



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2705

Introduced by Rep. Winston T. Castelo

EXPLANATORY NOTE

Since the creation of the Energy Development Board in 1976 pursuant to PD No. 910 on start up appropriation of P5 million, 'the fees, revenues and receipts from any and all source including receipts from service contracts and agreements; all money collected from concessionaires as well as government share representing royalties, rentals, production share on service contracts and similar resources' have formed part of a Special Fund to finance energy resource development and for other purposes as the President may direct – have already ballooned to nearly reach the P80 billion threshold as in the case of the Malampaya Natural Gas Project.

But until the law is amended, the fund is deemed part of a Special Fund well within the Board to administer in accordance with its powers under PD No. 910 to finance energy-related programs and projects of government. Additionally, for other such purposes, the President may so direct use of such funds.

This bill therefore contemplates that the funds of the Malampaya Natural Gas Project, *now in the near P80 billion mark, said to be 'floating up in budget clouds'* be channeled to the General Fund. This may mean a shift or transfer from being a Special Fund to a General Fund category. In this way, it shall be included in the Budget of Expenditures and Sources of Financing (BESF) of the General Appropriations Act (GAA) rendering the funds subject to reasonable, transparent and democratic utilization based on projected expenditures.

Truth is, this bill serves as what is termed as 'appropriations cover from Congress' so it will now be treated not as special fund, not as off-budget item but rather as General Fund and as on-budget item that can be prioritized for general utilization.

Amending the important provisions of PD No. 910, subject of this measure, is the key to the fullest utilization of the proceeds that have already accumulated which should justifiably cascade to address not just economic growth but should redound to the general public welfare just as well.

Passage of this bill is highly sought.

WINSTON "WINNIE" CASTELO

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AN ACT
AMENDING CERTAIN SECTIONS OF PRESIDENTIAL DECREE NO. 910 CREATING
AN ENERGY DEVELOPMENT BOARD, DEFINING ITS POWERS AND FUNCTIONS,
PROVIDING FUNDS, THEREFOR, AND FOR OTHER PURPOSES

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

Section 1 of Presidential Decree No. 910 is hereby amended to read as follows:

"Section 1. *Declaration of Policy.* It is declared policy of the State to achieve self-reliance in the country's energy requirements primarily through the intensified and coordinated exploration and development of indigenous energy resources in order to accelerate overall economic growth and general public welfare."

Section 8 of Presidential Decree No. 910 is hereby amended to read as follows:

"Section 8. *Appropriations.* The sum of Five Million Pesos out of any available funds from the National Treasury is hereby appropriated and authorized to be released for the organization of the Board and its initial operations. Henceforth, funds sufficient to carry out the functions and objectives of the Board shall be appropriated every fiscal year in the General Appropriations Act.

All fees, revenues and receipts of the Board from any and all sources including receipts from service contracts and agreements such as application and processing fees, signature bonus, discovery bonus, production bonus; all money collected from concessionaires, representing unspent work obligations, fines and penalties under the Petroleum Act of 1949; as well as the government share representing royalties, rentals, production share on service contracts and similar payments on the exploration, development and exploitation of energy resources, shall from part of the **General Fund** to be used to finance energy resource development and exploitation programs and projects of the government and for such other purposes that redound to general public welfare as may be hereafter directed by the President."

Approved,