

**Revised Rules, Terms and Conditions
for the provision of**

**OPEN ACCESS
TRANSMISSION SERVICE**

Energy Regulatory Commission

(ERC Case No. _____)

**CORPORATE PLANNING
NATIONAL TRANSMISSION CORPORATION**

July 2006

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FOREWORD

The Rules, Terms and Conditions for the Provision of Open Access Transmission Service (OATS Rules) describe the services provided by the party that operates the high voltage backbone Transmission System. These outline the responsibilities of the Transmission Provider and the functions of the System Operator as specified in the Grid Code and the Wholesale Electricity Spot Market (WESM) Rules. The OATS Rules set out the responsibilities accepted by Transmission Customers as a condition of receiving the services.

The OATS Rules are grounded on Implementing Rules and Regulation of R.A. 9136 (EPIRA), the Grid Code and the WESM Rules. The OATS Rules complement the Transmission Wheeling Rate Guidelines and the WESM Manuals. This set of Rules is expected to ensure the development of an appropriate, equitable and transparent electricity market, along with the safe, reliable, and efficient operation of the power system.

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1 Module A: General Terms and Conditions

A1 Defined Terms and Interpretation

Act: Republic Act (R.A.) No. 9136 also known as the “Electric Power Industry Reform Act of 2001” [or the EPIRA](#).

Active Power: As defined in Grid Code.

Alternative Ancillary Services Arrangement: An arrangement for the provision of ancillary services approved by the System Operator as a substitute for ancillary services arranged on behalf of the Transmission Customer by the System Operator.

Ancillary Services: As defined in Grid Code and the WESM Rules.

Ancillary Services Procurement Plan: An annual plan prepared by the System Operator in accordance with Module D describing the Ancillary Services it intends to procure and the means by which it shall procure those services.

Ancillary Services Purchase Agreement: A contract covering the provision of Ancillary Services in accordance with Module D.

Applicable Law: The Constitution and all laws, statutes, treaties, Rules, codes, ordinances, regulations, certificates, orders, decrees, resolutions, directives, rulings, interpretations, approvals, licenses and permits of any Philippine governmental agency or authority, and judgements, decrees, injunctions, writs, orders or like actions of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction, including, without limitation, R.A. No. 9136 and its implementing Rules, the Grid Code, Distribution Code, the WESM Rules, in each case as applicable to this Agreement and as may be amended, modified, supplemented or replaced from time to time.

Asset Boundary: The delineation of control, ownership, and accountability of Facilities associated with the interconnection of Transmission Customer’s Facilities to the Transmission Provider’s Facilities.

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Available Transmission Capacity: Means the maximum level of Electricity transfer, measured in MW (at the power factor specified in these OATS Rules), at which the Transmission Provider’s facilities are capable of conveying electricity to or from a Connection Point.

Backup Reserve: See Dispatchable Reserve.

Billing Period: The time interval specified by the Transmission Provider/System Operator in which the Transmission Customer’s level of service is regularly recorded, accumulated, and read for the purpose of billing. The Billing Period starts from the 26th day of the current month to the 25th day of the following month.

Billing Statement: A billing invoice and statement issued by the Transmission Provider to a Transmission Customer detailing all charges and credits for Services delivered to the Transmission Customer under these OATS Rules.

Black Start: As defined in the Grid Code.

Business Day: Every day except a Saturday, Sunday or national or local holiday.

Commissioning Date: The date at which Power Delivery Service commences and as agreed in the Service Agreement or agreed subsequently between the parties.

Completion Date: As defined in the Grid Code and as agreed in the Service Agreement.

Conditions: Circumstances if occurring or requirements if not met that may affect the delivery of the specified service.

Confidential Information: Any commercial, technical and/or financial information or data (including but not limited to any intellectual property or trade secrets) relating to either the Transmission Provider, System Operator or Transmission Customer and/or their subsidiary businesses and interests, provided or made available in written, oral or machine readable form, which the provider has identified to be confidential or which would be understood by a reasonable person to be confidential or proprietary information of the disclosing party.

Connected Transmission Customer: Any Transmission Customer with Facilities connected to the Facilities of the Transmission Provider at one or more Connection Points. For the avoidance of doubt, this includes Generation Customers and Load Customers.

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Connection Facilities: The Transmission Provider's Connection Facilities and the Connected Transmission Customer's Connection Facilities.

Connection Point: The Asset Boundary between the Transmission Customer's Facilities and the Transmission Provider's Facilities

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Connection Assets. As defined by the ERC in [Resolution No. 25 Series of 2006](#).

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Contingency: A condition or situation that, based on the reasonable judgement of the Transmission Provider/System Operator or the Transmission Customer: (i) presents an imminent physical threat of danger to life or a significant threat to health or property, or (ii) could cause imminent significant disruption on or significant damage to the Connection Facilities or the Grid; provided that any condition or situation that results from lack of sufficient generation facility to meet load requirements shall not constitute an Contingency.

Contingency Reserve: As defined in the WESM Rules.

Contracted Transmission Capacity: The transmission capacity agreed between the Transmission Provider and the Transmission Customer for the relevant

Connection Point and recorded in the Transmission Customer's Service Agreement for the Connection Point under C4 of these OATS Rules

Credit Support: Refers to the Financial Instrument or guarantee provided in Rule 8 in this Module A of the OATS Rules.

Critical Events List: (1) A list of significant operating events and conditions of which the Transmission Provider wishes to receive notice in the event of the occurrence or existence of any such events or conditions on the Transmission Customer's Facilities, and (2) a list of significant operating events and conditions of which the Transmission Customer wishes to receive notice, in the event of the occurrence or existence of any such event or condition on the Grid.

Curtailement: A reduction in transmission capacity below the Contracted Transmission Capacity resulting from the actions of the System Operator operating in accordance with the Grid Code, the WESM Rules and applicable WESM Manuals, and these OATS Rules.

Designated Agent: Any entity that performs actions or functions required under these OATS Rules on behalf and under a contract with the Transmission Provider/System Operator and/or Transmission Customer.

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Direct Connect Customer: Any person or entity, other than a Distribution Utility, drawing Electricity directly off the Grid for its own consumption, which has been approved by ERC., or As defined by the ERC in Resolution No. X Series of 2006.

Dispatch: As defined in the Grid Code.

Dispatch Instruction: As defined in the Grid Code.

Dispatchable Reserve: As defined in the WESM Rules.

Disputes Procedures: The procedures that the Transmission Provider/System Operator and Transmission Customer agree to invoke in the event of a dispute between them as outlined in Section 9 of this Module A.

Distribution Code: The set of rules, requirements, procedures, and standards promulgated and approved by the ERC governing Distribution Utilities and users of the distribution system in the operation, maintenance and development of the distribution system.

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Distribution Utility: As defined in the Grid and Distribution Codes.

Electric Disturbance: Any sudden, unexpected, changed or abnormal electric condition occurring in or on the Power System that may cause damage. A single Electric Disturbance shall be deemed to continue from its inception until all affected elements of the Power System are restored to a stable condition of normal voltage and frequency and are capable of carrying normal electrical loads.

Electricity: Electrical energy measured in kilowatt-hours (kWh).

Embedded Generator: As defined in the Grid Code.

Embedded Generator Billing Determinant : A determinant for the calculation of an Embedded Generator's charge for Services delivered to it under these OATS Rules.

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Embedded Generating Plant: As defined in the Grid Code.

Energy Imbalance: Occurs in any hour in which actual generation from any generating unit differs from its scheduled generation without suitable cause. Suitable cause may include dispatch instructions from the System Operator, forced outage, or other event as may be provided in these OATS Rules.

Energy Imbalance Service: The provision of generating capacity to correct a mismatch arising from the failure of a Generator Customer's Generation Facilities to provide Electricity to the Grid at a Connection Point within the range that the Generation Facilities were scheduled or instructed to provide.

Energy Regulatory Commission (ERC): The independent, quasi-judicial regulatory body created pursuant to R.A. No. 9136, which is mandated to promote competition, encourage market development, ensure customer choice, and penalize abuse of market power in the restructured electricity industry and among other functions, to promulgate and enforce the Grid Code and the Distribution Code.

Equipment: As defined in the Grid Code.

Excluded Services: As defined in the TWRG.

Existing Agreement: All contracts existing between the Transmission Provider/System Operator and a party subject to the Grid Code at the date these OATS Rules become effective pursuant to Rule A2.1.

Facilities: A generic term describing the apparatus, equipment, buildings and necessary supporting resources for the generation, transmission, supply, sale, ancillary support, and consumption of Electricity.

Facilities Study: An engineering study conducted by the Transmission Provider or Transmission Customer to determine the modification to the Transmission Provider's facilities, or the new facilities required by the Transmission Customer, including the cost and scheduled completion date for such modifications or new facilities, required to provide [services under this OATS Rules](#).

Deleted: the Power Delivery Service requested by the Prospective Transmission Customer

Fault Clearance Time: As defined in the Grid Code and specified in Module B of these OATS Rules.

Financial Instrument: Means an irrevocable letter of credit or other similar financial instrument from a Philippine bank or financial institution executed in favour of the System Operator, in a form and substance acceptable to the System Operator, and obtained at the sole cost of the Transmission Customer or Ancillary Service Provider.

Firm Power Delivery Service: The provision of Power Delivery Service to Transmission Customers with (i) dispatch priority over those Transmission Customers with Non Firm Power Delivery Service in the event of a Curtailment by the System Operator and (ii) monthly as opposed to daily billing calculation arrangements.

Flicker: As defined in the Grid Code.

Force Majeure Event: An event beyond the reasonable control of the Participant claiming force majeure which, through the exercise of due foresight and Good Industry Practice, that Participant could not have avoided and which, by exercise of due diligence, that Participant is unable to overcome. Such events include, but are not limited to the following, to the extent that such event prevents performance of a Participant of an obligation: flood; lightning strikes; earthquake; fire; epidemic; war; invasion; riot; civil disturbance; sabotage; explosion; insurrection; military or usurped power; strike; labor dispute; action of any court or governmental authority, or any civil or military authority de facto or de jure; act of God or the public enemy; or any other event or cause of a similar nature beyond the reasonable control of the Participant claiming force majeure.

Frequency: As defined in the Grid Code.

Frequency Regulation: The provision of service by the System Operator to ensure Frequency stays within the [standard limits as prescribed under the Grid Code](#).

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Generation: As defined in the WESM Rules.

Generation Capacity: The rated continuous load-carrying ability, expressed in megawatts (MW), of Generation Facility.

Generation Customer: Any Transmission Customer injecting Electricity into the Grid.

Generation Facility: The facility, consisting of one or more generating units, where Electricity is produced from some other form of energy by means of suitable apparatus. It includes the real and personal property owned, leased or in any manner controlled by the Generator at the generation facility described in the Transmission Customer's Service Agreement including: (i) the real property, (ii) all buildings structures and other improvements located on the real property and (iii) all machinery, equipment and other chattel located at the site and all additions, modifications or replacements.

Generation Ratio Share: A Generation Customer's generation, measured at, or adjusted to a Point(s) of Receipt, within the immediate hour prior to the Transmission Constraint as a proportion of the total generation by Generation Facilities whose Generation affects the constraint, measured in the same manner.

Generator Billing Determinant : A determinant for the calculation of a Generation Customer's charge for Services delivered to it under the OATS Rules.

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Good Industry Practice: As defined in the Grid Code.

Grid: As defined in the Grid Code.

Grid Code: 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 promulgated and approved by the ERC.

Grid Impact Studies: As defined in the Grid Code and includes Grid planning studies.

Grid Facilities: Apparatus, equipment, buildings and supporting resources necessary for the proper operation of the Grid.

Grid Maintenance Programs: As outlined in the Grid Code and defined under "Maintenance Programs" in the Grid Code.

Grid Management Committee: As defined in the Grid Code.

Grid Operating Programs: As outlined in the Grid Code.

Grid Upgrade: A modification or addition to Grid-related facilities that are integrated with and support the Grid.

Harmonics: As defined in the Grid Code.

Interruption: As defined in the Grid Code.

Installation Database: As defined in the WESM Rules.

Large Customer: As defined in the Grid Code.

Load: As defined in the Grid Code.

Load Billing Determinant: A determinant for the calculation of a Load Customer's charge for services delivered to it under the OATS Rules.

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Load Customer: Any Transmission Customer with facilities connected directly to and taking off electricity from the Transmission Provider's facilities which, for the avoidance of doubt, includes but is not restricted to [Generator \(while taking power from the Grid\)](#), Distribution Utility and Direct Connect Customers.

Load Following and Frequency Regulation Service: See Regulating Reserve

Load Shedding: The systematic reduction of system demand by temporarily decreasing load in response to Grid or area capacity shortages, system instability, or voltage control considerations under these OATS Rules.

Market Operator: As defined in the WESM Rules.

Material Effect: As defined in the Grid Code.

Maximum Annual Revenue Cap: The maximum annual revenue that may be earned by the Transmission Provider for the current Regulatory Year, as calculated under sections 3.2, 4.2, or 5.2 of the TWRG.

Metering Asset Register: Register recording the assets owned by the Metering Service Provider at each Metering Installation.

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Metering Database: As defined in the WESM Rules.

Metering Installation: The set of devices, equipment and apparatus used to measure and record the consumption and production of electricity installed by the Transmission Provider and the Transmission Customer, or their respective metering services provider/s, at or near a Connection Point.

Metering Equipment: Apparatus necessary for metering power and related standards.

Metering Point: As defined in the WESM Rules.

Metering Service Provider: As defined in the WESM Rules.

Non-Firm Power Delivery Service: The provision of Power Delivery Service to Transmission Customers (i) without priority dispatch over those Transmission Customers with Firm Power Delivery Service in the event of a necessary curtailment by the System Operator and (ii) with daily as opposed to monthly billing calculation arrangements.

OATS Rules: These OATS Rules that govern the implementation of the Open Access Transmission Service, as approved by the ERC.

Offer of Service: A contract offer referred to in Module B.

Outage: As defined in the Grid Code.

Participant: As defined in Rule A3.1 in this Module A.

Plant Gate: A point where the measurement and recording of the production or consumption of Electricity is taken as agreed between the Connected Transmission Customer and Transmission Provider.

Point of Delivery: A Connection Point where Electricity may flow from the Transmission Provider's facilities to the Transmission Customer's facilities.

Point of Receipt: A Connection Point where Electricity may flow from the Transmission Customer's facilities to the Transmission Provider's facilities.

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Power Delivery Service (PDS): The conveyance of Electricity to or from Connection Points.

Power Factor: As defined in the Grid Code.

Power Quality: As defined in the Grid Code.

Power System: A single integrated electric power facility consisting of electric Distribution Facilities or Generation Facilities or Grid Facilities, or any combination of the three, and includes transmission lines, distribution lines, substations, switching stations, generating plants and all associated Equipment for generating, transmitting, distributing or controlling the flow of power.

Prospective Transmission Customer: An existing or new Transmission Customer applying for a Service Agreement or a modification to their existing Service Agreement prior to the time when both parties subsequently execute a new or modified Service Agreement. (Following the execution of a Service Agreement, they become a Transmission Customer or Connected Transmission Customer).

Protective Device: As defined in the Grid Code.

Reactive Power: As defined in the Grid Code.

Reactive Power Supply and Voltage Control Service: The injection or absorption of reactive power from Generators to maintain transmission system voltages within required ranges.

Regulated Transmission Services: As defined in the TWRG.

Regulating Reserve: As defined in the WESM Rules.

Regulatory Period: As defined in the TWRG.

Regulatory Year: As defined in the TWRG.

Reliability: As defined in the Grid Code.

Representative: In relation to a party, means any duly authorized officer, employee, or agent of that party.

Security: As defined in the Grid Code.

Service Agreement: The contract entered into by the Transmission Provider/System Operator and each Transmission Customer in the form contained in Annex 1 to these OATS Rules and shall incorporate the Connection Agreement and Amended Connection Agreement as defined in the Grid Code. The Service Agreement shall bind the Transmission Customer to these OATS Rules. All Existing Agreements shall be deemed to be Service Agreements as per Rule A22 to this Module A.

Service Application: A request for a new Service Agreement or modification to an existing Service Agreement by a prospective or an existing Transmission Customer prepared in the format outlined in Annex I to these OATS Rules. Once completed and executed by the Transmission Provider/System Operator and the

Prospective Transmission Customer, the Service Application becomes the Service Agreement.

SCADA: Supervisory Control and Data Acquisition, as defined in the Grid Code.

Service Commencement Date: The execution date of a Service Agreement.

Spinning Reserve Service: See Contingency Reserve.

Spot Market Commencement Date: As defined in the WESM Rules or such other date as determined by the ERC.

Start-up Service: The supply of Available Transmission Capacity and Electricity to a generating unit in preparation for its synchronization to the Grid from a shutdown condition.

System Operator: As defined in the Grid Code.

System Impact Study (SIS): An assessment made or conducted by the Transmission Provider/System Operator in addition to the Grid impact studies prepared by it in accordance with the Grid Code, to determine: (i) the adequacy of the Transmission System and its capability to accommodate a request for Power Delivery Service; and (ii) the costs, if any, that may be incurred in order to provide Power Delivery Service to a Transmission Customer.

Trading Participants: As defined in the WESM Rules.

Transmission Customer: Any party purchasing and/or receiving any services from the Transmission Provider or System Operator (including, for the avoidance of doubt, customers taking service without an existing contract).

Transmission Customer Obligations: Actions or processes that the Transmission Customer shall comply with as part of these OATS Rules.

Transmission Constraint: A limitation of the Available Transmission Capacity of the Grid to convey electricity caused by limitations in the capability of available assets forming the Grid or limitations in the performance of the integrated Power System.

Transmission Provider: The party that operates the high voltage backbone Transmission System and has the responsibilities of the Transmission Provider's facilities as specified in the Grid Code and WESM Rules.

Transmission System: As defined in the Grid Code, Transmission System has the same meaning as Grid.

Transient Voltages: As defined in the Grid Code.

TWRG : Transmission Wheeling Rate Guidelines promulgated by the Energy Regulatory Commission.

Voltage Fluctuation: As defined in the Grid Code.

Voltage Unbalance: As defined in the Grid Code.

Voltage Variation: As defined in the Grid Code.

Willful Action or Misconduct: An action taken or not taken by a Participant, which action is knowingly or intentionally taken or failed to be taken, with intent that injury or damage would result therefrom or which action is wantonly reckless. Willful Action or Misconduct does not include any act or failure to act which is involuntary, accidental, or negligent.

Wholesale Electricity Spot Market (WESM): The electricity market established by the Department of Energy pursuant to Section 30 of the Electric Power Industry Reform Act of 2001 (R.A. No. 9136).

[WESM Metering Service Provider:](#) [as defined in the Guidelines for the Issuance of Certificate of Authority for WESM Metering Service Providers dated May 31, 2006 or as approved by the ERC.](#)

WESM Rules: The Rules and regulations promulgated and agreed upon by the Participants of the WESM and approved by the Department of Energy to govern the WESM procedures and operations.

A1 Defined Terms and Interpretation (continued)

Except to the extent that the context requires otherwise in these OATS Rules:

- (a) headings are inserted for convenience only and shall be ignored in construing these OATS Rules;
- (b) the singular includes the plural and vice versa;
- (c) references to individuals include companies and other corporations and vice versa;
- (d) references to any legislation or to any provision of any legislation (including regulations and orders) includes that legislation or provision as from time to time amended, re-enacted or substituted and any statutory instruments, regulations and orders issued under any such legislation or provision;
- (e) a reference to any document includes reference to that document (and, where applicable, any of its provisions) as amended, novated, supplemented, or replaced from time to time;
- (f) reference to a party, person or entity includes:
 - (i) an individual, partnership, firm, company, corporation, association, trust, estate, state or agency of a state, government or government department or agency, municipal or local authority and any other entity, whether or not incorporated and whether or not having a separate legal personality; and
 - (ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person or entity;
- (g) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (h) where any word or expression is defined in these OATS Rules any other grammatical form of that word or expression has a corresponding meaning;
- (i) reference to a section, clause, subclause or schedule is a reference to that section, clause, subclause or schedule in these OATS Rules unless specifically stated otherwise;
- (j) reference to monetary amounts, money or money's worth are to Philippine pesos unless specifically stated otherwise;
- (k) references to times of day or dates are to Philippines' times and dates respectively unless in each case specifically stated otherwise; and
- (l) words and expressions defined or explained in the Grid Code shall (unless expressly defined or explained in these OATS Rules) have the same meaning in these OATS Rules.

A2 Effectivity

A2.1 These OATS Rules shall take effect on the fifteenth day from the date of its publication in at least two (2) newspapers of general circulation.

A2.2 These OATS Rules may be amended or replaced from time to time according to the processes set out in A2.6. Following approval by the ERC, the amended or replaced OATS Rules shall be automatically binding on each Participant, defined in Rule A3.1 of this Module A, and shall take effect on the fifteenth day from the date of its publication in at least two (2) newspapers of general circulation.

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A3 Applicability of these OATS Rules

A3.1 These OATS Rules apply to:

- (a) Prospective Transmission Customers; and
- (b) Transmission Customers; and
- (c) the Transmission Provider; and

(d) the Transmission Provider acting as System Operator; and

(e) the Transmission Provider acting as WESM Metering Service Provider.

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(together "the **Participants**").

A3.2 These OATS Rules are divided into the following modules:

- Module A - General Terms and Conditions
- Module B - Connections
- Module C - Power Delivery Service
- Module D - System Operator
- Module E - Metering
- Module F - Rates, Methodology, Billing and Methodology
- Annex 1 - Pro forma Service Application and Service Agreement

A3.3 All Modules apply to the Transmission Provider/System Operator. This Module A applies to all Participants. Modules D and F apply to all Transmission Customers. Modules B and C apply to all Connected Transmission Customers. Module E applies to all Connected Transmission Customers prior to the Spot Market Commencement Date and after this date until such time that they choose an alternative WESM Metering Service Provider. This is summarised in the table below:

Table A3.3: OATS Module requirements for respective customers

Module	Participant	Transmission Customer	Connected Transmission Customer
A - General Terms and Conditions	Required	Required	Required
B - Connections			Required
C - Power Delivery Service		-	Required
D - System Operator		Required	Required
E - Metering		-	Required prior to Market Start; optional following Market Start
F - Rates and Charges	Required	Required	Required

A3.4 In interpreting and complying with these OATS Rules, the Participants shall take into account that:

- (a) the Grid is used by multiple parties to convey electricity; and
- (b) the physical characteristics of electricity necessitate a degree of co-ordination to ensure quality and reliability [in transmission of electricity](#).

A3.5 These OATS Rules set out the terms on which the Transmission Provider/System Operator shall:

- (a) permit a Transmission Customer to connect to the Grid;
- (b) provide [the following services](#) to the Transmission Customer:
 - [a. Power Delivery Service;](#)
 - [b. Transmission Connection Service;](#)
 - [c. Residual Sub-Transmission Service;](#)
 - [d. System Operation Service;](#)
 - [e. Metering Service; and](#)
 - [f. Ancillary Service.](#)

(c) perform the System Operator functions;

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[\(d\) perform the Ancillary Service function;](#)

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[\(e\) perform the Metering Service function; and](#)

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[\(f\)](#) provide services to the Transmission Customer incidental to the above.

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A4 Regulatory Filings

A4.1 Nothing in these OATS Rules limit the right of the Transmission Provider/System Operator to apply to the ERC for a change in rates, terms and conditions, or charges, or to apply to the Department of Energy or other lawful authority with regard to any regulation or relevant policy matters as may be provided under Applicable Law.

A5 Force Majeure

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A5.1 Subject to A13.1(d) and A5.4 of this Module A, no Participant shall be considered in breach of its obligations under these OATS Rules if it is prevented from fulfilling its obligations under these OATS Rules due to a Force Majeure Event.

A5.2 A Participant claiming a Force Majeure Event shall:

- (a) give immediate notice to the Transmission Provider/System Operator by telephone, [electronic mail](#), [facsimile](#) or any other more reliable means upon the occurrence of a Force Majeure Event;
- (b) give written confirmation to the Transmission Provider/System Operator of the occurrence of the Force Majeure Event and provide full information concerning the Force Majeure Event including an estimate of the time likely to be required to overcome the event no later than three (3) Business Days after learning of the occurrence of the event;
- (c) use its best endeavors to resume performance of its obligations under these OATS Rules as soon as practicable;
- (d) take all commercially reasonable means to mitigate, minimize, correct and/or cure the Force Majeure Event as soon as practicable provided, however, that settlement of strikes or other labor disputes are completely within the sole discretion of the Participant affected by such strike or labor dispute;
- (e) exercise all reasonable efforts to mitigate or limit damage to the other Participants; and
- (f) provide prompt written notice to the Transmission Provider/System Operator of the cessation of the adverse affect of the Force Majeure Event on its ability to perform its obligations under these OATS Rules.

- A5.3 Where the Transmission Provider/System Operator has received a notice or confirmation pursuant to Rule A5.2, or is itself claiming Force Majeure, it shall notify such other affected Participants within a reasonable time and by such manner.
- A5.4 No Force Majeure Event shall affect the obligation of a Transmission Customer to make payments to the Transmission Provider or System Operator as provided under Module F of these OATS Rules.

A6 Emergency situations

- A6.1 Prior to the Spot Market Commencement Date, the Transmission Provider and all Transmission Customers shall comply with the instructions of the System Operator and provide all necessary information prior to, during, and following an emergency declared by the System Operator in accordance with the Grid Code.
- A6.2 Subsequent to the Spot Market Commencement Date, the Transmission Provider and all Transmission Customers shall comply with the instructions of the System Operator and provide all necessary information prior to, during, and following an emergency declared by the System Operator in accordance with the Grid Code and the WESM Rules.
- A6.3 Any action by the Transmission Provider or the System Operator in compliance with the emergency procedures provided in the Grid Code and WESM Rules shall not constitute a breach of the OATS Rules and except in the case of an act committed in bad faith or gross negligence, the Transmission Provider and System Operator shall not be liable for any loss incurred by a Transmission Customer as a result of that action.

A7 Liability and Indemnity

- A7.1 Subject to Rules A7.2 to A7.4, the Transmission Provider/System Operator (together), and each Transmission Customer ("Indemnifying Party") shall be liable for, and shall indemnify, defend and hold harmless the other ("Indemnified Party") against any claim, loss or liability:
- (a) arising from any physical damage to public property, the environment or other third party asset where such damage arises from the operation of, or failure to operate, the Grid or a Connected Facility;
 - (b) arising from third party personal injury and/or death (including, but not limited to, the Indemnified Party's employees, agents, contractors and subcontractors) resulting from the breach of these OATS Rules or

any negligent act, negligent omission, or reckless misconduct of the Indemnifying Party or its employees, agents and contractors; or

- (c) suffered or incurred by the Indemnified Party as a result of a breach of these OATS Rules by the Indemnifying Party or any negligent act, negligent omission, or reckless misconduct of the Indemnifying Party or its employees, agents and contractors.

A7.2 Notwithstanding Rule A7.1, the Indemnifying Party shall not be liable:

- (a) to the extent that any claim, loss or liability suffered or incurred by the Indemnifying Party as a result of a breach of this agreement by the Indemnified Party or any negligent act, negligent omission or reckless misconduct of the Indemnified Party's contractors, employees or agents;
- (b) for any loss of profit, consequential loss or indirect loss suffered by the Indemnified Party; or
- (c) for more than 25 million pesos to the Indemnified Party in relation to any event or series of events or for more than 50 million pesos in aggregate to the Indemnified Party over any 12 month period.

A7.3 The Indemnified Party shall not be entitled to make a claim more than 12 months after the date on which it became aware or ought reasonably to have become aware of the event giving rise to that claim.

A7.4 The Indemnified Party shall not make any claim whatsoever against the Indemnifying Party in relation to these OATS Rules except under this Rule A7.

A8 Creditworthiness

A8.1 **Credit Support.** The Transmission Customer shall, if requested by the Transmission Provider/System Operator, provide credit support or additional credit support in a form and on terms acceptable to the Transmission Provider/System Operator. Types of credit support that may be provided include:

- (a) a guarantee;
- (b) a letter of credit;
- (c) a charge over assets; or
- (d) a cash bond,

in each case (other than a cash bond) from a person acceptable to the Transmission Provider/System Operator.

A8.2 **Application of Credit Support.** The Transmission Provider/System Operator may call on any credit support provided under Rule A8.1 and apply

such credit support against amounts due under Module F of these OATS Rules and not paid within six (6) Business Days of the due date.

A9 Dispute Resolution Procedures

A9.1 **Internal Dispute Resolution Procedures.** ~~If both parties agree, any dispute between a Prospective Transmission Customer or Transmission Customer and the Transmission Provider/System Operator ("Disputing Parties") in relation to these OATS Rules (excluding applications for rate changes or other changes to the Tariff, which shall be presented directly to the ERC, or dispute over System Operation WESM function), shall be referred to a designated senior representative of each Disputing Party for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days from referral (or such other period as agreed), such dispute will be referred to the ERC for resolution.~~

~~A9.2 Disputes over System Operator WESM functions to be dealt with under WESM Rules.~~ In the event of a dispute over or an alleged breach of the System Operator's obligations under the WESM Rules, all Participants agree that such disputes or alleged breaches shall be dealt with exclusively through the processes set out in the WESM Rules.

~~A9.3 Disputes involving other Applicable Laws.~~ Subject to A9.2, where a dispute involves more than one Applicable Law:

- (a) The ~~ERC~~ may, to such extent necessary for the resolution of the dispute, interpret the other Applicable Laws even if ~~it does not have~~ jurisdiction to enforce such Applicable Laws; and
- (b) The Disputing Parties will act in good faith to consolidate any dispute processes under different Applicable Laws to the greatest extent possible.

A10 Confidentiality

A10.1 **General.** The Participants undertake that they shall preserve the confidentiality of and shall not directly or indirectly reveal, report, publish, disclose or transfer Confidential Information received from the other party under these OATS Rules except:

- (a) in the circumstances and to the extent set out in the Grid Code, Distribution Code or the WESM Rules; and
- (b) where at the time of receipt by the Participant the Confidential Information is already in the public domain; or
- (c) where after the time of receipt by the Participant the Confidential Information enters the public domain, except where it does so as a

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A9.3 . Arbitration Decisions. Unless otherwise agreed upon by the Disputing Parties, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Disputing Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of these OATS Rules and shall have no power to modify or change any of these OATS Rules in any manner. The decisions of the arbitrator(s) shall be final and binding upon the Disputing Parties, and judgement on the award may be entered in any court having jurisdiction. A copy of the final decision of the arbitrator(s) shall be provided to the ERC for its information. ¶

A9.4 . Costs. Each Disputing Party shall be responsible for its own ... [1]

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result of a breach by the Participant of its obligations under this Rule A10 or a breach by any other person of any obligation of confidence to the party which is not the Participant and the Participant is aware of such breach; or

(d) where the Participant is required:

- (i) by any statutory or regulatory obligation, body or authority; or
- (ii) by any judicial or arbitration process; or
- (iii) by the regulations of any stock exchange upon which the share capital of the Participant or the other party (or either of their holding company) is from time to time listed or dealt in.

A10.2 **Notification.** The Participant shall promptly notify the disclosing party if it receives notice or otherwise concludes that the production of any of that party's Confidential Information is being sought under any provision of law or regulation, but the Participant shall have no obligation to oppose or object to any attempt to obtain such production except to the extent it is requested to do so by the disclosing party and at the disclosing party's expense. If either party desires to object or oppose such production, it shall do so at its own expense. The disclosing party may seek appropriate injunctive relief to prevent any Confidential Information from being made public.

A10.3 **Use of Information or Documentation.** The Participant may utilise information or documentation furnished by the disclosing party in any proceeding or in an administrative agency or court of competent jurisdiction addressing any dispute arising under the Rules, subject to a confidentiality agreement with all participants (including, if applicable, any arbitrator) or a protective order.

A11 Assignment

A11.1 **Assignment of Rights and Obligations.** Subject to the terms of this Rule A11, the Transmission Provider/System Operator or any Transmission Customer (the "Assigning Party") may, with notice to:

- (a) the Transmission Provider/System Operator where the Assigning Party is a Transmission Customer; or
- (b) all other Participants where the Assigning Party is the Transmission Provider/System Operator;

assign, novate, pledge, or transfer all or any part of, or any right or obligation under, these Rules and any Service Agreement to any person or entity:

- (i) with which the Assigning Party is merged or consolidated; or
- (ii) to which the Assigning Party sells, transfers, or assigns all or substantially all of its facilities or rights thereto subject to these Rules;

(the "Successor Party"), provided that the Successor Party provides a valid and binding written assurance of the Successor Party's ability to perform and assume all the obligations of the Assigning Party under these Rules and any Service Agreement.

A11.2 Assignment for Security Purposes. Any Participant may pledge or assign all or any portion of its facilities covered by these Rules for financing purposes without the other Participants' consent but must provide prior written notice to:

- (a) the Transmission Provider/System Operator where the Assigning Party is a Transmission Customer; or
- (b) all other Participants where the Assigning Party is the Transmission Provider/System Operator.

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A11.3 Effectivity of Permitted Transfer

- (a) **Assumption of Rights and Obligations.** Upon the effective date of a permitted assignment, novation, pledge or transfer under this Rule A11, the Successor Party shall be deemed to be a Participant and shall automatically take the place of the Assigning Party including the assumption of all of its rights and obligations under these Rules and any Service Agreement.
- (b) **No Additional Rights.** No additional rights or obligations shall arise as a result of an assignment, novation, pledge or transfer under this Rule A11.
- (c) **Surviving Obligations.** In the event of any permitted assignment, novation, pledge or transfer, the Assigning Party shall to the extent of the transferred or assigned obligations, and only to such extent, be relieved of obligations accruing from and after the effective date. However, the Assigning Party shall not be relieved of any liability that occurred before the effective date.

A11.4 Successors and Assigns. These Rules are binding on the Participants and their respective successors, permitted assigns and legal representatives.

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A12 Notices

A12.1 Unless otherwise specified, every notice to be given under, or in connection with, these OATS Rules shall be given in writing in English and delivered to the addresses specified in the Service Agreement. If a written notice of change of address has been given to the other party, then the notice shall be delivered to the new address. Delivery of notices shall be by:

- (a) Hand delivery;

- (b) Mailing by pre-paid registered airmail post, and shall be deemed to be received by the addressee on the date indicated in the return card; or
- (c) Facsimile transmission, and shall be deemed to be given at the time specified in the facsimile transmission report of the facsimile from which the transmission was made which evidences full transmission, free of errors, to the facsimile number of the party given notice unless that party proves that, contrary to the transmission report, it was not transmitted, or it was not transmitted in a complete and legible state, to that party's facsimile.

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A13 Default and Termination

A13.1 **Termination Events.** Without prejudice to the imposition of other/additional administrative sanctions as the Transmission Provider/System Operator may provide, the Transmission Provider/System Operator may give notice to the Transmission Customer terminating its Service Agreement (if any), if any of the following shall occur:

- (a) A Transmission Customer fails to pay any amount due and owing to the Transmission Provider/System Operator under these OATS Rules, and the default has not been remedied prior to the expiry of six (6) Business Days following receipt by the relevant Transmission Customer of notice of such non-payment; or
- (b) A Transmission Customer fails in any other material respect to perform or comply with any of its obligations under these OATS Rules and (if the failure is capable of remedy) it is not remedied to the reasonable satisfaction of the Transmission Provider/System Operator within six (6) Business Days of receiving a notice of the failure and requiring it to be remedied; or
- (c) A Transmission Customer:
 - (i) becomes subject to any distress, attachment, execution or other legal process levied, enforced, sued out on or against any material part of its property which is not discharged or stayed within 14 days; or
 - (ii) has a receiver appointed or consents to the appointment of a receiver, trustee or liquidator to the whole or any substantial part of its undertaking, property or assets; or
 - (iii) ~~files a voluntary petition for bankruptcy, insolvency, reorganization or relief from its creditors or have an involuntary petition for bankruptcy, insolvency or reorganization filed against it, or proposes or makes a general assignment, or an arrangement or composition with or for the benefit of its creditors; or~~

Deleted: is deemed or presumed to be unable to pay its debts as they fall due, or becomes or is deemed to be insolvent, or is in fact unable to pay its debts as they fall due, or

- (iv) is removed from the register of companies, except where removal from the register is pursuant to a merger or consolidation under the Philippine Corporation Code or any other Applicable Law, or an application for an order is made, or an effective resolution is passed, for its liquidation; or
 - (v) fails to be a party to a Service Agreement with the Transmission Provider/System Operator, or other arrangement, to enable it to be connected to the Grid; or
- (d) A Transmission Customer claims the benefit of one or more Force Majeure Events for either 15 consecutive days or for more than a total of 30 days in any 12 month period.

A13.2 **Termination.** Upon the expiry of the notice given by the Transmission Provider under Rule A13.1, the Transmission Customer shall immediately cease use of the Transmission Provider's facilities and the Transmission Provider may immediately disconnect the Transmission Customer. The Transmission Customer shall comply with the Transmission Providers' reasonable directions in relation to the disconnection of equipment.

A13.3 **Suspension.** Where the Transmission Provider/System Operator has the right to terminate the Transmission Customer's Service Agreement and participation under Rule A13.1, it may as an interim measure suspend the provision of services to that Transmission Customer under these OATS Rules. Notice of such suspension shall be included in the notice served by the Transmission Provider in Rule A13.1.

A13.4 **Termination by notice.** A Transmission Customer may terminate its Service Agreement under these OATS Rules on six (6) months written notice and shall comply with the Transmission Provider's reasonable directions in relation to the disconnection of equipment.

A14 Survival

A14.1 The following sections shall survive termination of these OATS Rules either in relation to a particular Participant or in their entirety:

- (a) Rule A10 (Confidentiality); and
- (b) Rule A7 (Liability and Indemnity).

A15 Relationship between the parties

A15.1 Nothing in these OATS Rules shall create, constitute or evidence any partnership, joint venture, agency, trust or employer / employee relationship between any of the Participants, and a Participant may not make, or allow to be made, any representation that any such relationship exists. No Participant shall have any authority to act for, or to incur any obligation on behalf of, any other party, except as expressly provided in these OATS Rules.

A16 Entire Agreement

A16.1 These OATS Rules and the Service Agreements constitute the entire agreement, understanding and arrangement (express and implied) between the Transmission Provider/System Operator and each Transmission Customer relating to the subject matter of these OATS Rules and supersede and cancel any previous agreement, understanding and arrangement relating thereto, whether written or oral.

A17 Governing Law

A17.1 These OATS Rules are governed by the laws of the Philippines.

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A18 Waiver

A18.1 Any delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, or in connection with, these OATS Rules shall not operate as a waiver of such right, power or remedy. A waiver of any breach of any provision of these OATS Rules shall not be effective unless that waiver is in writing, signed by the party by whom it is given. A waiver of any breach shall not be, or be deemed to be, a waiver of any other or subsequent breach.

A19 Non-Merger

A19.1 The provisions of these OATS Rules and any act, matter or thing done in connection with, or in connection with any other agreement, instrument, document, judgement or order of any court, or in connection with the expiry or earlier termination of these OATS Rules, shall not operate as a merger of any of the rights, powers or remedies of any of the parties under, or in connection with, these OATS Rules or at law, and those rights, powers and remedies shall survive and continue in full force and effect to the extent that they are unfulfilled or are not exhausted.

A20 Severability

A20.1 If any section is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from these OATS Rules without affecting the validity of the remainder of these OATS Rules or their enforceability, legality or application.

A21 Service Agreements

- A21.1 All Prospective Transmission Customers shall apply to enter into a Service Agreement with the Transmission Provider by completing the pro-forma Application Form/Service Agreement provided as Annex I to these OATS Rules.
- A21.2 Each application shall:
- (a) outline the specific services sought by the Prospective Transmission Customer under Modules B, C, D, and E; and
 - (b) be accompanied by a non-refundable processing fee, unless otherwise agreed with the Transmission Provider/System Operator.
- A21.3 An existing Transmission Customer may seek changes to a Service Agreement by submitting a further Service Application to the Transmission Provider/System Operator containing all information reasonably required by the Transmission Provider. To the extent such changes are covered by the Service Application, the existing Transmission Customer shall likewise be deemed a Prospective Transmission Customer.
- A21.4 The Prospective Transmission Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable when seeking a new Service Agreement or a modification to its Service Agreement.
- A21.5 The Transmission Provider/System Operator shall make every reasonable effort to assist the Prospective Transmission Customer in preparing and, if necessary, revising an application submitted by a Prospective Transmission Customer in order to comply with the Grid Code, the Distribution Code, and these OATS Rules.
- A21.6 The Transmission Provider shall use its reasonable endeavors to accommodate changes to the Service Agreement sought by the Transmission Customer where such changes shall not require a Grid Upgrade and are consistent with the Grid Code and, subsequent to the Spot Market Commencement Date, the WESM Rules.
- A21.7 Unless the Transmission Provider and the Prospective Transmission Customer agree to a different time frame, the Transmission Provider shall acknowledge a Service Application within 15 days of receipt. If the Service Application fails to meet the requirements of these OATS Rules or the Grid Code, the Transmission Provider shall also notify the Prospective Transmission Customer and specify the reasons for such non-compliance, by this time. In the event the Application is non-compliant, the Prospective Transmission Customer may then submit a revised application within 15 further days from the date they receive such notice from the Transmission Provider otherwise their Service Application shall be deemed to be withdrawn.
- A21.8 The Transmission Provider and the Prospective Transmission Customer shall execute a Service Agreement within 30 days from the Prospective Transmission Customer's receipt of notice of the approval of the Service

Application or completion of the relevant SIS or Facilities Study as outlined in Module B, as appropriate. If the Service Agreement is not executed within this period, the application shall lapse and be deemed to be withdrawn.

A21.9 Once the Transmission Provider and Transmission Customer have signed a Service Agreement, both parties shall use their reasonable endeavors to complete their obligations and commitments for implementing the Service Agreement within the times agreed between the parties.

A21.10 In the event that the Transmission Provider is required to provide new Facilities or Grid Upgrades to meet its obligations under the new or modified Service Agreement, the Transmission Customer shall provide the Transmission Provider with a letter of credit in the form specified in Module A to these OATS Rules before the Transmission Provider commences the necessary work, if requested to do so by the Transmission Provider.

A22 Transitory Arrangements

A22.1 All contracts existing between the Transmission Provider/System Operator and a party subject to the Grid Code at the date these OATS Rules become effective pursuant to Rule A2.1 (the "Existing Agreements") shall continue to be in force and effect.

A22.2 Each Existing Agreement shall be deemed to be a Service Agreement under the OATS Rules and accordingly the parties to each Existing Agreement will be bound by these OATS Rules as if the Existing Agreement was a Service Agreement entered pursuant to these OATS Rules to the extent that the OATS Rules do not impair the obligations arising from the Existing Agreements.

~~A22.3~~ The parties to each Existing Agreement will enter into a replacement Service Agreement by following the process set out in Rule A21 for Participants seeking to be Transmission Customers. The Transmission Provider/System Operator shall endeavor to ensure that the replacement Service Agreement is entered into on or before the date on which the Existing Agreement expires.

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~~A22.4~~ Notwithstanding Rule A22.1 and Rule A22.2 each Existing Agreement will be deemed to be amended at the Spot Market Commencement Date so that the Transmission Provider/System Operator and the Transmission Customer are bound by Rules D1.2 and C5.4.

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A22.5 The parties to each Existing Agreement or Service Agreement will enter into a replacement Service Agreement, where this OATS Rules are modified and subsequently approved by the ERC, by following the process set out in Rule A21 for Participants seeking to be Transmission Customers. The Transmission Provider/System Operator shall endeavor to ensure that the replacement Service Agreement incorporates the approved changes in the OATS Rules from the date of effectivity of ERC's approval.

A23 Transmission Provider/System Operator's obligations to the Grid Management Committee

A23.1 The Transmission Provider and the System Operator shall fund the operations of the GMC and its subcommittees.

A24 Transmission Provider/System Operator's obligations to the Market Operator

A24.1 The Transmission Provider and the System Operator shall provide information as requested by the Market Operator and which is required by the Market Operator to fulfil its functions under the WESM Rules.

A25 Prudent Operator

A25.1 The Transmission Provider/System Operator shall act as a reasonable and prudent operator in relation to the performance of its obligations under the Grid Code, these OATS Rules and, subsequent to the Spot Market Commencement Date, the WESM Rules.

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A26: Review of OATS Rules

A26.1 For the first Regulatory Period, the Transmission Provider / System Operator shall review the OATS Rules once each year and:

- (i) Invite submissions on the OATS Rules from Transmission Customers;
- (ii) Consider any submissions received from Transmission Customers;
- (iii) Recommend to the ERC such change to the OATS Rules as the Transmission Provider thinks appropriate.

A26.2 For the second and subsequent Regulatory Periods, the Transmission Provider / System Operator shall review the OATS at least once each Regulatory Period, [or as required by the ERC](#), and:

- (i) Invite submissions on the OATS Rules from Transmission Customers;
- (ii) Consider any submissions received from Transmission Customers;
- (iii) Recommend to the ERC such change to the OATS Rules as the Transmission Provider thinks appropriate.

[A26.3 Following receipt of Transmission Provider recommendation on change to the OATS Rules, ERC shall follow its procedure leading to its approval of amended OATS Rules.](#)

Module B: Connections

Section I: Existing Connections

B1 Right to remain connected and disconnect

B1.1 A Connected Transmission Customer may continue to connect and may disconnect its existing Facilities to the Transmission System subject to the rules contained in this Module B of these OATS Rules.

B1.2 Contract specific charges, including termination charges, may be payable should a Transmission Customer disconnect its facilities. Any such charges will be set out in the Service Agreement.

B2A Identification of Connection Facilities, Connection Point(s), and Metering

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B2A.1 Each Connected Transmission Customer's Connection Point(s) (including location and all related equipment) shall be listed in Schedule E to the Service Agreement.

B2A.2 The location of all metering devices at the Connection Point(s) and any necessary adjustment factors if the location of a metering device is not at the Connection Point, shall also be listed in Schedule E to the Service Agreement.

B2A.3 The Connection Facilities of the Transmission Provider and each Connected Transmission Customer shall be identified in the asset boundary single-line diagram attached as Schedule F to the Service Agreement in accordance with the Grid Code and these OATS Rules.

B2B Identification, Operation, Control and Maintenance of Facilities Performing Grid Functions

B2B.1 In the circumstance where Connection Facilities perform grid function, the asset boundary single-line diagram attached as Schedule F to the Service Agreement, shall also identify the Connected Transmission Customer Facilities that primarily perform grid functions as defined in B2B.3. The Transmission Provider and the Connected Transmission Customer must agree on which of the Connected Transmission Customer's Facilities perform grid function.

B2B.2 In the circumstance where Transmission Customer Facilities perform grid function, the single-line diagram attached as Schedule G to the Service Agreement, shall identify the Transmission Customer Facilities that primarily perform grid functions as defined in B2B.3. The Transmission Provider and the Transmission Customer must agree on which of the Transmission Customer's Facilities perform grid function.

B2B.3. In circumstances where the either the Connected Transmission Customer or the Transmission Customer owns facilities that primarily perform functions

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necessary to maintain the integrity, security and safety of the grid, the Connected Transmission Customer or the Transmission Customer agrees to transfer operation and control (but not ownership) of such assets to the Transmission Provider and the Transmission Provider shall operate and control such assets.

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B2B.4. The Connected Transmission Customer or the Transmission Customer may maintain its Facilities that have Grid functions and are operated by the Transmission Provider under section B2B.2 or B2B.3 of these OATS Rules, subject to meeting the maintenance standards and spares requirements specified by the Transmission Provider. If the Connected Transmission Customer or the Transmission Customer determines that these Facilities should be maintained by the Transmission Provider, the Transmission Provider may charge the Connected Transmission Customer or the Transmission Customer for maintaining the assets according to the methodology specified in Annex IV, Module F: Connections Charges and Residual Sub-transmission Charges.

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B3 Safety, Power Quality and Reliability

B3.1 The Transmission Provider and each Connected Transmission Customer shall ensure that all Equipment that each Participant provides at a Connection Point shall comply with Good Industry Practices, the Grid Code and the Philippine Electrical Code, and for Load Customers, the Distribution Code.

B3.2 The Transmission Provider and each Connected Transmission Customer shall operate and maintain their Connection Facilities and other Facilities in a safe and efficient manner and in accordance with Good Industry Practice and the Grid Code (including but not limited to the voltage performance and harmonics standards) and, for Load Customers, the Distribution Code.

B4 Data Requirements

B4.1 Each Connected Transmission Customer shall provide any data, reports, forecasts, and specific information regarding the electrical characteristics of their Facilities as specifically required under these OATS Rules and the Grid Code or as requested by the Transmission Provider, acting reasonably, to enable it to meet its obligations under the Grid Code and these OATS Rules.

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B5 Communication and SCADA Equipment Requirements

B5.1 **Communication Equipment for Monitoring and Control.** Subject to B5.5 through to B5.10, the Transmission Provider shall provide all communication equipment required for monitoring and controlling the Connection Point and Generation Facilities, in accordance with the Grid Code unless the Transmission Provider and Connected Transmission Customer agree otherwise. The Connected Transmission Customer shall provide, at its own

cost, appropriate reasonable space and access for the installation of the required facilities for this purpose.

- B5.2 **Real Time Telemetry and Data.** The Transmission Provider/System Operator shall select the Connected Transmission Customer's real time telemetry and data to be received by the Transmission Provider's Control Centers, as the Transmission Provider/System Operator acting reasonably deems necessary for reliability, security, efficiency, and/or monitoring of system operations. This telemetry shall include, but not be limited to the following at any of the Connected Transmission Customer's Connection Facilities:
- (a) line flows (MW & MVAR), voltages, currents, frequency, and, breaker status.
 - (b) For Generation Customers, generator output (MW & MVAR).
 - (c) For Load Customers, loads (MW & MVAR).
- B5.3 **Remote Control Functions.** The Transmission Provider, in agreement with the Connected Transmission Customer, shall determine the remote control functions as required, including but not limited to circuit breaker control (open/close) and, for Generation Customers, Automatic Generation Control (AGC), from the Connected Transmission Customer.
- B5.4 **SCADA Facilities.** The Transmission Provider shall provide the SCADA facilities set out in the Grid Code and additional SCADA facilities as agreed with the Connected Transmission Customer and recorded in the Service Agreement, unless the Transmission Provider and Connected Transmission Customer agree otherwise.
- B5.5 **Facilities to Interface SCADA.** The Connected Transmission Customer shall be responsible for the installation and maintenance of all necessary facilities to interface with the Transmission Provider's SCADA system.
- B5.6 **Telecommunications Facilities to Link Station(s) to Existing Telecommunications Network.** The Connected Transmission Customer shall be responsible for providing all telecommunication facilities necessary to link/connect its station(s) to the existing telecommunication network of the Transmission Provider. In particular, this obligation includes providing radio and/or an optical link of appropriate bandwidth to accommodate the communication requirements stated in these OATS Rules from the Connected Transmission Customer to the nearest or most feasible telecommunication node within the Transmission Provider's telecommunication network.
- B5.7 **Telecommunication Network Extension.** Connected Transmission Customers shall provide all required multiplexers, channel interfaces, signalling and terminating equipment, relay facilities (where necessary), power supply, supervisory functionality and other pertinent accessories from its Facilities to the telecommunication node of the Transmission Provider. Such network extension(s) shall conform to telecommunication and data-communication standards as well as reliability thresholds in use by the Transmission Provider.

- B5.8 **Right-of-Way Requirements.** The Connected Transmission Customer shall be responsible for any right-of-way requirements necessary to establish any network extension required under Rule B5.7.
- B5.9 **Tele-protection paths.** The Connected Transmission Customers shall provide redundant tele-protection paths between its station and the adjacent substations of the Transmission Provider, by using either of the following:
- (a) Power Line Carrier and Microwave Radio; or
 - (b) Optical Fiber and Microwave Radio.
- B5.10 **Telecommunication Links.** The Transmission Provider shall be responsible for linking the Transmission Customer's telecommunication systems with the Transmission Provider's telecommunication systems in accordance with the Grid Code.
- B5.11 **Additional Signalling and Communication Equipment.** The Connected Transmission Customer shall be responsible for all additional signalling and communication equipment necessary for grid protection in accordance with the Grid Code arising from the connection of the Connected Transmission Customer's Facility to the Grid.
- B5.12 **Transmission Customer may seek provision by Transmission Provider.** The Transmission Customer may seek the agreement of Transmission Provider/System Operator for the Transmission Provider/System Operator to provide some or all of the facilities specified in B5.5, B5.6, B5.7, B5.8, B5.9, and B5.11, subject to the Transmission Customer agreeing to pay the required costs or charges.

B6 Protection Arrangements

- B6.1 **Respective responsibility for Protective Devices.** The Transmission Provider and each Connected Transmission Customer shall be solely responsible for their Equipment at Connection Point and shall ensure that such Equipment is protected in accordance with the Grid Code and that their Protective Devices meet the standards set out in the Grid Code.
- B6.2 **Installation of new Protective Devices.** The Transmission Provider and Connected Transmission Customers may install, upgrade, operate and maintain Protective Devices to separate the Connected Transmission Customer's Facility from the Transmission System sufficiently to avoid injury or damage, and to comply with the Grid Code at all times; provided that the Transmission Provider and the Connected Transmission Customer shall install, operate and maintain their own Protective Devices in accordance with the Grid Code. The Transmission Provider and the Connected Transmission Customer shall give prior written notice to the other of all such Protective Devices that it intends to install and/or upgrade, and of the settings of such devices.

B6.3 **Fault Clearance Time.** The applicable Fault Clearance Time shall be specified in the Service Agreement within the parameters set by the Grid Code.

B7 Critical Events List

B7.1 **Exchange of Lists.** Promptly after executing a Service Agreement, the Transmission Provider and the Connected Transmission Customer shall, after consultation, provide to the other its Critical Events List. A Participant may amend its Critical Events List from time to time, in consultation with the other.

B7.2 **Prompt Notification.** If the Transmission Provider or Connected Transmission Customer experiences an event on its Critical Events List, it shall promptly notify the other by the quickest means possible.

B8 Contingency Procedures

B8.1 **Prompt notification of Contingency.** The Transmission Provider and each Connected Transmission Customer shall provide the other with prompt verbal notification by telephone of any Contingency involving their Facilities or Connection Facilities that may reasonably be expected to affect the other's operation of its Facilities or Connection Facilities. This notification shall indicate the reasons for the Contingency, the Contingency's expected effect on the operation of the other party's Facilities and operations, the Contingency's expected duration, and the corrective action to be taken. Telephone notification shall be followed by written notification by the close of business hours the next day.

B8.2 **Contingency Actions.** The Transmission Provider and the Connected Transmission Customer shall agree on a mutually acceptable set of specific actions that the Transmission Provider and the Connected Transmission Customer shall take in response to a Contingency and record these in the Service Agreement.

B8.3 **Access to each other's Connection Facilities.** The Transmission Provider and each Connected Transmission Customer may open and/or disconnect the Connection Facilities of the other party in the event of, and for the duration of, any Contingency, if such opening or disconnection would reasonably be expected to mitigate or remedy the Contingency in accordance with Good Industry Practice and the Grid Code. A Participant exercising this right shall notify the other party of their actions in accordance with B8.1.

B9 Property access

B9.1 **Access Rights.** Unless otherwise agreed, the Transmission Provider and each Connected Transmission Customer agree to grant the other and its agents and subcontractors such access to its Facilities and Connection Facilities as is

necessary and appropriate, both parties acting reasonably, for the construction, installation, testing, operation and maintenance of the first Participant's own Facilities and Connection Facilities (including any Protective Devices), in accordance with the terms and provisions of the Grid Code, Distribution Code and these OATS Rules.

B9.2 Procedure. When exercising the access rights outlined in Rule B9.1 above, the Transmission Provider and the Connected Transmission Customer shall:

- (a) Provide the other party with as much advance notice as is appropriate under the circumstances;
- (b) Not unreasonably disrupt or interfere with the normal operations of the business of the other party;
- (c) Adhere to the safety rules and procedures established by the other party; and
- (d) Act consistent with Good Industry Practice.

B10 Transformer Connection and Grounding

B10.1 High-Voltage Connection. If the Connected Transmission Customer's Equipment is connected to the Grid at a voltage that is equal to or greater than 115 kV, the Connected Transmission Customer shall ensure the high-voltage side of the transformer shall be connected in accordance with the Grid Code.

B10.2 Technical Requirements. The Connected Transmission Customer shall ensure that its Equipment meets the following connection and grounding requirements for the low-voltage side of the transformer:

- (a) At nominal voltages of 115 kV and above, the Grid shall be effectively grounded with an Earth Fault Factor of less than 1.4.
- (b) At nominal voltages below 115 kV, the grounding requirements and the applicable Earth Fault Factor at the Connection Point [shall be](#) specified by the Transmission Provider.

B11 Generation Customer's Requirements

B11.1 Generation Facility to be Synchronized. Each Generation Customer shall be responsible for ensuring that whenever the Generation Facility is brought on-line, the Facility is synchronized to the Grid before actual connection to the Grid and remains so synchronized once connected to the Grid.

B11.2 Automatic Voltage Regulators. Each Generation Customer shall operate its Generation Facility with automatic voltage regulators consistent with the applicable provisions of the Grid Code and Good Industry Practice. The

automatic voltage regulators shall control voltage at the Connection Point when the Generation Facility is operating within the voltage range schedule provided by the Transmission Provider to the Generation Customer. This voltage range may be revised from time to time by the Transmission Provider, provided the voltage schedule remains within the Generation Facility's operating limits and consistent with Good Industry Practice. The Generator shall be compensated by the System Operator for any reactive power or VAR support provided by the Generation Facility in accordance with Module F.

B11.3 **Voltage Requirements.** Each Generation Customer shall ensure that its Generation Facility(s) meet the requirements laid out in the Grid Code.

B11.4 **Power Factor.** Every Generation Customer shall ensure its specified active power output is maintained with the power factor limits specified in the Grid Code.

B12 Load Customers' Requirements

B12.1 **Operational Responsibilities.** The Transmission Customer shall comply with the operational requirements as provided under Article 7.3.4 of the Grid Code and its amendments, if any.

B12.2 **Power Factor.** Every Load Customer shall maintain a power factor, within the limits of 0.85 lagging and unity power factor at its Connection Point(s).

Section II. New Points of Connection or Modifications to Existing Connections

B13 Applications for New Connection(s)

B13.1 **Applications.** Subject to securing the approval of the Transmission Provider in the manner outlined in these OATS Rules and in accordance with the process set out in the Grid Code, a Prospective Transmission Customer may submit a Service Application to the Transmission Provider seeking:

- (a) A new Service Agreement for a first Connection Point; or
- (b) A modification to an existing Service Agreement,

B13.2 **Approval of Transmission Provider required before connection.** A Prospective Transmission Customer seeking a new Connection Point or modification to their Connection Point shall secure the consent of the Transmission Provider to a change in their Service Agreement prior to making any changes to their Connection Point in the manner outlined in the Grid Code and these OATS Rules.

B13.3 **Compliance with process.** The Transmission Provider and each Prospective Transmission Customer shall comply with the processes set out in these OATS Rules and the Grid Code for processing of new or modified connection arrangements.

B13.4 **Service Application involving a New Connection.** The Transmission Customer shall complete the Service Application contained in Annex I to these OATS Rules involving a new Connection Point, containing all necessary information for the provision of the required services. Prior to the Spot Market Commencement date, the Service Application shall include a request for Available Transmission Capacity at each Connection Point(s). Each service application shall be accompanied by a non-refundable processing fee, unless otherwise agreed with the Transmission Provider.

B14 Evaluation of Applications including Grid Impact Studies (GIS) and System Impact Studies (SIS)

B14.1 **Evaluation under the GIS.** The Transmission Provider shall develop and maintain a set of Grid Impact Studies for evaluating service applications in accordance with the Grid Code.

B14.2 **Determination whether SIS necessary.** After receiving the service application, the Transmission Provider shall determine on a non-discriminatory basis whether a specific System Impact Study (SIS) is necessary to process the application, in addition to the information already available from its own Grid Impact Studies and any previous System Impact Studies.

B14.3 Agreement on Service Application or Offer of Service for SIS. If the Transmission Provider agrees with the Service Application and considers no SIS is necessary, it shall so advise the Prospective Transmission Customer within thirty (30) days from receipt of the Service Application. If the Transmission Provider determines that a specific SIS is necessary in addition to that information already available as outlined in B14.2, it shall so inform the Prospective Transmission Customer within thirty (30) days from receipt of the service application by issuing an Offer of Service for SIS to the Transmission Customer.

B14.4 Requirements of an Offer of Service for SIS. The Transmission Provider shall specify clearly in the Offer of Service for SIS:

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- (a) The scope of the study, including identification of whether any Transmission Constraints, re-dispatch options, additional Direct Assignment Facilities, or Grid Upgrades shall be required to provide the requested service.
- (b) The estimated time for completion of the SIS and acknowledgement of the Transmission Provider's obligations under [Rule](#) B14.10 and [Rule](#) B14.12.
- (c) The maximum charge, based on the Transmission Provider's estimate of the actual cost, exclusive of VAT.

B14.5 Action on Offer of Service. The Prospective Transmission Customer may:

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- (a) accept the Transmission Provider's Offer of Service;
- (b) respond with its own Offer of Service to the Transmission Provider [whereby an independent third party undertakes the study](#); or
- (c) reject the Transmission Provider's Offer of Service.

B14.6 Notification of Acceptance or Non Acceptance of Offer of Service for SIS. The Prospective Transmission Customer shall reply to the Transmission Provider's Offer of Service outlining its decision in relation to B14.5(a), (b), or (c) within fifteen (15) days from receipt of any such offer.

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B14.7 Effect on Application. If the Prospective Transmission Customer accepts the Transmission Provider's Offer of Service, it shall agree to advance funds for the Transmission Provider to conduct the required study. If the Prospective Transmission Customer wishes to undertake the Study itself or commission an independent third party to do so, it shall provide an equivalent proposal outlining the matters contained in [Rule](#) B14.5 to the Transmission Provider within fifteen (15) days of the receipt of the Transmission Provider's Offer of Service. If the Prospective Transmission Customer rejects the Offer of Service, does not offer an alternative Offer of Service, or does not reply to the Offer of Service within fifteen (15) days, its application shall be deemed withdrawn.

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- B14.8 **Proposal to Undertake SIS.** Should the Prospective Transmission Customer propose to commission an independent third party to undertake the SIS, the Transmission Provider, acting reasonably, shall consider such a request and respond within fifteen (15) days. An independent third party study shall only occur by agreement between the Transmission Provider and the Prospective Transmission Customer. Information required to undertake the study will need to be provided to the third party under a confidentiality agreement. Should the Transmission Provider not agree to the Prospective Transmission Customer's SIS proposal, then the Transmission Provider shall provide the Prospective Transmission Customer with a further fifteen (15) days to re-consider its initial Offer of Service or modification thereof. Should the Prospective Transmission Customer not respond to the Transmission Provider within these further fifteen (15) days, then its Service Application shall be deemed to be withdrawn.
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- B14.9 **Cost of SIS Study.** Unless otherwise agreed with the Transmission Provider, the Prospective Transmission Customer shall be responsible for the cost of any SIS.
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- B14.10 **Deposit for undertaking SIS.** Should the Prospective Transmission Customer agree to the Transmission Provider's Offer of Service for SIS, the Prospective Transmission Customer shall pay the deposit outlined in Module F to these OATS Rules.
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- B14.11 **Submission of Data for SIS Study.** The Prospective Transmission Customer shall submit the required data needed for the SIS as specified in the Service Application before the SIS is conducted.
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- B14.12 **Time Period for Completion of SIS.** The party responsible for providing the SIS shall use its reasonable endeavors to complete the required SIS within a sixty (60) day period of the agreement to an Offer of Service for an SIS unless otherwise agreed between the parties.
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- B14.13 **Reliance on existing GIS.** The Transmission Provider shall rely, to the extent reasonably practicable, on its existing GIS and information supplied by the Prospective Transmission Customer.
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- B14.14 **Notification of Extended Completion Date for SIS.** In the event that the party responsible for providing the SIS is unable to complete the SIS within the time period specified or agreed in B14.12, it shall notify the other party and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required SIS.
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- B14.15 **Provision of SIS Issues and Results.** In undertaking or taking responsibility for the provision of the SIS, the Transmission Provider/Prospective Transmission Customer shall inform the other party of key issues arising from the SIS as they arise. Following the completion of the SIS, the party that undertook or commissioned the SIS shall provide the other party with a copy of the completed SIS results and related work papers as soon as is practicable thereafter and no later than 5 days after its completion.
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B14.16 **Notification of Adequacy of Grid.** The Transmission Provider shall notify the Prospective Transmission Customer immediately upon completion of the SIS or no later than five (5) days after receiving the copy of the SIS, if the Grid shall be adequate to accommodate all or part of the service application or if no costs are likely to be incurred for new Facilities or Grid Upgrades.

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B15 Facilities Study

B15.1 **Offer of Service for Facilities Study.** If the SIS indicates that new Facilities or Grid Upgrades are needed to provide the requested services, the Transmission Provider shall tender to the Prospective Transmission Customer an Offer of Service for Facilities Study within thirty (30) days of completing the SIS, and shall allow the Prospective Transmission Customer fifteen (15) days to respond from the date of its receipt of the Offer of Service.

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B15.2 **Options for Prospective Transmission Customer in Undertaking Facilities Study.** In responding to the Offer of Service provided by the Transmission Provider within the timeframe provided in B15.1, the Prospective Transmission Customer may decide to:

- (a) Undertake the Facilities Study itself and advise the Transmission Provider accordingly;
- (b) Contract with a third party and advise the Transmission Provider accordingly; or
- (c) Agree to the Offer of Service for Facilities Study from the Transmission Provider.

The Transmission Provider shall be bound by the Prospective Transmission Customer's decision in relation to (a), (b) or (c).

B15.3 **Completion of Facilities Study.** In the event that the Prospective Transmission Customer agrees to proceed with a Facilities Study and:

- (a) The Facilities Study is to be completed by the Prospective Transmission Customer, or by a third party contracted by the Prospective Transmission Customer, the Prospective Transmission Customer shall use its reasonable endeavors to ensure the Facilities Study is completed within the period of time specified in the Offer of Service.
- (b) The Facilities Study is to be completed by the Transmission Provider, the Transmission Provider shall use its reasonable endeavors to ensure the Facilities Study is completed within the period of time specified in the Offer of Service.

B15.4 **Cost of Facilities Study.** The Prospective Transmission Customer shall be responsible for the cost of any Facilities Study.

- B15.5 **Submission of Data for Facilities Study.** Where the Transmission Provider is undertaking the Facilities Study, the Prospective Transmission Customer shall submit the data needed for the Facilities Study, as specified in the Service Application, before the Facilities Study is conducted.
- B15.6 **Notification of Additional Time to Complete Facilities Study.** Where the Transmission Provider is undertaking the Facilities Study and requires additional time, the Transmission Provider shall notify the Prospective Transmission Customer and provides an estimate of the time needed to reach a final determination along with an explanation of the reasons why additional time is required to complete the Facilities Study.
- B15.7 **Results of Facilities Study.** When completed, the Facilities Study shall include a good faith estimate of:
- (a) The cost of Connection Facilities to be charged to the Prospective Transmission Customer.
 - (b) The time required to complete such construction and initiate the requested service.
- B15.8 **Provision of results from Facilities Study.** The party that undertook or commissioned the Study shall provide the other party with a copy of the completed Study results and related work papers as soon as is practicable after the completion of the Facilities Study and no later than 5 days after its completion.

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B16 Entering into Service Agreement and disputes over study results

- B16.1 **Parties to enter Service Agreement.** If the Prospective Transmission Customer and the Transmission Provider agree on the Service Application and the results of any SIS and any Facilities Study, the Transmission Provider and the Prospective Transmission Customer shall execute a Service Agreement within:
- (a) thirty (30) days of the approval of the Service Application or completion of the SIS or completion of Facilities Study, whichever is the later; or
 - (b) the time period for which the results of the SIS or Facilities Study are valid as specified in the SIS or Facilities Study.
- B16.2 **Withdrawal of Application.** In the event that the Service Agreement is not executed by the Transmission Provider/System Operator and Prospective Transmission Customer within the time period determined under B16.1, the Service Application shall be deemed terminated and withdrawn.
- B16.3 **Disputes over study results.** In the event that the Transmission Provider/System Operator and Prospective Transmission Customer do not agree on the results of the SIS or Facilities Study, they shall invoke the Dispute Resolution Procedures outlined in Module A.

B17 Arrangements to be Completed Prior to Commissioning Date following execution of Service Agreement

- B17.1 Completion of connection arrangements.** The Transmission Provider and Transmission Customer, taking into consideration the agreed target Completion Date, shall use their reasonable endeavors, in coordination with each other, to complete their respective connection arrangements as agreed in the Service Agreement.
- B17.2 Security for New Facilities or Facility Upgrades.** In the event that the Transmission Provider is required to invest in new Facilities or Grid Upgrades to meet its obligations under the new or modified Service Agreement, and the Transmission Customer is to meet these costs, the Transmission Customer shall provide the Transmission Provider with a letter of credit in the form specified in Module A to these OATS Rules, if requested to do so by the Transmission Provider, before the Transmission Provider commences the necessary work.
- B17.3 Design and specification requirements.** The design and specifications of any additional Facilities required for Connection shall:
- (a) Conform to the Grid Code;
 - (b) Conform to any engineering standards specified by the Transmission Provider, acting reasonably; and
 - (c) Be approved by the Transmission Provider.
- B17.4 Installation of Necessary Equipment.** Power Delivery Service shall not commence until the Transmission Provider and the Transmission Customer have ensured that the Equipment specified under Module B of these OATS Rules has been installed consistent with the Grid Code and Good Industry Practice, and any additional requirements imposed by the Transmission Provider, acting reasonably, to ensure the reliable operation of the Grid, as recorded in the Service Agreement, have been met.
- B17.5 Provision of Required Information and Tests of Equipment.** The Transmission Customer shall provide the required information set out in the Grid Code to the Transmission Provider prior to the Commissioning Date and shall test the Equipment required at the Connection Point to connect the Transmission Customer's Facilities in accordance to the Grid Code.
- B17.6 Approval of Load Shedding and Curtailment Procedures.** Prior to the Commissioning Date, the Transmission Customer shall seek the approval of the System Operator to its Load Shedding and Curtailment procedures and any other requirements the System Operator imposes in order to meet its obligations under these OATS Rules, the Grid Code and, subsequent to the

Spot Market Commencement Date, the WESM Rules. These Load Shedding and Curtailment procedures shall be recorded in the Service Agreement.

- B17.7 **Data Requirements Upon Execution of Service Agreement.** The Transmission Customer shall comply with all data requirements specified in the Grid Code within thirty (30) days of the execution of a Service Agreement unless otherwise agreed between the Transmission Provider and the Transmission Customer.
- B17.8 **Costs of Processing and Modification.** The Transmission Customer shall be liable for any costs reasonably incurred by the Transmission Provider in processing and, if agreed, implementing a modification in the Service Agreement, in the event that the Transmission Customer subsequently wishes to cancel or amend its Service Application or its Service Agreement.

Section III Conditions

B18.1 Additional Conditions pertaining to this service. The Transmission Provider shall not be held liable for a failure to deliver the services in this Module B where the following events have had a material effect on its ability to deliver the service and the Transmission Provider has used its reasonable endeavors to mitigate their impact on the service:

- (a) The Prospective Transmission Customer/Transmission Customer failing to comply with its obligations under these OATS Rules, the Grid Code or subsequent to the Spot Market Commencement Date, the WESM Rules.
- (b) The Prospective Transmission Customer/Transmission Customer providing the Transmission Provider with incomplete or inaccurate information.
- (c) Any other Prospective Transmission Customer/Transmission Customer failing to comply with their obligations under these OATS Rules, the Grid Code or, subsequent to the Spot Market Commencement Date, the WESM Rules.

B18.2 Connected Transmission Customer's Non-Compliance. If the Prospective Transmission Customer/Transmission Customer fails to comply, when so required, with any of its obligations in this Module B, the Transmission Provider shall have the right to require the Prospective Transmission Customer/Transmission Customer to take any and all such measures, including but not limited to the installation of new or additional equipment, as necessary to comply with such requirements. In the event that the Prospective Transmission Customer/Transmission Customer fails to take any or all of such measures within thirty (30) days after receipt of notice of non-compliance, the Transmission Provider shall have the right itself to take (or cause to be taken) such measures without further notice. The Prospective Transmission Customer/Transmission Customer shall be responsible for any and all costs and expenses incurred as a result of its non-compliance.

Section IV Sub-transmission Assets

- B19 Transmission Connection Assets and Residual Sub-transmission Assets** ← --- **Formatted:** Bullets and Numbering
- B19.1 For charging purposes, the Sub-transmission Assets (STA) shall be classified into two components:** ← --- **Formatted:** Bullets and Numbering
- (a) **Transmission Connection Assets (TCA); and** ← --- **Formatted:** Bullets and Numbering
- (b) **Residual Sub-transmission Assets (RSTA).** ← --- **Formatted:** Bullets and Numbering
- B19.2 For the avoidance of doubt, these classification of STA does not preclude the need for the Transmission Provider to sell the STA to qualified Distribution Utilities. The separate approach to charging allows the Transmission Provider to sell the STA and reduce the charges for recovery of TCA and RSTA, without the need to adjust the MAR between Regulatory Reset.** ← --- **Formatted:** Bullets and Numbering
- B19.3 For the purpose of identifying TCA which provide Transmission Connection Services, the approach approved by the ERC in its document titled "Definition and Boundaries of Connection Assets for Customers of the National Transmission Corporation" shall be used, as amended and approved from time to time.** ← --- **Formatted:** Bullets and Numbering
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- B19.4 The TCA are defined for Load and Generation Customers.** ← --- **Formatted:** Bullets and Numbering
- B19.5 TCA are a subset of the STA defined in the ERC's "Guidelines to the Sale and Transfer of the Transco's Sub-Transmission Assets and Franchising of Qualified Consortiums" developed under Section 7 and 8 of the EPIRA and Rule 6 of its IRR.** ← --- **Formatted:** Bullets and Numbering
- B19.6 The STA which are not categorised as TCA shall be categorised as RSTA.** ← --- **Formatted:** Bullets and Numbering
- B20 Principles of Connection Charge and Residual Sub-transmission Charge** ← --- **Formatted:** Bullets and Numbering
- B20.1 Transmission Connection Services and Residual Sub-transmission Services shall be treated as Excluded Services as defined in Section 1.6 of the TWRG.** ← --- **Formatted:** Bullets and Numbering
- B20.2 Connection Charges will allow the Transmission Provider to recover the cost for providing Transmission Connection Services which is associated with connecting the customers to the Grid. Connection Charges shall be payable by all Load Customers, and where applicable Generation Customers, for the period until STAs are sold to qualified DUs at each Connection Point.** ← --- **Formatted:** Bullets and Numbering
- B20.3 Residual Sub-transmission Charges will allow the Transmission Provider to recover the cost for providing Residual Sub-transmission Services. Residual Sub-transmission Charges shall be payable by all Load Customers, and** ← --- **Formatted:** Bullets and Numbering

where applicable Generation Customers, for the period until STAs are sold to qualified DUs at each Connection Point.

B20.4 Reasonable cost for Excluded Services shall be recovered using the following principles from Section 1.6.3 of the TWRG:

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- (a) an allowance for appropriately attributable operating and maintenance and overhead costs;
- (b) an allowance for the depreciation of the assets used to provide the Excluded Service over the economic life of those assets;
- (c) a reasonable return on the depreciated value of the assets used to provide the Excluded Service (such reasonable return might, for example, be the then-applicable weighted average cost of capital as calculated pursuant to Section 4.9 or Section 5.9 of the TWRG); and
- (d) an allowance for taxes paid in connection with the provision of the Excluded Service or the income derived from the provision of the Excluded Service.

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¶ Contestability¶

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Only after the ERC allow contestability shall these provisions apply.¶

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Some connection activities may be undertaken by the Customers. These activities could include the provision or construction of Connection Assets, the financing of Connection Assets, and the on-going maintenance of those assets. These activities may be used as grounds for contestability at a date specified by the ERC. However, contestability should not prejudice the integrity and reliability of the

B20.5 The manner outlined prescribed in Rule F(AIV), of Module F of these OATS Rules shall represent the Transmission Provider's adoption of these principles.

B21 Sale of Sub-Transmission Assets

B21.1 Qualified DU or Consortium purchasing Sub-transmission Assets will simply see their Connection Charge and Residual Sub-transmission Charge fall to zero upon purchase of the Sub-transmission Assets. Should the Qualified DU or Consortium require Transmission Provider to undertake the maintenance (or expansion) of the Sub-transmission Assets they have purchased, they will be charged the appropriate amount for such Excluded Services, based on Rule F(AVI).

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Contestability in Construction and Maintenance Services¶

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Customers wishing to provide and maintain their own Connection Assets may do so as long as it is consistent with the Grid Code and the OATS Rules.¶

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Contestability Procedure and Connection Terms¶

¶

Customers seeking to avail of contestability may only do so in a manner consistent with the OATS Rules.¶

¶

As required by the EPIRA, Connection Assets must remain under ownership of the franchisee. Where assets are provided under contestable arrangements ownership will transfer to TransCo

B22 Contestability

B22.1 Only after the ERC allow contestability shall these provisions apply.

B22.2 Some connection activities may be undertaken by the Customers. These activities could include the provision or construction of Connection Assets, the financing of Connection Assets, and the on-going maintenance of those assets. These activities may be used as grounds for contestability at a date specified by the ERC. However, contestability should not prejudice the integrity and reliability of the Grid.

B22.3 Contestability in Construction and Maintenance Services

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(a) Customers wishing to provide and maintain their own Connection Assets may do so as long as it is consistent with the Grid Code and the OATS Rules. ← **Formatted:** Bullets and Numbering

B22.4 Contestability Procedure and Connection Terms ← **Formatted:** Bullets and Numbering

(a) Customers seeking to avail of contestability may only do so in a manner consistent with the OATS Rules. ← **Formatted:** Bullets and Numbering

(b) As required by the EPIRA, Connection Assets must remain under ownership of the franchisee. Where assets are provided under contestable arrangements ownership will transfer to the Transmission Provider upon completion, and the only Connection Charge component to be recovered by the Transmission Provider from the date of transfer shall relate to the operation and maintenance costs associated with that asset into the future. ← **Formatted:** Bullets and Numbering

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B22.5 Asset Replacement ← **Formatted:** Bullets and Numbering

(a) Early Asset Replacement ← **Formatted:** Bullets and Numbering

i. If for any reason, a Connection Asset requires replacement before it reached its replacement period as defined by the regulatory lives under the TWRG, the Transmission Provider will continue to charge for the original asset and make no changes to the existing customers for the new asset until the replacement period of the original asset. ← **Formatted:** Bullets and Numbering

the Transmission Provider will continue to charge Deleted: TransCo

ii. Upon the expiration of the original replacement period, the transmission customer will then be charge the depreciated value of the new asset. ← **Formatted:** Bullets and Numbering

iii. If the replacement asset is not commissioned until after the replacement period, then the customer's charges will solely cover ongoing site specific maintenance and overhead. Charges for the replacement assets will only begin on the notified charging date of the replacement asset. ← **Formatted:** Bullets and Numbering

(b) Assets Operating after their Replacement Period ← **Formatted:** Bullets and Numbering

i. Once the connection assets have reached the end of the replacement period, there are a number of different types of agreement that may be reached between the Transmission Provider and the customers. ← **Formatted:** Bullets and Numbering

the Transmission Provider and the customers. Deleted: TransCo

ii. If the Transmission Provider has notified that assets will remain in service beyond their replacement period and after thirty (30) days ← **Formatted:** Bullets and Numbering

service beyond their replacement period and after thirty (30) days Deleted: TransCo

from receipt no counter notice has been received from the customers, then the following alternative types of agreement are offered to the customers.

iii. The Transmission Provider and the customer will agree on a date beyond the replacement period on which the assets will be replaced and the customer accepts the obligation to pay for the charges of those new assets upon commissioning.

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iv. The Transmission Provider and the customer will agree on a firm price agreement for a set period of time covering the assets, which have remained in service beyond their replacement period.

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v. Pending agreement as to enduring arrangement above, the customer agrees to sign an offer to vary the SA for those assets currently or will be operating beyond their replacement period.

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Module C: Power delivery service

C1 General undertaking to operate Grid

The Transmission Provider shall plan, construct, operate, and maintain the Grid in accordance with the Grid Code and Good Industry Practice in order to provide the Transmission Customer with the Power Delivery Service.

C2 Power Quality

The Transmission Provider shall use its reasonable endeavors, subject to the Conditions to this service, to deliver the Power Quality standards in the Grid Code, including but not limited to, as defined in the Grid Code:

- (a) Voltage Variations;
- (b) Harmonics;
- (c) Voltage Unbalance;
- (d) Voltage Fluctuation and Flicker severity;
- (e) Transient Voltages.

C3 Reliability

C3.1 **General.** The Transmission Provider shall use its reasonable endeavors to achieve the Reliability targets as approved by the ERC in accordance with the Grid Code for the Power Delivery Service that it provides to the Transmission Customer.

C3.2 **Report on Interruptions.** The Transmission Provider shall report on Interruptions in the manner prescribed by the ERC in accordance with the Grid Code and shall compensate the Transmission Customer in the manner prescribed in Rule F(AVIII)2, Annex VIII, of Module F of these OATS Rules when the Transmission Customer's Power Delivery Service is interrupted or curtailed below a level(s) specified in their Service Agreement and the Interruption or Curtailment was caused by the Transmission Provider.

C4 Available Transmission Capacity of Power Delivery Service

The Transmission Provider shall use its reasonable endeavors to provide the Available Transmission Capacity and if appropriate, the time period over which the Available Transmission Capacity shall be provided, at the Connection Points(s) agreed between the Transmission Provider and Transmission Customer and recorded in the Transmission Customer's Service Agreement.

C5 Firm versus Non Firm Power Delivery Service

C5.1 **Pre-Market Operations.** Prior to the Spot Market Commencement Date, the Transmission Provider shall provide Generation Transmission Customers with either Firm Power Delivery and/or Non Firm Power Deliver Service as agreed with the Transmission Provider in accordance with the processes set out in these OATS Rules, including but not limited to Annex I to this Module C.

C5.2 Non Firm Power Delivery Services to Load Transmission Customers. In general, the Transmission Provider shall provide only Firm Power Delivery Service to Load Transmission Customers. The Transmission Provider may consider providing Non Firm Power Delivery Services for Load Transmission Customers in the following circumstances (refer to Rule F7 for further detail):

- a. If the Load Transmission Customer has sources of electricity that do not require use of the Transmission Provider's facilities and those sources of electricity are sufficient to allow the Load Customer to be temporarily disconnected from the Grid from time to time.
- b. If there are technical constraints in the transmission facilities.

~~C5.3~~ **Re-dispatch.** In the event that re-dispatch procedures are required in the circumstances outlined in Annex I to Module D of these OATS Rules, the Transmission Provider shall ensure the System Operator follows the re-dispatch procedures set out in Annex I to Module D as they affect Firm and Non Firm Power Delivery Customers.

~~C5.4~~ **WESM Operations.** Subsequent to the Spot Market Commencement Date, all Transmission Customers shall be subject to the scheduling and dispatch procedures and processes as specified in the WESM Rules.

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C6 Safety

The Transmission Provider shall use its reasonable endeavors to ensure the safe operation and maintenance of the Grid in accordance with the Grid Code.

C7 Management of Outages

C7.1 **Consultations.** The Transmission Provider shall prepare the Grid Maintenance Programs in consultation with Transmission Customers as required by the Grid Code.

C7.2 **Management of Outages.** The Transmission Provider shall use its reasonable endeavors to manage outages of Grid Facilities in a manner consistent with the Grid Maintenance Programs.

C8 Information

The Transmission Provider shall consider any request for additional information from the Transmission Customer and shall use reasonable endeavors to provide such additional information and may charge a reasonable fee, if appropriate.

C9 Transmission Customer obligations

C9.1. Connection arrangements. The Transmission Customer shall comply with all the connection arrangements laid out in Module B of these OATS Rules.

C9.2 Information. The Transmission Customer shall provide the Transmission Provider with:

- (a) Its Generation and/or Load forecasts in the manner outlined in the Grid Code.
- (b) Annual updates of their likely demand for Power Delivery Service on a date reasonably specified by the Transmission Provider in advance.
- (c) Written notice of material changes in any other information provided in the Transmission Customer's Service Agreement agreed with the Transmission Provider that may affect the Transmission Provider's ability to provide the Power Deliver Service as soon as practicable.
- (d) Any information the Transmission Customer is required to provide the Transmission Provider under the WESM Rules.
- (e) Any other information that the Transmission Provider, acting reasonably, shall deem necessary in accordance with Good Industry Practice and the Grid Code in order for it to provide the services in this Agreement.

C9.3 Operations Standard. The Transmission Customer shall use its reasonable endeavours to operate and manage all of its Equipment that may impact on the Grid in accordance with the Grid Code and the Distribution Code (for Load Customers).

C9.4 Management of Outages. The Transmission Customer shall use its reasonable endeavours to manage outages of all of the Transmission Customer's Equipment and of the Equipment and Facilities connected to the Transmission Customer's Facilities that may impact on the Transmission Grid in a manner consistent with the Grid Maintenance Programs as specified in the Grid Code and the Distribution Code (for Load Customers).

C10 Change to Power Delivery Service

If the Transmission Customer intends to change any arrangements relating of its Power Delivery Service in its Service Agreement, it may submit a modified Service Application to the Transmission Provider under the process outlined in Rule 21 of Module A of these OATS Rules.

C11 Conditions

C11.1 Failure to Deliver. In addition to all other Conditions pertaining to the provision of the services under these OATS Rules, the Transmission Provider shall not be held liable for a failure to deliver the services in this Module C where the following events have had a material effect on the Transmission Provider's ability to deliver the service and the Transmission Provider has used its reasonable endeavors to mitigate their impact on the service:

- (a) The System Operator having to curtail the Power Delivery Service as a result of its obligations under the Grid Code, or these OATS Rules, and, subsequent to the Spot Market Commencement Date, the WESM Rules.
- (b) Where the Transmission Provider, in a non-discriminatory manner, has to curtail the Power Delivery Service in accordance with the Grid Code and Good Industry Practice, for the following purposes:
 - (i) To make necessary adjustments to, changes in, or repairs on its lines, substations and Facilities, and in the event where the continuance of Power Delivery Service would endanger persons or property;
 - (ii) To limit the extent or damage of the adverse condition(s) or disturbance(s);
 - (iii) To prevent damage to the generating or transmission facilities;
 - (iv) To expedite the restoration of service in the event of any adverse condition(s) or disturbance(s) on the Grid or on any other system(s) directly or indirectly interconnected with the Grid.
- (c) The Transmission Customer failing to comply with their obligations under the Grid Code, these OATS Rules or, subsequent to the Spot Market Commencement Date, the WESM Rules.
- (d) The Transmission Customer providing the Transmission Provider with incomplete or inaccurate information.
- (e) Any other Transmission Customer failing to comply with their obligations under the Grid Code, these OATS Rules or, subsequent to the Spot Market Commencement Date, the WESM Rules.

C11.2 **Term.** The minimum term for Firm Power Delivery Power service shall be one year. The minimum term for Non-Firm Power Delivery Service shall be one day. From the Spot Market Commencement Date, all Transmission Customers shall be subject to the WESM Dispatch Rules.

Annex I, Module C: Allocation of Firm Power Delivery Service

C(AI)1 On the date these OATS Rules take effect, those Transmission Customers who are receiving Firm Power Delivery Service on the day immediately prior to these OATS Rules taking effect shall continue to receive Firm Power Delivery Service, namely:

- (a) National Power Corporation (NPC) owned generating plants;
- (b) All Private Sector Generating Facilities (PSGFs) that have existing contracts with NPC under the various types of power purchase agreements such as Build-Operate-Transfer (BOT), Build-Own-Operate (BOO) and the like, to the extent of the capacity contracted with the NPC;
- (c) All PSGFs and Load Customers with existing Firm Transmission Service Agreements with NPC or the National Transmission Corporation (TransCo) prior to the effectivity of these OATS Rules.

C(AI)2 Prior to the Spot Market Commencement Date, current Firm Power Delivery Service Customers have first priority for continuing to take Firm Power Delivery Service from the Transmission Provider when their Service Agreements expire. This transmission reservation priority for current Firm Transmission Customers may be exercised at the end of their Firm Service Agreement terms for one year or longer, until either a new Service Agreement is executed by and between the parties or one year after the expiration of the Service Agreement, whichever is the earlier, subject to Rule C(AI)4.

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C(AI)3 The Transmission Provider will determine whether Firm or Non Firm Power Delivery Service will be available to meet any request for a new Power Delivery Service or an expanded Power Delivery Service. the Transmission Provider will offer a Firm Power Delivery Service if it concludes as a result of the System Impact Study that there is sufficient available transmission capacity for the Generator to operate at its nominated level of output without giving rise to a transmission constraint.

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C(AI)4 If, however, the Transmission Provider cannot accommodate all the requests for Firm Power Delivery Service at this time, the affected Transmission Customer shall agree to accept a contract term at least equal to a competing request by any new Transmission Customer and to pay the prevailing rate, as approved by the ERC, for such service.

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C(AI)5 Subsequent to the Spot Market Commencement Date, all Transmission Customers shall be subject to the scheduling and dispatch procedures and processes as specified in the WESM Rules and the Transmission Provider shall not distinguish between Firm and Non-firm services for Generation Transmission Customers.

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Module D: System Operator functions

D1 Dispatch and re-dispatch services

D1.1 **Pre-Market.** Prior to the Spot Market Commencement Date, the System Operator shall carry out the central Dispatch of Generation Facilities, Ancillary Services, and Loads connected directly or indirectly to the Grid in a manner consistent with Grid Code and these OATS Rules.

D1.2 **WESM Operations.** Subsequent to the Spot Market Commencement Date, the System Operator shall carry out the central Dispatch of Generation Facilities, Ancillary Services, and Loads connected directly or indirectly to the Grid in a manner consistent with the Grid Code, the WESM Rules and applicable WESM Manuals and these OATS Rules.

D1.3 **Pre-Market Redispatch.** Prior to the Spot Market Commencement Date, the System Operator shall follow the re-dispatch procedures outlined in Annex I to this Module D.

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D2 Power Quality

The System Operator shall use its reasonable endeavors to deliver the Power Quality standards in the Grid Code, including but not limited to:

- (a) Frequency variations;
- (b) Voltage Variations;
- (c) Harmonics;
- (d) Voltage Unbalance;
- (e) Voltage Fluctuation and Flicker severity;
- (f) Transient Voltage Variations.

D3 Safety and reasonableness

The System Operator shall use its reasonable endeavors to ensure the safe operation of the Grid in accordance with the Grid Code.

D4 Security of power system

D4.1 **Standard; General.** The System Operator shall use its reasonable endeavors to minimise the risk of Interruptions and Power System failure in a manner consistent with its obligations under the Grid Code, and subsequent to the

Spot Market Implementation Date, the WESM Rules and applicable WESM Manuals.

- D4.2 **Standard; Restoration.** The System Operator shall use its reasonable endeavors to restore the normal operation of the Power System as soon as possible following an Interruption, a threat to the Security of the Power System, or a Force Majeure Event in a manner consistent with the Grid Code and, subsequent to the Spot Market Commencement Date, the WESM Rules and applicable WESM Manuals.

D5 Load Shedding and Interruptions

- D5.1. **Standard.** The System Operator shall follow the agreed Load Shedding procedures recorded in the Transmission Customer's Service Agreement and act in a manner consistent with its obligations under the these OATS Rules, the Grid Code and, subsequent to the Spot Market Implementation Date, the WESM Rules and applicable WESM Manuals.
- D5.2 **Prior Notice.** The System Operator shall give the Transmission Customer as much advance notice as is practicable of any Interruption to the Transmission Customer's Power Delivery Service.
- D5.3 **Interruption Schedule.** The System Operator shall take into account any views of the Transmission Customer as to the effect of the timing of the proposed Interruption on the Transmission Customer, before finalising the timing and duration of the Interruption. Any Interruption of the Power Delivery Service shall not be unjustifiably biased towards any Transmission Customer.
- D5.4 **Restoration of Service.** The System Operator shall use its reasonable endeavors to restore service as soon as possible in the event that an Interruption to the Power Delivery Service is required in accordance with Good Industry Practice.
- D5.5 The System Operator shall report on Interruptions in the manner specified in the Grid Code.

D6 Assessment of availability

The System Operator shall prepare the Grid Operating Program in accordance with the Grid Code and use it to:

- (a) Provide the services outlined in these OATS Rules; and
- (b) Comply with its obligations under the Grid Code and, subsequent to the Spot Market Implementation Date, the WESM Rules and applicable WESM Manuals.

D7 Management of Ancillary Services

- D7.1 **Pre-Market.** Prior to the Spot Market Commencement Date, the System Operator shall develop each year, in consultation with the Grid Management Committee, an Ancillary Services Procurement Plan covering the forthcoming year.
- D7.2 **WESM Operations.** Subsequent to the Spot Market Commencement Date, the System Operator shall develop each year, in consultation with the Market Operator and the Grid Management Committee an Ancillary Services Procurement Plan covering the forthcoming year.
- D7.3 **Ancillary Services Procurement Plan.** The Ancillary Services Procurement Plan shall, for each Ancillary Service:
- (a) Describe the Ancillary Service in sufficient detail such that prospective providers of the service can determine whether they have the capability to provide the service.
 - (b) Specify the minimum technical requirements that plant and equipment providing Ancillary Services shall meet.
 - (c) Describe the tests that the System Operator shall use to verify that the plant and Equipment meet the minimum technical requirements.
 - (d) Specify the quantity or level of Ancillary Services required by the System Operator to meet its obligations under these Rules and to meet the Power Quality and Reliability performance standards outlined in the Grid Code.
 - (e) Describe the reasoning or principles applied by the System Operator in determining the required quantity or level of Ancillary Services.
- D7.4 **Considerations.** The Ancillary Services Procurement Plan shall outline the processes that the System Operator shall use to procure each Ancillary Service taking into account the following:
- (a) The System Operator shall use market mechanisms to procure each Ancillary Service wherever technology and transaction costs make this practical and efficient; and
 - (b) Until such time as ancillary service markets are developed, the System Operator shall use transparent processes which encourage all potential providers to compete to supply the Ancillary Services required for the System Operator at the best economic cost; and
 - (c) Subsequent to the Spot Market Commencement Date, the processes and mechanisms contained in the WESM Rules and applicable WESM Manuals.

- A9.2 **External Arbitration Procedures.** Any arbitration initiated under these OATS Rules shall be conducted before a single neutral arbitrator appointed by the Disputing Parties. If the Disputing Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Disputing Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitrations). The arbitrator(s) shall provide each of the Disputing Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with generally accepted arbitration rules.
- A9.3 **Arbitration Decisions.** Unless otherwise agreed upon by the Disputing Parties, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Disputing Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of these OATS Rules and shall have no power to modify or change any of these OATS Rules in any manner. The decisions of the arbitrator(s) shall be final and binding upon the Disputing Parties, and judgement on the award may be entered in any court having jurisdiction. A copy of the final decision of the arbitrator(s) shall be provided to the ERC for its information.
- A9.4 **Costs.** Each Disputing Party shall be responsible for its own cost incurred during the arbitration process and for following costs, if applicable:
- (a) the cost of the arbitrator chosen by the Disputing Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
 - (b) one half the cost of the single arbitrator jointly chosen by the Disputing Parties.