

Republic of the Philippines
HOUSE OF REPRESENTATIVE
Quezon City

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5036

INTRODUCED BY
1-CARE PARTY LIST REPRESENTATIVE SALVADOR P.
CABALUNA III

EXPLANATORY NOTE

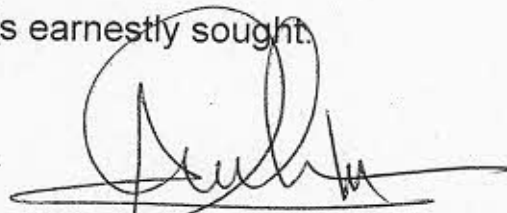
This bill seeks to grant Rural Electric Cooperative Associations the right of first refusal to purchase state-owned power generation plants.

By virtue of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001, all state-owned power generation plants are to be privatized in order to allow the entry of a deregulated market in the energy sector. However, despite the good intent of the said law, the unfolding of recent events have shown that instead of serving the common good, the detriment of the public is being threatened by the impending power rate increases resulting from the covert maneuverings of a few in the power sector.

The Rural Electric Cooperatives are defenseless in the midst of this orchestrated move to create an oligopoly in the energy sector and without any armor to shield it from the economic abuse of the players in power generation, the rights of the rural energy consumers will be compromised.

Allowing the rural electric cooperatives to have the right of first refusal will equip them with the necessary power to operate generation plants. By allowing them to run power generation plants, rural energy consumers are being empowered to control the price of electricity.

Immediate approval of this bill is earnestly sought.



SALVADOR P. CABALUNA III
Sectoral Representative
1-CARE Party-List

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AN ACT
GRANTING RURAL ELECTRIC COOPERATIVE ASSOCIATIONS THE RIGHT OF FIRST REFUSAL TO PURCHASE STATE-OWNED POWER GENERATION PLANTS, AMENDING FOR THE PURPOSE SECTION 28 OF REPUBLIC ACT NO. 9136 OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001 AND FOR OTHER PURPOSES

SECTION 1. *Short title.* This Act shall be known as the "Rural Electric Cooperative Associations' Right of First Refusal Act of 2011."

SEC. 2. *Definitions.* As used in this Act:

(a) "Rural Electric Cooperative Association" means an aggrupation of two (2) or more geographically adjacent rural electric cooperatives organized for the purpose of asset consolidation in order to muster the necessary amount of money to purchase and operate state-owned generation plant or plants

(b) "State-owned generation plant" means any plant capable of generating energy from any of the sources available including but not limited to hydroelectric, geothermal, biomass, diesel-fueled and coal-fired; and

(c) "Right of first refusal" means the right granted under this Act to Rural Electric Cooperative Association to have the first opportunity to purchase a state-owned power generation plant upon the government's decision to sell the same at the terms and conditions offered by a third party or at predetermined terms.

SEC. 3. *Right of First Refusal of Rural Electric Cooperative Associations.* Rural Electric Cooperative Associations are hereby granted the right of first refusal to purchase state-owned generation plant or plants. This right shall be enjoyed only by a Rural Electric Cooperative Association after it has consolidated its assets for the purpose of procuring a state-owned generation plant.

SEC. 4. *Remedial Measure of a Rural Electric Cooperative Association.* In the event that the assets of a Rural Electric Cooperative Association is not sufficient for the purpose of purchasing a state-owned generation plant, the National Electrification Administration (NEA), in tandem with local or international financing institutions, is empowered to infuse additional fund solely for the purpose of acquiring the generation plant. In the event that a Rural Electric Cooperative Association shall secure a loan from international financing institutions for the purchase of a generation plant, the loan shall be provided sovereign guarantee.

SEC. 5. Registration of the Rural Electric Cooperative Association with the National Electrification Administration (NEA). A Rural Electric Cooperative Association, after its organization, shall be registered with the National Electrification Administration and shall function in accordance with the rules and regulations to be set forth by NEA.

SEC. 6. Function of the Rural Electric Cooperative Association. A Rural Electric Cooperative Association, after its purchase of a state-owned generation plant, is hereby empowered to govern the operation of the generation plant subject to the provisions on consolidation and merger of Presidential Decree 269.

SEC. 7. Implementing Rules and Regulations. Within ninety (90) days after the approval of this Act, the National Electrification Administration, in coordination with the National Power Corporation (NAPOCOR), Energy Regulatory Commission (ERC) and the Power Sector Assets and Liabilities Management (PSALM) Corporation shall promulgate the implementing rules and regulations of this Act which shall define the powers and functions of the Rural Electric Cooperative Association in connection with its governing powers in the purchased generation plant.

SEC 8. Construction. This Act shall be construed liberally. The enumeration of any object, purpose, power, manner, method, or thing shall not be deemed to exclude like or similar objects, purposes, powers, manners, methods or things.

SEC. 9. Repealing Clause. Section 28 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 and provisions of other laws inconsistent with this Act are hereby repealed or modified accordingly.

SEC 10. Separability. If any provision of this Act or the application of such provision to any person, entity or circumstance is held invalid, the remainder of the Act and the application of such provisions to other persons, entities or circumstances shall not be affected thereby.

SEC. 11. Effective date. This Act shall take effect within fifteen (15) days after its publication in any three (3) newspapers of national circulation.

Adopted,