



National Association of Electricity Consumers for Reforms
No. 10 Bayside Court Compound, 680 Quirino Avenue, Tambo
Parañaque City 1700 Philippines
Phone No.: +63.2.8530731
TeleFax No.: +63.2.8530732
<http://www.nasecore.com.ph>
eMail: nasecore2003@yahoo.com

03 February 2009

MR. JOSE C. IBAZETA

President & CEO, Power Sector Assets & Liabilities Management Corp.
7th Floor Bankmer Building
Ayala Avenue, Makati City

Dear President Ibazeta:

We thank you for your letter-reply dated 23 January 2009 and for the attached list of the Successfully Bid Out NPC Generating Plants including their respective rated capacities, winning bidders, bid prices, and payment periods.

We understand that PSALM's ongoing efforts in privatizing NPC generating assets is primarily in compliance with the fourth (4th) of the five (5) conditions set under Section 31 of the Electric Power Industry Reform Act (EPIRA) before open access and retail competition is implemented. The consumers hope for lower electricity rates rest upon these.

Seven (7) long years have passed since the passage of the EPIRA in June 2001 and the failure to implement open access and retail competition up to this time because of unmet conditions for the implementation of open access and retail competition renders EPIRA a failure.

Thus, it makes us wonder why the transfer of the management and control of at least seventy percent (70%) of the energy output of power plants under contract with NPC to the IPP Administrators (IPPA), the fifth and last of the conditions, had not been started yet. There must be some valid constraints preventing PSALM from implementing this 5th condition, otherwise, it can only be interpreted as negligence on its part.

In this regard, may we know the reasons for the long delayed compliance of PSALM with the transfer and control of at least seventy percent (70%) of the energy output of power plants under contracts with NPC to the IPP Administrator?

This inquiry is based on our desire to fastrack this long-delayed implementation of the open access and retail competition which we understand are the mechanisms that will lower the high cost of electricity in the country.

We hope PSALM will continue to view our efforts in the positive way.

Thank you and God bless.

Very truly yours,

PETE L. ILAGAN
President