



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. **7291**

Introduced by
APEC Party-List Representative Sergio C. Dagooc
PhilRECA Party-List Representative Presley C. De Jesus

EXPLANATORY NOTE

Electric cooperatives (ECs) are not just the implementing arm of the government's rural electrification program in the Philippines, but also the backbone that ensures the survival and continued growth of the economy in the countryside. They serve millions of households and far-flung unviable communities that private utilities often neglect to serve for economic reason.

However, the persistent financial difficulties of some ECs pose a direct threat to the reliability, affordability, and sustainability of electricity service they provide. Mounting debts, compounded penalties, and the inability to refinance obligations tend to hinder their operations and, ultimately, burden the very consumers they are mandated to serve.

It may be recalled that **House Bill No. 4017**, authored by Hon. Adrian E. Salceda, was earlier filed in this Congress to address the long-standing financial distress of the Albay Electric Cooperative (ALECO). That measure aimed to propose a special debt restructuring mechanism for ALECO to restore its financial viability and ensure continuous service to the people of Albay. The experience of ALECO, however, is not unique.

This proposed measure—to be known as the ***Electric Cooperatives Debt Restructuring Act of 2026***—seeks to establish a targeted and responsible framework for refinancing the verified debts of distressed ECs. By creating a Special Debt Restructuring Facility within the National Electrification Administration (NEA), the bill ensures that overdue obligations are honored

while preventing their escalation into crippling liabilities. The revolving nature of the fund, backed by a ₱5 billion appropriation, allows for continuous and sustainable intervention without depleting public resources.

Loans will be granted through government financial institutions at concessional rates, with repayment terms designed to ease financial pressure on ECs while safeguarding consumers from sudden increases in electricity bills. Complementary governance safeguards—including NEA oversight, management accountability, and transparency measures—ensure that only cooperatives committed to reforms can benefit from this assistance.

Additionally, the measure provides for a one-time tax amnesty to help ECs reset their financial standing and re-channel resources into service delivery, network improvement, and power supply reliability. These provisions strike a balance between financial relief and consumer protection, ensuring that every peso extended under the program translates into better services and more affordable electricity rates.

In addressing the financial instability of ECs, this bill also reaffirms the State's commitment to the rural electrification program as a cornerstone of inclusive development. Stabilizing EC finances is not merely an economic intervention—it is a social imperative that secures the progress and well-being of millions of Filipino families.

In light of these urgent concerns, the swift passage of this bill is earnestly sought.



REP. SERGIO C. DAGOOC
APEC Party-List



REP. PRESLEY C. DE JESUS
PhilRECA Party-List

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AN ACT

**PROVIDING FOR THE CONDONATION OF UNPAID INTERESTS,
PENALTIES, AND SURCHARGES AND ESTABLISHING A SPECIAL DEBT
RESTRUCTURING PROGRAM FOR ALL AILING AND DISTRESSED
ELECTRIC COOPERATIVES AS THE NATIONAL ELECTRIFICATION
ADMINISTRATION MAY IDENTIFY, PROVIDING A REFINANCING
FACILITY, A TAX AMNESTY, AND FOR OTHER PURPOSES**

*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 Cooperatives Debt Restructuring Act of 2026**”.

SEC. 2. Declaration of Policy. It is the policy of the State to ensure reliable and affordable electricity supply by addressing the financial distress of electric cooperatives through a refinancing program that is fiscally responsible, time-bound, and protective of consumers.

SEC. 3. Coverage. This Act shall apply to all ailing and distressed electric cooperatives as the National Electrification Administration (NEA) may identify, based on financial audits and viability tests, with notice to Congress.

SEC. 4. Condonation of Unpaid Interests, Penalties, and Surcharges. All interests, including surcharges, penalties on the principal obligation, as well as any universal charges payable to government-owned and -controlled corporations like the Power Sector Assets and Liabilities Management Corp. (PSALM) or the National Power Corporation (NPC) are hereby condoned. Such condonation perpetually relieves the concerned electric cooperative from payment thereof of all interests, surcharges, penalties, and universal charges that may have been previously accumulated until the effectivity of this act.

SEC. 5. Refinancing Facility. The amount of **Five Billion Pesos (P5,000,000,000.00)** is hereby appropriated, out of any funds in the National Treasury not otherwise appropriated, to be lodged under the NEA, to refinance verified obligations of covered electric cooperatives. The Fund shall be administered as loans coursed through the Land Bank of the Philippines

1 (LBP), the Development Bank of the Philippines (DBP), and other government
2 financial institutions or state-owned investment corporations authorized by
3 the NEA in coordination with the Department of Finance (DOF). **Loans shall**
4 **have an interest rate of three percent (3%) per annum** below the prevailing
5 Bloomberg Valuation (BVAL) rate for government securities of equivalent
6 tenor. Loan repayments shall accrue back to the Fund and may be re-lent for
7 the same purpose until the expiration of the Facility.

8 **SEC. 6. Recovery Mechanism.** The Energy Regulatory Commission
9 (ERC) shall approve recovery mechanisms for borrowing cooperatives to
10 ensure repayment of obligations under this Act. Such recovery charges shall
11 be capped to avoid sudden increases in retail rates, without prejudice to
12 existing lifeline and senior citizen discounts.

13 **SEC. 7. Tax Amnesty.** Qualified electric cooperatives availing of the
14 Facility shall enjoy a one-time amnesty on all national and local taxes,
15 surcharges, penalties, and interest due as of the effectivity of this Act. The
16 Bureau of Internal Revenue (BIR) and the Department of Finance (DOF) shall
17 issue the implementing rules for this Section.

18 **SEC. 8. Governance Covenant.** Electric cooperatives availing of the
19 refinancing facility under this Act shall enter into a Governance Covenant
20 with the NEA as a condition precedent to the release of assistance. The
21 Governance Covenant shall prescribe, at a minimum, the following:

- 22 a) **Board Oversight.** At least two (2) NEA-appointed independent directors
23 shall sit on the cooperative's Board of Directors with full voting rights
24 for the duration of the refinancing period.
- 25 b) **Management Standards.** The General Manager and key officers of the
26 cooperative shall meet fit and proper standards prescribed by the NEA.
- 27 c) **Financial Transparency.** The cooperative shall comply with NEA-
28 prescribed accounting and disclosure standards, including the
29 quarterly publication of audited financial statements and operational
30 reports.
- 31 d) **Collection and Systems Loss Targets.** The cooperative shall achieve
32 progressive annual targets for collection efficiency and systems loss
33 reduction, as determined by the NEA.
- 34 e) **Escrow Accounts.** All revenues intended for debt repayment shall be
35 deposited in ring-fenced escrow accounts subject to NEA monitoring
36 and audit.
- 37 f) **Procurement of Power Supply.** The cooperative shall procure power
38 supply for its captive market in the least-cost manner through
39 Competitive Selection Processes (CSPs), as mandated by the
40 Department of Energy and subject to approval by the ERC.

1 g) **Step-in Rights.** In case of material breach of the Governance Covenant,
2 the NEA shall immediately exercise its step-in rights, which may
3 include assumption of management control, suspension of the
4 cooperative's board, and the appointment of a management team to
5 oversee operations until compliance is restored.

6 **SEC. 9. Transparency.** The NEA shall submit a consolidated report to
7 Congress every six (6) months on the implementation of this Act.

8 **SEC. 10. Effectivity of Facility.** The authority of the NEA to approve
9 new refinancing agreements under this Act shall be effective for a period of
10 ten (10) years from the effectivity of this Act. After this period, no new
11 refinancing shall be granted unless renewed by Congress. However, the
12 Facility itself shall continue to operate until all obligations contracted within
13 the effectivity period have been fully paid and settled.

14 **SEC. 11. Implementing Rules.** Within sixty (60) days from the
15 effectivity of this Act, the NEA shall issue the implementing rules and
16 regulations. The role of the ERC shall be limited to the approval of recovery
17 mechanisms under Section 5.

18 **SEC. 12. Separability Clause.** If any provision of this Act is declared
19 unconstitutional, the remainder shall not be affected.

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

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23 *Approved,*