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PHILIPPINE RURAL ELECTRIC COOPERATIVES ASSOCIATION, INC.
— The Philippines' Electric Cooperatives —

23 May 2023
COMMS-2023-154

HON. RAFFY T. TULFO
Chairperson, Committee on Energy
SENATE OF THE PHILIPPINES
GSIS Bldg., Financial Center, Diokno Blvd.
Pasay City, Metro Manila

Dear **Hon. Tulfo**:

Greetings of Peace and Solidarity from PHILRECA!

We would like to express our gratitude for giving us the opportunity to take part on the scheduled hearing of the factual issues surrounding the following Senate Resolutions:

1. **Senate Resolution No. 46** entitled: A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE OPERATIONS OF THE NATIONAL GRID CORPORATION OF THE PHILIPPINES TO DETERMINE ITS COMPLIANCE WITH OBLIGATIONS AND RESPONSIBILITIES UNDER EXISTING LAWS AND REGULATIONS WITH THE END IN VIEW OF SAFEGUARDING THE GRID AND ENSURING CONTINUOUS ELECTRICITY SUPPLY IN THE COUNTRY (SEN. GATCHALIAN);
2. **Senate Resolution No. 47** entitled: A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PLANS OF THE DEPARTMENT OF ENERGY TO PROVIDE LONG TERM SOLUTIONS TO POWER SUPPLY SHORTAGES WITH THE END IN VIEW OF ENSURING THE QUALITY, RELIABILITY, SECURITY, AND AFFORDABILITY OF ELECTRIC POWER SUPPLY IN THE COUNTRY (SEN. GATCHALIAN);
3. **Senate Resolution No. 49** entitled: A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE DEPARTMENT OF ENERGY'S (DOE) NATIONAL STRATEGY TO ENSURE THE COUNTRY'S ENERGY SECURITY AND SELF-SUFFICIENCY (SEN. GATCHALIAN);
4. **Senate Resolution No. 556** entitled: A RESOLUTION URGING THE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PROGRAMS, ACTIVITIES, PROJECTS AND OTHER INITIATIVES OF THE DEPARTMENT OF ENERGY AND OTHER GOVERNMENT AGENCIES TO ENSURE CONTINUOUS SUPPLY OF ELECTRICITY THROUGHOUT THE YEAR, ESPECIALLY DURING PEAK SEASONS (SEN. VILLANUEVA);
5. **Senate Resolution No. 601** entitled: RESOLUTION DIRECTING AN INQUIRY, IN AID OF LEGISLATION, INTO THE PRICING PRACTICES OF ENERGY

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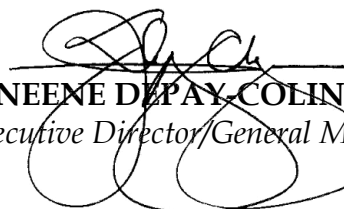
GENERATION COMPANIES WHICH MAY BE VIOLATIVE OF REPUBLIC ACT NO. 9136, OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001, REPUBLIC ACT NO. 10667, OTHERWISE KNOWN AS THE PHILIPPINE COMPETITION ACT, AND OTHER RELEVANT LAWS AND REGULATIONS, WITH THE END IN VIEW OF RECOMMENDING FURTHER MEASURES TO PROMOTE ENFORCEMENT AND COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS (SEN. TULFO); AND

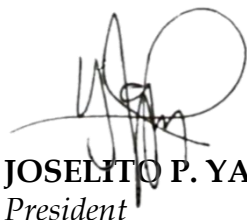
6. **Senate Resolution No. 609** entitled: RESOLUTION DIRECTING AN INQUIRY IN AID OF LEGISLATION, INTO THE RECENT POWER OUTAGES DUE TO THE LAPSES IN THE TRANSMISSION SYSTEM BEING OPERATED BY THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (SEN. TULFO)

We are sending herewith our position on the abovementioned Senate Resolution.

Thank you and we look forward to your positive accommodation of these comments.

Respectfully yours,


JANEENE DEPAY-COLINGAN
Executive Director/General Manager


JOSELITO P. YAP
President

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POSITION PAPER

ON SENATE RESOLUTION NO. 46 "A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE OPERATIONS OF THE NATIONAL GRID CORPORATION OF THE PHILIPPINES TO DETERMINE ITS COMPLIANCE WITH OBLIGATIONS AND RESPONSIBILITIES UNDER EXISTING LAWS AND REGULATIONS WITH THE END IN VIEW OF SAFEGUARDING THE GRID AND ENSURING CONTINUOUS ELECTRICITY SUPPLY IN THE COUNTRY"

Senate Resolution No. 46 emphasizes the need for an inquiry into the National Grid Corporation of the Philippines (NGCP) operations to evaluate its compliance with existing laws and regulations; this is crucial for any organization entrusted with managing critical infrastructure like the national grid. This position paper strongly supports the resolution's objectives, emphasizing the importance of safeguarding the grid and ensuring uninterrupted electricity supply across the country. By thoroughly assessing NGCP's compliance with its obligations and responsibilities, the Senate can identify potential gaps and propose legislative measures to enhance grid stability and reliability.

May we humbly provide the following suggestions/recommendations to enhance grid stability and reliability:

1. Enhance Regulatory Framework

Review and update the regulatory framework governing NGCP to provide more precise guidelines, enforcement mechanisms, and regulatory powers. This includes provisions for regular monitoring, compliance audits, and enforcement actions.

2. Promote Grid Modernization

Encourage NGCP to invest in advanced grid technologies, such as smart grids, energy storage systems, and digital monitoring tools. These investments enhance grid flexibility, optimize operations, and support the integration of renewable energy sources.

ON SENATE RESOLUTION NO. 47 ENTITLED: A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PLANS OF THE DEPARTMENT OF ENERGY TO PROVIDE LONG TERM SOLUTIONS TO POWER SUPPLY SHORTAGES WITH THE END IN VIEW OF ENSURING THE QUALITY, RELIABILITY, SECURITY, AND AFFORDABILITY OF ELECTRIC POWER SUPPLY IN THE COUNTRY

ON SENATE RESOLUTION NO. 556 ENTITLED: A RESOLUTION URGING THE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PROGRAMS, ACTIVITIES, PROJECTS AND OTHER INITIATIVES OF THE DEPARTMENT OF ENERGY AND OTHER GOVERNMENT AGENCIES TO ENSURE CONTINUOUS SUPPLY OF ELECTRICITY THROUGHOUT THE YEAR, ESPECIALLY DURING PEAK SEASONS

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We strongly support the resolution's objectives, emphasizing the importance of ensuring the quality, reliability, security, and affordability of electric power supply in the country. By conducting an inquiry into DOE's plans, the Senate can identify gaps, propose legislative measures, and contribute to the development of a sustainable and resilient energy sector. A robust and reliable power supply system is essential for driving economic growth, improving livelihoods, and advancing the well-being of the people.

Recommendations:

1. Diversify Energy Sources

- Promote the development and utilization of diverse energy sources, including renewable energy (solar, wind, hydro, geothermal) and clean fossil fuels (natural gas)

2. Enhance Energy Efficiency

- Implement energy efficiency programs and standards across sectors to reduce overall electricity demand.

3. Strengthen Transmission and Distribution Infrastructure

- Invest in upgrading, expanding, and modernizing transmission and distribution networks to minimize transmission losses and improve system efficiency.
- Expedite approval of CAPEX Applications.
- Streamline regulatory processes.

4. Promote Energy Storage

- Encourage the deployment of energy storage systems, such as batteries and pumped hydro storage, to mitigate intermittent renewable energy generation and enhance grid flexibility.
- Support research and development efforts to improve the efficiency and affordability of energy storage technologies.
- Develop favorable regulatory frameworks and financial incentives to incentivize energy storage investments.

6. Strengthen Grid Resilience and Security

7. Invest in Research and Development

- Allocate resources for research and development initiatives focused on improving energy generation, transmission, distribution, and storage technologies.

8. Promote Energy Market Reforms

- Encourage competition in the energy market to drive efficiency, innovation, and cost reduction.

9. Demand-Side Management

- Analyzing strategies employed to manage electricity demand, especially during peak seasons. This includes reviewing consumer education and incentive programs aimed at promoting energy efficiency, demand response mechanisms, and load management practices.

ON SENATE RESOLUTION NO. 49 ENTITLED: A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE DEPARTMENT OF ENERGY'S (DOE) NATIONAL STRATEGY TO ENSURE THE COUNTRY'S ENERGY SECURITY AND SELF-SUFFICIENCY

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We support the objective outlined in the resolution, as we firmly recognize the paramount importance of energy security and self-sufficiency in fostering economic stability, national resilience, and sustainable development. Energy security refers to the availability, accessibility, reliability, and affordability of energy resources necessary to meet the country's growing energy demands. Self-sufficiency, on the other hand, entails reducing reliance on external energy sources and harnessing the potential of domestic energy resources. The inquiry will evaluate the DOE's National Strategy which includes assessing the effectiveness of policies, programs, and initiatives aimed at ensuring the country's energy security and self-sufficiency.

ON SENATE RESOLUTION NO. 601 ENTITLED: A RESOLUTION DIRECTING AN INQUIRY, IN AID OF LEGISLATION, INTO THE PRICING PRACTICES OF ENERGY GENERATION COMPANIES WHICH MAY BE VIOLATIVE OF REPUBLIC ACT NO. 9136, OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001, REPUBLIC ACT NO. 10667, OTHERWISE KNOWN AS THE PHILIPPINE COMPETITION ACT, AND OTHER RELEVANT LAWS AND REGULATIONS, WITH THE END IN VIEW OF RECOMMENDING FURTHER MEASURES TO PROMOTE ENFORCEMENT AND COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

This position paper aims to thoroughly analyze the resolution, emphasizing the importance of fair pricing and outlining critical considerations for promoting compliance with relevant laws and regulations.

Importance of Fair Pricing in the Energy Sector

Fair pricing in the energy sector is crucial to ensure transparency, competition, and consumer protection. It fosters a competitive market environment, prevents anti-competitive behavior, and allows consumers to benefit from reasonable energy prices. Fair pricing practices contribute to economic stability, attract investment, and promote the sustainable development of the energy sector. Therefore, the government needs to scrutinize pricing practices and take measures to enforce compliance with relevant laws and regulations.

Recommendations:

The following recommendations can be made to promote fair pricing and enhance compliance with relevant laws and regulations:

- 1. Strengthen Regulatory Oversight**

Enhance the capacity and resources of regulatory bodies, such as the ERC, to monitor and enforce compliance with pricing regulations effectively. This includes conducting regular audits, ensuring prompt resolution of pricing-related complaints, and imposing appropriate penalties for non-compliance.

- 2. Promote Transparency and Information Disclosure**

Mandate energy generation companies to provide transparent and comprehensive information on pricing methodologies, cost components, and billing practices. Implement measures to enhance consumer understanding of energy pricing, including providing user-friendly billing statements and awareness campaigns.

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3. Competition Promotion

Encourage competition in the energy generation sector by implementing measures to prevent market dominance and anti-competitive behavior. This includes promoting the entry of new players, facilitating market-based pricing mechanisms, and ensuring a level playing field for all market participants.

ON SENATE RESOLUTION NO. 609 ENTITLED: A RESOLUTION DIRECTING AN INQUIRY IN AID OF LEGISLATION, INTO THE RECENT POWER OUTAGES DUE TO THE LAPSES IN THE TRANSMISSION SYSTEM BEING OPERATED BY THE NATIONAL GRID CORPORATION OF THE PHILIPPINES

We strongly support the resolution's objectives, emphasizing the importance of investigating these power outages, identifying lapses, and proposing measures to enhance the reliability and performance of the transmission system. As Electric cooperatives are being blamed for the power interruptions recently experienced by its member-consumer-owners, specifically in during the Luzon Red Alert and Line Fault or Tripping in the transmission line of NGCP in Panay and Negros.

Affected ECs who experienced power interruptions due to Luzon Grid Red Alert:

Region I

1. LUELCO (La Union Electric Cooperative, Inc.)

Region II

2. ISELCO I (Isabela I Electric Cooperative, Inc.)

Region III

3. NEECO II – Area 2 (Nueva Ecija II Area 2 Electric Cooperative, Inc.)
4. PELCO III (Pampanga III Electric Cooperative, Inc.)

Region IV-A

5. FLECO (First Laguna Electric Cooperative, Inc.)
6. QUEZELCO II (Quezon II Electric Cooperative, Inc.)

Region V

7. CASURECO II (Camarines Sur II Electric Cooperative, Inc.)
8. CASURECO IV (Camarines Sur IV Electric Cooperative, Inc.)

Affected ECs who experienced prolonged interruption in Panay and Negros due to line fault or tripping in the transmission line of NGCP:

Panay

1. AKELCO (Aklan Electric Cooperative, Inc.)
2. ANTECO (Antique Electric Cooperative, Inc.)
3. CAPELCO (Capiz Electric Cooperative, Inc.)
4. GUIMELCO (Guimaras Electric Cooperative, Inc.)
5. ILECO I (Iloilo I Electric Cooperative, Inc.)
6. ILECO II (Iloilo II Electric Cooperative, Inc.)
7. ILECO III (Iloilo III Electric Cooperative, Inc.)

Negros

8. CENECO (Central Negros Electric Cooperative, Inc.)

Recommendations:

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1. Conduct a Comprehensive Investigation

Initiate a thorough investigation into the recent power outages, explicitly focusing on the lapses in the NGCP's transmission system. This investigation should include a detailed analysis of the causes, contributing factors, and areas where lapses occurred.

2. Review Maintenance and Inspection Practices

Evaluate the maintenance and inspection procedures of the NGCP to identify any deficiencies or gaps that may have contributed to the power outages. Assess the frequency, effectiveness, and adherence to maintenance schedules and the allocation of resources and personnel for system upkeep.

3. Improve System Resilience and Redundancy

Identify vulnerabilities in the transmission system and implement measures to enhance its resilience and redundancy. This may include upgrades to critical infrastructure, diversifying transmission routes (looping), and ensuring spare equipment available to minimize the impact of failures or disruptions.

4. Strengthen Regulatory Oversight

Review the role of regulatory bodies, such as the Energy Regulatory Commission (ERC), in monitoring and enforcing compliance with transmission system standards and regulations. Ensure that regulatory frameworks are robust, effective, and responsive to evolving industry needs.

5. Regular Evaluation and Reporting

Establish a mechanism for regularly evaluating the transmission system's performance, including periodic reporting on key performance indicators, system upgrades, and maintenance activities. This will ensure continuous improvement and transparency in the operation of the transmission system.

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