

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

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

ERC CASE NO. 2008-XX 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

Section 1. Objectives

These Rules shall have the following objectives:

- a. Establish technical standards for Prepaid Retail Electric Service using a prepayment metering system;
- b. Establish rules for Prepaid Retail Electric Service using a prepayment metering system in addition to all other applicable existing customer protection rules; and
- c. Provide residential customers a choice for energy usage strategies.

Section 2. Scope

These Rules shall apply to the following:

- a. A Distribution Utility that offers prepaid service to its residential customers using a prepaid metering system; and
- b. Residential customers.

Section 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 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.

Remote Customer User Interface (RCUI) A remote extension of the prepaid meter which carries both power and bi-directional signals to and from the prepaid meter.

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

Section 1. Statement of Intent

A DU shall file with the ERC for approval a statement of intent 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:

- a. Its legal name and business address;
- b. Written description of the technical specifications of its prepaid metering system;
- c. The number of years of summarized record of electric charges that the prepaid metering system can produce;
- d. The type of prepaid meter to be used with the following information:
 - i. Certification which shows that the meter complies with either International Electrotechnical Commission (IEC) or American National Standards Institute (ANSI) standards;
 - ii. Capability to communicate to the customer the current balance, time and date, and a warning before the residential customer's prepaid balance is exhausted;
 - iii. The manner by which to credit the purchased energy; and
 - iv. The capability to store at least the last sixty (60) days of the residential customer's electric consumption.
- e. The terms and conditions of the service to the residential customer which shall include, among others, the following:
 - i. Disclosure that the service may be interrupted if the residential customer fails to maintain a positive balance; and
 - ii. Disclosure of location of prepaid meter installation. If a split type of meter is used, it shall indicate the location of the

prepaid meter and its interface and the maximum distance between them shall be indicated.

- f. The manner by which to recover the cost of the prepaid meter and metering system;
- g. The rates to be applied;
- h. Implementation of the lifeline rate;
- i. Printed receipt or confirmation format;
- j. Location and manner of prepaid transaction;
- k. The procedure in reverting from post-paid to pre-paid service, and vice versa. This shall include the refund and payment of bill deposit;
- l. The target date of implementation; and
- m. Method to be used in determining the losses attributed to pre-paid customers that will add up to the total system loss.

Section 2. Prepaid Meter and Metering System

The prepaid meter shall be able to store at least the last sixty (60) days of the residential customer's electric consumption.

A prepaid metering system shall not preclude the interruption of the service upon the exhaustion of the purchased energy; Provided, that the residential customer is forewarned that the remaining credit level is dropping beyond the threshold as agreed upon by the residential customer and the DU.

Section 3. Installation Location of Prepaid Meters

Prepaid meters should be installed in locations that will ensure accountability by the residential customer for purposes of monitoring the rate at which his energy is being consumed and receiving a warning when his credit drops to the agreed threshold.

If a prepaid meter is to be supported by a RCUI, the maximum distance between the prepaid meter and the RCUI should not exceed one hundred thirty (130) meters.

Section 4. Accuracy Requirements of Prepaid Meter

The prepaid meter shall be subject to ERC testing and certification. Only the prepaid meters that meet the standards of either IEC or ANSI shall be approved for service by the ERC.

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.

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 ($\pm 3\%$).

Section 5. Cost of Prepaid Meters and Metering System

The cost of the prepaid meters and metering system shall be borne by the DU. Prepaid meter deposits shall not be collected by the DUs from their customers.

Section 6. Prepaid Transaction

The DU should allow the purchase of electric energy in small increments. The rates to be applied in any prepaid transaction should be based on the previous month's postpaid effective retail rate; Provided, however, that the DU shall continue to charge the lifeline rate to residential customers whose consumptions during a particular month do not exceed the bracketed kWh for marginalized residential customers.

For purposes of this section the word "month" is hereby defined to be the corresponding time interval for which the meters of the DU's postpaid customers are read for the purpose of billing.

Section 7. Printed Receipt or Confirmation

Every time a residential customer makes a payment, the DU shall provide a printed receipt or confirmation of payment that includes the following:

- a. Name of Distribution Utility;
- b. Receipt Number;
- c. Date and time of purchase;
- d. Name of customer;
- e. Amount of electricity credit (in kilowatt-hours and in pesos);
- f. Tariff charge;
- g. The number of purchase transactions made in the same month; and
- h. The terms of the service that the customer will be subject to.

The DU shall post in all its vending or collection offices a printed itemization of the monthly unbundled charges, which shall also be furnished to the residential customer, if requested.

Section 8. Easy Access to the Purchase of Electric Energy

The DU offering PRES using a prepaid metering system shall allow reasonable means by which the residential customer shall have easy access to the purchase of electric energy to ensure continuous service.

Section 9. Summary of Electric Charges

A DU shall keep for each prepaid customer a record necessary to produce a summary of electric charges for at least the preceding two (2) years.

A DU shall, within one (1) business day from receipt of a customer's request, issue a summary of electric charges which should include dates and amounts of payments made during the period covered by the summary.

Section 10. Refund and Payment of Bill Deposit

The DU shall refund to the residential customer who opts to apply PRES his bill deposit under a postpaid service.

Should a residential customer under a PRES decide to revert to postpaid service, a bill deposit has to be paid by the said customer prior to the reconnection to a postpaid service.

ARTICLE III

MODE OF ENTRY

Residential customers under a postpaid service have the option to apply for a PRES using a prepaid metering system on a voluntary basis.

ARTICLE IV

RETENTION (HOLDING) PERIOD

A residential customer who entered PRES has the option to revert to the traditional postpaid electric service if it has already been connected as customer under PRES for at least six (6) months, and after Section 10 of Article II of these Rules has been complied with.

ARTICLE V

REPORTORIAL REQUIREMENTS

Each DU offering PRES using prepaid metering system shall file a monthly report to the ERC containing the following information:

- a. Total kwh sales and revenues derived from PRES during the period;

- b. The number of customers who have availed of lifeline rate during the period and the total sales revenue derived from them; and
- c. The effective rate applied during the period and the corresponding unbundled charges.

ARTICLE VI
FINES AND PENALTIES

Violation of any provisions of these Rules shall; be subject to the imposition of fines and penalties in accordance with the Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties pursuant to Section 46 of the Act promulgated by the ERC on May 17, 2002.

ARTICLE VII
FINAL PROVISIONS

Section 1. Exception Clause

Where Good reason appears, the ERC may allow an exception from any provision of these Rules, if such exception is found to be in the public interest and is not contrary to the law or any other pertinent rules and regulations.

Section 2. Separability Clause

If for any reason, any part or section of these Rules is declared unconstitutional or invalid, the parts or section hereof which are not affected thereby shall continue to be in full force and effect, unless such declaration would render the whole rules unenforceable or cannot be implemented.

Section 3. Repealing Clause

All rules and guidelines, or portions thereof, issued by the ERC, not consistent with these Rules are hereby repealed or modified accordingly.

Section 4. Effectivity

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

Pasig City. _____, 2008

RODOLFO B. ALBANO, JR.
Chairman

RAUF A. TAN
Commissioner

ALEJANDRO Z. BARIN
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