

SENATE

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P.S. Res. No. 830

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[Signature]

Introduced by Senator FRANCIS G. ESCUDERO

RESOLUTION

DIRECTING THE JOINT CONGRESSIONAL POWER COMMISSION (JCPC) TO CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE ASSET AND DEBT MANAGEMENT PRACTICES OF THE POWER SECTOR ASSET AND LIABILITIES MANAGEMENT CORP. (PSALM) IN DIRECT RELATION TO ITS PETITION FOR INCREASES IN CONSUMER ELECTRICITY RATES

1 **WHEREAS**, Republic Act No. 9136, otherwise known as the "Electric Power
2 Industry Reform Act of 2001" (EPIRA), was signed into law on June 8, 2001 and took
3 effect on June 26, 2001. It declares, as a matter of State policy, "*to ensure the quality,*
4 *reliability, security and affordability of the supply of electric power,*" [and] *to ensure*
5 *transparent and reasonable prices of electricity in a regime of free and fair competition and full*
6 *public accountability to achieve greater operational and economic efficiency and enhance the*
7 *competitiveness of Philippine products in the global market;*¹

WHEREAS, pursuant to Section 62 of the EPIRA, the Joint Congressional Power Commission (JCPC) is constituted with the mandate to exercise legislative oversight functions to, among others, monitor, ensure review and evaluate the implementation of the law, determine its weaknesses and recommend remedial measures to address the same.²

WHEREAS, the Power Sector Asset and Liabilities Management Corp. (PSALM), the government agency tasked to handle the physical and financial assets of the National Corporation (NAPOCOR), has petitioned and requested the Energy Regulatory Commission to increase consumer electricity rates in the amount of 86 centavos per kilowatt hour over and above existing rates.

WHEREAS, PSALM has revealed the assumed debts of the NAPOCOR currently amounting to P450 billion excluding P34B in interest.

WHEREAS, PSALM has addressed NAPOCOR's debt situation by, among others, selling and privatizing the latter's assets (i. e., power plants) and charging Stranded Costs in electricity bills of Filipino consumers nationwide;

¹ Paragraphs b) and c), Section 2, Chapter I, EPIRA.

² Section 62, Chapter VIII, EPIRA

WHEREAS, there is a need to examine the asset and liabilities management systems employed by PSALM and determine the total amount of its handled assets vis-a-vis its liabilities, its earnings from the sale of assets, and what processes and terms of reference are used in said privatization efforts;

WHEREAS, the determination of PSALM's financial situation and management practices has a direct bearing on the Filipino electricity consumer, as it has been the practice of PSALM to pass on part of its debt servicing costs to said end-users in the form of additional charges in electricity billings;

WHEREAS, the inquiry is but imbued with public interest;

NOW, THEREFORE BE IT, RESOLVED AS IT HEREBY RESOLVED to *direct* the JCPC or Joint Congressional Power Commission JCPC to conduct an Inquiry in aid of Legislation on the asset and liability management of the PSALM as it directly relates to increases in consumer electricity rates.

Adopted,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.