

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

3058
HOUSE BILL No. _____

HOUSE OF REPRESENTATIVES	
RECEIVED	
DATE:	17 AUG 2016
TIME:	1:20 PM
BY:	<i>Reli</i>
REGISTRATION UNIT BILLS AND INDEX SERVICE	

Introduced by **BAYAN MUNA Rep. CARLOS ISAGANI T. ZARATE**

AN ACT
TO ADDRESS THE WORSENING STATE OF THE POWER INDUSTRY IN THE
PHILIPPINES, AMENDING FOR THE PURPOSE SECTION 47 OF REPUBLIC
ACT NO. 9136, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

This bill seeks to amend the failed policy known as the Electric Power Industry Reform Act (EPIRA) in light of the perennial power crisis in Mindanao and the long-term vision that the vital power industry should not be left to the vagaries of private interests to the detriment of our country's national development requirements.

As of 2013, the Philippines had the third highest cost of electricity in Asia including even Australia and New Zealand¹.

	Residential Tariff	Generation Cost	Grid Charges	VAT/GST %
Sydney	40	12.5	19.3	10
Tokyo	38	28.7	6.7	5
Manila	35	19.5	8.2	12
Auckland	33	11.7	11.9	15
Singapore	28	21.2	4.8	7
Seoul	22	16.4	2.2	10
Bangkok	17	13.4	2.3	7
Hong Kong	16	12.8	3.1	0
Jakarta	14	10.6	1.4	10
Hanoi	12	7.8	2.5	10
Shanghai	12	7.0	2.9	18
Kuala Lumpur	12	7.9	1.9	10
Taipei	12	8.1	2.6	5
Beijing	10	5.8	2.3	18

Yet, despite having one of the highest electricity rates, we ironically have one of the lowest power generation capacities in the same region, with only 0.44 total primary energy supply

¹ The Lantau Group, "Global Benchmark Study of Residential Electricity Tariffs", May 2013, paper prepared for Energy Market Authority, Singapore.

(or tons of oil equivalent per capita). Indonesia has twice, Thailand has four times, Malaysia has six times, and Singapore has 11 times that amount.²

The latest available comparative data from the 27th EPIRA Implementation Status Report show that Mindanao has effective residential electricity rates of P8.79 per kilowatt-hour (kWh). Luzon has P8.09 per kWh and Visayas has P8.79 per kWh. Except for CARAGA, all the Mindanao regions have more expensive residential power rates than Hong Kong SAR. These regions, including Cotabato City, Iligan City, SOCSKSARGEN, and the Zamboanga Peninsula all have higher residential rates than major Asian capitals like Taipei, Kuala Lumpur, Jakarta, New Delhi, Bangkok, and Shanghai, among others. All in all, Mindanao is paying an average of P1.82 per kWh more for electricity than the 31 major cities in Asia and Oceania as surveyed by the Japan External Trade Organization (JETRO).

The premise that Mindanao has been unjustifiably enjoying “cheap” power rates is totally wrong. True, Mindanao has lower power rates than Luzon and the Visayas. But Mindanao is actually paying much more than most major cities in Asia. It is a sad fact that residential consumers in Cagayan de Oro City, the Autonomous Region in Muslim Mindanao (ARMM), Northern Mindanao, and the Davao and CARAGA regions are paying twice the electricity rates of residents in Seoul and Beijing.

It will be wrong for government to fully let go to private hands the vital power generation sector as we are continually experiencing continued yellow and red power alerts particularly during mid-2016. It will be doubly wrong for government to side with private power firms who want high prices instead of consumers and investors who want low electricity rates. It is important to note that these generation assets have continually reaped dividends for the government and the people—and will continue to do so in the long-term.

There are still around 1600 MW of power assets remaining in government hands but we are experiencing continued yellow alerts in the Luzon grid and perennial brown outs in Mindanao. Among the power assets that the Power Sector Assets and Liabilities Management Corporation (PSALM) are still trying to sell are the 850 MW Sucat Thermal Power Plant, the 225 MW Bataan Thermal Power Plant, the 650MW Malaya power plants, the 150MW Casecnan Hydropower plant and the Agus and Pulangui hydroelectric power plants. In 2015, PSALM completed the privatization and turn-over of power barges 101, 102 and 103 thru negotiated sale.

This bill shall put a stop to the privatization of state power assets – particularly the remaining assets still in government hands – to help keep power rates stable and to keep what should be kept in state hands for the benefit of the Filipino people.

In view of the foregoing, approval of this bill is earnestly sought.

Approved,


Rep. CARLOS ISAGANI ZARATE
Bayan Muna Party-List

² Key World Energy Statistics 2014, International Energy Agency

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 3058

Introduced by BAYAN MUNA Rep. CARLOS ISAGANI T. ZARATE

AN ACT
TO ADDRESS THE WORSENING STATE OF THE POWER INDUSTRY IN THE
PHILIPPINES, AMENDING FOR THE PURPOSE SECTION 47 OF REPUBLIC
ACT NO. 9136, AND FOR OTHER PURPOSES

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

SECTION 1. *Short Title* – This Act shall be known as the “*Power Assets Retention Act of 2016.*”

SECTION 2. *Amendment* - Section 47 of Republic Act No.9136, otherwise known as the Electric Power Industry Reform Act of 2001 is amended to read as follows:

“SEC. 47. NPC Privatization. –

“(a) xxx

“(b) xxx

“xxx

“(c) xxx

“(d) All THE REMAINING POWER assets of PSALM and NPC shall RETAINED BY THE NATIONAL GOVERNMENT, AND MANAGED BY THE NATIONAL CORPORATION (NAPOCOR);

“(e) In cases of transfer of possession, control OR operation [or privatization] of multi-purpose hydro facilities, NATIONAL GOVERNMENT safeguards AND PROTOCOLS shall be STRICTLY prescribed to ensure that direct water usage AND RELEASES in cases of SHORTAGES AND INCLEMENT WEATHER CALAMITIES to protect potable water, irrigation, AGRICULTURAL AND RESIDENTIAL LANDS and all other requirements imbued with public interest;

“(f) The Agus and the Pulangui complexes in Mindanao, THE ANGAT HYDROELECTRIC POWER PLANT AND THE MALAYA THERMAL IN LUZON, THE NAGA POWER PLANT COMPLEX IN VISAYAS, AND POWER

BARGE 104 shall be excluded from PRIVATIZATION. Their ownership shall be RETAINED OR transferred to the NAPOCOR and shall continue to be operated by the NAPOCOR. The said complexes shall be subject to REHABILITATION, UPGRADING AND MAINTENANCE BY THE NAPOCOR;

“(g) THE STATE SHALL ENDEAVOR TO DEVELOP THE GEOTHERMAL RESOURCES OF THE COUNTRY AND BUILD NEW GEOTHERMAL PLANTS. The steam field assets and generating plants of each EXISTING geothermal complex SHALL NOT BE PRIVATIZED. The geothermal complexes covered by this requirement include, but are not limited to, Leyte A and B (Tongonan), Palinpinon, and Mt. Apo;

“xxx.

SECTION 4. Operations, Maintenance/Rehabilitation of Retained and Construction of Power Plants . –NAPOCOR, in realizing the provisions of this Act, is mandated to tap ten-percent (10%) of the State’s annual royalties from the Malampaya deepwater gas-to power project for the operations, maintenance, rehabilitation and construction of retained and new power plants.

SECTION 3.Repealing Clause. – All other laws, acts, decrees, executive orders, issuances, and rules and regulations or parts thereof which are contrary to and inconsistent with any provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 4. Separability Clause. – If any provision of this Act is subsequently declared unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SECTION 5.Effectivity Clause.– This Act shall take effect immediately after its complete publication either in the Official Gazette or in two newspapers of general circulation in the Philippines.

Approved,