



Retail Competition and Open Access: What's in it for your business?

January 29, 2021, Friday
2:00PM

Presentation Outline

01

RCOA: What and Why?

- ✓ What is RCOA
- ✓ What are the benefits
- ✓ Who are the players
- ✓ Who are qualified

02

How do you make the switch?

- ✓ When it started
- ✓ How does it work

03

What lies ahead?

- ✓ Where we are and where we are heading

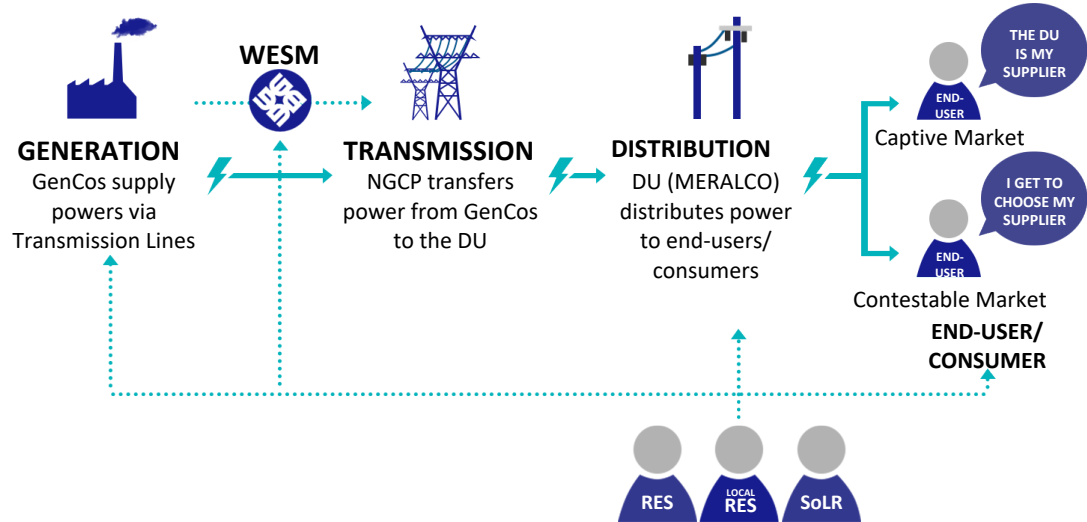
A nighttime photograph of a dense urban skyline, likely Hong Kong, featuring numerous illuminated skyscrapers and buildings. The image is partially obscured by a dark blue diagonal overlay on the right side.

01

RCOA: What and Why?

What is RCOA?

Restructured Power Supply Chain Under RCOA



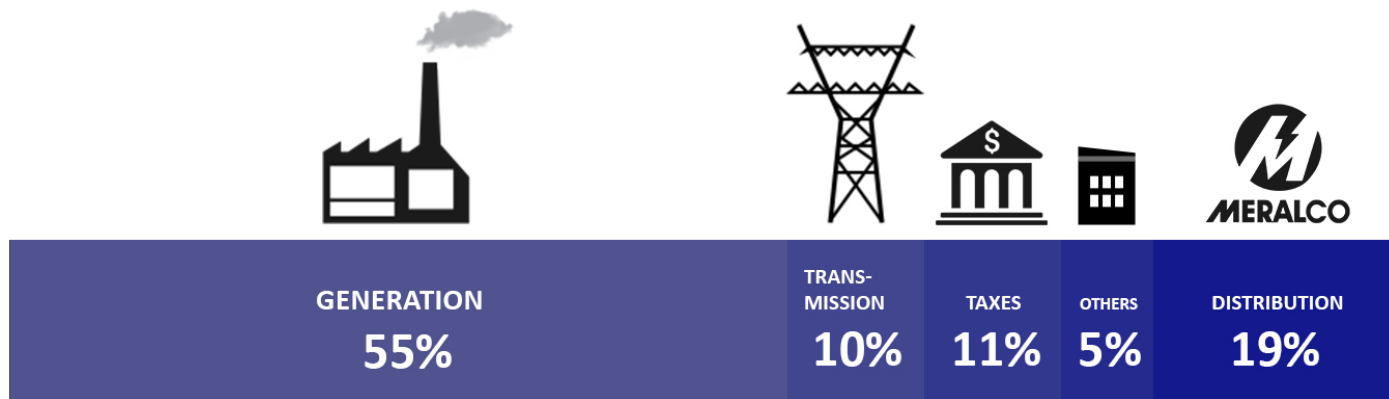
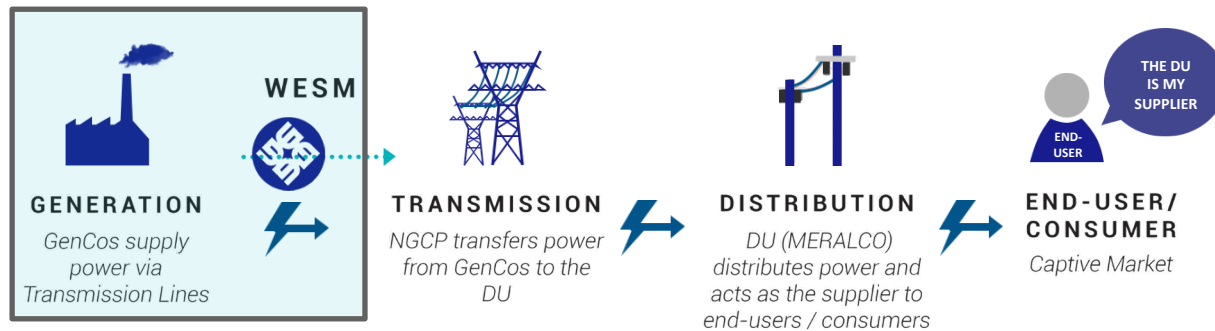
RES/Local RES/SoLR transacts with the Generation Companies and Distribution Utility on behalf of the Contestable Customer to get the best value for the customer's money

✓ R.A. 9136 ("Electric Power Industry Reform Act of 2001") provides the restructuring framework of the power industry towards Retail Competition and Open Access (RCOA)

✓ EPIRA envisions [as quoted], *to ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency, promote consumer choice and enhance the competitiveness of Philippine products in the global market...*

✓ Under RCOA, contestable customers now have several options in securing power supply for their needs

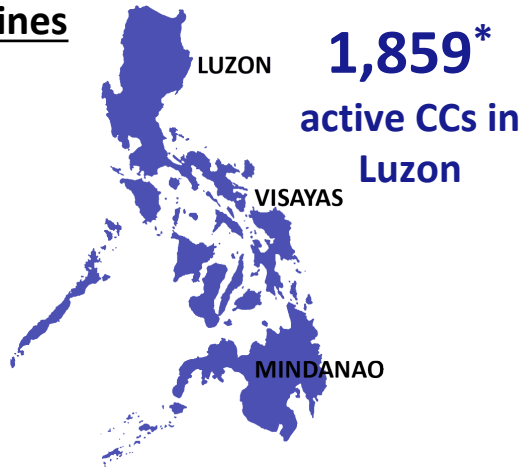
Unbundled Electric Bill



Taken care of by the RES

Registered Contestable Customers (CCs) in the Contestable Market

2,115¹ Registered Contestable Customers in the Philippines



- ✓ 43 Licensed Retail Electricity Supplier (RES)
- ✓ 25 Registered Local RES
- ✓ 47 Supplier of Last Resort (SoLR)

¹Contestable Customers as of November 2020 (Luzon and Visayas)

*CREM Report as of November 2020 (Luzon only)

For more info, visit buyyourelectricity.com.ph

RCOA Market in Meralco has Grown in 7 Years

June 2013

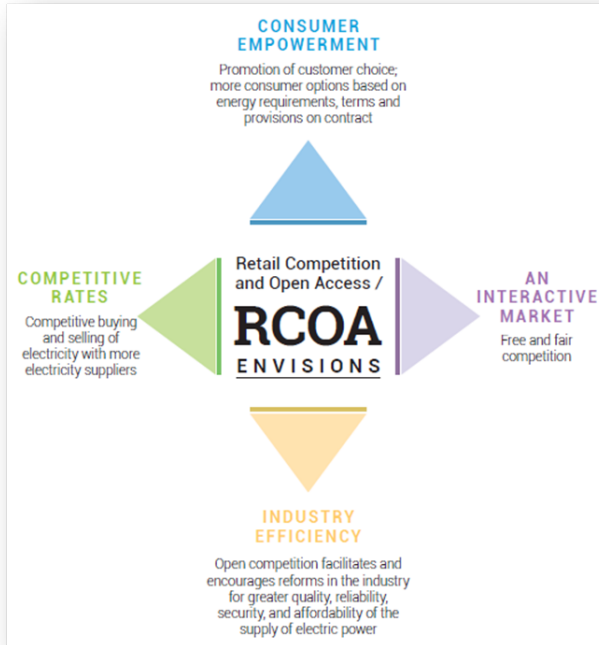
- **238 CCs**
- **1 Local RES**
- **5 RES's**

December 2020

- **1,151 CCs**
 - 847 Phase 1 CCs
 - 304 Phase 2 CCs
- **1 Local RES**
- **25 RES's**

**Once a customer switches to the contestable market, it will remain a contestable customer and cannot revert back to the captive market, unless approved by the ERC.*

What are the benefits of joining RCOA?



1 Consumer Empowerment

"The power of choice"



2 Higher Efficiency

Open competition facilitates and encourages reforms in the industry for greater quality, reliability, security, and affordability of the supply of electric power



3 Open Access

"Free and fair competition" – open access to transmission and distribution networks/facilities



4 Interactive Market

Open up the possibility of more online transactions, more electricity trading



5 Competitive Rates

Prices will be market driven and competitive



6 Energy Profile Advantage

Better load profile may mean lower rates



Who are the players?

REGULATORS



Department of Energy

- Supervise restructuring of the electricity industry
- Formulate policies, rules and regulations necessary to implement EPIRA's objectives



Energy Regulatory Commission

- Promote competition, among others
- Enforces rules, regulations including issuances of permits and licenses
- Resolve cases (rates and other cases) and disputes
- Promotes consumer interest



Independent Electricity Market Operator of the Philippines (IEMOP)

- Operates the Wholesale and Retail Markets
- Acts as the Central Registration Body (CRB)

POWER INDUSTRY



Generation Companies



Transmission Provider



Distribution Utilities



Retail Metering Services Provider



Suppliers

END-USERS



Contestable Customers

→ The most important player in Retail Competition

How does a customer become qualified?



Not all customers may select a Supplier.

There are thresholds and criteria set by the Regulators that must be met.

Those qualified CCS (Ph1&2) were issued a Certificate of Contestability (CoC) by the ERC. CoCs were issued either directly to the CC or delivered through its Distribution Utility.

Starting February 2021, Billing Statement will be used as Proof of Contestability to be delivered directly to CCs under Phases 1,2 & 3

Switching to a Supplier is currently voluntary.

Phase 1

- Existing Customers: Past 12-month Average historical monthly peak demand $\geq 1\text{MW}$
- Newly Connected Customers: Forecasted monthly peak demand of 3MW
- Newly-connected Customers: Forecasted average monthly peak demand $1\text{MW} < 3\text{MW}$ is required to have monthly peak demand $\geq 1\text{MW}$ for 3 consecutive months.

Phase 2

- Existing Customers: Past 12-month Average historical monthly peak demand $\geq 750\text{kW}$

Phase 3

- Existing Customers: Past 12-month Average historical monthly peak demand $\geq 500\text{kW}$

NEW! Your monthly billing statement shall be considered as proof of contestability

How does a customer know that he is already qualified?

In lieu of the issuance of Certificates of Contestability, the **monthly billing statement** from the Network Service Provider (NSP) shall be considered as proof of contestability and shall be the basis for the contestable customers' retail market transactions

IMPORTANT NOTICE

You are a qualified Contestable Customer and can now choose your preferred Retail Electricity Supplier (RES).

For more details, please visit the Energy Regulatory Commission RCOA website at www.buypourelctricity.com.ph.

Kindly retain a copy of this bill as proof of contestability, which shall be used as basis for your retail Market transactions.

For inquiries please contact our Call Center: 16211 (Residential) or 16212 (Business), or visit our website at www.meralco.com.ph

MERALCO
Any learning ng bukas

ELECTRIC BILL Page 1 of 2

Summary for Customer Account Number (CAN) 0000000001

Balance From Previous Billing: ₱ 0.00 Thank you

Payments made after 12/15/2020 will be reflected on your next billing statement.

Service Info

Service ID Number	000000000001
Rate	General Power
Contract in the name of	
Service Address	

Billing Info

Bill Date	06 Dec 2020
Meter Reading Date	
Bill Period	
Due Date	
Total kWh	17080
Total current amount	
Next Meter Reading	

BREAKDOWN OF ELECTRICITY CHARGES

BILL SUBGROUP	SUBTOTAL	PERCENTAGE
Generation	70,909.33	52.26 %
Transmission	12,413.15	10.02 %
System Loss	6,565.77	5.25 %
Distribution (Meralco)	15,368.36	12.41 %
Subsidies	1,352.74	1.09 %
Government Taxes	13,047.04	10.54 %
Universal Charges	3,397.21	2.74 %
PIF-A3 (Renewable)	845.46	0.68 %
Other Charges	0.00	0.00 %

Please be informed that MERALCO may conduct a routine maintenance/inspection of our customer metering facilities within your area this quarter.

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For more details, please visit the Energy Regulatory Commission RCOA website at www.buypourelctricity.com.ph.

Kindly retain a copy of this bill as proof of contestability, which shall be used as basis for your retail Market transactions.

Your monthly electricity consumption chart

Average usage for 12 months: 17234 kWh/month

For authorized outlying agents: Scan the CAN! Use this barcode to make online payments easier

Customer Account Number (CAN): 0000000001

Good news! Starting December 1, 2020, just use this Customer Account Number (CAN) to pay thru our authorized payment partners!

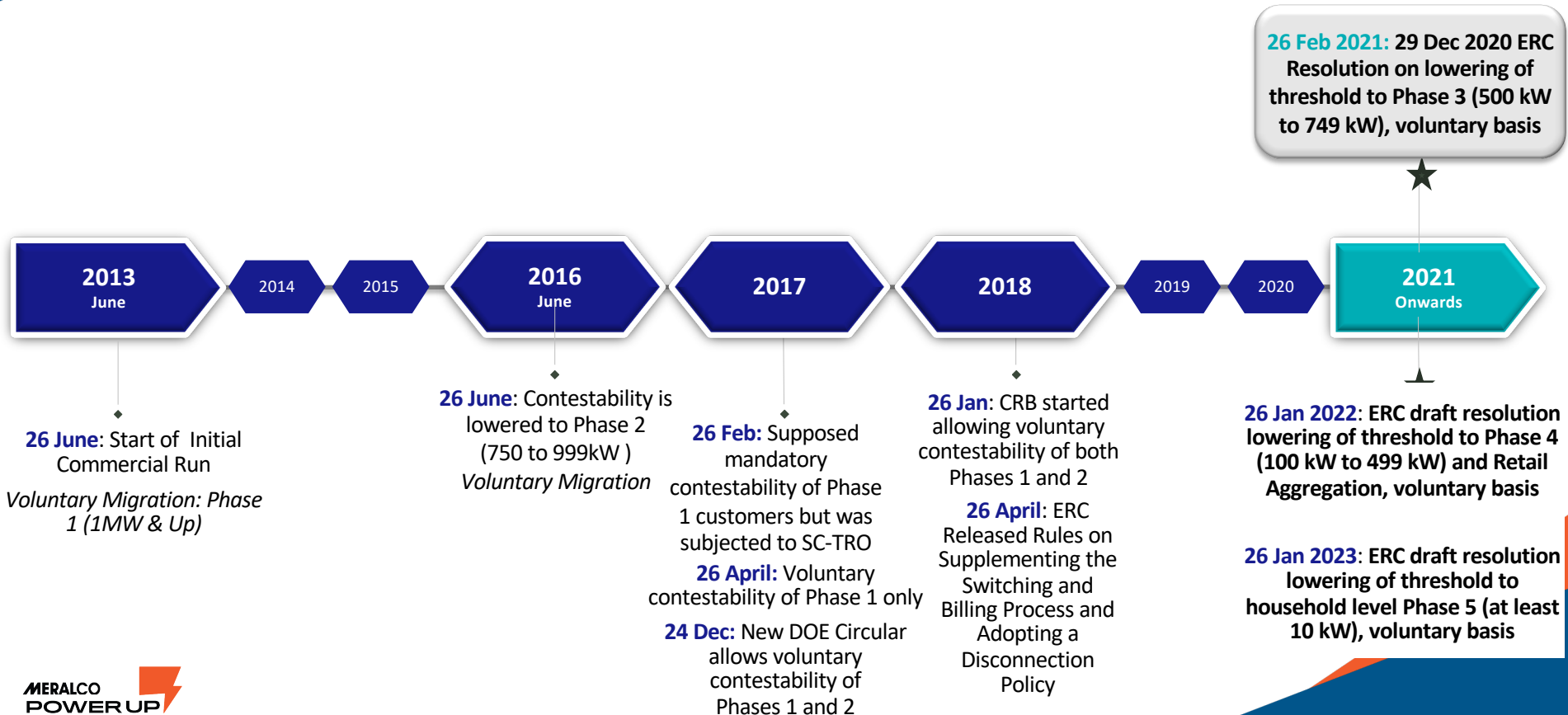
(of the Total Amount Due is for settlement thru your Automatic Payment Arrangement Agent (LUNION BANK) at any Meralco Business Center or through any accredited payment center on or before the due date. Please pay the remaining)

A nighttime photograph of a dense urban skyline, likely Hong Kong, featuring numerous illuminated skyscrapers and buildings. The image is partially obscured by a large blue triangle on the right side of the slide.

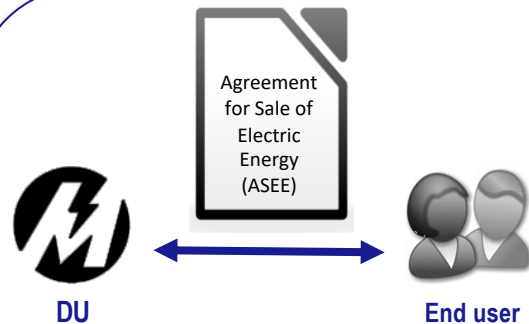
02

How do you make the switch?

RCOA TIMELINE



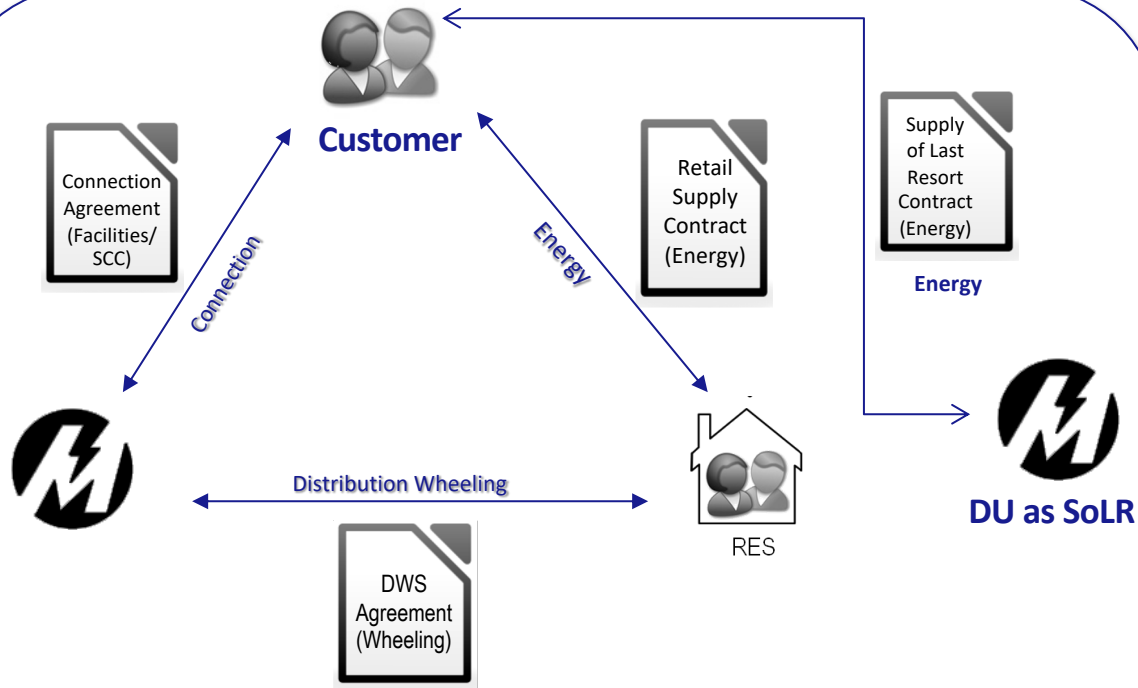
Contractual Relationship Changed



ASEE covers provisions on:

- ✓ Connection
- ✓ Distribution Wheeling Services
- ✓ Supply of Electricity

CAPTIVE MARKET



CONTESTABLE MARKET

Three Roles of Meralco

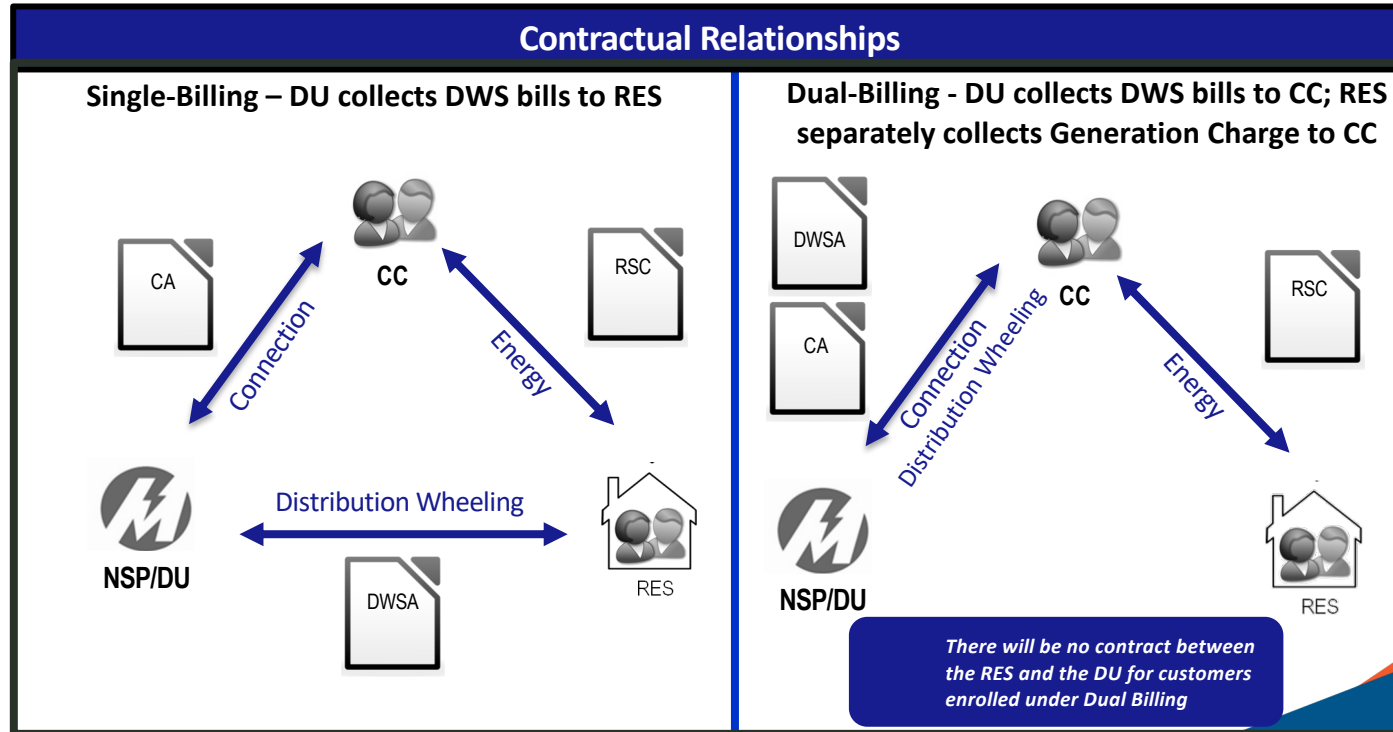


- ✓ Distribution Utility (DU) /
Network Service Provider (NSP)
- ✓ Metering Service Provider (MSP)
- ✓ Supplier of Last Resort (SoLR)

Billing Scheme Options for Contestable Customers

ERC Resolution No. 9 Series of 2018, Article III:

1. Section 1. A Contestable Customer (CC) may choose from Single or Dual/Multiple billing schemes: *Provided*, that said customer maintain chosen billing option for **at least one (1) year**
2. Section 3.4 A Contestable Customer (CC) shall send a request for a change in billing to its incumbent RES **at least 30 days prior** to the start of intended billing scheme.



Meralco's Captive and Contestable customer service processes

Captive Customers



Service Application /
Contracting



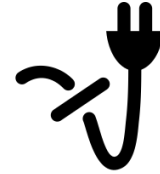
Meter Reading / Data
Retrieval & Analysis



Billing



Payments
Processing



Delinquency
Management

Contestable Customers

RES or
Customer-
initiated



Service Application /
Contracting

CRB
sends list to
DU



Customer
Switching

DU
provides to
CRB



Meter Data
Retrieval &
Analysis



Single Billing to RES



RES Payments
Processing



Delinquency Management

- Failure of RES to pay
- Failure of CC to pay RES
- Failure of Dual billing-
CC to pay DU



Dual billing to
CC



Dual CC Payments
Processing

Customer preparedness prior to contracting with Retail Electricity Supplier (RES)



Contractual

- *Update your Meralco contract*
- *Sign a Connection Agreement with Meralco (DU)*
- *Carefully consider all available suppliers you can contract with*
- *Thoroughly review your RES Contract before signing*



Financial

- *Settle all financial obligations with Meralco*
- *RES may require you to pay a deposit*



Operational

- *Study current business operations through Load Mapping & Profiling*
- *Learn Energy Consumption forecasting in medium & long-term horizons*
- *Ensure operations are aligned with your RES's service /pricing offer*
- *Billing cycle must be on the 25th of the month*

What are the requirements for switching?

Switch from the Captive to the Contestable Market *(Initial Switch)*

From the Customer to the DU

- Installed RCOA-compliant meter
- Signed and notarized Connection Agreement
- Settlement of all arrears with the DU prior to the switch
✓ DU will issue to IEMOP¹ a Certification of No Outstanding Balance as proof of compliance by the Contestable Customer with its Financial Obligations.
- An existing Distribution Wheeling Services Agreement (DWSA) between DU and your chosen RES

¹Independent Electricity Market Operator of the Philippines

Request from RES to RMSP* via CRSS**

- Metering Installation and Registration Form (MIRF)
- Single Line Diagram
- ERC Certification of Meter Test Results
- Test and Calibration Reports for Instrument Transformers and Meters

* Retail Metering Service Provider

** Central Registration and Settlement System – a B2B platform of IEMOP for registration

Switching Procedures and Timeline

Single Billing Scheme

Cut-off for RES's advice to CRB on customers they will switch on the 26th of the following month

CRB to advise DU on list of switchers

Prior Month

Switch Month

RES' deadline to create MIRF request via CRSS

CRB to review and approve switch request

CRB to provide approved switch request to DU



- Meralco to coordinate and provide Contestable Customers the ff:

- ✓ *Connection Agreement*
- ✓ *Review CC's metering compliance and Bill Group alignment*

- Contestable Customer to provide list of technical equipment for FABD preparation

- Contestable Customer to submit Signed and Notarized Connection Agreement
- Contestable Customer must have No Outstanding Balance

- RMSP to submit MIRF (signed by MSP Head only) to CRB via CRSS
- RES to secure Customer – signed MIRF copy and submit to IEMOP via CRSS

- Meralco to submit Confirmation of Switch / Provision of Certification of No Outstanding Balance to CRB
- Meralco to issue and submit DWSA Certification for regular switchers to CRB

Switching Procedures and Timeline

Dual Billing Scheme

Cut-off for RES's advice to CRB on customers they will switch on the 26th of the following month

CRB to advise DU on list of switchers
Prior Month

Switch Month

RES' deadline to create MIRF request via CRSS

CRB to review and approve switch request

CRB to provide approved switch request to DU



- Meralco to coordinate and provide Contestable Customers the ff:

- ✓ *Connection Agreement*
- ✓ *Distribution Wheeling Services Agreement [DWSA]*
- ✓ *Issue charge letter for DWS bill deposit*
- ✓ *Review CC's metering compliance and Bill Group alignment*
- Contestable Customer to provide list of technical equipment for FABD preparation

- Contestable Customer to:

- ✓ Submit Signed and Notarized Connection Agreement and DWSA
- ✓ Signed Conformance on DWS Bill deposit
- ✓ VAT/AWA documents

- Contestable Customer to settle DWS Bill deposit

- RMSP to submit MIRF (signed by MSP Head only) to CRB via CRSS
- RES to secure Customer –signed MIRF copy and submit to IEMOP via CRSS

- ❖ Contestable Customer must have No Outstanding Balance

- DU to submit Confirmation of Switch / Provision of Certification of No Outstanding Balance to CRB
- DU to issue and submit DWSA Certification for regular switchers to CRB

When would one need the Supplier of Last Resort (SoLR)?

1

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

2

Last Resort Supply Event

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

Key Takeaways :

Shifting to Retail Competition



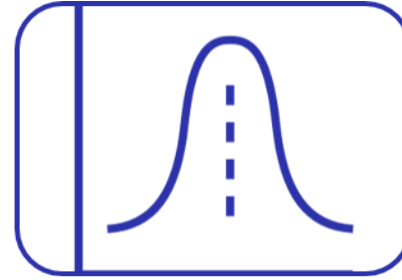
Become Qualified

- Proof of Contestability



Know Your Needs

- Review power usage



Request for your Load Profile

- One-time free 12-month data



Choose your Supplier

- Best pricing option
- Suits your energy needs



Comply to Requirements

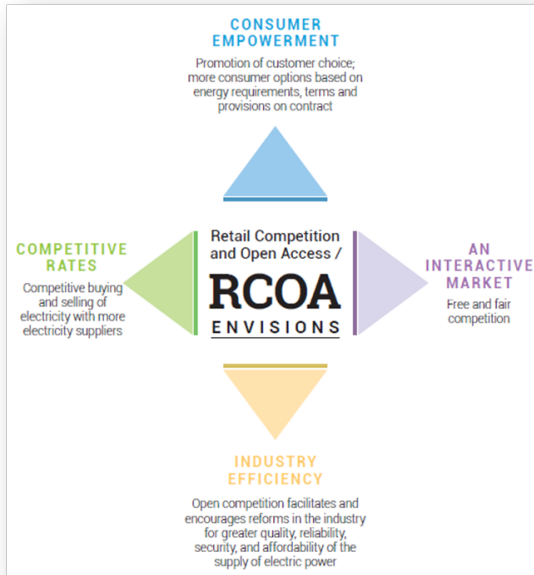
- Follow timeline
- Settle ALL arrears



Submit the Requirements

- Signed and notarized

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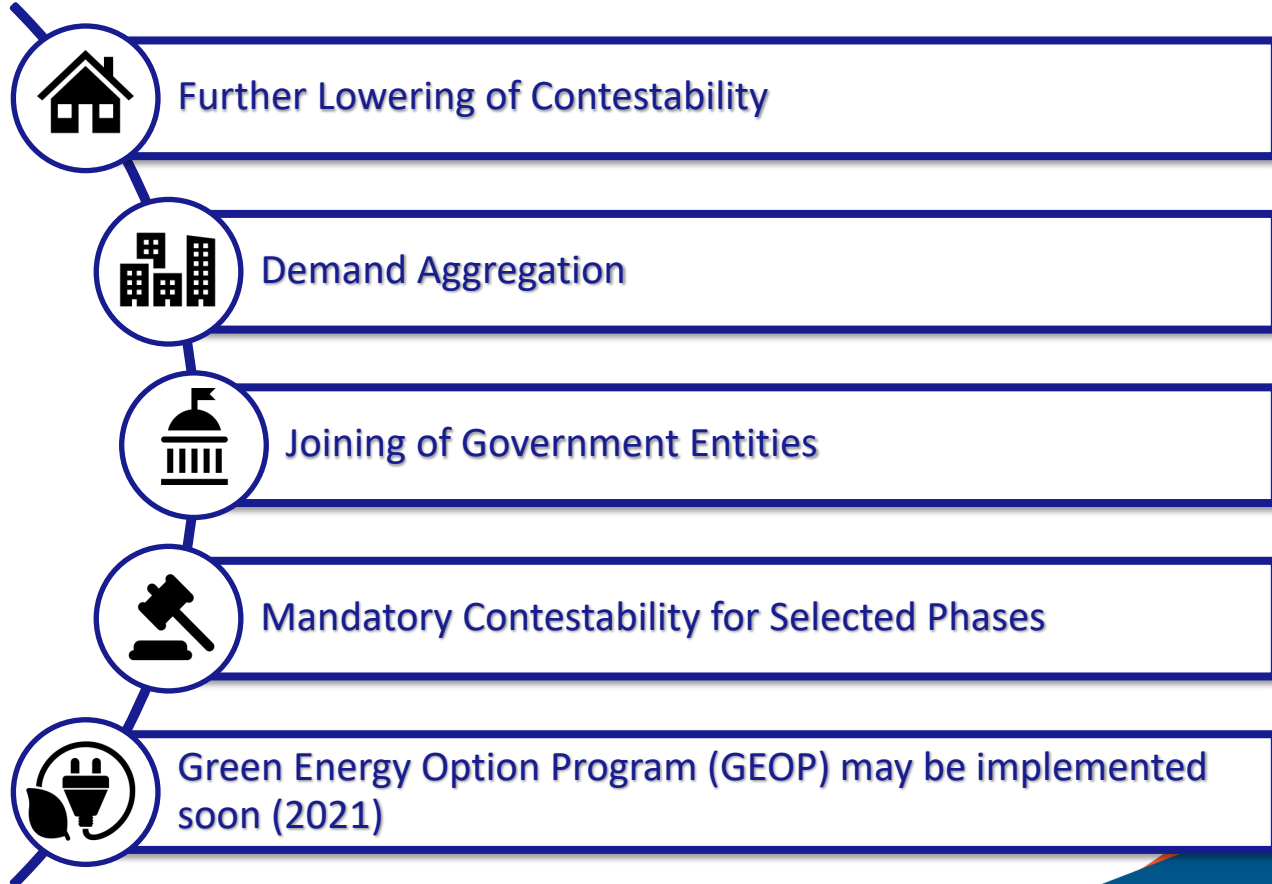


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03

What lies ahead?

What to expect in the next months and years...



For any inquiries, contact Meralco through:



customercare@meralco.com.ph



www.meralco.com.ph



Business Hotline (02) 16210



THANK YOU!

January 29, 2021