

A RESOLUTION CLARIFYING RESOLUTION NO. 17, SERIES OF 2008 AND SUSPENDING INDEFINITELY THE FILING OF THE DISTRIBUTION UTILITIES' RESPECTIVE APPLICATIONS AS REQUIRED UNDER THE 'GUIDELINES FOR THE APPROVAL OF CAPS ON THE RECOVERABLE RATE OF DISTRIBUTION SYSTEM LOSSES'...

ERC RESOLUTION NO. 11, S. 2011, May 09, 2011

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WHEREAS, Republic Act No. 7832, otherwise known as the "Anti-Pilferage of Electricity and Theft of Electric Transmission Lines/Materials Act of 1994" was signed into law on December 8, 1994 and took effect on January 17, 1995;

WHEREAS, Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 (EPIRA)" amended Section 10 of RA. 7832 and authorized the Energy Regulatory Commission (ERC) to determine the new cap on the recoverable rate of system loss based on load density, sales mix, cost of service, delivery voltage and other technical considerations it may promulgate;

WHEREAS, on September 29, 2004, the ERC issued the "Guidelines for the Approval of Caps on the Recoverable Rate of Distribution System Losses" which established the methodology for the segregation and calculation of distribution system losses into technical, non-technical and administrative, with the objective of setting a cap by type or delivery voltage and by utility;

WHEREAS, on June 7, 2007, the ERC issued Resolution No. 19, Series of 2007, entitled "A Resolution Embodying the ERC's Policy for Replacing Existing System Loss Caps of Distribution Utilities" requiring the Electric Cooperatives (ECs) to file their respective applications using updated data after three (3) years effectivity of the said Resolution or on June 7, 2010;

WHEREAS, on December 8, 2008, the ERC promulgated Resolution No. 17, Series of 2008, entitled "A Resolution Adopting a New System Loss Cap for Distribution Utilities (DUs)" which provides that the maximum rate of system loss (technical and non-technical) that the utility can pass on to its customers shall be the actual but not to exceed eight-and-a-half percent (8.5%) for private utilities and thirteen percent (13%) for ECs of the total kilowatt-hours (kWhr) purchased and generated;

WHEREAS, in the said Resolution, the DUs were directed to submit to the ERC, through a Sworn Statement, the results of their updated segregated system losses (ending June 7, 2010) by May 30, 2011 together with their Annual Reports;

NOW, THEREFORE, be it RESOLVED, as the Energy Regulatory Commission (ERC) hereby RESOLVES, to:

- Clarify that Resolution No 17, Series of 2008 only requires the DUs to submit to the ERC, through a Sworn Statement, the results of their updated annual segregated system loss (format of which is hereto attached as Annex "A"[*]) to be incorporated in their Annual Reports starting May 30, 2011; and
- Suspend indefinitely the filing of the DUs' respective applications as required under the "Guidelines for the Approval of Caps on the Recoverable Rate of Distribution System Losses" and Resolution No. 19, Series of

2007.

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

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

Adopted: 09 May 2011

(SGD.) ZENAIDA G. CRUZ-DUCUT

Chairperson

(SGD.) RAUF A. TAN

(SGD.) ALEJANDRO Z. BARIN

Commissioner

Commissioner

(SGD.) MARIATERESA A.R. CASTANEDA

(SGD.) JOSE C. REYES

Commissioner

Commissioner

[*] Text available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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