



National Association of Electricity Consumers for Reforms
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HON. ZENAIDA C. DUCUT

Chairperson, Energy Regulatory Commission
Pacific Center Bldg. San Miguel Avenue
Pasig City

Dear Chairperson Ducut,

We denounce the highly offensive prices at the Wholesale Electricity Spot Market (WESM) during the trading on 1, 12 and 13 February 2010, which went sky high to an abusive P68/kWh.

While ERC decided to further bring down MERALCO's proposal for a "reduced" rate increase (from P1.8298/kWh to P1.3852/kWh to P0.9114/kWh), we feel that the same was premature absent an investigation that would rule out price manipulation as a cause of the price spike. Without an investigation, such decision will only invite needless speculation that ERC may be covering up an anomalous practice at WESM, involving no less than the stakeholders represented in the PEMC Board.

Unless ERC does something about the price spike, we fear that the "reduced" increase will only be interpreted as nothing else but a clever ploy to give consumers a false sense of protection and relief. ERC's apparent lack of interest in determining the cause of the outlandish spike may even be concluded from its failure to make any statement to the media regarding its plan to address the issue on the price spike.

In view of the foregoing, we would like to remind the ERC to bear in mind its mandate of ensuring the adequate promotion of consumer interests in line with the dictates of the Electric Power Industry Reform Act (EPIRA), which under Section 43(l) explicitly provides for ERC to:

"Monitor and take measures in accordance with [the EPIRA] to penalize abuse of market power, cartelization, and anti-competitive or discriminatory behavior by any electric power industry participant."

We therefore ask this Honorable Commission to immediately investigate the price spike at WESM in consultation with consumer groups to determine the culprits and prosecute the same as the situation warrants. Pending the results of the said investigation, we urge ERC to order MERALCO to immediately return the P0.9114/kWh increase. Finally, we implore ERC to provide protection and safeguards to prevent the recurrence of a price spike.

We look forward to your most positive response. Thank you and God bless.

Very truly yours,

PETE L. ILAGAN

President

Cc: **Hon. Leandro R. Mendoza**, Executive Secretary
Hon. Angelo T. Reyes, DOE Secretary
Hon. Juan Ponce Enrile, Senate President
Hon. Prospero Nograles, Speaker- House of Representatives
Hon. Gregorio B. Honasan, Chair, Senate Committee on Energy
Hon. Mikey M. Arroyo, Chair House Committee on Energy
Ms. Elzadia Washington, Mission Director-USAID
Mr. Bert Hofman, Country Director-World Bank
Mr. Neeraj Jain, Country Director- Asian Development Bank
Mr. Francis C. Chua, Philippine Chamber of Commerce
Mr. Austen Chamberlain, American Chamber of Commerce
Mr. Hubert D' Aboville, European Chamber of Commerce