



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS

Second Regular Session

House Bill No. 7052

Introduced by
Philreca Party-List Representative Presley C. De Jesus,
APEC Party-List Representative Sergio C. Dagooc,
Ako Padayon Pilipino Party-List Representative Adriano A. Ebcas,
RECOBODA Party-List Representative Godofredo N. Guya

EXPLANATORY NOTE

The Coronavirus pandemic has adversely affected many nations in the past six (6) months, resulting to a stoppage in economic activity, thousands of deaths, and the general public's unrest and anxiety. With the intention to halt the spread of this disease, President Rodrigo Roa Duterte declared an enhanced community quarantine (ECQ) on March 16, 2020 upon the entire Luzon. Thereafter, ECQs have been implemented in areas outside Luzon. The effectivity of the President's order was originally until April 12, 2020. However, due to the unprecedented efficiency of the virus' transmission, the ECQ is now extended until May 15, 2020. In these dark and trying times, nothing is certain.

Despite the implementation of the quarantine, electric cooperatives (ECs) have continued to provide services and distribute electricity to all residential homes and remaining commercial establishments. It must be noted that these distribution utilities are collecting little to none from the end consumers, as compared to collection when operating in their normal capacity. These limitations and constraints prompted such entities to appeal to the Energy Regulatory Commission and Generation Companies to extend or restructure their billing agreements.

The enactment of Republic Act No. 11469, otherwise known as "The Bayanihan to Heal as One Act" became effective on March 24, 2020. Under Section 3 of the said Act, the State recognizes the urgency to:

- (e) undertake a program for recovery and rehabilitation, including social amelioration program and provision of safety nets to all affected sectors
- (f) ensure that there is sufficient, adequate and readily available funding to undertake the foregoing;

- (g) partner with the private sector and other stakeholders to deliver these measures and programs quickly and efficiently;
- (h) promote and protect the collective interests of all Filipinos in these challenging times.

In this regard, we propose that the National Electrification Administration be directed to assist ECs with their financial difficulties by extending the deadline of principal and interest payments, waiving penalties incurred during the implementation of the ECQ, and restructuring loan agreements favorable to both parties, among others.

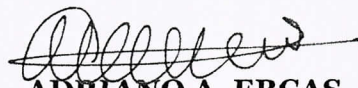
In view of the foregoing, the approval of this bill is earnestly sought.



PRESLEY C. DE JESUS
PHILRECA Party-List Representative



SERGIO C. DAGOO
APEC Party-List Representative



ADRIANO A. EBCAS
Ako Padayon Pilipino Party-List Representative



GODOFREDO N. GUYA
RECOBODA Party-List Representative



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AN ACT
GRANTING THE NATIONAL ELECTRIFICATION ADMINISTRATION
THE AUTHORITY TO RESTRUCTURE, REPRICE OR REFINANCE
LOANS GRANTED TO ALL ELECTRIC COOPERATIVES DUE TO NON-
COLLECTION OF ELECTRICITY BILLS FROM END CONSUMERS
FOR THE PERIOD OF THE STATE OF CALAMITY DUE TO THE
CORONAVIRUS DISEASE UNTIL THE RESUMPTION OF NORMAL
OPERATIONS

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

1 **SECTION 1.** *Short Title* – This Act shall be known and cited as “Electric
2 Cooperative Financial Restructuring Act”.

3 **SECTION 2.** *Declaration of Policy* – The power distribution utilities have been
4 greatly affected by the COVID-19 pandemic resulting to imminent losses, decrease
5 in profitability, and payment of fixed costs. Thus, in line with R.A. 11469, otherwise
6 known as the “*Bayanihan to Heal as One Act*”, the State recognizes that it is
7 imperative to support the electric cooperatives in managing their financial
8 conditions and mitigating economic losses to further provide its services to the
9 public.

10 The National Electrification Administration is granted the authority to approve the
11 restructuring, refinancing, or repricing of loans granted to electric cooperatives in
12 order to balance the interest of the state, the electric cooperatives, and the general
13 public as end users. The NEA, in implementing this Act, must maintain the
14 standards set out under section 58 of R.A. 9136 (The Electric Power Industry

1 Reform Act of 2001), to strengthen the technical capability and financial viability
2 of rural electric cooperatives.

3 **SECTION 3. Scope** – This Act shall cover all loans granted by the NEA to electric
4 cooperatives signed and executed prior to the Presidential Proclamation 922, s.
5 2020.

6 **SECTION 4. Definition of Terms**–

7 (a) “Electric Cooperative” shall refer to a non-stock non-profit entity holding a
8 license to conduct power distribution.

9 (b) “National Electrification Administration” shall refer to the government agency
10 created pursuant to Presidential Decree No. 269, as amended by Republic Act
11 10531.

12 (c) “Loan” shall refer to a financial loan granted by NEA before the issuance of
13 Presidential Proclamation No. 922, s. 2020.

14 (d) “Restructure” shall refer to the amendment in the provisions of the loan
15 agreement as to afford the electric cooperatives flexibility to repay its
16 indebtedness with reasonable safeguards.

17 (e) “Commission on Audit” shall refer to the government agency created pursuant
18 to Article IX-D of the 1987 Philippine Constitution.

19 (f) “Board of Administrators” shall pertain to the Chairman and four (4)
20 members as provided under P.D. No. 269.

21 **SECTION 5. Power to amend loan terms agreement**– In order to attain the goal
22 of this Act to grant financial assistance to electric cooperatives, the NEA may
23 amend, modify, extend, restructure, reprice or refinance loan agreements granted
24 prior to the Presidential Proclamation No. 922, series of 2020.

25 **SECTION 6. Teleconference, videoconference or other online medium to conduct**
26 **meetings** – The NEA and its Board of Administrators may conduct their meetings
27 or hearings by remote communication such as videoconferencing,
28 teleconferencing, or other alternative modes of communication that allow them
29 reasonable opportunities to participate.

30 These meetings shall be announced to the public five (5) days before its occurrence
31 either in the official website of the NEA. The meeting shall be recorded and posted
32 in real time in the foregoing platforms.

33 **SECTION 7. Qualified Electric Cooperatives** – Electric cooperatives that intend
34 to avail of the benefits under this Act shall have a satisfactory mark in the following
35 qualifications, as determined by the NEA, as of March 16, 2020:

36
37 (a) Overall performance of B – AAA in their Financial, Technical and
38 Institutional Standards and Parameters; and

39 (b) No past due loans with the NEA prior to the issuance of Presidential
40 Proclamation No. 922, s. 2020

1 The NEA may fix additional conditions, qualifications or requirements from the
2 electric cooperatives availing of the benefits for restructuring and may issue such
3 policies or parameters in the Implementing Rules and Regulations of this Act.

4 **SECTION 8. *Duration of the amended loans*** – The amended terms of the loan
5 shall be in effect until the normalization of operations of the electric cooperatives,
6 as determined by the NEA.

7 **SECTION 9. *Notice of resumption of original terms*** – The effectivity of the
8 original terms of the loan shall be implemented no later than after one month after
9 communicating notice thereof by the NEA.

10
11 **SECTION 10. *Implementing Rules and Regulations***. – The National
12 Electrification Administration shall promulgate the rules and regulations for the
13 effective enforcement of the provisions of this Act.

14 **Section 11. *Congressional Oversight***. - The Joint Congressional Energy
15 Commission or the JCEC shall maintain oversight function over the
16 implementation of this Act. The NEA must submit a quarterly report to the JCEC
17 on all loans that were amended, modified, extended, restructured, repriced or
18 refinanced pursuant to this Act.

19 **SECTION 12. *Sunset Clause*** - This Act shall expire after a three-year period from
20 the date of its effectivity, or sooner upon official declaration of the President of the
21 Philippines issued by upon recommendation of the Inter-Agency Task Force on
22 Emerging and Infectious Diseases that the prevailing guidelines of the World
23 Health Organization and the consensus of the international medical community
24 conclusively show that a viable vaccine has contained or eradicated COVID-19.

25 **SECTION 13. *Separability Clause***. – Should any provision of this Act or any part
26 thereof be declared invalid, the other provisions, insofar as they are separable from
27 the invalid ones, shall remain in full force and effect.

28 **SECTION 14. *Repealing Clause*** – All laws, orders, issuances, rules and
29 regulations or parts thereof inconsistent with this Act are hereby repealed or
30 modified accordingly.

31 **SECTION 15. *Effectivity*** - This Act shall take effect immediately upon its
32 publication in the Official Gazette or in at least two (2) newspapers of general
33 circulation.

34 Approved.