

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

**RULES FOR THE ELECTRIC RETAIL AGGREGATION
PROGRAM**

Pursuant to Section 31 and Section 43 of Republic Act No. 9136, hereinafter referred to as the Act, its Implementing Rules and Regulations (IRR), the Energy Regulatory Commission (ERC) hereby adopts the following Rules for the Retail Aggregation Program, referred to as the “Retail Aggregation Rules”.

ARTICLE I

GENERAL PROVISIONS

Section 1. Objectives

The Retail Aggregation Rules is adopted for the following purposes:

- a. To ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency;
- b. To protect public interest as it is affected by the rates and service of electric utilities and other providers of the electric power industry;
- c. To establish standardized rules and procedures governing the aggregation of electricity requirements of End-users in the Competitive Retail Electricity Market (CREM);
- d. To prescribe and clarify the requirements, conditions, eligibility, qualifications and disqualifications of participants in the Retail Aggregation Program; and
- e. To expand the base of end-users having the ability to choose their suppliers of electricity and ensure consumer protection.

Section 2. Scope

The Retail Aggregation Rules shall apply to the following:

1. End-users;
2. Retail Electricity Suppliers (RES), including other types of RES defined herein;
3. Local Retail Electricity Suppliers (Local RES);
4. Distribution Utilities (DUs);
5. Suppliers of Last Resort (SOLR);
6. Market Operator (MO);
7. Philippine Electricity Market Corporation (PEMC);
8. National Grid Corporation of the Philippines (NGCP);
9. Central Registration Body (CRB); and
10. All other relevant industry participants, as applicable.

Section 3. Definition of Terms

Act	Republic Act No. 9136, otherwise known as “Electric Power Industry Reform Act of 2001”.
Aggregated Group	End-users, the demand of which, has been consolidated and supplied by a Retail Aggregator to qualify for contestability under current rules issued by the DOE and ERC.
Aggregated Member	End-user which is part of the consolidated Aggregated Group which qualifies for contestability under the current rules issued by the DOE and the ERC.

Central Registration Body	An independent entity assigned to undertake the required processes, information technology, and other systems capable of handling customer switching and information exchange among retail electricity market participants.
Code of Conduct for Competitive Retail Market Participants	The set of rules promulgated by the ERC to govern the conduct of competitive retail market participants, their stockholders, directors, officers and employees, within the boundaries of fair competition.
Competitive Retail Electricity Market (CREM)	An electricity market wherein contestable customers exercise their ability to choose suppliers of electricity by virtue of open access in the distribution system.
Contestable Customer	An electricity End-user that belongs to the Contestable Market.
Contestable Market	The electricity End-users who have a choice of a supplier of electricity, as may be determined by the ERC in accordance with the Act.
Contiguous Area	Areas which are within the same boundaries such as subdivisions, villages, Economic Zones, business districts and other similarly situated End-users in which supply of electricity can be measured through metering devices.
Distribution Utility	Any electric cooperative, private corporation, government-owned utility or existing local government unit which has an exclusive franchise

to operate a distribution system in accordance with its franchise and the Act, including DUs operating in the Economic Zones.

End-user

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.

Franchise Area

A geographical area exclusively assigned or granted to a Distribution Utility for distribution of electricity.

Generation Company (GenCo)

Any Person or entity authorized by the ERC to operate facilities used in the generation of electricity.

Last Resort Supply Event

An event where a Contestable Customer ceases to receive service from its RES or Retail Aggregator or any other event stated in the Rules for the Supplier of Last Resort.

Market Operator

The “Autonomous Group Market Operator” or “AGMO” constituted by the DOE under Section 30 of the Act, with equitable representation from Electric Power Industry Participants initially under the administrative supervision of the TRANSCO, which shall undertake the preparatory work and initial operation of the WESM until the creation of an Independent Market Operator which shall assume the functions, assets, and liabilities of the AGMO.

National Grid Corporation of the Philippines

The corporation awarded the concession to operate the transmission facilities of the National Transmission Corporation pursuant to the Act and Republic Act No. 9511.

National Transmission Corporation (TRANSCO)

The corporation created which shall assume the electrical transmission function of the National Power Corporation (NPC). The TRANSCO shall assume the authority and responsibility of NPC for the planning, construction and centralized operation and maintenance of its high voltage transmission facilities, including grid interconnections and ancillary services.

Network Service Provider

An entity which engages in the activity of owning, controlling, or operating a transmission or distribution system.

Open Access

The System of allowing any qualified person the use of transmission, and/or distribution system and associated facilities subject to the payment of transmission and/or distribution retail wheeling rates duly approved by the ERC.

Retail Aggregation Program

The scheme wherein two or more End-users or all End-users within a Contiguous Area join together and are treated as a single Contestable Customer, based on the current threshold demand, wherein such Contestable Customer shall be part of the Contestable Market, as provided in Section 31 of the Act.

Retail Aggregator	A person or entity issued with a RES License and an Authority to aggregate the electric power demand of End-users qualified for contestability for the purpose of purchasing and reselling electricity on a group basis, which have complied with additional requirements under these Rules.
Retail Competition	The provision of electricity to a Contestable Customer by the RES or Retail Aggregator through Open Access in the distribution system.
Retail Electricity Supplier (RES)	Any Person or entity authorized by the ERC to sell, broker, market or aggregate electricity to the End-users.
Special Meter Reading	An actual meter reading performed by a Network Service Provider on a date that is different from the regularly scheduled meter reading date.
Supplier of Last Resort	A regulated entity designated by the ERC to serve End-users in the Contestable Market following a Last Resort Supply Event.

Words and phrases used in these Rules which are defined in the Act or the IRR have the same meaning given to them in the Act or the IRR.

Section 4. Guiding Principles

- a. All Persons or entities, engaged in consolidating electricity requirements of End-users, for the purpose of purchasing and reselling electricity on a group basis shall secure a RES License and an Authorization from the ERC as a Retail Aggregator. Such shall be issued upon compliance with the standards and requirements in Article VII of these Rules.

- b. Retail Aggregation shall be implemented wherein the Retail Competition and Open Access (RCOA) scheme is operational and effective.
- c. These Retail Aggregation Rules shall be implemented and interpreted in a manner that freedom of choice shall be rightfully accorded to all End-users qualified to be part of the Contestable Market and ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability.

ARTICLE II

THRESHOLD FOR CONTESTABILITY

- Section 1. End-users, including those joined or aggregated under the scheme described herein, with a monthly average peak demand of at least 500 kW shall continuously be allowed to contract with any RES on a voluntary basis. Such threshold shall apply to End-users joined or aggregated under the scheme described herein. Thus, aggregation of the electricity requirements of End-users whose total monthly average peak demand is at least 500 kW within a Contiguous Area defined hereunder shall be implemented effective on 26 December 2022.
- Section 2. Thereafter, the lowering of the contestability threshold for individual End-users shall be the same threshold applied for joined or consolidated End-users under the aggregated scheme described herein.

ARTICLE III

AGGREGATION OF END-USERS WITHIN A CONTIGUOUS AREA

- Section 1. The following provisions shall cover aggregation by End-users voluntarily organizing themselves to form an Aggregated Group in accordance with the requirements provided hereunder.

Section 2. No limit shall be imposed on the number of End-users whose demand shall be aggregated: *provided*, that the aggregated demand of such single group, hereinafter referred to as the Aggregated Group, has reached the applicable threshold level of contestability.

Section 3. Aggregation of End-Users may be allowed within the geographical boundaries of any of the following:

- a. Subdivisions;
- b. Villages;
- c. Business Districts;
- d. Special Economic Zones;
- e. Condominium buildings;
- f. Commercial establishments such as malls; and,
- g. Such other geographical areas defined by the ERC, provided, that the End-users are located within the same franchise area of a Distribution Utility.

Section 4. Geographical areas other than those provided above shall be defined and identified by the ERC consistent with the applicable laws and codes defining such areas. The following are to be considered in determining the contiguous areas:

- a. the areas must be adjacent or proximate;
- b. the operational practicability of the Retail Aggregator;
- c. the administrative feasibility in performing the business/capacity to be administered efficiently;
- d. the absence of physical and geographical barriers; and
- e. the location is within the same DU franchise area.

Section 5. A group of End-users intending to voluntarily organize themselves to form an Aggregated Group under these Rules within a geographical area not provided in any of the above provisions shall request the ERC for such approval, by providing proof of applicable rules, laws, codes or other proof recognizing their location as a geographical area. All similar or

equivalent areas to that approved shall benefit from such confirmation made by the ERC.

ARTICLE IV

GENERAL PROCEDURES

- Section 1. Subject to the provisions of Article IV of these Rules, the Retail Aggregator enters into a single Retail Supply Contract (RSC) to supply all the electricity requirements of the Aggregated Group under Article III hereof.
- Section 2. The switching of the Aggregated Member to another Aggregated Group shall be made anytime upon notice made by the potential Retail Aggregator. Should the switching result in the Aggregated Member reverting to the captive market or being served by a Supplier of Last Resort, the switching must coincide with the regular billing cycle of a customer.
- Section 3. A Special meter reading may be conducted on a date other than the regular meter reading date and an additional fee will be charged by the Network Service Provider to the entity requesting such service.
- Section 4. The Retail Aggregator shall have direct contractual obligations with each Aggregated Member. Disputes between the Retail Aggregator and Aggregated Member shall be resolved at their level and at the earliest opportunity. Any unresolved disputes may be elevated to the ERC.
- Section 5. The Aggregated Member shall have the right to terminate its RSC in the event the Retail Aggregator commits any act of default or breach, and may revert to the Captive Market or switch to another Retail Aggregator. Acts of default include but are not limited to the following:
- a. Breach of confidentiality regarding the Aggregated Member's information;
 - b. The disqualification of the Retail Aggregator from performing the services due to expiration or revocation of its License and Authorization;

- c. Excess billing of the contracted electricity rate to its Aggregated Group unless measures were immediately taken by the Retail Aggregator upon discovery of error;
- d. Revocation of WESM membership;
- e. Non-payment on its obligation to the DU, Generation Company and WESM, among others;
- f. Final Decision issued from any Courts in the Philippines convicting the Retail Aggregator of any crime or offense involving fraud or deceit;
- g. The Last Resort Supply Event provided in the SOLR Rules shall likewise be considered as act of default; and
- h. Any other analogous event which the ERC may deem as an act of default or breach.

Section 6. The Aggregated Member may terminate its contract with the Retail Aggregator subject to the parties' mutual agreement and in accordance with its RSC.

Section 7. Upon termination for any of the reasons provided above, the Retail Aggregator shall notify the CRB and the concerned DU that such Aggregated Member shall revert to the regulated service of its DU, or RES (if applicable) within 90 days from notice. Should the act of default result in the termination of the contract with the Aggregated Group, each Aggregated Member shall be notified by the Retail Aggregator of the termination of the RSC, within 30 days from first notice of the Aggregated Member.

Section 8. The Retail Aggregator is mandated to be a direct WESM member, and shall always comply with the rules and regulations governing RCOA, and other relevant rules and regulations promulgated by the ERC and the DOE.

ARTICLE V

BILLING AND PAYMENT

Section 1. The Rules pertaining to Single and Dual/Multiple Billing scheme, under Resolution No. 9, Series of 2018, ERC Rules

Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers, shall be applicable to the Retail Aggregation Program. In the case of Aggregation, only one billing scheme shall be applied to each Aggregated Group.

- Section 2. The billing scheme shall be agreed by both the Retail Aggregator and the Aggregated Members.
- Section 3. Each Aggregated Member shall receive a billing statement from its Retail Aggregator. In case of Dual/Multiple Billing scheme, each Aggregated Member shall receive separate billing statements from the Retail Aggregator and Network Service Provider.
- Section 4. The Retail Aggregator shall not impose any terms, conditions, fees, or charges on any Aggregated Member unless such particular condition is clearly disclosed and provided in the RSC.
- Section 5. The Retail Aggregator shall be responsible for the credit and collection concerning the Aggregated Member. The Aggregated Member shall be required to remit and comply with the agreed payment terms of both parties. The Network Service Provider, in case of Single Billing, shall not be responsible for late payment or non-payment of any of the Aggregated Member's account of such Retail Aggregator.

ARTICLE VI

METERING REQUIREMENTS

- Section 1. The DU shall be the sole metering service provider for the CREM until such time that the ERC determines the provision of metering services at the retail level as competitive. The NGCP shall likewise act as the retail metering service provider for the Directly Connected Contestable Customer. The meter service shall include procurement of meter on behalf of End-user/Contestable Customer, meter installation, maintenance, repair, calibration with the supervision of the ERC, meter reading, including data dissemination to the CRB.

- Section 2. Should the ERC find the need to implement a phased-in approach in Retail Aggregation which is dependent on the level of the relevant meter installation in parts of the grid, it shall do so by issuing a specific resolution to that effect by defining the geographical or franchise area so affected.
- Section 3. All Aggregated Members being served under Article II shall have the DU install interval meters in the premises of the Aggregated Member, within 30 days from receipt of request from the latter. The rules for the metering requirements under Resolution No. 27, Series of 2011 shall be applied. The Rules to Govern the Implementation of Advanced Metering Infrastructure (AMI) by DUs and Other Authorized Entities, if applicable, shall likewise be applied.
- Section 4. The Rules to Govern the Implementation of Advanced Metering Infrastructure (AMI) by the DUs and Other Authorized Entities, as applicable, shall be implemented to the metering services and meter installation for the Aggregated Members. The Aggregator metering point could be a virtual metering point assigned under the WESM Rules. Should the Contiguous Area concerned be assigned to a market trading node which is mapped to an off-take virtual metering point, the quantity will be tagged to the RES of said Contiguous Area subject to accounting of the usage of end-users which have opted-out of the Retail Aggregation Program.
- Section 5. The Retail Metering Services Provider shall transmit the aggregated data to the Central Registration Body within the period set out in the relevant Market Manual.

ARTICLE VII

REQUIREMENTS FOR THE AUTHORIZATION AS A RETAIL AGGREGATOR

- Section 1. In addition to the criteria on the qualification of suppliers provided in Resolution No. 01, Series of 2011, Revised Rules for the Issuance of RES Licenses (RES Licensing Rules), an applicant as a Retail Aggregator must comply

with the following financial standards to undertake the business:

- a. A Retail Aggregator is required to meet a minimum Current Ratio of 1.2x over the period covered by its license and authorization; and
- b. Capitalization which is a percentage minimum based on the equivalent billing of the historical demand of End-users being served. The same shall be updated upon renewal of the License and Authorization, or where there is at least a twenty-five percent (25%) increase in the customer base in demand terms of such Retail Aggregator.

Section 2. It is understood that the Retail Aggregator carries with it the license to likewise supply the requirements of a single Contestable Customer, unless it is expressly so prohibited by the License. For all intents and purposes, the Retail Aggregator is a RES with additional requirements under the current Rules. The procedure for obtaining a license under the RES Licensing Rules shall be complied with by any person or entity intending to act as a Retail Aggregator.

Section 3. An existing RES licensee may apply for an amendment to likewise act as a Retail Aggregator subject to its compliance with the additional requirements under these Rules.

The term of the Authorization of such entity as a Retail Aggregator shall only be for the remaining life of its current RES license.

ARTICLE VIII

OBLIGATIONS OF THE RETAIL AGGREGATOR

Section 1. The obligations of the RES provided in the RES Licensing Rules and all other applicable Resolutions shall be applied to the Retail Aggregator.

Section 2. The Retail Aggregator shall comply with the rules and regulations provided in the Code of Conduct for Competitive Retail Market Participants, RES Licensing Rules and all other applicable Resolutions.

Section 3. The Retail Aggregator shall maintain the customer information it receives from the Network Service Provider or CRB in a confidential manner, and will use such information only for purposes of the Retail Aggregation Program.

ARTICLE IX

REPORTORIAL REQUIREMENTS

Section 1. Each Retail Aggregator shall submit a quarterly report (form available at the ERC website) every 15th day of the month following the quarter in review by providing the information below:

- a) Number of aggregated group and End-users participating in its Retail Aggregation Program with the corresponding aggregated capacity.
- b) Monthly total revenue and total kilowatt-hour sales from its aggregated members/End-users.
- c) Period of contract for each aggregated Contestable Customer.

Section 2. Upon effectivity of these Rules, all DUs including NGCP shall submit a monthly report to the ERC (in addition to the periodic requirements provided in Article VII, Resolution No. 9, Series of 2018), every 15th day of the following month subject matter of the report, and without need of further notice, information on end-users with average monthly peak demand of at least 100kW, including but not limited to the following:

- a) Customer name;
- b) Billing and Service addresses;
- c) Customer account number or meter number;
- d) The most recent 12 months of historical usage, i.e. monthly registered peak demand (in kW) and monthly total registered energy consumption (in kWh); and
- e) Customer information such as telephone numbers and e-mail addresses, subject to agreement on confidentiality.

Section 3. Other information that the ERC deems necessary or useful in carrying out its duties and obligations.

ARTICLE X

TERM OF LICENSE

The RES License with an Authority as a Retail Aggregator (RES License-Retail Aggregator) issued by the ERC after the promulgation of these Rules shall have a term of five (5) years, renewable at the end of every term, subject to the provisions of Section 3, Article VII hereof. The RES License- Retail Aggregator shall be non-transferable and shall be subject to revocation by the ERC for any violation of these Rules and other applicable laws and issuances.

The RES License- Retail Aggregator shall apply for the renewal of its license not later than 60 days before the expiration of its current license.

ARTICLE XI

SANCTIONS

Any Person acting as a Retail Aggregator without a valid License and Authorization issued by the ERC shall be subject to appropriate sanctions provided under existing laws, rules and regulations.

The ERC shall impose the appropriate fines and penalties, including the revocation or suspension of license, for any /violation or non-compliance with these Rules 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 XII

SEPARABILITY

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

ARTICLE XII
MONITORING

The ERC shall monitor the compliance of the Retail Aggregator with the terms and conditions of their license and the provisions of these Rules for Retail Aggregation.

Pasig City, _____ 2022.

AGNES VST DEVANADERA
Chairperson and CEO

ALEXIS M. LUMBATAN
Commissioner

CATHERINE P. MACEDA
Commissioner

FLORESINDA G. BALDO-DIGAL
Commissioner

MARKO ROMEO L. FUENTES
Commissioner