

RULES CHANGE COMMITTEE

Proposed Urgent Amendments to the Retail Rules and Retail Manual on Market Transaction Procedures on No Outstanding Balance (Harmonization with ERC Resolution No. 01, Series of 2023)

Effective Date : 22 March 2023

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WHEREAS, Clause 3.2.1.3¹ of the Retail Rules provides that a Supplier may submit a switch request to the Central Registration Body (CRB) provided that the Retail Customer has no financial obligations with its Network Service Provider, in case of initial switch, or its incumbent Supplier;

WHEREAS, the Energy Regulatory Commission (ERC) issued ERC Resolution No. 01, Series of 2023² which provides that an End-User that is already being supplied by a Retail Electricity Supplier (RES) shall be allowed to switch to a new RES or Supplier of Last Resort (SOLR), notwithstanding the existence of an outstanding balance with its incumbent supplier. Meanwhile, an End-User undergoing initial transfer from the captive market to a RES shall not be allowed to switch if it has outstanding balance with its distribution utility;

WHEREAS, on 10 March 2023, the Independent Electricity Market Operator of the Philippines (IEMOP) submitted proposed urgent amendments to the Retail Rules and Retail Manual on Market Transaction Procedures aim to harmonize the market rules with ERC Resolution No. 01, Series of 2023, with summary as follows:

Proposal	Rationale
Only Eligible End-Users undergoing initial switch shall be required to submit certification of No Outstanding Balance to the CRB	To comply with Section 1a and 1b of ERC Resolution No. 01, Series of 2023
Include definition for Eligible End-Users	To adopt definition introduced in Section 1a of ERC Resolution No. 01, Series of 2023
Revise definition of Contestable Customers	

WHEREAS, IEMOP explained in its proposal that prior the above-mentioned ERC's issuance, IEMOP requires all prospective Suppliers to submit an attestation signed by the incumbent Distribution Utility (DU) or Supplier to prove that the End-User applying for switch has no outstanding balance. Starting on 03 February 2023, IEMOP only requires such attestation from Suppliers submitting initial switch requests;

WHEREAS, IEMOP signified that the proposal satisfies the criteria for urgent amendments per WESM Rules Clause 8.4.1.1 (a.iv), which states that urgent proposals facilitate the implementation of any regulation, circular, order or issuance of the DOE or ERC pursuant to the EPIRA;

WHEREAS, following the procedures for processing proposed urgent amendments specified in Section 7.2 of the WESM Manual on Procedures for Changes to the WESM and Retail Rules and Market Manuals ("Rules Change Manual"), the RCC discussed the proposal during its regular meeting (212th Meeting) on 17 March 2023 to determine if the proposal is urgent based on the criteria set forth in Section 3.1 of the Rules Change Manual, and if so, deliberate the proposal for endorsement to the PEM Board;

WHEREAS, as part of the overview on the urgent proposed amendments, the RCC noted that IEMOP withdrew on 17 February 2023, during the regular RCC meeting (209th meeting), its earlier proposed general

¹ As amended by DOE Department Circular No. DC2023-01-0004, Adopting Amendments to the WESM Rules, Retail Rules, and Various Market Manuals, and Promulgation of the Retail Manual on the Procedures for the Implementation of the Green Energy Option Program

² Resolution No. 01, Series of 2023 dated 17 January 2023, Amendment to the ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for the Contestable Customers

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amendment³ on the certification of no outstanding balance as a switching requirement to await the ERC's decision on their related rule-making case;⁴

WHEREAS, after being given an overview of the proposal by the Proponent and the preliminary assessment by the RCC Secretariat, the RCC discussed whether to certify the proposal as urgent in consideration of the following:

- On the criteria for urgent amendments that provides the proposal *“facilitate the implementation of any regulation, circular, order or issuance of the DOE or ERC pursuant to the EPIRA”* –
 - The CRB is already processing switch requests in accordance with ERC Resolution No. 1, Series of 2023, such that the CRB only requires such attestation of no outstanding balance from Suppliers submitting initial switch requests since 03 February 2023.
 - The RCC should also ensure consistency of rules. Processing the proposal as urgent will facilitate this quicker as compared to the proposal being a general amendment.
- Some RCC members from the Distribution Utility and Supply sectors requested to publish the proposal first to provide their sectors the opportunity to comment on the proposed amendments.

WHEREAS, in view of the foregoing, the RCC agreed through a vote⁵ to not certify the proposal as urgent;

NOW THEREFORE, we, the undersigned, on behalf of the sectors we represent, hereby resolve, as follows:

RESOLVED, that the IEMOP's Proposed Urgent Amendments to the Retail Rules and Retail Manual on Market Transaction Procedures on No Outstanding Balance (Harmonization with ERC Resolution No. 01, Series of 2023) be not certified as Urgent Amendment given that the same does not meet the criteria to be certified as such;

RESOLVED, that the said Proposed Urgent Amendments be instead admitted as a Proposed General Amendment and, as such, be posted in the PEMC website to solicit comments;

RESOLVED FURTHER, that pursuant to Section 7.3 of the Rules Change Manual, that the foregoing decisions be endorsed to the PEM Board for its concurrence, and, upon such concurrence by the PEM Board, that this RCC Resolution be transmitted to the DOE and ERC for their information.

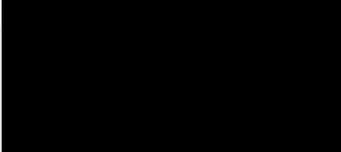
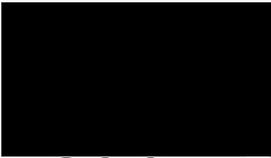
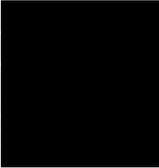
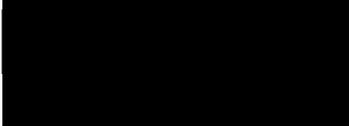
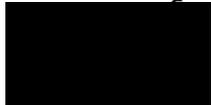
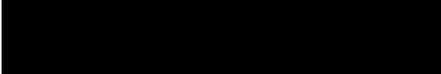
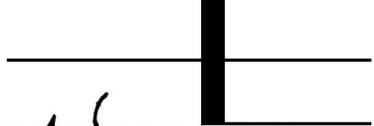
Done this **22nd** day of **March 2023**, *via* Microsoft Outlook.

³ Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers

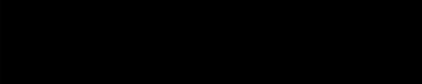
⁴ ERC Case No. 2022-08 RM, In Re: Draft Amendment to the ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for the Contestable Customers

⁵ Eight (8) voted Not Urgent [2-Independent; 2-Generation; 2-Distribution; 1-Supply; 1-Transmission]; six (6) voted Urgent [2-Independent; 2-Generation; 1-Distribution; 1-Market Operation]

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<p>Approved by: THE RULES CHANGE COMMITTEE</p>	
<p>Independent Members:</p>	
 JESUSITO G. MORALLOS Chairperson	 JOSE RÓDERICK F. FERNANDO <small>Jose Roderick F. Fernando (Mar 23, 2023 12:00 GMT+8)</small>
 RACHEL ANGELA P. ANOSAN 	 JORDAN DEL C. ORILLAZA
<p>Generation Sector Members:</p>	
 DIXIE ANTHONY R. HANZON <small>Masinloc Power Partners Co., Ltd. (MPPCL) (GMT+8)</small>	 CHERRY A. JAVIER <small>Aboitiz Power Corp (APC) (Cherry Javier (Mar 27, 2023 09:00 GMT+8))</small>
 CARLITO C. CAUDIO <small>Millennium Electric (ME/PEI) (GMT+8)</small>	 MARK DELA PENA <small>(vivant) (GMT+8)</small>
<p>Distribution Sector Members:</p>	
 RYAN S. MORALES <small>Ryan Morales (Mar 23, 2023 11:21 GMT+8)</small>	 ROCKY D. BAYAS San Fernando Electric Light and Power Company (SFELAPCO)
 VIRGILTO C. FORTICH, JR. 	 NELSON W. DELA CRUZ Nueva Electric (NUE) (GMT+8)

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Supply Sector Member:	
Tea	<p> LORRETO H. RIVERA </p>
Market Operator Member:	
Independent El	<p> JOHN PAUL S. GRAYDA </p>
System Operator Member:	
	<p> AMBROCIO R. ROSALES National Grid Corporation of the Philippines (NGCP)</p>