

DRAFT AMENDED RULES ENABLING THE NET-METERING PROGRAM FOR RENEWABLE ENERGY

ARTICLE I - GENERAL PROVISIONS

Section 1. Net-Metering for Renewable Energy. Subject to technical considerations and without discrimination, and upon request by distribution end-users, the Distribution Utilities (DUs) shall enter into net-metering agreements with qualified end-users who will be installing an RE system.

Section 2. Purpose. These Rules seek to:

- a) Encourage end-users to participate in renewable electricity generation;
- b) Enable data-gathering for the creation of a knowledge-based resource on net-metering and enhance or accelerate viability of net-metering program and its successful integration to the grid;
- c) *Facilitate through the use of the data gathered the conduct of efficient and cost effective energy planning; and*
- d) Allow local players to gain actual experience and the confidence in installing RE systems for net-metering application under local conditions.

Section 3. Applicability. These Rules shall be applicable to On-Grid Systems.

Section 4. Definition of Terms. As used in these Rules, the following terms shall have the following meaning:

- (a) ***Advanced Metering Infrastructure (AMI)** refers to an integrated system that is typically consists of smart meters and other related devices, communication platforms and/or a combination thereof, and meter data collection and management systems. AMI is a component of a smart grid in which the metering data is transported via wired or wireless means at a defined interval from the consumer smart meter to the distribution utility's AMI.*
- (b) ***Bi-directional Meter** refers to a meter capable of recording both import and export energy.*
- (c) **Department of Energy (DOE)** refers to, as defined in Section 4(e) of Republic Act No. 9513, the government agency

created pursuant to Republic Act No. 7638 whose functions are expanded in Republic Act No. 9136 and further expanded in Republic Act No. 9513.

- (d) **Distributed Generation** refers to a system of small generation entities supplying directly to the distribution grid, any one of which shall not exceed one hundred kilowatts (100 kW) in capacity, as defined in Section 4(j) of Republic Act No. 9513.
- (e) **Distribution System** refers to the system of wires and associated facilities belonging to a franchised distribution utility extending between the delivery points on the transmission or sub-transmission system or generator connection and the point of connection to the premises of the end-user, as defined in Section 4(o) of Republic Act No. 9136.
- (f) **Distribution Services and Open Access Rules (DSOAR)** refers to the Rules promulgated by the Energy Regulatory Commission under ERC Resolution No. 2, Series of 2010 including any subsequent amendments thereto, covering, among others, the terms and conditions for the connection of generating facilities to the Distribution System.
- (g) **Distribution Utility (DU)** refers to any electric cooperative, private corporation, government-owned utility or existing local government unit which has an exclusive franchise to operate a Distribution System in accordance with its franchise and R.A. No. 9136, as defined in Section 4(l) of Republic Act No. 9513.
- (h) **Energy Regulatory Commission (ERC)** refers to the independent quasi-judicial regulatory agency created pursuant to Republic Act No. 9136, as defined in Section 4(n) of Republic Act No. 9513.
- (i) **End-User** refers to any person or entity requiring the supply and delivery of electricity for its own use, as defined in Section 4(t) of Republic Act No. 9136.
- (j) **Export Energy** refers to the energy exported or delivered by the Qualified End-user to the Grid/Distribution System.
- (k) ***Feed-In Tariff Allowance (FIT-All)*** refers to the charge established pursuant to Section 2.5 of ERC's Resolution No. 16, Series of 2010.
- (l) **Import Energy** refers to the energy imported or received by the Qualified End-user from the Grid/Distribution System.

- (m) ***Lifeline Rate*** refers to the subsidized rate given to low-income Captive Market End-users who cannot afford to pay at full cost as defined in Section 4(hh) of Republic Act No. 9136.
- (n) **Metering Service Provider (MSP)** refers to a person or entity authorized by ERC to provide Metering Services as defined in the Distribution Services and Open Access Rules (DSOAR)
- (o) **National Power Corporation (NPC)** refers to the government corporation created under Republic Act No. 6395 as amended by Republic Act No. 9136, as defined in Section 4(ee) of Republic Act No. 9513.
- (p) **National Renewable Energy Board (NREB)** refers to the board created under Republic Act No. 9513 tasked under Section 10 thereof to recommend to ERC the establishment of net-metering interconnection standards, pricing methodology and other commercial arrangements necessary to ensure success of the net-metering for renewable energy program.
- (q) **National Transmission Corporation (TRANSCO)** refers to the corporation created pursuant to Republic Act No. 9136 responsible for the planning, construction and centralized operation and maintenance of high voltage transmission facilities, including interconnection and ancillary services, as defined in Section 4(ff) of Republic Act No. 9513.
- (r) **Net-Metering** refers to a system, appropriate for distributed generation, in which a distribution grid user has a two-way connection to the grid and is only charged or credited, as the case may be, the difference between its import energy and export energy.
- (s) **Net-Metering Agreement (NMA)** refers to the agreement between a Qualified End-User (QE) and the DU governing the commercial and interconnection arrangements between the DU and the QE.
- (t) **Net-Metering Interconnection Standards** refers to the set of requirements and procedures to ensure safe, reliable and efficient connection of QE's RE system, and its operation thereof in parallel to the Distribution System.
- (u) ***New Accounts*** refer to any person or entity that does not have any existing account with a particular DU.

- (v) ***New Housing Developments*** refers to group of individual dwellings or apartment houses typically of similar design that are usually built and sold or leased by management.
- (w) ***Net-Metering Ready*** refers to a building or housing units which have been installed with eligible RE system.
- (x) **On-Grid Systems** refers to electrical systems composed of interconnected transmission lines, distribution lines, substations and related facilities for the purpose of conveyance of bulk power on the grid of the Philippines, as defined in Section 4(kk) of Republic Act No. 9513.
- (y) **Philippine Distribution Code (PDC)** refers to the set of Rules, requirements, procedures and standards governing DUs and Users of Distribution System in the operation, maintenance and development of the Distribution System. It also defines and establishes the relationship of the Distribution System with the facilities or installations of the parties connected thereto.
- (z) **Philippine Electrical Code (PEC)** refers to the electrical safety Code that establishes basic materials quality and electrical work standards for the safe use of electricity for light, heat, power, communications, signaling, and for other purposes.
- (aa) **Philippine Electricity Market Corporation (PEMC)** refers to the Corporation incorporated upon the initiative of the DOE which administers and governs the operation of the Wholesale Electricity Spot Market (WESM).
- (bb) **Qualified End-Users (QE)** refers to entities that generate electric power from an eligible on-site RE generating facility, such as, but not limited to, house or office building with photovoltaic system that can be connected to the grid, for the purposes of entering into a Net-Metering agreement, as defined in Section 7 of the Implementing Rules and Regulations of R.A. 9513.
- (cc) **Renewable Energy (RE) Certificate** refers to a certificate issued by the RE Registrar to electric power industry participants showing the energy sourced, produced, and sold or used. RE Certificates may be traded in the RE Market in complying with the RPS, as defined in Section 3(tt) of the Implementing Rules and Regulations of R.A. 9513.
- (dd) **Renewable Energy Market (REM)** refers to the market where the trading of RE Certificates equivalent to an amount of

power generated from RE Resources is made, as defined in Section 4(qq) of Republic Act No. 9513.

- (ee) **Renewable Energy Resources (RE Resources)** refers to energy resources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis, and whose renewal rate is relatively rapid to consider availability over an indefinite period of time. These include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower conforming with internationally accepted norms and standards on dams, and other emerging renewable energy technologies, as defined in Section 4(uu) of Republic Act No. 9513.
- (ff) **Renewable Portfolio Standards (RPS)** refers to a market-based policy that requires electric power industry participants, including suppliers, to source a portion of their energy supply from eligible RE Resources, as defined in Section 4(ss) of Republic Act No. 9513.
- (gg) **Renewable Energy Systems (RE Systems)** refers to energy systems which convert RE resources into useful energy forms, like electrical, mechanical, etc., as defined in Section 4(vv) of Republic Act No. 9513.
- (hh) **Time of Use (TOU)** *refers to a service that allows DUs to offer energy pricing scheme/s based on the time of day when electricity is generated and the cost of supplying the same to customers during these specific periods, as agreed upon by both parties.*
- (ii) **Uni-directional Meter** *refers to a meter capable of recording either import or export energy.*
- (jj) **Universal Charge (UC)** *refers to the charge, if any, imposed for the recovery of the stranded cost and other purposes pursuant to Section 34 of Republic Act No. 9136.*

ARTICLE II - QUALIFICATIONS AND ELIGIBILITY

Section 5. Qualifications. All end-users who are in good credit standing in the payment of their electric bills to the DU; and *new accounts*, are qualified to participate in the Net-Metering program for Renewable Energy.

Section 6. Eligible RE Technologies. RE Systems such as wind, solar, *run-of river hydropower*, biomass energy systems or such other RE Systems capable of being installed within the QE's premises *with or without battery* are eligible to participate in the net-metering program.

Section 7. Certificate of Compliance (COC). *All QEs shall apply for a COC with the ERC in accordance with ERC Resolution No. 16, Series of 2014, "A Resolution Adopting the 2014 Revised Rules for the Issuance of Certificates of Compliance (COCs) for Generation Companies, Qualified End-Users and Entities with Self-Generation Facilities".*

ARTICLE III – INTERCONNECTION STANDARDS

Section 8. Mandated Entities. As provided in Section 10 of Republic Act No. 9513, the DOE, ERC, TransCo or its successor-in-interest, DUs, PEMC and all relevant parties are mandated to provide mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the net-metering for renewable energy program, consistent with the Philippine Grid and Distribution Codes.

The DUs and the QEs shall, grant ERC, DOE and NREB free access to all data generated by net-metering to enable the creation of a knowledge-based resource on net-metering, and enhance or accelerate viability of the net-metering program and successful integration to the grid.

Section 9. Compliance Standards. The RE System to be installed within the QE's premises must be compliant with the standards set by Philippine Electrical Code (PEC), Philippine Distribution Code (PDC), Distribution Service Open Access Rules (DSOAR) and the Net-Metering Interconnection Standards (See Annex "A-1").

Section 10. Interconnection Set-Up. The RE system shall be embedded in the QE's premises and shall be equipped with appropriate metering equipment. The DU *shall furnish and install a single bi-directional meter at the QE's premises.*

DUs with an approved AMI-DER service shall furnish and install a single bi-directional meter at the QE's premises consistent with Section 34 of the Rules to Govern the Implementation of Advanced Metering Infrastructure (AMI) by Distribution Utilities and Other ERC-Authorized Entities, as decided by the Commission in ERC Case No. 2015-001 RM, promulgated on 18 May 2016.

The DU *shall also install another meter* in proximity to the RE System to measure the total RE generated *for compliance to the Renewable Portfolio Standards (RPS) and to determine the actual consumption for the non-exemption from payment of the UC, FIT-All, lifeline rate and other relevant subsidies.*

All meters and its installation shall be at the expense of the QE, except in the case of new accounts and QEs with existing separate meters required to be replaced with a single meters bi-directional meter, the cost thereof shall be on the account of the DU.

Section 11. DU Inspection. The QE shall allow the DU to enter the QE's premises to inspect, test, maintain and operate the protective devices and read or test the meters and other facilities, *provided that the QE was given a notice in a writing at least three (3) days before the DU's intended date to enter the premises.*

The DU, upon the same notice requirement as stated above, may limit the operation and/or disconnect, or require the disconnection of a QE's RE system from the DU's Distribution System under the following circumstances:

- 1) Routine Maintenance, repairs or modification of the DU's Distribution System;*
- 2) Upon determination by the DU that a QU's RE system is not compliant with the DSOAR and the Distribution Code; and*
- 3) Upon termination of the Agreement.*

However, in cases of emergency where the DU reasonably believes that a hazardous condition exists which may warrant such limiting of the operations and/or disconnection to ensure public safety, only reasonable notice to the QE is required.

ARTICLE IV – COMMERCIAL ARRANGEMENTS

Section 12. Net-Metering Agreement. Subject to technical considerations and without discrimination and upon request by a QE, the DU shall enter into a Net-Metering Agreement with the requesting QE *using the ERC-approved template* (See Annex "A-2"). *Should the DU deviate from the ERC-approved template, a separate approval from the ERC is necessary.* Thereafter, the DU shall furnish the executed Net-Metering Agreement to ERC, DOE and

NREB, within five (5) days from its execution. The executed Net-Metering Agreement shall be deemed effective upon submission thereof *to ERC; however, billing shall retroact to the time of synchronization.*

Any modification to existing RE system shall require an amended Net-Metering Agreement to be executed by and between the DU and the QE.

Section 13. Pricing Methodology. The price of export electricity shall be the DU's monthly generation charge, which is based on its blended generation cost.

QEs that are under the TOU program or any similar scheme provided by the DU prior to entering into an NMA shall have the price of their export electricity at TOU rate.

Existing QEs may, likewise, opt to apply for the TOU program or any similar scheme provided by the host DU, if qualified. The price of their export electricity shall be the TOU rate.

Section 14. Non-Exemption. *The QE shall not be exempt from paying the FIT-All, Lifeline Rate, Senior Citizen discount and such other subsidies that may be relevant, which shall be based on the QE's actual energy consumption, which includes import energy and own-use of the net-metering facility, unless otherwise provided under Section 17 of RA 9513.*

Section 15. Cost Recovery of Net-Metering Agreements. The cost of RE exported to the DU system and purchased by the DU under net-metering agreements shall automatically be included in the DU's total generation cost to be recovered from all DU customers as part of the adjusted generation rate pursuant to Section 2, Article 2 of ERC Resolution No. 19, Series of 2009.

Section 16. Conduct of Distribution Impact Study (DIS). *The DU shall determine in a non-discriminatory basis whether a specific DIS is necessary, to ensure the reliability and safety of the interconnection of the RE system and the Distribution System. There will be no additional charges that will be imposed on the QE for the conduct of the DIS.*

Section 17. Billing Charges. The net amount payable by or creditable to the QE shall be obtained by subtracting from the subtotal amount for import energy, the following: (a) the subtotal

peso amount for export energy, and (b) the peso amount credited in the previous month, if any. If the resulting peso amount is positive, QE shall pay this positive peso amount to the DU. If the resulting peso amount is negative, the DU shall credit the negative peso amount to the QE's electric bill in the immediately succeeding billing period. *If by the end of the Calendar Year, the QE has a negative peso amount balance, the same shall be paid by the DU on or before 15 January the following calendar year, unless the QE opts to carry forward to the next billing. If the DU fails to pay the QE within the given period, 6% interest shall be imposed.*

Section 18. RE Certificate. The DU shall be entitled to any RE Certificate resulting from Net-Metering arrangements with the QE who is using an RE Resource to provide energy. Such RE Certificate shall be based on gross generation and shall be credited in compliance of the DU's obligations under the RPS.

Section 19. Processing Timeline. *All DUs shall complete the whole interconnection process within twenty (20) working days from the receipt of the letter of interest, provided all necessary permits and licenses from various concerned agencies are secured and completed.*

Section 20. Reporting. *All DUs shall submit a net-metering implementation report to the ERC, including the processing timelines of the net-metering applications. For the first two (2) years of the implementation of this Amended Net-Metering Rules, reports shall be filed semi-annually, every January 15th and July 15th of each year, and annually, every January 15th of each year, thereafter. The ERC shall prescribe a report template for compliance of each DU.*

Section 21. Penalties.

21.1 Failure or unjust refusal of the DU to undertake or implement Net Metering shall be subject to the penalties and other impositions as provided for under Rule 12 Section 36 (a)(2) of the Rules and Regulation Implementing Republic Act No. 9513.

21.2 Violation of any provision of these Rules shall also be subject to the imposition of fines and penalties in accordance with the "Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Pursuant to Section 46

of the Act" promulgated by the ERC on May 17, 2002, as amended by Resolution No. 03, Series of 2009, entitled "Resolution Amending the Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Pursuant to Section 46 of Republic Act No. 9136", dated February 23, 2009, including any subsequent amendments thereto.

ARTICLE V - NEW HOUSING DEVELOPMENTS

Section 22. One time conduct of DIS. *For New Housing Developments - Upon receipt of the letter of interest from the developer of a net metering-ready housing developments, the DU shall conduct a DIS in accordance with Section 16 of this rules, provided that all the necessary documents and permits from the different concerned agencies have been submitted.*

Section 23. Application. *The individual homeowners in housing developments shall undergo the same application process as in QEs.*

Section 24. Miscellaneous Provisions

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

24.2. Separability. If any provision of these Rules is declared invalid or unconstitutional by a court of competent jurisdiction, those provisions which are not affected thereby shall continue to be in full force and effect.

24.3. Repealing. All prior rules and guidelines or portion thereof, issued by the ERC that are inconsistent with these Rules are hereby repealed or modified accordingly.

24.4. Effectivity. These Rules shall take effect within fifteen (15) days following its complete publication in a newspaper of general circulation or in the Official Gazette.

Pasig City, (Date).

AGNES VST DEVANADERA
Chairperson and CEO

JOSEFINA PATRICIA M. ASIRIT
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