



National Power files for 7th GRAM & 7th ICERA

The National Power Corporation (National Power) recently filed its application for the 7th Generation Rate Adjustment Mechanism (GRAM) and 7th Incremental Currency Exchange Rate Adjustment (ICERA) before the Energy Regulatory Commission (ERC), as part of its compliance to the directives of the power rate regulator.

But unlike its previous filings, National Power is proposing a spread of four years instead of one year corresponding to the test period of these filings, to cushion its impact to consumers in the missionary areas.

“We have filed for a recovery period of four years for the 7th GRAM and 7th ICERA because we do not want our consumers to be saddled with high power costs”, National Power said in a statement.

National Power further explained that these filings are necessary and vital because this will help alleviate the power generator’s own financial

position, should it gets approved by the ERC.

“The amount we are proposing to be recovered in the 7th GRAM and 7th ICERA are actual historical costs that we have incurred in generating electricity that we sell to our customers and consumers. The two are what we collectively refer to as Deferred Accounting Adjustments or DAAs, and are just pass-thru costs, meaning we do not profit from them in any way”, National Power said.

National Power aims to recover about P3.121 billion in total DAAs, comprising of P3.075 billion for the 7th GRAM and P45.846 million for the 7th ICERA. However, annual recovery will be reduced to an average of P780 million due to proposed spread.

To be recovered in four years or 48 months, these filings will translate into upward adjustments in current National Power rates in the missionary areas: P2.1380 per kilowatt-hour (kWh) in Luzon, P1.5339 per kWh in the Visayas, and P1.0777

per kWh in Mindanao. These, in turn, will result in corresponding upward adjustments to state-owned power generating company’s effective rates in these areas, ranging from P7.1839 per kWh to P9.1005 per kWh.

“We hope our consuming public understands that we have to recover these costs because it will help us sustain our operations and continue providing our services to them. In turn, we will continue to implement improvements to make our services better, more reliable and more sustainable”, National Power said.

The statement further said that these are rate and adjustment applications done before the ERC, which has the final say whether its gets approved or not. National Power is required by the power regulator to go through the process of publications, public hearings and deliberations in the ERC, which will have the final decision whether applications gets approved or not.

EPIRA amendment on separation benefits filed in Lower House

In a bid to avert a repeat of the six-month suspension of the Government Service and Insurance System (GSIS) pension of National Power Corporation (NPC) retirees and qualified employees which happened earlier this year, two congressmen have filed a bill which explicitly states that separated/retired employees shall be entitled to both a separation pay and retirement benefits from the GSIS.

House Bill No. 5508 was authored by Cagayan de Oro Rep. Rufus Rodriguez and Party List Rep. Maximo B. Rodriguez of Abante Mindanao, and seeks to amend Section 63 of Republic Act 9136 (also known as the Electric Power Industry Reform Act or EPIRA). Section 63 pertains to Separation Benefits of Officials and Employees of Affected Agencies.

Specifically, the proposed amendment of the two legislators states that EPIRA-affected employees:

"SHALL BE ENTITLED TO A SEPARATION PAY EQUIVALENT TO ONE AND ONE-HALF MONTH SALARY FOR EVERY YEAR OF SERVICE IN THE GOVERNMENT WHICH IS OVER AND ABOVE THE EXISTING RETIREMENT BENEFITS IN ACCORDANCE WITH LAWS, RULES AND REGULATIONS: PROVIDED, HOWEVER, THAT THOSE WHO ARE ABSORBED BY ANY GOVERNMENT-OWNED SUCCESSOR COMPANY, OR ANY GOVERNMENT INSTITUTION OR GOVERNMENT OWNED AND CONTROLLED CORPORATION NOT CREATED UNDER THE CORPORATION CODE SHALL NOT SUFFER THE PENALTIES OF DISCONTINUED SERVICE AND SHALL BE CONSIDERED TO HAVE



Rep. R. Rodriguez



Rep. M. Rodriguez



Rep. Belmonte

CONTINUOUS GOVERNMENT SERVICE FOR PURPOSES OF RETIREMENT BENEFITS. THIS PROVISION SHALL HAVE RETROACTIVE EFFECT."

The Rodriguez amendment was filed last November 21, 2011, and has already been referred to the House Committee on Energy.

Rep. Rufus Rodriguez, who is a member of the Joint Congressional Power Commission and the House Committee on Energy, pointed out that the original version of Section 63 may be prone to different interpretations, as what happened when the GSIS discontinued the monthly pension of retirees and other EPIRA-affected employees last April. According to him, the GSIS interpreted the provision pertaining to "separation pay and other benefits granted in accordance with existing laws rules and regulations" in such a way as to include GSIS retirement benefits. The GSIS rationalized its decision to suspend the monthly pension of NPC retirees by saying that since the separated employees opted to receive "1.5 months salary for every year of service, they are no longer entitled to receive retirement benefits".

Rep. Rodriguez however argued that Section 63 pertains to separation benefits only, and that no mention of retirement benefits is made in the said provision. "Even the JCPC

deliberated on this and on the definition of separation benefits under the EPIRA Law."

"In order to clarify the provision of the EPIRA, it is wise to amend Section 63 so as to clearly give the separated employees what is due them in terms of retirement pension," Rep. Rodriguez concluded.

The Rodriguez amendment has already gained the support of some congressmen, notably, Iligan City Rep. Vicente F. Belmonte, Jr., who is the Vice-Chairman of the Committee on Energy. "I am giving my full support to this measure for the benefit of the EPIRA-affected employees and retirees of NPC," he said.

Local officials like Atty. Providencio A. Abragan, Jr., Iligan City Councilor, are also championing the immediate passage of HB 5508. Atty. Abragan earlier authored a resolution calling for the immediate restoration of the GSIS pension of NPC retirees/employees. Currently, he is coordinating with concerned lawmakers on the proposed EPIRA amendment.

At NPC, Arch. Rebecca A. Adeva of the Facilities Management Department, who heads the Legislative Affairs on GSIS Pension Issue Committee, has also been closely coordinating with the legislators on matters relating to the aforementioned amendment.