

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

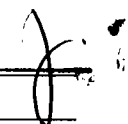


Senate
Office of the Secretary

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SENATE

S. No. 617

INTRODUCED BY: 

Introduced by Senator Antonio "Sonny" F. Trillanes IV

AN ACT

AUTHORIZING THE USE OF THE SPECIAL FUND TO FINANCE THE MAINTENANCE, REHABILITATION, AND REPLACEMENT OF ENERGY INFRASTRUCTURE IN PREPARATION FOR AND IN RESPONSE TO NATURAL AND MAN-MADE CALAMITIES AS WELL AS TO FINANCE DIRECT SUBSIDY FOR ENERGY CONSUMPTION BY END USERS IN CASE OF MARKET FAILURE THEREBY AMENDING SECTION 8 OF PRESIDENTIAL DECREE NO. 910

EXPLANATORY NOTE

Presidential Decree No. 910 mandated the creation of the Malampaya Fund for the purpose of financing "energy resource development and exploitation programs and projects of the government." The Malampaya Project is "a joint undertaking of the Philippine national government and the private sector spearheaded by the Department of Energy (DOE) and developed and operated by Shell Philippines Exploration B. V. (SPEX) on behalf of joint venture partners Chevron Malampaya LLC and the PNOC Exploration Corporation.¹ The Malampaya Fund is derived from the proceeds of the Malampaya natural gas project off the coast of Palawan province that was started in 2001 with a current balance of P137.288 Billion, as recently confirmed by the Bureau of Treasury.

Contrary however to the spirit of the law, during the previous administration, said Fund was allegedly siphoned off to finance anomalous transactions such as those involving dubious Foundations linked to Mrs. Janet Lim-Napoles, which resulted to a loss of 900 Million pesos due to ghost deliveries of goods for projects under the government. Said circumstance invited outrage from the citizenry and prompted the High Court to clip the discretionary powers of the President to touch the huge fund although it affirmed the constitutionality of utilizing the same insofar as energy resource development and exploitation programs and projects of the government are concerned.

Aforesaid ruling, however, puts the President into a quandary on when he is allowed to tap the Fund. Case in point is the President's uncertainty whether he can use said Fund as subsidy for the direct benefit of electric end-users to minimize the financial brunt of the impending power hike of the largest power distributor in the country.

¹ Please see: Ms. Sara Soliven de Guzman, The Malampaya Story. Accessed from <http://www.philstar.com/opinion/2013/10/28/1250232/malampaya-story> on 12/16/2013.

It is, thus, incumbent upon Congress to promote public interest by once and for all amending the more than three-decade old law. It is against this backdrop that this measure seeks to revise said law by expressly authorizing the use of the Special Funds which include the Malampaya Fund to finance the maintenance, rehabilitation, and replacement of energy infrastructure in preparation for and in response to natural and man-made calamities as well as to finance direct subsidy for energy consumption by end users in case of market failure.

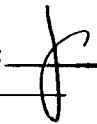
In view of the foregoing, immediate passage of his measure is earnestly sought.


ANTONIO "SONNY" F. TRILLANES IV
Senator



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AND MAN-MADE CALAMITIES AS WELL AS TO FINANCE DIRECT SUBSIDY
FOR ENERGY CONSUMPTION BY END USERS IN CASE OF MARKET FAILURE
THEREBY AMENDING SECTION 8 OF PRESIDENTIAL DECREE NO. 910

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

1 **SECTION 1.** Section 8 of Presidential Decree No. 910 is hereby amended to read as
2 follows:

3 “Section 8. Appropriations. – The sum of Five Million Pesos
4 out of any available funds from the National Treasury is hereby
5 appropriated and authorized to be released for the organization of the
6 Board and its initial operations. Henceforth, funds sufficient to fully
7 carry out the functions and objectives of the Board shall be
8 appropriated every fiscal year in the General Appropriations Act. All
9 fees, revenues and receipts of the Board from any and all sources
10 including receipts from service contracts and agreements such as
11 application and processing fees, signature bonus, discovery bonus,
12 production bonus; all money collected from concessionaires,
13 representing unspent work obligations, fines and penalties under the
14 Petroleum Act of 1949; as well as the government share representing
15 royalties, rentals, production share on service contracts and similar
16 payments on the exploration, development and exploitation of energy
17 resources, shall form part of a Special Fund to be used to finance
18 energy resource development and exploitation programs and projects
19 of the government, [and for such other purposes as may he hereafter
20 directed by the President], **AS WELL AS TO FINANCE THE**
21 **MAINTENANCE, REHABILITATION, AND REPLACEMENT**
22 **OF ENERGY INFRASTRUCTURE IN PREPARATION FOR**
23 **AND RESPONSE TO NATURAL AND MAN-MADE**
24 **CALAMITIES, AND TO FINANCE DIRECT SUBSIDY FOR**

1 **ENERGY CONSUMPTION BY END USERS IN CASE OF**
2 **MARKET FAILURE.”**

3
4 **SEC. 2. *Repealing Provision.*** – All laws, executive orders or administrative orders,
5 rules and regulations or parts thereof which are inconsistent with this Act are hereby
6 amended, repealed or modified accordingly.

7
8 **SEC. 3. *Effectivity.*** – This Act shall take effect fifteen (15) days following its
9 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,