

**[ERC GUIDELINES ON GRID AND DISTRIBUTION
CODE, January 29, 2003]**

**GUIDELINES FOR THE SUBMISSION, EVALUATION AND
APPROVAL OF STATEMENT OF COMPLIANCE AND COMPLIANCE
PLAN OF THE DISTRIBUTOR TO THE PHILIPPINE GRID CODE
AND THE PHILIPPINE DISTRIBUTION CODE**

Pursuant to Section 23 and 43 of Republic Act No. 9136, Rule 3, Section 4 and Rule 7 Section 4 of its Implementing Rules and Regulations and Article 10.8 of the Philippine Grid Code (PGC), the Energy Regulatory Commission (ERC) hereby adopts and promulgates the following Guidelines for the submission, evaluation and approval of Statement of Compliance and Compliance Plan of the Distributor the Philippine Grid Code and the Philippine Distribution Code, in order to pursue the goals of restructuring and modernization of the electric power sector.

**Article I
General Provisions**

SECTION 1. These Guidelines shall have the following objectives:

(f) To establish the current state of compliance of the Distributor with the Standards prescribed in the Philippine Grid Code and the Philippine Distribution Code;

(g) To ensure the compliance of the Distributor with the Standards that will guarantee the quality, reliability, adequacy, stability, security and integrity of the power supply in the Grid and the Distribution Systems;

(h) To promote accountability of the electric utilities to achieve greater operational and economic efficiency, thereby rationalizing electricity prices;

(i) To ensure fair and non-discriminatory treatment of public and private sector entities in the process of restructuring the electric power industry; and

(j) To protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power.

SECTION 2. Guiding Principles - Distribution Utilities shall comply with all the prescribed technical specifications, performance standards, financial standards and other requirements of the Philippine Grid Code for Distributors and/or Grid users. Distribution Utilities shall also comply with all prescribed technical specifications, performance standards, financial standards, and other requirements of the Philippine Distribution Code for distributors. The distribution Utilities shall submit to the ERC a Statement of Compliance to the Philippine Grid Code and a Statement of Compliance to the Philippine Distribution Code.

Where the Distribution System does not comply with specific provisions of the Grid Code and/or the Distribution Code, the Distributor shall submit to the ERC, for its approval, a Compliance Plan.

The ERC shall ensure that the Distribution utilities comply with the prescribed technical specifications, performance standards, financial standards, and other requirements of the PGC and PDC to achieve the objectives of R.A. No. 9136. The ERC shall evaluate the submitted Statement of Compliance and Compliance Plan and shall either approve or return the same with the required revisions.

SECTION 3. Scope. These Guidelines shall apply to all electric power Distribution Utilities, including but not limited to the following:

- (a) Privately-owned Distribution Utilities;
- (b) Electric cooperatives;
- (c) Local government unit owned-and-operated Distribution Utilities;
- (d) Entities duly authorized to own, operate and maintain distribution facilities within the economic zones; and
- (e) Other duly authorized entities engaged in the distribution of electricity.

SECTION 4. Definition of Terms. - Except for the following new terms, the definitions of the words and phrases specified in Article 1.6 of the PGC and Article 1.6 of the PDC shall apply to this set of Guidelines:

- a) "Compliance Plan" shall refer to the plan of an electric utility containing the definite activities and projects to be implemented by the utility in order to fully comply with the prescribed Standards of the Grid and/or Distribution Code;
- b) "Measurements" shall refer to the specific compliance requirements such as the required system performance, procedural manuals, records, reports, plans, programs, and/or actions to be taken by the electric utility by which its degree or level of compliance or non-compliance to the prescribed Standards of the Grid and Distribution Codes will be measured;
- c) "Reporting Entity" shall refer to the electric utility reporting or submitting its Statement of Compliance and Compliance Plan to the Grid and/or Distribution Code to the ERC for its approval;
- d) "Responsible or Authorized Person" shall refer to the person authorized by virtue of its official function, Board Resolution, or any other basis of authorization to certify and be held responsible for the correctness and validity of the submitted Statement of Compliance and Compliance Plan to the ERC;
- e) "Standard" shall refer to the specific provisions of the Grid Code or Distribution Code that prescribe the technical specifications, performance

standards, financial standards, and/or other requirements for compliance of the electric utilities;

f) "Statement of Compliance" shall refer to the self-assessed and certified report of a Reporting Entity (i.e., an electric utility) that states the degree or level of its compliance or non-compliance to the Standard; and

g) "Templates" shall refer to the standard form to be used by a Reporting Entity in its submission to the ERC of the Statement of Compliance and Compliance Plan to the Grid Code and/or Distribution Code.

For purposes of these Guidelines, the term Connection Point as used in the Grid Code refers to the point of connection of the Distribution System to the Grid. In the Distribution Code, the term Connection Point refers to the point of connection of the Distribution User's System to the Distribution system. Whenever compliance to Distribution Code of the Distributor is to be measured in relation to the Connection Point of the Distribution System, the measurements shall apply to Connection Points of end-users with a monthly average peak demand of at least one megawatt (1 MW) for the year 2001, unless otherwise specified.

SECTION 5. Statement of Compliance. For purposes of these Guidelines there shall be two (2) Statements of Compliance for Distributors. These are:

(a) Distributor's Statement of Compliance to the Philippine Grid Code;
and

(b) Distributor's Statement of Compliance to the Philippine Distribution Code.

All electric power Distribution Utilities or any entity owning, operating or maintaining electric power distribution facilities, including but not limited to Privately-owned Distribution Utilities, Electric Cooperatives, Local Government Unit (LGU) owned-and-operated Distribution Utilities, Entities duly authorized to own, operate and maintain distribution facilities within the economic zones, and other duly authorized entities engaged in the distribution of electricity shall submit to the ERC for approval a Distributor's Statement of Compliance to the Philippine Grid Code and a Distributor's Statement of Compliance to the Philippine Distribution Code in accordance with the requirements and procedures set in these Guidelines.

The Statement of Compliance shall indicate the self-assessed degree or level of compliance or non-compliance to all prescribed technical specifications, performance standards, financial standards, and other requirements of the PGC and PDC. The Statement of Compliance shall include proofs, justifications and explanations of its self-assessment on the degree of compliance or non-compliance.

Where the degree or level of compliance to any prescribed technical specification, performance standard, financial standard, or other requirement of the PGC and PDC cannot be ascertained, the Distribution Utility shall indicate the same in its Statement of Compliance and provide proofs, justifications and/or explanations why compliance cannot be ascertained.

The Statement of Compliance shall be certified by a Responsible or Authorized Person of the Distribution Utility. Such authority (e.g. official function of the position,

Board Resolution, etc.) shall be indicated in the certification.

The ERC shall evaluate and determine the degree or level of compliance or non-compliance of the Distributor with each of the prescribed technical specifications, performance standards, financial standards, and other requirements of the PGC and the PDC.

SECTION 6. Compliance Plan. Where the Distribution System does not comply with any of the prescribed technical specifications, performance standards, financial standards, or other requirements of the PGC and the PDC, the Distribution Utility shall submit to the ERC, for its approval, a credible Compliance Plan.

The Compliance Plan shall indicate the definite activities or projects to be implemented by the Distribution Utility to fully comply with the requirements of the PGC and PDC. The schedule of implementation and costs (if any) associated with the said activities or projects shall be indicated in the Compliance Plan. The Distribution Utility shall justify each activity or project and provide justifications and proof that the completion of such activity or project shall lead to its compliance with the requirements of the PGC and PDC.

The Compliance Plan shall be certified by a Responsible or Authorized Person of the Distribution Utility. Such authority shall be indicated in the certification.

The ERC shall evaluate and approve the Compliance Plan submitted by the Distribution Utility.

Article II Requirements and Procedures

SECTION 1. Filing Requirements for the Statement of Compliance. - The Reporting Entity (i.e., Distribution Utility) shall submit its Statement of Compliance using the Templates for the Distributor's Statement of Compliance to the Philippine Grid Code and the Distributor's Statement of Compliance to the Philippine Distribution Code in Schedule-A and Schedule-B, respectively of this set of Guidelines.

The Templates for the Statement of Compliance are divided into two (2) parts. Part I of the Template specifies the following:

- (a) Brief description of the Standard;
- (b) The Standard or the prescribed technical specifications, performance standards, financial standards, or other requirements of the PGC or the PDC;
- (c) Other references or provisions of the PGC or PDC that are related to the Standard that shall also be complied with by the Reporting Entity; and
- (d) The Measurements by which the compliance of the Reporting Entity to the Standard will be assessed.

Part II of the Template specifies the required self-assessment and Certification of the Reporting Entity concerning their degree or level of compliance or non-compliance to the Standard.

The Reporting Entity shall assess the applicability of the Standard to its Distribution System(s). If the Standard is applicable, the self-assessed degree or level of compliance or non-compliance of the Reporting Entity shall be indicated in the Statement of Compliance. The degree of compliance to the Standard can be any of the following: