

## Republic Act No. 7648

### AN ACT PRESCRIBING URGENT RELATED MEASURES NECESSARY AND PROPER TO EFFECTIVELY ADDRESS THE ELECTRIC POWER CRISIS 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 known as the “Electric Power Crisis Act of 1993.’

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to adopt adequate and effective measures to address the electric power crisis that has disrupted the country’s economic and social life and assumed the nature and magnitude of a public calamity.

SEC. 3. *Negotiated Contracts.* – Pursuant to the above declared policy and in the public interest and whenever it is advantageous to the Government, the President may enter into negotiated contracts for the construction, repair, rehabilitation, improvement or maintenance of power plants, projects and facilities, subject to the following requirements:

- a) In order to inform competitive contractors, the list of projects to be undertaken under this Act, together with their description, the budgetary estimates involved and other salient features, shall be published in a newspaper of general circulation thirty (30) days after the effectivity of this Act;
- b) Upon perfection of the contract, the terms and conditions of the same, with the name and qualifications of the contractor, shall likewise be published in a newspaper of general circulation two (2) weeks before the signing of the contract;
- c) The contracts shall be awarded only to contractors with:
  - i) proven competence and experience in similar projects;
  - ii) competent key personnel and sufficient and reliable equipment; and
  - iii) sound financial capacity; and
- d) All the awarded projects shall be subject to existing government auditing rules and regulations governing negotiated contracts.

SEC. 4. *Return on Rate Base.* – Further pursuant to the above declared policy, the President is hereby authorized, whenever it is necessary for the national welfare and in the public interest, to fix the rate of return on rate base of the National Power Corporation (NAPOCOR) to not more than twelve *per centum* (12%) of the rate base as defined in Section 4 of Republic Act No. 6395, as amended. Any increase in power rates shall take effect only upon approval of the Energy Regulatory Board (ERB), after due notice and hearing: *Provided*, That any increase in power rates by NAPOCOR to its customers within the year 1993 shall not exceed an average of eighteen centavos (P0.18) per kilowatt-hour: *Provided, further*, That any increase in power rates shall not be passed on to households consuming not more than one

hundred (100) kilowatt-hours per month for five (5) years following the effectivity of this Act: Provided, furthermore, That the existing subsidy enjoyed by households consuming less than three hundred (300) kilowatt-hours per month shall continue to be in effect: *Provided, finally*, That no power rate increase whatsoever shall be imposed by the NAPOCOR in provinces producing geothermal power of not less than one hundred megawatts (100 MW) of actual capacity for one (1) year following effectivity of this Act.

When the petition appears to be sufficient in form and in substance, the ERB, during the pendency of the case, may issue a provisional authority to increase the power rates, in whole or in part, which increase shall last for a period of sixty (60) days, and may be extended for another sixty (60) days: Provided, That the ERB can issue such provisional authority only during the effectivity of this Act.

SEC. 5. *Reorganization of the National Power Corporation.* – The President is hereby empowered to reorganize the NAPOCOR, to make it more effective, innovative, and responsive to the power crisis. For this purpose, the President may abolish or create office; spilt, group, or merge positions; transfer functions, equipment, properties, records and personnel; institute drastic cost-cutting measures; and take such other related actions necessary to carry out the purpose herein declared. Nothing in this Section shall result in the diminution of the present salaries and benefits of the personnel of the NAPOCOR: Provided, That any official or employee of the NAPOCOR who may be phased out by reason of the reorganization authorized herein shall be entitled to such benefits as may determined by the Board of Directors of the NAPOCOR, with the approval of the President.

The President may upgrade the compensation of the personnel of the NAPOCOR at rates comparable to those prevailing in privately-owned power utilities to take effect upon approval by Congress of the NAPOCOR's budget for 1994.

SEC. 6. *Subsidy.* – The Philippine Amusement and Gaming Corporation (PAGCOR) shall set aside ten percentum (10%) of its annual aggregate gross earnings for the next five (5) years as subsidy to the NAPOCOR: Provided, That such percentage allocation shall be based on gross revenue after deducting the five percentum (5%) franchise tax and the fifty percentum (50%) income share of the National Government.

SEC. 7. *Duration of Grant of Powers.* – The authority granted to the President under this Act shall subsist, be valid and effective for a period of one (1) year from the effectivity of this Act, unless sooner withdrawn by a resolution of Congress, without prejudice to rights and benefits that may have been vested, and culpabilities and liabilities that may have been incurred.

SEC. 8. *Oversight Committees.* – There is hereby created an Oversight Committee in each House of Congress to be composed of five (5) members each, as may be designed by the Senate President and the Speaker of the House of the

Representatives, to monitor the implementation of this Act and the exercise of the authority granted thereunder.

The Oversight Committees shall submit periodic reports, evaluations and recommendations to the Senate and the House of Representatives.

SEC. 9. *Report to Congress.* – The President shall submit a quarterly report to Congress on the implementation of this Act.

SEC. 10. *Separability Clause.* – If for any reason any provision of this Act is declared unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 11. *Repealing Clause.* – All laws, decrees, orders, rules and regulations, or portions thereof, inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 12. *Effectivity Clause.* – This Act shall take effect on the day following its publications in at least two (2) national newspapers of general circulation.

Approved.

**JOSE C. DE VENEZIA, JR.**  
Speaker of the House  
of Representatives

**EDGARDO J. ANGARA**  
President of the Senate

This bill which is a consolidation of Senate Bill No. 1191 and House Bill No. 8546, was finally passed by the Senate and the House of Representatives on April 12, 1993.

**CAMILO L. SABIO**  
Secretary General  
House of Representatives

**EDGARDO E. TUMANGAN**  
Secretary of the Senate

Approved.

**FIDEL V. RAMOS**  
President of the Philippines