



Republic of the Philippines
House of Representatives
Quezon City

NINETEENTH CONGRESS

First Regular Session

House Bill No. 8154



Introduced by

2nd District of Pangasinan Representative Mark O. Cojuangco

APEC Party-List Representative Sergio C. Dagooc

PHILRECA Party-List Representative Presley C. De Jesus

EXPLANATORY NOTE

Twenty years after the enactment of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001," the State is yet to fulfill its mandate to ensure a quality, reliable, secure, and affordable supply of electric power in the country. This prompted many sectors to call the government's attention to the importance of revisiting the provisions of the EPIRA law to fill in the gaps in the energy sector and amend relevant sections of the law to better respond to the challenges brought upon by the continuing energy crisis for the benefit of our people.

One of the provisions of EPIRA mandated the creation of the Power Sector Assets and Liabilities Management (PSALM) Corporation as a government owned and controlled corporation, which shall take ownership of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets, with the purpose to manage the orderly sale, disposition, and privatization of the enumerated items in an optimal manner.

With its corporate life of 25 years set to expire on 26 June 2026, there is now an imminent need to renew and extend PSALM's corporate life to continue managing its contractual obligations, especially those that shall end beyond June 2026.

PSALM is authorized to utilize the remaining renewable energy generation assets previously owned by the National Power Corporation (NPC) such as the Agus-Pulangui Hydropower Complex. These assets have the capacity to generate and are currently generating renewable energy at lower costs, benefiting millions of consumers through lower electricity rates. Thus, extending the corporate life

of PSALM's, is consistent with the State's policy of ensuring quality, reliable, secure, and affordable supply of electric power in the country. This will also allow the continuous utilization of these assets and their rehabilitation and upgrade for the benefit of the consumers.

The government, to address the continuous rise in electricity costs and frequent power-supply shortages, has declared the exploration of other generating sources of electricity such as renewable and nuclear energy a priority.

Thus, this bill seeks to:

1. transfer the ownership of Caliraya-Botocan-Kalayaan (CBK) Power Plant to PSALM, after the completion of the Build-Rehabilitate-Operate-Transfer (BROT) between the National Power Corporation and the CBK Power Company Limited;
2. include the NPC Nuclear Power Village in Bagac, Bataan in the list of real-estate assets that were transferred to PSALM; and
3. protect the CBK, the Agus-Pulangui hydropower complexes, and the NPC Nuclear Power Village, by adding these to the list of exempted generation assets from privatization.

In support of the State's policy of ensuring quality, reliable, secure, and affordable supply of electric power in the country, Electric Cooperatives and Distribution Utilities have significantly contributed to the electrification of the country, by supplying electricity to numerous rural communities and giving them an opportunity to a brighter and more sustainable future. As such, it is incumbent on us to recognize and further empower all persons engaged in the distribution of electricity, who have been consistently providing exceptional services and recognized with the highest rating from the National Electrification Administration or its respective Regulatory agency, with the opportunity to renew their respective franchises and to ensure the continuous distribution of electricity to end consumers.

Finally, to protect the consumers from the continuous increase of electricity rates in the country, this bill seeks to exempt subsidies provided to consumers from the imposition of all taxes. Further, charges imposed on consumers due to systems loss, which are already considered to be losses by the end-consumers should likewise be exempt from the imposition of all taxes.

Given the foregoing, the immediate passage of this measure is urgently sought.





REP. MARK O. COJUANGCO
2nd District of Pangasinan



REP. SERGIO C. DAGOOC
APEC Party-list Representative



REP. PRESLEY C. DE JESUS
PHILRECA Party-list Representative



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AN ACT

**AMENDING SECTION 27, 47 AND 50 OF THE REPUBLIC ACT NO. 9136,
ENTITLED "ELECTRIC POWER INDUSTRY REFORM ACT OF 2001"**

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

1 SECTION 1. Section 27, Chapter VI of the Republic Act No. 9136, otherwise
2 known as the "Electric Power Industry Reform Act of 2001" or the EPIRA, is
3 hereby amended to read as follows:

4 SEC. 27. Franchising Power in the Electric Power Sector.

5 – The power to grant franchises to persons engaged in the
6 transmission and distribution of electricity shall be
7 vested exclusively in the Congress of the Philippines and
8 all laws inconsistent with this Act particularly, but not
9 limited to, Section 43 of PD 269, otherwise known as the
10 "National Electrification Decree", are hereby deemed
11 repealed or modified accordingly: Provided, That all
12 existing franchises shall be allowed to their full term:
13 Provided, further, That in the case of electric
14 cooperatives, renewals and cancellations shall remain
15 with the National Electrification Commission under the
16 National Electrification Administration for five (5) more
17 years after the enactment of this Act.

1 PROVIDED FURTHERMORE, TO ENSURE THE
2 CONTINUOUS DISTRIBUTION OF ELECTRICITY TO
3 END-CONSUMERS WITHIN THEIR FRANCHISE
4 AREAS, THAT WITHIN THREE (3) YEARS FROM THE
5 APPROVAL OF THIS ACT, AND UPON THE
6 SUBMISSION OF ALL THE NEEDED REPORTORIAL
7 REQUIREMENTS BY PERSONS ENGAGED IN THE
8 DISTRIBUTION OF ELECTRICITY, TO THE
9 CONGRESS OF THE PHILIPPINES, THE FRANCHISE
10 OF SAID ENTITY SHALL BE DEEMED IPSO FACTO
11 RENEWED FOR ANOTHER TWENTY-FIVE (25) YEARS,
12 PROVIDED THAT SAID ENTITY MAINTAINED AN
13 OVERALL RATING OF "AAA" IN THE OVERALL
14 PERFORMANCE ASSESSMENT CONDUCTED BY THE
15 NATIONAL ELECTRIFICATION ADMINISTRATION
16 (NEA) OR THE HIGHEST RATING OF ITS RESPECTIVE
17 REGULATORY BODY FOR AT LEAST THREE (3)
18 CONSECUTIVE YEARS UPON THE EFFECTIVITY OF
19 THIS ACT of this Act.

20 SECTION 2. Section 47, Chapter VI of the Republic Act No. 9136, otherwise
21 known as the "Electric Power Industry Reform Act of 2001" or the EPIRA, is
22 hereby amended to read as follows:

23 "SEC. 47. NPC Privatization – Except for **THE NPC**
24 **NUCLEAR ENERGY VILLAGE, THE CALIRAYA-**
25 **BOTOCAN-KALAYAAN POWER PLANTS, THE AGUS**
26 **AND THE PULANGUI COMPLEXES, AND THE** assets
27 of **THE** SPUG, **ONLY** the generation assets, real estate,
28 and other disposable assets as well as IPP contracts of
29 NPC shall be privatized in accordance with this Act.
30 Within six (6) months from the effectivity of this Act, the
31 PSALM Corp shall submit a plan for the endorsement by
32 the Joint Congressional Power Commission and the
33 approval of the President of the Philippines, on the total
34 privatization of the generation assets, real estate, other
35 disposable assets as well as existing IPP contracts of
36 NPC and thereafter, implement the same, in accordance
37 with the following guidelines, except as provided for in
38 Paragraph (f) and (j) herein:

39 x x x

40 ~~(f) The Agus and the Pulangui complexes in Mindanao~~
41 ~~shall be excluded from among the generation companies~~
42 ~~that will be initially privatized. Their ownership shall be~~

1 transferred to the PSALM Corp. and both shall continue
2 to be operated by the NPC. Said complexes may be
3 privatized not earlier than ten (10) years from the
4 effectivity of this Act, and except for Agus III, shall not
5 be subject to Build Operate Transfer (B O T), Build-
6 Rehabilitate Operate Transfer (B R O T) and other
7 variations thereof pursuant to Republic Act No. 6957, as
8 amended by Republic Act No. 7718. The privatization of
9 Agus and Pulangui complexes shall be left to the
10 discretion of PSALM Corp. in consultation with
11 Congress

12 **(f) THE OWNERSHIP OF THE AGUS AND THE**
13 **PULANGUI COMPLEXES IN MINDANAO SHALL BE**
14 **TRANSFERRED TO THE PSALM CORP. AND SHALL**
15 **CONTINUE TO BE OPERATED BY NPC. THE AGUS**
16 **AND THE PULANGUI COMPLEXES SHALL BE**
17 **EXCLUDED FROM THE LIST OF GENERATION**
18 **COMPLEXES THAT WILL BE PRIVATIZED.**

19 x x x

20 ~~(i) NPC may generate and sell electricity only from the~~
21 ~~undisposed generating assets and IPP contracts of~~
22 ~~PSALM Corp. and shall not incur any new obligations to~~
23 ~~purchase power through bilateral contracts with~~
24 ~~generation companies or other suppliers.~~

25 **(j) UPON THE COMPLETION OF THE BUILD-**
26 **REHABILITATE-OPERATE-TRANSFER (BROT)**
27 **AGREEMENT BETWEEN THE NATIONAL POWER**
28 **CORPORATION AND CBK POWER COMPANY**
29 **LIMITED, THE OWNERSHIP OF THE CALIRAYA-**
30 **BOTOCAN-KALAYAAN POWER PLANTS LOCATED IN**
31 **LAGUNA SHALL BE TRANSFERRED TO THE PSALM**
32 **CORP. AND SHALL CONTINUE TO BE OPERATED BY**
33 **NPC. THE CALIRAYA-BOTOCAN-KALAYAAN POWER**
34 **PLANTS SHALL BE EXCLUDED FROM THE LIST OF**
35 **GENERATION COMPLEXES THAT WILL BE**
36 **PRIVATIZED.**

37 **(k) THE NATIONAL POWER CORPORATION**
38 **NUCLEAR ENERGY VILLAGE LOCATED IN BATAAN,**
39 **SHALL BE TRANSFERRED TO THE PSALM CORP.**
40 **THE NATIONAL POWER CORPORATION NUCLEAR**

1 **ENERGY VILLAGE SHALL BE EXCLUDED FROM THE**
2 **LIST OF REAL ESTATE THAT WILL BE PRIVATIZED.**

3 (I) NPC may generate and sell electricity only from the
4 undisposed generating assets and IPP contracts of
5 PSALM Corp. and shall not incur any new obligations to
6 purchase power through bilateral contracts with
7 generation companies or other suppliers.

8 SECTION 3. Section 50, Chapter VI of the Republic Act No. 9136, is hereby
9 amended to read as follows:

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

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

19 The PSALM Corp. shall exist for a period of ~~twenty-five~~
20 ~~(25)~~ **FIFTY-FIVE (55)** years from the effectivity of this Act,
21 **SPECIFICALLY UNTIL 26 JUNE 2056**, unless otherwise
22 provided by law. **PROVIDED**, all assets held by it, all
23 ~~moneys~~ **MONIES** and properties belonging to it, and all
24 its liabilities outstanding upon **ITS ABOLITION OR** the
25 expiration of its term of existence shall revert to and be
26 assumed by the National Government.

27 **PROVIDED FURTHER, THAT PSALM CORP. MAY**
28 **UNDERGO RESTRUCTURING, REORGANIZATION OR**
29 **RIGHTSIZING, AS IT MAY DEEM PROPER, PURSUANT**
30 **TO EXISTING RULES AND REGULATIONS. PROVIDED**
31 **FURTHER, THE PSALM CORP. MAY ALSO BE**
32 **ABOLISHED DURING ITS EXTENDED TERM OF**
33 **EXISTENCE, PURSUANT TO SECTION 5 OF REPUBLIC**
34 **ACT NO. 10149, OTHERWISE KNOWN AS THE "GOCC**
35 **GOVERNANCE ACT OF 2011"**

36 **SHOULD IT BE DETERMINED PURSUANT TO**
37 **REPUBLIC ACT NO. 10149 THAT THE ABOLITION OF**
38 **PSALM CORP. IS TO THE BEST INTEREST OF THE**
39 **STATE, THE ABOLITION OF PSALM CORP. SHALL**

1 TAKE EFFECT UPON THE APPROVAL OF THE
2 PRESIDENT OF THE PHILIPPINES OF THE
3 RECOMMENDATION OF THE GOVERNANCE
4 COMMISSION FOR GOVERNMENT-OWNED OR
5 CONTROLLED CORPORATIONS (GCG) TO ABOLISH
6 THE PSALM CORP., THROUGH AN EXECUTIVE
7 ORDER ISSUED FOR SUCH PURPOSE; PROVIDED
8 THAT THE ABOLITION OF PSALM CORP. SHALL BE
9 IMPLEMENTED BY THE GCG, UNLESS THE
10 PRESIDENT DESIGNATES ANOTHER TO IMPLEMENT
11 SAID ABOLITION.

12 IN ADDITION TO THOSE SET FORTH UNDER
13 SECTION 5(a) OF THE REPUBLIC ACT NO.10149, THE
14 PSALM CORP. MAY ALSO BE ABOLISHED DURING ITS
15 EXTENDED PERIOD OF EXISTENCE BASED ON THE
16 FOLLOWING GUIDING STANDARDS:

- 17 1. THE SALE, DISPOSITION, AND PRIVATIZATION OF
18 ALL THE NPC GENERATION ASSETS AND IPP
19 CONTRACTS; AND
- 20 2. LIQUIDATION OF ALL THE NPC FINANCIAL
21 OBLIGATIONS, STRANDED DEBTS, AND
22 STRANDED CONTRACT COSTS OR ABSORPTION
23 OF SUCH BY THE NATIONAL GOVERNMENT WITH
24 THE CORRESPONDING PRIVATIZATION
25 PROCEEDS RECEIVABLE;

26 PERSONNEL OF PSALM CORP. WHO MAY BE
27 DISPLACED OR SEPARATED AS A RESULT OF PSALM
28 CORP.'S RESTRUCTURING, REORGANIZATION AND
29 RIGHTSIZING DURING ITS TERM OF EXISTENCE,
30 THE EXPIRATION OF ITS CORPORATE LIFE, OR ITS
31 ABOLITION, SHALL BE ENTITLED TO EITHER A
32 SEPARATION PAY AND OTHER BENEFITS IN
33 ACCORDANCE WITH EXISTING LAWS, RULES OR
34 REGULATIONS OR BE ENTITLED TO AVAIL OF
35 PRIVILEGES PROVIDED UNDER A SEPARATION
36 PLAN, WHICH SHALL BE ONE AND ONE-HALF MONTH
37 SALARY FOR EVERY YEAR OF SERVICE IN THE
38 GOVERNMENT; PROVIDED, HOWEVER THAT THOSE
39 WHO AVAIL OF SUCH PRIVILEGE SHALL START
40 THEIR GOVERNMENT SERVICE ANEW IF ABSORBED
41 BY ANY GOVERNMENT-OWNED SUCCESSOR
42 COMPANY.

1 SECTION 4. a new section is designated as Section 72-A is hereby inserted
2 to read as follows:

3 **SEC 72-A. ALL SUBSIDIES, INCLUDING BUT NOT**
4 **LIMITED TO LIFELINE RATE SUBSIDY, INTERCLASS**
5 **CROSS SUBSIDY, AND SYSTEMS LOSS SHALL BE**
6 **EXEMPT FROM THE IMPOSITION OF ALL TAXES.**

7 SECTION 5. ***Implementing Rules and Regulations.*** – The DOE shall, in
8 consultation with relevant government agencies, promulgate the implementing
9 Rules and Regulations (IRR) of the Act within six (6) months from the effectivity
10 of this Act.

11
12 SECTION 6. ***Repealing Clause.*** – All laws, presidential decrees, executive
13 orders, letters of instruction, administrative rules and regulations or parts
14 thereof which are contrary to or inconsistent with the provisions of this Act are
15 hereby repealed, amended or modified accordingly. The provisions of Republic
16 Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of
17 2001” shall continue to have full force and effect, except insofar as they are
18 inconsistent with this Act.

19 SECTION 7. ***Separability Clause.*** – Should any provision or section of
20 this Act be subsequently declared invalid or unconstitutional, the other
21 provisions hereof which are not affected thereby shall remain in full force and
22 effect.

23 SECTION 8. ***Effectivity.*** – This Act shall take effect after fifteen (15) days
24 following its complete publication in the Official Gazette or in two (2) newspapers
25 of general circulation whichever is earlier.

26 Approved,