

FAQ on Systems Loss

Question: WHAT IS SYSTEMS LOSS?

Answer: Distribution System Loss – the electric energy input including those delivered to the Distribution System by the Transmission System, Embedded Generating Plants, other Distribution Systems, and User Systems with generating facilities minus the electric Energy output (i.e. electric energy delivered to the users of the Distribution System) for a specified billing period.

Simply put, it is the total energy purchased and/or generated minus the total energy sold.

Question: WHAT ARE THE CLASSIFICATIONS OF DISTRIBUTION SYSTEM LOSS?

Answer:

1. **Technical loss** – is the component of Distribution System Losses that is inherent in the physical delivery of electric energy. It includes conductor loss, core loss in transformers, and potential/current coils in metering equipment.
2. **Non-Technical loss** – is the component of Distribution System Losses that is not related to the physical characteristics and functions of the electrical system, and is caused primarily by human error, whether intentional or not. Non-Technical Loss includes the energy lost due to pilferage, meter reading/billing errors, and meter tampering, and
3. **Administrative loss** – is the component of Distribution System Losses that accounts for the electric Energy used by the Distribution Utility in the proper operation of the Distribution System and any unbilled energy for community related services.

Any efficiency will come from reduction in Non-Technical Loss and Administrative Loss since Technical Loss is inherent in the Distribution System.

Question: WHAT ARE THE SYSTEM LOSS CAPS PRESCRIBED IN RA 7832?

Answer:

Cooperatives	-	14.00%
Public Utilities	-	9.50%

- It is the Commission's policy to allow actual or 1%, whichever is lower, for Company Use.
- System's Loss is passed on to customers but only up to the prescribed cap (14% for ECs and 9.5% for PUs). Any losses in excess of the cap will be shouldered by the Distribution Utilities.

This way, cooperatives and public utilities are encouraged to have an efficient loss reduction program.