



HOUSE OF REPRESENTATIVES

H. No. 8869

BY REPRESENTATIVES CASTELO, BATOCABE, GARBIN, CO, ZARATE,
RAMIREZ-SATO, RODRIGUEZ (M.), VELASCO, UYBARRETA,
VILLAFUERTE, ALEJANO, NIETO, BRAVO (M.V.), TAMBUNTING,
SY-ALVARADO, BRAVO (A.), SAMBAR AND REVILLA, PER
COMMITTEE REPORT NO. 1076

AN ACT ALLOCATING THE NET NATIONAL GOVERNMENT
SHARE FROM THE MALAMPAYA NATURAL GAS
PROJECT FOR THE PAYMENT OF THE STRANDED
DEBTS AND STRANDED CONTRACT COSTS OF THE
NATIONAL POWER CORPORATION AND TO FINANCE
FURTHER EXPLORATION, DEVELOPMENT AND
EXPLOITATION OF ENERGY RESOURCES TO LOWER
ELECTRICITY RATES

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

1 SECTION 1. *Short Title.* — This Act shall be known as the
2 “Murang Kuryente Act”.

3 SEC. 2. *Declaration of Policy.* — It is hereby declared the
4 policy of the State to protect public interest by ensuring the
5 provision of reliable and secure supply of electric power to
6 consumers at reasonable rates. Towards this end, the State shall
7 implement policies and programs to ensure transparent and

1 reasonable prices of electricity to consumers by minimizing the
2 universal charges for stranded debts and stranded contract costs.

3 SEC. 3. *Definition of Terms.* – As used in this Act:

4 (a) *Joint Congressional Power Commission (JCPC)* refers to
5 the congressional commission constituted pursuant to Section 62 of
6 Republic Act No. 9136 or the “Electric Power Industry Reform Act of
7 2001”;

8 (b) *Malampaya Fund* refers to the existing and future
9 government share from the net production proceeds of the
10 Malampaya Natural Gas Project pursuant to Presidential Decree
11 No. 87 or “The Oil Exploration and Development Act of 1972”, and
12 Service Contract 38. This government share forms part of a Special
13 Fund used to finance energy resource development and exploitation
14 programs pursuant to Presidential Decree No. 910, Creating an
15 Energy Development Board, Defining Its Powers and Functions,
16 Providing Funds Therefor, and For Other Purposes;

17 (c) *Malampaya Natural Gas Project* refers to the natural gas
18 project covered under Service Contract 38 in offshore northwest
19 Palawan;

20 (d) *Net national government share* refers to the share of the
21 national government from the net production proceeds of Service
22 Contract 38 pursuant to Presidential Decree No. 87 and after the
23 deduction of: (a) the local government share pursuant to Section 290
24 of Republic Act No. 7160, otherwise known as the “Local
25 Government Code of 1991”; and (b) the Department of Energy
26 (DOE) share for the discharge of its powers and functions pursuant
27 to Section 21 of Republic Act No. 7638, otherwise known as the
28 “Department of Energy Act of 1992”;

1 (e) *Power Sector Assets and Liabilities Management (PSALM)*
2 *Corporation* refers to the government corporation created pursuant
3 to Section 49 of Republic Act No. 9136, otherwise known as the
4 “Electric Power Industry Reform Act of 2001”, which assumed all of
5 National Power Corporation’s (NPC’s) stranded debts and stranded
6 contract costs;

7 (f) *Stranded contract costs* refer to the excess of the
8 contracted cost of electricity under eligible contracts over the actual
9 selling price of the contracted energy output of such contracts in the
10 market. Such contract shall have been approved by the Energy
11 Regulatory Board (ERB) as of December 31, 2000;

12 (g) *Stranded debts* refer to any unpaid financial obligations of
13 the NPC which have not been liquidated by the proceeds from the
14 sales and privatization of NPC assets; and

15 (h) *Universal charge* refers to a non-bypassable charge which
16 shall be passed on and collected from all end users on a monthly
17 basis by the distribution utilities.

18 SEC. 4. *Use of Malampaya Fund for the Payment of Stranded*
19 *Debts and Stranded Contract Costs of the National Power*
20 *Corporation.* – A portion from all the proceeds of the net national
21 government share from the Malampaya Fund amounting to One
22 hundred twenty-three billion pesos (P123 billion) shall be allocated
23 solely for the payment of the NPC stranded contract costs and
24 stranded debts transferred to and assumed by the PSALM
25 Corporation pursuant to Section 49 of Republic Act No. 9136,
26 otherwise known as the “Electric Power Industry Reform Act of
27 2001”, including all anticipated shortfalls in the course of payment
28 of such liabilities after applying PSALM’s collections from

1 privatization of the assets of the NPC, independent power
2 producers' contracts, and proceeds from operations of existing
3 assets: *Provided*, That upon final resolution in favor of the national
4 government of any ongoing dispute over the net national
5 government share, the amount shall be allocated solely for the
6 purpose specified in this Act.

7 The net national government share from the Malampaya
8 Fund shall be remitted to a Special Trust Fund to be administered
9 by the PSALM: *Provided*, That the amounts herein allocated shall
10 be included in the annual General Appropriations Act. The
11 Department of Budget and Management (DBM) shall provide a
12 timely release of the amounts allocated and appropriated to the
13 PSALM in accordance with its debt and independent power
14 producer payment schedule. When the stranded debts, stranded
15 contract costs, and anticipated shortfalls in the course of the
16 payment of such liabilities are fully paid before the termination of
17 the corporate life of the PSALM, the net national government share
18 shall accrue back to the special fund to finance energy resource
19 exploration and development programs pursuant to Presidential
20 Decree No. 910, creating the Energy Development Board.

21 SEC. 5. *PSALM Utilization of the Malampaya Fund.* - The
22 amount of One hundred twenty-three billion pesos (P123 billion) of
23 the Malampaya Fund shall be used as payment of the PSALM to the
24 NPC's stranded debts and stranded contract costs: *Provided*, That
25 the PSALM shall utilize the said One hundred twenty-three billion
26 pesos (P123 billion) up to the year 2023 to settle its obligations:
27 *Provided, further*, That any payment of the NPC's stranded debts
28 and stranded contract costs from the amount allocated from the

1 Malampaya Fund shall be reflected fully as a reduction in the
2 amount of universal charges to be collected from electricity
3 consumers.

4 SEC. 6. *Regular Reports.* – The PSALM shall submit
5 annually to the DOE the actual and projected cash flow of the
6 stranded debts, stranded contract costs, and anticipated shortfalls
7 as well as its schedule of debt payment and independent power
8 producer contract payment to the DOE, Energy Regulatory
9 Commission (ERC), Department of Finance (DOF), DBM, and the
10 JCPC, created under Republic Act No. 9136: *Provided*, That the
11 submission of the annual projected cash flow shall be on or before
12 June 30 of the preceding year and that of the annual actual cash
13 flow shall be on or before June 30 of the succeeding year. The
14 PSALM shall regularly coordinate with the DOE, DOF, and the
15 DBM to ensure consistent record-keeping of remittances to and
16 disbursements from the Malampaya Fund and the Special Trust
17 Fund created under this Act. The PSALM shall make all reports
18 available to the public through its website.

19 SEC. 7. *Philippine National Oil Company Exploration*
20 *Corporation (PNOC EC) Utilization of the Malampaya Fund.* – The
21 amount of Twenty-five billion pesos (P25 billion) of the Two hundred
22 twenty-one billion pesos (P221 billion) Malampaya Fund is hereby
23 set aside for exploration projects as a Special Trust Fund to be
24 administered by the DOE and implemented by the PNOC EC.

25 SEC. 8. *Regular Reports of the PNOC EC.* – The PNOC EC
26 shall submit annually to the DOE a report on the use of the amount
27 allocated herein. The submission of the annual report shall be on or
28 before June 30 of the succeeding year. The PNOC EC shall

1 coordinate regularly with the DOE to ensure consistent
2 record-keeping of the expenses and utilization of such amount and
3 the Special Trust Fund under this Act. The PNOC EC shall make
4 reports available to the public through its website.

5 SEC. 9. *Congressional Oversight.* – Upon the effectivity of
6 this Act, the JCPC shall exercise oversight powers over the
7 implementation of this Act.

8 SEC. 10. *Implementing Rules and Regulations.* – Within
9 sixty (60) days from the effectivity of this Act, the DOE shall, in
10 coordination with the DOF, DBM, and the PSALM, and after public
11 consultations, promulgate the necessary rules and regulations for
12 the proper disposition of the said funds and the effective
13 implementation of this Act.

14 SEC. 11. *Separability Clause.* – If, for any reason, any
15 provision of this Act is declared unconstitutional or invalid, the
16 other parts or provisions hereof which are not affected thereby shall
17 continue to be in full force and effect.

18 SEC. 12. *Repealing Clause.* – All laws, presidential decrees,
19 executive orders, issuances, rules and regulations, inconsistent with
20 the provisions of this Act are hereby repealed or modified
21 accordingly.

22 SEC. 13. *Effectivity.* – This Act shall take effect fifteen (15)
23 days after its publication in the *Official Gazette* or in a newspaper
24 of general circulation.

Approved,