

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 3742



Introduced by **HON. MIGUEL LUIS R. VILLAFUERTE, HON. VINCENZO RENATO LUIGI R. VILLAFUERTE, HON. TSUYOSHI ANTHONY G. HORIBATA, AND HON. TERRY L. RIDON**

EXPLANATORY NOTE

Electricity is no longer a mere convenience. It is a fundamental driver of modern life, enabling education, commerce, health care, communication, and industry development. In the context of national development, particularly for growing areas like the Province of Camarines Sur, access to a stable, efficient, and competitively priced power supply is essential. Communities cannot thrive amid unreliable or monopolized electricity services. They require dependable infrastructure backed by sound policy and a clear mandate for public service.

Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001 (EPIRA),” brought major reforms to the Philippine energy sector.¹ It paved the way for retail competition and open access among end-users to achieve lower electricity costs, improve service quality, promote transparency, and ensure fair market access.

This bill seeks to grant a legislative franchise to the Bicol Light and Power Corporation to construct, install, establish, operate, own, manage, and maintain an electric power distribution system in the municipalities of Baaog, Balatan, Bato, Buhi, Bula, Nabua, and the City of Iriga, all located in the Province of Camarines Sur. The franchise is a direct response to persistent challenges in the region, including limited access to electricity, lack of competition, and uneven pricing. The measure aims to:

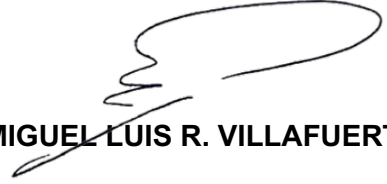
- Ensure reliable and affordable access to electric power in underserved areas;
- Uphold the principles of free and fair competition in the distribution of electricity;
- Establish accountability mechanisms and performance standards for the grantee;
- Promote local employment and economic activity through stable electricity infrastructure; and
- Align with the national policy of inclusive growth and rural development.

Granting this franchise is a crucial step toward achieving energy security and empowering local communities. It also reflects the government’s commitment to expanding energy access and ensuring that no region is left behind in the shift toward a more modern and inclusive power sector.

Notably, this proposed measure was approved and transmitted to the Senate during the 17th and 18th Congresses and subsequently refiled during the 19th Congress, reflecting growing recognition of the need for energy reforms in the province.

¹ Republic Act No. 9136, *Electric Power Industry Reform Act of 2001*. <https://www.officialgazette.gov.ph/2001/06/08/republic-act-no-9136/>

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



HON. MIGUEL LUIS R. VILLAFUERTE



HON. VINCENZO RENATO LUIGI R. VILLAFUERTE



HON. TSUYOSHI ANTHONY G. HORIBATA



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AN ACT GRANTING THE BICOL LIGHT AND POWER CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE, AND MAINTAIN A POWER DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END USERS IN THE MUNICIPALITIES OF BAAO, BALATAN, BATO, BUHI, BULA, NABUA, AND THE CITY OF IRIGA, PROVINCE OF CAMARINES SUR

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

SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to the Bicol Light and Power Corporation, hereunder referred to as the Grantee, its successors or assignees, a franchise to construct, install, establish, operate, own, manage and maintain in the public interest and commercial purposes, a distribution system for the conveyance of electric power to the end users in the Municipalities of Baa0, Balatan, Bato, Buhi, Bula, Nabua, and the City of Iriga, Province of Camarines Sur.

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

SECTION 2. *Manner of Operations of Facilities.* – All electric distribution facilities, lines, and systems for electric services constructed, installed, established, operated, owned, managed and maintained by the Grantee, its successors or assignees, shall be operated or maintained at all times in a superior manner, and it shall be the duty of the Grantee, its successors or assignees, whenever required to do so by the Energy Regulatory Commission (ERC), or its legal successor, or the Department of Energy (DOE), or its legal successor, or any other government agency concerned to modify, improve and change such facilities or systems in such manner and to such extent as the progress in science or technology and improvements or innovations in the electric power services may render reasonable and proper.

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

SECTION 3. Authority of the Energy Regulatory Commission (ERC). – The Grantee shall secure from the ERC or any government agency having jurisdiction over its operations, a Certificate of Public Convenience and Necessity (CPCN) and any other license, permit or authority indispensable for the construction and operation of the electric power distribution system.

SECTION 4. Excavation and Restoration Works. – For the purpose of erecting and maintaining the poles or other supports for wires or other conductors, or for the purpose of laying and maintaining said facilities, wires, cables or other conductors, it shall be lawful for the Grantee, its successors or assignees, with the prior approval of the Department of Public Works and Highways (DPWH) or the local government unit (LGU) concerned, as may be appropriate, to make excavations or lay conduits in any of the public places, highways, roads, streets, lanes, alleys, avenues, sidewalks, or bridges of the province, cities or municipalities: Provided, however, That a public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reason of erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired and replaced in workmanlike manner by the Grantee, its successors or assignees, in accordance with the standards set by the DPWH or the LGU concerned. Should the Grantee, its successors or assignees, after the ten (10)-day notice from the grant of authority, fail, refuse or neglect to repair or replace any part of public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge altered, changed, or disturbed by the said Grantee, its successors or assignees, the DPWH or the LGU concerned shall have the right to have the same repaired or replaced in good order and condition and charge the Grantee, its successors or assignees, double the amount of the cost and expenses for such repair or replacement.

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

The Grantee is required to source and procure its power requirements in accordance with the applicable rules and regulations of the DOE and ERC: Provided, That immediately after the enactment of this Act, that the Grantee may be allowed to avail of negotiated procurement of emergency power supply under the applicable circulars, rules, or regulations allowing emergency procurement issued by the DOE, the ERC, or their legal successors: Provided, further, That such emergency contracts shall only be for a non-extendible period of one (1) year and the rates must not be higher than the latest ERC-approved generation tariff for the same or similar technologies in the area.

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

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 and approved by 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 RA 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 for marginalized end users as mandated by RA No. 9136.

The Grantee shall strictly comply with the systems loss cap prescribed by the ERC, subject to the transition provisions under Section 19 of this Act.

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

The Grantee shall reduce the duration and frequency of interruptions in its network and in that regard, shall observe the System Average Interruption Frequency Index and System Average Interruption Duration Index imposed by the ERC.

SECTION 8. *Right of the Government.* – A special right is hereby reserved for 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 stations or facilities 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 the stations or facilities during the period when these shall be so operated.

SECTION 9. *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 10. *Term of Franchise.* – This franchise shall be in effect for a period of twenty-five (25) years from the date of the effectivity of this Act, unless sooner cancelled. This franchise shall be deemed *ipso facto* revoked in the event that the Grantee fails to comply with any of the following conditions:

- (a) commence operations within three (3) years from the approval of its operating permit by the ERC;
- (b) commence operations within five (5) years from the effectivity of this Act; and
- (c) operate continuously for two (2) years.

SECTION 11. *Warranty in Favor of the National and Local Governments.* – The Grantee shall hold the national, provincial, city, and municipal governments of the Philippines free from all claims, accounts, demands, or actions arising from accidents causing injury to persons or damage to property, during the construction, installation, operation, and maintenance of the distribution system of the Grantee.

SECTION 12. *Liability for Damages.* – The Grantee shall be liable for any injury to persons and damage to property arising from accidents by reason of any defective construction under this franchise or of any neglect or omission to keep its poles and wires in safe condition.

SECTION 13. *Commitment to Provide and Promote the Creation of Employment*

Opportunities. – The Grantee shall create employment opportunities and shall allow on-the-job training in its franchise operations: Provided, That priority shall be accorded to the residents of the place where their principal office is located: Provided, further, That the Grantee shall follow the applicable labor standards and allowance entitlement under existing labor laws, rules, and regulations, and similar issuances: Provided, finally, That the employment opportunities or jobs created shall be reflected on the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission annually.

SECTION 14. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise. – The Grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the Grantee be transferred, simultaneously or contemporaneously, to any person, firm, company, corporation, or entity without the prior approval of Congress. Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the controlling interest of the Grantee, within sixty (60) days after the completion of the said transaction. Failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

SECTION 15. Dispersal of Ownership. – In accordance with the constitutional provision to encourage public participation in public utilities, the Grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher percentage that may hereafter be provided by law of its outstanding capital stock in any securities exchange in the Philippines within five (5) years from the commencement of its operations: Provided, That in cases where public offer of shares is not applicable, the Grantee shall apply other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law: Provided, further, That the dispersal of ownership by a parent company of the Grantee shall be considered as compliance by the Grantee with this provision. Non-compliance therewith shall render the franchise *ipso facto* revoked.

SECTION 16. Reportorial Requirement. – The Grantee shall submit an annual report to Congress, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year during the term of the franchise.

The annual report shall include an update on the roll-out, development, operation and/or expansion of business; audited financial statements; latest GIS; certification of the ERC on the status of its permits and operations; and an update on the dispersal of ownership undertaking, if applicable.

A reportorial compliance certificate issued by Congress shall be required before any application for a permit or certificate is accepted by the ERC.

SECTION 17. Fine. – The failure of the Grantee to submit the requisite annual report to Congress shall be penalized with a fine in the amount of Five hundred pesos (P500.00) per working day of non-compliance which shall be collected by the ERC. The fine shall be collected separately from the reportorial penalties imposed by the ERC and shall be remitted to the Bureau of the Treasury.

SECTION 18. Equality Clause. – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately

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

SECTION 19. *Transition of Operations.* – To ensure the uninterrupted supply of electricity, Camarines Sur Electric III Cooperative (CASURECO 3), in the interim, is authorized to operate the existing distribution system within its former franchise area and implement its existing power supply agreements with generation companies that are provisionally or finally approved by the ERC until the Grantee establishes or acquires its own distribution system and fully takes over the operations in the franchise area. CASURECO 3 may operate not longer than two (2) years from the approval of this legislative franchise.

Upon compliance with the rules, the ERC shall grant the CASURECO 3 the necessary provisional CPCN covering the transition period. The ERC shall determine the applicable generation rate.

The provisional authority to operate during the transition period granted to the CASURECO 3 shall not prevent the Grantee from exercising the right of eminent domain as provided under Section 9 of this Act. During the transition period, the ERC shall decide and execute its decision on all cases filed against the CASURECO 3, especially on those pertaining to claims by consumers for refunds.

To reduce the length of the transition period, the ERC and all agencies issuing the requisite licenses shall act upon all applications of the Grantee relevant to the establishment and operation of the distribution system under its franchise.

In the hiring of employees, the Grantee shall, as far as practicable and subject to certain qualification standards, give preference to former employees of the CASURECO 3 when it commences business operations in its new franchise area.

An information dissemination campaign regarding public services and operations of the Grantee shall be made to all end users in the franchise area.

The Grantee and the CASURECO 3 shall jointly ensure that affected employees not hired by the Grantee shall receive all separation or retirement benefits in accordance with applicable laws.

During the transition, the DOE shall ensure that the supply of electricity in the existing franchise area is uninterrupted.

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

SECTION 21. *Applicability of Existing Laws.* – The Grantee shall comply with and be subject to the provisions of Commonwealth Act No. 146, or the “Public Service Act” as amended; RA No. 9136, as amended; RA No. 9513, or the “Renewable Energy Act of 2008”; RA No. 11361, or the “Anti-Obstruction of Power Lines Act”; RA No. 10531, otherwise known as the “National Electrification Administration Reform Act of 2013”; and other applicable 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.

Approved,