

SUN STAR NEWSPAPER

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POWER transparency advocate Vicente “Tet” Gambito yesterday urged the Visayan Electric Co. (Veco) to tell its consumers how much its power rates increase will be until 2013, which is already approved by the Energy Regulatory Commission (ERC).

Gambito, Cebu Chapter president of the Metro Manila-based National Association of Electricity Consumers for Reform (Nasecore), said during the public hearing conducted by the Cebu City Council, Veco confirmed it will increase power rates next year when the contracts between the National Power Corp. (NPC) and some power providers end.

Nasecore has been recognized by ERC in several public hearings on power rate increases in the past years.

“It (Veco) confirmed the increase but could not yet say how much, only that it has been reviewed and approved by the ERC,” Gambito said.

Gambito said Veco rates are not going to increase in 2011 because the maximum average price (MAP) for regulatory year 2011 under the performance based regulation (PBR) was implemented since last August.

In short, Gambito said, Veco has started the power rates increases more than two months ago and will continue in the future as approved by ERC and without the knowledge of the majority of the power consumers in Metro Cebu.

“By focusing on the possible increase in rates of generated power which is simply a pass-on charge due to the expiring contracts with NPC, Veco has obfuscated the fact that its PBR rates have already been approved by ERC up to 2013,” Gambito said.

Data compared

In the comparative data he emailed to Sun.Star Cebu, Gambito said there was a total rate of 1.7747 for power distribution, power supply and power metering for July 2010 and 1.9826 for August 2010.

This shows an increase of 11.71 percent, although Veco told the Cebu City Council there was only a three percent increase.

Gambito said the ERC decision is too convoluted for the ordinary person to understand. There should be explanations from Veco or ERC so the consumers know what to expect for the next three years.

“The unbundling of electricity rates has confused instead of clarified to the consumer the ‘forecasted’ rate increase up to 2013,” Gambito said.

Proper hearing

In response, Veco corporate communications manager Ethel Taneo-Natera said when Veco appeared before the City Council, the agenda specifically mentioned the NPC contracts and what will happen to the generation rates once the NPC contracts ends.

“We were not invited to talk about our performance-based rate (PBR),” Natera said.

Natera said Veco’s PBR application was reviewed by ERC and its consultants and went through the proper public hearings before it was finally approved.

“The ERC hearings held at Cebu City Hall were open to the public but it is unfortunate Tet Gambito and Nasecore (a non-government organization opposed the power rate increases) but were not present. This would have been the perfect opportunity for them to be enlightened about our application and question it if they wanted,” Natera said.

Natera said ERC approved last July Veco’s PBR rate translation application. The final determination of regulatory asset base (RAB) and annual revenue requirement (ARR) was approved in May.

“Yes, it is true the MAP has been determined and approved by ERC up to 2013. The MAP is not the final price. It is only a ceiling, a cap on the price,” Natera said.

Rate translation

However, Natera said they cannot determine yet what the price will be for the next years since they still have to apply for a rate translation every year.

“Once the rate translation application is approved, we can get the peso per kilowatt hour (kwh) figure. The billing determinants are based on the previous year. These include, among others, the kilowatt demand, kwh sold by Veco and number of customers of the previous year. Other than billing determinants, the ERC will look at other variables to determine the final price, like, for example, inflation.”

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