

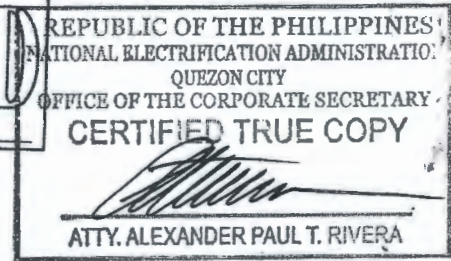
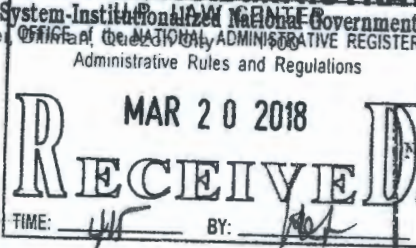


NATIONAL ELECTRIFICATION ADMINISTRATION

"The 1st Performance Governance System-Institutionalized National Government Agency"
57 NIA Road, Government Center, Quezon City, Philippines



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March 16, 2018

MEMORANDUM No. **2018-014**

TO : ALL ELECTRIC COOPERATIVES (ECs)

SUBJECT : Revisions on the Enhanced EC Overall Performance Assessment Criteria and EC Classification

A. Enhanced EC Overall Performance Assessment Criteria

- The Enhanced EC Overall Performance Assessment Criteria was issued to all ECs per Memorandum No. 2018-005 dated January 25, 2018, of which System Loss is one of the performance parameters.
- On February 21, 2018, the Energy Regulatory Commission (ERC) published the Rules for Setting the Distribution System Loss Cap and Establishing Performance Incentive Scheme for Distribution Efficiency. Accordingly, the ERC set three (3) clusters of ECs with corresponding Distribution System Loss Caps.
- Taking into consideration the new ERC approved Distribution System Loss (DSL) Caps, the rating scheme for System Loss is revised as shown below.

a. Major Criteria

Cluster 1 ECs

2018 Onwards DSL Cap: 12%	Point Score
Below 10.00	15
10.00 - 11.00	14
11.01 - 12.00	13
Above 12.00	0

Cluster 2 ECs

2018 DSL Cap: 12%	2019 DSL Cap: 11%	2020 Onwards DSL Cap: 10.25%	Point Score
Below 10.00	Below 9.00	Below 8.25	15
10.00 - 11.00	9.00 - 10.00	8.25 - 9.25	14
11.01 - 12.00	10.01 - 11.00	9.26 - 10.25	13
Above 12.00	Above 11.00	Above 10.25	0

Cluster 3 ECs

2018 DSL Cap: 12%	2019 DSL Cap: 11%	2020 DSL Cap: 10%	2021 DSL Cap: 9%	2022 Onwards DSL Cap: 8.25%	Point Score
Below 10.00	Below 9.00	Below 8.00	Below 7.00	Below 6.25	15
10.00 - 11.00	9.00 - 10.00	8.00 - 9.00	7.00 - 8.00	6.25 - 7.25	14
11.01 - 12.00	10.01 - 11.00	9.01 - 10.00	8.01 - 9.00	7.26 - 8.25	13
Above 12.00	Above 11.00	Above 10.00	Above 9.00	Above 8.25	0

b. Incentive Points

One (1) incentive point for every 1% reduction in System Loss from the level which earned the maximum allocated points of fifteen (15) for each EC Cluster, but not to exceed two (2) points.

B. EC Classification

1. The Guidelines for the Classification of ECs was issued per Memorandum No. 2014-001 dated January 14, 2014 wherein six (6) parameters and standards were adopted to measure the performance of ECs and serve as triggers for the NEA intervention in the EC operations.
2. Under the Enhanced EC Overall Performance Assessment Criteria, Payment to Power Suppliers/Transmission (Main Grid)/Sub-Transmission (Consortium) and Result of Financial Operation (Net Margin after RFSC) are used instead of Payment to GENCO and NGCP, and Profitability (Net Margin before RFSC), respectively. On the other hand, the standard adopted for System Loss is 13% (previous approved cap) under the EC Classification.
3. For consistency, the parameters and standards to be used in the Classification of ECs shall be as follows:

Six (6) Financial and Operational Standards and Parameters

Parameters	Standards
1. Cash General Fund	At least one month working capital
2. Collection Efficiency	95% and above
3. Payment to Power Suppliers / Transmission (Main Grid) / Sub-Transmission (Consortium)	Current / Restructured Current
4. Result of Financial Operation (Net Margin after RFSC)	Positive
5. Networth	Positive
6. System Loss	ERC Approved Caps

These shall be applied starting Performance Year 2018.


EDGARDO R. MASONGSONG
 Administrator

NATIONAL ELECTRIFICATION
 ADMINISTRATION
 Office of the Administrator

 NEA-OA250366 *ED 3/16/18*

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Approved by the NEA Board of Administrators during its meeting on March 16, 2018



March 17, 2018

THE DIRECTOR

Office of the National Administrative Register
University of the Philippines Law Center
U.P Law Center, Diliman
Quezon City

Sir:

Pursuant to Book VII, Chapter 2, Section 3 of the 1987 Administrative Code of the Philippines, we are respectfully submitting to the U.P Law Center for filing, publication and recording the attached certified true copies of the **"REVISIONS ON THE ENHANCED EC OVERALL PERFORMANCE ASSESSMENT CRITERIA AND EC CLASSIFICATION"** promulgated by the National Electrification Administration (NEA) in accordance with its authority under Section 5 of P.D. No. 269 as amended.

Thank you very much for the usual and kind assistance of the U.P Law Center.

Very truly yours.

ATTY. ALEXANDER PAUL T. RIVERA
Corporate Board Secretary V

