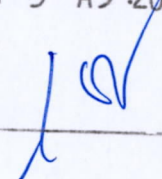


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SENATE
P.S. RES. No. 581

RECEIVED BY: 

Introduced by Senator WIN GATCHALIAN

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE LACK OF REGULAR FUEL COST AUDITS AMID RISING GENERATION CHARGES, WITH THE AIM OF STRENGTHENING REGULATORY OVERSIGHT, ACCOUNTABILITY, AND TRANSPARENCY IN THE POWER GENERATION SECTOR

1 **WHEREAS**, Republic Act No. 9136, otherwise known as the "Electric Power
2 Industry Reform Act of 2001" (EPIRA), mandates distribution utilities (DUs) to supply
3 electricity to their captive markets in the least-cost manner and the Energy Regulatory
4 Commission (ERC) to monitor activities in the generation and supply sectors, with the
5 end in view of promoting free-market competition and ensuring that the allocation or
6 pass-through of bulk purchase costs by distributors is transparent and non-
7 discriminatory;¹

8 **WHEREAS**, the sharp increase in electricity prices in the country has placed a
9 heavy burden on Filipino consumers, particularly low-income households, fixed-
10 income earners, and micro, small, and medium enterprises (MSMEs);

11 **WHEREAS**, the Department of Energy (DOE) reported that the Philippines had
12 the highest average residential electricity rate in Southeast Asia in June 2026 at Php

¹ Republic Act No. 9136, Section 23 and 43.

1 12.43 per kilowatt-hour (kWh), even higher than Singapore's average residential rate
2 of Php 12.34 per kWh;²

3 **WHEREAS**, from January 2025 to July 2026, the monthly electricity bill of a
4 MERALCO residential customer consuming 200 kWh increased from about Php
5 2,350.00 at a rate of Php 11.74 per kWh to Php 2,970.00 at Php 14.83 per kWh,
6 forcing households to pay an additional Php 620.00 each month despite consuming
7 the same amount of electricity;³

8 **WHEREAS**, over the same period, MERALCO's generation charges increased
9 from Php 6.84 per kWh to Php 9.25 per kWh, accounting for 62% of the July 2026
10 electricity bill of a residential household consuming 200 kWh per month, 61% of the
11 bill of a household consuming 300 kWh, and 60% of the bill of a household consuming
12 400 kWh;⁴

13 **WHEREAS**, these figures reveal that high electricity rates in the country are
14 largely driven by generation charges which are ultimately passed on to consumers;

15 **WHEREAS**, a large portion of MERALCO's generation charges consists of fuel
16 costs primarily tied to its contracted supply of liquefied natural gas (LNG) and coal,
17 with such fuel costs representing 86.16% of its total generation charges in July 2026;⁵

18 **WHEREAS**, given the substantial share of fuel cost components in pass-
19 through generation charges, regular, timely, independent, and transparent fuel cost
20 audits are necessary for the ERC to determine whether these pass-through charges
21 are supported, reasonable, and justified;

22 **WHEREAS**, the ERC has not conducted any fuel cost audit since 2023, during
23 the height of the Russia-Ukraine conflict, leaving consumers with no choice but to

² Alvin Elchico, Data shows Philippine power rates higher than Singapore in June, ABS-CBN News, July 20, 2026 at <https://www.abs-cbn.com/news/business/2026/7/20/data-shows-philippine-power-rate-higher-than-singapore-in-june-1642> (last accessed 29 July 2026)

³ Manila Electric Company (MERALCO), Rates Archives, at <https://company.eralco.com.ph/news-and-advisories/rates-archives> (last accessed 15 July 2026); OSSTG estimate

⁴ *Id.*

⁵ *Id.*

1 shoulder pass-through charges without sufficient assurance that such fuel costs have
2 been adequately reviewed and validated;⁶

3 **WHEREAS**, during his 5th State of the Nation Address on July 27, 2026,
4 President Ferdinand "Bongbong" Marcos Jr. called for the immediate amendment of
5 EPIRA to prohibit the passing on of system loss charges and the corresponding value-
6 added tax to electricity consumers, underscoring the government's commitment to
7 reducing unnecessary costs and promoting more affordable electricity for Filipino
8 households;

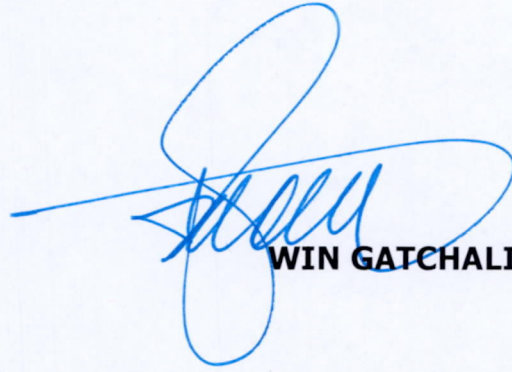
9 **WHEREAS**, rising generation charges and the lack of regular fuel cost audits
10 reveal the urgent need for stronger accountability and transparency in the power
11 generation sector to ensure that electricity is supplied in the least-cost manner;

12 **NOW, THEREFORE, BE IT RESOLVED**, as it is hereby resolved, to direct the
13 appropriate Senate committee to conduct an inquiry, in aid of legislation, into the lack
14 of regular fuel cost audits amid rising generation charges, with the aim of
15 strengthening regulatory oversight, accountability, and transparency in the power
16 generation sector;

17 **RESOLVED FURTHER**, that the inquiry shall seek to: (a) identify the reasons
18 for the lack of regular fuel cost audits; (b) determine the accountability of the ERC,
19 generation companies, and distribution utilities for acts or omissions under existing
20 laws, rules, or regulations that may have impeded the conduct of such audits or
21 allowed unsupported or unjustified fuel costs to be passed on to consumers without
22 adequate review; (c) propose legislation in furtherance of pro-consumer reforms in
23 the power industry, including measures to institutionalize regular fuel cost audits; and
24 (d) undertake such other actions within the Committee's jurisdiction as may be
25 necessary or desirable to accomplish the objectives of this Resolution.

⁶ Gatchalian to ERC: Audit fuel pass-through charges amid sustained spike in electricity rates, Manila Times, July 26, 2026 at <https://www.manilatimes.net/2026/07/26/tmt-newswire/gatchalian-to-erc-audit-fuel-pass-through-charges-amid-sustained-spike-in-electricity-rates/2391623> (last accessed 28 July 2026)

Adopted,



WIN GATCHALIAN