NATIONAL ADMINISTRATIVE REGISTER · JUNE 27, 2011

A RESOLUTION ADOPTING THE RULES AND PROCEDURES GOVERNING THE UTILIZATION AND DISBURSEMENTS OF THE UNIVERSAL CHARGE-ENVIRONMENTAL CHARGE

ERC RESOLUTION NO. 18, S. 2011, June 27, 2011

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WHEREAS, Section 34 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (the Act or the EPIRA) provides that a Universal Charge to be determined, fixed and approved by the Energy Regulatory Commission (ERC) shall be imposed on all electricity and end-users for the following purposes:

- Payment for the stranded debts in excess of the amount assumed by the National Government and stranded contract costs of the National Power Corporation ("NPC") as well as qualified stranded contract costs of distribution utilities resulting from the restructuring of the industry;

- Missionary electrification;

- The equalization of the taxes and royalties applied to indigenous or renewable sources of energy vis-à-vis imported energy fuels;

- An environmental charge equivalent to one fourth of one centavo per kilowatt-hour (Php0.0025/kWh), which shall accrue to an environmental fund to be used solely for watershed rehabilitation and management. Said fund shall be managed by NPC under existing arrangements; and

- A charge to account for all forms of cross-subsidies for a period not exceeding three (3) years.

WHEREAS, Section 34 of the Act also mandates NPC to manage the Universal Charge-Environmental Charge (UC-EC) under existing arrangements;

WHEREAS, Section 34 of the Act limits the use of the UC-EC solely for watershed rehabilitation and management;

WHEREAS, pursuant to Section 4.b of Rule 18 of the Implementing Rules and Regulations (RR) of the Act, NPC shall submit to the ERC any petition for availment of the UC-EC relation to proposed watershed rehabilitation and management projects on or before March 15 of every year;

WHEREAS, Section 7 of the Guidelines and Procedures Governing Remittances and Disbursements of the Universal Charge issued by the Power Sector Assets and Liabilities Management Corporation (PSALM) provides that, to facilitate close monitoring of disbursement from the Special Trust Fund (STF) and their use for the intended purpose, each beneficiary shall promptly furnish PSALM with certified true copy of the order (or other relevant ruling) issued by the ERC setting out the Beneficiary's entitlement to the Universal Charge in respect of each year or each calendar month, as the case may be;

WHEREAS, the ERC recognizes the need to set up procedures for the utilization and disbursement of the UC-EC as well as the timely dissemination of information in relation thereto, to ensure that the objectives of the UC-EC

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are achieved and to enable NPC to fulfill its obligations under the Act;

NOW, THEREFORE, be it RESOLVED, as the Energy Regulatory Commission (ERC) hereby RESOLVES, to ADOPT the "Rules and Procedures Governing the Utilization and Disbursements of the Universal Charge-Environmental Charge," hereto attached as Annex "A"[*], and made an integral part of this Resolution.

This Resolution shall take effect after fifteen (15) days following the completion of its publication in a newspaper of general circulation in the Philippines.

Let copies of this Resolution be furnished the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR).

Adopted: 27 June 2011

(SGD.)ZENAIDA G. CRUZ-DUCUT

Chairperson

RAUF A. TAN (On Official Business)

(SGD.) ALEJANDRO Z. BARIN

Commissioner

Commissioner

(SGD.) MARIATERESA A.R. CASTANEDA

(SGD.) JOSE C. REYES

Commissioner

Commissioner

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[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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