



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. **3081**

Introduced by

Presley C. De Jesus, PhilRECA Party-List Representative

Sergio C. Dagooc, APEC Party-List Representative

EXPLANATORY NOTE

This bill seeks to grant a congressional franchise to Zambales I Electric Cooperative, Inc. (ZAMECO I) to provide an electric power distribution system to the people in the municipalities of Botolan, Iba, Palauig, Masinloc, Candelaria, and, Sta. Cruz, Province of Zambales. Furthermore, it establishes standards that the franchise grantee must attain in order to implement an effective partnership between the government and the distribution utility as its partner for total electrification.

ZAMECO I is an electric cooperative organized and existing by virtue of Presidential Decree No. 269 (PD 269) and was registered with the National Electrification Administration (NEA) on June 30, 1972. ZAMECO I was granted its Certificate of Franchise by NEA on November 27, 1978, authorizing it to operate an electric light and power service for a period of fifty (50) years until November 27, 2028.

ZAMECO I has been providing excellent to the municipalities covered under its franchise, achieving 100% barangay and sitio energization as of December 2023. This translates to 118 barangays with 179 sitios energized and 83,787 consumer connections. ZAMECO I possesses the technical, financial and institutional capabilities to perform the electrification program in the municipalities covered by their franchise area. As of December 2023, it maintains a single digit system of 8.33%.

Granting this franchise will ensure the continuous supply of electricity to the people of Botolan, Iba, Palauig, Masinloc, Candelaria, and, Sta. Cruz in the province of Zambales. It will enable ZAMECO I to continue with its mission of taking a major role in the socio-economic development of Zambales by providing an affordable, dependable, efficient and reliable electric service to its member-consumer-owners.

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



REP. PRESLEY C. DE JESUS
Representative, PhilRECA Party-List



REP. SERGIO C. DAGOOC
Representative, APEC Party-List



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AN ACT

GRANTING THE ZAMBALES 1 ELECTRIC COOPERATIVE, INC. (ZAMECO I) 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 MUNICIPALITIES OF BOTOLAN, IBA, PALAUIG, MASINLOC, CANDELARIA, AND STA. CRUZ IN THE PROVINCE OF ZAMBALES

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 Zambales I Electric Cooperative, Inc. (ZAMECO
4 I), 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 municipalities of of
8 Botolan, Iba, Palauig, Masinloc, Candelaria, and, Sta. Cruz, Province of
9 Zambales.

10 As used in this Act, distribution system refers to the system of wires
11 and associated facilities including sub-transmission lines belonging to a
12 franchised distribution utility extending between the delivery point on the

1 national transmission system or generating facility and the metering
2 point/facility of the end-users.

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

14 Whenever practicable, and for purposes of maintaining order, safety
15 and aesthetic along the highways, roads, streets, alleys or right-of-way, the
16 grantee may allow the use of free spaces in its poles, facilities, or right-of-way
17 by interested parties upon reasonable compensation to the grantee
18 considering the costs incurred to accommodate and administer the use of the
19 grantee’s facilities by such parties. The ERC shall decide in case of dispute
20 or disagreement between the parties.

21 **SEC. 3. Authority of the Energy Regulatory Commission (ERC).** –
22 The grantee shall secure from the ERC or any government agency having
23 jurisdiction over their operations, the certificate of public convenience and
24 necessity and any other license, permit or authority indispensable for the
25 construction and operation of the electric power distribution system.

26 **SEC. 4. Ingress and Egress.** – For the purpose of erecting and
27 maintaining the poles or other supports for said facilities, wire or other
28 conductors or for the purpose of laying and maintaining said facilities, wires,
29 cables or other conductors, it shall be lawful for the grantee, its successors,
30 or assignees, in coordination with the Department of Public Works and
31 Highways (DPWH) or the local government unit concerned, as may be
32 appropriate, to make excavations or lay conduits in any of the public places,
33 highways, road, streets, lines, alleys, avenues, sidewalks, or bridges of the
34 province and city: *Provided*, however, that a public place, highway, road,
35 street, lane, alley, avenue, sidewalk, or bridge disturbed, altered, or changed
36 by reason of erection of poles or other supports or the underground laying of
37 wires, other conductors or conduits, shall be repaired and replaced in
38 workmanlike manner at the expense of the grantee, its successors or
39 assignees, in accordance with the standards set by the DPWH or the local
40 government unit concerned. Should the grantee, its successors or assignees,
41 after the ten (10)-day notice from the grant of authority, fail, refuse or neglect

1 to repair or replace any part of public place, highway, road, street, lane, alley,
2 avenue, sidewalk, or bridge altered, changed or disturbed by the said grantee,
3 its successors or assignees, then the DPWH or the local government unit
4 concerned shall have the right to have the same repaired and replaces in good
5 order and condition at double expense to be charged against the grantee, its
6 successors or assignees.

7 **SEC. 5. Responsibility to the Public.** – The grantee shall supply
8 electricity to its captive market in the least costly manner. In the interest of
9 the public good and as far as feasible and whenever required by the ERC, the
10 grantee shall modify, improve, or change its facilities, poles, lines, systems
11 and equipment for the purpose of providing efficient and reliable service and
12 reduced electricity costs. The grantee shall charge reasonable and just power
13 rates for its services to all types of consumers within its franchised area in
14 order that business and industries shall be able to compete.

15 The grantee shall have the obligation to provide open and
16 nondiscriminatory access to its distribution system and services for any end-
17 user within its franchise area consistent with Republic Act No. 9136,
18 otherwise known as the “Electric Power Industry Reform Act of 2001”. The
19 grantee shall not engage in any activity that will constitute an abuse of market
20 power such as unfair trade practices, monopolistic schemes, and other
21 activities that will hinder competitiveness of business and industries.

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

25 The grantee shall identify and segregate in its electricity bill to the end-
26 users the components of the retail rate pursuant to Republic Act No. 9136,
27 unless otherwise amended. Such rates charged by the grantee to the end-
28 users shall be made public and transparent. The grantee shall implement
29 lifeline rate to marginalized end-users as mandated under Republic Act No.
30 9136.

31 **SEC. 7. Promotion of Consumer Interests.** – The herein grantee shall
32 establish a consumer desk that will handle consumer complaints and ensure
33 adequate promotion of consumer interests. The grantee shall act with
34 dispatch on all complaints brought before it.

35 **SEC. 8. Commitment to Provide and Promote the Creation of**
36 **Employment Opportunities.** – The Grantee shall create employment
37 opportunities and shall allow on-the-job training in its franchise operation:
38 *Provided*, That priority shall be accorded to the residents where their principal
39 office is located: *Provided, further*, That the Grantee shall comply with the
40 applicable labor standards and allowance entitlement under existing labor

1 laws, rules and regulations, and similar issuances.

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

11 **SEC. 10. Right of Eminent Domain.** – Subject to the limitations and
12 procedures prescribed by law, the grantee is authorized to exercise the right
13 of eminent domain insofar as it may be reasonably necessary for the efficient
14 maintenance and operation of services. The grantee is authorized to install
15 and maintain its poles, wires, and other facilities over and across public
16 property, including streets, highways, forest reserves, and other similar
17 property of the Government of the Philippines, its branches, or any of its
18 instrumentalities. The grantee may acquire such private property as is
19 actually necessary for the realization of the purposes for which this franchise
20 is granted: *Provided*, that proper expropriation proceedings shall have been
21 instituted and just compensation paid.

22 **SEC. 11 Term of Franchise.** – This franchise shall be in effect for a
23 period of twenty-five (25) years from the date of effectivity of this Act, unless
24 sooner cancelled or revoked. This franchise shall be deemed ipso facto revoked
25 in the event the grantee fails to operate continuously for two (2) years.

26 **SEC. 12. Warranty in Favor of the National and Local**
27 **Governments.** – The grantee shall hold the national, provincial, city, and
28 municipal governments of the Philippines free from all claims, accounts,
29 demands, or actions arising out of accidents or injuries, whether to property
30 or to persons, caused by the construction, installation, operation, and
31 maintenance of the distribution system of the grantee.

32 **SEC. 13. Liability for Damages.** – The grantee shall be liable for any
33 injury and damage arising from or caused by accident to persons and property
34 by reason of any defective construction under this franchise or of any neglect
35 or omission to keep its poles and wires in safe condition.

36 **SEC. 14. Sale, Lease, Transfer, Usufruct, or Assignment of**
37 **Franchise.** – The grantee shall not sell, lease, transfer, grant the usufruct of,
38 or assign this franchise or the rights and privileges acquired thereunder to
39 any person, firm, company, corporation, or other commercial or legal entity,
40 nor merge with any other corporation, or entity, nor shall transfer the

1 controlling interest of the grantee, whether as a whole or in parts, and whether
2 simultaneously or contemporaneously, to any such person, firm, company,
3 corporation, or entity without the prior approval of the Congress of the
4 Philippines: *Provided*, That Congress shall be informed of any sale, lease,
5 transfer, granting the usufruct of, or assignment of franchise or the rights
6 and privileges acquired thereunder, or of the merger, or sale of the controlling
7 interest within sixty (60) days after the completion of said transaction:
8 *Provided further*, That any such transfer, sale, or assignment is in accordance
9 with the constitutional limitations: *Provided furthermore*, That failure to report
10 to Congress such change of ownership shall render the franchise *ipso facto*
11 revoked: *Provided finally*, That any person or entity to which this franchise is
12 sold, transferred, or assigned, shall be subject to the same, conditions, terms,
13 restrictions, and limitations of this Act.

14 **SEC. 15. Reportorial Requirement.** – The grantee shall submit an
15 annual report to the Congress of the Philippines, through the Committee on
16 Legislative Franchises of the House of Representatives and the Committee on
17 Public Services of the Senate, on its compliance with the terms and conditions
18 of the franchise and on its operations on or before April 30 of every year during
19 the term of the franchise. The reportorial compliance certificate issued by
20 Congress shall be required before any application for permit or certificate is
21 accepted by the ERC.

22 **SEC. 16. Fine.** – The failure of the grantee to submit the requisite
23 annual report to Congress shall be penalized by a fine in the amount of five
24 hundred pesos (P500.00) per working day of noncompliance which shall be
25 collected by the ERC. The fine shall be collected separately from the
26 reportorial penalties imposed by the ERC and shall be remitted to the Bureau
27 of Treasury.

28 **SEC. 17. Equality Clause.** – Any advantage, favor, privilege,
29 exemption, or immunity, granted under existing franchises, or which may
30 hereafter be granted, upon prior review and approval of Congress, shall
31 become part of this franchise and shall be accorded immediately and
32 unconditionally to the herein grantee: *Provided, however*, That the foregoing
33 shall neither apply to nor affect provisions concerning territory covered by the
34 franchise: *Provided, further*, That the foregoing shall not apply to the sale,
35 lease, transfer, grant of usufruct, or assignment of legislative franchises with
36 prior congressional approval.

37
38 **SEC. 18. Applicability Clause.** – The grantee shall comply with and
39 be subject to the provisions of Commonwealth Act No. 146, as amended,
40 otherwise known as the “Public Service Act” and Republic Act No. 9136,

1 otherwise known as the “Electric Power Industry Reform Act of 2001”.

2 **SEC. 19. Existing Powers.** – Existing mandates, powers, functions,
3 and privileges granted to electric cooperatives under existing laws, including
4 Section 10 of RA 10531 shall remain valid and effective, unless expressly
5 repealed by succeeding laws.

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

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

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

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

20 *Approved,*