



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. **9223**

Introduced by Representatives

Gerville “Jinky Bitrics” R. Luistro, 2nd District of Batangas
King George Leandro Antonio V. Collantes, 3rd District of Batangas
Amado Carlos A. Bolilia IV, 4th District of Batangas
Beverley Rose A. Dimacuha, 5th District of Batangas
Ryan Christian S. Recto, 6th District of Batangas
Nicanor M. Briones, AGAP Party-List

EXPLANATORY NOTE

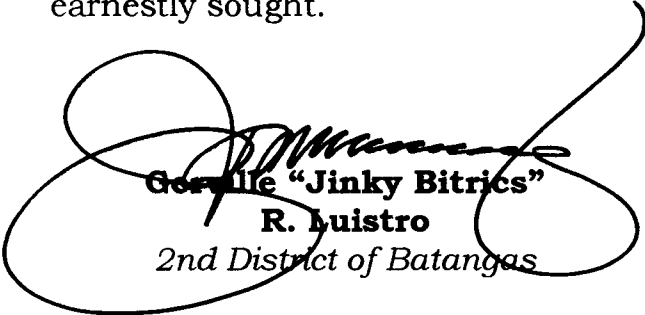
Electric cooperatives have long served as vital instruments for countryside development, bringing electricity to communities where private utilities had little incentive or capacity to operate. Among these cooperatives is the Batangas II Electric Cooperative, Inc. (BATELEC II), a distribution utility that has, for decades, provided reliable, affordable, and community-oriented electric service to its member-consumer-owners in the Province of Batangas.

Organized and registered under the National Electrification Administration (NEA) on 12 August 1977, BATELEC II has demonstrated technical competence, financial stability, and institutional soundness consistent with the mandates of Republic Act No. 10531 or the “NEA Reform Act of 2013.” Through continuous system improvements, facility upgrades, and responsible management practices, the cooperative has remained fully compliant with regulatory requirements issued by the NEA, the Department of Energy (DOE), and the Energy Regulatory Commission (ERC).

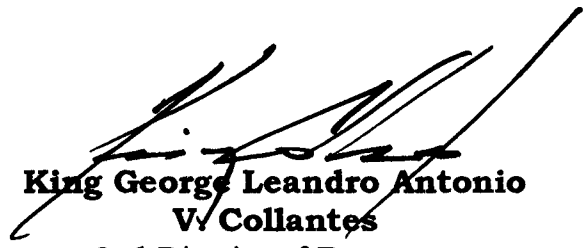
BATELEC II's franchise area covers two (2) cities and fifteen (15) municipalities in the Province of Batangas—namely, the Cities of Lipa and Tanauan, and the Municipalities of Talisay, Laurel, Malvar, Balete, Rosario, Padre Garcia, Taysan, San Juan, Lobo, San Jose, Alitagtag, Mataas na Kahoy, Cuenca, Mabini, and Tingloy. Within this broad and diverse service area, the cooperative has attained 100% barangay electrification, in line with the national policy of universal access articulated under Republic Act No. 9136, or the Electric Power Industry Reform Act (EPIRA).

The continuous and uninterrupted distribution of electricity is indispensable to sustaining the rapid socio-economic development of Batangas—an area experiencing significant growth in commerce, industry, tourism, and agriculture. To allow BATELEC II to continue performing this public service mandate, there is a compelling need to grant it a new 25-year legislative franchise to construct, install, establish, operate, manage, and maintain its electric distribution system.

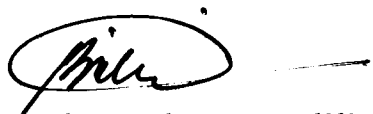
In view of the foregoing, the immediate passage of this bill is earnestly sought.



**Gerardo "Jinky Bitrics"
R. Luistro**
2nd District of Batangas



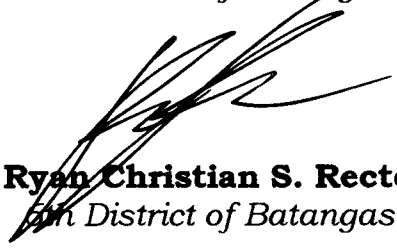
**King George Leandro Antonio
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AN ACT

GRANTING THE BATANGAS II ELECTRIC COOPERATIVE, INC. (BATELEC II) 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 CITIES OF LIPA AND TANAUAN AND THE MUNICIPALITIES OF TALISAY, LAUREL, MALVAR, BALETE, ROSARIO, PADRE GARCIA, TAYSAN, SAN JUAN, LOBO, SAN JOSE, ALITAGTAG, MATAAS NA KAHUY, CUENCA, MABINI, AND TINGLOY, IN THE PROVINCE OF BATANGAS

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

1 **SECTION 1. Nature and Scope of Franchise.** Subject to the
2 provisions of the Constitution and applicable laws, rules and regulations,
3 there is hereby granted to the Batangas II Electric Cooperative, Inc.
4 (BATELEC II), hereunder referred to as the Grantee, its successors or
5 assigns a franchise to construct, install, establish, operate, own, manage
6 and maintain in the public interest and for commercial purposes, a

1 distribution system for the conveyance of electric power to the end-users
2 in the Cities of Lipa and Tanauan and the Municipalities of Talisay, Laurel,
3 Malvar, Balete, Rosario, Padre Garcia, Taysan, San Juan, Lobo, San Jose,
4 Alitagtag, Mataas na Kahoy, Cuenca, Mabini, and Tingloy, in the Province
5 of Batangas.

6
7 As used in this Act, "distribution system" refers to the system of
8 wires and associated facilities including sub-transmission lines belonging
9 to a franchised distribution utility extending between the delivery point on
10 the national transmission system or generating facility and the metering
11 point/facility of the end-users.

12
13 **SECTION 2. Manner of Operations of Facilities.** All electric
14 distribution facilities, lines and systems for electric services installed,
15 owned, operated, managed or maintained by the Grantee, its successors
16 or assigns shall be operated or maintained at all times in a superior
17 manner, and it shall be the duty of the Grantee, its successors or assigns,
18 whenever required to do so by the Energy Regulatory Commission (ERC),
19 or its legal successor, or the Department of Energy (DOE), or its legal
20 successor, or the National Electrification Administration (NEA) or its legal
21 successor, or any other government agency concerned to modify, improve
22 and change such facilities or systems in such manner and to such extent
23 as the progress in science or technology and improvements or innovations
24 in the electric power services may render reasonable and proper.

25
26 Whenever practicable and for purposes of maintaining order, safety
27 and aesthetics along highways, roads, streets, alleys, or right-of-way, the
28 Grantee may allow the use of free spaces in its poles, facilities, or right-of-
29 way by interested parties upon reasonable compensation to the Grantee
30 considering the costs incurred to accommodate and administer the use of
31 the Grantee's facilities by such parties. The ERC shall decide in case of
32 dispute or disagreement between parties.

33
34 **SECTION 3. Authority of the ERC and NEA.** The Grantee shall
35 secure from the ERC, the NEA, or any other government agency having
36 jurisdiction over its operations, Certificate of Public Convenience and
37 Necessity (CPCN) and any other license, permit or authority indispensable
38 for the construction and operation of the electric power distribution
39 system.

40
41 **SECTION 4. Excavation and Restoration Works.** For the purpose
42 of erecting and maintaining the poles or other supports for said facilities,
43 wires or other conductors or for the purpose of laying and maintaining said
44 facilities, wires, cables or other conductors, it shall be lawful for the
45 Grantee, its successors, or assigns, with the prior approval of the
46 Department of Public Works and Highways (DPWH) or the local
47 government unit concerned, as may be appropriate, to make excavations

1 or lay conduits in any of the public places, highways, roads, streets, lanes,
2 alleys, avenues, sidewalks, or bridges of the province, cities or
3 municipalities: **Provided, however,** That a public place, highway, road,
4 street, lane, alley, avenue, sidewalk, or bridge disturbed, altered, or
5 changed by reason of erection of poles or other supports or the
6 underground laying of wires, other conductors or conduits, shall be
7 repaired and replaced in workmanlike manner by the Grantee, its
8 successors or assigns, in accordance with the standards set by the DPWH
9 or the local government unit concerned.

10 Should the Grantee, its successors or assigns, after the ten (10)-day
11 notice from the grant of authority, fail, refuse or neglect to repair or replace
12 any part of public place, highway, road, street, lane, alley, avenue,
13 sidewalk, or bridge altered, changed, or disturbed by the said Grantee, its
14 successors or assigns, then the DPWH or the local government unit
15 concerned shall have the right to have the same repaired and replaced in
16 good order and condition and charge the Grantee, its successors or
17 assigns, the cost and expenses for such repair or replacement.

18
19 **SECTION 5. Responsibility to the Public.** The Grantee shall supply
20 electricity to its captive market in the least costly manner. In the interest
21 of the public good and as far as feasible and whenever required by the NEA
22 and ERC, the Grantee shall modify, improve, or change its facilities, poles,
23 lines, systems and equipment for the purpose of providing efficient and
24 reliable service and reduced electricity costs.

25
26 The Grantee shall charge reasonable and just power rates for its
27 services to all types of consumers within its franchised areas in order that
28 businesses and industries shall be able to compete.

29
30 The Grantee shall have the obligation to provide open and non-
31 discriminatory access to its distribution system and services for any end-
32 user within its franchise area consistent with Republic Act (RA) No. 9136,
33 otherwise known as the "Electric Power Industry Reform Act of 2001". The
34 Grantee shall not engage in any activity that will constitute an abuse of
35 market power such as unfair trade practices, monopolistic schemes, and
36 other activities that will hinder competitiveness of business and industries.

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

41
42 The Grantee shall identify and segregate in its electricity bill to the
43 end-users the components of the retail rate pursuant to RA No. 9136,
44 unless otherwise amended. Such rates charged by the Grantee to the end-
45 users shall be made public and transparent. The Grantee shall implement
46 lifeline rate to marginalized end-users as mandated under RA No. 9136.

1 **SECTION 7. Promotion of Consumer Interests.** The herein
2 Grantee shall establish a consumer desk that will handle consumer
3 complaints and ensure adequate promotion of consumer interests. The
4 Grantee shall act with dispatch on all complaints brought before it.
5

6 **SECTION 8. Commitment to Provide and Promote the Creation**
7 **of Employment Opportunities.** The Grantee shall create employment
8 opportunities and allow on-the-job training in their franchise operation:
9 *Provided*, That priority shall be accorded to the residents where their
10 principal office is located: *Provided, further*, That the Grantee shall
11 comply with the applicable labor standards and allowance entitlement
12 under existing labor laws, rules and regulations, and similar issuances.
13

14 **SECTION 9. Right of the Government.** A special right is hereby
15 reserved to the President of the Philippines, in times of war, rebellion,
16 public peril, calamity, emergency, disaster or disturbance of peace and
17 order: to temporarily take over and operate the stations or facilities of the
18 Grantee; to temporarily suspend the operation of any station or facility in
19 the interest of public safety, security and public welfare; or to authorize
20 the temporary use and operation thereof by any agency of the government,
21 upon due compensation to the Grantee, for the use of the stations or
22 facilities during the period when these shall be so operated.
23

24 **SECTION 10. Right of Eminent Domain.** Subject to the limitations
25 and procedures prescribed by law, the Grantee is authorized to exercise
26 the right of eminent domain insofar as it may be reasonably necessary for
27 the efficient maintenance and operation of its services. The Grantee is
28 authorized to install and maintain its poles, wires, and other facilities over
29 and across public property, including streets, highways, forest reserves,
30 and other similar property of the Government of the Philippines, its
31 branches, or any of its instrumentalities.
32

33 The Grantee may acquire such private property as is actually
34 necessary for the realization of the purposes for which this franchise is
35 granted: *Provided*, That proper expropriation proceedings shall have been
36 instituted and just compensation paid.
37

38 **SECTION 11. Term of Franchise.** This franchise shall be for a term
39 of twenty-five (25) years that shall commence from the date of expiration
40 of CEBECO I's existing franchise, unless sooner cancelled. This franchise
41 shall be deemed *ipso facto* revoked in the event that the Grantee fails to
42 operate continuously for two (2) years.
43

44 **SECTION 12. Warranty in Favor of the National and Local**
45 **Governments.** The Grantee shall hold the national, provincial, city, and
46 municipal governments of the Philippines free from all claims, accounts,
47 demands, or actions arising from accidents causing injury to persons or

1 damage to properties, during the construction, installation, operation, and
2 maintenance of the distribution system of the Grantee.

3
4 **SECTION 13. *Liability for Damages.*** The Grantee shall be liable
5 for any injury to persons and damage to properties arising from accidents
6 by reason of any defective construction under this franchise or of any
7 neglect or omission to keep its poles and wires in safe condition.

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

27
28 **SECTION 15. *Reportorial Requirement.*** The Grantee shall submit
29 an annual report to Congress, through the Committee on Legislative
30 Franchises of the House of Representatives and the Committee on Public
31 Services of the Senate, on its compliance with the terms and conditions of
32 this franchise and on its operations on or before April 30 of every year
33 during the term of the franchise. The reportorial compliance certificate
34 issued by Congress shall be required before any application for permit or
35 certificate is accepted by the NEA and ERC.

36
37 **SECTION 16. *Fine.*** The failure of the Grantee to submit the requisite
38 annual report to Congress shall be penalized with a fine in the amount of
39 Five hundred pesos (P500.00) per working day of noncompliance which
40 shall be collected by the ERC. The fine shall be collected separately from
41 the reportorial penalties imposed by the ERC and shall be remitted to the
42 Bureau of the Treasury.

43
44 **SECTION 17. *Equality Clause.*** Any advantage, favor, privilege,
45 exemption, or immunity granted under existing franchises, or the Republic
46 Act 9520 (the Cooperative Law of the Philippines), or which may hereafter
47 be granted, upon prior review and approval of Congress, shall become part

1 of this franchise and be accorded immediately and unconditionally to the
2 herein Grantee: *Provided, however,* That the foregoing shall neither apply
3 to nor affect provisions concerning territory covered by the franchise, the
4 life span of the franchise or the type of service authorized by the franchise:
5 *Provided, further,* That the foregoing shall not apply to the sale, lease,
6 transfer, grant of usufruct, or assignment of legislative franchises with
7 prior congressional approval.

8
9 **SECTION 18. *Applicability of Existing Laws.*** The grantee shall
10 comply with and be subject to the provisions of Commonwealth Act No.
11 146 or the "Public Service Act", as amended; Republic Act No. 9136; "and
12 shall be under the regulatory and supervisory authority of the National
13 Electrification Administration under Republic Act No. 10531 or the
14 National Electrification Administration Reform Act of 2013."

15
16 **SECTION 19. *Repeal and Non-Exclusivity Clause.*** This franchise
17 shall be subject to amendment, alteration, or repeal by Congress when the
18 public interest so requires and shall not be interpreted as an exclusive
19 grant of the privileges herein provided for.

20
21 **SECTION 20. *Existing Powers.*** Existing mandates, powers,
22 functions, and privileges granted to electric cooperatives under existing
23 laws, including Section 10 of RA No. 10531, otherwise known as the
24 "National Electrification Administration Reform Act of 2013", shall remain
25 valid and effective, unless expressly repealed by succeeding laws.

26
27 **SECTION 21. *Separability Clause.*** If any of the sections or
28 provisions of this Act is held invalid, all other provisions not affected
29 thereby shall remain valid.

30
31 **SECTION 22. *Repealing Clause.*** All laws, presidential decrees,
32 executive orders, letters of instruction, administrative rules and
33 regulations or parts thereof which are contrary to or inconsistent with the
34 provisions of this Act are hereby repealed or modified accordingly.

35
36 **SECTION 23. *Effectivity Clause.*** This Act shall take effect
37 upon the expiration of the electric cooperative's franchise or fifteen (15)
38 days after its publication in the *Official Gazette* or in a newspaper of
39 general circulation, whichever comes later.

40
41 *Approved,*