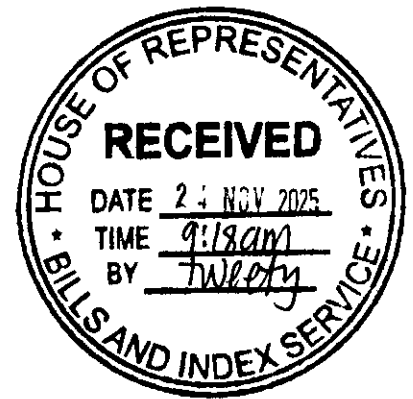


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. **6292**



Introduced by **HON. JANETTE L. GARIN**

EXPLANATORY NOTE

This house bill seeks to amend certain sections of Republic Act (RA) No. 11212, as amended by RA No. 11918, which granted MORE Electric and Power Corporation (MORE Power) a distribution utility franchise for Iloilo City and for its expanded franchise area covering Passi City and the Municipalities of Alimodian, Leganes, Leon, New Lucena, Pavia, San Miguel, Santa Barbara, Zarraga, Anilao, Banate, Barotac Nuevo, Dingle, Dueñas, Dumangas, San Enrique. The proposed amendment will allow MORE Power to further expand and enable it to establish, operate, and maintain, for commercial purposes and in the public interest, a distribution system for the conveyance of electric power to end users in the municipalities comprising the 1st District of Iloilo Province.

Thus, this expanded franchise area will include its present franchise area of Iloilo City under RA No. 11212, the expanded franchise areas of the Municipalities of Alimodian, Leganes, Leon, New Lucena, Pavia, San Miguel, Santa Barbara and Zarraga, all in the 2nd District of Iloilo, and the Municipalities of Anilao, Banate, Barotac Nuevo, Dingle, Duenas, Dumangas and San Enrique and the City of Passi, all in the 4th District of Iloilo under RA No. 11918, and the new franchise areas of the Municipalities of Guimbal, Igaras, Miagao, Oton, San Joaquin, Tigbauan and Tubungan, , all in the 1st District of Iloilo.

Electricity is the hallmark of and an essential service in the modern age. It lights homes, streets, offices, hospitals, schools, factories, malls, hotels, and powers industries, and industries give our people convenience, jobs and business opportunities. In the short period of five and a half years from taking over the operation, rehabilitation and expansion of the distribution system in Iloilo City, MORE Power has reduced electric rates in Iloilo City from one of the highest in the country to one of the lowest in the country. Access to legitimate electrical connection was expanded from 63,000 customers to 101,000 customers in Iloilo City. It has undertaken a continuing rehabilitation and improvement program for the aging and decrepit distribution facilities from the previous operator. We feel that such service, marked by the highest standards, and which has been proven to be fast, reliable, responsive, modern and forward looking, should also be made available to Ilonggos living outside Iloilo City.

The Energy Regulatory Commission (ERC) has recently issued a Certificate of Public Convenience and Necessity (CPCN) in favor of MORE Power for the expanded franchise area and MORE Power is ready to begin its operations in this Eastern Sector of Iloilo Province.

We do recognize that the towns proposed to be included in this proposed additional expansion of the franchise area are currently served by Iloilo I Electric Cooperative, Inc. (ILECO 1) but the Constitution is clear that no franchise for a public utility shall be exclusive in character. (Section 11, Article XII of the 1987 Constitution). Public interest will be better served if we allow competition that will give Ilonggos living in the 1st District of Iloilo Province, to have a choice to avail of the benefit from the services of a modern, dependable, cheap, and efficient electric power distribution system, offered by MORE Power to Iloilo City residents. It is the right time to do this, and to continue the progress of Iloilo City and to jump start the progress in the nearby parts Iloilo Province.

The Supreme Court has affirmed the validity of RA No. 11212 and has also affirmed the validity of RA No. 11918, specifically stating that the enactment of RA No. 11918 was founded on the promotion of the common good and that the Constitution prohibits the exclusivity of franchise.

Moreover, the respective towns in the 1st District of Iloilo Province have passed their own resolutions urgently seeking the assistance of the undersigned to pass a bill that will allow the said towns to be covered by the franchise area of MORE Power so that they can also benefit from the fast, reliable, responsive, modern and forward looking services that MORE Power has been known to deliver.

Approval of this bill is, thus, earnestly sought


JANETTE L. GARIN

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TWENTIETH CONGRESS
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House Bill No. 6292

Introduced by **HON. JANETTE L. GARIN**

AN ACT AMENDING SECTIONS 1, 16, AND 21 OF REPUBLIC ACT NO. 11212, AS AMENDED BY REPUBLIC ACT NO. 11918, ENTITLED "AN ACT GRANTING MORE ELECTRIC AND POWER CORPORATION A FRANCHISE TO ESTABLISH, OPERATE, AND MAINTAIN, FOR COMMERCIAL PURPOSES AND IN THE PUBLIC INTEREST, A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END USERS IN THE CITY OF ILOILO, PROVINCE OF ILOILO, AND ENSURING THE CONTINUOUS AND UNINTERRUPTED SUPPLY OF ELECTRICITY IN THE FRANCHISE AREA"

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

Section 1. Section 1 of Republic Act No. 11212, as amended by Republic Act No. 11918, is hereby amended to read as follows:

"Section 1. Nature and Scope of Franchise. — Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to MORE Electric and Power Corporation, hereunder referred to as the Grantee, its successors or assignees, a franchise to establish, operate, and maintain, for commercial purposes and in the public interest, a distribution system for the conveyance of electric power to end users in the cities of Iloilo and Passi and the municipalities of Alimodian, Leganes, Leon, New Lucena, Pavia, San Miguel, Santa Barbara, Zarraga, Anilao, Banate, Barotac Nuevo, Dingle, Dueñas, Dumangas, San Enrique, Guimbal, Igaras, Miagao, Oton, San Joaquin, Tigbauan and Tubungan, all in the Province of Iloilo.

"As used in this Act, distribution system refers to the system of wires and associated facilities including subtransmission lines belonging to or used by a franchised distribution utility extending between the delivery point on the national transmission system or generating facility and the metering point or facility of the end-user."

Section 2. Section 16 of Republic Act No. 11212, as amended by Republic Act No. 11918, is hereby amended to read as follows:

"Section 16. *Dispersal of Ownership.* - In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer to the public, specifically Filipino citizens at least thirty percent (30%) or a higher percentage that may hereafter be provided by law of its outstanding capital stock in any securities exchange in the Philippines within five (5) years from the commencement of its operations in the expanded franchise area under this amendment covering Guimbal, Igaras, Miagao, Oton, San Joaquin, Tigbauan and Tubungan; Provided, that in cases where a public offer of shares is not applicable, other methods of encouraging public participation by citizens and corporations operating public utilities must be implemented.

In the event the required dispersal of ownership is not implemented within five (5) years, the holdings of persons, natural or juridical, including directors, officers, stockholders, and related interests in the Grantee and its respective holding company, if any, shall not exceed twenty five percent (25%) 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.

Non-compliance therewith shall render the franchise *ipso facto* revoked.

Section 3. Section 21 of Republic Act No. 11212, as amended by Republic Act No. 11918, is hereby amended to read as follows:

"Section 21. *Market Abuse or Anti-Competitive Behavior.* — The ERC, in the exercise of its function, shall determine if there is any market abuse or anti-

competitive behavior by any party to any existing power sales agreement covering the cities of Iloilo and Passi and the municipalities of Alimodian, Leganes, Leon, New Lucena, Pavia, San Miguel, Santa Barbara, Zarraga, Anilao, Banate, Barotac Nuevo, Dingle, Dueñas, Dumangas, San Enrique, Guimbal, Igbaras, Miagao, Oton, San Joaquin, Tigbauan and Tubungan in the Province of Iloilo, the ERC shall order the amendment of any contract which, after due determination, is found to be grossly disadvantageous.

"Notwithstanding any ERC action, the parties of any affected power sales agreement may, in accordance with the dispute resolution clause of these power sales agreement or such other applicable clause, enter into a negotiation for the reduction of any tariff or rates under the power sales agreement.

"Any amendment of the power sales agreement under this clause shall not, however, diminish or impair a party's financial investment entered into pursuant to the said agreement."

Section 4. *Repealing Clause.* — All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed and modified accordingly.

Section 5. *Separability Clause.* — If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in force and effect.

Section 6. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,