



Resolution No. 15, Series of 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 (1st) and second (2nd) 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;

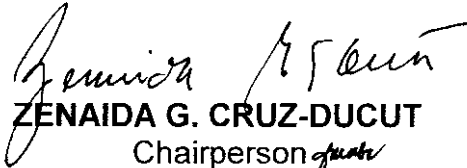
NOW THEREFORE, after careful deliberation on the issues relative thereto, the **ERC RESOLVED**, as it hereby **RESOLVES**, to **APPROVE** and **ADOPT** the "Rules for Prepaid Retail Electric Service Using a Prepaid Metering System", herein attached as Annex "A" and made an integral part of this Resolution.

All rules and guidelines, or any portion thereof, issued by the ERC, not consistent with these Rules are hereby repealed or modified accordingly.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

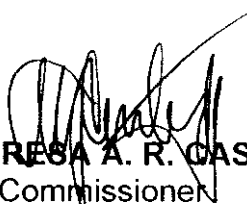
Let copies of this Resolution be furnished the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR) and all entities engaged in the electricity metering.

Pasig City, 13 July 2009.


ZENAIDA G. CRUZ-DUCUT
Chairperson *of the*


RAUF A. TAN
Commissioner


ALEJANDRO Z. BARIN
Commissioner


MARIA TERESA A. R. CASTAÑEDA
Commissioner


JOSE C. REYES
Commissioner

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. 2008-010 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".

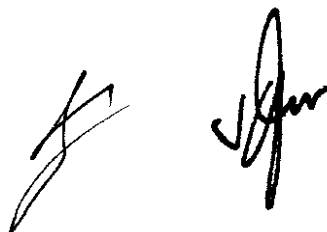
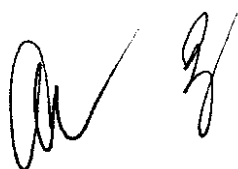
Distribution Utility (DU) An electric cooperative, private corporation, government-owned utility or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with its franchise and the Act.

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 the 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

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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 Peso 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

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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

The DU should allow the purchase of electric energy credit in reasonably small increments.

Unless the DU applies for and the ERC approves a different tariff for prepaid meters, including the application of discounts, if any, the rates to be applied in any prepaid transaction should be based on the effective postpaid retail rate current at the time of purchase; 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 approved lifeline cap.

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 purposes of billing.

2.7 Printed Receipt or Confirmation

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

2.7.1 Name of Distribution Utility;

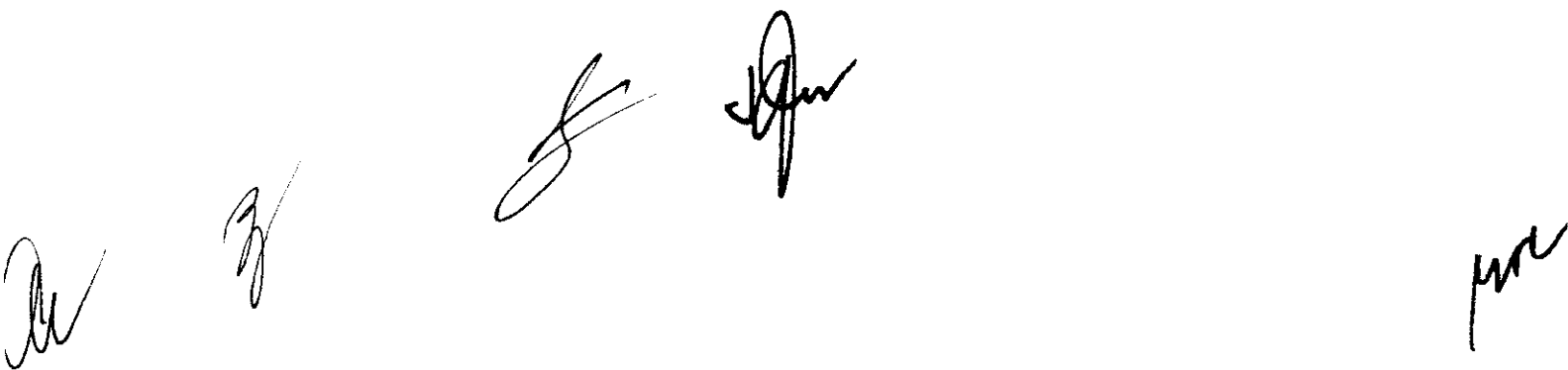
2.7.2 Receipt Number;

2.7.3 Date and time of purchase;

2.7.4 Meter identification (name of customer, meter and service identification numbers, etc.);

2.7.5 Amount of electricity energy credit (in kilowatt-hours and in pesos);

2.7.6 Tariff charge; and

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2.7.7 The number of purchase transactions made in the same month

2.8 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 credit for twenty four (24) hours to ensure continuous service.

2.9 Summary of Electric Charges

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

A DU shall, within five (5) business days from receipt of a customer's request, issue a summary of purchases of electric energy credit and the corresponding charges which should include dates and amounts of payments made during the period covered by the summary.

2.10 Refund and Payment of Bill Deposit of Postpaid Service Customers

The DU shall refund the customer bill deposit required for postpaid service, including the interest earned based on the ERC approved interest rate, to the residential customer who opts to apply for PRES, net of outstanding obligations.

Should a residential customer under a PRES decide to revert to postpaid service, a bill deposit equivalent to the average monthly purchase for the past six (6) months has to be paid by the said customer prior to the reconnection to a postpaid service.

ARTICLE III
ENTRY AND RETENTION

Subject to the availability of a DU's prepaid electric service infrastructure:

- 3.1 Customers have the option to apply for a prepaid retail electric service on a voluntary basis.
- 3.2 Customers should be allowed to avail of the prepaid service on a trial basis for a period of six (6) months to give them the opportunity to assess the impact of using the prepaid service.
- 3.3 After the six (6) months trial period, the customer may:
 - 3.3.1 Enter into a prepaid service contract with the DU with a retention period of twenty four (24) months, or
 - 3.3.2 Revert to being a postpaid customer.
- 3.4 Customers who have already been connected under PRES for at least twenty four (24) months have the option to revert to the traditional postpaid electric service after payment of a bill deposit as provided under Section 2.10 of Article II of these Rules. On the other hand, customers who reverted to being postpaid customers after availing of the six (6) months trial period may still avail of the prepaid service subject to the retention period of at least twenty four (24) months.
- 3.5 Customers who have expressed their inability to pay existing bills under a postpaid service shall be allowed to apply for a PRES using a prepaid metering system through a scheme agreed upon with the DU for the settlement of the unpaid bills.
- 3.6 Customers who have been found guilty of illegal use of electricity by final judgment by regular courts or administrative agencies may be required by the DU to avail of the PRES using a prepaid metering system.
- 3.7 Customers who were required to avail of the prepaid service as provided under Sections 3.5 and 3.6 may revert to traditional postpaid service subject to the DU's approval.



ARTICLE IV
REPORTORIAL REQUIREMENTS

- 4.1** Each DU offering PRES using prepaid metering system shall file a monthly report to the ERC containing the following information:
- 4.1.1** Total kwh sales and revenues derived from PRES during the period;
 - 4.1.2** The number of customers who have availed of lifeline rate during the period and the total sales revenue derived from them; and
 - 4.1.3** The effective rate applied during the period and the corresponding unbundled charges.

ARTICLE V
MISCELLANEOUS PROVISIONS

- 5.1** Applications for approval to offer PRES that require new rate schedule shall comply with the regulatory filing requirements for a rate case.
- 5.2** The DU shall either provide a visual display or post a printed itemization of the monthly unbundled charges in all its vending or collection offices, which shall also be furnished to the residential customer, if requested.

ARTICLE VI
FINES AND PENALTIES

- 6.1** 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, as amended.

ARTICLE VII

FINAL PROVISIONS

7.1 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 law or any other pertinent rules and regulations.

7.2 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 non-implementable.

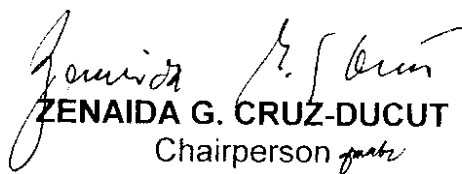
7.3 Applicability and Repealing Clause

All rules and guidelines, or portions 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 PRES customers.

7.4 Effectivity

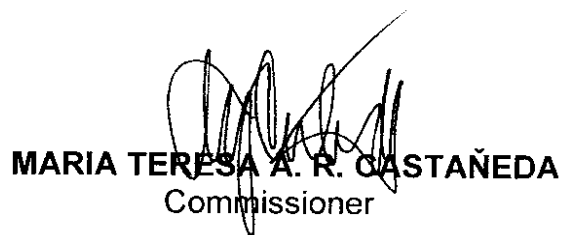
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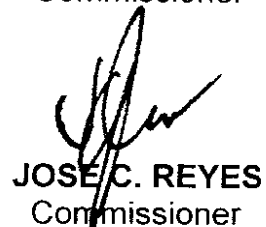
Pasig City, July 13, 2009


ZENAIDA G. CRUZ-DUCUT
Chairperson *quarta*


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Commissioner


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