



SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

17 MAY 17 P5:46

S E N A T E

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COMMITTEE REPORT NO. 98

Submitted by the Committee on Energy, Committee on Cooperatives, Committee on Ways and Means, and Finance. MAY 17 2017.

Re: Senate Bill No. 1461

Recommending its approval in substitution of **Senate Bill No. 1253**

Sponsor: Senator Sherwin T. Gatchalian

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**MR. PRESIDENT:**

The Committees on Energy, Cooperatives, Ways and Means and Finance, to which was referred **Senate Bill No. 1253**, introduced by Senator Gatchalian, entitled:

**"AN ACT INSTITUTIONALIZING THE ELECTRIC COOPERATIVES DISASTER MANAGEMENT FUND AND PROVIDING FUNDS THEREFOR"**

have considered the same and have the honor to report it back to the Senate with the recommendation that the attached bill, **Senate Bill No. 1461** entitled:

**"AN ACT INSTITUTIONALIZING THE ELECTRIC COOPERATIVES EMERGENCY AND RESILIENCY FUND AND APPROPRIATING FUNDS THEREFOR"**

be approved in substitution of **Senate Bill No. 1253**, with Senator Gatchalian as author thereof.

Respectfully submitted:

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JUAN MIGUEL "Migz" ZUBIRI  
Committee on Cooperatives;  
Member, Committee on Ways and Means,  
Committee on Finance



SHERWIN T. GATCHALIAN  
Committee on Energy; Member,  
Committee on Ways and Means,  
Committee on Finance



SONNY ANGARA  
Ways and Means;  
Vice Chairperson, Committee on Finance;  
Member, Committee on Cooperatives

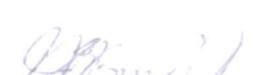
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Finance; Vice Chairperson, Committee on  
Ways and Means; Member, Committee on  
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Committee on Cooperatives;  
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Committee on Ways and Means;  
Member, Committee on Energy,  
Committee on Cooperatives,  
Committee on Finance



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Committee on Ways and Means,  
Committee on Finance; Member,  
Committee on Energy, Committee on  
Cooperatives



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and Means

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Committee on Finance;  
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Committee on Energy,  
Committee on Ways and Means,  
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Committee on Ways and Means,  
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Committee on Energy,  
Committee on Ways and Means,  
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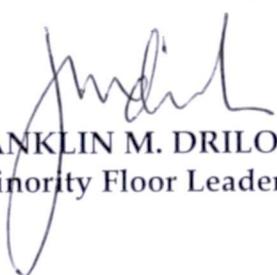
  
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Committee on Energy,  
Committee on Ways and Means,  
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Committee on Energy

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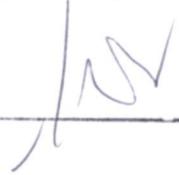
  
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SEVENTEENTH CONGRESS OF THE )  
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SENATE

RECEIVED BY: 

Senate Bill No. 1461

In Substitution of Senate Bill No. 1253

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Prepared and submitted by the Committee on Energy with Senator  
Gatchalian as author thereof

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AN ACT  
INSTITUTIONALIZING THE ELECTRIC COOPERATIVES EMERGENCY  
AND RESILIENCY FUND AND APPROPRIATING FUNDS THEREFOR

CHAPTER I  
TITLE, POLICY, AND DEFINITIONS

1 **SECTION 1. Title.**— This Act shall be known as the “Electric  
2 Cooperatives Emergency and Resiliency Fund Act of 2017”.

3 **SECTION 2. Declaration of Policy.**— It is hereby declared the policy of  
4 the State to:

5 a) Support and assist, to the fullest extent, electric cooperatives  
6 adversely affected by a fortuitous event or by force majeure in  
7 order to immediately restore electric service, recognizing that  
8 the absence of electric service after such is a national security  
9 issue, thereby:

10 1. Facilitating the rescue and relief operations,  
11 availability of basic services such as food, water,  
12 medicine, and hospitals, and mitigation of civil unrest;

13 2. Aiding the normal functioning of local government  
14 units (LGUs) and communities, and easing the  
15 recovery of the adversely affected individuals and  
16 families;

17 3. Assisting efforts of the affected LGUs in expediting the  
18 rendering of aid, assistance, and emergency services,  
19 and the reconstruction and rehabilitation of  
20 devastated areas.

1           b) Provide an orderly and continuing means of financial assistance  
2           to electric cooperatives in carrying out their responsibility of  
3           providing reliable electric service necessary to alleviate the  
4           sufferings and damages brought about by a fortuitous event or  
5           force majeure by:

6                 1. Allocating funds in the form of grants for disaster  
7                 mitigation, disaster preparedness, and restoration or  
8                 rehabilitation of electric cooperatives' damaged  
9                 facilities that are readily accessible;

10                 2. Providing a streamlined process for the availment of  
11                 the fund;

12                 3. Requiring the electric cooperatives to develop and  
13                 implement comprehensive vulnerability risk  
14                 assessments which identify disaster preparedness and  
15                 disaster mitigation measures to protect and strengthen  
16                 critical infrastructure assets, and emergency response  
17                 plans to address immediate restoration or  
18                 rehabilitation efforts.

19                 c) Adopt resiliency planning in transmission and distribution  
20                 systems to lessen impact of natural calamities to such  
21                 infrastructure facilities thereby avoiding additional passed-on  
22                 charges to consumers; and

23                 d) Strengthen operational support to electric cooperatives most  
24                 vulnerable to natural calamities.

25         **SECTION 3. Scope.** – This Act shall be applicable to all electric  
26         cooperatives throughout the country.

27         **SECTION 4. Definition of Terms.**– As used in this Act, the following  
28         shall be defined as:

29                 a) Disaster – refers to a serious disruption of the functioning of  
30                 a community or a society involving widespread human,  
31                 material, economic or environmental losses and impacts,  
32                 which exceeds the ability of the affected community or  
33                 society to cope using its own resources. Disasters are often  
34                 described as a result of the combination of: the exposure to a  
35                 hazard; the conditions of vulnerability that are present; and  
36                 insufficient capacity or measures to reduce or cope with the

1 potential negative consequences. Disaster impacts may  
2 include loss of life, injury, disease and other negative effects  
3 on human, physical, mental and social well-being, together  
4 with damage to property, destruction of assets, loss of  
5 services, social and economic disruption and environmental  
6 degradation;

7 b) Disaster Mitigation – refers to the lessening or limitation of  
8 the adverse impacts of hazards and related disasters.  
9 Mitigation measures encompass engineering techniques and  
10 hazard-resistant construction as well as improved  
11 environmental policies and public awareness;

12 c) Disaster Preparedness– refers to the knowledge and  
13 capacities developed by governments, professional response  
14 and recovery organizations, communities and individuals to  
15 effectively anticipate, respond to, and recover from the  
16 impacts of likely, imminent, or current hazard events or  
17 conditions. Preparedness action is carried out within the  
18 context of disaster risk reduction and management and aims  
19 to build the capacities needed to efficiently manage all types  
20 of emergencies and achieve orderly transitions from response  
21 to sustained recovery. Preparedness is based on a sound  
22 analysis of disaster risk and good linkages with early  
23 warning systems, and includes such activities as  
24 contingency planning, stockpiling of equipment and supplies,  
25 the development of arrangements for coordination,  
26 evacuation and public information, and associated training  
27 and field exercises. These must be supported by formal,  
28 institutional, legal, and budgetary capacities;

29 d) Disaster Prevention – refers to the outright avoidance of  
30 adverse impacts of hazards and related disasters. It  
31 expresses the concept and intention to completely avoid  
32 potential adverse impacts through action taken in advance  
33 such as construction of dams or embankments that  
34 eliminate flood risks, land-use regulations that do not permit  
35 any settlement in high-risk zones, and seismic engineering  
36 designs that ensure the survival and function of a critical  
37 building in any likely earthquake;

38 e) Electric Cooperative –refers to a distribution utility created  
39 and operating pursuant to Presidential Decree No. 269, as  
40 amended, and other existing laws;

- 1                   f) Emergency Response Plan –refers to the development and  
2                   preparation of a written and formal plan developed based on  
3                   the results of the Vulnerability and Risk Assessment. It  
4                   contains the organizational structure and steps which will  
5                   enable the electric cooperative to restore its system in a safe  
6                   and timely manner after a fortuitous event or force majeure;
- 7                   g) Force Majeure –refers to an event that is a result of elements  
8                   of nature that cannot be reasonably anticipated or  
9                   controlled, such as, but not limited to typhoon, storm,  
10                  tropical depression, flood, drought, volcanic eruption,  
11                  earthquake, tidal wave, or landslide;
- 12                  h) Fortuitous Event – refers to an act of war (declared or  
13                  undeclared), sabotage, blockade, revolution, riot,  
14                  insurrection, civil commotion, or any violent or threatening  
15                  action;
- 16                  i) Joint Congressional Power Commission –refers to the  
17                  Commission created under Republic Act No. 9136;
- 18                  j) National Electrification Administration –refers to the  
19                  government agency created under Presidential Decree 269,  
20                  as amended;
- 21                  k) National Disaster Risk Reduction and Management Fund –  
22                  refers to the calamity fund appropriated under the Annual  
23                  General Appropriations Act which is used for disaster risk  
24                  reduction or mitigation, prevention and preparedness  
25                  activities as provided under Republic Act No. 10121;
- 26                  l) Resiliency Compliance Plan – refers to a list of projects and  
27                  programs, including the financial requirements, funding  
28                  sources, and timeline of implementation, necessary to  
29                  protect and mitigate the disaster vulnerability of all its  
30                  infrastructure while taking into account the results of the  
31                  Vulnerability and Risk Assessment;
- 32                  m) Restoration or Rehabilitation– refers to the actions or  
33                  activities undertaken by the electric cooperatives to rebuild,  
34                  replace, or repair the necessary facilities to provide reliable  
35                  electric service to member-consumers after a fortuitous event  
36                  or force majeure, taking into consideration designs,  
37                  materials, or equipment that will make the infrastructure  
38                  more resilient; and
- 39                  n) Vulnerability and Risk Assessment – refers to the electric  
40                  cooperative's identification of critical assets and the

1 development of disaster preparedness, and disaster  
2 prevention and mitigation measures to protect, restore, or  
3 strengthen critical assets prior to the onset of a fortuitous  
4 event or force majeure.

5

**CHAPTER II**  
**CREATION AND IMPLEMENTATION**  
**OF THE ELECTRIC COOPERATIVES**  
**EMERGENCY AND RESILIENCY FUND**

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9 **SECTION 5. Creation of the Electric Cooperatives Emergency and**  
10 **Resiliency Fund.** – There is hereby created an Electric Cooperatives  
11 Emergency and Resiliency Fund, which shall be managed and  
12 administered by the National Electrification Administration (NEA).

13 **SECTION 6. Powers and Functions of the NEA.** –The NEA shall have  
14 the following additional powers and functions:

- 15       a) Formulate policies and coordinate the implementation of all  
16           activities of the electric cooperatives relative to emergency and  
17           resiliency management, in consultation with the National  
18           Disaster Risk Reduction and Management Council (NDRRMC);
- 19       b) Mandate electric cooperatives to submit their respective  
20           comprehensive and integrated disaster management programs  
21           such as but not limited to Vulnerability and Risk Assessments  
22           and Emergency Response Plans, and thereafter establish,  
23           administer, and monitor the implementation of the same;
- 24       c) Review, approve, and certify, in consultation with the NDRRMC,  
25           all activities, including financial requirements, of the electric  
26           cooperatives relative to disaster mitigation, disaster  
27           preparedness, and disaster prevention plans as a result of the  
28           Vulnerability and Risk Assessment;
- 29       d) Develop reasonable guidelines and rational documentary  
30           requirements for electric cooperatives to avail of the Electric  
31           Cooperatives Emergency and Resiliency Fund;
- 32       e) Formulate an efficient procedure for program participation and  
33           criteria for fund allocation;
- 34       f) Determine the annual budget of the Electric Cooperatives  
35           Emergency and Resiliency Fund and submit the same for  
36           approval by Congress;

- 1           g) Receive donations, in the form of funds, materials, or  
2           equipment, which are intended for the purpose of addressing  
3           the restoration of electric cooperatives' infrastructure damaged  
4           by a fortuitous event or force majeure, subject to existing  
5           auditing rules and regulations;
- 6           h) Provide necessary assistance to electric cooperatives, including  
7           the preparation of individual Resiliency Compliance Plans for  
8           incorporation in their respective Distribution Development  
9           Plans submitted to NEA;
- 10          i) Ensure that the electric cooperatives' resiliency programs are  
11          feasible in accordance with sound management, economic, and  
12          engineering standards; and
- 13          j) Promulgate such rules and regulations as may be necessary to  
14          implement the objectives and provisions of this Act.

15       **SECTION 7. Responsibilities of the Electric Cooperatives.**— In  
16       addition to their primary mandate to implement the rural electrification  
17       program of the country under existing laws, the electric cooperatives  
18       shall be vested with all the powers necessary to ensure the protection,  
19       preparedness, and mitigation of the adverse impact of any fortuitous  
20       event or force majeure to its infrastructure. Electric cooperatives shall  
21       also ascertain the ability of their manpower to undertake emergency  
22       response for the immediate restoration or rehabilitation of their damaged  
23       infrastructure after a fortuitous event or force majeure.

24       The electric cooperatives shall likewise have the following  
25       additional responsibilities:

- 26          a) Submit to NEA a Vulnerability Risk Assessment of all their  
27          infrastructure in accordance with the NEA-approved template;
- 28          b) Prepare and submit to NEA a Resiliency Compliance Plan, to  
29          include, a list of projects and programs, including the financial  
30          requirements, funding sources, and timeline of implementation,  
31          necessary to protect and mitigate the disaster vulnerability of all  
32          its infrastructure;
- 33          c) Institutionalize and submit to NEA an Emergency Response Plan  
34          to be activated immediately after the occurrence of a fortuitous  
35          event or force majeure;
- 36          d) Comply with NEA's policies and procedural requirements for  
37          program participation and fund allocation;
- 38          e) Submit reports as may be required by the NEA; and

- 1       f) Undertake all other activities necessary to implement the  
2           objectives and provisions of this Act.

**SECTION 8. The National Electric Cooperatives Emergency and Resiliency Plan (NECERP).** – All electric cooperatives shall submit to NEA and/or update their respective Vulnerability and Risk Assessments, Resilience Compliance Plans, and Emergency Response Plans every year. Failure to submit said reports shall act as a bar to accessing the Electric Cooperatives Emergency and Resiliency Fund. The NEA shall monitor and evaluate the use and disbursement of the Electric Cooperatives Emergency and Resiliency Fund based on the Vulnerability and Risk Assessment, Emergency Response Plan, and Resiliency Compliance Plan of each electric cooperative.

On the basis of said reports submitted by the electric cooperatives, the NEA shall produce a comprehensive National Electric Cooperatives Emergency Resiliency Plan (NECERP) which shall be integrated in the National Disaster Risk Reduction and Management Plan provided for under Republic Act No. 10121. The NECERP shall be updated and submitted to the Joint Congressional Power Commission (JCPC) not later than March 15 of every year.

## CHAPTER III

### FUND SOURCES AND ALLOCATION

22 **SECTION 9. Donations.**—Donations in the form of funds, materials, or  
23 equipment, whether local or international, intended for the express  
24 purpose of restoring or rehabilitating the electric cooperatives  
25 infrastructure damaged by a fortuitous event or force majeure, shall be  
26 received directly by the NEA, subject to existing auditing rules and  
27 regulations and shall be exempt from all duties, fees, taxes, and other  
28 charges.

29 **SECTION 10. Appropriations.** – The sum of Seven Hundred Fifty Million  
30 Pesos (Php750,000,000.00) for the initial implementation of this Act shall  
31 be taken from the National Disaster Risk Reduction and Management  
32 Fund. Thereafter, such amounts necessary for the sustainable  
33 implementation of this Act shall be included in the annual General  
34 Appropriations Act.

**SECTION 11. Allocation of the Electric Cooperatives Emergency and Resiliency Fund.**— The Electric Cooperatives Emergency and Resiliency Fund shall be allocated in the following manner:

- 4       a) Twenty percent (20%) for the electric cooperatives' disaster  
5            prevention, disaster preparedness, and disaster mitigation  
6            measures duly approved by the NEA; and

7       b) Eighty percent (80%) for the restoration or rehabilitation of the  
8            electric cooperatives' damaged infrastructures after a fortuitous  
9            event or force majeure.

In case of a deficiency of the fund allocated for the restoration or rehabilitation of the electric cooperatives' damaged infrastructure after a fortuitous event or force majeure, the amount intended for the electric cooperatives' disaster prevention, preparedness, and mitigation measures which has not been released by the NEA to the electric cooperatives shall be immediately re-allocated to cover such shortfall.

In case the amount of the initial annual budget is not sufficient to cover the restoration or rehabilitation costs for the year, the annual budget for the succeeding year shall be increased to an amount equivalent to the total expenditures of the previous year's Electric Cooperative Emergency and Resiliency Fund, and such amount shall be maintained unless there is a need to increase it pursuant to this Section.

If the Electric Cooperatives Emergency and Resiliency Fund for the year is inadequate to cover the restoration or rehabilitation costs for electric cooperatives infrastructure damaged by a fortuitous event or force majeure, the NEA shall seek for the allocation of supplementary budget corresponding to the outstanding balance from the National Disaster Risk Reduction Management Fund, subject to the approval of the President.

## CHAPTER IV

### GENERAL PROVISIONS

31 **SECTION 12. Reportorial Requirements.**— The NEA shall take the  
32 necessary measures to ensure that the provisions of this Act are properly  
33 implemented and submit quarterly reports on the program  
34 implementation and fund utilization to the DOE, the JCPC, and the  
35 Office of the President.

1   **SECTION 13. Congressional Oversight.**— Upon the effectivity of this Act,  
2   the JCPC shall exercise oversight functions over the implementation of  
3   this Act.

4   **SECTION 14. Evaluation.**— Within five (5) years after the effectivity of  
5   this Act, the JCPC shall conduct a systematic evaluation of the  
6   accomplishments and impact of this Act for purposes of determining  
7   remedial legislation.

8   **SECTION 15. Implementing Rules and Regulations.**—The NEA shall, in  
9   consultation with relevant government agencies, electric cooperatives,  
10   and end-users, promulgate the Implementing Rules and Regulations  
11   within six (6) months from the effectivity of this Act.

12   **SECTION 16. Separability Clause.**—If for any reason, any provision of  
13   this Act is declared unconstitutional or invalid, the other parts or  
14   provisions hereof which are not affected thereby shall continue to be in  
15   full force and in effect.

16   **SECTION 17. Repealing Clause.**—Any law, presidential decree or  
17   issuance, executive order, letter of instruction, administrative rule or  
18   regulation contrary to or inconsistent with the provisions of this Act are  
19   hereby repealed, modified or amended accordingly.

20   **SECTION 18. Effectivity.**—This Act shall take effect on the fifteenth day  
21   following its publication in at least two (2) national papers of general  
22   circulation.

*Approved,*