

IN THE MATTER OF AMENDING THE GUIDELINES FOR THE AUTOMATIC ADJUSTMENT OF GENERATION RATES AND SYSTEM LOSS RATES BY DISTRIBUTION UTILITIES

ERC RESOLUTION NO. 10-04, SERIES OF 2004, October 27, 2004

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This is to AMEND Section 1 of Article IV of the GUIDELINES FOR THE AUTOMATIC ADJUSTMENT OF GENERATION RATES AND SYSTEM LOSS RATES BY DISTRIBUTION UTILITIES ("Guidelines") approved on 13 October 2004 which read as follows:

"ARTICLE IV

MONTHLY ADJUSTMENT OF THE SYSTEM LOSS RATE

Section 1. Adjustment Formula - On the tenth (10) day of each calendar month, Distribution Utilities shall calculate new System Loss Rates based on the following formula:

$$SLR = (GR * U) + (ATR * U)$$

Where:

SLR =

System Loss Rate

GR =

Generation Rate calculated in accordance with Article III

ATR =

Average Transmission Rate based on the most recent unbundling decision in Peso per kWh, computed as Transmission Costs per unbundling divided by the Annualized Sales in kWh per unbundling

U =

$$\text{Gross Up Factor} = (\% \text{ System Loss} / [1 - \% \text{ System Loss}])$$

The % System Loss is based on the actual System Loss or the System Loss cap whichever is lower plus actual company use or the company use cap of 1% whichever is lower. The actual System Loss and company use are based on the previous month figures to be submitted by the DU. Actual System Loss can be calculated on an individual to support individual System Loss Rates."

The Commission, after due deliberation, RESOLVED, as it hereby RESOLVES, to amend the above-quoted portion of the Guidelines, to now read as follows:

"ARTICLE IV

MONTHLY ADJUSTMENT OF THE SYSTEM LOSS RATE

Section 1. Adjustment Formula - On or before the tenth (10) day of each calendar month, Distribution Utilities shall calculate new System Loss Rates based on the following formula:

$$\text{SLR} = (\text{GR} * \text{U}) + (\text{ATR} * \text{U})$$

Where:

SLR =

System Loss Rate

GR =

Generation Rate calculated in accordance with Article III

ATR =

Average Transmission Rate based on the most recent unbundling decision in Peso per kWh, computed as Transmission Costs per unbundling divided by the Annualized Sales in kWh per unbundling

U =

$$\text{Gross Up Factor} = (\% \text{ System Loss} / [1 - \% \text{ System Loss}])$$

The % System Loss is based on the actual System Loss or the System Loss cap whichever is lower plus actual company use or the company use cap of 1% whichever is lower. The actual System Loss and company use are

based on the average of the most recent twelve (12) month period for which information is available. Actual System Loss can be calculated on an individual customer class level if the Distribution Utility has the requisite information to support individual System Loss Rates.

This Resolution shall take effect on the third (3rd) day following its publication in two (2) newspapers of general circulation in the Philippines.

Adopted: 27 Oct. 2004.

(SGD.) RODOLFO B. ALBANO, JR.

Chairman

(SGD.) OLIVER B. BUTALID

(SGD.) JESUS N. ALCORDO

Commissioner

Commissioner

(SGD.) RAUF A. TAN

(SGD.) ALEJANDRO Z. BARIN

Commissioner

Commissioner

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