



TECHNICAL ADVISORY NO. 7

TO : ALL ELECTRIC COOPERATIVES

SUBJECT : IMPLEMENTATION OF SITIO ELECTRIFICATION PROGRAM (SEP) PROJECTS

DATE : MAY 10, 2023

A reminder to all Electric Cooperatives (ECs) with regard to the provisions in the Memorandum of Agreement (MOA) on the timeline of the completion and energization of projects.

In its latest conduct of audit, the Commission on Audit (COA) issued an Audit Observation Memorandum (AOM) No. 2022-057 (2012-2022) regarding the Implementation of CY 2022 Audited Electric Cooperatives' (ECs) Subsidy Funded Projects particularly the delays incurred in the construction of distribution line under the 2011 and 2019 and in the energization of four projects under 2014 to 2019 SEP are not in accordance with Items 3.a and 3.b of the MOA between NEA and ECs.

*3.a. The project(s) should be implemented and completed within six (6) months after receipt of the subsidy appropriations by the RECIPIENT from NEA;*

*3.b. Should the RECIPIENT foresee the possibility of failing to complete the project(s) within the six-month period, it shall make a written request for extension thereof within thirty (30) days before its expiration. NEA shall act on the request for extension within the same 30-day period. Furthermore, any extension of the said six-month period shall, in no case, exceed three (3) months.*

In this regard, all ECs are enjoined to strictly adhere with the following COA recommendations:

- Comply strictly with the timeline set for project completion and energization in Items 3.a of the MOA to avoid suspension of further release of subsidy funds as mentioned in Sections 6 of the MOA; and
- Submit written requests within thirty days before the deadline for extensions of the projects that cannot be completed within the initial six-months period, as mentioned in Item 3.b of the MOA.

For your strict compliance.

**ERNESTO O. SILVANO, JR.**  
Deputy Administrator for Technical Services