

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

19TH CONGRESS
First Regular Session

HOUSE BILL NO. 4192



Introduced by Representative Michael L. Romero

EXPLANATORY NOTE

The state shall therefore be mandated to foster the sustainable development in the rural areas through rural electrification; enable and strengthen the **National Electrification Administration (NEA)** to pursue the electrification program and bring electricity, through the electric cooperatives as its implementing arm, to the countryside even in missionary or economically unviable areas.

The National Electrification Administration (NEA), is a Philippine *Government-Owned and Controlled Corporation* (GOCC) attached to the **Department of Energy (DOE)** that is primarily tasked to the full implementation of the *Rural Electrification program (REP)* of the Philippine government and reinforce the technical capability and financial viability of the *rural Electric Cooperatives* (ECs).

This House Bill seeks to enable electric cooperatives to deal with the changes brought about by the **restructuring of the electric power industry**, appropriating **additional capitalization** thereof and providing for **stiffer penalties and sanctions**.

Thus, the early passage of this bill is earnestly requested.

A handwritten signature in black ink, appearing to be "Michael L. Romero", written in a cursive style.

MICHAEL L. ROMERO

Republic of the Philippines
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AN ACT

PROVIDING FOR ADDITIONAL AUTHORIZED CAPITAL STOCK TO
THE **NATIONAL ELECTRIFICATION ADMINISTRATION (NEA)**,
AMENDING **REPUBLIC ACT 10531**, OTHERWISE KNOWN AS THE
“**NATIONAL ELECTRIFICATION ADMINISTRATION REFORM
ACT OF 2013**”, PROVIDING FOR STIFFER PENALTIES AND
SANCTIONS, AND FOR OTHER PURPOSES

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

SECTION 1. Section 5 of Chapter II of Republic Act 10531 is hereby
further amended to read as follows:

CHAPTER II

THE NATIONAL ELECTRIFICATION ADMINISTRATION

SEC. 5. Section 4 of Presidential Decree No. 269, as amended, is
hereby further amended to read as follows:

“SEC. 4. *Powers, Functions and Privileges of the National
Electrification Administration.* – To strengthen the electric

cooperatives, help them become economically viable and prepare them for the implementation of retail competition and open access pursuant to Section 31 of the EPIRA, the NEA is authorized and empowered to:

“(a) have a continuous succession under its corporate name until otherwise provided by law;

“(b) adopt and use a seal and alter it at its pleasure;

“(c) sue and be sued in any court: *Provided*, That the NEA shall, unless it consents otherwise, be immune to suits for acts *ex delicti*;

“(d) make contracts of every name and nature and execute all instruments necessary or convenient for the carrying on of its business;

“(e) supervise the management and operations of all electric cooperatives;

“(f) exercise step-in rights as herein defined;

“(g) provide institutional, financial and technical assistance to electric cooperatives upon request of the electric cooperatives;

“(h) pursue the total electrification of the country through the electric cooperatives by way of enhancing distribution development and, in case of missionary areas, shall be done in coordination with the National Power Corporation – Small Power Utilities Group (NPC-SPUG) which shall be responsible for the generation and transmission requirements, as necessary;

“(i) devote all returns from its capital investments to attain the objectives of this Act;

“(j) ensure the economic and financial viability and operation of all electric cooperatives;

“(k) restructure ailing electric cooperatives with the end in view of making them economically and financially viable;

“(l) develop, set and enforce institutional and governance standards for the efficient operation of electric cooperatives such as, but not limited to, the observance of appropriate procurement procedure, including transparent and competitive bidding. Such standards shall be enforced through a mechanism of incentives and disincentives to complying and non-complying electric cooperatives, respectively;

“(m) formulate and impose administrative sanctions and penalties and when warranted, file criminal cases against those who are found in violation of any of the provisions of this Act and its implementing rules and regulations (IRR);

“(n) serve as guarantor to qualified electric cooperatives in their transactions with various parties such as, but not limited to, co-signing in power supply contracts;

“(o) grant loans to electric cooperatives, for the construction or acquisition, operation and maintenance of sub transmission and distribution facilities and all related properties, equipment, machinery, fixtures, and materials for the purpose of supplying area coverage service, and thereafter to grant loans for the restoration, improvement or enlargement of such facilities or for such other purposes as may be deemed necessary;

“(p) subject to the prior approval and/or opinion of the Monetary Board, borrow funds from any source, private or government, foreign or domestic, and secure the lenders thereof by pledging, sharing or subordinating one or more of the NEA’s own loan securities;

“(q) exercise primary and exclusive jurisdiction in the adjudication of complaints against electric cooperative officers, election disputes and all matters relating to the effective implementation of the provisions of this Act;

“(r) as a quasi-judicial agency, deputize local law enforcement agencies to enforce or implement its orders or decisions, with the power to cite for contempt any party or witness to any case before it for contumacious conduct; and

“(s) exercise such powers and do such things as may be necessary to carry out the business and purposes for which the NEA was established, or which from time to time may be declared by the Board of Administrators as necessary, useful, incidental or auxiliary to accomplish such purposes.

“For this purpose, the authorized capital stock of the NEA is hereby increased to Sixty Billion pesos **(P60,000,000,000.00)** divided into Six Hundred Million **(P600,000,000)** shares with a par value of One hundred pesos **(P100.00).**”

SECTION 2. Section 14 of Chapter IV of Republic Act 10531 is hereby further amended to read as follows:

CHAPTER IV

FINAL PROVISIONS

SEC. 14. A new section, to be designated as Section 64-A, of Presidential Decree No. 269, as amended, is hereby inserted to read as follows:

“SEC. 64-A. *Penalties.* – Any person who willfully violates any rule or regulation promulgated pursuant to the authority granted in this Act shall, upon conviction, be punished by a fine of not less than five hundred thousand pesos **(P500,000.00)** but not more than One Million pesos **(P1,000,000.00)** or by imprisonment of not less than four **(4)** years, or both, at the discretion of the court:

Provided, that if the violation is committed by a juridical person, the penalty herein prescribed shall be imposed upon the official and/or employee thereof responsible for the violation:

Provided, further, that if the violation is committed by a government official or employee, including those in

government-owned or -controlled corporations, such person shall, in addition to the penalty provided herein, be subjected to administrative disciplinary action.”

SECTION 3. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 4. IMPLEMENTING RULES AND REGULATIONS. – The departments and agencies charged with carrying out the provisions of this Act shall, within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 5. APPROPRIATIONS. — The amount necessary for the implementation of this Act shall be included in the annual General Appropriations Act **(GAA)**.

SECTION 6. PERIODIC REPORTS - The *Department of Energy (DOE)* shall submit periodic reports on its findings and make recommendations on actions to be taken by Congress and Senate and the appropriate department.

SECTION 7. AUTOMATIC REVIEW - Every three **(3) years** after the effectivity of this Act, an independent review panel composed of experts to be appointed by the *Department of Energy (DOE)* shall review the policies and programs and shall make recommendations, based on its findings, to the President and to both Houses of Congress.

SECTION 8. REPEALING CLAUSE. – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 9. SEPARABILITY CLAUSE. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 10. EFFECTIVITY CLAUSE. – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,