utilities

TRANSCO

REGULATED

Electric Cooperatives

Owned by NPC

Owned by PSALM

Regulated by ERC

Supervised by NEA
Retail Competition and Open Access (RCOA)
Suppliers of Electricity can be any of the following: (1) generation companies (GenCo); (2) GEnCo affiliated retail suppliers; (3) DU affiliated retail suppliers.

2 Markets:
(1) Wholesale Market; and
(2) Competitive Retail Electricity Market

OPEN ACCESS

OPEN ACCESS

- captive customer
- contestable customer
Generally de-regulated but is indirectly regulated with respect to power supply agreements with Distribution Utilities catering to contestable customer.

De-regulated. However, the rules governing the market participants are subject to DOE’s approval. On the other hand, the methodology used for prices charged in the market is subject to the regulator’s (ERC) approval.

Regulated as Public Utility by Energy Regulatory Commission (ERC)

Regulated as Public Utility by Energy Regulatory Commission (ERC) and National Electrification Administration (NEA)

captive customer

contestable customer
Renewable Energy Act
Salient Provisions of Renewable Energy Act

• Competition between RE and Conventional Power Plants
  ➢ Feed-In Tariff System
  ➢ RE generating units with intermittent RE resources shall be considered "must dispatch" based on available energy and shall enjoy the benefit of priority dispatch.

• Renewable Energy Market
• Net Metering
# Feed-In Tariff System

Currently, the approved Fit Rate per technology are as follows:

<table>
<thead>
<tr>
<th>Plant Technology</th>
<th>FiT 1</th>
<th>FiT 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydro</td>
<td>Php 5.9/kWh</td>
<td>Php 5.9/kWh</td>
</tr>
<tr>
<td>Biomass</td>
<td>Php 6.63/kWh</td>
<td>Php 6.63/kWh</td>
</tr>
<tr>
<td>Wind</td>
<td>Php 8.53/kWh</td>
<td>Php 7.40/kWh (10/6/2016)</td>
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</tbody>
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On the other hand, the approved FiT Allowance is Php 0.1240/kWh (ERC Case No. 2015-216RC)
END OF PRESENTATION