

18 September 2019

REPRESENTATIVE LORD ALLAN JAY Q. VELASCO

Chairperson
Committee on Energy
House of Representatives
Batasan Complex, Batasan Hills
Quezon City

Dear **Representative Velasco**:

We are pleased to submit the Department's position on the following House Bills, entitled:

House Bill No. 2099

"An Act Strengthening the Energy Regulatory Commission by Expanding and Streamlining Its Bureaucracy, Upgrading Employee Skills, Augmenting Benefits, and Appropriating Funds Therefor"

House Bill No. 2427

"An Act Enhancing the Governance Structure of the Energy Regulatory Commission"

This is without prejudice to the Department's submission of additional inputs.

With my best regards.

Very truly yours,

RAMON M. LOPEZ
Secretary



OFFICE OF THE SECRETARY

DTI Position on

House Bill No. 2099

“An Act Strengthening the Energy Regulatory Commission by Expanding and Streamlining Its Bureaucracy, Upgrading Employee Skills, Augmenting Benefits, and Appropriating Funds Therefor”

House Bill No. 2427

“An Act Enhancing the Governance Structure of the Energy Regulatory Commission”

The Department recognizes the intent of the proposed legislations seeking to enhance and strengthen the existing governance structure of the Energy Regulatory Commission, amending for that purpose, Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA) of 2001.

The DTI agrees that the Energy Regulatory Commission (ERC), as the regulator of distribution and transmission of electricity, has a definitive role in safeguarding the interest of the public. The ERC is mandated to: ensure transparency and reasonable prices of electricity; and promote competition and ensure market development in the Electric Power Industry. It is under this purview that the Department agrees that there is a need to revisit the governance structure of the ERC to address possible sources of imbalance in power and accountability.

As may be noted, under the current set-up, the Chairman of the Commission is responsible for steering the strategy, policy, deliberations and discussions of the members of the Commission, as well as, managing the day-to-day operations of the ERC. To foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making, we concur with the proposal to create a separate Executive Director position who would assume the Chief Executive Officer tasks such as overseeing and managing the day-to-day operations of the Commission, thereby relieving the Chairperson of this task for him/her to exert all efforts instead to policy-making, strategic planning and presiding over Commission meetings.

The Department also commends the initiative to prohibit members of the Commission and their relatives, within the fourth civil degree of consanguinity or affinity, to be an investor, stockholder, officer or director, in any company or entity engaged in the business of generating, transmitting, distributing or supplying electricity. Complementary to this, the DTI also agrees that a code of ethics for the Commission be formulated to ensure efficient and effective public service delivery.

However, the Department deems it more appropriate that the People's Desk be under the administrative supervision of the Commission or Department that handles the specific concern. Consistent with the pertinent policies governing consumer complaints, electricity-related concerns are currently being relayed to

either the Department of Energy (DOE) or the Energy Regulatory Commission (ERC). (Please see Annex A) When taken together, all these initiatives are expected to contribute to transparency and accountability which would ultimately redound to quality service for the Filipino people.

In view of the foregoing, the Department would like to provide the following comments, suggestions and recommendations, to wit:

- Supports the initiative of a strengthened consumer protection mechanism through the promotion of competition in the power and energy sector and provide better protection to its consumers as proposed by both proposed legislations; and
- Defers to the wisdom of the Department of Budget and Management (DBM) and the Department of Finance (DOF), on the proposal of both bills to exempt ERC from the Salary Standardization Act and be granted fiscal autonomy.

To reiterate, the DTI sees the need to revisit the governance structure of the ERC to further promote transparency, accountability and efficient delivery of public service in the energy and power sector, subject to our comments and recommendations.

R. Magtibay

Bureau of Trade & Industrial Policy Research

18 September 2019

Ref: BTIPR-082019-152

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Annex A

COMPLAINTS

Matrix of Consumer Agencies and Areas of Concern

Specific Concern	Agency Concerned
Telephone rates, cellphones, TV and radio broadcast	National Telecommunications Commission (NTC)
Adulterated livestock feeds, vaccines, pharmaceuticals and biologics	Bureau of Animal Industry (BAI) - Animal Feed Standard Division and Laboratory Services
Pet animals	Bureau of Animal Industry (BAI) - Animal Health Division
Fertilizer and pesticide	Department of Agriculture (DA) - Fertilizer and Pesticide Authority (FPA)
Rice	National Food Authority (NFA)
Processed and unprocessed meat and dressed chicken	National Meat Inspection Service (NMIS)
Fruits and Vegetables	Bureau of Plant and Industry (BPI)
Banks, non-bank financial institutions, pawnshops, and credit cards	Bangko Sentral ng Pilipinas (BSP)
Prices of coconut oil, husked nuts, and fresh young coconuts	Philippine Coconut Authority (PCA)
Quality standards of coconut-based products	
Sugar quality and price	Sugar Regulatory Administration (SRA)
Quality/price of the liquefied petroleum gas (LPG) and liquid fuels	Oil Industry Management Bureau (OIMB)
Electricity	Energy Power Industry Management Bureau (EPIMB)/Department of Energy-Consumer Welfare and Promotion Office (DOE-CWPO)/Energy Regulatory Commission (ERC)
Forest and forest-based products	Department of Environment and Natural Resources (DENR)
Ozone-depleting substances	Department of Environment and Natural Resources (DENR)
Life and non-life insurance claim, pre-need plans such as educational, pension and memorial	Insurance Commission (IC)
Mutual funds (investment); financing/lending; listed companies, registered issuers of securities (time sharing)	Securities and Exchange Commission (SEC) - Corporation Finance Department

Claim for insured deposit; follow-up status of claim for insured deposit; queries on deposit insurance coverage, other bank related issues/concerns i.e. unserviced withdrawals, ATM problems, etc.	Philippine Deposit Insurance Corp. (PDIC)
Manufactured products	Department of Trade and Industry (DTI)
Hospitals and doctor's services, processed foods, drugs, cosmetics, and medical services or household products with hazardous substances	Department of Health (DOH), Center for Health Development Metro Manila, and Food and Drug Administration (FDA)
Fish and fishery products	Bureau of Fisheries and Aquatic Resources (BFAR)
Food in restaurants, eateries and sidewalk vendors as well as on regulation of practice relative to weights and measures	City Health Office of the concerned Local Government Units (LGUs)

Source: <https://www.dti.gov.ph/consumers/complaints>