



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 City

Dear Secretary Reyes,

Thank you for your letter/reply dated February 17, 2010 (received on March 3, 2010) to our letter dated 27 January 2010 explaining that the Department, in response to the power outages on January 25, 2010, met with power plant operators and the NGCP last 4 February 2010 in order to prevent recurrence of the said incident.

We also thank you for coming up with a Draft Circular that emphasizes the obligations of generators, distribution utilities, and the System Operator as public utilities in delivering electricity services to the general public and for the series of meetings to be conducted in the Visayas and Mindanao which the Department did as reported by the media.

Further, we thank you for your pronouncement last 16 February 2010 assuring the public that there will be no more power outages in Luzon.

However, the power outages last week in Luzon simply rendered the much heralded DOE pronouncement that there will no more power outages in Luzon as mere lip service and empty words.

Not only that! The unfortunate power outages last week and the announcement by ERC yesterday of a P1/kwh increase in electricity make us believe that these power outages are either caused by the Department's negligence or a clever scheme to justify power rate increases. Worse, the scheme may be in connivance with or tolerance of some people in government whose duty is to protect consumers from excessive rates!

We perish the opinion of our lawyers that the convergence of the power outages and the P1/kwh increase have the makings of a wholesale plunder.

As recited in our 15 February 2010 letter, we reiterate our position that DOE has sufficient powers to ensure and effect adequate supply of electricity under Section 37 of RA 9136 (EPIRA), particularly par. (h) thereof, which states:

"Exercise supervision and control over all government activities relative to energy projects in order to attain the goals embodied in Section 2 of RA 7638."

To refresh our memory, Section 2 of RA 7638 states:

"Sec. 2. Declaration of Policy. - It is hereby declared the policy of the State:

(a) to ensure a continuous, adequate, and economic supply of energy with the end in view of ultimately achieving self-reliance in the country's energy requirements through the integrated and intensive exploration, production, management, and development of the country's indigenous energy resources, and through the judicious conservation, renewal and efficient utilization of energy to keep pace with the country's growth and economic development and taking into consideration the active participation of the private sector in the various areas of energy resource development; and

(b) to rationalize, integrate, and coordinate the various programs of the Government towards self-sufficiency and enhanced productivity in power and energy without sacrificing ecological concerns.

Similarly, Section 37(c) of the EPIRA mandates DOE to prepare and update annually a Power Development Program (PDP), which considers the individual or joint development plans of the transmission, generation, and distribution sectors of the electric power industry which are submitted to the Department and integrate them into the Philippine Energy Plan.

Further, Section 1 of DOE Department Circular No. 2003-12-011, issued on 05 December 2003, mandates distribution utilities to take cognizance and assume full responsibility to forecast, assure and contract for the supply of electric power in their respective franchise areas to meet their obligations as a distribution utility.

Clearly, the DOE has already ordered the distribution utilities to be fully responsible in forecasting, assuring and contracting all the electricity they need to meet all eventualities that will enable them to meet their obligations to their consumers.

And, under Section 37(q) of RA 9136 (EPIRA), the DOE has the power to "exercise such other powers as may be necessary or incidental to attain the objectives of this Act".

These powers under Section 2(c,f,j,) thereof include but not limited "to ensure transparent and reasonable prices of electricity"; "full public accountability"; "to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power"; and "to ensure consumer protection".

In fine, the often used "preventive maintenance" or "old plants or machines" or the shutdown 1, 2, 3 or more generation plants all at the same time to justify power outages can NEVER be a valid excuse for their own negligence, if it is not their own orchestrated scheme to justify power rate increases.

Enough is enough! Under Section 61 of RA 9136, the DOE is mandated to be the active implementor (not a passive observer) of its provisions.

The DOE should now make all these electric utilities and other providers of electric power account for their miserable failure to forecast, assure and contract for the supply of electric power in their respective franchise areas to meet their obligations to supply electricity to their captive market.

Clearly, the blame is on these electric utilities and other providers of electric power unless the DOE would now prefer to take their side and be their spokesman to forsake its obligation under Section 2(j) of EPIRA "to ensure consumer protection".

Having all these powers needed, we see no reason why there should be power outages.

We have full faith and confidence in YOU, Honorable Secretary, to have what it takes to stop the power outages, protect the consumers, ensure reasonable rates and lead our country to self-sufficiency in power.

We hope and pray the good Secretary will leave all these to us as his legacy to the nation.

Thank you and God bless.

Very truly yours,

PETE L. ILAGAN
President

Cc: **Hon. Juan Ponce Enrile**, Senate President
Hon. Prospero Nograles, Speaker- House of Representatives
Mr. Bert Hofman, Country Director-World Bank
Mr. Neeraj Jain, Country Director- Asian Development Bank
Ms. Elzadia Washington, Mission Director-USAID
Mr. Francis C. Chua, Philippine Chamber of Commerce
Mr. Austen Chamberlain, American Chamber of Commerce
Mr. Hubert D' Aboville, European Chamber of Commerce