

Republic of the Philippines
Congress of the Philippines
Metro Manila
Nineteenth Congress
Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second day of July, two thousand twenty-four.

[REPUBLIC ACT NO. 12145]

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO THE MANILA ELECTRIC COMPANY UNDER REPUBLIC ACT NO. 9209, ENTITLED, "AN ACT GRANTING THE MANILA ELECTRIC COMPANY A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITIES/MUNICIPALITIES OF METRO MANILA, BULACAN, CAVITE AND RIZAL, AND CERTAIN CITIES/MUNICIPALITIES/BARANGAYS IN BATANGAS, LAGUNA, QUEZON AND PAMPANGA"

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

SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules, and regulations, the franchise granted to Manila Electric Company (MERALCO), hereunder referred to as the Grantee, its successors, or assignees, under Republic Act No. 9209, to construct, operate, and maintain in the public interest and commercial purposes,

a distribution system for the conveyance of electric power to the end-users in the cities of Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, Quezon, San Juan, Taguig, and Valenzuela and in the Municipality of Pateros in Metro Manila; cities of Baliwag, Malolos, Meycauayan, and San Jose del Monte and in the municipalities of Angat, Balagtas, Bocaue, Bulakan, Bustos, Calumpit, Doña Remedios Trinidad, Guiguinto, Hagonoy, Marilao, Norzagaray, Obando, Pandi, Paombong, Plaridel, Pulilan, San Ildefonso, San Miguel, San Rafael, and Sta. Maria, Province of Bulacan; cities of Bacoor, Carmona, Cavite, Dasmariñas, General Trias, Imus, Tagaytay, and Trece Martires, and in the municipalities of Alfonso, Amadeo, General Mariano Alvarez, General Emilio Aguinaldo, Indang, Kawit, Magallanes, Maragondon, Mendez, Naic, Noveleta, Rosario, Silang, Tanza, Ternate, Province of Cavite; City of Antipolo and in the municipalities of Angono, Baras, Binangonan, Cainta, Cardona, Jala-Jala, Montalban, Morong, Piliila, San Mateo, Tanay, Taytay, and Teresa, Province of Rizal; cities of Batangas and Sto. Tomas and in the Municipality of San Pascual, Province of Batangas; cities of Biñan, Cabuyao, Calamba, San Pablo, San Pedro, Sta. Rosa and in the municipalities of Alaminos, Bay, Calauan, Liliw, Los Baños, Luisiana, Magdalena, Majayjay, Nagcarlan, Pila, Rizal, Sta. Cruz, and Victoria, Province of Laguna; cities of Lucena and Tayabas and in the municipalities of Candelaria, Dolores, Lucban, Mauban, Pagbilao, Sampaloc, San Antonio, Sariaya, and Tiaong, Province of Quezon; barangays of Balucuc and Calantipe in Apalit, Pampanga; Barangay Concepcion in San Simon, Pampanga; and barangays of Bahay Pare, Barangca, Dulong Ilog, Magumbali, Mandili, Mapaniqui, Paligui, Pangclara, Pulong Gubat, Pulong Palazan, Salapungan, Vizal San Pablo, Vizal Santo Cristo, and Vizal Sto. Niño in Candaba, Pampanga, is hereby renewed.

As used in this Act, "distribution system" refers to the system of wires and associated facilities including sub-transmission lines belonging to a franchised distribution utility extending between the delivery point on the national transmission system or generating facility and the metering point/facility of the end-user.

The Grantee shall:

- (a) Uphold its commitment to the protection of consumer rights;

- (b) Ensure the efficient and reliable delivery of electric power services; and
- (c) Adhere to competitive market principles.

SEC. 2. *Manner of Operation of Facilities.* – All electric distribution facilities, lines, and systems for electric services owned, constructed, operated, and maintained by the Grantee, its successors, or assignees shall be operated and maintained at all times in a superior manner, and it shall be the duty of the Grantee, its successors, or assignees, whenever required to do so by the Energy Regulatory Commission (ERC) or its legal successor, or the Department of Energy (DOE) or its legal successor, or any other government agency concerned, to modify, improve, and change the facilities or systems in such a manner and to such extent as the progress in science or technology and improvements or innovations in the electric power services may render reasonable and proper: *Provided*, That the Grantee, its successors, or assignees shall comply with relevant technical standards, rules, and regulations of the DOE and ERC.

Whenever practicable and for purposes of maintaining order, safety, and aesthetics along the highways, roads, streets, alleys, or right-of-way, the Grantee may allow the use of free spaces in its poles, facilities or right-of-way by interested parties upon the payment of reasonable compensation to the Grantee, considering the costs incurred to accommodate and administer the use of the Grantee's facilities by such parties: *Provided*, That the Grantee shall ensure the proper management and systematic organization of distribution lines, as defined under Republic Act No. 11361 or the "Anti-Obstruction of Power Lines Act", without prejudice to any claim or action it may pursue against utilities or entities sharing its infrastructure, to prevent hazards, maintain the structural integrity of its facilities, and minimize cable clutter. The ERC shall decide any dispute or disagreement between the parties concerned.

SEC. 3. *Authority of the Energy Regulatory Commission.*
– The Grantee shall secure from the ERC or any other government agency having jurisdiction over the operation of the herein Grantee, the necessary certificate of public convenience and necessity and other appropriate permits and licenses for the construction and operation of its electric distribution system.

SEC. 4. *Excavation and Renovation Works.* – For the purpose of erecting and maintaining poles and other supports for the wires or other conductors, or for the purpose of laying and maintaining underground wires, cables, pipes, or other conductors, the Grantee, its successors, or assignees are authorized to make excavations or lay conduits in any of the public places, highways, roads, streets, lines, alleys, avenues, sidewalks, or bridges of the said province and cities and/or municipalities, subject to prior approval of the Department of Public Works and Highways (DPWH) or the local government unit (LGU) concerned: *Provided, however,* That a public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reason of the erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired and/or replaced in workmanlike manner at the expense of the Grantee, its successors, or assignees, in accordance with the standards set by the DPWH or the relevant LGU concerned.

Should the Grantee, its successors, or assignees, after the ten (10)-day notice from the grant of authority, fail, refuse, or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge that has been disturbed, altered, or changed by the said Grantee, its successors, or assignees, then the DPWH or the LGU concerned shall have the right to have the same repaired and/or replaced in good order and condition and charge the Grantee, its successors, or assignees at double the amount of the costs and expenses for such repair or replacement.

SEC. 5. *Responsibility to the Public.* – The Grantee shall provide universal service and supply electricity to its captive market in urban and rural portions of its franchise area, including unviable areas, in the least cost manner. In the interest of the public good and as far as feasible and whenever required by the ERC, the Grantee shall modify, improve, or change its facilities, poles, lines, systems, and equipment for the purpose of providing efficient and reliable service and reduced electricity costs. The Grantee shall only charge reasonable and just power rates for its services to all types of consumers within its franchise area in order that businesses and industries shall be able to compete. The Grantee shall promote and promptly process applications for net-metering connections.

The Grantee shall perform such acts as may be reasonably necessary or desirable to promote laws, regulations, and policies of the government with respect to the development, utilization, and prioritization of indigenous natural, new, and renewable energy sources in accordance with Republic Act No. 9136 or the "Electric Power Industry Reform Act of 2001", as amended; Republic Act No. 12120 or the "Philippine Natural Gas Industry Development Act"; and Republic Act No. 9513 or the "Renewable Energy Act of 2008", and avoid acts that may frustrate or hinder the same.

The Grantee shall have the obligation to provide open and non-discriminatory access to its distribution system and services for any end-user within its franchise area consistent with Republic Act No. 9136, as amended. It shall observe good faith and reasonableness in implementing any contractual right in its power supply agreements to reduce contract capacity and associated energy by reason of the enforcement of retail competition and open access under Republic Act No. 9136, as amended, Republic Act No. 9513, and other applicable laws, and ensure the supply of electricity to its captive market in the least cost manner. The Grantee, and its affiliates as defined under Republic Act No. 9136, as amended, shall not engage in any activity that will constitute an abuse of market position or anti-competitive behavior as defined under Republic Act No. 10667 or the "Philippine Competition Act" such as but not limited to, unfair trade practices, monopolistic schemes, and other activities that will hinder competitiveness of businesses and industries. The Grantee shall follow the regulations of the DOE and ERC with respect to its procurement of power supply for its captive market. The Grantee shall, for the promotion of transparency, competition, and protection of consumer interest, structurally and functionally unbundle its non-regulated business activities from its regulated business activities in accordance with Republic Act No. 9136, as amended. The ERC shall formulate the appropriate guidelines and ensure full compliance with this provision.

The Grantee shall faithfully observe the provisions of Republic Act No. 9136, as amended, with respect to cross-ownership, market share limitations, retail competition and open access, market power abuse, and anti-competitive behavior. The Grantee shall fulfill its responsibility under Republic Act No. 9136, as amended, Republic Act No. 10150, Republic Act No. 9994, and other relevant statutes and policies.

SEC. 6. *Rates for Services.* – The retail rates and charges for the distribution of electric power by the Grantee to its end-user shall be regulated by and subject to the approval of the ERC or its legal successor.

The Grantee shall identify and segregate in its electricity bill to the end-users the components of the retail rate pursuant to Republic Act No. 9136, as amended. Such rates charged by the Grantee to the end-users shall be made public and transparent. The Grantee shall implement a lifeline rate to marginalized end-users for as long as it is in effect as mandated under Republic Act No. 9136, as amended.

SEC. 7. *Promotion of Consumer Interests.* – The herein Grantee shall establish a platform to handle consumer concerns and complaints and ensure adequate promotion of consumer interests in accordance with applicable rules and regulations of the ERC, its successor, and other relevant regulatory agencies. The Grantee shall act with dispatch on and resolve all complaints brought before it within such period as may be determined by the ERC, in accordance with applicable regulations, and shall ensure that such a platform can be remotely accessed through electronic or digital means.

The Grantee shall submit as part of its annual report its corporate social responsibility initiatives, including, but not limited to, providing electricity access to unenergized areas, remote, off-grid schools, community and health centers, and its efforts to restore power in areas affected by calamities.

SEC. 8. *Election of Independent Directors.* – The Board of Directors of the Grantee shall have independent directors constituting at least twenty percent (20%) of its total membership. These directors must be elected by a majority of the outstanding shares with the right to vote.

An independent director is a person who, apart from shareholding and fees received from the corporation, is independent of management and free from any business or other relationship which could or could reasonably be perceived to materially interfere with the exercise of independent judgment in carrying out the responsibilities as a director.

SEC. 9. *Right of the Government.* - A special right is hereby reserved to the President of the Philippines in times of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and order to temporarily take over and operate the distribution system of the Grantee; temporarily suspend the operation of any station or facility in the interest of public safety, security, and public welfare; or to authorize the temporary use and operation thereof by any agency/department of the government upon the payment of due compensation to the Grantee, its successors, or assignees, for the use of the said distribution system during the period when this shall be operated.

SEC. 10. *Right of Eminent Domain.* - Subject to the limitations and procedures prescribed by law, the Grantee is authorized to exercise the right of eminent domain insofar as it may be reasonably necessary for the efficient establishment, improvement, upgrading, rehabilitation, maintenance, and operation of services. The Grantee is authorized to install and maintain its poles, wires, and other facilities over, under, and across public property, including streets, highways, forest reserves, and other similar property of the Government of the Philippines, its branches or any of its instrumentalities. The Grantee may acquire such private property necessary for the realization of the purposes of this franchise: *Provided*, That proper expropriation proceedings shall have been instituted and just compensation paid.

SEC. 11. *Term of Franchise.* - This franchise shall be for a term of twenty-five (25) years from the expiration of the current franchise granted under Republic Act No. 9209, unless the franchise granted under this Act is sooner revoked or canceled by Congress for any violation of the terms and/or provisions of the franchise herein granted. This franchise shall be deemed *ipso facto* revoked in the event that the Grantee fails to operate continuously for two (2) years.

SEC. 12. *Warranty in Favor of National and Local Governments.* - The Grantee shall hold the national, provincial, city, and municipal governments of the Philippines harmless from all claims, liabilities, demands, or actions arising from accidents that cause injury to persons and/or damage to property during the construction, installation, operation, and maintenance of the distribution system of the Grantee.

SEC. 13. *Liability for Damages.* – The Grantee shall be liable for any injury to persons and/or damage to property arising from accidents by reason of any defective construction under this franchise or any neglect or omission to keep its poles and wires in a safe condition.

SEC. 14. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of the Franchise.* – The Grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation, or other commercial or legal entity, nor merge with any other corporation or entity, nor shall transfer the controlling interest of the Grantee, whether as a whole or in part, and whether simultaneously or contemporaneously, to any such person, firm, company, corporation, or entity without the prior approval of the Congress of the Philippines. The Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of this franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the controlling interest of the Grantee, within sixty (60) days after the completion of the said transaction: *Provided*, That any such transfer, sale, or assignment is in accordance with applicable constitutional limitations. Failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

SEC. 15. *Dispersal of Ownership.* – In accordance with the constitutional provision encouraging public participation in public utilities, the Grantee shall maintain a listing and offer to Filipino citizens at least thirty percent (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the effectivity of this Act: *Provided*, That in cases where public offer of shares is not applicable, establishment of cooperatives and other methods of encouraging public participation by citizens and corporations operating public utilities must be implemented. Non-compliance therewith shall render the franchise *ipso facto* revoked.

SEC. 16. *Commitment to Provide and Promote the Creation of Employment Opportunities.* – The Grantee shall create employment opportunities and shall allow enterprise-based

education and training programs, including apprenticeships, in their franchise operations: *Provided*, That priority shall be accorded to the residents of the franchise area: *Provided, further*, That the Grantee shall follow the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations, and similar issuances: *Provided, furthermore*, That the Grantee shall regularly submit a list of job vacancies within the franchise area to the Public Employment Service Offices (PESOs), in accordance with Republic Act No. 8759 or the "Public Employment Service Office Act of 1999", as amended: *Provided, finally*, That the list of employment opportunities or jobs created shall be reflected as an attachment to the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC) annually.

SEC. 17. Reportorial Requirement. – The Grantee shall submit an annual report of its finances and operations to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year after the effectivity of this Act.

The annual report shall include: an update on the rollout, development, operation, and/or expansion of the business; audited financial statements; latest GIS officially submitted to the SEC (if available or applicable); certification from the ERC on the status of its permits and operations; and an update on the dispersal of ownership undertaking, if applicable.

The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the ERC.

SEC. 18. Fine. – Failure of the Grantee to submit the requisite annual report to Congress shall be penalized by a fine in the amount of One million pesos (P1,000,000.00) per working day of non-compliance. The fine shall be collected by the ERC from the Grantee separate from the reportorial penalties imposed by the ERC and the same shall be remitted to the Bureau of the Treasury.

SEC. 19. Equality Clause. – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted upon prior review and approval of

Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein Grantee: *Provided, however*, That the foregoing shall neither apply to nor affect provisions concerning territorial coverage, the term, or the type of service authorized by the franchise: *Provided, further*, That the foregoing shall not apply to the sale, lease, transfer, grant of usufruct, or assignment of legislative franchises with prior congressional approval.

SEC. 20. *Applicability Clause.* – The Grantee shall comply with and be subject to the provisions of Commonwealth Act No. 146, or the “Public Service Act”, as amended; Republic Act No. 9136, as amended; Republic Act No. 9513, or the “Renewable Energy Act of 2008”; Republic Act No. 11361; or the “Anti-Obstruction of Power Lines Act”; and other applicable laws.

SEC. 21. *Repealability and Non-Exclusivity Clause.* – This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 22. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SEC. 23. *Repealing Clause.* – All laws, decrees, orders, resolutions, instructions, and rules and regulations or parts thereof, which are inconsistent herewith, are hereby deemed repealed or modified accordingly.

SEC. 24. *Effectivity.* – This Act shall take effect fifteen (15) days from the date of its publication in the *Official Gazette* or in any newspaper of general circulation in the Philippines.

Approved,



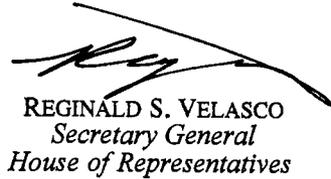
FRANCIS “CHIZ” G. ESCUDERO
President of the Senate



FERDINAND MARTIN G. ROMUALDEZ
Speaker of the House
of Representatives

This Act, which originated in the House of Representatives, was passed by the House of Representatives on November 6, 2024, amended by the Senate of the Philippines on February 3, 2025, and which amendments were concurred in by the House of Representatives on February 4, 2025.


RENATO N. BANTUG JR.
Secretary of the Senate


REGINALD S. VELASCO
*Secretary General
House of Representatives*

Approved: **APR 11 2025**

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FERDINAND ROMUALDEZ MARCOS JR.
President of the Philippines

