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# Committee Daily Bulletin

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## COMMITTEE MEETINGS ON HOUSE MEASURES

COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Good Government and Public Accountability	HR 879 & 882	Reps. Zarate and Lacson	Inquiry into the sudden spike in Manila Electric Company (Meralco) electricity rates and bills during the enhanced community quarantine (ECQ) and general community quarantine (GCQ) despite the overcapacity of electricity supply	<p>The Committee, presided by Vice Chair Rep. Michael Defensor (Party-List, ANAKALUSUGAN), agreed to terminate its inquiry relative to HRs 879 and 882. The Secretariat was directed to prepare the corresponding Committee Report.</p> <p>However, the Committee serves notice that it may again deliberate on the matter when it deems necessary.</p> <p>Rep. Carlos Isagani Zarate (Party-List, BAYAN MUNA), author of HR 879, inquired on the actions that the energy regulators have undertaken to address the sudden increase in electricity bills which caught the consumers by surprise. He stressed that the ERC should investigate the root of the problem and to make the people behind be held accountable.</p> <p>Energy Regulatory Commission (ERC) Chairperson Agnes Devanadera informed the Committee that the ERC, upon learning about the increase in May, issued an advisory informing the consumers that they can pay their bills falling due within the ECQ and MECQ period in four equal monthly installments. The first installment will start not later than June 15. The ERC also issued a show cause order against Meralco to explain the basis of its computation of the electric bills.</p> <p>To help the daily wage earners pay their bills, Devanadera said that consumers whose electric consumption as of February 2020 is 200 kilowatt per hour and below, may pay their bills falling due in March, April and May 2020 within six months starting June 15.</p> <p>Meralco Senior Vice President William Pamintuan said that his company has completed the actual reading of electric meters and has started to issue a new billing statement reflecting the actual consumption made by the consumers. He also committed that Meralco will neither issue a notice of disconnection nor disconnect the service during the community quarantine period.</p> <p>On the query of Rep. Enrico Pineda (Party-List, 1-PACMAN), Pamintuan said that the Meralco's revenues declined by 30% because demand drastically went down during the ECQ and MECQ periods. He added that while residential consumer-demand increased by 10%, commercial consumer-demand decreased by 20%. The sales-mix of Meralco consumers is 35% residential and 65% commercial.</p>

Continuation... Good Government and Public Accountability				<p>Meanwhile, Rep. Anthony Peter "Onyx" Crisologo (1<sup>st</sup> District, Quezon City) asked Meralco to again waive the P47 convenience fee being collected by PayMaya – an online payment facility – from Meralco consumers who pay their bills online even as Metro Manila is now under GCQ. Meralco earlier committed to waive this fee for online payments made during the ECQ and MECQ.</p> <p>Pamintuan informed the Committee that Meralco is now charging the convenience fee since the GCQ took effect. Nevertheless, Meralco will look into the possibility of again waiving such fee.</p> <p>Rep. Presley de Jesus (Party-List, PHILRECA) assured the Committee that electric cooperatives in the provinces will not issue disconnection notices to their consumers for the next six months in compliance with the advisory of the ERC.</p> <p>Rep. Zarate asked the ERC and the Department of Energy (DOE) to find out if energy players colluded to cause forced outages and shutdowns of electric power plants which resulted in the spike in the electricity bills.</p> <p>Devanadera said that the ERC is already looking into the matter. However, the Commission is unable to send its engineers to the power plants for actual inspection due to current mobility restrictions.</p> <p>DOE's Electric Power Industry Management Bureau OIC-Director Mario Marasigan explained that because of the hot weather condition, the contribution of hydroelectric power plants in the generation of electricity decreased to 60%. He added that certain power plant facilities experienced forced outages because of the hot weather as well and not because of collusion among key players.</p> <p>Rep. Zarate asked the DOE to submit a list of energy players that shut down their operations during the community quarantine period.</p>
<b>Ways and Means</b>	HR 556	Deputy Speaker Pichay	Inquiry into the unabated smuggling of goods into the country by unscrupulous operators of customs bonded warehouses (CBWs) to the detriment of local manufacturers and producers and the Philippine economy, with the end in view of recommending measures to stop smuggling using the warehousing system by revisiting the provisions of the Customs Modernization and Tariff Act on bonded warehouses and limiting the type, nature, and number of bonded warehouses	<p>The Committee, chaired by Rep. Joey Sarte Salceda (2<sup>nd</sup> District, Albay), will continue its inquiry relative to HR 556 in its next meeting.</p> <p>At the outset, Rep. Salceda informed the Committee that a series of technical working group meetings (TWG) have been conducted pursuant to HR 556 resulting in the following findings:</p> <ul style="list-style-type: none"> <li>• There are still different types of CBWs in operation outside of the two types prescribed under Section 802 of RA 10863 or the Customs Modernization and Tariff Act (Section 802 of RA 10863 classifies two types of CBWs, manufacturing (e.g. miscellaneous, common, and industry-specific CBWs) and nonmanufacturing (e.g. public and private bonded warehouses and other customs facilities.);</li> <li>• There are procedural lapses in managing CBWs such as the presence of multiple accrediting authorities which makes the</li> </ul>

Continuation... Ways and Means				<p>conduct of audit difficult;</p> <ul style="list-style-type: none"> <li>• The entry and exit of raw materials in CBWs are not properly monitored, hence some of these raw materials are diverted to local manufacturers;</li> <li>• The Insurance Commission only has jurisdiction over claims of up to P5 million unliquidated bonds, and the ageing of unliquidated bonds is not also properly monitored; and</li> <li>• Two corporations which were the subject of review failed to submit complete documents which hindered the conduct of full audit.</li> </ul> <p>Based on HR 556, customs bonded warehouses are used to store duty and tax-free raw materials imported by exporters for manufacturing into finished products that are then exported to other countries. CBWs have exponentially increased in number and have expanded their nature and purpose. They have also become the biggest conduits for smuggling.</p> <p>Committee Senior Vice Chair Rep. Estrellita Suansing (1<sup>st</sup> District, Nueva Ecija), Chair of the TWG that conducted a review of the CBWs, presented the findings specific to the liquidation reports and documents submitted by Mofels Food International Corporation (Mofels) and Felmocor Food Processing Corporation (Felmocor), both major producers and exporters of various food products.</p> <p>According to Rep. Suansing, the purpose of the review was to randomly evaluate the performance of CBWs and ensure their compliance with existing customs laws, rules and regulations. It is also to determine the effectiveness of the Bureau of Customs (BOC) in implementing the law, to prevent tax leakages, to propose remedial measures when necessary, and to recommend the prosecution of erring BOC employees if warranted.</p> <p>She informed the body that majority of the Bills of Lading were falsified with no actual export of finished products. The TWG's careful evaluation of the liquidation documents submitted by both corporations also led to the findings that these consistently lack vital information and that some information indicated in the liquidation reports are also likely falsified.</p> <p>In addition, Rep. Suansing revealed that some commodities the two corporations imported are not included in their Statements of Monthly Importable Raw Materials and Allowed Volume, and some of the commodities or raw materials they imported were not processed and exported at all.</p> <p>In light of these observations, Rep. Suansing presented the TWG's recommendations, as follows:</p> <ul style="list-style-type: none"> <li>• Mofels and Felmocor must submit copies of purchase orders, official receipts, and bank remittances to prove their export of finished products;</li> </ul>
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Continuation... Ways and Means				<ul style="list-style-type: none"> <li>• The BOC must secure the Certificate of Authenticity from the shipping lines of the questionable Bills of Lading;</li> <li>• Failure of these corporations to prove the export of finished products, the BOC must collect all taxes, duties, and other charges due from the importation of raw materials;</li> <li>• The BOC must conduct an audit of all transactions of Mofels and Felmocor from 2015 to 2019 and submit the result of the audit within 15 days;</li> <li>• In the event that violations of customs laws, rules and regulations have been found based on the audit, the BOC must promptly file criminal charges against the two corporations and both administrative and criminal charges against employees found conniving with these corporations; and</li> <li>• The Committee should pursue the conduct of audit of other CBWs including those engaged in the importation of aviation fuel. In this regard, the BOC is requested to submit, within three working days, the liquidation documents pertaining to all transactions from the first year of operation of oil companies Petron, Chevron, Petrotrade, and others.</li> </ul> <p>Asked for his reaction to the TWG report, BOC Commissioner Rey Leonardo Guerrero said that the Bureau would adopt the recommendations presented. He admitted though that the conduct of regular audits is hindered by the Bureau's lack of personnel. However, he said the BOC is already using its electronic tracking system on containerized cargos in the Ports of Manila and Batangas for a more effective monitoring. He also said that the BOC has already outsourced the monitoring of CBWs and adopted the necessary management systems to address revenue leakages.</p> <p>Deputy Speaker Prospero Pichay Jr. (1<sup>st</sup> District, Surigao del Sur), author of HR 556, suggested that the Department of Finance should be furnished a copy of the TWG's findings and recommendations.</p>
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