

[ERC RESOLUTION NO. 55, s. 2006, December 18, 2006]

A RESOLUTION ADOPTING A FORMAT FOR DISTRIBUTION SYSTEM LOSS CAP APPLICATIONS OF DISTRIBUTION UTILITIES

WHEREAS, Section 43 (f) of Republic Act No. 9136 and Rule 15 Section 5 of its Implementing Rules and Regulations provide that "the cap on the recoverable rate of system losses prescribed in Section 10 of Republic Act No. 7832, is hereby amended and shall be replaced by caps which shall be determined by the ERC based on load density, sales mix, cost of service, delivery voltage and other technical considerations it may promulgate."

WHEREAS, Article 3.4 of the Philippine Distribution Code (PDC) provides for a System Efficiency Standards for Distributors.

WHEREAS, Article 3.4.1 of the PDC classifies the Distribution System Losses into three (3) categories, namely: 1) Technical Loss, 2) Non-Technical Loss, and 3) Administrative Loss.

WHEREAS, Article 3.4.2 of the PDC provides for a System Loss Cap for all the distributors. Further, said article provides that: 1) the Distributor shall identify and report separately to the ERC the technical and non-technical losses in its Distribution System.

2) The ERC shall, after due notice and hearing, prescribe the caps for the technical and non-technical losses that the Distributor can pass on to its End-Users. Separate caps shall be set for the Technical and Non-Technical Losses; and (3) the Distributor shall submit to the ERC an application for the approval of its Administrative Loss. The allowance for Administrative Loss shall be approved by ERC, after due notice and hearing, based on connected essential Load.

WHEREAS, on December 8, 2006, the ERC conducted a public consultation with the Distribution Utilities and other Electric Industry Participants for the adoption of a format on the Distribution System Loss Cap application of all Distribution Utilities;

WHEREAS, the said format seeks to: (1) provide Distribution Utilities a uniform Distribution System Loss Cap application format; (2) promote transparency and accountability in all phases involving the services provided by Distribution Utilities; (3) promote a policy of full disclosure of all transactions involving public interest; and (4) protect the public interest as it is affected by the rates and services of Distribution Utilities and other providers of Electric Power.

NOW, THEREFORE, the ERC, after thorough and due deliberation, RESOLVED, as it hereby RESOLVES, to APPROVE and ADOPT, as it hereby APPROVES and ADOPTS, the format on the Distribution System Loss Cap application of all Distribution Utilities