EXPLANATORY NOTE

This bill seeks to amend Presidential Decree No. 269 as amended by Republic Act No. 10531 or the National Electrification Administration Reform Act of 2013 that sought to impose standards and qualifications for the Board of Directors and Officers of an electric cooperative and insulating the said Board of Directors and Officers from local politics.

The Republic Act also gave NEA the power to pass upon and review the qualifications and disqualifications of individuals appointed or elected to electric cooperatives.

A highlight of this proposed bill is to create a screening committee composed of technical personnel of an electric cooperative to ensure the competence of one seeking to be elected as a member of the Board of Directors of an Electric Cooperative. The bill also amends the qualifications of the Board of Directors and Officers on an electric cooperative to reflect the realities faced on the ground.

Previous versions of this bill filed in former Congresses have had a glaring flaw in which it proposes that the Regional Director of the Cooperative Development Authority serve as the Chairperson of the screening committee. This is an impractical approach as the CDA is covered by a separate law and is not familiar with the operation of an electric cooperative. Having the Institutional Services Department Manager of the Electric Cooperative serve as the Chairperson of the screening committee and other managers as members is a more practical solution which ensures that they have knowledge on the inner workings of an electric cooperative and that they will work to sustain the viability of the electric cooperative.

As such, the passage of this bill is earnestly sought.

SERGIO C. DAGOOC
APEC Partylist Representative
AN ACT
MODIFYING THE QUALIFICATIONS, REQUIREMENTS FOR
CANDIDACY, AND THE CONTINUING QUALIFICATIONS OF THE
BOARD OF DIRECTORS OF ELECTRIC COOPERATIVES,
AND ADJUSTING THE COMPOSITION OF THE SCREENING
COMMITTEE, AMENDING FOR THE PURPOSE
SECTIONS 26-A and 26-B OF PRESIDENTIAL DECREE NO. 269
AS AMENDED BY REPUBLIC ACT NO. 10531

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

SECTION 1. Section 26-A of Presidential Decree No. 269, as amended by Republic
Act 10531, otherwise known as the National Electrification Administration Reform
Act of 2013, is hereby further amended to read as follows:

"SECTION 26-A. Independence of the Board of Directors and Officers
of Electric Cooperatives. – To ensure the long-term business and
economic viability of electric cooperatives, the management, operations
and strategic planning of electric cooperatives shall, as much as
practicable, be insulated from local politics.

"Towards this end, no person shall be elected or appointed as an officer
or be eligible to run as a board member of an electric cooperative if:

(a) such person [or his or her spouse] holds any [public]
ELECTIVE office ABOVE THE POSITION OF BARANGAY
CAPTAIN;

(b) such person or his or her spouse has been a candidate in the
last preceding local or national elections;
"(c) such person has been convicted by final judgment of a crime involving moral turpitude;

"(d) such person has been terminated for cause from public office or private employment;

"(e) such person is related to any member of the electric cooperative board of directors, general manager and department managers within the fourth civil degree of consanguinity or affinity;

"(f) such person is a representative of a juridical person; and

"(g) such person is employed by or financially interested in a competing enterprise or a business selling electric energy or electrical hardware to the cooperative or doing business with the cooperative, including the use or rental of poles."

SECTION 2. Section 26-B of Presidential Decree No. 269, as amended by Republic Act 10531, otherwise known as the National Electrification Administration Reform Act of 2013, is hereby further amended to read as follows:

"SECTION 26-B. Fit and Proper Rule. – To ensure that the management and operations of electric cooperatives are carried out with due regard to its economic viability AND THE INDEPENDENCE OF THE BOARD OF DIRECTORS OF ELECTRIC COOPERATIVES IS UPHeld, the NEA shall prescribe, pass upon and review the qualifications and disqualifications of individuals appointed or elected to electric cooperatives and disqualify those found unfit.] CREATE A SCREENING COMMITTEE IN EACH OF THE ELECTRIC COOPERATIVES DISTRICT WHICH SHALL BE COMPOSED AS FOLLOWS:

A. INSTITUTIONAL SERVICES DEPARTMENT MANAGER OF THE ELECTRIC COOPERATIVE OR HIS OR HER EQUIVALENT AS CHAIRMAN

B. FINANCE SERVICES DEPARTMENT MANAGER OR HIS OR HER EQUIVALENT AS MEMBER

C. TECHNICAL SERVICES DEPARTMENT MANAGER OR HIS OR HER EQUIVALENT AS MEMBER

TWO (2) ALTERNATE MEMBERS MAY ALSO BE APPOINTED BY THE RESPECTIVE ELECTRIC COOPERATIVES IN THE FORM OF A RESOLUTION TO BE APPROVED BY THE NEA. THE ALTERNATE MEMBERS SHALL ONLY SERVE AS MEMBERS OF THE SCREENING COMMITTEE IN CASE OF THE ABSENCE OF ANY MEMBER OF THE SCREENING COMMITTEE; PROVIDED HOWEVER THAT THE
ALTERNATE RECOMMENDED HOLDS AT LEAST A SUPERVISORY LEVEL POSITION IN THE RESPECTIVE ELECTRIC COOPERATIVE.

IN CASE THE ISD MANAGER IS NOT AVAILABLE DURING THE CONDUCT OF ELECTIONS, THE FSD MANAGER SHALL SERVE AS CHAIRMAN OF THE SCREENING COMMITTEE. IF BOTH THE ISD MANAGER AND THE FSD MANAGER ARE NOT AVAILABLE, THEN THE TSD MANAGER SHALL SERVE AS CHAIRMAN.

[A—Candidate’s] THE SCREENING COMMITTEE SHALL CONSIDER the integrity, experience, education, competence and probity [shall be considered] in determining whether [he or she] THE CANDIDATE shall be fit and proper to become a director [or officer] of the electric cooperative.

[For this purpose, the minimum qualifications of] A director or officer of the electric cooperative shall MEET THE FOLLOWING QUALIFICATIONS:

(a) He or she is a Filipino citizen;

(b) [He or she is a graduate of a four (4) year course;] HE OR SHE MUST BE ABLE TO READ AND WRITE;

(c) HE OR SHE MUST POSSESS A FIVE (5) YEAR EXPERIENCE IN ANY FIELD OF EXPERTISE OR PROFESSION

{(d)} (D) He or she is MUST BE AT LEAST twenty-one (21) and seventy (70) years old, on the date of election;

{(e)} (E) He or she is MUST BE of good moral character;

{(f)} (F) He or she is MUST BE a member of the electric cooperative in good standing for the last five (5) years immediately preceding the election or appointment;

{(g)} (G) He or she is MUST BE an actual resident and consumer in the district that he or she seeks to represent TO BE REPRESENTED for at least two (2) years immediately preceding the election; [and]

{(h)} (H) He or she has attended at least two (2) Annual General Membership Assemblies (AGMA) for the last five (5) years immediately preceding the election or appointment; AND
(I) HE OR SHE MUST HAVE UNDERGONE SEMINARS, WORKSHOPS, OR TRAININGS ON COOPERATIVE MANAGEMENT AND PARLIAMENTARY PROCEDURE, AND COURSES PERTAINING TO THE POWER INDUSTRY, PARTICULARLY POWER SUPPLY CONTRACTING AND ELECTRIC DISTRIBUTION MANAGEMENT OFFERED BY THE PHILIPPINE RURAL ELECTRIC COOPERATIVES ASSOCIATION OR ITS SUCCESSOR-IN-INTEREST.

THE ABOVE QUALIFICATIONS SHALL BE UNDERSTOOD TO BE CONTINUING REQUIREMENTS FOR DIRECTORS AND OFFICERS, PROVIDED THAT CURRENT DIRECTORS AND OFFICERS SHALL HAVE A PERIOD OF TWO (2) YEARS FROM THE APPROVAL OF THIS ACT TO COMPLY WITH ITEM (I).

The NEA may, after due notice to the board of directors and officers of the electric cooperative, disqualify, suspend or remove any director or officer, who commits any act which renders him unfit for the position."

SECTION 3. Implementing Rules and Regulations – The National Electrification Administration shall promulgate and issue the Implementing Rules and Regulations within sixty (60) days upon approval of this Act.

SECTION 4. Repealing Clause - All laws, presidential decrees, executive orders, letters of instruction, administrative rules and regulations or parts thereof which are contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 5. Separability Clause – Should any part or provision of this Act be held unconstitutional or invalid, all other provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 6. Effectivity. – This Act shall take effect after fifteen (15) days following its complete publication in the Official Gazette or in two (2) newspapers of general circulation whichever is earlier.

Approved.