RESOLUTION TO DISCONTINUE THE WHOLESALE AGGREGATOR SCHEME AS EMBODIED IN THE RULES FOR THE REGISTRATION OF THE WHOLESALE AGGREGATORS

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Adopted: 06 July 2015
Date Filed: 29 September 2015

WHEREAS, Section 30 of Republic Act No. 9136, otherwise known as the “Electric Power industry Reform Act of 2001” (EPIRA) empowers the Energy Regulatory Commission (ERC) to authorize other entities to become eligible as members, either directly or indirectly, of the Wholesale Electricity Spot Market (WESM);

WHEREAS, the Wholesale Electricity Spot Market (WESM) commenced commercial operations on 26 June 2006;

WHEREAS, prior to operations of the WESM, several DUs were unable to meet the technical and financial requirements in the WESM Rules for them to register as members and their non-membership in the WESM effectively limited their supply options;

WHEREAS, recognizing the need to provide supply options for the DUs, specifically small Electric Cooperatives (ECs), the ERC promulgated on 22 May 2006 the Rules for the Registration of the Wholesale Aggregators, as Amended, to facilitate their participation in the WESM;

WHEREAS, on 06 May 2010, the Department of Energy (DOE) issued Department Circular 2010-05-0006 which, among others, required DUs to be WESM Members, either as Direct or Indirect, otherwise they would be disconnected from the grid;

WHEREAS, All Luzon and Visayas on-grid DUs, except Pampanga III Electric Cooperative, Inc. (PELCO III) and Panay Electric Company, Inc. (PECO), are now registered with the WESM either as direct or indirect member, thereby providing an additional option for these DUs to ensure continuous supply of electricity to their respective franchised areas;

WHEREAS, on 26 March 2014, the DOE issued Department Circular 2014-03-0008 adopting PEM Board-approved amendments to the WESM Rules, which include, among others, the reduction of the level of Prudential Requirements (PR) from sixty three (63) days to thirty-five (35) days;

WHEREAS, said policy decision addressed the financial constraints of small ECs thereby removing the necessity of providing support to them in terms of WESM membership;

WHEREAS, on 19 April 2012, a public consultation was held on the comments brought forth by the stakeholders on the issues Paper on the formulation of regulatory policy regarding the wholesale aggregation scheme;

WHEREAS, it was determined that the technical and financial limitations that hindered the DUs’ participation in the WESM, which necessitated the creation of the Wholesale Aggregator to facilitate the involvement of these DUs in the WESM, no longer exist; and

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NOW THEREFORE, the ERC, after thorough and due deliberation, hereby RESOLVES, as it is hereby RESOLVED, to APPROVE and ADOPT, the discontinuance of Wholesale Aggregator scheme and the Rules for the Registration of the Wholesale Aggregators, as Amended.

RESOLVED FURTHER, that no application and renewal for the issuance of Certificates of Registration as WA shall be accepted and evaluated and all existing Certificates of Registration issued by the Commission as WA shall remain effective only until the end of their respective terms.

The ERC, however, shall continue to evaluate the market conditions. If industry developments and circumstances so warrant, it may introduce a supply aggregation scheme and/or authorize other certain entities under such scheme to provide additional supply options to DUs and to ensure reliability of service, encourage efficiencies, and reduction in the cost of electricity.

This Resolution shall take effect on the fifteenth (15th) day following its publication in a newspaper of general circulation in the country.

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

Pasig City, 06 July 2015.

(On Leave)
ZENAIDA G. CRUZ-DUCUT
Chairperson and CEO

(SGD) ALFREDO J. NON
Commissioner

(SGD) GLORIA VICTORIA C. YAP-TARUC
Commissioner

(SGD) JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Commissioner

(SGD) GERONIMO D. STA. ANA
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