WHEREAS, Section 6 of Republic Act No. 9136 (R.A. 9136) or the Electric Power Industry Reform Act of 2001 (EPIRA) states that Generation Companies shall, before they operate, secure from the Energy Regulatory Commission (ERC) Certificates of Compliance (COCs) pursuant to the standards set forth thereunder;

WHEREAS, under Section 1, Rule 5 of the Implementing Rules and Regulations (IRR) of the EPIRA, no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity;

WHEREAS, on June 26, 2002, the ERC promulgated the Guidelines for the Issuance of Certificate of Compliance (COC) for Generation/Facilities ("COC Guidelines"), which took effect on July 20, 2002;

WHEREAS, on March 10, 2010, the ERC promulgated the Revised Rules for the Issuance of COCs for Generation Companies/Facilities;

WHEREAS, subsequent amendments have been made to the Revised COC Rules in view of the need to facilitate evaluation of the said COCs;

WHEREAS, for purposes of consistency, the ERC has found the need to address several issues and concerns owing, among others, to the passage of industry-related policies, laws, rules and regulations;

WHEREAS, after notice to stakeholders and the conduct of several public consultations, the ERC approved the proposed amendments to the Revised Rules for the Issuance of Certificates of Compliance (COCs) for Generation Companies/Entities with Self-generation Facilities;

WHEREAS, the ERC hereby adopts the attached 2014 Revised Rules for the Issuance of Certificates of Compliance for Generation Companies, Qualified End-users and Entities with Self-generation Facilities which is made an integral part hereof as "Annex 1";

NOW, THEREFORE, the ERC RESOLVES, as it is hereby RESOLVED, to APPROVE and ADOPT the 2014 Revised Rules for the Issuance of Certificates of Compliance (COCs) for Generation Companies, Qualified End-users and Entities with Self-generation Facilities.

This Resolution shall take effect on fifteenth (15th) day following its publication in a newspaper of general circulation in the Philippines.
Let copies of this Resolution be furnished the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR) and all parties concerned.

SO ORDERED.

Pasig City, September 15, 2014.

ZENaida G. CRUZ-DUCUT
Chairman

ALFREDO J. NON
Commissioner

GLORIA VICTORIA C. YAP-TARUC
Commissioner

JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Commissioner
Pursuant to Section 6 of Republic Act No. 9136 (R.A. 9136), its Implementing Rules and Regulations, the Philippine Grid Code, the Philippine Distribution Code and the Wholesale Electricity Spot Market (WESM) Rules, the Energy Regulatory Commission (ERC) hereby adopts and promulgates these 2014 Revised Rules for the Issuance of Certificates of Compliance (COCs) for Generation Companies, Qualified End-Users and Entities with Self-Generation Facilities ("2014 Revised Rules").

ARTICLE I
GENERAL PROVISIONS

Section 1. Objectives. – These Revised Rules have the following objectives: (a) to facilitate the approval of applications for the issuance of Certificates of Compliance (COCs); (b) to clarify the requirements and procedures for such applications, including renewals and amendments thereof; (c) to reiterate and/or prescribe the qualifications, disqualifications and the legal obligations applicable to grantees of COCs; and (d) to monitor compliance with R.A. 9136, its Implementing Rules and Regulations, the Philippine Grid Code (PGC), the Philippine Distribution Code (PDC), and the WESM Rules.

Section 2. Guiding Principles.

General

i. No Person may engage in the Generation of Electricity as a Generation Company, Qualified End-user, or Entity with Self-Generation Facilities unless it has secured a COC from the ERC to operate Generation Facilities used in the Generation of Electricity.

ii. The application for a COC shall be in the name of the person or entity owning the Generation Facilities used in the Generation of Electricity.

For purposes of this Section, the person or entity owning the Generation Facility is understood to be the person or entity having legal title to the same. In such case, the person or entity shall apply for, and the COC shall be issued in its name, Provided: That, in case the Generation Facility is operated by a person or entity other than

1 All amendments are written in BOLD ITALICS.
the owner, to the extent that the former controls the output of the facility, enters into supply agreements with energy off-takers, or enters into such other similar arrangements, the ERC reserves the authority to determine in whose name the application for the issuance of a COC should be made. However, for Generation Facilities covered by the National Power Corporation Independent Power Producer Contracts (NPC-IPP Contracts), the ERC shall consider the COCs issued to the IPPs of the said Generation Facilities as deemed issued also in favor of the respective IPP Administrators (IPPAs), if any, for purposes of enforcement of, and compliance with, these Revised Rules. Thus, the IPPAs shall comply with the provisions of the PGC, PDC, WESM Rules and applicable rules and regulations of the ERC for the duration of the COC.

iii. A COC shall be secured from the ERC before the actual Commercial Operations of the Generation Facility/ies. For new Generation Facilities, the Generation Company may conduct Test and Commissioning for a maximum period of two (2) months even without a COC and the sale of the generated output during Commissioning shall not be considered as transactions made during Commercial Operations. Beyond this period, however, the sale of generated output shall already be deemed as transactions made during Commercial Operations for which a COC shall be required. Notwithstanding this provision, the recovery of the cost of power purchased by a Distribution Utility during Test and Commissioning shall be governed by the Guidelines for the Recovery of Costs for the Generation Component of the Distribution Utilities’ Rates. The Generation Company shall notify the ERC of the actual Test and Commissioning of the Generation Facilities at least thirty (30) days before the actual date thereof.

iv. The COC shall stipulate all the obligations of a Generation Company or any assignee thereof, consistent with the standards and operating guidelines established herein; and which the ERC may require from time to time. The terms and conditions of the COC and the technical description of the Generation Facilities, including, but not limited to, the maximum stable load (Pmax in MW), minimum stable load (Pmin in MW), ramp up rate (MW/Min), ramp down rate (MW/Min) and heat rate (Btu/kWh; kJ/kWh; kCal/kWh) shall be submitted to and contained in a document which is made an integral part of the issued COC.

v. A COC issued in favor of the owner and/or operator of the Generation Facilities shall include all the generation units situated in one contiguous area, which are in operation at the time of issuance. For Modular Generating Facilities, located in a contiguous area, one COC shall be issued for each generating unit. Further, only a single COC shall be issued in favor of a Generation Company owning a Power Barge even if it consists of several generating units. As to what constitutes a contiguous area shall be determined by the ERC based on the physical contact (distance) or a touching of two
solid masses of matter along all or most of one side, near, next or adjacent from each other.

However, for Generation Facilities consisting of several generating units which are installed and commissioned on different dates within a span of twenty four (24) months, individual COCs shall meantime be issued for each generating unit. A consolidated COC shall then be issued after inspection of the last generating unit of the said Generation Facility.

vi. For Renewable Energy (RE) Generation Facilities availing of the Feed-in Tariff (FIT) System, there shall be such number of COCs as there are number of units to be separately installed and commissioned.

vii. An addition or replacement of unit/s, expansion, conversion or any change in capacity as a result of the repowering of any of the Generation Facilities and any Stand-by/Back-up facilities being operated thereby shall require an amendment of the COC issued for such facilities. Accordingly, the Generation Company or licensee shall apply for amendment of its COC. The amended COC issued pursuant to said expansion, conversion or repowering shall have a term equivalent to the remaining life of the COC of the Generation Company.

Renewable Energy (RE)

viii. A Generation Company operating an RE Plant eligible to avail of the FIT System shall indicate in its COC application its intention to operate under the FIT System. The said Generation Company shall be allowed to operate and be entitled to payment of FIT only upon the issuance of a COC explicitly indicating FIT Eligibility of the said RE Plant. No COC which grants FIT Eligibility (FIT- Eligible COC) shall be issued in favor of a Generation Company operating an RE plant unless it has been issued the appropriate Certificate of Endorsement (COE) for FIT Eligibility by the Department of Energy (DOE). The FIT- Eligible COC shall indicate the period of entitlement to the FIT which commences on the Commercial Operations date indicated in the COE issued by the DOE, unless another date is indicated therein, subject to Section 2(xi), Article I hereof.

ix. A Generation Company operating an RE Plant which has started commercial operations after the effectivity of Republic Act No. 9513 (R.A. 9513) but before the effectivity of the FIT System and is not bound under any contract to supply the energy it generates to any DU or consumer, may be entitled to the payment of the FIT through the filing of an application for the amendment of the COC previously issued to it. The Generation Company shall be entitled to the FIT upon issuance of the amended COC and for a period of twenty (20) years less the number of years that the RE Plant has been in operation.
x. A Generation Company operating an RE Plant which started commercial operations prior to the effectivity of R.A. 9513 may be granted a lower FIT specific to it upon application and hearing, and after a showing of its compliance with the requirements of Section 1.4 of the FIT Rules. Such Generation Company shall be entitled to the lower FIT for a specified period, upon amendment of the COC previously issued to it, in accordance with the decision of the Commission.

Under the above circumstances, no COE for FIT Eligibility shall be required from the DOE prior to the issuance by the ERC of a FIT-Eligible COC.

xi. A Generation Company operating an RE plant which applies for the amendment of its COC to avail of the FIT System and which previously suffered from a legal impediment to avail of the FIT shall be entitled to the FIT on the date indicated under its FIT-Eligible COC.

xii. For purposes of these Rules, any reference to a COC shall be deemed to include a FIT-Eligible COC, unless otherwise provided.

xiii. A Qualified End-User that installs an on-site RE generating facility, such as a photovoltaic system, and enters into a Net-Metering agreement with its Distribution Utility shall secure a COC for such RE generating facility, in accordance with the pertinent provisions of these 2014 Revised Rules.

Section 3. Scope. – These 2014 Revised Rules shall apply, unless otherwise exempted by any law or statute, to all Generation Facilities used or to be used for the Generation of Electricity, including but not limited to the following:

(a) Existing Generation Facilities:

(i) Spin-off Facilities of NPC or their Transferees, including Generation Facilities or Generation Companies owned by NPC transferred to PSALM and subsequently privatized pursuant to the Act;
(ii) Agus and Pulangui Complexes;
(iii) Facilities owned and operated by NPC-SPUG;
(iv) Facilities owned by entities which are leased to NPC-SPUG or other entities;
(v) Accredited Facilities under BOT arrangement and other variants with NPC, NPC-SPUG, NIA and other government agencies;
(vi) Accredited Facilities under BOT arrangement and other variant with Distribution Utilities;
(vii) Facilities Owned or Operated by a Distribution Utility;
(viii) Generation Companies/Facilities under Contract with a Distribution Utility;
(ix) Self-Generation Facilities;
(x) Facilities operating in Economic Zones;
(xi) Facilities operating in isolated areas;
(xii) Facilities operating in unviable areas as certified by DOE; and
(xiii) **Facilities of Qualified End-users.**

(b) **New Generating Facilities:**

(i) Any newly-constructed Facility connected to the Grid with appropriate health, safety and environmental clearances;
(ii) Any Facility currently under BOT arrangement and other variants with NPC, NPC-SPUG and other government agencies and government-owned and controlled corporations;
(iii) Any Facility that shall operate in an isolated area; and
(iv) Any Facility that shall operate in an unviable area as certified by DOE.

(c) **Generating Facilities Under Construction:**

(i) DOE-Accredited Facility under BOT arrangement and other variants with NPC, NPC-SPUG, NIA and other government agencies;
(ii) DOE-Accredited Facility under BOT arrangement and other variants with Distribution Utilities;
(iii) Non-DOE-Accredited Facility under contract with Distribution Utilities;
(iv) Self-Generation Facility;
(v) Facility located in Economic Zones and Facility operating in isolated areas; and
(vi) Facility located in unviable areas as certified by DOE.

Section 4. **Definition of Terms.**

As used in these Rules, the following terms shall have the following respective meanings:

(a) “Affiliate” refers to any person which, alone or together with any other person, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person. Affiliates shall include a subsidiary company and parent company and subsidiaries, directly or indirectly, of a common parent.

(b) “AC” refers to a form of electricity in which the current alternates in direction (and the voltage alternates in polarity) at a frequency defined by the generator (usually between 50 and 60 times per second, i.e., 50-60 hertz).

(c) “AC Systems” refers to alternating current system where the flow of electric charge periodically reverses direction.

(d) “Black start” refers to the process of recovery from total system blackout using a generating unit with the capability to start and synchronize with the Power System without an external power supply.
(e) "Certificate of Compliance" or "COC" refers to a license issued by the ERC in favor of a person or entity to operate a power plant or other facilities used in the generation of electricity pursuant to Section 6 of R.A. 9136 and Section 4 of the Implementing Rules and Regulations of R.A. 9136.

(f) "Commercial Operations" refer to the generation of electricity for sale or disposition upon achievement by the generation facility of certain operational and capability criteria in accordance with standard engineering practice for Generation Facilities.

(g) "Contestable Market" refers to the end-users who have a choice of a supplier of electricity, as may be determined by the ERC in accordance with the provisions of R.A. 9136 and its Implementing Rules and Regulations.

(h) "Control" refers to the power to direct or cause the direction of the management policies of a person by contract, by agency, or otherwise.

(i) "Conversion" refers to the transformation of an existing technology to a different technology in the generation of electricity.

(j) "Department of Energy" or "DOE" refers to the government agency created pursuant to Republic Act No. 7638 and whose expanded functions are provided in R.A. 9513.

(k) "Distribution System" refers to the system of wires and associated facilities belonging to a franchised Distribution Utility, extending between the delivery points on the transmission, sub-transmission system, or Generating Plant connection and the point of connection to the premises of the End-User.

(l) "Distribution Utility" or "DU" refers to any electric cooperative, private corporation, government-owned utility or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with its franchise and R.A. 9136.

(m) "Economic Zones" or "EZs" refer to selected areas which are highly developed or have the potential to be developed into agro-industrial, industrial, tourist, recreational, commercial, banking, investment and financial centers, including but not limited to the following: Industrial Estates (IEs), Export Processing Zones (EPZs), Free Trade Zones, Information Technology Parks and Tourist/Recreational Centers, the "Bases Conversion Development Authority" or "BCDA", "Cagayan Economic Zone Authority" or "CEZA", "Clark Development Corporation" or "CDC", "Philippine Economic Zone Authority" or "PEZA", "Phividec Industrial Authority" or "PIA", and "Zamboanga City Economic Zone Authority" or "ZCEZA".

(n) "Embedded Generating Facilities" refer to generating units that are indirectly connected to the grid through the Distribution Utilities' lines or industrial generating facilities that are synchronized with the grid.
"End User" refers to any person or entity requiring the supply and delivery of electricity for its own use, as defined under Section 4(t) of R.A. 9136.

"Energy Regulatory Commission" or ERC refers to the regulatory agency created under R.A. 9136.

"Expansion" of a Generation Facility refers to the construction of a new Generation Facility adjacent to the existing facility to increase its capacity.

"Feed-in Tariff" or "FIT" refers to a renewable energy policy that offers guaranteed payments on a fixed rate per kilowatt-hour for emerging renewable energy sources, excluding any generation for own use, or to the rate itself as established pursuant to R.A. 9513.

"FIT Rules" refers to the Feed-in Tariff Rules promulgated by the ERC.

"Generation Company" refers to any person or entity authorized by ERC to operate facilities used in the Generation of Electricity.

"Generation Facility" refers to a facility for the production of electricity.

"Generation of Electricity" refers to the production of electricity by a Generation Company or co-generation facility pursuant to the provisions of R.A. 9136.

"Grid" refers to the high voltage backbone system of interconnected transmission lines, substations and related facilities.

"Grid Code" refers to the set of rules, requirements, procedures and standards to ensure the safe, reliable, secured and efficient operation, maintenance, and development of the high voltage backbone Transmission System and its related facilities.

"Heat Rate" refers to the amount of heat input in British Thermal Unit (BTU), Kilo Calories (KCal) or Kilo Joules (KJ) to generate one (1) Kilowatt-Hour (KWH) of electricity.

"Holding Company" refers to a juridical person holding more than 25% of the voting stocks of a generation company or distribution utility.

"Industry Participant" refers to any person or entity engaged in the generation, transmission, distribution or supply of electricity.

"Installed Generating Capacity in a Grid" refers to the sum of the maximum capacity of the generation facilities which are connected to a transmission system or distribution system that forms part of a particular Grid.
“Installed Nameplate Capacity” refers to the full-load continuous gross capacity of a unit under specified conditions, as calculated from the electric generator nameplate based on the rated power factor. Nameplate capacity can be calculated by multiplying the Megavoltampere (MVA) rating by its power factor.

“IPP Administrators” refer to qualified independent entities appointed by PSALM who shall administer, conserve and manage the contracted energy output of NPC-IPP contracts, including selling the contracted energy output of these contracts and offering ancillary services, where applicable.

“Isolated Area” refers to an area not connected to the high voltage transmission system or Grid.

“Market Operator” refers to the “Autonomous Group Market Operator” or “AGMO” constituted by the DOE under Section 30 of R.A. 9136, with equitable representation from the electric power industry participants, initially under the administrative supervision of the TRANSCO, which shall undertake the preparatory work and initial operation of the WESM until the creation of an Independent Market Operator which shall assume the functions, assets and liabilities of the AGMO.

“Maximum Capacity” refers to the capacity that a unit can sustain over a specified period of time. The maximum capacity can be expressed as gross maximum capacity (GMC) or net maximum capacity (NMC). To establish this capacity, formal demonstration/test is required. The test should be repeated periodically. This demonstrated capacity level shall be corrected to generating conditions for which there should be minimum ambient restriction. When a demonstration test has not been conducted, the estimated maximum capacity of the unit shall be used.

“Maximum Ramp Up Rate” as defined in the Philippine Grid Code.

“Maximum Stable Load” or “Pmax” refers to the maximum demand in MW that a generating unit, or generating block or module in the case of a combined cycle power plant, can reliably sustain for an indefinite period of time, based on the generator capability tests.

“Minimum Stable Load” or “Pmin” refers to the minimum demand in MW that a generating unit, or generating block or module in the case of a combined cycle power plant, can reliably sustain for an indefinite period of time, based on the generator capability tests.

“Modular Unit” refers to portable generating facilities intended to be moved from one site to another site for use.

“National Grid Corporation of the Philippines” or “NGCP” refers to the corporate vehicle of the consortium which was awarded the concession to
assume the power transmission functions of the National Transmission Corporation ("TRANSCO").

(mm) "National Power Corporation" or "NPC" refers to the government corporation created under Republic Act No. 6395, as amended.

(nn) "National Transmission Corporation" or "TRANSCO" refers to the corporation organized pursuant to R.A. 9136 to acquire all the transmission assets of the NPC.

(oo) "Net-Metering" refers to a system, appropriate for distributed generation, in which a distribution grid user has a two-way connection to the grid and is only charged or credited, as the case may be, the difference between its import energy and export energy.

(pp) "Net-Metering Agreement" refers to the agreement between a Qualified End-user (QE) and the Distribution Utility governing the commercial and interconnection arrangements between the Distribution Utility and the QE.

(qq) "Philippine Electrical Code, Part II" refers to the basic safety rules for safeguarding persons from the hazards arising from the installation, operation and maintenance of electric supply and communication facilities.

(rr) "Philippine Electricity Market Corporation" or "PEMC" refers to the entity responsible for governing and administering the operations of the WESM, also referred to in these Rules as the Market Operator, provided, however, that should an Independent Market Operator (IMO) be constituted, all references to PEMC shall thereafter refer to such Independent Market Operator without need of amendment of these Rules.

(ss) "Philippine Stock Exchange" or "PSE" refers to the entity created under the Revised Securities Act to manage the trading of shares of stocks of listed corporations.

(tt) "Power Development Program" or "PDP" refers to the indicative plan for managing electricity demand through energy-efficient programs and for the upgrading, expansion, rehabilitation, repair and maintenance of power generation and transmission facilities, formulated and updated yearly by the DOE in coordination with the Generation, Transmission and Distribution Utility Companies.

(uu) "Power Sector Assets and Liabilities Management Corporation" or "PSALM Corp." or "PSALM" refers to the corporation created pursuant to Section 49 of R.A. 9136.

(vv) "Public Offering" refers to the random or indiscriminate offering of securities in general to anyone who will buy, whether solicited or unsolicited, made in accordance with the modes of public offering, which is a requirement under Section 43(t) of R.A. 9136.
“Qualified End-User” or “QE” refers to an entity that generates electric power from an eligible on-site RE generating facility, such as a photovoltaic system, with the intent of entering into a Net-Metering Agreement with its Distribution Utility.

“Ramp Down Rate” refers to the normal rate that a generating unit reduces its power output, expressed in MW per minute.

“Ramp Rate” refers to both the Ramp Down Rate and the Ramp Up Rate.

“Ramp Up Rate” refers to the normal rate that a generating unit increases its power output, expressed in MW per minute.

“Related Group” refers to a person and any business entity controlled by that person, along with the Affiliates of such business entity, and the directors and officers of the business entity or its Affiliates, and relatives by consanguinity or affinity, legitimate or common law, within the fourth civil degree, of the person or any of the foregoing directors or officers.

“Renewable Energy” or “RE” refers to renewable energy resources as defined under Section 4 (uu) of Republic Act No. 9513.

“Repowering” refers to the replacement of a significant portion of the plant to improve its performance and efficiency; a cost-effective way to extend unit life while adding capacity, improving heat rate, reducing emissions, and lowering heat rejection and water usage per kW generated.

“Self-Generation Facility” or “SGF” refers to a power Generation Facility owned and constructed by an end-user for such end-user’s own consumption or internal use excluding Generation Facilities for use by households, clinics, hospitals and other medical facilities.

“Small Power Utilities Group” or “SPUG” refers to the functional unit of NPC created to pursue Missionary Electrification function.

“Stand-by/Back-up” refers to a generating facility used for the main purpose of providing in-house electricity source for the power plant’s lighting and auxiliary equipment during total system shutdown.

“Supervisory Control and Data Acquisition” or “SCADA” refers to a system of remote control and telemetry used to monitor and control a power system.

“Supplier” refers to any person or entity authorized by the ERC to sell, broker, market or aggregate electricity to the end-users.

“Supply” refers to the sale of electricity to an end-user by an Industry Participant duly licensed by the ERC.
“Synchronized” refers to the state when connected generating units and/or interconnected AC Systems operate at the same frequency and where the phase angle displacements between their voltages vary about a stable operating unit.

“System” refers to the Grid or Distribution System or any User System. Also refers to a group of Components connected or associated in a fixed configuration to perform a specified function.

“System Operator” refers to the party responsible for generation dispatch, or the implementation of the generation dispatch schedule of the Market Operator, the provision of ancillary services, and operation to ensure safety, power quality, stability, reliability and security of the Grid.

“Test and Commissioning” refers to putting into service a power system or equipment that has passed all required tests to show that the power system or equipment was erected and connected in the proper manner and can be expected to work satisfactorily.

“Wholesale Electricity Spot Market” or “WESM” refers to the wholesale electricity spot market created in accordance with R.A. 9136.

“WESM Rules” refers to the rules that govern the administration and operation of the Wholesale Electricity Spot Market.

ARTICLE II
QUALIFICATIONS OF GENERATION COMPANIES

Section 1. Ownership Limitations.

(a) Transmission Cross-Ownership Prohibition

A Generation Company or its subsidiary or Affiliate or other entity engaged in generating and supplying electricity specified by ERC or its stockholders, directors or officers thereof, or any of their relatives within the fourth civil degree of consanguinity and their respective spouses, shall not be allowed to hold any shares of stock in the TRANSCO or NGCP. Likewise, the TRANSCO or NGCP or any of its stockholders, directors or officers thereof, or any of their relatives within the fourth civil degree of consanguinity and their respective spouses, shall not be allowed to hold any shares of stock in any Generation Company or Distribution Utility or its respective subsidiary or affiliate, or other entity engaged in generating and supplying electricity specified by ERC. Provided, That the cross-ownership prohibition under this provision shall not apply to a relative by blood or marriage, if such relative of any stockholder, director or officer of the TRANSCO or NGCP has no employment, consultancy, fiduciary, contractual, commercial or other economic relationship or interest in the TRANSCO or NGCP, or conversely, if such relative of any stockholder, director or officer of a Generation Company, Distribution Utility or its respective subsidiary or affiliate, or other entity engaged in generating and
supplying electricity specified by ERC has no employment, consultancy, fiduciary, contractual, commercial or other economic relationship or interest in the Generation Company, Distribution Utility or its respective subsidiary or affiliate, or other entity engaged in generating and supplying electricity specified by ERC: Provided, further, That this prohibition on cross-ownership shall not apply to: (a) ownership of shares of stock in a company listed in the Philippine Stock Exchange (PSE) even if such listed company is a Generation Company, Distribution Utility or its respective subsidiary or affiliate, or other entity engaged in generating and supplying electricity specified by ERC, if such share ownership is not more than one per centum (1%) of the total outstanding shares of such listed Generation Company, Distribution Utility or its respective subsidiary or affiliate, or other entity engaged in generating and supplying electricity specified by ERC; or (b) ownership of shares of stock which is not more than one per centum (1%) in a company listed in the PSE which owns or controls shares of stock in the TRANSCO or NGCP: Provided, moreover, That such owner of shares of stock in the listed corporate stockholder of the TRANSCO or NGCP shall not own more than one per centum (1%) of the shares of stock or equity interest in any Generation Company, Distribution Utility or its respective subsidiary or affiliate, or other entity engaged in generating and supplying electricity specified by ERC. This provision shall not be applicable to PSALM during the period that its generation assets are being privatized pursuant to Section 47 of R.A. 9136.

(b) Generation Market Restrictions

1. General Principle

No Generation Company, Related Group or IPP Administrator or any other person may engage in any anti-competitive behavior including, but not limited to, cross-subsidization, price or market manipulation, false or deceptive marketing, or other unfair trade practices detrimental to the encouragement and protection of the WESM or the Contestable Market.

2. Limits on Concentration in Ownership of Generating Capacity

No company, Related Group or IPP Administrator, singly or in combination, can own, operate or control more than thirty percent (30%) of the installed generating capacity of a Grid and/or twenty-five percent (25%) of the national installed generating capacity: Provided, That such restrictions shall not apply to PSALM or NPC during the time that its assets are being privatized pursuant to Section 47 of R.A. 9136. This limitation shall not apply to a Generation Company/Entities with SGF located in the NPC-SPUG areas or in isolated grids that are not connected to the high voltage transmission system. The ERC shall determine the installed generating capacity in a Grid and the national installed generating capacity on or before the 15th day of March of each year and/or as often as may be necessary.

For purposes of calculating a particular Generation Company’s compliance with the market share limitations as provided above, the capacity of such Generation Facility shall be credited in accordance with ERC Resolution No. 26, Series of 2005 (Guidelines for the Determination of Installed Generating
Capacity in a Grid and the National Installed Generating Capacity and Enforcement of the Limits on Concentration of Ownership, Operation or Control of Installed Generating Capacity under Section 45 of Republic Act No. 9136), or as may be amended.

3. Limits on Bilateral Contracts

A Generation Company shall not sell to an affiliate Distribution Utility through bilateral power supply contracts more than fifty percent (50%) of said Distribution Utility’s total demand. This limitation shall apply regardless of whether demand is expressed in terms of capacity or energy. This limitation shall not prejudice contracts entered into prior to the effectivity of R.A. 9136.

4. Penalties for Anti-Competitive or Discriminatory Act or Behavior

The ERC shall, motu proprio monitor and penalize any market power abuse or anti-competitive or unduly discriminatory act or behavior, or any unfair trade practice that distorts competition or harms consumers, by any industry participant, in accordance with the procedure laid down in the ERC issued “Competition Rules and Complaint Procedures”. Upon a finding of a prima facie case that an industry participant has engaged in such act or behavior, the ERC shall, after due notice and public hearing, stop and redress the same. Such remedies shall, without limitation, include the separation of the business activities of an industry participant into different juridical entities, imposition of bid or price controls, issuance of injunctions in accordance with the Rules of Court, divestment or disgorgement of excess profits, and imposition of fines and penalties under Article III, Section 7 of the “Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Pursuant to Section 46 of R.A. 9136, as Amended”.

(c) Public Listing Requirements

Generation Companies which are not publicly listed shall offer and sell to the public a portion not less than fifteen percent (15%) of their common shares of stocks, provided, however, that such Generation Companies, or their respective holding companies that are already listed in the Philippine Stock Exchange are deemed in compliance. For existing companies, such public offering shall be implemented not later than five (5) years from the effectivity of Resolution No. 9, Series of 2011 issued by the ERC entitled Rules Requiring Generation Companies and Distribution Utilities which are not Publicly Listed to Offer and Sell to the Public a Portion of not less than Fifteen Percent (15%) of their Common Shares of Stock pursuant to Section 43 (t) of Republic Act No. 9136 and Rule 3, Section 4 (m) of Its Implementing Rules and Regulations (IRR) of June 29, 2011, or as amended. Henceforth, new companies shall implement their respective public offerings not later than five (5) years from the issuance of their COCs.
ARTICLE III
REQUIREMENTS AND PROCEDURES

Section 1. In General. – All entities owning or if applicable, operating Generation Facilities shall apply for the issuance of a COC with the ERC. Provided all the requirements shall have been complied with including the technical inspection on the facilities, the ERC shall notify the entities with Generation Facilities of its action within sixty (60) calendar days from the conduct of the said technical inspection. In the event the ERC requires the submission of additional information, or orders the postponement of final action on an application on reasonable grounds, the 60-day period shall be reckoned from the date of complete submission of the required information or the lifting of the suspension of the final action on the application. The ERC shall deny the application should the applicant fail to submit all the information and other requirements within the period allowed, without prejudice to the re-filing of such application.

If an applicant has filed its application in accordance with the preceding paragraph but has not been issued a COC within the 60-calendar day period, its application shall be deemed provisionally approved.

Section 2. Documents/Information Required for New Applications. –

(a) The following documents/information shall be submitted by all applicants for new Generation Facilities other than Self-Generation Facilities at the time of application:

(aa) General Requirements
   (i) Application Form (COC Form No. 1); and
   (ii) Company Profile (COC Form No. 2).

(bb) Technical Qualification
   (i) Sworn Statement that each of the Facilities will comply with the PGC and PDC for the duration of the COC;
   (ii) Sworn Statement that the company and its Generation Facilities will comply with the WESM Rules and Manuals for the duration of the COC, upon its registration with the WESM, when applicable;
   (iii) Management and/or lease contracts in force (in case the plant is operated, leased and/or managed by an entity other than the owner), if applicable;
   (iv) General Plant Description;
   (v) Location Map;
   (vi) Connection Agreement between the Grid Owner (NGCP) and the Existing Generation Facility or Interconnection plans/details with the high voltage backbone transmission system/grid or Distribution System (for Embedded Generators) and/or Transmission/Distribution Service Agreement, if available; and
   (vii) PGC, PDC and WESM Requirements
      1. Electrical/Mechanical Plans and Diagrams;
2. Plant Specifications such as Minimum Stable Load, Maximum Stable Load, Ramp Up Rate and Ramp Down Rate, including plant efficiency and Heat Rate, if applicable;
3. Technical Description of the Load to be served (for those in isolated Areas and those serving dedicated loads);
4. Details of its Communication and SCADA Requirements, if applicable;
5. Certificate of Technical Requirements Compliance issued by NGCP to a Generation Company or a Generation Facility confirming a generating unit's capability to operate within its registered parameters and its capability to meet the requirements of the PGC through the conduct of Generating Unit Capability Test;
6. Certification issued by NGCP to Generation Company or Generation Facility attesting to its compliance with the approved connection scheme provided in the Grid Impact Study (GIS), Facility Study (FS), Connection Agreement (CA) and Transmission Service Agreement (TSA), if applicable; and
7. For Embedded Generating Facilities, Distribution Impact Study (DIS) as required by the PDC.

(cc) Financial Capability
   (i) Complete set of Audited Financial Statements (AFS) covering the two (2) most recent twelve (12) month periods (i.e., balance sheet, income statement, statement of cash flows, notes, audit opinion and the statement of management’s responsibility on the financial statements). For a Generation Company which has been in operation for less than two (2) years, the AFS of the parent company shall be required in lieu of the above, covering the two (2) most recent twelve (12) month period;
   (ii) Schedule of liabilities, to include the following information: name of creditor, type of credit, and credit terms; and
   (iii) Five (5) year financial plan.

(dd) Ownership/Control
   (i) Articles of Incorporation/Partnership (for Corporation/Partnership) with Certificate of Registration;
   (ii) Business Name Registration Certificate (for Single Proprietorship);
   (iii) Latest General Information Sheet (GIS) of the applicant – Securities and Exchange Commission (SEC) Form;
   (iv) Sworn Statement that the applicant complies with and will continue to comply with the provisions on cross ownership and market share restrictions under R.A. 9136,
Implementing Rules and Regulations, and these Revised Rules for the duration of the COC;

(v) Duly attested comprehensive and complete listing of Affiliates and Related Groups, including ownership and management structure; and

(vi) PSE Certificate to the effect that the Generation Company is listed with PSE, if applicable.

(ee) Other Requirements

(i) Power Supply Agreement(s), if applicable;

(ii) Memorandum of Agreement on the Establishment of Trust Accounts by the Generation Company and/or the Energy Resource Developer and the Department of Energy on Benefits to Host Communities pursuant to Rule 29 of the IRR of R.A. 9136;

(iii) Environmental Compliance Certificate (ECC) duly approved by the Department of Environment and Natural Resources (DENR);

(iv) Department of Energy (DOE) Endorsement indicating that the power plant project is consistent with the Power Development Program of the Government or with the Missionary Electrification Development Plan (MEDP) for power plant project located in isolated grids;

(v) In the case of a Generation Company operating an RE plant that intends to avail of the FIT, the DOE issued Confirmation of Commerciality confirming the commercial viability of the project; Confirmation of Electromechanical Completion and Certificate of Endorsement for FIT Eligibility; and

(vi) Such other information or document that the ERC may require. Any additional technical information may be required by the ERC upon prior notice to the applicant.

(b) The following documents/information shall be submitted in connection with a QE's COC application, to be forwarded by the DU with which the QE has entered into a Net-Metering Agreement:

(i) General Requirements
   (i.a) Application Form (COC Form No. 1); and
   (i.b) Company Profile (COC Form No. 2).

(ii) DU Certification that the QE is technically compliant with the Net-Metering Interconnection Standards issued by the ERC;

(iii) Net Metering Agreement with the concerned DU; and

(iv) Other documents that the ERC may require.

The above set of documents shall be transmitted by the concerned DU to the ERC prior to implementation of Net-Metering. Upon transmittal made by the DU on behalf of the QE of all the required documents, the QE shall be allowed to operate and implement its Net-Metering Agreement with the DU.
The QE shall issue a cashier's or manager's check payable to the ERC and transmit it to the DU, together with the signed NMA and accomplished COC forms for transmittal to the ERC. Thereafter, the COC and official receipt shall be issued directly to the QE.

(c) The following documents/information are required to be submitted by Entities with Self-Generation Facilities (SGFs) at the time of application:

1) Self-Generation Facility (SGF) with aggregate installed capacity of below 1 MW

(aa) General Requirements
   (i) Application Form (COC Form No. 1);
   (ii) Company Profile (COC Form No. 2); and
   (iii) Other Document/s that the ERC may require.

(b) Additional Requirements
   (i) Securities and Exchange Commission (SEC) Registration;
   (ii) Latest General Information Sheet (GIS) of the Company – SEC Form;
   (iii) Permit to Operate (PTO) duly issued by the Department of Environment and Natural Resources (DENR); and
   (iv) Other Document/s that the ERC may require.

Section 3. Documents/Information Required for Applications for COC Renewal –

(a) For Generation Companies

1) General Requirements
   (aa) Application Form (COC Form No. 1); and
   (bb) Company Profile (COC Form No. 2);
   (cc) Five (5) year Operational History (Form No. 3), if applicable.

2) Technical Qualification
   (aa) Sworn Statement that the Generation Company and its Generation Facilities comply with and will continue to comply with the PGC and PDC for the duration of the COC;
   (bb) Sworn Statement that the Generation Company and its Generation Facilities comply with and will continue to comply with the WESM Rules and Manuals for the duration of the COC, when applicable;
   (cc) General Plant Description, if there are any changes; and
   (dd) PGC, PDC, and WESM Requirements
1. Electrical/Mechanical Plans and Diagrams, if there are any changes;
2. Details of its Communication and SCADA Requirements, if there are any changes;
3. Certificate of WESM Membership or Application for WESM Membership, as may be applicable;

(ee) In addition, for QEs with Net-Metering Agreements, Sworn Statement that each of the Generation Facilities complies with and will continue to comply with the Net-Metering Interconnection Standards (Annex A-1) provided by ERC Resolution No. 09, Series of 2013 (A Resolution Adopting the Rules Enabling the Net-Metering Program for Renewable Energy).

(ff) **Report on the conduct of capability test if there is an addition, replacement or repowering of units.**

(3) Financial Capability
   (aa) Duly attested updated schedule of liabilities, to include the following information: name of creditor(s), type of credit, credit terms and applicable interest rate(s); and
   (bb) Five (5) year financial plan, if applicable.

(4) Ownership/Control
   (aa) Articles of Incorporation/Partnership (for Corporation/Partnership) with Certificate of Registration, if there are any changes;
   (bb) Latest General Information Sheet (GIS) of the Generation Company –SEC Form;
   (cc) Sworn Statement that the Generation Company complies with and will continue to comply with the provisions on cross-ownership and market share restrictions under R.A. 9136, its Implementing Rules and Regulations, and these Revised Rules for the duration of the COC; and
   (dd) **Duly attested** updated and comprehensive listing of Affiliates and Related Groups, including ownership and management structure.

(5) Other Requirements
   (aa) Power Supply Agreements;
   (bb) **Latest Permit to Operate (PTO) duly issued by the Department of Environment and Natural Resources (DENR), if applicable; and**
   (cc) Such other information or documents that the ERC may require.
The following documents/information shall be submitted in connection with a COC issued in favor of a QE:

1. **General Requirements**
   a. Application Form (COC Form No. 1); and
   b. Company Profile (COC Form No. 2).

2. **DU Certification that the QE is technically compliant with the Net-Metering Interconnection Standards issued by the ERC, should there be changes;**

3. **Net Metering Agreement with the concerned DU, should there be changes; and**

4. **Other document/s that the ERC may require.**

For Entities with Self-Generation Facility, the same requirements shall be submitted as prescribed under Section 2(c), Article III hereof with the additional requirement to submit the Five (5) Year Operational History (Form No. 3); and such other documents that the ERC may require.

**Section 4. When to File New Applications.** – The application for COC for IPPs Generation Facilities shall be filed not later than three (3) months before the targeted date of Test and Commissioning of the said facilities. **In the case of a COC for QEs, the application shall be filed by the DU to the ERC prior to implementation of Net-Metering.**

**Section 5. Transfer of Ownership.** – If a Generation Facility, including that of NPC, whose owner has been previously issued a COC, is transferred or sold and the term of such COC has not expired, the new owner shall not be required to secure an amended COC for the remainder of the term of the existing COC: **Provided,** that the transfer of ownership is reported to the ERC within three (3) days from transfer or sale of the Generation Facility and the new owner conforms to and shall comply with all the obligations imposed on a Generation Company, including the submission of reportorial requirements under Section 10, Article IV hereof: **Provided further,** that if the new owner desires to be the named licensee under the COC, an application for such amendment shall be filed and approved by the ERC.

**Section 6. Change of Status.** – An entity with Self-Generation Facility/ies, which intends to sell its generated electricity, shall file an application for the amendment of its COC from a Self-Generation Facility to a Generation Company and submit and comply with all the pertinent requirements imposed on a Generation Company under Section 2, Article III of these Revised Rules. Pending evaluation and final action on the said application, the ERC may provisionally allow such Self-Generating Facility to sell its generated electricity on the basis of its existing COC, subject to its compliance with the applicable requirements for power supply to Distribution Utilities.
Subject to Section 5, Article III hereof, a Generation Company which intends to amend any information on the technical specifications of its Generation Facilities contained on the face of the COC and its annexes shall likewise file an application for the amendment of the COC.

Section 7. Ocular Technical Inspection. – No COC or renewal thereof shall be issued without a technical inspection having been conducted on the facilities.

For new Generation Companies, a technical inspection shall be conducted on the newly-constructed Generation Facilities by the designated ERC personnel after the Test and Commissioning of the Generating Facilities and in all cases prior to the Commercial Operations of the same.

All Generation Companies' Generation Facilities shall be subject to the actual ocular technical inspection to be conducted by the designated ERC personnel, during the five (5) year term of the COC.

The conduct of the technical inspection may be waived by the ERC due to the following reasons:

1. Force majeure;
2. Safety and security concerns of the ERC technical personnel; and
3. Other conditions as the ERC may deem fit.

ARTICLE IV
OBLIGATIONS OF A GENERATION COMPANY

Section 1. Compliance with Technical Standards. – A Generation Company shall ensure that all its Generation Facilities connected to the Grid or Distribution System meet the technical design and operational criteria of the PGC and PDC promulgated by the ERC, Philippine Electrical Code, and the system requirements of TRANSCO or NGCP, including, among others, standards for voltage fluctuation, frequency, harmonics, security, reliability, unplanned outages and provision for ancillary services and shall operate in accordance with such operational criteria.

A Generation Company which develops and owns or operates a dedicated point-to-point limited transmission or distribution facilities for the purpose of connecting to the transmission or distribution system, respectively, should secure prior authorization by the ERC.

Section 2. Compliance with Financial Standards. – A Generation Company with Generation Facilities connected to the Grid shall conform to the Guidelines for the Financial Standards of Generation Companies.
For Generation Facilities connected to the Grid which are administered by a PSALM appointed IPPA Administrators, such IPPAs shall likewise conform to the Guidelines for the Financial Standards of Generation Companies.

Section 3. **Compliance with Environmental Standards.** – A Generation Company shall ensure that its Generation Facilities comply with applicable environmental laws, rules and regulations.

Section 4. **Generation Facilities Operating in Isolated Areas.** – A Generation Company operating a Generation Facility in isolated areas shall meet the technical and financial standards to be issued by the ERC using applicable and practicable criteria within two (2) years, or such other period as may be specified by the ERC, from the issuance of such technical and financial standards. The generation rates to be charged by a Generation Company operating a Generation Facility in SPUG areas and isolated areas shall be fixed and determined by the ERC.

Section 5. **Structural and Functional Unbundling of a Generation Company.** – A Generation Company shall structurally and functionally unbundle its generation business activities and rates from its supply and/or related businesses in accordance with the Business Separation Guidelines (BSG), as amended.

Section 6. **Self-Generator’s Contribution to the Universal Charge.** – Upon expiration of the exemption of Self-Generation Facilities from the imposition of Universal Charge pursuant to Section 7, Rule 18 of the Implementing Rules and Regulations of R.A. 9136, a Self-Generation Facility subject to the aforementioned provision shall remit directly to TRANSCO or NGCP the corresponding Universal Charge set by the ERC. In relation to this, TRANSCO or NGCP shall be provided access to the customer side of the meter in order to determine the utilization of such Generation Facility for the purpose of assessing the corresponding Universal Charge.

The term “register” provided in the aforementioned rule shall be equivalent to the issuance of a COC to the concerned Facility.

Section 7. **Benefits to Host Communities.** – The obligations of Generation Companies and energy resource developers to communities hosting the energy Generation Facilities and/or energy resource developers as defined under Chapter II, Sections 289 to 294 of the Local Government Code and Section 5 (i) of Republic Act No. 7638 and their Implementing Rules and Regulations shall continue, and the obligations mandated under Chapter II, Section 291 of Republic Act No. 7160 shall apply to privately-owned corporations or entities utilizing the national wealth of the locality.

Section 8. **Generation Company’s Participation in the WESM.** – A Generation Company with Generation Facilities connected to a transmission or distribution system shall comply with the membership criteria as prescribed under the WESM Rules and Manuals.
A Generation Company with Generation Facilities connected to a Grid or distribution system shall make information available to the Market Operator to enable it to implement the appropriate dispatch scheduling and shall comply with the said scheduling in accordance with the WESM Rules and Manuals.

A Generation Company shall, likewise, make information available to the TRANSCO or NGCP to facilitate its central dispatch. Subject to technical constraints, the grid operator of the TRANSCO or NGCP shall provide central dispatch to a Generation Facility connected, directly or indirectly, to the transmission or distribution system in accordance with the dispatch schedule submitted by the Market Operator, which schedule shall take into account outstanding bilateral contracts.

Section 9. DOE Reportorial Requirements. – A Generation Company shall submit to the DOE any information as may be required by it for the preparation of the Power Development Program (PDP) and in determining the adequacy, reliability, security, and affordability of the supply of electric power, subject to appropriate measures to preserve the confidentiality of proprietary or commercially sensitive information.

Section 10. ERC Reportorial Requirements. –

(a) On or before the 30th day of January of each year, the Generation Company shall submit to the ERC a Generation Company Management Report (GCMR) which shall contain the following:

(i) Report on capacity utilization, electricity dispatch/sales volume, maintenance schedules, and unscheduled downtimes during the period;
(ii) Report on bilateral agreements entered into during the period, including copies thereof;
(iii) Report on energy revenues during the period, detailing volumes, the identity/ies of the buyer/s and prices broken down as follows: fuel cost, fixed operating and maintenance expenses, variable operating and maintenance expenses, and capital recovery charge; and
(iv) Information on individual units Rated Capacity, Maximum Stable Load (Pmax), Minimum Stable Load (Pmin), Ramp Up Rate, Ramp Down Rate and Heat Rate (BTU, kCal, KJ), if applicable.

(b) Within thirty (30) days from public offering, the Generation Company shall submit reports on the extent of its compliance, together with proofs showing the numbers of shares of stock listed, registered or offered for sale, names of the shareholders/purchasers presently owning said shares of stock and other relevant information for monitoring and verification purposes.

(c) Within three (3) days from the happening of an event which results in a material change concerning or potentially affecting the company’s ownership, management, operations, financial condition and performance, the Generation Company shall submit a written disclosure to the ERC of such fact or event and its impact on the company.
(d) A Generation Company shall inform the ERC in writing of any changes in the individual unit's registered Pmax, Pmin, Ramp Up Rate and Ramp Down Rate as provided in Section 10 (a)(iv), Article IV hereof which should be supported by capacity and performance tests conducted by a third party acceptable to the ERC. Thereafter, the Generation Company shall apply for the amendment of the technical description of its Generation Facilities.

For Generation Facilities administered by a PSALM appointed IPPA, the foregoing reportorial requirements as applicable shall be submitted by the said IPPA relative to the said facilities.

(e) Within thirty (30) days from the filing of its Income Tax Return with the Bureau of Internal Revenue (BIR), the Generation Company and IPPA shall submit a complete set of its Audited Financial Statements (i.e., balance sheet, income statement, statement of cash flows, notes), including the audit opinion, the statement of management's responsibility on the financial statements. The income statement shall include a detailed schedule of operating expenses for the period.

ARTICLE V
ISSUANCE, TERM, RENEWAL OF THE CERTIFICATE OF COMPLIANCE

Section 1. Issuance and Term. – Upon compliance with the requirements as provided in these Rules, the ERC shall issue a COC to the Generation Company/entity with Self-Generation Facilities, subject to compliance with such other terms and conditions as the ERC may require, which shall be valid for a period of five (5) years, unless sooner revoked by the ERC after due notice and hearing.

The term of the QE-COC shall be co-terminus with the Net-Metering Agreement of the QE with the DU.

Section 2. Form. – The COC including its annexes, to be issued by the ERC shall be substantially in the form attached as Annex 1 hereof.

Section 3. Provisional Authority to Operate (PAO). – Pending the approval of the COC application, no Generation Company shall operate its Generation Facility unless a PAO is issued by the ERC. The PAO shall be issued in the form of a notification to the applicant and shall be valid for a period of six (6) months from issuance thereof. The six (6)-month validity period shall be included in the five (5) year term of the COC that may be issued by the ERC for such Generation Facility/ies.
No Generation Company shall be issued a PAO unless a formal request signed by the Company President or its duly authorized representative is made, and the issuance is made for failure to submit documentary requirements including, but not limited to, the following:

i. Memorandum of Agreement (MOA) on the Establishment of Trust Accounts by the Generation Company and/or the Energy Resource Developer and the Department of Energy on Benefits to Host Communities pursuant to Rule 29 of the IRR of R.A. 9136;

ii. Transmission Service Agreement, Metering Service Agreement and Connection Agreement (CA) with National Grid Corporation of the Philippines (NGCP) or Distribution Utility for Embedded Generator; and/or

iii. Permit to Operate from the DENR, if applicable

In lieu of the aforementioned documentary requirements, applicant shall submit an affidavit or any supporting document showing proof that, the applications for the said documents have been filed, and are pending approval with the DOE, DENR, NGCP and/or Distribution Utility.

Section 4. Renewal. — A Generation Company/Entity with Self-Generation Facility intending to continue operating beyond the term of the issued COC shall apply with the ERC for its renewal at least six (6) months prior to its expiration. The application for renewal of the COC shall be accepted only if submitted together with all the relevant documents, required information disclosure and proof of conformity to the obligations set forth in these 2014 Revised Rules and after the required fees shall have been paid subject to Section 3, Article V hereof. The ERC shall endeavor to resolve the application for renewal within the six (6) month period prior to expiration of the COC’s term.

If a Generation Company has filed its application for renewal in accordance with the preceding paragraph but has not been issued a new COC prior to expiration of its present one, its application shall be deemed provisionally approved.

Notwithstanding the date of the final approval of the application for COC renewal, the new COC shall be deemed to have been issued on the day immediately following the expiration of the previously issued COC and the new 5-year term shall be reckoned from such date.

ARTICLE VI
REVOCATION OF THE CERTIFICATE OF COMPLIANCE
AND IMPOSITION OF PENALTIES

Section 1. Procedure. — The ERC may, after due notice and hearing, impose appropriate penalties, if the Generation Company, its assignees or heirs, fail to comply with any of the requirements of these Revised Rules or any of the terms and conditions contained in the COC.
Section 2. **Penalties.** - A Generation Company/Entity with Self-Generation Facility that fails to comply with any of the obligations set forth herein and the terms and conditions contained in the COC, including operating the Generation Facilities without a valid COC, shall be subject to the imposition of fines and penalties imposed by the ERC. Penalties that may be imposed by the ERC include fines and penalties under Article III of the “Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Pursuant to Section 46 of R.A. No. 9136, as Amended”, penalties imposed under the EPIRA and where the circumstances warrant, revocation of the COC.

**ARTICLE VII**

**FEES AND CHARGES**

Application fees, COC fees including the fees for any amendments to the COC or to its annexes shall be imposed on all applicants upon the filing of applications in accordance with Resolution No. 21, Series of 2007 (A Resolution Approving the Revised Schedule of ERC Fees & Charges) as may be amended. The costs attendant to the conduct of technical inspections shall be for the account of the applicant.

**ARTICLE VIII**

**MONITORING**

The ERC shall monitor the compliance of Generation Companies with the terms and conditions of their COCs and the provisions of these Revised Rules.

**ARTICLE IX**

**EXCEPTION CLAUSE**

Where good cause appears, the ERC may allow an exception from any provision of these Rules, if such is found to be in the public interest and is not contrary to law or any other related rules and regulations.

**ARTICLE X**

**SEPARABILITY CLAUSE**

If for any reason, any section of these Revised Rules is declared unconstitutional or invalid, the other parts or sections hereof which are not affected thereby shall continue to be in full force and effect.

**ARTICLE XI**

**APPLICABILITY AND REPEALING CLAUSE**

The existing rules otherwise inconsistent herewith are hereby repealed or modified accordingly.
ARTICLE XI
EFFECTIVITY

These Revised Rules shall take effect on the fifteenth (15th) day following its publication in a newspaper of general circulation in the Philippines.

Let copies of these Revised Rules be furnished the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR).

Pasig City, 15 September 2014

ZENaida G. CRuz-Ducut
Chairperson

ALfredo J. NON
Commissioner

GLoria victoria c. yap - taruc
Commissioner

Josefina Patricia A. Magpale – Asirit
Commissioner