



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

ERC RESOLUTION NO. 05, Series of 2015

**A RESOLUTION ADOPTING THE AMENDED RULES TO GOVERN  
THE INTERRUPTIBLE LOAD PROGRAM (ILP)**

**WHEREAS**, it is a declared policy of the State to ensure the quality, reliability, security and affordability of the supply of electric power;

**WHEREAS**, to address the imminent power shortage and augment the limited power requirements of the distribution utilities (DUs) in Visayas and Mindanao regions, on March 10, 2010 the Commission adopted Resolution 8, Series of 2010, entitled "*A Resolution Adopting the Rules to Govern the Interruptible Load Program (ILP) of Distribution Utilities (DUs)*" or the ILP Rules;

**WHEREAS**, on May 6, 2013, the Commission adopted Resolution 8, Series of 2013, entitled "*A Resolution Amending Article IV, Section 1 of the Rules to Govern the Interruptible Load Program (ILP) of Distribution Utilities (DUs)*", in order to provide for a fairer and more reasonable cost recovery mechanism;

**WHEREAS**, the Commission in its Order dated April 11, 2014, allowed Manila Electric Company (MERALCO) to implement the ILP for its captive customers;

**WHEREAS**, the ILP incentivizes reduction in demand in any grid, particularly, when system reliability is jeopardized;

**WHEREAS**, expanding the scope of the ILP, to enable the participation of contestable customers, directly-connected customers, PEZA customers/locators and Economic Utility Enterprises is seen as making the ILP more responsive and effective in avoiding or minimizing system emergencies;

**WHEREAS**, on November 4, 2014, the Commission issued a Notice of Posting and Public Consultation on the proposed amendments to the “Rules to Govern the Interruptible Load Program (ILP) of Distribution Utilities (DUs)”, and setting the deadline to submit comments on or before November 17, 2014;

**WHEREAS**, on November 26, 2014, the Commission conducted a Public Consultation to discuss the comments submitted by the following stakeholders: a) Department of Energy (DOE); b) National Grid Corporation of the Philippines (NGCP); c) Philippine Electricity Market Corporation (PEMC); d) Retail Electricity Suppliers Association (RESA); e) Distribution Management Committee (DMC); f) Grid Management Committee (GMC); g) Philippine Independent Power Producers Association (PIPPA); h) MERALCO; i) Visayan Electric Company, Inc. (VECO); and j) San Fernando Electric Light and Power Company, Inc. (SFELAPCO);

**WHEREAS**, on December 3, 2014, the Commission conducted a Focus Group Discussion to further solicit the views of the stakeholders;

**WHEREAS**, on December 19, 2014, the Commission posted on its website the second (2<sup>nd</sup>) draft of the proposed amendments to the “Rules to Govern the Interruptible Load Program (ILP) of Distribution Utilities (DUs)”, and setting the deadline to submit comments on or before January 19, 2015;

**NOW, THEREFORE**, after considering the inputs of all stakeholders and a judicious review of all pertinent issues, be it **RESOLVED**, as the Commission hereby **RESOLVES**, to **APPROVE** and **ADOPT** the “Amended Rules to Govern the Interruptible Load Program (ILP)” hereto attached as Annex “A” and made an integral part of this Resolution.

This Resolution shall take effect immediately following its publication in a newspaper of general circulation in the Philippines and shall continue to be in force until recalled or vacated by the ERC.

Let copies of this Resolution be furnished the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR), the NGCP, all distribution utilities, RESA and PIPPA.

**Pasig City, April 6, 2015.**

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson

  
**ALFREDO J. NON**  
Commissioner

  
**GLORIA VICTORIA YAP-TARUC**  
Commissioner

  
**JOSEFINA PATRICIA MAGPALE-ASIRIT**  
Commissioner

amdb/ajmo/fbd/FSCJ

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

**AMENDED RULES TO GOVERN THE INTERRUPTIBLE LOAD  
PROGRAM (ILP)**

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

**ARTICLE I**

**GENERAL PROVISIONS**

These Amended Rules shall have the following objectives:

- a) To address the imminent power shortage and augment the limited power supply of any Grid in the country;
- b) To minimize occurrence of manual load dropping caused by power supply shortages;
- c) To incentivize reduction in demand and optimize available resources;
- d) To avoid or minimize system emergencies thereby cushioning its impact on the economy and the consumers;
- e) To ensure the timely compensation and recovery of allowable expense related to the Interruptible Load Program (ILP) administered by the NGCP and DUs;
- f) 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;
- g) To protect the public interest as it is affected by the rates charged by the NGCP and DUs; and

- h) To help maintain the quality, reliability, security, and affordability of the supply of electric power.

## ARTICLE II

### SCOPE AND DEFINITION OF TERMS

**Section 1. Scope.** These Amended Rules shall apply to:

1. NGCP in relation to its administration of ILPs for Directly-Connected Customers, PEZA, Ecozone Utility Enterprise and other DUs;
2. Distribution Utilities that entered into an ILP Agreement with their Captive Customers within their franchise area; and
3. Distribution Utilities that entered into a tripartite ILP Agreement with a Retail Electricity Supplier (RES) or Local RES and its Contestable Customers.

**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.), as applicable.

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

**“Captive Customer”** shall refer to an electricity end-user who does not have the choice of a supplier of electricity, as may be determined by the Energy Regulatory Commission (ERC) in accordance with Republic Act No. 9136. For purposes of ILP administration, locators of bulk customers such as PEZA-operated ecozones may be considered as captive customers of the DU.

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

**“Directly-Connected Customer” or “DCC”** shall refer to industrial or bulk electricity end-users, which are directly supplied with electricity by a generation company or Power Sector Assets and Liabilities Management Corporation (PSALM) or National Power Corporation (NPC) pursuant to Republic Act No. 6395, as amended by Presidential Decree No. 395.

**“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.

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

**“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.

**“ILP Administrator”** shall refer to the utility responsible in implementing the ILP de-loading protocol, compensation and recovery thereof. As such Administrator, it is not deemed to be engaged in the buying and selling of electricity.

**“ILP Agreement”** shall refer to the: (1) ILP Agreement among NGCP, Generation Company/RES and a Directly-Connected Customer/PEZA/Ecozone Utility Enterprise; (2) ILP Agreement between a DU and its Captive Customer; and (3) tripartite ILP Agreement between a DU, a Retail Electricity Supplier (RES) or Local RES and its Contestable Customer.

**“Generation Company”** shall refer to any person or entity authorized by the ERC to operate facilities used in the generation of electricity.

**“Local RES”** shall refer to the non-regulated business segment of the DU authorized by the ERC to supply electricity to the Contestable Customers within the DU’s franchise area only, or Persons authorized by appropriate entities to supply electricity within their respective economic zones.

**“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” or “PC”** shall refer to either a Participating Captive Customer of a Distribution Utility, a Participating Contestable Customer of a Retail Electricity Supplier or a Participating Directly-Connected Customer, PEZA or Ecozone Utility Enterprise of the NGCP.

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

**“System Operator” or “SO”** shall refer to the party responsible for generation dispatch, or the implementation of the generation dispatch schedule of the Market Operator, the provision of ancillary services, and operation to ensure safety, power quality, stability, reliability and security of the grid.

### **ARTICLE III**

#### **DE-LOADING PROGRAM AND PROTOCOLS**

**Section 1. ILP Administration.** NGCP and DU shall be the ILP Administrators. DUs with Participating Customers shall administer the ILP in their respective franchise areas, while NGCP shall implement the de-loading protocol and compensation to DCCs, PEZA, Ecozones and DUs without any PCs and those DUs with PCs who agreed to be under the NGCP-administered ILP.

The implementation of the ILP shall be revenue neutral for either NGCP or the DUs implementing the same, as well as the RES which has an ILP Agreement with the DU and a Contestable Customer. It shall not result into any gain or loss for any RES and NGCP or DU, acting as the ILP Administrators.

**Section 2. Request for De-Loading.** Under the ILP, the Participating Customer may be requested by the ILP Administrator (in writing or verbally) to de-load, during which time a Participating Customer may either fully de-load, by disconnecting its delivery point that receives electricity, or partially de-load by reducing its load from the NGCP/DU, for a period of time as determined by the ILP Administrator in its request.

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

**Section 3. Activation of ILP.** As soon as the System Operator (SO) has determined and/or a notice is received from the SO of the Grid of an expected power shortage (red alert, or such other minimum threshold as may hereafter be mandated or defined), it shall call on the ILP Administrators to execute their respective ILPs.

A sample template of the ILP Agreement and protocol is attached as Schedule 1. However, the ILP Administrators may develop their own agreement and protocol in support of its implementation of the ILP, including but not limited to the notification and activation, for submission to the Commission.

**Section 3. Documentation.** The ILP Administrators shall document the cause, Compensable kWh, date, time and duration of the de-loading. These information shall be disseminated to all PCs and RES who participated in the de-loading.

**Section 4. Pre-schedule load dropping scheme.** Upon advise from the SO, the ILP Administrators shall endeavor to relay a copy of load dropping request to PCs for load drop information dissemination.

**Section 5. Manual Load Drop (MLD).** MLD or Automatic Load Dropping (ALD), in any case, should not be part of the ILP.

## ARTICLE IV

### BILLING AND COMPENSATION

**Section 1. De-loading Compensation.** The Participating Customer shall be compensated the incremental cost incurred due to the full or partial de-loading, when it de-loads as requested.

The De-Loading Compensation shall be computed by multiplying the "Compensable kWh" less registered kWh in the meter, if any, during periods when a Participating Customer de-loads as instructed by the ILP Administrator, 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:

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 as of the end of the previous calendar month in the City or Municipality where the Participating Customer is located
Fuel Consumption Rate	= 0.34 liter/kWh
PC Average Rate	= The Participating Customer's Average Rate for the current billing period
Compensable kWh	= Equivalent de-loaded kWh for the current billing period
Maintenance Cost	= PhP0.32/kWh x Compensable kWh

For purposes of determining the Participating Customer's generation cost of fuel, the ILP Administrator shall include in its submission a verified report thereon upon filing of its monthly reportorial requirements.

The "de-loaded kWh" will depend on the Participating Customer's actual real-time reading by the ILP Administrator or its agreed 24-hour load profile, if the ILP Administrator has not installed real-time metering for such 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 ILP Administrator 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 ILP Administrator shall proceed with the reading, and the Participating Customer shall accept the same as final.

**Section 3. Billing and Settlement.** The Participating Customer shall be compensated within thirty (30) days from issuance of an invoice, unless a different period is agreed upon.

**Section 4. Disputes.** Parties to the ILP Agreements shall endeavor to resolve amicably any dispute arising from the implementation of the Interruptible Load Program, otherwise, such disputes shall be elevated to the ERC in accordance with the ERC's Rules of Practice and Procedures.

**Section 5. Implementation prior to effectivity of these Amended Rules and ILP Dry Run.** PCs are entitled to be compensated for the implementation of the ILP after the promulgation of these Amended Rules but prior to their effectivity and for the ILP Dry Run as instructed by the Department of Energy (DOE). Such compensation shall be based on the formula provided in Article IV, Section 1. The recovery by the ILP Administrators shall be governed by Article V and shall be implemented in the billing period following such implementation or conduct of the dry run.

## ARTICLE V

### RECOVERY OF DE-LOAD COMPENSATION

**Section 1. Recovery for Distribution Utilities.** The amount paid to the Participating Customers shall be recovered from all distribution wheeling load customers of the Distribution Utility.

Recovery from the DUs' Captive Customers shall be through the inclusion thereof in the DUs' monthly computation of their generation charge. From the Contestable Customers, recovery shall be through a separate line item in the Distribution Wheeling Service (DWS) bill.

For the DUs and Ecozones under the NGCP-administered ILP, the amount for recovery shall be calculated based on the foregoing mechanism and shall be invoiced to NGCP for recovery.

**Section 2. Recovery for NGCP.** The DCCs under NGCP-administered ILP shall be entitled to the ILP compensation based on the formula under Article IV, Section 1. The same shall be taken from the WESM revenues arising from the spot sales of the energy corresponding to the Compensable de-loaded kWhs of the DCC. If the WESM revenues are insufficient, the deficit shall be recovered by NGCP. Recovery of this deficit and the amount invoiced by the DUs and Ecozones as provided in Article V Section 1, shall be from all load customers of NGCP on a per grid basis, except from those DUs who will administer their own ILP, through a Peso/kWh (ILP Charge) in their Transmission bill, which shall be reflected as a separate line item.

**Section 3. Alternative Recovery.** Should there be an issuance in the future providing for a different mode of settlement of the cost for administering the ILP, the same shall prevail and the provisions of these Rules are rendered inoperative insofar as they are affected by such issuance.

## 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 customers/PEZA/Ecozone Utility Enterprise connected to the transmission grid can be qualified as a Participating Customer subject to the applicable ILP agreement.

**Section 2. Offer of ILP.** NGCP and DUs shall offer the ILP, 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 intending PC may ask the ILP Administrator 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.

It may opt to purchase its own metering equipment and its accessories provided they meet the specifications required by the DU and comply with Articles 2.11 and 4.5.2 of the DSOAR or NGCP under the Open Access Transmission Service (OATS) Rules.

## ARTICLE VII

### REPORTORIAL REQUIREMENT

**Section 1. Prior to Implementation.** The NGCP and any DU shall, prior to its implementation of its ILP, submit a manifestation in writing to the Commission of its intent to offer the ILP to its customers, with supporting documents.

**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 Uniform Reportorial Requirement (URR) 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.

The DU shall also submit the relevant supporting documents in relation to the compensation to and recovery from its Contestable Customers.

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

The SO shall make a report on all intervals wherein a red alert notice (or such other minimum threshold as may hereafter be mandated or defined) was issued and consequent ILP was activated.

**Section 4. Annual Reportorial Requirements.** The ILP Administrators shall submit to ERC and DOE on an annual basis a report summarizing the monthly participating customers, its Compensable kWh and the de-loading compensation paid and recovered.

## **ARTICLE VIII**

### **FINAL PROVISIONS**

**Section 1. Fines and Penalties.** Violation of any provisions of these Amended 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 Amended 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 Amended Rules are hereby repealed or modified accordingly.

**Section 5. ERC Review.** The Commission, in consultation with the stakeholders, shall undertake a post evaluation of ILP implementation within one (1) year from the effectivity of these Amended Rules.


**Section 6. Effectivity.** These Amended Rules shall take effect following its publication in a newspaper of general circulation.


Pasig City, April 06, 2015.

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson

  
**ALFREDO J. NON**  
Commissioner

  
**GLORIA VICTORIA C. YAP-TARUC**  
Commissioner

  
**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
Commissioner

amdb/ajmo/fgbd/FSCJ  


**INTERRUPTIBLE LOAD AGREEMENT**

This Interruptible Load Agreement (the “Agreement”) is made and executed among:

**MANILA ELECTRIC COMPANY**, a corporation duly organized and existing under the laws of the Republic of the Philippines, with business address at Lopez Building, Meralco Compound, Ortigas Ave., Pasig City, represented by \_\_\_\_\_, \_\_\_\_\_ (hereinafter referred to as “**MERALCO**”);

-and-

\_\_\_\_\_, a corporation duly organized and existing under the laws of the Republic of the Philippines, \_\_\_\_\_, with business address at \_\_\_\_\_, represented by \_\_\_\_\_, \_\_\_\_\_ (hereinafter referred to as “**RES**”);

-and-

\_\_\_\_\_, a corporation duly organized and existing under the laws of the Republic of the Philippines, \_\_\_\_\_, with business address at \_\_\_\_\_, represented by \_\_\_\_\_, \_\_\_\_\_ (hereinafter referred to as the “**Participating Contestable Customer**”);

Each, a “Party”, and collectively, the “Parties”

In consideration of the mutual covenants and agreements set out in this Agreement, the Parties hereby agree as follows:

**1. Coverage**

1.1. This Agreement shall govern the implementation of the Interruptible Load Program and shall define the rights and obligations of the Parties during such period of implementation. This Agreement shall apply to the customer facilities of the Participating Contestable Customer with Retail Competition and Open Access Service Identification Number (RCOA SIN) and service addresses as specified in Annex “A”.

1.2. This Agreement would not apply to instances of Manual Load Dropping or Automatic Load Dropping, as both defined in the Philippine Distribution Code.

**2. Definition of Terms**

**Available Interruptible Hours** – refers to the Trading Hours declared by the Participating Contestable Customer during which specific customer facilities are available to participate in the ILP, as specified in Annex “A”.

**Available Interruptible Load** – refers to the amount of Load per Trading Hour that the Participating Contestable Customer has declared as available for De-loading, as specified in Annex “A”.

**Baseline Load Shape** – refers to the 24-hour baseline load shape agreed upon among Meralco, RES and the Participating Contestable Customer, as provided in Annex “C”.

**BCQ** – refers to bilateral contract quantities.

**Billing Period** – refers to the period commencing at 00:00 hours on the twenty-sixth (26<sup>th</sup>) day of each calendar month, and ending at 24:00 hours on the twenty-fifth (25<sup>th</sup>) day of the following calendar month.

**Customer Facility** – refers to each facility of the Participating Contestable Customer specified in Annex “A”.

**De-load or De-loading** – refers to the act of reducing the energy quantities drawn by the Participating Contestable Customer from the RES, which energy quantities are otherwise entitled to be drawn by such Participating Contestable Customer from the RES.

**De-loading Compensation** – refers to the amount in Pesos that the Participating Contestable Customer is entitled to receive from the RES as compensation for its participation in the ILP during a relevant Billing Period, which amount shall be computed in accordance with the relevant agreement between such Participating Contestable Customer and the RES.

**De-loading Hours** – refers to the number of Trading Hours that the Participating Contestable Customer has agreed to De-load, in accordance with the ILP Protocol, during a relevant Billing Period,

**De-loaded kWh<sub>per Customer Facility</sub>** – refers to the energy quantities De-loaded by each Customer Facility of the Participating Contestable Customer specified in Annex “A” during a relevant Billing Period, which shall be computed in accordance with Section 8.1 of this Agreement.

**DOE** – refers to the Department of Energy

**ERC** – refers to the Energy Regulatory Commission

**Interruptible Load Program Protocol or ILP Protocol**– refers to the protocol attached as Annex “B”.

**Interruptible Load Program or ILP** – refers to the arrangement among MERALCO, the RES and the Participating Contestable Customer whereby, during periods of Red Alert as declared by the System Operator, the Participating Contestable Customer may agree to reduce the energy that it will require to be delivered by its RES, which reduction in energy quantities shall be re-declared by the RES to MERALCO, subject to payment of compensation by MERALCO to the RES, and the RES to the Participating Contestable Customer.

**Load** – refers to the energy quantities that the Participating Contestable Customer is entitled to draw from the RES, in accordance with the RES Agreement.

**Payment for Re-declared BCQ** – refers to the amount in Pesos that the RES is entitled to receive from MERALCO as compensation on account of the participation of the Participating Contestable Customer in the ILP during a relevant Billing Period, which amount shall be computed in accordance with Section 8.3 of this Agreement.

**Philippine Distribution Code** – refers to the Philippine Distribution Code adopted by the ERC under ERC Resolution No. 115, for the operation, maintenance and development of distribution systems, including amendments, modifications, exclusions, replacements or re-enactments thereof, as the case may be, and all other sets of rules, requirements, procedures and standards governing distribution utilities in the Philippines.

**Philippine Grid Code** – refers to the Philippine Grid Code adopted by the ERC pursuant to its Resolution No. 115 dated December 2001, as may be amended.

**Red Alert** - An alert issued by the System Operator when the Grid Contingency Reserve is zero, a generation deficiency exists, or there is Critical Loading or Imminent Overloading of transmission line or Equipment, as defined in the Philippine Grid Code.

**Re-declare or Re-declaration** – refers to the act of submitting revised BCQs to the WESM in accordance with the ILP Protocol.

**Re-declared BCQ** – refers to the energy quantity that the RES Generator, on behalf of the RES, Re-declared as BCQ of MERALCO during a relevant Billing Period, which quantity corresponds to the Total RES Confirmed De-loaded kWh.

**RES Agreement** – refers to the retail electricity supply contract between the Participating Contestable Customer and the RES.

**RES Generator** – refers to the power generation company which has a power supply contract with the RES for the supply of energy to the Participating Contestable Customer.

**Total De-loaded kWh** – refers to the sum of De-loaded kWh<sub>per Customer Facility</sub> of all the Customer Facilities of the Participating Contestable Customer during a relevant Billing Period.

**Total RES Confirmed De-loaded kWh**– refers to the sum of RES Confirmed De-loaded kWh<sub>per Customer Facility</sub>, as defined in Section 8.3.1, of all the Customer Facilities of the Participating Contestable Customer during a relevant Billing Period.

**Trading Hour** - refers to an hourly trading period in a trading day in the WESM, as may be amended in accordance with WESM Rules.

**WESM** – refers to the Wholesale Electricity Spot Market.

**WESM Rules** – refers to the rules that govern the administration and operation of the WESM.

### **3. Obligations of the Participating Contestable Customer**

Upon activation of the Interruptible Load Program (ILP) in accordance with the ILP Protocol, the Participating Contestable Customer shall:

3.1. Adhere to the ILP Protocol

3.2. Reduce its Load by up to the Available Interruptible Load within the Available Interruptible Hours, or during such period as may be agreed upon by the Parties;

3.3. Inform MERALCO of any emergency condition that may affect its compliance with this Agreement, as soon as the emergency condition has been discovered, clearly stating the nature of such emergency and an estimate of the time of resolution;

3.4. Immediately inform MERALCO in accordance with the timeline for customer feedback prescribed in the ILP Protocol if it cannot comply with the agreed De-loading for reasons other than an emergency;

For the avoidance of doubt, the RES and the Participating Contestable Customer shall not be entitled to any compensation in the event of Manual Load Dropping or



Automatic Load Dropping as defined in the Philippine Distribution Code, the Philippine Grid Code and other rules and regulations of the ERC.

The RES and the Participating Contestable Customer shall likewise not be entitled to any compensation in the following instances: (i) de-loading without receiving instructions from MERALCO, and/or (ii) for de-loading outside the de-loading hours pursuant to this Agreement, except as otherwise instructed by MERALCO through communication by phone call, SMS, fax and/or email.

#### **4. Obligations of MERALCO**

MERALCO shall:

- 4.1. Inform the Participating Contestable Customer and the RES of the activation of the ILP in accordance with the ILP Protocol;
- 4.2. Adhere to the ILP Protocol and the Interruptible Load Schedule in Annex "A";
- 4.3. Determine the De-loaded kWh<sub>per Customer Facility</sub> and the Total De-loaded kWh in accordance with Section 8.1 and submit such information to the RES;
- 4.4. Determine the amount of Payment for Re-declared BCQ in accordance with Section 8.3 and submit such information to the RES; and
- 4.5. Pay to the RES the undisputed Payment for Re-declared BCQ.

#### **5. Obligations of the RES**

The RES shall:

- 5.1. Adhere to the ILP Protocol;
- 5.2. For purposes of verifying the Re-declared BCQ, provide to MERALCO a list of RES Generators from where Re-declaration can be expected, and a copy of the hourly allocation per RES Generator of Re-declared BCQ;
- 5.3. Verify and confirm with the Participating Contestable Customer the information on De-loaded kWh<sub>per Customer Facility</sub> and Total De-loaded kWh submitted by MERALCO under Section 4.3;
- 5.4. Ensure the Re-declaration of the Total RES Confirmed De-loaded kWh by its RES Generator in favor of MERALCO;
- 5.5. Verify and confirm the computation of Payment for Re-declared BCQ, issue to MERALCO a statement of account indicating the amount of the Payment for Re-declared BCQ, and issue an official receipt upon MERALCO's payment thereof; and
- 5.6. Compute and pay to the Participating Contestable Customer its respective De-Loading Compensation in accordance with the relevant agreement between such Participating Contestable Customer and the RES.

#### **6. Meter and Meter Reading**

- 6.1. MERALCO shall use the existing revenue meter serving the Participating Contestable Customer to measure the De-loaded kWh<sub>per Customer Facility</sub>.
- 6.2. The procedure for Meter Reading, Billing and Settlement under this Agreement is as outlined in the ILP Protocol.

## 7. Re-declaration as MERALCO BCQ

- 7.1. The procedure for Re-declaration as MERALCO BCQ under this Agreement is as outlined in the ILP Protocol.
- 7.2. The RES Generator shall continue to declare its corresponding BCQs with the relevant RES, for each of the relevant Participating Contestable Customers. However, at the end of each Billing Period, after reconciliation of the Total RES Confirmed De-loaded kWh and WESM purchases of MERALCO, on an hourly basis, the RES Generator shall correspondingly Re-declare the Total RES Confirmed De-loaded kWh as BCQ delivered and sold by the relevant RES to MERALCO.
- 7.3. MERALCO may dispute the Re-declared BCQ before the release of the Final WESM Bill; provided that there shall be no dispute if the Re-declared BCQ is equal to the Total RES Confirmed De-loaded kWh.

## 8. Billing and Settlement

- 8.1. MERALCO shall determine the De-loaded kWh<sub>per Customer Facility</sub> and the Total De-loaded kWh, and submit such information to the RES within four (4) calendar days from the day with ILP activation;

- 8.1.1. The De-loaded kWh<sub>per Customer Facility</sub> shall be computed as:

$$\text{De-loaded kWh per Customer Facility} = \sum_{i=1}^n \text{BEQi} - \text{MEQi}$$

*Where:*

$i = 1 \dots n$ ;  $n$  = number of De-Loading Hours in the Billing Period where PCC agreed to De-load

BEQ = Customer Facility's Baseline Load for a particular De-Loading Hour as derived from the Participating Contestable Customer's Baseline Load Profile Shape

MEQ = the actual raw metered energy quantity, for the De-Loading Hour as metered by MERALCO

- 8.1.2. The Total De-loaded kWh shall be computed as the sum of De-loaded kWh<sub>per Customer Facility</sub> of all the Customer Facilities of the Participating Contestable Customer during a relevant Billing Period.
- 8.2. The RES shall verify and confirm with the Participating Contestable Customer the information on De-loaded kWh<sub>per Customer Facility</sub> and Total De-loaded kWh submitted by MERALCO within three (3) calendar days from receipt thereof;
- 8.3. MERALCO shall determine the amount of the Payment for Re-declared BCQ, and submit such computation to the RES within seven (7) business days from the 26<sup>th</sup> day of each month;

8.3.1. The Payment for Re-declared BCQ shall be computed as the sum of the Payment for Re-declared BCQ<sub>per Customer Facility</sub> for all Customer Facilities of the Participating Contestable Customer during the relevant Billing Period; where Payment for Re-declared BCQ<sub>per Customer Facility</sub> shall be computed as:

$$\begin{aligned}
 & \text{Payment for Re-declared BCQ}_{\text{per Customer Facility}} \\
 &= \{ [( \text{Generation Cost}_{\text{Fuel}} * \text{Fuel Consumption Rate} ) \\
 &\quad - \text{Wheeling Charges} ] \\
 &\quad * \text{RES Confirmed De-loaded kWh}_{\text{per Customer Facility}} \} \\
 &\quad + \text{Maintenance Cost}
 \end{aligned}$$

Where:

Generation Cost<sub>Fuel</sub> = the average price of diesel from Caltex, Petron & Shell the city or municipality where the Participating Contestable Customer's Customer Facility is located as of the end of the previous calendar month

Fuel Consumption Rate = 0.34 L/kWh

Wheeling Charges = Distribution, Transmission and other non-bypassable charges

RES Confirmed De-loaded kWh<sub>per Customer Facility</sub> = The amount of De-loaded kWh of a specific Customer Facility as confirmed by the RES pursuant to Section 8.2.

Maintenance Cost = ₱0.32/kWh or ₱23,548 per month, whichever is lower

A sample computation of the Payment for Re-declared BCQ, with the figures for illustration purposes only, is set forth in Annex "D".

- 8.4. The RES shall verify and confirm the computation of the Payment for Re-declared BCQ and issue to MERALCO a statement of account within two (2) business days from receipt of the computation of the Payment for Re-declared BCQ under Section 8.3;
- 8.5. MERALCO shall pay to the RES the undisputed Payment for Re-declared BCQ within thirty (30) calendar days from receipt of the statement of account from the RES.
- 8.6. The RES shall issue to MERALCO an official receipt with authority to print upon MERALCO's payment of the Payment for Re-declared BCQ; and
- 8.7. The RES shall compute and pay to the Participating Contestable Customer its respective De-Loading Compensation in accordance with the relevant agreement between such Participating Contestable Customer and the RES.

## **9. Dispute Resolution**

In case of dispute, the Parties shall endeavor to use best efforts to amicably resolve any dispute arising from or relating to this Agreement. In case such dispute cannot be amicably resolved between the Parties within thirty (30) calendar days from receipt of notice of dispute, the same shall be elevated to the ERC in accordance with the ERC's Rules of Practice and Procedures. The Parties agree that the determination of the dispute by the ERC shall be deemed final and would not be elevated by the aggrieved Party to the courts.

## **10. Liability and Indemnification**

- 10.1. The Parties shall, to the extent of the responsible Party's willful misconduct or gross negligence, indemnify each other and hold the other Party free and

harmless against all claims, liabilities and costs that it may incur due to a third party claim arising from a Party's installation of its facilities, lines and appurtenances subject of this Agreement.

10.2. Neither Party shall be liable to the other Party and to any other third party for consequential, special, incidental, exemplary, indirect, unquantifiable or punitive damages of any kind, including, but not limited to lost profits, revenue or data, damaged facilities, or costs of procuring substitute products or service, whether in an action in contract or tort or other source of legal obligation, even if the other party has been advised of the possibility of such damages.

10.3. Neither Party shall be liable to the other for damages for any act that is beyond such Party's reasonable control, including any event that is a result of an act of God, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, a curtailment, order, or regulation or restriction imposed by governmental, military, or lawfully established civilian authorities, or by the making of necessary emergency maintenance, repair, or activities for the safe operation of its property, equipment or facilities. Each Party must exercise due diligence to minimize any damage and must not perform any act that would contribute to the damage.

## **11. Term and Effectivity**

11.1. This Agreement shall take effect upon signing by the Parties and shall be effective for a period of one (1) year from the date of the signing of the last Party. This Agreement shall be deemed automatically renewed year on year unless any of the Parties agrees to terminate this Agreement in writing.

11.2. If any Party wishes to terminate this Agreement for any cause, such Party wishing to terminate shall inform the other Parties in writing at least thirty (30) calendar days prior to such effective date of termination.

11.3. This Agreement is co-terminus with the Connection Agreement between MERALCO and the Participating Contestable Customer, the RES Agreement between the RES and the Participating Contestable Customer, and/or the Distribution Wheeling Service Agreement between MERALCO and the RES dated \_\_\_\_\_. In case of the suspension or termination of any of these agreements, this Agreement will be deemed automatically suspended or terminated, as the case may be, without further action from any of the Parties. The RES and/or the Participating Contestable Customer shall immediately inform MERALCO if their respective RES Agreement should become suspended or terminated.

11.4. The suspension or termination of this Agreement shall be without prejudice to the payment of any undisputed outstanding fee or compensation due any Party by virtue of this Agreement.

## **12. Entire Agreement**

This Agreement, including attachments, constitutes the entire agreement and understanding between the Parties with regard to the subject matter hereof. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding or undertaking of any kind or nature (whether written or oral) with regard to any subject matter not specified herein. This Agreement supersedes and replaces all prior or contemporaneous discussions, representations, agreements and undertakings, oral or written, signed or unsigned, between the Parties with regard to the subject matter hereof.

This Agreement shall in no way be interpreted as to amend, modify, terminate, or suspend any other written agreements between the Parties.

**13. Severability**

If any provision or part of this Agreement is rendered invalid or unenforceable by competent authority, or by the operation of law, rules and regulations subsequent to the effectivity of this Agreement, the unaffected provisions or parts hereof shall not be impaired. In the event any provision of this Agreement is so rendered invalid or unenforceable, the Parties shall meet in good faith to agree, to the fullest extent permitted, on a substitute provision that would most closely approximate the intention of the invalid provision, and amend this Agreement accordingly.

**14. Amendments**

No changes or modifications of this Agreement shall be effective unless in writing signed by the Parties. This Agreement shall be subject to change or amendment to comply with the provisions of any law, rule, order, resolution or circular that may hereafter be enacted and/ or issued by Congress, Department of Energy, Energy Regulatory Commission, or other competent authority duly authorized by law.

**15. No Partnership or Other Relationship**

No provision of this Agreement shall be construed as creating any form of partnership, agency, joint venture, or any other relationship not expressly stipulated herein.

**16. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Republic of the Philippines.

**17. Notices**

Each communication or notice to be made hereunder, except those allowed to be made verbally or through SMS, shall be made in writing and may be addressed to the following contact person(s) and/or their alternates as specified in Annex "E", and sent through personal delivery, facsimile, commercial courier service, or email, at the following address or facsimile number:

For **MERALCO**:

Address: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email address: \_\_\_\_\_

For the **PARTICIPATING CONTESTABLE CUSTOMER**:

Address: \_\_\_\_\_  
SIN: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email address: \_\_\_\_\_

For the **RES**:  
Address: \_\_\_\_\_  
  
Attention: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email address \_\_\_\_\_

or such address, facsimile number or email notified by a Party to the other Party by giving not less than fifteen (15) days notice of such change, and shall be deemed to have been made or delivered (i) in the case of any communication made by personal delivery, mail or email, when left at that address or otherwise received by the addressee; and (ii) in the case of any communication made by facsimile, when a legible copy of such communication has been received.

Allowed verbal communications, if any, shall also be addressed to the abovementioned contact persons and/or their alternates.

**18. Assignability.**

This Agreement shall not be assigned by either Party, in whole or in part, without the other Parties' prior written consent. Any assignment in contravention of this provision shall be void.

**19. Signatories**

The Parties represent and warrant to each other that: (i) their respective representatives are duly authorized to sign this Agreement, or any amendment or supplement thereto; (ii) all requisite authorizations, approvals, permits or consent to make this Agreement or any amendment or supplement thereto valid and enforceable have been obtained; and (iii) this Agreement constitutes their legal, valid and binding obligation, enforceable in accordance with its terms.

**20. Counterparts**

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

**21. Advertisement, Press Releases and other Publication**

In case any Party wishes to release any advertisement, press release, or other publications regarding the participation of the Participating Contestable Customer in the ILP pursuant to this Agreement, such Party hereby undertakes to obtain the prior written consent of the other Parties on the release of such advertisement, press release or other publications, including on the contents, pictures, logos or other materials to be used for such advertising, press release or other publications.

**IN WITNESS WHEREOF**, the Parties hereto have signed this instrument as of the date mentioned below.

<b>MANILA ELECTRIC COMPANY</b>  By: _____ <Rank and Designation>  Date signed:	<b>PARTICIPATING CONTESTABLE CUSTOMER</b>  By: _____ <Rank and Designation> Date signed:
---	--

<b>RES</b>  By: _____ <Rank and Designation>  Date signed:	
---	--

Signed in the presence of:

\_\_\_\_\_

\_\_\_\_\_

**ACKNOWLEDGEMENT (FIRST PARTY)**

REPUBLIC OF THE PHILIPPINES     )  
CITY OF                                     ) S.S.

**BEFORE ME**, a Notary Public for \_\_\_\_\_, this \_\_\_\_\_,  
personally appeared:

<b>NAME</b>	Govt. Issued ID & No.	<b>DATE &amp; PLACE OF ISSUE</b>
-------------	-----------------------	----------------------------------

known to me and to me known to be the same persons who executed the foregoing instrument and who acknowledged to me that the same is their free and voluntary act and deed and that of the corporations represented.

This instrument refers to an Interruptible Load Agreement consisting of \_\_\_ pages, including the annexes hereof and this page where the Acknowledgment is written. Each page of this Agreement, including the annexes hereof, has been signed by the party referred to herein and its instrumental witness on all pages hereof and every page is sealed with my notarial seal.

**WITNESS MY HAND AND SEAL** on the date and place herein above mentioned.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2014.



**ACKNOWLEDGEMENT (SECOND PARTY)**

REPUBLIC OF THE PHILIPPINES     )  
CITY OF                                     ) S.S.

**BEFORE ME**, a Notary Public for \_\_\_\_\_, this \_\_\_\_\_,  
personally appeared:

<b>NAME</b>	Govt. Issued ID & No.	<b>DATE &amp; PLACE OF ISSUE</b>
-------------	-----------------------	----------------------------------

known to me and to me known to be the same persons who executed the foregoing instrument and who acknowledged to me that the same is their free and voluntary act and deed and that of the corporations represented.

This instrument refers to an Interruptible Load Agreement consisting of \_\_\_ pages, including the annexes hereof and this page where the Acknowledgment is written. Each page of this Agreement, including the annexes hereof, has been signed by the party referred to herein and its instrumental witness on all pages hereof and every page is sealed with my notarial seal.

**WITNESS MY HAND AND SEAL** on the date and place herein above mentioned.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2014.

**ACKNOWLEDGEMENT (THIRD PARTY)**

REPUBLIC OF THE PHILIPPINES     )  
CITY OF                                     ) S.S.

**BEFORE ME**, a Notary Public for \_\_\_\_\_, this \_\_\_\_\_,  
personally appeared:

<b>NAME</b>	<b>Govt. Issued ID &amp; No.</b>	<b>DATE &amp; PLACE OF ISSUE</b>
-------------	----------------------------------	----------------------------------

known to me and to me known to be the same persons who executed the foregoing instrument and who acknowledged to me that the same is their free and voluntary act and deed and that of the corporations represented.

This instrument refers to an Interruptible Load Agreement consisting of \_\_\_ pages, including the annexes hereof and this page where the Acknowledgment is written. Each page of this Agreement, including the annexes hereof, has been signed by the party referred to herein and its instrumental witness on all pages hereof and every page is sealed with my notarial seal.

**WITNESS MY HAND AND SEAL** on the date and place herein above mentioned.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2014.

**List of RCOA SINS & Interruptible Load Schedule**

Customer Facility	RCOA SIN	Facility / Building Name	Address	City / Municipality	Interruptible Load Schedule	
					Available Interruptible Load	Available Interruptible Hours
1						
2						
3						
4						

**Additional Customer Conditions:**

1. Minimum Response Time to De-load / Ramp Up : \_\_\_\_\_ Hours
2. Minimum Response Time to Re-Load / Ramp Down : \_\_\_\_\_ Hours
3. Maximum Running Time / Available Interruptible Hours  
From: 00:00 Hours to 00:00 Hours
4. Minimum Running Time / Available Interruptible Hours:  
From: 00:00 Hours to 00:00 Hours

## Interruptible Load Program Protocol

## ILP Notification &amp; Activation Protocol

No.	Task	Parties Involved
	<b>At 1600H to 2400H of the previous day</b>	
<b>A</b>	<b><i>If NGCP issues a YELLOW ALERT notice</i></b>	
A-1	MERALCO's Call Center shall inform the Contestable Customer through its designated point persons for possible de-loading <ul style="list-style-type: none"> <li>• Notification shall be via (i) telephone, (ii) electronic mail (email), and (iii) Short Message Service (SMS)</li> </ul>	MERALCO, Participating Contestable Customer
A-2	The Contestable Customer shall within an hour confirm receipt of notifications sent by MERALCO's Call Center if notice is via item (ii) or (iii) of A-1	Participating Contestable Customer, MERALCO
A-3	If the Contestable Customer will be unable to de-load, it shall notify MERALCO's Call Center: (i) immediately, if notification is done via telephone, or (ii) before midnight, if via email and SMS  The Contestable Customer shall inform MERALCO's Call Center, among others: <ul style="list-style-type: none"> <li>○ Reasons for inability to de-load</li> <li>○ Account(s) that will not be able to comply with agreed de-loading schedule</li> </ul>	Participating Contestable Customer, MERALCO
<b>B</b>	<b><i>If NGCP issues a RED ALERT notice</i></b>	
B-1	MERALCO's Call Center shall inform the Contestable Customer through its designated point persons for possible de-loading <ul style="list-style-type: none"> <li>• Notification shall be via (i) telephone, (ii) electronic mail (email), and (iii) Short Message Service (SMS)</li> </ul>	MERALCO, Participating Contestable Customer
B-2	The Contestable Customer shall within an hour confirm receipt of notifications sent by MERALCO's Call Center if notice is via item (ii) or (iii) of B-1	Participating Contestable Customer, MERALCO
B-3	If the Contestable Customer is unable to de-load, it shall notify MERALCO's Call Center: (i) immediately, if notification is done via telephone, or (ii) before midnight, if via email and SMS  The Contestable Customer shall inform MERALCO's Call Center, among others: <ul style="list-style-type: none"> <li>○ Reasons for inability to de-load</li> <li>○ Account(s) that will not be able to comply with agreed de-loading schedule</li> </ul>	Participating Contestable Customer, MERALCO
	<b>At 0600H of the current day until the end of Contestable Customer's de-loading schedule</b>	

<b>C</b>	<b><i>If NGCP issues a YELLOW ALERT notice</i></b>	
C-1	MERALCO's Call Center shall inform the Contestable Customer through its designated point persons for possible de-loading, if the Yellow Alert status progresses to Red Alert <ul style="list-style-type: none"> <li>• Notification shall be via (i) telephone, (ii) electronic mail (email), and (iii) Short Message Service (SMS)</li> </ul>	MERALCO, Participating Contestable Customer
C-2	The Contestable Customer shall within 30 minutes confirm receipt of notifications sent by MERALCO's Call Center if notice is via item (ii) or (iii) of C-1	Participating Contestable Customer, MERALCO
C-3	If the Contestable Customer is unable to de-load, it shall notify MERALCO's Call Center: (i) immediately, if notification is done via telephone, or (ii) at the latest, 30 minutes after the notification was sent, if via email and SMS  The Contestable Customer shall inform MERALCO's Call Center, among others: <ul style="list-style-type: none"> <li>○ Reasons for inability to de-load</li> <li>○ Account(s) that will not be able to comply with agreed de-loading schedule</li> </ul>	Participating Contestable Customer, MERALCO
C-4	Upon receiving notice from MERALCO's Call Center, the Contestable Customer shall begin preparations for possible ILP activation	Participating Contestable Customer
<b>D</b>	<b><i>If NGCP issues a RED ALERT notice</i></b>	
D-1	MERALCO's Call Center shall inform the Contestable Customer through its designated point persons for possible de-loading <ul style="list-style-type: none"> <li>• Notification shall be via (i) telephone, (ii) electronic mail (email), and (iii) Short Message Service (SMS)</li> </ul>	MERALCO, Participating Contestable Customer
D-2	The Contestable Customer shall within 30 minutes confirm receipt of notifications sent by MERALCO's Call Center if notice is via item (ii) or (iii) of D-1	Participating Contestable Customer, MERALCO
D-3	If the Contestable Customer is unable to de-load, it shall notify MERALCO's Call Center: (i) immediately, if notification is done via telephone, or (ii) at the latest, 30 minutes after the notification was sent, if via email and SMS  The Contestable Customer shall inform MERALCO's Call Center, among others: <ul style="list-style-type: none"> <li>○ Reasons for inability to de-load</li> <li>○ Account(s) that will not be able to comply with agreed de-loading schedule</li> </ul>	Participating Contestable Customer, MERALCO
D-4	MERALCO's Call Center shall send a notice to the Contestable Customer, if it is able to de-load, confirming ILP activation two (2) hours before the Contestable Customer's actual de-loading schedule	MERALCO, Participating Contestable Customer
D-5	The Contestable Customer shall immediately confirm receipt of notifications sent by MERALCO's Call Center	Participating Contestable Customer, MERALCO
D-6	Upon receipt of confirmation notice from MERALCO's Call Center, the Contestable Customer shall immediately begin de-loading to achieve the committed load by its de-loading schedule  The Contestable Customer shall inform the RES when it begins to de-load.	Participating Contestable Customer, RES
D-7	After complying to the agreed de-loading schedule, the Contestable Customer shall start loading back to normal, without further instruction from MERALCO  The Contestable Customer shall inform the RES when it begins loading back to normal.	Participating Contestable Customer, RES

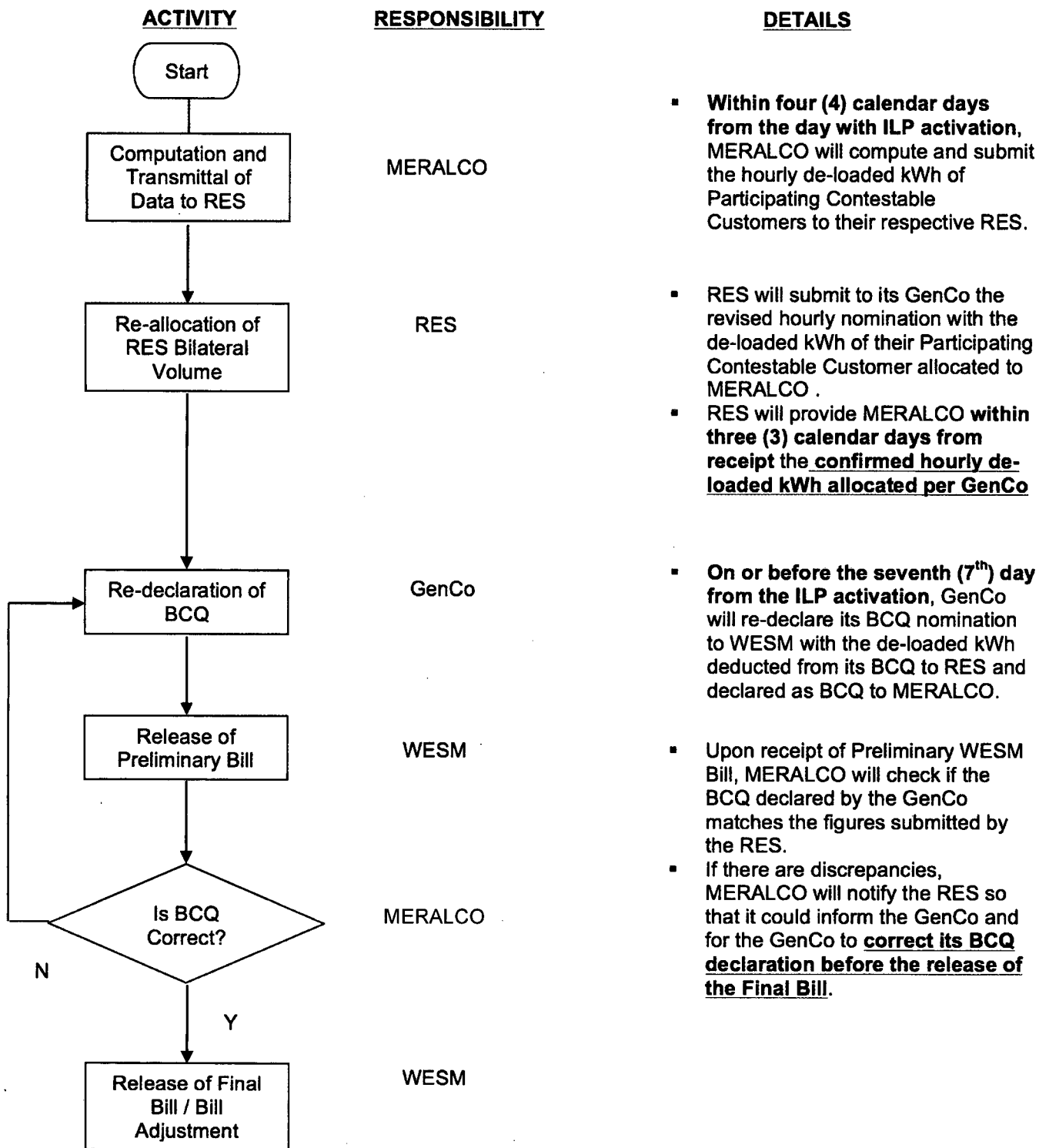
D-8	<p>At the end of each activation, MERALCO shall inform the RES via email of its Contestable Customer(s) ability to de-load during the relevant de-loading hour(s). The per activation de-loading report shall contain among others, the Contestable Customer's:</p> <ul style="list-style-type: none"> <li>• Confirmation of participation during the relevant de-loading hour(s)</li> <li>• Capacity for de-loading in MW as committed by the Contestable Customer in D-4</li> </ul> <p>The RES shall immediately confirm receipt of the per activation de-loading report prepared by MERALCO.</p>	MERALCO, RES
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**Meter Reading, Computation of Payment for Re-declared BCQ and De-loading Compensation, and Payment to RES and Participating Contestable Customer**

No.	Task	Parties Involved
A	<p>MERALCO shall read the metering device of Contestable Customer's participating account(s) at the same time as the usual reading for billing cycle</p> <p>The De-loaded kWh for each participating account is based on the difference between the Baseline Load Shape and the actual, raw meter reading during ILP activation.</p>	MERALCO
B	<p>MERALCO shall provide the RES the load-reduction reading (i.e. Total De-loaded kWh and per Contestable Customer) within four (4) calendar days from the day with ILP activation</p> <p>The RES shall, within three (3) calendar days from receipt of the same:</p> <ol style="list-style-type: none"> <li>1. Receive, validate and confirm as confirmed by the Contestable Customer the load-reduction reading</li> <li>2. Provide MERALCO a list of RES Generators from where re-declaration can be expected, and a copy of the hourly allocation per RES Generator of Re-declared BCQ</li> </ol>	MERALCO, RES
C	<p>MERALCO shall:</p> <ol style="list-style-type: none"> <li>1. Calculate the Payment for Re-declared BCQ per Contestable Customer's participating account based on the RES Confirmed De-loaded kWh, in accordance with Section 8.3</li> <li>2. Prepare the conforme letter on the Payment for Re-declared BCQ with supporting calculations. The conforme letter shall include the total Payment for Re-declared BCQ with a breakdown per Contestable Customer.</li> <li>3. Send the conforme letter with supporting calculations to the RES</li> </ol> <p>The RES shall:</p> <ol style="list-style-type: none"> <li>1. Receive, validate, and sign the conforme letter from MERALCO</li> <li>2. Send MERALCO the signed conforme letter, and/or an invoice or statement of account for the Payment for Re-declared BCQ within two (2) business days from receipt of the conforme letter</li> </ol>	MERALCO, RES
D	<p>MERALCO shall:</p> <ol style="list-style-type: none"> <li>1. Receive the signed conforme letter from the RES, and/or an invoice or statement of account, and process the same for payment</li> <li>2. Pay the RES within thirty (30) calendar days from receipt of the signed conforme letter, and/or invoice or statement of account</li> </ol>	MERALCO, RES

	The RES shall receive the payment made by MERALCO and issue an official receipt with Authority to Print.	
E	<p>The RES shall:</p> <ol style="list-style-type: none"> <li>1. Calculate the De-loading Compensation per Contestable Customer's participating account based on the RES Confirmed De-loaded kWh, and in accordance with the relevant agreement between the Participating Contestable Customer and the RES</li> <li>2. Prepare the conforme letter for De-loading Compensation with supporting calculations</li> <li>3. Send the conforme letter with supporting calculations to the Contestable Customer</li> </ol>	RES
F	<p>The Contestable Customer shall:</p> <ol style="list-style-type: none"> <li>1. Receive, validate and sign the conforme letter from RES</li> <li>2. If in agreement, send RES the signed conforme letter</li> </ol> <p>The RES shall, upon receipt of the signed conforme letter from the Contestable Customer, settle the De-loading Compensation with the Contestable Customer</p>	Participating Contestable Customer, RES

**BCQ Re-declaration**





**Baseline Load Shape**

**SAMPLE COMPUTATION:****A. De-Loaded kWh**

$$De - loaded kWh = Hourly Baseline kWh - Metered kWh during ILP$$

Date with ILP	De-loading Hour	Baseline kW (A)	Metered kW during ILP (B)	De-loaded kW (A – B)
April 1, 2014	2:00pm- 3:00pm	2,305	474	1,831

**B. Payment for Re-declared BCQ for RES**

$$\begin{aligned}
 & \text{Payment for Re - declared BCQ} \\
 & = \{[(\text{Generation Cost of Fuel} * \text{Fuel Consumption Rate}) \\
 & \quad - \text{Wheeling Charges}] * \text{RES Confirmed De - loaded kWh}\} \\
 & \quad + \text{Maintenance Cost}
 \end{aligned}$$

₱22,024.00 Payment for Re- declared BCQ	=	(₱11.71/kWh x 1,831 kWh) {[( <i>Generation Cost of Fuel</i> * <i>Fuel Consumption Rate</i> ) – <i>Wheeling Charges</i> ] * <i>Total De – loaded kWh</i> } + <i>Maintenance Cost</i>	+	₱585.92 Maintenance Cost
Where:				
₱11.71/kWh	=	(₱43.26/L x 0.34 L/kWh) Generation Cost_Fuel x Fuel Consumption Rate  Generation Cost_Fuel is the average price of diesel from Caltex, Petron & Shell the city or municipality where the Participating Contestable Customer is located as of the end of the previous calendar month,  Fuel Consumption Rate is 0.34 L/kWh	-	₱3.00/kWh Wheeling Charge of Participating Contestable Customer  Wheeling Charge is the Participating Contestable Customer's retail rate, net of its generation charge, for the current billing month
1,831 kWh RES Confirmed De- loaded kWh	=	(2,305 kW – 474 kW) x 1 hour Baseline kW – Metered kW		
₱585.92 Maintenance Cost	=	1,831 kWh x ₱0.32/kWh or ₱23,548 per month, whichever is lower		

**Alternate Contact Persons for Notification**

For the **PARTICIPATING CONTESTABLE CUSTOMER:**

Address: \_\_\_\_\_

Attention: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email address: \_\_\_\_\_

For the **PARTICIPATING CONTESTABLE CUSTOMER:**

Address: \_\_\_\_\_

Attention: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email address: \_\_\_\_\_