

REPUBLIC OF THE PHILIPPINES }
CONGRESS OF THE PHILIPPINES }
 First Regular Session

H. No. 2139
S. No. 556

REPUBLIC ACT NO. 7639

AN ACT PROVIDING FOR THE PAYMENT IN PART OF THE
SUBSCRIPTION OF THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES TO THE CAPITAL
STOCK OF THE NATIONAL POWER CORPORATION OUT
OF THE OIL PRICE STABILIZATION FUND, AMENDING
FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1956,
AS AMENDED

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

SECTION 1. The subscription of the Government of the Republic of the Philippines to the capital stock of the National Power Corporation, as provided for in Republic Act No. 6395, otherwise known as the Revised Charter of the National Power Corporation, as amended by Presidential Decree Nos. 758, 1360, and 1443, shall be paid in part out of the Oil Price Stabilization Fund in the amount of Three billion pesos (P3,000,000,000) in accordance with Section 2 of this Act.

SEC. 2. Section 8 of Presidential Decree No. 1956, as amended by Executive Order No. 137, is hereby further amended to read as follows:

"SEC. 8. There is hereby created a Trust Account in the books of accounts of the Office of Energy Affairs to be designated as the Oil Price Stabilization Fund (OPSF) for the purpose of minimizing frequent price changes brought about by exchange rate adjustments and/or changes in world market prices of crude oil and imported petroleum products. The Oil Price Stabilization Fund (OPSF) may be sourced from any of the following:

"(a) Any increase in the tax collection as a result of the lifting of tax exemptions of government corporations, as may be determined by the Department of Finance in consultation with the Energy Regulatory Board;

"(b) Any additional amount to be imposed on petroleum products to augment the resources of the Fund through an appropriate order that may be issued by the Energy Regulatory Board requiring payment of persons or companies engaged in the business of importing, manufacturing and/or marketing petroleum products;

"(c) Any resulting peso cost differentials in case the actual peso costs paid by oil companies in the importation of crude oil and petroleum products is less than the peso costs computed using the reference foreign exchange rate as fixed by the Energy Regulatory Board.

"The Fund herein created shall be used for the following:

"(1) To reimburse the oil companies for cost increases in crude oil and imported petroleum products resulting from exchange rate adjustment and/or from the increase in world market prices of crude oil;

"(2) To reimburse the oil companies for possible cost underrecovery incurred as a result of the reduction of domestic prices of petroleum products. The magnitude of the underrecovery, if any, shall be determined by the Department of Finance. Cost underrecovery shall include the following:

"(i) Reduction in oil company take as directed by the Energy Regulatory Board without the corresponding reduction in the landed cost of oil inventories in the possession of the oil companies at the time of the price change;

"(ii) Reduction in internal specific taxes as a result of the foregoing government-mandated price reductions; and

"(3) To cover the payment in part of the subscription of the Government of the Republic of the Philippines to the capital stock of the National Power Corporation in the amount of Three billion pesos (P3,000,000,000). Said amount shall be released to the National Power Corporation upon the effectivity of this Act: *Provided*, That such amount shall be released only if, on the said

date, the OPSF terminal balance shall not be less than Three billion pesos (P3,000,000,000), as certified by the Office of Energy Affairs: *Provided, further*, That the National Power Corporation shall utilize the said payments on its capital stock to finance its capital expenditures for energy projects only.

"The Oil Price Stabilization Fund (OPSF) shall be administered by the Office of Energy Affairs."

SEC. 3. All laws inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 4. This Act shall take effect upon its publication in two (2) national newspapers of general circulation.

Approved, December 9, 1992.