EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

SENATE

P.S.R. No. 746

INTRODUCED BY SENATOR RISA HONTIVEROS

RESOLUTION

CALLING FOR AN INVESTIGATION IN AID OF LEGISLATION INTO THE FAILURE OF CONCERNED GOVERNMENT AGENCIES TO ENSURE AFFORDABLE ELECTRICITY RATES IN THE COUNTRY TWENTY YEARS AFTER THE ENACTMENT OF THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001

WHEREAS, the Electric Power Industry Reform Act of 2001 (EPIRA) is marking its 20th year since its enactment in June 8, 2001;

WHEREAS, aside from ensuring the quality, reliability and security of electricity supply, affordability was also declared as one of the major policy objectives of EPIRA;

WHEREAS, to achieve this objective, Section 23 of the law explicitly requires a distribution utility to supply electricity to its captive market in the least cost manner, while Section 43 (g) mandates the Energy Regulatory Commission (ERC) to establish and enforce a methodology for rate setting that would ensure reasonable price of electricity as well as reasonable return for industry players;

WHEREAS, the 2015 United Nation's Social Development Goal No. 7 has called for international cooperation in ensuring peoples access to affordable and clean energy as people's everyday life depends on reliable and affordable energy services to function smoothly and to develop equitably;

WHEREAS, prior to EPIRA, the country's power cost was considered one of the highest in Asia, next only to Japan, and twenty years after, despite having declared power rates reduction as a national objective, the cost of electricity in the Philippines remains to be the highest in ASEAN and one of the most expensive in the world;

WHEREAS, the high cost of electricity impacts heavily on household with the use of electricity comprising 25.8% only of household's consumption, indicating the heavier reliance of households to biomass such as fuelwoods and charcoal, which according to the Department of Energy's Philippine Energy Plan 2018-2040, represented 61% of household's final energy consumption in 2018;

WHEREAS, the onset of the pandemic drives inflation higher for the bottom 30% of the population with the cost of food, transportation, and utilities, weighing heavily on household income;

WHEREAS, DOE's PEP-2018-2040 recognizes several factors contributing to the

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higher cost of power in the country such as government taxes, thermal efficiency of power plants, and the higher weighted average cost of capital (WACC) for transmission and distribution, among others;

WHEREAS, an independent study confirms the PEP's findings, yet argues that even minus taxes, the country's power cost remains 30% higher than the rates in other ASEAN countries;

WHEREAS, some studies suggest further that a combination of measures which deal with specific solutions to specific rate components can effectively bring down electricity rates in the country to at least P2.00 per kilowatt-hour;

WHEREAS, besides high cost, the Philippine power industry remains saddled with age old problems of power interruptions due to diminishing supply, system inefficiencies, and dependence on fossil fuel;

WHEREAS, absent a considerable reduction in electricity rates in the country, EPIRA cannot claim any significant milestone twenty years after its enactment;

WHEREAS, while it is the duty of Congress to formulate and carry out policy reforms for the best interest of our people and our country, effective implementation of such policies may have been affected by internal and external influences when the power industry transitioned from state monopoly into wholesale and retail competition;

WHEREAS, the lowering down of electricity rates could have been achieved faster than twenty years had the agencies that were mandated to make this thing happen did what were supposed to be done in an appropriate and resolute manner;

NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED TO CALL FOR AN INVESTIGATION IN AID OF LEGISLATION INTO THE FAILURE OF CONCERNED GOVERNMENT AGENCIES TO ENSURE AFFORDABLE ELECTRICITY RATES IN THE COUNTRY TWENTY YEARS AFTER THE ENACTMENT OF THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001.

Adopted,

RISA HONTIVEROS
Senator

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