



# RCOA Mandatory Contestability for Phase 1 Customers

16 December 2016

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# RCOA Updates



# 420 Contestable Customers who switched within Meralco's Franchise Area\*



\*As of November 2016



# RCOA Timeline

June 26, 2013  
Start of Initial  
Commercial  
Run

Dec 26, 2013  
Start of  
Commercial  
Run and RES to  
RES Switching

June 26, 2016  
Voluntary  
Contestability  
for Phase 2 CCs  
(750-999 kW)

Feb 26, 2017  
Start of  
Mandatory  
Contestability  
for Phase 1  
CCs



# RCOA Timeline *continued...*

June 26, 2017  
Mandatory  
Contestability  
for Phase 2  
CCs (750 to  
999kW)

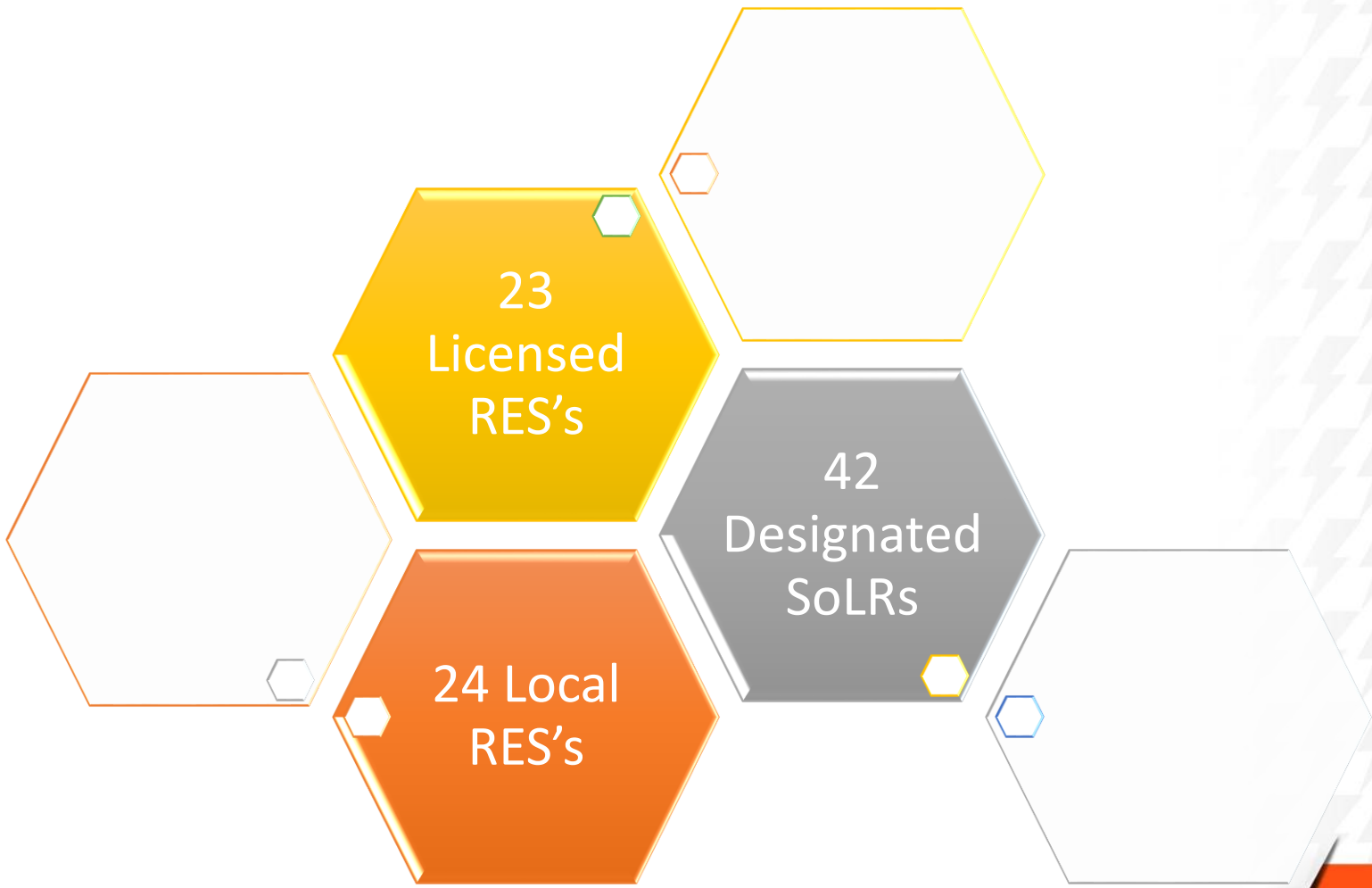
June 26, 2018  
Lowering of  
threshold to at  
least 500kW\*  
*subject to ERC's  
market performance  
review*

June 26, 2018  
Retail  
Aggregation of  
at least 750kW  
within a  
contiguous area

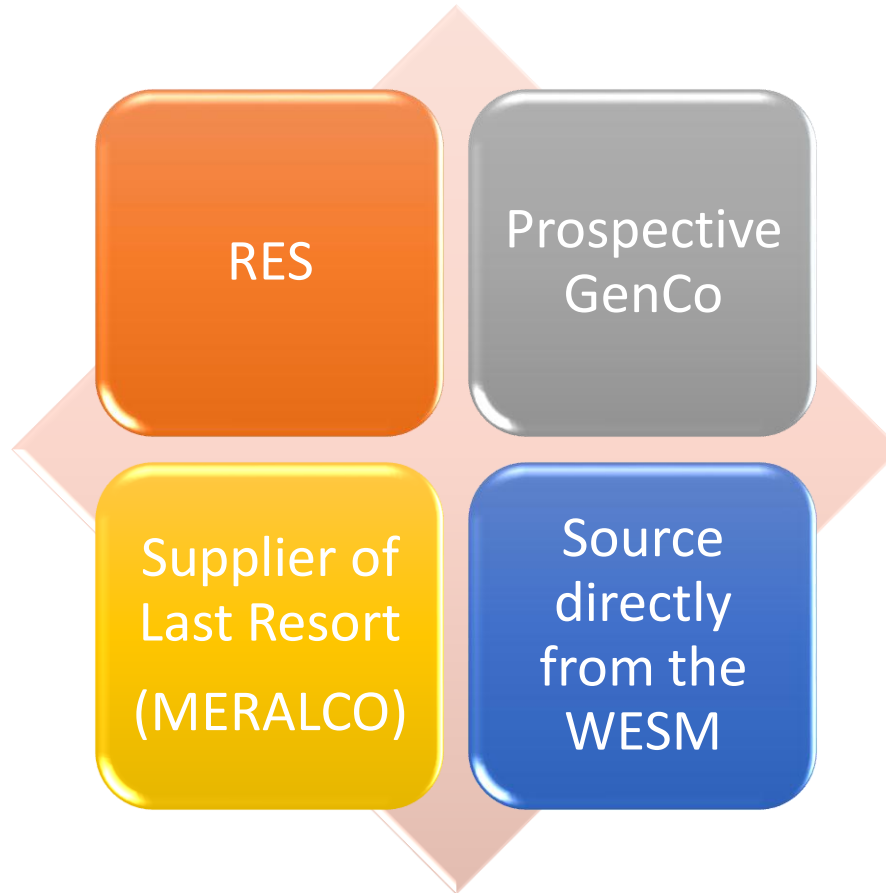
June 2018  
onwards  
Further  
lowering down  
of  
contestability  
may happen



# What are your options?



# From whom shall I source my electric supply?

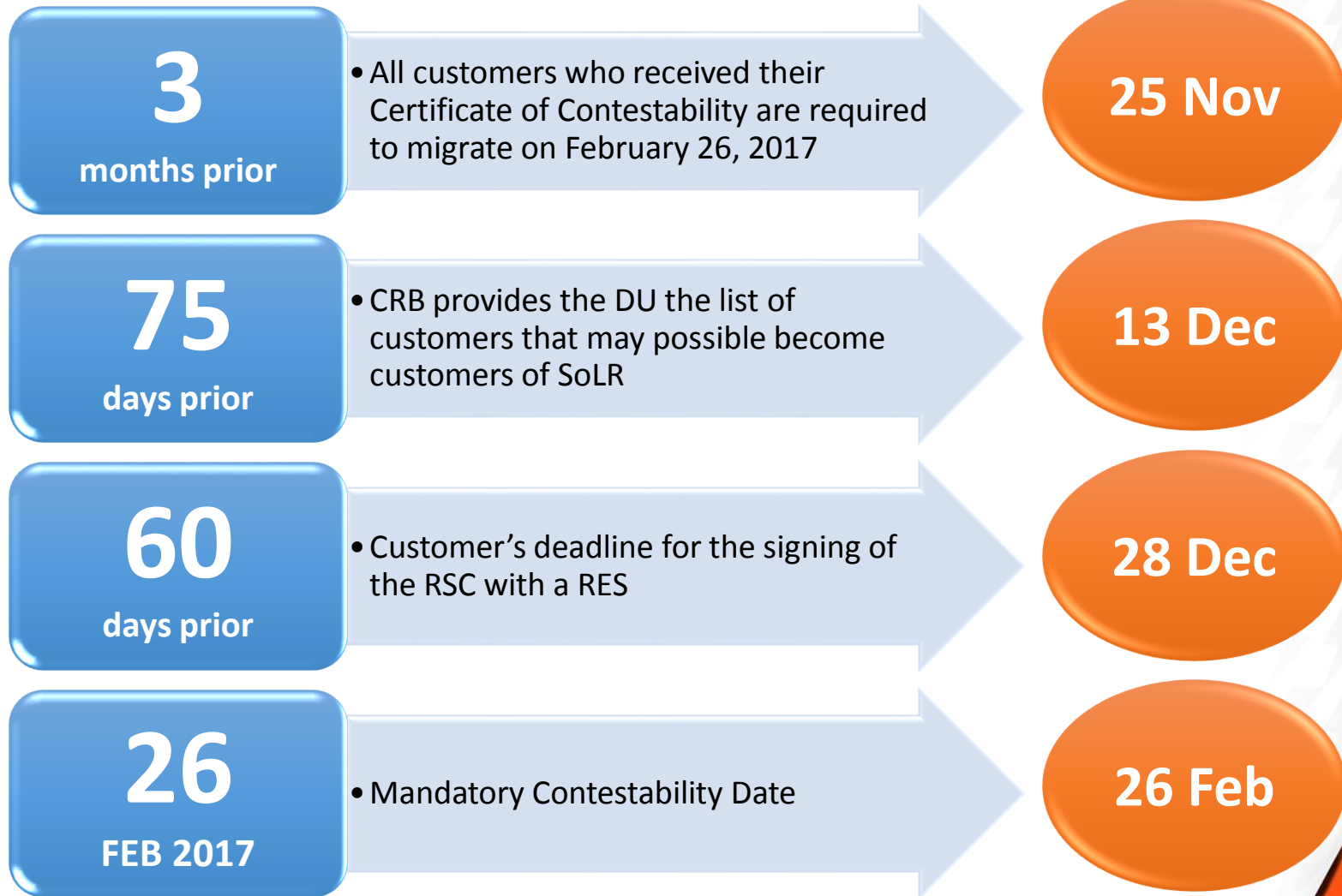


*Article 2, Section 2, 2.2 Resolution No. 10 Series of 2016, A Resolution Adopting the Revised Rules for Contestability*





# General Procedures on Mandatory Migration



# What if I am not able to contract with a Supplier?

**1**

Become a SoLR  
customer

**2**

Physically  
disconnected

*\*As indicated in Resolution No. 35, Series of 2006, A Resolution Adopting the Rules for the Supplier of Last Resort (SoLR)*



# What if I am not able to contract with a Supplier?

You will be deemed served by the SOLR\* for a period not exceeding 6 months, provided:

- 1** Sign the SoLR Contract
- 2** Pay the SoLR bill deposit  
equivalent to two (2) months total estimated billing based on the average of previous six (6) months' demand and energy usage

*\*As indicated in the draft "Resolution Amending the Applicable Supplier of Last Resort (SOLR) Rate" (ERC Case No. 2016-005RM)*



# SoLR Rate Computation of GC



*\*Existing provision under ERC Resolution No. 16, Series of 2012 entitled "A Resolution Adopting the Transitory Rules for the Implementation of Open Access and Retail Competition," and as indicated in the draft "Resolution Amending the Applicable Supplier of Last Resort (SOLR) Rate" (ERC Case No. 2016-005RM)*



# Proposed SoLR Rate within 6-months from the Mandatory Contestability Date

Date*	Billing Period from Mandatory Contestability	Generation Charge	GC Premium
26-Feb-17	Mandatory Contestability (1 MW and up)		
26 Feb – 25 Mar 2017	1st Billing Period	Applicable DU approved blended Generation Charge for the captive market	2%
26 Mar – 25 Apr 2017	2nd Billing Period		6%
26 Apr – 25 May 2017	3rd Billing Period		8%
26 May – 25 Jun 2017	4th to 6th Billing Period		10%
26 Jun – 25 Jul 2017			
26 Jul – 25 Aug 2017			

*\*\* Applies to 1 MW and up contestable customers, which are under mandatory contestability beginning February 26, 2016*

*\*As proposed in the draft "Resolution Amending the Applicable Supplier of Last Resort (SoLR) Rate" (ERC Case No. 2016-005RM)*



# After the 6-month period from mandatory contestability date, the SoLR rate shall be:



*\*Existing provision under ERC Resolution No. 16, Series of 2012 entitled "A Resolution Adopting the Transitory Rules for the Implementation of Open Access and Retail Competition," and as indicated in the draft "Resolution Amending the Applicable Supplier of Last Resort (SOLR) Rate" (ERC Case No. 2016-005RM)*



# Forward Contract with a Prospective GenCo is deemed compliant to mandatory contestability

## Contract

- Pre-determined RSC effectivity date must be on or after the commercial operations of the power plant
- Exercised only once, until threshold for 750kW customers become mandatory
- Must be advised to the DU within 15 days from entering into an RSC

## Rates

- Rates to be used while forward RSC is not yet in effect is the DU's Time-of-use (TOU) or Peak/Off-peak (POP) pricing scheme approved by the ERC



# What if the Provisional RES License is cancelled?

This may happen if the Prospective GenCo is not able to meet the prescribed timeline per phase

- Affected customer shall be granted a period of 6 months from notice by the ERC within which to contract with a licensed RES.
- Until an RSC has been entered into, the DU shall continue to serve the affected customer through the Time-of-use (TOU) or Peak/Off-peak (POP) rate pricing scheme approved by the ERC.
- Should it fail to contract with a RES, disconnection shall be applied.





# Initial Switch Procedures for the Mandatory Contestability



# Requirements and Preparations Prior to Joining the Contestable Market



- Become Eligible
- Know your needs
- Choose your Supplier
- Submit the Requirements

# What are the tools that an end-user may need?



Study your internal power usage

Determine your energy consumption forecast

Request for your load profile from the DU



# Contracting with a Supplier

## Term

- Minimum term: 1 billing cycle
- Maximum term: 2 years

## Switch to another Supplier

- This is allowed during the life of the RSC, but be mindful of possible termination fee that needs be settled



# Timeline for the Mandatory Contestability



# What are the Switch Requirements?

## *Initial Switch: Switch from the Captive to the Contestable Market*

### *From the Customer to the DU*

- Signed and notarized Connection Agreement
- Settlement of all arrears with the DU prior to the switch
- Installed RCOA-compliant meters
- DU-MSP shall submit customer-signed Metering Installation Registration Form to the CRB
- Advice to the DU on the planned switch 60 days prior to the effectivity of the Contract with the Supplier



# What are the Switch Requirements?

## *Initial Switch: Switch from the Captive to the Contestable Market*

### *From the Customer to the CRB, via the RES or SoLR*

- RCOA Application Form for Indirect Membership of Contestable Customer\*
- Market Participation Agreement for Indirect Member - Contestable Customer\*
- Retail Counterparty Confirmation Form (between Direct WESM Member Counterparty Supplier and Contestable Customer)\*
- Switch Request Form\*
- Secretary's Certificate/Board Resolution authorizing participation in the WESM as Indirect Member and designating signatories
- SEC Certificate of Incorporation, Articles of Incorporation and By-laws
- Copy of the ERC Certificate of Contestability
- Valid Retail Supply Contract (RSC)
- Other document/s may be required, as deemed applicable

*\*Forms may be downloaded from PEMC's website*



# What are the Switch Requirements?

*Initial Switch: Switch from the Captive to the Contestable Market*

## From the Supplier to the DU

- Signed and notarized Distribution Wheeling Services (DWS) Agreement
- Required DWS bill deposit is settled prior to the switch





# What are the requirements for switching to another Supplier?

## *Regular Switch: Switch from One Supplier to Another*

### *From the Supplier to the DU*

- Required DWS bill deposit is settled prior to the switch

### *From the Customer to the CRB, via the RES or SoLR*

- Retail Counterparty Confirmation Form (between Direct WESM Member Counterparty Supplier and Contestable Customer)\*
- Switch Request Form\*
- Valid Retail Supply Contract (RSC)

*\*Forms may be downloaded from PEMC's website*



# When would one need the SoLR?

1

When an end-user is not able to find its supplier by the deadline set by the ERC for the mandatory switch to the contestable market

2

## Last Resort Supply Event

- The RES/Local RES has ceased to operate
- The RES License has been revoked
- The DWS agreement between the RES and DU has been terminated
- The RES/Local RES is no longer permitted to trade energy in the WESM
- The RES/Local RES has given notice to the ERC that it no longer will provide supply services
- Any other analogous event which the ERC may deem as Last Resort Supply Event



# To whom shall I coordinate with in MERALCO?

## Corporate Business Group

- Please refer to your Relationship Manager
- [group.private.sector.cbg@meralco.com.ph](mailto:group.private.sector.cbg@meralco.com.ph)
- [group.public.sector.cbg@meralco.com.ph](mailto:group.public.sector.cbg@meralco.com.ph)

## Competitive Market Group

(also acts as MERALCO-SoLR)

- [group.competitive.market@meralco.com.ph](mailto:group.competitive.market@meralco.com.ph)



In Retail Competition, we still got a long way to go.....



**Thank you.**

