

**[ ERC RESOLUTION NO. 15, S. 2009, July 13, 2009 ]**

**A RESOLUTION ADOPTING THE RULES FOR PREPAID RETAIL ELECTRIC SERVICE USING A PREPAID METERING SYSTEM**

WHEREAS, Section 43 (h) of Republic Act No. 9136 (R.A. 9136) vests upon the Energy Regulatory Commission (ERC) the authority to review and approve any changes on the terms and conditions of service of the National Transmission Corporation (TRANSCO) or any Distribution Utility (DU);

WHEREAS, Section 4 (o), Rule 3 of the Implementing Rules and Regulations (IRR) of R.A. 9136 empowers the ERC to issue such other rules that are essential in the discharge of its functions as an independent quasi-judicial body;

WHEREAS, the ERC proposed a set of Rules for Prepaid Retail Electric Service Using a Prepaid Metering System;

WHEREAS, the said Rules provide residential customers a choice for energy management strategies, establish rules and technical standards for Prepaid Retail Electric Service using a prepaid metering system, enhance the operational efficiency of the DU, and promote demand side management;

WHEREAS, the said Rules were posted on the ERC website and published in a newspaper of general circulation to solicit comments from interested stakeholders;

WHEREAS, public consultations were conducted in Cebu City and in Manila on August 26, 2008 and September 2, 2008, respectively;

WHEREAS, the first (1<sup>st</sup>) and second (2<sup>nd</sup>) revisions of the Rules incorporating the comments of the stakeholders were posted on the ERC website on November 10, 2008 and May 4, 2009, respectively;

NOW THEREFORE, after careful deliberation on the issues relative thereto, the ERC RESOLVED, as it hereby RESOLVES, to APPROVE and ADOPT the "Rules for Prepaid Retail Electric Service Using a Prepaid Metering System", herein attached as Annex "A" and made an integral part of this Resolution.

All rules and guidelines, or any portion thereof, issued by the ERC, not consistent with these Rules are hereby repealed or modified accordingly. Rules and guidelines not affected shall remain in effect and applicable to Prepaid Retail Electric Service customers.

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

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

Adopted: 13 July 2009

(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*

*Attachment*

## **RULES FOR PREPAID RETAIL ELECTRIC SERVICE USING A PREPAID METERING SYSTEM**

### **ERC CASE NO. 2008-010 RM**

Pursuant to Section 43 (h) of Republic Act No. 9136 and Section 4 (o), Rule 3 of its Implementing Rules and Regulations (IRR), the Energy Regulatory Commission (ERC) hereby adopts and promulgates the following Rules for Prepaid Retail Electric Service Using a Prepaid Metering System.

### **ARTICLE I GENERAL PROVISIONS**

#### **1.1 Objectives**

These Rules shall have the following objectives:

- 1.1.1 Provide residential customers a choice for energy management strategies;
- 1.1.2 Establish technical standards for Prepaid Retail Electric Service using a prepaid metering system;
- 1.1.3 Establish rules for Prepaid Retail Electric Service using a prepaid metering system in addition to all other applicable existing customer protection rules;
- 1.1.4 Enhance the operational efficiency of the DU; and
- 1.1.5 Promote demand side management.

#### **1.2 Scope**

These Rules shall apply to the following:

- 1.2.1 A Distribution Utility that offers prepaid service to its residential customers using a prepaid metering system as an alternative to its existing postpaid service; and
- 1.2.2 Residential customers availing of prepaid electric service.

#### **1.3 Definition of Terms**

**Act** - Republic Act No 9136, otherwise known as the "Electric Power Industry Reform Act of 2001".

**Distribution Utility (DU)** - An electric cooperative, private corporation, government- owned utility or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with its franchise and the Act.

**Energy Regulatory Commission (ERC)** - The independent and quasi-judicial regulatory agency created under Section 38 of the Act.

**Prepaid Meter** - An electric meter that has the capability to load the purchased energy, to display real time information on how the load is being consumed, and to give a warning that the load is close to zero providing positive buffer before electricity is automatically disconnected.

**Prepaid Retail Electric Service (PRES)** - An electric service using a prepaid metering system designed to allow a residential customer to purchase credit and then use electricity until such time as the credit is exhausted.

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them under Republic Act No. 9136

## **ARTICLE II**

### **REQUIREMENTS FOR PREPAID RETAIL ELECTRIC SERVICE USING PREPAID METERING SYSTEM**

#### **2.1 Application for Approval to Offer Prepaid Retail Electric Service**

A DU shall file with the ERC for approval an application to provide PRES using a prepaid metering system prior to offering such services to residential customers.

Each applicant shall be required to furnish the following information:

- 2.1.1 Its legal name and business address;
  - 2.1.2 Written description of technical specifications of its prepaid metering system;
  - 2.1.3 The number of years of summarized record of electric charges that the prepaid metering system can produce;
  - 2.1.4 The type of prepaid meter to be used with a certification that it meets the minimum requirements specified in these Rules;
  - 2.1.5 The manner by which energy is purchased and credited on the prepaid meter;
  - 2.1.6 The terms and conditions of the service to the residential customer;
  - 2.1.7 The manner by which to recover the cost of the prepaid meter and metering system;
  - 2.1.8 Implementation of the lifeline rate;
  - 2.1.9 Sample printed receipt or confirmation format;
  - 2.1.10 Location and manner of prepaid transaction;
  - 2.1.11 The procedure for converting from post-paid to pre-paid service, and vice versa.
- This shall include the refund and payment of bill deposit;

- 2.1.12 The target date of implementation; and
- 2.1.13 Program on how to inform the customers about the PRES.

## **2.2 Prepaid Meter and Metering System**

The prepaid meter should be certified by the International Electrotechnical Commission (IEC) or American National Standards Institute (ANSI) that it complies with their standards.

The prepaid meter should also have the capability to communicate to the customer the current balance, time and date; to display the customer's previous thirty (30) day-period consumption and the number of days into the current thirty (30) day-period, followed by the consumption in KWh; and to warn the residential customer before the remaining credit level goes below the threshold (in Pesos and equivalent kWh) as may be agreed upon by the residential customer and the DU.

A DU may use any prepaid metering system technology except one that transfers token data using a disposable magnetic stripe card.

## **2.3 Accuracy Requirements of Prepaid Meter**

All prepaid meters should have an average accuracy of as close as possible to the condition of zero error before they are placed in service. The tolerance limit of plus or minus one half percent ( $\pm 0.5\%$ ) is fixed to allow the necessary variations.

The average error of plus or minus two percent ( $\pm 2\%$ ) is fixed as the allowable tolerance for meters in service; Provided, that the error at any test load points (Light load and Full load) does not exceed plus or minus three percent ( $\pm 3\%$ ).

The prepaid meter shall be subject to ERC testing and certification.

The ERC seal attached to the meter is a warranty (1) that the prepaid meter is an acceptable or accepted type, and (2) that it operates within the allowable limits of tolerance.

## **2.4 Installation Location of Prepaid Meters**

Prepaid meters may be installed inside or outside the house of a residential customer, Provided, that either way, the residential customer shall be provided with a mechanism or device to be used in monitoring and managing the rate at which energy is being consumed and in receiving warning when credit drops to the agreed threshold.

## **2.5 Cost of Prepaid Meters and Metering System**

Customers shall not be made to advance the cost of or to purchase the prepaid meter. Prepaid meter deposits shall not be collected by the DUs from their customers.

## **2.6 Prepaid Transaction**