

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

SENATE

COMMITTEE REPORT NO. 231

Submitted by the Committee on Energy JAN 18 2018

Re: Senate Bill No. 1653

Recommending its approval in substitution of **Senate Bill No. 1308**

Sponsor: **Senator Sherwin T. Gatchalian**

MR. PRESIDENT:

The Committee on Energy, to which was referred **Senate Bill No. 1308**, introduced by Senator Gatchalian, entitled:

"AN ACT INSTITUTIONALIZING REFORMS IN THE PROCUREMENT BY DISTRIBUTION UTILITIES OF SUPPLY FOR THE CAPTIVE MARKET"

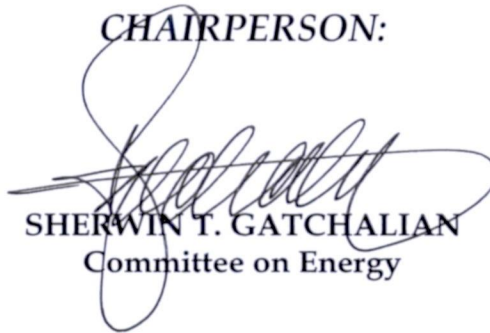
has considered the same and has the honor to report it back to the Senate with the recommendation that the attached bill, **Senate Bill No. 1653** prepared by the committee entitled:

"AN ACT INSTITUTIONALIZING REFORMS IN THE PROCUREMENT BY DISTRIBUTION UTILITIES AND OTHER DISTRIBUTION ENTITIES OF SUPPLY FOR THE CAPTIVE MARKET"

be approved in substitution of **Senate Bill No. 1308**, with **Senator Gatchalian** as author thereof.

Respectfully submitted:

CHAIRPERSON:

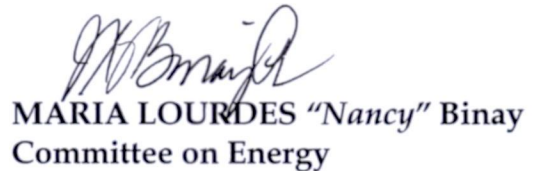


SHERWIN T. GATCHALIAN
Committee on Energy

VICE CHAIRPERSONS:



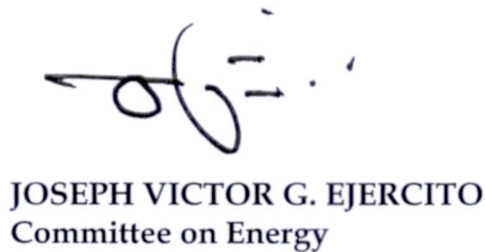
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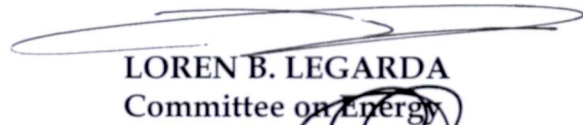


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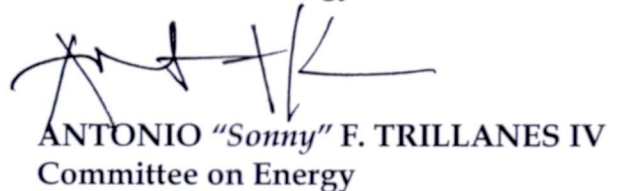
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President
Senate of the Philippines

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

SENATE

S.B. No. 1653

78 JAN 18 P3:31

Prepared and submitted by the Committee on Energy, with Senator Gatchalian
as author thereof

AN ACT
INSTITUTIONALIZING REFORMS IN THE PROCUREMENT
BY DISTRIBUTION UTILITIES AND OTHER DISTRIBUTION ENTITIES
OF SUPPLY FOR THE CAPTIVE MARKET

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

CHAPTER I

GENERAL PROVISIONS

1 **SECTION 1. Short Title.** – This Act shall be known as the “Electricity
2 Procurement Act of 2018”.

3
4 **SECTION 2. Declaration of Policy.** – It is hereby declared the policy of the State
5 to ensure the quality, reliability, security, and affordability of electric power
6 supply. To protect public interest as it is affected by the rates and services of
7 Distribution Utilities and Other Distribution Entities while the country has not
8 yet transitioned to full retail competition, the State recognizes that a Competitive
9 Selection Process in the procurement of Power Supply Contracts by Distribution
10 Utilities and Other Distribution Entities engenders transparency, enhances
11 security of supply, and ensures stability of electricity prices to captive
12 consumers. Towards this end, Distribution Utilities and Other Distribution
13 Entities can only procure their power requirements through the Wholesale

1 Electricity Spot Market or the Competitive Selection Process unless otherwise
2 provided in this Act.

3
4 Furthermore a Competitive Selection Process is in line with the Distribution
5 Utilities and Other Distribution Entities' obligation in Republic Act No. 9136 to
6 ensure the supply of electricity to its captive market in the least cost manner.

7
8 **SECTION 3. Scope and Application.** – This Act shall apply to any Distribution
9 Utility and Other Distribution Entities in the procurement of supply for their
10 Captive Market, the manner in which the procurement is to be undertaken, the
11 required review procedure, and the timelines to be observed in such procedures.

12
13 **SECTION 4. Definition of Terms.** – For purposes of this Act, the following terms
14 shall be defined as stated below: *Provided*, That other terms used in this Act but
15 not defined herein shall be understood to mean the way they are defined in
16 Republic Act No. 9136 and its Implementing Rules and Regulations:

17
18 a) **Affiliate** – refers to any natural or juridical person which, alone or together
19 with other natural or juridical persons, directly or indirectly, through one
20 or more intermediaries, controls, is controlled by, or is under common
21 control with another natural or juridical person. Affiliates shall include a
22 subsidiary company, a parent company and the subsidiaries, directly or
23 indirectly, of a common parent;

24
25 b) **Bid** – refers to the offer of a price by a Generation Company or a Supply
26 Aggregator during the Competitive Selection Process to serve the power
27 demand volume put forward for procurement by a Distribution Utility,
28 Other Distribution Entities, or a Demand Aggregator: *Provided*, That the
29 price shall be the generation charge per kilowatt hour which must be
30 inclusive of all costs that will be passed on to the consumers as determined
31 by the Energy Regulatory Commission;

32
33 c) **Captive Market** – refers to the electricity end-users who do not have the
34 choice of a supplier of electricity, as may be determined by the Energy
35 Regulatory Commission, in accordance with Republic Act No. 9136;

- 1 d) **Competitive Selection Process** (CSP) – refers to a procedure wherein a
2 Distribution Utility, Other Distribution Entities, or a group of Distribution
3 Utilities, on their own or through a Demand Aggregator, undertake a
4 transparent and competitive procurement of Power Supply Contracts, in
5 accordance with the provisions of this Act;
6
- 7 e) **Demand Aggregator** – refers to a person or entity registered and licensed
8 with the Energy Regulatory Commission, engaged in consolidating the
9 power demand of Distribution Utilities and Other Distribution Entities for
10 the purpose of subjecting it to a CSP: *Provided*, That Demand Aggregators
11 serve as mere representatives of Distribution Utilities and Other
12 Distribution Entities in the CSP and do not have the legal personality to
13 enter into a power supply contract on behalf of the Distribution Utilities
14 and Other Distribution Entities;
15
- 16 f) **Department of Energy** (DOE) – refers to the government agency created
17 pursuant to Republic Act No. 7638, and whose functions were expanded
18 by Republic Act No. 9136;
19
- 20 g) **Distribution Utility** – refers to any Electric Cooperative, private
21 corporation, government-owned utility, or existing local government unit
22 which has an exclusive franchise to operate a distribution system
23 including those whose franchise area covers economic zones;
24
- 25 h) **Energy Regulatory Commission** (ERC) – refers to the regulatory body
26 created pursuant to Republic Act No. 9136;
27
- 28 i) **Electric Cooperative** – refers to a Distribution Utility organized pursuant
29 to Presidential Decree No. 269, as amended, or as otherwise provided in
30 Republic Act No. 9136;
31
- 32 j) **Electronic Network-Based Platform** – refers to a computer network
33 system as well as the instruments and apparatuses allowing the execution
34 of related methods of operation and a plurality of user client devices
35 capable of connecting to the communication network;

- 1 k) **Force Majeure or Fortuitous Event** – refers to an extraordinary event
2 which is not foreseen, or which, though foreseen, is inevitable. Such event
3 may be produced by two general casuses: (1) by nature, such as but not
4 limited to a typhoon, storm, tropical depression, flood, drought, volcanic
5 eruption, earthquake, tidal wave, or landslide, and (2) by the act of man,
6 such as but not limited to an act of war, sabotage, blockade, revolution,
7 riot, insurrection, civil commotion, or any violent or threatening action;
8
- 9 l) **General Conditions** – refers to provisions which are generally applicable
10 to all Power Supply Contracts as determined by DOE;
11
- 12 m) **Generation Company** – refers to any person or entity authorized to
13 operate facilities used in the generation of electricity;
14
- 15 n) **Invitation to Bid** – refers to a letter of invitation for Generation Companies
16 and Supply Aggregators to submit a bid for a volume of power demand put
17 forward for procurement by a Distribution Utility, Other Distribution
18 Entities, a group of Distribution Utilities, or a Demand Aggregator, which
19 includes information determined by ERC;
20
- 21 o) **Market Operator** – the operator of the Wholesale Electricity Spot Market
22 as established by the DOE pursuant to Republic Act No. 9136;
23
- 24 p) **National Electrification Administration (NEA)** – refers to the government
25 agency created under Presidential Decree No. 269, as amended by
26 Republic Act No. 10531, and whose additional mandate is further set in
27 Republic Act No. 9136;
28
- 29 q) **National Power Corporation (NPC)** – refers to the government corporation
30 created under Republic Act No. 6395, as amended, and whose additional
31 mandate is further set in Republic Act No. 9136;
32
- 33 r) **New Private Provider (NPP)** – refers to an entity deemed technically and
34 financially capable to serve or take over existing NPC-Small Power Utilities
35 Group areas as a result of a competitive bidding exercise;

- 1 s) **Off-grid** – refers to areas that are not connected to the main high voltage
2 backbone system;
3
- 4 t) **Other Distribution Entities** – refers to other entities that own, operate or
5 control one or more distribution systems in the main grid and Off-grid
6 other than Distribution Utilities such as Qualified Third Parties and those
7 under a management contract;
8
- 9 u) **Particular Conditions** – refers to additional terms in the Power Supply
10 Contract not found in the General Conditions introduced either by the
11 Distribution Utility, Other Distribution Entities, Generation Company, or
12 Supply Aggregator which shall be reviewed and and approved by ERC
13 within the timeframe provided in Section 7(b) but before the day of the
14 actual bidding;
15
- 16 v) **Power Supply Contract (PSC)** – refers to a contract between a Generation
17 Company or a Supply Aggregator and a Distribution Utility or Other
18 Distribution Entities whereby the latter purchases electricity from the
19 former: *Provided*, That the contract resulted from a CSP or as may be
20 allowed in Sections 16 and 17 of this Act;
21
- 22 w) **Power Supply Procurement Plan (PSPP)** – refers to the assessment of a
23 Distribution Utility and Other Distribution Entities of a variety of its
24 demand side and supply side resources, as part of its Distribution
25 Development Plan resulting in a comprehensive power supply
26 procurement schedule to meet customer electricity demand while ensuring
27 an optimal supply mix for its captive market and taking into account
28 existing government policies;
29
- 30 x) **Qualified Third Party (QTP)** – refers to the alternative electric service
31 provider authorized to serve remote and unviable areas pursuant to
32 Section 59 of Republic Act No. 9136 and its Implementing Rules and
33 Regulations;
34
- 35 y) **Reserve Price** – refers to the price set by ERC as a ceiling for each
36 particular CSP;

1 z) **Third Party Auctioneer** – refers to the entity mandated to administer the
2 conduct of the CSP as described in Section 9 of this Act;

3
4 aa) **Supply Aggregator** – refers to any person or entity, registered and
5 licensed with the ERC to sell electricity to Distribution Utilities and Other
6 Distribution Entities by combining generation capacities of Generation
7 Companies and/or sourcing from the Wholesale Electricity Spot Market;
8 and

9
10 bb) **Wholesale Electricity Spot Market (WESM)** – refers to the
11 electricity market created under Republic Act No. 9136.

12 **CHAPTER II**

13 **COMPETITIVE SELECTION PROCESS**

14
15 **SECTION 5. General Principles.** – Subject to all the other provisions of this Act
16 and the CSP Rules and CSP Regulations, all CSPs shall be governed by the
17 following principles:

18 a) DOE shall exercise its supervisory power by overseeing the entire CSP
19 procedure as provided in this Act;1

20
21 b) ERC shall exercise its regulatory powers as provided in this Act;

22
23 c) NEA shall assist Electric Cooperatives in the creation of their PSPPs, and
24 in their aggregation with other Electric Cooperatives;

25
26 d) Consumers shall be consulted and be entitled to representation in every
27 stage of the CSP;

28
29 e) Distribution Utilities and Other Distribution Entities shall determine the
30 volume of power demand they shall procure through a CSP;

31
32 f) Distribution Utilities and Other Distribution Entities shall formulate the
33 schedules for their CSPs in accordance with the demand indicated in their
34 PSPPs as may be updated from time to time;

- 1 g) The Third Party Auctioneer shall be the sole body that coordinates and
2 administers the conduct of all CSPs;
3
- 4 h) The Third Party Auctioneer shall procure and manage a secure Electronic
5 Network-Based Platform for the bidding component of the CSP;
6
- 7 i) The Third Party Auctioneer shall be liable for any negligence or abuse in
8 the conduct of the CSP attributable to its fault including breaches to the
9 electronic platform;
10
- 11 j) The Third Party Auctioneer shall be entitled to recover its just and
12 reasonable costs;
13
- 14 k) The Third Party Auctioneer shall be regulated by the ERC;
15
- 16 l) All CSPs shall have uniform requirements and procedures;
17
- 18 m) All CSPs shall have, as far as practicable, standardized forms, documents,
19 and contracts in accordance with Section 13 of this Act;
20
- 21 n) Each CSP shall be completed within a reasonable period of time as
22 provided in Section 7(b) of this Act;
23
- 24 o) Each CSP shall have an undisclosed Reserve Price as determined by the
25 ERC;
26
- 27 p) ERC shall exercise its rate-setting power by establishing the Reserve Price
28 for every CSP by taking into consideration, among others, a Distribution
29 Utility or Other Distribution Entities' demand profile and the available
30 supply in the market;
31
- 32 q) The power of review by the ERC shall be limited to verifying whether each
33 CSP has complied with all procedures and requirements as specified in
34 this Act and the CSP Rules except otherwise provided in Sections 16 and
35 17 of this Act;

1 r) PSCs can only be entered into as a result of a CSP unless otherwise
2 provided as stated in Sections 16 and 17 of this Act; and

3
4 s) Distribution Utilities, Other Distribution Entities, Generation Companies,
5 Supply Aggregators, and other signatories to the PSC shall be liable for all
6 provisions in the said contract.
7

8 **SECTION 6. Participants.** – The participants to the CSP are Distribution
9 Utilities, Other Distribution Entities, Demand Aggregators, Generation
10 Companies, and Supply Aggregators – all duly-registered with the Third Party
11 Auctioneer.
12

13 **SECTION 7. CSP Rules.** – The CSP Rules, which will serve as this Act’s
14 implementing rules, shall be formulated by DOE in coordination with ERC, NEA,
15 and NPC, and in consultation with all stakeholders within sixty (60) days from
16 the promulgation of this Act. The CSP Rules shall include but shall not be
17 limited to the following matters:

- 18 a) Rules governing the Third Party Auctioneer including but not limited to:
- 19 i. Detailed scope of work,
 - 20 ii. Bonds and guarantees,
 - 21 iii. Costs and return recovery mechanisms, including
22 reasonable fees for the Third Party Auctioneer other than the
23 Market Operator,
 - 24 iv. Monitoring and evaluation framework,
 - 25 v. Procurement of a Third Party Auctioneer, and
 - 26 vi. Prohibited acts;
- 27 b) Detailed procedure and timeline for the entire CSP including rules and/or
28 guidelines for the evaluation of bids and determination of prices: *Provided*,
29 That it shall comply with Chapters II and III of this Act: *Provided further*,
30 That the entire CSP procedure shall not exceed ninety (90) days from the
31 issuance of the Invitation to Bid up to the awarding of the PSC to the
32 winning bidder;
- 33 c) Standardized contents of an Invitation to Bid and all other documents and
34 forms necessary in the conduct of the CSP;

- 1 d) Standardized general conditions of a PSC: *Provided*, That they shall comply
2 with Section 13 of this Act;
- 3 e) Guidance in the preparation of the particular conditions of a PSC;
- 4 f) Procedure and requirements for any complaint and its resolution in each
5 stage of the CSP;
- 6 g) Procedure and requirements for negotiated PSCs by Distribution Utilities
7 and Other Distribution Entities in accordance with Sections 16 and 17 of
8 this Act; and
- 9 h) Other such rules, procedures, and requirements that will ensure the
10 effective implementation of this Act.

11

12 **SECTION 8. CSP Regulations.** – The CSP Regulations shall be formulated by
13 the ERC in consultation with all private and public stakeholders within thirty
14 (30) days from the formulation of the CSP Rules. The CSP Regulations shall
15 include but shall not be limited to the following matters:

- 16 a) Rules for registration of all CSP participants with the Third Party
17 Auctioneer;
- 18 b) Rules for registration and licensing of Demand Aggregators;
- 19 c) Rules for registration and licensing of Supply Aggregators;
- 20 d) Rules and procedure for the determination of the Reserve Price of a CSP;
- 21 e) Fines and penalties for prohibited acts as identified by DOE and/or acts
22 which hinder the effective implementation of this Act; and
- 23 f) Other such rules, procedures, and requirements that will ensure the
24 effective regulation of the CSP.

25

26 **SECTION 9. Third Party Auctioneer.** – The Market Operator shall initially serve
27 as the Third Party Auctioneer for two (2) years: *Provided*, That ERC shall annually
28 review the performance of the Third Party Auctioneer according to a monitoring
29 and evaluation framework incorporated in the CSP Rules in accordance with
30 Section 7(a)(iv) of this Act: *Provided further*, that ERC can motu proprio determine
31 negligence or abuse by the Third Party Auctioneer as contemplated in this Act.

32 At the end of two (2) years, the ERC shall designate, after competitive
33 bidding, a new Third Party Auctioneer whose contract term shall be determined
34 by DOE: *Provided*, That the new Third Party Auctioneer shall be a juridical entity
35 duly recognized in the Philippines, having vast experience in competitive bidding

1 and sufficient knowledge of the electric power industry, and a demonstrated
2 ability to manage and conduct the CSP: *Provided further*, That the Market
3 Operator is not precluded from joining the competitive bidding.

4
5 **SECTION 10. Disqualification as Third Party Auctioneer.** – All Generation
6 Companies, Transmission Utilities, Distribution Utilities, Other Distribution
7 Entities, Retail Electricity Suppliers, Demand Aggregators, Supply Aggregators,
8 corporations involved in upstream exploration, development, and production as
9 well as downstream operations, and all their affiliates, and all the members of
10 the board of directors, officers, and employees, including their relatives up to the
11 fourth degree of consanguinity or affinity are prohibited from acting as, or having
12 any stake in, the Third Party Auctioneer.

13
14 **SECTION 11. Mandatory Registration.** – After the promulgation of the CSP
15 Rules and CSP Regulations, participants to the CSP shall register in accordance
16 with Section 8 (a) of this Act: *Provided*, that such registration will serve as the
17 contract between the Third Party Auctioneer and the CSP participant with
18 regards to their respective duties, responsibilities, guarantees, and liabilities.
19 Thereafter, all CSP participants shall undergo training in accessing and using
20 the CSP Electronic Network-Based Platform to be utilized by the Third Party
21 Auctioneer.

22
23 **SECTION 12. Power Supply Procurement Plan.** – Every Distribution Utility and
24 Other Distribution Entities shall prepare and submit its PSPP to the DOE as part
25 of its annual submission of the Distribution Development Plan, and undertake
26 a cost-benefit analysis of the power supply requirements for its captive market
27 taking into consideration, among others, prevailing price in the market, energy
28 demand forecasting, load matrix, and existing DOE, ERC, NEA, and NPC
29 circulars and resolutions, whichever is applicable, including but not limited to
30 the Power Development Plan, the Missionary Electrification Development Plan,
31 the National Renewable Energy Plan, the Renewable Portfolio Standard, and
32 Retail Competition and Open Access.

33 The PSPP shall be updated annually and approved by the Board of
34 Directors of the Distribution Utility and Other Distribution Entities and
35 submitted to DOE on or before the 15th of March. In the case of electric
36 cooperatives, the submission shall include the NEA: *Provided*, That NEA shall

1 provide the necessary assistance to electric cooperatives to equip them in the
2 formulation of their respective PSPPs. In the case of Off-grid areas, the
3 submission shall include the NPC.

4 DOE, with NEA in the case of electric cooperatives, shall endorse the
5 submitted PSPP within thirty (30) days from receipt to the ERC and the Third
6 Party Auctioneer. The endorsed PSPPs shall be posted by the ERC in the
7 electronic portal as provided under Section 21 of this Act.

8 The contents of the PSPP shall be determined by the DOE in consultation
9 with ERC, NEA, NPC, Distribution Utilities, and Other Distribution Entities.
10

11 **SECTION 13. Standardized Contracts.** – All contracts, forms, and documents
12 used during the CSP shall be standardized and unified. PSCs shall have General
13 Conditions and Particular Conditions. The General Conditions shall include a
14 maximum contract period to be determined and adjusted regularly by DOE.
15

16 **SECTION 14. Results and Approval.** – The Third Party Auctioneer shall submit
17 a report to ERC after the determination of the winning bidder within a period of
18 time determined by ERC. Thereafter, ERC shall issue a certificate that the CSP
19 procedure is compliant with CSP Rules and CSP Regulations and that the
20 winning bid is below the Reserve Price within fifteen (15) days from the
21 submission of the report.
22

23 **SECTION 15. Non-Compliance with CSP Procedure.** – Upon ERC's finding of
24 non-compliance by the Third Party Auctioneer with the CSP procedure, the entire
25 CSP shall be repeated.
26

27 **SECTION 16. Force Majeure or Fortuitous Event.** – A Distribution Utility or
28 Other Distribution Entities may enter into an interim negotiated contract with a
29 Generation Company or Supply Aggregator on the basis solely of force majeure
30 or fortuitous event: *Provided*, That the interim negotiated contract shall be
31 effective immediately but shall be subject to ERC review, the results of which
32 must be concluded and released within thirty (30) days from parties' submission
33 of all documents; *Provided further*, That the interim negotiated contract shall
34 have a maximum period of one (1) year and the price shall not be higher than
35 the Reserve Price for similarly situated demand.

1 **SECTION 17. Failed Bidding.** – After qualification and on the day of actual
2 bidding, failed bidding happens under the following circumstances:

- 3 1. When there are no bids submitted for two consecutive rounds;
- 4 2. When there is only one bidder and its bid is above the Reserve Price for
5 two consecutive rounds; or
- 6 3. When there is more than one bidder, and all bids are above the Reserve
7 Price for two consecutive rounds.

8 Upon a failed bidding, the Distribution Utility or Other Distribution Entities can
9 enter into a negotiated contract with a Generation Company or Supply
10 Aggregator: *Provided*, That the contract shall be subject to a full review of ERC
11 in the exercise of its rate-making power, the results of which must be released
12 within ninety (90) days from the parties' submission of all documents.

13
14 **SECTION 18. Negligence and Abuse.** – Any allegation of negligence and/or
15 abuse on the part of the Third Party Auctioneer at any stage of the CSP shall be
16 filed with the ERC: *Provided*, That this is without prejudice to any civil or criminal
17 case against the Third Party Auctioneer.

18
19 **SECTION 19. Off-Grid Areas.** – The CSP procedure as detailed in this Act shall
20 be applicable for the selection of NPPs and QTPs in the Off-grid areas: *Provided*,
21 That DOE shall provide a different CSP procedure in consultation with NPC and
22 NEA for those Off-grid areas with small demand, security problems, or any other
23 similar criteria as determined by the DOE: *Provided further*, That no CSP shall
24 be required for the supply of the NPC to the Distribution Utilities or Other
25 Distribution Entities in the Off-grid areas.

26 **CHAPTER III**

27 **TRANSPARENCY**

28 **SECTION 20. Observers.** – The Third Party Auctioneer shall, in all stages of the
29 CSP, ensure that DOE, ERC, NEA, NPC, and other interested parties as
30 determined by DOE are informed and that their representatives are allowed to
31 observe.

1 **SECTION 21. Electronic Portal.** – The ERC shall develop or procure an
2 electronic portal which shall serve as the primary source of information on the
3 CSP: *Provided*, That the ERC shall ensure the integrity, security, and
4 confidentiality of all documents submitted through the electronic portal.

5 In all stages of the CSP, the Third Party Auctioneer shall ensure that
6 information from Generation Companies, Supply Aggregators, Distribution
7 Utilities, Other Distribution Entities, and Demand Aggregators shall be posted
8 on the electronic portal to ensure equal access of information for all the CSP
9 participants: *Provided*, That no proprietary information shall be posted on the
10 electronic portal.

11 **CHAPTER IV**

12 **PROHIBITED ACTS AND PENALTIES**

13
14 **SECTION 22. Confidentiality.** – Prior to their official release, no aspect of the
15 documents used in any CSP shall be divulged or released to any prospective
16 Generation Company, Supply Aggregator, Distribution Utility, Other Distribution
17 Entities, Demand Aggregator, or any other person or entity having direct or
18 indirect interest in the PSCs subject of CSP.

19
20 **SECTION 23. Administrative Offenses.** – The following acts, when committed
21 by a government official and/or employee, shall be considered administrative
22 offenses:

- 23 a) Breach of confidentiality as provided under Sections 21 and 22 of this Act;
24 b) Willful acts which delay the operationalization of the CSP; and
25 c) Failure to comply with the mandated timelines prescribed under Sections
26 4(u), 7, 8, 9, 12, 14, 16, and 17 of this Act.

27
28 **SECTION 24. Administrative Penalties.** – Any government official or employee
29 found guilty of the act stated in Sections 23 (a) and (b), on the first offense shall
30 be suspended from service for six (6) months and one (1) day to one (1) year

1 without pay, and on the second offense shall be dismissed from service that shall
2 carry with it perpetual disqualification from holding public office.

3 Any government official or employee found guilty of the act stated in Sec.
4 23 (c), on the first offense shall be reprimanded, on the second offense shall be
5 suspended from service for one (1) to thirty (30) days, and on the third offense
6 shall be dismissed from service that shall carry with it perpetual disqualification
7 from holding public office.

8
9 **SECTION 25. Criminal Offenses.** – The performance of the following acts by
10 any person shall be considered a criminal offense:

- 11 1. Disclosure of the Reserve Price by any individual before the proclamation
12 of the winning bidder;
- 13 2. Tampering with the CSP software;
- 14 3. Manipulation of any stage of the CSP procedure to unduly favor any
15 participant; and
- 16 4. Violation of Section 22 of this Act.

17
18 **SECTION 26. Criminal Liability.** – Any person found guilty of the acts stated
19 in Section 25 shall receive a punishment of prison mayor and a fine ranging
20 from Five hundred thousand Philippine pesos (P500,000.00) to Fifty million
21 Philippines pesos (P50,000,000.00)

22 **CHAPTER V**

23 **FINAL PROVISIONS**

24 **SECTION 27. Transitory Provision.** – Pending the formulation and effectivity
25 of the CSP Rules and CSP Regulations, the existing DOE, NEA, and ERC
26 Circulars and Resolutions requiring a CSP shall continue to apply.

27
28 **SECTION 28. Separability Clause.** – If, for any reason, any provision of this Act
29 is declared to be unconstitutional or invalid, the other sections or provisions
30 hereof which are not affected thereby shall continue to be in full force or effect.

1 **SECTION 29. Repealing Clause.** – All laws, decrees, orders, rules and
2 regulations or parts thereof which are inconsistent with or contrary to the
3 provisions of this Act are hereby repealed, amended or modified accordingly.

4
5 **SECTION 30. Effectivity.** – This Act shall take effect fifteen (15) days after its
6 publication in at least two (2) national newspapers of general circulation.

7

8 *Approved.*