

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

RESOLUTION NO. 04, Series of 2026

**A RESOLUTION ADOPTING THE “SUPPLEMENTAL
GUIDELINES ON THE ADJUSTMENT AND RECOVERY OF
TRANSMISSION AND ANCILLARY SERVICES CHARGES
UNDER ERC RESOLUTION NO. 14, SERIES OF 2022”**

WHEREAS, the Energy Regulatory Commission (the Commission) is mandated under Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), to ensure transparent and reasonable electricity prices, protect consumer welfare, and promote public accountability in the electric power industry;

WHEREAS, pursuant to the EPIRA, the Commission has the authority to regulate the transmission and distribution of electricity, including the approval of rate structures, billing mechanisms, and cost recovery methodologies of regulated entities;

WHEREAS, the National Grid Corporation of the Philippines (NGCP), as the transmission network provider, system operator, and regulated transmission entity under Republic Act No. 9511¹ and the Concession Agreement with the National Transmission Corporation (TransCo) and the Power Sector Assets and Liabilities Management Corporation (PSALM)—is mandated to procure Ancillary Services through Ancillary Services Procurement Agreements (ASPAs) and the Reserve Market, to ensure the reliable and secure operation of the transmission system;

WHEREAS, the Ancillary Services (AS) Charges imposed are pass-through costs ultimately borne by end-users and are currently embedded in the Transmission Charges billed by Distribution Utilities (DUs) to their customers;

¹ Entitled, “An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity through High Voltage Back-Bone System of Interconnected Transmission Lines, Substations and Related Facilities, and for Other Purposes.”

WHEREAS, the implementation of the Department of Energy (DOE) issuances on Firm AS contracting and the operationalization of the Reserve Market have resulted in increased variability and materiality of AS costs, thereby necessitating clearer regulatory treatment, enhanced transparency, and strengthened verification mechanisms;

WHEREAS, the Commission promulgated ERC Resolution No. 14, Series of 2022, otherwise known as the “*Revised Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities*”, which governs the adjustment and recovery of pass-through costs;

WHEREAS, on 30 September 2024, the NGCP filed a *Petition*, entitled “*In the Matter of the Petition to Amend the Guidelines for the Adjustment of Transmission Rates by Distribution Utilities*”, docketed under ERC Case No. 2024-009 RM, seeking the amendment of existing guidelines and/or the promulgation of rules governing the adjustment, billing, and recovery of Transmission and AS Charges by DUs;

WHEREAS, the Commission, in accordance with Section 21 of Resolution No. 01, Series of 2021, or the ERC’s *Revised Rules of Practice and Procedure*, issued an *Order* and a *Notice of Proposed Rule-Making*, both dated 28 May 2025, setting the case for hearings and public consultations;

WHEREAS, the Commission proceeded with the scheduled hearings, and conducted series of public consultations on 16, 23 and 30 July 2025 in Luzon, Visayas and Mindanao, respectively;

WHEREAS, on various dates, the Commission received comments from the following interested parties: (1) Aboitiz Power Corporation; (2) Manila Electric Company (MERALCO); (3) TransCo; and (4) Lanao Del Norte Electric Cooperative, Inc. (LANECO), which raised issues and concerns on regulatory consistency, transparency, implementation readiness, and consumer protection;

WHEREAS, the Commission has consolidated and considered the submissions of Petitioner NGCP, as well as the comments of all interested parties in the finalization of this Resolution;

WHEREAS, the Commission, in promulgating this Resolution, aims to supplement ERC Resolution No. 14, Series of 2022 to explicitly address the adjustment, billing presentation, verification, and recovery of AS Charges, while preserving their nature as transmission-related pass-through costs under the EPIRA;

WHEREAS, the Commission further finds that the separate adjustment and billing presentation of AS Charges, subject to clear formulas, reportorial requirements, verification, and a reasonable transitory period, will promote greater transparency, enhance consumer understanding and strengthen regulatory oversight;

WHEREAS, after due evaluation and consideration of all the submissions herein, and pursuant to its authority under the EPIRA, the Commission hereby issues the *“Supplemental Guidelines on the Adjustment and Recovery of Transmission and Ancillary Services Charges under ERC Resolution No. 14, Series of 2022”* to promote regulatory clarity, transparency, and public accountability, without imposing any new or additional charges on consumers;

NOW, THEREFORE, the Commission hereby **RESOLVES** to:

1. **APPROVE** and **ADOPT** the *“Supplemental Guidelines on the Adjustment and Recovery of Transmission and Ancillary Services Charges under ERC Resolution No. 14, Series of 2022,”* attached hereto as **Annex “A”** and made an integral part of this Resolution, including the directive to the National Grid Corporation of the Philippines (NGCP) to adopt the billing format attached herewith as Annex “A-1”;
2. **AUTHORIZE** the separate adjustment, billing presentation, and recovery of Ancillary Services (AS) charges by Distribution Utilities strictly as a transparency and regulatory monitoring measure, without altering the nature of Ancillary Services as transmission-related pass-through costs under the EPIRA; and
3. **ADOPT** the Ancillary Services Charge Rate (ASCR) Adjustment Formula, including the corresponding over/(under) recovery, verification, and true-up mechanisms, consistent with the automatic cost adjustment framework under ERC Resolution No. 14, Series of 2022.

This Resolution shall take effect fifteen (15) days following its publication in a newspaper of general circulation or in the Official Gazette.

Let copies of this Resolution be furnished to all parties and industry stakeholders, and the University of the Philippines Law Center – Office of the National Administrative Register (UPLC-ONAR), as well as posted on the Commission's official website and such other online platforms available to the ERC.

Pasig City. JAN 30 2026


FRANCIS SATURNINO C. JUAN
Chairperson and CEO


FLORESINDA G. BALDO-DIGAL
Commissioner


MARKO ROMEO L. FUENTES
Commissioner


AMANTE A. LIBERATO
Commissioner


PARIS G. REAL
Commissioner


ROS: GCD/CSD/RAAR/AJMO/LLG


LS: ADGS/ARG/MCCG

**Deliberated and approved during the 29 January 2026 Commission Meeting.*

**SUPPLEMENTAL GUIDELINES ON THE
ADJUSTMENT AND RECOVERY OF TRANSMISSION
AND ANCILLARY SERVICES CHARGES UNDER ERC
RESOLUTION NO. 14, SERIES OF 2022**

ARTICLE 1

GENERAL PROVISIONS

Section 1. Objectives. —

These Supplemental Guidelines aim to ensure transparent and reasonable electricity prices, protect consumer welfare, and promote public accountability in the electric power industry as mandated by Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001 (EPIRA). Specifically, these Supplemental Guidelines seek to:

- (a) Ensure that only those Ancillary Services (AS) costs that are prudently incurred, actually paid, verified, and reasonable are charged to end-consumers;
- (b) Establish an Adjustment Formula for the Ancillary Services Charge Rate (ASCR), including the corresponding over/(under) recovery, verification, and true-up mechanisms, consistent with the automatic cost adjustment framework under ERC Resolution No. 14, Series of 2022;
- (c) Ensure and mandate the submission by Regulated Entities of all relevant data and information necessary for the computation and validation of AS Charges imposed on end-consumers;
- (d) Provide a more transparent billing presentation for the protection of end-consumers, and ensure accountability of Regulated Entities; and
- (e) Amend ERC Resolution No. 14, Series of 2022, to further maintain the quality, reliability, security, and affordability of the supply of electric power.

Section 2. Definition of Terms. — Section 3, Article 1, of ERC Resolution No. 14, Series of 2022 is hereby amended to read, as follows:

X X X

- 3.2 “Ancillary Service” shall refer to support services such as Frequency Regulating and Contingency Reserves, Reactive Power support, and Black Start capability which are necessary to support the transmission capacity and Energy that are essential in maintaining Power Quality and the Reliability and Security of the Grid.
- 3.3 “Ancillary Service Charges” shall refer to charges defined in Module F of the Open Access Transmission Services (OATS) Rules.

X X X

Section 3. Transmission Rate and Ancillary Service Charge Rate. — Section 3, Article 2 of ERC Resolution No. 14, Series of 2022 is hereby amended to read, as follows:

ARTICLE 2

CALCULATION OF THE ADJUSTED RETAIL RATES

X X X

Section 3. Transmission Rate² and Ancillary Services Charge Rate. The Transmission Rate (TR) **and Ancillary Service Charge (ASC) rate** shall be calculated and billed each calendar month by the DUs using the following formulae:

X X X

3.2. For Customer classes with ASCR expressed in Peso/kWh:

FORMULA 3.A

$$ASCR_N = \left(\frac{ASC_N}{kWh_{TR_N}} \right) + OASCA_N$$

Where:

- $ASCR_N$ = Ancillary Service charge rate expressed in Peso/kWh;
- ASC_N = $AS_{Total} \times CP_N$;

² For purposes of the computation of the Transmission Rate, TR shall refer to the total charges of NGCP for power delivery service, system operation, metering service provider, connection and residual sub-transmission service, adjustments, and other charges prudently incurred, actually paid for, verifiable, reasonable, and are eligible for recovery in accordance with the ERC rules and regulations.

Where:

AS_{Total} = Refers to the previous month's total ancillary services cost;

CP_N = Actual Coincident Peak Demand Ratio or the computed Coincident Peak Demand Allocation Factor for customer class N corresponding to the previous month's period.

kWh_{TRN} = Energy input (for the previous month in total kWh) excluding Site Specific Loss Adjustment (SSLA), as clarified in ERC Resolution No. 10, Series of 2018,³ corresponding to customer class N, net of kWh exported to the transmission system, and kWh distributed to special programs and Sale for Resale Agreements, if the customers being supplied are not connected with the main distribution grid and the cost is different from those for other regular customers;

$OASCA_N$ = Other Ancillary Service Charge Adjustments, refer to ancillary service charge rate adjustments approved by the Commission and adjustments determined using the formula provided in Article 4, Section 3 and Article 5, Section 2 of Resolution No. 14, Series of 2022;

N = Refers to a specific customer class (ex. $N=1,2,\dots$, where 1= Residential, 2= Commercial, etc.)

3.2.2. Customer classes with ASCR expressed in Peso/kW:

FORMULA 3.B

$$ASCR_N = \left(\frac{ASC_N}{D_N} \right) + OASCA_N$$

Where:

$ASCR_N$ = Ancillary Service charge rate expressed in Peso/kW;

ASC_N = $AS_{Total} \times CP_N$;

Where:

AS_{Total} = Refers to the previous month's total ancillary services cost;

³ "A Resolution Clarifying the System Loss Calculation and Providing the Effectivity of the Rules for Setting the Distribution System Loss Cap", and any amendments thereto.

CP_N = Actual Coincident Peak Demand Ratio or the computed Coincident Peak Demand Allocation Factor for customer class N corresponding to the previous month's period.

D_N = kW billing demand for the previous month for customer class N multiplied by $(1+u)$;

$OASCA_N$ = Other **Ancillary Service Charge Adjustments**, refer to **ancillary service charge** rate adjustments approved by the Commission and adjustments determined using the formula provided in Article 4, Section 3 and Article 5, Section **2** of Resolution No. 14, Series of 2022;

3.2.3 Customer classes with ASCR expressed in both Peso/kWh and Peso/kW.

The component expressed in Peso/kWh (TKR_N) shall remain constant.

The component expressed in Peso/kW shall be adjusted using the following formula:

FORMULA 3.C

$$ASCR_N = \left(\frac{ASC_N - (S_{TR_N} \times TKR_N)}{D_N} \right) + OASCA_N$$

Where:

$ASCR_N$ = **Ancillary Service Charge rate expressed in Peso/kW;**

ASC_N = $AS_{Total} \times CP_N$;

Where:

AS_{Total} = **Refers to the previous month's total ancillary service cost,**

CP_N = Actual Coincident Peak Demand Ratio or the computed Coincident Peak Demand Allocation Factor for customer class N corresponding to the previous month's period.

S_{TR_N} = kWh sales for the previous month for customer class N;

TKR_N = TR component expressed in Peso/kWh based on the Approved Unbundled Rates for customers class N or the latest Approved Rate for customer class N, if any;

D_N = kW billing demand for the previous month for customer class N multiplied by $(1+u)$;

$OASCA_N$ = Other **Ancillary Service Charge Adjustments**, refer to **ancillary service charge** rate adjustments approved by the Commission and adjustments determined using the formula provided in Article 4, Section 3 and Article 5, Section **2** of Resolution No. 14, Series of 2022;

Section 4. Reportorial Requirements. — Section 3.3, Article 3 of ERC Resolution No. 14, Series of 2022 is hereby amended to read, as follows:

ARTICLE 3

REPORTORIAL REQUIREMENTS

Section 3. Supporting Information. The supporting information to be provided, together with the monthly submission on the calculation and monitoring of the automatic cost adjustments, shall include, but not be limited to, the following:

3.1 Basic Supporting Documents

x x x

3.2 For Generation Rates and System Loss Rates

x x x

3.3 For Transmission Rates and Ancillary Service Charge Rates

- i. Sworn and notarized statement on PFD availed from TransCo/NGCP and PFD extended to end-users and Third Parties by the DU;
- ii. **Comprehensive Breakdown of Ancillary Services Costs under Ancillary Services Procurement Agreement (ASPA);**
- iii. **Data on the Ancillary Services procured through the Reserve Market, including the Preliminary Statement issued by the Independent Electricity Market Operator of the Philippines (IEMOP) for the relevant billing month; and**
- iv. **A reconciliation summary showing the aggregation of ASPA and Reserve Market AS costs used in the computation of the Total Actual Ancillary Services Cost.**

3.4 The submission of the reportorial requirements under these Supplemental Guidelines shall coincide with the submission of the reportorial requirements prescribed under ERC Resolution No. 14, Series of 2022.

X X X

Section 5. Calculation of Over or Under Recovery. — Section 3, Article 4 of ERC Resolution No. 14, Series of 2022 is hereby amended to read, as follows:

ARTICLE 4

CALCULATION OF THE OVER OR UNDER RECOVERY IN THE IMPLEMENTATION OF ADJUSTMENT MECHANISMS

X X X

Section 3. Transmission Rate⁴ Over/Under Recovery and Ancillary Service Charge Over/Under Recovery.

X X X

3.2 The Ancillary Service Charge Rate Over/Under Recovery (ASCOUR) shall be calculated per customer class based on the following formula:

3.2.1. For Customer classes with ASCR expressed in Peso/kWh:

FORMULA 9

$$ASCOUR_N = \frac{[(ASC_N - ASCRR_N) + eASCOUR_N]}{S_{ASCOUR_N}}$$

3.2.2. Customer classes with ASCR expressed in Peso/kW and Customer classes with ASCR expressed in both Peso/kWh and Peso/kW:

FORMULA 10

$$ASCOUR_N = \frac{[(AASC_N - TASCRR_N) + eASCOUR_N]}{BD_{TOUR_N}}$$

⁴ For purposes of the computation of the Transmission Rate, TR shall refer to the total charges of NGCP for power delivery service, system operation, metering service provider, connection and residual sub-transmission service, adjustments, and other charges prudently incurred, actually paid for, verifiable, reasonable, and are eligible for recovery in accordance with the ERC rules and regulations.

Where:

$ASCOUR_N$ = Refers to over/under recoveries in **ancillary service charge** during the recovery period for the relevant customers (i.e., customer class with ancillary service charge expressed in Peso/kWh in **Formula 9** and customer class with transmission charges expressed in Peso/kW, or Peso/kW and Peso/kWh in **Formula 10**);

$AASC_N$ = Refers to the allowable **ancillary service charge** during the recovery period for the relevant customers (i.e., total cost for customer class with **ancillary service** charge expressed in Peso/kWh in **Formula 9** and customer class with **ancillary service** charges expressed in Peso/kW, or Peso/kW and Peso/kWh in **Formula 10** computed as follows:

$$AASC_N = \sum_{1...m} \left[\left(\frac{(ASC)}{kWh_{ASCOUR}} \right) S_{ASCOUR} \right] CP_N$$

Where:

ASC = The actual **ancillary service charge** in Peso for month 1 to m;

kWh_{ASCOUR} = kWh_{TOUR} = Energy input (for month 1 to m in total kWh) excluding SSLA as clarified in ERC Resolution No. 10, Series of 2018,⁵ net of kWh exports to the transmission system, and kWh distributed to special programs and Sale For Resale Agreements, if the customers being supplied are not connected with the main distribution grid and the cost is different from those for other regular customers corresponding to the transmission cost;

S_{ASCOUR} = S_{TOUR} = Actual kWh Sales for month 1 to m (net of kWh exports to the transmission system, kWh wheeled by generator wheeling customers, and kWh distributed to special programs and Sale for Resale Agreements, if the customers being supplied are not connected with the main distribution grid and the cost is different from those for the other regular customers) corresponding to the transmission cost;

⁵ "A Resolution Clarifying the System Loss Calculation and Providing the Effectivity of the Rules for Setting the Distribution System Loss Cap", and any amendments thereto.

CP_N = Actual Coincident Peak Demand Ratio or the computed Coincident Peak Demand Allocation Factor for the relevant customers, (i.e., customer class with transmission charge expressed in Peso/kWh in Formula 8 and customer class with transmission charge expressed in Peso/kW, or Peso/kW and Peso/kWh in Formula 9) corresponding to the recovery period; and

N = Refers to a specific customer class (ex. $N=1,2,\dots$, where 1= Residential, 2= Commercial, etc.).

$TASCR_N$ = Total **Ancillary Service Charge** Revenues during the recovery period (exclusive of any adjustments approved by the Commission to address previous over and under recoveries at previous Compliance Filing Reviews), to be computed as follows:

$$TASCR_N = \sum_{1 \dots m} [(ASCR_{N,m} \text{ in PhP/kWh} \times S_{N,m}) + (ASCR_{N,m} \text{ in PhP/kW} \times BD_{N,m})]$$

Where:

$ASCR_{N,m}$ = **Ancillary Service Charge Rate** in PhP/kWh and/or PhP/kW as applicable to customer class N as implemented by the DU for month 1 to m (exclusive of any adjustments approved by the Commission to address previous over and under recoveries at previous Compliance Filing Reviews). If the **Ancillary Service Charge** rate for customer N is expressed in PhP/kWh only, then the **Ancillary Service Charge** in PhP/kW in the formula shall be equal to zero (0) and vice-versa;

$S_{N,m}$ = Total kWh sales for customer class N for month 1 to m

$BD_{N,m}$ = Total kW billing demand for customer class N for month 1 to m; and

N = Refers to a specific customer class (ex. $N=1,2,\dots$, where 1= Residential, 2= Commercial, etc.).

$eASCOUR_N$ = The total ending balance of the refund/collect as a result of any prior confirmation/s.

S_{ASCOUR_N} = S_{TOUR_N} = Total kWh Sales for the most recent months corresponding to the recovery period or as determined by the Commission for the relevant customers (i.e. customer class with transmission charge expressed in Peso/kWh).

BD_{ASCOUR_N} = BD_{TOUR_N} = Total kW billing demand for the most recent months corresponding to the recovery period or as determined by the Commission for the relevant customers (i.e., customer class with transmission charge expressed in Peso/kW, or Peso/kW and Peso/kWh).

Section 6. Responsibility of the TNP and SO. — The Transmission Network Provider (TNP) and System Operator (SO) shall comply with the reportorial and disclosure requirements prescribed under this Supplemental Guidelines, ERC Resolution No. 14, Series of 2022, and all other relevant rules and regulations of the Commission.

This compliance includes the timely submission by the Distribution Utilities (DUs) concerned, within the period prescribed by relevant rules and regulations, of all supporting documents necessary to validate the AS costs and rate computations.

Section 7. Separate Line Item for AS Charges. — In accordance with the formula indicated herein, DUs shall bill and reflect AS Charges as a separate line item in accordance with the approved Ancillary Services Rate.

Accordingly, such line item for AS Charges in customer bills shall include only the Total Ancillary Services Charge and the corresponding Value-Added Tax (VAT), unless otherwise directed by the Commission.

Section 8. Consumer Communication and Disclosure Plan. — The TNP and SO and the concerned DUs shall formulate a Consumer Communication and Disclosure Plan that outlines the steps to be undertaken for information dissemination on the separate line item for AS Charges.

The plan shall clearly inform customers that AS Charges are not new or additional charges, but a re-presentation of existing transmission-related costs.

TRANSITORY PROVISION

Section 9. Transitory. — NGCP and all concerned DUs are hereby granted a transitory period of ninety (90) days from the effectivity of this Resolution to fully comply with the requirements hereof. During the transitory period, NGCP and the Distribution Utilities shall undertake the necessary system, billing, and administrative adjustments to ensure full and proper implementation. Upon the lapse of the transitory period, strict compliance with this Resolution shall be mandatory.

FINAL PROVISIONS

Section 10. Fines and Penalties. — The fines and penalties imposed in Section 1, Article VII of ERC Resolution No. 14, Series of 2020, and other relevant laws, and rules and regulations of the Commission shall apply to violations committed by any regulated entity subject of these Supplemental Guidelines.

Section 11. Previous Resolutions. — All other provisions of ERC Resolution No. 14, Series of 2022, and all other relevant rules and regulations of the Commission, not inconsistent with this Supplemental Guidelines, shall remain in full force and effect.

Section 12. Separability Clause. — If for any reason, any part or section of this Supplemental Guidelines is declared unconstitutional or invalid, all other parts or sections hereof, not affected thereby, shall continue to be in full force and effect.

Section 13. Repealing Clause. — All previous issuances of the Commission not consistent with this Supplemental Guidelines are deemed modified or repealed accordingly.

Section 14. Effectivity. — This Supplemental Guidelines shall take effect fifteen (15) days following its publication in a newspaper of general circulation.



NATIONAL GRID CORPORATION
OF THE PHILIPPINES

Power Center, Quezon Avenue corner
Senator Miriam P. Defensor-Santiago Avenue
(formerly BIR Road), Pinyahan, 11 11 Diliman,
Quezon City, Philippines
(VAT Registered) TIN : 006-977-514-00000

Bar Code:
Billing Month:
Statement Date:
Power Bill Invoice No:
Power Bill No:
Customer:
Due Date:



POWER BILL INVOICE

Customer Name:
Profile Name:
Address:
(VAT Registered) TIN:
12DCE/CA Number:
Customer Type:
Contract Type:
GRID:

Billing Details:

CHARGE NAME:	RATE:	QTY:	AMOUNT:
PASS-THROUGH CHARGES			
ANCILLARY SERVICE PROCUREMENT AGREEMENT (ASPA)			
Regulating Reserve			
Contingency Reserve			
Dispatchable Reserve			
Sub-Total (ASPA)			
ANCILLARY SERVICES – RESERVE MARKET (AS-RM)			
Regulating Reserve			
Contingency Reserve			
Dispatchable Reserve			
SubTotal (AS-RM)			
TOTAL PASS-THROUGH CHARGES (ASPA + AS-RM)			
VALUE ADDED TAX (VAT) ON PASS-THROUGH CHARGES (ASPA + AS-RM)			

TOTAL PASS-THROUGH CHARGES	
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VATable	
VAT-Exempt	
VAT Zero Rated Sale	
VAT-12%	
Total Pass-through Charges	