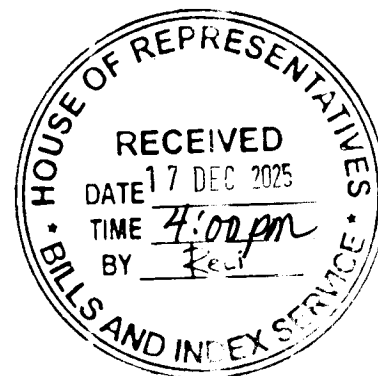


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **6958**



Introduced by **REP. NATHANIEL “Atty. Nat” M. ODUCAO**

EXPLANATORY NOTE

This bill seeks to grant a congressional franchise to Capiz Electric Cooperative, Inc. (CAPELCO) to provide an electric power distribution system to the people of the City of Roxas and Municipalities of Cuartero, Dao, Dumalag, Dumarao, Ivisan, Jamindan, Mambusao, Maayon, Panay, Panitan, Pilar, Pontevedra, President Roxas, Sapián, Sigma, and Tapaz, all in the Province of Capiz, except Barangay Damayan, Sapián, which was waived in favor of Aklan Electric Cooperative, Inc. (AKELCO) due to its closer proximity to AKELCO lines since it was energized in the year 1977. Furthermore, it lays down the standards and conditions that the franchise grantee must attain and fulfill in order to implement an effective partnership between the government and the distribution utility as its implementing partner for total electrification.

CAPELCO has been in operation from June 16, 1971, up to the present as a service-oriented, non-stock, and non-profit cooperative. Pursuant to the provisions of Presidential Decree No. 269, CAPELCO was registered on June 16, 1971. On February 6, 1978, the National Electrification Administration (NEA) issued Certificate of Franchise No. 004 to CAPELCO, granting it a 50-year franchise to operate. Said franchise is set to expire on February 5, 2028.

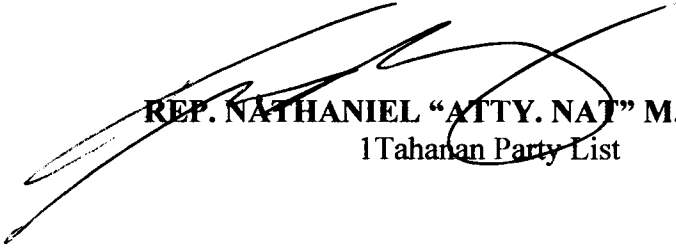
As the sole franchise holder for electric distribution in the Province of Capiz, CAPELCO has been providing excellent services to the 16 municipalities and 1 city of the province, achieving a 92.29% electrification level, based on the potential household connections as of December 2024. Over the years, the cooperative has demonstrated its technical, financial, and institutional capability to carry out its mandate, evidenced by its efforts in reducing system loss, minimizing power outages, and maintaining high collection efficiency. It is worth noting that the cooperative has garnered NEA's performance rating of AAA consecutively for the past 10 years up to the present.

CAPELCO's system delivers electricity to a diverse consumer base, including residential customers consuming 19,203,742.9 kWh monthly at peak, alongside commercial, industrial, public building, and other classifications as reflected in its Sales Total Monthly Data

and Sales Total Yearly datasets. This wide and varied demand underscores the importance of CAPELCO's reliable and modern distribution system in ensuring continuous and efficient service across the province.

Granting this franchise will ensure the continuous supply of electricity to the people of the Province of Capiz. It will also allow CAPELCO to sustain its mission of playing a vital role in the socio-economic development of its coverage area 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. NATHANIEL "ATTY. NAT" M. ODOCADO
I Tahanan Party List

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 6953

Introduced by **REP. NATHANIEL “ATTY. NAT” M. ODUCAO**

**AN ACT GRANTING THE CAPIZ ELECTRIC COOPERATIVE, INC. 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 CITY OF ROXAS AND
MUNICIPALITIES OF CUARTERO, DAO, DUMALAG, DUMARAO, IVISAN,
JAMINDAN, MAMBUSAO, MAAYON, PANAY, PANITAN, PILAR, PONTEVEDRA,
PRESIDENT ROXAS, SAPIAN (EXCLUDING BARANGAY DAMAYAN), SIGMA,
AND TAPAZ, ALL IN THE PROVINCE OF CAPIZ**

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

1 **SECTION 1. *Nature and Scope of Franchise.*** – Subject to the provisions of the
2 Constitution and applicable laws, rules, Constitution and applicable laws, rules, and regulations,
3 there is hereby granted to the Capiz Electric Cooperative (CAPELCO), hereunder referred to as the
4 Grantee, its successors or assigns, a franchise to construct, install, establish, operate, own, manage,
5 and maintain in the public interest and for commercial purposes a distribution system for the
6 conveyance of electric power to the end-users in the City of Roxas and Municipalities of Cuartero,
7 Dao, Dumarao, Dumalag, Ivisan, Jamindan, Maayon, Mambusao, Panay, Panitan, Pilar,
8 Pontevedra, President Roxas, Sapien, Sigma, and Tapaz, all in the Province of Capiz.

9 As used in the Act “distribution system” refers to the systems of wires and associated
10 facilities, including sub-transmission lines belonging to a franchised distribution utility, extending
11 between the delivery point on the nation transmission system or generating facility and the metering
12 point/facility of the end-users.

13 As of 2024, the Grantee operates a distribution system serving a maximum recorded
14 demand of 66.56 megawatts (MW) and annual energy sales totalling 305,383,773.77 kilowatt-
15 hours (kWh).

16 Electricity is an essential driver of local and regional development in the Province of Capiz.
17 Reliable and affordable power supply directly supports agricultural productivity, commercial
18 growth, tourism, small and medium enterprises, and the expansion of industrial activities across-

1 the City of Roxas and its municipalities. The continued operation and modernization of the
2 distribution system are therefore vital to sustaining economic development, attracting investments,
3 and improving the quality of life of residents in the franchise area.

4 Moreover, reliable electricity is a key requirement for the continued development of Capiz,
5 which had a GDP of Php 83.58 billion in 2024 and a population of more than 835,000 residents.
6 The growth of the province's major sectors depends on stable and affordable power supply.

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

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

21 Based on the 2024 operational records, CAPELCO's system delivers electricity to a diverse
22 consumer base, including residential customers consuming 19,203,742.9 kWh monthly at peak,
23 alongside commercial, industrial, public building, and other classifications as reflected in its Sales
24 Total Monthly Data and Sales Total Yearly datasets. Such demand levels require continuous
25 upgrading of sub-transmission lines, transformers, and protection equipment.

26 **SEC. 3. *Authority of the ERC and NEA.*** – The Grantee shall secure from the ERC or
27 NEA, or any government agency having jurisdiction over their operations, the Certificate of Public
28 Convenience and Necessity and any other license, permit, or authority indispensable for the
29 construction and operation of the electric power distribution system.

30 **SEC. 4. *Excavation and Restoration Works.*** – For the purpose of erecting and
31 maintaining the poles or other supports for said facilities, wires, or other conductors, or for the
32 purpose of laying and maintaining said facilities, wires, cables, or other conductors, it shall be
33 lawful for the Grantee, its successors, or assignees, in coordination with the Department of Public
34 Works and Highways (DPWH) or the local government unit (LGU) concerned, as may be
35 appropriate, to make excavations or lay conduits in any of the public places, highways, roads,
36 streets, lanes, alleys, avenues, sidewalks, or bridges of the province, cities, or municipalities:
37 *Provided*, however, that a public places, highway, road, street, lane, alley, avenue, sidewalk, or
38 bridge disturbed, altered, or changed by reason of erection of poles or other supports or the
39 underground laying of wires, other conductors, or conduits, shall be repaired and replaced in a
40 workmanlike manner by the Grantee, its successors or assignees, in accordance with the standards
41 set by the DPWH or the local government unit concerned. Should the Grantee, its successors or

1 assignees, after the ten (10)-day notice from the grant of authority, fail, refuse, or neglect to repair
2 or replace any part of a public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge
3 altered, changed, or disturbed by the said Grantee, its successors or assignees, then the DPWH or
4 the local government unit concerned shall have the right to have the same repaired and replaced in
5 good order and condition and charge the Grantee, its successors or assignees, double the amount
6 of the cost expenses for such repair or replacement.

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

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

20 As of 2024, the Grantee serves tens of thousands of Member-Consumer -Owners (MCOs)
21 across all municipalities in its franchise area, as reflected in the uploaded “No. of MCOs” dataset.
22 Annual energy sales exceeding three hundred five (305) million kWh demonstrate the importance
23 of efficient, least-cost service delivery.

24 To ensure stable, adequate, and affordable supply of electricity, the Grantee shall maintain
25 a diversified power generation mix under its ERC-approved power supply agreements. This mix
26 includes geothermal, hydro, coal, diesel, and other baseload, intermediate, and peaking sources,
27 allowing the cooperative to mitigate price volatility, enhance system reliability, and meet the
28 growing energy demands of households, businesses, industries, and agricultural sectors within the
29 franchise area.

30 Electricity is essential to the economic activity of the Province of Capiz. In 2024, the
31 province’s economy was valued at Php 83.58 billion and continued to grow, with major sectors
32 such as services, agriculture, and industry depending on reliable power supply. The province loses
33 an estimated Php 204 million in economic output each day of lost electricity, as shown during the
34 January 2024 blackout which resulted in about Php 552 million in economic losses. To protect
35 businesses, livelihoods, and public welfare, the Grantee shall ensure stable, continuous, and
36 dependable service to support the economic growth of Capiz.

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

1 **SEC. 7. *Promotion of Consumer Interests.*** – The Grantee herein shall establish a
2 consumer desk that will handle consumer’s complaints and ensure adequate promotion of consumer
3 interests. The Grantee shall act with dispatch on all complaints brought before it. With the
4 documented number of MCOs across all municipalities (as per the “No. of MCOs” sheet), the
5 establishment of an effective consumer desk is essential for addressing complaints and ensuring
6 timely grievance resolution.

7 **SEC. 8. *Commitment to Provide and Promote the Creation of Employment***
8 ***Opportunities.*** – The Grantee shall create employment opportunities and shall allow on-the-job
9 training in its franchise operation: *Provided*, That priority shall be accorded to the residents where
10 their principal office is located: *Provided, further*, that the Grantee shall comply with the applicable
11 labor standards and allowance entitlement under existing labor laws, rules and regulations, and
12 similar issuances.

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

20 **SEC. 10. *Right of Eminent Domain.*** – Subject to the limitations and procedures prescribed
21 by law, the Grantee is authorized to exercise the right of eminent domain insofar as it may be
22 reasonably necessary for the efficient maintenance and operation of services. The Grantee is
23 authorized to install and maintain its poles, wires, and other facilities over and across public
24 property, including streets, highways, forest reserves, and other similar property of the Government
25 of the Philippines, its branches, or any of its instrumentalities. The Grantee may acquire such
26 private property as is necessary for the realization of the purposes for which this franchise is
27 granted, *provided*, that proper expropriation proceedings shall have been instituted and just
28 compensation paid.

29 **SEC. 11. *Term of Franchise.*** – Unless sooner cancelled, the franchise shall be in effect for
30 a period of twenty-five (25) years from the date of the end of the Grantee’s existing franchise. This
31 franchise shall be deemed ipso facto revoked in the event the Grantee fails to operate continuously
32 for two (2) years.

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

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

1 **SEC. 14. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.*** – The Grantee
2 shall not sell, lease, transfer, grant the usufruct, or assign this franchise or the rights and privileges
3 acquired thereunder to any person, firm, company, corporation, or other commercial or legal entity,
4 or merge with any other corporation, or entity, or shall transfer the controlling interest of the
5 Grantee, whether as a whole or in parts, and whether simultaneously or contemporaneously, to any
6 such person, firm, company, corporation or entity without the prior approval of the Congress:
7 *Provided*, That Congress shall be informed of any sale, lease, transfer, grant of usufruct, sale, or
8 assignment of franchise or the rights and privileges acquired thereunder, or of the merger, or sale
9 of the controlling interest within sixty (60) days after the completion of said transaction: *Provided*,
10 *further*, That any such transfer, sale, or assignment is in accordance with the constitutional
11 limitations: *Provided, furthermore*, That failure to report to Congress such change of ownership
12 shall render the franchise *ipso facto* revoked: *Provided, finally*, That any person or entity to which
13 this franchise is sold, transferred, or assigned, shall be subject to the same conditions, terms,
14 restrictions, and limitations of this Act.

15 **SEC. 15. *Reportorial Requirement.*** – The Grantee shall submit an annual report to
16 Congress, through the Committee on Legislative Franchises of the House of Representatives and
17 the Committee on 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 the term of the
19 franchise. The reportorial compliance certificate issued by Congress shall be required before any
20 application for a permit of certificate is accepted by the ERC.

21 The annual report shall include, among others, updated demand levels (such as the 66.56
22 MW recorded in 2024), sales data by customer class, total yearly energy sales (e.g., 305.38 million
23 kWh in 2024), the number of MCOs served, and the updated generation mix.

24 **SEC. 16. *Fine.*** – The failure of the Grantee to submit the requisite annual report to
25 Congress shall be penalized by a fine in the amount of Five hundred pesos (Php500.00) per working
26 day of noncompliance, which shall be collected by the ERC. The fine shall be collected separately
27 from the reportorial penalties imposed by the ERC and shall be remitted to the Bureau of Treasury.

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

36 **SEC. 18. *Applicability of Existing Laws.*** – The Grantee shall comply with and be subject
37 to the provisions of Commonwealth Act No. 146, or the “Public Service Act,” as amended, RA
38 9136, and RA 10531, or the “National Electrification Administration Reform Act of 2013.”

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

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

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

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

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

11 *Approved,*