



Philippine Chamber of
Commerce and Industry

**Power sustainability, quality, reliability and
power cost competitiveness:
*A national strategy to achieve inclusive growth***

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Dr. Benjamin S. Austria
Chairman, Committee on Energy
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Key Challenges

- ❖ Critical supply situation
- ❖ Grossly uneven distribution sector
- ❖ Uncompetitive high electricity rates

National strategy urgently needed to address these challenges!

Measures can be taken *without* amending the EPIRA.



Supply Situation

Power supply sustainability, quality and reliability (SQR) is already critical or facing crisis in the very near future caused by:

- the absence of a concrete, national, well-coordinated plan and implementation including the location, type of fuel, size, actual date of commissioning of power plants
- Inadequate communication of the plan to the specifically affected communities



Demand Side is Uneven

- ❖ Distribution sector consists of 29 privately-owned distribution utilities (PDOU) and 120 electric cooperatives (ECs), 22 of which are off-grid
- ❖ Only 3 ECs and 4 PDOUs have peak load greater than 100 MW
 - Most distribution utilities are not in a position to provide for adequate supply unless they are allowed to act as pool or to aggregate.



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Challenge

With the possible number of only 4 to 6 meaningful shareholders in the Supply side and a grossly uneven (in market power) level of shareholders in the Demand side, how can true, transparent and fair competition be created and implemented that would be beneficial to all stakeholders/consumers?



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Uncompetitive Power Rates!

Not only do we have the highest priced power in the region but we are also the sixth or seventh in the world!

- Adverse impact on the development of domestic enterprises and manufacturing industries
- Low level of foreign direct investments



Premises/Key Decisions

1. Power SQR and cost should be **officially designated as a major component of national strategy**
2. The challenge should be faced **not by the Department of Energy (DOE) alone** but by the whole economic cluster, in addressing it as a **coordinated group and speaking as one voice.**
3. **Stop tinkering with the EPIRA and tweaking the processes**
4. **There has to be a change in mindset...subsidy must be considered as investment and not as a cost with no payback.**
5. **And this should be done with some sense of urgency.**



RECOMMENDATIONS

1. Strengthen the market power of the electric cooperatives
2. Evaluate the opportunities to harness the combined market powers of the private utilities
3. Review, revamp or suspend the WESM
4. Evaluate the merit of mandating solar power for the heating and lighting of commercial and public buildings and establishments in order to release 15% of current capacity to the market
5. Review and/or remove items that add to escalating cost
6. Strengthen the quality and role of the DOE and the ERC
7. Develop an over-all plan of where power plants should be, the size and type to be built and come up with a committed joint public-private leadership and will to communicate the need to the public why this should be implemented with everyone's full support.