

MALACAÑANG

Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 701

DIRECTING ALL HEADS OF DEPARTMENTS, BUREAUS, OFFICES, AGENCIES, AND THE INSTRUMENTALITIES OF THE GOVERNMENT TO SUPPORT THE POWER INFRASTRUCTURE REQUIREMENTS AND THE INVESTMENT OF HANJIN HEAVY INDUSTRIES AND CONSTRUCTION-PHILIPPINES, INC. IN SUBIC AND IN MINDANAO

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, the ten-point agenda of the present administration includes the development of Subic as the best international service and logistic center in the region;

WHEREAS, Hanjin Heavy Industries and Construction-Philippines, Inc. (Hanjin) will invest about US\$1.6 Billion for a shipyard project in the Subic Bay Freeport Zone that will generate about 20,000 employment thereat;

WHEREAS, Hanjin will likewise invest about US\$2 Billion for another shipyard project in Mindanao that will generate about 30,000 employment thereat;

WHEREAS, there is a need for the concerned government entities to support the investment of Hanjin, particularly its power requirements, in order for the country to become a landmark in the shipping industry in the Southeast Asian Region.

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

Section 1. *Connection Assets in Subic.* – The National Transmission Corporation (TRANSCO) shall acquire and take possession of the Connection Assets (15 km. 230 kV Transmission Line and 230kV/22.9kV Substation) constructed by Hanjin in Subic.

Section 2. *Funding and repayment scheme.* – TRANSCO shall advance the necessary funds to immediately acquire and take possession of the Connection Assets:

The specific responsibilities of government agencies involved in the acquisition of the Connection Assets (such as, but not limited to TRANSCO, DBM and DOF), including the details of implementing a repayment scheme, shall be embodied in a Memorandum of Agreement for the purpose.



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Section 3. *TRANSCO Connection Charges.* – Where applicable, TRANSCO may collect Connection Charges as approved by the Energy Regulation Commission (ERC) from users of the Connection Assts.

Section 4. *Generation, Transmission and Distribution Rates to Hanjin.* – The National Power Corporation (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 in its shipyard locations in the Subic Bay Freeport Zone and in Mindanao 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 the NPC and TRANSCO, the rates shall be correspondingly decreased to match the prevailing rates. Said discounted rates shall be reported to the ERC. Distribution rates collected by any government entities (i.e., Philippine Economic Zone Authority), if any, shall be waived for the period covered by the grant of discounted generation and transmission rates by NPC and TRANSCO.

Section 5. *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 to the power infrastructure requirements and investment of Hanjin in the Subic Bay Freeport Zone and in Mindanao.

Section 6. *Repealing Clause.* – All executive orders, rules and regulations and other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby revoked, amended, or modified accordingly.

Section 7. *Separability Clause.* – Any portion or provision of this Executive Order that maybe declared unconstitutional shall not have the effect of nullifying its other portions or provisions, as long as such remaining portions can still be given effect.

Section 8. *Effectivity.* – This Executive Order shall take effect fifteen (15) days after its publication in a national newspaper of general circulation.

DONE in the City of Manila, this 22nd day of January in the year of Our Lord, Two Thousand and Eight.

Gloria A. Arroyo



By the President:

Eduardo R. Ermita

EDUARDO R. ERMITA
Executive Secretary



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