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SENATE

P. S. Res. No. 21

RECEIVED BY: 

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Introduced by Senator Ralph G. Recto

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**A RESOLUTION**

**URGING THE SENATE COMMITTEE ON ENERGY TO CONDUCT A COMPREHENSIVE REVIEW AND ASSESSMENT, IN AID OF LEGISLATION, OF REPUBLIC ACT NO. 9136 OR THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001, WITH THE END IN VIEW OF AMENDING THE LAW IN ORDER TO MAKE IT MORE EFFECTIVE IN LOWERING THE ELECTRICITY RATES**

WHEREAS, Electric Power Industry Reform Act (EPIRA) of 2001 was enacted to dispose the generation and transmission assets of the National Power Corporation (NAPOCOR) and promote competition in the electric industry;

WHEREAS, the EPIRA aims to provide a reliable and competitively priced electricity;

WHEREAS, the privatization of the NAPOCOR allowed the government to shift the burden of ensuring continuous financing for the construction, operation and maintenance of power generating plants to the private sector;

WHEREAS, after 10 years of implementing the EPIRA, the Philippines still has inadequate power supply and the most expensive electricity rates in Asia;

WHEREAS, Manila and Cebu ranked 4<sup>th</sup> and 5<sup>th</sup>, respectively, as the most expensive residential electricity rate in the 22<sup>nd</sup> Survey of Investment Related Costs in Asia and Oceania conducted by the Japan External Trade Organization in April 2012; <sup>[1]</sup>

WHEREAS, despite the EPIRA, the Power Sector Assets and Liabilities Management Corporation (PSALM) remains trapped in deep debt wherein PSALM's debt level in 2011 decreased to \$15.85 billion which was only 3% or \$.537 billion lower than the \$16.387 billion recorded in 2001 or the period prior to the privatization of the National Power Corporation's (NPC) assets; <sup>[2]</sup>

WHEREAS, different stakeholders have been clamoring for the review of the EPIRA due to the various problems that continue to arise since the said law was passed;

WHEREAS, President Benigno S. Aquino, III, amidst the talks on the energy crisis in Mindanao, stated that he is in favor of the review of the EPIRA particularly on whether or not its goal of establishing a more efficient power sector and cheaper electric rates has been achieved;

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<sup>1</sup> Overseas Research Department, Japan External Trade Organization. "22<sup>nd</sup> Survey of Investment Related Costs in Asia and Oceania (FY 2011 Survey), April 2012"

<sup>2</sup> PSALM Finances 2001-2036 (Outstanding Financial Obligations 2001-2011)

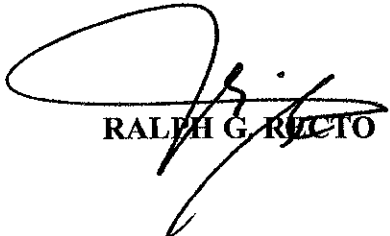
WHEREAS, the restructuring of the power industry under the EPIRA facilitated the creation of new private monopolies in the generation and transmission of electricity, hence, the continuous increase in power rates in the country;

WHEREAS, the monopolies created by the generation and distribution utilities are an obstacle in providing and maintaining a fair and level playing field for suppliers and buyers of electricity;

WHEREAS, there seems to be a need for the government to intervene and trigger competitive power rates in the country;

*NOW THEREFORE, BE IT RESOLVED*, by the Philippine Senate, to direct the Senate Committee on Energy to conduct a comprehensive review and assessment, in aid of legislation, of Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 with the end in view of amending the law in order to make it more effective in lowering the electricity rates.

Adopted,



RALPH G. RECTO