



RCOA STEERING COMMITTEE RESOLUTION NO. 2011-01

**RESOLUTION ENDORSING THE DEFERMENT OF THE IMPLEMENTATION OF
THE RETAIL COMPETITION AND OPEN ACCESS (RCOA)
TO 26 OCTOBER 2012**

WHEREAS, Republic Act No. 9136 otherwise known as the "Electric Power Industry Reform Act of 2001" (herein referred to as the "Act"), was promulgated to provide a framework for the restructuring and privatization of the electric power industry;

WHEREAS, pursuant to the said Act, it is a declared policy of the state to ensure adequate and reliable power supply as well as 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;

WHEREAS, Section 31 of the Act states that any law to the contrary notwithstanding, Retail Competition and Open Access (RCOA) shall be implemented subject to the following preconditions: (a) Establishment of the wholesale electricity spot market; (b) Approval of unbundled transmission and distribution wheeling charges; (c) Initial implementation of the cross subsidy removal scheme; (d) Privatization of at least seventy (70%) percent of the total capacity of generating assets of NPC in Luzon and Visayas; and (e) Transfer of the management and control of at least seventy percent (70%) of the total energy output of power plants under contract with NPC to the IPP Administrators;

WHEREAS, on June 06, 2011, Energy Regulatory Commission (ERC) declared in Case No. 2011-004 RM of the compliance with the preconditions for the initial implementation of RCOA;

WHEREAS, ERC Resolution No. 10, Series of 2011 was issued declaring 26 December 2011 as the open access date to mark the commencement of the full operations of the RCOA in Luzon and Visayas;

WHEREAS, by virtue of DOE Circular No. 2011-06-0006, RCOA Steering Committee (RCOA-SC) was created to ensure that the appropriate conditions for the efficient transition to RCOA implementation are in place;

WHEREAS, under the said Circular, the RCOA-SC shall (a) Review existing rules and procedures on RCOA; (b) Develop and recommend policies to implement systems and process needed to govern the RCOA transactions; (c) Timelines and

Action Plan to ensure the smooth transition to full competitive environment; (d) Provide a forum for any recommendations on all pertinent rules and guidelines; and (e) Formulate an information and education campaign about the RCOA;

WHEREAS, on 08 July 2011, the first RCOA-SC meeting was conducted, and different Technical Working Groups (TWGs) were created to handle concerns on the Technical, Financial and Risk Management components of RCOA;

WHEREAS, after series of meetings of the RCOA-SC and the TWGs, round table discussions and consultations with the various stakeholders, concerns on the viability of the 26 December 2011 commencement date were raised due to the following major policy and operational issues:

1. The need to strengthen the framework for the RCOA implementation;
2. Designation of a permanent entity as the Central Registry Body and Settlement Agent;
3. Identification of funding source for the establishment and sustainable operation of the Business to Business (B2B) System;
4. Development of guidelines and procedures on Accounting, Billing and Settlement;
5. Development of metering standards and protocols;
6. Evaluation of the impact of RCOA on the distribution utility, contestable customer, and the captive market;
7. Conduct of extensive Information and Education Campaign to all electric power industry participants and electricity end-users.
8. Availability of sufficient and reliable power supply during the commencement of RCOA.

WHEREAS, in view of the foregoing considerations, the RCOA-SC agreed to endorse this Resolution for the approval of the Joint Congressional Power Commission the deferment of the 26 December 2011 commencement date to 26 October 2012, and shall undertake the necessary preparatory activities leading to the new RCOA commencement date.

NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED TO DEFER THE IMPLEMENTATION OF THE RETAIL COMPETITION AND OPEN ACCESS TO 26 OCTOBER 2012. IT IS FURTHER RESOLVED, THAT THE RCOA STEERING COMMITTEE SHALL DEVELOP THE TIMELINES FOR THE PREPARATORY ACTIVITIES LEADING TO THE NEW RCOA COMMENCEMENT DATE.

Taguig City, 18 November 2011.



SEC. JOSE RENE D. ALMENDRAS

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