

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

RULES ON CUSTOMER SWITCHING

ERC CASE NO. 2006- 024 RM

Pursuant to Sections 31 and 43 of Republic Act No. 9136, hereinafter referred to as "the Act", and its Implementing Rules and Regulations (IRR), the Energy Regulatory Commission (ERC) hereby adopts and promulgates the Rules on Customer Switching to facilitate commercial transfers of Contestable Customers in a competitive environment.

**ARTICLE I
GENERAL PROVISIONS**

Section 1. Objectives.

The Rules on Customer Switching shall have the following objectives:

- (a) To establish standardized rules and procedures governing the commercial transfer of Contestable Customers from one competitive electricity supplier to another; and
- (b) To ensure the efficient and timely exchange of information between and among competitive retail market participants, thereby facilitating metering, billing and settlements.

Section 2. Scope.

These Rules shall apply to:

- (a) Retail Electricity Suppliers (RES);
- (b) Local Retail Electricity Suppliers (Local RES);
- (c) Distribution Utilities (DUs); For purposes of these Rules, references to "DUs" include persons authorized to supply electricity within their respective economic zones;
- (d) National Transmission Corporation, or its buyer or concessionaire;
- (e) Wholesale Electricity Spot Market Metering Service Provider;
- (f) Suppliers of Last Resort (SOLRs);
- (g) Aggregators which are allowed to supply electricity to Contestable Customers starting in the second phase of retail competition and open access;



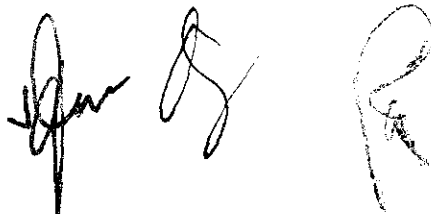
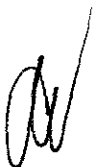
- (h) The Market Operator (MO);
- (i) The Central Registration Body (CRB); and
- (j) The Contestable Market, referred to herein as "Contestable Customers".

Section 3. Definition of Terms

Act	Republic Act No. 9136, otherwise known as "Electric Power Industry Reform Act of 2001"
Aggregator	A person or entity duly licensed by the ERC to engage in consolidating electric power demand of end-users in a Contestable Market for the purpose of purchasing and reselling electricity on a group basis.
Business Day	A day other than a Saturday, a Sunday or an official or declared Philippine national or local public holiday.
Business to Business (B2B) System	An Information Technology (IT) infrastructure that handles information exchange among competitive retail market participants with the end in view of fulfilling an efficient Switching by end-users in the competitive retail market.
Central Registration Body (CRB)	<p>The entity designated by the ERC to develop and manage the B2B system that facilitates customer switching and keeps track of the movement of end-users in the contestable market.</p> <p>The ERC, through Resolution No. 15, Series of 2006, designated the Philippine Electricity Market Corporation (PEMC) as the Central Registration Body.</p>
Competitive Electricity Supplier	A collective reference to all entities that supply electricity to end-users in the Contestable Market, such as Retail Electricity Suppliers (RES), Local RES, and the Supplier of Last Resort (SOLR).
Contestable Customer	An electricity End-user that belongs to the Contestable Market. An aggregate of Contestable Customers organized under the

second phase of retail competition and open access shall be considered as a single Contestable Customer, unless otherwise provided by the ERC.

Contestable Market	The electricity end-users who have a choice of supplier of electricity, as may be determined by the ERC in accordance with the Act through the Rules for Contestability.
Cooling-Off Period	The period of five (5) Business Days, or a longer period agreed upon by both parties, commencing from the signing of the Retail Supply Contract, within which the Customer has the right to cancel the Retail Supply Contract it has entered into with the RES or the Local RES.
Cramming	Adding charges to a Customer's bill for optional services without the Customer's permission.
Customer Authorization	Written consent from a Customer allowing a RES or Local RES to obtain Customer Information from the CRB.
Customer Information	Customer-specific account information maintained by the CRB.
Distribution Services and Open Access Rules (DSOAR)	The set of rules promulgated by ERC regarding the provision of regulated services by a DU to entities such as captive and contestable customers, RES or Local RES, other DUs, generation companies, under the environment created by the Act.
Distribution Utility (DU)	Any electric cooperative, private corporation, government-owned utility or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with the Act.
Distribution Wheeling Service (DWS)	The conveyance of power throughout a distribution system to meet the demand of end-users.
Distribution Wheeling	An agreement between a DU and a RES,



Service (DWS) Agreement	Local RES or Supplier of Last Resort on behalf of a Customer, or between a DU and a Customer, for the procurement of DWS.
Drop	An event that terminates a Customer's retail electricity supply service agreement with an incumbent Competitive Electricity Supplier.
Drop Notice	A notice sent by the CRB for an incumbent Competitive Electricity Supplier to terminate service being provided to a Customer effective on a given date.
Drop Response	A response by an incumbent Competitive Electricity Supplier related to the Drop Notice.
Dual Billing	A billing system whereby a Customer receives two (2) separate bills from its Competitive Electricity Supplier and from a DU.
End-user	Refers to any person or entity requiring the supply and delivery of electricity for its own use.
Energy Regulatory Commission (ERC)	The independent and quasi-judicial regulatory agency created under Section 38 of the Act.
Interval metering facility	A metering facility capable of measuring energy use and demand in a fashion consistent with WESM energy settlement intervals, and distribution and transmission demand charge intervals.
Last Resort Supply Event	An event where a Contestable Customer ceases to receive service from its RES or Local RES, or if a Contestable Customer fails to choose a RES or Local RES as stated in Article II, Sections 1 and 2 of the Rules for the Supplier of Last Resort.
Local Retail Electricity Supplier (Local RES)	The non-regulated business segment of the DU catering to the Contestable Market only within its franchise area. As such, a license is not required.

Market Operator (MO)	The entity responsible for the operation of the Wholesale Electricity Spot Market (WESM).
National Transmission Corporation (TransCo)	The corporation organized pursuant to the Act to acquire all the transmission assets of the National Power Corporation.
Philippine Electricity Market Corporation	A non-stock, non-profit corporation whose purpose is to establish, maintain, operate and govern an efficient, competitive, transparent and reliable market for the wholesale purchase of electricity and ancillary services in the Philippines in accordance with relevant laws, rules and regulations.
Request for Relocation of Service	A request by a Contestable Customer to its RES or Local RES to relocate electric service at the Contestable Customer's new location.
Retail Electricity Supplier (RES)	Any person or entity authorized by the ERC to sell, broker, market or aggregate electricity to end-users in the Contestable Market.
Retail Supply Contract (RSC)	The contract for the sale of electricity entered into by and between the RES or Local RES and the Contestable Customer.
RSC Termination Notice	A notice sent by a RES or Local RES informing the CRB of the Contestable Customer's decision to terminate the Retail Supply Contract.
Rules for Contestability	The set of rules promulgated by ERC that prescribes the conditions and criteria for an end-user to qualify as a Contestable Customer.
Rules for the Supplier of Last Resort	The set of rules promulgated by ERC that provides the policies and procedures for the provision of supply to Contestable Customers in case of a Last Resort Supply Event.

Rules on Customer Switching

The set of rules promulgated by ERC which prescribes the standardized business rules for interaction between and among the DU, CRB, RES or Local RES, and SOLR relating to the commercial transfer of a Contestable Customer from one Competitive Electricity Supplier to another.

Single Billing

A billing system whereby a Contestable Customer receives only one consolidated bill issued by a RES or Local RES.

Slamming

Transfer of customer electric service by an incumbent Competitive Electricity Supplier to another Competitive Electricity Supplier, as the case may be, without customer permission.

Special Meter Reading

An actual meter reading performed by a DU on a date that is different from the regularly scheduled meter reading date.

Supplier of Last Resort (SOLR)

A regulated entity designated by the ERC to serve end-users in the Contestable Market following a Last Resort Supply Event.

Switch Request

A request sent by a prospective RES or Local RES for the CRB to switch a Contestable Customer from its Competitive Electricity Supplier.

Switch Approval / Disapproval

A response by the CRB to a Competitive Electricity Supplier, indicating acceptance of a Switch Request and effective date of switch, or rejection of Switch Request and reason for such rejection.

Switching

The commercial transfer of a Contestable Customer from one Competitive Electricity Supplier to another, which takes effect on the regular meter reading date or on a Special Meter Reading date following a Last Resort Supply Event.

Wholesale Electricity Spot Market (WESM)

The Wholesale Electricity Spot Market established by the Department of Energy

(DOE) pursuant to the Act.

**WESM Metering Service
Provider (WMSP)**

A person or entity authorized by the ERC and registered with the Market Operator to provide metering services in accordance with Chapter 4 of the WESM Rules.

Section 4. Guiding Principles

To ensure the smooth transition to a competitive environment and to promote the interest of all stakeholders in the electricity industry, the ERC adopts initial policies towards making the market rules more transparent and eliminating complexities that may impede the effective implementation of retail open access during its infancy stage. Once the market evolves to a level that is capable of handling the complexities related to expanding the Contestable Customer's power of choice, these general policies will be so amended by the ERC. The following are the specific policies embodied in these Rules:

- a. Switching of Contestable Customers from one Competitive Electricity Supplier to another is only allowed at the end of, and not within, a billing period.
- b. A Contestable Customer, including one which facilities are directly connected to the subtransmission/transmission assets, which opts to source its requirements from a mix of suppliers should be made to procure all its requirements through a RES or Local RES, notwithstanding that it sources all its energy requirements directly from WESM. Such RES or Local RES, considered as a single source, shall have the responsibility of obtaining the total energy requirement of the Contestable Customer and shall be responsible for all energy consumed by the latter.
- c. A single billing policy is initially adopted. The RES or Local RES will thus be contracting with other service providers (i.e. DU for DWS, TransCo for transmission and ancillary services, Market Operator (MO) for WESM transactions) on behalf of its Contestable Customers, except for the Connection Agreement, which shall subsequently be entered into by a Contestable Customer and the DU. The Dual Billing option as provided in the DSOAR shall be adopted upon the issuance of an ERC policy relative to this.

Single billing policy may not be applied to directly connected customers.

- d. The DU shall be the sole metering service provider for the retail market until such time that the ERC determines the provision of metering services at the retail level as competitive. For purposes of these Rules, meter service shall include procurement of meter on behalf of a Contestable Customer, meter installation, maintenance, repair, calibration with the supervision of ERC, meter reading, including data dissemination to the CRB. For directly

connected customers, the TransCo and WMSP will be responsible for data dissemination and metering services, respectively.

ARTICLE II PROVISION OF CUSTOMER INFORMATION

Section 1. Establishment of Customer Information by the CRB

1.1 On or before 15 January 2008, all DUs in Luzon and TransCo/WMSP (for directly connected customers in Luzon) shall submit to the ERC and CRB, information on End-users with, 1) monthly average peak demand of at least one megawatt (1 MW) for the preceding twelve (12) months; and 2) monthly average peak demand of seven hundred fifty kilowatts (750 kW) but not greater than nine hundred ninety nine kilowatts (999 kW), which include the following:

- a. Customer name;
- b. Billing and service addresses;
- c. Customer's account number;
- d. Meter number;
- e. Meter type (interval meter, etc.);
- f. Meter reading date or cycle and reporting period;
- g. Billing period and payment due date;
- h. Standardized Customer classification as approved and promulgated by the ERC;
- i. The most recent twelve (12) months of historical usage, i.e. monthly registered peak demand (in kW) and monthly total registered energy consumption (in kWh); and
- j. Customer contact information such as telephone number/s and e-mail addresses, subject to agreement on confidentiality.

All DUs in Luzon and TransCo/WMSP (for directly connected customers in Luzon) shall submit an update of the above data to the ERC and CRB every fifteenth (15th) day of the subsequent months without need of further notice.

All DUs in Visayas and Mindanao shall submit the abovesaid information within one (1) month from declaration of Open Access Date in their respective regions, or as otherwise directed by the ERC.

Failure of any DU or TransCo/WMSP to submit accurate information and comply with the above requirements shall be subject to the appropriate ERC fines and penalties.

1.2 Once retail competition commences, the DUs and TransCo/WMSP shall regularly submit to the CRB, thru the B2B System, the meter reading data of

each Contestable Customer within three (3) Business Days from meter reading date.

- 1.3 The CRB shall upload the meter reading data in the B2B system and shall be available for retrieval by authorized entities upon notice by the CRB.
- 1.4 Once the WESM compliant interval metering facilities for Contestable Customers have been installed, the DU and TransCo/WMSP shall regularly submit to the CRB consumption data with details for each WESM trading interval for each billing period within three (3) Business Days from meter reading date.
- 1.5 The CRB shall, in releasing the above listed Customer Information only to Customer-authorized entities, abide by the rules and procedures in these Rules, ensuring the utmost security and confidentiality of Customer Information at all times. The CRB shall be responsible for any unauthorized access to the Customer Information under its custody.

Section 2. Request and Release of Customer Information

Customer Information is necessary to allow a RES or Local RES to assess a Contestable Customer's profile before entering into an RSC with such Contestable Customer. It shall also allow the RES or Local RES to plan for its energy purchase and the procurement of other necessary services to supply power to said Contestable Customer.

This section describes the processes for the request made by a RES or Local RES and the release by the CRB of such Customer Information.

2.1 Customer Authorization

2.1.1 A RES or Local RES shall obtain Customer Authorization prior to requesting Customer Information from the CRB. The RES or Local RES shall inform its prospective Contestable Customers of the type of information it wishes to obtain. The Customer Authorization shall specify the type of information which the Contestable Customer has authorized to be obtained and must indicate the period of validity of the authorization, without prejudice to the right of the Contestable Customer to revoke the same.

2.1.2 The RES or Local RES shall be held responsible for obtaining a valid Customer Authorization. The CRB shall not be responsible for validating the authenticity of said Customer Authorization. Any dispute between Contestable Customer and RES or Local RES regarding the authenticity of Customer Authorization shall be dealt with by Article III, Section 9 of these Rules.

- 2.1.3 Customer Authorization may be provided in paper or electronic form, and the duly executed document, in its original form, is properly retained by the RES or Local RES. It shall be made available in case of disputes regarding its authenticity.
- 2.2 Request of Customer Information from the CRB
- 2.2.1 The RES or Local RES may request Customer Information through the B2B System by forwarding a request for Customer Information to the CRB. The RES or Local RES may request from the CRB any or all of the Customer Information provided in Article II Section 1.1 hereof. The CRB shall not consider requests for Customer Information without the accompanying Customer Authorization.
- 2.2.2 The CRB shall release Customer Information to the requesting RES or Local RES within one (1) Business Day upon receipt of request.
- 2.2.3 The RES or Local RES is not precluded from obtaining information directly from the Contestable Customers should the latter maintain an efficient record of its Customer Information.
- 2.3 The CRB shall transmit the Customer Information through the B2B System. A RES or Local RES shall, at all times, treat with utmost confidentiality all Customer Information and shall not publicly disclose nor make available for sale any Customer Information or data obtained.
- 2.4 No charges, unless otherwise approved by the ERC, shall be imposed by the CRB to a RES, Local RES or SOLR in the provision of the information described in this Section. The CRB, however, may impose a corresponding fee in any of the following instances: (a) request for Customer Information beyond the most recent twelve (12) months; and (b) repeat requests made within thirty (30) days from the time a prior request was made.

**ARTICLE III
CUSTOMER SWITCHING**

This Article provides the basic conditions and procedures for Customer Switching such as receiving, processing and approving / rejecting requests for Switching.

Section 1. Basic Conditions For Switching

A prospective RES or Local RES shall submit a Switch Request to the CRB only if the following basic conditions are met:

- a. An RSC has been entered into between a prospective RES or Local RES and a Contestable Customer;
- b. The Cooling-Off Period has expired; and
- c. A DWS Agreement has been entered into between the RES or Local RES and the DU on behalf of the Contestable Customer. Said DWS Agreement will however commence only on the effective date of Switching.

Should a RES or Local RES supply to a directly connected customer, Article III Section 1 (c) shall not apply.

Section 2. Customer Switching Procedures

Submission and Facilitation of Switch Request

- 2.1 Once the basic conditions for Switching as stated in Section 1 hereof have been satisfied, a prospective RES or Local RES shall submit a Switch Request to the CRB through the B2B System at least five (5) Business Days prior to the Contestable Customer's next meter reading date for it to be effective on said meter reading date.
- 2.2 The Switch Request, to be submitted by the prospective RES or Local RES, shall contain a statement under oath attesting to the following:
 - a) that an RSC between the RES or Local RES and the Contestable Customer was signed, and the date of signing;
 - b) the duration or term of the RSC, to include effectivity dates;
 - c) that the Cooling-Off Period has expired and details thereof; and
 - d) that a DWS Agreement between the RES or Local RES and DU was entered into, and the date of signing.

Should a RES or Local RES supply to a directly connected customer, Article III Section 2.2(d) shall not apply.

- 2.3 The CRB shall not act on a Switch Request if any of the information prescribed in Section 2.2 above is materially incomplete. In which case, the



CRB shall advise the prospective RES or Local RES about the materially incomplete information as soon as practicable.

- 2.4 The prospective RES or Local RES shall complete the required data within one (1) day from receipt of advice from the CRB, and shall immediately submit the complete Switch Request requirements to the CRB.
- 2.5 Should the prospective RES or Local RES fail to submit the complete Switch Request requirements within one (1) day after the CRB's advice, the CRB shall inform the prospective RES or Local RES, within thirty (30) minutes from the expiration of the one (1) day period, that its Switch Request has been rejected.
- 2.6 The Switching procedures under Sections 2.1 to 2.5 shall apply to a Contestable Customer, who opts to switch to a RES or Local RES. Where a direct WESM member opts to act as its RES to serve its requirements, only the DWS under Section 2.2(d) shall be submitted to the CRB including a statement under oath that the Contestable Customer acts as its own RES.

Drop Notice / Drop Response

- 2.7 Within one (1) hour upon receipt of the complete Switch Request requirements, the CRB shall send a Drop Notice to the incumbent Competitive Electricity Supplier.
- 2.8 Upon receipt of the Drop Notice from the CRB, the incumbent Competitive Electricity Supplier shall verify its records to determine whether Contestable Customer has outstanding balance, or other unsettled obligations.
- 2.9 If a Contestable Customer has an outstanding balance from its regular bill, whether disputed or not, it shall be required to pay such balance before Switching to another Competitive Electricity Supplier.
- 2.10 The incumbent Competitive Electricity Supplier shall send a Drop Response to the CRB, within one (1) Business Day from receipt of Drop Notice, indicating approval or rejection and the reason for such rejection. In the event the incumbent Competitive Electricity Supplier fails to submit the Drop Response within such period, the Drop Notice is deemed to have been approved, effective on the next meter reading date.
- 2.11 Upon transmittal of the Drop Response, the incumbent Competitive Electricity Supplier shall process the termination of its DWS Agreement with the DU, as well as its contracts with other service providers (like transmission and ancillary service) on behalf of the Contestable Customer. Termination of said agreements/contracts shall take effect on the regular meter reading date.

Switch Approval / Disapproval

- 2.12 Upon receipt of the Drop Response, the CRB shall send a Switch Approval / Disapproval to the prospective RES or Local RES, (if disapproved, the reason for such disapproval shall be indicated), as soon as practicable.

The CRB shall likewise inform the DU of the Switch Approval/Disapproval through the B2B System.

- 2.13 The prospective RES or Local RES shall inform its Contestable Customer of the Switch Approval / Disapproval within one (1) hour upon receipt from the CRB.

- 2.14 Once Switching is approved, the Contestable Customer shall settle its balances with its incumbent Competitive Electricity Supplier within the timeframe specified in the supply contract, but the Contestable Customer will not suffer from disconnection as Switching has been approved.

If a security deposit has been put up by the Contestable Customer as required by its incumbent Competitive Electricity Supplier, said security deposit plus the amount of interest earned, computed in accordance with Article III, Section 3 of the Guidelines for the Issuance of Licenses to RES, must be returned by the incumbent Competitive Electricity Supplier upon the Contestable Customer's settlement of its unpaid balance. Said security deposit may also be applied to settle the Contestable Customer's unpaid balances.

- 2.15 If payment of deposit is required as stated in the RSC, the Contestable Customer shall pay the corresponding deposit to the prospective Competitive Electricity Supplier immediately after receipt of a Switch Approval from the RES or Local RES.

- 2.16 The prospective RES or Local RES shall contract with other service providers on behalf of the Contestable Customer upon receipt of a Switch Approval from the CRB.

- 2.17 Switching takes effect on the regular meter reading date if a complete and valid Switch Request is received at least five (5) Business Days before said meter reading date. For a complete and valid Switch Request received less than five (5) Business Days prior to the Contestable Customer's next scheduled meter reading date, Switching shall take effect on the Contestable Customer's subsequent meter reading date.

Special Meter Reading

A Special Meter Reading is conducted on a date other than the regular meter reading date. Said Special Meter Reading may be required in case of a Last Resort



Supply Event, where switching to a SOLR, as well as switching from a SOLR to RES or Local RES is allowed. An additional fee will be charged by the DU or TransCo/WMSP (for directly connected customers) to the entity requesting this service.

- 2.18 Contestable Customer that has lost the services of an electricity supplier due to a Last Resort Supply Event may enter into a RSC with the SOLR, a RES or Local RES. Likewise, a Contestable Customer being served by a SOLR may transfer to a RES or Local RES before the end of a billing period. The SOLR or the prospective RES or Local RES shall send a Switch Request to the CRB for it to assume service to the Contestable Customer. The Switch Request will be accompanied by a request for Special Meter Reading to expedite the Switching process.
- 2.19 The request for a Special Meter reading, with the identity of the requesting party, shall be forwarded by the CRB to the DU or TransCo/WMSP within one (1) hour, and the DU or TransCo/WMSP and SOLR or prospective RES or Local RES shall enter into arrangements for the conduct of the Special Meter Reading.
- 2.20 The DU or TransCo/WMSP shall perform the Special Meter Reading on the agreed date, and shall send the meter reading data to the CRB within two (2) Business Days following the Special Meter Reading date.
- 2.21 Once made available by the CRB, the SOLR, RES or Local RES shall retrieve the meter reading data for its initial meter reading, and the incumbent RES or Local RES shall retrieve the same meter reading data for its final meter reading.
- 2.22 Switching takes effect on the date the Special Meter Reading was conducted and thereafter the regular meter reading schedule shall resume. The Special Meter Reading in no way affects the regular meter reading date and schedule.
- 2.23 Switching procedures provided in Section 2.1 to 2.23 shall be applicable for customer transfer from a SOLR to a new RES.

Customer Switching to SOLR

- 2.24 In case of a Last Resort Supply Event, the procedures for the assumption of SOLR, as provided in Article IV of the Rules for the Supplier of Last Resort, shall be followed.

Section 3. Customer Relocation within DU's franchise area

- 3.1 A Contestable Customer who intends to transfer to a new service address within the DU's franchise area and wishes to continue receiving service from its incumbent RES or Local RES shall send a Request for Relocation of



Service to its incumbent RES or Local RES at least thirty (30) days before the planned relocation date.

- 3.2 The RES or Local RES shall inform the Contestable Customer whether it shall continue or discontinue its service at the Contestable Customer's new location within one (1) Business Day upon receipt of the request.
- 3.3 If the RES or Local RES does not wish to continue service at the new location, it shall so inform the Contestable Customer, and the latter shall endeavor to find a new RES and undergo the Switching procedures under Section 2 hereof.
- 3.4 Should the RES or Local RES wish to continue service at the new location, it shall send a copy of the Contestable Customer's Request for Relocation of Service, along with a notice to continue or discontinue RES' service, to the CRB within one (1) Business Day upon receipt of request from the Contestable Customer.
- 3.5 The CRB shall forward the request to the DU. The DU shall enter into negotiations with the Competitive Electricity Supplier for a DWS Agreement, specifically the service deposit and fees, taking into account all the changes that the requested relocation shall cause. The DU shall approve a relocation request only upon consummation of the DWS agreement for the new location. The DU shall send a relocation response to the CRB within fifteen (15) Business Days upon receipt of request.

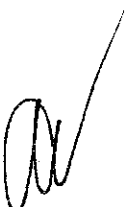
The relocation response shall indicate either:

- 1) The consummation of the DWS agreement and the effective dates and time, upon the Contestable Customer's approval, for discontinuance of service at the original location and commencement of service at the new location;
 - 2) The expected date of consummation for the modified DWS that is currently still being negotiated; or
 - 3) The outright rejection of the relocation request and the reason for such rejection.
- 3.6 The CRB shall forward such response to RES or Local RES as soon as practicable upon receipt of response from DU, and the RES or Local RES shall forward such response to its Contestable Customer.
 - 3.7 The DU and Contestable Customer shall modify its connection agreement, if there is a need for new facilities or modification of existing facilities at the new location. The relocation date shall take into consideration the DU's completion of connection facilities at the new location.



Section 4. Customer Relocation to Another Franchise Area

- 4.1 A Contestable Customer who intends to transfer to a new service address in another franchise area and wishes to continue receiving service from its incumbent RES shall send a Request for Relocation of Service to its incumbent RES at least thirty (30) days before the planned relocation date.
- 4.2 The RES shall inform the Contestable Customer whether it shall continue or discontinue its service at the Contestable Customer's new location within five (5) Business Days upon receipt of the request.
- 4.3 If the RES does not wish to continue service at the new location, it shall inform the Contestable Customer and the latter shall endeavor to find a new RES. The Switching procedures in Section 2 above shall then be applied.
- 4.4 Should the RES wish to continue service at the new location, it shall send a copy of the Contestable Customer's Request for Relocation of Service, along with a notice to continue or discontinue RES' service, to the CRB within one (1) Business Day upon receipt of request from the Contestable Customer.
- 4.5 The CRB shall forward the request to the incumbent DU as soon as practicable upon receipt of Request for Relocation of Service. If the RES agrees to serve the Contestable Customer at the new location, it shall coordinate with the incumbent DU and arrange for the termination of the DWS Agreement for that Contestable Customer. The RES and Contestable Customer shall also agree on the changes in the RSC caused by the relocation, if any.
- 4.6 The incumbent DU shall inform the CRB of the effective date of termination of the DWS Agreement for that Contestable Customer as agreed upon by the RES and incumbent DU. The date of disconnection shall coincide with the effective date of termination of the DWS Agreement, and a meter reading shall be done upon disconnection.
- 4.7 The CRB shall inform the RES of the effective date of termination of the DWS Agreement as soon as practicable upon receipt from DU.
- 4.8 The Contestable Customer shall inform the DU at the new location of its plans to relocate, and shall enter into a Connection Agreement with it as soon as the incumbent DU has approved the termination of its DWS Agreement at the old location.
- 4.9 The RES shall enter into a DWS Agreement with the DU at the new location, and shall inform the CRB of the new DWS Agreement upon approval by the DU, and the effective date of customer transfer at the new location.



- 4.10 Meter reading shall be conducted on the regular meter reading date of the DU at the new location. Commencement of RES' or Local RES' service at the new location shall coincide with the meter reading date.

Section 5. Prohibited Customer Transfers

- 5.1 A commercial transfer of Contestable Customer to another RES or Local RES without the Contestable Customer's authorization, known as Slamming, is not permitted.
- 5.2 A Contestable Customer shall file a complaint with the ERC, if it believes Slamming has occurred.

Section 6. Termination of RES or Local RES Service

Customer's Early Termination of Retail Supply Contract

- 6.1 If a Contestable Customer decides to terminate its RSC with its RES or Local RES before the end of term of the RSC, the Contestable Customer shall inform the RES or Local RES, and the latter shall process the termination of the RSC and compute the applicable early termination fee as specified in the RSC.
- 6.2 Once the RES or Local RES receives the payment for early termination, it shall submit an RSC Termination Notice to the CRB.
- 6.3 The CRB shall forward the notice to the DU as soon as practicable upon receipt of the RSC Termination Notice. The DU and RES or Local RES shall act on the termination of the DWS Agreement for that Contestable Customer. The RES or Local RES shall likewise process the termination of its contract with other service providers on behalf of that Contestable Customer.
- 6.4 The Contestable Customer shall switch to a RES or Local RES following the procedures for Switching.
- 6.5 Termination of RSC shall coincide with the effective date and time of switch to the RES or Local RES, or to SOLR (if made a temporary option), which should be after the end of a billing period.

Non-Renewal of Retail Supply Contract

- 6.6 If a RES or Local RES does not intend to renew its RSC, it shall send a notice of non-renewal to the Contestable Customer and the CRB. The latter shall forward the notice to the DU at least thirty (30) Business Days before RSC expires.

- 6.7 The RES or Local RES and DU shall act on the termination of the DWS Agreement for that Contestable Customer. The RES or Local RES shall likewise process the termination of its contract with other service providers on behalf of that Contestable Customer.
- 6.8 The Contestable Customer shall endeavor to find a new RES or Local RES and undergo the Switching procedures under Section 2 hereof.
- 6.9 If it is the Contestable Customer that does not intend to renew its RSC with its RES or Local RES, said Contestable Customer shall send a notice to its incumbent RES or Local RES at least thirty (30) Business Days before RSC expires, and undergo the procedure in item 6.8 above.
- 6.10 In the event that both RES or Local RES and Contestable Customer neglect to renew the RSC prior to its expiration, or the Contestable Customer neglects to contract with a new RES or Local RES, the CRB shall alert the incumbent RES or Local RES about the forthcoming expiration of its RSC with that Contestable Customer. Thereafter, procedures 6.7 to 6.9 shall be followed.

Termination of RES or Local RES Service due to Non-Payment

- 6.11 In the event that a Contestable Customer fails to pay the RES or Local RES for services rendered by due date, the RES or Local RES may send a 48-hour written notice of disconnection to the Contestable Customer.
- 6.12 The RES or Local RES shall inform the CRB of such notice at the same time it sends the notice of disconnection to the Contestable Customer.
- 6.13 The CRB shall forward the notice of disconnection to the DU as soon as practicable upon its receipt of said notice.
- 6.14 If the Contestable Customer fails to pay within the 48-hour period, the RES or Local RES may send a request for disconnection to the CRB. The latter shall then forward the request for disconnection to the DU as soon as practicable upon its receipt of said request.
- 6.15 The DU shall disconnect the Contestable Customer within 24 hours upon receipt of request for disconnection, and notify the CRB that the Contestable Customer has been disconnected. The DU shall not be responsible for verifying the validity of the RES' or Local RES' request for disconnection.
- 6.16 The Contestable Customer may pay the RES or Local RES at the time of disconnection and the RES or Local RES shall advise the DU to desist from disconnecting service.
- 6.17 The RES or Local RES shall be held liable in cases where the Contestable Customer is protesting the disconnection made by the DU.

- 6.18 For Sections 6.1 to 6.17, if a Contestable Customer is directly connected to the transmission, concerned entities shall deal with TransCo for transmission wheeling and disconnection services, in place of the DU.

Section 7. B2B System Contingency

- 7.1 In case of emergencies affecting the operation of the B2B System, the CRB shall inform the ERC, TransCo/WMSP, affected DUs and RES' or Local RES' of the situation within one (1) hour of its occurrence.
- 7.2 During such situation, transactions will be done through electronic mail or fax. The transaction timeframes, however, shall still be complied with.

Section 8. Data Irregularity

- 8.1 In case of data irregularity between retail market participants (e.g. meter reading, Customer Information), data from the DU or TransCo/WMSP shall be used temporarily while the irregularity is being investigated by the ERC.
- 8.2 Disputes on data irregularity shall be resolved through the dispute resolution process to be promulgated by the ERC.

Section 9. Dispute Resolution

- 9.1 Any dispute or complaint arising from the switching processes contained in these Rules, and such other procedures necessary to facilitate the Switching process, shall be resolved through the dispute resolution process of the ERC.

ARTICLE IV B2B SYSTEM TRANSACTION TIMEFRAMES

Requests, notices, responses to notices or requests, and data sent or received by a concerned entity before 3:00 PM on a Business Day shall be received on that Business Day. Otherwise, it shall be deemed to have been received on the first working hour of the next Business Day.

ARTICLE V BILLING AND PAYMENTS

This Article establishes the processes for RES' or Local RES' billing and remitting payments to parties providing services to Contestable Customer. The DU and RES or Local RES shall agree on a billing agreement outlining both parties' responsibilities, and procedures for the exchange of information and settlement of bills.

Section 1. Bill Content

- 1.1 A RES or Local RES may decide upon the format of its single bill provided that it identifies and segregates the components of its supplier's charge and separately states the unbundled charges in sufficient detail.
- 1.2 RES' or Local RES' bills shall contain sufficient information to allow Contestable Customers to calculate their bills, such as but not limited to: the kWh usage for the indicated billing period, the billing date (due date), next meter reading date, remaining balance and payments applied.
- 1.3 RES' or Local RES' bills shall be in clear and simple language, and shall, among others, contain the following:
 - i) RES' or Local RES' contact person, address and telephone number;
 - ii) Address, telephone number and email addresses of the ERC; and
 - iii) DU's customer service and emergency telephone numbers.
- 1.4 If optional services are provided, the associated charges shall be itemized separately on the Contestable Customer's bill.
- 1.5 No party shall engage in Cramming.

Section 2. Billing

- 2.1 The DU shall send its billing statement to the RES or Local RES within the timeframe specified in its billing agreement after it has provided the Meter Reading Data to the CRB.
- 2.2 The RES or Local RES shall acknowledge receipt of the DU's billing statement within one (1) Business Day.
- 2.3 The RES or Local RES shall send the consolidated billing statement to the Contestable Customer within the timeframe specified in its RSC upon receipt of DU's billing statement.

Section 3. Payment Processing and Remittance

- 3.1 The RES or Local RES shall send DWS payments to the DU within the timeframe specified in their billing agreement by use of electronic funds transfer, bank-to-bank transfers, or any other means as agreed upon by both parties.
- 3.2 The RES or Local RES may impose late payment charges to Contestable Customers on unpaid amounts provided the terms of the late payment

charges are stated in the RSC and previously disclosed to the Contestable Customers.

- 3.3 If a Contestable Customer's check is returned for any reason, the RES or Local RES may charge the Contestable Customer for the return fee and any reasonable administrative fee, in addition to late payment charges.
- 3.4 Upon failure of the RES or Local RES to pay the DU its proper share of Contestable Customer payments within the timeframe specified in its billing agreement, the RES or Local RES shall pay interest on the un-remitted amount. The RES or Local RES shall calculate the interest at the rate of 12% per annum from the date the payment was due to be received by the DU or its bank. The payment of interest is in addition to, and not in lieu of, the rights and remedies otherwise available to the parties.
- 3.5 A Contestable Customer is responsible for paying its RES or Local RES all amounts legitimately billed by the RES or Local RES, but shall not be responsible for any amount not paid by the RES or Local RES to other market participants.
- 3.6 The RES or Local RES shall supply the agreed amount of energy to its Contestable Customer as specified in their RSC, and shall pay all amounts due to the DU, transmission company, MO and generation company within the timeframe specified in its respective agreements to avoid disconnection of service. Any difference between the contracted amount and actual energy consumption of Contestable Customer shall be settled by the RES or Local RES and the Contestable Customer that caused the imbalance.

ARTICLE VI EXISTING CONTRACTS WITH END-USERS

Generation companies that have existing power supply contracts with End-users are required to secure a RES license from the ERC within ninety (90) days from the declaration of open access by the ERC. Otherwise, such generating companies shall be subjected to appropriate sanctions provided under existing laws, rules and regulations.

ARTICLE VII REPORTORIAL REQUIREMENTS

- 1.1 The CRB shall submit the following information to the ERC:
 - a. Number and names of Contestable Customers served by each RES or Local RES;

- b. Number of Contestable Customers that switched, sorted by DU franchise area;
 - c. Percent (%) increase in Switching per DU franchise area;
 - d. Number of Switch Requests received per DU franchise area;
 - e. Number of Switch Requests approved per DU franchise area;
 - f. Number of Switch Requests rejected per DU franchise area, and reasons for rejection;
 - g. Average Switching time (no. of hours or days from receipt of Switch Request to date Switching took effect); and
 - h. Maximum and minimum Switching time.
- 1.2 The CRB shall submit a regular update of the above data to ERC every 15th day of the following month.

ARTICLE VIII SANCTIONS

ERC shall impose the appropriate fines and penalties for any violation or non-compliance with the Rules on Customer Switching, pursuant to the "Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Pursuant to Section 46 of R.A. 9136".

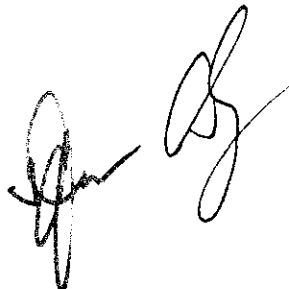
ARTICLE IX AMENDMENTS

The ERC shall amend and expand the Rules on Customer Switching from time to time where this may be necessary. Before making any significant revisions to the Rules, the ERC will undertake public consultation as appropriate.

Any other previous rule promulgated by the ERC that is inconsistent with this is hereby modified accordingly.

ARTICLE X SEPARABILITY

If for any reason any provision of the Rules on Customer Switching is declared unconstitutional or invalid by final judgment of a competent court, the other parts or provisions hereof which were not affected thereby shall continue to be in full force and effect.



**ARTICLE XI
EFFECTIVITY**

The Rules on Customer Switching shall take effect on the fifteenth (15th) day following its publication in a newspaper of general circulation in the country.

Pasig City, 26 September, 2007.



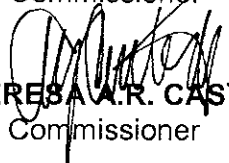
RODOLFO B. ALBANO, JR.
Chairman



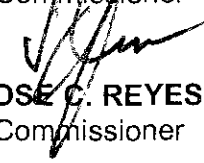
RAUF A. TAN
Commissioner



ALEJANDRO Z. BARIN
Commissioner



MARIA TERESA A.R. CASTAÑEDA
Commissioner



JOSE C. REYES
Commissioner