

Title: Independent Electricity Market Operator of the Philippines, Inc. vs. Energy Regulatory Commission

Facts: The enactment of the Electric Power Industry Reform Act of 2001 (EPIRA) introduced the establishment of the Wholesale Electricity Spot Market (WESM) to ensure a competitive and transparent electricity price mechanism. The Philippine Electricity Market Corporation (PEMC) was initially tasked with managing WESM. In line with EPIRA's provisions, the Department of Energy (DOE) issued a circular in 2018 for the transition to an Independent Market Operator (IMO), leading to the creation of the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP) to assume the operations of WESM from PEMC. Subsequently, IEMOP filed an application for Market Fees with the Energy Regulatory Commission (ERC) for approval. However, the ERC refused to entertain the application, insisting that it should be filed by PEMC, not IEMOP. Despite numerous follow-ups and submissions of additional documents by IEMOP, the ERC maintained its stance, prompting IEMOP to file a Petition for Mandamus under Rule 65 of the Rules of Court to compel the ERC to act on its Market Fees Application.

Issues:

1. Whether mandamus is an appropriate remedy to compel the ERC to act upon IEMOP's Market Fees Application.
2. Whether the ERC unlawfully neglected its duty by not acting upon the application and insisting it should be filed by PEMC.

Court's Decision: The Supreme Court granted the Petition for Mandamus, ordering the ERC to immediately act upon and resolve the Market Fees Application filed by IEMOP for Calendar Year 2021. The Court established that the petition is within its jurisdiction based on Section 78 of the EPIRA. It ruled that IEMOP, as the IMO, has the clear legal right and duty to file the application for market fees. The ERC's refusal to act based on the application's alleged deficiencies was deemed inconsistent with the requirements of the Ease of Doing Business and Efficient Government Service Delivery Act of 2018. The Court further declared that the ERC's inaction constitutes grave abuse of discretion, manifest injustice, or palpable excess of authority.

Doctrine: The Supreme Court reiterates the principle that the Energy Regulatory Commission, as an independent quasi-judicial body, must adhere to the policies, rules, regulations, and circulars formulated by the Department of Energy under the EPIRA. Specifically, the decision underscores the legal obligation of the ERC to act on applications

that fall within its purview, emphasizing that undue inaction or refusal to perform its duty can be remedied through a writ of mandamus when it constitutes grave abuse of discretion, manifest injustice, or palpable excess of authority.

Class Notes:

- Mandamus is appropriate to compel performance of an act when an agency unlawfully neglects its duty under the law, especially in regulatory matters involving public utilities and essential services.
- The independence of regulatory bodies does not exempt them from adhering to executive policies and legislative mandates.
- The transition from a government-implemented to an independent market operator in utility markets should follow legal and regulatory procedures, with compliance enforced by appropriate regulatory bodies.

Historical Background: This case illuminates the ongoing efforts in the Philippines to reform the electric power industry to ensure competitive, efficient, and fair electricity pricing through the EPIRA. It highlights challenges in the implementation of laws and regulations designed to liberalize and improve the power sector, including the essential role of regulatory oversight in enabling and enforcing industry reforms and transitions.