

SIXTEENTH CONGRESS
OF THE REPUBLIC OF THE PHILIPPINES
First Regular Session



HOUSE OF REPRESENTATIVES

House Bill No. 4580

Introduced by Representative Susan A. Yap

EXPLANATORY NOTE

A stable and reliable source of electricity is one of the principal requirements for sustained development in today's world. Tarlac is no exception.

Tarlac has long been served well by existing franchise holder of the area, (Tarlac Enterprises, Inc.)

In the State of Nation Address for the opening of the 16th Congress, President Benigno Aquino III highlighted that the National Electrification Administration has electrified more than 144 target sitios in Tarlac under the Sitio Electrification program at a cheaper price.

However, per the Department of Budget and Management (DBM), the 2012 experience in the accelerated implementation of the Sitio Electrification Program (SEP) raises red flags on the absorptive capacity of the National Electrification Administration (NEA) and the electric cooperatives (ECs). Therefore, decision-makers may have to reassess the absorptive capacity of the ECs and NEA in light of this experience and explore a possible downscaling of annual targets to more realistic levels and extension of the implementation period to a more realistic duration.

It is for this reason that existing suppliers and providers need to be available in order to provide the services to existing power users and customers, outside and even within the sitios.

The power, which is so vital to the well being of the consumer, must flow uninterrupted.

In view of the foregoing, passage of this bill is earnestly sought.


REP. SUSAN YAP
Second District of Tarlac

HOUSE OF REPRESENTATIVES

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AN ACT
EXTENDING THE TERM OF THE FRANCHISE GRANTED TO TARLAC
ENTERPRISES, INC. TO CONSTRUCT, OPERATE AND MAINTAIN AN
ELECTRIC LIGHT, HEAT AND POWER SYSTEM IN THE CITY OF TARLAC,
PROVINCE OF TARLAC, FOR A PERIOD OF TWENTY-FIVE (25) YEARS AND
FOR OTHER PURPOSES

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

Section 1. Nature and Scope of Franchise. - The term and franchise granted to Tarlac Enterprises, Inc. under Republic Act Numbered Seventy-six hundred and six, is hereby extended, under the same terms and conditions therein provided and subject to the provisions of the Constitution and Act Numbered Thirty-six hundred and thirty-six, as amended by Commonwealth Act Numbered One hundred and thirty-two, for a period of twenty-five (25) years from the date of effectivity of this Act: Provided, That all rights, privileges, benefits and exemptions accorded to existing and future private electric utilities in the country by their respective franchises shall likewise be extended to the grantee.

Section 2. Rates for Services. - The rates for the sale of electricity, heat and power by the grantee to its consumers shall be subject to the regulations of the Energy Regulatory Commission.

Section 3. Right of Government. - In the event that the government should desire to operate and maintain for itself the system and enterprise herein authorized, the grantee shall surrender its franchise and shall turn over to the government all its equipment at fair market value.

Section 4. Tax Provisions. - The grantee, its successors or assigns, shall be subject to the payment of all taxes, duties, fees or charges and other impositions applicable to private electric utilities under the National Internal Revenue Code of 1997, as amended, and other applicable laws: Provided, That nothing herein shall be construed as repealing any specific tax exemptions, incentives, or privileges granted under any relevant law: Provided, further, That all rights, privileges, benefits and exemptions accorded to existing and future private electric utilities by their respective franchises shall likewise be extended to the grantee.

The grantee shall file the return with the city or province where its facility is located and pay the taxes due thereon to the Commissioner of Internal Revenue or his duly authorized representatives in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue.

Section 5. Sale, Lease, Transfer, Usufruct, Etc. - The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder, to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other person, company or corporation nor shall the controlling interest of the

grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the approval of the Congress of the Philippines. Any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the same conditions, terms, restrictions and limitation of this Act.

Section 6. Utilization of Renewable Energy. - The grantee shall expand, upgrade, or reinforce its distribution systems to connect embedded renewable energy plants as provided under existing law.

Section 7. Separability Clause. - If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

Section 8. Repealability and Nonexclusivity Clause. - This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

Section 9. Reportorial Requirement. - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

Section 10. Effectivity Clause. - This Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.

Approved,