



SENATE

S. No. 1950

PREPARED AND SUBMITTED JOINTLY BY THE COMMITTEES
ON ENERGY AND FINANCE WITH SENATORS RECTO,
GATCHALIAN, EJERCITO AND ANGARA AS AUTHORS
THEREOF

AN ACT REDUCING ELECTRICITY RATES BY
ALLOCATING THE NET NATIONAL
GOVERNMENT SHARE FROM THE
MALAMPAYA NATURAL GAS PROJECT FOR
THE PAYMENT OF THE STRANDED
CONTRACT COSTS, STRANDED DEBTS,
MISSIONARY ELECTRIFICATION CHARGE,
AND ENVIRONMENTAL CHARGE OF THE
NATIONAL POWER CORPORATION, AND THE
FEED-IN-TARIFF ALLOWANCE

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

1 SECTION 1. *Short Title.* – This Act shall be known as
2 the “Murang Kuryente Act”.

3 SEC. 2. *Declaration of Policy.* – It is hereby declared
4 the policy of the State to protect public interest by

1 ensuring the provision of reliable, secure, and affordable
2 supply of electric power to consumers. Towards this end,
3 the State shall implement policies and programs to ensure
4 transparent and reasonable prices of electricity to
5 consumers by minimizing the universal charges for
6 stranded contract costs and stranded debts.

7 SEC. 3. *Definition of Terms.* – For purposes of this
8 Act, the following terms shall be defined as stated below:

9 (a) Energy Regulatory Board (ERB) refers to the
10 independent, quasi-judicial regulatory body created under
11 Executive Order No. 172, otherwise known as “Creating
12 the Energy Regulatory Board”;

13 (b) Energy Regulatory Commission (ERC) refers to
14 the independent quasi-judicial body created under
15 Republic Act No. 9136, otherwise known as the “Electric
16 Power Industry Reform Act of 2001”;

17 (c) Environmental Charge refers to the universal
18 charge that accrues to an environmental fund, which is
19 used solely for watershed rehabilitation and management,
20 managed by the National Power Corporation;

1 (d) Department of Budget and Management (DBM)
2 refers to the government agency created pursuant to Title
3 XVII, Chapter 1, Section 3 of Executive Order No. 292,
4 otherwise known as the “Administrative Code of 1987”;

5 (e) Department of Energy (DOE) refers to the
6 government agency created pursuant to Republic Act
7 No. 7638, otherwise known as the “Department of Energy
8 Act of 1992”, and whose functions were expanded by
9 Republic Act No. 9136, otherwise known as the “Electric
10 Power Industry Reform Act of 2001”;

11 (f) Department of Finance (DOF) refers to the
12 government agency created pursuant to Title II, Chapter 1,
13 Section 1 of Executive Order No. 292, otherwise known as
14 the “Administrative Code of 1987”;

15 (g) Feed-In-Tariff Allowance (FIT-ALL) refers to the
16 charge collected from all on-grid electricity end-users to
17 support the annual requirements of the feed-in-tariff
18 system pursuant to Republic Act No. 9513, otherwise
19 known as the “Renewable Energy Act of 2008”;

1 (h) Joint Congressional Power Commission (JCPC)
2 refers to the congressional commission constituted under
3 Section 62 of Republic Act No. 9136, otherwise known as
4 the "Electric Power Industry Reform Act of 2001";

5 (i) Malampaya Fund refers to the existing and future
6 net government share from the net production proceeds of
7 the Malampaya Natural Gas Project pursuant to
8 Presidential Decree No. 87, otherwise known as "The Oil
9 Exploration and Development Act of 1972" and Service
10 Contract 38. This government share forms part of a Special
11 Fund used to finance energy resource development and
12 exploitation programs pursuant to Presidential Decree
13 No. 910, otherwise known as "Creating an Energy
14 Development Board, Defining Its Powers and Functions,
15 Providing Funds, Therefor, and For Other Purposes";

16 (j) Malampaya Natural Gas Project refers to Service
17 Contract 38 in offshore Northwest Palawan;

18 (k) Missionary Electrification Charge refers to a
19 charge to fund the electrification of remote and unviable
20 areas, as well as areas not connected to the transmission

1 system expressed in peso per kilowatt-hour and applied to
2 all electricity end-users which is determined, fixed, and
3 approved by the ERC where the evaluation of the
4 requirements is based on the Missionary Electrification
5 Development Plan submitted by the DOE;

6 (l) National Power Corporation (NPC) refers to the
7 government corporation created under Republic Act
8 No. 6395, otherwise known as "An Act Revising the
9 Charter of the National Power Corporation", as amended,
10 and whose additional mandate is further set in Republic
11 Act No. 9136, otherwise known as the "Electric Power
12 Industry Reform Act of 2001";

13 (m) Net Government Share refers to the sixty percent
14 (60%) share of the national government from the net
15 production proceeds of Service Contract 38 pursuant to
16 Presidential Decree No. 87, otherwise known as "The Oil
17 Exploration and Development Act of 1972" after the
18 deductions provided by Presidential Decree No. 910,
19 otherwise known as "Creating an Energy Development

1 Board, Defining Its Powers and Functions, Providing
2 Funds, Therefor, and For Other Purposes”;

3 (n) Net National Government Share refers to the
4 share of the national government from the net government
5 share after the deduction from the net government share of
6 the local government share pursuant to Section 290 of
7 Republic Act No. 7160, otherwise known as the “Local
8 Government Code of 1991”;

9 (o) Net Production Proceeds refer to the balance of
10 gross proceeds from Service Contract 38 after deducting
11 the Filipino participation incentive, if any, and all
12 operating expenses pursuant to Section 8 (1) of
13 Presidential Decree No. 87, otherwise known as “The Oil
14 Exploration and Development Act of 1972”;

15 (p) Power Sector Assets and Liabilities Management
16 Corporation (PSALM) refers to the government corporation
17 created pursuant to Section 49 of Republic Act No. 9136,
18 otherwise known as the “Electric Power Industry Reform
19 Act of 2001” which assumed all of NPC’s obligations and
20 stranded contract costs;

1 (q) Stranded Contract Costs of NPC or Distribution
2 Utility refer to the excess of the contracted cost of
3 electricity under eligible independent power producer
4 contracts over the actual selling price of the contracted
5 energy output of such contracts in the market. Such
6 contract shall have been approved by the ERB as of
7 December 31, 2000; and

8 (r) Stranded Debts of NPC refer to any unpaid
9 financial obligations of the NPC which have not been
10 liquidated by the proceeds from the sales and privatization
11 of NPC assets.

12 SEC. 4. *Use of Malampaya Fund.* – All proceeds of the
13 Net National Government Share from the Malampaya
14 Fund, shall be allocated for the payment of Stranded
15 Contract Costs and Stranded Debts transferred to and
16 assumed by the PSALM pursuant to Section 49 of Republic
17 Act No. 9136, otherwise known as the “Electric Power
18 Industry Reform Act of 2001”, including all anticipated
19 shortfalls in the course of payment of such liabilities after
20 applying the PSALM’s collections from privatization of the

1 NPC's assets, independent power producers' contracts, and
2 proceeds from operations of existing assets for the payment
3 of the Missionary Electrification Charge, Environmental
4 Charge, and Feed-in-Tariff Allowance: *Provided*, That upon
5 final resolution in favor of the National Government of any
6 ongoing dispute over the Net National Government Share,
7 the amount shall be allocated solely for the purpose
8 specified in this Act.

9 The Net National Government Share from the
10 Malampaya Fund shall be remitted to a Special Trust
11 Fund to be administered by the PSALM: *Provided*, That
12 the amounts herein allocated shall be included in the
13 General Appropriations Act. The DBM shall provide a
14 timely release of the amounts allocated and appropriated
15 to the PSALM in accordance with its debt and independent
16 power producer payment schedule.

17 When the Stranded Contract Costs, Stranded Debts,
18 and anticipated shortfalls in the course of the payment of
19 such liabilities are fully paid before the termination of the
20 corporate life of the PSALM, the Net National Government

1 Share, shall be utilized for the payment of the Missionary
2 Electrification Charge, Environment Charge, and
3 Feed-in-Tariff Allowance: *Provided*, That any and all
4 excess in the fund shall accrue back to the Special Fund to
5 finance energy resource development and exploitation
6 programs created under Presidential Decree No. 910,
7 otherwise known as "Creating an Energy Development
8 Board, Defining Its Powers and Functions, Providing
9 Funds, Therefor, and For Other Purposes".

10 SEC. 5. *Regular Reports.* – The PSALM shall submit
11 an annual projected cash flow statement and an annual
12 actual cash flow statement of the Stranded Contract Costs,
13 Stranded Debts, and anticipated shortfalls as well as its
14 debt payment and independent power producer contract
15 payment schedule to the DOE, ERC, DOF, DBM, and the
16 JCPC: *Provided*, That the submission of the annual
17 projected cash flow statement shall be on or before June 30
18 of the preceding year and that of the annual actual cash
19 flow statement shall be on or before June 30 of the
20 succeeding year. The PSALM shall regularly coordinate

1 with the DOE, DOF, and the DBM to ensure consistent
2 record-keeping of remittances to and disbursements from
3 the Malampaya Fund and the Special Trust Fund created
4 under this Act. The PSALM shall make all reports
5 available to the public through its website.

6 SEC. 6. *Congressional Oversight.* – Upon the
7 effectivity of this Act, the JCPC shall exercise oversight
8 powers over its implementation.

9 SEC. 7. *Implementing Rules and Regulations.* –
10 Within sixty (60) days from the effectivity of this Act, the
11 DOF, in consultation with DOE, DBM, and the PSALM
12 shall provide the necessary rules and regulations for the
13 proper disposition of the said funds and the effective
14 implementation of this Act.

15 SEC. 8. *Repealing Clause.* – All laws, decrees,
16 issuances, rules and regulations or parts thereof
17 inconsistent with the provisions of this Act are hereby
18 repealed, amended or modified accordingly.

19 SEC. 9. *Effectivity.* – This Act shall take effect fifteen
20 (15) days from the date of publication in the *Official*

- 1 *Gazette* or in at least two (2) newspapers of general
- 2 circulation.

Approved,