

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 8538



Introduced by Rep. Carlos Roman L. Uybarreta

EXPLANATORY NOTE

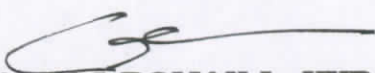
It has always been the goal to provide electricity to every household. It is a commodity which improves quality of life. No one should be deprived of it. As what studies have shown, children who have electricity in their homes perform significantly better in school than those who don't. Electricity also plays a vital part in the performance of even the most basic livelihood. As such, it is important that the government find means to bring electricity even to the remote areas. Moreover, it is a well-known fact that the consumption of electricity is a catalyst of economic growth and development.

Currently, three methods are being employed to achieve total electrification of the nation. The first method is through rural electrification by the electric cooperatives. The second is through the program of missionary electrification in off-grid areas spearheaded by the National Power Corporation. The last method is through the entry of qualified third-party (QTP) entities in remote, unviable and unserved areas as allowed by the Electric Power Industry Reform Act (EPIRA).

The most recent data available has shown that more than 24,000 sitios or 17% are still unserved and unenergized. Mostly, these sitios are found in remote areas which are considered to be unviable. Financial impracticality is a major constraint for current distribution utilities in constructing the necessary infrastructure to extend their services to these areas. As a result, these areas are underdeveloped and the people are left behind.

It has been 17 years since the enactment of the EPIRA Law and the QTP Program has not much helped in attaining total electrification of the country. With the emerging advances in technology, this bill seeks to streamline the process of establishing and maintaining distributable power technologies and minigrid systems in the country. These should be utilized to achieve total electrification of the country and to provide quality, reliable, secure and affordable electricity to every household.

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


CARLOS ROMAN L. UYBARRETA
Representative, 1-CARE Party List

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 8538

Introduced by **1-CARE Representative Carlos Roman L. Uybarreta**

AN ACT
STREAMLINING THE PROCESS OF ESTABLISHING AND MAINTAINING
DISTRIBUTABLE POWER TECHNOLOGIES AND MINIGRID SYSTEMS IN
THE PHILIPPINES

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

Section 1. Declaration of Policy. - It is the policy of the State (a) to accelerate the total electrification of the country by providing electric power to end-users in Unviable Areas throughout the Philippines, and (b) to ensure the quality, reliability, security and affordability of the supply of electric power.

Section 2. Scope. - Subject to the provisions of the Constitution, Republic Act No. 9136 otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA), and other applicable laws, rules and regulations, this act shall apply to all Distribution Utilities, Electric Cooperatives and other persons or entities duly authorized by the Energy Regulatory Commission (ERC) to operate and maintain, in the public interest and for commercial purposes, Distributable Power Technologies (DPTs) and Minigrid Systems that provide electric power to customers and end-users in Unviable areas in the Philippines.

Section 3. Definition of Terms. -

- a.) **Distributable Power Technologies** - refer to devices, assets, facilities and other technologies with a capacity not exceeding five (5) MW that generate power at or near the point of use and connect directly to end-users, such as but not limited to rooftop or ground-mounted solar panels, wind turbines, hydrogen fuel cells, backup generation sets, hybrid power systems, wires, controllable loads, metering, communication equipment, electric vehicle charging stations, and energy storage.
- b.) **Minigrid System** - refers to an integrated group of loads and devices, assets, facilities and other technologies, including DPTs, with a total system capacity not exceeding five (5) MW, and which operate in an Unviable Area, independently from transmission or distribution systems or other Mini-Grid Systems. A Mini-Grid System shall be treated as distinct from the transmission grid, a distribution system, or a generation facility.
- c.) **Minigrid Company** - refers to any person or entity which constructs, installs, establishes, operates and maintains minigrid systems or DPTs; may sell, purchase, or trade electric power with customers or end-users, and is distinct from a distribution utility or a generation company.

- d.) **Unviable Areas** – refers to a geographical area within the franchise area of a Distribution Utility where immediate extension of distribution line is not feasible and right to provide electric service is waived by a Distribution Utility, as may be determined by the DOE pursuant to existing regulations.

Section 4. Implementing Rules and Regulations. - Within one (1) year from effectivity of this Act, the ERC shall promulgate implementing rules and regulations for the development, operation and maintenance of DPTs and Micro-Grid Systems to provide electric power in Unviable Areas. In doing so, the ERC shall take into consideration the following:

- (a) All facilities, lines and systems for electric services owned, maintained, operated or managed by a Mini-Grid Company shall be operated and maintained at all times in a proper and suitable manner;
- (b) All facilities, lines and systems for electric services owned, maintained, operated or managed by a Mini-Grid Company shall be subject to distribution impact study and technical system impact study and shall in no way disrupt or disturb the system currently in place;
- (c) Whenever practicable and for purposes of maintaining order, safety and aesthetics along highways, roads, streets, alleys or right-of-way, a Mini-Grid Company may allow the lease of free spaces in its facilities or right-of-way by interested parties, upon reasonable compensation to such Mini-Grid Company.
- (d) For the purpose of constructing, installing, establishing, operating and maintaining Mini-Grid Systems, or any part thereof, it shall be lawful for a Mini-Grid Company, Distribution Utility and Electric Cooperative, with the approval of the Department of Public Works and Highways (DPWH) or the local government units (LGUs) concerned, as may be appropriate, to make excavations or lay conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of said province, cities and/or municipalities: *Provided*, however, That any public place, highway, street, lane, alley, avenue, sidewalk or bridge disturbed, altered, or changed by reason of the Mini-Grid System, shall be repaired and properly restored at the expense of the Mini-Grid Company, Distribution Utility or Electric Cooperative, as the case may be, in accordance with the standards set by the DPWH or the LGU concerned.
- (e) A Mini-Grid Company shall establish, to the satisfaction of the ERC, its financial and technical capability to operate and maintain a Mini-Grid system and shall submit an annual report of finances and operations to the ERC.

Section 5. Responsibility to the Public. - A Mini-Grid Company, Distribution Utility or Electric Cooperative, as the case may be, shall operate its Mini-Grid System/s and supply power to end-users in the least cost manner. It shall be the duty of the entity whenever required by the ERC to modify, improve, or change its facilities and equipment for the purpose of providing efficient and reliable service and reduced electricity costs. It shall have the obligation to provide open and nondiscriminatory access to its services for any end-user within the Unviable Areas in which it has committed to operate. It shall establish

a consumer desk that will handle consumer complaints and act with dispatch on all complaints brought before it.

Section 6. Rates for Services. - A Mini-Grid Company shall identify, separate and unbundle its rates, charges, and costs for its services in accordance with the EPIRA and applicable rules and regulations. The rates charged by a Mini-Grid Company to its end-users shall be regulated by and subject to the approval of the ERC.

A Distribution Utility or Electric Cooperative operating a Mini-Grid System shall ensure that the rates charged to its customers located in the area where it operates as such shall be the same rates approved by the ERC to be charged and collected from its other customers within its franchise area.

Section 7. Right of the Government. - A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the facilities of the Mini-Grid Company, Distribution Utility and Electric Cooperative, or to authorize the temporary use and operation thereof by any agency of the government upon due compensation for the use of said facilities during the period when they shall be so operated.

Section 8. Right of Eminent Domain. - Subject to the limitations and procedures prescribed by law, the Mini-Grid Company, Distribution Utility or Electric Cooperative, is authorized to exercise the right of eminent domain insofar as it may be reasonably necessary for the construction, installation, establishment, and efficient operation and maintenance of DPTs or Minigrid Systems. They are authorized to install and maintain poles, wires, and other facilities over and across public property, including streets, highways, forest reserves, and other similar property of the Government of the Philippines, its branches, or any of its instrumentalities. They may acquire such private property as needed for the realization of the purposes of this Act, including property already devoted to public use or with public character: Provided, this will result in greater benefit for the public: Provided, further, That the proper condemnation proceedings shall have been instituted and applicable rules shall have been complied with and just compensation paid.

Section 9. Warranty in Favor of the National and Local Governments. - The Mini-Grid Company, Distribution Utility or Electric Cooperative, shall hold the national, provincial, city, and municipal governments of the Philippines free from all claims, liabilities, demands, or actions arising out of accidents that cause injury to persons and damage to properties, during the construction, installation, operation, and maintenance of the lines for electric services.

Section 10. Liability for Damages. - The Mini-Grid Company, Distribution Utility or Electric Cooperative shall be liable for any injury to persons and damage to property arising from or caused by accident to persons by reason of any defective construction or of any neglect or omission to keep its poles and wires in safe condition.

Section 11. Compliance with Labor Standards. - The Mini-Grid Company, Distribution Utility or Electric Cooperative, its successors or assignees shall comply with the applicable labor standards under existing labor laws, rules and regulations and such other issuances as may be promulgated by the Department of Labor and Employment, taking into consideration the nature and peculiarities of the electric power industry.

Section 12. Missionary, National Electrification and Qualified Third Parties.

— The provisions of this Act shall be without prejudice to, and shall be complementary with:

- (a) the missionary electrification function of the National Power Corporation (NPC)-Small Power Utilities Group (SPUG) under the EPIRA, its implementing regulations, and the provisions of the National Electrification Administration Reform Act; and
- (b) the alternative electric service to be provided by qualified third parties for Unviable Areas, under EPIRA and its implementing regulations.

Section 13. Reportorial Requirement. - The Mini-Grid Company, Distribution Utility or Electric Cooperative shall submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchises and the Committee on Energy of the House of Representatives and the Committee of Public Services of the Senate, on its compliance with the implementing rules and regulations of this Act on or before April 30 of the succeeding year

The annual report shall include an update on the roll-out, development, operation and/or expansion of business; audited financial statements; latest General Information Sheet officially submitted to SEC (if applicable); certification of the DOE on the status of its permits and operations; and an update on the dispersal of ownership undertaking, if applicable. A reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the DOE.

Section 14. Fine. - Failure of the Mini-Grid Company, Distribution Utility or Electric Cooperative to submit the requisite annual report to Congress shall be penalized by a fine of Five Thousand pesos (P5000.00) per working day of noncompliance. The fine shall be separate from the reportorial penalties imposed by the DOE and the same shall be remitted to the National Treasury.

Section 15. Separability Clause. - If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

Section 16. Repealing Clause. - All other laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Act are hereby repealed, amended or modified accordingly.

Section 17. Effectivity - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.