

Power rates going up due to TRAIN

By DANESSA RIVERA

Customers of Manila Electric Co. (Meralco) will see an increase of at least eight centavos per kilowatt-hour (kwh) in their electricity bills following the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) law.

Electricity rates will be pushed up by implementation of the coal excise tax and the removal of the value-added tax (VAT) exemption of the National Grid Corp. of the Philippines (NGCP) un-

der TRAIN, Meralco head of utility economics Lawrence Fernandez said in a briefing yesterday.

"We are still coordinating with generators to check their coal stock. But for NGCP, the TRAIN is in effect Jan. 1 so their January bill to us, we expect they will apply VAT in the transmission wheeling charges," he added.

Under Republic Act 9511, NGCP was exempted from paying income tax and VAT. This was repealed in Section 86 of the TRAIN law, subjecting NGCP to the VAT provi-

sion under the National Internal Revenue Code (NIRC).

Based on Meralco's computation, the VAT on transmission charge will translate to an additional seven centavos per kwh in its rates.

"If NGCP incorporates it in their January billing, we can expect higher transmission charges effective February," Fernandez said.

For the impact of the coal excise tax, Meralco is awaiting the response of suppliers to compute the increase in electricity rates.

"At P50 per metric ton,

excise tax of coal and oil is around one centavo per kwh," the Meralco official said.

Under the TRAIN law, what was approved was a lower coal excise tax of P50 per metric ton in 2018, P100 in 2019 and P150 in 2020 compared with the original Senate version proposal of a "100-200-300" hike scheme.

In total, this would mean an increase of eight centavos per kwh for Meralco customers.

"The total is eight centavos. That would be the full impact for Meralco custom-

ers this year," Fernandez said.

The Department of Energy (DOE) said the impact of coal excise tax on electricity rates are expected to reflect on consumers' electricity bills during the summer season.

This is because coal plant generators maintain coal reserves good for at least 30 days, DOE Undersecretary Felix William Fuentebella said.

"We are still assessing the effect on electricity which we expect to be felt starting March or April," he said.

Earlier, Meralco asked

government to reconsider the increase in coal excise tax as the impact will mostly be felt by consumers through higher electricity rates.

It said fuel cost is a pass-through charge to be shouldered by end-users.

"An increase in the excise tax on coal would result in higher generation charge and would impact distribution utilities depending on how much they are sourcing from coal," Meralco said, noting that it sources 31.4 percent of its generation supply from coal.

* MERALCO
* TAX REFORM FOR
ACCELERATION & INCLUSION (TRAIN)