



Republic of the Philippines
DEPARTMENT OF ENERGY

OCT 01 2007

MEMORANDUM

**FOR : UNDERSECRETARIES
ASSISTANT SECRETARIES
BUREAU AND SERVICE DIRECTORS
HEAD OF ATTACHED AGENCIES**

FROM : OFFICE OF THE SECRETARY

SUBJECT : EXECUTIVE ORDER NO. 666

DATE : 28 September 2007

Disseminated herewith Executive Order No. 666 signed by Her Excellency, President Gloria M. Arroyo on 25 September 2007 directing all heads of departments, bureaus, offices, agencies and instrumentalities of the government to support the power infrastructure requirements of Clark Freeport Zone and support the investment of Texas Instruments in Clark Texas Instruments Special Economic Zone and Baguio City Economic Zone.

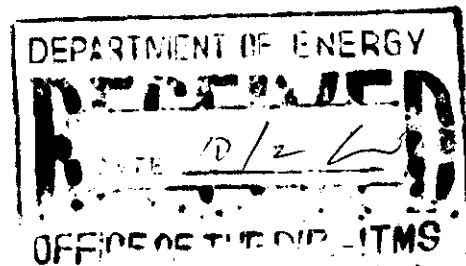
For your information and consideration.

FOR THE OFFICE OF THE SECRETARY:

ANNETTE M. RAFAEL
Head Executive Assistant

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Office of the President
of the Philippines
Malacañang

Manila, September 27, 2007

HON. ANGELO T. REYES

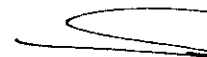
Secretary
Department of Energy
Makati City

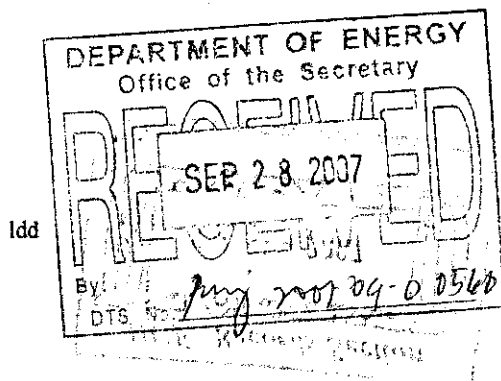
Sir:

I have the honor to transmit for your information and guidance, a certified copy of Executive Order No. 666 dated September 25, 2007 entitled **“DIRECTING ALL HEADS OF DEPARTMENTS, BUREAUS, OFFICES, AGENCIES AND INSTRUMENTALITIES OF THE GOVERNMENT TO SUPPORT THE POWER INFRASTRUCTURE REQUIREMENTS OF CLARK FREEPORT ZONE AND SUPPORT THE INVESTMENT OF TEXAS INSTRUMENTS IN CLARK TEXAS INSTRUMENTS SPECIAL ECONOMIC ZONE AND BAGUIO CITY ECONOMIC ZONE”**.

For this purpose, all concerned departments shall undertake measures to disseminate said Executive Order to your component units/ bureaus including agencies attached to or under your administrative supervision.

Very truly yours,


MARIANITO M. DIMAANDAL
Director III
Malacañang Records Office



MALACAÑANG

Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 666

DIRECTING ALL HEADS OF DEPARTMENTS, BUREAUS, OFFICES, AGENCIES AND INSTRUMENTALITIES OF THE GOVERNMENT TO SUPPORT THE POWER INFRASTRUCTURE REQUIREMENTS OF CLARK FREEPORT ZONE AND SUPPORT THE INVESTMENT OF TEXAS INSTRUMENTS IN CLARK TEXAS INSTRUMENTS SPECIAL ECONOMIC ZONE AND BAGUIO CITY ECONOMIC ZONE

WHEREAS, it is a declared national policy to attract foreign investment and trade in the country to promote economic growth, generate employment, upgrade technology and accelerate national development;

WHEREAS, on the 10-point agenda of the President includes the transformation of Clark Freeport Zone (CFZ) into a premier international service and logistic hub in the Asia-Pacific Region;

WHEREAS, to fulfill this vision for CFZ, the Philippine government has intensified its efforts to provide the necessary road and utility infrastructure to CFZ, among them the Subic-Clark-Tarlac Expressway, the upgrading and expansion of the North Luzon Expressway, the North Rail and the Diosdado Macapagal International Airport Complex;

WHEREAS, under Presidential Proclamation No. 1284 dated April 30, 2007, the President had declared an area within CFZ consisting of 31.7 hectares, more or less, as Clark Texas Instruments Special Economic Zone (CTISEZ) where Texas Instruments (TI) will locate its expansion facility;

WHEREAS, there is a need for the concerned government entities to fulfill the commitments of the Philippine government to TI in return for the latter's decision to locate in the CFZ;

WHEREAS, the commitment of TI to maintain its facility in Baguio City Economic Zone (BCEZ) and locate its expansion project at CTISEZ shall bring in numerous suppliers of TI and thus make the Philippines more attractive to foreign direct investments, thereby generating more locators in CFZ that will generate employment, boost exports, and enhance the country's economic growth;

WHEREAS, as a result of TI's committed investment, the forecasted power demand will increase and it is imperative to put up new power facilities in CFZ to provide reliable and quality electricity to power sensitive industrial locators, such as TI, and to encourage future locators;



WHEREAS, from the time TI committed to locate its expansion facilities in CTISEZ, the Philippine government counterpart agencies are constrained to work on very tight schedules to complete the committed power infrastructure facilities;

WHEREAS, to address the projected power requirements of TI for a redundant high voltage transmission system, TRANSCO and CDC agreed to build a more reliable transmission system to meet the power demand of existing and future locators at CFZ, known as the 230 KV Concepcion-Clark Power Transmission Project (CCPTP);

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Construction of the CCPTP. – As approved by NEDA, TRANSCO and CDC shall undertake the implementation of the CCPTP as follows:

Phase 1

Package A

- a. Five (5) km ST/DC & 2 x 16 km SP/SC 230 KV Lines (initially energized at 69 KV);
- b. 2 x 6 km 69 KV CP/SC & 1 x 3 69 KV, CP/SC Lines;
- c. 2 x 69 KV PCBs and other appurtenances at Concepcion Substation; and
- d. 69 KV ABS, 2-metering equipment at New Clark Substation and a metering equipment for TI back-up line from existing 69 KV Clark Line 2.

Package B

- a. Load end substation at TI side consisting of 2 x 50 MVA 69/13.8 KV transformers and other appurtenances.

Phase 2

- a. 2 x 50 MVA 230/69 – 13.8 KV Power Transformers, 6 x 230 KV PCBs, 5 x 69 KV PCBs, telecommunications equipment and other appurtenances at New Clark Substation; and
- b. 2 x 230 KV PCBs and other appurtenances at Concepcion Substation;

In addition, CDC shall implement Phase 3, which covers the construction of a 3rd 230 KV line with corresponding 230/69 KV substation transformers, 69 KV feeders and appurtenances to serve the power requirement of other future investors in CFZ.



SECTION 2. Responsibilities of TRANSCO and CDC. – The respective responsibilities of TRANSCO and CDC in the implementation of the CCPTP shall be embodied in a Memorandum of Agreement, and shall contain, among others, the following;

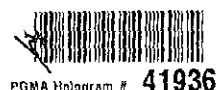
- a. Phase 1 Package A shall be implemented and financed by TRANSCO and 50% of the cost shall be reimbursed by CDC;
- b. Phase 1 Package B shall be implemented by CDC with full technical support and financing by TRANSCO; 50% of the cost will be reimbursed by CDC and TRANSCO;
- c. Phase 2 shall be implemented by TRANSCO and total cost shall be for the account of CDC.
- d. Phase 3 shall be implemented by CDC with full technical support from TRANSCO and total cost shall be for the account of CDC.

SECTION 3. Funding. – TRANSCO shall advance funds for Phases 1 and 2 to meet the tight schedule committed to TI. CDC shall finance total project cost for Phase 3. DOF and DBM shall identify other sources of funds to reduce the funding requirements to be borne by TRANSCO and CDC.

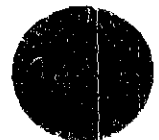
SECTION 4. Repayment Scheme. – For advances of TRANSCO to the extent of its ownership, DBM shall reimburse TRANSCO who will, in turn, transfer ownership of the assets to CDC who will assume the repayment scheme to DBM. The fund necessary for the repayment of TRANSCO advances to CDC shall be to the extent of the latter's repayment capacity as determined by DOF and the balance shall be provided by budgetary support from the DBM.

SECTION 5. Generation, Transmission and Distribution Rates to TI. – NPC and TRANSCO shall provide discounted generation and transmission rates of US\$ 0.0491 for year 0 to year 6 and US\$ 0.0600 for year 7 to year 10 contracted with TI in its manufacturing locations (CTISEZ and BCEZ) within the Philippines in accordance with the policies, rules and regulations of these government corporations. Should the prevailing industrial retail rates decrease to a level lower than the discounted rates agreed and granted by NPC and TRANSCO, the rates shall be correspondingly decreased to match the prevailing rates. Said discounted rates shall be reported to the Energy Regulatory Commission (ERC). Distribution rates of PEZA at BCEZ shall be waived for the period covered by the grant of discounted generation and transmission rates by NPC and TRANSCO.

SECTION 6. Concessionary Lease Rates. – CDC shall provide concessionary lease rates to TI for the duration of the lease agreement between CDC and TI, subject to existing laws, rules and regulations.



PGMA Hologram # 41936



SECTION 7. *TRANSCO Connection Charges.* – Where applicable, TRANSCO may collect Connection Charges as approved by the ERC from users of the CCPTP facilities.

SECTION 8. *Authority to Directly Negotiate for the TI Load-End Substation.* - In view of the urgency to deliver the power infrastructure committed by the Philippine government, and in time with the scheduled commercial operation of TI by August 2008, CDC as owner-representative and developer-operator in CTISEZ is authorized to procure the load-end substation for TI through direct negotiations, subject to existing laws, rules and regulations. TRANSCO shall provide full technical assistance in the implementation of this particular undertaking.

SECTION 9. *Role of Departments, Bureaus, Offices, Agencies, Instrumentalities of the Government.* – All heads of departments, bureaus, offices, agencies and instrumentalities of the government are hereby directed to give full support and assistance to TRANSCO and CDC to expedite the implementation of the various aspects of the CCPTP. In particular, BCDA and CDC shall grant free access and free use of Right of Way in the Subic-Clark-Tarlac expressway and inside the CFZ for the CCPTP.

SECTION 10. *Repealing Clause.* – All issuances, rules and regulations inconsistent herewith are deemed modified, repealed or revoked accordingly.

SECTION 11. *Separability Clause.* – If for any reason, any part or provision of this Order shall be held unconstitutional or declared contrary to law, other parts or provisions hereof which are not affected shall continue to be in full force and effect.

SECTION 12. *Effectivity.* – This Executive Order shall take effect immediately.

DONE in the City of Manila, this 25th day of September, in the year of our Lord, Two Thousand and Seven.

Florin M. Araya

By the President:


EDUARDO R. ERMITA
Executive Secretary

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CERTIFIED COPY.

MARIANITO M. DIMAANDI
DIRECTOR III
MALACANANG RECORDS OFFICE

2007-09-27