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Customer Bulletin 2026-46	**August 24, 2026**

IMPLEMENTATION OF THE FEED-IN-TARIFF ALLOWANCE (FIT-AII) WORKING CAPITAL ALLOWANCE (WCA) RATE ADJUSTMENT FOR CALENDAR YEAR 2026

On July 31, 2026, the Energy Regulatory Commission (ERC) issued an Order on ERC Case No. 2026-084RC, entitled, "*In the Matter of the Application for the Approval of the Calendar Year 2026 FIT-All Working Capital Allowance (WCA) Rate Adjustment"* granting a Provisional Authority to TransCo to implement the FIT-All WCA Adjustment for CY2026 equivalent to PhP0.1348/kWh or collect a FIT-All Rate of PhP0.3359/kWh effective August 2026 billing.

The Order provides:

> "xxx the National Transmission Corporation (TransCo) is hereby **GRANTED PROVISIONAL AUTHORITY** to implement its FIT-ALL Working Capital Allowance (WCA) Rate Adjustment for Calendar Year 2026, subject to the following conditions**:**
>
> 1. TransCo is hereby **AUTHORIZED** to implement the 2026 FIT-All WCA Rate Adjustment equivalent to **PhP0.1348/kWh** or collect **PhP0.3359/kWh**, effective August 2026 billing;
>
> 2. The grant of provisional authority is without prejudice to the final outcome of this case. Any over-recovery or under-recovery resulting from the implementation of this provisional authority shall be subject to confirmation, adjustment, refund, or recovery as may be directed by the Commission in its Final Decision;
>
> 3. TransCo shall maintain separate books and records for all collections and disbursements attributable to the provisional WCA Rate Adjustment and shall submit periodic reports as may be required by the Commission; and
>
> 4. TransCo shall comply with all directives that may be issued by the Commission during the pendency of this case."

In view of the foregoing, NGCP, as a Collection Agent of the FIT-All, shall implement, the FIT-All WCA Rate Adjustment for CY 2026 of PhP0.1348/kWh on top to the current FIT-All rate of PhP0.2011/kWh, thus, **effectively, a new FIT-All rate of PhP0.3359/kWh shall be billed starting the August 2026 billing month (July 26 to August 25, 2026).**

Attached is the copy of the ERC Order.

This Customer Bulletin was prepared by the Revenue Management Department (RevMD) of the Revenue and Regulatory Affairs (RRA). For any questions/inquiries, you may send an email to gtpena@ngcp.ph.

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE CALENDAR YEAR 2026 FIT-ALL WORKING CAPITAL ALLOWANCE (WCA) RATE ADJUSTMENT

ERC CASE NO. 2026-084 RC

NATIONAL TRANSMISSION CORPORATION (TRANSCO),
Applicant.
x----------x

Promulgated:
July 31, 2026

ORDER

For resolution before the Commission is the prayer for issuance of a provisional authority to implement a Working Capital Allowance (WCA) Rate Adjustment for Calendar Year (CY) 2026 contained in the *Application* dated 11 May 2026, filed by the National Transmission Corporation (TransCo) on 10 June 2026.

FACTUAL ANTECEDENTS

In the instant *Application*, TransCo is seeking the Commission's approval of the WCA Rate Adjustment for Calendar Year 2026, with prayer for the issuance of provisional authority.

On 25 June 2026, the Commission issued an *Order* and a *Notice of Virtual Hearing*, setting the instant *Application* for hearing on the following dates: (a) 22 July 2026 for the determination of compliance with the jurisdictional requirements and expository presentation for Luzon Stakeholders; (b) 29 July 2026 for expository presentation for Visayas and Mindanao Stakeholders; and (c) 05 August 2026 for the Pre-Trial Conference and presentation of evidence.

THE COMMISSION'S RULING

After due deliberation, thorough evaluation of the documents submitted, and appreciation of the information gathered, the Commission, pursuant to its regulatory powers, resolves to **GRANT** TransCo's prayer for a provisional authority to implement its WCA Rate Adjustment.

DISCUSSION

The Commission's Evaluation for the Issuance of Provisional Authority

In its *Application*, TransCo applied for a WCA adjustment for CY 2026 in the amount of **PhP0.1348/kWh,** in order to preserve the financial stability of the FIT-All Fund and ensure the continuous and timely payment of obligations to Eligible Renewable Energy (RE) Plants.

In support of the *Application*, TransCo identified the following reasons that necessitate the WCA adjustment: 1) Non-establishment of the Required WCA for CY 2026; 2) Accumulation of FIT Differential (FD) Payables; 3) Lower-than-Expected Market Prices and Cost Recovery Revenues; and 4) Continuing Cash Flow Deficit.

a. Non-establishment of the Required WCA for CY 2026

TransCo stated that the required WCA for CY 2026 was not established and that the FIT-All Fund continues to carry substantial outstanding FIT Differential obligations and accrued interest. In its *Decision* in TransCo's CY 2025 FIT-All Rate Application under ERC Case No. 2024-095 RC, the Commission determined the required WCA for CY 2025 to be PhP3.74 billion, equivalent to 12.81% of the projected annual FIT-All payout.

Table 1: Working Capital Allowance, PhP (ERC Case No. 2024-095 RC)

Particulars	FIT
Forecast Annual Payout	29,196,871,025.36
Factor Rate	12.81%
Required WCA, PhP	3,740,582,958.27
Less: WCA Ending Balance (As of 05 September 2025), PhP	-

Particulars	FIT
Working Capital Allowance, PhP	**3,740,582,958.27**

TransCo further alleged that the approved CY 2025 FIT-All Rate was implemented only beginning the November 2025 billing month. Consequently, only two (2) months of collections were realized before the close of CY 2025. Due to the limited collection period, the required WCA level was not accumulated, resulting in a year-end WCA balance of only PhP700.00, an amount insufficient to support the liquidity requirements of the FIT-All Fund.

In effect, the FIT-All Fund entered CY 2026 without the required WCA and lacked the necessary buffer to address funding and cash flow requirements.

b. Accumulation of FIT Differential Payables

The FIT-All Fund carried FIT Differential Payables at the start of 2025 amounting to PhP3.70 billion, largely attributable to under-recoveries accumulated in previous years. The delayed implementation of the CY 2025 FIT-All Rate further exacerbated the funding shortfall, resulting in the FIT Differential Payables increasing to approximately PhP5.85 billion by year-end, which balance was subsequently carried over to CY 2026.

As of 30 April 2026, the outstanding FIT Differential Payable stood at PhP3.668 billion, with accrued and unpaid interest amounting to PhP322.92 million.

TransCo further alleged that without an upward adjustment of the prevailing FIT-All Rate, the total interest obligations are projected to reach approximately PhP665.64 million by the end of CY 2026, thereby further increasing the cost burden ultimately borne by end-users.

c. Lower-than-Expected Market Prices and Cost Recovery Revenues

In CY 2025, the actual average market price was only PhP3.20/kWh, significantly lower than the Average Cost Recovery Rates (ACRRs) adopted by the Commission in the pertinent ERC Decision, namely: PhP5.6239/kWh for Luzon,

PhP6.3764/kWh for Visayas, and PhP4.5241/kWh for Mindanao.

The substantial variance between the actual market prices and the adopted ACRRs resulted in lower-than-expected cost recovery revenues, thereby contributing to the continued accumulation of FIT Differential Payables.

Moreover, the average Cost Recovery Revenue (CRR) for the January to February 2026 billing periods was only PhP2.70/kWh, further highlighting the need for additional funding to sustain the obligations of the FIT-All Fund.

d. Continuing Cash Flow Deficit

The current CY 2026 FIT-All Rate of PhP0.2011/kWh yields average monthly collections of approximately PhP1.80 billion. In contrast, the FIT-All Fund incurs average monthly obligations of about PhP1.90 billion, inclusive of payments for outstanding FIT Differential Payables and FIT Rate Adjustments for 2016 to 2024 FIT-eligible installations pursuant to ERC Resolution No. 28, Series of 2025, which took effect in January 2026.

The disparity between monthly collections and funding requirements has resulted in a persistent cash flow deficit, demonstrating that the current FIT-All Rate is inadequate to cover existing obligations while simultaneously restoring the required WCA.

Given the foregoing discussion as to TransCo's basis to apply for an adjustment to the WCA, the Commission notes that under Section 1.4.2 of the FIT-All Guidelines,[1] and Section 2.5 of the FIT Rules, the WCA serves as a buffer fund to address any default or delay in the collection and/or remittance of the FIT-All and/or Actual Cost Recovery Revenue (ACRR) including, but not limited to:

[1] Resolution No. 24, Series of 2013, entitled, "A Resolution Adopting the Guidelines on the Collection of the Feed-In Tariff Allowance (FIT-All) and the Disbursement of the Fit-All Fund."

i. Variations between the actual and forecasted (a) RE generation from eligible RE plants resulting from over- and under- generation, (b) Annual National Sales and (c) applicable Forecast Cost Recovery Rates and Actual Cost Recovery Revenues;

ii. The timing difference of the collection and billing cycle for the FIT-All and Actual Cost Recovery Revenue; and

iii. Any other collection or payment shortfall.

The WCA shall guarantee monthly payments in full to the Eligible RE Plants, as determined in accordance with Section 3 of the FIT-All Guidelines.

In addition, Section 1.4.2 of the FIT-All Guidelines expressly provides that should the Administrator determine that the WCA account has been depleted by more than fifty percent (50%) of its beginning balance within any given quarter, the Administrator shall file for an adjustment with the Commission, thereby underscoring the regulatory obligation of Applicant to ensure the adequacy and sustainability of the WCA level at all times.

Considering the urgent need to preserve the financial viability of the FIT-All Fund and to ensure the continuous and timely payment of obligations to FIT-Eligible RE Plants, the Commission finds it reasonable and justified to authorize the provisional implementation of the proposed WCA Rate Adjustment, subject to the final determination of this case.

The Commission emphasizes that the grant of provisional authority does not constitute a final determination of the propriety, accuracy, or reasonableness of the proposed WCA Rate Adjustment. The Commission shall continue to evaluate the evidence to be presented during the course of the proceedings and may modify, affirm, or disallow any portion of the proposed rate adjustment as warranted by the records.

DETERMINATION OF THE 2026 FIT-All WCA RATE ADJUSTMENT

TransCo computed the proposed WCA Rate Adjustment based on the formula provided in the FIT-All Guidelines as follows:

$$WCA_{t+1} = (\text{Forecast Annual Payout}_{t+2} \times \text{Factor Rate}) - WCA_{\text{Ending Balance t}}$$

Where:

WCA_{t+1}	Is the Working Capital Allowance to be funded during $Year_{t+1}$
Forecast Annual Payout $_{t+2}$	Is the projected amount of payables out of the FIT-All Fund for $year_{t+2}$ consisting of forecasted Total FIT Revenues, forecasted Administration Allowance and forecasted Disbursement Allowance for $Year_{t+2}$. The forecasted Total FIT Revenues for $Year_{t+2}$ is the sum of the product of the Forecast RE Generation of Eligible RE $Plant_x$ for $Year_{t+2}$ multiplied by the appropriate FIT $Rate_x$ for Year $_{t+2}$. The forecasted Administration Allowance for $Year_{t+2}$ is the Administration Allowance for $Year_{t+1}$, less any non-recurring expenditures such as those relating to the initial filing of the FIT-All, adjusted for forecast CPI for $Year_{t+2}$. The forecasted Disbursement Allowance for $Year_{t+2}$ is the projected level of payment to the Trustee Bank in $Year_{t+2}$.
WCA Ending Balance $_t$	Is the ending balance of the Working Capital Allowance account in $Year_t$ including any interest income earned in the WCA account and all other component accounts of the FIT-All Fund; if this is not available at the time of filing, the ending balance for the month immediately preceding the month of filing, subject to updating by the ERC of the actual ending balance of the WCA account in $Year_t$ if it shall become available prior to the issuance of its Decision on the FIT-All application.
Factor Rate	Is the factor rate approved by the ERC, upon recommendation of the NREB, reflective of funding requirements of the FIT-All Fund, adjusted by (i) a period factor based on the billing and collection cycle of the Collection Agents as described in the Guidelines; and (ii) the collection efficiencies of Collection Agents. Data for the initial year shall be sourced from Power Sector Assets & Liabilities Management Corporation for its collection of the Universal Charge. Data for succeeding years shall be based on FIT-All historical collection efficiency rate.

Forecast Annual Payout

To compute the adjustments for the WCA Rate, TransCo computed the Forecast Annual Payout including Forecast Cost Recovery Revenue, FIT Differential, Administration Allowance, and Disbursement Allowance, for the period April 2026 to December 2026 Billing Periods. Below are the inputs in computing the Forecast Annual Payout for CY 2026:

Table 2: Forecast Cost Recovery Revenue and FIT Differential, In PhP

Technology	Forecast Cost Recovery Revenue	FIT Differential
Biomass	4,240,394,801	867,425,202
Hydropower	4,535,997,319	1,121,204,659
Solar	3,020,249,016	2,145,800,145
Wind	3,049,348,390	2,264,571,564
Total	**14,845,989,525**	**6,399,001,569**

Assumptions:
1/ Generation using DOE full list as of February 2026
2/ CRR using 36-month LWAP, ending March 2026 BM (Luzon =PhP4.

The Forecast Annual FD Payout for CY 2026, computed at PhP15,941,722,055.66, is composed of the following: (1) FD for 2026 Generation; (2) FD back-billings for generation years 2014–2025; (3) CY 2025 under-recovery; (3) FIT Rate Adjustments; and (4) outstanding interest resulting from delayed and/or partial payments to Eligible RE Plants. The cost breakdown is shown in Table 3 below.

Table 3. Forecast Annual FD Payout

Cost Component	Amount (PhP)
FIT Differential	**15,941,722,055.66**
2026 Generation	6,399,001,569.33
Back-billings (Sec. 4.5, REPA)	1,206,374,075.85
2025 Generation	*233,369,402.81*
2024 Generation	*51,807,625.50*
2023 Generation	*(6,948,536.17)*
2022 Generation	*119,460,114.16*
2021 Generation	*(14,182,282.66)*
2020 Generation	*601,814,732.04*
2019 Generation	*84,090,975.86*
2018 Generation	*36,332,402.63*
2017 Generation	*8,879,353.86*
2016 Generation	*19,855,633.48*
2014-2015 Generation	*71,894,654.34*
Under Recoveries CY 2025	5,847,112,475.59

Cost Component	Amount (PhP)
Provision for FIT Rate Adjustment Charged to 2026	2,166,316,341.36
Outstanding Interest Payables to RE Developers (30 April 2026)	322,917,593.53

Further, the projected Administration Allowance for CY 2026 is estimated at PhP15,193,370.00, while the corresponding Trustee Fee or Disbursement Allowance is projected at PhP3,255,700.00.

Table 4: Forecast Annual Payout

Particulars	Amount, in PhP
Forecast Cost Recovery Revenue	14,845,989,525
FIT Differential	15,941,722,056
Administration Allowance	15,193,370
Disbursement Allowance	3,255,700
Forecast Annual Payout	**30,806,160,651**

Factor Rate

The FIT-All Guidelines provide for the use of an Effective Factor Rate to be applied to the Forecast Annual Payout for CY 2026. The adoption of this factor rate methodology is consistent with the formula recommended by the National Renewable Energy Board (NREB) in connection with TransCo's 2014–2015 FIT-All Rate Application. Thus, the Effective Factor Rate is calculated as follows:

Table 5: Effective Factor Rate

Particulars	CRR	FIT Differential, AA, DA
Cost Recovery Revenue, PhP	14,845,989,525	
FIT Differential, PhP	15,941,722,056	
Administration Allowance, PhP	15,193,370	
Disbursement Allowance, PhP	3,255,700	
Annual Payout, PhP	**14,845,989,525.34**	**15,960,171,125.57**
Total Annual Payout		**30,806,160,651**
Ratio	48.19%	51.81%
X Factor Rate	3.24%	19.70%
Weighted Factor Rate	1.56%	10.21%
Effective Factor Rate	**11.7694%**	

Working Capital Ending Balance

As of 07 May 2026, the WCA has an ending balance amounting to negative PhP322,916,893.53. The WCA represents the accrued

interest payable as of 30 April 2026 and the bank required maintaining balance.

Table 6: WCA Ending Balance, in PhP

Particulars	Amount, in PhP
WCA Balance as of May 07, 2026	700
Accrued Interest as of April 30, 2026	(322,917,594)
WCA Balance with Accrued Interest as of May 07, 2026	(322,916, 894)

Forecast National Sales (FNS)

Using the latest three (3)-year data from 2022 to 2024, TransCo computed the three (3)-year moving average growth rate and use the same to project the 2025 FNS. The same methodology was applied to project the 2026 FNS.

To determine the equivalent energy sales for the three (3)-month collection period of the proposed WCA adjustment, the projected 2026 FNS was divided by twelve (12) months then multiplied by 3. The resulting three (3)-month energy sales is as follows:

Table 7: Forecast National Sales, GWh

2025	2026	January 2026 to March 2026
110,069	117,133	29,283

Summary of WCA for Funding

Multiplying the Forecast Annual Payout by the Effective Factor Rate results in the required WCA of PhP3,625,695,778.00. Deducting the WCA Ending Balance yields the WCA Funding for CY 2026 FNS results in an equivalent rate of PhP0.1348/kWh, as follows:

Table 8: WCA for Funding, PhP/kWh

Particulars	Amount
Forecast Annual Payout	30,806,160,651
Factor Rate	11.7694%
Required, WCA, PhP	3,625,695,778
Less, WCA Ending Balance, PhP (As of May 07, 2026)	(322,916,894)
WCA for Funding, PhP	3,948,612,672
WCA for Funding, PhP/kWh (3-Month CY 2026 FNS)	**0.1348**

The WCA for Funding computed by TransCo substantially approximates the aggregate outstanding obligations of the FIT-All Fund, consisting of FIT Differential Payables amounting to PhP3,668,609,356.20 and Accrued Interest Payable of PhP322,917,594.00, for a total of PhP3,991,526,950.20.

In addition, TransCo computed two (2) alternative scenarios for the Commission's consideration, utilizing the latest twelve (12)-month Load Weighted Average Price (LWAP) ending March 2026 Billing Month and assuming a CRR Rate of PhP3.00/kWh.

Table 9: WCA Scenarios

Particulars	Using the 36 months LWAP (Based on the FIT-All Guidelines) PhPxxx/kWh	Using the latest 12 months LWAP (PhPxxx/kWh)	Assuming CRR is PhP3.00/kWh
Forecast Annual Payout, PhP	30,806,160,651	30,278,740,111	30,250,422,334
Factor Rate	11.7694%	12.8289%	14.7819%
Required, WCA, PhP	3,625,695,778	3,884,414,998	4,471,576,788
Less: WCA Ending Balance, PhP (As of May 7, 2026)	(322,916,894)	(322,916,894)	(322,916,894)
WCA for Funding, PhP	**3,948,612,672**	**4,207,331,892**	**4,794,494,382**
WCA, PhP/kWh	**0.1348**	**0.1437**	**0.1637**

Assuming the collection will be three (3) months starting July 2026 to September 2026 Billing Months, the Avoided Interest will be PhP231.31Mn using the above scenarios:

Table 10: Interest Charges Avoided

Particulars	Using the 36 months LWAP (Based on the FIT-All Guidelines) PhPxxx/kWh	Using the latest 12 months LWAP (PhPxxx/kWh)	Assuming CRR is PhP3.00/kWh
Estimated Accrued Interest until December 31, 2026	665.64	665.64	665.64
Estimated Accrued Interest Charges, until month of full settlement of Outstanding FIT Differential Payables	434.33	434.33	407.83
Interest Charges Avoided	**231.31**	**231.31**	**257.81**

Upon initial review and evaluation of the instant *Application*, the Commission finds that the issuance of provisional authority to implement TransCo's WCA Adjustment is justified and proper. The formula given in Section 1.3 of the FIT-All Guidelines, which includes the following elements: (1) the FIT Differential; (2) the WCA; (3) the Administration Allowance (AA); and (4) the Disbursement Allowance

(DA) over Forecast National Sales (FNS), were used and applied by TransCo to calculate its WCA Rate Adjustment.

The Commission is yet to conduct public hearings for TransCo's *Application* for 2026 FIT-All WCA Adjustment. Pending the conduct of public hearings and the submission of Formal Offer of Evidence (FOE), it is of utmost importance that TransCo remains able to carry out its responsibilities and ensure that FIT payments are paid on time to RE developers who qualify for such payments. To deny the motion for provisional authority would constrain TransCo from promptly paying the actual FIT revenue of qualifying RE plants, and any partial or delayed payments would unduly expose the ultimate end-users to increased fees due to payment of interest as provided under Section 2.2.8 of the FIT-All Guidelines.

The provisional WCA adjustment in the amount of PhP0.1348/kWh shall be added to the current FIT-All rate of PhP0.2011/kWh, approved under ERC Case No. 2025-150 RC. [2]

In view of the current status of the FIT-All fund balance and the necessity for TransCo to continue paying its FIT-All obligation to Eligible RE Plants, the Commission finds it reasonable to issue this Provisional Authority.

WHEREFORE, the National Transmission Corporation (TransCo) is hereby **GRANTED PROVISIONAL AUTHORITY** to implement its FIT-ALL Working Capital Allowance (WCA) Rate Adjustment for Calendar Year 2026, subject to the following conditions:

1) TransCo is hereby **AUTHORIZED** to implement the 2026 FIT-All WCA Rate Adjustment equivalent to **PhP0.1348/kWh** or collect **PhP0.3359/kWh**, effective August 2026 billing;

2) The grant of provisional authority is without prejudice to the final outcome of this case. Any over-recovery or under-recovery resulting from the implementation of this provisional authority shall be subject to confirmation, adjustment, refund, or recovery as may be directed by the Commission in its Final Decision;

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[2] Entitled, "In the Matter of the Application for Approval/ of the Feed-In Tariff Allowance for Calendar Year 2026 Pursuant to the Guidelines for the Collection of the Feed-In Tariff Allowance Fund, With Prayer for Provisional Authority."

3) TransCo shall maintain separate books and records for all collections and disbursements attributable to the provisional WCA Rate Adjustment and shall submit periodic reports as may be required by the Commission; and

4) TransCo shall comply with all directives that may be issued by the Commission during the pendency of this case.

SO ORDERED.

Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:

FRANCIS SATURNINO C. JUAN
Chairperson and CEO[3]

LS: JAB/MVM/MCCG

MOS: PSJ/JGC/CLB

**Deliberated and approved during the 21 July 2026 Commission.*

[3] Granted authority to sign *PA Orders* on 03 September 2025.

Copy Furnished:

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