



**PHILIPPINE INDEPENDENT POWER PRODUCERS ASSOCIATION, INC.**

Unit 2408, 24<sup>th</sup> Floor, Prestige Tower, F. Ortigas Jr. Road (formerly Emerald Avenue),  
Ortigas Center, Pasig City 1605  
Telefax: (632) 633-3844

PIPPA 2018-013

9 May 2018

**ENERGY REGULATORY COMMISSION**

Pacific Center Building, San Miguel Avenue  
Ortigas Center, Pasig City

Attention: **AGNES VST DEVANADERA**  
Chairman and CEO

Subject: **Comments on the Draft Rules Governing the Execution, Review, and Evaluation of Power Supply Agreements Entered into by Distribution Utilities for the Supply of Electricity to their Captive Market (ERC Case No. 2018-002 RM)**

---

To the Honorable Commission:

We thank you for the opportunity to provide our inputs to the *Draft Rules Governing the Execution, Review, and Evaluation of Power Supply Agreements Entered into by Distribution Utilities for the Supply of Electricity to their Captive Market under ERC Case No. 2018-002 RM* and likewise express our appreciation to the Honorable Commission's initiatives to continuously revisit and refine its existing rules and regulations to improve the energy industry.

At the outset, we seek to be clarified how the proposed draft rules will be unified with DOE Circular 2018-02-0003 on the same matter. In the DOE Circular, the Department has identified its process and has a portal to monitor each stage of the CSP. Given that there is an existing rule regarding CSP issued by the DOE, how will this draft circular be interpreted or followed and how will the ERC and DOE align the policy and rules with each other?

Our main comments are summarized as follows:

1. **PSA process should have a definite timeline**- Imposing a definite deadline for review and approval will greatly help the proponents and avoid costly delays that will affect the consumers.
2. **Benchmark Rate** - We would like to clarify how ERC intends to calculate for the Benchmark Rate. Will this Benchmark Rate be on a per DU assessment? The

Benchmark Rate should not be generator specific. It should be technology neutral. Also, what will happen if the resulting price is higher than the Benchmark Rate?

3. **Removing Termination and “Walk-away” provisions** - Removing or prohibiting the termination or “walk-away” clauses clearly violates the rights of parties to freely contract and agree on terms and conditions in the PSAs which it deems best to their own respective interests. These clauses are meant to give an opportunity for either party to withdraw from contractual obligation, should there be a change in circumstance or any event where it is different from what was originally agreed upon.

We hope that our position and comments merit further discussion on this matter, as the draft rule as worded, will ultimately affect the consumers. We are prepared to meet with you on this at your earliest convenience.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Anne Estorco Macias".

**ANNE ESTORCO MACIAS**  
President and Executive Director