

Title: *Gerochi v. Department of Energy (DOE), et al.*

Facts:

On June 8, 2001, the Philippine Congress enacted the Electric Power Industry Reform Act (EPIRA), which took effect on June 26, 2001. Section 34 of EPIRA introduced the Universal Charge, a fee to be determined, fixed, and approved by the Energy Regulatory Commission (ERC) to support various objectives in the restructuring of the industry. Upon implementation, Romeo P. Gerochi and other petitioners challenged the constitutionality of the Universal Charge, leading to the petition filed before the Supreme Court. They argued that the charge was a tax, the imposition of which constituted the undue delegation of legislative power to the ERC, and was oppressive and confiscatory.

Procedurally, the National Power Corporation (NPC) and others filed petitions with the ERC to avail of the Universal Charge for missionary electrification and environmental management funds. ERC ruled in favor of these petitions, and as a result, the Panay Electric Company, Inc. (PECO) began reflecting the Universal Charge in their consumers' electric bills.

The petitioners elevated the case directly to the Supreme Court, bypassing the traditional hierarchy of courts and without alleging grave abuse of discretion.

Issues:

1. Whether the Universal Charge under EPIRA constitutes a tax.
2. Whether there is undue delegation of legislative power to the Energy Regulatory Commission (ERC).

Court's Decision:

The Supreme Court dismissed the complaint for lack of merit, finding that the Universal Charge is not a tax but an exaction in the exercise of the State's police power. The purposes of the charge are regulatory, intending to ensure the viability of the country's electric power industry. The Court determined that the imposition of the Universal Charge passes the completeness test and the sufficient standard test, implying no undue delegation of legislative power to the ERC.

Doctrine:

The imposition of the Universal Charge under Section 34 of EPIRA does not constitute a tax but rather an exaction under the State's police power. There is no undue delegation of legislative power as the law provides sufficient standards for the ERC to implement the

provision.

Class Notes:

- The power to tax entails sovereignty and is a legislative function, while police power is the State's power to regulate for public welfare.
- Imposition labeled as a charge does not necessarily mean it is a tax; the purpose behind the imposition determines its nature.
- Delegation of legislative power is restricted, but administrative agencies can be granted specific powers if guided by a complete law and sufficient standards.
- The validity of delegation can be assured through the completeness test and the sufficient standard test.
- "Undue delegation" occurs when the law does not provide adequate guidelines or boundaries for the delegated authority.
- The Universal Charge under EPIRA meets the standards for valid delegation: it is complete in all its terms and has sufficient standards or guidelines for the ERC to follow.

Historical Background:

The Gerochi case arose within the context of implementing the Electric Power Industry Reform Act (EPIRA) of 2001 in the Philippines. EPIRA aimed to restructure the Philippine electric power industry, encourage competition, and ensure reliable and affordable electricity supply. The enactment of EPIRA marked a significant shift towards deregulation and privatization in the electric power sector, which necessitated regulatory measures such as the Universal Charge to ensure the transition and address financial obligations of the National Power Corporation (NPC). The case addressed the sensitive balance between the State's power to impose fees for regulation and the need to respect legislative boundaries and due process.