

Abstract

This paper seeks to assess the distributional implications of the power sector reforms in the Philippines to residential consumers of electricity. We first estimate the demand for electricity taking into consideration the difficulties that arise from the block pricing of electricity. We then simulate the impact of power reforms in terms of increasing the prices of electricity assuming a linear budget set and using the elasticities from the demand equation. This exercise draws heavily from the duality in consumer theory that allows us to recover the utility function of individuals and to assess *welfare* in terms of compensating variation. This paper concludes that an increase in price of electricity will result to higher welfare loss as income increase. However, the welfare loss of the poorest is highest among the lower income groups.