



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

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House Resolution No. 81



Introduced by

HON. DAVID C. SUAREZ

A RESOLUTION

URGING THE COMMITTEES ON COOPERATIVES DEVELOPMENT AND ENERGY OF THE HOUSE OF REPRESENTATIVES TO CONDUCT A REVIEW AND ASSESSMENT OF THE PERFORMANCE OF ELECTRIC COOPERATIVES IN THE PHILIPPINES IN THE CONTEXT OF THEIR ROLE IN THE ATTAINMENT OF TOTAL RURAL ELECTRIFICATION AND ECONOMIC DEVELOPMENT IN THE COUNTRY

WHEREAS, among the factors necessary to achieve a high and sustained economic growth is the presence of a stable and rising supply of cheaper electricity, particularly in the rural areas, as demonstrated by the established correlation between GDP (Gross Domestic Product) growth and electricity consumption, especially for developing countries like the Philippines;

WHEREAS, the National Electrification Administration (NEA), created under Republic Act No. 6038, or the 'National Electrification Administration Act', as amended by Presidential Decree No. 269, is tasked with the full implementation of the Rural Electrification program (REP) of the government and to reinforce the technical capability and financial viability of rural Electric Cooperatives (ECs) in the country;

WHEREAS, the total electrification of the Philippines on an area coverage basis is a declared national objective mandating the State to promote, encourage and assist all public service entities engaged in supplying electric service, particularly electric cooperatives, which by their non-profit nature and cooperative character, have to endure the challenges of heavy financial burdens to become effectively established and operationally viable;

WHEREAS, in 2001, Congress enacted Republic Act No. 9136, otherwise known as the 'Electric Power Industry Reform Act of 2001' (EPIRA Law), for the purpose of reconfiguring the electric power industry, including the restructuring of electric cooperatives (ECs) to strengthen and prepare them as rural utilities to operate and compete in the deregulated electricity market, specifically in an environment of open access and retail wheeling;

WHEREAS, electric cooperatives were expected to accelerate the total electrification of the country, ensure the quality, reliability, security and affordability of the supply of electric power in their respective areas of operation, and to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;

WHEREAS, in 2013, Republic Act 10531 (NEA Reform Act) was enacted to strengthen NEA, now attached with the Department of Energy (DOE), and to further empower electric cooperatives (ECs) by insulating their officials from local politics, granting of more incentives, and allowing them the option to register as a stock corporation with the Securities and Exchange Commission (SEC); however, despite the registration of electric cooperatives under the Cooperative Development Authority (CDA) or the SEC, the NEA retains its supervisory and disciplinary power over them in the conduct of their operation as electric distribution utilities;

WHEREAS, there are persistent reports that electric cooperatives continue to fail in expanding rural electrification because of inefficient management, heavy debts, corruption, unnecessary political interference, institutional conflicts, especially those that burden their communities with persistent and unresolved brownouts, and high universal charges;

WHEREAS, according to the DOE, currently there are 17 at least ECs that have been chronically failing to provide satisfactory services required by their electric distribution franchise; these include DANECO (Davao del Norte), ALECO (Albay), BASELCO (Basilan), CASURECO III (Camarines Sur), FICELCO (Catanduanes), LASURECO (Lanao), MASELCO (Masbate), OMECO (Occidental Mindoro), ORMECO (Oriental Mindoro), PALECO (Palawan), PELCO (Pampanga), SULECO (Sulu), and ZAMCELCO (Zamboanga);

WHEREAS, there is a need to conduct a review and assessment of the performance and progress of electric cooperatives in the country in the light of their role in the realization of the total rural electrification program of the government through the identification of their weaknesses and concerns, and to work out strategies to transform these weaknesses to possible strengths with the end in view of ensuring the viability and sustainability of their operations, and ultimately, to serve the public better.

NOW, THEREFORE, BE IT RESOLVED, that the Committees on Cooperative Development and Energy of the House of Representatives be urged to conduct a review and assessment of the performance of electric cooperatives in the Philippines in the context of their role in attaining total rural electrification in the country and in fostering a dynamic partnership between the government and electric cooperative stakeholders in the pursuit of common developmental objectives.

Adopted.



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