

## **Power Industry Pushes Demand-Side Management**

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In a significant show of unity in support of demand-side management (DSM), 71 power industry stakeholders, including the National Power Corp. (NPC), recently signed a landmark Memorandum of Agreement that signified their support for the Efficient Lighting Initiative (ELI) proposal to amend the 1996 Regulatory Framework for DSM in the Philippines.

The newly enacted Electric Power Industry Reforms Act defines DSM as "measures undertaken by distribution utilities to encourage end-users in the proper management of their load to achieve efficiency in the utilization of fixed infrastructures in the system." The local power industry understands DSM to generally lower power bills of customers while allowing deferment of utility capital investment for system expansion and reducing greenhouse gas emissions.

The collaborative assembly was composed of private electric utilities, rural electric cooperatives, independent power producers, NPC, the Department of Energy, the Department of Trade and Industry, the National Electrification Administration, non-government organizations, environmentalists, consumer groups, and the academe.

The signing of the landmark agreement was witnessed by the Energy Regulatory Commission (ERC), led by its Chairman Fe B. Barin and Commissioner Carlos R. Alindada.

In an inspirational message, Chairman Barin thanked ELI for their assistance and strongly encouraged the utilities to work closely with ERC to implement DSM activities as part of the Commission's long-term strategy towards a more responsive power industry.

"We have reinvented DSM in the midst of a restructuring power industry with new rules that bolster consumer protection and utility viability," ELI Country Director Alexander Ablaza said. "We have unknowingly provided a global model for national DSM reforms. Union Fenosa is proud to promote and support DSM in the Asia-Pacific region."

The four-month collaborative process was led by ELI as per an April 2001 agreement made between the then-Energy Regulatory Board and ELI to provide technical assistance and recommendations that will seek to spur increased activity in demand-side management in the Philippines. This entailed the engagement of the services of US-based Regulatory Assistance Project in identifying key issues that ultimately called for the amendment of the DSM Framework.

The MoA was a product of a series of consultative meetings where the collaborative assembly held discussions to check the responsiveness of the proposed amendments to local industry conditions. The preparation of the standard and default DSM programs that served to simplify the preparation and submission of DSM plans of a utility were among the unanimously supported revisions to the DSM guidelines.

Specific proposals for other issues, such as utility classification and additional incentives, were raised and voted upon by the collaborative participants. The MoA now becomes a tool that will be used by the ERC as a basis for accepting the amendments to the DSM Framework.

ELI is an energy efficiency advocacy program funded by the Global Environment Facility (GEF), and is administered globally by the International Finance Corporation (IFC) as a feasible quick response solution towards the reduction of greenhouse gas emissions. The Philippines is one of seven countries the IFC has committed funding through Union Fenosa for the implementation of efficient lighting programs. Union Fenosa Soluziona Philippines is Union Fenosa's Philippine professional services subsidiary.