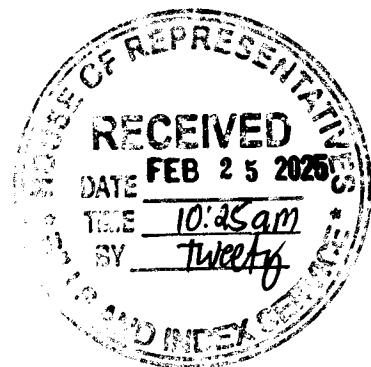




Republic of the Philippines
House of Representatives
Quezon City



NINETEENTH CONGRESS

Third Regular Session

House Bill No. 11470

Introduced by

Presley C. De Jesus, PhilRECA Party-List Representative

Sergio C. Dagooc, APEC Party-List Representative

EXPLANATORY NOTE

The Batangas II Electric Cooperative, Inc. (BATELEC II) is one of the two electric cooperatives serving the Province of Batangas. Duly organized and registered with the National Electrification Administration (NEA) on August 12, 1977, BATELEC II has been steadfast in fulfilling its mandate to distribute electricity and expand access to its services within its franchise area.

With a franchise area encompassing two (2) cities and fifteen (15) municipalities—namely, the Cities of Lipa and Tanauan and the Municipalities of Talisay, Laurel, Malvar, Balete, Rosario, Padre Garcia, Taysan, San Juan, Lobo, San Jose, Alitagtag, Mataas na Kahoy, Cuenca, Mabini, and Tingloy—BATELEC II has consistently provided quality and reliable electric service. It has achieved a 100% barangay electrification level in its franchise area, in accordance with Republic Act No. 9136, or the Electric Power Industry Reform Act (EPIRA). Moreover, the cooperative possesses the technical, financial, and institutional capabilities necessary to sustain and

expand its electrification initiatives.

To ensure the continuous and uninterrupted delivery of electricity to its member-consumer-owners, this bill seeks to grant BATELEC II a 25-year congressional franchise. This measure will not only support the cooperative's ongoing operations but will also bolster the socio-economic growth of the province by guaranteeing the availability of affordable, efficient, and reliable electric service.

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



REP. PRESLEY C. DE JESUS
PhilRECA Party-List



REP. SERGIO C. DAGOOC
APEC Party-List



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AN ACT

GRANTING THE BATANGAS II ELECTRIC COOPERATIVE, INC. (BATELEC II) A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE AND MAINTAIN DISTRIBUTION SYSTEMS FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITIES OF LIPA AND TANAUAN AND THE MUNICIPALITIES OF TALISAY, LAUREL, MALVAR, BALETE, ROSARIO, PADRE GARCIA, TAYSAN, SAN JUAN, LOBO, SAN JOSE, ALITAGTAG, MATAAS NA KAHoy, CUENCA, MABINI, AND TINGLOY, IN THE PROVINCE OF BATANGAS

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

- 1 SECTION 1. **Nature and Scope of Franchise.** – Subject to the
2 provisions of the Constitution and applicable laws, rules and regulations,
3 there is hereby granted to the Batangas II Electric Cooperative, Inc. (BATELEC
4 II) hereunder referred to as the Grantee, its successors or assigns a franchise
5 to construct, install, establish, operate, own, manage and maintain in the
6 public interest and commercial purposes, a distribution system for the
7 conveyance of electric power to the end-users in the Cities of Lipa and

1 Tanauan and the Municipalities of Talisay, Laurel, Malvar, Balete, Rosario,
2 Padre Garcia, Taysan, San Juan, Lobo, San Jose, Alitagtag, Mataas na Kahoy,
3 Cuenca, Mabini, and Tingloy, in the Province of Batangas.

4 As used in this Act, distribution system refers to the system of wires
5 and associated facilities including sub-transmission lines belonging to a
6 franchised distribution utility extending between the delivery point on the
7 national transmission system or generating facility and the metering
8 point/facility of the end-users.

9 SEC. 2. **Manner of Operation of Facilities.** – All electric distribution
10 facilities, lines and systems for electric services installed, owned, maintained,
11 operated, managed by the Grantee, its successors or assigns shall be operated
12 or maintained at all times in a superior manner, and it shall be the duty of
13 the Grantee, its successors or assigns, whenever required to do so by the
14 Energy Regulatory Commission (ERC), or its legal successor, or the
15 Department of Energy (DOE), or its legal successor, or any other government
16 agency concerned to modify, improve and change such facilities or systems in
17 such manner and to such extent as the progress in science or technology and
18 improvements or innovations in the electric power services may render
19 reasonable and proper.

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

27 SEC. 3. **Authority of the ERC.** – The Grantee shall secure from the
28 ERC or any government agency having jurisdiction over their operations, the
29 certificate of public convenience and necessity and any other license, permit
30 or authority indispensable for the construction and operation of the electric
31 power distribution system.

32 SEC. 4. **Ingress and Egress.** – For the purpose of erecting and
33 maintaining the poles or other supports for said facilities, wires or other
34 conductors or for the purpose of laying and maintaining said facilities, wires,
35 cables or other conductors, it shall be lawful for the Grantee, its successors,
36 or assignees, in coordination with the Department of Public Works and
37 Highways (DPWH) or the local government unit concerned, as may be
38 appropriate, to make excavations or lay conduits in any of the public places,
39 highways, road, streets, lanes, alleys, avenues, sidewalks, or bridges of the

1 province, cities or municipalities: *Provided, however,* That a public place,
2 highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed,
3 altered, or changed by reason of erection of poles or other supports or the
4 underground laying of wires, other conductors or conduits, shall be repaired
5 and replaced in workmanlike manner by the Grantee, its successors or
6 assignees, in accordance with the standards set by the DPWH or the local
7 government unit concerned. Should the Grantee, its successors or assignees,
8 after the ten (10)-day notice from the grant of authority, fail, refuse or neglect
9 to repair or replace any part of public place, highway, road, street, lane, alley,
10 avenue, sidewalk, or bridge altered, changed or disturbed by the said Grantee,
11 its successors or assignees, then the DPWH or the local government unit
12 concerned shall have the right to have the same repaired and replaced in good
13 order and condition and charge the Grantee, its successors or assignees,
14 double the amount of the cost and expenses for such repair or replacement.

15 **SEC. 5. *Responsibility to the Public.*** – The Grantee shall supply
16 electricity to its captive market in the least costly manner. In the interest of
17 the public good and as far as feasible and whenever required by the ERC, the
18 Grantee shall modify, improve, or change its facilities, poles, lines, systems
19 and equipment for the purpose of providing efficient and reliable service and
20 reduced electricity costs. The Grantee shall charge reasonable and just power
21 rates for its services to all types of consumers within its franchised area in
22 order that business and industries shall be able to compete.

23 The Grantee shall have the obligation to provide open and
24 nondiscriminatory access to its distribution system and services for any end-
25 user within its franchise area consistent with Republic Act (RA) No. 9136,
26 otherwise known as the “Electric Power Industry Reform Act of 2001”. The
27 Grantee shall not engage in any activity that will constitute an abuse of
28 market power such as unfair trade practices, monopolistic schemes, and
29 other activities that will hinder competitiveness of business and industries.

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

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

38 **SEC. 7. *Promotion of Consumer Interests.*** – The herein Grantee shall
39 establish a consumer desk that will handle consumer complaints and ensure

1 adequate promotion of consumer interests. The Grantee shall act with
2 dispatch on all complaints brought before it.

3 SEC. 8. **Right of the Government.** – A special right is hereby reserved
4 to the President of the Philippines, in times of war, rebellion, public peril,
5 calamity, emergency, disaster or disturbance of peace and order: to
6 temporarily take over and operate the stations or facilities of the Grantee; to
7 temporarily suspend the operation of any station or facility in the interest of
8 public safety, security and public welfare; or to authorize the temporary use
9 and operation thereof by any agency of the government, upon due
10 compensation to the Grantee, for the use of the stations or facilities during
11 the period when these shall be so operated.

12 SEC. 9. **Right of Eminent Domain.** – Subject to the limitations and
13 procedures prescribed by law, the Grantee is authorized to exercise the right
14 of eminent domain insofar as it may be reasonably necessary for the efficient
15 maintenance and operation of services. The Grantee is authorized to install
16 and maintain its poles, wires, and other facilities over and across public
17 property, including streets, highways, forest reserves, and other similar
18 property of the Government of the Philippines, its branches, or any of its
19 instrumentalities. The Grantee may acquire such private property as is
20 actually necessary for the realization of the purposes for which this franchise
21 is granted: *Provided*, That proper expropriation proceedings shall have been
22 instituted and just compensation paid.

23 SEC. 10. **Term of Franchise.** – Unless sooner cancelled, the franchise
24 shall be in effect for a period of twenty-five (25) years from the date of
25 effectivity of this Act. This franchise shall be deemed *ipso facto* revoked in the
26 event the Grantee fails to operate continuously for two (2) years.

27 SEC. 11. **Acceptance and Compliance.** – Acceptance of this franchise
28 shall be given in writing to Congress, through the Committee on Legislative
29 Franchises of the House of Representatives and the Committee on Public
30 Services of the Senate within sixty (60) days from the effectivity of this Act.
31 Upon such acceptance, the Grantee shall exercise the privileges granted
32 under this Act. Nonacceptance shall render the franchise void.

33 SEC. 12. **Warranty in Favor of the National and Local**
34 **Governments.** – The Grantee shall hold the national, provincial, city, and
35 municipal governments of the Philippines free from all claims, accounts,
36 demands, or actions arising from accidents causing injury to persons or
37 damage to properties, during the construction, installation, operation, and
38 maintenance of the distribution system of the Grantee.

1 SEC. 13. **Liability for Damages.** – The Grantee shall be liable for any
2 injury to persons and damage to properties arising from accidents by reason
3 of any defective construction under this franchise or of any neglect or
4 omission to keep its poles and wires in safe condition.

5 SEC. 14. **Sale, Lease, Transfer, Usufruct, or Assignment of**
6 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct of,
7 or assign this franchise or the rights and privileges acquired thereunder to
8 any person, firm, company, corporation, or other commercial or legal entity,
9 nor merge with any other corporation, or entity, nor shall transfer the
10 controlling interest of the Grantee, whether as a whole or in parts, and
11 whether simultaneously or contemporaneously, to any such person, firm,
12 company, corporation, or entity without the prior approval of the Congress:
13 *Provided*, That Congress shall be informed of any sale, lease, transfer,
14 granting the usufruct of, sale, or assignment of franchise or the rights and
15 privileges acquired thereunder, or of the merger, or sale of the controlling
16 interest within sixty (60) days after the completion of said transaction:
17 *Provided, further*, That any such transfer, sale, or assignment is in accordance
18 with the constitutional limitations: *Provided, furthermore*, That failure to
19 report to Congress such change of ownership shall render the franchise *ipso*
20 *facto* revoked: *Provided, finally*, That any person or entity to which this
21 franchise is sold, transferred, or assigned, shall be subject to the same
22 conditions, terms, restrictions, and limitations of this Act.

23 SEC. 15. **Reportorial Requirement.** – The Grantee shall submit an
24 annual report to Congress, through the Committee on Legislative Franchises
25 of the House of Representatives and the Committee on Public Services of the
26 Senate, on its compliance with the terms and conditions of the franchise and
27 on its operations on or before April 30 of every year during the term of the
28 franchise. The reportorial compliance certificate issued by Congress shall be
29 required before any application for permit or certificate is accepted by the
30 ERC.

31 SEC. 16. **Fine.** – The failure of the Grantee to submit the requisite
32 annual report to Congress shall be penalized by a fine in the amount of Five
33 hundred pesos (P500.00) per working day of noncompliance which shall be
34 collected by the ERC. The fine shall be collected separately from the
35 reportorial penalties imposed by the ERC and shall be remitted to the Bureau
36 of Treasury.

37 SEC. 17. **Equality Clause.** – Any advantage, favor, privilege,
38 exemption, or immunity granted under existing franchises, or which may
39 hereafter be granted, upon prior review and approval of Congress, shall
40 become part of this franchise and shall be accorded immediately and

1 unconditionally to the herein Grantee: *Provided, however,* That the foregoing
2 shall neither apply to nor affect provisions concerning territory covered by the
3 franchise, the life span of the franchise or the type of service authorized by
4 the franchise: *Provided, further,* That the foregoing shall not apply to the sale,
5 lease, transfer, grant of usufruct, or assignment of legislative franchises with
6 prior congressional approval.

7 SEC. 18. ***Applicability Clause.*** – The Grantee shall comply with and
8 be subject to the provisions of Commonwealth Act No. 146, as amended,
9 otherwise known as the “Public Service Act” and RA No. 9136.

10 SEC. 19. ***Existing Powers.*** – Existing mandates, powers, functions,
11 and privileges granted to electric cooperatives under existing laws, including
12 Section 10 of Republic Act No. 10531, otherwise known as the “National
13 Electrification Administration Reform Act of 2013”, shall remain valid and
14 effective, unless expressly repealed by succeeding laws.

15 SEC. 20. ***Repealability and Non-Exclusivity Clause.*** – This franchise
16 shall be subject to amendment, alteration, or repeal by Congress when the
17 public interest so requires and shall not be interpreted as an exclusive grant
18 of the privileges herein provided for.

19 SEC. 21. ***Separability Clause.*** – If any of the sections or provisions of
20 this Act is held invalid, all other provisions not affected thereby shall remain
21 valid.

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

26 SEC. 23. ***Effectivity Clause.*** – This Act shall take effect fifteen (15)
27 days after its publication in the *Official Gazette* or in a newspaper of general
28 circulation.

29 *Approved,*