



**WHEREAS**, the scheme would also unduly burden the consumers considering that Agus I, Agus II, Agus IV, Agus V, Agus VI and Agus VII hydroelectric plants presently charge an ERC-approved rate of P2.1030/kWh, while the supply contracts being offered would double this rate at an average of P4.32/kWh;

**WHEREAS**, aside from the undue favors NAPOCOR has been bestowing upon LUZON HYDRO, telltale signs of fraud abound –the willingness of NAPOCOR officials to have NAPOCOR’s customer base eroded, a situation against the interest of NAPOCOR; the involvement of former NAPOCOR officials in LUZON HYDRO, including one who had figured prominently in the notorious CBK-IMPISA scam; and LUZON HYDRO’s apparent lack of financial and technical capacity to construct and operate Agus III given that it has an authorized capital stock of only Twenty Million Pesos (P20,000,000.00), of which only Five Million Pesos (P5,000,000.00) had been subscribed, among others;

**WHEREAS**, it had been reported that NAPOCOR has recently employed and implemented variations of this scheme in connivance with other entities and appears to be further pursuing such activities;

**WHEREAS**, although NAPOCOR is owned by PSALM Corporation, NAPOCOR did not inform the latter that it intended to undertake or is undertaking such scheme;

**WHEREAS**, there is a need to investigate these illicit activities, in aid of legislation, in order that legislative measures be taken to address threats that tend to weaken the competitive structure of the electricity supply industry that is still in its infancy, and protect the financial interest of the national government in NAPOCOR’s privatization;

**NOW THEREFORE**, in view of the foregoing, pursuant to the Senate’s constitutional prerogatives,

**BE IT RESOLVED**, as it is hereby resolved, to direct the Committee on Energy and the Committee on Finance to conduct, jointly or separately, an inquiry in aid of legislation into the alleged illicit activities of NAPOCOR/NAPOCOR officials that endanger the government’s privatization and restructuring reforms in the electricity supply industry.

Adopted,

  
**SERGIO R. OSMEÑA III**