

SENATE

S. No. 207

Introduced by Senator GREGORIO B. HONASAN II

EXPLANATORY NOTE

Let us listen to our Mindanaonon brethren.

The people of Mindanao, through the Association of Mindanao Rural Electric Cooperatives, the Mindanao Business Council, the Lanao Power Consumers Federation, the Mindanao Commission on Women, the Philippine Chamber of Commerce and Industry-Mindanao and the Confederation of Provincial Governors, City Mayor and Municipal Mayors League Presidents, among others, are speaking with one voice: No to the Privatization of the Agus-Pulangui Hydroelectric Powerplants.

The reasons stated for opposing the privatization of the Agus-Pulangui Hydro Plants are as follows:

1. The privatization of the Agus-Pulangui Hydro Power Plants will result in the loss of economic competitiveness of the power supply sector in Mindanao. Mindanao presently has the cheapest generation charge in the country.

2. The Agus-Pulangui Hydro Plants provide more than 50% of Mindanao's power requirements at the cheapest cost (less than P1.00/kwh) as against P5.00 or more for oil/fossil fuel-based power plants.

3. The Agus-Pulangui are already fully paid assets of the government. If sold to a new private owner, the new owner will have to recover its investment by increasing the rates to be paid by the people of Mindanao.

4. Selling the Agus-Pulangui Hydro Plants to just one (1) private buyer will monopolize more than 50% of Mindanao's power needs in the hands of just one corporation.

"Mr. President, what the consumer will get out of all of this in the long term, let us say ten (10) years down road, ... is that the cost of power to the consumer will be lower." This was the sponsorship speech on the promise of the Electric Power Industry Act or EPIRA. (Journal of the Senate, 23 May 2000)

When the EPIRA was passed in 2001 as Republic Act No. 9136, the average retail prices of electricity were as follows:

June 2001 Average Retail Price

Grid	Retail Charge
1. Luzon	P 5.32 / Kwh
2. Visayas	P 5.21 / Kwh
3. Mindanao	P 3.52 / Kwh

(Source: Comparative and Regional Electricity Price Trends - <http://powertracker.doe.gov.ph>)

In 2010, nine years after EPIRA promised cheaper costs of electricity, the average retail prices of electricity were as follows:

March 2011 Average Retail Price

Grid	Retail Charge
1. Luzon	P 9.84 / Kwh
2. Visayas	P 8.19 / Kwh
3. Mindanao	P 6.70 / Kwh

(Source: 18th Status Report on EPIRA - Ave. Residential Rates of Electric Cooperatives)

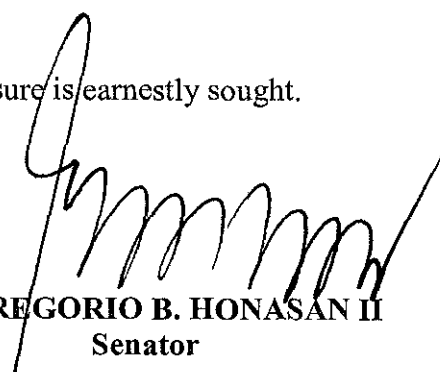
In 2003, the Philippines ranked 5th in terms of having the most expensive electricity in the Asian Region. Japan, as the most expensive followed by Cambodia, Hong Kong and Vietnam. (Source: <http://powertracker.doe.gov.ph>) Today, the Philippines has the most expensive residential electricity rates in Asia. (Source: Department of Energy - Round Table Discussion on 20 April 2012)

As of December 2010, the government, through the Power Sector Assets and Management Corporation (PSALM), privatized more than ninety-one (91%) of all NAPOCOR powerplants including one (1) Hydroelectric Power Plant and two (2) power barges which were then moored in Mindanao.

After selling ninety-one percent (91%) of NAPOCOR powerplants and paying USD18 Billion after the passage of EPIRA in 2001 up to 2011, the prices of electricity have almost doubled and NAPOCOR's debts, as of 30 September 2011, amounted to USD16.7 Billion - more than its original USD16.4 Billion debt in 2001. (Source: <http://www.psal.gov.ph> - Liability Management)

The people of Mindanao can also help the government by planting trees and reviving the watershed so as to help reduce the soil erosion and the siltation of the Agus-Pulangui riverbeds. On the occasion of the World Water Day in 2011, the Department of Environment and Natural Resources has stated that seventy percent (70%) of our country's available water of 160 Billion Cubic Meters is lost every year because of the lack of rain capturing devices and irrigation facilities. Meanwhile, the Department of Agriculture and the National Irrigation Authority have embarked on a project to plant 1.5 Million trees in three (3) years throughout the country particularly in watershed areas.

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



GREGORIO B. HONASAN II
Senator



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Introduced by **Senator GREGORIO B. HONASAN II**

AGUS-PULANGUI PRIVATIZATION EXEMPTION ACT OF 2013

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

SECTION 1. Section 47 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001," is hereby amended, to read as follows:

"SEC. 47. NPC Privatization. - Except for the assets of SPUG **AND THE AGUS AND PULANGUI COMPLEXES**, the generation assets, real estate, and other disposable assets as well as IPP contracts of NPC shall be privatized in accordance with this Act. Within six (6) months from the effectivity of this Act, the PSALM Corp. shall submit a plan for the endorsement by the Joint Congressional Power Commission and the approval of the President of the Philippines, on the total privatization of the generation assets, real estate, other disposable assets as well as existing IPP contracts of NPC and thereafter, implement the same in accordance with the following guidelines, except as provided for in Paragraph (f) herein:

- (a) XXX XXX
- (b) XXX XXX
- (c) XXX XXX
- (d) XXX XXX
- (e) XXX XXX

(f) The Agus and the Pulangui complexes in Mindanao shall be excluded from among the generation companies that will be [initially] privatized. Their ownership shall be [transferred to PSALM Corp.] **retained by NPC** and both shall continue to be operated by the NPC.

- (g) XXX XXX
- h) XXX XXX

- (i) XXX XXX
- U) XXX XXX

SEC. 2. The Department of Energy shall issue the necessary amendments to the Implementing Rules and Regulations of Republic Act No. 9136.

SEC. 3. Separability Clause. - If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

SEC. 4. Repealing Clause. - All laws, decrees, executive orders, rules and regulations, issuance or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 5. Effectivity. - This Act shall take effect fifteen (15) days from the date of its publication in the Official Gazette or in at least in two (2) newspapers of general circulation.

Approved,