

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE APPLICATION FOR AN INDIVIDUALIZED DISTRIBUTION SYSTEM LOSS CAP, WITH PRAYER FOR PROVISIONAL AUTHORITY/INTERIM RELIEF

ERC CASE NO. 2022-064 RC

MORE ELECTRIC AND POWER CORPORATION,
Applicant.

Promulgated:
September 12, 2022

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 07 September 2022, More Electric and Power Corporation (MORE POWER) filed an Application dated 05 May 2022, seeking the Commission's approval for an individualized distribution system loss cap, with prayer for provisional authority or interim relief.

The pertinent provisions of the said Application are hereunder quoted as follows:

- MORE POWER is a private distribution utility duly organized and existing under and by virtue of the laws of the Republic of the Philippines with office address at GST Corporate Center, Quezon Street, Iloilo City. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.
- MORE POWER has been granted a franchise to establish, operate and maintain, for commercial purposes and in the public interest, a distribution system for the conveyance of electric power to the end users in the City of Iloilo by virtue of Republic Act 11212, signed into law on February 14, 2019, and took effect on March 6, 2019.
- MORE POWER commenced operations as the duly franchised distribution utility in Iloilo City on 29 February 2020. On 05 March 2020, Applicant was granted by the Honorable Commission a Provisional Certificate of Public Convenience and Necessity/Authority to Operate for the operation of the distribution system in Iloilo City through an Order of the same date in ERC Case No. 2018-019MC.

NATURE OF THE APPLICATION

- On 8 December 2008, the Honorable Commission issued Resolution No. 17, Series of 2008, entitled "A Resolution Adopting a New System Loss Cap for Distribution Utilities". Under this Resolution, a DSL Cap of 8.5% for private utilities and 13% for electric cooperatives were imposed.
- On 07 May 2018, the honorable commission published the Resolution No. 10 Series of 2018 entitled, "A Resolution Clarifying the Systems Loss Calculation and Providing Effectivity of the Rules for Setting the Distribution System Loss which made the effectivity of the DSL Rules immediate upon its publication.
- In section 2.3 of ERC Resolution No. 10 Series of 2018, it states that "The Distribution Feeder Loss Caps for Private Distribution Utilities shall be reviewed in 2021. A Private Distribution Utility who fails to submit at the minimum one-year (2018-2020) worth of all data described in Section 5.1 of the Rule, shall be excluded from the review and shall be assigned a Distribution Feeder Loss Cap of 4.75% by 2022 onwards."
- On 12 November 2021, MORE Power, respectfully informed the Honorable Commission that it was not in the position to provide the required DSL data for the minimum one (1) year period under Section 2.3 of the ERC Resolution No. 10 Series of 2018, for the years 2018-2020. This was due to the following reasons: 1) MORE POWER had only been operating since 29 February 2020 and thus its operations as of 31 December 2020 and the data it had from such operations did not yet constitute one year; and 2) the previous distribution utility for Iloilo City the Panay Electric Co. (PECO) did not turn over any data or information, including DSL data to MORE Power upon the latter's take-over and 3) upon its take-over, MORE Power discovered that there were no installed check meters in the substations and feeders in the distribution system in Iloilo City.
- In the same letter, MORE Power also requested that it be allowed by the Honorable Commission to retain the current DSL Feeder Loss Cap of 5.5%, pending the completion of data gathering and installation of appropriate metering devices to determine actual technical losses in its system.
- In a letter from the Honorable Commission dated 26 November 2021, MORE Power's request that it be allowed to submit the required data under ERC Resolution No. 10, Series of 2018 by December 2022 was not granted. In the same letter, the Honorable Commission also advised MORE POWER to file an application for exemption from required cap as provided for in Article IV of Resolution 10, Series of 2018 or the "Application for Individualized Distribution System Loss Cap". A copy of this letter of the Honorable Commission is attached hereto as Annex "N" and made an integral part hereof.
- On 16 December 2021, the Honorable Commission, in its Resolution No. 12, Series of 2021 entitled "A Resolution Clarifying the Applicable Distribution Feeder Loss Cap for Private Distribution Utilities by 2022 Onwards", stated that:

"After due consideration and evaluation of the abovementioned issues, the Commission deems it proper that the distribution feeder loss cap for Private Distribution Utilities, except for MORE, by 2022 onwards shall be maintained at the approved 2021 Distribution Feeder Loss Cap of 5.50% until such time that a new feeder loss cap is promulgated after completion of the abovementioned ongoing study or review".
- Hence, MORE Power is filing the instant Application with prayer for provisional approval in accordance with the advice of the Honorable Commission. Attached hereto as Annex "O" is the Secretary's Certificate of MORE Power authorizing the filing of the instant Application and authorizing the undersigned law office to appear and represent MORE Power before the Honorable Commission in this case.
- As of November 2021, MORE Power's simulated or estimated feeder system's loss was at 12.57% which is higher than the current DSL Cap. However, in less than two (2) years, MORE Power has already significantly lowered the system's loss in Iloilo City which stood at 30.10% at the time MORE Power took over the distribution system therein from PECO in Feb. 2020.
- MORE Power had to resort to an estimation or simulation of its feeder system's loss because as stated above, upon its takeover, MORE Power discovered that there were no installed check meters in the substations and feeders in the distribution system in Iloilo City. Further, there was no turn-over of any records, information or data from PECO to MORE Power regarding the distribution system during the latter's takeover.
- MORE Power is in the process of completing the installation of check meters in all its substations and feeders. However, the community restrictions due to Covid-19 severely hampered movement of needed personnel and equipment resulting to delays in the installation of main meters in the substation 69-KV lines which should be done in parallel with the NCGP maintenance schedule to reduce outages. The purchase and installation of the feeder and substation metering was completed last March 2022 along with the scheduled NCGP maintenance.
- The installation of check meters in all of its substations and feeders was included in the CAPEX projects of MORE for 2020 that were approved by the Honorable Commission in ERC Case No. 2020-041RC. These projects include the following:
 - Replacement of breakers, CT, PT, LA disconnect switch, protective relays, control panels, and various accessories + CT for feeder metering project is at 53.5% completion and is scheduled to be completed by Dec. 2022.
 - Monitoring and Testing of Metering Instrument Transformer Accuracy is at 11.4% completion and is scheduled to be completed by Dec. 2022.

- Monitoring of System Loss at Secondary Distribution System project is estimated to be 40% completed and is scheduled for completion by Dec. 2022.
- Furthermore, MORE Power is filing the instant Application to 1) reiterate its request for the exemption from the 4.75% DSL Cap; 2) to seek approval for an Individualized DSL Cap; and 3) that it be allowed to use the DSL Cap of 5.5% from January 2022 and in the interim until the Honorable Commission rules on its prayer for an Individualized DSL Cap.
 - In accordance with section 4.1.1 of the DSL Rules, DUs "may elect to use an alternative method for determining an Individualized DSL Cap that shall be applied to it." Section 4.1.2 of the same DSL Rules further imposes two components in an application for an Individualized DSL Cap – the Technical Loss Component and the Non – Technical Loss Component. MORE POWER respectfully seeks for the following Individualized DSL Cap:

Component	Individualized DSL Cap
Technical Loss Component	8.90%
Non – Technical Loss Component	3.67%

- To determine the Technical Loss Component, MORE POWER conducted simulations in accordance with Section 4.2 of the DSL Rules. The actual technical feeder loss were determined by first completing the monthly feeder DSL data in the DSL Form Annex C-2. MORE Power utilized the available DSL data from three (3) feeders, particularly, Molo Feeder 3, Molo Feeder 5, and City Proper Feeder 1 to model the technical feeder loss of the distribution system. MORE POWER respectfully submits the following DSL data in support thereof:

Annexes	Document
A to A-2	DSL Form Annex C-1. Sub-transmission and Substation Data [3 Excel files for Line 2 (Annex A), Line 4 (Annex A-1) and Line 5 (Annex A-2)]
B to B-35	DSL Form Annex C-2. Feeder Technical Loss DSL Data for Feeder 1 (B to B-11), Feeder 3 (B-12 to B-23) and Feeder 5 (B-24 to B-35)(36 Excel files)
C	DSL Form Annex C-3. Annual Summary Data (Excel file)
D	MEPC Feeder Data Update (Excel file)

- The Technical Loss component of the Individualized DSL Cap were determined by simulating the contributions of each type of technical loss to the Total Feeder Loss using the PowerSolv DSL Software and the data from the three (3) feeders listed above. The methodology in the determination and segregation of the Technical Feeder Loss is described in Annex E. MORE POWER respectfully submits the following documents in support thereof:

Annex	Document
E	Determination and Segregation of Technical Feeder Loss
F	Technical Loss Summary (Excel file)
G	Absorbed Technical Loss (Excel file)
H	CAPEX and OPEX for System Loss Reduction

- To determine the Non – Technical Loss Component, MORE POWER made computations required in Section 4.3 of the DSL Rules. MORE POWER respectfully submits the following documents in support thereof:

Annex	Document
I	Non – Technical Loss Cost Curve
J	Non – Technical Loss Reduction Cost Curve
K	Non – Technical Loss Total Cost Curve

- Additionally, MORE POWER reiterates that the actual feeder loss is still above the cap despite its efforts to drastically reduce the system loss since the start of its operations. MORE Power respectfully submits the following documents in support thereof:

Annex	Document
L	MEPC URR Addendum April 2022 (Excel file)
M	Summary of Actual System Loss (Excel file)

- Furthermore, MORE POWER respectfully seeks the approval of the Honorable Commission that it be exempted from the 4.75% DSL Cap pending the approval of this application for an Individualized DSL Cap. In accordance with Section 4.1.3 of the Rules, MORE POWER hereby seeks approval from the Honorable Commission to use the provisional 5.50% DSL cap under Resolution No. 12, series of 2021 granted to all private distribution utilities (except MORE Power) from the January 2022 billing period and until such time that the Individualized DSL Cap for MORE Power applied and prayed for herein is approved. As stated above, the only reason why MORE Power was not included in the 5.50% DSL cap under Resolution No. 12, series of 2021 granted to all private distribution utilities was due to its inability to submit the required DSL data under Section 2.3 of the ERC Resolution No. 10 Series of 2018, for the years 2018-2020. However, as explained in Par. 7 above, MORE Power was not able to submit such as it was not in the position to provide the required DSL data for the minimum one (1) year period by Dec. 2020. Hence such non-submission was excusable given the circumstances and should not prejudice MORE Power.

ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL APPROVAL/INTERIM RELIEF

- Applicant prepleads all foregoing statements
- On 16 December 2021, the honorable commission in its Resolution No. 12, Series of 2021 "A Resolution Clarifying the Applicable Distribution Feeder Loss Cap for Private Distribution Utilities by 2022 Onwards", stated that:

"After due consideration and evaluation of the abovementioned issues, the Commission deems it proper that the distribution feeder loss cap for Private Distribution Utilities, except for MORE, by 2022 onwards shall be maintained at the approved 2021 Distribution Feeder Loss Cap of 5.50% until such time that a new feeder loss cap is promulgated after completion of the abovementioned ongoing study or review".
- As stated above, the inability of MORE to submit the required one (1) year data that led to its sole exclusion from the Private Distribution Utilities that could continue to use the 5.5% Distribution Feeder Loss Cap under ERC Resolution No. 12, Series of 2021 was due to reasons beyond its control namely: 1) MORE POWER had only been operating since 29 February 2020 and thus its operations as of 31 December 2020 and the data it had from such operations was not enough for the one year requirement; and 2) the previous distribution utility for Iloilo City, Panay Electric Co. (PECO), did not turn over any data or information, including any DSL data to MORE Power upon the latter's take-over and 3) upon its takeover, MORE Power discovered that there were no installed check meters in the substations and feeders in the distribution system in Iloilo City.
- These reasons clearly show that it was not the fault of MORE Power that it was not in a position to submit the required one (1) year DSL data up to 31 Dec. 2020. Thus, it will be very unjust if MORE Power will be unduly penalized for such non-submission which was purely due to the circumstances of its takeover and which were beyond its control.
- Applicant MORE Power has been implementing the 4.75% designated Feeder Loss Cap since January 2022 in accordance with the Rules of the Honorable Commission. However, with the continued use by MORE Power of the 4.75% designated Feeder Loss Cap rather than the 5.5% cap granted to all other Private DUs, MORE Power foresees a substantial loss of much needed revenue that may impair its financial viability, adversely affect its ability to render the quality of electric distribution services that the people of Iloilo City deserve and required under its franchise and the rules of the Honorable Commission and its ability to finance and finish at the soonest possible time the various projects that will further improve, upgrade and modernize the distribution system in Iloilo City.
- MORE Power has no other means of immediately obtaining the relief prayed for herein and rectifying the clearly unfair current situation by being allowed to implement the Distribution Feeder Loss Cap of 5.50% like all other private distribution utilities in the Philippines other than through the approval of the present Application, or at least, provisional authority or interim relief granted by the ERC.
- Under Section 8 of E.O. 172 and Rule 14 of the Revised Rules of Practice and Procedure of the Honorable Commission, it is empowered to grant Provisional Authority or Interim Relief upon the filing of an application or at any stage thereafter and without prior hearing.
- Thus, based on the foregoing, upon filing of the instant Application and pending the hearing and final resolution of the same, a Provisional Authority or Interim Relief should respectfully be issued by the Honorable Commission, immediately, in order for Applicant MORE to be able to implement the Distribution Feeder Loss Cap of 5.50% starting from the Billing Month of January 2022 and thus ensure its continued financial ability to undertake the rehabilitation, modernization and improvement of the distribution system in

Iloilo City for improved reliability, quality, safety and security of the power supply for the present and future electricity consumers therein, lower generation costs and improved distribution operations and services in compliance with the mandate of the EPIRA and R.A. 11212.

- Otherwise, the financial viability of Applicant MORE Power may be adversely affected and this may have a negative effect on its ability to continue improving and modernizing the distribution system in Iloilo City and its ability to continue providing modern and efficient electric distribution services to the detriment of the of the power consumers therein.
- Attached as Annex "P" and made an integral part hereof is the Affidavit of Mr. Roel Z. Castro, President and Chief Operating Officer of Applicant, in support of the prayer for the issuance of a Provisional Authority/Interim Relief for the Application.
- In compliance with the pre-filing requirements under the Revised Rules of Practice and Procedure of the Honorable Commission, Applicant MORE Power respectfully submits the following documents:

Annex	Document
Q	Certification issued by the Office of the Governor of the Province of Iloilo on the receipt by the said Office of a copy of this Application with Annexes
Q-1	Certification issued by the Office of the Presiding Officer or Secretariat of the Provincial Council of the Province of Iloilo on the receipt by the said Office of a copy of this Application with Annexes
R	Certification issued by the Office of the Mayor of the City of Iloilo on the receipt by the said Office of a copy of this Application with Annexes
R-1	Certification issued by the Office of the Presiding Officer or Secretariat of the City Council of the City of Iloilo on the receipt by the said Office of a copy of this Application with Annexes
S	Copy of the publication of the Application in a newspaper of general circulation within the franchise area of MORE Power
S-1	Affidavit of Publication

PRAYER

WHEREFORE, premises considered, MORE Power respectfully prays that this Honorable Commission:

- Pursuant to Section 8 of E.O. 172 and Rule 14 of its Revised Rules of Practice and Procedures, Issue an Order GRANTING PROVISIONAL AUTHORITY or INTERIM RELIEF and ALLOW MORE POWER to continue using the 5.50% DSL Cap, starting from the Billing Month of January 2022 and until the grant of a final authority or approval of the instant Application for an Individualized DSL Cap; and
- After hearing the merits, a Decision be rendered APPROVING the proposed individualized DSL Cap for Applicant MORE Power of 8.90% for Technical Loss and 3.67% for Non – Technical Loss.

MORE Power prays for all other reliefs just and equitable under the premises.

The Commission hereby sets the instant Application for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution 09, Series of 2020, dated 24 September 2020 and Resolution No. 01, Series of 2021 dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):²

Date	Platform	Activity
03 November 2022 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams or Zoom Application	Determination of compliance with the jurisdictional requirements and expository presentation
10 November 2022 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams or Zoom Application	Pre-trial Conference and presentation of evidence

Accordingly, MORE POWER is hereby directed to host the virtual hearing at **MORE POWER's principal office located at GST Corporate Center, Quezon Street, Iloilo City**, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. Moreover, MORE POWER shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at **least one (1) calendar day** prior to the scheduled virtual hearing, via electronic mail (e-mail) at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the expository presentation.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, a verified Petition to Intervene at **least five (5) calendar days** prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- The petitioner's name, mailing address, and e-mail address;
- The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at **least five (5) calendar days** prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- The name, mailing address, and e-mail address of such person;
- A concise statement of the Opposition or Comment; and
- The grounds relied upon.

Any of the persons mentioned in the preceding paragraphs may access the copy of the Application on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru legal.virtualhearings@erc.ph, with their respective e-mail addresses and indicating therein the case number of the instant Application. The Commission will send the access link/s to the aforementioned hearing platform **within five (5) working days** prior to the scheduled hearing.

WITNESS, the Honorable Chairperson and CEO **MONALISA C. DIMALANTA**, and Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 12th day of September 2022 in Pasig City.

FOR AND BY AUTHORITY OF THE COMMISSION:

FLORESINDA G. BALDO-DIGAL
Oversight Commissioner for the Legal Service

IS: CNR/LSP/MCCG

¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.
² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.