EXPLANATORY NOTE

The Coronavirus pandemic has adversely affected many nations in the past six (6) months, resulting to a stoppage in economic activity, thousands of deaths, and the general public’s unrest and anxiety. With the intention to halt the spread of this disease, President Rodrigo Roa Duterte declared an enhanced community quarantine (ECQ) on March 16, 2020 upon the entire Luzon. Thereafter, ECQs have been implemented in areas outside Luzon. The effectivity of the President’s order was originally until April 12, 2020. However, due to the unprecedented efficiency of the virus’ transmission, the ECQ is now extended until May 15, 2020. In these dark and trying times, nothing is certain.

Despite the implementation of the quarantine, electric cooperatives (ECs) have continued to provide services and distribute electricity to all residential homes and remaining commercial establishments. It must be noted that these distribution utilities are collecting little to none from the end consumers, as compared to collection when operating in their normal capacity. These limitations and constraints prompted such entities to appeal to the Energy Regulatory Commission and Generation Companies to extend or restructure their billing agreements.

The enactment of Republic Act No. 11469, otherwise known as “The Bayanihan to Heal as One Act” became effective on March 24, 2020. Under Section 3 of the said Act, the State recognizes the urgency to:
(e) undertake a program for recovery and rehabilitation, including social amelioration program and provision of safety nets to all affected sectors
(f) ensure that there is sufficient, adequate and readily available funding to undertake the foregoing;
(g) partner with the private sector and other stakeholders to deliver these measures and programs quickly and efficiently;
(h) promote and protect the collective interests of all Filipinos in these challenging times.

In this regard, we propose that the National Electrification Administration be directed to assist ECs with their financial difficulties by extending the deadline of principal and interest payments, waiving penalties incurred during the implementation of the ECQ, and restructuring loan agreements favorable to both parties, among others.

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

PRESLEY C. DE JESUS  
PHILRECA Party-List Representative

SERGIO C. DAGOOC  
APEC Party-List Representative

ADRIANO A. EBCAS  
Ako Padayon Pilipino Party-List Representative

GODOFREDO N. GUYA  
RECOBODA Party-List Representative
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

Second Regular Session

House Bill No. 7052

Introduced by
Philreca Party-List Representative Presley C. De Jesus,
APEC Party-List Representative Sergio C. Dagooc,
Ako Padayon Pilipino Party-List Representative Adriano A. Ebcas,
RECOBODA Party-List Representative Godofredo N. Guya

AN ACT
GRANTING THE NATIONAL ELECTRIFICATION ADMINISTRATION
THE AUTHORITY TO RESTRUCTURE, REPRISE OR REFINANCE
LOANS GRANTED TO ALL ELECTRIC COOPERATIVES DUE TO NON-
cOLLECTION OF ELECTRICITY BILLS FROM END CONSUMERS
FOR THE PERIOD OF THE STATE OF CALAMITY DUE TO THE
CORONAVIRUS DISEASE UNTIL THE RESUMPTION OF NORMAL
OPERATIONS

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 and cited as “Electric
Cooperative Financial Restructuring Act”.

SECTION 2. Declaration of Policy – The power distribution utilities have been
greatly affected by the COVID-19 pandemic resulting to imminent losses, decrease
in profitability, and payment of fixed costs. Thus, in line with R.A. 11469, otherwise
known as the “Bayanihan to Heal as One Act”, the State recognizes that it is
imperative to support the electric cooperatives in managing their financial
conditions and mitigating economic losses to further provide its services to the
public.

The National Electrification Administration is granted the authority to approve the
restructuring, refinancing, or repricing of loans granted to electric cooperatives in
order to balance the interest of the state, the electric cooperatives, and the general
public as end users. The NEA, in implementing this Act, must maintain the
standards set out under section 58 of R.A. 9136 (The Electric Power Industry
Reform Act of 2001), to strengthen the technical capability and financial viability of rural electric cooperatives.

**SECTION 3. Scope** – This Act shall cover all loans granted by the NEA to electric cooperatives signed and executed prior to the Presidential Proclamation 922, s. 2020.

**SECTION 4. Definition of Terms**–
(a) “Electric Cooperative” shall refer to a non-stock non-profit entity holding a license to conduct power distribution.
(b) “National Electrification Administration” shall refer to the government agency created pursuant to Presidential Decree No. 269, as amended by Republic Act 10531.
(c) “Loan” shall refer to a financial loan granted by NEA before the issuance of Presidential Proclamation No. 922, s. 2020.
(d) “Restructure” shall refer to the amendment in the provisions of the loan agreement as to afford the electric cooperatives flexibility to repay its indebtedness with reasonable safeguards.
(e) “Commission on Audit” shall refer to the government agency created pursuant to Article IX-D of the 1987 Philippine Constitution.
(f) “Board of Administrators” shall pertain to the Chairman and four (4) members as provided under P.D. No. 269.

**SECTION 5. Power to amend loan terms agreement** – In order to attain the goal of this Act to grant financial assistance to electric cooperatives, the NEA may amend, modify, extend, restructure, reprice or refinance loan agreements granted prior to the Presidential Proclamation No. 922, series of 2020.

**SECTION 6. Teleconference, videoconference or other online medium to conduct meetings** – The NEA and its Board of Administrators may conduct their meetings or hearings by remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate.

These meetings shall be announced to the public five (5) days before its occurrence either in the official website of the NEA. The meeting shall be recorded and posted in real time in the foregoing platforms.

**SECTION 7. Qualified Electric Cooperatives** – Electric cooperatives that intend to avail of the benefits under this Act shall have a satisfactory mark in the following qualifications, as determined by the NEA, as of March 16, 2020:

(a) Overall performance of B – AAA in their Financial, Technical and Institutional Standards and Parameters; and
(b) No past due loans with the NEA prior to the issuance of Presidential Proclamation No. 922, s. 2020
The NEA may fix additional conditions, qualifications or requirements from the electric cooperatives availing of the benefits for restructuring and may issue such policies or parameters in the Implementing Rules and Regulations of this Act.

SECTION 8. Duration of the amended loans – The amended terms of the loan shall be in effect until the normalization of operations of the electric cooperatives, as determined by the NEA.

SECTION 9. Notice of resumption of original terms – The effectivity of the original terms of the loan shall be implemented no later than after one month after communicating notice thereof by the NEA.

SECTION 10. Implementing Rules and Regulations. – The National Electrification Administration shall promulgate the rules and regulations for the effective enforcement of the provisions of this Act.

Section 11. Congressional Oversight. - The Joint Congressional Energy Commission or the JCEC shall maintain oversight function over the implementation of this Act. The NEA must submit a quarterly report to the JCEC on all loans that were amended, modified, extended, restructured, repriced or refinanced pursuant to this Act.

SECTION 12. Sunset Clause - This Act shall expire after a three-year period from the date of its effectivity, or sooner upon official declaration of the President of the Philippines issued by upon recommendation of the Inter-Agency Task Force on Emerging and Infectious Diseases that the prevailing guidelines of the World Health Organization and the consensus of the international medical community conclusively show that a viable vaccine has contained or eradicated COVID-19.

SECTION 13. Separability Clause. – Should any provision of this Act or any part thereof be declared invalid, the other provisions, insofar as they are separable from the invalid ones, shall remain in full force and effect.

SECTION 14. Repealing Clause – All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 15. Effectivity - This Act shall take effect immediately upon its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved.