

Napocor urged to collect P40B from Meralco

By Amy R. Remo

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THE NATIONAL Association of Electricity Consumers for Reforms is urging National Power Corp. to collect as much as P40 billion in claims due to Manila Electric Co.'s failure to comply with a 10-year power supply contract.

This amount is much higher than the P14 billion Napocor plans to collect from Meralco, as stated under the two parties' settlement agreement.

But the declaration that this settlement agreement is valid and binding remained pending with the Pasig regional trial court.

“We are urging Napocor to file the necessary case that will enable it to collect from Meralco the full amount that it is entitled to under the contract for the supply of electricity (CSE),” said Nasecore president Pete Ilagan.

“Should Napocor fail to file the said case against Meralco, Napocor will be giving Meralco undue advantage at the expense of consumers and we will be compelled to seek legal remedies for the consumers against all who are parties to these transactions, including Napocor. Failure to enforce a valid obligation is actionable,” Ilagan said in his letter to Napocor.

The settlement agreement between Meralco and Napocor was signed in 2003, in connection with the electricity purchases that the distribution utility contracted to buy from the state firm, but did not.

Napocor, which undertook to supply what Meralco required under this 10-year contract, had then incurred contractual obligations with its own independent power producers (IPPs).

The settlement was initially pegged at P52 billion, but this was eventually reduced to P20 billion. Napocor and Meralco had then petitioned the Energy Regulatory Commission to approve this agreement.

As of 2006, the computation of the settlement amount was pegged at P14.3 billion.

In May 2008, the Office of the Solicitor General, acting as the People's Tribune, filed before the ERC a motion asking the commission that it be allowed to intervene in the application and to file its opposition to the settlement agreement of Napocor and Meralco.

The OSG wanted the agreement to be declared null and void, because the settlement ran “contrary to law, morals, and public policy,” specifically its pass-on provision, which would put an additional burden of 12 centavos per kilowatt hour on consumers.