HOUSE RESOLUTION No. 1691

Introduced by:
REP. PRESLEY C. DE JESUS, PHILRECA Party-List
REP. SERGIO C. DAGOOC, APEC Party-List
REP. GODOFREDO N. GUYA, RECOBODA Party-List
REP. ADRIANO N. EBCAS, Ako Pilipino Party-List

RESOLUTION

URGING THE COMMITTEE ON ENERGY OF THE HOUSE OF REPRESENTATIVES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE LEGAL, OPERATIONAL IMPACT, AND COST OF ELECTRICITY OF MANDATING THE NATIONAL TRANSMISSION CORPORATION (TRANSCO) TO ACT AS THE TRANSMISSION SYSTEM OPERATOR IN OFF-GRID AREAS

WHEREAS, it is the policy objective of the State to ensure the quality, reliability, security and affordability of electric power supply as stated in Republic Act No. 9136, otherwise known as Electric Power Industry Reform Act of 2001;

WHEREAS, to attain and realize this objective, consistent with the provisions of EPIRA, the Energy Regulatory Commission (ERC), which is mandated to promulgate rules and regulations that will apply to Small Grids or transmission and distribution systems not connected to the national main grid, has issued Resolution 15 Series of 2013 or “A Resolution Adopting the Philippine Small Grid Guidelines” which governs the basic rules, procedures, requirements, and standards of operation, maintenance and development of the Small Grid systems including but not limited to system operation;
WHEREAS, under the said ERC issuance, the franchise holder or distribution utility or electric cooperative within that franchise area has been designated as the system operator;

WHEREAS, the aforementioned ERC Resolution has in fact went through a series of public consultations and deliberations not just with the affected Electric Cooperatives (ECs), but with experts in the power industry and has passed legal scrutiny prior to adoption of the ERC;

WHEREAS, Rule 3 (c), paragraph 2 of the Implementing Rules and Regulations of RA 9136 contains provision clearly stating “that the Energy Regulatory Commission shall have exclusive authority governing the Grid Code and Distribution Code”;

WHEREAS, the Department of Energy (DOE) issued on February 4, 2021 a memorandum mandating the National Transmission Corporation (TRANSCO) as System Operator in Off-Grid Areas;

WHEREAS, the aforementioned DOE issuance of a memorandum circular mandating TRANSCO to take over the operations as System Operator in Off-Grid Areas brought confusion on the part of the ECs in SPUG areas who have been performing the functions of System Operators since the issuance of ERC Resolution 15 Series of 2013 as to what agency or which issuance will they will comply with and follow;

WHEREAS, members of the Association of Isolated Electric Cooperatives (AIEC, a group of electric cooperatives operating in the off-grid areas under the Small Power Utilities Group [SPUG], through their Resolution No. 05-2021 dated February 15, 2021) and the Philippine Rural Electric Cooperatives Association Inc (PHILRECA), the umbrella association of all 121 electric cooperatives operating nationwide (through their letter to ERC dated March 1, 2021) both expressed apprehensions that the operating expense to be incurred by TRANSCO in the off-grid area would result to an additional cost to the member-consumer-owners, considering that Rule 6 Section 12 of the Implementing Rules and Regulations of EPIRA allows transmission charges to be paid to TRANSCO or its Buyer or Concessionaire for the use of the transmission system;

WHEREAS, compared to the current setup where ECs act as System Operators, member-consumer-owners are not being charged with any cost relative to the said function being done by the ECs;

WHEREAS, as further contemplated by AIEC in their resolution, the said DOE advisory for TRANSCO is inconsistent with the objective of EPIRA to encourage private sector participation in the power industry where in fact the function of the
TRANSCO in the main grids was already transferred to the private sector in accordance with Section 21 of the EPIRA;

WHEREAS, there is a need to conduct an inquiry regarding the aforementioned DOE memorandum circular in order to adopt legislative measures, if necessary, that will address the confusions and most importantly the rate/tariff impact, if any, to the member-consumer-owners in off-grid areas;

NOW, THEREFORE, BE IT RESOLVED to urge the Committee on Energy of the House of Representatives to conduct an inquiry, in aid of legislation, on the legal, operational impact, and cost of electricity of mandating the National Transmission Corporation (TRANSCO) to act as the transmission system operator in off-grid areas;

RESOLVED, FURTHER, that the Committee request the Department of Energy to defer the implementation of its memorandum circular until the issues and concerns raised herein are addressed and clarified.

Adopted,

PRESLEY C. DE JESUS  
Representative  
PHILRECA Party-List

SERGIO C. DAGOOC  
Representative  
APEC Party-List

GODOFREDO N. GUYA  
Representative  
RECOBODA Party-List

ADRIANO N. EBCAS  
Representative  
Ako Pilipino Party-List