

Meralco Supports Call for Lower Power Rates

Meralco welcomes NPC's move to lower its generation rates to ₱3.52/kWh

- Meralco will immediately pass through any generation cost reduction to electricity consumers.
- In fact, through a Memorandum of Agreement, NPC and Meralco have already been implementing an Ecozone Rate Program that has significantly reduced the power rates of PEZA economic zone locators. The following shows the average total industrial rate last January 2008 of some of the largest ecozones served by Meralco:

Economic Zone	Total Average Industrial Rate (₱/kWh)	Economic Zone	Total Average Industrial Rate (₱/kWh)
Laguna Technopark	4.5700	Carmelray Industrial Park I	4.5709
Gateway Business Park	4.3594	Canlubang Premiere Industrial Park	4.4909
Laguna International Industrial Park	5.1584	First Cavite Industrial Estate	5.2604
Light Industry & Science Park 1	4.8724	First Philippine Industrial Park	4.9085
Light Industry & Science Park 2	4.5104	Food Terminal Inc.	4.7330

Meralco's IPP's have reduced the overall cost of power to Meralco consumers

- As required by the Energy Regulatory Commission (ERC) for all distribution utilities, Meralco publishes its monthly purchased power cost data (generation and transmission cost) on its website (www.meralco.com.ph/Corporate/rates/rates.htm).
- The following table summarizes Meralco's purchased power cost for the first quarter of 2008 and shows that the cost of Meralco's IPP's, including their corresponding transmission cost, is significantly lower than the cost of other suppliers.

Energy Source	Volume (GWH)	Average Generation Cost (₱/kWh)	Transmission Cost (₱/kWh)	Cost of Purchased Power (₱/kWh)
NPC				
NPC TSC	1,559	4.7596	1.5302	6.2898
NPC Special Programs*	1,203	3.9824	1.5345	5.5169
WESM	615	6.0188	1.6207	7.6395
Subtotal	3,378	4.7121	1.5397	6.2518
IPPS				
Quezon Power	611	4.6631	0.9032	5.5663
First Gas - Sta. Rita	1,932	4.1574	0.6468	4.8042
First Gas - San Lorenzo	1,003	4.1694	0.5434	4.7128
Subtotal**	3,549	4.2481	0.6615	4.9096
Total	6,926	4.4744	1.0898	5.5642

* Special programs include the Ecozone Rate, ODPS, SunPower, etc.

** IPPs subtotal includes Philpodeco

Meralco's distribution charges are not the cause of high power rates in the Philippines

- **Meralco has not been allowed to increase its distribution charge since June 2003.**
- For the first quarter of 2008, the total of all Meralco-related charges (distribution, supply, and metering charges) was ₱0.95/kWh, representing less than 13% of the entire electricity bill. The other components are as follows:

Bill Component	Share to total
Generation Charge	58%
Transmission Charge	13%
System Loss Charge	8%
Meralco (distribution, supply, metering)	13%
Other Charges (subsidies, franchise tax, VAT, universal charge)	9%
Total	100%

- Meralco's distribution charge to residential customers is lower for small residential customers.

Electricity Consumption Bracket	Number of residential customers (Breakdown as of December 2007)	Share to total residential count	Distribution charge (Pesos per kWh)
1 to 200 kWh	3,103,408	76.7%	0.5729
201 to 300 kWh	478,884	11.8%	0.8765
301 to 400 kWh	199,093	4.9%	1.1628
Over 400 kWh	265,138	6.6%	1.6615

- Meralco's distribution charge also rewards efficient industrial users. Those with a load factor of 75% will have a total distribution charge (inclusive of supply and metering charges) of less than ₱0.25/kWh.
- For transparency, Meralco urges the publication of the distribution charges of all distribution utilities in the country.

Almost half or close to two million of all Meralco residential customers already enjoy preferential rates through lifeline subsidies

- Lifeline subsidies are discounts given to marginalized electricity consumers. Marginalized end-users of Meralco, defined by the ERC as residential customers using 100kWh or less each month, receive a discount depending on electricity usage:

Electricity Consumption	Discount
1 to 50 kWh	50%
51 to 70 kWh	35%
71 to 100 kWh	20%

- Last April 2008, a 50-kWh residential consumer paid a total rate of only ₱4.45/kWh, which is even lower than the Generation Charge component of ₱4.9073/kWh.
- Lifeline subsidies mitigate the impact of any power rate increase, including any increase in generation or transmission charges.