A RESOLUTION DIRECTING ALL DISTRIBUTION UTILITIES (DUS) TO ENTER INTO FUTURE BILATERAL POWER SUPPLY CONTRACT WITH POWER PRODUCERS

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WHEREAS, it is the declared policy of the State: (a) to ensure the quality, reliability, security and affordability of the supply of electric power; (b) to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power; (c) to enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors; and (d) to ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market.

WHEREAS, pursuant to the provision of Republic Act No. 9136 (The Electric Power Industry Reform Act of 2001 or EPIRA) particularly Section 45, the Commission is mandated to promulgate rules and regulations to ensure and promote competition, encourage market development and customer choice and discourage/penalize abuse of market power, cartelization and any anti-competitive or discriminatory behavior, in order to further the intent of the Act and protect public interest.

WHEREAS, to promote true market competition and prevent harmful monopoly and market power abuse, the Commission shall enforce safeguards, such as but not limited to, directing distribution utilities to enter into bilateral power supply contracts subject to limitations of Section 45 of R.A. 9136 and the Guidelines for the Recovery of Costs for the Generation Component of the Distribution Utilities'.

WHEREAS, to ensure that there will be sufficient supply of electricity in preparation for the implementation of the wholesale electricity spot market, a bilateral contract should be entered into by and between the distribution utilities and power suppliers to obtain generation and/or ancillary services of a given type, quantity, duration, timing and reliability over a contractual term.

WHEREAS, the future bilateral power supply contract encourages private investments in the generation of electricity in order to meet the growing demand of electricity.

NOW WHEREFORE, BE IT RESOLVED AS THE COMMISSION HEREBY RESOLVES, all DUs are hereby directed to enter into future bilateral power supply contract with power producers to be subjected to a review by the Commission.

Let copies of this Resolution be furnished all DUs for their information. Likewise, let copies of this Resolution be furnished the National Transmission Corporation (TRANSCO), National Power Corporation (NPC), National Electrification Administration (NEA), and other concerned agencies for their information and guidance.

This Resolution shall take effect immediately.

Adopted: 19 Oct. 2005

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