

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



**RESOLUTION NO. 35, Series of 2006**

**A RESOLUTION ADOPTING THE RULES  
FOR THE SUPPLIER OF LAST RESORT (SOLR)**

**WHEREAS**, pursuant to Sections 2 and 43 of Republic Act 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), its Implementing Rules and Regulations (IRR), and the Distribution Services and Open Access Rules (DSOAR), the Commission is mandated to promulgate rules and regulations, and perform regulatory functions appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry;

**WHEREAS**, to ensure the provision of continuous supply of electricity to Customers in the event that a customer is suddenly without the services of a Retail Electricity Supplier and to encourage Customers to exercise their options to choose their supplier of electricity upon commencement of retail competition and open access, the Commission proposed a set of rules known as the "Rules for the Supplier of Last Resort";

**WHEREAS**, the Rules shall establish the policies, rules and procedures for the provision of back-up supply to contestable customers in case of an event that requires the services of a Supplier of Last Resort (SOLR);

**WHEREAS**, on January 20, 2006 and May 29, 2006, the Commission conducted public consultations for the adoption of the proposed Rules for the Supplier of Last Resort;


**WHEREAS**, in accordance with the aforesaid provision and after a careful consideration of the various views and comments submitted by interested parties, the Commission deems it appropriate to adopt the Rules for the Supplier of Last Resort;

**NOW THEREFORE**, the Commission, after thorough and due deliberation, hereby **RESOLVES**, as it is hereby **RESOLVED**, to **APPROVE** and **ADOPT**, the **“Rules for the Supplier of Last Resort”** herein attached as ANNEX “A” and made an integral part of this Resolution.

This Resolution shall take effect fifteen (15) days following its publication in a newspaper of general circulation in the country.

Pasig City, June 21, 2006.

(ON LEAVE)  
**RODOLFO B. ALBANO, JR.**  
Chairman

  
**OLIVER B. BUTALID**  
Commissioner

  
**RAUF A. TAN**  
Commissioner

(ON LEAVE)  
**JESUS N. ALCORDO**  
Commissioner

  
**ALEJANDRO Z. BARIN**  
Commissioner

**ANNEX "A"**

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

**RULES FOR THE SUPPLIER OF LAST RESORT  
FOR THE CONTESTABLE MARKET**

**ERC CASE NO.** 2006 - 008 RM

Pursuant to Sections 2 and 43 of Republic Act No. 9136, its Implementing Rules and Regulations (IRR), and the Distribution Services and Open Access Rules (DSOAR), the Energy Regulatory Commission (ERC) hereby promulgates the following Rules for the Supplier of Last Resort for the Contestable Market.

**ARTICLE I  
GENERAL PROVISIONS**

**Section 1. Objectives**

- a. To protect the interest of end-users in the Contestable Market by ensuring the provision of continuous supply of electricity to them in the event that the Retail Electricity Supplier (RES) or Local RES is unable to continue providing service;
- b. To encourage end-users in the Contestable Market to choose their supplier of electricity upon the commencement of retail competition and open access;
- c. To establish procedures that shall facilitate arrangements among PEMC, RES, Local RES, SOLR, DUs and Customers for Last Resort Supply; and
- d. To identify information required from participants and facilitate information flow concerning a Last Resort Supply.

**Section 2. Scope**

These Rules shall apply to:

- a. Retail Electricity Suppliers (RES');
- b. Local Retail Electricity Suppliers (Local RES')
- c. Distribution Utilities (DUs);
- d. Persons authorized to supply electricity within their respective economic zones;
- e. Suppliers of Last Resort (SOLR);

- f. The Contestable Market;
- g. The Market Operator;
- h. The Philippine Electricity Market Corporation (PEMC), as the designated central registration body; and
- i. All relevant industry participants.

SOLR service is regulated by ERC as a back-up supply to the Contestable Market for the contingency where a Customer does not have a supply of electricity from a RES or Local RES. SOLR service is not service to the Captive Market and is not a RES service by the DU.

In the early stages of retail competition and open access, the DU shall serve as the SOLR for the Contestable Market in its franchise area. The SOLR shall perform its duties and obligations in a non-discriminatory manner. DUs which lack the capability to participate in the Wholesale Electricity Spot Market (WESM), other than the required level of participation in the Act, shall not qualify to serve as SOLR in their respective franchise areas. In this case, a qualified DU from another franchise area, as determined by ERC, shall serve as SOLR. The supply of electricity by the SOLR to Customers outside its franchise area shall always be through the distribution lines of the franchised DU where such Customer is located.

The following are the parameters by which a DU can qualify as SOLR outside its franchise area: 1) capability to participate in the WESM; 2) geographic proximity; 3) financial stability; and 4) willingness to provide SOLR service. Non-willingness shall not be considered when only one (1) DU meets the first three (3) parameters or when all DUs meet all qualifications, except for said willingness.

Should there be instances when no DU satisfies the parameters mentioned above, the Commission may consider other entities to serve as SOLR in a given franchise area. The ERC shall, at least one hundred eighty (180) days prior to commencement of retail competition and open access, determine which of the qualified DUs or any other qualified entity can serve as SOLR for Customers outside their franchise areas. Said DUs or any other entity qualified to serve as SOLR shall be posted in the ERC-maintained websites and shall be notified accordingly.

In areas where there is more than one (1) DU qualified and willing to serve as SOLR in a given locality outside their respective franchise areas, a public consultation shall be held for the Customers in that locality to determine the SOLR of their choice.

A DU serving as SOLR to Customers outside its franchise area need not apply for a RES license from ERC as SOLR service is not competitive and is regulated. Likewise, as provided in the DSOAR, the SOLR shall not be a generator of last resort in the event of a power shortage.


### Section 3. Special Provision

A DU shall provide a clear separation of accounts for its business / financial activities as a SOLR vis-a-vis its other regulated business activities, as provided in the Business Separation Guidelines (BSG), as amended.


### Section 4. Definition of Terms

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

<b>Act</b>	Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA) of 2001.
<b>Billing Cycle</b>	A period bound by start and end dates that the RES, Local RES, DU or SOLR use to determine when a Customer used a service.
<b>Business Day</b>	A day other than a Saturday, a Sunday or an official Philippine national or local public holiday.
<b>Business Separation Guidelines (BSG), as amended</b>	The set of rules prescribing the clear separation of business operations and accounts between the regulated and non-regulated business activities of electric power industry participants.
<b>Call Notice</b>	Instance when the Market Operator issues a margin call to the Wholesale Electricity Spot Market (WESM) trading participant. A margin call is an amount which the Market Operator calls to be paid by a trading participant in accordance with the WESM Rules to make up any anticipated shortfall between the trading participant's trading limit and the Market Operator's exposure in respect of that trading participant.
<b>Contestable Market</b>	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.
<b>Customer</b>	An electricity end-user that belongs to the Contestable Market.
<b>Customer Segment</b>	A category of end-use customers connected to the distribution system established pursuant to the guidelines promulgated by ERC. Customer Segments proposed by a DU and approved by the ERC have similar consumption characteristics for



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regulated distribution services in respect of that regulated distribution system, based on their network configuration and consumption profile. A Customer Segment of a particular DU includes all of the customers who are charged the same tariff.

**Distribution Services and Open Access Rules (DSOAR)**

The set of rules pertaining to the provision of services by a DU to captive and contestable customers, the RES, other DUs, and generators, under the new competitive 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.

While the DU shall also be the SOLR in the early stages of retail competition, in these Guidelines, the term "DU" shall only refer to the distribution business segment of a distribution utility as provided in the BSG, to differentiate it from its SOLR business segment.

**Distribution Wheeling Service (DWS)**

The conveyance of power throughout a distribution system to meet the demand of end-users.

**Energy Regulatory Commission (ERC)**

The independent and quasi-judicial regulatory agency created under Section 38 of the Act.

**Final Meter Reading**

The last actual meter reading made on a Customer's consumption prior to being served by a new RES, Local RES or SOLR.

**Last Resort Supply**

The supply of electricity that a Customer will receive from a SOLR. The Last Resort Supply is intended to be a temporary service until the Customer transfers to a RES or Local RES.

**Last Resort Supply Event**

Any of the events enumerated in Article II, Sections 1 and 2.

**Local Retail Electricity Supplier (Local RES)**

The non-regulated business segment of the DU catering to the contestable market only in its franchise area. As such, a license for a Local RES is not required.

<b>Market Operator</b>	The entity responsible for the operation of the wholesale electricity spot market.
<b>Philippine Electricity Market Corporation (PEMC)</b>	The entity designated by the ERC to serve as the central registration body for customer switching, information transfer and settlements in retail competition.
<b>Retail Electricity Supplier (RES)</b>	Any person or entity licensed by ERC to sell, broker, market or aggregate electricity to end-users.
<b>SOLR Contract</b>	A contract that relates to the provision of Last Resort Supply to a Customer by a SOLR.
<b>Special Meter Reading</b>	An actual meter reading performed by a DU upon request of a RES, Local RES, Customer or SOLR on a date that is different from the regularly scheduled meter reading date.
<b>Supplier of Last Resort (SOLR)</b>	A regulated entity designated by the ERC to serve end-users in the Contestable Market following a Last Resort Supply Event.
<b>Switch Request</b>	A request sent by a SOLR, RES or Local RES to the PEMC to switch a Customer to itself.
<b>Universal Charge</b>	The charge, if any, imposed to all end-users for the recovery of the stranded cost and other purposes pursuant to Section 34 of the Act.
<b>Wholesale Electricity Spot Market (WESM)</b>	The wholesale electricity spot market established pursuant to Section 30 of the Act.

**ARTICLE II  
CONDITIONS FOR RESORTING TO SOLR**

- Section 1. The Customer shall be served by the SOLR in the event the Customer:
- a. Fails to exercise its option to choose its supplier of electricity upon the implementation of retail competition and open access; or
  - b. Fails to find a willing RES.

At least thirty (30) days prior to the commencement of retail competition and open access, Customers shall enter into a contract with a RES, a Local RES, or SOLR.

- Section 2. A Customer that has ceased to receive service from its RES or Local RES, arising from the occurrence of any Last Resort Supply Event, and who has not selected a new RES or Local RES yet shall be served by the SOLR upon compliance with the approved SOLR terms and conditions of service. A Last Resort Supply Event shall be triggered by any of the following conditions:
- a. The RES or Local RES has ceased to operate;
  - b. The RES' license has been revoked by ERC;
  - c. The arrangements for DWS between the RES and the DU have been terminated;
  - d. The RES or Local RES is no longer permitted to trade electric energy through the WESM;
  - e. The RES or Local RES has given notice to the ERC that it will no longer provide supply services; or
  - f. Any other analogous event which the ERC may deem as a Last Resort Supply Event.

- Section 3. A Customer disconnected by a RES, Local RES or a DU for non-payment of bills, and/or pilferage cannot avail of SOLR service unless such Customer pays in full any and all amounts, including any applicable charges, due to the RES , Local RES or DU.

**ARTICLE III  
NOTIFICATION AND PROVISION  
OF CUSTOMER INFORMATION TO SOLR**

- Section 1. If a RES decides to cease its operations, it shall provide at least thirty (30) days advance written notice to the ERC, PEMC, DU, all affected Customers and other concerned entities.
- Section 2. If the DWS agreement between RES and DU is due for termination, the RES shall inform the ERC, PEMC and its Customers at least thirty (30) days before such date of termination.
- Section 3. If the Market Operator suspends the RES or Local RES, said Market Operator shall inform the PEMC which shall, in turn, provide immediate notice to the ERC, DU and SOLR. Prior to suspension, the Market Operator shall alert the SOLR of a RES that has failed to satisfy the requirements of a Call Notice twenty-four (24) hours after the Market Operator has issued said Call Notice.





The RES or Local RES shall, in turn, immediately inform its affected Customers through e-mail or fax, and telephone of such notice, and the effective date of suspension.

- Section 4. If a RES' license is suspended or revoked, the ERC shall immediately inform the PEMC and publish the name of the RES in a newspaper of nationwide circulation.

The RES shall, as in Section 3 above, immediately inform its affected Customers through e-mail or fax, and telephone of such suspension or revocation. The RES is still responsible for the energy consumed from the time the license was revoked or suspended until its Customers transfer to a SOLR or a new RES.

In all cases under Sections 1 to 4 above, the ERC shall post the name of the RES or Local RES as well as the corresponding effectivity date for ceasing operations in the ERC-maintained websites.

- Section 5. The PEMC shall provide the SOLR with the information of those Customers who have not chosen a new RES or Local RES, under Sections 1 to 4 of this Article, not later than three (3) Business Days prior to the scheduled cessation, termination or suspension of RES' or Local RES' operations, or upon revocation of license by ERC.

The Customer information includes:

- a. Billing address and service address, if different ;
- b. Customer's account number;
- c. Meter reading date or cycle and reporting period;
- d. Billing date or cycle and billing period;
- e. Meter number;
- f. DU's rate class and subclass, classification;
- g. Description of usage measurement type and reporting period;
- h. The most recent twelve (12) months of historical usage.

- Section 6. The PEMC shall provide the SOLR, with the information of those Customers who have not chosen their supplier of electricity, as provided in Article II Section 1a, not later than thirty (30) days prior to the relevant commencement date of retail competition and open access.

- Section 7. After the Customer has been informed of the scheduled cessation, termination or suspension of its current RES' or Local RES' operations,

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or of the revocation of RES' license, as provided in Sections 1 to 4 of this Article, said Customer shall, upon its review of the SOLR terms and conditions, consider entering into a contract with a new RES or Local RES. Should the Customer fail to find a new RES or Local RES three (3) Business Days prior to the scheduled cessation, termination or suspension, said Customer shall enter into a contract with the SOLR for the provision of Last Resort Supply, unless it prefers to be temporarily disconnected, as provided in Article IV, Sections 1.9. and 5.2.

#### **ARTICLE IV PROCEDURES FOR THE ASSUMPTION OF SERVICE BY THE SOLR**

- Section 1. In the event that a RES or Local RES ceases operation without informing concerned parties in accordance with the period provided under Article III Section 1, the SOLR shall provide service to affected Customers, following these procedures:
- 1.1 The PEMC, after having monitored a RES that has ceased operation, shall inform the DU, SOLR and ERC as soon as practicable, of the cessation;
  - 1.2 The PEMC shall provide the Customer Information to the SOLR as soon as practicable but in no event later than two (2) Business Days after discovery of the Last Resort Supply Event.
  - 1.3 The SOLR shall then immediately inform Customers, by e-mail or fax, and telephone:
    - a) that a Last Resort Supply Event has occurred in respect of the Customers' RES or Local RES;
    - b) that SOLR service shall commence if the Customer cannot find a new RES or Local RES yet, and agrees to get electricity supply from the SOLR;
    - c) the details of the terms and conditions of the SOLR contract;
    - d) of their right to transfer to a RES or Local RES anytime after the commencement of the SOLR service, subject to the provisions of Article VI, Section 2;
    - e) how and where to obtain information on other competitive RES'.
  - 1.4 If the Customer agrees to the terms and conditions of the SOLR contract, said Customer shall:
    - a) sign the SOLR contract; and
    - b) pay the corresponding deposit.

- 1.5 A Customer shall make a deposit to the SOLR equivalent to two (2) months total estimated billing based on the average of previous six (6) months' demand and energy usage. Such deposit shall be fully refundable upon termination of SOLR service, with interest paid on the deposit in accordance with the prevailing interest rate for savings deposit approved by the *Bangko Sentral ng Pilipinas* (BSP), less any arrears that have accrued in the Customer's account, except when such arrears are restrained under legal contest.
- 1.6 Upon signing of the SOLR contract and the payment of deposit, the SOLR shall immediately submit a Switch Request to the PEMC and enter into a distribution wheeling service agreement with the DU;
- 1.7 The SOLR shall request the DU to take a special meter reading of the Customer's usage to delineate the consumption between the failed RES and the SOLR. The DU shall conduct special meter reading immediately from date of receipt of the SOLR request, subject to special meter reading charges. The results of the special meter reading shall be sent to the SOLR within one (1) Business Day upon receipt of the latter's request.
- 1.8 The date of the Final Meter Reading shall be the commencement date of SOLR service.
- 1.9 If the Customer is not willing to avail of SOLR service, it should inform the SOLR by fax, e-mail, short messaging service (SMS) or any other appropriate means which is fast and which has a time-stamp, of its non-interest to avail of said service. The SOLR shall then inform the PEMC of the Customer's non-willingness to avail of SOLR service.

Section 2. The PEMC shall provide information to SOLR on Customers who have not switched to any RES or Local RES at least thirty (30) days prior to the commencement of retail competition and open access. The SOLR shall then submit a Switch Request to the PEMC following the procedures in Sections 1.3 to 1.6 of this Article.

If a Customer signs a contract with a RES or Local RES at least a week prior to commencement of retail competition and open access, said Customer shall pay the SOLR for costs incurred, if any, in relation to the latter's preparation for SOLR service.

Section 3. In cases where affected Customers are properly notified in advance of the cessation of RES' operations but Customer fails to find a new RES at least three (3) days prior to the scheduled cessation, the SOLR shall submit Switch Request to the PEMC, following the procedures in Sections 1.3 to 1.7 of this Article.

Section 4. Billing and Payment

- 4.1 The Customer shall be billed for electricity services rendered for the period the SOLR served the Customer. If the DU is also the SOLR, the bill shall clearly indicate that it is the SOLR that is billing and not the DU.
- 4.2 Each bill for SOLR service shall include the following items:
- a. The amount of energy consumed, multiplied by the relevant WESM clearing price or the bilateral contract price whichever is higher, and the premium approved by ERC;
  - b. The last approved unbundled monthly supply charge for the relevant Customer Segment, all approved pass through transmission and distribution wheeling costs, systems loss charges as well as the fixed monthly metering charges of the DU;
  - c. Universal Charge;
  - d. Taxes (franchise and VAT);
  - e. Any previous balance;
  - f. The period covered by the current billing;
  - g. The date the bill was issued;
  - h. All relevant meter readings for the first and last day of the billing period;
  - i. The date the meter was read;
  - j. Meter serial and company number;
  - k. The telephone number and address of the SOLR office where a Customer may obtain information concerning its bill or the service provided, including emergency contact number; and
  - l. ERC's customer hotline number and website.

Section 5. Disconnection and Termination of SOLR Service

- 5.1 In the event the Customer violates any provision of the SOLR contract and fails to pay the SOLR for services rendered on the due date, the SOLR may send a forty eight (48) - hour notice of disconnection to the Customer and the DU shall be informed of such notice. If the Customer fails to pay the amount within the 48-hour period, the SOLR shall have the right to request the DU, through the PEMC, to disconnect said Customer, and the DU shall execute such request within twenty four (24) hours upon receipt of the notice. The DU shall not reconnect the

Customer until the latter settles all obligations owed to the DU and SOLR. Disconnection rules under Articles 20-21 of the Magna Carta for Residential Consumers issued by the ERC shall not apply here.

- 5.2 In the event a Customer notifies the SOLR that it is not willing to avail of SOLR service and the PEMC is informed accordingly as stated in Article IV Section 1.9, the PEMC shall inform the DU about the Customer's decision not to avail of SOLR service. The DU, in turn, shall provide a forty-eight (48) hour disconnection notice to the Customer and shall ensure that said notice is properly received by the Customer.

Should the Customer fail to find a new RES or Local RES within the 48-hour notice, the DU shall be compelled to disconnect said Customer.

- 5.3 In cases where the Customer does not choose a RES thirty (30) days prior to the commencement of retail competition and open access, and is likewise not interested in SOLR service, the PEMC, after being informed by the SOLR, shall advise the DU to disconnect the Customer following the procedure in 5.2 above.
- 5.4 The Customer's electric service will not be reconnected until said Customer enters into a contract with a RES or Local RES.
- 5.5 Electricity service may be disconnected by DU without notice only if a dangerous or hazardous condition arises. Service will not be reconnected until the dangerous or hazardous condition has been addressed,
- 5.6 If a Customer chooses to terminate SOLR service because it has entered into a retail supply contract with a new RES or Local RES, electricity service shall be terminated only when the Customer has been successfully switched to that RES or Local RES.

## **ARTICLE V SOLR OBLIGATIONS**

- Section 1. The SOLR shall supply Customers without prejudice to its ability to continue supplying its existing customers. The SOLR shall maintain the supply of electricity to such Customers until they transfer to a new RES, unless otherwise provided in Article IV, Section 5.
- Section 2. The SOLR is responsible for obtaining resources and Last Resort Supply needed to serve a Customer once the latter agrees to take SOLR service as provided in Article IV, Section 1.4.
- Section 3. The SOLR shall administer the process for transferring those Customers, including metering and billing arrangements.

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Section 4. The SOLR is responsible for all costs of providing electricity to Customers from the time the switchover or initiation of service has commenced until such time that the Customer leaves SOLR service. The Customer, in turn, is responsible for paying all charges based on SOLR rate for the duration of SOLR service.

Section 5. The SOLR shall submit its pro forma terms and conditions for the supply of electricity to the ERC for its approval, at least ninety (90) days prior to the commencement of retail competition and open access, or thereafter within one (1) month after having been qualified to serve as SOLR.

Section 6. The SOLR shall offer a basic, standard retail service package, which will be limited to:

- a) basic energy supply service; and
- b) consolidated / single billing service.

Section 7. The SOLR shall file and submit for ERC approval the proposed SOLR rate, at least six (6) months prior to the commencement of retail competition and open access, or thereafter within three (3) months from having been qualified to serve as SOLR. Applications for SOLR rate shall be acted upon by the ERC within three (3) months from filing, unless otherwise extended by ERC.

Section 8. The SOLR is required to collect Universal Charge from all of its Customers on a monthly basis, and shall comply with the Rules Governing the Collection of Universal Charge and the Guidelines and Procedures Governing Remittances and Disbursements of Universal Charge, issued by ERC.

Section 9. A RES or Local RES shall be responsible for providing notice of at least thirty (30) days to its Customers and other relevant parties, in situations described under Article III Sections 1 and 2. Likewise, it shall be responsible for providing immediate notice to its Customers and other relevant parties in situations described under Article III, Sections 3 and 4.

A RES or Local RES that ceases operations without informing its Customers, as provided in the preceding paragraph, shall be penalized in the form of: a) automatic revocation of license, and b) prohibition from engaging in the RES business for a minimum of five (5) consecutive years. Said RES or Local RES shall likewise be classified as blacklisted and included in a list posted in the ERC-maintained websites.

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**ARTICLE VI  
TERM OF SOLR SERVICE**

- Section 1. The SOLR may provide service for any period preferred by its Customer, except for conditions specified in Article IV Sections 5.1 and 5.5. Said period shall then comprise one (1) Billing Cycle. If a Customer does not transfer to another RES at the end of a Billing Cycle, the SOLR Contract shall be automatically renewed. SOLR Customers, however, may switch to another RES at any time they wish to.
- Section 2. If a Customer decides to cancel SOLR service and transfer to another RES before the end of a Billing Cycle, an exit/termination fee shall be charged by SOLR to Customers whose energy that was used for SOLR service was sourced through bilateral contract. The Customer may request the SOLR to produce its bilateral contract as proof for the charging of an exit fee. Said termination fee shall be equivalent to the cost of unused power (contracted energy vs. actual consumption), which is included in the SOLR Contract.
- Section 3. If a Customer transfers from the SOLR to a new RES or Local RES, the final bill from the SOLR will be offset against the Customer's deposit and any remaining balance and interest earned shall be refunded to the Customer within thirty (30) days from the final meter read date. If there is a deficit, the Customer shall settle first all outstanding obligations due to the SOLR. Otherwise, Article IV, Section 5.1 shall apply.

**ARTICLE VII  
SOLR RATE**

- Section 1. The SOLR shall charge the applicable WESM nodal energy price or the bilateral contract price, whichever is higher, for the energy consumed by a Customer during all hours of the billing period, plus a premium to cover incremental administrative and overhead expenses, and a reasonable return thereon, subject to the approval and/or determination of ERC.
- Section 2. System loss charges shall be computed using the same methodology used for the Captive Market. All costs of SOLR service shall be transparently disclosed in an unbundled fashion in the billing to end-users taking SOLR service. The SOLR may file an application with ERC at any time for approval of reasonable unbundled supply charges.
- Section 3. The SOLR may include in its filing of a SOLR rate, a mechanism to recoup a cost that is not recovered from its SOLR operations. A carry-over mechanism may be adopted to recover costs incurred in the previous year.

Section 4. The SOLR may purchase power for Last Resort Supply through Wholesale Electricity Spot Market (WESM) and/or through a bilateral contract with Independent Power Producers (IPPs).

#### **ARTICLE VIII DISPUTE RESOLUTION**

Any dispute between parties shall be dealt with through the dispute resolution procedure as provided in the DSOAR.

#### **ARTICLE IX TRANSITORY PROVISION**



All qualified DUs shall perform the duties and obligations as SOLR upon implementation of retail competition and open access until the ERC issues a decision as to whether to make available on a competitive basis the opportunity to provide SOLR service to other entities.

#### **ARTICLE X REPORTORIAL REQUIREMENTS**

Each SOLR shall submit to ERC, within thirty (30) days after the end of every quarter, the following information:

For each month of the reporting quarter:

- a. List of Customers per Customer class, which were serviced by the SOLR.
- b. List of Customers per Customer class whose service was disconnected for non-payment of SOLR bill, and the amount owed to the SOLR at the time of disconnection.
- c. List of Customers per Customer class that transferred from SOLR to new RES, and the names of new RES to which each Customer has transferred.
- d. Each Customer's reason(s) for resorting to SOLR.
- e. Length of time each Customer was served by the SOLR.
- f. Such other information or documents that the ERC may require.

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**ARTICLE XI  
SEPARABILITY**

If for any reason any provision of these Rules 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.

Further, should there be a provision that is not consistent with the DSOAR, these Rules shall prevail.

**ARTICLE XII  
AMENDMENTS**

The ERC shall amend and expand these Rules from time to time where this may be necessary to meet the needs of the Customers, DU, RES, Local RES, SOLR and the ERC. Before making any significant revisions to these Rules, the ERC will undertake public consultation as appropriate.

**ARTICLE XIII  
SANCTIONS**

The ERC shall impose the appropriate fines and penalties 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 XIV  
EFFECTIVITY**

These Rules shall take effect on the fifteenth (15<sup>th</sup>) day following its publication in a newspaper of general circulation in the country.

Pasig City, June 21, 2006.

(On Leave)  
**RODOLFO B. ALBANO, JR.**  
Chairman

  
**OLIVER B. BUTALID**  
Commissioner

  
**RAUF A. TAN**  
Commissioner

(On Leave)  
**JESUS N. ALCORDO**  
Commissioner

  
**ALEJANDRO Z. BARIN**  
Commissioner