

# On Meralco's rates

May 8, 2008



# Components of the unbundled electric bill *(for the month of March 2008)*

<i>Component</i>	<i>Average Rate (P/kWh)</i>	<i>% of Total</i>
Generation	4.32	58%
Transmission	0.95	13%
System Loss	0.57	8%
Subsidies	-	0%
Taxes & Univ Chgs	0.74	10%
<b>Subtotal</b>	<b>6.58</b>	<b>88%</b>
Meralco Chgs	0.93	12%
<b>Total</b>	<b>7.51</b>	<b>100%</b>

# Breakdown of the Meralco Rate

## March 2008

	<i>Mar-08</i>	<i>% of Total</i>	<i>Res'l</i>	<i>Comm'l</i>	<i>Ind'l</i>
Generation	4.32	58%	4.38	4.41	4.13
Transmission	0.95	13%	0.92	1.07	0.82
<b>Meralco Chgs</b>	<b>0.93</b>	<b>12%</b>	<b>1.81</b>	<b>0.72</b>	<b>0.27</b>
System Loss	0.57	8%	0.73	0.57	0.42
Subsidies	-	0%	(0.26)	0.11	0.12
Taxes/Univ Chg	0.74	10%	0.89	0.77	0.53
<b>TOTAL</b>	<b>7.51</b>	<b>100%</b>	<b>8.47</b>	<b>7.65</b>	<b>6.29</b>

# Programs to address biggest unbundled bill component

- Meralco and NPC have launched **multiple programs** that address **single biggest component** of the unbundled bill and **provide customers choice**

<i>Component</i>	<i>Average Rate (P/kWh)</i>	<i>% of Total</i>
<b>Generation</b>	<b>4.32</b>	<b>58%</b>
Transmission	0.95	13%
System Loss	0.57	8%
Subsidies	-	0%
Taxes & Univ Chgs	0.74	10%
<b>Subtotal</b>	<b>6.58</b>	<b>88%</b>
Meralco Chgs	0.93	12%
<b>Total</b>	<b>7.51</b>	<b>100%</b>

**NPC Hourly Time-of-Use**



*Ecozone Rate*

**ODPS**

# Multiple programs to address the generation charge



**PEZA-registered semicon manufacturer**  
2-MW load & 80% load factor



**Residential customer**  
2,500-kWh consumption

- ✓ Blended average generation charge
- ✓ NPC Hourly TOU
- ✓ Meralco TOU
- ✓ Ecozone Rate
- ✓ ODPS

**Self-Generating Non-PEZA-registered metal foundry**  
2-MW load & 50% load factor



# Meralco is trying to bring back self-generators to the grid

- Bringing self-generators back to the grid can improve the capacity utilization of Luzon Grid generating plants
  - As of April 2008, 14 self-generators, with an aggregate capacity of 79M, were brought back to the grid

Self-Gen Type	Count	Aggregate Capacity (MW)
Full self-gen connected to Meralco	36	303
Full self-gen not connected to Meralco	12	225
Partial self-gen connected to Meralco	15	54
<b>Total</b>	<b>63</b>	<b>582</b>

## Purchased power cost, including transmission cost, being optimized

	2007				2008
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr
<b>NPC/WESM</b>	5.84	6.72	5.52	4.41	4.71
<b>TransCo</b>	1.40	1.14	1.25	1.29	1.54
<b>Total</b>	7.24	7.86	6.76	5.70	6.25
<b>IPPs</b>	4.35	4.08	4.10	4.10	4.25
<b>TransCo</b>	0.66	0.66	0.64	0.70	0.66
<b>Total</b>	5.01	4.75	4.74	4.80	4.91

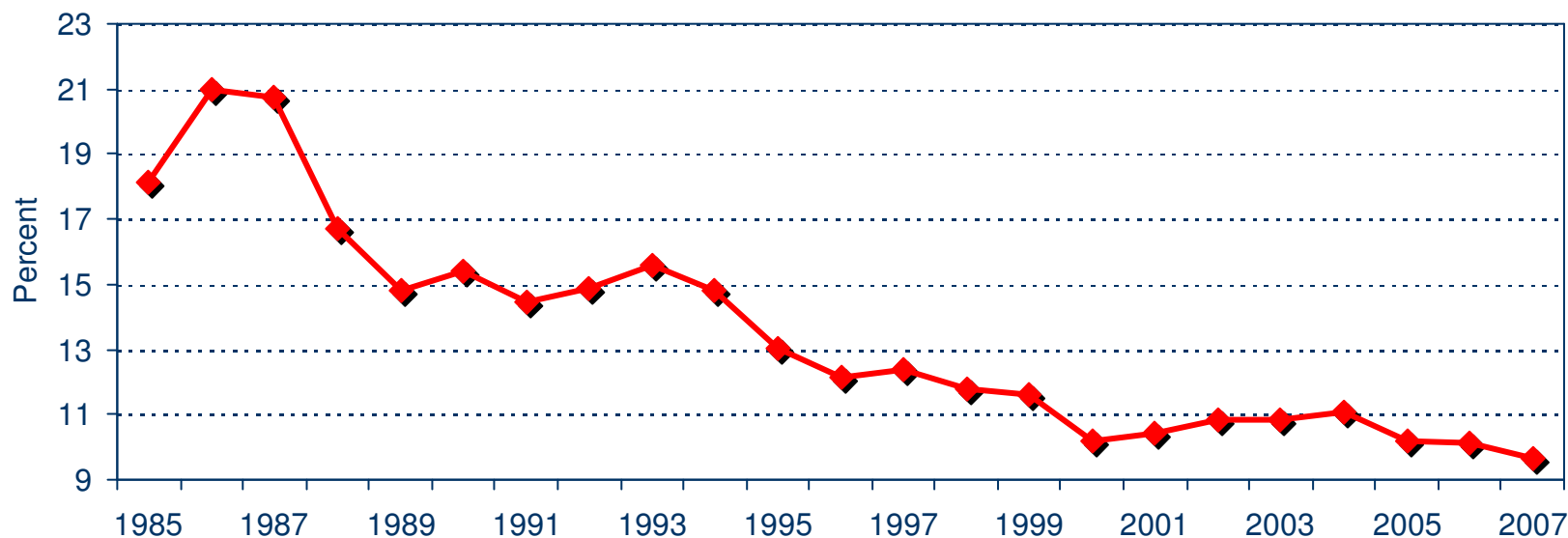
- With their lower TransCo charges, the lower overall cost of IPPs reduces rates to end-users

# Further differentiation of System Loss Charges

<i>Component</i>	<i>Average Rate (P/kWh)</i>	<i>% of Total</i>
Generation	4.32	58%
Transmission	0.95	13%
<b>System Loss</b>	<b>0.57</b>	<b>8%</b>
Subsidies	-	0%
Taxes & Univ Chgs	0.74	10%
<b>Subtotal</b>	<b>6.58</b>	<b>88%</b>
Meralco Chgs	0.93	12%
<b>Total</b>	<b>7.51</b>	<b>100%</b>

- System Loss Charges have been lowered for ecozone locators
  - Beginning March 2008

# Meralco has reduced system loss to its *lowest level in 27 years*



- For 2007, system loss was brought down to 9.65%
  - If losses go < 9.5%, all consumers will experience a rate reduction

# Sample of system loss management activities

- Valuable cooperation of LGU's & government agencies
  - MOAs with LGU's on "Eliminating Third Party Accidents & Pilferage of Electricity"
  - "Bantay Kuryente para sa Kaligtasan ng Mamamayan" launched together with the DILG in December 2007
- Strengthening of system loss-related processes
  - Decongestion of lines ahead of summer months, when consumption is expected to increase
- New *preventive & corrective* approaches in pilferage management
- Active follow-ups on reports received through:
  - Meralco's website, [www.meralco.com.ph](http://www.meralco.com.ph)
  - Kuryente Watch hotline, 632-8989
  - Dedicated email address, [stoptheft@meralco.com.ph](mailto:stoptheft@meralco.com.ph)

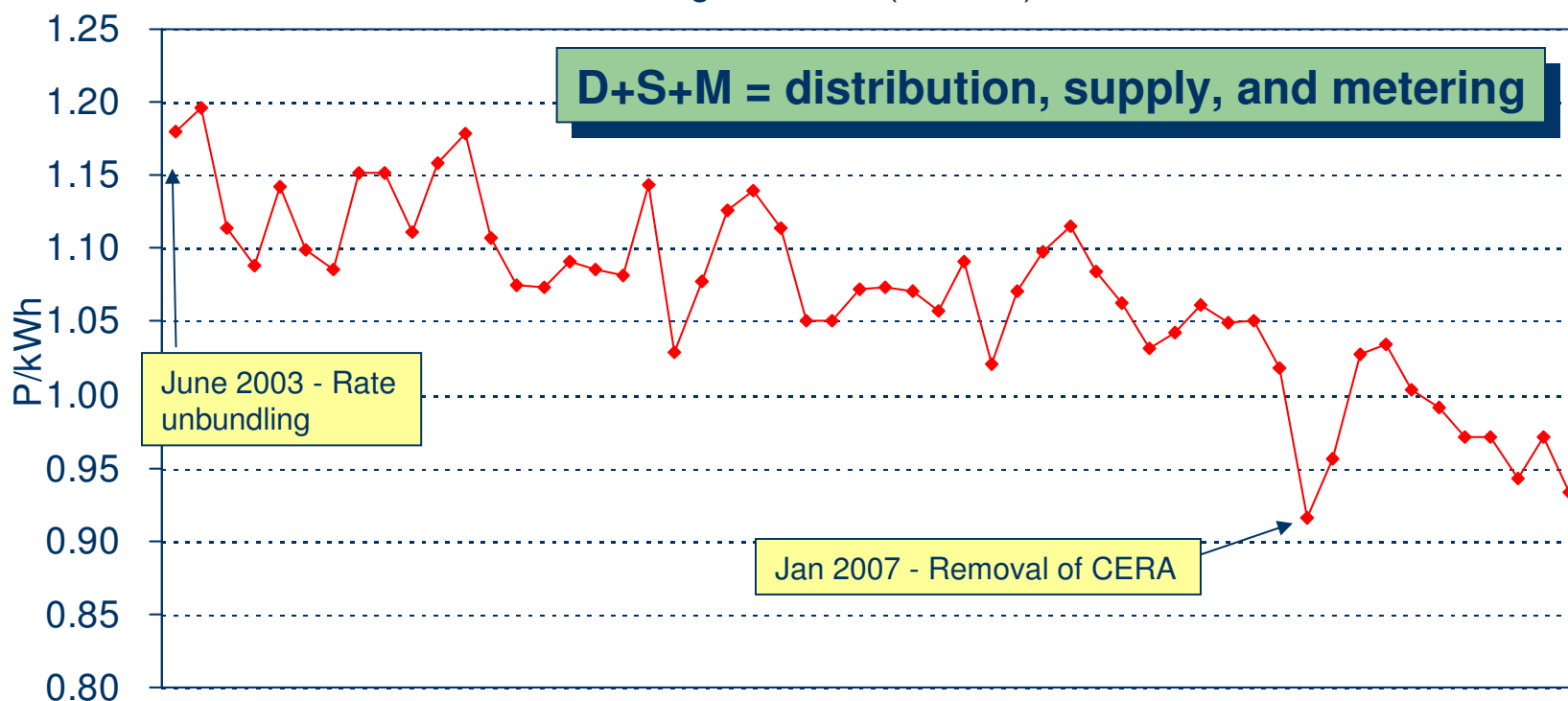
# Breakdown of the Meralco Rate

## March 2008

	<i>Mar-08</i>	<i>% of Total</i>	<i>Res'l</i>	<i>Comm'l</i>	<i>Ind'l</i>
Generation	4.32	58%	4.38	4.41	4.13
Transmission	0.95	13%	0.92	1.07	0.82
<b>Meralco Chgs</b>	<b>0.93</b>	<b>12%</b>	<b>1.81</b>	<b>0.72</b>	<b>0.27</b>
System Loss	0.57	8%	0.73	0.57	0.42
Subsidies	-	0%	(0.26)	0.11	0.12
Taxes/Univ Chg	0.74	10%	0.89	0.77	0.53
<b>TOTAL</b>	<b>7.51</b>	<b>100%</b>	<b>8.47</b>	<b>7.65</b>	<b>6.29</b>

# No change in distribution, supply, and metering charges since June 2003

Overall average Meralco (D+S+M) rate





# Power Prices vs. Price Indices

	<i>Jun 2003</i>	<i>Dec 2007</i>	<i>Incr/ Decr</i>
<b>INDICES</b>			
FOREX (PhP/US\$)	53.40	41.74	-22%
CPIphil (2000=100)	114.10	145.10	27%
CPImla (2000=100)	115.00	147.50	28%
<b>Price of Electricity (per kWh)</b>			
Generation & Transmission	4.2938	5.3122	24%
Meralco Charges	1.1806	0.9337	-21%

# Power Prices vs Prices Of Basic Goods & Services

	<i>Jun 2003</i>	<i>Dec 2007</i>	<i>Incr/ Decr</i>
<b>PRODUCTS/SERVICES</b>			
Fuel Products			
LPG (11-kg cylinder)	223.74	594.47	166%
Diesel (P per liter)	14.98	38.10	154%
Fuel Oil (per liter)	13.24	29.66	124%
Residential Telephone Line (per month)	722.80	621.00	-14%
Public Utility Bus Fares (1st 10 kms)	9.22	12.00	30%
Newspaper			
Manila Bulletin	15.00	18.00	20%
Philippine Star	15.00	18.00	20%
Phil. Daily Inquirer	15.00	18.00	20%
Business World	20.00	25.00	25%
<b>Price of Electricity (per kWh)</b>			
Generation & Transmission	4.2938	5.3122	24%
Meralco Charges	1.1806	0.9337	-21%

# Small end-users continue to receive *Lifeline Discounts*

- Lifeline Discount
  - Applied to sum of Generation, Transmission, Distribution, Supply, Metering, and System Loss charges

<b>KWh Consumption</b>	<b>% Lifeline Discount</b>
1-50 kWh	50.00%
51-70 kWh	35.00%
71-100 kWh	20.00%

- Last December 2007, Meralco had **1.9 million lifeline customers**
  - Accounted for **47% of all residential end-users**

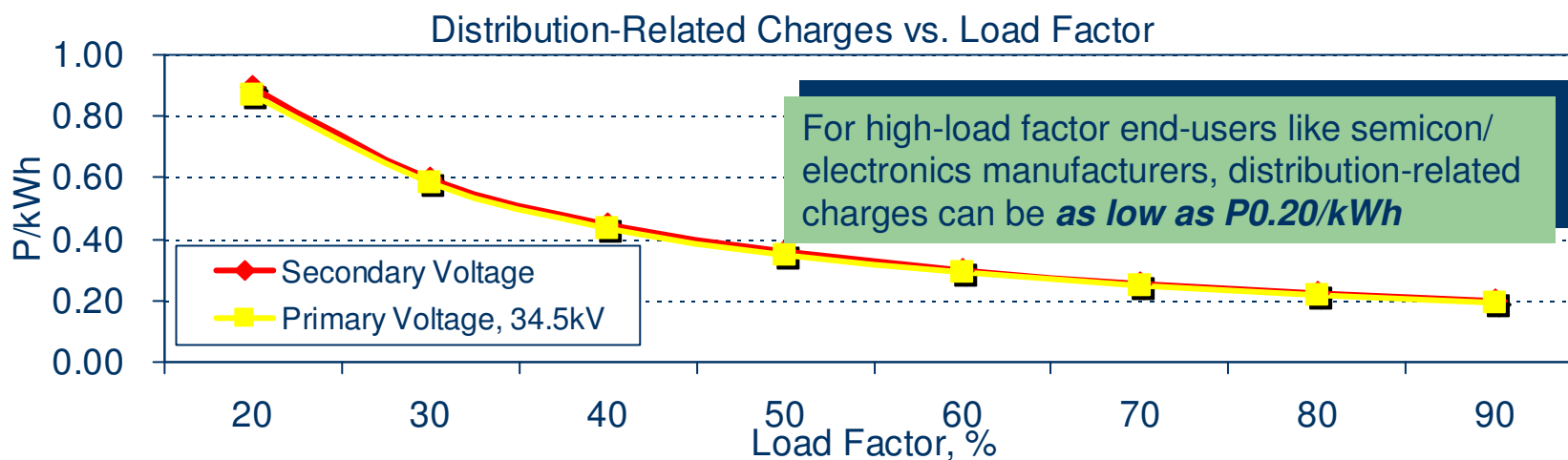
## About three-fourths of all residential customers receive a subsidy through lower distribution charges

KWh Consumption	Customer Count	Cumulative Share of Total	Distribution Charge (₱/kWh)
0-50	797,780	19.7%	0.5729
51-70	452,919	30.9%	0.5729
71-100	638,111	46.7%	0.5729
101-200	1,214,598	76.7%	0.5729
201-300	478,884	88.5%	0.8765
301-400	199,093	93.4%	1.1628
Over 400	265,138	100.0%	1.6615

*Note: Residential customer breakdown is for December 2007*

# ERC-approved distribution-related charges for non-residentials

	Secondary Voltage (40 to 1,999kW)	Primary Voltage, 34.5kV (40 to >10,000kW)
Distribution Charge	₱119.40 / kW	₱124.62 / kW
Supply Charge	₱655.33 / customer	₱655.33 / customer
Metering Charge	₱317.74 / customer	₱317.74 / customer





Haliging matatag, Sandigan sa lahat ng oras.

