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SENATE

P. S. Res. No. 946

RECEIVED BY 

INTRODUCED BY THE HONORABLE MAR ROXAS

A RESOLUTION

DIRECTING THE SENATE COMMITTEE ON ENERGY AND OTHER APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE IMMINENT PROVISIONAL RATE INCREASE IN THE GENERATION COST OF THE NATIONAL POWER CORPORATION (NAPOCOR) AND THE POWER SECTOR ASSET AND LIABILITIES MANAGEMENT CORPORATION (PSALM) IN THE AMOUNT OF PHP1.1460 PER KILOWATT HOUR (kWh) IN THE VISAYAS GRID TO DETERMINE NECESSARY AMENDMENTS TO EXISTING ENERGY LAWS FOR THE GREATER PROTECTION OF POWER CONSUMERS, AND FOR OTHER PURPOSES.

WHEREAS, Section 2 (c) of the Electric Power Industry Reforms Act of 2001 states that it is the policy of the State “to ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;”

WHEREAS, Section 2 (f) of the same act mandates the State “to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;”

WHEREAS, in February 2009, the Energy Regulatory Commission (ERC) approved the joint application of National Power Corporation (NAPOCOR) and the Power Sector Asset and Liabilities Management Corporation (PSALM) to provisionally increase their basic generation charges per kilowatt hour (kWh) by Php .4682 for Luzon, Php1.1460 for Visayas, and Php.7174 for Mindanao, covering the billing period from 26 February 2009 to March 2009;

WHEREAS, according to news reports, the provisional rate increase was granted by the ERC to immediately alleviate NAPOCOR's current financial difficulties due to current costs of generating power and to increase their “Return on Rate Base” from 8% to 12%;

WHEREAS, the Visayas region has acquired the highest provisional rate increase, which subsequently resulted to strong opposition from local officials in Western and Eastern Visayas given that not only will this be an additional burden to

Visayan consumers amidst the current global economic crisis, but that it would also be unjust to pass on the financial difficulty of NAPOCOR to the power consumers;

WHEREAS, according to a news article from the *Visayan Daily Star* dated 19 March 2009, Negros Occidental Governor Isidro Zayco, Bacolod Mayor Evelio Leonardia, and other Western Visayas local officials have decided to take action on the issue to express their strong opposition to the rate hike and thus, the Bacolod Sangguniang Panglungsod has filed an intervention and opposition in the ERC Case No. 2009-004 to the application for higher power rates of NAPOCOR and PSALM;

WHEREAS, members of the Federation of Electric Cooperatives in Eastern Visayas issued an open letter to President Gloria Macapagal Arroyo published in the *Philippine Daily Inquirer* on 19 March 2009 stating their strong condemnation and opposition to the provisional rate increase of Php1.1460/kWh in the Visayas grid;

WHEREAS, the Federation of Electric Cooperatives in Eastern Visayas claims that NAPOCOR and PSALM did not notify and inform the Electric Cooperatives (ECs) and the Local Government Units (LGUs) in the area, and even the Philippine Rural Electric Cooperatives Association on their joint application;

WHEREAS, consequent to the provisional rate hike, the Office of Senator Roxas has received reports from Western Visayas officials that once two of the power generators in Iloilo are turned over on 25 March 2009 to a private Singaporean-owned firm named SPC Island Power Corporation (SIPC), formerly Salcon Power Corporation, there is the possibility of a massive power shortage or higher power rates in their region;

WHEREAS, the imminent turn-over of the two power plants to a Singaporean-owned corporation may have a direct impact on the imposition of higher power rate and consequently affect the supply and demand for power in the region, thereby raising serious concerns about the situation and the need to look for answers and explanations;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the Senate direct the Senate Committee on Energy and other appropriate Senate Committees to conduct an inquiry, in aid of legislation, on the imminent provisional rate increase in the generation cost of the National Power Corporation (NAPOCOR) and the Power Sector Asset and Liabilities Management Corporation (PSALM) in the amount of Php1.1460 per kilowatt hour (kWh) in the Visayas grid to determine necessary amendments to existing energy laws for the greater protection of power consumers, and for other purposes.

Adopted,


M A R ROXAS
Senator