



Retail Competition and Open Access

Implementation and Way Forward

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Introduction

Implementation Highlights

Way Forward

Demand

- Legal Basis
- Comments from the Participants

Supply

- Legal Basis
- Comments from the Participants

Other Relevant Data



INTRODUCTION



RA 7638 “DOE Charter”

Section 4. Department of Energy. – To carry out the above-declared policy, there is hereby created the Department of Energy, hereinafter referred to as the Department which shall **prepare, integrate, coordinate, supervise, and control all plans, programs, projects, and activities of the Government relative to energy exploration, development, utilization, distribution, and conservation.**

Section 5. Powers and Functions. – The Department shall have the following powers and functions:

- a) Formulate policies for the planning and implementation of a comprehensive program for the efficient supply and economical use of energy consistent with the approved national economic plan and with the policies on environmental protection and conservation and maintenance of ecological balance, and provide a mechanism for the integration, rationalization, and coordination of the various energy programs of the Government;



INTRODUCTION



RA 7638 “DOE Charter”

Section 5. Powers and Functions. – The Department shall have the following powers and functions:

- d) Exercise supervision and control over all government activities relative to energy projects in order to attain the goals embodied in Section 2 of this Act;

xxx

- k) Formulate such rules and regulations as may be necessary to implement the objectives of this Act; and
- l) Exercise such other power as may be necessary or incidental to attain the objectives of this Act.



INTRODUCTION



RA 9136 “EPIRA”

SEC. 37. Powers and Functions of the DOE.- In addition to its existing powers and functions, the DOE is hereby mandated to supervise the restructuring of the electricity industry.

XXX

- (d) Ensure the reliability, quality and security of supply of electric power;
- (e) Following the restructuring of the electricity sector, the DOE shall, among others:
 - i. Encourage private sector investments in the electricity sector and promote development of indigenous and renewable energy sources;
 - ii. Facilitate and encourage reforms in the structure and operations of distribution utilities for greater efficiency and lower costs;
 - iii. In consultation with other government agencies, promote a system of incentives to encourage industry participants, including new generating companies and end-users to provide adequate and reliable electric supply; and

XXX



INTRODUCTION



RA 9136 “EPIRA”

SEC. 37. Powers and Functions of the DOE.- In addition to its existing powers and functions, the DOE is hereby mandated to supervise the restructuring of the electricity industry.

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(d) **Ensure** the reliability, quality and security of supply of electric power;

(j) Monitor private sector activities relative to energy projects in order to attain the goals of the restructuring , privatization, and modernization of the electric power sector as provided for under existing laws: Provided, That the Department shall endeavor to provide for an environment conducive to free and active private sector participation and investment in all energy activities;

XXX

(p) **Formulate such rules and regulations as may be necessary** to implement the objectives of this Act; and

(q) **Exercise such other powers as may be necessary or incidental** to attain the objectives of this Act



IMPLEMENTATION HIGHLIGHTS

Liberalizing the **PHILIPPINE ELECTRIC POWER INDUSTRY**

Commercial operation of
RCOA in 26 June 2013
for 1MW and above

Establishment of **WESM** in
Luzon and Visayas (June 2006,
Dec. 2010)

Creation of PSALM to manage
privatization and NPC assets
and liabilities

Unbundling of NPC rates (26
Mar. 2002), and DUs rates
(June 2003)/ **cross-subsidy
removal**

EPIRA abolished ERB creating
ERC, an independent quasi-
judicial body

Passage of EPIRA
in June 2001



EPIRA



**Independent
regulation**



**Transparency in
functions and
rates**



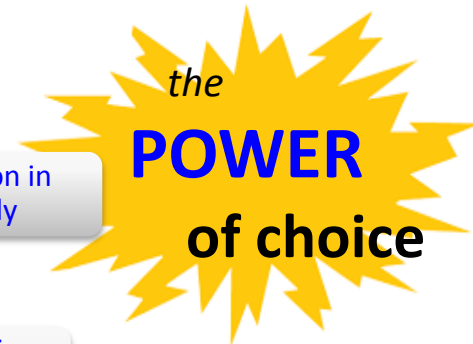
**Privatization/
widening the
asset base**



**Competition in
generation**



**Competition in
retail supply**



IMPLEMENTATION HIGHLIGHTS

RELEVANT POLICIES

[DOE Circular No. DC2015-06-0010](#)

[DOE Circular No. DC2016-04-0004](#)

1MW & above <i>Voluntary</i>	750 kW & above <i>Voluntary</i>	1 MW & above <i>Mandatory</i>	750 kW & above <i>Mandatory</i>	500 kW to 749 kW <i>Voluntary</i>
			750 kW Retail Aggregation	
26 JUN 2013	26 JUN 2016	26 DEC 2016	26 JUN 2017	26 JUN 2018



IMPLEMENTATION HIGHLIGHTS



July 2016

TRO by Branch 157 of RTC (Pasig) on the petition filed by MERALCO

- Congress intended for DUs to participate as suppliers in the retail market;
- Certain restrictions are imposed only to DUs affiliated RES which are not applied to RES which is in violation of equal protection clause under the Constitution;
- Mandatory Contestability limits customer choice

DOE was enjoined from enforcing DC2015-06-0010

ERC was enjoined from enforcing Resolution No. 5, 10 and 11 Series of 2016,

October of 2016

Supreme Court issued a TRO preventing RTC from continuing with the proceedings due to lack of jurisdiction



IMPLEMENTATION HIGHLIGHTS



21 February
2017

- TRO by the Supreme Court on the petition filed by PCCI, San Beda, ADMU, etc
- EPIRA provides for voluntary migration of CCs and no basis for mandatory migration;
 - If TRO is not issued, the petition will become moot and academic and petitioners will suffer grave irreparable injury because they will be disconnected from the DU and need to contract with SOLR which has a 10 percent higher rate;

DOE was enjoined from enforcing DC2015-06-0010

ERC was enjoined from enforcing Resolution No. 5, 10, 11 and 28 Series of 2016,

09 March
2017

DOE/ERC filed MR for lifting of the TRO

Five RES licenses expired and 2 soon to expire



IMPLEMENTATION HIGHLIGHTS



26 July 2017 DOE/ERC filed for Omnibus Motion prayed for:

- Lifting of the TRO dated 21 February 2017;
 - limit the scope of the TRO to the substantive issues raised in G.R. No. 228588;
 - allow the ERC to issue new RES Licenses and renew existing ones pending resolution of the consolidated cases under ERC Resolution No. 5, series of 2016, and
 - allow the lowering of the threshold level for contestability as provided for under ERC Resolution No. 5, Series of 2016;
-



IMPLEMENTATION HIGHLIGHTS

CONSEQUENCES OF THE TRO:

Concern	Consequence
Non-renewal/non-issuance of licenses	5 licenses expired and 2 licenses to expire; 7 applications are on hold
	w/out license, a RES cannot fulfill its RSC
	375 CCs (33% of total 1MW above CCs) with total demand of 777 MW will be served by SOLR with higher rates
	Few suppliers results to more concentrated market
Non-lowering of threshold	Several RSCs with 750kW CCs are on hold
	Prevent customers from exercising power of choice



WAY FORWARD

OPTIONS CONSIDERED

Option 1: Seek immediate SC resolution, or

Option 2: Conduct consultation in coordination with ERC and issue new policies to ensure implementation of the law

- Voluntary contestability/Aggregation
- DU engagement in supply business



WAY FORWARD

For the Option 2 (Proposed Policy) DEMAND SIDE

Voluntary Participation of Contestable Customer in the Retail Market

- Expedite timeline for all CCs with a monthly average demand of 750 kW and above, for the past 12 months, may voluntarily secure their supply from a licensed RES
- Expedite timeline for all CCs with a monthly average demand of 500 kW and above, for the past 12 months, may voluntarily secure their supply from a licensed RES



WAY FORWARD

For the Option 2 (Proposed Policy) DEMAND SIDE

Voluntary Aggregation

- Expedite timeline for electricity End-users within a contiguous area whose aggregate average demand is not less than 500 kW for the preceding 12-month period may voluntary enter into RSC with the Aggregators
- subject to the issuance of applicable guidelines by ERC
- PEMC to conduct study on reasonableness of existing requirements such as registration with the CRB



WAY FORWARD

For the Option 2 (Proposed Policy) SUPPLY SIDE

Clarify DU engagement as RES

- Clarify unbundling requirements for DUs intending to supply Contestable Market
 - Different management and Board
 - Independent decision making
 - Different identity in communication and branding
 - Non-disclosure by DU of commercially sensitive information
- Clarify definition of Structural and Functional Unbundling DUs to be required full structural unbundling from its Affiliate RES
- Strengthen framework for competition in retail supply



WAY FORWARD

For the Option 2 (Proposed Policy) SUPPLY SIDE

Clarify DU engagement as RES considering the unbundling provisions of the law



Why unbundling?

- Eliminate risk of discrimination not only in the operation of the DUs as Suppliers are their competitor when DUs act as Local RES
- Incentivize the DUs to adequately invest and improve the operations of their networks
- Incentivize Suppliers to compete and provide value-added services
- Eliminate cross-subsidization

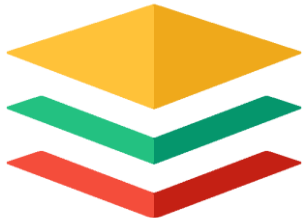
“promote an open and transparent market, non-discriminatory access to networks and a level playing field”



WAY FORWARD

For the Option 2 (Proposed Policy) SUPPLY SIDE

Clarify DU engagement as RES



Why unbundling?

FORM	CONCEPT
accounting unbundling	Separate books are prepared by the company according to the different activities (e.g. supply, distribution, metering)
legal unbundling	Companies under a similar holding parent company is allowed to to operate in only one of the business activities of the electricity value chain
ownership unbundling	The company is allowed to engage in only one business activities; this may require divestment



WAY FORWARD

For the Option 2 (Proposed Policy) SUPPLY SIDE

Clarify DU engagement as RES



Why unbundling?

Country	Accounting	Legal	Ownership
Philippines	✓		
Singapore	✓		
United Kingdom			✓
Victoria, Australia			✓
New Zealand		✓	
EU except for Netherlands	✓	✓	
Japan (by 2020)		✓	



WAY FORWARD

For the Option 2 (Proposed Policy) SUPPLY SIDE

Clarify DU engagement as RES

- The DU's Affiliate Supplier shall have a separate account, management and Board of Directors;
- The DU shall not in any way Control the policies, operations and management decision of its Affiliate Supplier;
- Any member of the DU's management shall not be employed by the DU's Affiliate Supplier; and
- There should be physical and geographical separation between the DU and its Affiliate Supplier to restrict access to information.



RCOA Provisions on the Demand Side





LEGAL BASIS

RA 9136

Section 31. Retail Competition and Open Access. –

xxx

Upon the initial implementation of open access, the ERC shall allow all electricity end-users with a monthly average peak demand of at least one megawatt (1MW) for the preceding twelve (12) months to be the contestable market.

DOE Circulars

DC2011-06-0006 Creating the Steering Committee Defining the Policies for the Commencement of Retail Competition and Open Access

Section 1. Creation of the RCOA Steering Committee. The RCOA Steering Committee is hereby created to ensure that the appropriate conditions for the efficient transition to RCOA are in place.

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Section 2. Responsibilities of the Steering Committee. The Steering Committee shall be responsible for the following:

- a. Review the existing rules and procedures on RCOA, develop and recommend policies to implement systems and processes needed to govern the transactions therein;
- b. Develop the timelines and action plan necessary to ensure the smooth transition to full competitive environment;
- c. Coordinate with various government agencies or units, industry sectors and such other entities to implement the regular monitoring and feedback mechanism to concerned parties;
- d. Provide a forum for any recommendations on all pertinent rules and guidelines;
- e. Formulate an information and education campaign about RCOA; and
- f. Perform such other related functions and responsibilities as may be necessary





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DOE Circulars

DC2012-05-0005 Prescribing the General Policies for the Implementation of Retail Competition and Open Access

Section 1. Declaration of Policy. Consistent with the EPIRA it is hereby declared that the transition to RCOA should promote genuine competition, greater efficiency, customer choice, and the true cost of electricity.

For this purpose, the power of choice of supplier as envisioned in the EPIRA is hereby provided to Contestable Customers (CCs) subject to the rules and regulations herein discussed as well as to subsequent rules and regulations as may be promulgated by the DOE.

Section 4. Customer's Choice

4.2 The ERC shall certify all eligible CCs at least six (6) months prior to the initial implementation of the RCOA. For this purpose, all DUs are hereby mandated to provide DOE, ERC and PEMC the list of CCs including pertinent information, such as but not limited to load profile for the last twelve (12) months, name of customers among others.





LEGAL BASIS

RA 9136

DOE Circulars

Section 31. Retail Competition and Open Access. –

xxx

Upon the initial implementation of open access, the **ERC shall allow all electricity end-users with a monthly average peak demand of at least one megawatt (1MW) for the preceding twelve (12) months to be the contestable market.**

DC2012-11-0010 Providing for Additional Guidelines and Implementing Policies for Retail Competition and Open Access and Amending Department Circular No. DC 2012-05-0005

Section 7. Mandatory Contestability and Customer Choice. Consistent with the EPIRA, the RCOA should promote genuine competition, greater efficiency, customer choice , and the true cost of electricity. For this purpose, the power of choice is conferred to Contestable Customers subject to the rules and regulations prescribed herein as well as to subsequent issuances by the DOE.

Accordingly, all Contestable Customers shall ne allowed to choose where to source its supply of electricity. For this purpose, any Contestable Customer may source its electricity supply requirements from a Supplier duly licensed by ERC, a Local Supplier duly authorized by ERC to perform such, or through the WESM. In the latter case, the Contestable Customer shall be responsible to manage its registration and compliance with the WESM Rules and Manuals, and managing its own risks as well.

As a general policy, a Contestable Customer can have one Supplier of electricity per Metering Point. Thus, any Contestable Customer may have several contracted Suppliers based on the number of its Metering Points. However, should a Contestable Customer opt to enter into a multiple supply contracts even with only single Metering Point, it shall be allowed, provided arrangements shall be consistent with the Circular and the Retail Rules to be promulgated by the DOE, and ERC rules and regulations.





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DOE Circulars

DC2013-07-0013 Providing Supplemental Policies to Empower the Contestable Customers Under the Regime of Retail Competition and Open Access and Ensure Greater Competition in the Generation and Supply Sectors of the Philippine Electric Power Industry

Section 1. Customer Choice. Consistent with the objectives of the EPIRA and its Implementing Rules and Regulations, and other applicable rules and regulations, a CC may source its electricity supply requirements from ERC-licensed RES; ERC-authorized Local RES; and, on its option, directly through the Wholesale Electricity Spot Market. Furthermore, the a CC shall be allowed to enter into a Retail Supply Contract with a Prospective Generation Company; provided, that the Generation Company is issued a Certificate of Compliance by the ERC and successfully registered as a Trading Participant in the WESM; and provided, further, that before the effectivity of the RSC, the Generation Company shall have secured a Supplier's license from the ERC.





LEGAL BASIS

RA 9136

DOE Circulars

Section 31. Retail Competition and Open Access. –

xxx

Upon the initial implementation of open access, the **ERC shall allow all electricity end-users with a monthly average peak demand of at least one megawatt (1MW) for the preceding twelve (12) months to be the contestable market.**

DC2015-06-0010. Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access in the Philippine Electric Power Industry

Section 1. Compliance to Full Contestability by Contestable Customers with Average Demand of One (1) MW and Above. All CCs which are currently being served by their franchised DUs, are mandated to secure their respective RSCs **no later than 25 June 2016**

DC2016-04-0004. Providing Timelines for Compliance with the Full Implementation of Retail Competition and Open Access in the Philippine Electric Power Industry

Section 1. Compliance to Full Contestability by Contestable Customers with Average Demand of One (1) MW and Above. Compliance with Section 1 of DC2015-06-0010 shall be no later **than 26 December 2016**





LEGAL BASIS

RA 9136

Two (2) years thereafter, the threshold level for the contestable market shall be reduced to seven hundred fifty kilowatts (750kW). At this level, aggregators shall be allowed to supply electricity to end-users whose aggregate demand within a contiguous area is at least seven hundred fifty kilowatts (750kW).

DOE Circulars

DC2015-06-0010. Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access in the Philippine Electric Power Industry

Section 2. Contestability of End-users with Average Demand from 750kW and above.

- a. All CCs with average demand ranging from 750 kW and 999 kW for the preceding 12-month period, are **mandated to secure their RSCs with a RES no later than 25 June 2016**;
- b. Effective 26 June 2016, all Aggregators shall be allowed to compete with RES, Generation Companies, and Prospective Generation Companies;
- c. In the case of retail aggregation, any CCs within a contiguous area may individually or collectively aggregate their electricity supplier requirements to an Aggregator, duly licensed with the ERC. The aggregated demand shall in no case be lower than 750 kW

DC2016-04-0004. Providing Timelines for Compliance with the Full Implementation of Retail Competition and Open Access in the Philippine Electric Power Industry

Section 2. Contestability of End-users with Average Demand Ranging below 1 MW to 750 kW. Compliance with Section 2(a) of DC2015-06-0010 shall be voluntary effective 26 June 2016 and **mandatory effective 26 June 2017**. Similarly, pursuant to EPIRA, the implementation of Section 2(b) of DC2015-06-0010 is hereby amended to 26 June 2017 thereby allowing retail aggregation



COMMENTS OF PARTICIPANTS



COMMENTS FROM PARTICIPANTS

EPIRA	DC	COMMENTS
<p>Section 31. Retail Competition and Open Access. – xxx Upon the initial implementation of open access, the ERC shall allow all electricity end-users with a monthly average peak demand of at least one megawatt (1MW) for the preceding twelve (12) months to be the contestable market.</p>	<p>DC2012-05-0005 Prescribing the General Policies for the Implementation of Retail Competition and Open Access</p> <p>Section 4. Customer’s Choice</p> <p>4.2 The ERC shall certify all eligible CCs at least six (6) months prior to the initial implementation of the RCOA. For this purpose, all DUs are hereby mandated to provide DOE, ERC and PEMC the list of CCs including pertinent information, such as but not limited to load profile for the last twelve (12) months, name of customers among others.</p> <p>DC2015-06-0010. Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access in the Philippine Electric Power Industry</p> <p>Section 1. Compliance to Full Contestability by Contestable Customers with Average Demand of One (1) MW and Above. All CCs which are currently being served by their franchised DUs, are mandated to secure their respective RSCs <u>no later than 25 June 2016</u></p>	



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RCOA Provisions on the Supply Side





LEGAL BASIS

RA 9136

SEC. 29. Supply Sector. - The supply sector is a business affected with public interest. **Except for distribution utilities and electric cooperatives with respect to their existing franchise areas, all suppliers of electricity to the contestable market shall require a license from the ERC.**

SEC. 36. Unbundling of Rates and Functions.
xxx

Any electric power industry participant shall **functionally and structurally unbundle its business activities** and rates in accordance with the sectors as identified in Section 5 hereof. The ERC shall ensure full compliance with this provision.

Note: Section 4 (b) of the EPIRA-IRR

DOE Circulars

DC2012-05-0005 Prescribing the General Policies for the Implementation of Retail Competition and Open Access

Section 1. Declaration of Policy. Consistent with the EPIRA it is hereby declared that the transition to RCOA should **promote genuine competition, greater efficiency, customer choice, and the true cost of electricity.**

For this purpose, the power of choice of supplier as envisioned in the EPIRA is hereby provided to Contestable Customers (CCs) subject to the rules and regulations herein discussed as well as to subsequent rules and regulations as may be promulgated by the DOE.

Section 4. Customer Choice. Upon Open Access Date, a CC shall be allowed to choose where to source its electricity. **For this purpose, a CC can source from a Generation Company, a Supplier, an affiliate of a DU which has constituted itself as a Supplier, or the Supply Business of a Distribution Utility (DU) within its franchise area.**

4.1. All CCs shall only deal with a supplier of electricity duly licensed by the ERC. This includes DUs that have structurally or functionally unbundled their business into Wire and Supply businesses, duly approved by the ERC.





LEGAL BASIS

RA 9136

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4.1. **All CCs shall only deal with a supplier of electricity duly licensed by the ERC. This includes DUs that have structurally or functionally unbundled their business into Wire and Supply businesses, duly approved by the ERC**

Section 13. Protection for Captive Customers.

13.1. Consistent with its mandate under the EPIRA, DUs shall secure Supply Contract in the least cost manner for its Captive Customers.

13.2. **DU may continue to provide electricity services to CCs within its franchise area as a local Supplier, a separate entity.**





LEGAL BASIS

RA 9136

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DOE Circulars

DC2015-06-0010. Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access in the Philippine Electric Power Industry

Section 5. Licensing of Retail Electricity Suppliers.

xxx

(h) **Prohibiting DU to engage in the Supply Business beyond its Captive Customers: Provided, that the existing Local RES after the effectivity of this Circular may continue to perform its Local RES function until expiration of its RSCs entered into with CCs as of the effectivity of this Circular**





LEGAL BASIS

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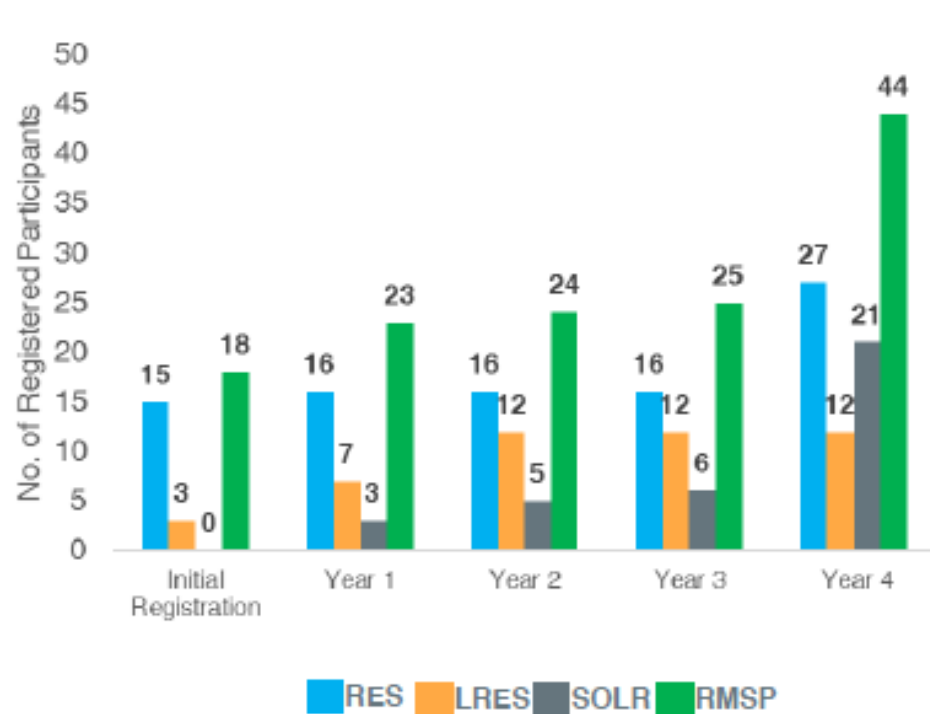


OTHER RELEVANT DATA

RCOA PARTICIPATION

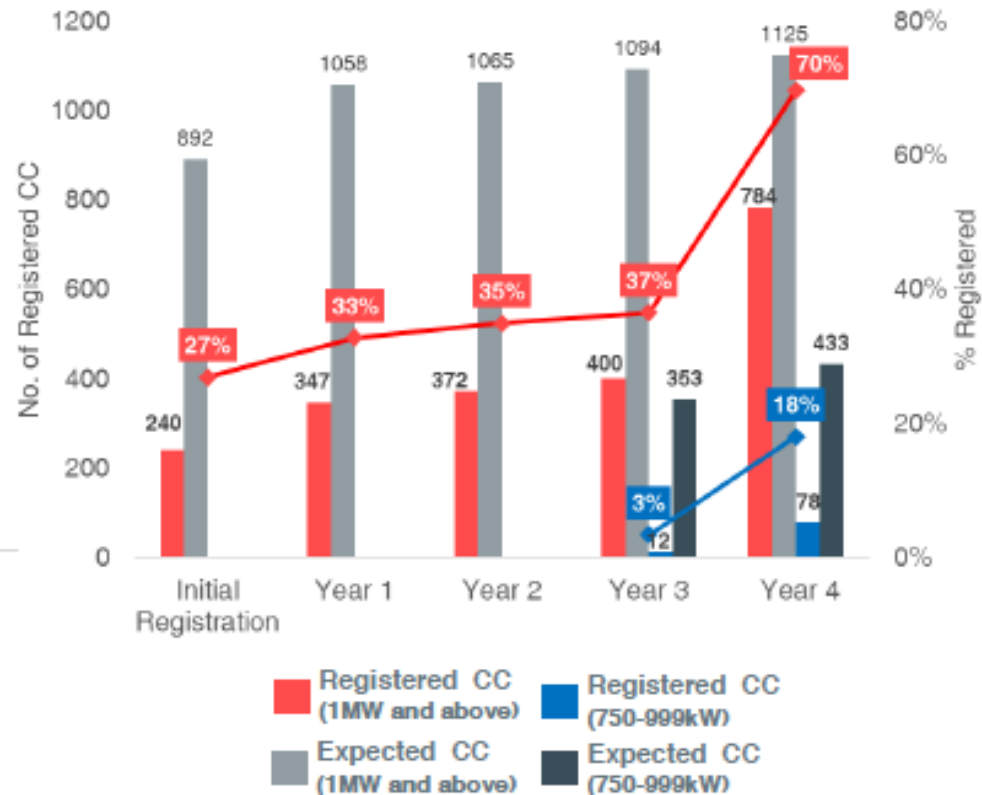
SUPPLY

RES, LRES, SOLR, RMSP



DEMAND

CC



SOURCE: PEMC



DRAFT POLICIES (DRAFT DEPARTMENT CIRCULARS)



PROVIDING POLICIES ON THE IMPLEMENTATION OF RETAIL COMPETITION AND OPEN ACCESS (RCOA) FOR CONTESTABLE CUSTOMERS IN THE PHILIPPINE ELECTRIC POWER INDUSTRY

Section 1. Voluntary Participation of Contestable Customers (CC) with Average Demand of 750 kW and above in the Retail Market. Upon the effectivity of this Circular, all CCs with a monthly average **peak** demand of 750 kW and above, for the past 12 months, may participate in the Retail Market. Participation in the Retail Market shall require a Retail Supply Contract (RSC) between a CC and Retail Electricity Supplier (RES) and registration of the RSC in the WESM.

Section 2. Voluntary- Participation of Contestable Customers with Average Demand of 500 kW to 749 kW in the Retail Market. By 26 June 2018 or on an earlier date specified by the ERC, all eligible electricity End-users to become CCs with a monthly average demand of 500 kW to 749 kW for the past 12 months, may voluntarily participate in the Retail Market

Section 3. Voluntary Demand Aggregation. By 26 December 2018 or in an earlier date specified by the ERC, electricity End-users within a contiguous area whose aggregate average **peak** demand is not less than 500 kW for the preceding 12-month period may aggregate their demand to be part of the Contestable Market and may voluntarily enter into RSC with the Aggregators.

Aggregators as defined in the EPIRA, refers to a person or entity, engaged in consolidating electric power demand of End-Users in the Contestable market, for the purpose of purchasing and reselling electricity on a group basis.

Section 4. Regulatory Support. For proper implementation of the policies set herein, the ERC is hereby enjoined to promulgate the supporting guidelines, including but not limited to, the licensing of the RES and Retail Aggregation: *Provided*, That such guidelines shall specify sanctions and penalties that may be imposed to electric power industry participants for violations of the promulgated policies and guidelines

Section 5. Responsibilities of Distribution Utilities. For the effective implementation of the policies embodied in this Circular, the Distribution Utilities shall:

- a. Submit to the DOE, the Central Registration Body (CRB) and the ERC, within 30 days from the effectivity of this Circular, the number and list of all Electricity End-users with an average **peak** demand of 500 kW and above for the preceding 12 month-period, located within their franchise area;
- b. Ensure the dissemination of the policies stated herein to all the affected customers within their franchise area;
- c. Continue to provide distribution network and metering services to all Contestable Customers within their franchise area.

Section 6. Responsibilities of the Philippine Electricity Market Corporation (PEMC). To ensure the entry of Contestable Customers in the RCOA, PEMC as the CRB shall recommend the appropriate changes to existing systems, processes and guidelines, including but not limited to WESM Rules, Retail Rules and Market Manuals. PEMC shall likewise collaborate with the DOE, in the conduct information, education and communication campaign training for the concerned customers;



PROVIDING POLICIES ON THE IMPLEMENTATION OF RETAIL COMPETITION AND OPEN ACCESS (RCOA) FOR RETAIL ELECTRICITY SUPPLIERS (RES) IN THE PHILIPPINE ELECTRIC POWER INDUSTRY

Section 1. Retail Electricity Suppliers. The Retail Electricity Suppliers (RES) are the entities licensed by the Energy Regulatory Commission (ERC) to supply electricity to End-users in Contestable Market, unless otherwise specified by law.

Section 2. Licensing of Retail Electricity Suppliers. Subject to the qualifications set by the ERC in accordance with the EPIRA and its implementing rules, any of the following entities may be considered to become a RES:

- a. A Generation Company or Affiliate thereof;
- b. An Affiliate of a Distribution Utility;
- c. Retail Aggregators;
- d. An IPP Administrator; and
- e. Any Prospective Generation Company. A Prospective, Generation Company shall refer to any person or entity that power generation project is undergoing construction **of power plant** or planned **its construction** and has been included in the DOE's Power Development Plan (PDP).

In order to serve the Contestable Customers, which includes the aggregate demand, these entities shall secure a license from the ERC.

Consistent with the EPIRA and its implementing rules and regulations and subject to further qualifications of the ERC, any other persons authorized by the ERC to engage in the selling, brokering or marketing of electricity to the Contestable ~~Market~~**Customer** shall likewise secure a license as RES.

Section 3. Unbundling of the Generation, Distribution and/or Supply. A licensed RES engaged in the generation and distribution sectors of the power industry shall functionally and structurally unbundle its supply business, as provided for in Rule 10 of the IRR of the EPIRA on the Structural and Functional Unbundling of Electric Power Industry Participants.

Section 4. Distribution Utilities as Local RES. Distribution Utilities (DU) may ~~continue to~~ provide electricity services to CCs within its franchise area as a local RES, upon authorization from the ERC; Provided, That the DU shall comply with the unbundling provisions of the EPIRA and its implementing rules and regulations.



Submit to us your comments on the Draft Circulars by September 21, 2017



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