



Regulatory Advisory No. 2022-003

To : ALL ELECTRIC COOPERATIVES

Subject : Reduction of System Loss and Over-Contracted Capacities

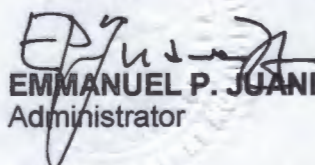
Date : 14 January 2022

Based on the review of the electric cooperatives' (ECs) Residential Unbundled Rates for September 2021, more than 44% of the 121 ECs manifested a considerably high energy charges, while, significant increases from the previous quarter were observed among 18% of the 121 ECs. The upsurge in electricity rates for the said period was mainly attributed to the high fuel prices due to the price hike of coal in the world market.

In order to mitigate further increase in energy charges, all ECs, especially those with notably high system losses and/or those which have exceeded the 12% threshold set by the Energy Regulatory Commission (ERC) per Resolution No. 20 series of 2017, are advised to **strengthen and strictly implement their Systems Loss Reduction Program (SLRP)**. Accordingly, ECs must identify distribution system losses in their networks founded upon and segregated based on respective components to be able to determine the most effective SLRP.

It is with emphasis that all ECs must continuously ensure its compliance with DOE DC 2018-02-0003 in the conduct of the Competitive Selection Process (CSP) for Power Supply Agreement (PSA), and its Supplemental Provisions under DC 2021-09-0030, as applicable. Further, ECs are advised to review its existing Power Supply Agreement (PSAs) and renegotiate with their respective power suppliers to trim down over-contracted power supplies. With respect to reducing transmission and systems losses, it is most prudent to source the required capacities from within the operating region. This however, should not be construed to delimit interested bidder or discriminate against other supplier-proponents from participating in the conduct of CSP.

We look forward to your usual cooperation and compliance.


EMMANUEL P. JUANEZA
Administrator

