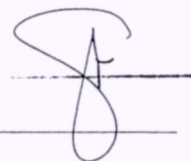


SENATE

19 SEP 30 P12:06

S. No. 1078

RECEIVED



Introduced by Senator Ralph G. Recto

AN ACT

ACCELERATING THE COUNTRY'S TOTAL ELECTRIFICATION OF HOUSEHOLDS, PROVIDING FOR A RELIABLE AND EFFICIENT SOLAR ENERGY SYSTEM TO PUBLIC SCHOOLS, ALLOCATING FOR THE PURPOSE THE PROCEEDS FROM THE NET NATIONAL GOVERNMENT SHARE FROM THE MALAMPAYA NATURAL GAS PROJECT AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Energy security is a crucial factor in achieving economic development of the country. The Philippine government is hard-pressed to fulfill its commitments to decarbonize the energy industry for 450 Scenario¹, attain energy independence, pursue 100% electrification in the entire Philippines, as well as improve the teaching and learning conditions in public schools.

As of 2017, out of the estimated total household population of 22.7 million, there are still 2.36 million households with no access to electricity.² On the other hand, the Department of Education's 2016 status report showed that there are still 5,743 unelectrified public schools out of the total 46,752 schools.³ Lack of electricity in public schools, therefore, creates considerable obstacles towards digital literacy because the students have no access to computers and other digital equipment.

Solar Energy is the most abundant renewable energy (RE) resource that can be installed to generate power at a faster rate than fossil fuel-based power plants. Solar energy systems also generate substantial savings versus fossil-fueled power plants with high transport and long distance hauling costs for their feed stocks.

¹ International Energy Agency World Energy Outlook 450 Scenario

² 32nd Status Report on EPIRA Implementation as of April 2018.

³ Department of Education Internet Connectivity Status as of September 8, 2016.

This proposed measure seeks to mandate the Department of Energy (DOE) in coordination with the National Electrification Administration (NEA) and National Power Corporation (NPC) to provide electric services in identified unelectrified households. Moreover, the Department of Public Works and Highways (DPWH) in coordination with the Department of Education (DepEd) and the DOE is mandated to construct solar energy systems in identified unelectrified public schools.

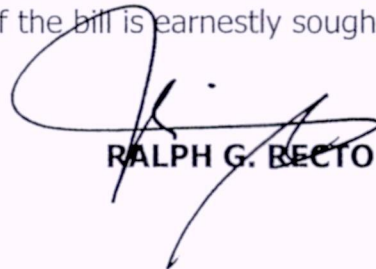
The funding of this measure shall be charged against the net national government share from the Malampaya Fund, with a projected revenue of approximately P152 billion⁴ from 2019 to 2023, after deducting the P208 billion allocated for the payment of stranded contract costs and stranded debts pursuant to Republic Act No. 11321 or the *Murang Kuryente* Act.

The bill proposes to allocate 90% of the Malampaya Fund for the electrification of identified unelectrified households in the far-flung areas of the country while the remaining 10% of the Fund shall be for the installation of solar energy systems in public schools.

This bill would provide the impetus for the country to achieve 100% electrification in all missionary areas by 2022,⁵ support the DepEd's mission to spread digital literacy and equal opportunity in education around the country, and reach the government's target RE utilization of 15,304 MW in 2030, from the current 5,438 MW RE utilization.

The bill also mandates the DOE in coordination with the NPC, NEA, DPWH and the DepEd to annually release and update the list of unelectrified households and public schools. Furthermore, to ensure transparency, the bill also mandates that the allocation of the Malampaya Fund for the purpose should be clearly provided for in the General Appropriations Act.

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



RALPH G. RECTO

/mjma

⁴ PSALM Report on Projected Revenues from SC 38 Malampaya Gas to Power Project dated December 2018.

⁵ 2018-2022 Missionary Electrification Plan presented to the Senate Committee on Energy on April 16, 2018.

SENATE

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S. No. 1078

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Introduced by Senator Ralph G. Recto

AN ACT

**ACCELERATING THE COUNTRY'S TOTAL ELECTRIFICATION OF
HOUSEHOLDS, PROVIDING FOR A RELIABLE AND EFFICIENT SOLAR
ENERGY SYSTEM TO PUBLIC SCHOOLS, ALLOCATING FOR THE PURPOSE
THE PROCEEDS FROM THE NET NATIONAL GOVERNMENT SHARE FROM
THE MALAMPAYA NATURAL GAS PROJECT AND FOR OTHER PURPOSES**

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

1 Section 1. *Short Title.* – This Act shall be known as the "Total Electrification in
2 Households and Public Schools Act".

3 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to
4 accelerate total electrification, increase access to sustainable energy, improve
5 efficiency in the use of energy, spread literacy and equal opportunity in education
6 around the country, and mandate the development and utilization of renewable
7 energy resources. Towards this end, the State shall establish the infrastructure and
8 mechanisms to ensure energy-sufficiency in unelectrified households and public
9 schools.

10 Sec. 3. *Coverage.* – This Act shall provide a framework for the accelerated
11 electrification in unelectrified households and establishment of solar energy systems
12 in public schools.

13 Sec. 4. *Definition of Terms.* – For purposes of this Act, the following terms
14 shall be defined as stated below:

- 15 a) *End-user* – refers to any person or entity requiring the supply and
16 delivery of electricity for its own use;

- 1 b) *Grid* – refers to the high-voltage backbone system of interconnected
2 transmission lines, substations and related facilities;
- 3 c) *Joint Congressional Energy Commission (JCEC)* – refers to the
4 Congressional Commission constituted under Section 62 of Republic
5 Act No. 9136, otherwise known as the “Electric Power Industry
6 Reform Act of 2001”, as amended by the Republic Act No. 11285,
7 otherwise known as the “Energy Efficiency and Conservation Act”;
- 8 d) *Malampaya Natural Gas Project* – refers to Service Contract 38 in
9 offshore Northwest Palawan;
- 10 e) *Malampaya Fund* – refers to the government share from the net
11 production proceeds of Service Contract 38 or the Malampaya
12 Natural Gas Project pursuant to Presidential Decree No. 87,
13 otherwise known as The Oil Exploration and Development Act of
14 1972. This government share forms part of a Special Account in
15 the General Fund used to finance energy resource development and
16 exploitation programs pursuant to Presidential Decree No. 910,
17 otherwise known as “Creating an Energy Development Board,
18 Defining Its Powers and Functions, Providing Funds, Therefor, and
19 for Other Purposes”;
- 20 f) *Missionary electrification* – as defined in Section 70 of Republic Act
21 No. 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001
22 and its Implementing Rules and Regulations, covers all off-grid
23 areas which are not connected to the main grids of Luzon, Visayas,
24 and Mindanao, and remote and unviable areas which are not
25 connected to the distribution grid;
- 26 g) *National Electrification Administration (NEA)* – refers to the
27 government agency created under Presidential Decree No. 269, as
28 amended;
- 29 h) *National Power Corporation (NPC)* – refers to the government
30 corporation created under Republic Act No. 6395 and mandated
31 under Section 70 of Republic Act No. 9136 to perform missionary

1 electrification function through its Small Power Utilities Group
2 (SPUG);

3 i) *Net production proceeds* – refer to the balance of gross proceeds
4 from Service Contract 38 after deducting the Filipino Participation
5 Incentive, if any, and all operating expenses pursuant to Section 8
6 (1) of Presidential Decree No. 87, the Oil Exploration and
7 Development Act of 1972;

8 j) *Net government share* – refers to the sixty percent (60%) share of
9 the national government from the net production proceeds of
10 Service Contract 38 pursuant to Presidential Decree No. 87, the Oil
11 Exploration and Development Act of 1972 after the deductions
12 provided by Presidential Decree No. 910, creating the Energy
13 Development Board;

14 k) *Net national government share* – refers to the share of the national
15 government from the net government share after the deduction
16 from the net government share of the local government share
17 pursuant to Section 290 of Republic Act No. 7160, otherwise known
18 as the Local Government Code of 1991, as amended;

19 l) *Small Power Utilities Group (SPUG)* – refers to the functional unit of
20 NPC created to pursue missionary electrification function in
21 accordance with RA No. 9136; and

22 m) *Solar Energy System* – refers to an energy system which converts
23 solar energy into thermal or electrical energy.

24 Sec. 5. *Electrification in Unelectrified Households and Construction of Solar*
25 *Energy Systems in Public Schools.* – The National Power Corporation (NPC) and
26 National Electrification Administration (NEA) shall facilitate the installation of
27 electricity systems in identified unelectrified households in rural areas: *Provided,*
28 That the Department of Public Works and Highways (DPWH) in coordination with the
29 Department of Energy (DOE) and the Department of Education (DepEd) shall
30 construct the solar energy systems in public schools: *Provided further,* That the
31 establishment of the said systems shall be within a period as may be determined in
32 the Implementing Rules and Regulations of this Act.

1 Sec. 6. *General Guidelines.* – For the purposes of this Act, the following are
2 the General Guidelines for the accelerated total electrification in unelectrified
3 households and installation of solar energy systems in school buildings:

- 4 a) Installation of electricity systems shall immediately commence to
5 supply power to identified unelectrified households and
6 construction of solar energy systems in public schools;
- 7 b) The Department of Finance (DOF) shall apply the appropriate
8 provisions of Chapter VII General Incentives of Republic Act No.
9 9513 or the Renewable Energy Act of 2008 to the solar energy
10 systems to be established and constructed;
- 11 c) The DOE in coordination with NEA and NPC shall develop a
12 comprehensive database to monitor the status of electrification and
13 post on its website an updated list of unelectrified households on
14 the last quarter of each calendar year;
- 15 d) The DPWH in coordination with DepEd shall submit to Congress a
16 status report of constructed solar energy systems in public schools
17 funded under the Malampaya Fund including but not limited to
18 information as to location, scope of works, cost and
19 implementation timelines;
- 20 e) The DOE shall regularly coordinate with the DOF and the
21 Department of Budget and Management (DBM) to ensure
22 consistent record-keeping of disbursements from the Malampaya
23 Fund. The DOE shall make all reports available to the public
24 through its website; and
- 25 a) Households and public schools shall enjoy the privileges granted to
26 qualified end-users as certified by the DOE-Renewable Energy
27 Management Bureau, as provided for in Sections 10 and 12 of
28 Republic Act No. 9513.

29 Sec. 7. *Congressional Oversight.* – Upon the effectivity of this Act, the Joint
30 Congressional Energy Commission shall exercise oversight powers over its
31 implementation.

1 Sec. 8. *Fund Source.* – The amount necessary for the implementation of this
2 Act shall be charged against any remaining and future proceeds of the net national
3 government share from the Malampaya Fund under the Special Account in the
4 General Fund after deducting the Two Hundred Eight Billion Pesos
5 (P208,000,000,000) allocated for the payment of stranded contract costs and
6 stranded debts pursuant to Republic Act No. 11321 or the *Murang Kuryente* Act:
7 *Provided*, That 90% of the Fund shall be allocated for the electrification of identified
8 unelectrified households while the remaining 10% of the Fund shall be for the
9 installation of solar energy systems in public schools: *Provided further*, That annual
10 allocations for the implementation of this Act shall be included in the annual General
11 Appropriations Act.

12 Sec. 9. *Implementing Rules and Regulations.* – Within sixty (60) days from
13 the effectivity of this Act, the DOE, DPWH, DOF and the DBM, in consultation with
14 the appropriate government agencies mentioned herein, shall promulgate the
15 necessary implementing rules and regulations for the proper disposition of the said
16 funds and the effective implementation of this Act.

17 Sec. 10. *Separability Clause.* – If any portion or provision of this Act is
18 declared unconstitutional, the remainder of this Act or any provisions not affected
19 thereby shall remain in force and effect.

20 Sec. 11. *Amendatory Clause.* – Section 8 of Presidential Decree No. 910,
21 creating the Energy Development Board is hereby amended insofar as the uses of
22 the Malampaya Fund is concerned.

23 Sec. 12. *Repealing Clause.* – Any law, presidential decree or issuance,
24 executive order, letter of instruction, rule or regulation inconsistent with the
25 provisions of this Act is hereby repealed or modified accordingly.

26 Sec. 13. *Effectivity.* – This Act shall take effect fifteen (15) days after its
27 complete publication in the *Official Gazette* or in a newspaper of general circulation.

28 Approved,