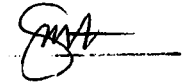


SENATE

P. S. RES No. 753

Received



Introduced by Senator Paolo Benigno "Bam" A. Aquino IV

RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT
AN INQUIRY, IN AID OF LEGISLATION, INTO GOVERNMENT'S
EMERGING STRATEGY FOR RURAL ELECTRIFICATION, AND THE
POLICIES AND PROGRAMS TO SUPPORT ELECTRIC COOPERATIVES
IN SERVICING FILIPINO COMMUNITIES AND ACHIEVING THE
SECTOR'S MANDATE FOR TOTAL RURAL ELECTRIFICATION

1 **WHEREAS**, in accordance with Presidential Decree No. 269,
2 otherwise known as the "National Electrification Administration Decree," it is
3 the policy of the State to pursue the attainment of total electrification of the
4 country on an area coverage basis for the welfare of the Filipino people and
5 the sound development of the nation. For this purpose, the State shall
6 promote, encourage and assist all public service entities engaged in
7 supplying electric service, particularly electric cooperatives, which are willing
8 to diligently pursue this objective;

9 **WHEREAS**, Section 4 of PD 269 authorized the National Electrification
10 Administration (NEA) to promote, encourage and assist public service entities,
11 particularly electric cooperatives, for the purpose of making service available
12 throughout the nation on an area coverage basis as rapidly as possible;

13 **WHEREAS**, Republic Act No. 9136, otherwise known as the "Electric
14 Power Industry Reform Act of 2001" or "EPIRA," was enacted into law to
15 provide a framework for the restructuring of the electric power industry,
16 including the privatization of the assets of the National Power Corporation,

1 the transition to the desired competitive structure, and the definition of the
2 responsibilities of the various government agencies and private entities;

3 **WHEREAS**, Section 57 of EPIRA gives electric cooperatives the option
4 to convert into either stock cooperative under the Cooperatives Development
5 Act or stock corporation under the Corporation Code. It further maintains that
6 nothing in the provisions of EPIRA shall deprive electric cooperatives of any
7 privilege or right granted to them under PD 269, as amended, and other
8 existing laws;

9 **WHEREAS**, in accordance with Section 58 of EPIRA, the NEA was
10 given the additional mandate of developing and implementing programs to
11 prepare electric cooperatives to operate and compete under the deregulated
12 electric market, strengthen the technical capability and financial viability of
13 rural electric cooperatives, and review and upgrade regulatory policies with a
14 view to enhancing the viability of rural electric cooperatives as electric
15 utilities;

16 **WHEREAS**, in accordance with Section 59 of EPIRA, the provision of
17 electric service may be opened to other qualified third parties in remote and
18 unviable villages where the franchised utility is unable to service for any
19 reason;

20 **WHEREAS**, Section 60 of EPIRA directs the PSALM Corporation to
21 assume all outstanding financial obligations of electric cooperatives to NEA
22 and other government agencies incurred for the purpose of financing the
23 rural electrification program. This shall be done in accordance with the
24 program approved by the President of the Philippines within one (1) year
25 from the law's effectivity, and implemented and completed within three (3)
26 years from the same. The Energy Regulatory Commission (ERC) shall ensure
27 a reduction in the rates of electric cooperatives commensurate with the
28 resulting savings due to the removal of the amortization payments of their

1 loans. Within five (5) years from the condonation of debt, any electric
2 cooperative which shall transfer ownership or control of its assets, franchise
3 or operations thereof shall repay PSALM Corporation the total debts including
4 accrued interests thereon;

5 **WHEREAS**, last March 2018, the President instructed the Department
6 of Energy and the ERC to undertake "bold executive actions" to remove
7 perceived barriers to rural electrification, particularly by allowing the entry of
8 the private sector in the distribution of electricity;

9 **WHEREAS**, several organizations of electric cooperatives issued a
10 joint statement expressing their grave concern regarding the President's
11 directive, fearing that instead of addressing the real challenge of bringing
12 electricity to currently unserved areas, the entry of third-party power
13 providers into the franchise areas of electric cooperatives would simply
14 undermine the electric cooperatives' lawful mandate and the service that
15 they have long been providing to communities;

16 **WHEREAS**, the statement of the Philippine Rural Electric Cooperatives
17 Association, Inc. (PhilRECA) and the Philippine Federation of Electric
18 Cooperatives (PhilFECO) sought to dispute the misconception that
19 underperformance by Electric Cooperatives was the main barrier to total
20 electrification;

21 **WHEREAS**, according to their statement, only eight percent (8%) of
22 the total of 121 electric cooperatives in the country was problematic.
23 Moreover, the problematic performance of these electric cooperatives were
24 not due to operational inefficiency, but rather to external factors beyond the
25 control of the electric cooperatives such as natural calamities, political strife
26 or unwarranted political intervention, insurgency and topographic challenges;

1 **WHEREAS**, another organization, the Philippine Association of Board
2 of Directors of Rural Electric Cooperatives (PABREC), called on government
3 to protect electric cooperatives against private entities that may have vested
4 interests in encroaching upon areas already being properly serviced by
5 electric cooperatives;

6 **WHEREAS**, while the NEA initiates interventions for unelectrified areas
7 and for under-performing electric cooperatives, effective measures should
8 likewise be in place to ensure the necessary support for the electric
9 cooperatives that have been performing their mandate of providing
10 dependable and adequate service to Filipino communities;

11 **WHEREAS**, the Department of Energy (DOE) must focus and intensify
12 the determination, exploration and development of energy sources and its
13 generation by interested investors in order to provide sufficient power supply
14 for the electric cooperatives and other private distribution utilities to
15 distribute at reasonable and the most affordable cost possible to all sectors of
16 society;

17 **NOW, THEREFORE, BE IT RESOLVED**, as it is hereby resolved to
18 direct the appropriate Senate Committees to conduct an inquiry, in aid of
19 legislation, into government's emerging strategy for rural electrification, and
20 the policies and programs to support electric cooperatives in servicing Filipino
21 communities and achieving the sector's mandate for total rural electrification.

Adopted,

