



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **9147**



Introduced by: **JOSEFINA B. TALLADO**

AN ACT GRANTING A LEGISLATIVE FRANCHISE TO CAMARINES NORTE ELECTRIC COOPERATIVE, INC. (CANORECO) TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE AND MAINTAIN DISTRIBUTION SYSTEMS FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN ALL MUNICIPALITIES WITHIN THE PROVINCE OF CAMARINES NORTE AND ENSURING THE CONTINUOUS AND UNINTERRUPTED SUPPLY OF ELECTRICITY IN THE FRANCHISE AREA

EXPLANATORY NOTE

Camarines Norte is one of the provinces in the Bicol Region. It consists of twelve (12) municipalities, with Daet serving as its capital town. Before the founding of Camarines Norte Electric Cooperative, Inc. (CANORECO), many homes in Daet town were already powered by the electricity generated by the Dat Electric Plant owned and managed by Hidalgo Enterprises.

Under the supervision of former NEA Representatives, Mr. Edgar E. Jamito, Sr., Cooperative Development Officer, and Atty. Manuel Señar, Sr., Legal Officer of NEA the town officials of Camarines Norte were encouraged to organize the electric cooperative. The act organizing the Provincial Electrification Cooperative Team (PECT), which supervised the transfer of the franchise from the private company to CANORECO was signed by former Philippine President Ferdinand E. Marcos. It was on October 20, 1975, when the Camarines Norte Electric Cooperative, Inc. was organized and the first meeting of the interim board of directors was held. Three (3) days after, October 23, 1975, CANORECO was registered with the National Electrification Administration. This date is celebrated as the foundation or incorporation day of CANORECO.

On April 17, 1978, CANORECO received Franchise Certificate No. 077, granting it the right to operate its franchise as an electric cooperative for fifty (50) years. Since April 17, 1978, CANORECO has operated with a mandate to ascertain total electrification of the municipalities of Daet, Mercedes, Talisay, Basud, San Vicente, San Lorenzo Ruiz, Vinzons, Labo, Capalonga, Sta. Elena, Jose Panganiban and Paracale in the Province of Camarines Norte. Hence, the cooperative's existing franchise is due to expire on April 16, 2028.

As stated in Section 27 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act (EPIRA), the Congress of the Philippines has the exclusive power to grant congressional franchises. This bill seeks to grant a congressional franchise to Camarines Norte Electric Cooperative, Inc. (CANORECO) to construct, install, establish, operate, own, manage and maintain distribution systems for the conveyance of electric power to the end-users in all municipalities within the Province of Camarines Norte. CANORECO shall ensure the continuous and uninterrupted supply of the electricity in the franchise area.

Within the last forty-five (45) years of CANORECO's operation, it has evolved to become an electric cooperative which has proved itself as an institution that can adapt to change. It has changed, evolved and pivoted when necessary to address the demands and needs of its member-consumer-owners. It has withstood the onslaught of calamities and the changes brought about by the COVID-19 pandemic. As a result of its resilience, it was hailed as an "AAA" categorized electric cooperative by the National Electrification Administration (NEA) since the year 2016 until 2022. CANORECO has energized almost one hundred percent (100%) of the barangays within Camarines Norte. Currently, it has single digit system loss and 98% collection efficiency. CANORECO has successfully maintained the support of its member- consumer-owners through its structured Member-Consumer-Owner Organization (MCOO) from barangay to province-wide/EC-wide level.

The approval and realization of this bill will secure CANORECO's continuous and reliable delivery of electricity within the Province of Camarines Norte. In addition, and true to its commitment as one of the catalyst of progress and development in its franchise area, CANORECO will commit to ascertain acceleration of total electrification of the province by providing reliable and affordable supply of electricity.

With the above, the approval of this bill is earnestly sought.


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

1 **SECTION 1. Nature and Scope of Franchise.** – Subject to the provisions of the Constitution
2 and applicable laws, rules and regulations, there is hereby granted to the Camarines Norte Electric
3 Cooperative, Inc. (CANORECO), hereunder referred to as the Grantee, its successors or assigns a
4 franchise to construct, install, establish, operate, own, manage and maintain in the public interest and
5 commercial purposes, a distribution system for the conveyance of electric power to the end-users in the
6 municipalities of Daet, Mercedes, Talisay, Basud, San Vicente, San Lorenzo Ruiz, Vinzons, Labo,
7 Capalonga, Sta. Elena, Jose Panganiban and Paracale in the Province of Camarines Norte.

8 As used in this Act, distribution system refers to the system of wires and associated facilities
9 including sub-transmission lines owned by the franchised distribution extending between the delivery
10 points on the national transmission, sub-transmission system or generating facility connection and the
11 metering point/facility of the end-users.

12 **SECTION 2. Manner of Operations of Facilities.** – All electric distribution facilities, lines and
13 systems for electric service installed, owned, operated, managed or maintained by the Grantee, its
14 successors or assigns shall be operated or maintained at all times in a superior manner, and it shall be
15 the duty of the Grantee, its successors or assigns, whenever required to do so by the Energy Regulatory
16 Commission (ERC), or its legal successor, or any other government agency to modify, improve and
17 change such facilities or systems in such manner and to such extent as the progress in science or

18 technology and improvements or innovations in the electric power services may render reasonable and
19 proper.

20 Whenever practicable, and for purposes of maintaining order, safety and aesthetics along the
21 highways roads, streets, alleys or right-of-way, the Grantee may allow the use of free spaces in its poles,
22 facilities, or right-of-way by interested parties upon reasonable compensation to the Grantee considering
23 the costs incurred to accommodate and administer the use of Grantee's facilities by such parties. The
24 ERC shall decide in case of dispute or disagreement between the parties.

25 **SECTION 3. Authority of the ERC and the National Electrification Administration (NEA). –**

26 The Grantee shall secure from the ERC, NEA or any government agency having the jurisdiction over
27 their operations, the certificate of public convenience and necessity and any other license, permit or
28 authority indispensable for the construction and operation of the electric power distribution system.

29 **SECTION 4. Ingress and Egress. –** For the purpose of erecting and maintaining the poles or

30 other supports for said facilities, wires or other conductors, transformer units and other parts and portion
31 of an assembly or for the purpose of installing and maintaining said facilities, wires, cables or other
32 conductors, transformer units and other parts and portion of an assembly, it shall be lawful for the
33 Grantee, its successors, or assignees, with the prior approval of the Department of Public Works and
34 Highways (DPWH) or the local government unit concerned, as may be appropriate, to make excavations
35 or lay conduits in any of the public places, highways, roads, streets, lanes, alleys, avenues, sidewalks,
36 or bridges of the province, cities or municipalities: Provided, however, That a public place, highway, road,
37 street, lane, alley, avenue, sidewalk, or bridge disturbed, or altered, or changed by reason of erection of
38 poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired
39 and replaced in workmanlike manner by the Grantee, its successors or assignees, in accordance with
40 the standard set by the DPWH or the local government unit concerned. Should the Grantee, its
41 successors or assignees, after the ten (10) - day notice from the grant of authority, fail, refuse or neglect
42 to repair or replace any part of public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge
43 altered, changed, or disturbed by the said Grantee, its successors or assignees, then the DPWH or the
44 local government unit concerned shall have the right to have the same repaired and replaced in good
45 order and condition and charge the Grantee, its successors or assignees, at double the amount of the
46 costs and expenses for such repair or replacement.

47 **SECTION 5. Responsibility to the Public. –** The Grantee shall supply electricity to its captive

48 market in the least costly manner. In the interest of the public good and as far as feasible and whenever
49 required by the ERC, the Grantee shall modify, improve or change its facilities, poles, lines, systems, and
50 equipment for the purpose of providing efficient and reliable service and reduced electricity costs. The
51 Grantee shall charge reasonable and just power rates for its services to all types of consumers within its
52 franchised areas.

53 The Grantee shall have the obligation to provide open and nondiscriminatory access to its
54 distribution system and services to any end-user within its franchise area consistent with Republic Act
55 No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001". The Grantee shall not
56 engage in any activity that will constitute an abuse of market power such as unfair trade practices,
57 monopolistic schemes, and any other activities that will hinder competitiveness of business and industry.

SECTION 6. Rates for Services. - The retail rates and charges for the distribution of electric power by the Grantee to its end-users shall be regulated by and subject to the approval of the ERC or its legal successor.

The Grantee shall identify and segregate in its electricity bill to the end-users the components of the retail rate pursuant to Republic Act No. 9136, unless otherwise amended. Such rates charged by the Grantee to the end-users shall be made public and transparent. The Grantee shall implement lifeline rate to marginalized end-users as mandated under Republic Act No. 9136.

SECTION 7. Protection of Consumer Interests. — The herein Grantee shall establish a consumer desk that will handle consumer complaints and ensure adequate protection and promotion of consumer interests. The Grantee shall act with dispatch on all complaints brought before it.

SECTION 8. Commitment to Provide and Promote the Creation of Employment Opportunities. - The Grantee shall create employment opportunities and shall allow on-the-job trainings in their franchise operation: Provided, That priority shall be accorded to the residents where their principal office is located: Provided, further, That the grantee shall follow the applicable labor standards under existing labor laws, rules and regulations, and similar issuances: Provided, finally. That the employment opportunities or jobs created shall be posted in conspicuous areas within the Grantee's offices and service centers, copy furnished the Provincial Department of Labor and Employment (DOLE).

SECTION 9. 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 distribution system of the Grantee; to temporarily suspend the operation of any station or facility in the interest of public safety, security and public welfare; or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the Grantee, for the use of said distribution system during the period when these shall be so operated.

SECTION 10. Right of Eminent Domain. - Subject to the limitations and procedures prescribed by law, the Grantee is authorized to exercise the right of eminent domain insofar as it may be reasonably necessary for the efficient maintenance and operation of services. The Grantee is authorized to install and maintain its 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. The Grantee may acquire such private property as is actually necessary for the realization of the purposes for which this franchise is granted: Provided, That proper expropriation proceedings shall have been instituted and just compensation paid.

SECTION 11. Term of Franchise. - This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner cancelled. This franchise shall be deemed ipso facto revoked in the event that the Grantee fails to operate continuously for two (2) years.

SECTION 12. Acceptance of the Franchise. - Acceptance of the terms of this franchise shall be in writing to the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Philippine Senate, within sixty (60) days from the effectivity of this

96 Act. Upon giving such acceptance, the Grantee shall exercise the privileges granted under this Act. Non-
97 acceptance shall render the franchise void.

98 **SECTION 13. Warranty in Favor of the National and Local Governments.** — The Grantee
99 shall hold the national, provincial, city, and municipal governments of the Philippines free from all claims,
100 liabilities, demands, or actions arising from accidents that caused injury to persons or damage to
101 properties, during the construction, installation, operation, and maintenance of the distribution system of
102 the Grantee.

103 **SECTION 14. Liability to Damages.** — The Grantee shall be liable for any injury to persons and
104 damage to property arising from or caused by accident, by reason of any defective construction under
105 this franchise or of any neglect or omission to keep its poles and wires in safe condition.

106 **SECTION 15. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.** — The
107 Grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and
108 privileges acquired thereunder to any person, firm, company, corporation, or other commercial or legal
109 entity, or merge with any other corporation, or entity, or shall transfer the controlling interest of the grantee
110 simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without
111 the prior approval of the Congress of the Philippines. Provided, That Congress shall be informed of any
112 sale, lease, transfer, granting of usufruct, or assignment of franchise or the rights and privileges acquired
113 thereunder, or of the merger or transfer of the controlling interest of the Grantee, within sixty (60) days
114 after the completion of the said transaction: Provided further, That any such transfer, sale or assignment
115 is in accordance with the constitutional limitations: Provided furthermore, That failure to report to
116 Congress such change of ownership shall render the franchise ipso facto revoked: Provided finally, That
117 any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the same
118 conditions, terms, restrictions and limitations of this Act.

119 **SECTION 16. Reportorial Requirement.** — The Grantee shall submit an annual report to the
120 Congress of the Philippines, through the Committee on Legislative Franchises of the House of
121 Representatives and the Committee of Public Services of the Philippine Senate, on its compliance with
122 the terms and conditions of the franchise and on its operations on or before April 30 of the succeeding
123 year during the term of the franchise. The reportorial compliance certificate issued by Congress shall be
124 required before any application for permit or certificate is accepted by the ERC.

125 **SECTION 17. Equality Clause.** — Except for taxes and customs duties, any advantage, favor,
126 privilege, exemption, or immunity granted under existing franchises, or may hereinafter be granted shall,
127 upon prior review and approval of Congress, become part of previously granted power distribution
128 franchises and shall be accorded immediately and unconditionally to the grantees of such
129 franchises: Provided, however, That the foregoing shall neither apply to nor affect provisions concerning
130 territory covered, term, or the type of service authorized by the franchise: Provided, further, That the
131 foregoing shall not apply to the sale, lease, transfer, grant of usufruct, or assignment of legislative
132 franchise with prior congressional approval.

SECTION 18. Applicability of Existing Laws. — The Grantee shall comply with and be subject to the provisions of Commonwealth Act No. 148 or the "Public Service Act", as amended: Republic Act No. 9136; and Republic Act No. 10531 or the "National Electrification Administration Reform Act of 2018".

SECTION 19. Fine. - Any Grantee who fails to submit the annual report to Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working day of noncompliance. The fine shall be collected separately by the ERC distinct from the penalties it imposes for noncompliance of its own reportorial requirements. It shall be remitted to the Bureau of Treasury.

SECTION 20. Repealability and Non-Exclusivity Clause. ~ This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SECTION 21. Existing Powers. ~ Existing mandates, powers, functions, and privileges granted to electric cooperatives under existing laws, including Section 10 of RA No. 10531, otherwise known as the "National Electrification Administration Reform Act of 2013", shall remain valid and effective, unless expressly repealed by succeeding laws.

SECTION 22. 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 23. Repealing Clause. – All laws, presidential decrees, executive orders, letters of instruction, administrative rules and regulations or parts thereof which are contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 24. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.