

In the Philippines, government, private power to blame for expensive and unreliable power

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There is no principle of chain of command in the privatized and deregulated power industry yet President Aquino, acting as the country's Chief Executive, should be blamed for his failure to address the country's decade-old problem of escalating rates and diminishing supply.

The labor group, Partido Manggagawa (PM), expressed this indignation in reaction to the impending spikes in power rates beginning this month due to the shutdown of the Malampaya gas platform, the expected forced outages (FO) during summer, and the implementation of a palliative yet costly emergency measure called the Interruptible Load Program.

"We could have evaded the recurrence of another power crisis had the Aquino government, upon assumption to power in 2010, formulated a 'war plan' to address the twin crisis of high cost of power and energy security," said PM spokesman Wilson Fortaleza.

Fortaleza noted that as early as 2011, the 19th Status Report on EPIRA Implementation already raised the red flag signaling the recurrence of energy crisis as the private sector failed to install additional capacity to the national grid.

Also as early as 2008, Fortaleza added, the Joint Congressional Power Committee (JPCP) then headed by Sen. Miriam Defensor-Santiago has declared EPIRA as a failure. All Congressional hearings on this issue up to this time has also led to the same conclusion. Yet the response is 'business as usual'.

Fortaleza added that labor groups under the Nagkaisa coalition has been pressing the Aquino government to address the crisis of high cost of power by removing the indexation of natural gas to international oil and geothermal steam to international coal; the scrapping of Performance Based Rate methodology; removal of power from VAT coverage; and reforming the Energy Regulatory Commission (ERC), among others.

"The crisis of escalating rates and unreliable supply is a lingering crisis that needed a battle plan where consumers will see themselves as winners. What the government has on hand, however, is an old menu where consumers, whom the Chief Executive declared as his bosses, were treated as foot soldiers assigned to do the ultimate sacrifice," said Fortaleza.

The ILP

The implementation of the Interruptible Load Program (ILP) to address the power emergency is a clear manifestation on how consumers are being penalized by assuming the responsibility of footing

the bill of expensive ILP power.

Fortaleza said that under ILP guidelines, the incremental cost of de-loading from the system during red alerts shall be borne by consumers. This is to incentivize industries with embedded generators to participate in the program. The incremental cost has already been pre-determined such as the fuel rate and maintenance cost.

“The ILP is merely a demand-side management strategy. It doesn’t solve the power crisis. But why are consumers going to be penalized even temporarily when Henry Sy switch on his generator for own use?” lamented Fortaleza.

Fortaleza argued that poor families who use kerosene for light and cooking do not get subsidy from government, so why subsidize ILP players when their generators are for own use to run their business that earns profit even during crises?

He added that it is the ILP players who should bear the sacrifice since they have the capacity and the wealth to burn during crises. The ILP players, he added, are also the big players in the power industry such as Henry Sy (NGCP), John Gokongwei (Meralco), and the Ayalas and Aboitizes, to name a few.

“They are the richest Filipinos in the latest list of Forbes Magazine. They have a combined net worth of \$73 billion and one of the sources of their fortunes is the country’s very lucrative power industry,” concluded Fortaleza.

P.S.

* <http://www.partidongmanggagawa2001.blogspot.fr>