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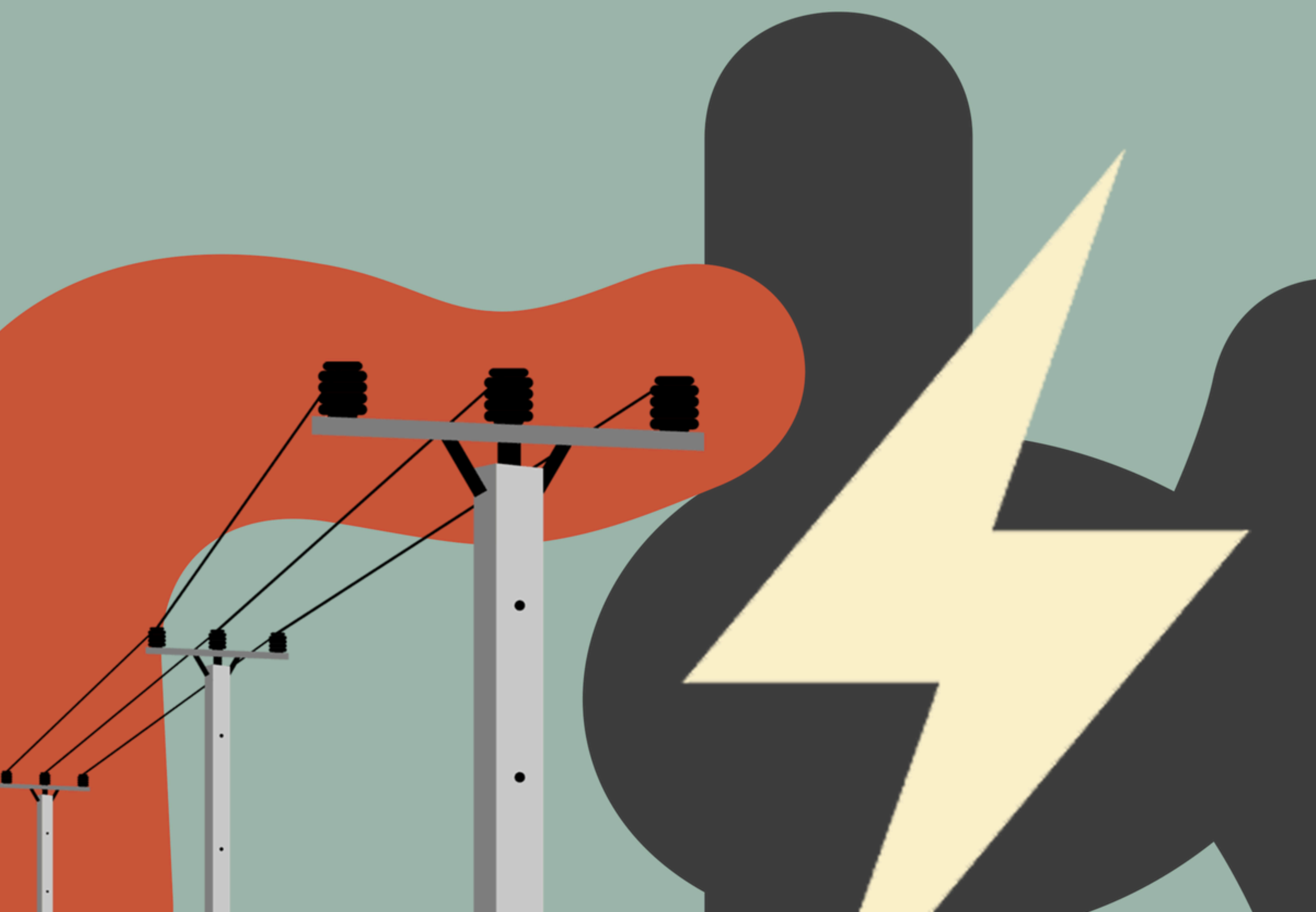
POLICY PAPER

EPIRA@25: POWER REFORM FAILURE



EPIRA@25: Power reform failure

Twenty-five years after EPIRA, the benefits of reform have accrued disproportionately to private corporations while many of its promised gains for consumers remain unrealized.

It has been twenty-five years of expensive electricity draining consumers' purses on one hand and bloating private companies' pockets on the other. Some two million Filipino households are still without stable access to electricity.

So much for its promises. The Electric Power Industry Reform Act (EPIRA) or Republic Act No. 9136 has failed to deliver cheaper power, universal access, and genuine competition. Meantime, 'solar' has become a renewable energy buzzword, yet only those who can afford the upfront costs get to enjoy lower bills.

Like other public services and utilities in the country, the electric power industry has been transformed into a profitable venture where private gains increasingly take precedence over public welfare.

Expensive

EPIRA was enacted on June 8, 2001 to transform the power sector through privatization, competition, and market-based pricing. Yet beyond recurring blackouts, its most enduring legacy has been persistently high electricity prices.

Much of government's power generation assets were privatized, while generation and supply were opened to private firms. The Wholesale Electricity Spot Market (WESM) was established so market players could bid and determine power rates rather than have tariffs directly set by government. Retail Competition and Open Access (RCOA) was introduced to allow eligible consumers to choose their electricity suppliers.

Yet the price of electricity surged from Php4.87 per kilowatt-hour (kWh) in 2000 to Php14.48/kWh in 2026, increasing the monthly bill of an average household consuming 200 kWh almost three-fold from Php974 to Php2,896.

Filipino households' spending on electricity congruently ballooned by 524% from a total of Php59.7 billion before EPIRA to Php372.8 billion in 2023. This outpaced families' average total spending which increased by just 346% in the same period. This also took up more of the already meager national average minimum wage which is worth 21% less today than in 1989.Electricity rates include too many charges, some of which do not directly benefit consumers. Meralco attributes rising electricity prices to pass-through generation charges from imported coal and natural gas, peso depreciation that raises the cost of dollar-denominated contracts and imported inputs, and various charges passed on to households. Power-sector costs shouldered by consumers include the generation charge (55-68% of the bill), transmission charge (about 8%), taxes and mandated government charges (about 11%), flat per-kilowatt-hour universal charges, and subsidies including missionary electrification charge, environmental charge, and lifeline and senior citizen subsidies), and the systems loss charge.

WESM likewise failed to bring down prices because a supply-constrained market allowed expensive generators to influence prices across the system. Meanwhile, RCOA, which was designed for consumers using at least 500 kWh, primarily benefited large corporations while most households remained excluded.

Oligopolized

Competition was not achieved as the market is dominated by a few conglomerates with substantial control over power generation, distribution, and related energy assets. Instead of creating a genuinely competitive market, EPIRA facilitated the concentration of the electricity sector in the hands of a small number of large corporations whose profits depend on electricity remaining a commercial commodity rather than a public service.

Power **generation** was largely privatized and is now dominated by a handful of major conglomerates. Among the largest players are the Aboitiz Group through Aboitiz Power, richest tycoon Enrique Razon and the Lopez Group through First Gen, Ramon Ang through San Miguel Global Power, the Ayala Group through Ayala Corporation Energy (ACEN), the Salim group and Manuel Pangilinan through Meralco PowerGen. Razon also owns Prime Infrastructure, which controls the Malampaya gas field and major natural gas assets.

Meanwhile, the country's **transmission** grid remains a private monopoly operated by the National Grid Corporation of the Philippines (NGCP), whose major Filipino shareholders include the Sy family and Robert Coyiuto Jr.

Electricity reaches consumers primarily through **distribution** utilities led by Meralco, chaired by Manuel V. Pangilinan and serving roughly half of the country's electricity demand, alongside Aboitiz-owned utilities such as Visayan Electric and Davao Light, and Enrique Razon's MORE Power in Iloilo.

The sector is overseen by the Department of Energy (DOE), the Energy Regulatory Commission (ERC), and the Independent Electricity Market Operator of the Philippines (IEMOP), which operates the WESM. However, the dominance of a few conglomerates across the segments of the industry—from generation to distribution—raises fundamental questions about how much competition can actually emerge in a market where economic power is concentrated in the hands of a small number of corporate groups. Just five firms—Aboitiz Power, San Miguel Global Power, First Gen, Ayala Corp, and Meralco—account for 68% of national grid capacity, with the three biggest accounting for 55 percent as of June 2026.

Meanwhile, eight oligarchs (Pangilinan, Aboitiz, Ang, Lopez, Razon, Consunji, Ayala, and Gotianun) accounted for 95% of power generation and distribution net income in the top 1,000 corporations as of 2024, with the three biggest accounting for 66% of the total net income.

The ERC, created as supposedly an independent regulator and responsible for the unbundling of electricity rates to promote transparency, fair competition, and accountability in the industry, pronounced that its purpose is to ensure electric companies' return on investments (ROI). Records show that the ROI of companies existing since EPIRA enactment mostly grew until 2024 such as Meralco's (1.1-7.7%), that of Davao Light & Power Co., Inc., (2.3-6.1%), Cagayan Electric Power & Light Co., Inc. (4.5-4.6%). The ROI of Visayan Electric Co., Inc. and Meralco's Vantage Energy Solutions and Management, Inc. which operates nationwide, collect 12.3% and 20.2%, respectively, which exceed the 12% cap mandated by the Supreme Court in 2002.* **Foreign hand**

Foreign players also play critical roles in the Philippine power sector as joint-venture partners, grid technology co-owners, and major international clean energy developers. Moreover, now that 100% foreign ownership of renewable energy is allowed, international corporate giants have flooded into the power sector.

In generation, major international firms and investors from Denmark (Copenhagen Infrastructure Partners) , Spain (Acciona S. A.), Japan (JERA Co., Inc), South Korea (Korea Electric Power Corporation), and Thailand (Electricity Generating Public Co. Ltd (EGCO Group – Thailand) participate in renewable energy, natural gas, coal, and other power projects, often through joint ventures with local conglomerates.

In transmission and especially in distribution, foreign participation remains subject to ownership limits but continues through strategic partnerships and investment holdings. China's State Grid Corporation holds a 40% stake and serves as the technical partner of NGCP, while Meralco and Vantage Energy are largely owned by domestic conglomerates.

*In 2002, based on a Bayan Muna petition, the Supreme Court ruled on the status and obligations of Meralco as a public utility. The latter was ordered to refund b illions of pesos to consumers as a public utility cannot pass on corporate income tax to consumers. A 12% ceiling also was set for the rate of return for public utilities to ensure fair and just rates. In recent years, the Supreme Court limited this ruling to distribution utilities only, declaring the generation and supply sectors as competitive businesses under EPIRA.

Burden

While NAPOCOR's debt was reduced with the sale of assets, consumers continued shouldering power-sector costs.

EPIRA sought to reduce the financial burden of the power sector on the government by privatizing National Power Corporation (NPC) assets and using the proceeds to pay off its accumulated debts and liabilities. According to the Department of Energy, this has cumulatively yielded Php916.6 billion, effectively reducing the debt to Php260.6 billion. But consumers continue bearing the burden through the Universal Charge inserted in the monthly bill, while the State practically bailed Napocor out with Php208 billion from Malampaya gas project revenues.

Not for all

The law aimed to expand electricity access nationwide by encouraging private sector participation and investment in power generation, transmission, and distribution, including in underserved areas. There were 3.67 million families that did not have electricity in 2000, or 24% of all households at that time, according to the Philippine Institute for Development Studies (PIDS). Come 2024, the Department of Energy reported some 1.6 million households unserved by national electrification.. In 2024 only 2,395 out of 23,573 households targeted in 2021 under the DOE's total electrification program have been energized.

The remaining unelectrified communities are concentrated in remote islands, mountainous areas, and historically underserved regions where private investment has proven insufficient due to high costs and low profitability. Take the poorest region of the Bangsa Moro whose electrification is still barely 45 percent.

Public ordeal, private wealth

Chronically grappling with rampant work informality, low wages, and increasing poverty, consumers continue to bear some of the highest electricity costs in the region. On the other hand, the country's largest power companies have steadily increased their profits under the EPIRA regime.

By mid-2026, Philippine electricity rates remained among the highest in Southeast Asia, second only to Singapore's Php17.38/kWh. Other Southeast Asian countries' electricity rates ranged from Laos' Php1/kWh to Cambodia's Php8.40/kWh. The Philippines particularly holds the most expensive residential rates in the region—more expensive than in Hongkong, Taiwan, Russia, USA, Canada, and Australia. It is also second most expensive in terms of commercial and industrial rates.

Available data meanwhile showed that the Php11.915-billion combined net incomes of the biggest generation companies ballooned under EPIRA from the time of their inception until 2025 to Php117.2 billion:

Company	First disclosed fiscal year	Initial reported net income (in Php millions)	Full-year 2025 net income (in Php millions)
First Gen Corporation	2000	Php1,450	Php15,200
Aboitiz Power Corporation	2006	Php1,800	Php33,100
Meralco PowerGen	2011	(Php15.1 loss)	Php16,800
ACEN Corporation	2011	Php314.9	Php3,800
San Miguel Global Power	2010	Php8,500	Php48,300
Total		Php12,080	Php117,200

Transmission entities include state-owned National Transmission Corporation (TransCo) and privately-owned National Grid Corporation of the Philippines (NGCP). Transco was incepted on June 26, 2001 and earned a net income of Php10.2 billion, which expectedly dwindled to Php4.2 billion in 2025 since operations shifted under the NGCP, a private consortium including the State Grid Corporation of China, Monte Oro Grid, and Calaca High Power Corp. NGCP's initial reported net income of Php15.42 billion in 2009 doubled to Php31.20 billion in 2025. NGCP gross revenues and net sales grew from Php40.4 billion and Php39.9 billion (2009) to Php112.5 billion and Php53 billion (2024) or 178% and 32%, respectively.

Meanwhile, the major companies on the distribution side gained significantly under EPIRA, from a combined net-income of Php2.13 billion to Php40.42 billion from 2001 to 2025.

Distribution utility	Full-year 2001 net income (in Php millions)	Full-year 2025 net income (in Php millions)
Meralco	Php1,630	Php29,600
Davao Light & Power Co.	Php190	Php4,200
Visayan Electric Co.	Php324.12	Php4,850
Cotobato Light & Power Co	Php22.07	Php420.0
MORE Power	(Php35.5 million loss)	Php1,350
TOTAL	Php2,202	Php40,420

Power failure

EPIRA failed because it treated electricity as a commodity to be bought and sold for profit rather than as a basic service essential to households, industry, and national development. The law was built on the premise that privatization, competition, and market pricing would deliver lower costs, wider access, and better service. Yet twenty-five years later, electricity prices have nearly tripled, millions of Filipinos remain without reliable access to power, and the industry has become increasingly concentrated in the hands of a few large conglomerates.

Instead of fostering genuine competition, EPIRA transferred much of the sector's critical functions to private corporations whose primary responsibility is to generate returns for shareholders. Market mechanisms such as the WESM exposed consumers to volatile prices, while RCOA largely benefited large electricity users and corporations. The State retained regulatory functions but relinquished direct control over generation and much of the industry's planning and development.

The result is a power sector where consumers continue to shoulder risks and costs through various charges and subsidies while private companies accumulate growing profits. The evidence presented by twenty-five years of implementation shows that EPIRA's central flaw is its subordination of public welfare to private commercial interests in a sector that is too strategic and indispensable to be governed primarily by market forces.

Way forward

Twenty-five years after EPIRA's enactment, the country's experience points to the need for a fundamentally different approach to the power sector. Repealing EPIRA and restoring public control over electricity should be at the center of reforms. Electricity should be managed as a public service whose primary objective is universal, reliable, and affordable access rather than profit maximization.

A renewed public power system can enable long-term planning, coordinated investments, and price-setting based on social need instead of private returns. Public ownership and democratic control over generation, transmission, and distribution can ensure greater accountability, transparency, and responsiveness to consumers.

At the same time, the country's energy transition should be pursued through publicly owned and community-controlled renewable energy projects rather than merely replacing one set of private energy monopolies with another. Developing renewable energy under public and community ownership can help secure affordable electricity, reduce dependence on imported fuels, expand access to underserved areas, and strengthen national energy sovereignty. Ultimately, the goal should be a power sector that serves national development and public welfare instead of corporate profit.