

THIRTEENTH CONGRESS OF THE }
REPUBLIC OF THE PHILIPPINES }

'04 JUN 30 P6:20

First Regular Session

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SENATE

S. No. 516

INTRODUCED BY HON. MANUEL B. VILLAR, JR.

EXPLANATORY NOTE

The country is reeling from the impact of high electricity rates.

The Purchased Power Adjustment (PPA) charges collected by the Manila Electric Company from its consumers have jacked up monthly electric bills by more than fifty percent, making the country's power costs among the highest in the region.

The Department of Energy likewise reports that of the average 12,500 megawatts of electricity produced by the National Power Corporation on an annual basis, only 7,500 megawatts of electricity is utilized. Consumers however are made to pay for the excess 5,000 megawatts of electricity which they never use.

This bill seeks to redistribute to consumers the unutilized electricity they have already paid for through a power rebate system.

The Energy Regulatory Commission shall provide a mechanism wherein residential and industrial consumers will be allowed access to unutilized energy without having to pay more. This will allow small and medium industries longer operating hours without the added expense, providing them the opportunity to increase their profits and let their business grow. The growth of industries will mean more jobs and income opportunities for Filipinos.

The bill is expected to boost the country's economy, since it encourages energy consumption without added costs.

The immediate and favorable passage of this bill is earnestly requested.


MANUEL B. VILLAR, JR.

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AN ACT

MANDATING THE NATIONAL POWER CORPORATION TO ENSURE THE OPTIMUM UTILIZATION OF POWER SUPPLY WHICH THE GOVERNMENT HAS GUARANTEED TO PURCHASE FROM INDEPENDENT POWER PRODUCERS (IPPs), PROVIDING A POWER REBATE SYSTEM IN FAVOR OF THE CONSUMERS, 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 Rebate Act of 2004."

Section 2. *Declaration of Policy.* - It is hereby declared the policy of the State:

- (a) To protect the public against exorbitant power rates charged by electric utilities, distributors, and providers of electric power;
- (b) To promote the optimum utilization of power supply generated by Independent Power Producers (IPPs) which the government is mandated to purchase under its existing contracts;
- (c) To ensure that unscrupulous and unfair business practices are not tolerated and guarantee the observance of the time honored principle that no person shall enrich himself at the expense of another;
- (d) To provide a rebate system of unused power supply to ensure that the consumer pays only for actual power consumption;

- (e) To encourage equitable and fair distribution of unused power supply guaranteed to be purchased by the government under existing contracts with IPPs;
- (f) To encourage the efficient and productive use of energy; and
- (g) To enhance consumer protection and promote the general welfare of the people.

Section 3. *Rebate of Purchased Power Adjustment Charges.* - The Manila Electric Company (MERALCO), Electric Power Cooperatives, and Distributors are hereby mandated to give their consumers a monthly rebate of unutilized kilowatts as may be determined by the Energy Regulatory Commission (ERC).

Section 4. *Rebate System.* - The ERC shall formulate a system to determine the amount of rebate of unutilized kilowatts to which each consumer has already paid for and is entitled to based on the consumer's historical electric consumption.

Section 5. *Audit of Unutilized Power Generated by IPPs.* - It is hereby mandated that the ERC shall conduct an annual auditing of IPPs to determine the actual amount of unutilized power supply which the government is guaranteed to purchase under existing contracts with the end view that all generated power will be utilized.

Section 6. *Utilization of Power Supply produced by IPPs.* - The National Power Corporation shall ensure that the Power Supply produced by IPPs which the government has guaranteed to purchase under existing contracts is utilized to the fullest. It shall adopt a monitoring system to implement this provision.

Section 7. *Implementing Rules and Regulations.* - The Department of Energy shall, in consultation with relevant government agencies, IPPs and non-government organizations and end-users, promulgate the Implementing Rules and Regulations (IRR) of this Act within sixty (60) days from the effectivity of this Act.

Section 8. *Oversight Committee.* - A Congressional Oversight Committee on Purchased Power Charge Rebate is hereby created composed of Five (5) members from the Senate and Five (5) members from the House of Representatives. The members from the Senate shall be appointed by the Senate President based on the proportional representation of the parties or coalitions therein with at least two (2) Senators representing the minority. The members from the House of Representatives shall be appointed by the Speaker also based on proportional representation of the parties or coalitions therein with at least two (2) members representing the minority.

Section 9. *Powers of the Congressional Oversight Committee.* - The Oversight Committee shall have the power to promulgate its own rules, to oversee the implementation of this Act, and to review or revise the implementing rules within thirty (30) days from the promulgation of the said rules.

Section 10. *Separability Clause.* - If any provision of this Act is held to be unconstitutional or invalid, the other parts or provisions not affected thereby shall continue to be in full force and effect.

Section 11. *Repealing Clause.* - All laws, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

Section 12. *Effectivity.*- This Act shall take effect on the fifteenth day following its publication in at least two (2) national newspapers of general circulation.

Approved,