



National Association of Electricity Consumers for Reforms

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MR. JOSE C. IBAZETA
President & CEO, PSALM
7th Floor Bankmer Building
Ayala Avenue, Makati City

Dear President Ibazeta,

Greetings!

This refers to the power outage yesterday which hit part of Metro Manila and nearby provinces due to the breakdown of two (2) units of the 1,000 MW Sual plant.

We read from newspaper reports that SUAL plant was awarded to San Miguel Corporation as an Independent Power Producer Administrator (IPPA). The same report explains that aside from having the authority to administer the trading of power of the power plants in the Wholesale Electricity Spot Market, an IPPA owner is also responsible for buying coal and other fuel requirements of the plant. (News item attached)

The report further explains that SUAL II has been offline since January 8, 2009 due to coal problems which means that it was SUAL I which conked out. This is alarming considering the high power demand in Luzon during peak hours.

We also understand that the award to an Administrator of an IPP is attended by an agreement to ensure that the said plant will continue to supply electricity at its optimized capacity.

The power outage yesterday which was attributed mainly to the breakdown of the SUAL plant leads us to visit this IPPA agreement and how this is implemented.

In this regard, may we be furnished copy of the IPPA between San Miguel Corporation and PSALM and PSALM's monitoring report? This will allow us to know if the terms of the IPPA are followed to the letter?

We hope PSALM will be transparent enough in all its transactions and operations and provide us our request.

Thank you and God bless.

Very truly yours,

PETE L. ILAGAN
President

Cc: Hon. Angelo T. Reyes, DOE Secretary
Hon. Zenaida C. Ducut, ERC Chairperson
Ms. Melinda Ocampo, President - PEMC
Mr. Walter Brown, President - NGCP