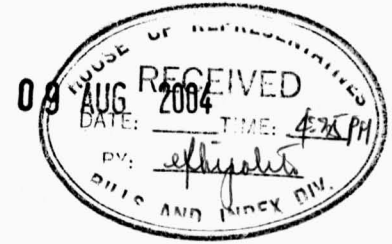


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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



First Regular Session
THIRTEENTH CONGRESS

House Bill No. 2250

Introduced by Congressman Jose G. Solis

EXPLANATORY NOTE

This bill mandates the conversion of the Bataan Nuclear Power Plant (BNPP) in the Municipality of Morong, Province of Bataan, into a gas-fired power plant.

After its completion in 1986, the BNPP could have been commissioned. It could have generated 600 megawatts (mw) of electricity, so sorely needed during the power shortages in the early 1990's. Questions of safety, graft and payoffs during the Marcos administration and political factors prompted the then Aquino government not to operate the (BNPP). It has been idle since then.

To this day, the Philippine Government is still paying the foreign loans that financed the construction costs of the BNPP which eventually reached a staggering \$2.3 Billion. The BNPP loans represent the single biggest chunk of the Philippines' foreign debt, with interest payments alone running closely to \$300,000.00 per day. The Marcos government made the gross error of investing billions in the BNPP instead of using the funds to develop more efficient energy system and alternative energy sources such as solar and geothermal or natural gas energy.

The Department of Energy, upon the recommendation of a multi-sectoral task force on BNPP, found the mothballed nuclear power plant to be technically, environmentally and economically feasible to operate if converted into a natural gas-fired combine-cycle power plant. The

Department of Energy also went further by saying that said conversion is necessary due to the following:

a. The repair, upgrade and operation of the BNPP as nuclear power plant will not result in substantial net economic benefit;

b. The cost of electricity generated by a gas-fired plant is cheaper than that from BNPP if all present expenditures and capital investments in BNPP are considered sunk costs;

c. A majority of the members of the Presidential Committee on the BNPP found the operation of the facility as nuclear plant under the Westinghouse proposals "to be economically non-viable given other options for replacement power;"

d. The conversion of the mothballed nuclear power plant into a gas-fired power plant would cost lower than if a new plant were put up; and

e. The BNPP, as designed and built by Westinghouse and Burns and Roe, "is so defective...that it would cost more than \$400 million to prepare for safe operation." This amount is over two-thirds the cost of building a new base load power plant of comparable size.

It is for these reasons that the present government should act expeditiously in converting the BNPP into a gas-fired power plant. If this is not done, the opportunity to erase from the national psyche this one issue that continues to drain our scarce resources will be lost. Hence immediate approval of this bill is highly recommended.



JOSE G. SOLIS

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

First Regular Session
THIRTEENTH CONGRESS

House Bill No. 2250

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AN ACT
MANDATING THE CONVERSION OF THE BATAAN NUCLEAR
POWER PLANT IN THE MUNICIPALITY OF MORONG,
PROVINCE OF BATAAN, INTO A NATURAL GAS-FIRED POWER
PLANT TO BE KNOWN AS THE BATAAN GAS-FIRED POWER
PLANT, AND APPROPRIATING FUNDS THEREFOR.

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

SECTION 1. The Bataan Nuclear Power Plant (BNPP) in the Municipality of Morong, Province of Bataan is hereby converted into a natural gas-fired combined-cycle power plant hereinafter referred to as the Plant.

The Plant shall primarily use liquefied natural gas (LNG) to operate the combine-cycle power plant for the generation of electricity to feed the electrical power needs of the entire Luzon grid and to furnish the energy to fuel a rapidly industrializing Philippine economy.

SECTION 2. The Secretary of Energy shall have the primary responsibility to implement the conversion of the Bataan Nuclear Power Plant into a natural gas-fired combine-cycle power plant. For this purpose, the Secretary of Energy shall promulgate rules and regulations necessary for the effective implementation of this Act.

SECTION 3. The Secretary of Energy shall determine the organizational structure, staffing pattern, and pay scale of the Plant and the officers and employees thereof conformably to that of the existing government-owned or controlled power plants and subject to the evaluation or screening by the Civil Service Commission and the Office of Compensation and Position Classification Board.

SECTION 4. The Department of Finance shall have the primary responsibility of monitoring and coordinating the restructuring, whenever legally enforceable, of all loans and financial obligations relating to the Bataan Nuclear Power Plant.

SECTION 5. The Department of Energy shall supervise and monitor the disposition and liquidation of the BNPP assets, structures, equipment, spare parts, uranium fuel, and other related items, which will not be needed and utilized for the conversion of the BNPP into a natural gas-fired power plant.

SECTION 6. The appropriations, funds, records, equipment, materials, facilities, rights and other assets of the Bataan Nuclear Power Plant shall be transferred to the Plant.

SECTION 7. The amount necessary to carry out the provisions of this Act is hereby authorized to be appropriated in the General Appropriations Act of the year following its enactment into law and thereafter.

SECTION 8. All laws, decrees, orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 9. This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,