



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. 9047

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

EXPLANATORY NOTE

Presidential Decree No. 269 established the National Electrification Administration (NEA) and laid down the national policy of achieving total electrification through the creation and development of Electric Cooperatives. This framework was further strengthened by subsequent amendments, including Presidential Decree No. 1645 and Republic Act No. 10531, which reaffirmed the supervisory oversight of NEA and the critical role of Electric Cooperatives in delivering electricity services, particularly in rural and underserved areas.

Recent legal developments, however, have clarified that Electric Cooperatives do not possess a constitutional right to an exclusive franchise to operate as Distribution Utilities within their respective coverage areas. Consequently, private Distribution Utilities have been granted franchises in areas traditionally served by Electric Cooperatives. This has resulted in situations where certain Electric Cooperatives have ceased to operate as Distribution Utilities while retaining their juridical existence.

In the absence of a legislative franchise, these Electric Cooperatives face legal and regulatory uncertainty regarding their continued existence and operations. At present, there is no clear statutory mechanism that allows them to retain their corporate identity as Electric Cooperatives without being required to secure a new legislative franchise. This gap creates institutional instability and undermines the long-standing policy of empowering Electric

Cooperatives as partners in the electrification program.

This bill seeks to address this gap by introducing a registration mechanism under the National Electrification Administration for Electric Cooperatives that are no longer operating as Distribution Utilities. In lieu of securing a legislative franchise, such Electric Cooperatives may register with NEA, thereby preserving their juridical personality and allowing them to continue operating within the bounds of their authorized purposes under existing laws. The NEA is likewise mandated to prescribe appropriate reportorial requirements, compliance standards, and monitoring mechanisms to ensure transparency, accountability, and alignment with national electrification objectives.

In addition, the bill affirms that Electric Cooperatives which have ceased to operate as Distribution Utilities shall continue to be entitled to the benefits and privileges granted under existing laws. This ensures that they remain viable institutions capable of contributing to rural electrification, particularly in missionary, off-grid, and underserved areas, while maintaining a clear distinction from Distribution Utilities operating under valid and existing franchises.

By clarifying both the legal status and the continuing support mechanisms for these Electric Cooperatives, the proposed measure promotes institutional continuity, strengthens the national electrification program, and ensures that no community is left behind in the pursuit of accessible, reliable, and affordable electricity.

In view of the foregoing, the immediate 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

**FURTHER AMENDING PRESIDENTIAL DECREE NO. 269, AS AMENDED,
OTHERWISE KNOWN AS THE "NATIONAL ELECTRIFICATION
ADMINISTRATION DECREE", BY PROVIDING FOR THE CONTINUING
MANDATE, BENEFITS, AND PRIVILEGES OF ELECTRIC COOPERATIVES
THAT HAVE CEASED TO OPERATE AS DISTRIBUTION UTILITIES**

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

SECTION 1. New sections, to be designated as Section 32-B and
Section 32-C of Presidential Decree No. 269, as amended, are hereby inserted
to read as follows:

**"SEC. 32-B. REGISTRATION OF ELECTRIC COOPERATIVES
NO LONGER OPERATING AS ELECTRIC DISTRIBUTION UTILITIES.
– ELECTRIC COOPERATIVES WHICH NO LONGER POSSESS A
LEGISLATIVE FRANCHISE TO OPERATE AS DISTRIBUTION
UTILITIES, OR HAVE WAIVED OR CEASED THE EXERCISE OF
SUCH AUTHORITY, SHALL NOT BE REQUIRED TO SECURE A
LEGISLATIVE FRANCHISE FOR PURPOSES OF MAINTAINING
THEIR JURIDICAL EXISTENCE AS ELECTRIC COOPERATIVES.**

**IN LIEU THEREOF, SUCH ELECTRIC COOPERATIVES MAY
REGISTER WITH THE NEA, SUBJECT TO SUCH GUIDELINES AS
THE NEA MAY PRESCRIBE.**

1 UPON REGISTRATION, THE ELECTRIC COOPERATIVE
2 SHALL RETAIN ITS CORPORATE IDENTITY AS AN ELECTRIC
3 COOPERATIVE AND SHALL CONTINUE TO OPERATE IN
4 ACCORDANCE WITH ITS AUTHORIZED PURPOSES UNDER
5 EXISTING LAWS, RULES, AND REGULATIONS.

6 THE NEA SHALL ESTABLISH AND PRESCRIBE THE
7 APPROPRIATE REPORTORIAL REQUIREMENTS, COMPLIANCE
8 STANDARDS, AND MONITORING MECHANISMS NECESSARY TO
9 ENSURE TRANSPARENCY, ACCOUNTABILITY, AND ALIGNMENT
10 WITH THE NATIONAL ELECTRIFICATION POLICY, TAKING INTO
11 CONSIDERATION THE NATURE AND SCOPE OF THE ELECTRIC
12 COOPERATIVE'S CONTINUING OPERATIONS.

13 REGISTRATION UNDER THIS PROVISION SHALL NOT BE
14 CONSTRUED AS GRANTING AUTHORITY TO OPERATE AS A
15 DISTRIBUTION UTILITY, NOR SHALL IT PREJUDICE THE RIGHTS
16 OF DISTRIBUTION UTILITIES OPERATING UNDER VALID AND
17 EXISTING FRANCHISES.

18 SEC. 32-C. BENEFITS AND PRIVILEGES OF ELECTRIC
19 COOPERATIVES NO LONGER OPERATING AS DISTRIBUTION
20 UTILITIES. - FOR THE AVOIDANCE OF ANY DOUBT, AND
21 CONSISTENT WITH THE DECLARED POLICY OF THIS ACT,
22 ELECTRIC COOPERATIVES WHICH NO LONGER POSSESS ANY
23 FRANCHISE TO OPERATE AS DISTRIBUTION UTILITIES, OR HAVE
24 WAIVED OR CEASED THEIR RIGHT AS SUCH, SHALL CONTINUE
25 TO BE ENTITLED TO THE FOLLOWING, IN ACCORDANCE WITH
26 EXISTING LAWS, RULES AND REGULATIONS:

27 (A) INCENTIVES GRANTED BY THE NATIONAL
28 ELECTRIFICATION ADMINISTRATION (NEA);

29 (B) CONGRESSIONAL ALLOCATIONS, GRANTS, SUBSIDIES,
30 AND OTHER FORMS OF FINANCIAL ASSISTANCE FOR RURAL
31 ELECTRIFICATION;

32 (C) EXEMPTION FROM ALL TAXES, DUTIES, FEES, IMPOSTS,
33 AND OTHER CHARGES IMPOSED BY THE GOVERNMENT AND
34 ITS INSTRUMENTALITIES, AS MAY BE PROVIDED UNDER
35 EXISTING LAWS;

36 (D) PREFERENTIAL RIGHTS GRANTED TO COOPERATIVES
37 UNDER REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS
38 THE "LOCAL GOVERNMENT CODE OF 1991," AND OTHER
39 RELATED LAWS; AND

1 **(E) SUCH OTHER PRIVILEGES AND BENEFITS TO WHICH**
2 **ELECTRIC COOPERATIVES OPERATING AS DISTRIBUTION**
3 **UTILITIES ARE ENTITLED.**

4 **PROVIDED, HOWEVER, THAT ANY AND ALL ENTITLEMENTS**
5 **CLAIMED UNDER THIS PROVISION SHALL NOT BE EXERCISED IN**
6 **ANY MANNER THAT INFRINGES UPON THE RIGHTS OF**
7 **DISTRIBUTION UTILITIES OPERATING UNDER VALID AND**
8 **EXISTING FRANCHISES IN ACCORDANCE WITH LAW.”**

9 **SEC. 2. *Separability Clause.*** - If any provision or part of this Act is
10 declared invalid or unconstitutional, the remaining parts not affected shall
11 remain in full force and effect.

12 **SEC. 3. *Repealing Clause.*** - All laws, presidential decrees, executive
13 orders, letters of instructions, proclamations or administrative regulations
14 that are inconsistent with the provisions of this Act are hereby repealed,
15 amended, or modified accordingly.

16 **SEC. 4. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
17 publication in the Official Gazette or in a newspaper of general circulation.

Approved,