



Resolution No. 17, Series of 2012

**A RESOLUTION ADOPTING THE AMENDMENTS TO THE RULES FOR PREPAID
RETAIL ELECTRIC SERVICE USING A PREPAID METERING SYSTEM**

WHEREAS, on July 13, 2009 the Energy Regulatory Commission (ERC) issued Resolution No. 15, Series of 2009, adopting the "Rules for Prepaid Retail Electric Service Using a Prepaid Metering System;

WHEREAS, on November 4, 2010, a petition was filed for the amendment of some of the provisions of said Rules;

WHEREAS, the proposed amendments were posted on the ERC website to solicit comments from interested stakeholders;

WHEREAS, several public consultations were conducted;

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

- 1) Expansion of the coverage of the Prepaid Retail Electric Service (PRES) to all customer classifications;
- 2) Approval on the use of all available types of technologies in the implementation of PRES;
- 3) Classification of the acceptable Prepaid Metering System;
- 4) Adoption of the postpaid retail rate current at the particular month the credited load was consumed as the applicable prepaid rate, whereby the remaining credits from previous month's consumption shall be adjusted based on the applicable postpaid retail rate in the succeeding month;
- 5) Setting up the alarm of a warning device three (3) days before a customer's remaining credit is exhausted, which is based on his or her average monthly consumption, with a threshold of ten (10) kWh for every one hundred (100) kWh; and

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A handwritten signature in black ink, appearing to be a stylized 'J' or similar character.

A handwritten mark or signature in black ink, appearing to be a stylized '3' or similar character.

6) Obligatory use of ERC-type approved meters in PRES revenue metering.

All rules and guidelines or any portion thereof issued by the ERC which are not consistent with these Rules are hereby repealed or modified accordingly. Rules and guidelines not affected shall remain in force and effect.

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, October 1, 2012.


ZENAIDA G. CRUZ-DUCUT
Chairperson


MARIA TERESA R. CASTAÑEDA
Commissioner


JOSE C. REYES
Commissioner

(Took no part)
ALFREDO J. NON
Commissioner


GLORIA VICTORIA C. YAP-TARUC
Commissioner

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

**RULES FOR PREPAID RETAIL ELECTRIC SERVICE
USING A PREPAID METERING SYSTEM, AS AMENDED**

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 customers¹ a choice for energy management strategies;
- 1.1.2** Establish technical standards for Prepaid Retail Electric Service (PRES) using a Prepaid Metering System (PMS);²
- 1.1.3** Establish rules for PRES using a PMS in addition to all other applicable existing customer protection rules;³

¹ The coverage of Prepaid Retail Electric Service (PRES) in the original Rules was limited only to residential customers. Hence, the word “customers” appearing in the original text has a preposition “residential” so as to imply that the specific provision applies only to residential customers availing of the PRES. However, in the amended text, the word “residential” was deleted so that the word “customers” will now be referring to all customer classes availing of the PRES.

Original text - “1.1.1 Provide residential customers a choice for energy management strategies;”

² The abbreviations of PRES and PMS which stand for “Prepaid Retail Electric Service” and “Prepaid Metering System”, respectively, are introduced in the amended text of Sub-Section 1.1.2. Likewise, the first letter of each word in the phrase “prepaid metering system” which appears in the original text is capitalized in the amended text for being now included in the Definition of Terms.

Original text - “1.1.2 Establish technical standards for Prepaid Retail Electric Service using a prepaid metering system”;

³ The terms “Prepaid Retail Electric Service” and “Prepaid Metering System” are replaced in the amended text by their abbreviations PRES and PMS, respectively.

Original text – “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 Distribution Utility (DU); and

1.1.5 Promote demand side management.

1.2 Scope

These Rules shall apply to the following:

1.2.1 A DU⁴ that offers PRES⁵ to its customers⁶ as an alternative to its existing postpaid service; and

1.2.2 Customers⁷ availing of PRES.

1.3 Definition of Terms

Act	Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001”.
Advance Meter⁸	An electric meter capable of two-way communication with a utility operations center, allowing the utility to remotely track a customer’s usage data and to remotely connect or disconnect a customer’s electric service.
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 Metering System (PMS)⁹	A system with capability to implement PRES, using Prepaid Meters that interoperate with a vending system which are compliant with Standard Transfer Specification (STS), or an

⁴ The term “Distribution Utility” in the original text is replaced by the abbreviated term “DU” in the amended text.

⁵ The term “Prepaid Retail Electric Service” in the original text is replaced by the abbreviated “PRES” in the amended text.

⁶ The preposition “residential” to the word “customers” in the original text was deleted so that the word “customers” in the amended text will now be referring to all customer classes who avail PRES.

⁷ Id.

⁸ New definition

⁹ Id.

architecture that creates a network between Advance Meters and DU's meter management and billing systems.

Prepaid Retail Electric Service (PRES) An electric service using a PMS¹⁰ designed to allow a customer¹¹ to purchase credit and then use electricity until such time as the credit is exhausted.

Standard Transfer Specification (STS)¹² A secure message protocol that allows information to be carried between vending system and Prepaid Meters.

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 PMS¹³ prior to offering such services to customers¹⁴.

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 PMS¹⁵;
- 2.1.3 The number of years of summarized record of electric charges that the PMS can produce;
- 2.1.4 **The type of Prepaid Meter or Advance Meter¹⁶ to be used with a certification that it meets the minimum requirements specified in these Rules;**

¹⁰ The term "Prepaid Metering System" in the original text is replaced by the abbreviated term "PMS" in the amended text.

¹¹ The proposition "residential" to the word "customer" in the original text was deleted so that the word "customer" in the amended text will now be referring to any of the customer classes who avails PRES.

¹² New definition

¹³ The term "Prepaid Metering System" in the original text is replaced by the abbreviated term "PMS" in the amended text.

¹⁴ The proposition "residential" to the word "customers" in the original text was deleted so that the word "customers" in the amended text will now be referring to all customer classes who avail PRES.

¹⁵ The term "Prepaid Metering System" in the original text is replaced by the abbreviated term "PMS" in the amended text.

¹⁶ Words in bold letters in the amended text are not part of the original text

Original text – "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;¹⁷
- 2.1.6 The terms and conditions of the service to the customer¹⁸;
- 2.1.7 The manner by which to recover the cost of the PMS¹⁹;
- 2.1.8 Retail rate to be used;²⁰
- 2.1.9 Implementation of the lifeline rate;
- 2.1.10 Sample printed receipt or confirmation format;
- 2.1.11 Location and manner of prepaid transaction;
- 2.1.12 The procedure for converting from post-paid to pre-paid service, and vice versa. This shall include the refund and payment of bill deposit;
- 2.1.13 The target date of implementation; and
- 2.1.14 Program on how to inform the customers about the PRES.

2.2 PRES Eligible Meters²¹

Only those types of meters with prior approval from the ERC are eligible for use in PRES revenue metering.

2.3 Prepaid Metering System²²

The PMS should have the capability to communicate to the customer the instantaneous energy consumption, the remaining balance (in kWh), time and date; the customer's previous thirty (30) day-period consumption and

¹⁷ The phrase "on the prepaid meter" found in the original text no longer appears in the amended text.
Original text – "2.1.5 The manner by which energy is purchased and credited on the prepaid meter;"

¹⁸ The preposition "residential" to the word "customer" in the original text was deleted so that the word "customer" in the amended text will now be referring to any of the customer classes who avails PRES.

¹⁹ The term "Prepaid Metering System" in the original text is replaced by the abbreviated term "PMS" in the amended text.

²⁰ New provision

²¹ Id.

²² Major alteration was made on the title and text of Section 2.2 of the original Rules which is now numbered Section 2.3 in the amended Rules.

Original text-

"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."

the number of days into the current thirty (30) day-period, followed by the consumption in kWh; and to warn the customer three (3) days before his/her remaining credit is exhausted, which is based on the customer's average monthly consumption, with a threshold of ten (10) kWh for every one hundred (100) kWh.

The PMS should be capable to interoperate with different brands of meters.

2.4 Accuracy Requirements of Meters²³

All meters²⁴ 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 **PRES revenue meter**²⁵ 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.

2.5 Monitoring and Warning Device²⁶

Customers should be provided with a mechanism or device to be used in monitoring and managing the rate at which energy is being consumed and in receiving warning when credit drops to the required threshold.

²³ The preposition "Prepaid" to the word "Meter" on the title of Section 2.3 of the original Rules was deleted so that the word "Meters" appearing now in the title of Section 2.4 of the amended Rules will now be referring to both "prepaid" or "advance" meters.

Original text – **"2.3 Accuracy Requirements of Prepaid Meter"**

²⁴ The preposition "prepaid" to the word "meter" in the original text was deleted so that the word "meters" in the amended text will now be referring to both "prepaid" and "advance" meters.

²⁵ The phrase in bold letters appearing in the third paragraph of Section 2.4 of the amended Rules replaces the phrase "prepaid meter" in the third paragraph of Section 2.3 of the original Rules.

Original text – "The prepaid meter shall be subject to ERC testing and certification."

²⁶ Major alteration was made on the title and text of Section 2.4 of the original Rules which is now numbered Section 2.5 in the amended Rules.

Original text-

"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 and managing the rate at which energy is being consumed and in receiving warning when credit drops to the agreed threshold."

2.6 Cost of Meters²⁷

Customers shall not be made to advance the cost of or to purchase the meter. Meter deposits shall not be collected by the DUs from their customers.

2.7 Prepaid Rate²⁸

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 PRES, including the application of discounts, if any, the rates to be applied shall be based on the applicable postpaid retail rate current at the particular month the credited load was consumed: Provided, however, That any remaining credits from a previous month's consumption shall be adjusted based on the applicable postpaid retail rate in the succeeding month; Provided, further, 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.

²⁷ Major alteration was made on the title and text of Section 2.5 of the original Rules which is now numbered Section 2.6 in the amended Rules.

Original text –

"2.5 Cost of Prepaid 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."

²⁸ Major alteration was made on the title and text of Section 2.6 of the original Rules which is now numbered Section 2.7 in the amended Rules.

Original text-

"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 for 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."

2.8 Printed Receipt or Confirmation²⁹

Every time a customer makes a prepaid transaction, the DU shall provide a printed receipt or any form of confirmation of the loaded or credited amount of energy that includes the following:

- 2.8.1** Name of Distribution Utility;
- 2.8.2** Receipt Number;
- 2.8.3** Date and time of loading or activation of energy credit;
- 2.8.4** Meter identification (it is either the name of the registered customer, or meter and/or service identification number);
- 2.8.5** Amount of electricity energy credit (in kilowatt-hours and in pesos);
- 2.8.6** Tariff charge; and
- 2.8.7** The number of purchase transactions made in the same month

2.9 Summary of Electric Charges

A DU shall keep for each customer³⁰ 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 customer³¹ who opts to apply for PRES, net of outstanding obligations.

²⁹ Major alteration was made on Section 2.7 of the original Rules which is now numbered Section 2.8 in the amended Rules.

Original text-

"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
- 2.7.7 The number of purchase transactions made in the same month."

³⁰ The preposition "residential" to the word "customer" in the original text was deleted so that the word "customer" in the amended text will now be referring to any of the customer classes who avails PRES.

³¹ Id.

Should a customer³² 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 PRES³³ on a voluntary basis.
- 3.2** Customers should be allowed to avail of the PRES³⁴ 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 a six (6) month trial period, the customer may:
 - 3.3.1** Enter into a PRES³⁵ 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 applied for PRES on a voluntary basis and have already been connected for at least twenty four (24) months have the option to revert to the 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 PRES³⁶ 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 through a scheme agreed upon with the DU for the settlement of the unpaid bills.³⁷

³² The preposition "residential" to the word "customer" in the original text was deleted so that the word "customer" in the amended text will now be referring to any of the customer classes who avails PRES.

³³ The term "Prepaid Retail Electric Service" in the original text is replaced by the abbreviated term "PRES" in the amended text.

³⁴ Id.

³⁵ Id.

³⁶ Id.

³⁷ The phrase "using a prepaid metering system" found in the original text no longer appears in the amended text.

Original text – "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 PRES³⁸.
- 3.7** Customers who were required to avail of the PRES³⁹ as provided under Sections 3.5 and 3.6 may revert to postpaid service subject to the DU's approval.

ARTICLE IV

REPORTORIAL REQUIREMENTS

- 4.1** Each DU offering PRES using PMS⁴⁰ 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.

³⁸ The phrase "using a prepaid metering system" found in the original text no longer appears in the amended text.

Original text – "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;"

³⁹ The phrase "prepaid service" in Section 3.7 of the original Rules which is now numbered Section 3.8 in the amended Rules is replaced by the abbreviated term "PRES". Likewise, the word "traditional" appearing in the original text no longer appears in the amended text.

Original text – "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."

⁴⁰ The term "Prepaid Metering System" in the original text is replaced by the abbreviated term "PMS" in the amended text.

- 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 customer⁴¹, 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.

⁴¹ The preposition “residential” to the word “customer” in the original text was deleted so that the word “customer” in the amended text will now be referring to any of the customer classes who avails PRES.

7.4 Effectivity

These Rules shall take effect fifteen (15) days following its publication in a newspaper of general circulation.

Pasig City, October 1, 2012


ZENAIDA G. CRUZ-DUCUT
Chairperson


MARIA TERESA R. CASTAÑEDA
Commissioner


JOSE C. REYES
Commissioner

(Took no part)
ALFREDO J. NON
Commissioner


GLORIA VICTORIA C. YAP-TARUC
Commissioner