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17 December 2025

THE HONORABLE ERC CHAIRPERSON AND COMMISSIONERS

Energy Regulatory Commission
Exquadra Tower, Jade Drive
San Antonio, Pasig City

ATTY. FRANCIS SATURNINO JUAN
Chairperson and CEO

ATTY. FLORESINDA BALDO-DIGAL
Commissioner

MARKO ROMEO FUENTES
Commissioner

ATTY. AMANTE A. LIBERATO
Commissioner

ATTY. PARIS G. REAL
Commissioner

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Subject: Urgent Monitoring and Approval of EPSA and PSA Applications of Electric Cooperatives; CSP Compliance in Light of ERC Case No. 2024-017 MC

Honorable Chairperson and Commissioners:

Warm greetings.

We respectfully write to the Commission in parallel with our letter of even date to the **Department of Energy (DOE)**, seeking verification of **Electric Cooperative (EC) compliance with their Power Supply Procurement Programs (PSPPs)**—particularly those **exposed to the Wholesale Electricity Spot Market (WESM)** for

more than fifty percent (50%) of their power requirements. (letter to DOE attachd)

This letter is prompted by, and anchored on, the Commission's own findings in **ERC Case No. 2024-017 MC**, which are directly relevant to the approval and monitoring of **Emergency Power Supply Agreements (EPSAs)** and **Power Supply Agreements (PSAs)**.

In its **Order dated 13 June 2024** in ERC Case No. 2024-017 MC, the Commission formally found that:

- a. WESM prices during recent periods were **"unusually high," "unreasonable," and "exorbitant";**
- b. **High WESM exposure of distribution utilities, particularly electric cooperatives, poses a direct risk to consumers;** and
- c. Such conditions constitute a **lawful subject of regulatory intervention** pursuant to the Commission's delegated police power under EPIRA.

A copy of the said Order is also attached.

These findings underscore the urgent need for **structural, forward-looking corrective action**, particularly in relation to the approval and conditioning of EPSAs and PSAs.

While NASECORE recognizes the necessity of **EPSAs** in exceptional and time-critical circumstances, we respectfully submit that:

EPSAs are temporary and extraordinary measures;

- a. **EPSAs must not substitute for the Competitive Selection Process (CSP);** and
- b. **EPSAs should be immediately preceded by, or strictly conditioned upon, CSP leading to an ERC-approved PSA.**

Absent this sequence, EPSAs risk becoming a **recurring workaround** that perpetuates WESM dependence—contrary to the Commission's own findings on consumer harm and the least-cost policy under EPIRA.

In view of the foregoing, we respectfully seek clarification and guidance from the Commission on the following matters, all of which fall squarely within ERC's regulatory jurisdiction:

1. Status of EPSA Applications Before the ERC.

- a. The list of EPSAs issued by the DOE to ECs that have been filed with the ERC;
- b. The current status of such applications; and

c. The indicative timelines for Commission action.

2. Consistency with PSPPs and CSP Requirements

- a. Whether ECs with more than 50% WESM exposure remain compliant with their approved PSPPs; and
- b. Whether the ERC requires, or will require, **immediate CSP** as a condition for EPSA approval or renewal.

3. Approval of PSAs Arising from CSP

- a. Measures being undertaken by the Commission to **prioritize and expedite the approval of PSAs** resulting from duly conducted CSPs, particularly for ECs with chronic WESM exposure.

4. Safeguards Against Prolonged WESM Dependence

- a. Regulatory safeguards or conditions imposed by the ERC to ensure that EPSAs do not result in **prolonged or structural reliance on WESM**, consistent with the Commission's findings in Case No. 2024-017 MC.

As emphasized in our letter to the DOE, effective consumer protection requires **close coordination between the DOE and the ERC**, particularly where:

- a. DOE oversight confirms CSP compliance and alignment with PSPPs; and
- b. ERC approval authority determines whether EPSAs and PSAs ultimately pass through to consumers' rates.

Given the Commission's documented findings on WESM volatility and consumer harm, we respectfully submit that **EPSA approvals must proceed only as part of a clear and time-bound transition toward ERC-approved PSAs**, procured through genuine and competitive CSPs.

We respectfully request the Commission's response within a reasonable period, as the information sought will guide our continuing engagement with both the DOE and the ERC in advancing durable consumer protection measures.

Thank you for your continued commitment to just, reasonable, and transparent electricity regulation.

Very truly yours,



PETRONILO L. ILAGAN
President