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SENATE

P.S. Res. No. 470

RECEIVED BY: 

Introduced by SEN. WIN GATCHALIAN

A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE FREQUENT BROWNOUTS IN THE PROVINCE OF PALAWAN SINCE JANUARY 2017 TO THE DETRIMENT OF ITS ECONOMY, RESIDENTS, VISITORS, AND IN RELATION THERETO, THE COMPLIANCE OF PALECO WITH ITS DUTIES AND RESPONSIBILITIES UNDER REPUBLIC ACT NO. 9136 AND ITS RELATED RULES AND REGULATIONS, AND THE PERFORMANCE OF NEA AS THE REGULATOR OF ELECTRIC COOPERATIVES UNDER REPUBLIC ACT NO. 10531

WHEREAS, Palawan is the country's largest province spanning 1.4 million hectares with a population of 849,469.¹ Its foremost industry is tourism with over 1 million tourist arrivals in 2016, a 15.75% growth from 2015;

WHEREAS, accompanying Palawan's expanding economy is an increasing demand for power currently estimated to grow at an average of 10% per year;

WHEREAS, Palawan, being unconnected to the Luzon-Visayas grid, is a small power utilities group area composed of a mainland Palawan grid with three systems, four mainland stand alone systems, and five island stand alone systems, and a total of 130,486 households² – all serviced by the Palawan Electric Cooperative (PALECO);

WHEREAS, PALECO has the second largest franchise area in the country, and has entered into Power Supply Agreements (PSA) with the National Power Corporation (NPC), Delta P, Inc. (Delta P), Palawan Power Generation, Inc. (PPGI), and DMCI Power Corp. (DMCI) to provide power mostly through diesel generator sets;

WHEREAS, the 2016 total supply for the mainland Palawan grid, the mainland standalone systems, and the island standalone systems are 54.5 MW, 9.325 MW, and 3.79 MW respectively;

WHEREAS, the 2017 total forecasted peak demand for the mainland Palawan grid, the mainland standalone systems, and the island standalone systems are 46.99 MW, 5.1 MW, and 2.036 MW respectively;

¹ National Statistical Office Census (2015)

² Data submitted to the National Electrification Administration, as of March 2017.

WHEREAS, despite the sufficient margins indicated to meet this year's total forecasted peak demand, PALECO customers in the mainland Palawan grid specifically those from Puerto Princesa have been complaining of frequent rotating brownouts;

WHEREAS, from January to June 2017 PALECO's system average interruption frequency index shows an average of ten (10) interruptions per month while its system average interruption duration index reflects thirteen (13) hours of brownouts per month;

WHEREAS, to address the frequent brownouts plaguing the province, the Senate Committee on Energy conducted a Formal Dialogue last 3 August 2017 with representatives from the Department of Energy, the Energy Regulatory Commission, the National Electrification Administration (NEA), NPC, PALECO, Delta P, DMCI, and the local government in attendance;

WHEREAS, during the said dialogue it was discovered that the frequent brownouts in Puerto Princesa were caused by the inability of DMCI to provide 25 megawatts (MW) of guaranteed dependable capacity (GDC) under its 2012 PSA with PALECO;

WHEREAS, in the same forum, PALECO was questioned as to why it has not terminated its PSA with DMCI when the latter is clearly in breach of its contract;

WHEREAS, NEA was also asked why it has failed to exercise its supervisory powers over the said electric cooperative;

WHEREAS, the Committee on Energy, as a result of the dialogue, directed the NEA to conduct a formal investigation on the matter, DMCI to submit a detailed action plan with a timetable as to how it will meet the 25 MW GDC by the end of August, and PALECO to review its PSAs;

WHEREAS, the Committee on Energy received NEA's formal investigation last 11 August 2017 but found it unsatisfactory as it failed to provide new information and specific action steps to put a stop to Palawan's frequent brownouts, while the Committee has yet to receive PALECO's review;

WHEREAS, NEA, in the exercise of its supervisory powers over electric cooperatives, is tasked under Republic Act No. 10531 to "formulate and impose administrative sanctions and penalties", "issue orders, rules and regulations, *motu proprio*, or upon petition of third parties, to conduct investigations, referenda and other similar actions on all matters affecting the elective cooperatives", and "issue preventive or disciplinary measures including, but not limited to, suspension or removal and replacement of any or all of the members of the board of directors and officers of the electric cooperative, as the NEA may deem fit and necessary";

WHEREAS, PALECO, as a regulated entity, is obliged under Republic Act No. 9136 to "provide distribution services and connections to its systems for any end-user within its franchise area consistent with the distribution code", and to comply with the Philippine Distribution Code

which lays down performance standards to include power quality³ and reliability standards⁴ to ensure the quality of electric power in the distribution system, and that the distribution system will be operated in a safe and efficient manner with a high degree of reliability;⁵

NOW THEREFORE BE IT RESOLVED, as it is hereby resolved, to direct the appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the frequent brownouts in the province of Palawan since January 2017 to the detriment of its economy, residents, and visitors, and in relation thereto the compliance of PALECO with its duties and responsibilities under Republic Act No. 9136 and its related rules and regulations, and the performance of NEA as a regulator of electric cooperatives under Republic Act No. 10531.

Adopted,



WIN GATCHALIAN

³ Sec. 3.2, Chapter 3, Philippine Distribution Code (2016).

⁴ Sec. 3.3, Chapter 3, Philippine Distribution Code (2016).

⁵ Sec. 3.1, Chapter 3, Philippine Distribution Code (2016).