



Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. DC 2018-09-0026 /

**ADOPTING FRAMEWORK FOR
UNIFORM MONTHLY ELECTRICITY BILL FORMAT**

WHEREAS, Section 2 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" or "EPIRA", declares as policy of the State, among others:

- a) to ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market; and
- b) to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;

WHEREAS, Section 37 of the EPIRA mandates the DOE to supervise the restructuring of the electric power industry and provide policy direction on the deregulation of the power and energy industry and formulate such rules and regulations as may be necessary to implement the objectives of the Act;

WHEREAS, Section 25 of the EPIRA states that the retail rates charged by Distribution Utilities (DUs) for the supply of electricity in their captive market shall be subject to regulation by the Energy Regulatory Commission (ERC) based on the principle of full recovery of prudent and reasonable economic costs incurred, or such other principles that will promote efficiency as may be determined by the ERC. Every DU shall identify and segregate in its bills to end-users the components of the retail rate.

WHEREAS, Section 4 (ss) of the EPIRA defines Retail Rate as the total price paid by end-users consisting of the charges for generation, transmission and related ancillary services, distribution, supply and other related charges for electric service;

WHEREAS, Section 29 of the EPIRA states that every Supplier shall identify and segregate the components of its supplier's charge, as defined in the EPIRA.

WHEREAS, the collection of bill deposit from consumers has been authorized by the Board of Power and Waterworks (BPW) and later, the Energy Regulatory Board (ERB), which was subsequently adopted by the ERC through the Magna Carta for Residential Electricity Consumers and ERC Resolution No.2, Series of 2010, entitled "A Resolution Adopting the Amendments to the Distribution Services and Open Access Rules (DSOAR)" providing for the rules governing the implementation of the bill deposit collected from residential and non-residential consumers;

WHEREAS, the DOE recognizes the need to empower electricity end-users with greater understanding and transparency on the charges in its monthly electricity bill by unbundling the electricity charge components including those components that are

not part of the unbundled rates but were collected from the consumers for security and reliability of services;

WHEREAS, the DOE conducted Public Consultations on the proposed Department Circular on the following dates and venues:

DATE	VENUE
June 11, 2018	Mandaluyong City
June 13, 2018	General Santos City
June 25, 2018	Cebu City, Cebu
June 29, 2018	Puerto Princesa, Palawan

NOW, THEREFORE, for and in consideration of the foregoing premises, principles and mandates of the EPIRA, the DOE hereby issues, adopts and promulgates the following policy to ensure greater transparency in the billing and charges of DUs to the Electricity End-users for the greater protection of public interest:

Section 1. Guiding Principles. The following principles shall be observed:

- 1.1. The electricity bill shall reflect all corresponding charges collected from all electricity end-users including but not limited to generation, transmission and ancillary services, distribution, supply and metering charges, universal charges and bill deposits, including interest thereon and any other charges that the ERC may approve to be collected from the electricity end-users, subject to the rules and regulations that the ERC may promulgate;
- 1.2. Except for competitive services components such as generation and supply, no charges shall be reflected in the bill and collected from the electricity end-users without the approval of the ERC;
- 1.3. All entities issuing electricity bills shall use a uniform bill format as may be prescribed by the ERC;
- 1.4. The electricity bill shall be prepared in a simple and easy to understand format; and
- 1.5. The individual electricity end-user, upon request, shall have access to his electricity bill records and other details related thereto, including receipts within a reasonable time and at no cost to the end-user.

Section 2. Scope. This Circular shall apply to the following:

- 2.1. Privately-Owned Distribution Utilities;
- 2.2. Electric Cooperatives;
- 2.3. Local Government Owned Utilities;
- 2.4. Entities authorized to operate within Economic Zones; and

- 2.5. Other entities authorized by law to distribute and/or supply electricity to end-users, such as but not limited to Qualified Third Parties, and Retail Electricity Suppliers.

Section 3. Rate Components on Electricity Bill. All electricity end-user bills issued by the entities enumerated under Section 2 herein shall reflect the unbundled costs of providing each service or product and shall at the very least contain the following:

- 3.1. **Generation Charge.** The Generation Charge is a pass-through blended cost of electricity generated by Generation Companies based on Bilateral Supply Contracts and spot purchases.
- 3.2. **Transmission Charge.** The Transmission Charge is the regulated cost for the use of transmission system for the delivery of electricity from generators to distribution system. It also includes the ancillary services charges. Ancillary Services refer to those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with good utility practice and the Philippine Grid Code.

The costs of Ancillary Services, as identified and approved by the ERC, shall be reflected in the bill;

- 3.3. **System Loss Charge.** The System Loss Charge represents the sum of recoverable cost for technical and non-technical losses. Technical Loss refers to the power dissipated in the distribution system and non-technical losses refers to the losses due to pilferages, metering inaccuracies, non-metered and/or human error.
- 3.4. **Distribution Charge.** The Distribution Charge is a regulated cost imposed by the DU for its services, and the following components of the distribution charge shall be listed in the bill separately:
 - 3.4.1. **Distribution System Charge** which covers the cost of developing, building, operating and maintaining the distribution system, which brings power from high voltage transmission grids to the end-users;
 - 3.4.2. **Supply Charge** which covers the cost of rendering service to customers, such as customer assistance, billing, collection, power sourcing and other related activities;
 - 3.4.3. **Metering Charge** which covers the cost of reading, operating and maintaining power metering facilities; and
 - 3.4.4. All other charges and adjustments as may be approved by the ERC;
- 3.5. **Subsidies/Discounts.** The following Subsidies/Discounts, whichever is applicable, shall be listed in the bill separately:
 - 3.5.1. **Lifeline Subsidy** which is the cost of discount availed by Lifeline Customers, referring to marginalized captive market end-users which qualified to avail of the Lifeline Rate, as determined by the ERC;

- 3.5.2. Lifeline Discount which is the cost of subsidy collected from Subsidizing End-Users;
- 3.5.3. Senior Citizen Subsidy which is the amount of discount availed by Senior Citizen End-users;
- 3.5.4. Senior Citizen Discount which is the amount of subsidy collected from Subsidizing End-Users; and
- 3.5.5. All other subsidies and discounts that the law may provide.

The Senior Citizen Subsidy/Discount shall be pursuant to Republic Act No. 9994 and relevant guidelines issued by the ERC.

- 3.6. Government Taxes. The following Government Taxes shall be listed in the bill separately:
 - 3.6.1. Local Franchise Tax which is levied by provinces and cities for business enjoying a franchise, and paid to local government units, in accordance with the Local Government Code;
 - 3.6.2. Value Added Tax which is the consumption tax imposed on the sale of electricity and related services, in accordance with relevant tax laws; and
 - 3.6.3. All other taxes provided by law.
- 3.7. Universal Charges. The following components of the Universal Charge shall be listed in the bill separately:
 - 3.7.1. Missionary Electrification for National Power Corporation Small Power Utilities Group (NPC-SPUG) which is a charge to fund the electrification of remote and unviable areas, as well as areas not connected to the transmission system;
 - 3.7.2. Missionary Electrification for Renewable Energy Developers' Cash Incentive (REDCI) which is a charge to provide cash incentive to eligible renewable energy developers operating in missionary areas;
 - 3.7.3. Environmental Charge which is charge to fund used for watershed rehabilitation and management;
 - 3.7.4. National Power Corporation (NPC) Stranded Debt which is a charge to fund financial obligations of NPC which cannot be covered by the proceeds from the sales and privatization of NPC assets; and
 - 3.7.5. NPC Stranded Contract Cost which is a charge to fund contracted cost of electricity under eligible IPP contracts of NPC that cannot be covered by privatization proceeds and revenues generated out of the contracted energy output.

- 3.8. Feed-In-Tariff Allowance. The Feed-In-Tariff Allowance is a uniform charge in PhP/kWh, collected from all on-grid electricity End-users to support the annual requirements of the Feed-in Tariff Program pursuant to Republic Act No. 9513 or the Renewable Energy Act of 2008.
- 3.9. Other Charges. Other Charges refers to other charges not classified in any of the charges identified herein but are nevertheless collected from the electricity end-users.

Section 4. Additional Information on the Electricity Bill. In addition to the detailed charges identified in Section 3 hereof, the electricity bill shall also reflect the following information:

- 4.1. Customer Account Information. This refers to the key details of the electricity end-user which includes the Customer's Name, Account Number, Service Identification Number or Meter Serial and Company Number, Customer's Classification, Service Address, Bill Deposit and date of payments when the Bill Deposit was paid by the electricity end-user, and updates on bill deposits including interests earned.

Bill Deposit, including interests and adjustments, refers to the amount required from the customers for new and/or additional service, including interests and adjustments thereon that are charged as a result from increase or decrease of electricity consumption.

Interest Bill Deposit refers to the accumulated amount due to the Bill Deposit withheld by the entities issuing the electricity bill, which shall be credited to the customers.

- 4.2. Billing Summary. The Billing Summary refers to the snapshot of the bill, including the previous charges and balance, payments, current charges on the billing period, period covered by the current billing, total amount due, due date, the total consumption for the billing month, the date the bill was issued, the date the meter was read, and the date of the next meter reading.
- 4.3. Message Center. The Message Center refers to the general and account-specific information which shall appear in the bill, including the adjustments or corrections, payment overdue and/or termination notices.
- 4.4. Customer Care. The Customer Care refers to the hotline numbers, e-mail address, website, social media accounts/pages, and/or address for customers to reach the Entity issuing the bill regarding questions or concerns by the Customers. It also includes the notice stating that all disputes that cannot be settled can be elevated to the ERC. The ERC contact number and email address for the Consumer Affairs Service shall be provided.
- 4.5. Payment Slip. The Payment Slip refers to the slip that should be returned with the customer's payment. If the customers are enrolled in the Direct Payment Plan, the customer shall find a receipt for the automatic payment in this spot.

- 4.6. Summary of Electricity Charges. The Summary of Electricity Charges refers to the summary of charges, including the percentage share for the following: Generation, Transmission including Ancillary, Distribution, System Loss, Subsidies/Discount, Government Taxes, Universal Charges, Feed-in-Tariff Allowance, and other Charges.
- 4.7. Billing Details. The Billing Details refer to the details of all components of electricity charges including base consumption, price per component, and total amount per component including monthly fixed charges.
- 4.8. Electricity Consumption Graph. The Electricity Consumption Graph refers to the monthly electricity consumption for the past thirteen (13) month period.

Section 5. E-Billing. Electronic copies of the electricity bill of an end-user may, at the customer's option, be made available and accessible by the entity issuing the electricity bill concerned thru its website or by any other electronic means, in accordance with the applicable rules of the ERC.

Section 6. Information Center. All regulated entities issuing the electricity bill shall post the following in conspicuous areas in their offices, website and/or official social media account/page:

- 6.1. Components of its monthly rate schedule per customer class as duly approved by the ERC;
- 6.2. Details and computation of monthly rate adjustments; and
- 6.3. Description of each charge reflected on the monthly electricity bill.

Section 7. Regulatory Support. The ERC shall promulgate within one hundred twenty (120) days from the Effectivity of this Circular, the necessary regulatory issuances for the implementation of the policy set herein.

Section 8. Separability Clause. If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, the other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

Section 9. Repealing Clause. All issuances inconsistent with the provisions of this Circular are hereby repealed or amended accordingly.

Section 10. Effectivity. This Circular shall take effect fifteen (15) days following its complete publication in at least two (2) newspaper of general circulation and certified true copies thereof shall be filed with the University of the Philippines Law Center.

Issued on _____ at Energy Center, Bonifacio Global City, Taguig City.

AUG 24 2018




ALFONSO G. CUSI
Secretary