

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



RESOLUTION NO. 03, Series of 2012

**A RESOLUTION ADOPTING THE AMENDMENTS TO SECTIONS 2.6 AND 2.7
OF THE DISTRIBUTION SERVICES AND OPEN ACCESS RULES (DSOAR)**

WHEREAS, on January 18, 2006, the Energy Regulatory Commission (ERC) promulgated the Distribution Services and Open Access Rules (DSOAR) to govern the terms and conditions pertaining to Distribution Connection Assets and Services, Service to the Captive Market, Supplier of Last Resort, Service to the Contestable Market, Unbundled Distribution Wheeling Service and Guidelines for Establishing Regulated Service Rates;

WHEREAS, on February 22, 2010, the ERC amended the said Rules by promulgating Resolution No. 02, Series of 2010, entitled "A Resolution Adopting the Amendments to the Distribution Services and Open Access Rules (DSOAR)";

WHEREAS, the ERC proposed certain amendments to the DSOAR to clarify and address the gray areas therein and reconcile the same with related rules and regulations including the Magna Carta for Residential Electricity Consumers;

WHEREAS, on August 31, 2011, the ERC posted at its official website the proposed amendments to solicit comments from interested parties;

WHEREAS, on various dates, interested parties, including the Manila Electric Company (MERALCO), filed their respective comments on the said proposed amendments;

WHEREAS, on September 20, 2011 and October 12, 2011, expository presentations and public consultations on the proposed amendments were held at the ERC Main Office for Luzon stakeholders and on October 26, 2011 at Cebu City for the Visayas and Mindanao stakeholders;


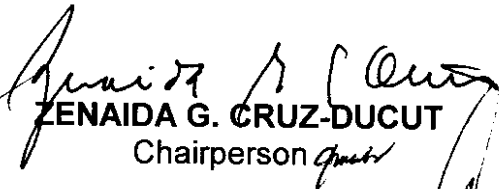



WHEREAS, after considering all the comments received from interested parties, the ERC posted the second draft of the proposed amendments at its official website on December 12, 2011 for final comments by the stakeholders and the deadline for its submission was on December 23, 2011;

NOW THEREFORE, the ERC, after thorough and due deliberation and after considering the comments submitted by all interested parties, **RESOLVED**, as it hereby **RESOLVES** to **ADOPT** the amendments to the "Distribution Services and Open Access Rules (DSOAR)", hereto attached as "**Annex A**".

This Resolution shall take effect fifteen (15) days following its complete 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), the NHA, the Distribution Management Committee (DMC) and all the distribution utilities.

Pasig City, February 13, 2012.

 MARIA TERESA R. CASTAÑEDA Commissioner	 ZENAIDA G. CRUZ-DUCUT Chairperson	 JOSE C. REYES Commissioner
 GLORIA VICTORIA C. YAP-TARUC Commissioner	 ALFREDO J. NON Commissioner	


EMA/APV/MCCG

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

**AMENDMENTS TO SECTIONS 2.6 AND 2.7 OF THE DISTRIBUTION
SERVICES AND OPEN ACCESS RULES**

Pursuant to the provisions of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act, the Energy Regulatory Commission hereby promulgates the amendments to the Distribution Services and Open Access Rules.

Section 1. The following provisions of the Distribution Services and Open Access Rules are hereby amended to read, as follows:

DISTRIBUTION SERVICES AND OPEN ACCESS RULES

X X X X X X

**"2.6. MODIFICATIONS AND NEW PHYSICAL CONNECTIONS:
RESIDENTIAL**

2.6.1 GENERAL PRINCIPLES

Installation of all types of lines and facilities included in the DU's forecasted capital expenditures (CAPEX) approved by the Commission shall be at the expense of the concerned DU, regardless of their location within its franchise area.

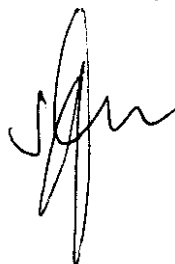
Lines and facilities that are part of the distribution assets shall be installed at the expense of the DU, regardless of location.

Costs for the installation of lines and facilities considered as non-standard connection facilities, not falling under the preceding paragraph, may be advanced by the concerned customer.

2.6.2. RIGHT TO EXTENSION OF LINES AND FACILITIES

Provided that the project is viable, a residential End-user has a right to an extension of lines or installation of additional facilities at the expense of the DU.

A project shall be considered as viable if the cost of installing lines and facilities is at least equal to the revenue/s derived from customer/s connected thereto within the standard asset life of such lines and facilities as determined under existing ERC rules and regulations.



If the project is not viable as referred to above, the customer or developer may advance the amounts necessary to cover the expenditures on the non-standard connection assets/facilities.

The preceding paragraph notwithstanding, a prospective customer shall, nevertheless, be entitled to extension of lines and facilities considered as non-standard connection facilities, at the expense of the DU, in cases of socialized housing projects, i.e. relocation/resettlement projects, of concerned agencies of the national and local government undertaken by the government agency itself or through a developer. The site of the project must have been identified and certified for socialized housing by the National Housing Authority or the Housing and Land Use Regulatory Board in accordance with Republic Act No. 7279 as amended, otherwise known as the Urban Development and Housing Act of 1992.

"2.7. MODIFICATIONS AND NEW PHYSICAL CONNECTIONS: NON-RESIDENTIAL

2.7.1 GENERAL PRINCIPLES

Installation of all types of lines and facilities included in the DU's forecasted capital expenditures (CAPEX) approved by the Commission shall be at the expense of the concerned DU, regardless of their location within its franchise area.

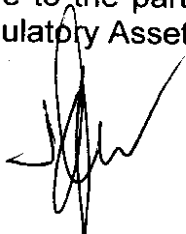
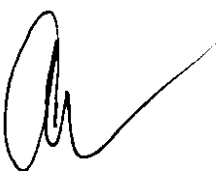
Lines and facilities that are part of the distribution assets shall be installed at the expense of the DU, regardless of location.

Standard Connection Facilities of non-residential End-users shall be provided for by the DU. These facilities shall be part of the DU's regulatory asset base.

2.7.2. NON-STANDARD CONNECTION FACILITIES

Non-standard connection facilities where the project is viable shall be borne by the DU. These facilities shall form part of the DU's regulatory asset base. A project shall be considered as viable if the cost of installing lines and facilities is at least equal to the revenue/s derived from customer/s connected thereto within the standard asset life of such lines and facilities as determined under existing ERC rules and regulations. However, if the project is not viable, a non-residential End-user may be required to bear the costs for the installation of non-standard connection facilities, subject to the provisions of the DSOAR. The said customer has the following options:

1. Advance the said costs and eventually be refunded by the DU, in which case, the provisions on cash advance and refund involving residential customers shall apply, provided however, that there shall be no acceleration of the refund period ; or
2. Bear the costs for the installation of lines and facilities which shall be treated as Contribution in Aid of Construction (CIAC); or
3. The DU may provide the non-standard connection facilities but subject to the payment by the customer of connection charges mutually acceptable to the parties. The said facilities shall not form part of the DU's Regulatory Asset Base or plant in service.



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2.7.10. CONNECTION TO NON-STANDARD CONNECTION FACILITIES

Any End-user shall be allowed to connect to the lines and facilities advanced by the said End-user. Once another End-user connects thereto, these lines and facilities shall become part of the distribution asset insofar as the refunded portion is concerned.

Any End-user shall be allowed to connect to the lines and facilities treated as CIAC. Once another End-user connects thereto, these lines and facilities shall become part of the distribution asset. The DU shall then refund the CIAC to the customer who paid for the same upon its inclusion in the DU's regulatory asset base.

Section 2. Sections 2.6.2 to 2.6.10, of the DSOAR are hereby renumbered accordingly.

Section 3. Sections 2.3, 2.4, 2.7.8, par.2, and 2.7.11 of these Rules and Article 14 of the Magna Carta for Residential Electricity Consumers are hereby modified accordingly. All rules, regulations, guidelines and other issuances not expressly revised herein shall remain in force and effect.

Section 4. If any of the foregoing amendments is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in force and effect.

Section 5. These amendments shall take effect fifteen (15) days after its publication in a newspaper of general circulation in the country.

Pasig City. February 13, 2012.


ZENAIDA G. CRUZ-DUCUT
Chairperson


MARIA TERESA A. R. CASTANEDA
Commissioner


JOSE C. REYES
Commissioner


ALFREDO J. NON
Commissioner


GLORIA VICTORIA C. YAP-TARUC
Commissioner