REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF ENERGY
ELECTRIC POWER INDUSTRY MANAGEMENT BUREAU

AN OVERVIEW OF

RCOA

RETAIL COMPETITION AND OPEN ACCESS

Assistant Secretary Redentor E. Delola

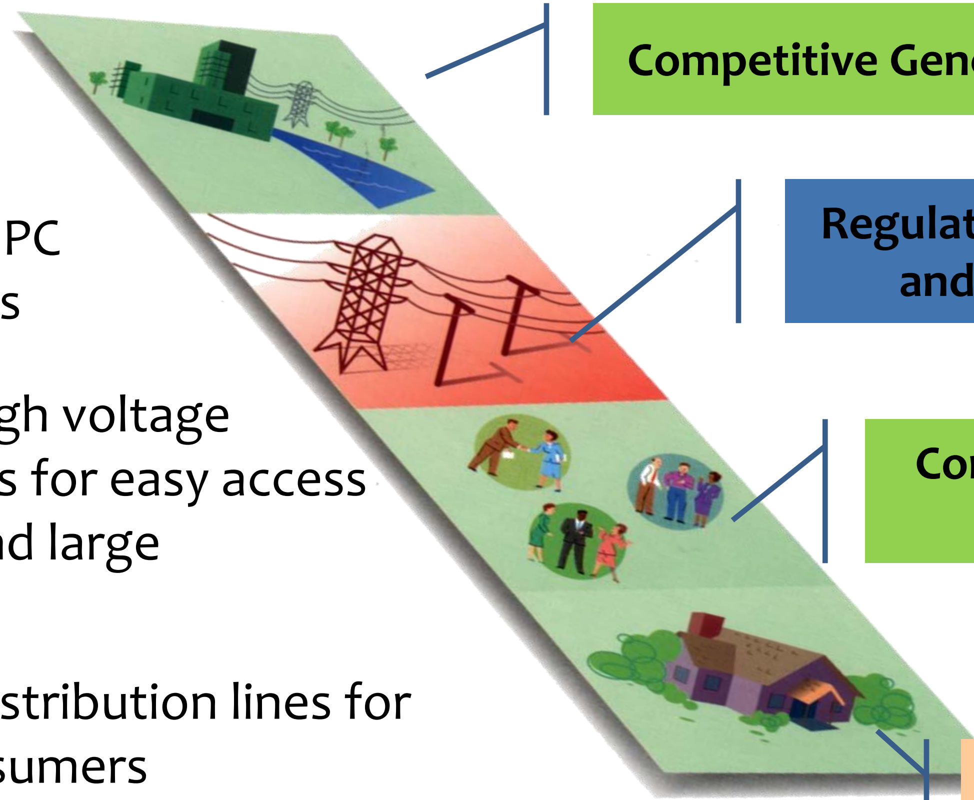
Energy Investment IEC

OUTLINE

- RESTRUCTURED POWER INDUSTRY
- LEGAL BASIS
- STATUS OF IMPLEMENTATION
- WAY FORWARD

RESTRUCTURED POWER INDUSTRY

- Establishment of WESM
- Privatization of NPC Generating Assets
- Opening up of high voltage transmission lines for easy access of distributors and large consumers
- Opening up of distribution lines for contestable consumers
- Unbundling of electricity rates and services for greater transparency and accountability



Competitive Generation

Regulated Transmission and Distribution

Competitive Retail Supply

End-Users
- **Contestable**
- **Captive**

RESTRUCTURED POWER INDUSTRY

COMPETITIVE	GENERATION	SUPPLY
REGULATED	TRANSMISSION	DISTRIBUTION

RESTRUCTURED POWER INDUSTRY

SUPPLY

RETAIL COMPETITION

Refers to the provision of electricity to a *Retail Market* by *Suppliers* through *Open Access*

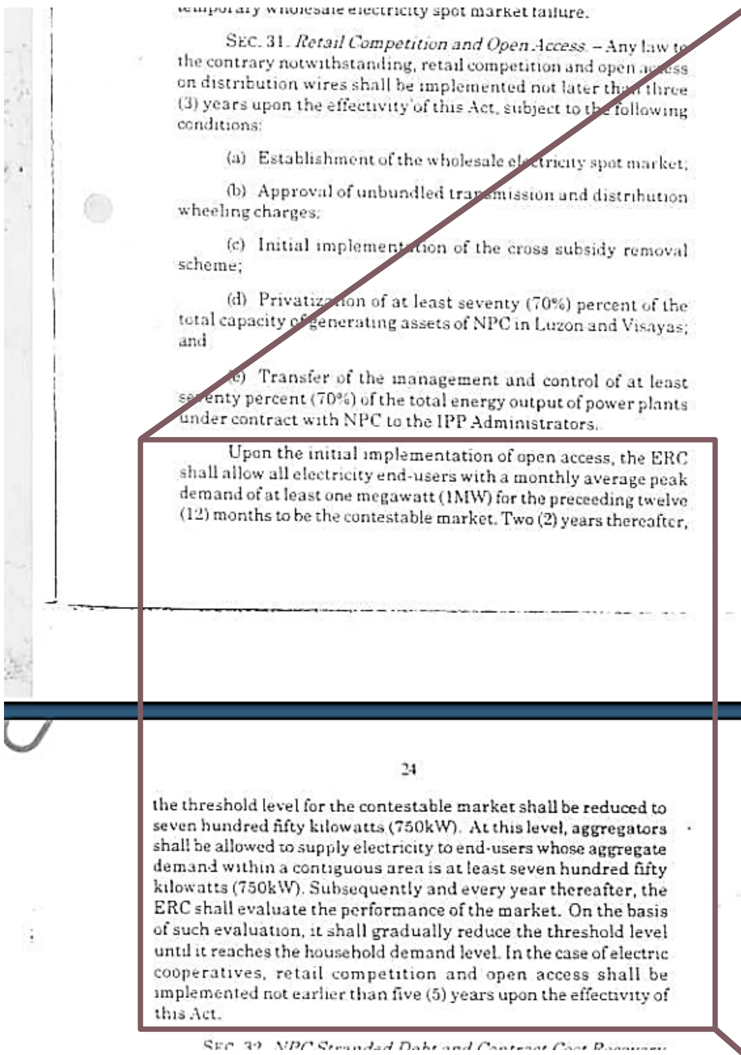
TRANSMISSION

DISTRIBUTION

OPEN ACCESS

Refers to the system of allowing any qualified Person the use of transmission and/or distribution system and associated facilities subject to the payment of *retail wheeling rates* duly approved by the *Energy Regulatory Commission*

LEGAL BASIS



temporary wholesale electricity spot market failure.

SEC. 31. *Retail Competition and Open Access.* – Any law to the contrary notwithstanding, retail competition and open access on distribution wires shall be implemented not later than three (3) years upon the effectivity of this Act, subject to the following conditions:

(a) Establishment of the wholesale electricity spot market;

(b) Approval of unbundled transmission and distribution wheeling charges;

(c) Initial implementation of the cross subsidy removal scheme;

(d) Privatization of at least seventy (70%) percent of the total capacity of generating assets of NPC in Luzon and Visayas; and

(e) Transfer of the management and control of at least seventy percent (70%) of the total energy output of power plants under contract with NPC to the IPP Administrators.

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 preceeding twelve (12) months to be the contestable market. Two (2) years thereafter,

24

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). Subsequently and every year thereafter, the ERC shall evaluate the performance of the market. On the basis of such evaluation, it shall gradually reduce the threshold level until it reaches the household demand level. In the case of electric cooperatives, retail competition and open access shall be implemented not earlier than five (5) years upon the effectivity of this Act.

SEC. 32. *NPC Stranded Debt and Contract Cost Recovery.*

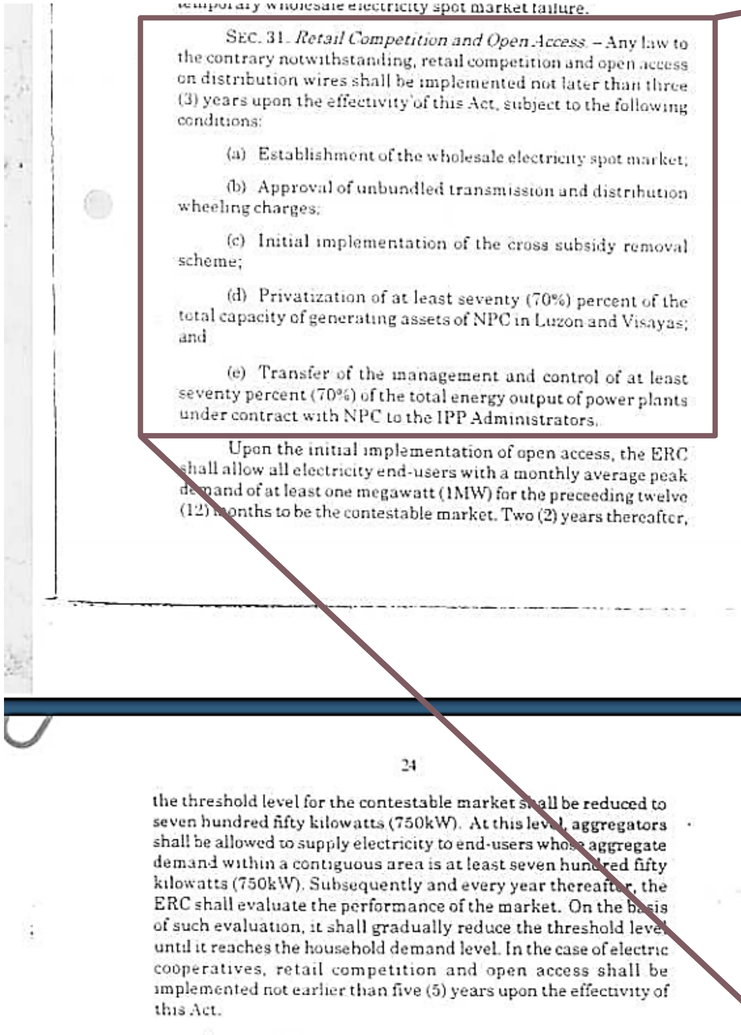
Initial implementation for all electricity end-users with a monthly average peak demand of at least one megawatt (1MW) for the preceding twelve (12) months ;

After 2 years, the threshold level shall be reduced to 750kW;

Aggregators shall be allowed to supply electricity to end-users whose aggregate demand within a contiguous area is at least 750kW;

Subsequently and every year, on the basis of ERC evaluation, gradual reduction of threshold level until it reaches the household demand level will be implemented.

LEGAL BASIS



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Retail Competition and Open Access shall be implemented, subject to the following conditions:

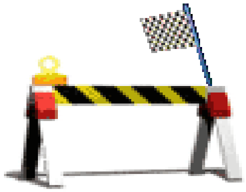
a. Establishment of WESM
b. Approval of unbundled transmission & distribution wheeling charges
c. Initial implementation of cross subsidy removal scheme
d. Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon & Visayas
e. Transfer of management & control of at least 70% of the total energy output of power plants under contract w/ NPC to the IPP Administrations

Section 31 of RA9136 (EPIRA); EPIRA IRR Rule 12

STATUS OF IMPLEMENTATION

Moving Towards A Competitive Power Market …

OPEN ACCESS AND RETAIL COMPETITION



26 June 2013

Privatization

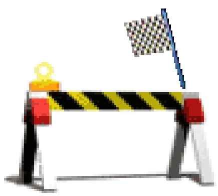
- 87 % of NPC GenCos
- NGCP as the TransCo Concessionaire
- 76.6% transferred to IPP Administrators

Complied with.

Establishment of WESM

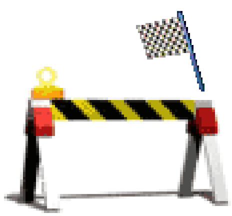
Complied with.

- Luzon Commercial Operation on June 2006
- Integration of Visayas Grid, 26 Dec. 2010



Removal of Cross Subsidies

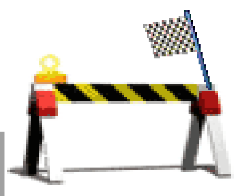
Inter-Grid, Sept. 2002; Intra-Grid, Oct. 2005 and Inter-Class, Oct. 2005



Complied with.

Unbundling

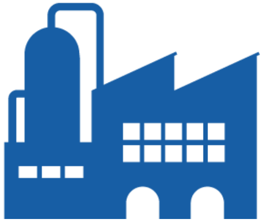
Unbundling of NPC rates (26 Mar. 2002) and Unbundling of DUs rates (June 2003).



Complied with.

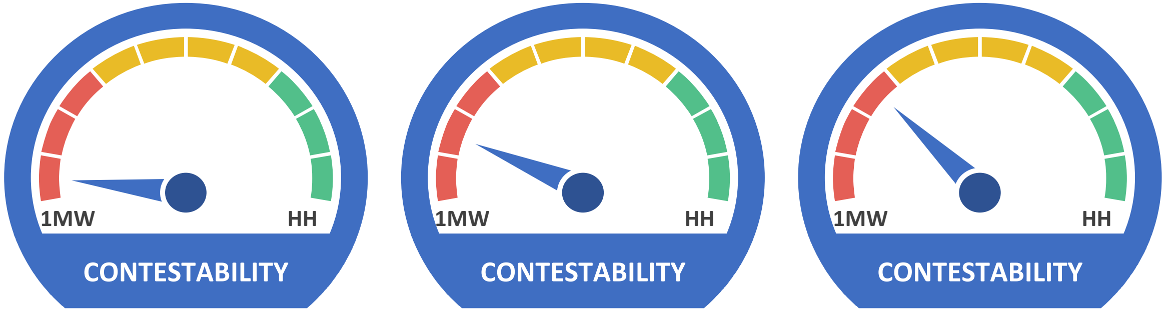
STATUS OF IMPLEMENTATION

CAPTIVE CUSTOMER



CONTESTABLE CUSTOMER

POWER OF CHOICE



1MW & Above

JUN 2013

750kW & Above

JUN 2016; DEC 2017

500kW & Above; Aggregation

DEC 2020

RCOA TIMELINES

June 2013
Initial Operation

December 2017
Voluntary Participation of 750 kW CCs

June 2018
Voluntary Participation of 500-749 kW CCs

December 2018
Voluntary Demand Aggregation

December 2021
RCOA in Mindanao

PROSPECTIVE PARTICIPANTS

Membership Category		Prospective						
		Jun-13	**May-20**	**Dec-20**	**May-21**	**June 2013 vs. May 2021**	**May 2020 vs. May 2021**	**Dec 2020 vs. May 2021**
Contestable Customers	D ≥ 1MW	892	1,435	1,447	1,467	64%	2%	1%
	750kW ≥ D > 1MW	-	619	649	675	-	9%	4%
	500kW ≥ D > 749kW	-	-	-	778	-	-	-
	Total	*892*	*2,054*	*2,096*	*2,920*	*227%*	*42%*	39%
Suppliers	RES	19	37	43	46	142%	24%	7%
	LRES	13	25	25	25	92%	0%	0%
	Total	*32*	*62*	*68*	*71*	*122%*	*15%*	4%
SOLR		9	47	47	47	422%	0%	0%
RMSP		29	54	55	56	93%	6%	2%
Grand Total		**962**	**2,217**	**2,266**	**3,095**	**222%**	**40%**	**37%**

Source: IEMOP, PEMC

STATUS OF REGISTRATION

Membership Category		Registered						
		Jun-13	**May-20**	**Dec-20**	**May-21**	**June 2013 vs. May 2021**	**May 2020 vs. May 2021**	**Dec. 2020 vs. May 2021**
Contestable Customers	D ≥ 1MW	240	1,121	1,144	1,170	388%	4%	2%
	750kW ≥ D > 1MW	-	334	374	396	-	19%	6%
	500kW ≥ D > 749kW		**-**	**-**	91	**-**	**-**	**-**
	Total	*240*	*1,455*	*1,518*	*1,657*	*590%*	*14%*	9%
Suppliers	RES	15	33	34	38	153%	15%	12%
	LRES	3	14	14	14	367%	0%	0%
	Total	*18*	*47*	*48*	*52*	*189%*	*11%*	8%
SOLR		0	25	25	25	-	0%	0%
RMSP		29	54	55	57	97%	6%	4%
Grand Total		**287**	**1,581**	**1,646**	**1,791**	**524%**	**13%**	**9%**

Source: ERC, PEMC

WAY FORWARD

1. Pursue/Implement Policies on Relaxation of Requirements

2. Pursue Retail Aggregation

3. Study on Further Lowering of Threshold

4. RCOA for Mindanao

Thank You!