Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE RESOLUTION No. 441

Introduced by
BAYAN MUNA Representatives CARLOS ISAGANI T. ZARATE,
FERDINAND R. GAITE and EUFEMIA C. CULLAMAT

RESOLUTION URGING THE HOUSE OF REPRESENTATIVE COMMITTEE ON
ENERGY TO CONDUCT A JOINT INVESTIGATION, IN AID OF LEGISLATION,
ON THE INCREASING MISSIONARY SUBSIDIES, NOW RUNNING TO
BILLIONS, FOR LARGE OFF-GRID ISLANDS AND THE RESULTING
INCREASED UNIVERSAL CHARGE TO ELECTRIC CONSUMERS

WHEREAS, amid the current rising cost of prices that gravely burden Filipinos, another alarming
issue that is apparently kept away from the public’s attention is the steady increase yet apparently
anomalous government subsidy that now run by the billions for power generation in the off-grid
remote islands in the country. These subsidies are then passed on to the electric consumers in the
form of a Universal Charge that is now P0.1561 per kilowatt hour (kwh), with plans to increase it
further to P0.1948 per kwh;

WHEREAS, providing power services in these off-grid areas, including critical large islands, was
mandated by the 2001 Electric Power Industry Reform (EPIRA) Law or Republic Act 9136, which
also placed this responsibility mainly with the National Power Corp. (NAPOCOR);

WHEREAS, under the EPIRA, the Department of Energy (DOE) is also mandated to create and
implement policies, not only for the total electrification of the isolated areas, but also of making
this in a cost-effective manner and least burden to the government and, most especially, to the
electric consumers;

WHEREAS, in 2002, when the DOE started its power generation privatization program starting
with the 14 first wave of large islands not connected to the national grid like Palawan, Mindoro
Oriental and Occidental, Masbate, Marinduque, Romblon, Tablas, Catanduanes, Bantayan Island,
Siquijor, Camotes Island, Sulu, Basilan, and Tawi-Tawi, government subsidies already run up to
P2.47 billion;

WHEREAS, the missionary subsidy, which has already skyrocketed to P6.16 billion by 2014,
P11.81 billion in 2016, is even forecasted by NAPOCOR to reach P19.35 billion 2020. The subsidy
is also expected to balloon to P28.373 billion by the end of 2021. Consequently, the missionary
electrification charge to national electric consumers has also increased from P0.0454 per kwh to
P0.1163 in 2011 and P0.1561 by 2014. Of late, NAPOCOR is again asking to increase it further
to P0.1948 per kwh. These billions of additional charges are, to say the least, punishing the electric
consumers and hurting the country’s goal of reducing electricity rates;

WHEREAS, for instance, those households now consuming 200 kwh per month will have to pay
P38.96 of their UC-ME, P58.44 for 300 kwh consuming households, and P77.92 for the 400 kwh
consuming households. These additional charges would further compound the harsh effect of the
Tax Reform for Acceleration and Inclusion (TRAIN) law is another burden to our already
suffering consumers;

WHEREAS, In August 2019, the DOE has asked NAPOCOR to defer the increase electricity
rates in off-grid areas. NAPOCOR applied to the Energy Regulatory Commission (ERC) to
increase the missionary generation charge in off-grid islands in Luzon by a total of P2.9140/kWh.
The application will raise the charge to P8.5544/kWh from P5.6404/kWh. In its application,
NAPOCOR also wanted to pass on the added excise taxes on fuel being used to generate power
in off-grid islands at P1.9648/kWh to consumers. This is on top of its previous application for an
increase of P0.9492/kWh, bringing the total increase to P2.9140/kWh;

WHEREAS, these abuses of missionary subsidies are apparently the result of the collective
neglect of the DOE, NAPOCOR and the ERC for allowing anomalous manipulation of the power
supply contracting process through unsolicited proposals and Swiss challenge biddings, which
award ill-conceived projects to favored suppliers at onerous, apparently even anomalous, terms
and conditions;

WHEREAS, in the same vein, it also appears that even the National Electrification
Administration (NEA) also contributed to this anomaly by failing to adequately provide the
necessary guidance to electric cooperatives in the proper planning and contracting of their power
supply requirements;

NOW THEREFORE BE IT RESOLVED, that the House of Representatives Committee on
Energy conduct an investigation, in aid of legislation, on the increasing missionary subsidies for
large off-grid islands that have now run up to billions and the resulting increased Universal Charge
being passed on to electric consumers.

Adopted,

REP. CARLOS ISAGANI T. ZARATE
Bayan Muna Partylist

REP. FERDINAND R. GAITE
Bayan Muna Partylist

REP. EUFEMIA C. CULLAMAT
Bayan Muna Partylist