



PHILRECA

PHILIPPINE RURAL ELECTRIC COOPERATIVES ASSOCIATION, INC.

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Shortage of power supply increases electricity rate

The shortage in power supply caused increases in residential effective electricity rates since January of this year, with the June power rates having the highest average increase at Php 1.3037 per kWh among the affected electric cooperatives.

In a report submitted by the Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA) to the Energy Regulatory Commission (ERC), more than half of the electric cooperatives in the Luzon Grid (26 ECs or 59.1%) confirmed that the rate of electricity rose due to the current power supply shortage.

Engr. Kenjie Fagyan, PHILRECA's Regulatory Affairs Officer, explained that the gradual increases in residential effective power rates since January are due to the upward trend of generation costs and forced outages of some power plants supplying the energy requirements of Luzon.

Fagyan said that "some plants have been on forced outage since December until now due to unfinished maintenance or repairs. That is why as early as January, majority of our EC consumers in Luzon experienced increases in power rates in their electricity bills."

He added that distribution utilities (DUs) needed to buy electricity from the Wholesale Electricity Spot Market (WESM) to address these power outages, and in most cases, electricity from the market is more expensive than the approved rates in the DU's Power Supply Agreement with the generation companies (GenCos).

Atty. Janeene Depay-Colingan, Executive Director and General Manager of the 121-member-strong PHILRECA, explained however that these increases in rates are beyond the control of the ECs.

"We should understand that in this case, the ECs are just collection agents of GenCos. The increases that the consumers see in their bills are actually increases in generation charges. DSM charges [Distribution, Supply, Metering] are the fees that are collected by the ECs for the maintenance of the ECs' operations," clarified Colingan.

"The distribution sector is a regulated one. For the ECs and other DUs to increase the DSM rates, it would have to go through a series of hearings and consultations with the ERC. And for years, these rates remained the same – the public

"United we stand, We Stand United."

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can check their bills which show unbundled charges. The generation sector is a competitive industry – any increase coming from this sector affects the total charges that consumers see in their power bills,” explained further by Colingan.

Republic Act 9136 or the Electric Power Industry Reform Act (EPIRA) requires distribution utilities to unbundle the charges in the consumers' power bills. Consumers can check how much payment goes to the distribution utility, and how much are pass-through charges like generation rate. Changes or increases in generation charge that cause increases in the overall electricity rate can be seen in the consumers' power bills.

PHILRECA President and Party-List Representative Presley C. De Jesus reiterated his call for the government regulatory and policy agencies to stop finger-pointing and find a way to solve this problem.

“The people are suffering because of someone or some office’s failure to plan and make contingencies on such a perennial problem like this one. Every year since time immemorial, we encounter the same circumstances, and experience the same problem, and yet, we are allowing this to happen,” explained De Jesus.

“What puzzles me is the fact that we know what the problem is, we know what the solution is, and in fact, we even know when exactly the problem would occur! For reasons I cannot comprehend, nothing is being done to solve this,” De Jesus expressed his disappointment.

In the most recent hearings of the House of Representatives and Senate of the Philippines, the Department of Energy insisted that there is enough energy supply. Energy Secretary Alfonso Cusi said that it is the National Grid Corporation of the Philippines’ (NGCP) mandate to negotiate with these power plants for reserves. NGCP, however, maintained that there is no enough supply to be contracted for reserves.

On the part of PHILRECA, De Jesus said that their member-electric cooperatives have been conducting regular information and awareness campaigns to educate the consumers on how they can help manage the demand for electricity.

“We will do what we can to educate our consumer on demand-side management, but we can only do so much. This is more of a supply concern and we are hoping that the government’s Energy Family will step up to resolve this problem once and for all,” De Jesus added. ###

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