

SEVENTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

Introduced by Representative Maximo B. Rodriguez, Jr.

House Bill No. **2298**

EXPLANATORY NOTE

HOUSE OF REPRESENTATIVES

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In its report on the 2013 power supply-demand outlook, the Department of Energy (DOE) noted that the Mindanao grid has been experiencing "undergeneration" since 2010. It also said half of the region's plants are hydroelectric and depends on "the availability of water and affected by weather conditions." The DOE further said that Mindanao needs 1,600 megawatts of additional power "to meet the electricity demand and the required reserve margin of the grid".

These very dark projections can actually be already felt on the Island as parts of Mindanao are now suffering from 10-12 hours of rotating power blackouts.

There has been no dramatic improvement in Mindanao's power situation since the DOE issued its outlook with it recently reporting that the region's power supply of 1,064 MW was 158 MW short of its peak demand of 1,222 MW.

Dr. Gerardo Sicat already warned about this situation as early as 2012 when he said that the electricity problem in Mindanao "has been a crisis waiting to happen". In a paper he wrote, Dr. Sicat put the blame squarely on the government, which he said "did not pursue the series of long term actions required to solve the power development problems of Mindanao". He also partly blamed the EPIRA Law which mandated that privatization of government-run power plants and prohibited the government from entering into power generation.

According to the Association of Mindanao Rural Electric Cooperatives, the rotating brownouts are "largely the effect of EPIRA" and are "largely a power generation issue, caused by the provision in the EPIRA, which does not allow government to put up additional power generation capacity".

As such, it is high time that the government seriously focus on generating other sources of energy. According to the Renewable Energy Act of 2008, it is the policy of the State to "accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy"

It is therefore imperative that all avenues be considered when it comes to renewable energy.

In view of the foregoing consideration, immediate approval of this bill is highly recommended.

[Signature]

MAXIMO B. RODRIGUEZ, JR.

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AN ACT

AMENDING PARAGRAPH (J) SECTION 47 OF REPUBLIC ACT 9136 OR THE
"ELECTRIC POWER INDUSTRY REFORM ACT OF 2001"

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Paragraph (j) of Section 47 of Republic Act 9136 or the EPIRA Law is hereby amended to read as follows:

SEC. 47. NPC Privatization. – Except for the assets of SPUG, the generation assets, real estate, and other disposable assets as well as IPP contracts of NPC shall be privatized in accordance with this Act.

Within six (6) months from the effectivity of this Act, the PSALM Corp shall submit a plan for the endorsement by the Joint Congressional Power Commission and the approval of the President of the Philippines, on the total privatization of the generation assets, real estate, other disposable assets as well as existing IPP contracts of NPC and thereafter, implement the same, in accordance with the following guidelines, except as provided for in Paragraph (f) herein:

(j) [NPC may generate and sell electricity only from the undisposed generating assets and IPP contracts of PSALM Corp. and shall not incur any new obligations to purchase power through bilateral contracts with generation companies or other suppliers] THE GOVERNMENT, THRU THE NPC OR ANY OTHER GOVERNMENT OWNED OR CONTROLLED CORPORATION IS HEREBY AUTHORIZED TO GENERATE AND SELL POWER/ELECTRICITY FROM RENEWABLE ENERGY SOURCES AS DEFINED IN REPUBLIC ACT 9513 AND TO INCUR NEW OBLIGATIONS TO PURCHASE POWER THROUGH BILATERAL CONTRACTS WITH GENERATION COMPANIES OR OTHER SUPPLIERS.

SEC 2. Within 30 days after the approval of this Act, the Department of Energy is hereby mandated to prepare the Implementing Rules and Regulations necessary in order for the Philippine government to immediately implement this Act.

SEC 3. EFFECTIVITY. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation in the Philippines.

Approved,