NATIONAL ADMINISTRATIVE REGISTER · OCTOBER 18, 2010

A RESOLUTION AMENDING SECTION 4 OF ARTICLE 4 AND SECTION 1 OF ARTICLE 5 OF THE RULES GOVERNING THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATIO...

ERC RESOLUTION NO. 21, S. 2010, October 18, 2010

Read online (full-text search, related cases, audio case brief): https://batas.org/library/54d688e0e4ec/

WHEREAS, on July 13, 2009, the Energy Regulatory Commission (ERC) issued Resolution No. 16, Series of 2009, adopting and promulgating the "Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities";

WHEREAS, on October 12, 2009, the ERC issued Resolution No. 23, Series of 2009, adopting the template for the Distribution Utilities' (DUs) filing pursuant to the said Rules and extending until further notice the date of the Luzon DUs' filing of their respective consolidated applications for the over/under recoveries on their implementation of various automatic cost adjustment and true-up mechanisms;

WHEREAS, Section 4 of Article 4 of the said Rules provides for the determination of the actual system loss;

WHEREAS, inherent in the distribution sector of the electric industry is the mismatch between meter reading periods at the wholesale and retail levels due to unequal number of billing days, which results to the misalignment of kWh sales and purchased power;

WHEREAS, the ERC recognizes the need to address and resolve the said misalignment of kWh sales and purchased power which causes spikes and dips in the computed monthly system loss and adversely affects the actual system loss of the DUs during certain billing months;

WHEREAS, to accomplish this, it is necessary to amend the formula in Section 4 of Article 4 of the said Rules;

WHEREAS, the ERC likewise, recognizes the need to update the timelines in the said Rules to afford all DUs sufficient time to adequately prepare for their confirmation filings;

NOW, THEREFORE, the ERC, after thorough and due deliberation, hereby RESOLVES, as it is hereby RESOLVED, to APPROVE and ADOPT the amendments to Section 4 of Article 4 and Section 1 of Article 5 of the said Rules, as follows:

"ARTICLE 4

CALCULATION OF THE OVER OR UNDER RECOVERY IN THE IMPLEMENTATION OF ADJUSTMENT MECHANISMS

> x x x
>
> Section 4. System Loss Rate Over/Under Recovery. The System Loss Rate Over/ Under Recovery (SLOUR) shall be calculated based on the following formula:
>
> Formula 9

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

SLOUR

=

[(ASLC-ASLR) + rSLOUR]

SLOUR

Where:

SLOUR = Refers to over/under recoveries in system loss during the recovery period expressed in Peso/kWh

ASLC = Allowable System Loss Cost incurred during the recovery period determined as follows:

ASLC = ASLCY1 + ASLCY2 + ..ASLCYn

Where:

ASLCY1-n

=

([GTGCY

+

TCY – 50% PFDY]

U)

SY

TPGY

TPGY

Where: GTGCY = Sum of the generation costs (GTGC) for January to December of each year during the recovery period

Where: GTGC = As defined in Section 4, Article 2 hereof

TCY = The actual transmission cost in Peso for January to December of each year during the recovery period

PFDY = Power Factor Discounts availed by the DU, net of the Power Factor Discounts given to customers and Third Parties for January to December of each year during the recovery period, where: Discount passed on to customers and Third Parties < discount availed from TRANSCO/NGCP for month 1 to m

TPGY = Total kWh Purchased and Generated for January to December of each year during the recovery period net of kWh distributed to customers under special programs and Sale for Resale Agreements, if such sales have different system loss charge rates from regular customers.

U = Gross UP Factor = % SL / (1 – Actual % System Loss);

The % SL is based on:

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

a) the Actual Systems Loss for January to December or the Systems Loss Cap, whichever is lower plus
b) the Actual Company use for January to December or 1%, whichever is lower.

The Actual % System Loss, on the other hand, is based on:

a) the Actual System Loss for January to December plus
b) the Actual Company Use for January to December

The kWh Sales to be used in determining the System Loss shall be net of kWh distributed to special programs and Sale for Resale Agreements, if such sales have different system loss charge rates from regular customers.

If SLR varies per customer class, the DU shall compute the applicable Gross Up Factor per customer class.

Pursuant to ERC Resolution No. 17, Series of 2008, upon the Commission's approval of the DU's Operation and Maintenance Expenses, wherein the Company Use shall have been included, the same shall no longer form part of the % SL and Actual % SL as defined above.

SY= The Total kWh Sales for January to December of each year during the recovery period.

ASLR = Total actual system loss revenues for generation and transmission billed to customers for the recovery period except those associated with special programs and Sale for Resale Agreements, if such sales have different systems loss charge rates from regular customers, computed as follows:

ASLR =
? [SLR x S]

1 m

Where:

SLR1 = Actual implemented systems loss rate for each month during the recovery period

S = Actual kWh Sales for the each month during the recovery period, net of kWh distributed to special programs and Sale for Resale Agreements, if such sales have different system loss charge rates from regular customers.

rSLOUR = The total running balance of the refund/collect as a result of prior confirmation/s

SLOUR = Total kWh Sales for the recovery period net kWh distributed to customers under special programs and Sale for Resale Agreements, if such sales have different system loss charge rates from regular customers.

ARTICLE 5

FILING AND RESOLUTION OF THE APPLICATIONS

Section 1. Filing. The DUs shall file their respective consolidated applications within the period as prescribed hereunder:

Distribution Utilities Period of Filing Covered Adjustments

Luzon DUs March 31, 2011 Adjustments implemented until the billing month of December 2010

Visayas DUs March 31, 2012 Adjustments implemented until the billing month of December 2011

Mindanao DUs March 31, 2013 Adjustments implemented until the billing month of December 2012

Thereafter, the DUs shall file their respective consolidated applications within the period as prescrubed hereunder:

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

Distribution Utilities Period of Filing Covered Adjustments

Luzon DUs March 31, 2014 Jan. 2011- Dec. 2013

Visayas DUs March 31, 2015 Jan. 2012 -Dec. 2014

Mindanao DUs March 31, 2016 Jan. 2013- Dec. 2015

Subsequently, the DUs shall file their respective consolidated applications every three (3) years following the sequence of period of filing prescribed above.

This Resolution shall take effect fifteen (15) days following its publication in a newspaper of general circulation in the country.

Let copies of this Resolution be furnished the University of the Philippines Law Center – Office of the National Administrative Register (UPLC-ONAR) and all Distribution Utilities.

(SGD.) ZENAIDA G. CRUZ-DUCUT
Chairperson

(SGD.) RAUF A. TAN
Commissioner

(SGD.) ALEJANDRO Z. BARIN
Commissioner

(SGD.) MARIA TERESA A.R. CASTAÑEDA
Commissioner

(SGD.) JOSE C. REYES
Commissioner

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.