



Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS  
*First Regular Session*



HOUSE BILL NO. 5020

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Introduced by  
**REPRESENTATIVE PANTALEON D. ALVAREZ**

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**EXPLANATORY NOTE**

On the night of 9 November 2017, Energy Regulatory Commission (ERC) Director Francisco Jose Villa Jr. took his own life. News reports indicate that he left letters which allege corruption within the ERC specifically in regard to shady deals and improper procurement practices.

The suspicions raised against the integrity of the ERC, which is primarily entrusted with regulating the country's electric industry and promoting competition in the electricity market, cannot be ignored. In the spirit of accountability, calls were made for the resignation of the Chairman and the members of the ERC, which were unceremoniously refused.

Hence, in order to create a system of effective accountability, this bill proposes to abolish the ERC and replace it with the creation of the Board of Energy, which shall be an attached agency of the Department of Energy. This will ensure that the newly created board shall be explicitly within the regulatory arm of the government and, specifically, within the direct control and supervision of the President.

In view of the foregoing, the approval of this Bill is earnestly sought.

  
**PANTALEON D. ALVAREZ**



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**AN ACT**  
**ABOLISHING THE ENERGY REGULATORY COMMISSION,**  
**CREATING FOR THE PURPOSE THE BOARD OF ENERGY AS**  
**AN ATTACHED AGENCY OF THE DEPARTMENT OF ENERGY**

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

SECTION 1. *Declaration of Policy.* – It is hereby declared the policy of the State to promote simplicity, economy and efficiency in the government to enable it to pursue programs consistent with the national goals for accelerated social and economic development to improve the services in the transaction of the businesses by the public in the executive departments, bureaus, offices, commissions, boards, agencies and instrumentalities of the government.

In addition, the State shall endeavor to promote consumer protection by establishing a fair, open and transparent regulatory body for the electric power industry.

**SEC. 2. *Creation of the Board of Energy.*** – There is hereby created a quasi-judicial regulatory body to be named as the Board of Energy, hereinafter referred to as the Board. The Board shall be under the supervision and control of the Department of Energy, and shall be composed of a Chairperson and two (2) members to be appointed by the President upon the recommendation of the Secretary of Energy. It shall be assisted by such technical and supportive staff as the Chairperson may appoint for the effective, efficient and economical discharge of its powers and functions.

The existing Energy Regulatory Commission (ERC) created under Republic Act No. 9136, otherwise known as the “*Electric Power Industry Reform Act of 2001*,” is hereby abolished.

The Board shall perform the functions of the ERC insofar as they are not inconsistent with the provisions of this Act.

**SEC. 3. *Qualification.*** – The Chairperson and members of the Board shall be natural born citizens and residents of the Philippines, of good moral character and at least thirty-five (35) years old, and of recognized competence in any of the following fields: energy, law, economics, finance, commerce, or engineering, with at least three (3) years of actual and distinguished experience in their respective fields of expertise: *Provided*, That out of the two (2) members of the Board,

one (1) shall be a member of the Philippine Bar with at least ten (10) years experience in the active practice of law, and one (1) shall be a certified public accountant with at least ten (10) years experience in active practice.

The Chairperson and members of the Board or any of their relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, shall be prohibited from holding any interest whatsoever, either as investor, stockholder, officer or director, in any company or entity engaged in the business of transmitting, generating, supplying or distributing any form of energy and must, therefore, divest through the sale or legal disposition of any and all interests in the energy sector upon assumption of office.

No person who has worked within three (3) years immediately prior to the appointment, or is working in any private firm engaged in the petroleum or electric industry or any other entity whose main business is directly related to or connected with any such firm, shall be appointed to the Board.

SEC. 4. *Term of Office.* – The term of office of the Chairperson and members of the Board shall be at the pleasure of the President, but the first Chairperson appointed shall hold office for five (5) years and the first of two (2) members shall hold office for a term of four (4) years, and the other for a term of three (3) years. Unless the President decides otherwise, no person shall be appointed to serve more than two (2) successive terms in the Board.

SEC. 5. *Organizational Structure.* – The DOE Secretary shall, within six (6) months from the effectivity of this Act, submit to the President of the Republic of the Philippines a proposed new organizational structure to effectively carry out the additional powers and functions of the Board.

The President shall, within a month from receipt of the proposed organizational structure of the Board, approve the same for implementation of the DOE.

SEC. 6. *Transitory Provision.* – The Chairperson and the members of the ERC, including the existing personnel, shall continue to perform and exercise their powers and functions, and their duties and responsibilities, until the Board of Energy shall have been approved by the President.

In the filling in of positions created, preference shall be given to the personnel of the ERC. If such employees possess the same qualifications, seniority shall be given priority.

SEC. 7. *Separation from Service.* – Employees separated from the service as a result of this reorganization shall, within six (6) months from their separation from the service, receive the retirement benefits to which they may be entitled under existing laws, rules and regulations.

SEC. 8. *Appropriations.* – The budgetary requirements for the effective exercise of the functions herein transferred shall be taken from the existing budget of the ERC. The succeeding budget of the newly created Board of Energy shall be included in the annual General Appropriations Act.

SEC. 9. *Implementing Rules and Regulations.* – The DOE shall, in consultation with relevant government agencies, the electric power industry participants, non-governmental organizations and end-users, promulgate the implementing rules and regulations of this Act within six (6) months from the effectivity of this Act.

SEC. 10. *Separability Clause.* – If for any reason, any provision of this Act is declared unconstitutional or invalid, the other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 11. *Repealing Clause.* – Sections 38 and 39 of Republic Act No. 9136, are hereby repealed. All other references to “ERC” in Republic Act No. 9136 are hereby amended to read as the “Board of Energy.” All laws, orders and decrees including rules and regulations not inconsistent with this Act shall continue to have full force and effect.

SEC. 12. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,