

R.A. 9136

Electric Power Industry Reform Act of 2001

**RULES FOR THE INTEGRATION OF
RETAIL COMPETITION IN THE
WHOLESALE ELECTRICITY SPOT
MARKET**

Retail Rules

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CHAPTER 1: INTRODUCTION

1.1 SCOPE OF CHAPTER 1

This Chapter 1 sets out the:

- 1.1.1 Purpose, application and interpretation of these *Retail Rules*;
- 1.1.2 Parties bound by these *Retail Rules*;
- 1.1.3 Responsibilities of the *Central Registration Body*;
- 1.1.4 Governance of the participation and transactions of *Suppliers* and contestable customers in the *WESM*.

1.2 PURPOSE, APPLICATION AND INTERPRETATION OF THE RULES

1.2.1 Name and Promulgation

- 1.2.1.1 This document shall be known as the Rules for the Integration of Retail Competition in the Wholesale Electricity Spot Market or the *Retail Rules*.
- 1.2.1.2 These *Retail Rules* shall be promulgated by the *DOE*.

1.2.2 Purpose of the Rules

These *Retail Rules* are promulgated to implement the provisions of the *Act*, its Implementing Rules and Regulations, and other related laws as well as to:

- 1.2.2.1 Promote retail competition; greater efficiency and customer choice; and
- 1.2.2.2 Provide rules for the integration of retail competition in the operations and governance processes of the *WESM*, the management of the transactions of *Suppliers* and *Contestable Customers* and the operations of the *Central Registration Body*.

1.2.3 Parties Bound by the Rules

Together with the *WESM Rules*, these *Retail Rules* form part of the legal and regulatory framework which is applicable to all *WESM Members*, as well as the owners, operators and users of the power system under the *Act*.

1.2.4 Legal and Regulatory Framework

- 1.2.4.1 These *Retail Rules* are promulgated by the *DOE* pursuant to its mandate under the *Act* to supervise the restructuring of the electricity industry and to promulgate the detailed rules

for the operation of the *WESM* jointly with electric power industry participants.

1.2.4.2 To ensure a greater supply and rational pricing of electricity, the *Act* provides the *ERC* the authority to enforce the rules and regulations governing the *WESM* which include these *Retail Rules*.

1.2.4.3 These *Retail Rules* shall form part of the rules that govern the operations of the *WESM* and, as such, shall be read and used in connection with the *WESM Rules*.

1.2.5 Interpretation

1.2.5.1 Words and phrases that appear in italics are defined in the glossary in Chapter 6 of these *Retail Rules* and in the *WESM Rules*.

1.2.5.2 These *Retail Rules* shall be interpreted in accordance with the provisions of Chapter 9 of the *WESM Rules*, the objectives of the *Act* and other provisions of law.

1.3 INTEGRATION OF RETAIL COMPETITION IN THE *WESM*

1.3.1 Upon declaration of the commencement of retail competition and open access, retail competition shall be integrated in the operations and governance of the *WESM* as provided in these Rules.

1.3.2 Objectives of Integration and Retail Competition

Consistent with the *Act* and with the objectives of the *WESM* as set out in the *WESM Rules*, the integration of retail competition in the *WESM* aims to promote competition, customer choice and empowerment, transparency, accountability and greater efficiency in the power industry and to reflect the true cost of electricity.

1.3.3 Upon commencement of retail competition, *Suppliers* and *Contestable Customers* shall be permitted to transact in the *WESM* in accordance with Chapter 3 of these Rules.

1.3.4 Upon commencement of retail competition, the *WESM* shall provide the venue for wholesale and retail sales and purchases of electricity

1.4 CENTRAL REGISTRATION BODY

1.4.1 Responsibilities of the *Central Registration Body*

1.4.1.1 The *Central Registration Body* shall, generally and non-restrictively, have the following functions and responsibilities:

- a) Administer retail competition in the *WESM* and its operations in accordance with these *Retail Rules*;
- b) Allocate resources to enable it to perform its functions;
- c) Carry out *Customer switching* between *Suppliers*; and
- d) Provide an information exchange amongst *WESM Participants*. ;

1.4.1.2 Where the *Retail Rules* require the *Central Registration Body* to develop procedures, processes or systems, the *Central Registration Body* shall:

- a) Develop such procedures, processes and systems taking into consideration the likely costs to *Participants* of complying with those procedures or processes and of obtaining, installing or adopting those systems, as the case may be; and
- b) Consistent with the purpose set forth in clause 1.2.2 of this Chapter 1, recommend changes to these procedures in accordance with the rule change process set out in Chapter 8 of the *WESM Rules*. Provided, further, that such changes shall be approved by the DOE.

1.4.1.3 The *Central Registration Body* shall:

- a) Comply with each of the requirements and obligations imposed on it under these *Retail Rules*, and other applicable laws, rules and regulations;
- b) Implement the transitory provisions specified in these *Retail Rules*;
- c) Perform those actions that are required to be taken prior to the *retail competition commencement date*, as specified in Chapter 5 of these *Retail Rules* and in relevant issuances of the *DOE* and the *ERC*; and
- d) Develop appropriate cost recovery processes to cover its liabilities in the event of damage or injury, which may be caused by its acts or omissions in the faithful performance of its functions.

1.4.2 ***Central Registration Body Performance***

1.4.2.1 In exercising its discretions and performing its obligations under these *Retail Rules*, the *Central Registration Body* shall

- a) Act in accordance with any standard of performance provided for by any statute, and regulation to which the *Central Registration Body* is subject;
- b) Act in a reasonable and prudent manner;
- c) Act in good faith;
- d) Take into consideration, act consistently with and use its reasonable endeavours to contribute towards the achievement of the objectives of retail competition; and
- e) Ensure an audit trail of documentation that is fully adequate to substantiate and reconstruct all relevant actions performed.

1.4.2.2 The foregoing clause 1.4.2.1 or any provision of these *Retail Rules* shall not be interpreted as to prevent the *Central Registration Body* from performing any of its obligations under these *Retail Rules*.

1.4.2.3 The PEM Board shall adopt performance standards which monitor and provide an indication of the *Central Registration Body's* performance with respect to:

- a) The *Central Registration Body's* responsibilities under these *Retail Rules* in relation to relevant provisions of the Act, its Implementing Rules and Regulations, the *WESM Rules*, the *Grid Code*, the *Distribution Code* and all other applicable laws, rules and regulations; and
- b) The achievement of the objectives of the Act and retail competition.

1.4.2.4 The *Central Registration Body* performance standards adopted by the PEM Board shall be reviewed and approved by the *DOE*.

1.4.2.5 Every year, the PEM Board shall publish a report on the performance of the *Central Registration Body* in accordance with the performance standards adopted under clause 1.4.2.3 of this Chapter 1.

1.4.3 **Audit**

1.4.3.1 The PEM Auditor shall:

- a) Conduct the audit of the *Central Registration Body* and the systems, processes and procedures and other matters relevant to the operations of the *Central Registration Body* and the performance of its functions as set forth in these *Retail Rules*; and

- b) Test and check any new items or new versions of market-related software used by the *Central Registration Body* or provided by the *Central Registration Body* for use by WESM members.

1.4.3.2 The PEM Auditor shall perform the functions stated in clause 1.4.3.1 in accordance with Chapter 1 of the *WESM Rules* and relevant *Market manuals*.

1.5 GOVERNANCE OF THE MARKET

- 1.5.1 The provisions of Chapter 1 of the *WESM Rules* shall apply with respect to the governance of the integration of retail competition in the *WESM*, the operations of the *Central Registration Body* and the participation and transactions in the *WESM* of *Suppliers* and *Contestable Customers*.
- 1.5.2 When relevant, necessary or practicable, the PEM Board may create working groups to deal with matters specifically pertaining to the integration of retail competition in the *WESM*, the operations of the *Central Registration Body* and the participation and transactions in the *WESM* of *Suppliers* and *Contestable Customers*.

1.6 MARKET INFORMATION AND CONFIDENTIALITY

- 1.6.1 Confidentiality and disclosure of information pertaining to these *Retail Rules* are set out in Chapter 2, Chapter 3 and Chapter 4 of these *Retail Rules*.
- 1.6.2 Unless any provision of these *Retail Rules* pertaining to specific information provide otherwise, the provisions of Chapter 5 of the *WESM Rules* also apply to retail competition market information, provided that the matters set out in said Chapter 5 pertaining to the *Market Operator* shall likewise pertain to the *Central Registration Body*.

1.7 ENFORCEMENT AND DISPUTES

The provisions of Chapter 7 of the *WESM Rules* shall apply with respect to enforcement and disputes related to these *Retail Rules*.

1.8 RULE CHANGE PROCESS

The provisions of Chapter 8 of the *WESM Rules* shall apply with respect to changes to be made to these *Retail Rules and Market Manuals*. Provided, further, that such changes shall be approved by the DOE.

CHAPTER 2: REGISTRATION

2.1 SCOPE OF CHAPTER 2

This Chapter 2 sets out the rules for contestability of customers, maintenance of *Contestable Customer* information, and registration of *Suppliers*, *Contestable Customers* and *Retail Metering Services Providers*.

2.2 CONTESTABILITY OF CUSTOMERS

- 2.2.1 Contestability of electricity end users shall be certified by the *ERC* and only the end users that have been issued a certification of contestability shall be registered and shall be permitted to transact, directly or indirectly, in the *WESM*; Provided, however, that a directly-connected end user is required to register in the *WESM* pursuant to *WESM Rules* clause 2.2.4.2 whether or not it is certified by the *ERC* as a *Contestable Customer*.
- 2.2.2 Distribution utilities shall notify the *Central Registration Body* of any end user that has met the requirements to be certified as *Contestable Customer* and shall provide the customer information required in Section 2.3 of this Chapter 2. Upon such notice, the *Central Registration Body* shall secure confirmation from the *ERC* if such end user has been certified as contestable and, if so certified, shall require the customer to be registered in the *WESM*.
- 2.2.3 Within thirty days from issuance by the *ERC* of the certification of contestability, the *Contestable Customer* duly certified shall:
 - a) If it elects to be a *Direct WESM Member*, apply for registration with the *Central Registration Body* in accordance with Chapter 2 of these Rules; or
 - b) If it elects to be an *Indirect WESM Member*, choose a *Supplier* which shall serve as its *Direct Member counterparty* for its transactions in the *WESM* and cause that *Supplier* to apply for registration on its behalf.
 - c) Provided, however, that a *Contestable Customer* shall continue to be served by the *Distribution Utility* until it is successfully registered with the *Central Registration Body*.

2.3 CONTESTABLE CUSTOMER INFORMATION

- 2.3.1 **Establishment of Customer Information by the *Central Registration Body***
 - 2.3.1.1 Prior to commencement of retail competition and at any time thereafter, the *Distribution Utility* shall submit

information as may be required by the *Central Registration Body* on all end users within its franchise area that it deems to have already met the required demand threshold.

- 2.3.1.2 The *Central Registration Body* shall, from time to time, publish the list of information that it requires and the timetable and procedures for submission.

2.3.2 Request and Release of Customer Information

- 2.3.2.1 Upon prior authorization, provided in written or electronic form, by a *Contestable Customer*, the *Central Registration Body* shall provide the information so authorized to the *Supplier* or to such other person or entity authorized by the *Contestable Customer*.
- 2.3.2.2 The information shall be provided in such form and upon payment of fees as the *Central Registration Body* deems appropriate.
- 2.3.2.3 The *Central Registration Body* shall prepare and publish the procedures for request and release of customer information and the corresponding service fees.

2.3.3 Contestable Customer Supply Contract Information

- 2.3.3.1 No later than thirty days before the effectivity of their contracts, *Contestable Customers* and *Suppliers* that have entered into bilateral power supply contracts with Generation Companies registered in the WESM and wish those *bilateral contracts* to be accounted for in WESM settlements shall enroll those contracts with the *Market Operator* in accordance with the customer enrolment procedures in the WESM.
- 2.3.3.2 No later than thirty days prior to the effective date of their contracts, *Contestable Customers* or their respective *Suppliers* shall notify the *Central Registration Body* of their retail electricity supply contracts and provide the information that will be required by the *Central Registration Body*.
- 2.3.3.3 The information that shall be submitted pursuant to clause 2.3.3.1 and clause 2.3.3.2 shall include but shall not be limited to the names of counterparties to the supply contract and the duration of the contract.

2.4 REGISTRATION

2.4.1 Before being able to transact in the WESM, *Suppliers* shall:

- 2.4.1.1 Hold a licence or authorization from the ERC to act as a retail electricity *Supplier*, and

- 2.4.1.2 Register in the WESM as a Direct Member under the *Customer Trading Participant* category and shall fulfil all such registration requirements as set out in the *WESM Rules* Chapter 2; Provided that its registration as a Direct Member is deemed to include registration as a *Supplier* by the *Central Registration Body*.
- 2.4.2 **Before being able to transact in the WESM, either directly or indirectly, Contestable customers:**
 - 2.4.2.1 Shall hold a certification from the *ERC* as a contestable customer, and
 - 2.4.2.2 If it intends to participate in the WESM directly, shall register as a *Direct WESM Member* and shall fulfil all such registration requirements as set out in the *WESM Rules* Chapter 2 and this Chapter; Provided that its registration in the WESM is deemed to include registration as a *Contestable Customer* by the *Central Registration Body*.
 - 2.4.2.3 If it intends to participate in the WESM indirectly, shall elect a *Supplier* registered as *Direct WESM Member* as its counterparty and said *Supplier* shall register the *Contestable Customer* as *Indirect WESM Member*; Provided that the registration of the latter in the WESM is deemed to include registration as *Contestable Customer* by the *Central Registration Body*.
- 2.4.3 **Contestable customers that register as *Direct WESM Member* shall:**
 - 2.4.3.1 Be able to undertake activities or participate in or in relation to the spot market, and
 - 2.4.3.2 Be responsible for providing the *Central Registration Body* with information on their connection and metering details.
- 2.4.4 **Contestable customers that register as *Indirect WESM Member* shall:**
 - 2.4.4.1 Be able to transact in the spot market through a *Supplier* that is registered as a *Direct WESM Member* and shall always have such *Direct Member counterparty* to maintain its registration in the WESM as *Indirect Member*;
 - 2.4.4.2 Elect only one *Supplier* as its *Direct WESM Member* counterparty; and
 - 2.4.4.3 Through its *Direct WESM* counterparty, provide information on their connection and metering details.
- 2.4.5 The registration of *Contestable Customers* shall be in respect to their facilities that have been issued certifications of contestability by the *ERC*, Provided, that –

- 2.4.5.1 *Contestable Customers* that have more than one *registered facility* shall have multiple registrations, and, at their option, each registration may either be as a *Direct WESM Member* or *Indirect WESM Member*; and
 - 2.4.5.2 Registration shall be in accordance with the certification of contestability issued by the ERC and each *registered facility* covered by one certification of contestability shall have a single and separate registration, regardless that the same is served by more than one metering installations.
 - 2.4.5.3 If registering as *Indirect WESM Member* for a *registered facility*, it shall elect only one *Direct WESM Member* *counterparty* to transact on its behalf for said registered facility.
- 2.4.6 **Distribution utilities shall register and transact in the spot market:**
- 2.4.6.1 As either *Direct WESM Member* or *Indirect WESM Member* in accordance with the requirements and procedures for registration set out in the *WESM Rules* Chapter 2 for transactions in respect to the supply of electricity to their captive customers;
 - 2.4.6.2 As *Supplier* in accordance with Section 2.4.1 of this Chapter 2 for transactions in respect to the supply of electricity to *Contestable Customers* and for transactions as *Supplier of Last Resort*.
- 2.4.7 Before being able to provide metering services for *Contestable Customers*, a *Retail Metering Services Provider* shall:
- 2.4.7.1 Hold license as a *Retail Metering Services Provider* issued by the ERC; and
 - 2.4.7.2 Register in the WESM as a *Retail Metering Services Provider* and shall fulfil all such registration requirements as set out in the *WESM Rules* Chapter 2; Provided that its registration as with the WESM is deemed to include registration by the *Central Registration Body*.
- 2.4.8 At the commencement of retail competition in the spot market, the Distribution Utilities shall serve as the default *Retail Metering Services Provider* for *Contestable Customers* with service addresses located within their franchise area, and as such, are deemed registered in the WESM and the *Central Registration Body* without need of complying with the requirements set in Section 2.4.7 of this Chapter 2.

2.5 REGISTRATION PROCESS

The *Central Registration Body* shall prepare and publish a *Market manual* which sets out:

- 2.5.1 The requirements and procedures which *Suppliers, Contestable Customers* and *Retail Metering Services Providers* shall follow to enable registration in the *WESM*, which requirements and procedures shall be consistent with relevant provisions of *WESM Rules* Chapter 2.
- 2.5.2 The data required to be provided to the *Central Registration Body* for registration as a *Contestable Customer*, and
- 2.5.3 The criteria for determining the *market trading node* represented in the *Market Network Model* to which the contestable customer shall be associated as its *grid off-take metering point*.

2.6 SUSPENSION DE-REGISTRATION AND CESSATION OF MEMBERSHIP

The suspension, de-registration and cessation of the membership of *Suppliers* and *Contestable Customers* in the *WESM* shall be governed by the *WESM Rules*.

CHAPTER 3: THE MARKET

3.1 SCOPE OF CHAPTER 3

This chapter sets out the rules which govern operation of the market pertaining to the following and related matters:

- 3.1.1 Switching of *Suppliers* by *Contestable Customers*
- 3.1.2 Settlement of the transactions of *Suppliers* and *Contestable Customers* in the WESM; and
- 3.1.3 Failure of *Suppliers*.

3.2 CONTESTABLE CUSTOMER TRANSACTIONS

3.2.1 Conditions for *Customer switching*

- 3.2.1.1 Switching shall apply to the commercial transfer of a *Contestable Customer* from one *Supplier* to another, other than a transfer to a *Supplier of Last Resort* in case of a last resort event for which section 3.4 of this Chapter 3 shall apply.
- 3.2.1.2 Switching does not apply to transfer by a *Directly-Connected Customer* or a *Supplier* to a *Generation Company*, provided that such transfer shall be subject to the *bilateral contract enrolment* procedures set out in the WESM Rules.
- 3.2.1.3 A *Supplier* may submit a *switch request* to the *Central Registration Body* if the following conditions are met:
 - a) A supply contract has been entered into between the *Supplier* and the *Contestable Customer* for which the *Switch request* is made; and
 - b) There is an existing and valid wheeling service agreement with the relevant *Distribution Utility* or *Network Service Provider* and a metering services agreement with a registered Metering Services Provider, covering the *Contestable Customer*.
- 3.2.1.4 Switching shall take effect at the start of, and not within, a billing period as defined in the WESM Rules, Provided, however that the switching from a *Supplier of Last Resort* to a *Supplier* may be permitted by the *Central Registration Body* to take effect within a billing period.

3.2.2 Procedures for Switching

- 3.2.2.1 Once all the conditions set forth in clause 3.2.1.3 are met, the new *Supplier* shall submit the *switch request* to the *Central Registration Body* not later than thirty days prior to the

proposed effective date, provided that the proposed effective date should coincide with the end of a billing period.

3.2.2.2

If the *Central Registration Body* verifies that all the conditions are met and *Contestable Customer* for which the *switch request* is made is registered as a *Direct WESM Member*:

- a) The *Direct WESM Member* shall update its prudential requirements if so required by the *Market Operator* to ensure that it fully satisfies the prudential requirement as set out in the *WESM Rules*.
- b) Upon confirmation that the prudential requirements are satisfied, the *Central Registration Body* shall notify the new *Supplier*, the incumbent *Supplier*, the *Contestable Customer* and the relevant *Distribution Utility* or *Network Service Provider* of the confirmation of the *switch request* and the effective date of the switch.
- c) The *Contestable Customer* shall be responsible for ensuring that it has fully complied with its obligations to the incumbent *Supplier* and the new *Supplier*, including but not limited to the payment of outstanding obligations and posting of security deposits.

3.2.2.3

If the *Central Registration Body* verifies that all conditions are met and the *Contestable Customer* for which the *switch request* is made is an *Indirect WESM Member*:

- a) If the new *Supplier* will also be the new *Direct WESM Member counterparty*, the new *Supplier* shall submit securities required by the *Market Operator* to fully satisfy the prudential requirements as set out in the *WESM Rules*.
- b) If the switch does not involve change in the *Direct WESM Member counterparty*, the latter shall update its prudential requirements if so required by the *Market Operator* to ensure that it continuously satisfies the prudential requirements as set out in the *WESM Rules*.
- c) Upon confirmation that the prudential requirements are satisfied, the *Central Registration Body* shall notify the new *Supplier*, the incumbent *Supplier* and *Direct WESM Member counterparty*, the *Contestable Customer* and the relevant *Distribution Utility* or *Network*

Service Provider of the confirmation of the *switch request* and the effective date of the switch.

- d) The *Contestable Customer* shall be responsible for ensuring that it has fully complied with its obligations to the incumbent *Supplier* and *Direct WESM Member counterparty*, and the new *Supplier*, including but not limited to the payment of outstanding obligations and posting of security deposits.

3.2.2.4 If the *Central Registration Body* verifies that the conditions set forth in clause 3.2.1.3 are not met or if the *Market Operator* confirms that the prudential requirements are not fully satisfied:

- a) The *Central Registration Body* shall notify the *Contestable Customer*, the *Supplier* which submitted the switch request, the incumbent *Supplier* and the relevant *Distribution Utility* or *Network Service Provider* that the *Switch request* shall not take effect and the reasons therefore.
- b) The *Supplier* which submitted the *Switch request* may rectify the shortcomings in the previous *switch request* and submit a new *switch request* to the *Central Registration Body*.
- c) If the shortcoming pertains to prudential requirements, the party required to comply shall update its prudential requirements to the satisfaction of the *Market Operator* and the switch can take effect without need of re-submission of the *switch request*.

3.2.3 Customer Relocation

3.2.3.1 A *Contestable Customer* that wishes to relocate to a new service address within the same franchise area or in the franchise area of another *Distribution Utility* or *Network Service Provider* and wishes to continue to be served by its present *Supplier* shall send a prior request for relocation of service to the *Supplier* and the relevant *Distribution Utilities* or *Network Service Providers*.

3.2.3.2 If the *Supplier* agrees to continue to provide service, the parties shall notify the *Central Registration Body* of the relocation and shall effect the relocation in accordance with the requirements and procedures set by the relevant *Distribution Utilities* or *Network Service Providers*.

3.2.3.3 If the *Supplier* does not agree to continue to provide service:

- a) The *Contestable Customer* shall, prior to relocation, switch to a new *Supplier* in accordance with the requirements and procedures set in clause 3.2.2 and, if registered as a *Direct WESM Member*, submit additional securities required by the *Market Operator* as necessary to fully satisfy the prudential requirements set out in the *WESM Rules*.
- b) If the *Contestable Customer* fails to comply with the conditions set out in the previous paragraph, the *Central Registration Body* shall notify the *Supplier* and the relevant *Distribution Utility* or *Network Service Provider*. The *Distribution Utility* or *Network Service Provider* shall then not permit the relocation to the new service area, or if relocation has already been effected, the *Distribution Utility* or *Network Service Provider* concerned shall cause the disconnection of the *Contestable Customer*.

3.2.3.4 The conditions and procedures set out in this clause 3.2.3 shall apply only when the *Registered facility* of a *Contestable Customer* is transferred to different service address and the certification of contestability issued by the *ERC* remains valid; Provided, however that if a new certificate of contestability is issued by the *ERC* for the facility at its new location, this clause 3.2.3 shall not apply and the *Contestable Customer* shall –

- a) Apply for new registration in respect to said facility, which registration shall be governed by Chapter 2 of these *Retail Rules*; and
- b) Send a notice to the *Central Registration Body* of the cessation of registration of the previously-registered facility in accordance with Chapter 2 of the *Retail Rules* and relevant *Market manuals*.

3.2.4 Prohibited Customer Transfer

A *Supplier* shall not be permitted to transfer a *Contestable Customer* to another *Supplier* without the authorization of the affected *Contestable Customer* and without complying with the *Customer switching* requirements and procedures set out in clause 3.2.2.

3.2.5 Termination of *Supplier Service by the Supplier*

- 3.2.5.1 If the *Supplier* does not intend to renew the supply contract of a *Contestable Customer*, it shall send a notice of non-renewal to the *Contestable Customer* and the *Central Registration Body* at least thirty days prior to the expiration of the term of the contract.
- 3.2.5.2 If the *Supplier* intends to terminate the contract prior to the expiration of its term, it shall send a notice of the termination to the *Contestable Customer* in accordance with terms specified in their contract, and prior to the date of termination, to the *Central Registration Body* and to the relevant *Network Service Provider* and *Retail Metering Services Provider*.
- 3.2.5.3 In case of non-renewal or termination of the supply contract, the *Contestable Customer* shall:
 - a) Switch to another *Supplier* in accordance with the requirements and procedures set out in clause 3.2.2; and
 - b) If the *Contestable Customer* is a *Direct WESM Member*, submit additional securities necessary to satisfy the prudential requirements set out in the *WESM Rules*.
- 3.2.5.4 If the *Contestable Customer* is an *Indirect Member* in the *WESM* and it fails to successfully switch to another *Supplier* prior to the expiration of the supply contract, its original *Supplier* shall:
 - a) Initiate the disconnection of said *Contestable Customer* following prevailing rules and procedures for disconnection; and
 - b) Notify the *Central Registration Body* that it has initiated disconnection procedures.
- 3.2.5.5 The termination of the contract shall be given effect by the *Central Registration Body* only if the conditions set forth in clauses 3.2.5.3 or 3.2.5.4 of this Chapter 3 are met.

- 3.2.6 The *Central Registration Body* shall prepare and publish a *Market Manual* that sets out in more detail the relevant timelines, requirements and procedures for carrying out the *Contestable Customer* transactions described in this section 3.2.

3.3 SETTLEMENT QUANTITIES AND AMOUNTS

3.3.1 The settlement quantities, settlement prices, *trading amounts* and settlement amounts of *Contestable Customers* and *Suppliers* in each *settlement interval* of the billing period shall be determined in accordance with Chapter 3 of the *WESM Rules* and this Chapter 3.

3.3.2 Applicable Market Prices and Market trading nodes

In calculating the *trading amounts* of *Contestable Customers* and their *Suppliers*, the applicable settlement prices shall be the *final nodal energy dispatch prices* at the *market trading node* associated with the *grid off-take metering point* to which the *Contestable Customer* is associated.

3.3.3 Defining Gross Energy Settlement Quantities

3.3.3.1 The *site specific loss adjustments* determined at a *grid off-take metering point* shall be allocated to the *Distribution Utility*.

3.3.3.2 The gross energy settlement quantity of the *Distribution Utility* connected to a *grid-off take point* shall be the difference between the gross energy settlement quantity determined at such *grid off-take metering point* and the total gross energy settlement quantities of all *Contestable Customers* associated with such *grid off-take metering point*.

3.3.4 Determining the Gross Energy Settlement Quantities of Contestable Customers

3.3.4.1 The gross energy settlement quantity of each *Contestable Customer* connected to a *grid off-take metering point* shall be determined as the net metered flows at their respective metering installations associated with such *grid off-take metering point*.

3.3.4.2 The *Central Registration Body* shall determine the gross energy settlement quantity of the *Contestable Customers* at a *grid off-take metering point* using the meter data provided by the relevant *Metering Services Provider* and *Retail Metering Services Provider* to the *Central Registration Body* in accordance with the *billing and settlement timetable*.

3.3.4.3 If no meter data is submitted by the relevant *Metering Services Provider* or *Retail Metering Services Provider* in accordance with the *billing and settlement timetable*:

- a) The *Central Registration Body* shall determine the gross energy settlement quantity of a *Contestable Customer* using that *Contestable Customer's* historical load profiles, and the gross energy settlement quantity

- so determined shall be used for determining the *Contestable Customer's* settlement quantities for the billing period.
- b) Upon provision by the *Metering Services Provider* or *Retail Metering Services Provider* of the meter data, a settlement revision shall be performed on the succeeding billing period using the metered quantities based on the meter data so provided.
 - c) The *Central Registration Body* shall develop and publish the methodologies and procedures for determining *gross energy settlement quantity* by using historical load profiles.

3.3.5 Declaration of Bilateral Contract Quantities

- 3.3.5.1 If a *bilateral contract* is entered into with a *Generation Company* for the supply of electricity to a *Contestable Customer* and the parties wish the contract to be accounted for in settlement, the *Generation Company* shall declare the *bilateral contract* quantities in accordance with the requirements, timetable and procedures set out in Chapter 3 of the *WESM Rules* and in relevant *Market Manual*.
- 3.3.5.2 Contracts entered into between *Suppliers* for the supply of electricity to a *Contestable Customer* shall not be accounted for in settlements but will be settled by the parties among themselves.

3.3.6 Determining the Trading Amounts of *Contestable Customers*

The *trading amount* of a *Contestable Customer* for each *settlement interval* in the billing period shall be determined in accordance with the *WESM Rules* clause 3.13 using the settlement quantities and the settlement prices as defined in this Chapter 3.

3.3.7 Determining the Trading Amounts of the Distribution Utilities

The *trading amount* of each *Distribution Utility* for each *settlement interval* in the billing period shall be the sum of all the *trading amounts* calculated using the settlement quantities determined in accordance with clause 3.3.3.3 of Chapter 3.

3.3.8 Determining the Trading Amounts of *Suppliers*

The *trading amount* of each *Supplier* for each *settlement interval* in the billing period shall be its *trading amount* calculated in accordance with the *WESM Rules* Clause 3.13.11.2 plus the sum of all the *trading amounts*

determined for each of the *Contestable Customers* for which such the *Supplier* is transacting as *Direct WESM Member counterparty*.

3.3.9 **Determining Settlement Amounts**

3.3.9.1 For each billing period, the settlement amount for each *Supplier* shall be:

- a) The sum of the aggregate *trading amounts* determined in accordance with Clause 3.3.8; any market fees and transaction fees which the *Supplier* and its *Contestable Customers* are required to pay to the *Market Operator* and the *Central Registration Body*, and any other amounts payable to the *Market Operator* or the *Central Registration Body* by the *Supplier* and its *Contestable Customers*;
- b) Less any amount payable by the *Market Operator* to the *Supplier* or its *Contestable Customers*, other than the *trading amounts* of said *Contestable Customers*.

3.3.9.2 Settlement amounts of *Contestable Customers* that are registered as *Direct WESM Members* shall be determined in accordance with the *WESM Rules* and this Chapter 3.

3.3.9.3 Settlement amounts of *Distribution Utilities* shall be determined in accordance with the *WESM Rules* and this Chapter 3.

3.3.10 **Settlement -Process**

The settlement of the transactions of *Suppliers* and *Contestable Customers* in the *WESM* and the billing of *Suppliers* shall be performed by the *Market Operator* in accordance with the settlement process set out in Chapter 3 of the *WESM Rules*.

3.3.11 **Settlement of *Contestable Customers* with their *Suppliers***

Billing and settlement of the transactions of the *Contestable Customers* with their respective *Suppliers* shall be performed by the parties in accordance with their contracts and applicable rules and regulations promulgated by the *ERC* and other competent agencies.

3.3.12 **Prudential Requirements**

3.3.12.1 *Suppliers* and *Contestable Customers* that are registered as *Direct WESM Members* shall comply with the prudential requirements as set out in Chapter 3 of the *WESM Rules*.

3.3.12.2 The amount of security that will be required of a *Supplier* shall be determined based on the aggregate trading limits

and maximum exposure determined in accordance with Chapter 3 of the *WESM Rules* of all the *Contestable Customers* for which such *Supplier* is transacting.

3.3.13 Settlement Information

- 3.3.13.1 Settlement information identifiable to *Trading Participant* shall be treated as confidential information by the *Market Operator* and the *Central Registration Body* and shall be subject to the provisions of Chapter 5 of the *WESM Rules*.
- 3.3.13.2 Access to settlement information pertaining to *Contestable Customers* registered as Indirect Members shall be provided to their respective *Supplier* counterparties, provided, however that Indirect Members may be provided access to their own settlement information upon request from the *Central Registration Body*.

3.4 FAILURE OF A SUPPLIER

- 3.4.1 A *Contestable Customer* shall be transferred to the *Supplier of Last Resort* upon occurrence of any one of the following last resort events:
 - 3.4.1.1 The *Supplier* has ceased to operate;
 - 3.4.1.2 The *Supplier's* license or authorization has been revoked by the *ERC*;
 - 3.4.1.3 The *Supplier* is no longer permitted to trade in the *WESM* due to suspension, deregistration or cessation of membership; or
 - 3.4.1.4 The agreements for transmission, wheeling or distribution services with the relevant *Network Service Provider* or *Distribution Utility* have been terminated.
- 3.4.2 When the *Central Registration Body* determines the occurrence of a last resort event, it shall notify the affected *Contestable Customers*, the *Supplier of Last Resort*, the *Direct WESM Member* counterparty of the *Contestable Customer* if applicable and the defaulting *Supplier* if practicable, of the occurrence and the effective date of the transfer of the *Contestable Customers* to the *Supplier of Last Resort*.
- 3.4.3 If the *Contestable Customer* is an *Indirect WESM Member* and the defaulting *Supplier* is its *Direct WESM Member* counterparty –
 - 3.4.3.1 Within twenty-four hours from being notified of the occurrence of the last resort event, the *Contestable Customer* shall notify the *Central Registration Body* and the *Supplier of Last Resort* if it chooses to be served by the latter.
 - 3.4.3.2 Within twenty-four hours upon receiving notice from the *Contestable Customer*, the *Supplier of Last Resort* shall inform

- the *Contestable Customer* of the terms of its supply contract and the applicable rates.
- 3.4.3.3 The parties shall then notify the *Central Registration Body* that the *Contestable Customer* has agreed to be served by the *Supplier of Last Resort* no later than forty-eight hours after being notified of the occurrence of the last resort event.
- 3.4.4 Within twenty-four hours upon being notified of the last resort event, a *Contestable Customer* that is a *Direct WESM Member* –
- 3.4.4.1 If it chooses to be served by the *Supplier of Last Resort*, shall take the necessary actions as set out in clause 3.4.3; or
- 3.4.4.2 If it chooses not to be served by the *Supplier of Last Resort*, shall submit additional securities required by the *Market Operator* as necessary to fully satisfy the prudential requirements set out in the *WESM Rules*.
- 3.4.5 Disconnection of the *Contestable Customer* affected by a last resort event shall be initiated in accordance with prevailing rules and regulations on disconnection under the following conditions –
- 3.4.5.1 At the instance of the *Central Registration Body* if the *Contestable Customer* that is an *Indirect WESM Member* or a *Direct WESM Member* that elected to be served by a *Supplier of Last Resort* -
- a) Fails to give notice within the period set out in clause 3.4.3.1; or
 - b) Provides notice that it elects not to be transferred to a *Supplier of Last Resort* within the period set out in clause 3.4.3.1; or
 - c) fails to enter into contract with the *Supplier of Last Resort*; or
 - d) Fails to serve notice within the period set out in clause 3.4.3.3.
- 3.4.5.2 In accordance with the conditions and procedures set out in *WESM Rules* section 3.15 and relevant *WESM* manual on suspension or deregistration of the *Direct WESM Member Contestable Customer* that elects not to be served by a *Supplier of Last Resort* fails to satisfy the prudential requirements set by the *Market Operator*.
- 3.4.6 The disconnection shall be carried out by the relevant *Distribution Utility* or *Network Service Provider* upon receipt of notice of disconnection served by the *Central Registration Body* in accordance with the procedures and

timeline set out in relevant rules and regulations on disconnection of *Contestable Customers*.

- 3.4.7 The *Supplier of Last Resort* shall ensure that it complies at all times with the prudential requirements as set out in Chapter 3 of the *WESM Rules*.

CHAPTER 4: METERING

4.1 SCOPE AND APPLICATION OF CHAPTER 4

4.1.1 This Chapter 4 sets out the:

- 4.1.1.1 Obligations of the *Retail Metering Services Provider*, the *Central Registration Body* and *Trading Participants*;
- 4.1.1.2 Requirements in relation to the installation, use and security of meters of *Contestable Customers*;
- 4.1.1.3 Manner in which metering data of *Contestable Customers* is to be used and managed;
- 4.1.1.4 Manner in which the metering database of the *Central Registration Body* is to be managed; and
- 4.1.1.5 Manner in which new technologies are to be adopted.

4.1.2 This Chapter shall apply only to the provision of metering services and *metering installations* by *Retail Metering Services Providers* to *Contestable Customers* that are connected to a distribution system operated by a *Distribution Utility*.

4.1.3 Provision of metering services and *metering installations* to *Contestable Customers* which are *directly connected end users* shall be in accordance with Chapter 4 of the *WESM Rules*.

4.2 METERING SERVICE PROVIDERS

4.2.1 Other than the *Distribution Utility* that acts as the default *Retail Metering Services Provider* for the *Contestable Customers* within its franchise area, all *Retail Metering Services Providers* shall register with in the *WESM* and with the *Central Registration Body* in accordance with Chapter 2 of these Rules before being allowed to provide metering services for RCOA settlement purposes.

4.2.2 All *Retail Metering Services Providers*, including the *Distribution Utility* acting under clause 4.2.1 of this Chapter 4 shall comply with and be subject to the provisions of Chapter 4 and other relevant provisions of the *WESM Rules* and to relevant *market manual*, except only as these are modified in these Rules.

4.3 PROVISION OF METERING INSTALLATIONS

4.3.1 *Metering installations* shall:

- 4.3.1.1 Be provided by the *Retail Metering Services Provider*;
- 4.3.1.2 Comply in all respects with the requirements of Chapter 8 of the *Distribution Code* relating to unbundled service; to the *WESM Rules*; relevant regulatory issuances and relevant

Market Manual being implemented by the *Central Registration Body*.

4.3.2 A metering installation shall:

- 4.3.2.1 Be registered in the WESM through the *Central Registration Body*;
- 4.3.2.2 Have electronic data recording facilities such that all *metering data* can be measured and recorded each *dispatch interval*;

4.3.3 Meter Accuracy

The class of *metering installation* and the accuracy requirements for a metering point shall be as set out in the relevant *Market Manual* and in accordance with *Philippine Distribution Code*.

4.3.4 Use of meters

- 4.3.4.1 The registered *metering installation* shall be used by the *Central Registration Body* as the primary source of *metering data* for the settlement of the transactions of *Contestable Customers* and their *Suppliers* in the WESM.
- 4.3.4.2 Notwithstanding any other provision of this Chapter 4, the *Central Registration Body* will not be liable to any person or entity in respect of any inaccuracies, discrepancies or other defects in *metering data*, including *metering data* which is stored in the metering database; Provided that these do not arise from the gross negligence or willful misconduct of the *Central Registration Body*.
- 4.3.4.3 Where a *metering installation* is used for purposes in addition to the provision of *metering data* to the *Central Registration Body* then:
 - a) That use shall not be inconsistent with, or cause any WESM member to breach any requirements of the *WESM Rules*, the *Grid Code* and *Distribution Code* or any applicable laws; and
 - b) The *Retail Metering Services Provider* shall coordinate the entities that use the *metering installation* for such other purposes to ensure compliance with this clause 4.3.4.3.

4.3.5 Security of Metering Equipment

The *Retail Metering Services Provider* shall comply with the *Philippine Distribution Code* with regard to the security of the metering equipment.

4.3.6 Security of Metering Data Held in a Metering Installation

The *Retail Metering Services Provider* shall comply with the *Philippine Distribution Code* with regard to the security of *metering data*.

4.3.7 Performance of Metering Installations

4.3.7.1 The *Retail Metering Services Provider* shall use all reasonable endeavours to ensure that *metering data* is capable of being transmitted to the metering database from its *metering installations*:

- a) Within the applicable accuracy parameters described in the *Philippine Distribution Code* and relevant *Market Manual*; and
- b) Within the time required for settlement and at a level of availability of at least ninety-nine percent per annum or as otherwise agreed between the *Central Registration Body* and the *Retail Metering Services Provider*.

4.3.7.2 If a *metering installation* malfunctions or defect occurs, the *Retail Metering Services Provider* shall ensure that repairs shall be made as soon as practicable and in any event within one (1) week for the meter and within three (3) months for the instrument transformer from occurrence of the defect or malfunction, unless otherwise extended by the *Central Registration Body* upon request of the *Retail Metering Services Provider*.

4.3.7.3 A *Contestable Customer* who becomes aware of a *metering installation* malfunction or other defect shall advise the *Retail Metering Services Provider* and the *Central Registration Body* immediately after it was detected.

4.3.8 Meter Time

4.3.8.1 The *Retail Metering Services Provider* shall ensure that all *metering installation* and data logger clocks are referenced to Philippines Standard Time.

4.3.8.2 The metering database time shall be set within an accuracy of plus or minus one second of Philippines Standard Time.

4.4 METERING DATA

4.4.1 Changes to Metering Data

The *Retail Metering Services Provider* shall not make, cause or allow any alteration to the original stored data in a *metering installation*; and shall

use reasonable endeavours to ensure that no other person or entity does the same.

4.4.2 Data Transfer and Collection

- 4.4.2.1 The *Retail Metering Services Provider* shall retrieve the *metering data* from the meter and transmit the data to the *Central Registration Body* within the period set out in the *billing and settlement timetable*.
- 4.4.2.2 The *Retail Metering Services Provider* shall not make, cause or allow any alteration to the original stored *metering data* as retrieved in the *metering installation*.
- 4.4.2.3 The *Retail Metering Services Provider* must be capable of sending *metering data* in the required format to the *Central Registration Body*.
- 4.4.2.4 The *Retail Metering Services Provider* shall, at its own cost, ensure that *metering data* derived from a *metering installation* for which it is responsible shows the time and date at which it is recorded and is capable of being transmitted from the *metering installation* to the metering database in accordance with the *Central Registration Body's* reasonable requirements.

4.5 DATABASES

4.5.1 Installation Databases

- 4.5.1.1 The *Retail Metering Services Provider* shall create, maintain and administer an installation database in relation to all its *metering installations*.
- 4.5.1.2 The *Retail Metering Services Provider* shall ensure that each affected *Supplier, Distribution Utility, and Contestable Customer* as well as the *Central Registration Body* is given access to the information in its installation database at all reasonable times and:
 - a) In the case of data sixteen months old or less, within seven *working days* of receiving written notice from the person or entity seeking access; and
 - b) In the case of data more than sixteen months old, within thirty *working days* of receiving written notice from the person or entity seeking access.
- 4.5.1.3 The *Retail Metering Services Provider* shall ensure that its installation database contains the information specified in relevant *market manuals*.

4.5.2 Metering Database

- 4.5.2.1 The *Central Registration Body* shall create, maintain and administer a metering database, which shall include a metering register containing information for each *metering installation* registered with the *Central Registration Body*.
- 4.5.2.2 The metering database shall include metering data, energy data, data substituted in accordance with section 4.6 of this Chapter 4 and all calculations made for settlement purposes.
- 4.5.2.3 Data shall be stored in the metering database:
 - a) For sixteen months in accessible format; and
 - b) For ten years in archive.

4.5.3 **Rights of Access to *Metering Data***

The only entities entitled to have either direct or remote access to *metering data* on a read only basis from the metering database or the metering register in relation to a metering point are:

- 4.5.3.1 Each *Supplier* whose settlement amounts are determined by reference to quantities of energy flowing through that metering point,
- 4.5.3.2 The *Retail Metering Services Provider* who is responsible for the *metering installation* at that metering point,
- 4.5.3.3 The *Central Registration Body* and its authorized agents;
- 4.5.3.4 The *Market Operator* and its authorized agents;
- 4.5.3.5 Any *Contestable Customer* with respect to the *metering data* in relation to the metering point registered to it;
- 4.5.3.6 Any *Distribution Utility* with respect to *Contestable Customers* whose facilities are located in its franchise area and for whom said *Distribution Utility* is not the Retail Metering Services Provider;
- 4.5.3.7 The *Market Surveillance Committee*;
- 4.5.3.8 The Enforcement and Compliance Office;
- 4.5.3.9 The *Market Assessment Group*;
- 4.5.3.10 The PEM Auditor;
- 4.5.3.11 The DOE; and
- 4.5.3.12 The ERC.

4.5.4 **Confidentiality**

Metering data identifiable to a *Trading Participant* or *Contestable Customer* shall be treated by the *Central Registration Body* and the *Market Operator* as confidential and shall be subject to the provisions of Chapter 5 of the *WESM Rules*.

4.5.5 **Payment for Access to *Metering Data***

Except for costs incurred in the transmission and access of data to the *Central Registration Body*, to the *Market Operator*, to *Suppliers*, to *Distribution Utilities* and to *Contestable Customers* for purposes of settlements, all reasonable costs that will be incurred by the *Retail Metering Services Provider* in providing access to *metering data* at a *metering installation* or by the *Central Registration Body* in providing access to information in the metering database shall be paid by the person or entity whom the *metering data* or information was provided.

4.6 DATA VALIDATION AND SUBSTITUTION

- 4.6.1 The *Retail Metering Services Provider* is responsible for supplying settlement-ready meter data to the *Central Registration Body* and, in case of *metering data* error, shall be responsible for the validation and substitution of the affected *metering data* in accordance with clause 4.6.2 of this Chapter 4.
- 4.6.2 In case of metering data error, the *Retail Metering Services Provider* shall:
 - 4.6.2.1 Perform validation, estimation and editing in order to derive corrected *metering data* in accordance with the procedures set out in relevant *Market manuals*;
 - 4.6.2.2 Present the corrected or substituted meter data to the *Central Registration Body* and the affected *Contestable Customer*, *Supplier* and *Distribution Utility*.
 - 4.6.2.3 In case of dispute with respect to the validation and substitution implemented by the *Retail Metering Services Provider* under clauses 4.6.2.1 and 4.6.2.2 of these *Retail Rules* shall issue a certification on the corrected or substituted meter data which shall be submitted to the *Central Registration Body*, the affected *Contestable Customer*, *Supplier* and *Distribution Utility*.
 - 4.6.2.4 Perform the obligations set out in this clause 4.6.2 notwithstanding any dispute raised by the affected *Contestable Customer*, *Supplier* or *Distribution Utility*.

4.7 PROCESSES AND REVIEW

The *Central Registration Body* shall undertake a periodic review of the provisions of this Chapter 4 in accordance with Section 4.10 of the *WESM Rules*.

4.8 AUDIT OF METERING ARRANGEMENTS

- 4.8.1 The PEM Auditor shall conduct review and audit of the metering arrangements and compliance of the *Retail Metering Services Providers* and the *Central Registration Body* annually or for such other period as determined by the PEM Board.

- 4.8.2 The metering arrangements and compliance review and audit shall be conducted in the manner set out in relevant *market manual*.

4.9 FORMULATION AND PUBLICATION OF MARKET MANUAL

The *Central Registration Body* shall formulate and publish a *market manual* that:

- 4.9.1 Describes the class and accuracy requirements of metering installations consistent with the *Philippine Distribution Code* and relevant regulatory issuances;
- 4.9.2 Defines the procedures that *Retail Metering Services Providers* must undertake to validate, estimate, correct or substitute erroneous meter data;
- 4.9.3 Defines the information that must be contained in the installation database of a *Retail Metering Services Provider* and
- 4.9.4 Other relevant procedures to implement the provisions of this Chapter 4.

CHAPTER 5: TRANSITORY PROVISIONS

5.1 SCOPE OF CHAPTER 5

This chapter sets out the rules which govern the transition to retail competition pertaining to the following and related matters:

- 5.1.1 Actions that need to be taken prior to *open access date* as well as during the *transition period* as defined in issuances by the DOE and the ERC;
- 5.1.2 Management of transactions of *Contestable Customers, Suppliers* and Distribution Utilities in the WESM during the *initial commercial operations* of retail competition;
- 5.1.3 Implement the transition arrangements provided for in relevant issuances of the DOE and the ERC.

5.2 COMMENCEMENT AND TRANSITION PERIOD

- 5.2.1 The declaration of *open access commencement date*, the implementation of a *transition period* and the commencement of *initial commercial operations* towards the full integration of retail competition in the WESM shall be in accordance with the declaration of the ERC.
- 5.2.2 After the *transition period*, *Contestable Customers* shall commence participation in the WESM, directly or indirectly, unless that *Contestable Customer* elects to continue to be served as *captive customer* of the *Distribution Utility* or to be disconnected from the system.
- 5.2.3 The operations of the *Central Registration Body* and the management of the transactions of *Contestable Customers* and *Suppliers* during the *transition period* at the *initial commercial operations* shall be governed by this Chapter 5 and the rules, regulations and issuances of the DOE and the ERC, provided that the DOE or ERC rules, regulations and issuances shall prevail over this Chapter 5 in case of conflicting provisions.

5.3 REGISTRATION AND MEMBERSHIP IN THE WESM

- 5.3.1 Upon declaration of open access commencement date and during the transition period, all *Suppliers, Distribution Utilities* and *Contestable Customers* shall register in the WESM and with the *Central Registration Body*; Provided, however, that registration with the *Central Registration Body* shall be deemed as including registration in the WESM; Provided furthermore that registration must be completed no later than thirty days before the end of the transition period.
- 5.3.2 Subject to compliance with membership criteria and requirements for registration in the WESM, all *Suppliers* that have valid certificates of

authority as *Retail Electricity Supplier* issued by the ERC shall register as *Direct WESM Members* in accordance with Chapter 2 of these *Retail Rules*.

5.3.3 Distribution Utilities-

5.3.3.1 Shall continue their registration as either *Direct WESM Member* or *Indirect WESM Member* to serve the requirements of their captive customer; and

5.3.3.2 Shall register as *Direct WESM Member* in their capacities as local *Supplier* and as *Supplier of Last Resort*.

5.3.4 Customers certified as *Contestable Customers* by the ERC shall register in the WESM as either *Direct WESM Members* or *Indirect WESM Members*.

5.3.5 *Contestable Customers* that wish to participate in the WESM directly shall register as *Direct WESM Member* and shall comply with the membership criteria and registration requirements set out in Chapter 2 of these *Retail Rules*, in Chapter 2 of the WESM Rules and in relevant *market manuals*.

5.3.6 *Contestable Customers* that wish to register as *Indirect WESM Members* shall register with the *Central Registration Body* through the *Suppliers* that will serve as their *Direct WESM Member counterparty*; Provided, that the elected *Suppliers* must have completed their registration as *Direct WESM Members* as provided for in clause 5.3.1 of these *Retail Rules* before they can transact in the WESM for their *Contestable Customer* counterparties.

5.3.7 A *Contestable Customer* that fails to register or whose *Supplier* counterparty fails to successfully register as *Direct WESM Member* prior to the start of *initial commercial operations* as provided in clause 5.3.1 of these *Retail Rules* –

5.3.7.1 If it elects to be served by the designated *Supplier of Last Resort*, shall be registered by the *Central Registration Body* as *Indirect WESM Member* and the designated *Supplier of Last Resort* will be its *Direct WESM Member counterparty* during the *initial commercial operations*;

5.3.7.2 If it elects to continue to be served by the *Distribution Utility*, shall, through the relevant *Distribution Utility*, notify the *Central Registration Body* that it has so elected to remain as *captive customer* of the *Distribution Utility*;

5.3.7.3 If it elects to be disconnected or does not elect to be served either by a *Supplier of Last Resort* or the *Distribution Utility*, shall be disconnected pursuant to clause 5.7.5 of these *Retail Rules*.

5.3.7.4 After the *initial commercial operations*, the *Contestable Customer* registered under clause 5.3.7.1 may either –

a) Remain as *Indirect WESM Member* but must elect a *Supplier* registered *Direct WESM Member* to be its counterparty and notify the *Central Registration Body*,

Provided that the transfer to the new *Direct WESM Member* counterparty shall be notified to the *Central Registration Body* no later than thirty days before the end of the *initial commercial operations* but the transfer shall take effect at the end of the *initial commercial operations*; or

- b) Change its registration to become a *Direct WESM Member*; Provided that its shall complete its registration as such no later than thirty days before the end of the *initial commercial operations* and that the change of membership shall take effect at the end of the *initial commercial operations*.

5.3.7.5 The *Contestable Customer* that elected to continue to be served by the *Distribution Utility* shall register either as *Direct WESM Member* or *Indirect WESM Member* in accordance with Chapter 2 of these *Retail Rules* no later than thirty days prior to the end of *initial commercial operations*, provided that the registration shall take effect at the end of the *initial commercial operations*.

5.3.7.6 The *Contestable Customer* that was disconnected pursuant to clause 5.3.7.3 and clause 5.7.5 of these *Retail Rules* shall register either as *Direct WESM Member* or *Indirect WESM Member* in accordance with Chapter 2 of these *Retail Rules* at any time during the *initial commercial operations*, provided that the registration and its reconnection shall take effect after the *initial commercial operations*.

5.3.8 *Directly Connected Customers -*

5.3.8.1 Shall be deemed registered with the *Central Registration Body* by virtue of their registration in the WESM.

5.3.8.2 If registered as *Indirect WESM Member*, may elect a registered *Supplier* to be its *Direct WESM Member counterparty* by giving notice to the *Central Registration Body* in accordance with the procedures for submission of counterparty confirmation implemented in the WESM.

5.4 CONTESTABLE CUSTOMER INFORMATION

5.4.1 Upon declaration of *open access date*, the *Central Registration Body* shall establish the *Contestable Customer* information database in accordance with Chapter 2 of these *Retail Rules* and shall publish in the *market information website* the list of the information that it requires from *Suppliers*, *Distribution Utilities* and *Contestable Customers* and the procedures for submission.

- 5.4.2 The *Suppliers, Distribution Utilities and Contestable Customers* shall provide the information required by the *Central Registration Body*.

5.5 METERING

- 5.5.1 *Distribution Utilities* shall be the default *Retail Metering Services Provider* for the *Contestable Customers* whose facilities are connected to their respective distribution system and as such, shall carry out initially the installation and maintenance of the *metering installations* that will serve said *Contestable Customers*.
- 5.5.2 *Directly-connected customers* shall continue to be served by their respective *Metering Services Provider*.
- 5.5.3 Upon declaration by the *ERC* of open access commencement date, all *Distribution Utilities* acting as *Metering Services Providers* shall transmit *metering data* to the *Central Registration Body* for all *Contestable Customers* connected to its distribution system in accordance with Chapter 4 of these *Retail Rules*.

5.6 RETAIL SUPPLY CONTRACTS

- 5.6.1 During the *transition period*, *Contestable Customers* shall endeavour to enter into *retail supply contracts* with *Suppliers* that have valid certificates of authority issued by the *ERC*.
- 5.6.2 No later than thirty days prior to the end of the *transition period*, *Suppliers* shall notify the *Central Registration Body* of *retail supply contracts* it has entered into with *Contestable Customers* and provide the information that will be required by the *Central Registration Body*.
- 5.6.3 *Retail supply contracts* with *Contestable Customers* that intend to be registered as *Indirect WESM Members* that are entered into prior to the end of the *transition period* but are notified to the *Central Registration Body* after the thirty-day period set in clause 5.6.2 shall become effective at the start of the subsequent billing period immediately following the commencement of *initial commercial operations*; Provided that, the registration of the said *Contestable Customer* as *Indirect WESM Member* is successfully completed.
- 5.6.4 No transfers of *Suppliers* and *customer switching* shall take place during the *initial commercial operations* and any transfer or *customer switching* shall take effect after the end of the *initial commercial operations*.
- 5.6.5 If a *Contestable Customer* wishes to transfer to another *Supplier* or perform *customer switching* that will become effective by the end of the *Initial commercial operations*, the pertinent *switch request* in accordance with Chapter 3 of these *Retail Rules* shall be submitted to the *Central Registration Body* no later than thirty days before the end of *initial commercial operations*.
- 5.6.6 *Suppliers* that have entered into bilateral power supply contracts with *Generation Companies* registered in the *WESM* to serve the requirements of their *Contestable Customers* and wish those *bilateral contracts* to be

accounted for in WESM settlements upon commencement of the *transition period* shall enrol those contracts with the *Central Registration Body* in accordance with Chapter 3 of these *Retail Rules* and with the customer enrolment procedures in the WESM.

5.7 INTERIM SUPPLIER ARRANGEMENTS DURING INITIAL COMMERCIAL OPERATIONS

- 5.7.1 During the *initial commercial operations*, the *Contestable Customers* that failed to be successfully registered in the WESM as either *Direct WESM Member* or *Indirect WESM Member* shall either -
- 5.7.1.1 Elect to be served by the *Supplier of Last Resort* pursuant to clause 5.3.7.1 of these *Retail Rules*; or
 - 5.7.1.2 Elect to continue to be served by the *Distribution Utility* pursuant to clause 5.3.7.2 of these *Retail Rules*; or
 - 5.7.1.3 Be disconnected pursuant to clause 5.3.7.3 of these *Retail Rules*.
- 5.7.2 *Contestable Customers* that elect to be served by the *Supplier of Last Resort* shall notify the designated *Supplier of Last Resort* and the *Central Registration Body* of its choice no later than thirty days prior to the end of the *transition period*.
- 5.7.3 The *Contestable Customer* that chooses to be served by the *Supplier of Last Resort* shall execute and deliver the requisite supply contract and the *Supplier of Last Resort* shall then inform the *Central Registration Body* of the execution of the contract no later than twelve days prior to the end of the *transition period*.
- 5.7.4 The *Contestable Customer* that elects to continue to be served by the *Distribution Utility* shall notify the latter not later than thirty days prior to the end of the *transition period*, and the *Distribution Utility* shall then notify the *Central Registration Body* of the *Contestable Customers* that it will continue to serve as its *captive customers* no later than twelve days prior to the end of the *transition period*.
- 5.7.5 If the *Contestable Customer* chooses to be disconnected, or if no notice is received from the *Supplier of Last Resort* as set out in clause 5.7.3 or from the *Distribution Utility* as set out in clause 5.7.5, the *Central Registration Body* shall initiate the disconnection of the *Contestable Customer* by serving notice of disconnection to the relevant *Distribution Utility* or *Network Service Provider*.
- 5.7.6 The disconnection initiated by the *Central Registration Body* shall be carried out by the relevant *Distribution Utility* or *Network Service Provider* within forty-eight hours from receipt of notice of disconnection served by the *Central Registration Body* but not later than midnight of the last day of the *transition period*.

- 5.7.7 *Contestable Customers* that are served by the *Supplier of Last Resort* or that remained as *captive customer* of the *Distribution Utility* during the *initial commercial operations* shall endeavor to enter into *retail supply contract* with other *Suppliers* and comply with the requirements set in clause 5.3.7.3 and clause 5.3.7.4 of these *Retail Rules*.
- 5.7.8 *Contestable Customers* that are unable to comply with the conditions set in clause 5.3.7.3 and clause 5.7.7 of these *Retail Rules* shall be disconnected at the instance of the *Central Registration Body* by serving notice of disconnection to the relevant *Distribution Utility* or *Network Service Provider* which shall be effect the disconnection no later than midnight of the last day of the *initial commercial operations*.

5.8 FAILURE OF SUPPLIER DURING INTERIM COMMERCIAL OPERATIONS

- 5.8.1 If a *last resort supply event* occurs during the *initial commercial operations*, then the *Central Registration Body* shall immediately notify the affected *Contestable Customers* and the designated *Supplier of Last Resort* upon learning of the occurrence of the last resort event.
- 5.8.2 Within twenty-four hours upon being notified of the *last resort supply event*, a *Contestable Customer* that is a *Direct WESM Member*–
- 5.8.2.1 Shall notify the *Central Registration Body* if it wishes that the supply previously serviced by the defaulting *Supplier* will be transferred to the *Supplier of Last Resort*; or
 - 5.8.2.2 If it chooses not to be transferred, it shall submit additional securities required by the *Market Operator* as necessary to fully satisfy the prudential requirements set out in the *WESM Rules*.
- 5.8.3 If a *last resort supply event* occurring during the *transition period* affects, a *Contestable Customer* that is an *Indirect WESM Member* –
- 5.8.3.1 Within twenty-four hours from being notified of the occurrence of the *last resort supply event*, the *Contestable Customer* shall notify the *Central Registration Body* and the *Supplier of Last Resort* if it chooses to be served by the latter
 - 5.8.3.2 Within twenty-four hours upon receiving notice from the *Contestable Customer*, the *Supplier of Last Resort* shall inform the *Contestable Customer* of the terms of its supply contract and the applicable rates.
 - 5.8.3.3 The parties shall then notify the *Central Registration Body* that the *Contestable Customer* has agreed to be served by the *Supplier of Last Resort* no later than forty-eight hours after being notified of the occurrence of the *last resort supply event*.

5.8.4 The *Central Registration Body* shall cause the disconnection of the *Contestable Customer* affected by a last resort event by service notice of disconnection to the relevant *Distribution Utility* or *Network Service Provider*, under the following conditions –

5.8.4.1 The *Contestable Customer* that is a *Direct WESM Member* that elects not to transfer to the *Supplier of Last Resort* but fails to satisfy the prudential requirements within the period set out in clause 5.8.2.

5.8.4.2 The *Contestable Customer* that is an *Indirect WESM Member* –

- a) Fails to give notice within the period set out in clause 5.8.3.1; or
- b) Provides notice that it elects not to be transferred to a *Supplier of Last Resort* within the period set out in clause 5.8.3.1; or
- c) fails to enter into contract with the *Supplier of Last Resort*; or
- d) Fails to serve notice within the period set out in clause 5.8.3.3.

5.8.5 The disconnection shall be carried out by the relevant *Distribution Utility* or *Network Service Provider* within forty-eight hours from receipt of notice of disconnection served by the *Central Registration Body*.

5.9 SETTLEMENT OF MARKET TRANSACTIONS

5.9.1 The transactions of *Contestable Customers*, *Suppliers* and *Distribution Utilities* in the WESM shall be settled in accordance with Chapter 3 of these *Retail Rules* and Chapter 3 of the *WESM Rules*.

5.9.2 The different transactions of the *Distribution Utilities* shall be separately settled and billed as follows –

5.9.2.1 Transactions to serve requirements of its *captive customers*;

5.9.2.2 Transactions of its *Contestable Customers* within its franchise area served in its capacity as the local *Supplier*;

5.9.2.3 Transactions as *Supplier of Last Resort*

5.10 PRUDENTIAL REQUIREMENTS

5.10.1 *Suppliers* and *Contestable Customers* that will register as *Direct WESM Members* shall comply with the prudential requirements as set out in Chapter 3 of the *WESM Rules*.

5.10.2 Prior to start of the transition period, the *Central Registration Body* shall assess the initial trading limits and corresponding level of prudential requirements required for each *Contestable Customer* and *Supplier* based on the load profiles of the *Contestable Customers* for the twelve-month period

prior to the date of assessment; Provided that the trading limits of a *Supplier* shall be the aggregate trading limits of the all the *Contestable Customers* for which it is transacting as *Direct WESM Member counterparty*.

- 5.10.3 If the *Suppliers* have entered into *bilateral contracts* with *Generation Companies* registered in the *WESM* and intends that these contracts will be accounted for in the *WESM* settlements, it shall notify the *Central Registration Body* of these contracts in order for the latter to take these into account in the assessment of initial trading limits and corresponding prudential requirements.
- 5.10.4 The parties required to satisfy the prudential requirements shall submit the requisite securities to the *Central Registration Body* no later than thirty days prior to start of the *initial commercial operations*.

CHAPTER 6: GLOSSARY

Billing and settlement timetable- Timetable implemented by the *Market Operator* for the calculation, billing, collection and payment of settlement amounts of *Trading Participants* in the WESM.

Captive customer - An electricity end user who does not have a choice of a *Supplier* of electricity, as may be determined by the *ERC* in accordance with the Act. Collectively, the end users make up the captive market.

Central Registration Body - The entity designated by the *DOE* to undertake the management of the required systems and processes and information technology system that is capable of handling *Customer switching* and information exchange as well as their transactions in the WESM.

Contestable Customers - An electricity end user that is certified by the *ERC* as having met the demand threshold for contestability as set out in the Act. Collectively, these end users make up the contestable market.

Customer switching - Commercial transfer of a *Contestable Customer* to another, other than a transfer to a *Supplier of Last Resort*

Direct Member counterparty, also ***Direct WESM Member counterparty-*** Direct Member that transacts in the WESM on behalf of an Indirect Member

Directly Connected Customer, also ***directly connected end user***-refer to industrial or bulk electricity end-users, which are directly supplied with electricity by a Generation Company or Power Sector Assets and Management Corporation (PSALM) or NPC pursuant to Republic Act No. 6395 as amended by Presidential Decree No. 395.

Grid off-take metering point - Metering point at a grid at which the settlement quantity of a *Contestable Customer* connected to a distribution system will be determined

Initial commercial operations - The period commencing from start of commercial operations of retail competition as declared by the *ERC* and ending before the start of the billing month in which regular *Customer switching* is permitted.

Last resort supply event - Any of the events stated in these *Retail Rules* that will give reason for a *Contestable Customer* to be served by the *Supplier of Last Resort*.

Market Assessment Group - The unit created by the PEM Board in the Philippine Electricity Market Corporation under clause 1.4.7.1 of the *WESM Rules*

Market manual, also Manual - A manual of specific procedures, systems or protocols for the implementation of the *WESM Rules* and these *Retail Rules*.

Market Network Model, also **WESM Market Network Model** - A mathematical representation of the power system used in the WESM for the purpose of determining dispatch schedules and energy prices, and preparing market projections.

Market Surveillance Committee - Refers to the PEM Committee appointed by the PEM Board to monitor and report on activities in the WESM and those participating or providing services in the WESM

Open access date, also **retail competition commencement date** - The date determined by the ERC that marks the commencement of retail competition in a grid.

Registered facility - Facility for which a *Contestable Customer* is issued a certification of contestability by the ERC and is registered with the *Central Registration Body*, and may consist of the whole of any single building or structure; a part of any single building and structure; two or more adjoining parts of any single building or structure; or the whole of two or more buildings or structures that are on the same lot of land, owned or occupied by the *Contestable Customer* under one business name registered with the *Network Service Provider* and used by the *Contestable Customer* for the same business enterprise.

Retail competition commencement date, also **Open access date** - The date determined by the ERC that marks the commencement of retail competition in a grid.

Retail Metering Services Provider - A person or entity authorized to provide metering services to contestable customers and registered with the *Central Registration Body* in that capacity in accordance with Chapter 2 of these *Retail Rules*.

Retail Rules - The rules promulgated by the DOE governing the integration of retail competition in the operations and governance processes of the WESM and the management of the transactions of *Suppliers* and *Contestable Customers* in the WESM, and the operations of the *Central Registration Body*.

Retail supply contracts - Contract between a *Supplier* and a *Contestable Customer* for the supply of electricity

Site specific loss adjustments - The process of determining the amount of electrical losses between the Metering Point and the *market trading node*.

Supplier - refers to any person or entity authorized by the ERC to sell, broker, market or aggregate electricity to the end-users and registered as a Customer pursuant to clause 2.3.2 of the WESM Rules and clause 2.4.1.2 of these *Retail Rules*.

Supplier of Last Resort - An entity designated to serve *Contestable Customers* following a *Last resort supply event* in accordance with these *Retail Rules*.

Switch request - A notice sent by a *Supplier* to the *Central Registration Body* that it will be serving a *Contestable Customer*.

Transition period - The period commencing from retail commencement date until the start of commercial operations of retail competition in the *WESM*, as declared by the *ERC*.

WESM Market Network Model, also ***Market Network Model*** - A mathematical representation of the power system used in the *WESM* for the purpose of determining dispatch schedules and energy prices, and preparing market projections.

Working day - Any day other than a Saturday, Sunday or a regular or special holiday declared in the city or municipality where the *Central Registration Body* holds its principal offices.

APPENDIX A: SETTLEMENT QUANTITIES AND AMOUNTS

A.1. ABOUT THIS APPENDIX A

This Appendix A provides details on the relevant computation set forth in Chapter 3 of this *Retail Rules*.

A.2. CALCULATION OF SETTLEMENT QUANTITIES AND AMOUNTS

Pursuant to Section 3.3.1 of this Retail Rules, the settlement quantities, settlement prices, trading amounts and settlement amounts of Contestable Customers and *Suppliers* in each *settlement interval* of the billing period shall be determined in accordance with Chapter 3 of the WESM Rules and Chapter 3 of this Retail Rules.

A.3. DETERMINATION OF THE METERED QUANTITIES FOR DISTRIBUTION UTILITIES

The *gross energy settlement quantities for Distribution Utilities* is calculated based on the difference of the *gross energy settlement quantities* at the *grid off-take metering point*

$$GESQ_{du,i}^m = GESQ_i^m - \sum_{cc} GESQ_{cc,i}^m$$

Where:

$GESQ_{du,i}^m$ is the *metered gross energy settlement quantity* of Distribution Utility “du” for dispatch interval “i” and grid off-take metering point “m”;

$GESQ_{cc,i}^m$ is the *gross energy settlement quantity* of Contestable Customer “cc” for dispatch interval “i” and grid off-take metering point “m”;

$\sum_{cc} GESQ_{cc,i}^m$ is the *summation of the metered gross energy settlement quantity of each Contestable Customer “cc” in dispatch interval “i” and market trading node “m” associated with the grid off-take metering point “m”*;