



NATIONAL ELECTRIFICATION ADMINISTRATION

"The 1st Performance Governance System-Institutionalized National Government Agency"
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Regulatory Advisory No. 2023-004

TO : ALL ELECTRIC COOPERATIVES

SUBJECT : COUNTER CHECKING AND VALIDATION OF POWER BILLS
FROM POWER SUPPLIERS

DATE : JUN 05 2023

Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 mandates all Electric Cooperatives (ECs) to supply electricity in the least cost manner to its captive market. To realize this mandate, ECs must validate and verify the pass-through generation charges billed by contracted Generation Companies (GenCos) which are then passed on to their member-consumer owners.

In line with this, and owing to the decrease of fuel costs in the world market, ECs are hereby directed to strictly scrutinize the power bills received from their contracted GenCos. This includes the review of the indices used by GenCos to calculate the monthly generation charges as well as the fuel cost computation (including the relevant heat rates). It is the duty of ECs to ensure that these variable costs conform to the terms of their respective approved Power Supply Agreements (PSAs) and to the prevailing cost of fuel in the world market.

ECs are required to submit information and reports to the Energy Regulatory Commission (ERC) relating to fuel charges imposed by the generation companies as it is significant in the determination of the authority to charge generation rates under their respective PSAs.

ECs shall be held administratively liable under the pertinent ERC and NEA Policies, Rules and Regulations without prejudice to other sanctions under pertinent laws should they fail to perform this directive.

With the recent audit conducted by ERC, approximately 25 ECs were issued Show Cause Orders and required to give an explanation for having failed to justify pass-through fuel costs, and are hereby further directed to comply accordingly.

ECs are duty bound to render the best services at all times and provide electricity in the least cost manner to its member-consumer-owners.

For strict compliance.


ANTONIO MARIANO C. ALMEDA
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION
Office of the Administrator



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ERC Requires Distribution Utilities to Explain Failure to Justify Pass-through Fuel Costs

31 May 2023 / Planning and Public Information Service

PASIG CITY - The Energy Regulatory Commission (ERC) issued 33 Show Cause Orders (SCOs) directing 25 Electric Cooperatives (ECs) and three (3) Private Distribution Utilities (PDUs) to explain why they should not be penalized for failure to provide information on the pass-through fuel cost charged to their customers. The move comes in the course of the ERC's ongoing Fuel Audit which aims to verify the accuracy of fuel charges imposed on electricity consumers under the Power Supply Agreements (PSAs).

The 33 SCOs were issued by the ERC against the said Distribution Utilities (DUs) due to their failure to provide the necessary information within the prescribed timelines set by ERC regulations, including Resolution No. 16, Series of 2009, Resolution 24, Series of 2011, as well as the respective ERC approvals of the PSAs. The ERC emphasized that the submission of reports related to fuel charges is a condition for the grant of authority to charge generation rates under their PSAs.

The Commission highlighted that the DUs' non-compliance with reportorial requirements undermines the distribution utility's primary obligation to procure energy supply for its captive consumers in the least cost manner.

The DUs in question have been directed to provide verified explanations to the ERC or face potential administrative penalties.

The Fuel Audit initiated by the ERC last year is part of broader efforts to enhance transparency and accountability in the energy industry. By scrutinizing fuel charges and ensuring their accuracy, the ERC aims to safeguard the rights and interests of electricity consumers, preventing the undue burden of unjustified costs.

The subject ECs and PDUs are as follows:

Electric Cooperatives:

1. Abra Electric Cooperative, Inc. (ABRECO)
2. Aklan Electric Cooperative, Inc. (AKELCO)
3. Albay Electric Cooperative, Inc. (ALECO)
4. Camiguin Electric Cooperative, Inc. (CAMELCO)
5. Capiz Electric Cooperative, Inc. (CAPELCO)
6. Camarines Sur II Electric Cooperative, Inc. (CASURECO II)
7. Cebu I Electric Cooperative, Inc. (CEBECO I)
8. Central Negros Electric Cooperative, Inc. (CENECO)
9. North Cotabato Electric Cooperative, Inc. (COTELCO)
10. Davao Norte Davao Oriental Electric Cooperative, Inc. (DORECO)
11. Don Orestes Romualdez Electric Cooperative, Inc. (DORELCO)
12. Iloilo III Electric Cooperative, Inc. (ILECO III)
13. Kalinga Apayao Electric Cooperative, Inc. (KAELCO)
14. La Union Electric Cooperative, Inc. (LUELCO)
15. Northern Davao Electric Cooperative, Inc. (NORDECO)
16. Oriental Mindoro Electric Cooperative, Inc. (ORMECO)
17. Pampanga III Electric Cooperative, Inc. (PELCO III)
18. Pampanga Rural Electric Cooperative, Inc. (PRESCO)
19. Surigao Sur II Electric Cooperative, Inc. (SURSECO II)
20. Zambales II Electric Cooperative, Inc. (ZAMECO II)

Electric Cooperatives with two (2) SCOs for different PSAs:

21. Ilocos Sur Electric Cooperative, Inc. (ISECO)
22. Isabela II Electric Cooperative, Inc. (ISELCO)
23. Lanao Del Norte Electric Cooperative, Inc. (LANECO)
24. Pangasinan III Electric Cooperative, Inc. (PANELCO III)
25. Zamboanga Sur I Electric Cooperative, Inc. (ZAMSURECO I)

Private Distribution Utilities:

26. Iligan Light & Power, Inc. (ILPI)
27. Mactan Electric Company, Inc. (MECO)
28. Olongapo Electric Distribution Co. (OEDC)