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REPUBLIC OF THE PHILIPPINES)
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SENATE
P.S. RES. No. 891

Introduced by Senator WIN GATCHALIAN

A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE FACTORS THAT RESULTED TO AND THE ENTITIES RESPONSIBLE FOR THE WESTERN VISAYAS BLACKOUT, WITH THE END IN VIEW OF REVIEWING MATERIAL PORTIONS OF THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001 AND OTHER RELEVANT LAWS TO PREVENT BLACKOUTS AND ENSURE RELIABLE AND CONTINUOUS ELECTRIC POWER SUPPLY IN THE COUNTRY

1 WHEREAS, Republic Act No. 7638 or the Department of Energy Act of 1992
2 (DOE Act) as amended by Republic Act No. 9136 or the Electric Power Industry Reform
3 Act of 2001 (EPIRA) provides that the Department of Energy (DOE) is tasked with
4 ensuring the "reliability, quality and security of supply of electric power";¹

5 WHEREAS, EPIRA provides that ERC shall "ensure the adequate promotion of
6 consumer interests",² "monitor the activities of the generation and supply of the
7 electric power industry",³ "act on any complaint by or against any participant or player
8 in the energy sector for violations of any laws, rules and regulations governing the
9 same",⁴ and "impose fines or penalties for non-compliance with or breach of this Act,
10 the IRR of this Act and the rules and regulations which it promulgates or administers";⁵

¹ Sec. 37, Republic Act No. (RA) 9136 (2001)

² Sec. 41, RA 9136 (2001)

³ Sec. 43 (p), RA 9136 (2001)

⁴ Sec. 43(s), RA 9136 (2001)

⁵ Sec. 43(m), RA 9136 (2001)

1 WHEREAS, EPIRA also provides that the operation of the transmission grid shall
2 be a regulated common electricity carrier business subject to the ratemaking powers
3 of the Energy Regulatory Commission (ERC)⁶;

4 WHEREAS, Congress enacted Republic Act No. 9511, otherwise known as the
5 National Grid Corporation of the Philippines (NGCP) franchise,⁷ which grants to NGCP
6 the right to act as the national transmission concessionaire over the national grid of
7 the electric power industry;

8 WHEREAS, the national grid is the sole backbone for the transmission of
9 electricity throughout the entire country, and any event leading to its failure to operate
10 has wide-ranging effects on the economy, public safety, and national security;

11 WHEREAS, beginning 2 January 2024, a massive blackout hit Panay Island
12 cascading to other portions of Western Visayas. On 2 January 2024, at 12:06 PM, the
13 82-megawatt (MW) Coal-fired Power Plant Unit 1 of the Panay Electric Development
14 Corporation (PEDC) tripped due to a boiler feed pump issue;

15 WHEREAS, on that same date at 2:19 PM, a 135 MW Coal-fired Power Plant of
16 the Palm Concepcion Power Corporation (PCPC) and the 82 MW Coal-fired Power Plant
17 Unit 2 of the PEDC simultaneously tripped due to grid voltage imbalance;

18 WHEREAS, other power plants within the Panay-sub-grid were also affected by
19 the grid voltage imbalance, specifically: SPC Island Power Corp. Panay Diesel Power
20 Plant Unit 3 (50 MW) and Unit 1 (15 MW), MORE Power Barge 101 (24 MW), and
21 Global Business Power Corporation – Panay Power Corporation AVON-Nabas Diesel
22 Power Plant (6.3 MW). The total capacity affected, including the first power plant unit
23 that tripped (PEDC Unit 1 (82 MW)), is 394.3 MW;⁸

24 WHEREAS, on the same date at 3:07pm, Panay was total isolated from the rest
25 of the Visayas grid due to the tripping of the Bacolod-Barotac Viejo (Negros-Panay)
26 138 kV submarine cable;⁹

27 WHEREAS, the simultaneous power plant tripping in Panay Island and the
28 tripping of various transmission lines resulted in multiple power interruptions affecting

⁶ Sec. 43(v), RA 9136 (2001)

⁷ The full title of the law is "An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-bone System or Interconnected Transmission Lines, Substations and Related Facilities, and for Other Purposes."

⁸ Department of Energy (DOE) Brief on Panay Blackout Incident (5 January 2024)

⁹ Ibid.

1 eleven (11) distribution utilities: Aklan Electric Cooperative, Inc. (AKELCO), Antique
2 Electric Cooperative, Inc. (ANTECO), Capiz Electric Cooperative, Inc. (CAPELCO),
3 Guimaras Electric Cooperative, Inc. (GUIMELCO), Iloilo I Electric Cooperative, Inc.
4 (ILECO I), Iloilo II Electric Cooperative, Inc. (ILECO II), Iloilo III Electric Cooperative,
5 Inc. (ILECO III), More Electric Power Corporation (MEPC), Northern Negros Electric
6 Cooperative, Inc. (NONECO), Central Negros Electric Cooperative, Inc. (CENECO), and
7 Negros Occidental Electric Cooperative, Inc. (NOCECO);¹⁰

8 WHEREAS, while measures are being taken to address the power disruptions,
9 as of 05 January 2024, power rotation remains in effect, causing intermittent outages
10 among affected areas¹¹;

11 WHEREAS, NGCP has stated that it did not see any transmission disturbance
12 before the PEDC Unit 1 tripped and that it cannot intervene on matters concerning
13 power generation;¹²

14 WHEREAS, the ERC has referred the matter to the interim Grid Management
15 Committee (iGMC) for investigation and appropriate penalties will be imposed upon
16 submission of the iGMC's findings.¹³ However, ERC has also stated that the probe
17 may be completed in six to eight weeks;¹⁴

18 WHEREAS, the DOE has stated that the island-wide blackout was preventable
19 since there was a two-hour window when NGCP could have proactively called on the
20 distribution utilities in Panay to reduce their load to prevent a sub-system-wide
21 collapse. Moreover, the DOE has suggested the following recommendations for
22 Congressional consideration:

- 23 (a) Separating and transferring the systems operation function from the
24 NGCP to another entity, leaving the NGCP to focus on the transmission
25 network provider function;

¹⁰ DOE Brief on Panay Blackout Incident (5 January 2024); Notices issued by NONECO, CENECO and NOCECO.

¹¹ Carla Gomez, Ruchelle Denice Demaisip. **NGCP explains, takes heat as Panay outage drags on.** Philippine Daily Inquirer. 5 January 2024. <<https://newsinfo.inquirer.net/1884186/ngcp-explains-takes-heat-as-panay-outage-drags-on>>

¹² Ian Laqui. **NGCP calls for holistic approach to Panay Island power supply issued.** The Philippine Star. 5 January 2024. <<https://www.philstar.com/headlines/2024/01/05/2323694/ngcp-calls-holistic-approach-panay-island-power-supply-issues>>

¹³ Sheldeen Joy Talavera, Johan Victor D. Ordonez. **ERC: Committee looking into Panay Island power outage.** Business World Online. 4 January 2024. <<https://www.bworldonline.com/economy/2024/01/04/567014/erc-committee-looking-into-panay-island-power-outage/>>

¹⁴ Sean Rafio, Rjay Zuriaga Castor. **P2-M Daily Fine Looms Over NGCP: NGCP probe on Panay blackout will take 6 to 8 weeks.** Daily Guardian. 8 January 2024. <<https://dailyguardian.com.ph/p2-m-daily-fine-looms-over-ngcp-erc-probe-on-panay-blackout-will-take-6-to-8-weeks/>>

1 (b) Vesting the ERC with the authority to impose a Php 2 million
2 administrative fine on the transmission concessionaire per day of
3 violation or non-compliance with regulatory rules, or one percent (1%)
4 of the cost of delayed projects based on the ERC- approved project
5 cost; and

6 (c) Reviewing the special tax privilege of the NGCP to pay only a three
7 percent (3%) franchise tax in lieu of all other national and local taxes;¹⁵

8 WHEREAS, according to Iloilo City Mayor Jerry Trefñas, Iloilo City stands to lose
9 around between Php 400 million to 500 million daily – or Php 1.5 billion in three days
10 – following the massive blackout that hit Panay Island since 2 January;¹⁶

11 WHEREAS, according to the Iloilo City Local Economic Development &
12 Investment Promotion officer Velma Jane Lao, residents have trooped to hotels and
13 malls, causing these establishments to ramp up their expenses on generator sets and
14 fuel. Machines have bogged down, and restaurants have complained of food spoilage.
15 Government offices also could not deliver their service because of the unfavorable
16 working conditions due to sweltering heat;¹⁷

17 WHEREAS, the prolonged power outage in Panay forced the suspension of
18 classes in at least 733 public schools, not including private schools and higher
19 education institutions. According to Department of Education Regional Information
20 Officer Hernani Escullar Jr., two days of class suspension could have an impact on the
21 scheduled activities intended for the learners, and that make-up classes would still be
22 subject for the approval of school's division superintendents;¹⁸

23 WHEREAS, various stakeholders including Mayor Jerry Trenas of Iloilo City,
24 Governor Bong Lacson of Negros Occidental, the Iloilo City Business Development
25 Council, and the Philippine Chamber of Commerce and Industry Iloilo Chapter, Inc.
26 have all called for collaboration to find ways to prevent a repeat of the outages;¹⁹

¹⁵ DOE Conference (5 January 2024)

¹⁶ Jennifer Rendon. **Blackout: Iloilo losing up to P500 million daily.** The Philippine Star. 5 January 2024. <<https://www.philstar.com/headlines/2024/01/05/2323533/blackout-iloilo-losing-p500-million-daily>>

¹⁷ *Ibid.*

¹⁸ *Supra* at 3.

¹⁹ Rjay Zuriaga Castor, Jennifer Rendon and Mariela Angella Oladive. **Blackout Havoc: Iloilo City's economic loss pegged at P1.5 B; nat'l government told to 'crack the whip' on NGCP.** Daily Guardian. 5 January 2024. <<https://dailyguardian.com.ph/blackout-havoc-iloilo-citys-economic-loss-pegged-at-p1-5-b-natl-govt-told-to-crack-the-whip-on-ngcp/>>; Carla P. Gomez. **ERC eyes sanctions for WV blackouts, Negros wants more renewable power.** Digicast Negros. 8 January 2024. <<https://digicastnegros.com/erc-eyes-sanctions-for-wv-blackouts-negros-wants-more-renewable-power/>>; **Mayor, business groups call for probe into massive Western Visayas power outage.** Sunstar. 5 January 2024. <<https://www.sunstar.com.ph/iloilo/mayor-business-groups-call-for-probe-into-massive-western-visayas-power-outage>>.

1 NOW, THEREFORE BE IT RESOLVED as it is hereby resolved, to direct the
2 appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the
3 factors that resulted to and the entities responsible for the Western Visayas blackout
4 Panay Blackout, with the end in view of reviewing material portions of the Electric
5 Power Industry Reform Act of 2001 and other relevant laws to prevent blackouts and
6 ensure reliable and continuous electric power supply in the country.

Adopted,



WIN GATCHALIAN