



Republic of the Philippines
House of Representatives
Quezon City



NINETEENTH CONGRESS

First Regular Session

House Bill No. 6879

Introduced by
PHILRECA Party-List Presley C. De Jesus
APEC Party-List Representative Sergio C. Dagooc

EXPLANATORY NOTE

Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA) of 2001, established the national policy for a competitive and transparent electricity market to achieve efficient delivery of electricity to all consumers. Pursuant to this objective, the Energy Regulatory Commission (ERC) in 2006 issued the Rules, Terms and Conditions for the Provision of Open Access Transmission Service, otherwise known as the OATS Rules, to serve as the regulatory framework in the operation of the country's power transmission network, a major responsibility of system operator National Grid Corporation of the Philippines (NGCP). The OATS Rules is primarily anchored on the Implementing Rules and Regulation of EPIRA, the Philippine Grid Code and the Wholesale Electricity Spot Market Rules.

A revised and updated version of the OATS Rules was recently promulgated by the ERC to clarify the responsibilities of parties involved in Open Access Transmission Service, especially those that fall on the shoulders of the Transmission Network Provider and System Operator. This was born out of the various concerns raised by transmission customers and other stakeholders covered by the OATS Rules. The 2022 edition also harmonized the relevant rules and guidelines promulgated by the ERC in recent years.

This bill proposes to institutionalize the rules on Open Access Transmission Service and define the functions of the main grid's Transmission Network Provider and System Operator. Further, it seeks to enforce these rules strictly by providing for penalties per instance of violation committed by the Transmission Network Provider and System Operator in the performance of their responsibilities in ensuring the resiliency and security of the country's main grid.



REP. SERGIO C. DAGOOC
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REP. PRESLEY C. DE JESUS
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AN ACT
INSTITUTIONALIZING THE RULES ON OPEN ACCESS
TRANSMISSION SERVICE, FURTHER DEFINING THE FUNCTIONS AND
RESPONSIBILITIES OF THE MAIN GRID'S SYSTEM OPERATOR AND
TRANSMISSION NETWORK PROVIDER

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1. Short Title.** – This Act shall be known as the “Open Access
2 Transmission Service Act.”

3 **SECTION 2. Declaration of Policy.** - It shall be the policy of the State to
4 ensure a transparent and competitive electricity market, along with the
5 provision of safe, reliable, and efficient operation of the electric power
6 industry. Towards this end, the State shall promulgate and enforce rules to
7 guide industry participants in the performance of their functions and facilitate
8 the development of a transparent electricity market.

9 **SECTION 3. Definition of Terms.** – As used in this Act:

- 10 (a) **Ancillary Services:** Support services such as Primary Reserve,
11 Secondary Reserve, Tertiary Reserve, Reactive Power support, and
12 Black Start Capability which are necessary to support the transmission
13 capacity and Energy that are essential in maintaining Power Quality
14 and the Reliability of the Grid;

- (b) **Ancillary Services Rules (AS Rules):** Rules issued by the ERC, describing the terms and conditions for procurement and cost recovery of Ancillary Services by the System Operator, and its amendments thereof;
- (c) **Connection Agreement:** An agreement between a User and the Transmission Network Provider (or the Distribution Utility), which specifies the terms and conditions pertaining to the connection of the User System or Equipment to a new Connection Point in the Grid (or the Distribution System);
- (d) **Department of Energy (DOE):** Executive department that is mandated by RA 7638 (Department of Energy Act of 1992) to prepare, integrate, coordinate, supervise and control all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution and conservation;
- (e) **Energy Regulatory Commission (ERC):** The independent, quasi-judicial regulatory body created pursuant to R.A. No. 9136, which is mandated to promote competition, encourage market development, ensure customer choice, and penalize abuse of market power in the restructured Electricity industry and among other functions, to promulgate and enforce the PGC and other technical codes;
- (f) **Firm Power Delivery Service:** The provision of Power Delivery Service to Transmission Customers with (i) dispatch priority over those Transmission Customers with Non-Firm Power Delivery Service in the event of a Curtailment by the System Operator and (ii) monthly as opposed to daily billing calculation arrangements;
- (g) **Grid:** The High Voltage backbone system of interconnected transmission lines, substations and related facilities, located in each of Luzon, Visayas and Mindanao, or as may be determined by the ERC in accordance with Section 45 of the Act;
- (h) **Grid Maintenance Programs:** Three year maintenance programs to be prepared annually by Transmission Network Provider, in consultation with System Operator, as outlined in the PGC;
- (i) **Interruption:** Interruption refers to the loss of service to a Customer or a group of Customers or other facilities. An Interruption is the result of one or more Component Outages;
- (j) **Load:** Load refers to an entity or electrical Equipment that consumes or draws electrical Energy;
- (k) **Load Customer:** Any Connected Transmission Customer taking off Electricity from the Transmission Network Provider's Facilities which,

for the avoidance of doubt, includes but is not restricted to, Generation Customer while taking power from the Grid, DUs and Directly Connected Customers/End-users;

- (l) **Load Shedding:** The systematic reduction of system demand by temporarily disconnecting or decreasing load in response to Grid or area capacity shortages, system instability, or voltage control considerations
- (m) **Non-Firm Power Delivery Service:** The provision of Power Delivery Service to Transmission Customers (i) without priority dispatch over those Transmission Customers with Firm Power Delivery Service in the event of a necessary Curtailment by the System Operator and (ii) with daily as opposed to monthly billing calculation arrangements;
- (n) **Outage:** The state of a Component when it is not available to perform its intended function due to some Event directly associated with that Component;
- (o) **Philippine Grid Code (PGC):** The set of rules, requirements, procedures, and standards to ensure the safe, reliable, secured and efficient operation, maintenance, and development of the high voltage backbone Transmission System and its related facilities promulgated and approved by the ERC;
- (p) **Rules for Setting Transmission Wheeling Rates (RTWR):** An amendment to the Guidelines on the Methodology for Setting Transmission Wheeling Rates for 2003 to around 2027, dated May 29, 2003, and sometimes referred to in shortened form as the Transmission Wheeling Rate Guidelines (TWRG), along with its amendments thereof;
- (q) **Service Agreement:** The contract entered into by the Transmission Network Provider/System Operator and each Transmission Customer;
- (r) **System Operator:** 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;
- (s) **Transmission Network Provider (TNP):** The party that is responsible for maintaining adequate Grid capacity in the accordance with the provisions of the PGC;
- (t) **Transmission System:** The high voltage backbone system of interconnected transmission lines, substations and related facilities, located in each of Luzon, Visayas and Mindanao.

SECTION 4. *Functions of the Transmission Network Provider.* – The Transmission Network Provider shall:

(a) Plan, construct, operate, and maintain the Grid in accordance with the PGC;

(b) Undertake capital expenditure and operations & maintenance expenditure that supports the quality and reliability of the power delivery service in a timely manner. Noncompliance of the TNP to the submitted timeline shall be subject to the penalties provided in Section 5 of this Act;

(c) Ensure the safe operation and maintenance of the Grid in accordance with the PGC;

(d) Prepare the Grid Maintenance Programs in consultation with Transmission Customers as required by the PGC;

(e) Manage the outages of Grid Facilities in a manner that is consistent with the Grid Maintenance Programs;

(f) Achieve the reliability targets as approved by the ERC in accordance with the PGC and RTWR for the power delivery service that it provides to the transmission customer;

(g) In general, provide only Firm Power Delivery Service to Transmission Customers. The Transmission Network Provider shall provide Non-Firm Power Delivery Services for Transmission Customers in the following circumstances:

1. If the Load Customer has sources of Electricity that do not require use of the Transmission Network Provider's facilities and those sources of Electricity are sufficient to allow the Load Customer to be temporarily disconnected from the Grid from time to time;

2. Generation Customer drawing power from the Grid for its own use;

3. If there are technical constraints in the transmission facilities;

4. Energy Storage Systems drawing power for the purpose of temporarily storing energy for eventual and timely reinjection to the Grid; and

5. Embedded Generator/ Distributed Energy Resource (DER) drawing power from the Grid from outside its host DU, for its own use.

Non-Firm Power Delivery Service for Transmission Customers shall only be provided by the Transmission Network Provider if sufficient surplus capacity is available on the Transmission Network after use by the Firm Power Delivery Services.

SECTION 5. *Functions of the System Operator.* – The System Operator shall:

(a) Deliver the Power Quality standards in the PGC, including but not limited to:

1. Frequency variations;
2. Voltage Variations;
3. Harmonics;
4. Voltage Unbalance;
5. Voltage Fluctuation and Flicker severity; and
6. Transient Voltage Variations.

(b) Ensure the safe operation of the Grid in accordance with the PGC;

(c) Follow the agreed Load Shedding procedures recorded in the Transmission Customer's Service Agreement and act in a manner consistent with its obligations under this Act, the PGC and other applicable laws; and

(d) Follow the Ancillary Rules as promulgated by the ERC, including but not limited to the minimum technical, level of AS required, manner of procurement, and cost recovery mechanism for AS charges.

When contracting for the provision of Ancillary Services, the System Operator shall use the template Ancillary Services Procurement Agreement (ASPA), as approved by the ERC in accordance with AS Rules.

SECTION 6. Penalties. – A violation of any provision of this Act shall be subject to a fine ranging from a minimum of Two million pesos (P2,000,000.00) to Ten million pesos (P10,000,000.00) per instance of violation, depending on its severity, to be determined by the ERC.

SECTION 7. Repealing Clause. – All laws, presidential decrees, executive orders, letters of instruction, administrative rules and regulations or parts thereof which are contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 8. Separability Clause. – Should any part or provision of this Act be held unconstitutional or invalid, all other provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 9. Effectivity. – This Act shall take effect after fifteen (15) days following its complete publication in the Official Gazette or in two (2) newspapers of general circulation whichever is earlier.

Approved,