MERALCO's
Interruptible Load Program (ILP) Protocol For Captive Customers

Program Background

- Promulgated under ERC Resolution No. 8, Series of 2010 and amended by Resolution Nos. 8, Series of 2013 and 5, Series of 2015
  - Open to non-contestable customers, contestable customers, locators in economic and freeport zones, and directly-connected customers
  - Prioritizes customers with large loads and requests them to 'de-load' when NGCP issues a **RED ALERT** notice
- Implemented first in Visayas and Mindanao to ration limited power supply and avert prolonged power outages
- In anticipation of a potential power supply shortage in Luzon, DOE initiated ILP implementation in MERALCO in March 2014

MERALCO ILP Count as of January 2017

MW	TOTAL	Signed	Potential*
Captive	369.42	369.42	0
Contestable	501.44	368.58	132.87
CEZ	7.5	7.5	0
TOTAL	878.36	745.50	132.87

Total ILP participants in Meralco comprise 386 services represented by 198 companies with a committed capacity of 745.50 MW

Services	TOTAL	Signed	Potential*
Captive	211	211	0
Contestable	214	172	42
CEZ	3	3	0
TOTAL	428	386	42

*Tripartite ILP agreement for finalization

ILP implementation in MERALCO spared households from experiencing rotating brownouts during supply shortages

Red Alert Date	ILP Duration	De-loaded MWh	Est. No. of Households Spared from MLD
16 May 2014	1400H to 1600H	69	50,000
12 Jul 2014	1000H to 1700H	281	402,593
8 Sep 2014	1300H to 1600H	222	325,600

Red Alert Date	ILP Duration	De-loaded MWh	Est. No. of Households Spared from MLD
15 Apr 2016	1200H to 1700H	336	300,000
29 Jul 2016	1200H to 1700H	442	738,000
30 Jul 2016	0900H to 1700H	604	1,128,620
5 Aug 2016	1000H to 1800H	803	774,936
6 Sep 2016	1300H to 1700H	356	759,201

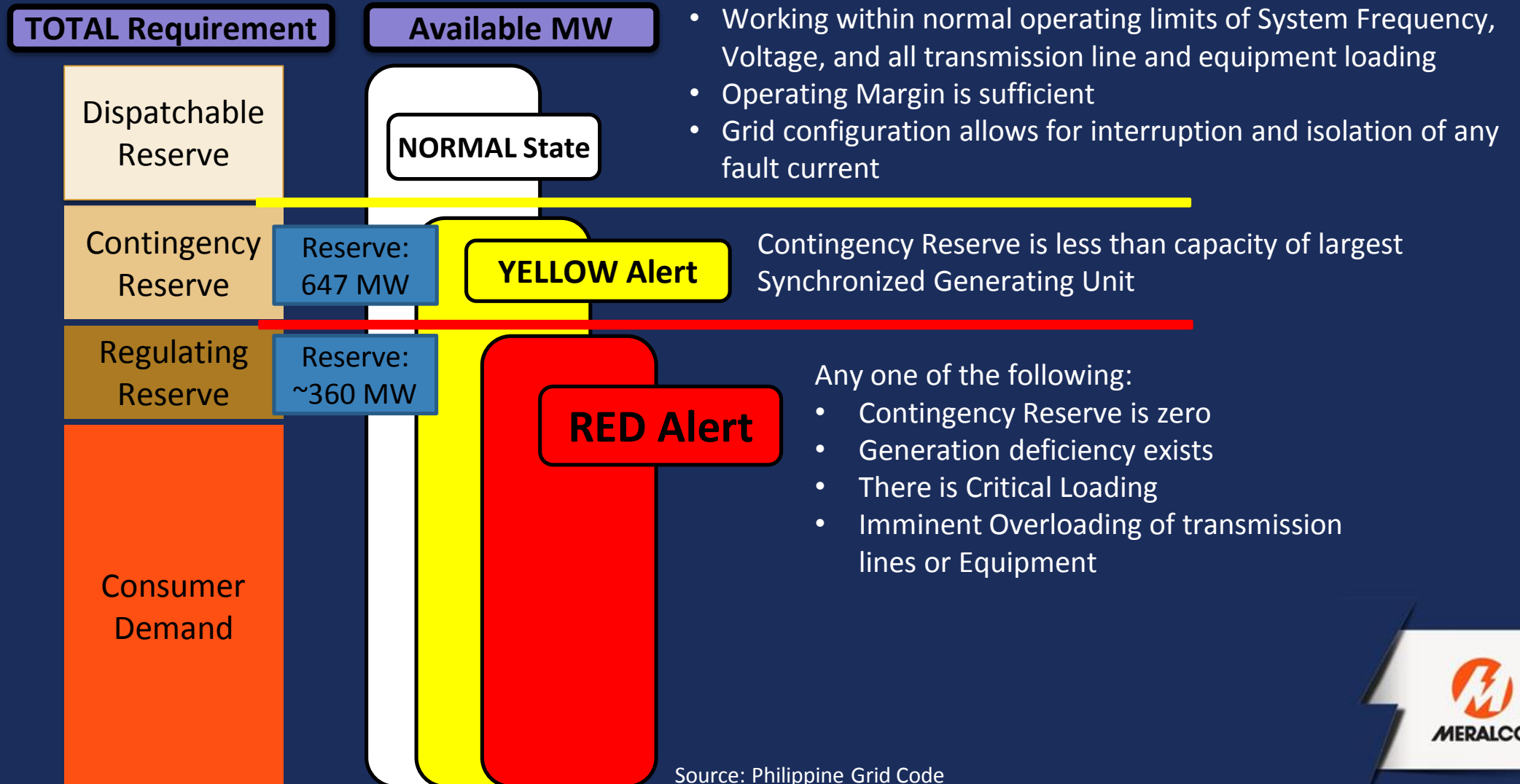MERALCO

Program Mechanics
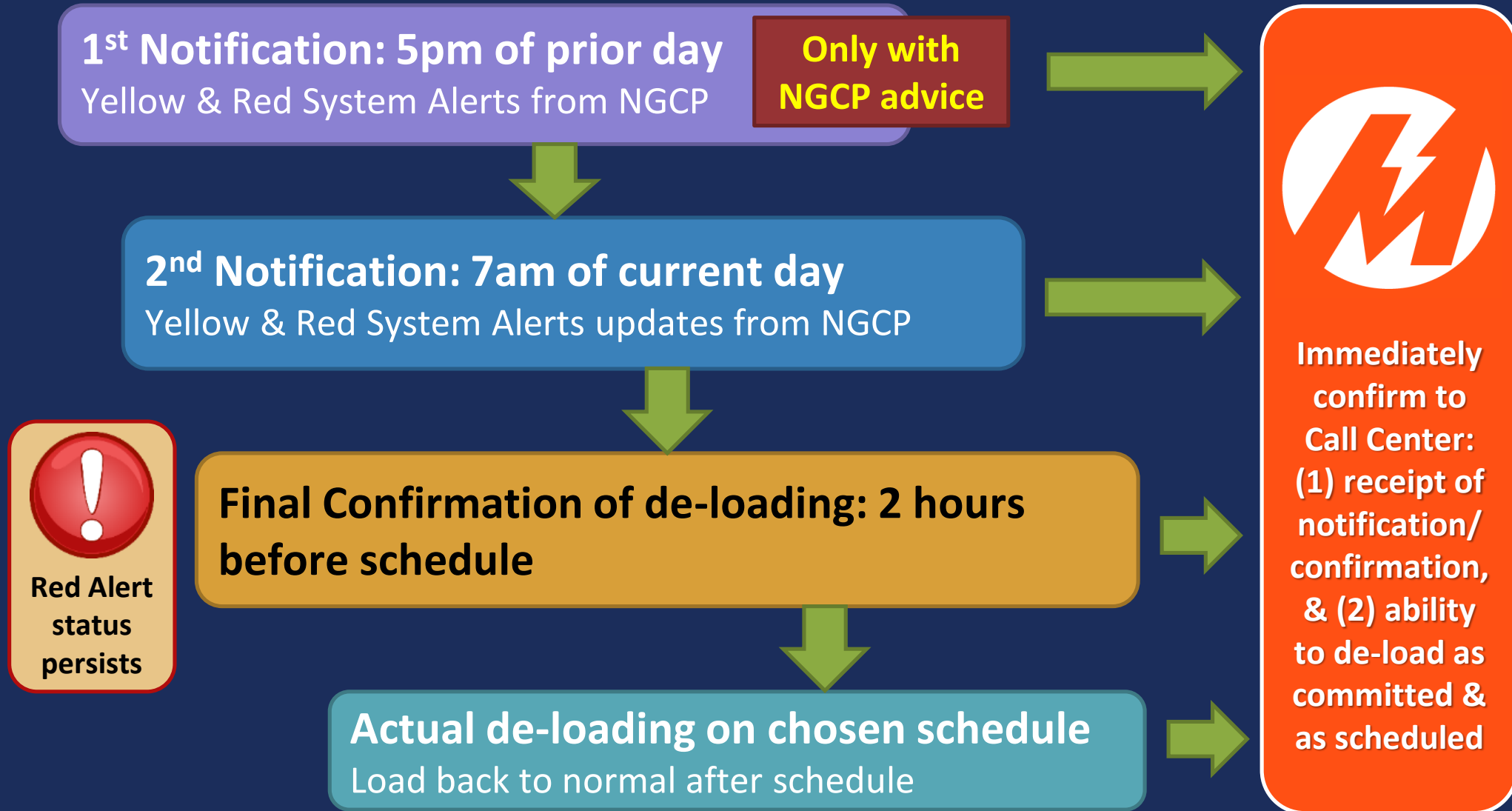# for Captive Customers
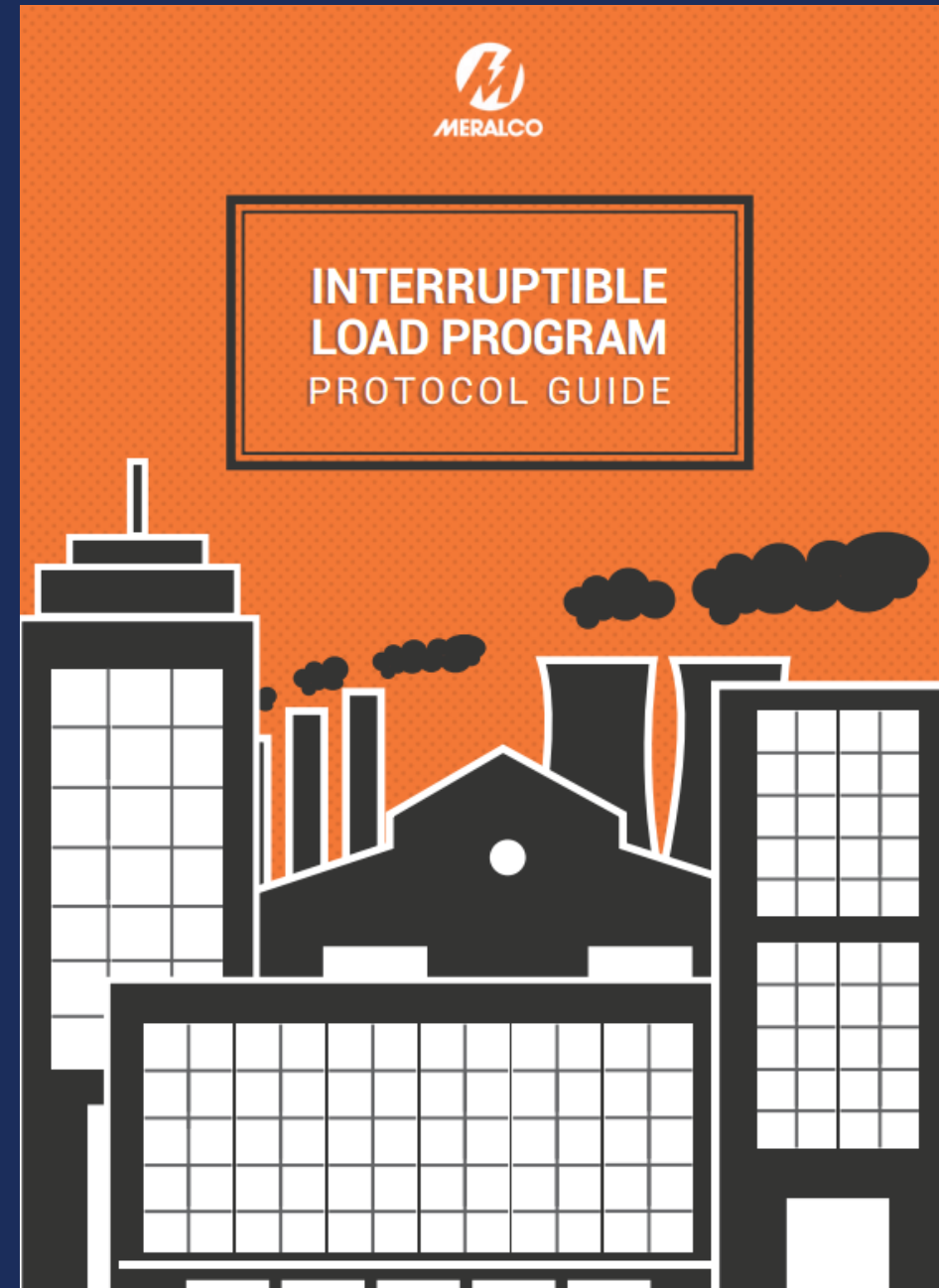
5 Steps to Implementing ILP

NOTIFICATION: MERALCO's Call Center directly notifies ILP Participants through their contact persons of grid conditions and possible ILP activation

Notification

Activation

Determination of Compensable kWh

Billing

Settlement
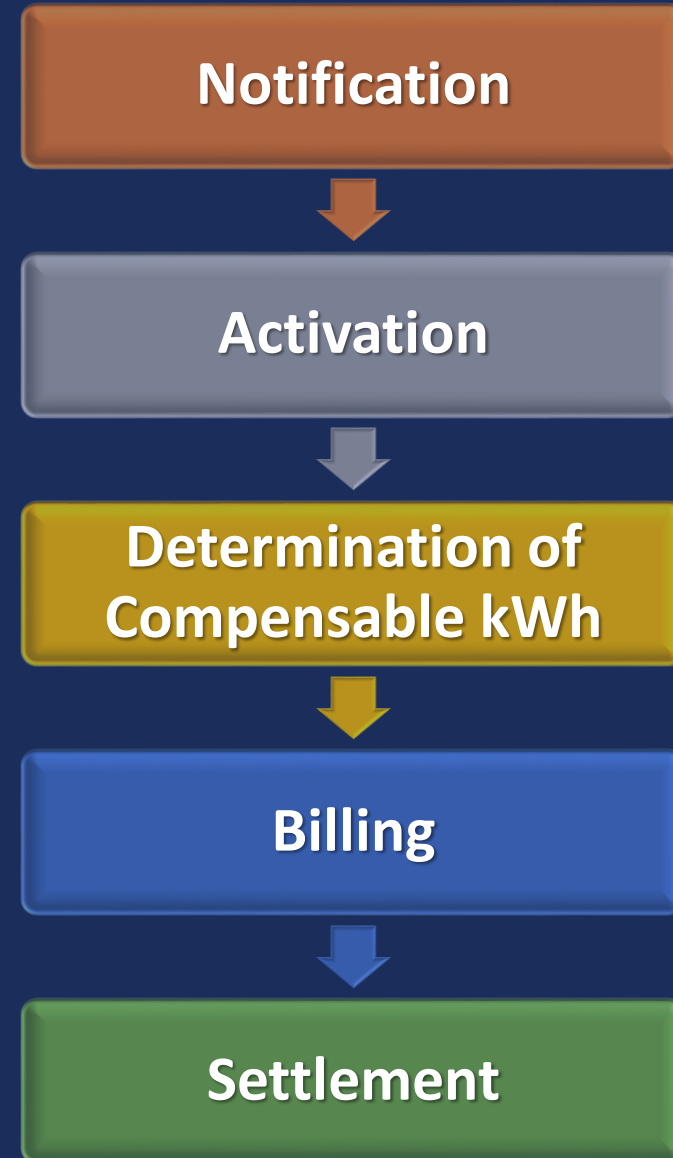
NGCP regularly informs MERALCO of current system conditions

TOTAL Requirement

Dispatchable Reserve

Contingency Reserve

Reserve: 647 MW

Regulating Reserve

Reserve: ~360 MW

Consumer Demand

Available MW

NORMAL State

YELLOW Alert

RED Alert

- Working within normal operating limits of System Frequency, Voltage, and all transmission line and equipment loading
- Operating Margin is sufficient
- Grid configuration allows for interruption and isolation of any fault current

Contingency Reserve is less than capacity of largest Synchronized Generating Unit

Any one of the following:
- Contingency Reserve is zero
- Generation deficiency exists
- There is Critical Loading
- Imminent Overloading of transmission lines or Equipment

Source: Philippine Grid Code

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ILP Notification Process

1ST Notification: 5pm of prior day
Yellow & Red System Alerts from NGCP

Only with NGCP advice

2nd Notification: 7am of current day
Yellow & Red System Alerts updates from NGCP

Red Alert status persists

Final Confirmation of de-loading: 2 hours before schedule

Actual de-loading on chosen schedule
Load back to normal after schedule

Immediately confirm to Call Center: (1) receipt of notification/ confirmation, & (2) ability to de-load as committed & as scheduled

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Notification via SMS

If joining, please send: ILP <SPACE> YES <SPACE> <ESTABLISHMENT NAME> <SPACE> <SIN> <SPACE> <DE-LOADING CAPACITY IN MW>

If not joining, please send: ILP <SPACE> NO <SPACE> <ESTABLISHMENT NAME> <SPACE> <SIN> <SPACE> <REASON FOR NOT JOINING>

SMART: 0920-9716211
GLOBE: 0917-5516211
SUN: 0925-7716211

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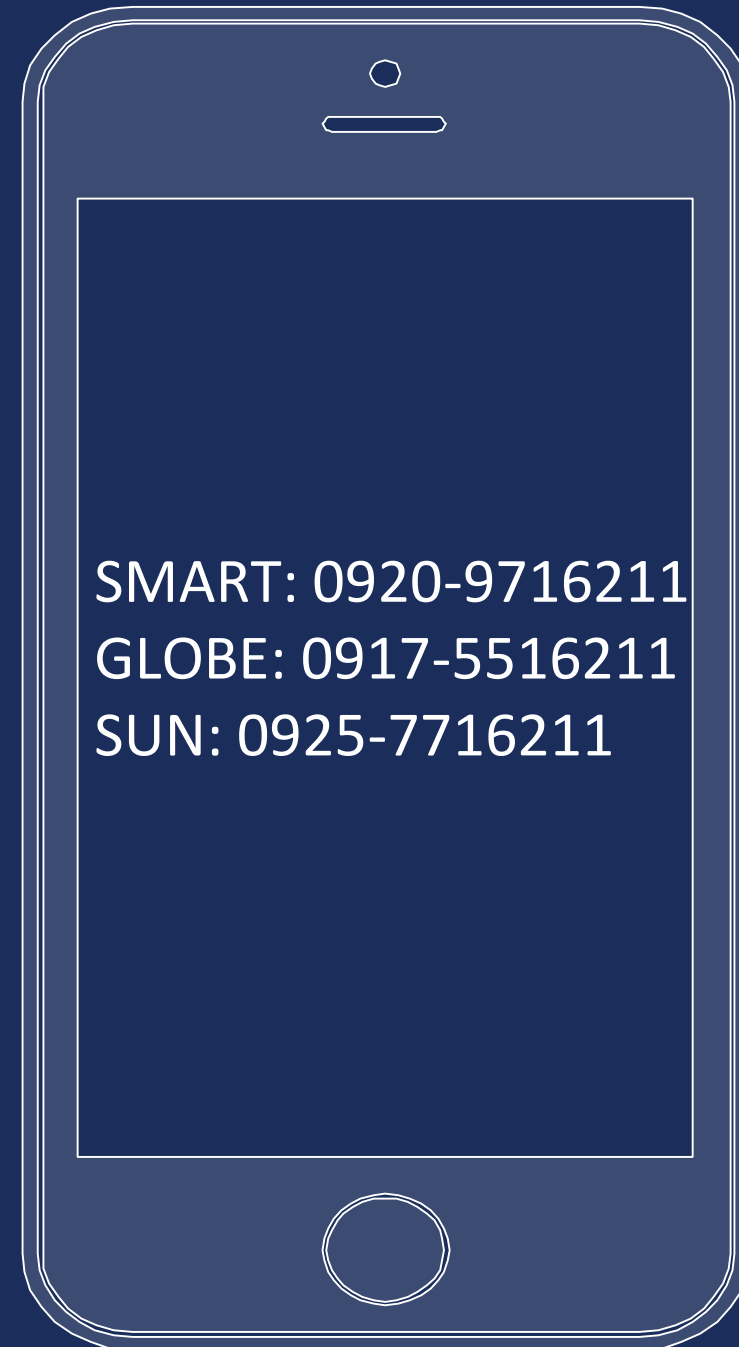
⚠️ Notification Reminders

- Make sure to provide the correct landline number, mobile number and email address

- Depending on the level of reserves, the final confirmation notice may also be the first and only notice for de-loading if a large plant unexpectedly breaks down. This will be an **EMERGENCY** ILP activation.

- Always confirm participation immediately to MERALCO's Call Center
  - Remember that this will be the basis for compensation
  - Feedback to other MERALCO personnel or Relationship Manager will not be considered as official advice

- Follows the prescribed format in replying to SMS notifications
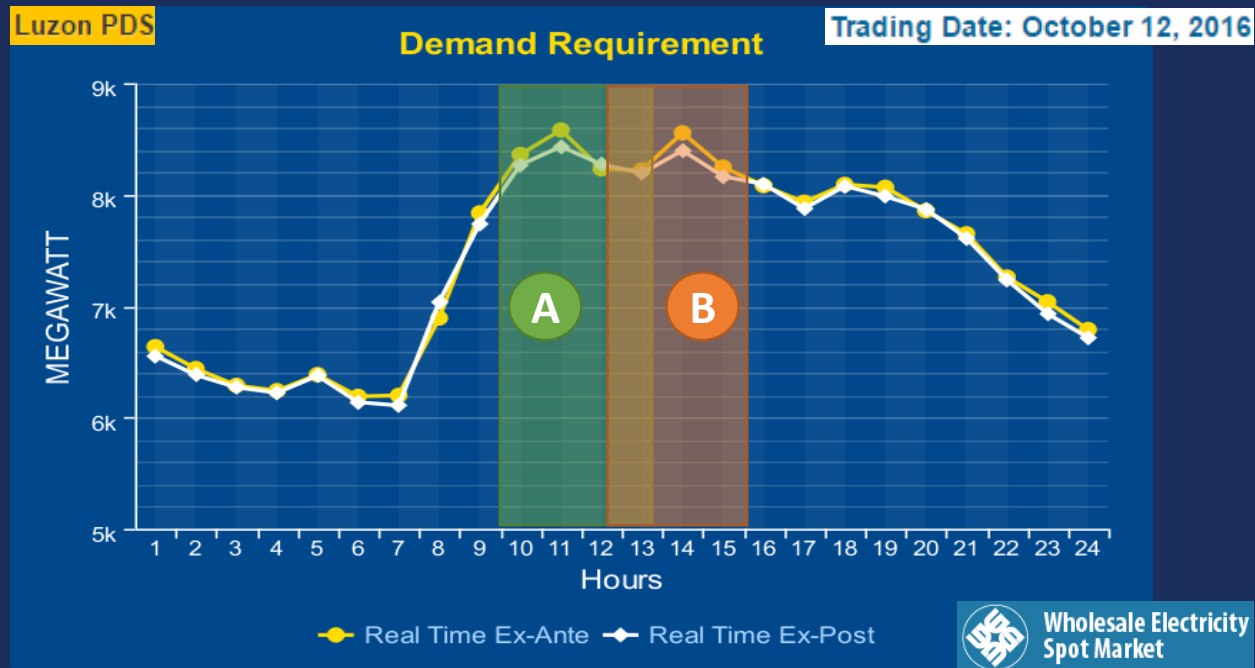
5 Steps to Implementing ILP

ACTIVATION: Participants choose between 2 de-loading windows that capture morning and afternoon peak:

A 10AM-1PM
B 12NN-3PM

Luzon PDS — Demand Requirement — Trading Date: October 12, 2016

Wholesale Electricity Spot Market

Notification

→

Activation

→

Determination of Compensable kWh

→

Billing

→

Settlement

MERALCO

⚠️ **Activation Reminders**

- Always ensure ample fuel supply

- De-load immediately once instructed by MERALCO

- Depending on the level of deficiency and time of **RED ALERT** pronouncement by NGCP, participants may be requested to:
    - Extend de-loading
    - De-load outside preferred schedules

- Load back to normal after the prescribed de-loading window unless an extension has been issued by MERALCO's Call Center

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⚠️ **Activation Reminders**

- If you are unable to continue de-loading during the prescribed de-loading hours, please notify MERALCO's Call Center immediately and indicate:
  - Reason for inability to continue de-loading
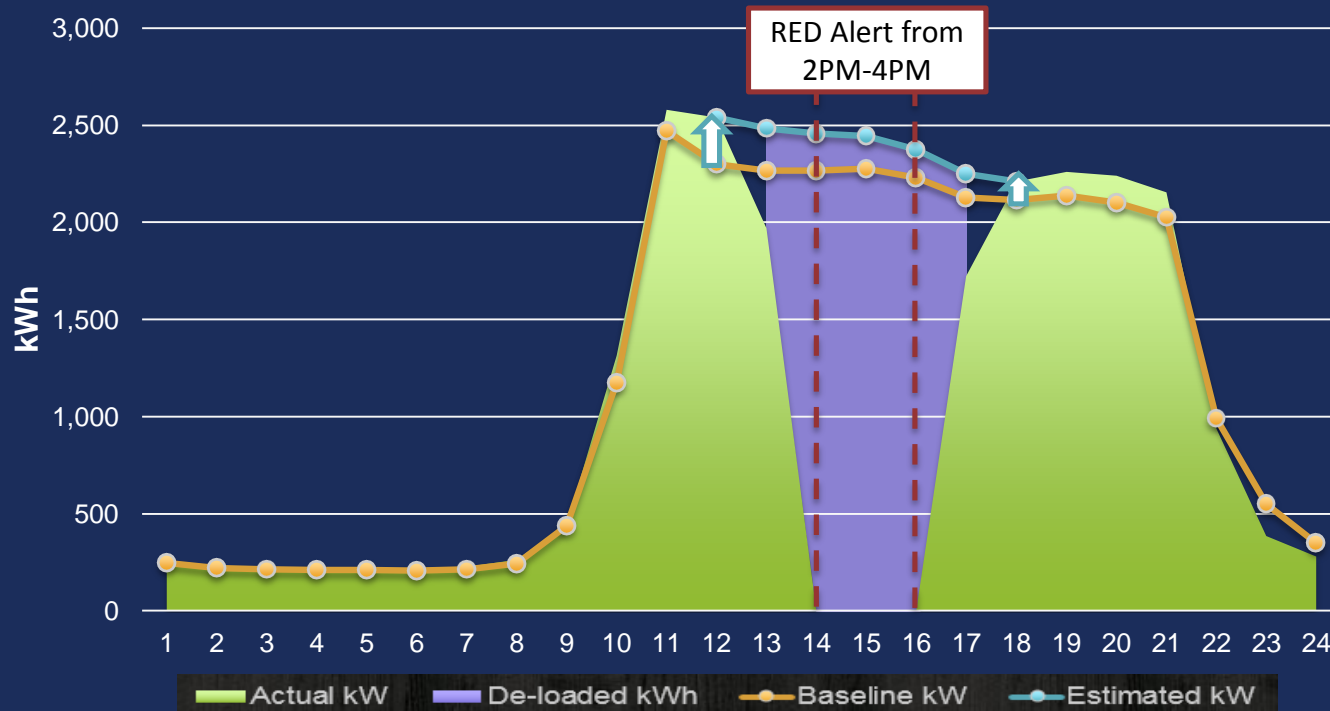 - Estimated time when the problem is expected to be resolved

ILP HOTLINE: (02) 632-8118

5 Steps to Implementing ILP

DETERMINATION OF COMPENSABLE KWH:
MERALCO will read consumption meters of participating accounts at the same time as the usual reading for billing & tag hours of ILP activation

Notification

Activation

Determination of Compensable kWh

Billing

Settlement

5 Steps to Implementing ILP

BILLING: MERALCO will compute the De-loading Compensation and send to Participating Customer and/or RES for verification within 7 days from the regular reading date

March 31, 2014

Mr. Juan dela Cruz
Manager
ABC Company
Fort Santiago, Taguig
SIN 123456780101

Dear Sir dela Cruz,

Thank you for participating in the Interruptible Load Program! Below is our computation of the **total De-loading Compensation** of the SINs covered in our Agreement for [month year]:

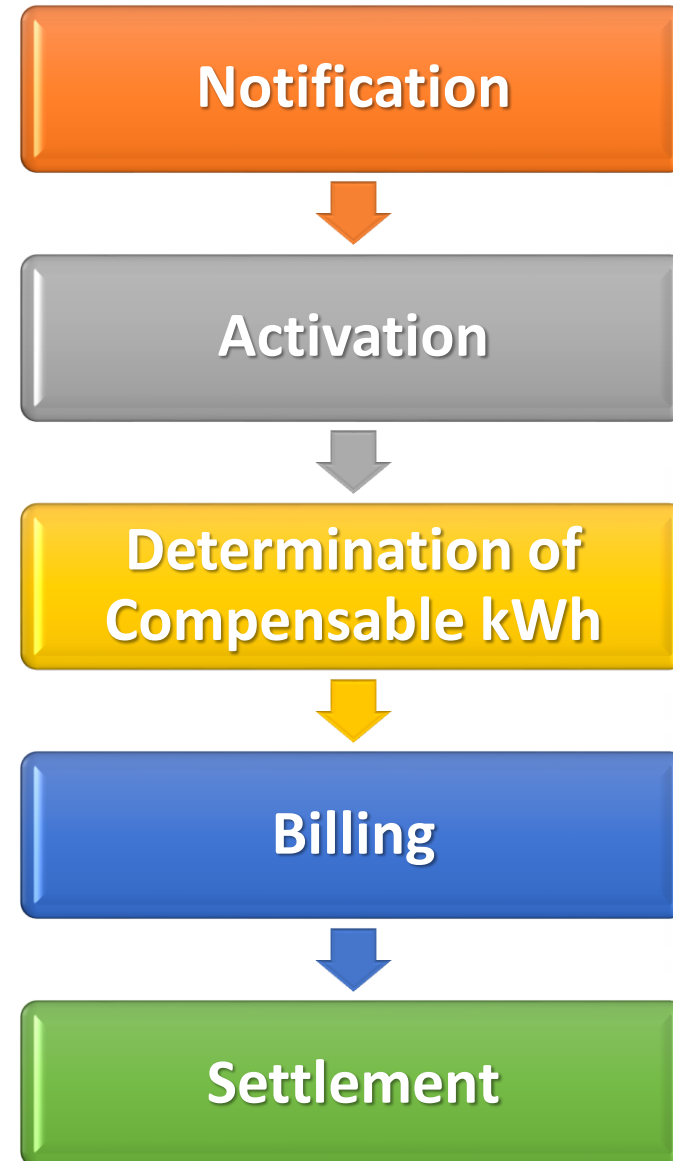|	
	₱11,809.95
	De-loading Compensation without VAT for SIN xxx
+	₱11,809.95
	De-loading Compensation without VAT for SIN xxx
=	₱23,619.90
	Total De-loading Compensation without VAT
+	₱2,834.38
	12% VAT
=	₱26,454.29
	Total De-loading Compensation

Details of the computation per SIN are contained in the attachments. If the amount is acceptable, kindly affix your signature on the designated space below and return the signed copy to us three days upon receipt of the letter. You may send the signed copy via fax at 632-XXXX or via email at xxx@meralco.com.ph.

Kindly also issue us an invoice or statement of account for the Total De-loading Compensation.

Should you have inquiries on the computation or the program, you may call <RM> at 1622-xxxx or email him at @meralco.com.ph. Again, thank you for your cooperation, and we hope that you will continue to join us in our efforts to serve our fellow Filipinos.

MERALCO SIGNATORY
<Office>

Conforme: _____
                    SIGNATURE OVER PRINTED NAME

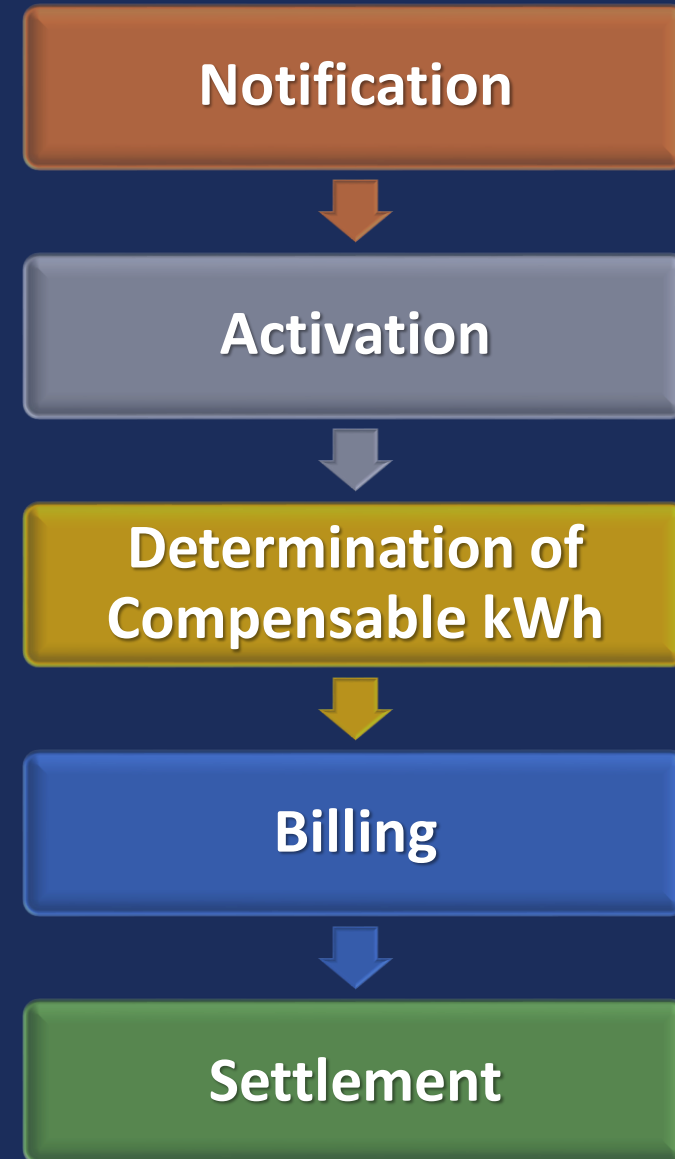Position: _____

Contact Details: _____

Notification
↓
Activation
↓
Determination of Compensable kWh
↓
Billing
↓
Settlement

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Billing and Compensation (Amendments)

ERC
ENERGY REGULATORY COMMISSION • PHILIPPINES

De-loading Compensation$_{pesos}$	=	[Incremental De-loading Rate x Compensable kWh]	+	Maintenance Cost
Where:				
Incremental De-loading Rate	=	[Generation Cost of Fuel x Fuel Consumption Rate]	–	PC Average rate
Generation Cost of Fuel	=	Average price of diesel fuel from Petron, Shell and Caltex for the previous month as of the end of the previous calendar month in the city or municipality where the Participating Customer is located		
Fuel Consumption Rate	=	~~0.28~~ 0.34 liter/kWh		
PC Average Rate	=	Average Rate for the current billing period		
Compensable kWh	=	Actual de-loaded kWh for the current billing period		
Maintenance Cost	=	PhP0.32/kWh x Compensable kWh or ~~PhP23,548.00/month, whichever is lower~~		

Average Rate refers to the average PhP/kWh paid by the Customer, including Generation, Transmission, Distribution and non-bypassable cost (Universal Charge, FiT-All, Lifeline , VAT, etc)

Art. IV Sec. 1 ERC Resolution No. 5 Series of 2015

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5 Steps to Implementing ILP

SETTLEMENT: The signed conforme letter must be returned to MERALCO within 8 days from receipt.

Upon receipt of the signed conforme letter, MERALCO will process payment within 30 days.

Notification

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Activation

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Determination of Compensable kWh

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Billing

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Settlement

Thank you!