



**National Association of Electricity Consumers for Reforms**  
No. 10, Bayside Court Compound, 680 Quirino Avenue Tambo  
Parañaque City 1700 Philippines  
Phone No.: +63.2.8530731  
TeleFax No.: +63.2.8530732  
<http://www.nasecore.org>  
eMail: nasecore2003@yahoo.com

03 June, 2010

**HON. ZENAIDA G. CRUZ-DUCUT**  
*Chairperson, Energy Regulatory Commission*  
Pacific Center Building, San Miguel Avenue  
Ortigas Center, Pasig City

**Dear Chairperson Ducut,**

Greetings!

This refers to the automatic increases in the monthly generation charge of MERALCO which started in February 2010 by **P1.02/kWh to P4.9303/kWh** from the January generation charge of **P3.9175/kWh**.

From the generation charge of **P4.9303/kWh** in February 2010, the generation charge rose again to **P5.8417/kWh** in March 2010 because of another increase in the amount of **P0.93/kWh**. From **P5.8417/kWh** in March 2010, the generation charge further rose to **P6.7699/kWh** because of another increase in the amount of **P0.91/kWh**.

Thus in a span of three (3) months, there was an increase of **P2.86/kWh** in the generation charge of MERALCO.

The increases mentioned above show that in the generation charge alone, MERALCO was able to make an additional collection from the consumers by **P2.295 Billion** in February 2010, **P4.3425 Billion** in March 2010, and **P6.435 Billion** in April.

Thus, even with the MERALCO announcement of a **P1.26/Kwh** reduction in their May 2010 generation charge, MERALCO will still be able to have an additional collection of **P3.6 Billion** considering that the generation charge in **January 2010** was only **P3.9175/kWh**.

This automatic monthly generation charge adjustment deprives the captive customers of MERALCO its right to due process and leaves the consumers helpless in its desire to be charged with just and reasonable generation rate.

We do remember that from the issuance of the Supreme Court Decision on 16 August 2006 nullifying the ERC Order dated 2 June 2004 in ERC Case No. 2004-112, MERALCO and the other distribution utilities have been filing their respective application with the Commission for monthly adjustment in their generation charges starting September 2006. However, since July 2007, MERALCO's monthly application with the Commission (ERC) for adjustment in its generation charge have been stopped and since then, MERALCO's monthly adjustment in its generation charge have been on an automatic basis.

In this regard, may we be furnished with certified true copy of ERC's promulgations/rules and laws upon which ERC is basing its authority in allowing MERALCO and other distribution utilities with Independent Power Producers (IPPs) to implement this automatic monthly adjustment in their generation charge since July 2007?

We will highly appreciate the Commission's immediate and favorable response to our request.

Thank you and God bless.

Very truly yours,

**PETE L. ILAGAN**  
*President*