


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SENATE

P. S. Res. No. 586

RECEIVED BY: 

Introduced by Senator Ralph G. Recto

A RESOLUTION

DIRECTING THE SENATE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE IMPENDING SERIES OF INCREASES IN POWER COSTS DUE TO THE VARIOUS ELECTRICITY RATE ADJUSTMENTS FILED BY THE POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION (PSALM), NATIONAL POWER CORPORATION (NPC), MERALCO AND NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP) WITH THE ENERGY REGULATORY COMMISSION (ERC), WITH THE END IN VIEW OF ENSURING A RELIABLE AND SECURE SUPPLY OF ELECTRIC POWER AT REASONABLE AND AFFORDABLE RATES

WHEREAS, according to reports, the Philippines now has the highest residential power rates not only in Asia but also in the whole world at 11 pesos per kilowatt-hour (kWh);

WHEREAS, the cost of power is a significant factor in the number and amount of investments that a country is able to attract;

WHEREAS, these investments help create opportunities that generate the much-needed jobs to spur economic development;

WHEREAS, the ERC determines, fixes and approves a Universal Charge (UC) to be imposed on all electricity end-users; verifies the reasonable amounts and determines the manner and duration for the full recovery of stranded debts and stranded contract costs of National Power Corporation (NPC) and the distribution utilities; and acts on applications for cost recovery and return on Demand-Side Management (DSM) projects;

WHEREAS, PSALM has filed another petition at the ERC seeking a "true up adjustment" for Luzon of P0.1059 per kilowatt-hour (kWh), P0.1157/kWh for Visayas and a reduction of P0.0258/kWh for Mindanao;

WHEREAS, the "true-up adjustment" filed by PSALM is on top of their application to increase the UC imposed on power users by P0.39/kilowatt-hour to recover a portion of the debts of the NPC, of which P0.03 per kWh will be collected over 15 years to pay for stranded debts while P0.36 per kWh over four years for stranded contract costs;

WHEREAS, there is a pending petition from PSALM for the adjustment of the NPC's base rate under the Generation Rate Adjustment Mechanism (GRAM)

and Incremental Currency Exchange Rate Adjustment (ICERA) where it seeks a P4.72/kwh for Luzon, P4.26/kwh for Visayas and P3.17/kWh for Mindanao;

WHEREAS, GRAM recovers the cost of fuel and of electricity purchased from privately owned power plants while the ICERA is a mechanism to recover the state power generator's foreign exchange fluctuation costs;

WHEREAS, MERALCO has increased its generation charge effective on the August 2011 billing period at P0.08 per kilowatt-hour as a result of higher cost of power from the spot market and power producers;

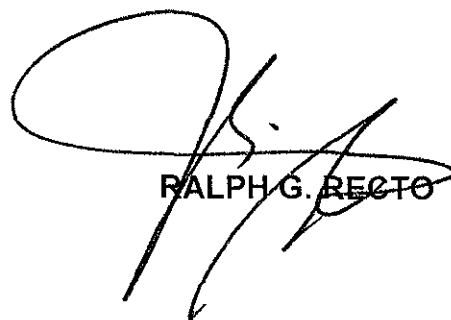
WHEREAS, the National Grid Corporation of the Philippines (NGCP) has proposed to the ERC a total rate increase of P0.82/kWh that will be staggered from October 2011 up to December 2015 in Luzon to recoup the P80.2 Million used for the rehabilitation, repair and restoration of transmission line facilities damaged by typhoons Basyang and Juan in 2010;

WHEREAS, these petitions for electricity rate adjustments will be passed on to power end-users and hence, will be a disincentive to the country's investors and unnecessarily burden the consumers of electric power who are currently faced with high cost of living;

WHEREAS, with the impending series of power cost increases, it is imperative upon Congress to review the provisions of the Electric Power Industry Reform Act (EPIRA) of 2001, whose principal objective was to bring down electricity rates;

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 impending series of increases in power costs due to the various electricity rate adjustments filed by the Power Sector Assets and Liabilities Management Corporation (PSALM), National Power Corporation (NPC), Meralco and National Grid Corporation of the Philippines (NGCP) with the Energy Regulatory Commission (ERC), with the end in view of ensuring a reliable and secure supply of electric power at reasonable and affordable rates.

Adopted,



RALPH G. RECTO