

# Semi-Annual Report on NEA Initiatives and Activities on Rural Electrification Program 1<sup>st</sup> Semester 2024



**Office for Performance Assessment and Special Studies**

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# SEMI-ANNUAL REPORT ON THE INITIATIVES AND ACTIVITIES ON RURAL ELECTRIFICATION AND NEA INTERVENTION ON AILING ECs

First Semester 2024

## I. INTRODUCTION

Pursuant to Section 3 of the Republic Act No. 10531, otherwise known as the National Electrification Administration Reform Act of 2013, it is a national policy to promote sustainable development in the rural areas through rural electrification. It also empowers and strengthens the National Electrification Administration (NEA) to pursue the electrification program and bring electricity, through the electric cooperatives as its implementing arm, to the countryside even in missionary or economically unviable areas and to empower and enable electric cooperatives to cope with the changes brought about by the restructuring of the electric power industry.

Likewise, Section 29 of the Implementing Rules and Regulations (IRR) of RA 10531 provides that to enhance the effectiveness of the Joint Congressional Energy Commission (JCEC), in the exercise of its oversight function over the implementation of the Act, the Board of Administrators shall submit to the JCEC a semi-annual report on the initiatives and activities of rural electrification, including the supervision of the NEA over the electric cooperatives (ECs) in the performance of their franchise obligations.

This report summarizes the status of the NEA's initiatives and activities on rural electrification, and interventions extended to the electric cooperatives in the exercise of its supervisory functions. The data contained herein were approved by the NEA Board of Administrators on **October 10, 2024 under Resolution No. 2024-25**.

## II. EXECUTIVE SUMMARY

National Electrification Administration has been at the forefront of the Rural Electrification Program since its creation in 1969. Electrification of the country down to the barangay level has been achieved through the Agency's implementing arm, the Electric Cooperatives. To further expand coverage of electrification, the national government provided subsidy funds for the Sitio Electrification Program which has been implemented since 2011.

For 2024, NEA has continuously pursued the electrification program despite the challenges and risks besetting the country.

The following are the highlights of the NEA's initiatives and interventions on rural electrification for the First Semester of 2024.

### 1. Acceleration of the Rural Electrification through Sitio Electrification Program (SEP)

As of June 30, 2024, the NEA, in partnership with the electric cooperatives, energized and completed 965 sitios. This accomplishment redounds to the provision of electric service to additional 227,272 consumers in the EC franchise areas.

A total of 9,001 sitios beginning 2017 was energized or 53% of the total 17,100 unenergized based on Total Electrification Masterplan and 16.23 million connected consumers or 95.50% of the 16.99 million 2024 computed potential consumers.

## 2. Release of Subsidy Fund for SEP and natural calamities

NEA was able to process and release a total of PhP 1,605.16 billion subsidy fund for 61 ECs for the first semester of 2024. This is broken down into PhP 1,307.80 million for Sitio Electrification Program and PhP 297.176 million for calamity.

## 3. Approval and Release of Loans and Credit Accommodations to the ECs

The NEA approved and released a total of PhP 873.311 million for 21 ECs for first semester of 2024 broken down into PhP 5859.977 million for CAPEX and other requirements and PhP 113.334 million for Calamity.

## 4. Capacity Building Programs for NEA and ECs

The Agency offered thirty-eight (60) trainings and scholarship programs on management, leadership and operational skills for both the NEA and the ECs for first semester 2024. They were participated by 2,789 officials and staff nationwide.

- a. For NEA management and associates, the Agency conducted 22 trainings and scholarship programs with 357 participants
- b. In line with the NEA's Capacity Building Programs for ECs, the Agency trained 2,432 EC officials and staff in 38 capacity building programs.

## 5. Summary of Approved Policy Guidelines and Procedures for the Fulfillment of NEA Statutory Obligations

The NEA Board of Administrators confirmed and approved eight (8) policy guidelines from January to June 2024 as part of the statutory obligations and regulatory functions of NEA over the electric cooperatives.

## 6. Renewable Energy Development

In line with the government's thrust of accelerating the development of renewable energy resources to address climate change, the NEA initiated and has ongoing activities for the following undertakings:

- a. Photo-voltaic Mainstreaming/Solar Home System (PVM/SHS Program
- b. Installation of Solar facility Including Net Metering Application and Equipment for Public Buildings
- c. Capacity Building Program for the introduction to Photo-voltaic Mainstreaming/Solar Home System (PVM/SHS Project) and Seminar-Workshop on Rules Enabling the Net Metering Program

Other assisted projects include the MOU between NEA and Climate Smart Ventures (CSV); MOU between NEA and United Nations Office for Project Services

## 8. Status Ailing ECs and NEA Interventions

There are seven (7) remaining ailing or underperforming ECs. These include ABRECO, ALECO, MASELCO, BASELCO, SULECO, TAWELCO and LASURECO.

To ensure that these ECs provide better services to their member-consumer-owners and to prevent further deterioration of the ECs operations, the NEA has done the following interventions:

1. Assignment of Acting General Managers and Project Supervisors
2. Organization of Task Force and Management Teams
3. Appointment of NEA representatives to the EC Board of Directors (BODs) and installation of Executive Officer
4. Formulation and issuance of new and relevant policies and guidelines
5. Round Table Assessment and Dialogue
6. Review and approval of Strategic Development Plan (SDP), Sustainability Plan (SP) and Operation Improvement Plan (OIP)
7. Monitoring and evaluation of accomplishment reports versus the approved Plans (SDP, SP, and OIP) to ensure that all projects are properly and efficiently implemented
8. Capacity Building to enhance EC staff in financial, technical, institutional aspects in managing electric distribution utilities
9. Assistance in the Comprehensive Selection Process for New Power Provider
10. Comprehensive audit (regular and special)
11. Annual and Quarterly EC Performance Assessment
12. Service facilities
  - a. Loan and Guarantee Service
  - b. Institutional Strengthening and Technical Assistance

### **III. DETAILS OF THE INITIATIVES AND ACTIVITIES ON RURAL ELECTRIFICATION**

#### **1. STATUS OF RURAL ELECTRIFICATION PROGRAM**

The expansion of the reach of electricity supply to rural areas would not be economically viable for commercial providers of electricity. Thus, the NEA, together with its implementing arm, the ECs has been mandated to provide for such services under the Rural Electrification Program by virtue of Section 2 of Republic Act No.10531 or the NEA Reform Act of 2013. The Program is one of the basic requirements in the promotion of sustainable development in the countryside even in missionary or economically unviable areas.

As part of the current administration's Energy Agenda, NEA's number one priority is the completion of the National Rural Electrification Program and the carrying out of rural development through the Rural Electrification Program. The by-word is to accelerate program implementation towards achievement of 100% electrification.

For 2024, NEA harmonized its current programs into a comprehensive Strategized Rural Electrification and Operational Reliability for Electric Cooperatives in order to integrate the various electrification programs/activities/projects (PAPs) namely:

1. Barangay/Sitio Electrification Program (BEP/SEP);
2. Barangay Line Enhancement Program (BLEP);
3. Photo-voltaic Mainstreaming/Solar Home System (PVM/SHS);
4. Microgrid Systems; and
5. Other related electrification and operational reliability PAPs

#### **SITIO ELECTRIFICATION PROGRAM (SEP)**

The approved target for the Sitio Electrification Program in 2024 is the energization of 579 sitios. This target was set in consideration of logistical challenges, the rising cost of materials, and the potential impact of unforeseen natural disasters and other force majeure events. The NEA and the Electric Cooperatives continue to face obstacles in delivering services to Member-Consumer-Owners, particularly in remote and hard-to-reach areas of the country. Despite these challenges, NEA remains fully committed to achieving the electrification target for sitios, furthering the vision of sustainable rural development.

Undeterred by these risks and challenges, the NEA through the ECs, was still able to energize 965 sitios. ECs in Luzon implemented 259 sitios, 183 energized in the Visayas and Mindanao ECs which has the remaining highest potential unenergized sitios, completed and energized the highest with 523. This brought to a total of 9,001 energized sitios from 2017 to present.



**Table 1. Status of Sitio Electrification per Island/per Region**

LUZON		VISAYAS		MINDANAO	
I	25	VI	75	IX	151
II	82	VII	105	X	124
CAR	23	VIII	3	XI	79
III	17			XII	42
IV-A	23			CARAGA	91
MIMAROPA	54			ARMM	36
V	35				
<b>TOTAL</b>	<b>259</b>	<b>TOTAL</b>	<b>183</b>	<b>TOTAL</b>	<b>523</b>
<b>NATIONAL</b>					<b>965</b>

### **BARANGAY LINE ENHANCEMENT PROGRAM (BLEP)**

The Barangay Line enhancement Program is aimed at addressing the pressing issue of electricity access in rural and underserved areas of the country. Recognizing the vital role of electricity in fostering economic development, improving quality of life and enhancing educational opportunities, BLEP seeks to expand and improve electrical distribution networks to barangays.

The BLEP projects can be the following schemes:

1. Enhancement of distribution to barangays previously powered gensets, solar home systems and other renewable energy technologies;
2. Improvement of tapping point;
3. Underground Cable Systems;
4. Submarine Cable Systems; and
5. NPC-SPUG underserved/served areas

As of first semester 2024, a total of 16 projects have been completed under the Barangay Line Enhancement Program, benefiting several electric cooperatives. The project breakdown includes PALECO with 1 project, ILECO II with 6 projects, ILECO III with 5 projects, ZANECO with 2 projects, SOCOTECO II with 1 project, and SURSECO II with 1 project. These projects have resulted in 926 household connections, with ILECO II contributing the largest number at 879 connections, followed by ZANECO with 47 connections.

**CONSUMER CONNECTIONS**

As a result of the Agency’s electrification program, the connection of 500,000 potential consumers is targeted to be achieved for 2024. This includes connections through expansion and add-ons. Expansion refers to those connected consumers as an effect of the Sitio Electrification Program while add-ons mean connected consumers in areas already energized.

As of June 2024, the total connected consumers are 227,272 which is 45% of the annual target of 500,000. Among the major islands, Luzon implemented the highest with 106,451 connections, followed by Visayas 61,414 and the Mindanao with a total of 59,407 energized consumers. The total cumulative consumer connections are 16,230,849.

**Table 2. Status of Consumer Connection per Island, per Region**

LUZON		VISAYAS		MINDANAO	
I	15,977	VI	23,663	IX	13,514
II	15,544	VII	25,105	X	12,388
CAR	5,003	VIII	12,646	XI	11,996
III	29,460			XII	11,288
IV-A	12,476			BARMM	1,494
MIMAROPA	10,780			CARAGA	8,727
V	17,211				
<b>TOTAL</b>	<b>106,451</b>	<b>TOTAL</b>	<b>61,414</b>	<b>TOTAL</b>	<b>49,407</b>
<b>NATIONAL</b>					<b>227,272</b>

**2. STATUS OF SUBSIDY FUNDS RELEASED**

The budget for Rural Electrification Program forms part of the General Appropriation Act passed by both Houses of Congress. Following the area coverage scheme in Presidential Decree 269 of 1973, electrification now extends from the economic centers to the thinly settled areas including the missionary and economically unviable areas by virtue of Republic Act 10531. In 2011, the government has instituted the implementation of the Sitio Electrification Program through the NEA and ECs and subsidy fund was provided to pursue 100% electrification of the country. For 2024, the approved subsidy fund for Rural Electrification is Sitio Electrification Program is Php 1,627.5 billion.

Likewise, subsidy fund for EC Emergency Resiliency (ECERF) was also provided in the amount of PhP 200 million so that ECs are assured of the availability of funds in times of fortuitous event or force majeure. The 2024 approved budget also includes a Congress-introduced allocation of PhP 724.392 million for various electrification and power infrastructure projects, including barangay/sitio electrification, line enhancement, uprating



of bare wires, substation upgrading, construction of underground power lines, and the installation of solar power system.

Compared with the subsidy released for the first semester of 2023 amounting to PhP 1,141.51 million, there is a 28% increase or PhP 463.65 million as against the release of PhP 1,605.16 million for first semester of 2024. Funding source for the releases to ECs in 2024 are from the previous subsidy grants provided to NEA by the national government.

Below is the comparative status of subsidy releases for first semester of 2024 versus first semester of 2023.

**TABLE 3. Comparative Status of Subsidy Releases**

Major Islands	First Semester of 2024	First Semester of 2023	Difference	Percent Change
<b>LUZON</b>	473.38	399.14	74.24	15
<b>VISAYAS</b>	212.01	540.13	(328.12)	(60)
<b>MINDANAO</b>	919.57	202.24	717.33	78
<b>NATIONAL</b>	1,605.16	1,141.51	463.65	28

As of June 2024, PhP 1,605.16 million subsidy funds have been released to 61 ECs. Out of these funds, PhP 1,307.80 million was released for electrification purposes and PhP 297.176 was released as calamity subsidy for the rehabilitation of typhoon - damaged electric distribution system and restoration of electric service. Of these, the highest allocation of fifty-seven (57) percent or a total of PhP 919.57 million was released to ECs in Visayas, likewise thirty (30) percent in Luzon and thirteen (13) percent were released to Mindanao ECs with the amount of PhP 473.38 and PhP 212.01 respectively.

**TABLE 4. Distribution of subsidy funds (PhP Million) in three major island groups**

Major Islands	Electrification	Calamity	Total	% to Total
<b>LUZON</b>	338.06	135.32	473.38	30
<b>VISAYAS</b>	112.33	99.68	212.01	13
<b>MINDANAO</b>	857.40	62.17	919.57	57
<b>NATIONAL</b>	1,307.80	297.17	1,605.16	100

### 3. STATUS OF LOANS AND CREDIT ACCOMMODATIONS TO ECS

One of the major services of the NEA to the electric cooperatives is the provisions or facilitation of loan based from the provisions stated in PD 269 and Section 5(o) of RA 10531. Loans and credit accommodations to the ECs are for their capital requirements

intended for rehabilitation/upgrading, expansion and construction of the electric distribution system and to augment insufficient fund for power accounts and working capital.

As of June 2024, NEA was able to facilitate the financial requirements of twenty-one (21) ECs relating to a total of PhP 873.311 million for capital projects, calamity loans and working capital.

Compared with the same period last year, there was a 24% increase on loan releases to ECs with the amount of PhP 660.660 for first semester 2023 as against PhP 873.311 for first semester 2024. The table below shows the comparison of loans released broken down into three major island groups.

**Table 5. Comparative Status of Loan Releases**

Major Islands	First Semester 2024	First Semester 2023	Difference	Percent Change
<b>LUZON</b>	293.131	150.068	143.063	48
<b>VISAYAS</b>	236.875	55.284	181.591	76
<b>MINDANAO</b>	343.304	455.308	(112.004)	(24)
<b>NATIONAL</b>	873.311	660.660	212.651	24

The highest availment of loan for first semester 2024 were the Mindanao ECs with PhP 343.304 million or 39%. The second are the ECs in Luzon with PhP 293.131 million or 33% and the remaining 27% or PhP 236.875 million were released to Visayas ECs.

The top five (5) regions that availed loans are Region XI (PhP 200M), Region V (PhP 179.986M), Region VII (PhP 171.161M), CARAGA (PhP 98.938M) and III (PhP 79.16M).

Regional status is presented in the following table:

**Table 6. Status of Loan Releases per Region (PhP Million)**

LUZON		VISAYAS		MINDANAO	
III	79.164	VI	42.630	X	26.366
IV-B	33.981	VII	171.161	XI	200.00
V	179.986	VIII	23.084	XII	15.00
				BARMM	3.000
				CARAGA	65.938
<b>TOTAL</b>	<b>293.131</b>	<b>TOTAL</b>	<b>236.875</b>	<b>TOTAL</b>	<b>343.304</b>
<b>NATIONAL</b>					<b>873.311</b>

#### 4. CAPACITY BUILDING PROGRAMS FOR NEA AND ECs

NEA continues to be a learning institution as it carries out the statutory obligations for structural reforms stated in Republic Act 9136 (EPIRA) and RA 10531 (NEA Reform Act). Capacity building programs such as competency seminars, trainings and local scholarship services are still being conducted for NEA and EC personnel.

For the first semester of 2024, there were sixty (60) trainings and scholarship programs conducted and facilitated for both the NEA and ECs with a total of 2,789 personnel capacitated. Out of the 60 programs, twenty-two (22) were facilitated for NEA associates and was attended by 357 participants. Thirty-eight (38) were conducted for EC management and staff with 2,432 personnel capacitated in different disciplines (Table 7)

**TABLE 7. 1<sup>st</sup> Semester 2024 Summary of Capacity Building Programs**

Particulars	NEA	ECs	GRAND TOTAL
Number of Training and Local Scholarship Programs	22	38	60
Number of Staff Capacitated	357	2,432	2,789

The following are the trainings and scholarship programs conducted and facilitated for NEA associates for during the First Semester of 2024:

PROGRAM	Number of Participants	Date conducted	
		Start	End
Seminar-Workshop on Spreadsheet Techniques for Power Supply Procurement Planning	27	23-Jan-24	26-Jan-24
Seminar Workshop on PRIME-HRM	49	01-Feb-24	02-Feb-24
Seminar-Workshop on Competency-Based Talent Management	46	26-Feb-24	27-Feb-24
Seminar-Workshop on Policies and Procedures on Appointments	5	28-Feb-24	29-Feb-24
Seminar-Workshop on SCADA Basics Part III	19	28-Feb-24	01-Mar-24
Experience-Sharing Session of project Supervisors/Acting Managers	34	15-Mar-24	15-Mar-24
Training on Mini-Grid Systems Design in the Philippines	10	19-Mar-24	21-Mar-24
Seminar - Workshop on Database Management and Data Analytics using Excel	39	19-Mar-24	21-Mar-24
Seminar - Workshop on Customer Centricity: Quality Customer Care	2	16-Apr-24	18-Apr-24

PROGRAM	Number of Participants	Date conducted	
		Start	End
Workforce Planning Career Development & Succession Management	2	17-Apr-24	19-Apr-24
Certified Public Procurement Specialist Basic Level	4	22-Apr-24	26-Apr-24
Revised Manual on the Disposal of Government Properties	1	07-May-24	08-May-24
Supervisory Development Course for NEA Employees	37	07-May-24	09-May-24
Quality Management System Awareness based on ISO 9001:2015 Standard	4	14-May-24	14-May-24
Power 101 for NEA	50	16-May-24	17-May-24
Conducting Quality Management System Audit using ISO 9001:2015 Standard based on ISO 19011:2018	5	21-May-24	22-May-24
12th Secretaries and Administrative Professionals Summit	5	23-May-24	24-May-24
CPD1: Distribution System Modeling & Analysis (4 parts)	5	01-Apr-24	07-Jun-24
NEA Work-Immersion Program	1	13-May-24	14-Jun-24
Online Strategic HROD Series 2: Artificial Intelligence in the Workplace for Human Resource and Organizational Development	7	14-Jun-24	14-Jun-24
Seminar on Levels of Learning Evaluation	3	18-Jun-24	20-Jun-24
GRI Certified Training for Sustainability Reporting	2	20-Jun-24	21-Jun-24

The following training programs were facilitated for the management and staff of the electric cooperatives during the first semester of 2024:

PROGRAM	Number of Participants	Date conducted	
		Start	End
Cooperative Management Course II (CMC II) - Financial Management	157	10-Jan-24	11-Jan-24
Seminar on the Revised Procurement Guidelines and Simplified Bidding Procedures (IRR-RA 10531)	34	11-Jan-24	12-Jan-24
Cooperative Management Course I and III (CMC I and III)	177	07-Feb-24	09-Feb-24
Meter Reading, Billing, Collection and Disconnection Enhancement Seminar	61	12-Feb-24	13-Feb-24
Meter Reading, Billing, Collection and Disconnection Enhancement Seminar	71	13-Feb-24	14-Feb-24
Supervisory Development Course	50	14-Feb-24	16-Feb-24
Data Management and Analytics Using Excel for Mindanao ECs	54	21-Feb-24	23-Feb-24
POWER 101 for ISABELA I Electric Cooperative, Inc.	321	22-Feb-24	23-Feb-24
Supervisory Development Course	66	27-Feb-24	29-Feb-24
Seminar-Workshop on the Revised Guidelines and Simplified Bidding Procedures (IRR-RA 10531)	33	28-Feb-24	29-Feb-24
Meter Reading, Billing, Collection and Disconnection Enhancement Seminar	45	11-Mar-24	13-Mar-24

PROGRAM	Number of Participants	Date conducted	
		Start	End
Seminar on Risk Based Internal Auditing (Modules 1 & 2) Visayas ECs	37	11-Mar-24	15-Mar-24
Meter Reading, Billing, Collection and Disconnection Enhancement Seminar	49	13-Mar-24	15-Mar-24
Basic Lineworker Training Course (BLTC)	25	19-Feb-24	19-Mar-24
Corporate Communications Training	177	19-Mar-24	21-Mar-24
Meter Reading, Billing, Collection and Disconnection Enhancement Seminar	40	02-Apr-24	04-Apr-24
Basic Lineworker Training Program	25	11-Mar-24	08-Apr-24
Seminar - Workshop on Customer Centricity: Quality Customer Care	66	16-Apr-24	18-Apr-24
Seminar on the Revised Procurement Guidelines and Simplified Bidding Procedures (IRR-RA 10531) for AKELCO	19	17-Apr-24	18-Apr-24
Seminar on Risk-Based Internal Auditing (Modules I & II) for Mindanao ECs	50	15-Apr-24	19-Apr-24
Lineworkers Refresher Course on Electric Power Distribution Line Operation and Maintenance for ZAMECO II	23	29-Apr-24	02-May-24
CPD1: Distribution System Modeling & Analysis (4 parts)	25	01-Apr-24	07-Jun-24
CPD4: Power Supply Planning, Procurement, Scheduling and Dispatch	25	15-Apr-24	10-May-24
Meter Reading, Billing, Collection and Disconnection (MRBCD) Enhancement	49	13-May-24	16-May-24
Data Privacy Awareness and Compliances for ECs	63	08-May-24	09-May-24
Data Management and Analytics Using Excel	51	15-May-24	17-May-24
S-W on Power Supply Procurement Planning and Forecasting Using Spreadsheet Techniques	47	20-May-24	22-May-24
Seminar on Ease of Paying Taxes (RA No. 11976)	125	21-May-24	22-May-24
Seminar - Workshop on Customer Centricity: Quality Customer Care	71	21-May-24	23-May-24
Data Privacy Awareness and Compliances for ECs	55	22-May-24	23-May-24
S-W on Power Supply Procurement Planning and Forecasting Using Spreadsheet Techniques	41	23-May-24	25-May-24
S-W on Power Supply Procurement Planning and Forecasting Using Spreadsheet Techniques	40	27-May-24	29-May-24
Data Privacy Awareness and Compliances for ECs	47	30-May-24	31-May-24
Seminar-Workshop on Power Supply Procurement Planning and Forecasting using Spreadsheet Technologies	43	13-May-24	01-Jun-24
Basic Lineworker Training Course	41	06-May-24	04-Jun-24
Meter, Reading, Billing, Collection and Disconnection (MRBCD) Enhancement	48	05-Jun-24	07-Jun-24
Seminar on the Revised Procurement Guidelines and Simplified Bidding Procedures (IRR-RA 10531)	23	13-Jun-24	14-Jun-24
Seminar - Workshop on Customer Centricity: Quality Customer Care	58	18-Jun-24	20-Jun-24

## 5. SUMMARY OF APPROVED POLICY, GUIDELINES AND PROCEDURES FOR THE FULFILLMENT OF NEA STATUTORY OBLIGATIONS

In accordance with the expanded powers and functions under Section 5 of RA 10531 and Section 5 of its IRR, the following policies and guidelines were formulated and have been approved by the NEA Board of Administrators. The purposes are to ensure fulfillment of the NEA’s mandate and to provide guidance and directions to the electric cooperatives in order to improve their performance to the highest efficiency level and the success in the implementation of plans, programs and targets.

There are eight (8) policies and guidelines approved by the NEA BOA for the first semester of 2024. The policy and guideline shall take effect upon the confirmation and approval of the NEA Board of Administrators and 15 days upon filing with the University of the Philippines (UP) Law Center pursuant to the Presidential Memorandum Circular No.11, dated October 9, 1992.

Below is the list of Policy Guidelines approved for the first semester of 2024.

Date Approved	Particulars
February 2, 2024 (Memo to ECs No. 2024-06)	Implementing Guidelines for the Regional Procurement Hub Program for Electric Cooperatives
February 2, 2024 (Memo to ECs No. 2024-07)	Enhanced Policy Guidelines on the Implementation of Strategized Rural Electrification and Operational Reliability for Electric Cooperatives
February 27, 2024	Guidelines on the Whistleblowing Program and Complaint Policy of the National Electrification Administration
April 19, 2024 (Memo to ECs No. 2024-18)	Guidelines for the Construction and Energization of Distribution Lines and Associated Equipment for the Supply of Power to Telecommunication Tower Infrastructure within the Coverage Area of ECs
May 7, 2024 (Memo to ECs No. 2024-21)	Enhanced Policy on the Classification of Electric Cooperatives (ECs) and Guidelines for the Declaration of Ailing EC
May 7, 2024 (Memo to ECs No. 2024-20)	Revised Guidelines on the Selection and Appointment of a NEA Representative to the Electric Cooperative Board of Directors
May 24, 2024 (Memo to ECs No. 2024-22)	Revised Policy on Cash Advances of EC Officials and Employees (1st Revision)
May 31, 2024 (Memo to ECs No. 2024-25)	Guidelines in the Establishment of a Retirement Fund for All Electric Cooperatives and the Grant of Retirement Benefits to its Regular Employees

## 6. RENEWABLE ENERGY DEVELOPMENT

The present administration has set forth a comprehensive energy agenda aimed at advancing the country's renewable energy development programs. It reflects a commitment to sustainable and clean energy solutions, addressing both the nation's energy security and environmental concerns. These strategic initiatives demonstrate a proactive approach to energy policy, fostering a greener and more resilient future for the Philippines. In support of this agenda, the NEA continues to promote the development of renewable energy. This initiative also aims to accelerate rural electrification program and obtain sustainable socioeconomic development in the far-flung areas of the country where on-grid access to electricity is not feasible. Relative to this, the following are the NEA's activities to achieve these goals:

### A. NEA's Subsidized Renewable Energy Projects

#### Photovoltaic Mainstreaming/Solar Home System (PVM/SHS Program)

The program aims to provide electric service to dispersed households where distribution lines are either physical or technical unviable for extension through stand-alone SHS, areas with dispersed households with no access to the grid; areas which the ECs have deemed not feasible for grid connection within the next five years. Such areas shall be included in the approved EC's Local Total Electrification Roadmap.

Below is the list of EC beneficiaries and other details of the project:

EC	Potential Household	Sitios/ Puroks	Funding Source	Status
NORDECO	1,022	36	LFP-TEP 2022	Initial release of fund to ECs – February 15, 2024 Estimated date of completion – August 13, 2024
SULECO	5,000	81	LFP-TEP 2023	Ongoing procurement process
ZANECO	1,000	18	2011-2022 Subsidy Savings	Ongoing procurement process
ZAMSURECO I	3,000	285	2011-2022 Subsidy Savings	Ongoing procurement process
SOCOTECO I	1,914	55	2011-2022 Subsidy Savings	Ongoing procurement process



<b>EC</b>	<b>Potential Household</b>	<b>Sitios/ Puroks</b>	<b>Funding Source</b>	<b>Status</b>
SOCOTECO II	1,067	149	2011-2022 Subsidy Savings	Ongoing procurement process
NORDECO	2,278	118	GAA 2024	Ongoing procurement process
SIARELCO	627	12	GAA 2024	Ongoing procurement process
SIASELCO	2,095	12	GAA 2024	Ongoing procurement process
SUKELCO	1,600	67	GAA 2024	Evaluated

**B. Capacity Building Program**

**Introduction to Photo-voltaic Mainstreaming/Solar Home System (PVM/SHS Project)**

On March 1, 2024, NEA conducted a consultative session with 45 Electric Cooperatives, whose participation is pivotal to the Agency’s endeavor of having a reliability accessible to all, particularly in off-grid and unserved areas.

This initiative aims to ensure long-term sustainability and holds significant potential for total electrification in the country.

**Seminar-Workshop on Rules Enabling the Net Metering Program**

On January 31, 2024, NEA conducted consultative session with the general managers and Board of Directors of 19 Electric Cooperatives to introduce the Net-Metering Program.

The activity aims to enhance the knowledge and understanding of the ECs about the net-metering program and to help them ensure submission of ECs’ net metering procedure to the ERC.

**C. Other Assisted Projects**

**Installation of Solar Facility including Net Metering Application and Equipment for Public Schools**

The Project aims to install a Solar Power Facility in rooftop of Public Schools including a Net Metering Connection and the intention is to source a portion of the schools’ demand

through the use of solar facility. The Project’s intention is to source a portion of Public Schools’ demand through the use of Solar Facility.

The Net Metering connection enables the Public Schools to maximize the power generated by the Solar Facility. The excess power will be delivered to the grid and will be offset on the consumed electricity from the grid. This is monitored by a bidirectional meter which records the imported and exported energy. The project will help in generating savings and at the same time mitigate climate change.

The following are the updates on the progress of electrification projects within various electric cooperatives, along with the number of public schools involved:

<b>Year</b>	<b>EC</b>	<b>No. of Projects</b>	<b>Status</b>
2019	BATELEC II	20	Completed
2021	BATELEC II	32	Ongoing project implementation
2021	INEC	8	Completed
2021	CEBECO I	1	Ongoing project implementation
2021	CEBECO I	1	Ongoing project implementation
2021	NEECO II – A1	1	Completed
2022	INEC	22	Ongoing project implementation
2023	INEC	5	Ongoing project implementation
2024	ZAMCELCO	1	For submission of required documents

### **Memorandum of Understanding (MOU) Between NEA and Climate Smart Ventures (CSV)**

The NEA has entered into a Memorandum of Understanding with Climate Smart Ventures for the implementation of grid modernization and hybridization of underserved and off-grid areas in the Philippines.

This project aims in improving the resilience of these areas as well as to speed up the shift to renewable energy, upgrade their grids, enhance their capacity for innovation and provide access to global technology and financing trends.

In its initial phase, the CSV, in collaboration with key partners, conducted a technical assessment of grid modernization and hybridization requirements for selected pilot off-grid areas. These efforts are crucial for developing the Guidebook on Grid Modernization and Hybridization, which will soon be accessible to all interested parties.

## **Memorandum of Understanding (MOU) between NEA and United Nations Office for Project Services**

The Technical Assistance program is designed to enable smart grid information (distribution network side) and demonstrate its applicability to increase renewable energy in the power generation mix.

The acquired Technical Assistance consists of three components:

1st Component – conduct assessment of barriers to smart grid adoption and develop General Information System-based map of the on-grid, backbone distribution network.

2nd component – ECs would identify smart-grid investments through an Investment Plan framework.

3rd component – capacity building program for the applicability of the GIS-based maps in contributing to the Renewable Energy targets.

### **Technical Assistance of Cornerstone of Rural Electrification (CORE)**

The Cornerstone of Rural Electrification provided technical training and certification to enhance the safety, efficiency and reliability of Distributed Renewable Energy (DRE) systems, with a particular focus on clean and hybrid energy mini-grids.

The two-part initiative began with the First Leg – Training of Tainors. This was led by experts from Engreen Solutions, a company in Rome, Italy. This initiative aims to equip the NEA Engineers with the skills necessary to conduct feasibility Study for hybrid micro-grid systems in off-grid areas. The Second Leg was conducted from July 30 to August 1, 2024 with 30 Electric Cooperatives.

### **Memorandum of Understanding (MOU) between NEA and State Grid of China Corporation (SGCC)**

The NEA has entered into a Memorandum of Understanding with SGCC, ISELCO II and CAGELCO II to formalize the collaborative agreement for the Brighten Up II Project. The SGCC intends to construct or provide an off-grid photovoltaic energy storage and power supply system for selected underserved areas in the country. This is in support of NEA's initiatives on renewable energy program such as Photovoltaic Mainstreaming/Solar Home System (PVM/SHS) and the Solar System for schools and other public buildings.

The NEA team, along with representatives from SGCC and CAGELCO II, visited one of the proposed project sites to conduct a site visit and ocular inspection. The location is being evaluated for the installation of solar-mounted rooftops for schools and Solar Home System beneficiaries as part of SGCC's Brighten Up II project.

## **Memorandum of Understanding (MOU) between NEA and the Philippine Space Agency and the University of the Philippines**

The National Electrification Administration (NEA) signed two separate memoranda of understanding (MOU) with the Philippine Space Agency (PhilSA) and the University of the Philippines (UP) to collaborate on various plans, programs, and projects aimed at accelerating its total electrification plan.

Under the MOU with PhilSA, it will assist NEA in pursuing state-funded electrification projects by providing satellite-based technology and other space science and technology applications (SSTA), which will identify unserved and underserved households in rural areas.

Meanwhile, the MOU between NEA and UP is geared towards developing a geographical information system (GIS) database, among other types of analytical tools, to increase the capacity of NEA and electric cooperatives (ECs) in identifying and verifying households with limited or no access to electricity.

NEA's partnerships with PhilSA and UP are expected to greatly assist with the implementation of the PVM Program., otherwise known as the Solar Home System (SHS) Program. This involves the use Renewable Energy technologies or hybrid systems to energize isolated communities with dispersed households. The PVM Program will be able to provide service connection to unserved areas where distribution lines are either physically or technically unviable for extension within the next 5 years or so.

### **7. Status of ECs and Recommendation for Ailing Electric Cooperatives**

Based from the NEA Reform Act of 2013 or Republic Act 10531, the following are the basis for NEA's intervention in the operation and management of the ECs:

- a. Rule IV - Section 21, IRR of RA 10531 empowers NEA to exercise its Step-In Rights over an ailing EC by appointing or assigning a PS or PS/AGM or assigning third persons to the Board of EC until the NEA decides that the election of a new Board of Directors to lead the EC is necessary. The NEA may also create a Management Team for the purpose.
- b. Section 5 Section 4(e) of Presidential Decree No. 269, as amended, is hereby further amended of RA 10531 that empowers NEA to supervise the management and operations of all electric cooperatives.
- c. Section 5 Section 4(j) of Presidential Decree No. 269, as amended, is hereby further amended by RA 10531 empowers NEA to ensure the economic and financial viability, and operation of all electric cooperatives.

Under Section 20 of the Implementing Rules and Regulations of RA 10531, an electric cooperative can be declared an “ailing EC” when it falls under the following circumstances:

- a. Has negative Net Worth for the last three (3) years
- b. Has accumulated ninety (90) days arrearages in power supply purchases from generating companies and power suppliers and the transmission cost
- c. Unable to provide electric service due to technical and/or financial inefficiencies
- d. Unable to efficiently perform its electric distribution utility obligations or continue in business due to organizational, external and internal factors
- e. Failed to meet other operational standards established by NEA

There are many issues and challenges being faced by the electric cooperatives that hinder the implementation of their plans and programs for the improvement of their operations or at worst scenario, may even cause the decline of their organization. These challenges include:

- a. Unstable/adverse peace and order situation
- b. High level of poverty incidence
- c. Strong political interventions/interference
- d. Cultural and ethnic beliefs
- e. Governance and management issues
- f. Natural and man-made calamities
- g. Financial concerns such as overdue power accounts from PSALM and power generating companies, unrecoverable interest, surcharges and penalties from consumers’ bill, huge uncollected power accounts from local government units, military camps and other government agencies, inappropriate distribution rates, among others
- h. Technical concerns such as old, dilapidated distribution line system, transformer overloading, lack of long - term power supply contracts

The Electric Cooperatives are evaluated based on the Enhanced Policy on the Classification of Electric Cooperatives (ECs) and Guidelines for the Declaration and Graduation of Ailing EC under Memorandum to ECs No. 2024-21

The Enhanced Policy Guideline retains the seven (7) performance parameters, covering the financial, operational, and technical status of electric cooperatives (ECs), with enhancements to address evolving industry challenges and the need for improved technical standards. The technical parameter has been aligned with ERC requirements, focusing on system loss and power reliability. System loss is now monitored at the feeder level in accordance with ERC Resolution No. 20, series of 2017, while the reliability indices adhere to the standards set in ERC Resolution No. 26, series of 2009 (Electric Cooperative Distribution Utility Planning Manual).

The non-compliant ECs will be classified and declared as “ailing” and would require NEA’s full intervention and may be open for alternative options or partnership with qualified private sector investors, local government and other ECs.

As of June 30, 2024, there are seven (7) ailing ECs classified based on their financial and operational performance under the parameters identified by NEA. They are ABRECO, ALECO, and MASELCO in Luzon and BASELCO, TAWELCO, SULECO and LASURECO in Mindanao.

The current condition of these ECs necessitates NEA intervention to prevent further retrogression and improve their operational efficiency and standards of service.

The following interventions were implemented:

- a. Creation of Task Force and Management Teams
- b. Designation of Acting General Managers and/or Project Supervisors
- c. Appointment of NEA Representative to the EC Board of Directors (BODs)
- d. Formulation and issuance of new and relevant policies and guidelines
- e. Round Table Assessment and Round Table Dialogue
- f. Provision of loans and subsidies
- g. Capacity Building for EC management and staff
- h. Member-Consumer-Owners (MCO) Empowerment Program
- i. Financial, institutional and technical services facilities

**Status of Ailing and/or underperforming ECs and the NEA extended interventions from January to June 2024.**

**1. ALECO**

Year	Categorization	Classification - Color	Classification - Size
2023	C	R	ML
2022	D	R	ML
2021	D	R	ML
2020	Deferred	R	ML
2019	D	R	ML
2018	D	R	ML
2017	D	R	ML

For the second quarter of 2024, ALECO is non-compliant in 6 of the 7 performance parameters in EC Classification. The EC is not able to comply with the financial parameters set by NEA. As for the Technical Parameters, only its Power Reliability was compliant with the result of 11.69 for SAIFI and 555.99 for SAIDI.

The 25-year Concession Agreement (CA) between ALECO and SMC Global Power Holdings, Corp. (SMCGPHC) and its subsidiary Albay Electric Power Company (APEC) was mutually terminated by ALECO and SMC Global Power as a result of the unanimous vote of the cooperative’s member-consumer-owners during a Special General Membership Assembly on September 3, 2022.

Following the termination of the 25-year Concession Agreement (CA) between ALECO and SMC Global Power Holdings, Corp. (SMCGPHC) and its subsidiary Albay Electric Power Company (APEC) on September 3, 2022, NEA took action to oversee ALECO's operations, appointing Engr. Wilfredo Bucsit as the Acting General Manager and establishing a Management Task Force for ALECO. Atty. Gwen P. Enciso-Kyamko was also designated as Project Supervisor of ALECO to supervise the management and operations of the cooperative.

The NEA has initiated several actions to support the improvement of ALECO. These interventions included monitoring of the implementation of the Operation Improvement Plan (OIP), roundtable assessments, and validation activities. In response to financial challenges, NEA proposed strategies to enhance ALECO's collection efficiency and working capital, such as increasing membership fees, enforcing graduated penalties for disconnections and pilferage, and implementing administrative fees for sales transactions. NEA also formed teams to address consumer sanitation, reconcile arrearages, and improve collection strategies, with technical support from nearby cooperatives through the Bicol Electric Cooperatives Association (BECA) and continued assistance from NEA engineers.

In addition, NEA recommended legal debt relief and interest waivers for ALECO's financial liabilities, seeking national government support to address mounting debt and streamline ALECO's financial obligations. Other critical actions included the rehabilitation of the distribution system, upgrading of lines, implementation of feeder metering, and system loss management. The NEA team emphasized the need for ALECO to restore trust among its member-consumer-owners (MCOs) by involving them in the cooperative's affairs and strengthening collection efforts, particularly in areas with low collection efficiency. NEA further urged ALECO to prioritize public education campaigns, enforce account-restructuring programs, and seek legal action for delinquent accounts, while exploring options to stabilize ALECO's financial and operational capacities.

**2. ABRECO**

Year	Categorization	Classification - Color	Classification - Size
2023	C	R	EL
2022	C	R	EL
2021	C	R	EL
2020	Deferred	R	EL
2019	C	R	EL
2018	D	R	EL
2017	D	R	EL

Based on the second quarter 2024 EC Classification, ABRECO was not compliant in 6 of the 7 performance parameters, namely, working capital fund, collection efficiency, payment to GENCO, result of financial operations, net worth and system loss. As for power reliability, both the SAIDI and SAIFI were compliant with the result of 0.10 and 41.00 minutes in duration of sustained customer power interruptions.



The NEA appointed Ms. Bienvenida Tongol as Project Supervisor with the following functions:

- a) Supervise the management and operations of ABRECO to ensure the delivery of electric service to the member-consumers;
- b) In the absence of a Board of Directors of ABRECO, to act as Board of Directors, promulgate and pass upon policies for and on behalf of the electric cooperative;
- c) Sign/countersign checks, withdrawal slips, and other banking transactions for and on behalf of the EC with all banks, where ABRECO has an account; and
- d) Perform other tasks that may be assigned by the NEA for the purpose of operational efficiency.

In response to ABRECO's operational challenges, the NEA has implemented various initiatives to help improve its operations. One of the primary measures includes closely monitoring the electric cooperative's (EC) working capital fund, which has consistently fallen short of meeting the One-Month Working Capital Requirement. To address this, NEA has recommended that ABRECO intensify ongoing activities such as cost-cutting measures, issuing disconnection notices, maintaining timely payments to power suppliers, and actively managing receivables. NEA further advised the cooperative to adjust meter reading schedules and regularly monitor financial ratios to ensure a stable cash flow.

NEA has also focused on improving ABRECO's financial stability and compliance with operational standards. Despite a slight improvement in collection efficiency from the previous year, ABRECO has yet to meet NEA's standard of 95%. NEA has urged the cooperative to adopt stronger measures to collect arrears, including offering restructuring programs for consumers with large unpaid balances, seeking legal action against delinquent customers, and conducting information campaigns to raise awareness about the importance of timely bill payments.

In addition to financial guidance, NEA has provided specific operational recommendations to enhance ABRECO's performance. NEA has urged ABRECO to prioritize the write-off of worthless accounts under NEA Memorandum No. 2023-29, which can help boost collection efficiency. The Agency also advised the cooperative to tackle system losses, which currently exceed the Energy Regulatory Commission's (ERC) standard, by implementing measures to lower system loss and increase efficiency. NEA continues to encourage ABRECO to follow audit recommendations and adopt cost-saving measures to improve its financial health.

### 3. MASELCO

Year	Categorization	Classification - Color	Classification - Size
2023	C	R	ML
2022	C	R	ML
2021	C	R	ML
2020	Deferred	R	ML
2019	C	R	EL
2018	C	R	EL
2017	D	R	EL

Assessment of the MASELCO's 2024 2<sup>nd</sup> quarter performance showed that it was not compliant in three (3) of the seven parameters set by NEA, the accounts payable to GENCO, net worth, and system loss. It is worthy to mention that the cooperative's cash general fund of Php152.370M is sufficient to finance its one-month working capital requirement of Php106.835M and it has attained a positive result of financial operation in the amount of Php0.783M. It was also able to comply with the 95% standard in collection efficiency with its 97.39% collection performance. The power reliability performance was also compliant with its 0.12 SAIFI and 10.53 SAIDI.

The NEA conducted roundtable assessment and ground monitoring at MASELCO with the objective of reviewing the cooperative's Strategic Development Plan (SDP) and validating its accomplishments. The NEA team focused on assessing key operational areas such as compliance with salary standards, the Collective Bargaining Agreement (CBA), and the impact of these agreements on MASELCO's financial and service performance. The team also facilitated the formulation of MASELCO's 2024 SDP, ensuring it aligns with the cooperative's long-term goals.

In response to operational challenges, particularly in collection efficiency and financial management, the NEA proposed several recommendations. These included stricter enforcement of disconnection policies, prioritizing the write-off of uncollectible accounts, and improving the cooperative's efforts to address arrearages with its power supplier, DMCI Masbate Power Corporation. Additionally, NEA advised MASELCO to restructure its consumer accounts, implement a task force for delinquent areas, and regularly conduct information campaigns to improve consumer engagement and payment compliance.

The NEA also highlighted the need for improvements in technical operations, recommending actions to reduce system loss and improve service reliability. The recommendations included line clearing, procurement of necessary equipment, and addressing dispatch protocol issues with DMCI to prevent power interruptions. Furthermore, MASELCO was encouraged to intensify anti-pilferage measures, rehabilitate distribution lines, and participate in benchmarking to adopt best practices from other electric cooperatives.

With the extension of appointment of Deputy Administrator Atty. Rossan SJ. Rosero-Lee as Project Supervisor and Engr. Enrico G. Velgado as Acting General Manager, strategies and initiatives are continuously being undertaken to mitigate the risks and challenges

encountered in the attainment of plans and programs to improve organizational performance.

### **Electric Cooperatives under Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)**

Republic Act No. 11054, the Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), otherwise known as the Bangsamoro Organic Law (BOL), was approved on 27 July 2018.

With the passage of this Law, the four (4) ailing/underperforming ECs are now under the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), namely: Tawi-Tawi Electric Cooperative, Inc. (TAWELCO), Basilan Electric Cooperative, Inc. (BASELCO), Sulu Electric Cooperative, Inc. (SULECO), and Lanao del Sur Electric Cooperative, Inc. (LASURECO). The other three (3) electric cooperatives under BARMM are Maguindanao Electric Cooperative, Inc. (MAGELCO), Siasi Electric Cooperative, Inc. (SIASELCO), and Cagayan de Sulu Electric Cooperative, Inc. (CASELCO)

For critically-challenged ECs, especially those in the BARMM areas, NEA initiated interventions through designation of Project Supervisors (PSs), Acting General Managers (AGMs) and/or PS/AGMs, as follows:

1. Mr. Nollie B. Alamillo – as PS of Lanado del Sur Electric Cooperative, Inc. (LASURECO)
2. Ms. Peraida L. Jalani – as PS/AGM of Tawi-Tawi Electric Cooperative, Inc. (TAWELCO)
3. Ms. Suraina A. Kalid – as AGM of Maguindanao Electric Cooperative, Inc. (MAGELCO)
4. Engr. Floyd Eric O. Bautista – as Technical Assist to Maguindanao Electric Cooperative, Inc. (MAGELCO)
5. Mr. Felix C. Canja, Jr. – as AGM of Basilan Electric Cooperative, Inc (BASELCO)

Aside from the financial assistance through grant of subsidies for the electrification projects and loans for qualified EC-borrowers for working capital and CAPEX requirements, below are the other assistances that had been and are being provided to ailing ECs:

1. Recipient of 7,095 Solar Home System for the 93 Sitios
2. Donation drive for a total of 67,300 units of kWh meters from various regional EC associations. This totaled to some Php80 million. However, this does not include Siasi Island Electric Cooperative, Inc. (SIASELCO) and Cagayan de Sulu Electric Cooperative, Inc. (CASELCO) as beneficiaries. NEA is still working on the possibility of providing kWh meters for their requirements;
3. Preparation of requirements for the transition and transfer of supervision of BARMM ECs to the BARMM Government through MENRE through creation of management task forces

4. Assistance in the formulation and preparation of the following:
  - a. Annual Cash Operating Budget (COB); and
  - b. Annual Operation Improvement Plan (OIP)/Strategic Development Plan (SDP)
5. Conduct of preventive maintenance activities for various EC substations and distribution lines;
5. Inspection of JICA Projects;
6. Development and Design of ECs' Distribution System Maps;
7. Performance Assessment and Technical Audit of the ECs; and
8. Conduct of Financial Management Audit

### **Performance Assessment of BARMM ECs**

Most of the BARMM ECs, for years, have been assessed and evaluated under the NEA Overall Performance Assessment and Evaluation System as underperforming ECs.

They have not complied either with all or most of the parameter standards set by NEA under the Key Performance Standards (KPS) and EC Classification Standards, and are therefore tagged as either under the "Ailing" or "Red" or "Orange" ECs.

The common challenges observed in BARMM ECs include high incidence of power pilferages coupled with unreliable distribution system due to obsolete, aged, or dilapidated distribution facilities. Also, high incidence of poverty in these places results in inability of customers to pay their electric bills on time.

Likewise, the adverse peace and order situation are seen to have a big contribution to the poor economic condition in these areas. All these circumstances lead to the BARMM ECs' inability to pay their payables to power providers and creditors; and, financial difficulty to cover other administrative expenses.

For the BARMM ECs to be able to pay its mounting obligations and to recover from being an ailing electric cooperative, the whole nation approach in resolving the root causes of the problems is necessary.

### **1. TAWELCO**

Year	Categorization	Classification - Color	Classification - Size
2023	D	R	M
2022	D	R	M
2021	D	R	M
2020	Deferred	R	M
2019	D	R	M
2018	D	R	M
2017	D	R	M

Latest assessment of their accomplishments showed that the EC was not compliant with five of the seven (7) performance parameters in EC Classification. Collection Efficiency standard of 95% was not attained with only 37.10 collection performance. The cooperative is in arrears with its obligation to GenCo; negative in its financial obligation as well as its net worth. Its' system loss is also not compliant with the 12% standard with its 22.95% technical performance.

NEA has provided Management Assistance to TAWELCO by assigning Ms. Peraida T. Jalani as Project Supervisor/ Acting General Manager. Ms. Jalani is tasked to supervise and monitor the implementation of plans and programs set to address the financial, institutional and technical issues in the operations of the cooperative including the mandate to provide total electrification in the Province of Tawi-Tawi.

The NEA has implemented several initiatives to help TAWELCO improve its operations, focusing on addressing its long-standing issues with system loss and collection efficiency. Over the past seven years, TAWELCO was classified as a "Red" or ailing electric cooperative due to its high system losses and low collection efficiency. However, since 2022, the EC has made significant progress, bringing system loss down and improving its current-to-current collection efficiency. NEA's technical guidance and oversight contributed to these achievements, allowing TAWELCO to meet more of its obligations to power suppliers and creditors.

Additionally, NEA worked with TAWELCO to improve its cash flow management and build up a Working Capital Fund. By the end of CY 2023, TAWELCO accumulated PhP53M in working capital, of which PhP31M was available for operational expenses. NEA's ongoing assistance has ensured that TAWELCO could cover its monthly working capital requirements, balancing between power supplier payments, non-power costs, and CAPEX projects. Moving forward, NEA continues to emphasize the importance of financial management and cost-cutting measures to sustain these operational improvements.

**2. BASELCO**

Year	Categorization	Classification - Color	Classification - Size
2023	D	R	L
2022	D	R	L
2021	D	R	L
2020	Deferred	R	L
2019	D	R	L
2018	D	R	L
2017	D	R	L

As of 2<sup>nd</sup> quarter of 2024, BASELCO was compliant with two of the seven parameters, the cash general fund and power reliability. The other remaining five (5) parameters were not complied by the EC which can be attributed to multiple internal and external factors such as dilapidated electric distribution system, socio-political interventions, governance, threat on safety and security, widespread irregularities, and fraudulent activities among others.

The NEA has initiated several measures to support BASELCO in improving its operational efficiency and addressing challenges in collection and project implementation. For the First Semester of 2024, BASELCO collected PhP301.2M, which represents 49.57% of the targeted collection for the year. NEA's oversight has helped BASELCO improve its revenue generation, with the City of Isabela posting the highest collection, while the Municipality of Tuburan recorded the lowest. Despite these efforts, BASELCO faces challenges in achieving its financial targets, which NEA continues to address through guidance on collection strategies and financial management.

In addition to collection efforts, NEA has closely monitored BASELCO's performance against its 2024 Operational Improvement Plan (OIP). Of the 54 activities targeted for the first two quarters, BASELCO met 22 (40.74%) of its goals, with 27 (50%) not achieved and five (9.26%) exceeding expectations. The reasons for the unmet targets include lack of manpower, rescheduling or unfinished activities, and insufficient funds. NEA is working with BASELCO to address these constraints, providing technical and strategic support to improve project implementation and overall operational performance.

### 3. SULECO

Year	Categorization	Classification - Color	Classification - Size
2023	B	R	EL
2022	B	R	L
2021	C	R	L
2020	Deferred	R	L
2019	C	R	L
2018	C	R	L
2017	C	R	L

As of 1<sup>st</sup> quarter of 2024, SULECO was not compliant with two parameters (2) of the seven (7) parameters on EC classification namely collection efficiency and net worth. With the collection performance of the cooperative at 44.13%, it is positive to note that it is still able to finance its one month working capital of PhP 45.270 million with its PhP 244.882 million working capital fund. Also, the cooperative was able to sustain a positive financial operation.

The cooperative's system loss has improved from 9.35% in 2022 to the present status of 8.58%. This is the result of continuous rehabilitation of distribution lines and implementation of elevated cluster metering in the province.

For first semester of 2024, SULECO met 22 out of 50 targeted activities (44%) under its Operational Improvement Plan (OIP), with 14 activities (28%) exceeding their targets. NEA's guidance has been crucial in addressing operational challenges, but some targets were not met due to rescheduled activities, lack of personnel, and ongoing negotiations, particularly regarding the debt restructuring of NPC power bills and the administrative building project.

Additionally, NEA's efforts to enhance SULECO's services included the provision of 5,000 Solar Home Systems, which will benefit 81 sitios within the cooperative's franchise area. This initiative is part of NEA's ongoing strategy to improve energy access and operational efficiency for SULECO, ensuring sustainable development for the cooperative and its consumers.

#### 4. LASURECO

Year	Categorization	Classification - Color	Classification - Size
2023	D	R	ML
2022	D	R	ML
2021	D	R	EL
2020	Deferred	R	EL
2019	D	R	EL
2018	D	R	EL
2017	D	R	EL

As of 2nd quarter of 2023, LASURECO is still not able to comply with all the seven parameters in EC classification. Their cash general fund of Php6.490 million is insufficient to finance the cooperative's one-month working capital requirement of Php73.734 million. The cooperative has a negative Net Worth and is negative in their Financial Operations.

On May 27, 2024, NEA designated Mr. Percival Crisostomo as Acting General Manager of the cooperative to perform the following tasks:

1. Manage the day-to-day operations of LASURECO to ensure the efficient delivery of electric service to the member-consumer-owners;
2. Hire, fire, transfer, discipline and terminate cooperative personnel;
3. Sign/countersign checks, withdrawal slips and other banking transactions for and in behalf of the EC
4. Perform such other tasks/duties that maybe assigned/directed by the NEA for the purpose of operational efficiency.

As part of the Agency's initiative in assisting LASURECO, NEA facilitated the shift from the MUPA (Metering Under Power Aggregation) system to individualized billing for unmetered consumers, resulting in a 12% increase in sales and a 13% increase in collection. The shift demonstrates that individual consumers are more willing to pay when they receive their respective power bills based on actual consumption. To further improve revenue collection, LASURECO plans to install kilowatt-hour meters for 88,000 unmetered consumers.

In the assessment of the cooperative's performance, it is observed that despite the positive impact of individualized billing, LASURECO faced challenges in meeting its 2023 Operational Improvement Plan (OIP). Out of 107 activities identified, only 24.31% were met, with 68.22% not achieved due to lack of manpower, materials, and funding, as well as dependencies on external projects such as those from the National Housing Authority (NHA). Additionally, LASURECO's compliance with its WESM registration as an Indirect Member remains pending, indicating that further efforts are required to improve its overall performance.



## Annex A: Status of 1<sup>st</sup> Semester 2024 Rural Electrification Program

<b>Electric Cooperatives</b>	<b>Sitios</b>	<b>Consumer Connections</b>
<b>Region I</b>	<b>25</b>	<b>15,977</b>
INEC	-	2,249
ISECO	-	2,149
LUELCO	-	2,695
PANELCO I	-	1,345
CENPELCO	3	3,999
PANELCO III	22	3,540
<b>Region II</b>	<b>82</b>	<b>15,544</b>
BATANELCO	-	132
CAGELCO I	23	3,166
CAGELCO II	28	2,152
ISELCO I	22	1,795
ISELCO II	-	5,062
NUVELCO	-	2,552
QUIRELCO	9	685
<b>CAR</b>	<b>23</b>	<b>5,003</b>
ABRECO	-	780
BENECO	-	1,838
IFELCO	-	491
KAELCO	8	989
MOPRECO	15	905
<b>Region III</b>	<b>17</b>	<b>29,460</b>
AURELCO	-	1,225
TARELCO I	3	2,680
TARELCO II	-	2,105
NEECO I	-	1,315
NEECO II – Area 1	8	2,871
NEECO II – Area 2	-	3,200
SAJELCO	-	693
PRESCO	-	959
PELCO I	-	2,589
PELCO II	-	3,778
PELCO III	-	859
PENELCO	6	3,608
ZAMECO I	-	1,645
ZAMECO II	-	1,933

## Annex A: Status of 1<sup>st</sup> Semester 2024 Rural Electrification Program

Electric Cooperatives	Sitios	Consumer Connections
<b>Region IV-A</b>	<b>23</b>	<b>12,476</b>
FLECO	-	869
BATELEC I	-	2,593
BATELEC II	-	5,729
QUEZELCO I	-	2,089
QUEZELCO II	23	1,196
<b>Region IV-B</b>	<b>54</b>	<b>10,780</b>
LUBELCO	-	72
OMECO	-	1,680
ORMECO	-	2,573
MARELCO	3	928
TIELCO	7	799
ROMELCO	10	191
BISELCO	21	567
PALECO	13	3,970
<b>Region V</b>	<b>35</b>	<b>17,211</b>
CANORECO	-	4,273
CASURECO I	16	1,509
CASURECO II	-	1,895
CASURECO III	19	1,378
CASURECO IV	-	749
ALECO	-	3,144
SORECO I	-	1,274
SORECO II	-	1,399
FICELCO	-	720
MASELCO	-	870
TISELCO	-	-
<b>Luzon</b>	<b>259</b>	<b>106,451</b>

## Annex A: Status of 1<sup>st</sup> Semester 2024 Rural Electrification Program

<b>Electric Cooperatives</b>	<b>Sitios</b>	<b>Consumer Connections</b>
<b>Region VI</b>	<b>75</b>	<b>23,663</b>
AKELCO	-	2,273
ANTECO	-	2,097
CAPELCO	-	2,772
ILECO I	-	2,637
ILECO II	19	2,216
ILECO III	56	3,235
GUIMELCO	-	855
NONECO	-	1,285
CENECO	-	4,398
NOCECO	-	1,895
<b>Region VII</b>	<b>105</b>	<b>25,105</b>
NORECO I	54	6,660
NORECO II	27	3,667
BANELCO	-	538
CEBECO I	-	3,541
CEBECO II	-	2,325
CEBECO III	24	2,316
PROSIELCO	-	357
CELCO	-	261
BOHECO I	-	2,513
BOHECO II	-	2,927
<b>Region VIII</b>	<b>3</b>	<b>12,646</b>
DORELCO	3	1,687
LEYECO II	-	940
LEYECO III	-	942
LEYECO IV	-	899
LEYECO V	-	2,242
SOLECO	-	1,583
BILECO	-	599
NORSAMELCO	-	585
SAMELCO I	-	824
SAMELCO II	-	912
ESAMELCO	-	1,433
<b>Visayas</b>	<b>183</b>	<b>61,414</b>

## Annex A: Status of 1<sup>st</sup> Semester 2024 Rural Electrification Program

<b>Electric Cooperatives</b>	<b>Sitios</b>	<b>Consumer Connections</b>
<b>Region IX</b>	<b>151</b>	<b>13,514</b>
ZANECO	125	5,053
ZAMSURECO I	26	5,330
ZAMSURECO II	-	1,228
ZAMCELCO	-	1,903
<b>Region X</b>	<b>124</b>	<b>12,388</b>
MOELCI I	-	907
MOELCI II	16	1,208
MORESCO I	41	1,605
MORESCO II	31	1,642
FIBECO	-	3,357
BUSECO	36	2,018
CAMELCO	-	160
LANECO	-	1,491
<b>Region XI</b>	<b>79</b>	<b>11,996</b>
DORECO	-	978
NORDECO	50	4,229
DASURECO	29	6,789
<b>Region XII</b>	<b>42</b>	<b>11,288</b>
COTELCO	17	3,150
COTELCO-PPALMA	-	647
SOCOTECO I	-	2,108
SOCOTECO II	18	4,176
SUKELCO	16	1,207
<b>BARMM</b>	<b>36</b>	<b>1,494</b>
TAWELCO	-	-
SIASELCO	-	-
SULECO	9	788
BASELCO	18	246
CASELCO	-	40
LASURECO	-	-
MAGELCO	-	420
<b>CARAGA</b>	<b>91</b>	<b>8,727</b>
ANECO	18	2,304
ASELCO	53	2,417
SURNECO	-	379
SIARELCO	13	1,083
DIELCO	-	736
SURSECO I	7	738
SURSECO II	-	1,070
<b>Mindanao</b>	<b>523</b>	<b>59,407</b>
<b>Total</b>	<b>965</b>	<b>227,272</b>

## Annex B: 1<sup>st</sup> Semester 2024 Subsidy Releases

Electric Cooperatives	Amount
<b>REGION I</b>	<b>64,787,294.19</b>
INEC	19,456,838.34
ISECO	5,440,709.98
PANELCO III	39,889,745.87
<b>REGION II</b>	<b>71,991,877.04</b>
BATANELCO	4,699,341.00
CAGELCO I	1,992,742.30
CAGELCO II	28,401,852.96
ISELCO I	36,897,940.78
<b>CAR</b>	<b>109,617,159.59</b>
ABRECO	18,748,870.71
BENECO	27,822,718.07
IFELCO	610,890.39
KAELCO	48,565,734.16
MOPRECO	13,868,946.26
<b>REGION III</b>	<b>6,127,291.56</b>
AURELCO	1,298,202.61
TARELCO I	580,741.38
TARELCO II	893,792.62
NEECO I	301,468.51
NEECO II A2	2,092,942.99
PENELCO	960,143.45
<b>REGION IV-A</b>	<b>1,313,521.19</b>
QUEZELCO I	1,267,817.52
QUEZELCO II	45,703.67
<b>REGION IV-B</b>	<b>129,820,900.43</b>
OMECO	210,496.52
TIELCO	9,983,269.86
ROMELCO	265,562.53
PALECO	119,361,571.52
<b>REGION V</b>	<b>89,910,282.69</b>
CANORECO	160,437.06
CASURECO I	2,535,695.01
CASURECO II	1,420,368.20
CASURECO III	16,583,740.04
CASURECO IV	44,999,993.81
ALECO	10,156,322.57
SORECO I	8,150,293.76
MASELCO	5,903,432.24

## Annex B: 1<sup>st</sup> Semester 2024 Subsidy Releases

<b>Electric Cooperatives</b>	<b>Amount</b>
<b>REGION VI</b>	<b>58,848,570.60</b>
CAPELCO	2,130,066.91
ILECO III	51,217,143.09
NONECO	4,924,826.72
NOCECO	576,533.88
<b>REGION VII</b>	<b>139,959,545.40</b>
NORECO I	17,162,305.84
NORECO II	2,020,421.92
CEBECO I	15,611,034.83
CEBECO II	5,439,914.39
CEBECO III	15,394,883.06
BOHECO I	14,761,533.27
BOHECO II	69,569,452.09
<b>REGION VIII</b>	<b>13,209,189.74</b>
BILECO	1,420,593.75
NORSAMELCO	2,715,313.89
SAMELCO I	9,073,282.10
<b>REGION X</b>	<b>105,906,056.12</b>
MORESCO I	21,768,967.51
MORESCO II	42,461,882.38
BUSECO	41,675,206.23
<b>REGION XI</b>	<b>211,111,969.93</b>
DORECO	25,696,575.50
NORDECO	119,616,541.30
DASURECO	65,798,853.13
<b>REGION XII</b>	<b>241,520,676.08</b>
COTELCO	44,804,125.66
SOCOTECO II	65,626,005.47
SUKELCO	131,090,544.95
<b>CARAGA</b>	<b>322,963,896.10</b>
ASELCO	209,624,463.80
SURNECO	91,228,121.46
DIELCO	6,871,012.32
<b>BARM</b>	<b>38,072,749.45</b>
SULECO	37,558,816.57
BASELCO	513,932.88
<b>TOTAL</b>	<b>1,605,160,980.11</b>

### Annex C: January to June 2024 CAPEX Loans

Electric Cooperatives	Loan Type	Project/s	Amount
<b>Region III</b>			
TARELCO I	RE-FR	Replacement of the Sta. Ignacia Substation's Power Transformer from 10MVA to 20MVA	21,164,000.00
PENELCO	RE-FR	For the construction of 20/25/33 MVA Substation in Hermosa, Bataan	58,000,000.00
<b>Region IV</b>			
TIELCO	RE-FR	1. Replacement of Old Cut-outs to Disconnect Switch and Installation of Lightning Arrester, 2. Installation of Line Recloser and Fault Circuit indicator, 3. Transportation Equipment - Service Vehicle and 4. Tools and Safety Gadgets	8,981,000.00
MARELCO	Working Capital	Power Accounts - NPC	25,000,000.00
<b>Region V</b>			
MASELCO	Concessional	Construction of Del Rosario, Uson 10MVA Station	29,986,212.50
CASURECO III	Working Capital	Power Accounts - Sual Power Inc. (SPI)	50,000,000.00
CASURECO II	Working Capital	Power Accounts - Independent Electricity Market Operator of the Philippines (IEMOP)	100,000,000.00
<b>Region VI</b>			
ILECO II	EUCDRP	Replacement of 10MVA to 20MVA Power Transformer including Protective Devices and Accessories at Pototan Substation	27,630,414.00
CAPELCO	Working Capital	Power Accounts - Enervantage Suppliers Company, Inc. (ESCI)	15,000,000.00

### Annex C: January to June 2024 CAPEX Loans

Electric Cooperatives	Loan Type	Project/s	Amount
<b>Region VII</b>			
CELCO	Working Capital	Power Accounts - Camotes Island Power Generation Corp. (CAMPCOR)	12,000,000.00
	RE-FR	Rehabilitation/Replacement of Rotten Wood Pole (CLC 007) from San Francisco Proper to San Isidro	3,835,000.00
	RE-FR	Procurement of KWHR meter for New Connection	2,663,750.00
	RE-FR	Procurement of KWHR meter for replacement of defective KWHR meters	2,170,000.00
	RE-FR	Procurement of Distribution Transformers	2,266,500.00
	RE-FR	Procurement of 6 Automatic Circuit Reclosers for the safety and protection of CAMPCOR	2,310,000.00
	RE-FR	Upgrading of Single Phase to Three Phase and Rehabilitation from Brgy. Consuelo to Mangudlong, Heminsulan (CLC001)	1,795,230.00
NORECO I	Working Capital	Power Accounts - FDC Misamis Power Corp. (FDCMPC) - 2nd Release	10,000,000.00
BOHECO I	RE-FR	Design, Supply, Installation, Testing, Commissioning of 20/25MVA Cortes Substation "Turn Key Project" and Construction of 3 Phase Line Outgoing Feeder	52,705,276.92
BOHECO II	RE-FR	Procurement of distribution transformer for system improvement	10,480,312.59
CEBECO III	RE-FR	Construction of 13km, 69KV Sub transmission from Toledo to Poog	57,600,581.00



### Annex C: January to June 2024 CAPEX Loans

Electric Cooperatives	Loan Type	Project/s	Amount
<b>Region VIII</b>			
LEYECO V	Renewable Energy	Cost of interest payment for DBP loan during the grace period (Construction of Bao Mini-Hydro Project-Equity Portion)	4,295,401.30
NORSAMELCO	EUCDTRP	Acquisition of 10MVA Power Transformer	18,788,800.00
<b>Region X</b>			
BUSECO	RE-FR	Standard Connection Facilities (2nd Release)	26,366,516.69
<b>Region XI</b>			
NORDECO	Working Capital	Power Accounts - FDC Misamis Power Corp. (FDCMPC) - Chargeable to RE/FR Loan Balance	200,000,000.00
<b>Region XII</b>			
SOCOTECO I	RE-FR	Construction of 30MVA Koronadal Substation, 1.8km Sub transmission Line & 6 Feeders	15,000,000.00
<b>BARMM</b>			
SIASELCO	Concessional	Completion of the Building and acquisition of Office Equipment, Furniture and Fixtures for the new building	3,000,000.00
SURSECO II	RE-FR	For Vehicle requirement	68,500,000.00
SURSECO II	RE-FR	Re-routing and Rehabilitation of Electrical Facilities	20,408,065.90
SURSECO II	RE-FR	For Linemen Tools requirement	10,030,000.00
<b>TOTAL</b>			<b>859,977,060.90</b>

**Annex D: January to June 2024 Calamity Loan**

<b>EC</b>	<b>Typhoon</b>	<b>Project</b>	<b>Amount</b>
BOHECO I	Odette	Cost for the Janapol Mini-Hydro Power Plant Rehabilitation	<b>13,334,479.81</b>

