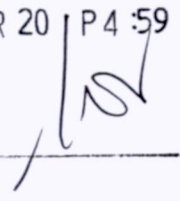


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SENATE

P.S. Res. No. 695

RECEIVED BY: 

Introduced by SEN. WIN GATCHALIAN

**A RESOLUTION DIRECTING THE APPROPRIATE SENATE
COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION,
ON THE STATUS OF ELECTRIFICATION IN THE COUNTRY TO
ASSESS AND POSSIBLY REVISE THE NATIONAL ELECTRIFICATION
STRATEGY, WITH THE END IN VIEW OF ACHIEVING TOTAL
ELECTRIFICATION FOR THE WELFARE OF THE FILIPINO PEOPLE
AND THE DEVELOPMENT OF THE NATION**

WHEREAS, Presidential Decree No. 269 series of 1973 declares as a national policy “the total electrification of the Philippines on an area coverage basis being vital to the welfare of its people and sound development of the nation”;

WHEREAS, the government has implemented three methods in pursuing the abovementioned policy: *first*, grid extension by electric cooperatives; *second*, missionary electrification in off-grid areas; and *third*, the entry of qualified third parties in remote and unviable areas;

WHEREAS, grid extension is carried out by the National Electrification Administration, the government agency mandated to pursue total electrification of the country through electric cooperatives as specified in Presidential Decree No. 269 series of 1973 and Republic Act No. 10531 or the “National Electrification Administration Reform Act of 2013”;¹

WHEREAS, missionary electrification in off-grid areas is carried out by the National Power Corporation, the government-owned and controlled corporation performing the missionary electrification function in areas not connected to the transmission system as indicated in Republic Act No. 9136 or the “Electric Power Industry Reform Act of 2001” (EPIRA);²

WHEREAS, qualified third parties provide electric service in remote and unviable areas that private distribution utilities and electric cooperatives are unable to service for any reason as laid down in the EPIRA;³

¹ Section 4 of Republic Act No. 10531 states: “Powers, Functions and Privileges of the National Electrification Administration. – To strengthen the electric cooperatives, help them become economically viable and prepare them for the implementation of retail competition and open access pursuant to Section 31 of the EPIRA, the NEA is authorized and empowered to:

X x x

(h) pursue the total electrification of the country through the electric cooperatives by way of enhancing distribution development x x x

² Section 70 of Republic Act No. 9136 states: “X x x, NPC shall remain as a National Government-owned and controlled corporation to perform the missionary electrification function through the Small Power Utilities Group (SPUG) and shall be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system. X x X”

³ Section 59 of Republic Act No. 9136 states: “The provision of electric service in remote and unviable villages that the franchised utility is unable to service for any reasons shall be open to other qualified third parties.”

WHEREAS, grid electrification, missionary electrification, and qualified third parties are subsidized either through government appropriations or charges passed on to consumers in the main grid through the universal charge for missionary electrification;

WHEREAS, in the years 2016 to 2018, the government has allocated at total of Php 5,451,300,000.00 for sitio electrification⁴ and Php 3,979,770,000.00 for the supply of electricity in missionary areas;⁵

WHEREAS, as of December 2017, Php 73,837,000,000.00 has been remitted from the universal charge for missionary electrification collection;⁶

WHEREAS, there are only two qualified third parties currently in operation,⁷ and one difficulty for qualified third parties to come in is the refusal, if not failure, of concerned distribution utilities to waive their respective franchises over remote and unviable areas;⁸

WHEREAS, despite all these efforts, there is a total of 2,399,108 unserved households all over the country as of December 2017. This means 16% of the potential households in the entire country do not have electricity. Of the 2,399,108 households, 529,952 are in Luzon, 524,040 are in the Visayas, and the majority of households amounting to 1,345,116 are in Mindanao;⁹

WHEREAS, the World Bank in a 2008 study stated that “the question is not choosing between grid extension and off-grid electrification but deciding how and when off-grid investments complement grid-extension projects”. Furthermore, the same study states that “Once it is established that connecting an unserved community via grid extension is not justified, the next step is to determine which decentralized technology or mix of technologies is suitable”;¹⁰

WHEREAS, given the foregoing, it is necessary to review the national electrification project of the government by identifying *first*, which communities are economically viable for grid extension, how much government appropriations are necessary to complete the extension, and how long the construction can be accomplished; and *second*, which communities are best for off-grid electrification, what technologies are suitable for them, and how fast can the entry of qualified third parties in the remote and unviable areas can be facilitated;

NOW THEREFORE BE IT RESOLVED, as it is hereby resolved, to direct the appropriate Senate Committee, to conduct an inquiry, in aid of legislation, on the status of electrification of the country to assess and possibly revise the national electrification strategy with the end in view of achieving total electrification for the welfare of the Filipino people and the development of the nation.

⁴ Budget of the National Electrification Administration under the General Appropriations Act 2016, 2017, 2018.

⁵ Budget of the National Power Corporation under the General Appropriations Act 2016, 2017, 2018.

⁶ Power Sector Assets and Liabilities Management Corporation (2017).

⁷ Department of Energy (2018).

⁸ Senate Hearing on the 2018 Budget dated 14 September 2017.

⁹ National Electrification Administration (2017).

¹⁰ Terrado, E., Cabraal R.A., and Mukherjee, I. (2008) Designing Sustainable Off-Grid Rural Electrification Projects: Principles and Practices. The World Bank.

Adopted,



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