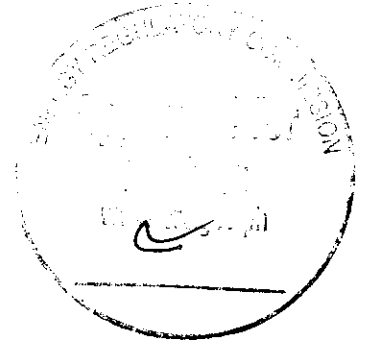


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City



IN THE MATTER OF THE REQUEST  
FOR DEFERMENT OF THE  
IMPLEMENTATION OF THE OPEN  
ACCESS AND RETAIL COMPETITION  
(OARC) IN LUZON AND THE  
VISAYAS

ERC CASE NO. 2011- 009 RM

x----- x

DOCKETED  
Date: NOV 03 2011  
By: *[Signature]*

**ORDER**

On September 1, 2011, the Commission received the request of the Manila Electric Company (MERALCO), the Private Electric Power Operators Association (PEPOA) and the Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA) for the re-evaluation of the feasibility of the December 26, 2011 Open Access Date and deferment of the implementation of the competitive retail electricity market (CREM) to a viable date that ensures the operational success of the retail market.

Further, on September 19, 2011, the Department of Energy (DOE) Steering Committee submitted its comments on the 2<sup>nd</sup> draft of the "Transitory Rules for the Initial Implementation of Open Access and Retail Competition" wherein it recommended to defer the Open Access Date in order to put in place the necessary rules, regulations, infrastructures and such other compliances required prior the commencement of the same.

Acting on the said request, the Commission conducted a public hearing on October 5, 2011, for the purpose of determining whether or not the implementation of the open access and retail competition should be deferred.

At the said hearing, MERALCO, PEPOA and PHILRECA reiterated the request for deferment considering that the remaining matters for resolution prior to Open Access Date shall require a longer period to be completed. The matters for resolution cited were the (a) Information dissemination campaign; (b) Administrative matters, e.g. setting up the Supplier of Last Resort (SOLR) in place, certification of contestable customers, and the resolution of value-added tax (VAT) issues; (c) Setting up of the Business-to-Business (B2B) system; and (d) Accounting, Billing and Settlement (ABS) of retail transactions and related issues.

While items (a) and (b) are currently being addressed and completed, MERALCO, PEPOA, and PHILRECA highlighted that the time required in issuing the protocols for the ABS, and the necessary rules for the procurement, design, deployment, testing and commissioning for the systems and infrastructure for the B2B platform, as well as the actual implementation of the same, will have to extend beyond the initially declared Open Access Date.

After careful deliberation, the Commission acknowledges that not all the rules, systems, preparations, and infrastructures required for the implementation of open access and retail competition have been put in place in accordance with the originally contemplated timetable. The Commission is convinced that the commencement date of December 26, 2011 is no longer feasible for the establishment of the retail market.

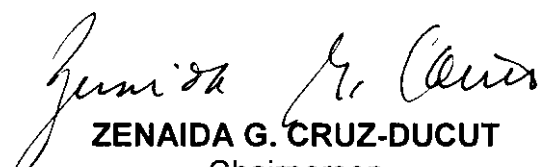
The Commission recognizes that this deferment of the implementation of the CREM creates uncertainties in the industry. Thus, there is a need to assess the current state of preparations for the CREM and come out with a definitive timeline leading to its eventual implementation. The Commission shall presently act on this in consultation with all stakeholders.

**WHEREFORE**, the Commission hereby declares the DEFERMENT of the implementation of open access and retail competition in Luzon and Visayas originally set on December 26, 2011. The Commission shall announce a new timeline for its implementation after consultation with all stakeholders.

**SO ORDERED.**

Pasig City, 24 October 2011.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson  
*gpc/24*

Copy furnished:

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