

**DEPARTMENT CIRCULAR NO. \_\_\_\_\_**

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

**WHEREAS**, Section 2 of the Republic Act 9136, otherwise known as the “Electric Power Industry Reform Act (EPIRA) of 2001”, declared as the policy of the State, among others, 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 25 of the EPIRA requires that every distribution utility shall identify and segregate in its bills to end-users the components of the retail rate, as defined in the Act;

**WHEREAS**, pursuant to the Section 36 of Republic Act No. 9136, and Rule 10 of its Implementing Rules and Regulations (IRR) require that any electric power industry participant shall functionally and structurally unbundle its business activities and rates in accordance with the sectors as identified in Section 5 to include generation, transmission, distribution and supply, and unbundling of business activities between regulated and non-regulated activities including the removal of cross-subsidies, subject to review and approval by the Energy Regulatory Commission (ERC) ;

**WHEREAS**, each distribution utility shall within six (6) months from the effectivity of the Act, shall file its revised rates for the approval by the ERC. The distribution wheeling charge shall be unbundled from the retail rate and the rates shall reflect the respective costs of providing each service;

**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 43 of the EPIRA mandates the Energy Regulatory Commission to review and approve any changes on the terms and conditions of service of the TRANSCO or any distribution utility and after due notice and public hearing, fix and allow the TRANSCO to charge user fees for ancillary services to all electric power industry participants or self-generating entities connected to the grid;

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

**WHEREAS**, the DOE take cognizance of 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 was collected from the consumers for security and reliability of services;

**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 Distribution Utilities to the Electricity End-users for the utmost protection of public interest:

**Section 1. Guiding Principles.** Pursuant to the declared policies of the EPIRA, among others, to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power, and ensuring consumer empowerment and protection of public interest, the collection of charges by the distribution utilities, from the electricity end-users thru the electricity bill, shall be governed and regulated in accordance with the following principles:

- a) The electricity bill shall reflect all corresponding charges collected by the distribution utilities from all electricity end-users including but not limited to generation, transmission, distribution, supply and metering charges, and bill and meter deposits, including interest thereon and any other charges that the ERC may approve to be collected from the electricity end-users;
- b) The electricity bill shall be prepared in a simple and easy to understand format;
- c) 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;
- d) To the extent possible, subject to ERC regulation, all distribution utilities shall use a uniform bill format as may be prescribed by the ERC.

**Section 2. Scope.** This Circular shall apply to all Distribution Utilities including the following:

- a) Private Investors' Owned Utilities;
- b) Electric Cooperatives;
- c) Local Government Owned Utilities;
- d) Entities authorized to operate within Economic Zones; and
- e) Other entities authorized by law to distribute electricity to end-users;

**Section 3. Components of the Electricity Charges on Electricity Bill.** Upon the effectivity of this Circular, all electricity end-user bills issued by distribution utilities shall reflect unbundled costs of providing each service or product and at the minimum shall contain the following:

- a) **Generation Charge.** The Generation Charge is a pass-through blended cost of electricity generated by Independent Power Producers (IPPs) based on Bilateral Supply Contracts, spot purchases not covered by supply contracts, and/or National Power Corporation's and/or Successor-

Generating Company's regulated rate based on Transition Supply Contract (TSC).

- b) **Transmission Charge.** 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 availment of ancillary services. "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 Grid code. For billing to the electricity end-users, the costs for providing each type of Ancillary Services, as identified and approved by the ERC, shall be reflected in the bill;
- c) **System Loss Charge.** System Loss Charge represent the recoverable cost of (i) technical losses or the power dissipated in the distribution system and (ii) non-technical losses or the losses due to pilferages, metering inaccuracies, non-metered and/or human error.
- d) **Distribution Charge.** Distribution Charge is the regulated cost being imposed by distribution utility for its services.
  - i. **Distribution System Charge** covers the cost of developing, building, operating and maintaining the distribution system, which brings power from high voltage transmission grids to the end-users;
  - ii. **Supply Charge** covers the cost of rendering service to customers, such as customer assistance, billing, collection, power sourcing and other related activities;
  - iii. **Metering Charge** covers the cost of reading, operating and maintaining power metering facilities; and
  - iv. **All other charges and adjustments** as may be approved by the ERC;
- e) **Subsidies/Discount**
  - i. **Lifeline Subsidy/Discount** is the determined rate being added/discounted to/from the customers as subsidy to marginalized captive market end-users who cannot afford to pay full cost; and
  - ii. **Senior Citizen Subsidy/Discount** is the determined rate being added/discounted to customers as subsidy to senior citizens under residential rates;
- f) **Government Taxes**

- i. Local Franchise Tax is levied by provinces and cities for business enjoying a franchise, and paid to local government units, in accordance with the Local Government Code; and
- ii. Value Added Tax is the consumption tax imposed on the sale of electricity and related services;

g) Universal Charges

- i. Missionary Electrification is charge to fund the electrification of remote and unviable areas, as well as areas not connected to the transmission system;
- ii. Environmental Charge is charge to fund used for watershed rehabilitation and management;
- iii. NPC Stranded Debts; and
- iv. NPC Stranded Contract Costs refers to the excess of the contracted cost of electricity under eligible IPP contracts of NPC over the actual selling price of the contracted energy output.

h) Feed-In-Tariff Allowance. Feed-In-Tariff Allowance is additional tariff paid to support the qualified renewable energy producers in the country.

i) Other Charges. This refers to other charges not classified in any of the charges identified herein but are collected by distribution utilities as may be approved by the ERC.

The summary of the above charges shall reflect corresponding percentage share of each component on the total amount billed to the electricity end-users.

Distribution utilities shall post in its website components of its monthly rate schedule per customer class as duly approved by the ERC. Further, electronic copies of the electricity bill of an end-user shall be made available and accessible by the distribution utility concerned thru its website.

**Section 4. Contents of an Electricity Bill.** In addition to the detailed charges as identified in Section 3 hereof, the electricity bill of a distribution utility shall reflect the following information:

- a) Customer Account Information – This refers to the electricity end-user's key details to include the Customer's Name, Account number, Service Identification Number, Customer's Classification, Service Address, date of payments when the Bill Deposit and Meter Deposit was paid by the electricity end-user and next meter reading date.

Bill Deposit including interests and adjustments. This refers to the amount required from the customers by distribution utilities for new and/or additional service, including interest thereon and adjustments that are

charged by the distribution utility as a result from increase or decrease of electricity consumption, as may be approved by the ERC.

Meter Deposit including interests and adjustments. This refers to the amount required from the customers by distribution utilities for the installation of a new and/or additional meters, including interest and adjustments thereon.

Interest Bill Deposit and Meter Deposit refers to the accumulated amount due to the withheld by distribution utilities of such deposits, which shall be credited to the customers.

- b) Billing Summary - This reflects snapshot of the bill, including the Previous charges and Payments, Current Charges on the billing Period, Total Amount Due, Due Date, and the total consumption for the billing month.
- c) Message Center - General and account-specific information shall appear including adjustments or corrections to the bill, and overdue or termination notices.
- d) Customer Care – This should provide contact information including hotline numbers, e-mail address, website, social media accounts/pages, and address for customers to reach the distribution utility in case of questions or concern, or if there is a need to report a service problem or outage.
- e) Payment Slip - This should be returned with the customer's payment. If the customers are enrolled in the distribution utility's Direct Payment Plan, the customer shall find a receipt for the automatic payment in this spot.
- f) Summary of Electricity Charges. This reflects summary of charges and percentage share for the following: Generation, Transmission, Distribution, System Loss, Subsidies/Discount, Government Taxes, Universal Charges, Feed-in-Tariff Allowance, and other Charges.
- g) Billing Details – This shall reflect details of all components of electricity charges including base consumption, price per component, and total amount per component including monthly fixed charges. The electricity bill shall reflect a short description of each bill component.
- h) Electricity Consumption Graph – This should reflect monthly electricity consumption for the past thirteen (13) month period.

**Section 5. Regulatory Support.** The ERC shall provide within sixty (60) days the necessary regulatory issuances for the implementation of the policy set forth in this Circular.

**Section 6. 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 7. Repealing Clause.** Except insofar as may be manifestly inconsistent herewith, nothing in this Circular shall be construed as to repeal any of the mechanisms already existing or responsibilities already provided for under existing rules.

**Section 8. Effectivity.** This Circular shall take effect fifteen (15) days following its complete publication in at least two (2) newspaper of general circulation.

Issued on \_\_\_\_\_ at Energy Center, Bonifacio Global City, Taguig City.