

# Foreign chambers urge GMA not to touch EPIRA

The influential Joint Foreign Chambers of Commerce in the Philippines (JFC) recently urged President Arroyo not to amend Republic Act 9136 or the Electric Power Industry Reform Act (EPIRA) which mandates the privatization of the country's energy sector.

The foreign chambers issued the statement as the Senate aims to pass the proposed amendments into the EPIRA

before Congress adjourns on June 11.

The foreign chambers also called on the government to focus on more effective ways to lower electricity rates.

In a letter to President Arroyo last May 27, the JFC expressed serious concern about the current issues unfolding in the power industry and suggested the EPIRA be implemented because this would

result in lower electricity rates.

The letter was signed by Rick Santos, president of the American Chamber of Commerce of the Philippines, Inc.; Richard Barclay, president of the Australian-New Zealand Chamber of Commerce of the Philippines, Inc.; Stewart Hall, president of the Canadian Chamber of Commerce of the Phils., Inc.; Hubert D' Aboville, president of the European Chamber of Commerce of the Phils., Inc.; Toshifumi Inami, president of the Japanese Chamber of Commerce & Industry of the Phils., Inc.; Jae J. Jang, president of the Korean Chamber of Commerce of the Phil., Inc.; and Shameem Qurashi, president of the Philippine Association of Multinational Companies Regional Headquarters, Inc.

The JFC pointed out that the President demonstrated leadership and foresight when she signed the EPIRA law in April 2001 and mandated its full implementation by 2010.

"We would like to reiterate our long-standing position not to amend RA 9136, the EPIRA which mandates the privatization of the Philippines' energy sector. Amending EPIRA will have negative consequences that will not only dampen the

By MARY ANN REYES

confidence of both foreign and local investors but could even drive them away at a time when shortages in power supply already plague the Visayas and are expected in Luzon in the next several years. Amending EPIRA will result in a highly unstable legal framework for the industry and investors," it said.

It also cautioned that such action would impact the credibility, and put at risk, the ongoing power sector reforms, even as it appealed to the executive and legislative branches of government to instead focus its effort on implementing EPIRA in a timely fashion.

In its letter, the group also pointed out that the initially slow pace of the National Power Corp.'s privatization is now making progress, as three of the five conditions required to begin Retail Competition and Open Access have already been met. The remaining two unmet provisions require government to privatize at least 70 percent of Napocor assets and of Napocor-IPP contracts.

The group emphasized that they, together with other organizations, have supported the initiative of private power industry stakeholders to allow early and open access for in-

dustrial and commercial customers with at least one megawatt consumption.

The proposal, it said, should effectively jumpstart retail competition among the generation sector players that are within the mandated cap of EPIRA and that end-users with at least one MW consumption will be allowed the freedom to choose their electricity suppliers, thus introducing pricing competition to win these quality loads.

The JFC's likewise warned that suggestions that may lead to caps on Napocor rates indicate a departure from the current market-based pricing policy that is transparent and reflects the true cost of electricity.

It said that threats of yet another round of contract reviews and renegotiations with independent power producers will cast doubt on the stability of policies and regulatory rules and on the integrity of investment promotion programs in the Philippines.

The group also emphasized that the reduction in the power rate to high load factor industrial customers will give a tremendous boost to the global competitiveness of Philippine industries whose counterparts in other Asian coun-

tries presently enjoy lower generation costs.

Meantime, Senate President Manuel Villar Jr. said he will call for a caucus this coming week to iron out the issues among senators regarding the bill on EPIRA amendments which has been on the plenary level but has been derailed due to unavailability of senators who have expressed intent to interpellate on the floor.

Sen. Juan Ponce Enrile, principal author, was disappointed last week when fellow senators failed to attend the Senate deliberations on the EPIRA.

"I will call for a caucus on EPIRA to get the consensus of all the senators. I believe that EPIRA (amendments) will be passed into law. It will be put to a vote before the adjournment," Villar said.

But Sen. Francis Escudero, chairman of the Senate committee on ways and means, raised some questions on the provisions in Enrile's committee report seeking to remove stranded costs; mandatory requirement to conduct public hearings before the costs of electricity are increased or lowered; and the proposal to limit the privatization of Napocor to only 50 percent.

- With Christina Mendez