

Serving ‘Beyond Power’: PHILRECA Statement of Fact on ECs’ Performance and Rates

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The recent commentaries and editorials comparing the performance and rates of electric cooperatives (ECs) and private distribution utilities (DUs), like Meralco, often frame the discussion as a debate.

This is a mischaracterization.

This is not a debate; it is a necessary clarification based on facts. The truth is that many ECs had lower rates than Meralco, and this fact needs to be acknowledged and understood without a misleading defensive posture.

ECs Excel in Public Service

Several articles cherry-pick examples of ECs with poor performance while failing to provide a balanced view. While some ECs have faced operational challenges, the majority are performing well, ensuring compliance with the government’s standards for service and technological advancement. These ECs are successfully delivering affordable and reliable power to their member-owner-consumers (MCOs), demonstrating that low rates and quality service are not mutually exclusive.

As reported by the NEA, 12 ECs have fully energized all connections under their respective coverage areas, while another 80 ECs have reached 90% to 99% energization status in 2024. This is a testament to the ECs’ promise of reaching every rural community, sitio, and household.

During the recent 2025 NEA Lumens Awards and PHILRECA Awards from the Wires, PHILRECA recognized the top performing EC in 2024, based on the Association’s established parameters: [Zamboanga del Sur I Electric Cooperative, Inc.](#) (ZAMSURECO I) with its exemplary financial standing, consumer engagement and advocacy, and technical operations and services.

In relation, 67% or 81 out of 121 ECs nationwide sustained ‘AAA’ category status based on the latest performance assessment of the NEA, wherein three ECs were recognized as the best in their respective size classifications: Nueva Ecija II Electric Cooperative, Inc. – Area 1 ([NEECO II - Area 1](#)) for Mega Large, Siargao Island Electric Cooperative, Inc. ([SIARELCO](#)) for Extra Large, and Dinagat Island Electric Cooperative, Inc. (DIELCO) for Large.

PHILRECA also awarded ECs with the lowest systems loss throughout 2024: Misamis Oriental I Electric Service Cooperative, Inc. ([MORESCO-1](#)) for on-grid ECs with 3.76% and Dinagat Electric Cooperative, Inc. (DIELCO) for off-grid ECs with 1.44%.

Acknowledging that many ECs have lower rates and quality performance directly counters the false narrative that ECs are universally expensive or inefficient. This transparency is crucial for fair competition and preventing the monopolization of electricity services in the country, thereby protecting ECs from being targeted by DUs whose primary interest is market expansion.

Staying Strong and Solid during Calamities

Along with technical experts in the sector, PHILRECA and the ECs spearheaded initiatives to improve system efficiency through enhanced distribution systems, with major focus on construction standards and disaster resilience through the “build back better” strategy.

PHILRECA also moved during its 46th AGMM to urge all government partners to ensure swift and efficient access to disaster resiliency funds under Republic Act No. 11039 or the “Electric Cooperatives Emergency and Resiliency Fund Act”; proactive regulatory support for resiliency investments; and fortify regional preparedness through collaborative procurement.

Service-Oriented, not Profit-Driven

More than a decade has passed, and the Distribution, Supply, and Metering (DSM) charges of ECs are yet to change. As provided by the [Energy Regulatory Commission](#) (ERC) Case No. 20, Series of 2009 or “A Resolution Adopting the Rules for Setting the Electric Cooperatives’ Wheeling Rates (RSEC-WR), the DSM charges imposed by ECs undergoes a strict and rigorous assessment and is duly approved by the Commission.

PHILRECA affirms that the DSM charges of ECs have remained low, as well as the Reinvestment Fund for Sustainable Capital Expenditures (RFSC), ranging from Php 1.03/kWh to Php 2.66/kWh. Despite gaining no profit from their operations, ECs have continued to provide quality services to their MCOs.

Likewise, ECs always ensure adherence to Republic Act No. 9136 or the “Electric Power Industry Reform Act (EPIRA) of 2001” in supplying electricity in the least-cost manner. This is beyond compliance to the regulators but a principle embedded in their mission of serving more than 16 million connections in the country.

In terms of power supply requirements, ECs are also diversifying their supply mix, particularly through renewable energy, among others. The Association recognizes that the current power supply options for ECs are limited due to a lower customer base and demand, but despite lacking economies of scale, it has never become an excuse for the member-ECs to partner with generation companies that offer the least-cost supply.

A Heads-up for MCOs: The Cost of LNG

The national energy transition to cleaner fuels, such as liquefied natural gas (LNG), is a vital step toward a sustainable future. As a key player in this transition, the EC sector fully supports this objective. However, it is crucial that the public discourse transparently includes the financial implications for the MCOs. The current low rates of many ECs are often tied to existing power supply agreements with more affordable sources. A shift to a more expensive fuel like LNG, which is a necessary part of this transition, will directly increase the generation charge—a pass-through cost.

Therefore, MCOs should be aware that a transition to LNG will potentially lead to a corresponding increase in their monthly bills. This is a trade-off that all consumers must be aware of and have a voice in as the nation collectively moves toward a cleaner energy mix.

PHILRECA also observes that while coal-fired power plants are not exempted from price volatility, the same can be seen with gas-fired power plants. From this observation, if a DU contracts both coal and natural gas for its power supply requirements, then consumers have to carry the burden of pass-through costs entailed with these energy sources.

With this, the Association calls for a collective and multifaceted approach from the government leaders and energy stakeholders to ensure consumer protection. Without a price-shock mechanism to safeguard all Filipino consumers, electricity rates may continuously soar in the upcoming years.

The Flawed "Apples to Sardines" Analogy

The analogy of comparing a PDU to an "apple" and an EC to a "sardine" is a clear example of bias. While they may operate on different business models and serve different areas, both ECs and PDUs are fundamentally in the same category of entity: electricity distributors.

Labeling ECs as "sardines" is a disarming attempt to diminish their standing and obscure their successes. It dismisses a valid comparison of rates and service and ignores the significant progress many ECs have made, often under more challenging conditions than their private counterparts. This kind of language serves only to reinforce the false narrative that ECs are a lower-quality option—a misconception often used to undermine them.

For years, ECs have also been subjected to unfair comparison with other distribution providers. Whenever the non-stock, non-profit distributors make even the slightest mistake or fall short, consumer groups quickly jump to criticize, often focusing on power rates.

In this light, PHILRECA continues to vigilantly monitor its member-ECs and other power distributors around their franchise areas, particularly in instances where threats of private, for-profit takeovers may arise. The Association primarily aims to safeguard the interests of all member-ECs, ensuring that they remain competitive and at par with other distributors, despite the challenges brought about by lower consumer demand, unique topography and terrain, and diverse rate-setting mechanisms.

In Pursuit of 'Powering the Future'

Since its inception in 1979, PHILRECA—along with its 121 member-ECs—has remained steadfast in its commitment to championing the cause of rural electrification.

As the energy landscape shifts to a more complex environment, there is a strong urge for deliberate, proactive, and unified action in safeguarding the gains of the movement, while securing a reliable, affordable, and sustainable future for the MCOs they collectively serve.

Beyond keeping the lights on, ECs are powering the future.