



SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

14 JAN 21 P2:35

SENATE

P. S. Res. No. 455

RECEIVED BY: Ji

Introduced by Senator Ralph G. Recto

A RESOLUTION

DIRECTING THE SENATE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE INCREASE IN THE GENERATION RATE CHARGED BY VARIOUS DISTRIBUTION UTILITIES IN LUZON DUE TO THE MALAMPAYA GAS PIPELINE SHUTDOWN AND TO DETERMINE MEASURES THAT WOULD CUSHION THE IMPACT ON CONSUMERS, WITH THE END IN VIEW OF PROTECTING CONSUMER RIGHTS AND INTERESTS BY ENSURING A RELIABLE AND SECURE SUPPLY OF ELECTRIC POWER AT REASONABLE AND AFFORDABLE RATES

WHEREAS, rate adjustments are being implemented by various distribution utilities (DUs) in Luzon due to the scheduled maintenance shutdown of the Malampaya Gas pipeline where most of the DUs source their power requirements;

WHEREAS, other power plants that went on unscheduled, forced, and extended shutdown which coincided with the scheduled maintenance shutdown of the Malampaya gas pipeline consequently forced the DUs to source power from plants that run on diesel, which is more expensive than natural gas;

WHEREAS, DUs refer to any electric cooperative (EC), private corporation, government-owned utility or existing local government unit which has an exclusive franchise area to operate a distribution system;

WHEREAS, many private DUs and ECs in Luzon reportedly purchased power at a very steep price during the period when the Malampaya gas pipeline was on its scheduled maintenance shutdown;

WHEREAS, the said private DUs and ECs reportedly purchased power from the same small group of power generators apparently for the same price that Meralco did;

WHEREAS, while Meralco is the biggest distribution utility in Luzon in terms of customer base, its franchise area covers only forty percent (40%) of Luzon and the rest is covered by electric cooperatives and other private DUs;

WHEREAS, the Energy Regulatory Commission approved the application of Meralco to implement a P4.15-per-kilowatt-hour (kWh) increase which was supposed to be reflected in the December 2013 billing statement;

WHEREAS, the Supreme Court issued a sixty (60) day temporary restraining order (TRO) on the P4.15-per-kilowatt-hour (kWh) power rate hike of Meralco;

WHEREAS, based on the report of the ERC, the increase in the generation rate implemented by the following power distributors was affected by the spike in the WESM clearing price due to the outages of other power generators:

- La Union Electric Company, Inc. (LUECO) – 0.0077

- Benguet Electric Cooperative, Inc. (BENECO) – 0.1459
- Angeles Electric Corp. (AEC) – P0.1721
- Cabanatuan Electric Corporation (CELCOR) – 0.2278
- Tarlac Electric Inc. (TEI) – 0.3797
- San Fernando Electric Light & Power Company, Inc. (SFELAPCO) – 0.5743
- Olongapo Electric Distribution Company (OEDC) – 0.6810
- Quezon I Electric Cooperative, Inc. (QUEZELCO I) - 0.8197
- Ilocos Norte Electric Cooperative, Inc. (INEC) – 1.2005
- Batangas II Electric Cooperative, Inc. (BATELEC II) – 1.6963
- Dagupan Electric Corporation (DECORP) – 1.9888
- Nueva Ecija II Area I Electric Coop., Inc (NEECO II-A1) – 2.4672
- Cagayan I Electric Cooperative, Inc. (CAGELCO I) – 2.7927
- Batangas I Electric Cooperative, Inc. (BATELEC I) – 2.9441
- Sorsogon I Electric Cooperative, Inc. (SORECO I) – 4.0015
- Ilocos Sur Electric Cooperative, Inc. (ISECO) – 4.0739

WHEREAS, the increase in the generation rate in December by the private DUs and ECs reached as high as P4.07 per kilowatt hour;

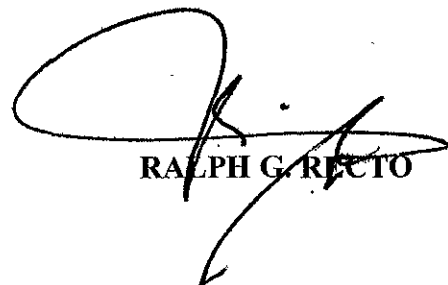
WHEREAS, like Meralco, the said DUs and ECs passed on this rate increase to their consumers but, only Meralco was restrained by the Supreme Court from recovering the cost, to the detriment of the consumers in the non-Meralco franchise areas;

WHEREAS, only one rule must prevail for the whole grid and there must be equal relief for all consumers;

WHEREAS, it is imperative upon Congress to determine measures that would cushion the impact of this power rate increase on consumers;

NOW THEREFORE, BE IT RESOLVED, by the Philippine Senate, to direct the Committee on Energy to conduct an inquiry, in aid of legislation, on the increase in the generation rate charged by various distribution utilities in Luzon due to the Malampaya gas pipeline shutdown and to determine measures that would cushion the impact on consumers, with the end in view of protecting consumer rights and interests by ensuring a reliable and secure supply of electric power at reasonable and affordable rates.

Adopted,



RALPH G. RECTO

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