



HOUSE OF REPRESENTATIVES

H. No. 10306

BY REPRESENTATIVES BIRON, GORRICETA, ALVAREZ (F.), BARONDA, MACEDA, FERRER (L.) AND
NOGRALES (J.J.), PER COMMITTEE REPORT NO. 1270

AN ACT

AMENDING SECTIONS 1, 15, and 21 OF REPUBLIC ACT NO. 11212, ENTITLED
'AN ACT GRANTING MORE ELECTRIC AND POWER CORPORATION A
FRANCHISE TO ESTABLISH, OPERATE, AND MAINTAIN, FOR COMMERCIAL
PURPOSES AND IN THE PUBLIC INTEREST, A DISTRIBUTION SYSTEM FOR THE
CONVEYANCE OF ELECTRIC POWER TO THE END USERS IN THE CITY
OF ILOILO, PROVINCE OF ILOILO, AND ENSURING THE CONTINUOUS AND
UNINTERRUPTED SUPPLY OF ELECTRICITY IN THE FRANCHISE AREA'

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

1 **SECTION 1.** Section 1 of Republic Act No. 11212 is hereby amended to read as
2 follows:

3 **"SECTION 1. Nature and Scope of Franchise.** – Subject to the provisions of
4 the Constitution and applicable laws, rules and regulations, there is hereby
5 granted to MORE Electric and Power Corporation, hereunder referred to as the
6 [g]Grantee, its successors or assignees, a franchise to establish, operate, and
7 maintain, for commercial purposes and in the public interest, a distribution system
8 for the conveyance of electric power to end users in the [City]CITIES of Iloilo AND
9 PASSI AND THE MUNICIPALITIES OF ALIMODIAN, LEGANES, LEON, NEW
10 LUCENA, PAVIA, SAN MIGUEL, SANTA BARBARA, ZARRAGA, ANILAO,
11 BANATE, BAROTAC NUEVO, DINGLE, DUENAS, DUMANGAS AND SAN
12 ENRIQUE, IN THE PROVINCE OF ILOILO."

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14 "As used in this Act, distribution system refers to the system of wires and
15 associated facilities including subtransmission lines belonging to or used by a
16 franchised distribution utility extending between the delivery point on the national

1 transmission system or generating facility and the metering point or facility of the
2 end-user.”

3 **SEC. 2.** Section 15 of Republic Act No. 11212 is hereby amended to read as follows:

4 **“SEC. 15. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.**
5 The [g]Grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this
6 franchise or the rights and privileges acquired thereunder to any person, firm,
7 company, corporation or other commercial or legal entity, nor merge with any other
8 corporation or entity, nor shall transfer the controlling interest of the [g]Grantee,
9 whether as a whole or in part, and whether simultaneously or contemporaneously,
10 to any person, firm, company, corporation, or entity without the prior approval of
11 the Congress[-]of the Philippines and IN compliance with legal requirements
12 stipulated in other statutes: *Provided*, That, during the period before the dispersal
13 of its ownership under Section 16, the [g]Grantee shall notify Congress in writing
14 of any sale, or transfer of its shares less than the controlling interest: *Provided*,
15 *further*, That failure to report to Congress such change of ownership shall render
16 the franchise *ipso facto* revoked: [*Provided, finally* That any person or entity to
17 which this franchise is sold, transferred, or assigned shall be subject to the same
18 conditions, terms, restrictions, and limitations of this Act:] **PROVIDED,**
19 **FURTHERMORE,** THAT THE LIMITATIONS SET FORTH IN THIS SECTION
20 SHALL NOT APPLY TO: (A) ANY TRANSFER OR ISSUANCE OF SHARES OF
21 STOCK IN THE IMPLEMENTATION OF THE REQUIREMENT FOR THE
22 DISPERSAL OF THE GRANTEE’S OWNERSHIP PURSUANT TO SECTION 16
23 OF THIS ACT; (B) ANY TRANSFER OR SALE OF SHARES OF STOCK TO A
24 FOREIGN OR LOCAL INVESTOR OR INVESTORS WHO WILL NOT
25 PARTICIPATE IN THE MANAGEMENT OF THE GRANTEE; (C) ANY ISSUANCE
26 OF SHARES TO ANY FOREIGN OR LOCAL INVESTORS PURSUANT TO OR
27 IN CONNECTION WITH ANY INCREASE IN THE GRANTEE’S AUTHORIZED
28 CAPITAL STOCK WHICH SHALL RESULT IN THE DILUTION OF THE
29 STOCKHOLDINGS OF THE GRANTEE’S THEN EXISTING STOCKHOLDERS;
30 (D) ANY COMBINATION THEREOF WHERE SUCH TRANSFER, SALE, OR
31 ISSUANCE IS EFFECTED IN ORDER TO ENABLE THE GRANTEE TO RAISE
32 THE NECESSARY CAPITAL OR FINANCING FOR THE PROVISION OF ANY
33 OF THE SERVICES AUTHORIZED BY THIS ACT; AND (E) ANY SALE,
34 TRANSFER, OR ASSIGNMENT OF SHARES OF THE GRANTEE IN FAVOR OF
35 AN AFFILIATE WHOSE CONTROLLING INTEREST IS OWNED BY THE SAME
36 PARENT CORPORATION OF THE GRANTEE; **PROVIDED, FINALLY,** THAT
37 ANY SUCH TRANSFER, SALE, OR ISSUANCE IS IN ACCORDANCE WITH ANY
38 APPLICABLE CONSTITUTIONAL LIMITATIONS.

39 ANY PERSON OR ENTITY TO WHICH THIS FRANCHISE IS SOLD,
40 TRANSFERRED, OR ASSIGNED SHALL BE SUBJECT TO THE SAME
41 CONDITIONS, TERMS, RESTRICTIONS, AND LIMITATIONS OF THIS ACT.”

42 **SEC. 3.** Section 21 of Republic Act No. 11212 is hereby amended to read as follows:

43 **“SEC. 21. Equality Clause.** – Any advantage, favor, privilege, exemption, or
44 immunity granted under existing franchises, or which may hereafter be granted to
45 power distribution franchises, upon prior review and approval of Congress, shall

1 become part of this franchise and shall be accorded immediately and
2 unconditionally to the herein grantee: *Provided*, That the foregoing shall neither
3 apply to nor affect provisions [of broadcasting franchises pertaining to]
4 CONCERNING TERRITORIAL COVERAGE, the term, AND the type of service [,
5 or territorial coverage of] AUTHORIZED BY the franchise.”

6 **SEC. 4. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in
7 the *Official Gazette* or in a newspaper of general circulation.

Approved,