

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

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SENATE
P.S. Res. No. **103**

RECEIVED BY: _____ *G*

Johnson INTRODUCED BY SENATORS ROXAS, MAGSAYSAY, ENRILE,
GORDON, FLAVIER AND MADRIGAL

**A RESOLUTION
URGING THE PRESIDENT OF THE PHILIPPINES
TO UNDERTAKE SUCH STEPS AS MAY BE NECESSARY TO ALLOW
ELECTRONICS AND SEMICONDUCTOR EXPORTERS REGISTERED WITH
THE BOI AND PEZA OPEN/DIRECT ACCESS TO ELECTRIC POWER
PRODUCERS AND TO CERTIFY AS URGENT, FOR THIS PURPOSE, THE
BILL AMENDING R.A. 9136 OTHERWISE KNOWN AS THE
ELECTRIC POWER INDUSTRY REFORM ACT (EPIRA)**

WHEREAS, the government has presented a fiscal package to raise additional revenue to address the country's widening public sector deficit and ballooning debt problem. This includes, among others, eight (8) new tax measures to raise an additional 80 billion pesos in revenue and a significant cut in government expenditure;

WHEREAS, a major component of the government's fiscal plan is the increase in the power rates of the National Power Corporation (Napocor). The Energy Regulatory Commission (ERC) has already approved an increase of P0.98 per kilowatt-hour and is expected to approve another rate hike before the end of the year to grant in full the original rate increase sought by the state-run power firm;

WHEREAS, the power rate increase will have a significant negative impact on the competitiveness of local industry, particularly the manufacturing and export sectors, a segment of the economy already weakened by high manufacturing and labor costs. The prevailing power rates in the country is the 2nd highest in Asia and is thrice the cost of power in other South East Asian countries;

WHEREAS, the electronics and semiconductor industry, which accounts for more than 68% of total Philippine exports and employs around 350,000 workers, have expressed their opposition to the rate hike citing high manufacturing costs. The high power cost in the country is a major cause of the slowdown in the local electronics industry which is expanding at only 8% as opposed to the 25% growth worldwide;

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WHEREAS, one of the ways to mitigate the impact of high power costs to the semiconductor and electronics exporters is to allow them open/direct access to electric power producers thereby allowing them to negotiate for more favorable rates. This can be done by allowing Napocor to sell directly to industry without going through the electric distributors and by allowing power producers to sell directly to them without going through Napocor;

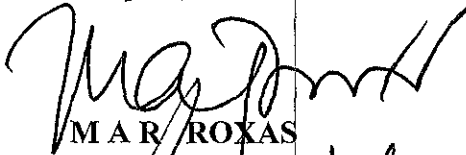
WHEREAS, in order to implement retail competition and open access, there is a need to amend RA 9136 otherwise known as the Electric Power Industry Reform Act because of the provision in Sec. 31 (d) of the said law which provides that the privatization of at least 70% of the generating assets of Napocor in Luzon and Visayas must first be realized before open access is allowed;

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NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that the Senate strongly urge the President of the Philippines to: (a) undertake such steps as may be necessary to allow the semiconductor and electronics exporters registered with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA) open/direct access to electric power producers, including making the appropriate directives to the Department of Energy and Napocor; and (b) to certify as urgent the bill amending Sec. 31 (d) of RA 9136 otherwise known as the Electric Power Industry Reform Act (EPIRA) so that retail competition and open access can immediately be implemented without waiting for the privatization of at least 70% of Napocor generating assets in Luzon and Visayas.

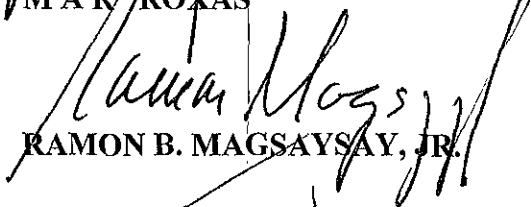
Adopted,



M A R / ROXAS



RICHARD "DICK" J. GORDON



RAMON B. MAGSAYSAY, JR.



JUAN M. FLAVIER



JUAN PONCE ENRILE



M.A. MADRIGAL