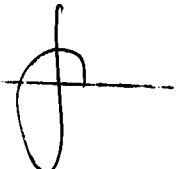


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

23 DEC 13 P2:09

SENATE
P. S. Res. No. 886

RECEIVED BY: 

Introduced by: Senator Raffy T. Tulfo

A RESOLUTION

DIRECTING THE SENATE COMMITTEE ON PUBLIC SERVICES, JOINT WITH THE SENATE COMMITTEE ON ENERGY, TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE POSSIBLE AMENDMENT, ALTERATION, REPEAL OR CANCELLATION OF THE LEGISLATIVE FRANCHISE OF THE NATIONAL GRID CORPORATION OF THE PHILIPPINES

1 WHEREAS, in 2009, the Congress granted legislative franchise to the National
2 Grid Corporation of the Philippines (NGCP) through R.A. No. 9511 to be the sole power
3 transmission service provider and systems operator of the country's national grid;

4 WHEREAS, the NGCP is a privately-owned company in charge of operating,
5 maintaining, and developing the Philippines' power grid, effectively ensuring the
6 transmission of electricity from the power plants in different parts of the country to
7 the distribution utilities, electric cooperatives, and large power users;

8 WHEREAS, the national grid plays a vital role in connecting millions of people
9 to the energy they utilize daily in a safe, reliable, and efficient manner, and is one of
10 the most critical infrastructures of the country that proves to be significant for the
11 defense of the nation;

12 WHEREAS, Section 2 of R.A. No. 9511, expressly provides that the franchise of
13 the NGCP is "granted under the condition that it shall be subject to amendment,
14 alteration, or repeal by Congress when the common good so requires";

15 WHEREAS, on May 24, 2023, a hearing jointly held by the Senate Committee
16 on Energy and the Senate Committee on Trade, Commerce and Entrepreneurship

1 revealed that the NGCP, as the systems operator, has the capability to remotely switch
2 on or off any transmission line or power plant through the Supervisory Control and
3 Data Acquisition (SCADA) system of the power grid;

4 WHEREAS, in the same hearing, the Energy Regulatory Commission (ERC),
5 stated that the NGCP has been spending higher on capital expenditures but a great
6 number of their projects remain uncompleted;

7 WHEREAS, the ERC issued a show-cause order against the NGCP for its
8 inordinate delay in the implementation of 37 transmission projects by around 820 days
9 or almost three (3) years per project;

10 WHEREAS, according to the ERC, 26 out of the 37 transmission projects such
11 as the Bataan-Hermosa line and the Cebu-Negros-Panay Interconnection project
12 remain incomplete;

13 WHEREAS, the NGCP appears to have also violated Section 3 of R.A. 9511 by
14 failing to improve the grid system and related facilities, and its operation and
15 maintenance in accordance with industry standards through the numerous automatic
16 load dropping incidents and grid-level outages due to the failure to comply with the
17 Single Outage Contingency Criterion, significant delays of the completion of grid
18 projects, and inadequate procurement of ancillary services to prevent outages;

19 WHEREAS, on July 12, 2023, on another hearing jointly held by the Senate
20 Committee on Energy and the Senate Committee on Trade, Commerce and
21 Entrepreneurship, it was revealed that there is an internal arrangement among the
22 shareholders of NGCP that its board of directors may only conduct board meetings if
23 at least one (1) representative of the State Grid Corporation of China (SGCC) is
24 present;

25 WHEREAS, Section 11, Article 7 of the 1987 Philippine Constitution states that
26 all the executive and managing officers of public utilities must be citizens of the
27 Philippines but only Chinese citizens were appointed as the Chief Technical Officer of
28 the NGCP, a public utility, until 2018;

1 WHEREAS, despite its dismal performance and continued delays, the dividends
2 paid out by the NGCP to its shareholders are consistently higher than its capital
3 expenditure, with the company continuing to pay dividends amounting to Php 238.8
4 Billion from 2009 to 2022, or 77% of its net income;

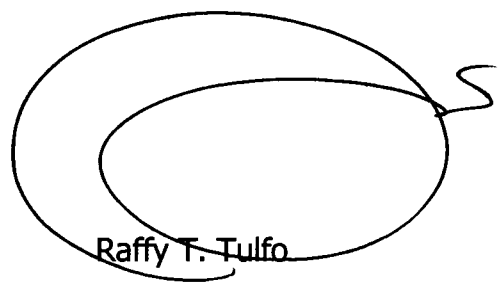
5 WHEREAS, the NGCP has also repeatedly refused numerous audit requests
6 from both the DOE and the National Transmission Corporation (TransCo) since 2017;

7 WHEREAS, such actions and behavior displayed throughout the years of
8 operations of the NGCP violates the commitment it made through R.A. No. 9511 and
9 the Transmission Development Plan;

10 WHEREAS, in order to ensure the protection of the country's power grid, there
11 is a need to look into the possible amendment, alteration, repeal, or cancellation of
12 the legislative franchise of the NGCP, or to transfer the systems operator function of
13 the NGCP to TransCo or any other qualified entity;

14 NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED BY THE
15 SENATE OF THE PHILIPPINES, that the Senate Committee on Public Services, joint
16 with the Senate Committee on Energy, be directed to conduct an inquiry, in aid of
17 legislation, into the possible amendment, alteration, repeal, or cancellation of the
18 legislative franchise of the National Grid Corporation of the Philippines.

Approved,



Raffy T. Tulfo