

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Twentieth Congress
First Regular Session

HOUSE BILL NO. 5864



Introduced by Representative **RAYMOND ADRIAN SALCEDA**

AN ACT
ESTABLISHING A SPECIAL FINANCIAL RELIEF AND RESTRUCTURING
PROGRAM FOR THE ALBAY ELECTRIC COOPERATIVE (ALECO) AND
OTHER DISTRESSED ELECTRIC COOPERATIVES AS THE NATIONAL
ELECTRIFICATION ADMINISTRATION (NEA) MAY IDENTIFY, PROVIDING
FOR A REVOLVING REFINANCING FACILITY, AUTHORIZING THE WAIVER
OF SURCHARGES, PENALTIES, AND INTERESTS, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

The Albay Electric Cooperative (ALECO) continues to confront acute financial distress, with arrears amounting to ₱656.34 million in the Wholesale Electricity Spot Market and total obligations reaching ₱9.9 billion as of mid-2025. These liabilities, aggravated by surcharges and penalties, have placed undue strain on the cooperative's operations and threaten the stability of electricity service for over 200,000 consumers in Albay, many of whom are ordinary households, small entrepreneurs, and public institutions that rely on affordable and reliable power for daily life.

Access to electricity is a basic public good, and its affordability is a matter of social equity. When penalties and surcharges accumulate faster than cooperatives can recover, the burden is ultimately transferred to the people—to consumers who bear higher rates, to workers who face power interruptions, and to communities whose development is impeded by service instability.

While Section 60 of the Electric Power Industry Reform Act of 2001 (EPIRA) and Executive Order No. 119 provide a policy framework for the restructuring of electric cooperative obligations, the existing instruments have not fully addressed the compounding surcharges and interests that inflate outstanding debts and perpetuate financial distress. This situation calls for a calibrated form of state intervention—not to absolve obligations, but to restore the financial viability of community-based utilities that serve the rural poor.

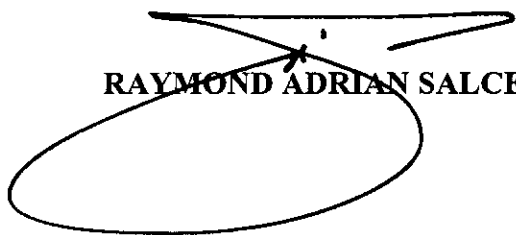
This bill therefore establishes a ₱3 billion revolving refinancing facility under the National Electrification Administration (NEA) to be used exclusively for restructuring verified obligations of distressed electric cooperatives, beginning with ALECO. The revolving nature

of the fund ensures fiscal discipline: repayments replenish the facility, allowing it to assist other cooperatives without burdening the national treasury.

In addition, the measure authorizes the waiver of surcharges, penalties, and interests for cooperatives certified by the NEA as financially distressed, while requiring the full payment of principal obligations under restructured and affordable terms. This approach balances social protection with fiscal responsibility, enabling cooperatives to recover without transferring unmanageable costs to consumers or the State.

By extending compassionate yet disciplined financial relief, this measure advances the constitutional mandate of social justice and the State's duty to promote equitable access to basic services. It affirms that public policy must not merely regulate markets but also protect communities, empower cooperatives, and ensure that rural electrification remains both sustainable and humane.

In view of these urgent and compelling considerations, the immediate passage of this measure is earnestly sought.



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

SECTION 1. *Short Title.* This Act shall be known as the “Electric Cooperative Financial Relief and Restructuring Act of 2025.”

SEC. 2. *Declaration of Policy.* It is hereby declared the policy of the State to:

- ensure the financial sustainability and service reliability of electric cooperatives, consistent with rural electrification goals;
- extend targeted financial relief through refinancing and waiver of surcharges and penalties in accordance with Section 60 of Republic Act No. 9136 (EPIRA); and
- implement reforms that promote transparency, good governance, and least-cost power procurement.

SEC. 3. *Coverage.* This Act shall apply to the Albay Electric Cooperative (ALECO) and such other distressed electric cooperatives as may be identified and certified by the National Electrification Administration (NEA), based on verified financial audits and viability assessments.

SEC. 4. *Revolving Refinancing Facility.*

(a) There is hereby appropriated, out of any funds in the National Treasury not otherwise appropriated, the amount of Three Billion Pesos (₱3,000,000,000.00) to be lodged under the National Electrification Administration (NEA).

(b) The Fund shall serve as a revolving facility exclusively for the refinancing or restructuring of verified obligations of covered cooperatives. Loan repayments and interest collections shall accrue back to the Fund and may be re-lent for the same purpose until all obligations contracted within the effectivity period of this Act have been fully settled.

(c) Loans shall be extended through government financial institutions (GFIs) such as the Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP), at an interest rate three percent (3%) per annum below the prevailing Bloomberg Valuation Rate (BVAL) for government securities of equivalent tenor.

(d) The facility shall be administered jointly by the NEA and DOF, in coordination with the DOE and GFIs, to ensure fiscal integrity and policy alignment.

SEC. 5. Waiver of Surcharges, Penalties, and Interests.

(a) Upon NEA certification of financial distress and execution of a Debt Settlement and Governance Agreement, the NEA, in consultation with the DOF and concerned agencies, may waive or condone surcharges, penalties, and interest charges imposed on verified obligations of covered cooperatives owed to NEA, government financial institutions, or other government-owned or controlled corporations.

(b) The principal obligation shall remain payable and shall be refinanced under the terms of the Revolving Facility.

(c) No waiver shall be granted without the cooperative's compliance with the governance and performance standards prescribed in Section 7 of this Act.

SEC. 6. Governance and Performance Conditions. Electric cooperatives availing of relief under this Act shall execute a Governance Covenant with the NEA, requiring:

- (a) appointment of at least two (2) NEA-designated independent directors with full voting rights;
- (b) compliance with NEA's fit-and-proper standards for management and key officers;
- (c) publication of audited financial statements and operational reports every quarter;
- (d) achievement of annual collection efficiency and system-loss reduction targets;
- (e) ring-fenced escrow accounts for debt repayment; and
- (f) compliance with competitive selection processes (CSPs) under Section 23 of EPIRA for all power-supply procurements.

SEC. 7. Coordination with Other Agencies. The NEA shall coordinate with the DOE, DOF, Energy Regulatory Commission (ERC), and other concerned agencies to harmonize this program with Section 60 of EPIRA, Executive Order No. 119, and existing government debt-relief initiatives for electric cooperatives.

SEC. 8. Effectivity Period of Facility. The authority of the NEA to approve new refinancing and waiver agreements under this Act shall be effective for ten (10) years from its effectivity. The Revolving Facility shall continue to operate until all obligations contracted within said period are fully settled.

SEC. 9. Reporting Requirement. The NEA shall submit to Congress an annual consolidated report on the implementation of this Act, including:

- (a) the list of cooperatives assisted;

- (b) the total amount of loans granted and repayments collected;
- (c) the total amount of surcharges, penalties, and interests waived; and
- (d) the financial and operational status of beneficiary cooperatives.

SEC. 10. *Implementing Rules and Regulations.* Within sixty (60) days from the effectivity of this Act, the NEA, in coordination with the DOE and DOF, shall promulgate the necessary implementing rules and regulations (IRR) for its implementation.

SEC. 11. *Separability Clause.* If any provision of this Act is declared invalid or unconstitutional, the remaining provisions shall remain in full force and effect.

SEC. 12. *Repealing Clause.* All laws, executive orders, rules, and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 13. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,