Unbundling of Rates

Unbundling of rates is based on Section 36 of the Republic Act 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001 which took effect last June 26, 2001. This paved the way to a greater accountability in the power industry as well as transparency for the consumers to know where their peso goes.

As directed by the ERC, the utilities will be implementing the new rates immediately, beginning with the June 2003 billing cycle.

Thus, by unbundling it became easier for consumers to see how much of your payment goes to the utility and how much goes to 'pass - through' charges, or charges that the distribution utility collects on behalf of the government and power suppliers or power generating firms.

Generation Charge

(Pass-Through)

This is for the cost of power generated and sold to Meralco by our suppliers, presently the National Power Corporation as well as Independent Power Producers (IPPs).

Transmission Charge

(Pass-Through)

This is for the delivery of electricity from generators, usually in remote areas or provinces, to the distribution system of Meralco. This goes to the National Transmission Corporation (TransCo), a company spun off from NPC.

System Loss Charge

This represents recovery of the cost of power lost due to technical and non-technical losses. This is set at a maximum of 9.5%, as provided for by Republic Act 7832.

Universal Charge

(Pass - Through)

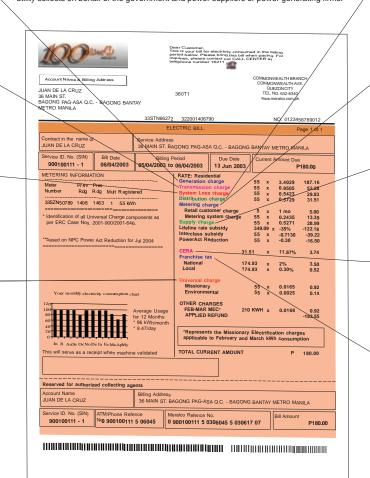
This is a non - bypassable charge remitted to the Power Sector Asstets and Liabilities Management Corporation (PSALM), owned and controlled by the government, and created by Republic Act 9136. Part of this is now in your Meralco bill as missionary electrification and environmental charges.

DEPARTMENT OF ENERGY

CONSUMER WELFARE AND PROMOTION OFFICE

Energy Center, Fort Bonifacio Taguig, Metro Manila Telephone Nos. 840 - 1401 to 21 Telefax: 840 - 2267 www.doe.gov.ph For inquiries & suggestionstyne D

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then send to 2920



Distribution Charge

(Meralco)

This is the cost of building, operating and maintaining the distribution system of Meralco, which brings power from high-voltage transmission grids, to commercial and industrial establishments, to residential end-users.

Metering Charge (Meralco)

This includes the cost of metering, its reading, operation and maintenance of power metering facilities.

Supply Charge (Meralco)

This includes the cost of rendering service to customers, such as billing, collection, customer assistance and associated services.

Currency Exchange Rate Adjustment (CERA) (Meralco)

This covers adjustments for unavoidable fluctuations in the Philippine Peso - US Dollar exchange rate.

Franchise Tax

(Pass - Through)

Private utility companies are required to pay national and local franchise taxes, 2% of gross revenues goes to the national government as national franchise tax, while a range of 0.05% up to 0.75% of gross revenues goes to local government units in the form of local franchise tax.