



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. **870**

Introduced by
APEC Party-List Representative Sergio C. Dagooc

EXPLANATORY NOTE

Before the national policy for total rural electrification was established in 1969, accessible and reliable electric service had eluded rural areas in the Philippines. At the time, private electric utility operators deemed it impractical to extend services to rural areas because from a business perspective, there is no potential for profits in the energization of sparsely populated rural areas. These remote areas had no access to electricity, or if they had, it was limited for a few hours after dark. This effectively excluded the rural economy from the industrial boom that had been benefitting cities where electricity was readily available.

Through the persistence of the national government, arrangements were made with international organizations to develop and institutionalize the Philippine Rural Electrification Program. Realizing that the electrification program had been moving slowly because of private utilities' reluctance in serving rural areas, the United States Agency for International Development (USAID) recommended that the Philippines adopt the rural electric cooperative system of the United States. From piloting two or three electric cooperatives, electrification efforts quickly gathered pace in the 1970s until the 1980s with the organization of more than 100 electric cooperatives tasked to energize rural areas all over the country. In the Philippines, where vast rural areas have long

remained underserved, electric cooperatives have emerged as the champions of electrification.

Fast forward to 2024, the dedication and efforts of the 121 electric cooperatives in performing their mandate had reached more than 16 million household connections across the entire country. There is no doubt that electric cooperatives have played a crucial role in extending electricity to remote regions, empowering local communities, and bridging the rural-urban divide.

Electric cooperatives have proven themselves as key agents of change especially to the most remote corners of the country. These areas, previously left in darkness, have now been illuminated, driving economic growth and unlocking the potential of rural communities. By preserving and further empowering them, we can propel the nation towards a brighter, more sustainable future.

Recognizing their significant contribution in the electrification and progress of the country, this measure seeks to preserve and empower all electric cooperatives by providing for the automatic renewal of their legislative franchises for a term of twenty-five (25) years. It is envisioned that such renewal will enable them to further build on their achievements and continue fostering economic development in their communities. This bill was originally filed during the 19th Congress to advance the same objectives, and is being refiled to continue the legislative initiative.

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



REP. SERGIO C. DAGOOC
APEC Party-List



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AN ACT
EXTENDING THE FRANCHISES OF ELECTRIC COOPERATIVES TO
CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE AND
MAINTAIN DISTRIBUTION SYSTEMS FOR THE CONVEYANCE OF
ELECTRIC POWER TO THE END-USERS IN THEIR RESPECTIVE
FRANCHISE AREAS

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

1 **SECTION 1.** This Act shall be known as the “*Electric Cooperative*
2 *Empowerment Act.*”

3 **SECTION 2.** Declaration of Policy. – It is hereby declared the policy of the
4 State to:

5 a) Promote the sustainable development in the rural areas through rural
6 electrification;

7 b) Recognize the contribution of electric cooperatives as partners of the
8 national government in achieving total electrification in the country; and

1 c) Enable the unhampered service delivery of electric cooperatives to end-
2 users in their franchise areas.

3 **SECTION 3. *Scope and Application.*** – This Act shall cover electric
4 cooperatives with existing legislative franchises expiring within five (5) years
5 upon the effectivity of this Act.

6 **SECTION 4. *Automatic Extension of Electric Cooperatives' Legislative***
7 ***Franchises.*** – All qualified electric cooperatives as provided under Section 3 of
8 this Act shall be granted automatic extension of their existing legislative
9 franchises: *Provided*, That electric cooperatives qualified under this Act have
10 complied with the submission of all reportorial requirements to the Congress of
11 the Philippines, through the Committee on Legislative Franchises of the House
12 of Representatives and the Committee on Public Services of the Senate, during
13 the effectivity of their existing franchise.

14 **SECTION 5. *Term of Franchise.*** – Unless sooner cancelled, the franchises
15 granted under this Act shall be in effect for a period of twenty-five (25) years from
16 the year of expiration of the grantees' existing franchises. They shall be deemed
17 ipso facto revoked in the event the grantees fail to operate continuously for two
18 (2) years.

19 **SECTION 6. *Congressional Oversight.*** – The Joint Congressional Energy
20 Commission shall exercise oversight powers over implementation of this Act. The
21 National Electrification Administration (NEA) and Energy Regulatory
22 Commission (ERC) shall submit annually to the Commission a comprehensive
23 report on the implementation of this Act not later than the 15th of March every
24 year: *Provided*, That the report shall include identification of legislative gaps and
25 recommendations, if any.

26 **SECTION 7. *Existing Powers.*** – Existing mandates, powers, functions, and
27 privileges granted to electric cooperatives under their existing franchise and all
28 applicable laws shall remain valid and effective, unless expressly repealed by
29 succeeding laws.

30 **SECTION 8. *Implementing Rules and Regulations.*** – The NEA and ERC, in
31 consultation with concerned government agencies and stakeholders, shall
32 promulgate the Implementing Rules and Regulations necessary to carry out and
33 implement the provisions of this Act within sixty days (60) from the effectivity of
34 this Act.

1 **SECTION 9. *Repealing Clause*** - All laws, presidential decrees, executive
2 orders, letters of instruction, administrative rules and regulations or parts
3 thereof which are contrary to or inconsistent with the provisions of this Act are
4 hereby repealed or modified accordingly.

5 **SECTION 10. *Separability Clause*** – Should any part or provision of this
6 Act be held unconstitutional or invalid, all other provisions hereof which are not
7 affected thereby shall continue to be in full force and effect.

8 **SECTION 11. *Effectivity***. – This Act shall take effect after fifteen (15) days
9 following its complete publication in the Official Gazette or in two (2) newspapers
10 of general circulation whichever is earlier.

11 Approved,