

## PROPOSALS FOR THE EPIRA LAW (RA 9136) REVIEW

MECO

February 6, 2014 Parklane Hotel, Cebu City

PROPONENT/SUMMARY OF PROPOSED AMENDMENTS	RATIONALE/DISCUSSION	SPECIFIC PROVISION(S) AFFECTED	PROPOSED REWORDINGS OF PROVISION
High cost of power	<p><b><u>GILBERT PAGOBO, VP &amp; General Manager (MECO)</u></b></p> <p>a. If we are discussing the high cost of electricity and if we go back to the basic structure, the whole purpose of the EPIRA is to restructure the power industry. In the old times, it was purely NPC then DU/coop. If NPC would profit 2% for for transmission and generation, then the DU would also have a profit of 2%, what would be passed on the consumer will be 4%. Now, after the restructuring of EPIRA, nagigingapat. Here comes the transmission, distribution, generation at supply. Sabihinnating 2% lahatnang profit nila, a total of 8%. That is a 100% increase of prices to the consumers. That's what happened after the EPIRA.</p> <p>b. If you look at our rate structure, basically 65% of this is generation charge, 12% is transmission charge, 10% is distribution charge, the rest goes to the government. Can we blame the generation why they are 65%? Ofcourse not. It is because it is the only allowed technology that is available in the country. We have hydro the cheapest, then geothermal at coal then the rest ay mahalna. Is there any other technology that we need to look at to bring down the cost of generation? Unless otherwise, other technologies would be welcome that are existing in other countries, as part of policy natin ditto saPilipnas, I think it will be the solution to bring down the cost of electricity.</p>		<p>Consider other power plant technologies existing in other countries that would help bring down the cost of electricity</p>
WESM	<p><b><u>GILBERT PAGOBO, VP &amp; General Manager (MECO)</u></b></p> <p>From the beginning of the discussion, WESM has been the culprit of rising electricity cost. If you look at the prices of WESM, talaga pa iba-iba. But if you look at it in detail on the intra hour pricing, when generators actually bid, some generators bid low, the next generator is a little bit higher, then the highest. If this comes within the intra hour, the price that is actually being imposed to us is not the price of the lowest generator, it is the price of the highest. That is a little bit confusing.</p>		