



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC 2011 - 06 - 0006

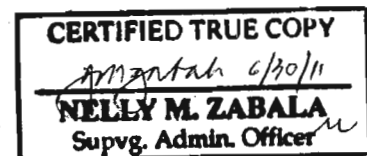
**CREATING THE STEERING COMMITTEE DEFINING THE POLICIES FOR THE
COMMENCEMENT OF RETAIL COMPETITION AND OPEN ACCESS**

WHEREAS, the DOE is mandated to supervise the restructuring of the electric power industry and towards this purpose, formulate such rules and regulations necessary to implement the objectives of Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA);

WHEREAS, Section 31 of the EPIRA mandates the implementation of RCOA, subject to five conditions, to wit: (a) Establishment of the Wholesale Electricity Spot Market (WESM); (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 Independent Power Producers Administrators (IPPAs) ;

WHEREAS, on 24 January 2007, the ERC issued Resolution No. 3, Series of 2007 indicating the timeline for full RCOA in Luzon, which shall commence six (6) months from the date of declaration subject to compliance to the EPIRA pre-conditions and two (2) vital requirements, to wit: a) the adequacy and establishment of all necessary infrastructures including, but not limited to: transmission networks, generation supply and the customer switching system; and, b) promulgation by the ERC of all pertinent rules and regulations governing RCOA;

WHEREAS, the ERC took the preparatory steps for the implementation of RCOA and has promulgated the following: (a) Rules on Distribution Service and Open Access; (b) Rules for Customer Switching; (c) Rules for the Supplier of Last Resort; (d) Rules on Rate Filing by the Supplier of Last Resort; (e) Rules on Contestability; (f) Business Separation Guidelines; (g) Code of Conduct for Competitive Retail Market Participants; (h) Guidelines for the Issuance of Licenses to Retail Electricity Suppliers; (i) Competition Rules and Complaint Procedures; (j) Rules for Setting Distribution Wheeling Rates; (k) Rules for Setting the Transmission Wheeling Rates; and, (l) Rules for Setting Electric Cooperatives' Wheeling Rates;



WHEREAS, Rule 12, Section 3 of the Implementing Rules and Regulations of the EPIRA issued by the DOE authorized the ERC to declare, after due notice and public hearing, the initial implementation of RCOA;

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

WHEREAS, under the EPIRA the DOE, among others is mandated to provide a mechanism for the integration, rationalization and coordination of the various energy programs of the government which include the implementation of Retail Competition and Open Access (RCOA);

WHEREAS, to ensure the efficient and effective implementation of RCOA, the DOE hereby issues these guidelines to provide the transition framework and synchronize the preparatory actions towards ensuring the sufficiency of existing rules, infrastructures and other institutional requirements necessary to achieve the goals of EPIRA;

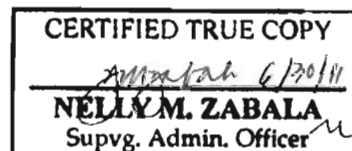
NOW, THEREFORE, from the foregoing premises and pursuant to the mandate of the DOE under the EPIRA, this Circular is hereby promulgated:

SECTION 1. Creation of the RCOA Steering Committee. The RCOA Steering Committee is hereby created to ensure that the appropriate conditions for the efficient transition to RCOA implementation are in place. The RCOA Steering Committee shall be composed of representatives from:

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| a. Department of Energy | Chair |
| b. Philippine Electricity Market Corporation | Member |
| c. National Electrification Administration | Member |
| d. National Power Corporation | Member |
| e. National Transmission Corporation | Member |
| f. Power Sector Assets Liabilities Management Corporation | Member |
| g. National Grid Corporation of the Philippines | Member |

Subject to their acceptance, the Department of Finance, the Energy Regulatory Commission and the Philippine Economic Zone Authority are invited as members of the RCOA Steering Committee. The Energy Regulatory Commission will serve as co-chair of the RCOA Steering Committee upon its acceptance. Other government instrumentalities may also be invited to the RCOA Steering Committee.

As it may deem necessary, the RCOA Steering Committee may invite private sector representatives from distribution utilities and generation companies as well as other industry stakeholders.



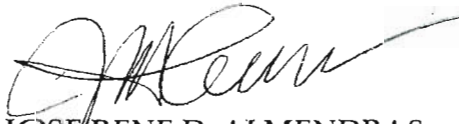
Section 2. Responsibilities of the Steering Committee. The Steering Committee shall be responsible for the following:

- a. Review existing rules and procedures on RCOA, develop and recommend policies to implement systems and processes needed to govern the transactions therein;
- b. Develop the timelines and action plan necessary to ensure the smooth transition to full competitive environment;
- c. Coordinate with various government agencies or units, industry sectors and such other entities to implement the regular monitoring and feedback mechanism to concerned parties;
- d. Provide a forum for any recommendations on all pertinent rules and guidelines;
- e. Formulate an information and education campaign about the RCOA; and,
- f. Perform such other related functions and responsibilities as may be necessary.

SECTION 3. Secretariat. The Electric Power Industry Management Bureau (EPIMB) shall serve as the Secretariat for the RCOA Steering Committee.

SECTION 4. Effectivity. This Circular shall take effect immediately fifteen (15) days from its publication in a newspaper of general circulation.

This 17th day of June 2011 at Fort Bonifacio, Taguig City, Metro Manila.


JOSE RENE D. ALMENDRAS
Secretary

