

FOURTEENTH CONGRESS )  
OF THE REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

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SENATE

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P.S. Res. No. 238

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*Introduced by Sen. M. A. Madrigal*

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**RESOLUTION**

**DIRECTING THE COMMITTEES ON ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATION (BLUE RIBBON), NATIONAL DEFENSE AND SECURITY, AND ECONOMIC AFFAIRS TO JOINTLY INVESTIGATE, IN AID OF LEGISLATION, THE ALLEGED RIGGED BIDDING OF THE NATIONAL TRANSMISSION CORPORATION (TRANSCO) IN FAVOR OF A CHOICE BIDDER AS SHOWN BY THE APPARENT CONFLICT OF INTEREST OF THE HEAD OF POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION (PSALM) AND HIS ALLEGED RELATION WITH THE OWNER OF ONE OF THE PRE-QUALIFIED BIDDER AS WELL AS THE ALLEGED RELATION OF PRESIDENT GLORIA MACAPAGAL ARROYO'S BROTHER TO THE BIDDER**

**WHEREAS** the administration of Gloria Macapagal-Arroyo is set to auction the National Transmission Corporation (Transco), a multibillion dollar company owned by the government which is engaged in distribution of electricity in the country;

**WHEREAS** the auction will be conducted under the auspices of the Power Sector Assets Liabilities and Management Corporation (PSALM), a public corporation created under the 2001 Electric Power Industry Act (EPIRA) to manage and supervise state owned power assets and facilities and which mandates full deregulation of the power industry, with Transco described as its "crown jewel";

**WHEREAS** PSALM is currently headed by Mr. Jose C. Ibazeta as its President and Chief Executive Officer;

**WHEREAS** of the original 21 interested parties, only four have been pre-qualified to attend and submit their bids on 12 December 2007, namely: (1) Consortium of Monte Oro Grid Resources in partnership with State Grid of China; (2) Two Rivers Pacific Holdings Corporation in partnership with Terna Spa (Transmissione Elettricità Rete Nazionale); 3) San Miguel Energy Corporation in partnership with TPG Aurora B.V.; and (4) Citadel Holdings/Power Grid of India, Ltd.;

**WHEREAS** it is admitted that Mr. Enrique Razon Jr., the treasurer of the administration-led Team Unity in the last election and known close friend of the President and First Gentleman Jose Miguel Arroyo, is an owner of Monte Oro Grid Resources;

**WHEREAS** Monte Oro Grid Resources is headed by Mr. Walter Brown, which allegedly represents a group of businessmen who include Enriquez Razon Jr. and the President's brother, Diosdado "Buboy" Macapagal Jr.;

**WHEREAS** Mr. Jose C. Ibazeta is a member of the Board of Directors and Treasurer of International Container Terminal Services Inc. (ICTSI) despite being the President and CEO of PSALM;

**WHEREAS** it was admitted by Mr. Walter Brown that Enrique Razon would divest his interests in Monte Oro Grid Resources once it wins the bid for Transco;

**WHEREAS** the statement of Mr. Walter Brown clearly shows unusual confidence on the part of the personalities behind Monte Oro Grid Resources of winning the bid for Transco;

**WHEREAS** in a letter addressed to Sen. Miriam Defensor Santiago, Mr. Jose Ibazeta denied having a conflict of interest saying that his being a member of the board and treasurer of ICTSI is not in conflict with his position as President and CEO of PSALM;

**WHEREAS** there is much fear and apprehension that Mr. Jose Ibazeta's determination to cling to his position as President and CEO of PSALM despite the apparent conflict of interest would ensure that Monte Oro Grid Resources wins the bid for Transco;

**WHEREAS** the laws are clear that any individual appointed in government is required to divest himself of any connection to a private entity to avoid possible conflict of interest, otherwise his position would be compromised in violation of the Anti-Graft and Corrupt Practices Act (R.A. 3019) and the Code of Conduct of Ethical Standards for Public Officials and Employees (R.A. 6713);

**WHEREAS** apprehensions that the bidding for Transco is already a done deal in favor of Monte Oro Grid Resources are further bolstered by the alleged involvement of personalities close to Mrs. Macapagal-Arroyo, namely Enrique Razon Jr. and Diosdado "Buboy" Macapagal, Jr. and the fact that the President met with the officials of the State Grid of China in a recent visit to China;

**WHEREAS** if the Monte Oro consortium wins the bid for Transco, the transmission and distribution of energy resources will be monopolized by one group – the Aboitiz group which is already heavily involved in power distribution – in contravention of EPIRA that no company should have interest in both distribution and transmission of power;

**WHEREAS** should a company with known interest in both distribution and transmission of power together with direct foreign state owned corporation be given the monopoly to distribute and transmit power, (China Grid Resources being foreign and state owned) it is most likely for state sovereignty and national security to be severely compromised, to the detriment of the country's socio-economic and political state of affairs.

**WHEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED,** to direct the Committees on Accountability of Public Officers and Investigations (Blue Ribbon), National Defense and Security, Economic Affairs to investigate, in aid of legislation, the alleged rigged bidding of the National Transmission Corporation (Transco) in favor of a choice bidder as shown by the apparent conflict of interest of the head of Power Sector Assets and Liabilities Management Corporation (PSALM) and his alleged relation with the owner of one of the pre-qualified bidder as well as the alleged relation of President Gloria Macapagal Arroyo's brother to the said choice bidder.

Adopted,

  
M. A. MADRIGAL