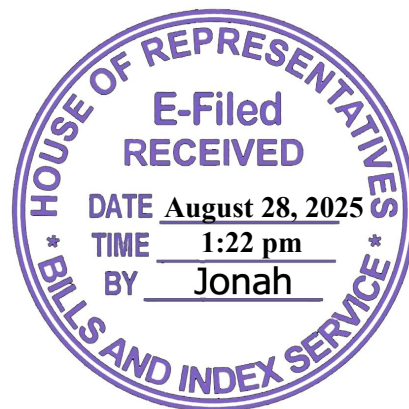




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 4148



Introduced by Representative KRISTINE SINGSON-MEEHAN

EXPLANATORY NOTE

Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001 (EPIRA), laid the groundwork for power sector restructuring, privatization, and market liberalization. While it has facilitated private sector participation and the establishment of competitive electricity markets, persistent structural and regulatory gaps have hindered it from fulfilling its objective of ensuring reliable, affordable, and secure electricity supply.

Electricity rates in the Philippines remain among the highest in Asia despite privatization and unbundling. Market concentration persists, with a handful of conglomerates dominating generation and distribution. Consumers continue to shoulder stranded costs through universal charges, while mechanisms for consumer protection and participation remain underdeveloped.

This measure introduces comprehensive amendments to further strengthen the electric power industry. It clarifies sectoral classifications, reinforces ERC's regulatory and enforcement powers, expands its organizational capacity, mandates transparency in rates, and ensures stricter safeguards against cross-ownership and anti-competitive conduct. It also institutionalizes DOE's supervisory role in transmission development planning, provides fiscal and operational incentives to lower end-user electricity costs, tightens restrictions on foreign state-owned capital in transmission, and recalibrates universal charge collections to align with the Murang Kuryente Act and renewable energy development.

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

DEPUTY SPEAKER KRISTINE SINGSON-MEEHAN
2nd DISTRICT ILOCOS SUR



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Introduced by Representative KRISTINE SINGSON-MEEHAN

**AN ACT STRENGTHENING FURTHER THE ELECTRIC POWER INDUSTRY
AMENDING FOR THE PURPOSE SECTIONS 1, 4, 5, 6, 7, 8, 9, 20, 21, 22, 23, 26,
28, 29, 30, 34, 35, 36, 37, 43, 45, 46, 47, 57, 60, 61, 62, 63, 70, AND 71 OF
REPUBLIC ACT NO. 9136, OTHERWISE KNOWN AS THE "ELECTRIC POWER
INDUSTRY REFORM ACT OF 2001"**

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

SECTION 1. Section 1 of Republic Act No. 9136, otherwise known as the
"Electric Power Industry Reform Act of 2001" is amended to read as follows:

"SEC. 1. Title. - This Act shall be known as the "**New** Electric Power Industry Reform
Act ~~[of 2001]~~."

SECTION 2. Section 4 of Republic Act No. 9136 is hereby amended to read
as follows:

"SEC. 4. Definition of Terms. –

(xx) "Supplier" refers to any person or entity **LICENSED** ~~[authorized]~~ by the ERC to
sell, broker, market or aggregate electricity to the end-users;

xxx

(zz) "Supply of Electricity" means the sale of electricity **TO THE CONTESTABLE
MARKET by a SUPPLIER** ~~[party other than a generator or a distributor]~~ in the
franchise area of a distribution utility using the wires of the distribution utility
concerned;

xxx

(bbb) "Transmission Development Plan or "TDP" refers to the **PLANS AND** program
for managing **AND OPERATING** the transmission system **NETWORK** through
efficient planning **AND IMPLEMENTATION** for the expansion, upgrading,
rehabilitation, repair and maintenance **OF SUCH NETWORK AND FACILITIES** ~~[, to~~

~~be formulated by DOE and implemented by the TRANSCO pursuant to this Act];~~

xxx”

SECTION 3. Section 5 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 5. Organization. - The electric power industry shall be divided into four (4) sectors, namely: generation, transmission, distribution, and supply.

THE NATURE OF AN ENERGY STORAGE SYSTEM SHALL BE CLASSIFIED BASED ON ITS PRIMARY PURPOSE, SUBJECT TO THE RULES AND REGULATIONS TO BE ISSUED BY THE DOE IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT.”

SECTION 4. Section 6 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 6. Generation Sector. - xx x

Pursuant to the objective of lowering electricity rates to end-users, sales of generated power by generation companies shall be value added tax zero-rated.

The ERC shall, in determining the existence of market power abuse or anticompetitive behavior, require from generation companies the submission of their financial statements **AND ANY OTHER RELEVANT DOCUMENT AS MAY BE DEEMED NECESSARY IN THE EXERCISE OF SUCH FUNCTION.”**

SECTION 5. Section 7 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 7. Transmission Sector. – The transmission of electric power shall be **A REGULATED PUBLIC UTILITY, AS DEFINED UNDER RA NO. 11659 OR THE PUBLIC SERVICE ACT AS AMENDED** ~~[common electricity carries business,]~~ subject to the **RELEVANT POLICIES ISSUED BY THE DOE AND THE [ratemaking] RATE-SETTING** powers of the ERC. **PROVIDED FURTHER, THAT AN ENTITY CONTROLLED BY OR ACTING ON BEHALF OF THE FOREIGN GOVERNMENT OR FOREIGN STATE-OWNED ENTERPRISES SHALL BE PROHIBITED FROM OWNING CAPITAL IN ANY ENTITY ENGAGED IN THE TRANSMISSION OF ELECTRICITY. PROVIDED FURTHER, THAT FOREIGN STATE-OWNED ENTERPRISES WHICH OWN CAPITAL PRIOR TO THE EFFECTIVITY OF THIS LAW ARE PROHIBITED FROM INVESTING IN ADDITIONAL CAPITAL UPON THE EFFECTIVITY OF THIS ACT AND SHALL DIVEST ITS INVESTMENT WITHIN TEN (10) YEARS FROM THE DATE OF THE EFFECTIVITY OF THIS ACT.**

IN THE INTEREST OF NATIONAL SECURITY, AN ENTITY CONTROLLED BY OR ACTING ON BEHALF OF THE FOREIGN GOVERNMENT OR FOREIGN-OWNED ENTERPRISES SHALL NOT MAKE ANY DATA OR INFORMATION DISCLOSURE, NOR EXTEND ASSISTANCE, SUPPORT OR COOPERATION TO ANY FOREIGN GOVERNMENT, INSTRUMENTALITIES OR AGENTS.

The ERC shall set the standards of the voltage transmission that shall distinguish the transmission from the subtransmission assets. xxx”

SECTION 6. Section 8 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 8. Creation of the National Transmission ~~[Company]~~ **CORPORATION.**

—

xxx

The sub-transmission functions and assets, **FACILITIES, AND LIABILITIES, IF ANY**, shall be segregated from the transmission functions, assets, **FACILITIES**, and liabilities for transparency and disposal: Provided, That the sub-transmission **FUNCTIONS**, assets, **AND FACILITIES** shall be **PERFORMED**, operated and maintained by **TRANSCO, OR ITS CONCESSIONAIRE**, until **SUCH FUNCTIONS, ASSETS, AND FACILITIES ARE SOLD OR OTHERWISE DISPOSED AND TRANSFERRED** to qualified distribution utilities which are in a position to take over the responsibility for operating, maintaining, upgrading, and expanding said assets. All transmission and sub-transmission related liabilities of NPC shall be transferred to and **SHALL BE** assumed by the PSALM Corp.

~~[The TRANSCO may exercise the power of eminent domain subject to the requirements of the Constitution and existing laws. Except as provided herein, no person, company or entity other than the TRANSCO shall own any transmission facilities.]~~

THE TRANSCO AND ITS CONCESSIONAIRE MAY EXERCISE THE POWER OF EMINENT DOMAIN SUBJECT TO THE REQUIREMENTS OF THE CONSTITUTION AND EXISTING LAWS. PROVIDED, THAT THE EXERCISE OF THE RIGHT OF EMINENT DOMAIN SHALL BE NECESSARY FOR THE CONSTRUCTION, EXPANSION, AND EFFICIENT MAINTENANCE AND OPERATION OF THE TRANSMISSION SYSTEM AND GRID, AS WELL AS THE EFFICIENT OPERATION AND MAINTENANCE OF THE SUBTRANSMISSION SYSTEMS. PROVIDED FURTHER, THAT TRANSCO AND ITS CONCESSIONAIRE MAY ACQUIRE SUCH PRIVATE PROPERTIES NECESSARY FOR THE GRID DEVELOPMENT OF THE COUNTRY.

EXCEPT AS PROVIDED IN THIS ACT AND ANY OTHER LAWS, NO PERSON, COMPANY, OR ENTITY OTHER THAN THE TRANSCO SHALL OWN ANY TRANSMISSION FACILITIES. CONSIDERING THAT TRANSMISSION SYSTEMS ARE PROJECTS OF NATIONAL SIGNIFICANCE, THE LOCAL GOVERNMENT UNITS, COURTS OF LAW AND OTHER RELEVANT GOVERNMENT AGENCIES SHALL IMMEDIATELY PROCESS AND APPROVE THE PERMITS, LICENSES, AND THIS SECTION. OTHER REQUIREMENTS NECESSARY FOR THE IMPLEMENTATION OF THIS SECTION.

THE DOE, WITHIN SIXTY (60) DAYS UPON THE EFFECTIVITY OF THIS ACT, SHALL ISSUE THE IMPLEMENTING RULES AB RECQUATIONS FOR THE IMPLEMENTATION OF THIS SECTION.”

SECTION 7. Section 9 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 9. Functions and Responsibilities, - xxx

(a) xxx

xxx

(c) Ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the performance standards for the operations and maintenance of the grid, as set forth in **THE PHILIPPINE [a]** Grid Code to be adopted] [and] promulgated **AND AMENDED** by the ERC, **IN COORDINATION WITH THE DOE**, within six (6) months from the effectivity of this Act;

(d) Improve and expand its transmission facilities, consistent with the Grid Code and **DOE APPROVED** Transmission Development Plan (TDP) to be **[promulgated]** **PUBLISHED** pursuant to this Act, to adequately serve generation companies, distribution utilities and suppliers requiring transmission service and/or ancillary services through the transmission system: Provided, That TRANSCO **OR ITS CONCESSIONAIRE** shall submit any plan for expansion or improvement of its facilities for approval by the ERC;

(e) xxx

(f) xxx

(g) **ACT AS THE SMALL GRID SYSTEM OPERATOR IN SPECIFIC OFF. GRID AREAS AS DETERMINED BY THE DOE AND, UPON APPROVAL OF THE DOE, MAY ENTER INTO CONCESSION AGREEMENTS FOR THIS PURPOSE.**

~~[In the preparation of the TDP, TRANSCO shall consult the other participants of the electric power industry such as the generation companies, distribution utilities, and the electricity end-users. The TDP shall be submitted to the DOE for integration with the Power Development Program and the Philippine Energy Plan, provided for in Republic Act No. 7638 otherwise known as the Department of Energy Act of 1992.]~~

THE PREPARATION AND FORMULATION OF THE TDP SHALL BE UNDERTAKEN BY TRANSCO AND/OR ITS CONCESSIONAIRE IN CONSULTATION WITH OTHER PARTICIPANTS OF THE ELECTRIC POWER INDUSTRY: PROVIDED, THAT THE TRANSCO MAY DELEGATE TO ITS CONCESSIONAIRE THE PREPARATION AND FORMULATION OF THE TDP: PROVIDED FURTHER, THAT THE TDP SHALL BE SUBJECT TO THE REVIEW AND APPROVAL OF THE DOE: PROVIDED FINALLY, THAT UPON SUBMISSION OF THE TDP, THE DOE MAY SEEK THE ASSISTANCE OF TRANSCO IN THE REVIEW OF THE TDP PRIOR TO ITS APPROVAL.

A generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the TDP: xxx”

SECTION 8. Section 20 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 20. TRANSCO Related Businesses, - TRANSCO OR ITS SUCCESSOR-IN-INTEREST may engage in any related business which maximizes utilization of its assets: Provided, That a portion of the net income derived from such undertaking utilizing assets which form part of the rate base shall be used to reduce transmission wheeling rates as determined by the ERC. ~~[Such portion of net income used to reduce the transmission wheeling rates shall not exceed fifty percent (50%) of the net income derived from such undertaking]~~ **A MINIMUM OF FIFTY PERCENT (50%) OF THE NET INCOME DERIVED FROM SUCH UNDERTAKING SHALL BE USED TO REDUCE THE TRANSMISSION WHEELING RATES.**

Separate accounts shall be maintained for each business undertaking to ensure that the transmission business shall neither subsidize in any way such business undertaking nor encounter its transmission assets in any way to support such business.”

SECTION 9. Section 21 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 21. TRANSCO Privatization. - Within six (6) months from the effectivity of this Act, xxx.

In any case, the awardee shall comply with the Grid code and the TDP as approved. xxx

TRANSCO AND ITS CONCESSIONAIRE SHALL STRICTLY COMPLY WITH THE APPROVED TDP AND SHALL NOT CHANGE THE TDP WITHOUT PRIOR APPROVAL OF THE DOE. FAILURE TO COMPLETE THE ERC-APPROVED PROJECTS WITHIN THE TIMELINE PRESCRIBED IN THE TDP SHALL BE DEEMED NON-COMPLIANCE THEREOF, SUBJECT TO FINES AND PENALTIES PRESCRIBED IN THIS ACT.

IN THE EVENT OF NON-COMPLIANCE OF THE TDP, THE DOE SHALL RECOMMEND TO THE PRESIDENT OF THE PHILIPPINES THE ASSIGNMENT OR DELEGATION OF SUCH ERC-APPROVED PROJECT TO A COMPETENT AND QUALIFIED ENTITY THROUGH AN EXECUTIVE ORDER. ANY RIGHTS OR RESPONSIBILITIES OF THE ASSIGNEE SHALL BE LIMITED TO THE TRANSMISSION PROJECT ASSIGNED. UPON ITS COMPLETION, THE ASSIGNEE SHALL BE ENTITLED TO RECOVERY OR JUST COMPENSATION, SUBJECT TO THE TERMS AND CONDITIONS INDICATED IN THE EXECUTIVE ORDER. THEREAFTER, THE PROJECT SHALL BE TRANSFERRED TO THE TRANSCO OR ITS CONCESSIONAIRE, AS PART OF ITS TRANSMISSION ASSETS.

THE DOE AND ERG SHALL ISSUE THE NECESSARY GUIDELINES FOR THE IMPLEMENTATION OF THIS PROVISION.

The awardee shall be financially and technically capable, with proven domestic and/or international experience and expertise as a leading transmission system operator. Such experience must be with a transmission system of comparable capacity and coverage as the Philippines.”

SECTION 10. Section 22 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 22. Distribution Sector. - The distribution of electricity to end-users **IS A PUBLIC UTILITY OPERATION, AS DEFINED UNDER RA NO. 11659 OR THE PUBLIC SERVICE ACT, AS AMENDED,** ~~[shall be a regulated common carrier business]~~ **WHICH REQUIRES [requiring]** a national franchise. Distribution of electric power to all end-users may be undertaken by private distribution utilities, cooperatives, local government units presently undertaking this function and other duly authorized entities, subject to regulation by the ERC.”

SECTION 11. Section 23 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 23. Functions of Distribution Utilities. - A distribution utility shall have the obligation to provide distribution services and connections to its system for any end-user within its franchise area consistent with the **PHILIPPINE [d]Distribution [e]Code AND PHILIPPINE GRID CODE.**

Any entity engaged **IN THE DISTRIBUTION OF ELECTRICITY [therein]** shall provide open and non-discriminatory access to its distribution system to all users. Any distribution utility shall be entitled to impose and collect distribution wheeling charges and connection fees from such end-users as approved by the ERC.

DISTRIBUTION UTILITIES SHALL ENDEAVOR TO HAVE A FULLY AUTOMATED DISTRIBUTION NETWORK WITH THE SUPERVISION AND GUIDANCE OF THE DOE AND ERC.

A distribution utility shall have the obligation to supply **REASONABLY PRICED** electricity ~~[in the least cost manner]~~ to its captive market, subject to the collection of retail rate duly approved by the **ERC[-] TAKING INTO CONSIDERATION THE QUALITY, AFFORDABILITY, SUSTAINABILITY AND RELIABILITY OF SUPPLY OF ELECTRIC POWER.**

ALL DISTRIBUTION UTILITIES, EXCEPT FOR OFF-GRID UTILITIES, SHALL COMPLY WITH GRID RELIABILITY AND WESM REQUIREMENTS. TOWARDS THIS END, THE DU SHALL MAKE AVAILABLE ALL INFORMATION NEEDED BY THE SYSTEM OPERATOR AND MARKET OPERATOR TO ACHIEVE OPTIMAL DISPATCH AND UTILIZATION OF ENERGY IN THE GRID, WHICH MAY INCLUDE REAL-TIME DATA. NON-COMPLIANCE WITH THIS SECTION SHALL BE SUBJECT TO FINES AND PENALTIES PRESCRIBED IN THIS ACT.

To achieve economies of scale xxx”

SECTION 12. Section 26 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 26. Distribution Related Businesses. - Distribution utilities may, directly or indirectly, engage in any related business undertaking which maximizes the utilization of their assets: Provided, That a ~~[portion]~~ **MINIMUM OF FIFTY PERCENT (50%)** of the net income derived from such undertaking ~~[utilizing assets which form part of the rate base]~~ **shall be used to reduce the distribution wheeling (charges as determined by the ERC) RATES.** ~~[Provided, further, That such portion of net income used to reduce their distribution wheeling charges shall not exceed fifty percent (50%) of the net income derived from such undertaking:]~~ Provided, ~~[finally,]~~

FURTHER, That separate accounts are maintained for each business undertaking to ensure that the distribution business shall neither subsidize in any way such business undertaking nor encumber its distribution assets in any way to support such business.”

SECTION 13. Section 28 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 28. De-Monopolization and Shareholding Dispersal. - In compliance with the constitutional mandate for dispersal of ownership and de-monopolization of public utilities, the holdings of persons, natural or juridical, including directors, officers, stockholders and related interests, in a distribution utility and their respective holding companies shall not exceed ~~[twenty five (25%)]~~ **FIFTEEN (15%)** percent of the voting shares of stock unless the utility or the company holding the shares or its controlling stockholders are already listed in the Philippine Stock Exchange (PSE): Provided, **HOWEVER, THAT SMALL DISTRIBUTION COMPANIES AND ELECTRIC COOPERATIVES SHALL BE EXEMPT FROM THIS REQUIREMENT. [That controlling stockholders of small distribution utilities are hereby required to list in the PSE within five (5) years from the enactment of this Act if they already own the stocks. Now controlling stockholders shall undertake such listing within five (5) years from the time they acquire ownership and control]**

The ERC shall, **WITHIN SIXTY (60) DAYS FROM THE EFFECTIVITY OF THIS ACT**, promulgate the rules and regulations to implement and effect this provision. ~~[This Section shall not apply to electric cooperatives.]”~~

SECTION 14. Section 29 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 29. Supply Sector. - The supply sector is a business affected with public interest. ~~[Except for distribution utilities and electric cooperatives with respect to their existing franchise areas,]~~ **ALL [all]** suppliers of electricity to the contestable market shall require a license from the ERC

xxx

Electricity suppliers shall be subject to the rules and regulations concerning abuse of market power, cartelization, and other anti-competitive or discriminatory behavior to be promulgated by the ERC. In its billings to end-users, every supplier shall identify and segregate the components of its supplier's charge, as defined herein.”

SECTION 15. Section 30 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 30. Wholesale Electricity Spot Market. - Within one (1) year from the effectivity of this Act, xxx

AFTER CONSULTATION [Jointly] with the electric power industry participants, xxx

The wholesale electricity spot market shall be implemented by a market operator in accordance with the wholesale electricity spot market rules. **AS AUTHORIZED TO BE ESTABLISHED UNDER THIS ACT, THE WHOLESALE ELECTRICITY SPOT MARKET SHALL CONTINUE ITS INDEPENDENT AND PRIVATE NATURE. THE DOE, IN CONSULTATION WITH THE STAKEHOLDERS SHALL DETERMINE THE ORGANIZATIONAL STRUCTURE OF THE WHOLESALE ELECTRICITY SPOT MARKET, AND THE INSTITUTION OF OTHER ENERGY-RELATED MARKETS.** The market operator shall be an autonomous AND PRIVATE group, to be constituted by DOE, with equitable representation from electric power industry participants, initially under the administrative supervision of the **TRANSCO**. The market operator shall undertake the preparatory work and initial operation of the wholesale electricity spot market. Not later than one (1) year from the implementation of the wholesale electricity spot market, an independent **AND PRIVATE** entity shall be formed, and the functions, assets, and liabilities of the market operator shall be transferred to such entity with the joint endorsement of the DOE and the electric power industry participants. Thereafter, the administrative supervision of the TRANSCO over such entity shall cease. **THE DOE SHALL ENSURE THE INDEPENDENCE AND PRIVATE NATURE OF THE MARKET OPERATOR BY INSTITUTING MEASURES THAT WILL MINIMIZE OR PREVENT UNNECESSARY GOVERNMENT AND ELECTRIC POWER INDUSTRY PARTICIPANT INTERVENTION IN THE MARKET OPERATIONS AND GOVERNANCE FUNCTIONS.**

SUBJECT TO DOE EVALUATION, THE WHOLESALE ELECTRICITY SPOT MARKET MAY ADOPT A SEPARATE WESM GOVERNANCE BODY AND MARKET OPERATOR, PROVIDED THAT BOTH ENTITIES REMAIN INDEPENDENT FROM ELECTRIC POWER INDUSTRY PARTICIPANTS. PROVIDED FURTHER, THAT THE ELECTRIC POWER INDUSTRY PARTICIPANTS SHALL CONTINUE TO PROVIDE ADVISORY FUNCTIONS ON WESM GOVERNANCE, OPERATIONS AND RULEMAKING.

Subject to the compliance with the membership criteria, all generating companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC shall be eligible to become members of the wholesale electricity spot market.

The ERC may authorize other similar entities to become eligible as members, either directly or indirectly, of the wholesale electricity spot market. xxx”

SECTION 16. Section 34 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 34. Universal Charge. – ~~[The universal charge shall be non-bypassable charge which shall be passed on and collected from all end-users on a monthly basis by the distribution utilities. Collections by the distribution utilities and the Transco in any given month shall be remitted to the psalm corp. On or before the fifteenth (15th) of the succeeding month, net of any amount due to the distribution utility:]~~ **THE UNIVERSAL CHARGE (UC) SHALL BE A NON-BYPASSABLE CHARGE TO BE DETERMINED BY THE ERC WHICH SHALL BE PASSED ON AND COLLECTED FROM ALL END-USERS ON A MONTHLY BASIS BY THE DISTRIBUTION UTILITIES, AND FROM DIRECTLY CONNECTED CUSTOMERS BY TRANSCO OR ITS SUCCESSOR-IN-INTEREST.** Any end-user ~~[or self-generating entity]~~ not connected to a distribution utility shall remit its corresponding universal charge directly to the TRANSCO.

THE UNIVERSAL CHARGE SHALL BE FOR THE FOLLOWING PURPOSES:

- (a) Payment for the stranded debts and stranded contract costs of NPC in excess of the amount assumed by the National Government, **PURSUANT TO SECTION 32 OF THE EPIRA**, and as well as qualified stranded contract costs of distribution utilities resulting from the restructuring of the industry;
- (b) **PAYMENT FOR THE STRANDED DEBTS AND STRANDED CONTRACT COSTS OF NC IN EXCESS OF THE AMOUNT ASSUMED BY THE NATIONAL GOVERNMENT, PURSUANT TO MURANG KURYENTE ACT;**
- (c) Missionary electrification;
- (d) The equalization of the taxes and royalties applied to indigenous or renewable sources of energy vis-a-vis imported energy fuels;
- (e) An environmental charge equivalent to one-fourth of one centavo per kilowatt-hour (PO.0025/kWh), which shall accrue to an environmental fund to be used solely for watershed rehabilitation and management. Said fund shall be managed by NPC under existing arrangements; and
- (f) A charge to account for all forms of cross-subsidies for a period not exceeding three (3) years.

THE UC COLLECTIONS FOR STRANDED DEBTS AND THE STRANDED CONTRACT COSTS OF PC (UC-SD AND SCC) SHALL BE COLLECTED BY THE DISTRIBUTION UTILITIES AND THE TRANSCO OR ITS SUCCESSOR-IN-INTEREST IN ANY GIVEN MONTH AND SHALL BE REMITTED TO THE PSALM CORP. OR ITS SUCCESSOR-IN-INTEREST BEFORE THE FIFTEENTH (15TH) OF THE SUCCEEDING MONTH, NET OF ANY AMOUNT DUE TO THE DISTRIBUTION UTILITY.

THE AMOUNT COLLECTED FOR MISSIONARY ELECTRIFICATION (UC-ME) AND ENVIRONMENTAL CHARGE (UC-EC) BY DISTRIBUTION UTILITIES AND TRANSCO OR ITS SUCCESSOR-IN-INTEREST IN ANY GIVEN MONTH SHALL BE REMITTED TO THE PC BEFORE THE FIFTEENTH (15TH) OF THE SUCCEEDING MONTH, NET OF ANY AMOUNT DUE TO THE DISTRIBUTION UTILITY.

THE NPC SHALL BE THE ADMINISTRATOR OF THE UC-ME AND UC-EC FUND, INCLUDING THE CASH INCENTIVE FUND FOR RENEWABLE ENERGY DEVELOPERS IN THE MISSIONARY AREAS PURSUANT TO SECTION 15 (H) OF REPUBLIC ACT NO. 9513 OTHERWISE KNOWN AS THE *RENEWABLE ACT OF 2008*. AS ADMINISTRATOR OF THE FUND, THE PC SHALL CREATE A SPECIAL TRUST FUND WHICH SHALL BE DISBURSED ONLY FOR THE PURPOSES SPECIFIED HEREIN IN AN OPEN AND TRANSPARENT MANNER.

The PSALM Corp. **OR ITS SUCCESSOR-IN-INTEREST**, as administrator of the fund **FROM UC-SC AND SDD COLLECTIONS**, shall create a Special Trust Fund which shall be disbursed only for the purposes specified herein in an open and transparent manner.

All amounts collected for the universal charge shall be distributed to the respective beneficiaries within a reasonable period to be provided by the ERC:

RELEVANT RECORDS PERTAINING TO THE UC-ME AND EC SHALL BE TRANSFERRED BY PSALM TO THE NPC WITHIN SIX (6) MONTHS FROM THE EFFECTIVITY OF THE IMPLEMENTING RULES AND REGULATIONS."

SECTION 17. Section 35 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 35. Royalties, Returns and Tax Rates for Indigenous Energy Resources.

~~[The provisions of Section 79 of Commonwealth Act No. 137 (c.a. no. 137 and any law to the contrary notwithstanding, the president of the Philippines may shall reduce temporarily suspend or reduce, for a period of less than six (6) months, the imposition of the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. To ensure lower rates for end-users, the ERC shall forthwith reduce the rates of power from all indigenous sources of energy.]~~

UPON RECOMMENDATION OF THE DOE AND NEDA, THE PRESIDENT OF THE PHILIPPINES MAY TEMPORARILY SUSPEND OR REDUCE, FOR A PERIOD OF LESS THAN SIX (6) MONTHS, THE IMPOSITION OF THE ROYALTIES, RETURNS AND TAXES COLLECTED FOR THE EXPLOITATION OF ALL INDIGENOUS SOURCES OF ENERGY TO ENSURE LOWER RATES FOR END-USERS.

xxx”

SECTION 18. Section 36 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 36. Unbundling of Rates and Functions. - xxx

Any electric power industry participant shall functionally and structurally unbundle its business activities and rates in accordance with the sectors as identified in Section 5 hereof. The ERC shall ensure full compliance with this provision.

FOR THIS PURPOSE, THE DISTRIBUTION UTILITY SHALL PUBLISH ONLINE AND/ OR ANY CONSPICUOUS PLACE, ITS MONTHLY UNBUNDLED RATES, INCLUDING THE COST OF EACH GENERATION SUPPLY.”

SECTION 19. Section 37 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 37. Powers and Functions of the DOE. - In addition to its existing powers and functions, the DO is hereby mandated to supervise the restructuring of the electricity industry. In pursuance thereof, Section 5 of RA 7638 otherwise known as "The Department of Energy Act of 1992" is hereby amended to read as follows:

(a) xxx

(b) Develop ~~[and update annually]~~ **ONCE EVERY THREE (3) YEARS AND UPDATED ANNUALLY** the existing Philippine Energy Plan, hereinafter referred to as 'The Plan', which shall provide for an integrated and comprehensive exploration, development, utilization, distribution, and conservation of energy resources, with preferential bias for environment-friendly, indigenous, and low-cost sources of energy. The plan shall include a policy direction towards the privatization of government agencies related to energy, deregulation of the power and energy industry, and reduction of dependency on oil-fired plants. Said Plan shall be submitted to Congress ~~[not later than the fifteenth day of September and every year thereafter]~~ **WITHIN THIRTY (30) DAYS FROM ITS APPROVAL;**

- (c) xxx
- (d) xxx
- (e) Following the restructuring of the electricity sector, the DOE shall, among others:
 - i. Encourage **AND SUPERVISE** private sector investments in the electricity sector and promote development of indigenous and renewable energy sources;

xxx

- (h) Exercise supervision and control over all government AND PRIVATE activities relative to energy projects in order to attain the goals embodied in Section 2 of RA 7638;

xxx

- (l) Formulate and implement a program for the accelerated development of non-conventional **OR RENEWABLE** energy systems and the promotion and commercialization of its applications;

(m) xxx

(n) xxx

- (o) Encourage **AND INCENTIVIZE** private enterprises engaged in energy projects, including corporations, cooperatives, and similar collective organizations, to broaden the base of their ownership and thereby encourage the widest public ownership of energy-oriented corporations;

(p) **COORDINATE WITH THE ERC IN THE PROMULGATION AND AMENDMENT OF THE PHILIPPINE GRID CODE AND PHILIPPINE DISTRIBUTION CODE**

(q) **RECOMMEND THE IMPOSITION OF FINES AND PENALTIES TO THE ERC FOR ANY VIOLATION OF THE EPIRA BY ANY ELECTRIC POWER INDUSTRY PARTICIPANTS IN THE GENERATION, TRANSMISSION, DISTRIBUTION AND RETAIL SUPPLY SECTOR.**

- (r) ~~[(p)]~~ Formulate such rules and regulations as may be necessary to implement the objectives of this Act; and

- (s) ~~[(q)]~~ Exercise such other powers as may be necessary or incidental to attain the objectives of this Act.”

SECTION 20. *Expansion of the Energy Regulatory Commission.* – The present organizational structure of the ERC shall be expanded in the following manner:

- (1) From the present seven (7) services of the ERC, there shall be at least fourteen (14) services.

- (2) The four services shall be divided into operations services and support services.

- (3) The Operation Services, shall be composed of the following:

- i. Transmission Operations Service;
- ii. Distribution Operations Service;
- iii. Generation Operations Service;
- iv. Standards And Compliance Monitoring Service;
- v. Investigation And Enforcement Service;

- vi. Market Operations Service;
- vii. Licensing And Registration Service;
- viii. Legal Service; Consumer Affairs Service; and
- ix. Natural Gas Service;

(4) The Support Services shall be composed of the following:

- x. Finance and Administration Service;
- xi. Office of the General Counsel And Secretariat;
- xii. Planning and Public Information Service; and
- xiii. Information Technology and Management Services.

(5) Each Operation Service shall consist of at least four (4) divisions. Each division shall consist of at least ten (10) personnel. The number of divisions and personnel per division may be increased upon determination of the commission.

(6) Each of the Support Service shall be composed of not less than two (2) divisions. The number of divisions and personnel per division may be increased upon determination of the commission.

(7) The Commission may later on increase the number of services if necessary after its assessment of its workload, power and functions.

The Commission may choose either to keep an existing personnel of the ERC in his/her current position, or transfer them to any position depending on the Commission's assessment of such personnel's capacity and performance; Provided, That the new position to which he/she was transferred to will be of the same rank and salary from its previous position without the necessity of reappointment.

The ERC shall submit to the Department of Budget and Management (DBM) the proposed organizational expansion provided herein within three (3) months from the effectivity of this Act.

The DBM shall approve the submitted proposed organizational expansion within one month from its receipt. The DBM shall not approve less than the minimum required in this Act.

Every after five (5) years from the effectivity of this Act, the ERC shall reassess its then organizational structure to determine if there is a need for further expansion or reorganization, which may include additional services, divisions or personnel per division. The DBM shall approve any proposed organizational expansion or restructuring within one month from its receipt thereof.

SECTION 21. Sec. 43 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 43. Functions of the ERC. – The ERC shall promote competition, encourage market development, ensure customer choice and penalize abuse of market power in

the restructured electricity industry. In appropriate cases, the ERC is authorized to issue cease and desist order after due notice and hearing. Towards this end, it shall be responsible for the following key functions in the restructured industry:

(a) xxx

(c) Within six (6) months from the effectivity of this Act, promulgate **OR AMEND, IN COORDINATION WITH THE DOE**, and enforce, in accordance with law, **THE [a] PHILIPPINE [National] Grid Code and THE PHILIPPINE [a] Distribution Code** which shall include, but not limited to, the following:

xxx

(k) ~~[Monitor]~~ **ENDORSE FOR INVESTIGATION TO THE PHILIPPINE COMPETITION COMMISSION [and take measures in accordance with this Act to penalize] ANY ACTS OF** abuse of market power, cartelization, and anti-competitive or discriminatory behavior by any electric power industry participant;

(r) In the exercise of its investigative and quasi-judicial powers, act against any participant or player in the energy sector for violations of any law, rule and regulation governing the same, including the rules on cross-ownership, anti-competitive practices, abuse of market positions and similar or related acts by any participant in the energy sector or by any person, as may be provided by law, and require any person or entity to submit any report or data relative to any investigation or hearing conducted pursuant to this Act;

(s) Inspect, on its own or through duly authorized representatives **OR THE PHILIPPINE COMPETITION COMMISSION**, the premises, books of accounts and records of any person or entity at any time, in the exercise of its quasi-judicial power for purposes of determining the existence of any anticompetitive behavior and/or market power abuse and any violation of rules and regulations issued by the ERC;

xxx”

SECTION 22. Sec. 47 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 45. Cross Ownership, Market Power Abuse and Anti-Competitive Behavior. - No participant in the electricity industry or any other person may engage in any anti-competitive behavior including, but not limited to, cross-subsidization, price or market manipulation, or other unfair trade practices detrimental to the encouragement and protection of contestable markets.

THE PHILIPPINE COMPETITION COMMISSION SHALL INVESTIGATE ANY POSSIBLE VIOLATION OR NON-COMPLIANCE OF THIS SECTION. BASED ON THE FINDINGS AND RECOMMENDATIONS OF THE PHILIPPINE COMPETITION COMMISSION, THE ERC SHALL DETERMINE WHETHER SUCH VIOLATION OR NON-COMPLIANCE WAS COMMITTED AND IMPOSE THE CORRESPONDING FINES AND PENALTIES.

To promote true market competition and prevent harmful monopoly and market power abuse, the ERC shall enforce the following safeguards:

xxx

- (c) NO DISTRIBUTION UTILITY SHALL BE ALLOWED TO HOLD ANY INTEREST, DIRECTLY OR INDIRECTLY, IN SUPPLY OF ELECTRICITY. LIKEWISE, THE SUPPLIER SHALL NOT HOLD ANY INTEREST, WHETHER DIRECTLY OR INDIRECTLY, IN ANY DISTRIBUTION UTILITY.

THE ABOVE PROHIBITION SHALL EXTEND TO ANY OF THE DISTRIBUTION UTILITY'S STOCKHOLDERS OR OFFICIALS OR ANY OF THEIR RELATIVES WITHIN THE FOURTH CIVIL DEGREE OF CONSANGUINITY OR AFFINITY, AND THAT OF A DISTRIBUTION UTILITY'S, AGENTS AND SUBSIDIARIES.

A RETAIL ELECTRICITY SUPPLIER (RES) SHALL NOT BE ALLOWED TO HOLD ANY SHARES OF STOCK IN TRANSCO OR ITS CONCESSIONAIRE OR SUCCESSOR-IN-INTEREST. THIS PROHIBITION ON CROSS-OWNERSHIP SHALL NOT APPLY TO:

- (A) A RELATIVE OF ANY STOCKHOLDER, DIRECTOR OR OFFICER OF TRANSCO OR ITS CONCESSIONAIRE OR SUCCESSOR IN INTEREST WHO HAS NO PROFESSIONAL ENGAGEMENT OR OTHER ECONOMIC RELATIONSHIP OR INTEREST IN TRANSCO OR ITS SUCCESSOR-IN-INTEREST, AND VICE-VERSA; AND
- (B) OWNERSHIP OF SHARES OF STOCK IN A COMPANY LISTED IN THE PHILIPPINE STOCK EXCHANGE (PSE) EVEN IF SUCH LISTED COMPANY IS A RES, SUBJECT TO THE CAP THAT THE ERC SHALL DETERMINE.
- (d) ~~[(c)]~~ For the first five (5) years from the establishment of the wholesale electricity spot market, no distribution utility shall source more than ninety percent (90%) of its total demand from bilateral power supply contracts.

xxx

The ERC, **IN COORDINATION WITH THE PHILIPPINE COMPETITION COMMISSION**, shall within one (1) year from the effectivity of this Act, promulgate rules and regulations to ensure and promote competition, encourage market development and customer choice and discourage/ penalize abuse of market power, cartelization and any anti-competitive or discriminatory behavior, in order to further the intent of this Act and protect the public interest. Such rules and regulations shall define the following:

- (a) the relevant markets for purposes of establishing abuse or misuse of monopoly or market position;
- (b) areas of isolated grids; and
- (c) the periodic reportorial requirements of electric power industry participants as may be necessary to enforce the provisions of this Section.

The ERC shall, ~~[motu proprio]~~ **UPON RECOMMENDATION OF THE PHILIPPINE COMPETITION COMMISSION**, penalize any market power abuse or anti-competitive or discriminatory act or behavior by any participant in the electric power industry. Upon finding BY THE ERC that a market participant has

engaged in **ANY ANTI-COMPETITIVE [such]** act or behavior, the ERC shall stop and redress the same. Such remedies shall, without limitation, include the imposition of price controls, issuance of injunctions, requirement of divestment or disgorgement of excess profits and imposition of fines and penalties pursuant to this Act.”

SECTION 23. Sec. 47 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 46. Fines and Penalties. - **THE FOLLOWING** fines and penalties ~~[that]~~ shall be imposed [by the ERC] for any violation of or non-compliance with this Act or the IRR:

A. BY ANY JURIDICAL ENTITIES ENGAGED IN THE GENERATION, TRANSMISSION, DISTRIBUTION AND SUPPLY OF ELECTRICITY, THE FINE shall range from a minimum of FIVE HUNDRED ~~[fifty]~~ thousand pesos (P500,000.00) ~~[(P50,000.00)]~~ to a maximum of FIVE HUNDRED ~~[Fifty]~~ million pesos (P500,000,000.00) ~~[(P50,000,000.000)]~~.

ANY MONETARY FINE AND PENALTY ADJUDGED BY THE ERC BY VIRTUE OF THIS PROVISION SHALL BE IMMEDIATELY APPLIED BY THE REGULATED ENTITY TO REDUCE THE RATES OF ITS END-USERS.

B. BY ANY PERSON, A FINE OF NOT LESS THAN FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN FIFTY MILLION PESOS (P50,000,000.00), OR BY IMPRISONMENT OF NOT LOWER THAN SIX (6) YEARS AND ONE (1) DAY AND NOT HIGHER THAN TWELVE (12) YEARS, OR BOTH, AT THE DISCRETION OF THE COURT.

WHEN THE ENTITIES INVOLVED ARE JURIDICAL PERSONS, THE PENALTY OF IMPRISONMENT SHALL BE IMPOSED ON ITS OFFICERS, DIRECTORS, OR EMPLOYEES HOLDING MANAGERIAL POSITIONS, WHO ARE KNOWINGLY AND WILLFULLY RESPONSIBLE FOR SUCH VIOLATION.

THE FINES AND PENALTIES MAY BE ADJUSTED TO ITS PRESENT VALUE EVERY FIVE (5) YEARS USING THE CONSUMER PRICE INDEX (CPI) AS PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY.

xxx”

SECTION 24. Sec. 47 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 47. NPC Privatization. - Except for the assets of SPUG, the generation assets, real estate, and other disposable assets as well as IPP contracts of NPC shall be privatized in accordance with this Act. Within six (6) months from the effectivity of this Act, the PSALM Corp shall submit a plan for the endorsement by the Joint Congressional Power Commission and the approval of the President of the Philippines, on the total privatization of the generation assets, real estate, other disposable assets as well as existing IPP contracts of NPC and thereafter, implement the same, in accordance with the following guidelines, except as provided for in Paragraph (f) herein:

(a) xxx

(b) xxx

- (f) The Agus and the Pulangui complexes in Mindanao shall be excluded from among the generation companies that will be initially privatized. Their ownership shall be transferred to the PSALM Corp. and both shall continue to be operated by the NPC **OR ANY QUALIFIED THIRD-PARTY AS MAY BE DETERMINED BY PSALM CORP.** Said complexes may be privatized not earlier than ten (10) years from the effectivity of this Act, and except for Agus III, shall not be subject to Build-Operate-Transfer (B-O-T), Build-Rehabilitate-Operate-Transfer (B-R-O-T) and other variations thereof pursuant to Republic Act No. 6957, as amended by Republic Act No. 7718. The privatization of Agus and Pulangui complexes shall be left to the discretion of PSALM Corp. in consultation with **DOE [Gongress];**

xxx

- (j) NPC may generate and sell electricity only from the undisposed generating assets and IPP contracts of PSALM Corp. **NPC** shall not incur any new obligations to purchase power through bilateral contracts with generation companies or other suppliers, **EXCEPT FOR PROVIDING POWER GENERATION AND ITS ASSOCIATED POWER DELIVERY SYSTEMS IN AREAS THAT ARE NOT CONNECTED TO THE TRANSMISSION SYSTEM.**

xxx”

SECTION 25. Sec. 57 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 57. Conversion of Electric Cooperatives. - Electric cooperatives are hereby given the option to convert into either stock cooperative under the Cooperatives Development Act or stock corporation under the **REVISED** Corporation Code. Nothing contained in this Act shall deprive electric cooperatives of any privilege or right granted to them under Presidential Decree No. 269, as amended, and other existing laws.

THE DOE, IN CONSULTATION WITH THE NEA, THE COOPERATIVE DEVELOPMENT AUTHORITY, AND THE SECURITIES AND EXCHANGE COMMISSION, SHALL ISSUE THE GUIDELINES FOR THE CREATION OF AN EFFICIENT, STREAMLINED AND EXPEDITIOUS MECHANISM FOR THE CONVERSION OF ELECTRIC COOPERATIVES. THE NEA, CDA OR THE SEC, AS THE CASE MAY BE, SHALL SUFFICIENTLY INFORM THE ELECTRIC COOPERATIVE OF THE PRIVILEGES, RIGHTS, BENEFITS AND OBLIGATIONS RELATIVE TO ITS DESIRED CONVERSION.

THE ECS MAY ENTER INTO MERGER, CONSOLIDATION, OR ANY OTHER INVESTMENT AGREEMENT WITH OTHER ECS AND/OR PRIVATE ENTITIES FOR THE PURPOSE OF IMPROVING THE SERVICE OF THE FRANCHISE AREA. THE DOE, IN CONSULTATION WITH NEA AND ERC, SHALL ISSUE GUIDELINES FOR THE IMPLEMENTATION OF THIS SECTION, INCLUDING THE RULES ON BUSINESS SEPARATION AND UNBUNDLING.”

SECTION 26. Sec. 60 of Republic Act No. 9136 is hereby amended to read as follows:

"SEC. 60. Debts of Electric Cooperatives, - xxx

xxx

IN CASE THE ELECTRIC COOPERATIVE IS UNABLE TO FULFILL ITS OBLIGATIONS TO ITS CREDITORS DUE TO INSOLVENCY OR BANKRUPTCY, SUCH ELECTRIC COOPERATIVE OR ANY INTERESTED PARTY MAY APPLY FOR ANY REMEDIES IT MAY DEEM APPROPRIATE PURSUANT TO RA NO. 10142, OTHERWISE KNOWN AS THE 'FINANCIAL REHABILITATION AND INSOLVENCY ACT OF 2010'."

SECTION 27. Sec. 61 of Republic Act No. 9136 is hereby amended to read as follows:

"SEC. 61. Reportorial Requirements. - The DOE shall take the necessary measures to ensure that the provisions of this Act are properly implemented and shall submit to the **JOINT CONGRESSIONAL ENERGY [Power]** Commission a semi-annual report on the implementation of this Act, on or before the last week of April and October of each year."

SECTION 28. Sec. 62 of Republic Act No. 9136 is hereby amended to read as follows:

"SEC. 62. Joint Congressional **ENERGY [Power]** Commission. – ~~[Upon the effectivity of this Act, a]~~**THIS** congressional commission, hereinafter referred to as the '**JCEC' [ENERGY COMMISSION]. RENAMED PURSUANT TO REPUBLIC ACT NO. 11285 AND FURTHER AMENDED BY REPUBLIC ACT NO. 11571 [is hereby constituted. The Power Commission]** shall be composed of fourteen (14) members the chairmen of the Committee on Energy of the Senate and the House of Representatives and six (6) additional members from each House, to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The minority shall be entitled to pro rata representation but shall have at least one (1) representative in the **[Power]-ENERGY** Commission. The Commission shall, in aid of legislation, perform the ~~[following]~~ **PROVIDED IN SECTION 2 OF RA NO. 11571. [among others:]**

SECTION 29. Sec. 63 of Republic Act No. 9136 is hereby amended to read as follows:

"SEC. 63. Separation Benefits of Officials and Employees of Affected Agencies. - National government employees displaced or separated from the service as a result of the restructuring of the electricity industry, **[AND]** privatization of NPC assets, **OR THE END OF THE CORPORATE EXISTENCE OF ANY AFFECTED AGENCY CREATED** pursuant to this Act, shall be entitled to either a separation pay and other benefits in accordance with existing laws, rules or regulations or be entitled to avail of the privileges provided under a separation plan which shall be one and one-half month salary for every year of service in the government: Provided, however, That those who avail of such privilege shall start their government service anew if absorbed by any government-owned successor company. In no case shall there be any diminution of benefits under the separation plan until the full implementation of the restructuring and privatization.

xxx”

SECTION 30. Sec. 70 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 70. Missionary Electrification. - xxx

THE NPC IN PERFORMING THIS MANDATE SHALL ADOPT ALTERNATIVE AND COST-EFFECTIVE TECHNOLOGIES, INCLUDING RENEWABLE ENERGY, TOWARDS THE CESSATION OF SUBSIDY FOR MISSIONARY ELECTRIFICATION. FURTHER, THE ERC SHALL ISSUE THE GUIDELINES FOR THE GRADUATION AND RATIONALIZATION OF UC-ME IN THE OFF-GRID AREAS IN CONSIDERATION OF THE COMMERCIAL VIABILITY AND/OR INTERCONNECTION TO THE GRID OF SUCH AREA IN A SOCIALLY ACCEPTABLE MANNER; PROVIDED, THAT THE FULL PHASE OUT OF UC-ME SHALL COMPLETED NO LATER THAN TEN (10) YEARS FROM THE DETERMINATION OF ERC.”

SECTION 31. Sec. 71 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 71. Electric Power Crisis Provision. – ~~[Upon the determination by the President of the Philippines of an imminent shortage of the supply of electricity, Congress may authorize, through a joint resolution, the establishment of additional generating capacity under such terms and conditions as it may approve.]~~

THE PRESIDENT MAY, UPON THE RECOMMENDATION OF THE DOE, ISSUE A DECLARATION OF ELECTRIC POWER CRISIS IN TIMES OF CRITICALLY LOW ELECTRICITY SUPPLY OR UNUSUALLY HIGH ELECTRICITY PRICES. DURING AN ELECTRIC POWER CRISIS, THE DOE SHALL ISSUE TEMPORARY MEASURES TO MITIGATE THE IMPACT ON THE CONSUMERS AND OTHER INITIATIVES FOR THE EFFICIENT ALLOCATION AND CONSERVATION OF ENERGY; PROVIDED, THAT THE EFFECTIVITY OF SUCH ISSUANCES SHALL CONTINUE UNTIL THE LIFTING OF THE DECLARATION OF THE ELECTRIC POWER CRISIS BY THE PRESIDENT.”

SECTION 32. *Transitory Clause.* – All Retail Supply Contracts existing during the effectivity of this Act shall be recognized until their expiration. All RES shall renew their licenses based on the guidelines to be issued by the ERC pursuant to this Act.

SECTION 33. *Repealing Clause.* – Section 72 of the EPIRA is hereby repealed.

All laws, decrees, rules and regulations, or portion thereof, inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 34. *Implementing Rules and Regulations.* – The DOE shall, in consultation with relevant government agencies and all stakeholders, promulgate the

Implementing Rules and Regulation (IRR) of the Act within six (6) months from the effectivity of this Act.

SECTION 35. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,