

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session



HOUSE BILL NO. 645

Introduced by **Representative JOEY SARTE SALCEDA**

AN ACT
EXTENDING THE CORPORATE LIFE OF THE POWER SECTOR ASSETS AND
LIABILITIES MANAGEMENT CORPORATION, AMENDING FOR THE
PURPOSE SECTION 50 OF REPUBLIC ACT NO. 9136, OTHERWISE KNOWN AS
THE “ELECTRIC POWER INDUSTRY REFORM ACT OF 2001”

EXPLANATORY NOTE

Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA), was enacted to ensure the solvency of the then severely financially National Power Corporation (NPC). The EPIRA created the Power Sector Assets and Liabilities Management (PSALM) Corporation in 2001, a government-owned and -controlled corporation, with a corporate life of twenty-five (25) years which is due to expire on June 26, 2026.

PSALM has the principal mandate of managing the orderly sale, disposition, and privatization of the NPC generation assets, real estate and other disposable assets, and Independent Power Producer (IPP) contracts to optimally liquidate all NPC financial obligations, including stranded debts (SD) and stranded contract costs (SCC), which were transferred to and assumed by PSALM pursuant to the EPIRA. At the end of PSALM's life, all its assets and outstanding debts and IPP contract costs will revert to and be assumed by the National Government (NG).

Unless PSALM's privatization thrust is completed, this reversion is a potential fiscal risk that could affect our credit standing and the national government's overall fiscal health – strained as it already is by the COVID-19 pandemic and implementation of the Mandanas-Garcia ruling increasing local government units' share of national taxes.

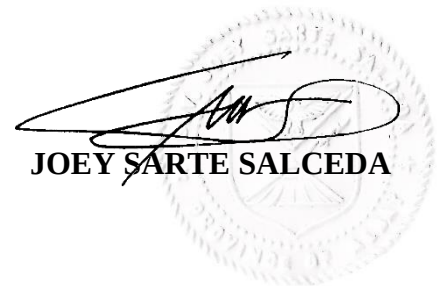
Certain privatization efforts are also in imminent need of a longer PSALM corporate life. The proposed development of the National Power Corporation (NPC) property in Diliman, Quezon City, for example, into a mixed-use commercial complex will warrant the corporate life extension of state-run corporation.

The development blueprint initially cast for the 5.195-hectare NPC property aims to convert it into a mixed-use commercial strip patterned after the business district metamorphosis of Fort Bonifacio Global City. Because of the Covid-19 pandemic, re-adjustments have to be incorporated in the earlier crafted privatization design for that real estate asset.

Given the experience of the Bases Conversion and Development Authority (BCDA) with developments such as Fort Bonifacio, whose planning began in 1995, but only started being developed into a full-scale master-planned community in 2003, the Diliman property could take at least a decade before it realizes its promise as a revenue-driver for the PSALM.

Considering this and similar developments, it is in the fiscal interest of the state to extend the corporate life of the PSALM, to keep the national government insulated from its stranded debts, and to ensure that the corporation can pursue its fiscally-positive plans.

In view of the foregoing, the approval of this bill is urgently sought.



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

SECTION 1. Section 50, Chapter VI of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform (EPIRA) Act of 2001”, is hereby amended to read as follows:

“SEC. 50. Purpose and Objective, Domicile and Term of Existence. - The principal purpose of the PSALM Corp. is to manage the orderly sale, disposition, and privatization of NPC generation assets, real estate, and other disposable assets, and IPP contracts with the objective of liquidating all NPC financial obligations and stranded contract costs in an optimal manner.

The PSALM Corp. shall have its principal office and place of business within Metro Manila.

The PSALM Corp. shall exist for a period of [twenty-five (25)] FIFTY-FIVE (55) years from the effectivity of this Act, OR UNTIL JUNE 26, 2056, unless otherwise provided by law, and all assets held by it, all moneys and properties belonging to it, and all its liabilities outstanding upon the expiration of its term of existence shall revert to and be assumed by the National Government.”

SEC. 2. All laws, ordinances, rules, regulations and other issuance or parts thereof, which are inconsistent with the provisions of this Act, are hereby amended, modified, or repealed accordingly.

SEC. 3. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,