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SENATE

P. S. Res. No. 188

RECEIVED BY: *ji*

Introduced by Sen. Ralph G. Recto

**A RESOLUTION**

**DIRECTING THE SENATE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, TO DETERMINE THE STATE OF ELECTRIC COOPERATIVES NATIONWIDE AND ESTABLISH THE POSSIBLE LIABILITIES OF THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA) AND ALBAY ELECTRIC COOPERATIVE INCORPORATED (ALECO) IN ORDER TO PREVENT THE RECURRENCE OF EVENTS SIMILAR TO THE RECENT POWER BLACKOUT IN ALBAY, WITH THE END IN VIEW OF ATTAINING TOTAL ELECTRIFICATION AND STRENGTHENING REGULATORY FUNCTIONS OF GOVERNMENT AGENCIES IN THE ENERGY SECTOR**

WHEREAS, the National Electrification Administration (NEA) is tasked to accomplish total electrification of all households nationwide under the Sitio Electrification Program in collaboration with the electric cooperatives;

WHEREAS, the NEA has been strengthened by the National Electrification Administration Reform Act of 2013 or Republic Act No. 10531 which granted it step-in rights to resolve issues in ailing electric cooperatives, among other powers and functions;

WHEREAS, the NEA had been evaluating electric cooperatives nationwide to determine if these are to be considered an "ailing electric cooperative" using the following parameters: high systems loss, low collection efficiency, current ratio, operating loss, huge liabilities, negative net worth, institutional problems (governance, consumer-employee ratio, adherence to policies) and based on these, ailing ECs are further considered as "Curable" or "Incurable";

WHEREAS, all electric cooperatives nationwide are rated according to Categorization Criteria and Performance Standards, as follows: Amortization Payment, System Loss, Collection Efficiency, Payment to Generating Company, Payment to National Grid Corporation of the Philippines (NGCP), Non-Power Cost, Level of Energization, Result of Financial Operation, Demerit Points (Cash Advance) and in which the electric cooperatives in the Autonomous Region of Muslim Mindanao exhibited the over-all largest system loss at 47.02% in Maguindanao and lowest collection efficiency at 19% in Lanao Sur;

WHEREAS, the recent 29-hour total power blackout in Albay that affected 160,000 households resulted from the cutting off of power supplied by generators to the Wholesale Electricity Spot Market (WESM) through the Philippine Electricity Market Corporation (PEMC) as a consequence of the failure of the Albay Electric Cooperative Incorporated (ALECO) to pay at least the current charges amounting to Sixty-Seven Million Pesos (Php 67,000,000.00) on their deadline;

WHEREAS, the ALECO consumers and member-consumers of Aleco Multi-Sectoral Stakeholders Organization Inc. (AMSSO) who diligently paid electricity charges unduly suffered due to ALECO's failure to settle Four Billion Three Hundred Million Pesos (Php 4.3 B) total outstanding debts composed of One Billion & Three-Hundred Million Pesos (Php 1.3 B) with the PEMC and Three Billion Pesos (Php 3 B) with the Power Sector Assets and Liabilities Management Corporation (PSALM);

WHEREAS, the said power cut-off was a penultimate move by the NGCP when ALECO failed to fulfill its obligations despite being given due process and time to comply with the terms of the Special Payment Agreement (SPA) and the special recovery collection program;

WHEREAS, the affected households represented by the AMSSO seek the intervention of government to determine the whereabouts of One Hundred Sixty-Five Million and Six Hundred Thousand Pesos (Php 165.6 M) in SPA collection up to January 2013 and One Hundred Million Pesos (Php 100 M) from the special recovery collection;

WHEREAS, there appears to be an absence of good governance and transparency to the extent that one hundred (100) electricity consumers with the highest consumption who have been delinquent in their payments piled up overdue charges amounting to an estimated Five Hundred Million Pesos (Php 500 M) or 38% of the Php 1.3 B total overdue payments to PEMC;

WHEREAS, the NEA and ALECO had caused injury on households, businesses, schools, financial institutions and hampered the delivery of basic services by the Local Government Units such as health and security services;

WHEREAS, Albay would have continued to suffer from the total black-out without the intervention of the Energy Regulatory Commission (ERC) despite the ALECO being apprised of its obligations under the SPA and the special recovery collection program and the NEA being clothed with sufficient regulatory instruments to ensure power supply;

WHEREAS, despite the grant of subsidies and condonation of debts of electric cooperatives amounting to P18 Billion in 2004 under Republic Act No. 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001 and the eventual graduation of electric cooperatives from over-dependency on the NEA, the latter may have failed to enforce good governance among electric cooperatives;

WHEREAS, it is imperative upon Congress to evaluate the status of electric cooperatives nationwide in order to determine their economic and financial viability and their capacity to achieve electrification of all households;

WHEREAS, the Congress should review the need to further strengthen the regulatory functions of the NEA to ensure the protection of consumers' rights and welfare;

*NOW THEREFORE, BE IT RESOLVED*, by the Philippine Senate, to direct the Committee on Energy to conduct an inquiry, in aid of legislation, to determine the state of electric cooperatives nationwide and establish the possible liabilities of the NEA and ALECO in order to prevent the recurrence of events similar to the recent power blackout in Albay, with the end in view of attaining total electrification and strengthening regulatory functions of government agencies in the energy sector.

Adopted,

  
RALPH RECTO