

Committee Daily Bulletin



17th Congress
First Regular Session

A publication of the Committee Affairs Department

Vol. I No. 129
July 4, 2017

COMMITTEE MEETING				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/ DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Good Government and Public Accountability jt. w/ Energy	HR 566	Rep. Zarate	Inquiry into the alleged midnight deals of the Manila Electric Company (MERALCO)-affiliated generation companies and the Energy Regulatory Commission (ERC) which may be disadvantageous to the public and may cause power rate hikes	<p>The Joint Committee, co-presided by Rep. Johnny Ty Pimentel (2nd District, Surigao del Sur), Chair of the Committee on Good Government and Public Accountability, and Rep. Carlos Roman Uybarreta (Party-List, 1- CARE), Vice Chair of the Committee on Energy, will continue its inquiry relative to HR 566 in its next meeting.</p> <p>Bayan Muna Party-List Rep. Carlos Isagani Zarate, author of HR 566, questioned ERC's issuance of Resolution No. 1, series of 2016 which extended the date of effectivity of a Department of Energy (DOE) circular requiring distribution utilities (DUs) to conduct a competitive selection process (CSP) before entering into a power supply agreement (PSA) with a power generation company. From the original effectivity date of November 6, 2015, the deadline for compliance with this new requirement was moved to April 30, 2016.</p> <p>Rep. Zarate claimed that the five-month extension was deliberately undertaken to accommodate MERALCO's seven negotiated PSAs with its affiliated power generation companies, allowing them to evade the required competitive bidding. He also said that these PSAs were "midnight deals" since they were signed just four days before April 30, 2016 and they were submitted to ERC for approval a day before the deadline.</p> <p>The original deadline of November 6, 2015 was based on ERC's Resolution No. 13, series of 2015, which sets the implementing guidelines of DOE's circular issued in June 2015 directing DUs to conduct CSP in securing power supply contracts. The resolution also states that a CSP ensures transparency in the DUs' supply procurement and elicits the best price offer, compared to negotiated contracts.</p> <p>ERC Commissioner Alfredo Non denied extending the deadline to favor MERALCO, explaining that ERC's decision was in response to questions on the possible effects of the implementation of the CSP on existing PSAs and those for renewal. He added that the seven PSA applications submitted by MERALCO are still for ERC's evaluation prior to approval.</p>

<p>Continuation... Good Government and Public Accountability jt. w/ Energy</p>				<p>MERALCO First Vice Presidents William Pamintuan and Ivanna dela Peña said that the PSAs between MERALCO and its affiliated power generation companies underwent a "rigorous process" which started in 2012 and concluded in 2016. They claimed that these PSAs were intended to provide the cheapest cost of electricity.</p> <p>Former Bayan Muna Representative Teodoro Casiño, now convenor of the People Opposed to Unwarranted Electricity Rates (POWER), urged the Committee to: investigate the ERC for skirting its own rules on CSP in favor of MERALCO; scrutinize the PSAs for possible overpricing and terms inimical to consumers; and ascertain the interlocking interests between MERALCO and its affiliated power generation companies which may be violating certain provisions of RA 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA).</p> <p>Likewise, representatives of the United Filipino Consumers and Commuters (UFCC) and Freedom from Debt Coalition (FDC) asserted that MERALCO's contracts with its affiliated power generation companies should have gone through a competitive selection process and that the ERC should ensure that these PSAs would result in the best and least-cost power supply for consumers. They warned that these negotiated contracts will cause the country to rely on coal for electricity generation for the next 20 years, which is the period of MERALCO's PSAs with generation companies all operating coal-powered plants.</p> <p>The ERC was requested to submit the following:</p> <ul style="list-style-type: none"> • Minutes of the ERC Board meeting dated March 15, 2016; • Letter-requests of industry participants for the extension of the effectivity of ERC's Resolution No. 13; • Matrix of all PSA applications showing the owners of the power generation companies and their equity, and the power rates that will be imposed; • Copy of all PSAs of MERALCO; • Report on the ERC's TWG meetings evaluating the seven PSAs; and • Minutes of the public consultations on the CSP requirement facilitated by the DOE and ERC.
--	--	--	--	---

Comments, suggestions and requests for copies may be sent to the Editorial Unit, Committee Management Support Service I, 3rd Floor, Ramon V. Mitra, Jr. Bldg., Batasan Complex, Constitution Hills, Quezon City. Tel. Nos. 9326118; 9315001 local 7122.
Also available at <http://www.congress.gov.ph>