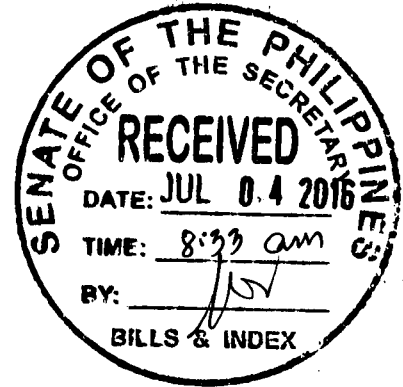


SEVENTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



SENATE

S. No. 237

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

AGUS-PULANGUI PRIVATIZATION EXEMPTION ACT OF 2016

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-Pulangi Hydroelectric Powerplants.

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

1. The privatization of the Agus-Pulangi Hydro Power Plants will result to 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-Pulangi 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-Pulangi 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-Pulangi Hydro Plants to just 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 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, as followed by Cambodia, HongKong 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 91% of all NAPOCOR powerplants including 1 Hydroelectric Power Plant and 2 power barges which were then moored in Mindanao.

After selling 91% of NAPOCOR powerplants and paying \$18 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 \$16.7 Billion - more than it's original \$16.4 Billion debt in 2001. (Source: <http://www.psalm.gov.ph> - Liability Management)

In 2014, the average effective residential retail prices of electricity were as follows:

March 2011 Average Retail Price

Grid	Retail Charge
1. Luzon	P 10.16 / Kwh
2. Visayas	P 10.62 / Kwh
3. Mindanao	P 8.69 / Kwh

(Source: 25th Status Report on EPIRA)

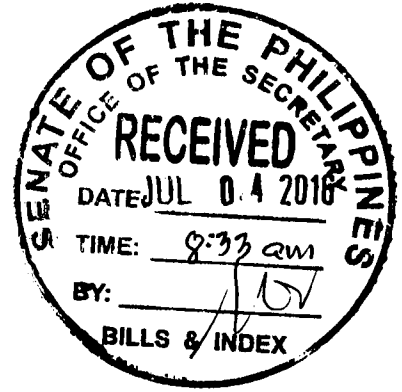
In view of the foregoing, the early approval of this measure is earnestly sought.



GREGORIO B. HONASAN II
Senator

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AGUS-PULANGUI PRIVATIZATION EXEMPTION ACT OF 2016

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

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

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

15 (a) XXX XXX

16 (b) XXX XXX

17 (c) XXX XXX

18 (d) XXX XXX

19 (e) XXX XXX

20 (f) The Agus and the Pulangui complexes in Mindanao shall be
21 excluded from among the generation companies that will be
22 [initially] privatized. Their ownership shall be [transferred to PSALM

1 Corp.] **retained by NPC** and both shall continue to be operated by
2 the NPC.
3 (g) XXX XXX
4 (h) XXX XXX
5 (i) XXX XXX
6 (j) XXX XXX

7
8 **SEC. 2.** The Department of Energy shall issue the necessary amendments to
9 the Implementing Rules and Regulations of Republic Act No. 9136.

10
11 **SEC. 3. *Separability Clause.*** – If any provision of this Act is declared invalid
12 or unconstitutional, the other provisions not affected thereby shall remain
13 valid and subsisting.

14
15 **SEC. 4. *Repealing Clause.*** – All laws, decrees, executive orders, rules and
16 regulations, issuance or parts thereof inconsistent with this Act are hereby
17 repealed or amended accordingly.

18
19 **SEC. 5. *Effectivity.*** – This Act shall take effect fifteen (15) days from the
20 date of its publication in the Official Gazette or in at least in two (2)
21 newspapers of general circulation.

Approved,