

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

Fifteenth Congress
First Regular Session

HOUSE BILL NO. 1019

Introduced by Honorable Cresente C. Paez and Honorable Jose R. Ping-ay

EXPLANATORY NOTE

This bill seeks to transfer to the Energy Regulatory Commission (ERC) the regulatory and supervisory powers over electric cooperatives duly registered with the Cooperatives Development Authority (CDA) thereunder.

The National Electrification Administration (NEA) was created by virtue of Presidential Decree (PD) No. 269 primarily to organize, finance and regulate electric cooperatives (ECs) throughout the country. The law was later amended by PD 1645 by increasing the capitalization and broadening the lending and regulatory powers of the NEA. With the enactment of Republic Act (RA) No. 6938, otherwise known as the *Cooperative Code of Philippines*, as amended by Republic Act No. 9520, ECs are given the option to register either with the CDA or with the NEA.

The Energy Regulatory Commission was created under RA 9136, otherwise known as the *Electric Power Industry Reform Act of 2001*, as the independent regulatory body for the restructuring of the ECs. The ERC issues guidelines on the assumptions of the rural electrification loans of ECs by the Power Sector Assets and Liabilities Management (PSALM) Corporation for the purpose of financing the rural electrification program. Thus, the proposed measure will likewise allow electric cooperatives to enjoy certain benefits and privileges, among others, particularly in the upgrading or rehabilitation of electricity distribution.

In view of the foregoing, the approval of this bill is earnestly sought.


CRESENTE C. PAEZ


JOSE R. PING-AY

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AN ACT
TRANSFERRING TO THE ENERGY REGULATORY COMMISSION THE
SUPERVISORY POWERS OVER ELECTRIC COOPERATIVES REGISTERED
UNDER THE COOPERATIVES DEVELOPMENT AUTHORITY

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

SECTION 1. The supervision over electric cooperatives duly registered with the Cooperatives Development Authority (CDA) pursuant to Article 132 of Republic Act No. 6938, otherwise known as the *Cooperative Code of the Philippines*, as amended by Republic Act No. 9520, is hereby transferred to the Energy Regulatory Commission, hereinafter referred to as the "Commission."

Upon the effectivity of this Act, all CDA registered electric cooperatives shall now be covered by the provisions of this Act as well as the rules and regulations of the Commission: *Provided*, That the security of tenure and the collective bargaining agreement between the cooperative management and its employees shall be respected, with no diminution to existing salaries, emoluments, ranks and other benefits.

Except as provided in the immediately preceding paragraph, the National Electrification Administration (NEA) shall no longer exercise regulatory or supervisory powers on electric cooperatives duly registered with the Commission.

Electric cooperatives registered with the Commission are entitled to congressional allocations, grants, subsidies and other financial assistance for rural electrification which

can be coursed through the Department of Energy, the Commission and local government units. The electric cooperatives can avail of the financial services and technical assistance provided by the government financial institutions and technical development agencies on terms respecting their independence as autonomous cooperatives.

All condoned loans, subsidies, grants and other assistance shall form part of the donated capital and funds of the electric cooperatives and as such, shall not be sold, traded nor be divided into shareholdings at any time; these donated capital or fund shall be valued for the sole purpose of determining the equity participation of the members: *Provided*, That in the case of dissolution of the cooperative, said donated capital shall be subject to escheat.

SEC. 2. Within sixty (60) days after the effectivity of this Act, the Secretary of Energy shall issue the rules and regulations necessary for the effective implementation of this Act.

SEC. 3. Article 132 of Republic Act No. 6938, otherwise known as the *Cooperative Code of the Philippines*, as amended by Republic Act No. 9520, is hereby repealed. All other laws, decrees, executive orders, proclamations, rules and regulations, and issuances, or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 4. This Act shall take effect fifteen (15) days after publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,