

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

19TH CONGRESS
Second Regular Session

HOUSE BILL NO. 10494



Introduced by Representative Michael L. Romero

EXPLANATORY NOTE

The **National Power Corporation**, also known as **NAPOCOR**, is a Philippine government-owned and controlled corporation that is mandated to provide electricity to all rural areas of the Philippines by 2025, to manage water resources for power generation, and to optimize the use of other power generating assets

Prior to the effectivity of the **Electric Power Industry Reform Act (EPIRA) law or Republic Act No. 9136**, approved on June 8, 2001, on March 1, 2003 which deregulated the power industry, NAPOCOR/NPC was a vertically integrated power utility engaged in the production, transmission and distribution of electric power, used to be the largest provider and generator of electricity in the Philippines, and served as the operator and owner of the Philippine power grid and its related facilities and assets from its creation on November 3, 1936, until the turnover of operations, maintenance, and ownership of the grid to another government-owned corporation National Transmission Corporation (**TransCo**), established on June 26, 2001 18 days after the EPIRA was approved, in March 2003 as mandated on the said law that organized the industry into four sectors: generation, transmission, distribution, and supply. It was also the principal power provider for Manila Electric Company (**Meralco**), the only power distributor in the Metro Manila area and its nearby provinces (including all towns or cities such as Santo Tomas, Batangas on some of their respective provinces that cover the Meralco franchise).

Napocor used to be the country's largest corporation in terms of revenue. Profitability however is a main concern now because it is in the business of missionary electrification that provides electricity to far-flung, off-grid remote

areas and islands at subsidized rates.^[2] As a government owned and controlled corporation, Napocor is subject to the scrutiny of the **Commission on Audit (COA)** and the Governance Commission for Government Owned and Controlled Corporations (**GCG**).

It also manages 17 large dams and 11 watersheds in the country and continues to oversee the privatization of the government's remaining undisposed power assets. As of December 2015, NPC has a total of 1,735 megawatts (MW) of generating capacity, which includes 345 MW of small generators in small islands and off-grid locations and 1,390 MW in hydroelectric power plants and independent power producing plants in the main grids.

This House Bill seeks to manage resources for power generation, and to optimize the use of other power generating assets, thus providing modernization funding to the **NAPOCOR**.

Thus, the early passage of this bill is earnestly requested.

A handwritten signature in black ink, appearing to read 'Michael L. Romero', with a long horizontal flourish extending to the right.

MICHAEL L. ROMERO Ph.D.

Republic of the Philippines
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HOUSE BILL NO. **10494**

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AN ACT

PROVIDING FOR THE MODERNIZATION OF THE **NATIONAL POWER CORPORATION (NAPOCOR)**, DEFINING ITS POWERS AND FUNCTIONS, TO OPTIMIZE THE USE OF POWER GENERATING ASSETS, PROVIDING APPROPRIATIONS THEREFOR, AND FOR OTHER PURPOSES

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

SECTION 1. SHORT TITLE — This Act shall be known as the **Napocor Modernization Act of 2024**.

SECTION 2. DECLARATION OF POLICY — It is a declared policy of the State in conformity with the mandate of the Constitution, to provide electricity to all rural areas of the Philippines by 2025, to manage all resources for power generation, and to optimize the use of other power generating assets as having priority over its other functions.

SECTION 3. MODERNIZATION FUNDING. – The amount of Two Billion Pesos (**Php 2, 000,000,000.00**) for the operation and administration of the **National Power Corporation, (NAPOCOR)** shall be chargeable against

funds for the purpose and other sources recommended by the **Department of Budget and Management (DBM)**.

Thereafter, appropriations for the **National Power Corporation, (NAPOCOR)** shall be included in the budget proposals under the **Department of Energy (DOE)**.

The Department of Budget and Management (**DBM**) shall rationalize the existing organizational structure and staffing pattern of the (**Napocor**) in accordance with the prevailing provisions and relevant compensation and position classification laws, rules and regulations.

Thereafter, the amount needed for the continued implementation of the modernization program shall be included in the annual **General Appropriations Act (GAA)**.

SECTION 4. National Power Corporation (NAPOCOR) MODERNIZATION FUND – There is hereby created the **National Power Corporation (NAPOCOR)** Modernization Fund to be used exclusively for the **National Power Corporation (NAPOCOR) Modernization** Program.

The (**Napocor**) Modernization Fund shall be administered by the Secretary of the **DOE** in accordance with existing government budgeting, accounting, and auditing rules and regulations.

SECTION 5. PROGRESS REPORT –The Secretary of **DOE** shall prepare an annual report on the status of the implementation of the (**Napocor**) Modernization Programs which shall be submitted, to the Office of the **President** and to the Chairpersons of the Committee on Economic Affairs of the Senate and the House of Representatives.

SECTION 6. INCREASE OF PERSONNEL. – The **National Power Corporation (NAPOCOR)** shall maintain a sufficient staffing pattern. Hence, it is authorized to increase its manpower to meet such required and may continue to increase personnel per percentage rate increase of committed mandates annually or as the need arises.

SECTION 7. PERIOD OF IMPLEMENTATION – The modernization program under this Act shall be implemented for an initial period of three **(3)** years:

Provided, that payments for multi-year contract obligations incurred under this Act may extend beyond this period:

Provided, further, That the **National Power Corporation, (NAPOCOR)** shall continue to develop, modernize and constantly update its operational capabilities to keep pace with best global practices.

SECTION 8. SUPERVISING AND ASSESSMENT CONCERNS. — the **Department of Energy (DOE)**, shall provide the necessary technical and financial assistance to ensure effective operations and build-up.

SECTION 9. IMPLEMENTING AGENCY. — The Department of Energy **(DOE)**.

SECTION 10. IMPLEMENTING RULES AND REGULATIONS. — Within ninety **(90)** days from the effectivity of this Act, the **Department of Energy (DOE)** shall, in consultation with other concerned government and private agencies, promulgate the necessary rules and regulations to carry out the provisions of this Act.

SECTION 11. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the **IRR** or such other period as may be determined, to comply with the requirements of this Act.

The agencies concerned shall provide for the continued maintenance, operation, and management of all the facilities and equipment.

SECTION 12. PERIODIC REPORTS - The Secretary of **(DOE)** shall submit periodic reports on its findings and make recommendations on actions to be taken by both Congress and Senate and the appropriate departments, in order to carry out the objectives and mandates of this Act.

SECTION 13. AUTOMATIC REVIEW - Every three **(3)** years after the effectivity of this Act, an independent review panel composed of experts to be appointed by the **President** of the Republic shall review the policies and programs in the defense and security sector and shall make recommendations, based on its findings, to the President and to both Houses of Congress.

SECTION 14. REPEALING CLAUSE. - All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 15. SEPARABILITY CLAUSE. - If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 16. EFFECTIVITY CLAUSE. - This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,