

Lowering Electricity Costs

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Pre-summit Initiatives to Lower the Cost of Electricity

- Conducted consultative meetings leading to formulation of agreements between the private sector and the government
- Agreements were reported to PGMA by Sec. Reyes
- Institutionalized the government – private sector partnership

Government – Private Sector Agreement

■ Immediate Solution

- MERALCO TO RESTORE LOAD FACTOR DISCOUNT AND IMPLEMENT REDUCTION IN SYSTEM LOSS CHARGE
- TO WITHDRAW COURT CASE FILED BY MERALCO AND PEPOA AGAINST PEZA IN IMPLEMENTING OPEN ACCESS WITHIN THE ECONOMIC ZONES

Government – Private Sector Agreement

■ In the Medium-Term

- NPC AND MERALCO TO RENEGOTIATE THEIR POWER SUPPLY AGREEMENT FOR A CHEAPER GENERATION COST
- MERALCO TO FURTHER REVIEW ITS CURRENT DISTRIBUTION CHARGES AND TO IDENTIFY POTENTIAL REDUCTION IN THE DISTRIBUTION COMPONENT.

Pre-summit Government – Private Sector Agreement

■ In the Medium-Term

- TRANSCO TO REVIEW ITS CURRENT CUSTOMER CLASSIFICATION RATES AND CHARGES AND PROPOSE SCHEME TO REDUCE ITS TRANSMISSION RATE CHARGES TO POWER INTENSIVE CONSUMERS ESPECIALLY THOSE IN THE ECONOMIC ZONES.
- TRANSCO TO DEVELOP A PROGRAM TO ASSIST THEIR CUSTOMERS ACHIEVE EFFICIENCIES IN THEIR OPERATIONS AND EVENTUALLY REDOUND TO LOWER POWER COST.

Pre-summit Government – Private Sector Agreement

■ In the Medium-Term

- THE DOF, BIR AND THE DILG WITH THE CONCERNED LGUS TO LOOK INTO THE POSSIBILITY OF LIFTING THE VARIOUS TAXES IMPOSED IN THE GENERATION, TRANSMISSION AND DISTRIBUTION FACILITIES.
- PSALM TO PURSUE THE PRIVATIZATION OF THE REMAINING NPC POWER PLANTS AND ACCELERATE THE APPOINTMENT OF IPP ADMINISTRATORS TO IMPLEMENT THE OPEN ACCESS IN LUZON AND VISAYAS

Challenges

- CAN THE PRIVATE INVESTORS COMPETE WITH NPC?
 - Yes.
 - NPC average rate = generation mix (cheaper/expensive plants)

Challenges

- WILL THE BUSINESS OF DUS BE THREATENED BY ACCELERATING OPEN ACCESS?
 - No!
 - DUs MERELY COLLECT FROM THE END-USERS WHAT GENERATION COMPANIES CHARGED THEM
 - DUs WILL STILL BE PAID THE WHEELING CHARGE

KEY MESSAGE

- THE ONLY WAY TO GUARANTEE A SUSTAINABLE POWER DEVELOPMENT PROGRAM THAT BENEFITS THE CONSUMER IS TO PROVIDE CLEAR CHOICES FOR THE CUSTOMER UNDER THE REGIME OF FREE AND FAIR COMPETITION

THANK YOU!