

A RESOLUTION AMENDING THE RULES FOR THE AUTOMATIC RECOVERY OF MONTHLY FUEL AND PURCHASED POWER COSTS AND FOREIGN-EXCHANGE RELATED COSTS BY THE NATIONAL POWER CORPORATION (NPC)

ERC RESOLUTION NO. 25, S. 2009, December 14, 2009

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WHEREAS, Section 43 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) empowers the Energy Regulatory Commission (Commission), in the public interest, to establish and enforce a methodology for the recovery of fuel and purchased power costs and incremental foreign exchange adjustments by the National Power Corporation (NPC);

WHEREAS, on September 15, 2009, the Commission issued an Order adopting Resolution No. 19, Series of 2009, entitled “A Resolution Adopting the Rules for the Automatic Recovery of Monthly Fuel and Purchased Power Costs and Foreign Exchange-Related Costs by the National Power Corporation (NPC)”;

WHEREAS, on November 12, 2009, the Power Sector Assets and Liabilities Management Corporation (PSALM) filed a “Manifestation and Motion for Clarification” seeking clarification pertaining to the following: a) Fuel Cost Base (FCB); b) Base Reference Prices for Fuel Costs; c) Adjusted Fuel Cost; d) Foreign Exchange Rates and Customer Price Indices (CPIs) for Foreign Related-Operation Expenditures; e) Purchased Power Cost Base (PPCB); f) Other Fuel Cost Adjustment (OFCA) and Other Purchased Power Cost Adjustment (OPPCA); g) Foreign Exchange Rate for Debt Service; h) Relevant Billing Period; i) Posting in the Website; j) Copyright and Publication of Mean of Platts Singapore (MOPS) Data; k) Definition of Terms; and l) Implementing Entity;

WHEREAS, on December 14, 2009, the Commission issued an Order clarifying the pertinent provisions of Resolution No. 19, Series of 2009;

NOW THEREFORE, the Commission, after thorough and due deliberation, RESOLVED as it hereby RESOLVES to ADOPT the “Amended Rules for the Automatic Recovery of Monthly Fuel and Purchased Power Costs and Foreign Exchange-Related Costs by the National Power Corporation (NPC)”, to wit:

ARTICLE II

SCOPE AND DEFINITION OF TERMS

“Mean of Platts Singapore (MOPS)” is the mean of the high and low components of a Platts assessment for oil cargoes loading from Singapore.

ARTICLE III

AUTOMATIC MONTHLY FUEL AND PURCHASED POWER COST ADJUSTMENT

Section 1. Monthly recovery/(refund) of incremental/downward adjustment in Fuel and Purchased Power Costs – Monthly recovery/(refund) of incremental/downward adjustment in Fuel and Purchased Power Costs shall be calculated using the following formula:

x x x

BO = Base reference price of Bunker fuel as of the last approved base rate. For the reference, the initial Bunker Basis Price shall be the Mean of Platts Singapore (MOPS) FOB Singapore HSFO 180 in US\$/Bbl as of December 2004.

DO = Base reference price of Diesel fuel as of the last approved base rate. For the reference, the initial Diesel Basis Price shall be the Mean of Platts Singapore (MOPS) FOB Singapore Gasoil 0.25% Sulfur in US\$/Bbl as of December 2004.

CO = Base reference price of Coal as of the last approved base rate. For the reference, the initial Coal Basis Price shall be the Platts weekly physical 90-day FOB Newcastle forward benchmark coal price assessment in US\$/Metric Ton as of December 2004.

SO = Base reference price of Steam as of the last approved base rate. For the reference, the initial Steam Basis Price shall be the US Producer Price Index for Capital Equipment, US Department of Labor Bureau of Labor Statistics, as of December 2004.

NGO = Base reference price of Natural Gas as of the last approved base rate. For the reference, the initial Natural Gas Basis Price shall be the Mean of Platts Singapore (MOPS) FOB Singapore Gasoil 0.25% Sulfur in US\$/Bbl as of December 2004.

Bn = The reference price of Bunker fuel based on the monthly average of the Mean of Platts Singapore (MOPS) FOB Singapore HSFO 180 in US\$/Bbl during relevant Billing Period. For the initial adjustment, the Base Price shall be adjusted to the Effectivity Date and a maximum allowable adjustment of +/-10% of the previous month for succeeding adjustments.

Dn = The reference prices of Diesel based on the monthly average of the Mean of Platts Singapore (MOPS) FOB Singapore Gasoil 0.25% Sulfur in US\$/Bbl during relevant Billing Period. For the initial adjustment, the Base Price shall be adjusted to the Effectivity Date and a Maximum allowable adjustment of +/-10% of the previous month for the succeeding adjustments.

Cn = The reference prices of Coal based on a monthly average of the Platts weekly physical 90-day FOB Newcastle forward benchmark coal price assessment in US\$/ Metric Ton during relevant Billing Period. For the initial adjustment, the Base Price shall be adjusted to the Effectivity Date and a maximum allowable adjustment of +/-10% of the previous month for the succeeding adjustments.

Sn = The reference prices of Steam based on a monthly average of the Platts weekly physical 90-day FOB Newcastle forward benchmark coal price assessment in US\$/ Metric Ton during relevant Billing Period. For the initial adjustment, the Base Price shall be adjusted to the Effectivity Date and a maximum allowable adjustment of +/-10% of the previous month for the succeeding adjustments.

NGn = The reference prices of Natural Gas based on the monthly average of the Mean of Platts Singapore (MOPS) FOB Singapore Gasoil 0.25% Sulfur in US\$/Bbl of Diesel during relevant Billing Period. For the initial adjustment, the Base Price shall be adjusted to the Effectivity Date and a maximum allowable adjustment of +/-10% of the previous month for the succeeding adjustments.

This Resolution shall take effect fifteen (15) days following 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), National Grid Corporation of the Philippines (NGCP), Philippine

Chamber of Commerce and Industry (PCCI) and all distribution utilities.

Adopted: 14 Dec. 2009

(SGD.) ZENaida G. CRUZ-DUCUT
Chairperson

(SGD.) RAUF A. TAN
Commissioner

(SGD.) ALEJANDRO Z. BARIN
Commissioner

(SGD.) MARIA TERESA A.R. CASTANEDA
Commissioner

(SGD.) JOSE C. REYES
Commissioner

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