APPENDIX H – Collaborative Meeting Minutes July 13, 2001

MINUTES OF THE SECOND COLLABORATIVE MEETING ON THE PROPOSAL TO AMEND CERTAIN PROVISIONS OF THE 1996 REGULATORY FRAMEWORK FOR DEMAND-SIDE MANAGEMENT (DSM) IN THE PHILIPPINES

DATE	**:**	**JULY 13, 2001**
TIME	**:**	**9:30 am**
VENUE	**:**	**ERB Hearing Room** **15th Floor, Pacific Center Building, San Miguel Ave.,** **Ortigas Center, Pasig City**

ATTENDANCE

ERB

Hon. Marietta U. Larracas
Hon. Oscar E. Ala
Hon. Nicomedes B. Deynata
Hon. Alberto D. Dosayla
Florentina M. Robles
Fructuoso C. Lagunzad, Jr.
Crisoldo B. Fortuna
Elsa G. Gonzaga
Lorenzo M. Durian, Jr.
Teodora M. Paguio
Marina C. Bugayong
Edwin O. Ocenar
Tomas C. Macatangay
Ellen C. Aguila
Ma. Cristina L. Vicencio
Carmelita L. Cacdac
Iluminada B. Bigay
Crispin C. Carlos
Leila O. Cirio
Carminda C. Evangelista
Nilda T. Lumapak
Rizalyn G. Tejada
Evangeline A. Dulay
Ma. Teresa C. Ocampo
Sherman T. Buenviaje

Emerita C. Morandarte
Rubiminda Trapela
Josephine Vergara
Lucia Claustro
Gerald Erulin
Narciso Velasco

ELI

Alexander Ablaza
Ruben Lambuson
Randee Gabriel

Private Utilities

Noel Alingig	BLCI
Jovencio Tolentino	CELCOR
Rommel Hernal	CELCOR
Ramon Abaya	CEPALCO
Edwin Bernal	CEPALCO
Crisanto Laset, Jr.	CEPALCO
Serafin Marcia	DECORP
Ruben Arizabal	DECORP
Manolito Saludo	IEEC
Froilan Carreon	IEEC
Reynald Gimongala	MANSONS
Gilbert Pagobo	MECO
Dominic Lirios	MERALCO
Annie Reodica	MERALCO
Aris Lumague	MERALCO
Alex Evangelista	MERALCO
Pedro Co	MERALCO
Clemens Rivera	MERALCO
Andrew Dayot	PUD-OLONGAPO
Miguel Lagman	SFELAPCO
Alvin Mercado	TEI
Roy Yutuc	TEI
Lyndon Jayme	VECO

Independent Power Producer

Oscar Guevarra	MAGELLAN UTILITIES DEV'T. CORP.

Rural Electric Cooperatives

Noli Namocatcat	ANECO

Gregorio Rufino	ANTECO
Ofelia Cabrera	BATELEC I
Imelda Cornejo	BATELEC I
Apolinario Dastas III	BATELEC I
Paulina Asi	BATELEC II
Christine Tabajonda	BENECO
Gilbert Guiamoy	BENECO
Isabelo Sumontan	BOHECO I
Jessie Villena	BUSECO
Manuel Jimenez, Jr.	CAPELCO
Teresita Alcantara	CASURECO I
Godofredo Guya	DASURECO
Stephen Veleña	FLECO
Milagros Castillo	FLECO
Emelyn Icarangal	FLECO
Jose Altamirano	GUIMELCO
Wilfred Billena	ILECO I
Rolando Torreflores	ILECO I
Emeterio Lumacang	ILECO I
Jovencio Pataueg	LUELCO
Eduardo Bueno	MARELCO
Junie Ramos	MASELCO
Noel Dumalagan	MOELCI I
Reymundo Rada	MOELCI II
Julie Real	MORESCO I
Norman Eballe	MORESCO I
Cornelio Samodjo, Jr.	NOCECO
Alfred Dantis	OMECO
Lucy Samson	OMECO
Ricky Gonzales	OMECO
Ike Matining	ORMECO
Jocelyn Dasco	PALECO
Rodrigo Regino	PALECO
Ponciano Payuyo	PALECO
Ferdinand Cerezo	PANELCO III
Nonato Magsino	QUEZELCO I
Deodennis Asistin	QUEZELCO I
Victor Cada	QUEZELCO II
Mr. Dagooc	SIARELCO
Rodolfo Ocat	SOCOTECO II
Vicente Sia	SORECO I
Rafael Rabaya	SURSECO I
Samuel Allan Bermudez	TARELCO I
Orville Ferranco	TIELCO
Cesar Melad	ZAMCELCO
Angel Laureano	ZAMECO II

Virgilio Acierto	ZAMECO II

Government Agencies

Nelia Villeza	COA
Edna Salaguban	COA
Raul Buenavista	DBM
Jundy del Socorro	DENR-EMB
Edmundo Escubio	DENR-EMB
Guillermo Paz	NEA
Restituto Abellera	NEA
Nicacio Baluyo	NEA

NGOs (Including Environmentalists and Consumer Groups)

Obet Versola	CACP
Robert Mallillin	NICAI

MINUTES OF THE 2nd COLLABORATIVE MEETING ON THE PROPOSAL TO AMEND CERTAIN PROVISIONS OF THE 1996 REGULATORY FRAMEWORK FOR DEMAND-SIDE MANAGEMENT (DSM) IN THE PHILIPPINES

The second meeting of the collaborative group started at about 9:30 in the morning. The Facilitator welcomed the participants and acknowledged the presence of ERB's Board Members Marietta U. Larracas, Oscar E. Ala and Nicomedes B. Deynata. She then made a recapitulation of the first collaborative meeting.

The Facilitator informed the collaborative group of the agenda for the second collaborative meeting, to wit:

Approval of the Minutes of the Pre-Hearing Conference held on June 18, 2001;

Presentation by Engr. Edwin Bernal, Manager of Technical Services Department of CEPALCO and Ms. Elsa G. Gonzaga, Chief Energy Regulation Officer of ERB's Energy Demand Management Division (EDMD);

Granting of Incentives;

Determination of cut-off percentage
Suggestion on other forms of incentives

Definition of “Pre-approved”

Standard/Default DSM plans are pre-approved
Customized DSM plans will still undergo regulatory process

Determination of group composition in the development of standard and default DSM plan; and

Other matters.

The Facilitator then proceeded to the approval of the Minutes of the Pre-Hearing Conference held last June 18, 2001. She asked the participants if they had comments on the said Minutes.

Issues raised/clarified:

(On Mr. Moskovitz’ reply on item #7 Page 11) Mr. Noli Namocatcat of ANECO clarified on why the 1% level based on gross revenues for DSM expenditures may be too much for both the large and small utilities except CEPALCO.

Mr. Crisanto Laset, Jr. of CEPALCO explained that Mr. Moskovitz’ statement does not necessarily mean that CEPALCO is exempted. It only means that CEPALCO is already spending on DSM equivalent to 1% of its gross revenues, inclusive of equipment cost.

(On Other issues raised/discussed item #8b Page 11) Correction of name from “Mr. Ferdinand Cerezo (PANELCO III)” to “Mr. Simeon Revilla (CENPELCO).”

(On Mr. Ablaza’s Reply on item #8a Page 11) Mr. Noni Magsino of QUEZELCO I suggested that financing from IFC or World Bank be granted directly to utilities instead of coursing it through the local banking sector.

(On item #3 Page 11) Mr. Namocatcat of ANECO called the attention of the group with regards to the percentage allocation on MERALCO’s purchased power and distribution expenses which is 75%-80% and 30%, respectively. He said that there seems to be a mathematical error because the sum of the two is not equal to 100%.

Ms. Annie Reodica of MERALCO explained that based on her inquiry with their Accounting Department, the correct allocation percentages are 80% and 20%, respectively. However, she confirmed that it was her actual statement during the first collaborative meeting because she was just making an approximate estimate.

5. Correction was also noted to change “CEPLACO” to “CEPALCO.”

After taking note of the above comments, the collaborative group approved the Minutes of the Pre-Hearing Conference**.**

The Facilitator then called on Engr. Edwin Bernal of CEPALCO and Ms. Elsa G. Gonzaga of ERB for the presentation on CEPALCO's DSM Plan and Common DSM Programs submitted for ERB's approval, respectively.

The following are the questions raised on the presentations made:

Ms. Ofelia Cabrera of BATELEC I asked how many of CEPALCO's staff were involved in DSM, the number of residential customers who participated in its CFL program, CEPALCO's program cost and how much it recovered.

- Engr. Bernal of CEPALCO informed Ms. Cabrera that he has 2 staff under him involved in DSM but CEPALCO has a DSM Task Force. He added that their Residential CFL program is just starting and that they are targeting one (1) subdivision with around 400 to 500 customers. With regards to program cost, he said that he couldn't remember the exact figure although during the conduct of monitoring, his staff reported figures to ERB. For the first two years, Engr. Bernal said that CEPALCO doesn't intend to recover costs since their goal is to market energy efficiency through customer service operations.

Mr. Robert Mallillin of NICAI shared his knowledge on DSM and energy conservation particularly on Time-Of-Use metering, peak clipping, load and power factor improvement.

GM Wilfred Billena of ILECO I suggested that lighting and motor manufacturers should be involved in DSM. He further suggested that pricing strategy should be adopted such that inefficient light products will cost more than the efficient ones. GM Billena also inquired about the disposal of inefficient bulbs or motors.

Engr. Bernal of CEPALCO replied citing that in the case of RESINS Inc., a contract was entered into by CEPALCO and RESINS whereby the inefficient motors will no longer be used by the latter. With regards to the inefficient bulbs, Engr. Bernal said that they requested manufacturers to get the bulbs and be the ones responsible in the disposal.

Mr. Alex Ablaza of ELI shared that lighting, motor, and air-condition manufacturers are eager to work with PUs and RECs in the promotion of energy efficient technologies. He added that there should be a control on the demand for inefficient lightings/motors and there should be policies for the gradual phase out of incandescent lamps. Mr. Ablaza added that on the issue of scarcity of capital the utility should either seek financing for a DSM program or seek ESCO help.

Mr. Noni Magsino of QUEZELCO I opined that suppliers should have social responsibility of educating customers, with topics such as the economic benefits of using efficient lamps.

Mr. Alfred Dantis of OMECO suggested that utilities should start implementing DSM in their own headquarters. He also expressed his concern on whether the DSM options included in OMECO's DSM programs submitted to ERB are acceptable or not because his perception is that DSM programs are more on curtailment and reduction.

- Mr. Lyndon Jayme of VECO explained that DSM is not only curtailing load but also building it up at the place where load goes up and cutting it down at the time and place when it is supposed to be cut down.

- The Facilitator, in addition, said that based on the regulatory framework, utilities are free to set their own DSM load shape objectives and these load shape objectives include not only peak clipping or load shifting but also load building.

Mr. Obet Versola of CACP noted that one of the DSM programs submitted by utilities is the substitution of 40W fluorescent lamp with 36W fluorescent lamp. He suggested excluding the 36W bulb from the menu of measures because there is already a 32W fluorescent tube, which is now available. He also requested to be clarified on the matter of CFL Leasing because there seems to be double recovery of the CFL cost.

Mr. Ablaza of ELI addressed Mr. Versola's first concern on the 36W and 32W bulbs. He said that ELI accepted the 36W and 32W specifications because of market readiness, choice of good, high frequency and high quality electronic ballasts. He added that there is a wider choice right now for 36W so costs are more competitive. Mr. Ablaza likewise said that he agrees with Mr. Versola that the 36W should gradually be phased-out.

On the second issue, Mr. Ablaza explained that under the distribution charge the utility recovers only the administrative cost of the program and the cost of the CFL will be borne by the direct participants.

Engr. Bernal of CEPALCO informed Mr. Versola that in a CFL Leasing Program, only the leased amount would be reimbursed.

7. Mr. Noli Namocatcat of ANECO asked whether the recovery does not include interest.

Mr. Ablaza of ELI responded to this by saying that the recovery is subject to a reasonable interest because in other CFL Leasing Programs if the utility is borrowing to purchase CFLs they should be entitled to cost of money.

8. Mr. Raul Buenavista of DBM expressed that he was enlightened on DSM with the presentations. He added that he is going to echo what he learned to his officemates and that's the only way he can give budgetary support to ERB.

9. Mr. Nick Baluyo of NEA-Region II said that ISELCO I bought CFLs to be given to consumers on installment basis and whatever cost of money is integrated in the power bill. He also said that DSM is good because it practically reduces system loss.

The Facilitator then went on to the discussion of the next issue on the agenda, which is the granting of incentives to those who had spent 1% of gross revenues in DSM expenditure.

Issues raised/clarified:

Mr. Jayme of VECO opined that utilities should be entitled to incentives if they were able to surpass their DSM objectives, regardless of the amount of investment in DSM programs.

Ms. Reodica of MERALCO suggested that the 1% level should be reduced and find some other conditions/criterions for granting incentives. She added that the granting of incentives should be based on the utility performance.

Although Engr. Bernal of CEPALCO commented on Section 7c(i3) of the DSM framework, he suggested to remove the phrase "But not to exceed 12%" because if this is an incentive greater than the normal return, then it should not be pegged to what is allowable under normal circumstances. Likewise, he suggested the mark-up which is mentioned in Section 7c (I-2) of the framework, to be not necessarily pegged to existing RORB of 12%. In consonance with the electricity industry restructuring, Engr. Bernal believed that it may be prudent to allow market forces to establish the level. He added that there are some projects like industrial customers, which are customized projects, that could maintain independent contracts between the customer and the utility. Therefore, they can just attach the said contract, and whatever recovery remains will be the portion that will be recovered through regulation.

The Facilitator then read the comment submitted by Iligan Light & Power Co., Inc. (ILPI). ILPI suggested to base the 1% level on the utility's capability to perform in the DSM programs.

Ms. Nely Villeza of COA commented that the granting of incentives must be based on the measured success/benefit gained from the implementation of DSM program not on the amount of cost incurred. She also inquired about costs other than the lamp cost that will be recovered by utilities and whether there is a mark-up on CFL cost. Ms. Villeza also suggested that criteria on quantifiable success/benefits should be established as a measure for incentives to be granted to utilities.

Mr. Cesar Melad of ZAMCELCO proposed for a moratorium for the first two years on the 1% cap but utilities can still apply for incentives during the moratorium period.

Mr. Versola pointed out that in granting incentives to utilities, the effect on profitability should also be considered and not just the level of expenditure.

Mr. Ablaza of ELI reiterated that we are learning from the American experience because we do not have actual DSM experience in our country. He said that in the US, the performance of a utility is still the percentage of gross revenues.

Mr. Aris Lumague of MERALCO raised the following points. First, he said that when you talk of efficiency, it's not actually input-oriented. He cited for instance, if one could invest P1 billion on DSM programs and not achieve substantial reduction, then initial investment is not a good measurement in doing DSM. Second, the 1996 DSM Framework, specifically Section 7c, does not include any level of investment. He cited the provision "ERB might provide an electric utility with incentives, to encourage the continued implementation of full-scale DSM programs." He said that we are doing revision to the framework to remove disincentives, however, setting a minimum level (1%) is another disincentive since if the 1% level is not met then no matter how effective and creative your program may be, you will not be given incentives. He believed that the ZAMCELCO proposal of a moratorium for the first two years is a good compromise to note.

Mr. Namocatcat of ANECO asked whether utilities can pursue DSM even without incentives and just include the activity as a value-added service for its customers.

- The Facilitator answered Mr. Namocatcat affirmatively.

Mr. Ferdinand Cerezo of PANELCO III asked whether the 1% level is the lower limit and suggested that there should also be an upper limit, which is at least 1% but not more than 2%.

Mr. Ramon Abaya of CEPALCO explained that IPPs and utilities benefit in doing DSM in terms of deferment in expansion of capacity. He said that electric could decrease because consumption decreases. He further added that increase in rate is small enough not to affect drop in consumption.

Mr. Jayme of VECO stated that giving 1% incentive means 1% increase in rates.

Mr. Versola of CACP stressed that with the provision on shared savings, there should be a fair split of savings between the utility and the customer. He also cited the studies of IIEC, NGOs, RMI that lead to the principle that DSM always comes out to be the least cost option.

H. *Since there was no consensus achieved on this issue, the Facilitator stated that the said issue will be part of the non-consensus issues to be submitted to the ERB for litigation. She advised the body if there are additional arguments, they may submit the same to ERB within fifteen (15) days upon termination of the collaborative process.*

I. The afternoon session of the collaborative meeting started at around 2:00 pm. There was a continuation of the discussion on incentives.

Issues raised/clarified:

1. Mr. Namocatcat of ANECO said that his notion of DSM programs refers to those activities which are related after the meter, there are selected activities which can influence demand which could be performed before the meter, just like, system loss and power factor improvement. However, he added that, these are normal recurring activities performed by the utility every year and incorporated in their operating expenses. If the said activities can be incorporated as part of the DSM plan then the 1% level is too small.

- Mr. Ablaza of ELI cited the case of ZAMCELCO's CFL Program that 75% is equipment cost and 25% is administrative program cost. The 75% is recovered through the direct participants and only 25% will have an impact on rate or have an increase in rate. He confirmed his view that both the equipment cost and the administrative program cost should form part of the 1% level.

2. Mr. Namocatcat of ANECO followed-up his position by stating that the 75% CFL cost is paid for by the consumers not the utility, therefore, it should not form part of the utility expenditure because it came from the customers.

- Mr. Ablaza of ELI responded to this by saying that as long as there is bulk purchase of equipment by the utility, then it is considered as an investment. However, it's a different story if the utility is merely promoting the technology and customers go directly to the suppliers.

3. Mr. Dantis of OMECO raised his concern about the effects of DSM should they decide to undertake it. He said that the benefits of DSM in terms of decrease in peak demand may not be commensurate with the revenue loss.

- Mr. Ablaza of ELI pointed out that in the development of standard and default plans, there will be a working group to be formed. All the small island grid systems will put their hands together with the help of ERC, NEA and DOE. Mr. Ablaza assured that there are certain programs that will be appropriate for electric cooperatives like OMECO.

4. Ms. Villeza of COA commented that the 1% level already includes the investment in CFL/equipment cost. She stressed that from the accounting point of view, the said cost can neither be considered as a capital expense nor an operating expense. She suggested that there should be a distinction as to which expenses will be included in the 1% level in order to recover incentive.

5. Mr. Aris Lumague of MERALCO called the attention of the body on Section 7 (c) of the revised framework which reads:

    > "Utilities that invest 1% or more of their electric revenues in cost-effective DSM programs may request approval of a DSM incentive plan."

    Mr. Lumague believed that the said provision only means that the incentive is not automatic because the utilities need to request for such.

    He further pointed out Section 7 (c) (ii) which reads:

    > "The ERB shall determine whether the electric utility shall be provided with incentives and the form of such incentives, if any, when specific DSM programs are submitted to it for approval. The electric utility may propose incentive forms for a particular program, based on particular attributes of the program and the results to be attained."

    Mr. Lumague stressed that the said provision clarifies the issue on the basis of incentives.

6. Mr. Oscar Guevarra of Magellan Utilities corrected the perception of Mr. Dantis of OMECO saying that the benefit of DSM only affects the generators. He said that with DSM, generators are able to postpone their investment because of reduce load. The electricity passes from the generator thru a substation, high voltage substation, then thru a transmission line (the TRANSCO, the owner of the transmission lines) and then it is dropped down to another utilization voltage – to the utilities. The utilities can also postpone their investments. Therefore, Mr. Guevarra pointed out that its not only them (the generators), the transmission company, the distributors, but rather everybody benefits from DSM.

Another point raised by Mr. Guevarra is that, he is not amenable to the 1% level based on gross revenues because the said level is equivalent to almost a billion pesos for MERALCO. He said that every year, MERALCO goes through a budget mechanism wherein they determine where the money will go based on their priorities, some of which may be better options than DSM. Mr. Guevarra suggested a criteria equivalent to the ratio of kilowatthours reduced per peso invested or megawatt demand reduction per peso invested.

J. The Facilitator terminated the discussion on the 1% level based on gross revenues, saying that there was already an agreement during the morning session that if there are additional arguments or suggestions on the non-consensus issue, the same shall be submitted within fifteen (15) days after termination of the collaborative process.

K. The Facilitator then proceeded to the discussion of the 5th item in the agenda which is **the determination of the group composition in the development of standard and default plan**.

Issues raised/clarified:

1. Mr. Miguel Lagman of SFELAPCO suggested that all sectors of the industry should have proper representation in developing the standard and default plans because everybody is a customer, and added that the ultimate group to be affected is the end-user/customer of the utility. He cited representatives from the consumer sector, private utilities, cooperatives, generation sector, IPPs.

2. Mr. Namocatcat of ANECO suggested that instead of using the term "sector" use the term "stakeholders". He further suggested that there should be an equitable representation among the stakeholders. He specified COA as one of the stakeholders.

3. Mr. Lyndon Jayme of VECO suggested that manufacturers of efficient technologies be included as stakeholders.

4. The Facilitator added the environmentalists, NGOs and ESCOs in the list of stakeholders.

5. Mr. Lagman of SFELAPCO further suggested the each stakeholder will appoint its principal and alternate representative.

6. Mr. Namocatcat of ANECO further commented that for electric cooperatives they could have one representative each for Luzon, Visayas and Mindanao. He added that island cooperatives should also have a representation.

7. Mr. Magsino of QUEZELCO I stated that the top ten (10) utilities should be automatic members.

8. Mr. Ablaza said that the top ten (10) utilities already compose a good mix. He also clarified that the group should be divided into two (2) stages: a smaller group to draft the plans – these are the top ten (10) utilities and a few selected utilities like small island group, plus ERC, DOE and NEA. These will compose the CORE GROUP, the second stage will be the presentation of the models to a bigger group like the academe, NGOs, or a larger collaborative assembly.

9. Mr. Jayme of VECO pointed out that if the top 10 utilities like VECO are not allowed to use a standard or default plan but they need to participate in the drafting, then how would his participation in drafting these plans be justified to their management where in fact they cannot not use these plans. He suggested that the top 10 utilities be included as part of the core group but they should be allowed to use the standard or default plan. He raised a concern about the difficulty of soliciting participation from these top 10 utilities, though he expressed his own willingness to help and contribute.

- Mr. Ablaza reacted to this by saying the top 10 utilities need not participate because they are required to be part of the core group. These utilities are expected to contribute ideas since they are the ones who have submitted customized DSM plans to the ERB. Their submission indicates that they (the utilities) can block certain activities or programs that would turn out to be the menu for the standard DSM programs, in effect making them co-authors of the standard or default plan.

10. Mr. Lagman added that they will be able to readily communicate their ideas due to the advent of computer technology and need not be physically present.

11. Mr. Versola of CACP requested that a slot in the core group be made available for consumers so that consumer concerns may be expressed.

12. Ms. Annie Reodica of MERALCO suggested to chose from the top 10 utilities based on those who have actual experience on DSM because they have a better picture of the barriers encountered in the program implementation, and are in a better position to recommend which programs are functional.

- The Facilitator then read the utilities (among the top 10) whose DSM plans were already approved by the ERB and these are: MERALCO, VECO. CEPALCO, and BATELEC I.

13. Mr. Ablaza of ELI suggested to list those utilities (top 10) who have submitted their DSM plans but not necessarily (already) approved by the ERB.

- The facilitator listed the following: MERALCO, VECO, CEPALCO and ZAMCELCO.

14. Mr. Lagman suggested to add one utility from Luzon which is ANGELES Electric.

15. There was a suggestion to include the electric cooperatives who have submitted their DSM plans to the ERB although they do not belong to the top 10 utilities.

L. *The Facilitator then summarized the composition of the Working Group:*

Core Group – Phase I

ERC
DOE
NEA
COA
Consumer Group (one each from Luzon, Visayas and Mindanao)
Off-Grid/Spug
MERALCO
VECO
CEPALCO
One (1) Luzon PU – tentative ANGELES ELECTRIC
ZAMCELCO
BATELEC I
ANTECO
ELI

Phase II – the rest of the stakeholders can join the core group

M. Mr. Abalza of ELI said that he will notify the group to convene before 30 days.

N. The collaborative parties went on with the discussion on whether the standard/default plans are pre-approved or not. Following are the proposals:

Issues raised/clarified:

1. Mr. Versola of CACP suggested that all the plans should be opened to comments from the end-users in the area and that hearings should be conducted in the locality.

- Board Member Larracas explained that the core group will draft the standard and default plan. The plan will be subjected to hearings, then the Commission will approve the plan. The public hearing aspect is itself an opportunity for the end-users to comment. There will be enough notice to the public through the publication in newspaper of general circulation and a local newspaper. But for the hearing to be conducted on a per locality basis, Board Member Larracas expressed that this will be very difficult for the Commission.

- The Facilitator added that for ERB to conduct public hearing, there must be a lawyer from the Prosecution and Hearing Branch of ERB, the presence of at least one (1) member of the Board, in which case there are only 5 members of the ERB Board, the resources and other considerations would not permit ERB to conduct public hearings at the localities. She added that interested parties could send their written comments.

- The Facilitator summarized the suggestion of Mr. Versola of CACP as follows:

  - The end result of the Working Group will be the draft Standard and Default Plans. There will be no approval on that level.

  - When a utility adopts a standard or a default plan then it will (individually) request for approval from ERB.

2. Engr. Bernal of CEPALCO pointed out Section 3 of the DSM Framework which states that " DSM planning shall be an open and informal public process. Opportunities shall be provided for participation by the public and governmental agencies in the development and review of DSM Plans." Engr. Bernal emphasized that Phase I and Phase II are both a public and open process. He suggested that if local consumer groups need participation, then utilities should conduct independent public consultations before submitting the DSM plans to the Board so that certifications from the local people who attended the public consultation will be presented to the Board.

3. Mr. Dantis of OMECO supported the opinion of Mr. Bernal.

4. Mr. Ablaza supported the suggestion of making the standard and default plans pre-approved because this will unclog the number of cases and petitions that the ERC is handling, this will also facilitate faster implementation whereas, being too much dependent on public hearings will delay the specific applications.

5. The Facilitator then summarized the two (2) proposals.

   Proposal No. 1 - The Working Group will just develop the standard and default plan and there will be no approval. If a utility adopts the standard or default plan then there will be a public hearing and the approval will be on a per utility basis.

Proposal No. 2 - The Phase I of the Working Group will develop the Plan and it goes Phase II in which opportunities will be given to stakeholders to attend in the collaborative group, if there is a consensus then there is no need for litigation.

O. The collaborative parties then cast the following votes:

Proposal # 1 = 3 votes	Proposal # 2 = 31 votes	
CEPALCO	PUD-Olongapo	TARELCO I
CACP	ANECO	BENECO
NICAI	MORESCO I	MERALCO
	IEEC	ELI
	SFELAPCO	ANTECO
	DECORP	BATELEC I
	MECO	TIELCO
	BOHECO I	VECO
	SOCOTECO II	QUEZELCO II
	QUEZELCO I	TEI
	ORMECO	COA
	CELCOR	ILECO I
	OMECO	NOCECO
	CASURECO I	PANELCO III
	PALECO	ZAMCELCO
	LUELCO	

TOTAL = 34

P. The Facilitator announced that the said issue is a non-consensus issue and that the majority voted for Proposal No. 2.

Q. Other matters discussed:

1. Mr. Versola of CACP raised the issue on the timing of DSM plans. He said that at present, we have an over supply situation and that there are a number of IPPs which the government is paying 80% of the installed capacity, however, using only 10% to 15% of the actual production. With this situation, Mr. Versola believed that it doesn’t make sense to spend efforts on savings when we are actually in an over supply situation. He added that it would be difficult for them as consumers to shoulder expenses for (DSM) programs knowing that these will not actually be useful in the next few years. He concluded by suggesting that the provisions for cost recovery from the consumers be made effective only when the over supply situation is resolved.

2. Engr. Bernal of CEPALCO suggested that before they come for the signing of the MOA, they should be provided with copies in advance.

3. Ms. Villeza of COA emphasized that whatever projected cost is recovered by the utility, it should be adjusted to actual cost.

R. The following milestone dates were agreed upon by the collaborative group:

July 23, 2001	-	*ERB Secretariat to send ELI the Minutes of the Meeting*
August 10, 2001	-	*ELI to send to ERB Secretariat the draft MOA*
August 13-15, 2001	-	*ERB Secretariat to send/distribute MOA to stakeholders*
September 17, 2001	-	*All comments must be received by the ERB Secretariat*
October 3, 2001	-	*Schedule of MOA Signing*
		* *However, if there are substantial comments that need further discussion, then the MOA signing will be after the discussion*

S. The Facilitator thanked all the stakeholders who participated in the collaborative meeting.

There being no matters to be discussed, the meeting was adjourned at around 4:30pm.

ELLEN C. AGUILA
Collaborative Facilitator