

**[ ERC RESOLUTION NO. 12, S. 2010, May 05, 2010 ]**

**RESOLUTION ADOPTING THE RULES AND PROCEDURES IN THE REVISION OF THE PHILIPPINE DISTRIBUTION CODE AND THE PHILIPPINE GRID CODE**

**WHEREAS**, Section 43(b) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 or the EPIRA mandates the Energy Regulatory Commission (ERC) to promulgate and enforce, in accordance with law, a National Grid Code and a Distribution Code;

**WHEREAS**, Section 43(t) of the same Act further mandates the ERC to perform such other regulatory functions that are appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry;

**WHEREAS**, Section 2.2.5.1 of the Philippine Distribution Code (PDC) provides that the Distribution Management Committee (DMC) shall establish and publish its own rules and procedures relating to the conduct of its business, which include, among others, the revision of distribution code provisions;

**WHEREAS**, Section 2.2.5.1 of the Philippine Grid Code (PGC) provides that the Grid Management Committee (GMC) shall establish and publish its own rules and procedures relating to the conduct of its business, which include, among others, the revision of grid code provisions;

**WHEREAS**, the DMC and GMC separately issued their proposed "Rules and Procedures in the Revision of the Philippine Distribution Code" and "Rules and Procedures in the Revision of the Philippine Grid Code", respectively, to establish a systematic and organized methodology of reviewing, evaluating and processing proposals submitted by any party who proposes to revise any provisions of the PDC or PGC, as the case may be;

**WHEREAS**, on May 25 and 28, 2009, the DMC and GMC conducted a series of expository presentations in Visayas and Luzon, respectively, and on June 18, 2009, they conducted a public consultation in Luzon, all intended for the various stakeholders to present their comments/inputs on the said proposed procedures which were considered in preparation for the issuance of the "Rules and Procedures in the Revision of the Philippine Distribution Code" and "Rules and Procedures in the Revision of the Philippine Grid Code";

**WHEREAS**, Section 2.2.5.2 of the PDC provides that the rules and procedures of the DMC shall be approved by the ERC;

**WHEREAS**, Section 2.2.5.2 of the PGC provides that the rules and procedures of the GMC shall be approved by the ERC;

**NOW, THEREFORE**, be it **RESOLVED**, as the ERC hereby **RESOLVES** to **APPROVE** and **ADOPT**, the Distribution Management Committee's (DMC) "Rules and Procedures in the Revision of the Philippine Distribution Code" and the Grid Management Committee's (GMC) "Rules and Procedures in the Revision of the Philippine Grid Code" hereto attached and made an integral part of this Resolution as **Annexes "A" and "B"**, respectively.

This Resolution shall take effect immediately upon its publication in a newspaper of nationwide circulation.

Let copies of this Resolution be furnished the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR), the National Transmission Corporation (TRANSCO), the National Grid Corporation of the Philippines (NGCP) and all Distribution Utilities (DUs).

(SGD.) ZENAIDA G. CRUZ-DUCUT  
*Chairperson*

(SGD.) RAUF A. TAN  
*Commissioner*

(SGD.) ALEJANDRO Z. BARIN  
*Commissioner*

MARIA TERESA A.R. CASTAÑEDA (On  
Leave)  
*Commissioner*

(SGD.) JOSE . REYES  
*Commissioner*

## **Annex A**

### **RULES AND PROCEDURES IN THE REVISION OF THE DISTRIBUTION CODE**

#### **1.0 PURPOSE**

The purpose of this Rules and Procedures is to guide the Distribution Management Committee and the Rules Revision Subcommittee in reviewing, evaluating, and processing proposals submitted by any party to revise any provision of the Distribution Code pursuant to Sections 2.2.5 and 2.5.4 of the Distribution Code.

This shall also guide stakeholders in proposing revisions to the Distribution Code.

#### **2.0 DEFINITION OF TERMS**

**2.1 Distribution Code** – The set of rules, requirements, procedures, and standards governing Distribution Utilities and Users in the operation, maintenance, and development of their Distribution Systems. It also defines and establishes the relationship of the Distribution Systems with the facilities or installations of the parties connected thereto.

**2.2 Distribution Management Committee (DMC)** – The committee established by the ERC to perform the functions mentioned in Section 2.2.1 of the Distribution Code and Article II of the Guidelines to Govern the Formation of the Distribution Management Committee.

**2.3 Energy Regulatory Commission (ERC)** – The independent, quasijudicial regulatory body created pursuant to Republic Act No. 9136, which is mandated to promote competition, market development, ensure customer choice, and penalize abuse of market power in the restructured

electricity industry and among other functions, to promulgate and enforce the Philippine Grid and Distribution Codes.

**2.4 Rules Revision Subcommittee (RRSC)** – A subcommittee established by the DMC, tasked to initiate proposals for appropriate revisions of the Distribution Code, and evaluate and make recommendations on the proposed revisions of the Distribution Code.

### **3.0 DISTRIBUTION CODE REVISION PROCESS**

#### 3.1 General

3.1.1 Section 2.5.4.1 of the Distribution Code provides that “Any party who has a proposal to revise any provision of the Distribution Code shall submit the proposed revision, including the supporting arguments and data, to the DMC or to the appropriate DMC subcommittee who shall evaluate the proposal.”

#### 3.2 Notification/Solicitation

3.2.1 The DMC, through its Rules Revision Subcommittee, starting 2010 and every three years thereafter, shall post at the DMC ([www.gmcdmc.ph](http://www.gmcdmc.ph)) and ERC ([www.erc.gov.ph](http://www.erc.gov.ph)) websites an invitation to any party to submit proposals to revise any provision of the Distribution Code. The invitation shall prescribe the period of submission of proposals as determined by the DMC.

3.2.2 The DMC shall also post at its website its revision process schedule.

#### 3.3 Submission of Proposals for Revision

3.3.1 Proposals shall consist of the following information:

- (1) The name of the proponent (organization or individual as applicable) and contact details.
- (2) A statement of the exact change, rewording or new material proposed;
- (3) Supporting arguments and data, stating the reason why the Distribution Code should be so revised;

3.3.2 Proposals shall be submitted to the DMC within the submission schedule, using the prescribed format (Annex A<sup>\*</sup>), in any of the following forms:

- (1) Electronic format through e-mail (e-mail address: [pdcdmc@gmcdmc.ph](mailto:pdcdmc@gmcdmc.ph));
- (2) Hard copy addressed to:

DMC Chairman  
Distribution Management  
Committee (DMC), Inc.

20/F Pacific Center Building,  
San Miguel Avenue, 1600  
Ortigas Center, Pasig City

sent through mail or fax at  
number (02) 636-4886.

Proposals received beyond the  
submission schedule shall be held on the  
docket and considered in the next round  
of the revision process.

### 3.4 DMC Staff Action

#### 3.4.1 The DMC Staff shall:

- (1) Evaluate for the completeness of proposals in accordance with section 3.3.1 hereof.
- (2) Acknowledge receipt of proposals if found to be complete, otherwise, return the proposals to the sender informing the latter that the proposals submitted were returned due to lack of information;
- (3) Collate proposals, as received, in a matrix format (Annex B<sup>\*</sup>);
- (4) Distribute to each member of the RRSC the matrix of proposals received.

### 3.5 Subcommittee Evaluation

3.5.1 The RRSC shall evaluate proposals within the time frame. Thus, a subcommittee meeting shall be called by the RRSC Chairperson for such purpose.

3.5.2 Resource persons and/or proponents of the proposals may be invited to clarify arguments and data, including possible conflicts with other rules and guidelines. Invitations shall be issued by the RRSC Chairperson.

3.5.3 When extended technical consideration of proposals is necessary, the RRSC may refer the proposal to the appropriate DMC subcommittee for resolution. Such subcommittee shall submit a report to the RRSC.

3.5.4 The RRSC may request coordination with other entities, such as the Grid Management Committee and the Wholesale Electricity Spot Market, for impact assessment of the proposed revision, if necessary.

3.5.5 The members of the RRSC shall endeavor to decide on the evaluation of proposals based on consensus, rather than by simple majority voting. Contentious proposals shall be referred to the DMC for deliberation and resolution.

3.5.6 The RRSC shall update the DMC on the progress of the evaluation of proposals.

### 3.6 Endorsement of Proposals

3.6.1 The DMC Staff shall prepare a summary of proposals for RRSC approval. The summary shall be divided into three categories:

- (1) Proposals for endorsement as received;
- (2) Proposals for endorsement with modification;
- (3) Proposals for rejection.

3.6.2 The RRSC-approved summary shall be endorsed to the DMC for final review and approval.

3.6.3 The DMC-approved summary shall be endorsed to the ERC, through a board resolution, with a request to conduct expository hearing and public consultation.

3.6.4 Rejected proposals shall be returned to its proponent, through a letter, stating the reason for such rejection.

### 3.7 Conduct of Expository Hearing and Public Consultation, Presentation and Approval of the Proposed Revisions to the Distribution Code

3.7.1 The DMC, upon approval of the ERC, shall conduct expository hearing and public consultation, both of which shall be presided over by an ERC Commissioner.

3.7.2 The DMC, together with the ERC, shall evaluate the comments of participants in the expository hearing and public consultation. Endorsement to the ERC of the results of the evaluation shall also be in the form of a board resolution.

3.7.3 The DMC Executive Director shall present the proposed revisions before the ERC.

3.7.4 The ERC shall render the final decision on any matter pertaining to Distribution Code revision.

### 3.8 Publication and Effectivity of the Approved Distribution Code Revisions

3.8.1 After the approval by the ERC of the Distribution Code Revisions, the DMC shall cause its publication in a newspaper of general circulation or the Official Gazette and shall file a certified copy thereof with the Office of the National Administrative Register (ONAR) at the University of the Philippines (UP) Law Center. The DMC shall also post the same on its website.

3.8.2 Distribution Code Revisions shall become effective fifteen (15) days after its publication in a newspaper of general circulation or the Official Gazette, whichever comes earlier.