



DEC 21, 2021

MEMORANDUM 2021-59

TO: ALL ELECTRIC COOPERATIVE

SUBJECT: EXECUTIVE ORDER NO. 156

INSTITUTING MEASURES TO ENSURE CONSISTENT AND RELIABLE ELECTRICITY SERVICE IN INADEQUATELY SERVED AREAS, IMPROVE PERFORMANCE OF INEFFECTIVE DISTRIBUTION UTILITIES, AND ACHIEVE TOTAL ELECTRIFICATION OF THE COUNTRY

President Rodrigo Roa Duterte issued Executive Order No. 156 on 9 December 2021, instituting measures to ensure consistent and reliable electricity service in inadequately served areas in line with the government efforts to accelerate the country's total electrification and with emphasis on the need to use advance technology that will facilitate the development of integrated systems such as microgrids, distributed energy resources, delivery and consumption of electricity that is managed in smaller scale suitable for unserved and unviable areas.

The EO highlighted that there are distribution utilities/electric cooperatives that continue to demonstrate poor performance, thus hampering the government goals for total electrification. The EO enunciated the transfer of the power to take over the operations of ailing electric cooperatives from the National Electrification Administration to the Office of the President.

In this regard, the EO mandates all distribution utilities to submit to the Department of Energy (DOE) within thirty (30) days from the effectivity of the Order, a Comprehensive Electrification Master Plan (CEMP) for the total electrification of their respective franchise areas, including but not limited to the following:

- a. Detailed inventory of all inadequately served areas within their respective franchise area;
- b. Action plans and programs to achieve the timely implementation of their total electrification program, including proposals to waive identified areas

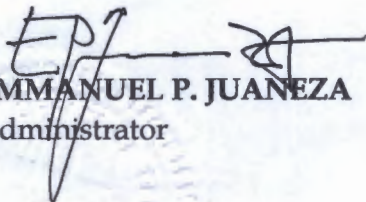
for alternative service providers and qualified third parties pursuant to Section 59 of RA No. 9136 or the EPIRA law;

- c. Specific timelines to implement each action plan and program to deliver continuous, reliable and affordable service; and
- d. Funding sources and budgetary requirements, among others.

The CEMP shall be subject to the approval of the DOE.

NEA shall be coordinating with the DOE and/or the Energy Regulatory Commission in the implementation and carrying out the rest of the directives under the Executive Order and the ECs are equally obligated to update itself of this development.

Please find herein copy of the Executive Order No. 156 for your compliance and appropriate guidance.


EMMANUEL P. JUANEZA
Administrator





MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO.156

INSTITUTING MEASURES TO ENSURE CONSISTENT AND RELIABLE ELECTRICITY SERVICE IN INADEQUATELY SERVED AREAS, IMPROVE PERFORMANCE OF INEFFECTIVE DISTRIBUTION UTILITIES, AND ACHIEVE TOTAL ELECTRIFICATION OF THE COUNTRY

WHEREAS, Republic Act (RA) No. 9136 or the "Electric Power Industry Reform Act of 2001," declares it a policy of the State to accelerate the total electrification of the country and ensure the quality, reliability and affordability of power;

WHEREAS, RA No. 10531 or the "National Electrification Administration Reform Act of 2013," declares it a State policy to empower and enable electric cooperatives to pursue rural electrification, especially in economically unviable areas;

WHEREAS, consistent with the commitment of the Philippines to support the United Nations General Assembly Sustainable Development Goal of attaining universal energy access, this Administration aims to achieve inclusive and nationwide access to electricity, and ensure total household electrification by 2022;

WHEREAS, RA No. 9136 empowers the Department of Energy (DOE) to ensure the reliability, quality and security of the supply of electric power, and facilitate and encourage reforms in the structure and operations of distribution utilities for greater efficiency and lower costs;

WHEREAS, the National Electrification Administration (NEA) exercises supervision over electric cooperatives and is empowered under RA No. 10531 to exercise step-in rights and take over the operations of any ailing electric cooperative;

WHEREAS, while electrification of the entire country is one of the primary concerns of the government, certain distribution utilities, as well as ailing electric cooperatives, continue to underperform, and thus hamper government efforts for the country's total electrification;

THE PRESIDENT OF THE PHILIPPINES

WHEREAS, there is a need to utilize rapid advancements in technology which have facilitated the development of integrated systems such as microgrids, distributed energy resources (DERs) and other alternative service providers, where the nature of production, delivery and consumption of electricity can be controlled and operated on a smaller scale suitable for unserved and unviable areas;

WHEREAS, Section 17, Article VII of the 1987 Constitution states that the President shall have control of all the executive departments, bureaus and offices, and shall ensure that the laws be faithfully executed; and

WHEREAS, Section 31, Chapter 10, Title III, Book III of Executive Order No. 292 (s. 1987) or the "Administrative Code of 1987," vests in the President the continuing authority to reorganize the administrative structure of the Office of the President, including the power to transfer any function from any department or agency to the Office of the President;

NOW, THEREFORE, I, RODRIGO ROA DUTERTE, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

SECTION 1. Responsibilities of the DOE. Consistent with its mandate under RA No. 9136, the DOE is hereby directed to:

- 1.1. Identify unviable, unserved, underserved and poorly served areas (collectively, "Inadequately Served Areas") within the franchise areas of distribution utilities (DUs);
- 1.2. Mandate all DUs to submit to the DOE, within thirty (30) days from the effectivity of this Order, a Comprehensive Electrification Master Plan (CEMP) for the total electrification of their respective franchise areas which shall contain, but shall not be limited to, the following:
 - a. Detailed inventory of all Inadequately Served Areas within their franchise area;
 - b. Action plans and programs to achieve the timely implementation of their total electrification program, including proposals to waive identified areas for alternative service providers and qualified third parties pursuant to Section 59 of the RA No. 9136;
 - c. Specific timelines to implement each action plan and program to deliver continuous, reliable and affordable service (hereafter, "Timeline for Satisfactory Service"); and
 - d. Budgetary requirements and funding sources;

The DOE may modify or reject a submitted CEMP if it is not in accordance with the objective of total electrification or if it will not provide the highest quality and least cost of service for providing electricity.

- 1.3. Take appropriate steps to ensure the electrification of Inadequately Served Areas that remain as such after the lapse of the submitted Timeline for Satisfactory Service, as determined by the DOE;

Areas that have been declared as remote and unviable by the DOE, with a waiver from their respective DUs at the time of the effectivity of this Order, shall be prioritized for the supply of their electricity requirements by alternative service providers or qualified third parties;

- 1.4. Formulate mechanisms and procedures for the participation of local government units and communities in determining whether their respective areas are inadequately served, as well as appropriate measures for the total electrification thereof;
- 1.5. Consult with all relevant government agencies and electric power industry participants to determine and identify all under-performing and ineffective DUs, and undertake necessary actions to improve or enhance their performance;
- 1.6. Conduct a performance review of all DUs and assess the performance of all agencies and electric power industry participants involved in the total electrification program and recommend appropriate actions therefor;
- 1.7. Promulgate rules and regulations for the entry and integration of microgrids, DERs and other alternative service providers into the electric power industry, subject to relevant laws and issuances; and
- 1.8. Perform such other functions to accelerate the total electrification of the country.

SECTION 2. Responsibilities of the Energy Regulatory Commission (ERC). Consistent with its mandate under RA No. 9136, the ERC shall:

- 2.1. Promulgate rules in computing rates that allow full cost recovery for the facilities built by microgrids, DERs and other alternative electric service providers;
- 2.2. Issue corresponding guidelines for the registration of microgrids, DERs and other alternative service providers; and
- 2.3. Impose fines and penalties against non-compliant DUs and recommend to Congress the revocation of their franchises, as may be warranted.

SECTION 3. Responsibilities of the NEA. Consistent with its powers and functions under RA No. 10531, the NEA shall:

- 3.1. Submit, within thirty (30) days from the effectivity of this Order, a report to the Office of the President, through the DOE, on the status of ailing electric cooperatives, as defined under the Implementing Rules and Regulations

(IRR) of RA No. 10531, including the measures that were undertaken to restore the economic and financial viability of their respective operations; and

- 3.2. Coordinate with the DOE and extend the necessary assistance to enhance distribution development in pursuit of the total electrification of the country.

The power to exercise step-in rights and take over the operations of ailing electric cooperatives under RA No. 10531 and its IRR, to improve the financial condition of such electric cooperatives, is hereby transferred to the Office of the President.

SECTION 4. Assistance and Cooperation. All departments, agencies, bureaus, offices or instrumentalities of the government that perform functions relating to the provision of electricity are directed to render full assistance and cooperation to the DOE, as may be required to carry out its functions under this Order.

SECTION 5. Reportorial Requirement. Within sixty (60) days from the effectivity of this Order, the DOE shall submit a report to the Office of the President on the programs and corresponding timelines adopted by DUs as directed herein. Another report on the status of the implementation thereof shall be submitted by the DOE, ERC and the NEA within six (6) months after the submission of the said initial report.

SECTION 6. Funding. The funds necessary for the implementation of this Order shall be sourced from the respective budgets of the concerned agencies.

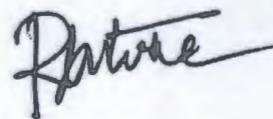
SECTION 7. Repeal. All orders, regulations and other issuances inconsistent with this Order are hereby repealed or modified accordingly.

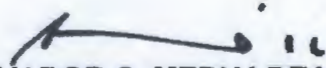
SECTION 8. Separability. In the event that any part or provision of this Order is declared invalid, illegal or unconstitutional, the provisions not affected thereby shall remain valid and subsisting.

SECTION 9. Effectivity. This Order shall take effect immediately following its publication in a newspaper of general circulation.

Done in the City of Manila, this 9th day of December in the year of our Lord, Two Thousand and Twenty One.

By the President:




SALVADOR C. MEDIALDEA
Executive Secretary

