



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



NINETEENTH CONGRESS
Second Regular Session

House Bill No. 8629

Introduced by Representative TEODORICO “NONONG” T. HARESCO, JR.

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

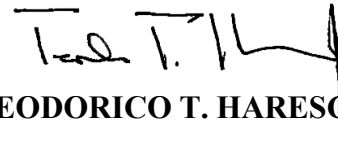
In 2001, Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act (EPIRA) was enacted to ensure the solvency of the then-severely financially National Power Corporation (NPC). The EPIRA created the Power Sector Assets and Liabilities Management (PSALM) Corporation in 2001, a government-owned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

PSALM Corp. has three major functions: the privatization of national power's generation and TRANSCO's transmission assets; liability management; and administration of universal charge. 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.

This imminent transfer of responsibility in 2026 poses potential fiscal challenges to the State given its current predicament of implementing the Mandanas-Garcia ruling of increasing local government units' share of national taxes and the economic recovery efforts from the COVID-19 pandemic. Moreover, existing privatization efforts are also in need of a long PSALM corporate life.

This much-needed amendment to the EPIRA is also included in the priority legislation of the Marcos administration. Considering these circumstances, it is in the fiscal interest of the State to extend the corporate life of the PSALM, to keep the national government from accruing more debts, and to ensure that the corporation can implement and act on important developments in the country's power industry. It is the hope of this measure to support and strengthen existing laws that ought to promote energy security and economic stability in the country.

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

A handwritten signature in black ink, appearing to read "Teo T. Haresco, Jr.", with a stylized flourish at the end.

TEODORICO T. HARESCO, JR



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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 Act (EPIRA) 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.

SECTION 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.

SECTION 3. This Act shall take effect fifteen (15) days after its publication in the Official
Gazette and in any newspaper of general circulation.

Approved,