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P.S. RES. NO: 411

RECEIVED BY. *Ji*

Introduced by Senator Antonio "Sonny" F. Trillanes IV

**RESOLUTION**

**DIRECTING THE SENATE COMMITTEE ON ENERGY, AND OTHER APPROPRIATE SENATE COMMITTEES, TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PLANNED BIG-TIME INCREASE IN THE GENERATION COST CHARGED BY THE MANILA ELECTRIC COMPANY (MERALCO) AND TO DETERMINE AND VALIDATE THE REASONS GIVEN TO JUSTIFY THE SAME; AS WELL AS ON THE STATUS OF THE IMPLEMENTATION OF THE ELECTRIC POWER INDUSTRY REFORM ACT (EPIRA) OF 2011, WITH THE END IN VIEW OF PROTECTING THE RIGHTS AND INTEREST OF CONSUMERS' AND ENSURING AFFORDABLE ENERGY IN THE COUNTRY**

**WHEREAS**, Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act (EPIRA) was enacted in 2001 to implement mandated reforms in the energy sector, including the assurance of the quality, reliability, security and affordability of the supply of electric power in the country;

**WHEREAS**, current circumstances, however, run counter the aforementioned policy, as the Manila Electric Company (Meralco), the largest power distributor in the country, announced early this month that it will temporarily increase generation charge by P3 per kilowatt hour – the highest in the country's history;

**WHEREAS**, according to media reports, the ERC reportedly approved the implementation of the said hike in three tranches, as an attempt to cushion its impact on consumers;

**WHEREAS**, the first and biggest tranche is an increase in the amount of P2.41 per kilowatt hour expected to be reflected in the December billing; while the second in the amount of P1.21 per kilowatt hour to be reflected in February, while the third in the amount of P0.53 per kilowatt hour to be reflected in March;

**WHEREAS**, said price hike is due to the scheduled maintenance shutdown of Malampaya natural gas platform, where Meralco sources bulk of its power requirements. Moreover, the shutdown which started on November 11 and will end on December 10, was compounded by the outage of other plants such as the San Lorenzo Power Plant, Sta. Rita Power Plant and the Ilijan Power Plant where Malampaya sources its power from;

**WHEREAS**, henceforth, Meralco is allegedly compelled to source power from the Wholesale Electricity Spot Market (WESM) and plants that run on diesel, which is more expensive than natural gas;

**WHEREAS**, the ERC confirmed that Meralco may unilaterally implement a power rate hike and the former may review the price increase after the new generation charge has been reflected in the electricity bill of Meralco customers;

**WHEREAS**, in view of the foregoing circumstances, experts predict that "a P3 per kWh increase in generation charge will amount to a P600 increase in electricity bills of consumers

using an average of 200 kWh per month. Other components are also expected to increase, such as VAT, local franchise tax, and transmission charge.”<sup>1</sup>

**WHEREAS**, further, there have been reports on alleged collusion among power plants and on unusual number of power outages during the Malampaya shutdown;

**WHEREAS**, it is incumbent upon the Senate, thru the Senate Committee on Energy and other appropriate Senate committees, to protect public interest and safeguard the rights of consumers from aforesaid alleged unjust financial burden and abuse of the law, especially at a time when the country is still reeling from a string of natural and man-made catastrophe;

**WHEREAS**, it is likewise incumbent upon the Senate, thru the Senate Committee on Energy and other appropriate Senate committees, to review the status of the implementation of RA 9036 or the Electric Power Industry Reform Act (EPIRA) of 2011, as the proposed increase on the generation cost of Meralco runs counter to the purposes of said law to ensure the affordable and reasonable price of electricity;

**NOW THEREFORE, BE IT RESOLVED** *as it is hereby resolved*, for the Senate to direct the Committee on Energy, and other appropriate Senate committees, to conduct an inquiry, in aid of legislation, on the planned big-time increase in the generation cost charged by the Manila Electric Company (Meralco) and to determine and validate the reasons given to justify the same; as well as on the status of the implementation of the Electric Power Industry Reform Act (EPIRA) of 2011, with the end in view of protecting the rights and interest of consumers and ensuring affordable energy in the country.

*Adopted,*



ANTONIO "SONNY" F. TRILLANES IV

Senator

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<sup>1</sup> ERC to deliberate on Meralco rate hike. By rappler.com. Posted on 12/06/2013 4:57 PM | Updated 12/06/2013 5:44 PM. Accessed from <http://www.rappler.com/business/industries/173-power-and-energy/45395-erc-meralco-december-rate-hike> on 12/8/13