

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

**GUIDELINES TO GOVERN THE FORMATION
OF THE GRID MANAGEMENT COMMITTEE**

Pursuant to Chapter 2 of the Philippine Grid Code, the Commission has resolved to adopt the following guidelines and procedures governing the formation of the Grid Management Committee, thus:

I. DEFINITION OF TERMS

As used in these Guidelines, the following terms shall have the following respective meanings:

- a) Department of Energy (DOE).** The government agency created pursuant to Republic Act No. 7638 which is provided with the additional mandate under Republic Act No. 9136 of supervising the restructuring of the electricity industry, developing policies and procedures, formulating and implementing programs, and promoting a system of incentives that will encourage private sector investments and reforms in the electricity industry and ensuring an adequate and reliable supply of electricity.
- b) Distribution Code.** The set of rules, requirements, procedures, and standards governing Distribution Utilities and Users of Distribution System in the operation, maintenance and development of the Distribution System. It also defines and establishes the relationship of the Distribution System with the facilities or installations of the parties connected thereto.
- c) Distributor.** An Electric Cooperative, Private Corporation, Government-Owned Utility, or existing Local Government Unit that has an exclusive franchise to operate a Distribution System.
- d) Electric Cooperative.** A cooperative or corporation authorized to provide electric services pursuant to Presidential Decree No. 269, as amended, and within the framework of the national rural electrification plan.

- e) **Energy Regulatory Commission (ERC).** The independent, quasi-judicial regulatory body created pursuant to Republic Act 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 Philippine Grid Code and the Philippine Distribution Code.
- f) **Grid Code.** 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.
- g) **Grid Management Committee (GMC).** The committee to be established by the ERC to perform the functions mentioned in Section 2.2.1 of Chapter 2 of the Grid Code and in Article II hereof.
- h) **Grid Owner.** The party that owns the high voltage backbone Transmission System and is responsible for maintaining adequate Grid capacity in accordance with the provisions of the Grid Code.
- i) **Large Customer.** A Customer with a demand of at least one (1) MW, or the threshold value specified by the ERC.
- j) **Large Generator.** A Generation Company whose generating facility at the Connection Point has an aggregate capacity in excess of 20 MW.
- k) **Market Operator.** An independent group, with equitable representation from the electric power industry participants, whose task includes the operation and administration of the Wholesale Electricity Spot Market in accordance with the Market Rules.
- l) **National Electrification Administration (NEA).** The government agency created under Presidential Decree No. 269, whose additional mandate includes preparing Electric Cooperatives in operating and competing under a deregulated electricity market, strengthening their technical capability, and enhancing their financial viability as electric utilities through improved regulatory policies.
- m) **Small Generator.** A Generation Company whose generating facility at the Connection Point has an aggregate capacity of 20 MW or below.

- n) **Supplier.** Any person or entity authorized by the ERC to sell, broker, market, or aggregate electricity to the End-Users.
- o) **System Operator.** The party responsible for generation Dispatch, the provision of Ancillary Services, and operation and control to ensure safety, Power Quality, Stability, Reliability, and the Security of the Grid.

II. FUNCTIONS OF THE GMC

The Grid Management Committee (GMC) shall carry out the following functions:

- a) Monitor the implementation of the Grid Code;
- b) Monitor, evaluate, and make recommendations on Grid operations;
- c) Review and recommend standards, procedures, and requirements for Grid connection, operation, maintenance, and development;
- d) Coordinate Grid Code dispute resolution and make appropriate recommendations thereon to the ERC;
- e) Initiate the Grid Code enforcement process and make recommendations thereon to the ERC;
- f) Initiate and coordinate revisions of the Grid Code and make recommendations to the ERC; and
- g) Prepare regular and special reports for submission to the ERC, or as required by the appropriate government agency, or when requested by a Grid User.

III. COMPOSITION OF THE GMC

The GMC shall be composed of the following members who shall be appointed by the ERC:

- a) One (1) Member nominated by the System Operator;
- b) One (1) Member nominated by the Grid Owner;
- c) One (1) Member nominated by the Market Operator;
- d) Three (3) Members nominated by Large Generators;
- e) One (1) Member nominated by Small Generators;
- f) Three (3) Members nominated by private and local government Distributors;
- g) Three (3) Members nominated by Electric Cooperatives, one (1) each from Luzon, Visayas, and Mindanao;

- h) One (1) Member nominated by Suppliers; and,
- i) One (1) Member nominated by Large Customers.

In addition to the foregoing regular Members, the following Representatives are to provide guidance on government policy and regulatory frameworks and directions. However, they are not to participate in any GMC decision-making functions and in the formulation of recommendations to the ERC.

- a) One (1) Representative from the ERC;
- b) One (1) Representative from the DOE; and,
- c) One (1) Representative from the NEA.

The sectors enumerated under Subparagraphs (d) to (i) of Paragraph 1 hereof shall first convene and thereafter select from among themselves their respective nominees. For each Member to be appointed, the sector concerned shall have only one (1) nominee.

IV. TERMS OF OFFICE OF THE CHAIRMAN AND MEMBERS

The terms of the Chairman and Members of the GMC shall be subject to the following rules:

- a) The Chairman and all the Members of the GMC shall have a term of three (3) years and shall be allowed only one re-appointment.
- b) The first Chairman appointed shall serve for a term of three (3) years. Of the Members first nominated and thereafter appointed, the first seven (7) Members shall hold office for two (2) years, and the remaining seven (7) Members shall hold office for one (1) year.
- c) Appointment to any vacancy shall be only for the unexpired portion of the term of the predecessor.

V. QUALIFICATION OF REGULAR MEMBERS

Nominees for Regular Membership must possess all of the following qualifications:

- a) Good moral character with no criminal conviction;
- b) A Licensed Electrical Engineer;
- c) Five (5) years experience in a position involving management and/or supervision of an electric utility or in services

- related to the electric power industry to equip him with sufficient technical knowledge to fully understand and evaluate the technical aspects of Grid operation, planning, and development; and,
- d) Member of a bona fide association with activities related to the specific sector he is to represent in the GMC, if applicable.

VI. NOMINATION AND SELECTION PROCESS

- a) Within one month after notice is given by the ERC, the concerned sector shall submit in writing to the ERC the name of its nominee, including the nominee's Comprehensive Curriculum Vitae, Statement of Vision, and NBI Clearance.
- b) Evaluation of the nominee for each sector to determine compliance with the requirements of these Guidelines may commence after the nomination is declared closed by the ERC.
- c) The ERC shall announce the list of qualified nominees within one (1) month from the closing of nomination.
- d) Appointments to the GMC including the appointees' respective terms of office shall be declared by the ERC not later than one (1) month from the announcement of the qualified nominees.
- e) If the list of qualified nominees should reveal that the number of nominees for a sector is incomplete, the above procedures provided in this Article shall apply.

VII. APPOINTMENT OF THE CHAIRMAN AND MEMBERS

A. The Chairman and Regular Members

The ERC shall select the first Chairman of the GMC from the member nominated either by the Grid Owner or the System Operator. Thereafter, the Chairman of the GMC shall be selected by the ERC from a list of three (3) members nominated by the GMC.

The other regular members of the GMC shall be those selected as provided in the Nomination and Selection Process (Article VI) above.

B. Government Representatives

The DOE and the NEA shall each submit a list of nominees for representative to the GMC.

The ERC shall appoint its representative to the GMC from among its Commissioners or Officials.

VIII. FILLING UP OF VACANCIES

- a) Four (4) months before the expiration of the fixed term of each member, the GMC Chairman shall open the nomination for replacement.
- b) The GMC may recommend to ERC the re-appointment of an incumbent for each sector. ERC shall have the authority to re-appoint an incumbent Member.
- c) Should a re-appointment be not feasible, the GMC Chairman shall accept a nomination from the sector where the vacancy occurred. The procedures prescribed in Article VI herein shall apply.
- d) Should a vacancy occur for reasons other than the expiration of the term of an incumbent, the procedures provided in Article VI shall apply provided that the nominee shall come from the same sector represented by his predecessor, and subject to the provisions of Article IV hereof.

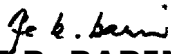
IX. REMOVAL OF MEMBERS

Any member of the GMC may, after due notice and hearing, be removed by the ERC, upon its own initiative, or upon the recommendation of the GMC for neglect of duty, incompetence, malpractice, or for unprofessional, unethical, or dishonorable conduct.

X. EFFECTIVITY

These Guidelines shall take effect immediately upon publication in a newspaper of nationwide circulation.

May 15, 2002.


FE B. BARIN
Chairman


MARY ANNE B. COLAYCO
Commissioner

(on official leave)
OLIVER B. BUTALID
Commissioner

(on official leave)
CARLOS R. ALINDADA
Commissioner


LETICIA V. IBAY
Commissioner