



PHILIPPINE INDEPENDENT POWER PRODUCERS ASSOCIATION, INC.

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RECEIVED BY: 

ENERGY REGULATORY COMMISSION

17th Floor, Pacific Center Building,
San Miguel Avenue, Ortigas Complex
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Attention: **Hon. Zenaida G. Cruz-Ducut**
Chairperson

Re: **Comments to the Draft Resolution Directing the Applicants/Petitioners to Bear the Regulatory Costs Associated with Rate Case (RC) and Rule-Making (RM) Applications/Petitions filed with the Energy Regulatory Commission (ERC), including but not limited to, the Inherent Costs Attendant to the Conduct of Public Hearings and Ocular Inspections**

Dear Chairperson Cruz-Ducut,

The Philippine Independent Power Producers Association (PIPPA) thanks the Honorable Commission for the opportunity to comment on the draft *"Resolution Directing the Applicants/Petitioners to Bear the Regulatory Costs Associated with Rate Case (RC) and Rule-Making (RM) Applications/Petitions filed with the Energy Regulatory Commission (ERC), including but not limited to, the Inherent Costs Attendant to the Conduct of Public Hearings and Ocular Inspections"* ("Draft Resolution").

We support the initiative of the Honorable Commission and the intent of the draft Resolution. However, we would like to kindly submit for your consideration, our comments and suggestions with regard to the clause below based from our review of the Draft Resolution.

"Applicants/Petitioners to bear regulatory costs associated with the RC and RM applications/petitions filed before the ERC, including but not limited to, the costs attendant to the conduct of public hearings and ocular inspections."¹

Comments:

In requiring the applicants/petitioners to bear the regulatory costs, we seek to clarify the following:

- (i) How the Honorable Commission will treat the division or sharing of costs in the event of joint filing is made by two parties;
- (ii) If the Honorable Commission will provide for an option wherein only one applicant/petitioner in a joint filing will bear all regulatory fees upon agreement; and

¹ THEREFORE CLAUSE, Page 4 of 5.

- (iii) How the issued resolution will affect the current ERC fees.

Suggestions:

We propose the following for your kind consideration, namely:

- (i) The guideline to be issued should detail the costs and fees, the manner of sharing/division of fees for multi-party filings and the mechanism or process for recovery of the party/parties bearing the expense;
- (ii) On costs and fees, it may be easier to have an imposed fee schedule rather than actual reimbursement. We believe that a fee schedule will enable the parties to predict or approximate the expenses that it will mostly likely incur in filing with the Honorable Commission. Fee schedules are predictable, actual and standardized, which is consistent with the declaration of the Honorable Commission on uniformity of fees. In this wise, we propose that the Honorable Commission consider an increase in the filing fees to cover for costs in lieu of another schedule of fees or a reimbursement;
- (iii) If the Honorable Commission prefers a reimbursement scheme, we would like to kindly propose that the guidelines should include the process by which the applicants/petitioners will make the reimbursement: i.) if the petitioner/applicant will directly pay provider of the service or accommodation relevant to the conduct of public hearings and ocular inspections; or ii) if the Honorable Commission will make the arrangement and subsequently bill the petitioner/applicant. If it will be the latter, we would like to further inquire if the Honorable Commission will still get the consent of the applicant/petitioner prior to the charging the expense and if an official receipt be issued.
- (iv) Most importantly, we kindly propose that the applicant or petitioner be allowed to pass on these regulatory charges and include said costs in the computation of its contract price. The recovery mechanism should enable the applicant/petitioner (or in cases of joint filing, the applicants) to recover all regulatory fees imposed.

With the foregoing discussion, PIPPA looks forward to the Honorable Commission's draft guidelines that will address the concerns above and the opportunity to comment on the draft prior to issuance.

We hope our comments and suggestions merit your consideration.

Very truly yours,



ANNE T. ESTORCO MACIAS
Managing Director