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**SENATE**

P. S. Res. No. 131

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INTRODUCED BY SENATOR MAGSAYSAY, Jr.

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**RESOLUTION**

**URGING THE ENERGY REGULATORY COMMISSION TO APPROVE AN ECONOMIC DEVELOPMENT INCENTIVE RATE THAT WOULD APPLY TO ELECTRONICS AND SEMICONDUCTOR EXPORTERS OPERATING IN THE PHILIPPINES**

**WHEREAS**, the semiconductor and electronics industries which account for \$24.6 billion or 68% of total Philippine exports last year and directly employ more than 346,000 workers have sought a reprieve from the high cost of power, which has jeopardized their competitiveness considering that electricity costs comprise up to 25% of their total expenses;

**WHEREAS**, one measure being considered in addressing the predicament of the said industries is to amend Republic Act No. 9136 otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA) by accelerating the implementation of open access or retail competition that will enable them to source their supply of electricity directly from the National Power Corporation (NPC) or other independent power producers (IPPs);

**WHEREAS**, Section 31 of the EPIRA mandates the implementation of open access and retail competition not later than three (3) years upon the effectivity thereof, subject to the conditions stated therein;

**WHEREAS**, the conditions prescribed in Section 31 of the EPIRA, along with the other measures and steps to be undertaken pursuant thereto, are necessary to create a fair and robust competition and a level playing field in the electric power industry in a manner which protects and benefits the consumers;

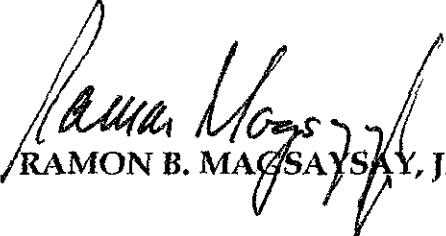
**WHEREAS**, on the other hand, retail competition for electric generation should begin only when the essential elements to ensure the fairness of a competitive market are developed and in place;

**WHEREAS**, another way of addressing the problem of the semiconductor and electronics industries concerning high electricity costs is to allow them to negotiate for special discount rates, terms and conditions with distribution utilities within whose franchise areas they operate, subject to approval by the ERC prior to their implementation;

**WHEREAS,** properly designed and administered discount rates lead to business decisions that are both financially attractive and economically efficient, thereby leading to a more productive allocation of society's resources;

**WHEREAS,** the approval of an "economic development" rate discount does not violate laws against rate discrimination because such rate discounts are based upon valid cost-of-service distinctions that can justify a separate rate reclassification.

**NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED,** that the Senate strongly urge the Energy Regulatory Commission, to approve an economic development incentive rate or such other discount mechanism which will allow semiconductor and electronics exporters operating in the Philippines to benefit from a reduction or discount in rates and thereby enable them to market their products on a competitive basis worldwide.

  
RAMON B. MACSAYSAY, JR.