

[RESOLUTION NO. 09, S. 2018, April 26, 2018]

RESOLUTION ADOPTING THE ERC RULES SUPPLEMENTING THE SWITCHING AND BILLING PROCESS AND ADOPTING A DISCONNECTION POLICY FOR CONTESTABLE CUSTOMERS

Adopted: 26 March 2018

Date Filed: 27 April 2018

WHEREAS, the Energy Regulatory Commission (ERC) is mandated to promulgate rules and regulations to ensure provision of continuous supply of electricity to contestable customers;

WHEREAS, on 22 February 2010, the Commission promulgated Resolution No. 02, Series of 2010 entitled "A Resolution Adopting the Amendments to the Distribution Services and Open Access Rules (DSOAR)" aims to provide rules on the disconnection and billing process by the distribution utility (DU) to the market participants, among others;

WHEREAS, on 9 July 2013, the Department of Energy (DOE) issued Department Circular No. DC 2013-07-0014 entitled "Promulgating the Retail Market Manuals for the Implementation of Retail Competition and Open Access" (Retail Market Manuals) and DC2013-01-0002 entitled "Promulgating the Retail Rules for the Integration of Retail Competition and Open Access in the Wholesale Electricity Spot Market (WESM)" (Retail Rules) which prescribes, among others, the procedures on market transactions of participants in the retail market and the requirements for the registration in the WESM;

WHEREAS, on 16 February 2017 and on 17 November 2017, the first and second drafts, respectively, of the "ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers" were posted on the ERC website to solicit comments from the industry participants. A public consultation was consequently conducted to discuss the comments submitted by the stakeholders regarding the same;

WHEREAS, the Commission has identified matters that need to be supplemented in the abovementioned Rules to facilitate an efficient switching process under the CREM and to address issues arising from the same including the applicable disconnection and reconnection process, the expansion of the billing scheme, among others;

NOW, THEREFORE, pursuant to its mandate to promote competition and protect customer interests, the ERC hereby RESOLVES to ADOPT the "ERC Rules Supplementing the Switching and Billing Process and Adopting a and made an integral part of this Resolution.

This Resolution shall take effect immediately following its publication in a newspaper of general circulation or in the Official Gazette.

Let copies of this Resolution be furnished all parties concerned and the University of the Philippines Law Center - Office of the National Administrative Register (UPLC-ONAR), all the Distribution Utilities in Luzon and Visayas.

Pasig City, 26 March 2018.

(SGD) AGNES VST DEVANADERA
Chairperson and CEO

(SGD) ALFREDO J. NON
Commissioner

(SGD) GLORIA VICTORIA
C. YAP-TARUC
Commissioner

(SGD) JOSEFINA PATRICIA
A.
MAGPALE-ASIRIT
Commissioner

(SGD) GERONIMO D. STA.
ANA
Commissioner

Annex "A"

ERC RULES SUPPLEMENTING THE SWITCHING AND BILLING PROCESS AND ADOPTING A DISCONNECTION POLICY FOR THE CONTESTABLE CUSTOMERS

ERC CASE NO. 2017- 004 RM

Pursuant to Sections 29, 31, 43 and 45 of Republic Act No. 9136, hereinafter referred to as the Act, its Implementing Rules and Regulations (IRR), the Energy Regulatory Commission (ERC) hereby adopts and promulgates the ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers", referred to as "the Supplemental Switching Rules".

ARTICLE I GENERAL PROVISIONS

Section 1. Objectives

The Supplemental Switching Rules shall have the following objectives:

- a. To provide supplementary procedures on the customer switching method and ensure its effective implementation;
- b. To ensure the efficient and timely exchange of information between and among competitive retail market participants; and
- c. To provide applicable billing procedures and disconnection process for contestable customers.

Section 2. Scope

These Rules shall apply to the following:

- a. Contestable Market;
- b. Retail Electricity Suppliers (RES’);
- c. Distribution Utilities (DUs);
- d. Suppliers of Last Resort (SOLRs);
- e. The Central Registration Body (CRB); and,
- f. All other relevant industry participants.

Section 3. Definition of Terms

Act - Republic Act No. 9136, otherwise known as “Electric Power Industry Reform Act of 2001”, and its Implementing Rules and Regulations (IRR).

Business Day - A day other than a Saturday, a Sunday or an official or declared Philippine national or local public holiday.

Central Registration Body - An independent entity assigned to undertake the required processes, information technology, and other systems capable of handling customer switching and information exchange among retail electricity market participants.

Contestable Customer - An electricity End-user who meets the eligibility requirements for contestability and the threshold level set by the ERC to qualify in the Contestable Market.

Contestable Market - The electricity end-users who have a choice of a supplier of electricity, as may be determined by the ERC in accordance with the Act.

Distribution Services and Open Access Rules (DSOAR) - The set of rules promulgated by the ERC regarding the provision of regulated services by a DU to entities such as captive and contestable customers, RES, other DUs, generation companies, under the environment created by the Act.

Distribution Utility (DU) - Any electric cooperative, private corporation, government - owned utility or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with its franchise and the Act, including DUs operating in the Economic Zones.

Distribution Wheeling Service (DWS) - The conveyance of power throughout a distribution system to meet the demand of end-users.

Distribution Wheeling Service Agreement (DWSA) - An agreement between a DU and a RES, or SOLR on behalf of a Contestable Customer, or between a DU and a Contestable Customer, for the procurement of DWS.

Dual/Multiple Billing - A billing system whereby a Contestable Customer receives separate bills from its RES, WESM (if applicable) and from its Network Service Provider.

Initial Switch - The commercial transfer of a Contestable Customer from the DU as its supplier under regulated service to a RES or SOLR.

End-user - Any person or entity requiring the supply and delivery of electricity for

its own use.

Energy Regulatory Commission (ERC) - The independent and quasi-judicial regulatory agency created under Section 38 of the Act.

Market Operator - The entity responsible for the operation of the Wholesale Electricity Spot Market.

National Grid Corporation of the Philippines (NGCP) - The corporation awarded the concession to operate the transmission facilities of the National Transmission Corporation pursuant to the Act and Republic Act No. 9511.

Network Service Provider - An entity which engages in the activity of owning, controlling, or operating a transmission or distribution system.

Primary RES - The RES nominated and assigned by the Contestable Customer, in writing, as the single point of contact for the CRB and all Network Service Providers. In case of Single Billing, it shall be responsible for billing and collecting from the Contestable Customer all applicable charges by the Network Service Providers. Only the Primary RES shall execute a DWSA with the DU.

Retail Electricity Supplier (RES) - Any person or entity authorized by the ERC to sell, broker, market or aggregate electricity to end-users in the Contestable Market. Unless otherwise provided, all references to the RES herein shall include the Local RES. Local RES is a competitive retail supply business segment of a DU.

Regular Switch - The commercial transfer of a Contestable Customer from one RES or SOLR to another RES or SOLR.

Retail Supply Contract - The contract for the sale of electricity entered into by and between the RES and the Contestable Customer.

Single Billing - A billing system whereby a Contestable Customer receives only one consolidated bill issued by a RES. The consolidated bill includes the Network Service Provider wheeling charges described in Section 4.2, Article III.

Supplier of Last Resort - A regulated entity designated by the ERC to serve Contestable Customer following a Last Resort Supply Event.

Switch Request - A request sent by a prospective RES for the CRB to switch a Contestable Customer from its Network Service Provider or another RES or SOLR.

Switch or Switching - The commercial transfer of a Contestable Customer from the Network Service Provider to a RES or SOLR and/or from one supplier to another, which takes effect on the regular meter reading date or on a special meter reading date following a Last Resort Supply Event.

National Transmission Corporation (TransCo) - The corporation organized pursuant to Section 8 of the Act to acquire all the transmission assets of the NPC.

Wholesale Electricity Spot Market (WESM) - The Wholesale Electricity Spot

Market established by the Department of Energy (DOE) pursuant to the Act.

Words and phrases used in these Rules which are defined in the Act or the IRR have the same meaning given to them in the Act or the IRR.

ARTICLE II SWITCH PROCESS

Section 1. Switching of a Contestable Customer to a RES of its choice shall take effect subject to the supplementary conditions and procedures provided hereunder:

a. No Contestable Customer shall be allowed to Switch or be supplied by a new RES or SOLR should it have an outstanding balance with its Network Service Provider, in case of initial switch, or its incumbent RES. Whether under dispute or not, the Contestable Customer shall be required to settle its outstanding balance prior to Switching. For purposes of these Rules, outstanding balance shall refer to the amount due under previous unpaid bills including the amount indicated in its current bill.

Should the payment of a security deposit be required as stated in the RSC, the Contestable Customer shall pay the corresponding deposit to the new RES upon receipt of a Switch approval from the RES.

b. A Contestable Customer which is about to Switch to another RES, and which has been required to put up a cash security deposit by its incumbent RES shall be entitled to the refund of the said amount plus the applicable interest earned (interest earnings net of tax of the amount in escrow) less outstanding balance. The concerned RES shall refund the amount to the Contestable Customer within thirty (30) days from effective Switch.

c. A Contestable Customer which is about to migrate to the CREM, shall be entitled to the refund of the security or bill deposit from its DU in accordance with Section 3.4.2, Article III of the DSOAR.

Section 2. The DU shall be the default meter service provider for the retail market until such time that the ERC determines the provision of metering services at the retail level to be competitive. For purposes of these Rules, meter service shall include procurement of meter for a Contestable Customer, meter installation, maintenance, repair, calibration with the supervision of ERC, meter reading, including data dissemination to the CRB.

The NGCP shall be the default meter service provider for the directly-connected Contestable Customer. The NGCP, as the owner of the revenue meters, shall be responsible for data dissemination and metering services. However, existing agreements regarding the provision of meter data between the DU and NGCP for a directly-connected Contestable Customer will be honored; provided that the sale of subtransmission assets has been consummated in accordance with Resolution No. 15, Series of 2011 entitled "A Resolution Adopting The Amended Rules for the Approval of the Sale and Transfer of TRANSCO's Subtransmission Assets and the