

NARBO's 9TH IWRM TRAINING
12-19 May 2014 • Philippines



Building on IWRM Good Practices

The Laguna Lake Basin Experience

WATER ABSTRACTION AND PRICING

Conflict/Dispute Resolution on Water Abstraction

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Outline of the Presentation

1. Water Allocation in the Philippines
2. Lake Water Uses
3. LLDA Surface Water Permitting System
4. Operation/Maintenance Activities
5. Conflict Resolution
6. Current Issues and Challenges
7. New Water Pricing Scheme

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Water Allocation in the Philippines

Institutional Framework

- **The National Water Resources Board (NWRB)**
 - Is the overall manager of water resources in the Philippines.
 - It has regulatory, monitoring and police powers over the allocation, development and utilization of water resources.
 - Grants water rights and issues water permits for water abstraction.
 - With jurisdiction over private systems in terms of tariff setting and issuance of certificate of public convenience.
- **Laguna Lake Development Authority (LLDA)**
 - The only functioning river basin institution in the Philippines.
 - Has the authority to exercise water rights over public waters within the Laguna de Bay Region.

Legal and Institutional Framework

- **PD No. 1067 - Water Code of the Philippines**

- The basic law governing the ownership, appropriation, utilization, exploitation, development, conservation and protection of water resources.
- The administrative and enforcement of the provisions of the Water Code including the granting of permits and impositions of penalties are vested in the NWRB.

- **RA 4850 / PD 813 / EO 927 – LLDA Charter**

- Exclusive jurisdiction within the Laguna de Bay Basin to issue permits for the use of the surface waters for any project which may affect the lake, to impose necessary safeguards, to control and manage the lake water quality and to collect necessary fees for said activities.



Lake Water Uses



Fisheries



Irrigation



Power Generation



Navigation



Habitat for various species



Industrial cooling



Drinking water supply



Recreation



...and many others

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LLDA Surface Water Permitting System

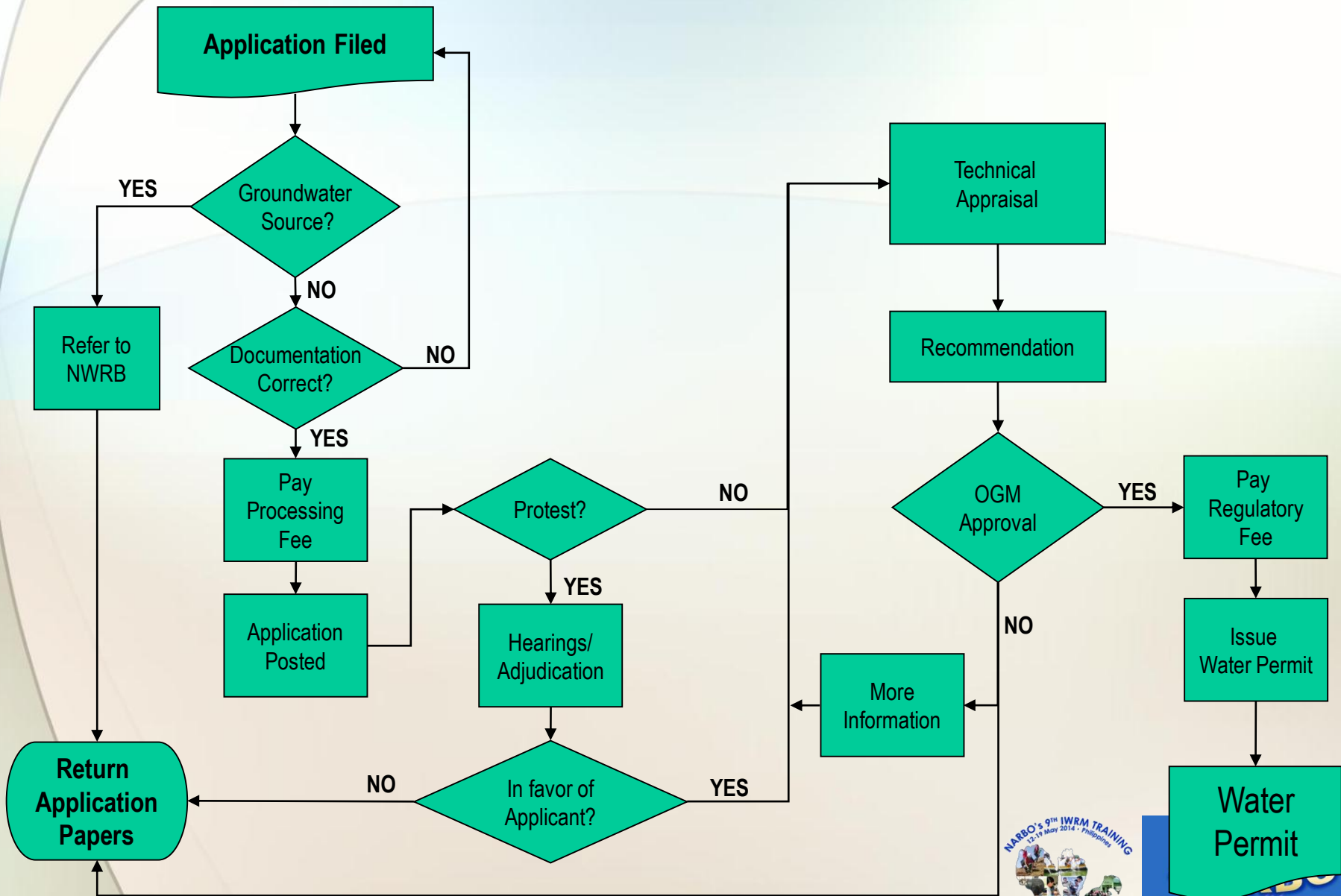
LEGAL FRAMEWORK

- ✘ **PD 813 (1975)** - Expanded the mandate of LLDA to address environmental protection including the power to issue permit for the use of surface waters.
- ✘ **EO 927 (1983)** – granted water rights over Laguna de Bay and other water bodies within the region; power to control and abate pollution within the region; authorized to collect fees for the use of lake water.

LEGAL FRAMEWORK

- ✘ To further ensure the availability of surface waters for various users and minimize conflicts through systematic water allocation, *the LLDA Board issued BR 2007-338 and BR 2008-362* to implement the surface water permitting system for Laguna de Bay.
- ✘ The *National Water Resources Board (NWRB) Board Resolution No. 002-0108*, affirmed the transfer to LLDA of the Surface Water Permitting Functions within the Laguna de Bay Region.

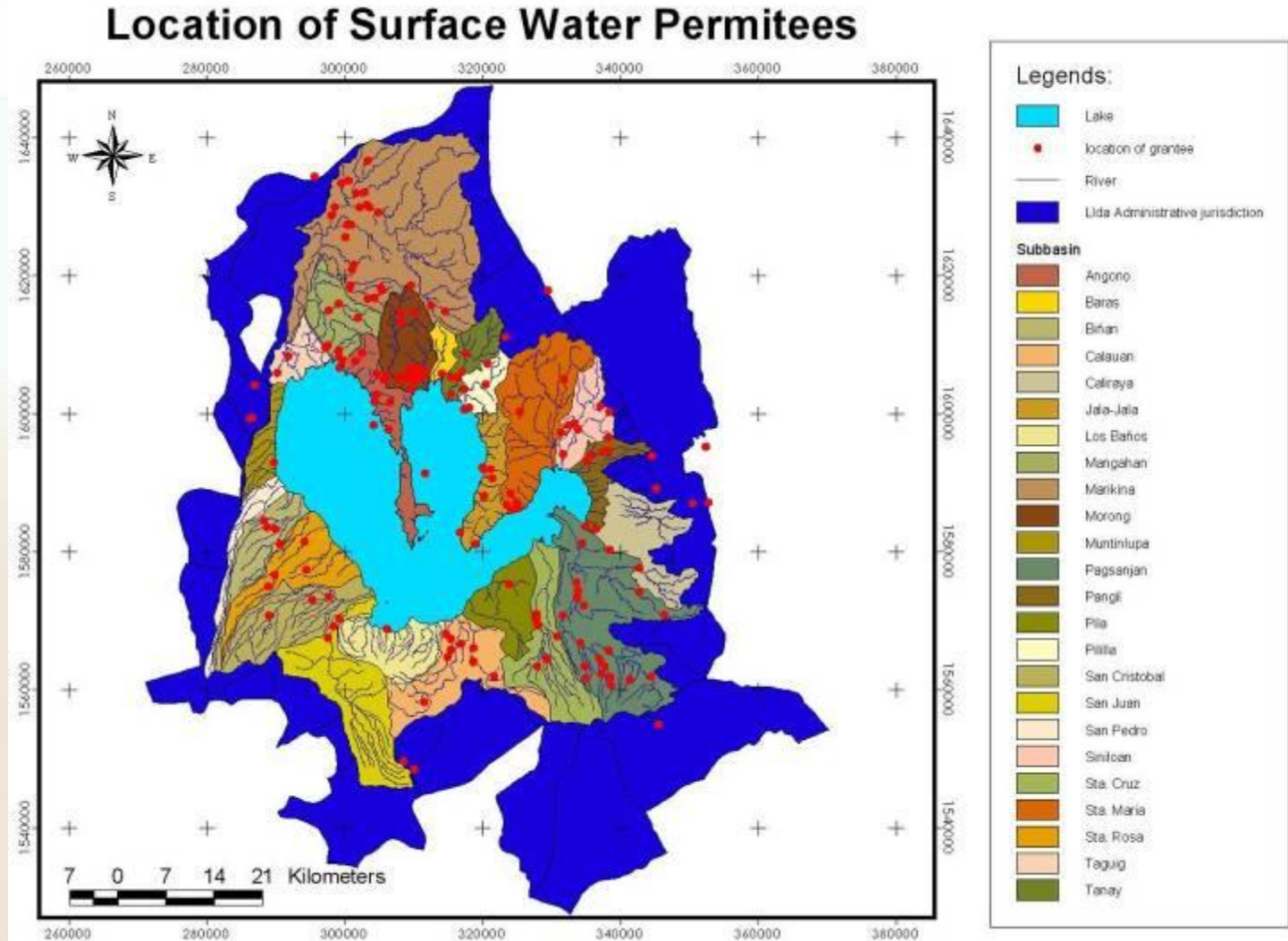
Flow Chart of Surface Water Permit Issuance



Operation / Maintenance

- Development of the Database

*Existing
Surface Water
Permits in
LdB Region
Granted by
the NWRB
(since 1975)*



Operation / Maintenance

- **Development of the Database**

WATER USE (Million Cubic Meters per Year, MCM/year)			
CONSUMPTIVE Users/Uses		Non-CONSUMPTIVE Users/Uses	
Commercial	229.33	Industrial	122.59
Domestic	141.14	Power	4,759.31
Irrigation	883.86	Quarrying	0.08
Municipal	18.29	Recreation	4.10
TOTAL =	1,272.62	TOTAL =	4,886.08

Existing Surface Water Permits in LdB Region Granted by the NWRB (since 1975)

Operation / Maintenance

- Site Assessment of the proposed water abstraction location



Calauan Laguna



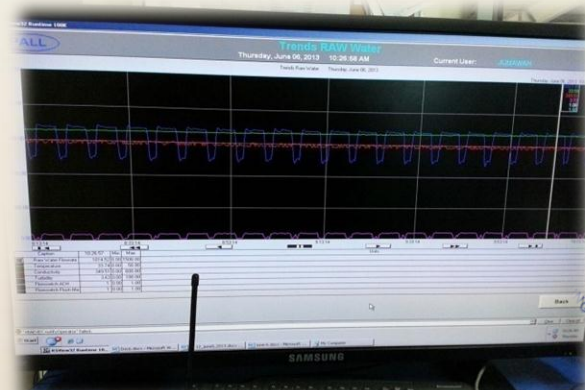
Majayjay Laguna

Operation / Maintenance

- Continues monitoring of permittees
 - Validation of water abstraction rate
 - Compliance monitoring

Table 1. Summary of daily abstraction rate of Maxilloid
Maxilloid Water Treatment Plant Production
in cubic Meter (m³)

DAY	Year 2013	
	April	May
1	65,212.03	60,966.63
2	42,960.47	58,005.12
3	53,865.68	48,960.98
4	57,256.39	60,286.71
5	48,041.08	60,875.58
6	47,677.42	54,254.50
7	54,353.62	48,056.44
8	49,854.22	50,375.22
9	48,478.78	49,333.26
10	53,327.96	53,392.49
11	49,435.17	58,817.10
12	51,971.14	57,319.35
13	48,273.64	60,840.11
14	51,429.44	55,116.29
15	55,166.61	52,511.69
16	67,302.74	52,094.13
17	62,127.46	19,895.38
18	58,224.57	53,645.39
19	56,980.18	54,797.47
20	58,645.60	55,053.01
21	58,161.89	57,516.25
22	59,502.02	56,365.77
23	52,258.92	53,431.19
24	54,726.05	50,536.99
25	60,299.19	51,284.30
26	65,230.53	50,294.27
27	60,953.49	49,952.33
28	65,518.83	52,397.95
29	68,061.76	50,750.12
30	62,896.64	42,205.70
31		44,552.65
Monthly Total (m3)	1,684,213.51	1,623,796.37
Average Rate (m3)	54,140.45	52,380.53
Average Rate (MLD)	54.14	52.38
Monthly sur. Prod(at. PO.30/m3)	505,244.08	487,139.91
Min. Guaranteed Fee (P2P)	1,000,000.00	1,000,000.00
Actual Resource User Fee (P2P)	1,000,000.00	1,000,000.00



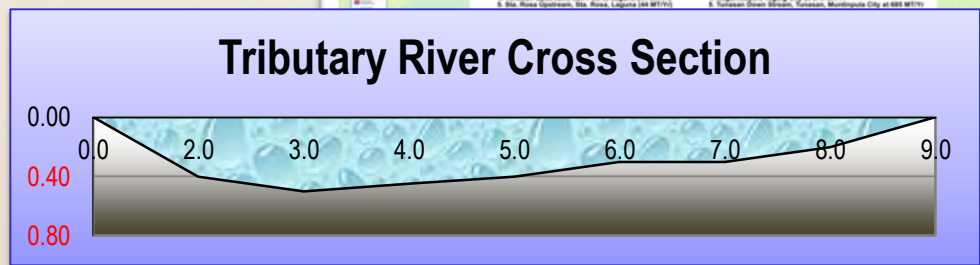
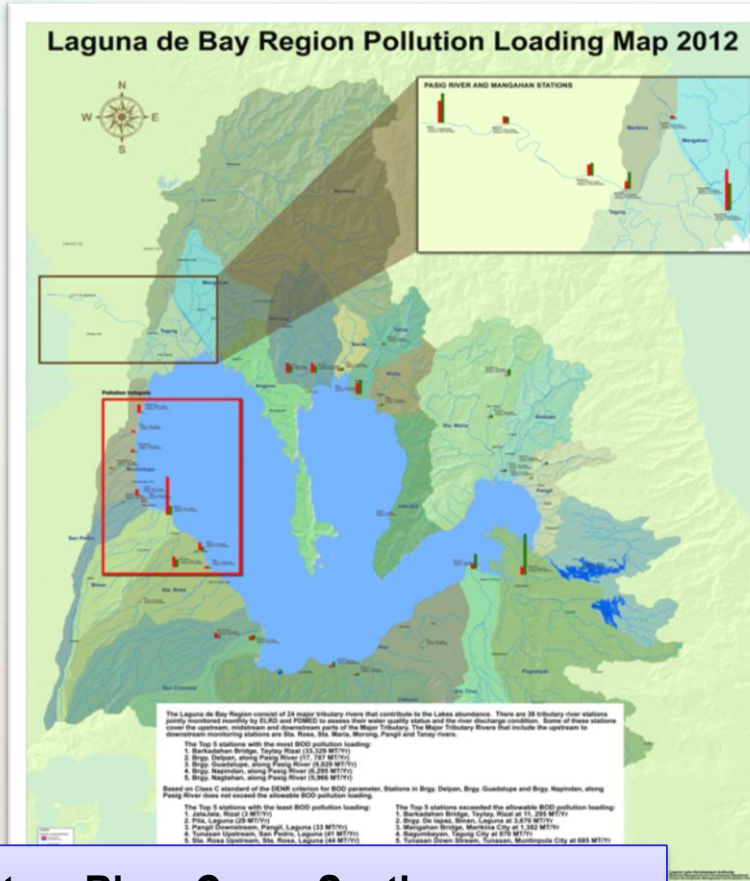
Operation / Maintenance

- Saturation drive – industries and entities rely on surface water



Operation Maintenance

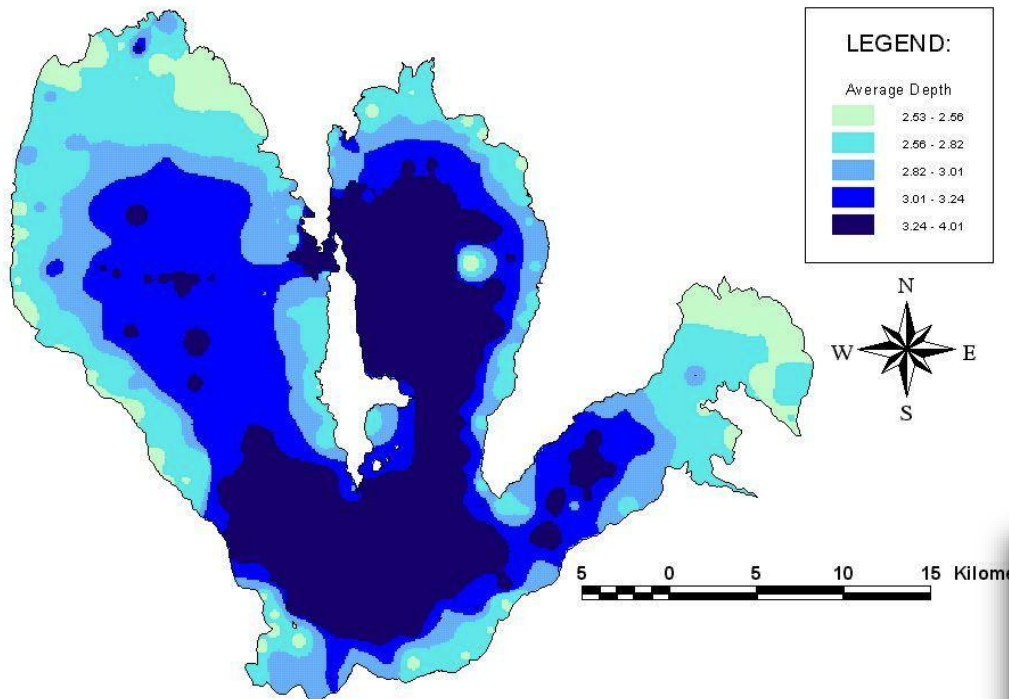
- Monthly Streamflow and Water Quality Assessment in major tributary rivers



Operation Maintenance

- Bathymetric Survey of Lake

Average Depth Profile



On Water Permit Issuance:

It is significant to note that a water permit does not guarantee automatic approval of the plans, nor the methodology to abstract raw water of the lake, among others, as they still need to secure LLDA Clearance and other related permits from LLDA and other agencies before the proposed project is realized.

LLDA Surface Water Permit grantee

Permittee	Purpose	Volume Applied	Date Granted
<i>Maynilad Water Services, Inc.</i>	Water Supply	300,000 m ³ /day	July 15, 2009
<i>Samahang Magpapatubig ng Biñan Laguna, Inc. (SMBLI)</i>	Irrigation	28,512 m ³ /day	October 01, 2009
<i>River Banks Development Corp. (RBDC)</i>	Industrial water cooling/ and watering of plants	173 m ³ /day	October 26, 2010
<i>AMA Group Holdings Corp. (AMA GHC)</i>	Water Supply	300,000 m ³ /day	February 01, 2011
<i>Vulcan Materials Corporation</i>	Centrifugal Water Pump		May 08, 2012
<i>Manila Water Company Inc.</i>	Water Supply	50,000 m ³ /day	August 30, 2013



Maynilad Water Services, Inc. (MWSI)

- Application date: sometime late 2008;
- Volume applied for: 300,000 m³/day (300 MLD);
- Intake location: Offshore of Muntinlupa, MM;
- Permit granted July 2009
- At present, the plant is operating below its 100MLD capacity and is now in the process of expanding the plant's capacity to 300 MLD;

Maynilad Water Services, Inc. (MWSI)

- As part of the negotiation before permit issuance, advanced the payment for 3-year period amounting to PHP 35 M (May 2010 to March 2013);
- At present, the plant is operating below its 100MLD capacity and is now in the process of expanding the plant's capacity to 300 MLD;
- On August 1, 2013, advanced the payment for the remaining period (April 2013 to July 2014), in the amount of Php 16 M.



Manila Water Company, Inc. (MWCI)

- Application date: May 2013;
- Volume applied for: 50,000 m³/day (50 MLD) for the Rizal Province Water Supply Improvement Project (RPWSIP);
- Intake location: Brgy Calahan, Cardona, Rizal;

Manila Water Company, Inc. (MWCI)

- **The MWCI resource user fee structure : 50MLD**

a. *Annual fixed fee: Php 500,000.00*

another Php 500k if it exceeds a fraction of 50MLD

b. *Variable fee component is dependent on the actual volume of raw water abstracted from the lake. The rate is as follows:*

- *Php 0.30/m³ for the first 100 MLD;*
- *Php 0.25/m³ for the next 101 MLD to 200 MLD; and*
- *Php 0.20/m³ for the next 201 MLD and above.*

c. *Minimum guaranteed fee of Php 450,000.00 per month*

As compared with:

- **The MWSI resource user fee structure : 300MLD**

a. *Annual fixed fee: Php 3,000,000.00*

b. *Variable fee: Php 0.30/m³ for the first 100 MLD;*

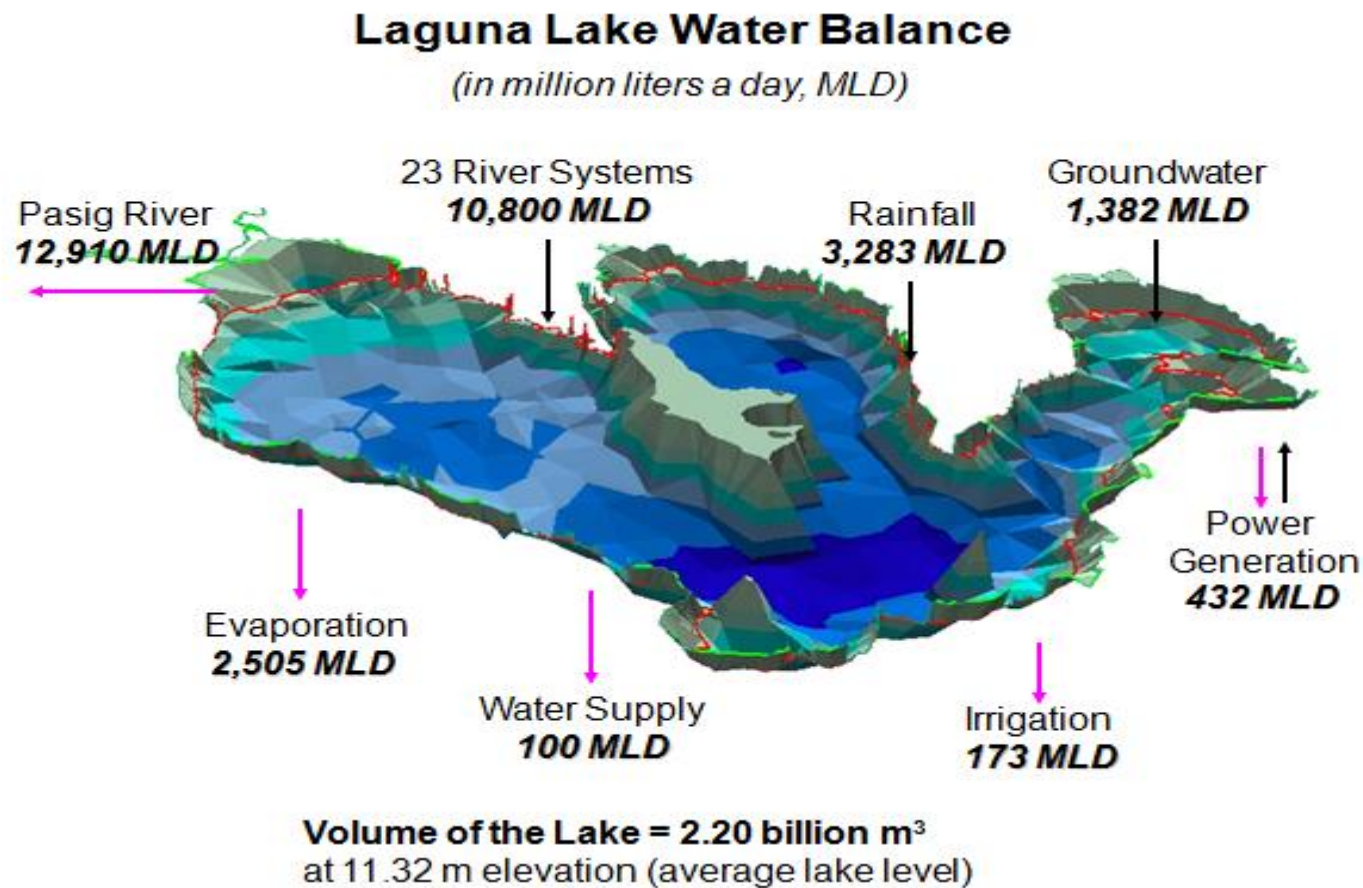
Php 0.25/m³ for the next 101 MLD to 200 MLD; and

Php 0.20/m³ for the next 201 MLD and above

c. *Minimum guaranteed fee of Php 1,000,000.00 per month*



Impact on the lake water balance



Based on the water balance analysis, the water requirements of existing permittees can still be met by the lake outflow without significantly affecting the water balance of Laguna de Bay, as well as the navigability requirements of downstream Pasig River.

A maximum cap on water abstraction will be firmed up once the carrying capacity assessment has been realized in the very near future.

Conflict/Dispute Resolution

- **Complaints.** – All complaints, including appeals on any judgment, orders or resolutions thereof shall be resolved in accordance with the procedure prescribed under LLDA BR No. 192, series of 2004 as amended.
-
- However, complaints/protests filed solely on the ground of adverse effects on the privileges to use surface water from shall not be entertained unless the complainant/protestant has a legal right over the water source as recognized under existing laws.



Conflict/Dispute Resolution

- ***Amicable Settlement.*** – Amicable settlement shall be reduced in writing and signed by the parties. Within fifteen (15) days from submission thereof, the LLDA shall issue a resolution based on the amicable settlement unless the same is contrary to law or public policy.
- ***Decision.*** – All disputes shall be decided within sixty days (60) days after the parties submit the same for decision or resolution. Decisions shall be in writing, stating clearly and concisely the cause or causes of action, findings of facts and the law or rules upon which they are based.



Conflict/Dispute Resolution

- The LLDA shall have the power to issue writs of execution and enforce its decisions with the assistance of national or local law enforcement agencies subject to prior notice to the party concerned in accordance with LLDA BR No. 192, series of 2004.

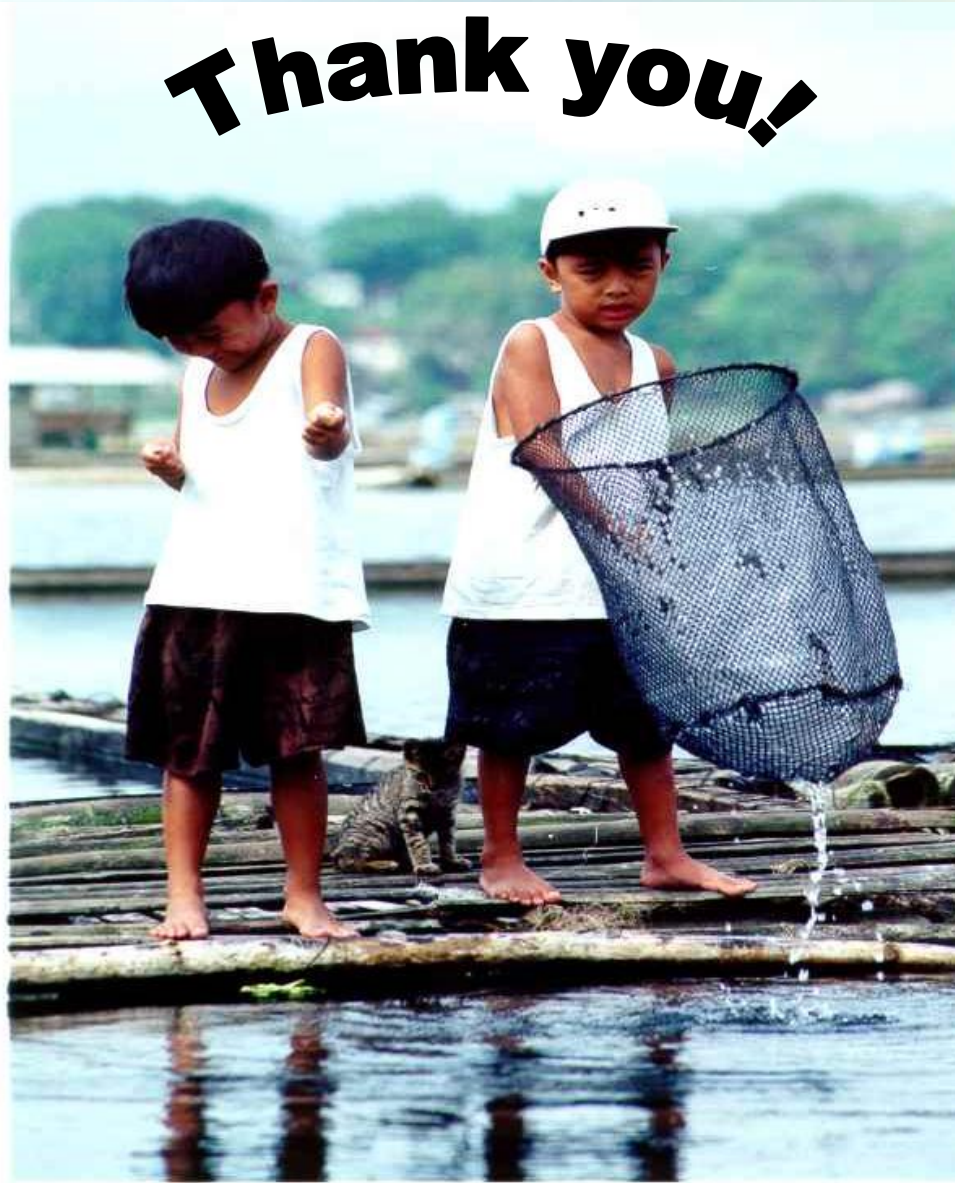
Issues and Challenges

- ❑ Setting of minimum standard as basis for issuance of permit
- ❑ Finalization of Water Resources Fees and Charges, for each type of users/uses, whether consumptive and non-consumptive use.
- ❑ Continue stakeholders consultations/intensive IEC campaign.

LLDA New raw water price scheme

- The authority in collaboration with PHILWAVES is now working on the national economic valuation of ecosystem services for a ***fair new raw water price scheme*** to be implemented by August 2014 for all water users in the Laguna de Bay Region.
- Negotiation with the MWCI and MWSI consortium for new water pricing scheme shall commence on or before August 2014.

Thank you!



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