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2008 PHILIPPINE ENERGY SUMMIT

SMX Convention Center – Mall of Asia
January 29, 30, 31 & February 5, 2008

OPENING REMARKS OF HON. REP. JUAN MIGUEL “MIKEY” MACAPAGAL ARROYO Chairman, Committee on Energy, House of Representatives

My dear friends and fellow Filipinos, honored guests, my colleagues in public service, and to all who are here today as part of this auspicious event, Good Morning.

First of all, I would like to welcome you all to the 2008 Philippine Energy Summit. You have our sincere thanks for joining us in the effort to ensure the energy security of present, and future generations of Filipinos.

The Philippine energy sector faces a formidable challenge, mainly driven by the sustained surge in world oil prices. It is a challenge confronting the entire globe, and which will almost certainly become even graver in the years ahead.

The surging price of oil affects all of us, not just those in the downstream oil or power industries, but every being on this planet as well. But I also see it as an opportunity to address the energy concerns of our people, with solutions that are cohesive and mutually reinforcing.

I believe that, given the positive economic fundamentals initiated and maintained under the Arroyo administration, the resilient character of our people, and the generous endowment of our natural resources, we shall weather the challenge and emerge even stronger.

But for this to happen, we must have a common and sustainable program of energy development from a variety of available and indigenous sources. And this

adequate supply of energy should be at a cost which will make us more competitive in the world market and which our people will more ably bear. Energy is the lifeblood of all enterprise, and we must have enough of it, and at affordable and market-driven rates, to fuel heightened prosperity and a better quality of life for all Filipinos.

Thus, I am elated that this Summit has been convened, and I am honored to be part of this great venture. Hopefully, we will emerge from this exercise with a deeper partnership between private sector and government, which can then be translated to tangible and long-term benefits for our nation.

As Chair of the House Committee on Energy, we look forward to learning how we in Congress can better serve you so that our people will have more in life. With the bright minds and patriotic hearts gathered here today and in the days to come, I am confident that we will not fail them.

Our main limitation with oil prices is that we cannot influence it in the world market. Even great economies across the globe feel vulnerable. And we who live in a country which must import the bulk of its oil are particularly affected.

Our President had taken the first concrete step in addressing the problem by issuing Executive Order No. 691 last January 10. The Order authorizes cuts in the oil tariff under an automatic tariff mechanism. This would result in lowering the price of diesel by as much as 46 centavos per liter for every one percentage-point cut. Our government passed the measure to help those with greater difficulty in coping with the surging oil prices – the commuting public and those whose livelihood depends on public transport.

Other measures are being proposed to cushion the impact on lower income groups, amidst an environment of oil price deregulation, and we should do all we can to lessen the heavy burden of soaring oil prices on our people.

But we must also ensure that the domestic oil industry remains vibrant and strong under a transparent free-market regime, for the sake of employment, value-added for our economy, and continued energy security. We in Congress are keenly awaiting all your inputs so we can craft any necessary new legislation. Hopefully, this would help ensure a level playing field where oil players will earn a healthy and honorable return from fully meeting our energy needs.

In the power sector, I believe that the introduction of retail competition and open access should be done as early as possible, so that electricity consumers may begin to exercise the power to choose their electricity suppliers. This can spell the difference in these trying times. By allowing this to happen, industrial customers can avail of competitively priced electricity rates, boosting their competitiveness regionally and globally.

This is particularly vital in the industrial/export sector, where lower production costs are vital. It is also through this sector that the most jobs are created, thereby providing more opportunities to all Filipinos.

Because of the urgent need to expedite the onset of open access in the power sector, I, together with my good friend and mentor Camarines Sur Representative Luis Villafuerte, filed a bill proposing the amendment of the Electric Power Industry Reform Act or EPIRA.

House Bill no. 3124 addresses key bottlenecks which have hindered the full implementation of the EPIRA law, in the areas of the privatization of state power generation and transmission assets, establishment of a wholesale electricity spot market, and removal of cross-subsidies built into power rates.

These bottlenecks have thwarted the on-schedule implementation of open access and the entry of more retail competition in the power sector mandated under the EPIRA.

I am pleased to report that the House Committee on Energy, after numerous hearings, has already approved Committee Report No. 79 for the EPIRA amendments bill, and this has already been forwarded for the Plenary's action as part of the pending business of the House.

We are happy to note that this legislative process has also spurred requisite action from various stakeholders in the power industry. They have now vowed to work closely with the executive to ensure the speedier implementation of open access and more retail competition in the sector, even without the passage of the proposed EPIRA amendments.

We are closely monitoring these developments, whose unfolding would have a direct impact on the further need for the proposed EPIRA amendments. Suffice it to say that Congress, given its twin responsibilities of crafting legislation and of oversight, will never shirk from its responsibility to the people who urgently need adequate and reliable electricity at lower costs.

But I personally am gratified that our efforts have spurred this renewed commitment to achieve the worthy goals of EPIRA. Hopefully, a new and successful partnership between power producers, distributors and end-users and government will emerge to provide more affordable power for all.

As a vital companion to this thrust, we are also keenly watching the privatization of the independent power producer contracts of the National Power Corporation and the state power firm's own generating assets. As Co-Chairman of the Joint Congressional Power Commission, I shall see to it that this privatization is accomplished as envisioned, completely, transparently, and without reservation.

It is easy to see why the Executive Branch is taking the initiative. After all, it shares with Congress the same vision of a truly free, fair and competitive power industry. As early as 2004, the President has identified the implementation of retail competition and open access as priority activities for the industry.

Now, in our search for lasting solutions, let me go beyond the EPIRA.

What sets our country apart from those reeling from the shock of oil price surge is that we have alternative energy resources in our own backyard. We have natural gas under our sea bed. We have river systems all over the archipelago. We have areas where wind can be literally energizing. And our geothermal energy sources have yet to be fully tapped.

We can develop and use all these resources to make power rates affordable and competitive, thereby fueling the growth and competitiveness of Philippine industries.

We must also do our share in caring for the environment and in reducing our country's reliance on expensive imported oil.

Thus, Representative Villafuerte and I seek to promote the development, utilization and commercialization of Clean, Renewable and Alternative Energy Resources, via our House Bill No. 1935. I know you will also focus attention on this vital area of the industry's development.

Hopefully, at the end of our Summit , we will have produced a workable blueprint for an energy development program that will provide equal opportunities and benefits for investors and end-users of energy alike. Rest assured that you will have our full support in the House of Representatives.

I am heartened you are all here to help shape this country into the Strong Republic that it can become. It is high time that we all unite and give renewed energy to our nation.

Thank you and good day.