



National Association of Electricity Consumers for Reforms
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HON. ANGELO T. REYES
Secretary, Department of Energy
Energy Center, Merritt Road
Fort Bonifacio, Taguig

Dear Secretary Reyes,

Greetings!

This refers to the power outage which hit part of Metro Manila and nearby provinces reportedly due to the breakdown of one of the two (2) units of the 1,000 MW SUAL plants.

It is disappointing to know that if one generation plant in the Luzon grid with a capacity of 500 megawatts will conk out, many end-users will suffer from unreliable and unsecured supply of electricity. The industry players will always be able to cite a reason for the power outage but one thing we know for sure, it is bad for our already ailing economy.

Worse, the report cited that the other plant (SUAL II) has been offline since January 8, 2010 because of coal supply problem. Knowing that SUAL plant is operated under an independent power producer administrator (IPPA) agreement, we believe, the Administrator is under obligation to ensure adequate supply of coal in order to put online the operation of the generation plant. And to do otherwise, would mean a violation of the said agreement.

Clearly, the capability of San Miguel Corporation as the Administrator of the SUAL plant should now be a subject of review as the public has been made to suffer because of its glaring negligence in ensuring adequate supply of coal and its seeming incompetence in operating the SUAL plant.

However, reports have reached us that on January 25, 2010, Quezon Power Phil. Ltd, (a MERALCO IPP) with a capacity of 450MW and the 600MW Ilijan plant (an NPC IPP) were both undergoing preventive maintenance check up and the 200MW CALACA Plant was also off line due to a leak in the boiler tube. This gives a total capacity of

2,250 MW that were not supplied to the Luzon grid on January 25, 2010 and this was clearly the reason for the power outage.

Under Section 37 (d and e) of the Electric Power Industry Reform Act (EPIRA), the Department of Energy (DOE) is mandated to ensure the reliability, quality and security of supply of electric power and to formulate and implement programs, including a system of providing incentives and penalties, for the judicious and efficient use of energy in all energy-consuming sectors of the economy.

Something concrete must be done to prevent the recurrence of the same.

In this regard, may we respectfully request the Department of Energy to immediately conduct an inventory of all the plants under the direct supervision of the Power Sector Assets and Liabilities Management Corporation (PSALM) and those awarded to IPP Administrators to determine if they are well maintained and if there are an adequate inventory of coal or fuel supply for each plant to allow its generation of electricity for the Luzon grid?

This request is anchored on our desire to see the reliability, quality and security of supply of electric power in the ongoing restructuring of the power industry.

We will highly appreciate being furnished copy of DOE's communication with PSALM pertaining to the request above and a copy of its inventory report.

Thank you so much and God bless.

Very truly yours,

PETE L. ILAGAN

President

Cc: Her Excellency, Gloria Macapagal-Arroyo, *President of the Philippines*
Hon. Eduardo Ermita, *Executive Secretary to the President*
Hon. Gregorio B. Honasan II, *Chair, Committee on Energy, Philippine Senate*
Hon. Mikey M. Arroyo, *Chair, Committee on Energy, House of Representatives*
Hon. Zenaida C. Ducut, *ERC Chairperson*