

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

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SENATE

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P.S. Resolution No. 60

Introduced by Senator JUAN PONCE ENRILE

RESOLUTION

JPE **DIRECTING THE COMMITTEE ON ENERGY TO INQUIRE, IN AID OF LEGISLATION, INTO THE STATUS OF THE ENERGY SECTOR OF THE COUNTRY AND REVIEW ALL ASPECTS THEREOF, INCLUDING CONTRACTS WITH INDEPENDENT POWER PRODUCERS (IPPs) WITH THE END IN VIEW OF COMING UP WITH POLICY MEASURES THAT WOULD ADDRESS THE POSSIBLE EMERGENCE OF AN ENERGY CRISIS AND THE RISING COST OF FUEL AND ELECTRICITY, AND TO ASSESS THE ENERGY REQUIREMENTS OF THE COUNTRY**

WHEREAS, energy officials have warned of the possibility of an energy crisis, both in fuel and electricity, due to the successive oil price hikes and an impending power shortage, unless appropriate policies are immediately put in place to address the same;

WHEREAS, in 1993, the government sold forty percent (40%) of its interest in Petron to Saudi Aramco, one of the major players in the global oil industry, to signal less government participation and promote private sector participation in the industry at the same time;

WHEREAS, to further pursue such thrust, the Oil Deregulation Law (Republic Act 8479) was enacted on February 10, 1998 which deregulated the oil industry in the hope of fostering greater competition among industry players and eventually, lower fuel prices for consumers;

WHEREAS, during the last six years after the deregulation of the oil industry and the entry of new players, oil companies have imposed upward adjustments in fuel prices which culminated in the recent increases supposedly spurred by the volatile conditions in Iraq and the Middle East in general;

WHEREAS, while global developments affecting the cost of fuel admittedly affect domestic prices, the public is entitled to inquire whether the price adjustments imposed by the oil companies are reasonable and warranted;

WHEREAS, the Department of Energy cannot abandon its obligation to protect the public and consumers against indiscriminate and unjustified increases and that it is the government's duty to ensure that the Oil Deregulation Law is not abused or misused to sanction unfair trade practices, cartelization and price manipulation;

WHEREAS, the electricity sector was also restructured with the passage of the Electric Power Industry Reform Act (EPIRA) in June 2001 to "ensure the quality, reliability, security, and affordability of the supply of electric power";

WHEREAS, the government entered into numerous "take-or-pay" contracts with various Independent Power Producers (IPPs) and facility operators to avert the power crisis which gripped the nation in 1992;

WHEREAS, the "take-or-pay" contracts between NAPOCOR and Independent Power Producers and facility operators were found to contain onerous provisions grossly disadvantageous to the government that engendered high electricity rates;

WHEREAS, an inter-agency committee was created, headed by the National Economic Development Authority (NEDA), to review forty-two (42) IPP contracts entered into by the NAPOCOR pursuant to Republic Act 6957 or the Build-Operate-Transfer Law and the emergency powers granted by Congress to then President Fidel V. Ramos;

WHEREAS, the obligations or liabilities of the government under these contracts with IPPs have greatly contributed to enormous losses on the part of NAPOCOR, which in turn, the government had to absorb;

WHEREAS, the payment of these onerous IPP contracts are shouldered by electricity consumers through the Universal Charge in their electricity bills;

WHEREAS, it is high time that the government take action on the findings and recommendations relative to the review of the IPP contracts to mitigate its impact on the cost of electricity borne by the consumers as well as the impact of these financial obligations on the government's fiscal position;

WHEREAS, there is a need for all concerned government agencies to adopt policies, initiate and implement programs of action that would address the problems of the energy sector;

NOW THEREFORE, BE IT RESOLVED, as it is hereby resolved, that the Committee on Energy conduct an inquiry, in aid of legislation, into the status of the energy sector of the country and review all aspects thereof, including contracts with Independent Power Producers (IPPs) with the end in view of coming up with policy measures that would address the possible emergence of an energy crisis and the rising cost of fuel and electricity, and to assess the energy requirements of the country.

Adopted,


JUAN PONCE ENRILE
Senator