



LEYTE IV ELECTRIC COOPERATIVE, INC.

Brgy. Lamak, Hilongos, Leyte
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Date: 15 2026 SEP

September 7, 2026

HON. LEONARDO M. JAVIER, JR.
Vice Governor/Presiding Officer
Sangguniang Panlalawigan of Leyte
Palo, Leyte

Sangguniang Panlalawigan
Province of Leyte
RECEIVED
SEP 09 2026
Date: _____
By: Norma

*Subject: TRANSMITTAL OF LEYECO IV REPLY TO NEA RE:
SANGGUNANG PANLALAWIGAN RESOLUTION NO. 2026-990*

Dear Honorable Javier:

Good day!

Respectfully transmitting herewith, a copy of the **LEYECO IV reply letter to the National Electrification Administration (NEA)** in response to its letter received on August 26, 2026, pertaining to the comments and current status of **Sangguniang Panlalawigan Resolution No. 2026-990**.

This is furnished to your Office for your information and reference.

Thank you for your continued support and consideration.

Respectfully,

BRENDA FLORES-AMPOLITOD
Acting General Manager



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04 September 2026

MS. RUTH S. RAMIREZ

Department Manager
Management and Consultancy Services Office
National Electrification Administration
57 NIA Road, Barangay Pinyahan
Diliman, Quezon City 1100

Subject: COMMENTS AND STATUS ON RESOLUTION NO. 2026-990 OF THE SANGGUNIANG PANLALAWIGAN OF LEYTE

Dear DM Ramirez:

This refers to your Letter dated 26 August 2026 requesting LEYECO IV's comments and current status on Resolution No. 2026-990 of the Sangguniang Panlalawigan of Leyte. LEYECO IV respectfully submits the following response and expresses its strong support for the Resolution's objectives of affordable, reliable, transparent, and consumer-responsive electricity service, and of securing equitable, lawful benefits for Leyte as a host province of major geothermal generation facilities.

I. Responses to the Matters Raised by NEA

- 1. Current power supply arrangements and sources.** LEYECO IV presently sources its baseload requirements under the Region VIII Joint Competitive Power Supply Procurement (R8 JCPSP): Therma Luzon, Inc. (TLI) - 9 MW; Sual Power, Inc. (SPI) - 6 MW; and KEPCO SPC Power Corporation (KSPC) - 3 MW. The ERC granted Final Authority for the TLI PSA in ERC Case No. 2024-142 RC and Provisional Authority for the SPI and KSPC PSAs in ERC Case Nos. 2024-158 RC and 2025-033 RC, respectively. The approved arrangements run through 25 December 2033, subject to the terms and conditions imposed by the ERC. LEYECO IV has no existing bilateral power supply contract directly sourced from the Leyte geothermal power plants. Any residual or balancing requirement is settled through the WESM in accordance with applicable market rules.
- 2. Existing benefits or initiatives arising from Leyte geothermal generation.** No preferential allocation, host-province generation rate, or direct-access mechanism is presently available to LEYECO IV under its approved PSAs. The physical location of generation in Leyte does not, by itself, confer a contractual right upon the host distribution utility to receive that output or a discounted generation price. Any benefits otherwise mandated for host communities under applicable national laws and implementing rules are distinct from, and do not substitute for, an ERC-approved power supply arrangement for LEYECO IV's captive market.

3. **Assessment of electricity rates, reliability, and access to locally generated power.** LEYECO IV agrees that the concern is substantial and warrants national legislative and regulatory action. The cooperative's CSP-awarded PSAs provide contracted capacity and promote supply adequacy; however, the WESM settlement framework can impose exceptionally high Line Loss and Congestion Cost (LLCC) when the demand node and a supplier's reference node experience severe price separation. For the 26 July-25 August 2026 billing period, LEYECO IV's IEMOP preliminary billing reflected bilateral LLCC of approximately Php121.102 million, equivalent to about Php11.3911/kWh of bilateral contract quantity, before validation and final settlement. Thus, even where the Province hosts abundant generation, consumers may not realize a local-price advantage because commercial supply follows contracted rights, dispatch, transmission constraints, nodal pricing, and WESM settlement rules. Reliability and local affordability must therefore be addressed through lawful contracting, adequate transmission, and settlement reforms—not through an assumption that host generation is automatically dedicated to the host province.
4. **Discussions, proposals, coordination, and actions.** LEYECO IV, together with FRECOR 8 and allied electric cooperatives, has undertaken regulatory advocacy concerning recurring LLCC and inequitable settlement effects. These efforts include consultations and position papers before the ERC and relevant agencies. Most recently, LEYECO IV sought immediate application of the ERC Order promulgated on 13 August 2026 in ERC Case No. 2025-009 RM, or protected deferral of the disputed LLCC without default-related consequences, pending IEMOP implementation and validation. The Order recognizes the root cause associated with different System Marginal Prices during congestion at HVDC interconnections or between pricing regions and directs an interim suspension of collection/payment of the Line Rental Trading Amount in qualifying instances, followed by system enhancements and recalculation. LEYECO IV remains willing to participate in any DOE, NEA, ERC, Congress, Province of Leyte, generator, and transmission-sector study on preferential or host-community arrangements, provided the mechanism is authorized by law, competitively neutral, technically feasible, and approved by the ERC where required.
5. **Other observations and recommendations.** Under DOE Department Circular No. DC2023-06-0021, bilateral power supply for the captive market must generally be procured through a mandatory Competitive Selection Process, subject only to enumerated exceptions. LEYECO IV therefore cannot simply negotiate a preferential supply contract with a Leyte geothermal generator outside the CSP framework. The cooperative respectfully recommends: (a) a coordinated national study of a host-province benefit or allocation mechanism; (b) express statutory or policy authority defining eligibility, allocation, pricing, grid and settlement treatment, and cost recovery; (c) harmonization with CSP, EPIRA, Renewable Energy Act policies, WESM rules, and ERC rate approval; (d) transmission and market simulations to ensure reliability and avoid cross-subsidies; and (e) immediate implementation and transparent validation of the ERC's remedies in ERC Case No. 2025-009 RM.

II. Current Status and Forward Actions

Matter	Current Status	Responsible Office/s	Target / Next Action
Approved PSAs	TLI: Final Authority; SPI and KSPC: Provisional Authority. Existing supply continues under ERC conditions.	Office of the General Manager; Corporate Planning / Energy Trading; Finance	Ongoing monitoring and monthly least-cost utilization.
Direct Leyte geothermal supply	No existing bilateral contract or preferential direct-access arrangement.	Office of the General Manager; Corporate Planning / Energy Trading; Finance	Subject to lawful proposal, CSP applicability review, and ERC approval.
High LLCC / WESM settlement	Regulatory relief and application of ERC Case No. 2025-009 RM requested; billing and implementation status under continuing validation.	Office of the General Manager; Corporate Planning / Energy Trading; Finance	Immediate coordination with ERC/IEMOP; update NEA upon material action or final billing adjustment.
Host-province benefit mechanism	Supported in principle; requires legislative or policy design and inter-agency action.	NEA/DOE/ERC/ Congress, with Province of Leyte, ECs and industry stakeholders	Recommend creation of a technical-legal working group at the earliest practicable date.
Consumer communication	Rate impact and regulatory developments are communicated transparently, consistent with final validated billings.	Institutional Services & Development Department / Consumer Services; Corporate Planning; Finance	As developments occur and before implementation of material consumer billing adjustments.

III. LEYECO IV Position

LEYECO IV strongly supports the intent, objectives, and policy direction of Resolution No. 2026-990. The Cooperative shares the Province of Leyte's position that, as host to major geothermal generation facilities that contribute substantially to the country's energy security, the Province and its electricity consumers should receive fair, direct, and measurable benefits through more affordable, reliable, and sustainable electricity services.

LEYECO IV respectfully emphasizes, however, that the proposed host-province benefit or preferential supply mechanism cannot be implemented by the Cooperative through unilateral action or direct negotiation under the existing legal and regulatory

framework. Any such arrangement must be authorized and implemented through appropriate legislation, national energy policy, and duly promulgated regulations consistent with Republic Act No. 9136 or the EPIRA, the mandatory Competitive Selection Process prescribed under DOE Department Circular No. DC2023-06-0021, applicable ERC rules and approvals, WESM and transmission regulations, and LEYECO IV's existing ERC-approved Power Supply Agreements. Until an appropriate legal mechanism is established, LEYECO IV remains bound to honor its contractual obligations and cannot lawfully bypass the CSP, impair the rights of existing contracting parties, compromise grid reliability, or pass through unapproved costs or cross-subsidies to its Member-Consumer-Owners.

Accordingly, LEYECO IV respectfully supports the enactment and adoption of a prospective, transparent, equitable, and enforceable host-province framework that will provide tangible electricity-rate benefits to the people of Leyte while preserving existing contractual rights, regulatory jurisdiction, competitive procurement requirements, system reliability, and consumer protection. Such a framework should clearly define the allocation of locally generated power, applicable preferential rates or credits, transmission and WESM settlement treatment, funding or cost-recovery arrangements, and the respective responsibilities of the DOE, ERC, NEA, IEMOP, NGCP, generation companies, distribution utilities, and concerned local government units.

LEYECO IV stands ready to provide all relevant billing, operational, and technical data; actively participate in legal and technical consultations; and closely coordinate with NEA, the Province of Leyte, Congress, and the concerned energy agencies when necessary, in advancing Resolution No. 2026-990. Through an urgent and coordinated inter-agency process, the Cooperative seeks to translate Leyte's vital contribution as a host to major geothermal generation facilities into lawful, equitable, and measurable benefits for its electricity consumers, while securing immediate and sustainable relief from the extraordinary LLCC burden currently driving electricity rates upward.

RESPECTFULLY SUBMITTED.

LEYTE IV ELECTRIC COOPERATIVE, INC.

By:



BREDA FLORES-AMPOLITOD

Acting General Manager



Republic of the Philippines
PROVINCE OF LEYTE
 Palo, Leyte
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OFFICE OF THE SANGGUNIANG PANLALAWIGAN

EXCERPTS FROM THE MINUTES OF THE 50th REGULAR SESSION OF THE SANGGUNIANG PANLALAWIGAN OF LEYTE CONDUCTED AT THE SESSION HALL, LEYTE PROVINCIAL GOVERNMENT COMPLEX, PALO, LEYTE ON JULY 28, 2026.

RESOLUTION NO. 2026-990

A RESOLUTION URGING THE HOUSE OF REPRESENTATIVES, THE SENATE, AND THE OFFICE OF THE PRESIDENT FOR RECONSIDERATION AND AMENDMENT OF THE ELECTRIC POWER INDUSTRY REFORM ACT (EPIRA), AND TO LOOK INTO THE POSSIBILITY OF ESTABLISHING A MECHANISM THAT WOULD ENABLE THE PROVINCE OF LEYTE TO DIRECTLY ACCESS AND BENEFIT FROM THE ELECTRICITY GENERATED BY THE LEYTE GEOTHERMAL POWER PLANTS

WHEREAS, Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA) of 2001, was enacted to restructure the electric power industry, promote competition, encourage private sector participation, and ensure the reliable supply of electricity throughout the country;

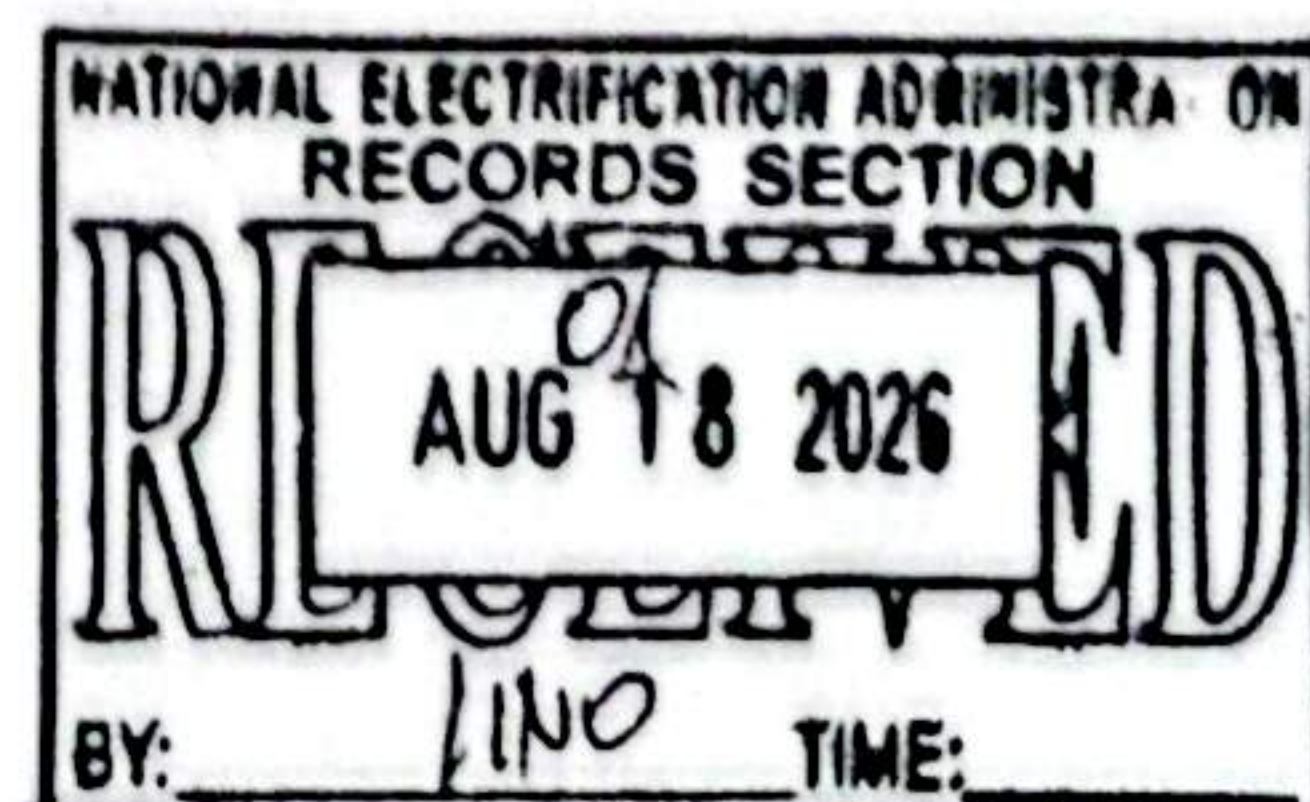
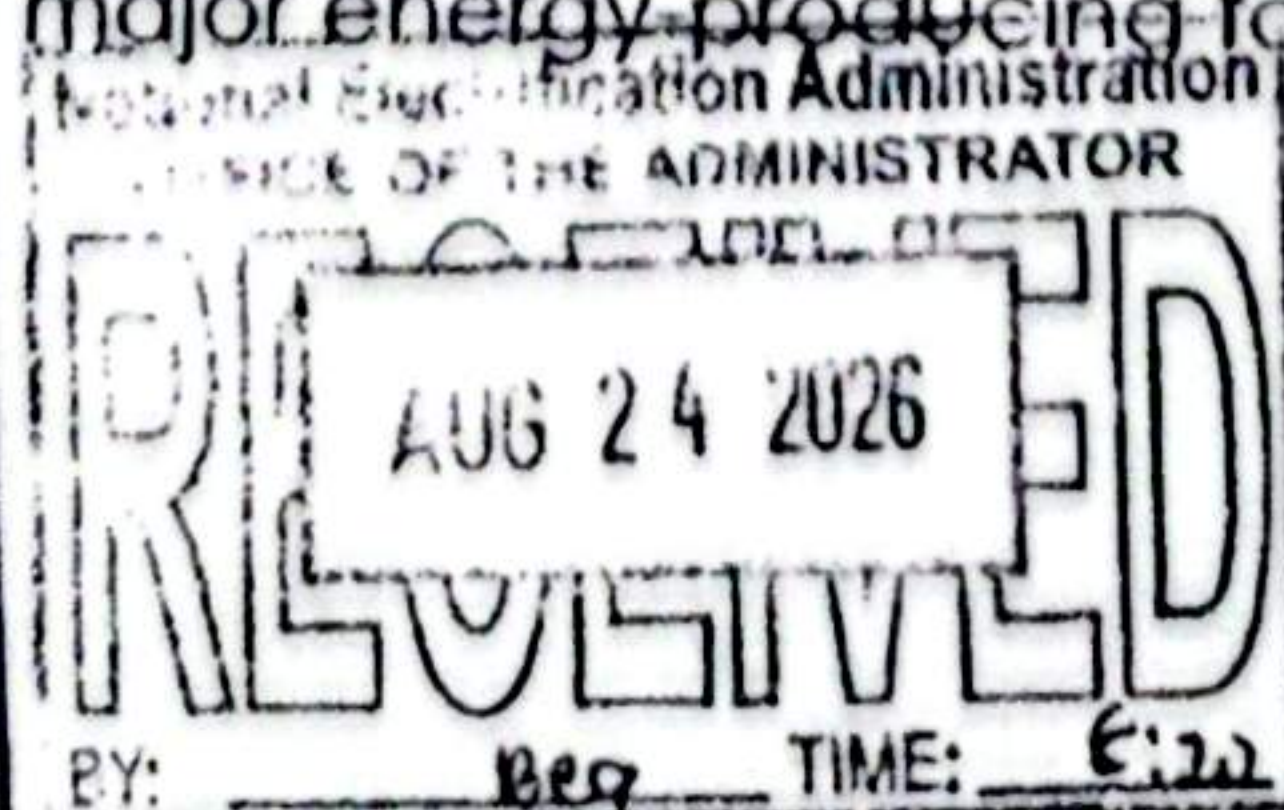
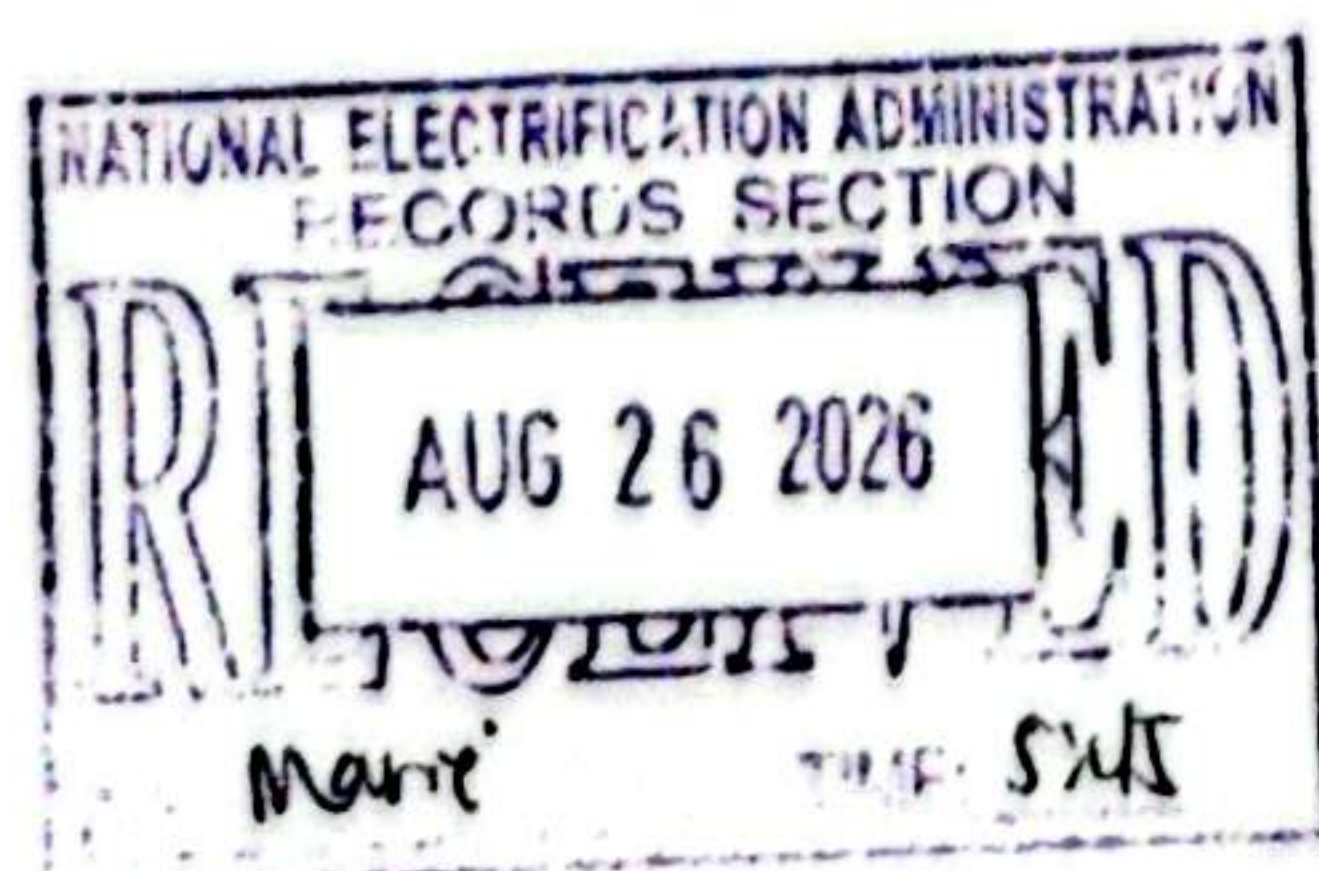
WHEREAS, despite the objectives of the EPIRA Law, Filipino consumers continue to bear the burden of high and unpredictable electricity rates, adversely affecting households, business, industries, and the agricultural sector;

WHEREAS, the Province of Leyte hosts one of the country's largest geothermal energy resources, supplying clean, renewable, and reliable electricity that significantly contributes to the stability of the national power grid and the country's energy security;

WHEREAS, notwithstanding Leyte's invaluable contribution to the nation's energy supply, many residents, businesses, and institutions within the Province continue to experience high electricity costs comparable to or even higher than those in areas without power generation facilities;

WHEREAS, it is only just and equitable that the National Government study and consider legislative and policy measures that allow host provinces such as Leyte to directly benefit from the renewable energy resources produced within their territorial jurisdiction through more affordable and reliable electricity supply arrangements, consistent with existing laws, regulatory policies, and the public interest;

WHEREAS, there is a compelling need to revisit the provisions of the EPIRA Law to determine whether amendments are necessary to strengthen consumer protection, enhance transparency in electricity pricing, improve regulatory oversight, and provide mechanisms that recognize and reward host communities of major energy-producing facilities;



NOW, THEREFORE, on motion presented by Honorable Wilson S Uy, duly seconded by Atty. Carlo P. Loreto, Honorable Ma. Martina L. Gimenez and Honorable MJ Luinly D. Lumen, be it

RESOLVED, as it is hereby resolved, to **RESPECTFULLY URGE THE OFFICE OF THE PRESIDENT, THE SENATE OF THE PHILIPPINES, AND THE HOUSE OF REPRESENTATIVES TO UNDERTAKE A COMPREHENSIVE REVIEW OF REPUBLIC ACT NO. 9136 (EPIRA LAW) AND ENACT THE NECESSARY AMENDMENTS TO ENSURE AFFORDABLE, RELIABLE, TRANSPARENT, AND CONSUMER-RESPONSIVE ELECTRICITY POWER SERVICES.**

RESOLVED FURTHER, TO **RESPECTFULLY REQUEST THE OFFICE OF THE PRESIDENT, THE DEPARTMENT AND THE CONGRESS OF THE PHILIPPINES, TO STUDY AND PURSUE APPROPRIATE LEGISLATIVE AND POLICY MEASURES THAT WOULD ENABLE THE PROVINCE OF LEYTE, AS HOST OF ONE OF THE COUNTRY'S LARGEST GEOTHERMAL ENERGY PRODUCTION FACILITIES, TO DIRECTLY ACCESS OR BENEFIT FROM THE ELECTRICITY GENERATED BY THE LEYTE GEOTHERMAL POWER PLANTS, INCLUDING THE POSSIBILITY OF PREFERENTIAL SUPPLY ARRANGEMENTS, REDUCED GENERATION COSTS, OR OTHER LAWFUL MECHANISMS THAT WOULD REDOUND TO THE BENEFIT OF THE PEOPLE OF LEYTE.**

RESOLVED FURTHERMORE, THAT THE SANGGUNIANG PANLALAWIGAN EXPRESSES ITS FULL SUPPORT FOR REFORMS THAT WILL ENSURE THAT HOST COMMUNITIES OF ENERGY-GENERATING FACILITIES RECEIVE EQUITABLE BENEFITS WHILE MAINTAINING THE STABILITY, SUSTAINABILITY, AND COMPETITIVENESS OF THE PHILIPPINE ELECTRIC POWER INDUSTRY.

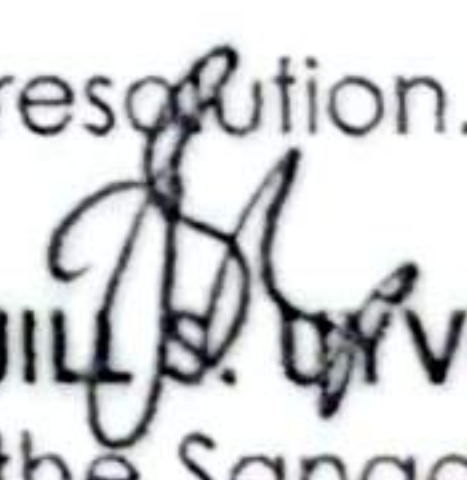
RESOLVED FINALLY, THAT COPIES OF THIS RESOLUTION BE FURNISHED TO THE OFFICE OF THE PRESIDENT, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE DEPARTMENT OF ENERGY, THE ENERGY REGULATORY COMMISSION, THE NATIONAL ELECTRIFICATION ADMINISTRATION, AND THE MEMBERS OF THE CONGRESSIONAL DISTRICTS OF THE PROVINCE OF LEYTE FOR THEIR INFORMATION AND APPROPRIATE ACTION.

Approved unanimously.

I HEREBY CERTIFY to the correctness of the foregoing resolution.

ATTESTED:


HON. LEONARDO M. JAVIER, JR.
Vice Governor/Presiding Officer


FLORINDA JILLS UY VICO
Secretary to the Sanggunian
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