

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

**RULES TO GOVERN THE INTERRUPTIBLE LOAD PROGRAM
OF DISTRIBUTION UTILITIES, AS AMENDED**

Pursuant to Section 43 of Republic Act No. 9136 and its Implementing Rules and Regulations (IRR), the Energy Regulatory Commission (ERC) hereby adopts and promulgates these Rules to establish a process for the interruptible load program of distribution utilities and the National Grid Corporation of the Philippines (NGCP) for the Directly-Connected Customers.

ARTICLE I

GENERAL PROVISIONS

These Rules shall have the following objectives:

- a) To address the imminent power shortage and augment the limited power requirements of the Distribution Utilities of any Grid in the country;
- b) To ensure the timely compensation and recovery of allowable expense related to the interruptible load program entered into by Distribution Utilities and NGCP;
- c) To ensure transparent and reasonable prices of electric power service in a regime of free and fair competition and to achieve greater operational and economic efficiency;
- d) To protect the public interest as it is affected by the rates and services of the Distribution Utilities and NGCP; and
- e) To help maintain the security, reliability, and quality of the supply of electric power.

ARTICLE II

SCOPE AND DEFINITION OF TERMS

Section 1. Scope. These Rules shall apply to all Distribution Utilities and their respective Participating Captive Customer, within its-their

franchise area, to all Distribution Utilities that entered into a tripartite ILP Agreement with a Retail Electricity Supplier (RES) and its Participating Contestable Customer; and the NGCP that entered into an ILP Agreement with a Participating Directly-Connected Customer.

Section 2. Definition of Terms. As used in these Rules, the following terms shall have the following respective meanings:

“Average Rate” shall refer to the average PhP/kWh paid by the Customer, including Generation, Transmission, Distribution and non-bypassable cost (Universal Charge, Lifeline, VAT, etc.).

“Billing Period” shall refer to the existing billing month.

“Contestable Customer” shall refer to an electricity end-user who have a choice of supplier of electricity, as may be determined by the ERC in accordance with Republic Act No. 9136.

“Customer” shall refer to any person or entity requiring the supply and delivery of electricity for its own use.

“Distribution Utility or DU” shall refer to any electric cooperative, private corporation, government-owned utility or existing local government unit which has exclusive franchise to operate a distribution system in accordance with its franchise and the Act.

“Energy Regulatory Commission” or “ERC” shall refer to the independent quasi-judicial regulatory body created under Section 38 of the Republic Act No. 9136.

“Energy Sales” shall refer to the amount of electricity in kWh consumed by the customers based on a valid contract for the sale of electricity.

“ERC Rules of Practice and Procedure” shall refer to the Rules promulgated by the ERC on June 22, 2006 governing the proceedings before it.

“Generation Rate” shall refer to the average generation charge (on a PhP/kWh) paid by all Customers of the franchised DU, computed under the Automatic Generation Rate Adjustment (AGRA) mechanism.

“Grid” shall refer to the high voltage backbone of interconnected transmission lines, substations and related facilities for the purpose of conveyance of bulk power.

“Heat Rate Caps” shall refer to the heat rate caps approved by the ERC.

“NGCP” shall refer to the corporation awarded the concession to operate the transmission facilities of the National Transmission Corporation pursuant to Republic Act No. 9136 and Republic Act No. 9511

“Participating Customers” shall refer to the either a Participating Captive Customer of a Distribution Utility, a Participating Contestable Customer of a Retail Electricity Supplier or a Participating Directly-Connected Customer of the National Grid Corporation of the Philippines.

“NGCP”

“Retail Electricity Supplier” shall refer to any person or entity licensed by the ERC to sell, broker, market or aggregate electricity to end-users.

ARTICLE III

DE-LOADING PROGRAM AND PROTOCOLS

Section 1. Request for De-Loading. Under the Interruptible Load Program (ILP), the Distribution Utility and Participating Captive Customer shall enter into an Agreement wherein the Participating Captive Customer may be requested by the Distribution Utility (in writing or verbally) to de-load, during which time a Participating Captive Customer may either fully de-load, by disconnecting its delivery point that receives electricity from the Distribution Utility, or partially de-load by reducing its load from Distribution Utility, for a period of time as determined by the Distribution Utility in its request.

The Distribution Utility shall agree with a Participating Captive Customer for the number of cumulative hours in a month in which it can be requested to de-load. The Participating Captive Customer has the option whether or not to accommodate any request by the Distribution Utility in excess of such agreed period of time.

The ILP shall also be implemented for the Contestable Customers under a tripartite ILP Agreement to be executed among the Distribution Utility, Retail Electricity Supplier, and Participating Contestable Customer, following the substantially the terms of the template-tripartite ILP Agreement, which is hereto attached, and the procedures laid down in the ILP Protocols annexed to said ILP Agreement.

For Directly-Connected Customers, the ILP shall be administered by the NGCP through an ILP Agreement whereby it shall perform the activities performed by the Distribution Utility in the

ILP implementation for its Participating Captive Customer following the procedures outlined in this Article III insofar as they are applicable and collect the de-loading compensation from all its customers in the affected Grid.

Section 2. Activation of ILP. As soon as the System Operator has determined and/or a notice is received from the System Operator of the Grid of an expected power shortage -(red alert), the DU/NGCP shall execute the following procedure:

1. The DU/NGCP sources the shortage from its various IPP's with existing/ERC-approved contracts, as applicable.
2. If alternative source is not enough to cover the shortage, the DU/NGCP shall activate its Interruptible Load Program through the following procedure:
 - a) Match the expected time of the shortage with the time the Interruptible Load Participating Customers prefer to be de-loaded.
 - b) Sort the load of the PCcustomer at the time of expected shortage based on customerits load profile. PCsCustomers with larger loads are prioritized to be requested to de-load.
 - c) Check that PCcustomers have been de-loaded for less than agreed number of hours in the current month.
 - d) Call the PCcustomer and request to de-load.
 - e) If the PCcustomer cannot de-load, customers-the next in the list are called to be requested to de-load.
3. If Interruptible Load is not sufficient to cover the shortage then the Manual Load Dropping (MLD) is activatedaffected.

Section 3. Dispatch Protocol. The Distribution Utilities/NGCP shall be guided by procedures in implementing its Interruptible Load Program (ILP).

After the Distribution Utility/NGCPDU identifies the need of a required load dropping, the ILP will enter the **Preparatory Stage** (45 minutes before activation or as agreed upon) wherein the following procedures shall be adhered to:

- a) DU/NGCP to inquire/verify system condition.
- b) DU/NGCP will assess amount of schedule load dropping.
- c) DU/NGCP to inquire from Participating Customer (PC) present loading and amount of load they can drop.
- d) DU/NGCP to dispatch assigned DU/NGCP personnel to participating interruptible customers.

During **Activation Stage** (5 minutes before activation up to during activation):

- a) DU/NGCP to get and evaluate the actual loading (kW) of PC.
 - by communicating to the PC's billing meter, or

- by inquiring from PC's assigned contact person together with inquiring from on-site DU/NGCP personnel
- b) DU/NGCP to monitor and record the feeder loading in SCADA where PC's are connected.
- c) DU/NGCP to review/assess the system loading and power requirements.
- d) DU/NGCP to alert/call the PC to start load dropping, if necessary and needed.
- e) DU/NGCP to monitor and record the feeder loading if significant kW drop equal the sum of loads drop of PCs connected on that feeder/bay.
- f) DU/NGCP to verify and evaluate the drop in loads (kW) of PC.
 - by communicating to the PC's billing meter, or
 - by confirmation from PC's contact person together with corroboration from on-site DU/NGCP personnel.
- g) DU/NGCP to monitor and record the feeder loading in SCADA where PCs are connected.
- h) DU/NGCP to assess the duration of such loading condition and relaying it to the knowledge of PC involved.

During the **Normalization Stage:**

- a) DU/NGCP to monitor and record the feeder loading in SCADA where PCs are connected or thru –communicating with PC's contact person together with corroboration from on-site DU/NGCP personnel.
- b) DU/NGCP to evaluate the system condition and alert the PC to start loading back to normal.
- c) DU/NGCP to monitor and record the feeder loading in SCADA where PCs are connected or thru –communicating with PC's contact person together with corroboration from on-site DU/NGCP personnel.

Section 4. Documentation. After normalization, the DU/NGCP shall document the cause, de-loaded kWh, date, time and duration of the de-loading. Further, the DU/NGCP shall also secure from the System Operator (SO) of the Grid a formal load dropping request indicating the cause, load drop in kW, date, time and duration. These information shall be disseminated to all PCs who participated on the recent de-loading.

Section 5. Pre-schedule load dropping scheme. Upon advised from the SO of the Grid, the DU/NGCP shall endeavor to relay a copy of load dropping request to PCs for load drop information dissemination.

Section 6. Manual Load Drop (MLD). Upon information from the SO of the Grid, the DU/NGCP shall endeavor to inform in advance affected PCs for sudden manual load drop by power system requirement or systems operation. Automatic Load Dropping (ALD), in any case, should not be part of the interruptible load program (ILP).

ARTICLE IV

BILLING AND COMPENSATION

Section 1. De-loading Compensation. The Distribution Utility/NGCP shall pay the Participating Customer a compensation an amount representing the incremental cost incurred due to the full or partial de-loading, when it de-loads from the Distribution Utility as requested.

The De-Loading Compensation shall be computed by multiplying the “de-loaded kWh” less registered kWh in the meter, if any, during periods when the Distribution Utility/NGCP requests a Participating Customer to de-load, multiplied by the incremental de-loading cost per kWh, to wit:

$$\text{De-loading Compensation}_{\text{pesos}} = (\text{Incremental De-loading Rate} \times \text{Compensable kWh}) + \text{Maintenance Cost}$$

Where:

$$\text{Incremental De-loading Rate} = [\text{Generation Cost of Fuel} \times \text{Fuel Consumption Rate}] - \text{PC Average Rate}$$

$$\text{Generation Cost of Fuel} = \text{Average price of diesel fuel from Petron, Shell and Caltex as of the end of the previous calendar month in the City or Municipality where the Participating Customer is located}$$

$$\text{Fuel Consumption Rate} = 0.34 \text{ liter/kWh}$$

$$\text{PC Average Rate} = \text{The Participating Customer's Average Rate for the current billing period}$$

$$\text{Compensable kWh} = \text{Actual de-loaded kWh for the current billing period}$$

$$\text{Maintenance Cost} = \text{PhP}0.32/\text{kWh} \times \text{Compensable kWh} \text{ or PhP}23,548.00/\text{month, whichever}$$

is lower

The Participating Contestable Customers compensation shall be computed in accordance with the above formula except that the Participating Contestable Customer's Average Rate shall exclude the generation charge component of the its bill.

For Participating Directly-Connected Customer, the Average Rate shall be its effective retail rate for the previous month. Such bill shall be submitted to NGCP for the purpose of calculation of compensation and recovery.

For purposes of determining the Participating Customer's actual generation cost of fuel, the Distribution Utility shall file a verified report thereon upon filing of its Automatic Generation Rate Adjustment (AGRA) report requirements and for NGCP under the monthly computation and submission of the ancillary services rates.

The "de-loaded kWh", will depend on the Participating Customer's actual real-time reading by the Distribution Utility/[NGCP](#) or its agreed 24-hour load profile based on its latest average load profile for previous month, if the DU has not installed real-time metering for Participating Customer.

Section 2. Meter Reading. The Metering device shall be read at the same time as the usual reading for billing, in addition to the downloaded data. The Participating Customer shall have the right to have a representative during any reading and inspection. For this purpose, the Distribution Utility/[NGCP](#) shall notify the Participating Customer two (2) days prior to the reading or inspection. If notwithstanding such notification, the Participating Customer fails to send its representative, the Distribution Utility/[NGCP](#) shall proceed with the reading, and the Participating Customer shall accept the same as final.

Section 3. Billing and Settlement. The Distribution Utility/[NGCP](#) shall pay Participating Customer for the de-loading within thirty (30) days from receipt of the invoice from Participating Customer.

Section 4. Disputes. The Distribution Utility/[NGCP](#) and Participating Customer shall endeavor to resolve any dispute arising from the implementation of the Interruptible Load Program, otherwise, the same shall be elevated to the [Commission-ERC](#) in accordance with the ERC's Rules of Practice and Procedures.

ARTICLE V

RECOVERY OF DE-LOAD COMPENSATION

Section 1. Recovery for Distribution Utilities. The amount paid to the Participating Captive and Contestable Customers shall be recovered from all customers of the Distribution Utility as part of its Total Cost of Power to be included in the Distribution Utility's monthly computation of Generation Rate, based on the following formula:

$$\text{Total Payments to Suppliers + De-Loading Compensation} = \text{Total Cost of Power}$$

Section 2. Recovery for NGCP. The amount paid to the Participating Directly-Connected Customer shall be recovered from all customers of the NGCP as part of its ancillary services cost calculated in accordance with the approved "Ancillary Services – Cost Recovery Mechanism"

ARTICLE VI

REQUIREMENT FOR A PARTICIPATING CUSTOMER

Section 1. Qualification of a Participating Customer. Any Customer or group of Customers under the DUs franchise area, customers under contract with a RES, or directly-connected to the transmission grid can be qualified as a Participating Customer subject to the applicable ILP or mutual agreement. A Participating Customer shall assign a contact person that shall be responsible in performing the tasks under Article III Section 2 of these Rules.

Section 2. Offer of ILP. DUs experiencing During shortages of power supply, DUs, RES and NGCP shall offer to their customers the ILP, A availment of which shall be on a voluntary basis on the part of the customers.

Section 3. Metering Equipment and its accessories. Appropriate metering shall be installed for the purpose of billing the Participating Customer, to verify and reconcile the day and time during which the Participating Customer de-loads. If not yet available, the intending Participating Customer shall bear the costs of the metering equipment and its accessories.

Such customer may ask the DUs/NGCP to provide for the required metering equipment and its accessories including the cost of installation, subject to the terms of payment agreed upon between them.

The customer may opt to purchase his own metering equipment and its accessories provided they meet the specifications required by the DU and in accordance with Articles 2.11 and 4.5.2 of the DSOAR

or NGCP under the Open Access Transmission Service (OATS) Rules.

Expenses for the replacement of real-time meters shall be borne by the customer unless the damage was caused by the DU/NGCP.

ARTICLE VII

REPORTORIAL REQUIREMENT

Section 1. Prior to Implementation. The Distribution Utility/NGCP shall, prior to its implementation, submit a manifestation in writing to the Commission of its intent to offer the ILP to its customers, with supporting documents, or to implement a tripartite ILP Agreement entered into with a RES and Participating Contestable Customer. Thereafter, the Commission shall issue an *Order* authorizing the Distribution Utility/NGCP to implement the program.

Section 2. Monthly Reporting Requirements for Distribution Utilities. The implementing Distribution Utility shall submit the following to the Commission, along with its submission in the Automatic Generation Rate Adjustment (AGRA), with all calculations related to Article III and Article IV, along with supporting documents, for the De-loaded Compensation and Recovery of the preceding month:

- a. Load curve of the Participating Customers;
- b. Determined Average Price of Fuel;
- c. Schedule of contracted demand/ERC approved rates per supplier;
- d. Schedule of average power deliveries/purchases and corresponding generation cost per supplier for each of the consumption period;
- e. Soft copy of all calculations; and
- f. Other data deemed necessary by the Commission.

Section 3. Monthly Reporting Requirements for NGCP. The NGCP shall submit to the Commission a monthly report on its ILP implementation for the Directly-Connected Customers containing details of its calculations of the de-loading compensation to the Participating Directly-Connected Customers, with all supporting documents.

ARTICLE VIII

FINAL PROVISIONS

Section 1. Fines and Penalties. Violation of any provisions of these Rules shall 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.

Section 2. Exception Clause. Where good cause appears, the Commission may allow an exemption from any provisions 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.

Section 3. Separability Clause. If for any reason, any part or section of these Rules is declared unconstitutional or invalid, the other parts or sections hereof which are not affected thereby shall continue to be in full force and effect.

Section 4. Repealing Clause. All rules and guidelines, or portions thereof, issued by the ERC that are inconsistent with these Rules are hereby repealed or modified accordingly.

Section 5. Effectivity. These Rules shall take effect fifteen (15) days following its publication in a newspaper of general circulation.

Pasig City, _____.

ZENAIDA G. CRUZ-DUCUT
Chairperson

_____**ALFREDO J. NON**
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