

## FAQ on Universal Charge

### What is Universal Charge?

**A:** Universal Charge refers to the charge, if any, imposed for the recovery of the Stranded Debts, Stranded Contract Costs of NPC, and Stranded Contract Costs of Eligible Contracts of Distribution Utilities and other mandated purposes. It is a non-bypassable charge, which shall be passed on and collected from all end-users on a monthly basis by the distribution utilities.

### What are the intended purposes of the Universal Charge?

**A:** The purposes are as follows:

1. Payment for the stranded debts and stranded contract costs of NPC as well as qualified stranded contract cost of distribution utilities; 2. Missionary electrification; 3. Equalization of taxes and royalties between indigenous or renewable sources of energy vis-avis imported energy fuels; 4. An environmental charge of PhP 0.0025 per kilowatt-hour, which shall accrue to an environmental fund to be used solely for watershed rehabilitation and management; and 5. A charge to account for all forms of cross-subsidies for a period not exceeding three (3) years.

### Which agency shall determine, fix and approve the universal charge?

**A:** The Energy Regulatory Commission (ERC).

### Which agency shall administer the funds generated from the universal charge?

**A:** The Power Sector Assets and Liabilities Management Corporation (PSALM).

### Who shall bear the cost of universal charge?

**A:** All electricity end-users, which shall include, but not limited to:

1. All end-users of distribution utilities such as residential, commercial, and industrial including government and/or public buildings, irrigation systems, and special lightings; 2. Directly-connected end-users of NPC such as but no limited government agencies and institutions, and industrial enterprises; 3. Persons using Self-Generation Facilities; 4. Locators, developers, operators and facilities operating in Economic Zones (EZ); and 5. Other entities identified by the ERC pursuant to the intent of Republic Act No. 9136.

### Will the universal charge be reflected on the electricity bills of the end-users?

**A:** Yes. The universal charge on a per kWh basis shall be included in the billing statements to the end-users. Each of the components of the universal charge shall be reflected as a separate item in the bill.

### Who shall file for the availments from the universal charge?

**A:** The following may petition for availments from the universal charge:

1. PSALM for the stranded debts and stranded contract costs of NPC; 2. Distribution utilities with respect to their stranded contract costs of eligible contracts; 3. NPC-SPUG for missionary electrification; 4. Qualified generation companies with respect to the equalization of taxes and royalties between indigenous or renewable energy resources and imported fuels; 5. NPC, with respect to the environmental charge of PhP 0.0025/kWh sales to be used for the rehabilitation and management of watershed areas; and 6. NPC/PSALM and distribution utilities with respect to the mitigation of the removal of cross- subsidies.

**To date, what components of the universal charge have been determined and approved by ERC?**

**A:** These components are as follows: 1. Missionary electrification in the amount of PhP 0.0373/kWh per ERC Order dated June 26, 2003 2. Environmental charge in the amount of PhP0.0025/kWh per ERC Order dated April 2, 2003

**When should the petitions for availment under the universal charge for the succeeding years be filed to ERC?**

**A:** On or before March 15 of every year.

**When shall a distribution utility that seeks to recover stranded contract costs of its eligible contracts file a petition to ERC for availments of the universal charge?**

**A:** Within one (1) year from the start of open access.

**When shall ERC verify the reasonable amounts and determine the manner and duration for the full recovery of the stranded contract costs of the distribution utility?**

**A:** Within three (3) months from the submission of the petition by the distribution utility.

**To which agency shall any end-user or self-generation entity not connected to a distribution utility remit its corresponding universal charge?**

**A:** It shall remit its corresponding universal charge directly to TRANSCO.

**Does ERC have the authority to look into the books of accounts maintained by the distribution utility in connection with the collection of the universal charge?**

**A:** Yes. These shall be made available to ERC for purposes of monitoring, verifying and accounting of amounts collected from the universal charge and remitted to PSALM.

**How about the books of accounts maintained by PSALM for over-recovery of the distribution utility stranded contract cost component?**

**A:** Yes. These should be made available to ERC for purposes of monitoring and accounting for sums collected from the universal charge.

**What is the reportorial requirement for PSALM?**

**A:** PSALM shall submit to DOF and ERC a report on the remittance and disbursement against Special Trust Fund (STF) on a quarterly basis.

**Is there any penalty imposed for failure to remit collections to PSALM?**

**A:** Yes. ERC may impose the appropriate fines and /or penalties as prescribed including but not limited to assessed interest charges.

**In simple terms, what is the relationship between the distribution utility/TRANSCO and PSALM in the collection, remittance and disbursement of the funds generated from the universal charge?**

**A:** The distribution utility /TRANSCO collects the universal charge, remits it to PSALM, which shall disburse the same in accordance with procedures and guidelines governing all remittances to and disbursements from the STF, which shall be approved by ERC.

**When shall the distribution utility/TRANSCO remit its collections to PSALM?**

**A:** Collections by the distribution utility/TRANSCO shall be remitted to PSALM on or before the 15<sup>th</sup> day of the succeeding month it collected the universal charge from the end-users.

**What shall PSALM do in case the total amount collected from the universal charge is greater than the actual availments against the universal charge?**

**A:** PSALM shall retain the balance within the STF to pay for periods where a shortfall occurs.

**Which entities are exempted from the imposition of universal charge?**

**A:** All self-generation entities whether new, existing or under construction shall not be covered by the imposition of the universal charge for a period of four (4) years from its imposition: Provided, That, such entities shall register with ERC and PSALM.