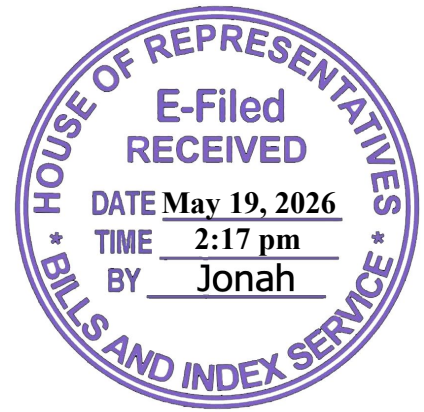


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. **9314**



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to provide for the partial transfer of supervision over electric cooperatives registered with the Cooperative Development Authority (CDA), where their administrative and corporate oversight is assigned to CDA, while retaining in the National Electrification Administration (NEA) its technical, developmental, and specialized functions.

Electric cooperatives continue to play a vital role in delivering electricity services to millions of Filipinos, particularly in rural and underserved communities. Since the enactment of Presidential Decree No. 269, as amended, the NEA has exercised broad supervisory authority over electric cooperatives in support of the State's rural electrification program.

Over time, many electric cooperatives have become duly registered cooperatives under the CDA, thereby placing them under the cooperative principles, governance standards, and regulatory framework established under Republic Act No. 9520, otherwise known as the "*Philippine Cooperative Code of 2008*".

The existence of overlapping supervision has created regulatory inefficiencies, administrative burdens, and governance ambiguities. As CDA-registered cooperatives, these entities should primarily fall under the CDA with respect to cooperative governance, elections, membership rights, and corporate administration. At the same time, the NEA should continue to exercise its recognized expertise in electrification planning, engineering standards, system development, financial rehabilitation, and other technical matters necessary to ensure reliable electric service.

This measure therefore seeks to harmonize the mandates of the CDA and NEA, clarify their respective jurisdictions, strengthen cooperative autonomy, and improve institutional efficiency while preserving the State's commitment to rural electrification and quality power service delivery.

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


HON. ERIC G. YAP

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

TWENTIETH CONGRESS
First Regular Session

House Bill No. **9314**

Introduced by **Representative ERIC G. YAP**

AN ACT
PROVIDING FOR THE PARTIAL TRANSFER OF SUPERVISORY POWERS
OVER ELECTRIC COOPERATIVES TO THE COOPERATIVE DEVELOPMENT
AUTHORITY, RETAINING THE TECHNICAL AND SPECIALIZED
FUNCTIONS OF THE NATIONAL ELECTRIFICATION ADMINISTRATION,
AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 269, AS
AMENDED

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

Section 1. *Short Title.* – This Act shall be known as the “*Electric Cooperative Governance Rationalization Act.*”

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to promote efficient, accountable, and responsive governance of electric cooperatives, uphold the autonomy of cooperatives under the Constitution and existing laws, ensure reliable electric service to consumers, and rationalize overlapping governmental functions affecting electric cooperatives.

SEC. 3. *Coverage.* – This Act shall apply to all electric cooperatives duly registered with the Cooperative Development Authority (CDA), without prejudice to the powers of other agencies under existing laws.

SEC. 4. Section 4-A of Presidential Decree (PD) No. 269, as amended by Republic Act (RA) No. 10531, is hereby further amended to read as follows:

“SEC. 4-A. *Supervisory Powers of the NEA Over Electric Cooperatives.* – In the exercise of its power of supervision over electric cooperatives, the NEA shall have the following powers:

“(a) issue orders, rules and regulations, *motu proprio* or upon petition of third parties, to conduct investigations, referenda and other similar actions on all matters affecting the

**ENGINEERING OPERATIONS, FINANCIAL CONDITION,
AND SERVICE PERFORMANCE OF electric cooperatives;**

“(b) issue preventive or disciplinary measures including, but not limited to, suspension or removal and replacement of any or all of the members of the board of directors and officers of the electric cooperative, [as the NEA may deem fit and necessary and] **ONLY IN CASES INVOLVING OPERATIONAL, FINANCIAL, OR TECHNICAL INCAPACITY, SYSTEM LOSSES, SAFETY VIOLATIONS, OR THREATS to SERVICE RELIABILITY, AND TO TAKE SUCH MEASURES AS MAY BE NECESSARY** [take any other remedial measures as the law or any agreement or arrangement with NEA may provide,] to attain the objectives of this Act[: and];

“(c) appoint **AN** independent board of directors in **CASE OF EMERGENCY, REHABILITATION, OR FAILURE OF OPERATIONS AFFECTING** [the] electric **SERVICE DELIVERY** [cooperative.]; **AND**

“(D) **EXERCISE AUTHORITY OVER RURAL ELECTRIFICATION PLANNING AND IMPLEMENTATION, TECHNICAL STANDARDS FOR POWER DISTRIBUTION SYSTEMS, SYSTEM LOSS REDUCTION, SAFETY COMPLIANCE, FINANCIAL RESTRUCTURING, LOAD ADMINISTRATION, AND PERFORMANCE MONITORING RELATED TO SERVICE RELIABILITY AND EFFICIENCY:**

“PROVIDED, THAT FOR ELECTRIC COOPERATIVES REGISTERED WITH THE COOPERATIVE DEVELOPMENT AUTHORITY (CDA), THE NEA SHALL NOT EXERCISE SUPERVISION OVER MATTERS RELATIVE TO COOPERATIVE GOVERNANCE, INTERNAL ADMINISTRATION, MEMBERSHIP, ELECTIONS, GENERAL ASSEMBLY PROCESSES, BY-LAWS, AND INTRA-COOPERATIVE DISPUTES, WHICH SHALL FALL UNDER THE JURISDICTION OF THE CDA;

“PROVIDED, FURTHER, THAT THE NEA SHALL COORDINATE WITH THE CDA IN CASES WHERE GOVERNANCE ISSUES MATERIALLY AFFECT THE TECHNICAL OPERATIONS OR FINANCIAL VIABILITY OF THE ELECTRIC COOPERATIVE.

“The NEA shall, in the exercise of its supervisory and disciplinary powers under this Act, strictly observe due process of law.”

SEC. 5. *Joint Regulatory Framework.* – Within one hundred twenty (120) days from the effectivity of this Act, the CDA and NEA shall jointly promulgate rules defining their respective jurisdictions, coordination mechanisms, dispute resolution procedures, and reporting systems to avoid duplication of functions.

SEC. 6. *Non-Impairment of Existing Obligations.* – Nothing in this Act shall impair existing loan agreements, contractual obligations, or liabilities of electric cooperatives with the NEA, government financial institutions, or private entities.

SEC 7. *Separability Clause.* – Should any part of this Act be declared unconstitutional or invalid, the other provisions hereof that are not affected thereby shall continue to be in full force and effect.

SEC. 8. *Repealing Clause.* – All laws, decrees, executive orders, proclamations, rules and regulations, and issuances, or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

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

Approved,