

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

House Bill No. 3177

Introduced by Representative Ralph G. Recto

AN ACT

ACCELERATING THE COUNTRY'S TOTAL ELECTRIFICATION OF HOUSEHOLDS, PROVIDING FOR A RELIABLE AND EFFICIENT SOLAR ENERGY SYSTEM TO PUBLIC SCHOOLS, ALLOCATING FOR THE PURPOSE THE PROCEEDS FROM THE NET NATIONAL GOVERNMENT SHARE FROM THE MALAMPAYA NATURAL GAS PROJECT AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Energy security is a crucial factor in achieving economic development of the country. The Philippine government is hard-pressed to fulfill its commitments to decarbonize the energy industry under the 450 Scenario¹, attain energy independence, pursue 100% electrification in the entire Philippines, as well as improve the teaching and learning conditions in public schools.

As of 2020, out of the estimated total household population of 22.98 million, there are still 2.12 million households with no access to electricity.² A total of 1,635 schools out of the 2,414 schools are still unenergized. In addition, 39,335 schools still need to upgrade electrical connections.³ Lack of electricity in public schools, therefore, creates considerable obstacles towards digital literacy because the students have no access to computers and other digital equipment.

¹ International Energy Agency World Energy Outlook 450 Scenario

² 38th Status Report on EPIRA Implementation as of April 2021.

³ <https://authdocs.deped.gov.ph/wp-content/uploads/2021/09/FINAL-11-Solar-and-Electrification-Program-for-Schools-0921120-20210908.pdf>. (Accessed 19 June 2022).

Solar Energy is the most abundant renewable energy (RE) resource that can be installed to generate power at a faster rate than fossil fuel-based power plants. Solar energy systems also generate substantial savings versus fossil-fueled power plants with high transport and long distance hauling costs for their feed stocks.

This proposed measure seeks to mandate the Department of Energy (DOE) in coordination with the National Electrification Administration (NEA) and National Power Corporation (NPC) to provide electric services in identified unelectrified households. Moreover, the Department of Public Works and Highways (DPWH) in coordination with the Department of Education (DepEd) and the DOE is mandated to construct solar energy systems in identified unelectrified public schools.

The funding of this measure shall be charged against the net national government share from the Malampaya Fund, with a projected revenue of approximately P152 billion⁴ from 2019 to 2023, after deducting the P208 billion allocated for the payment of stranded contract costs and stranded debts pursuant to Republic Act No. 11321 or the *Murang Kuryente Act*.

The bill proposes to allocate 90% of the Malampaya Fund for the electrification of identified unelectrified households in the far-flung areas of the country while the remaining 10% of the Fund shall be for the installation of solar energy systems in public schools.

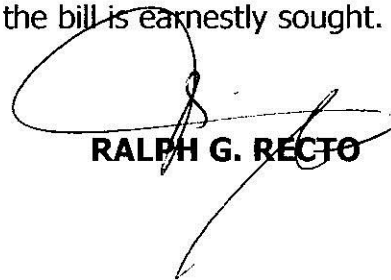
This bill would provide the impetus for the country to achieve 100% electrification in all missionary areas, support the DepEd's mission to spread digital literacy and equal opportunity in education around the country, and reach the government's target RE utilization of 15,304 MW in 2030, from the current 5,438 MW RE utilization.

The bill also mandates the DOE in coordination with the NPC, NEA, DPWH and the DepEd to annually release and update the list of unelectrified households and public schools. Furthermore, to ensure transparency, the bill also mandates that the

⁴ PSALM Report on Projected Revenues from SC 38 Malampaya Gas to Power Project dated December 2018.

allocation of the Malampaya Fund for the purpose should be clearly provided for in the General Appropriations Act.

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



RALPH G. RECTO

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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 as the "Total Electrification in
2 Households and Public Schools Act".

3 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to
4 accelerate total electrification, increase access to sustainable energy, improve
5 efficiency in the use of energy, spread literacy and equal opportunity in education
6 around the country, and mandate the development and utilization of renewable
7 energy resources. Towards this end, the State shall establish the infrastructure and
8 mechanisms to ensure energy-sufficiency in unelectrified households and public
9 schools.

10 Sec. 3. *Coverage.* – This Act shall provide a framework for the accelerated
11 electrification in unelectrified households and establishment of solar energy systems
12 in public schools.

13 Sec. 4. *Definition of Terms.* – For purposes of this Act, the following terms shall
14 be defined as stated below:

- 15 a) *End-user* – refers to any person or entity requiring the supply and
16 delivery of electricity for its own use;

- 1 b) *Grid* – refers to the high-voltage backbone system of interconnected
2 transmission lines, substations and related facilities;
- 3 c) *Joint Congressional Energy Commission (JCEC)* – refers to the
4 Congressional Commission constituted under Section 62 of Republic
5 Act No. 9136, otherwise known as the “Electric Power Industry
6 Reform Act of 2001”, as amended by the Republic Act No. 11285,
7 otherwise known as the “Energy Efficiency and Conservation Act”;
- 8 d) *Malampaya Natural Gas Project* – refers to Service Contract 38 in
9 offshore Northwest Palawan;
- 10 e) *Malampaya Fund* – refers to the government share from the net
11 production proceeds of Service Contract 38 or the Malampaya Natural
12 Gas Project pursuant to Presidential Decree No. 87, otherwise known
13 as The Oil Exploration and Development Act of 1972. This
14 government share forms part of a Special Account in the General
15 Fund used to finance energy resource development and exploitation
16 programs pursuant to Presidential Decree No. 910, otherwise known
17 as “Creating an Energy Development Board, Defining Its Powers and
18 Functions, Providing Funds, Therefor, and for Other Purposes”;
- 19 f) *Missionary electrification* – as defined in Section 70 of Republic Act
20 No. 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001
21 and its Implementing Rules and Regulations, covers all off-grid areas
22 which are not connected to the main grids of Luzon, Visayas, and
23 Mindanao, and remote and unviable areas which are not connected
24 to the distribution grid;
- 25 g) *National Electrification Administration (NEA)* – refers to the
26 government agency created under Presidential Decree No. 269, as
27 amended;
- 28 h) *National Power Corporation (NPC)* – refers to the government
29 corporation created under Republic Act No. 6395 and mandated in
30 Section 70 of Republic Act No. 9136 to perform missionary
31 electrification function through its Small Power Utilities Group
32 (SPUG);

- 1 i) *Net production proceeds* – refer to the balance of gross proceeds
2 from Service Contract 38 after deducting the Filipino Participation
3 Incentive, if any, and all operating expenses pursuant to Section 8
4 (1) of Presidential Decree No. 87, the Oil Exploration and
5 Development Act of 1972;
- 6 j) *Net government share* – refers to the sixty percent (60%) share of
7 the national government from the net production proceeds of Service
8 Contract 38 pursuant to Presidential Decree No. 87, the Oil
9 Exploration and Development Act of 1972 after the deductions
10 provided by Presidential Decree No. 910, creating the Energy
11 Development Board;
- 12 k) *Net national government share* – refers to the share of the national
13 government from the net government share after the deduction from
14 the net government share of the local government share pursuant to
15 Section 290 of Republic Act No. 7160, otherwise known as the Local
16 Government Code of 1991, as amended;
- 17 l) *Small Power Utilities Group (SPUG)* – refers to the functional unit of
18 NPC created to pursue missionary electrification function in
19 accordance with Republic Act No. 9136; and
- 20 m) *Solar Energy System* – refers to an energy system which converts
21 solar energy into thermal or electrical energy.

22 Sec. 5. *Electrification in Unelectrified Households and Construction of Solar*
23 *Energy Systems in Public Schools.* – The National Power Corporation (NPC) and
24 National Electrification Administration (NEA) shall facilitate the installation of electricity
25 systems in identified unelectrified households in rural areas: *Provided,* That the
26 Department of Public Works and Highways (DPWH) in coordination with the
27 Department of Energy (DOE) and the Department of Education (DepEd) shall construct
28 the solar energy systems in public schools: *Provided further,* That the establishment
29 of the said systems shall be within a period as may be determined in the Implementing
30 Rules and Regulations of this Act.

1 *Sec. 6. General Guidelines.* – For the purposes of this Act, the following are the
2 General Guidelines for the accelerated total electrification in unelectrified households
3 and installation of solar energy systems in school buildings:

- 4 a) Installation of electricity systems shall immediately commence to
5 supply power to identified unelectrified households and construct
6 solar energy systems in public schools;
- 7 b) The Department of Finance (DOF) shall apply the appropriate
8 provisions of Chapter VII General Incentives of Republic Act No.
9 9513 or the Renewable Energy Act of 2008 to the solar energy
10 systems to be established and constructed;
- 11 c) The DOE in coordination with NEA and NPC shall develop a
12 comprehensive database to monitor the status of electrification and
13 post on its website an updated list of unelectrified households on the
14 last quarter of each calendar year;
- 15 d) The DPWH in coordination with DepEd shall submit to Congress a
16 status report on constructed solar energy systems in public schools
17 funded under the Malampaya Fund including but not limited to
18 information as to location, scope of works, cost and implementation
19 timelines;
- 20 e) The DOE shall regularly coordinate with the DOF and the Department
21 of Budget and Management (DBM) to ensure consistent record-
22 keeping of disbursements from the Malampaya Fund. The DOE shall
23 make all reports available to the public through its website; and
- 24 a) Households and public schools shall enjoy the privileges granted to
25 qualified end-users as certified by the DOE-Renewable Energy
26 Management Bureau, as provided for in Sections 10 and 12 of
27 Republic Act No. 9513.

28 *Sec. 7. Congressional Oversight.* – Upon the effectivity of this Act, the Joint
29 Congressional Energy Commission shall exercise oversight powers over its
30 implementation.

31 *Sec. 8. Fund Source.* – The amount necessary for the implementation of this
32 Act shall be charged against any remaining and future proceeds of the net national

1 government share from the Malampaya Fund under the Special Account in the General
2 Fund after deducting the Two Hundred Eight Billion Pesos (P208,000,000,000)
3 allocated for the payment of stranded contract costs and stranded debts pursuant to
4 Republic Act No. 11321 or the *Murang Kuryente Act*: *Provided*, That ninety percent
5 (90%) of the Fund shall be allocated for the electrification of identified unelectrified
6 households while the remaining ten percent (10%) of the Fund shall be for the
7 installation of solar energy systems in public schools: *Provided further*, That annual
8 allocations for the implementation of this Act shall be included in the annual General
9 Appropriations Act.

10 Sec. 9. *Implementing Rules and Regulations*. – Within sixty (60) days from the
11 effectivity of this Act, the DOE, DPWH, DOF and the DBM, in consultation with the
12 appropriate government agencies mentioned herein, shall promulgate the necessary
13 implementing rules and regulations for the proper disposition of the said funds and
14 the effective implementation of this Act.

15 Sec. 10. *Separability Clause*. – If any portion or provision of this Act is declared
16 unconstitutional, the remainder of this Act or any provisions not affected thereby shall
17 remain in force and effect.

18 Sec. 11. *Amendatory Clause*. – Section 8 of Presidential Decree No. 910,
19 creating the Energy Development Board is hereby amended insofar as the uses of the
20 Malampaya Fund is concerned.

21 Sec. 12. *Repealing Clause*. – Any law, presidential decree or issuance, executive
22 order, letter of instruction, rule or regulation inconsistent with the provisions of this
23 Act is hereby repealed, amended or modified accordingly.

24 Sec. 13. *Effectivity*. – This Act shall take effect fifteen (15) days after its
25 complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,