



JUN 11 2024

MEMORANDUM No. 2024-27

TO : ALL ELECTRIC COOPERATIVES

SUBJECT : Action Items of the May 10, 2024 NEA-EC Consultative Summit

The National Electrification Administration (NEA) together with its partner Electric Cooperatives (ECs) conducted a one-day NEA-EC Consultative Summit on May 10, 2024 to discuss the "Anti-Bill Shock" lending program and other services offered by the Land Bank of the Philippines, as well as various issues concerning EC Allied Organizations, Power Supply Procurement Plans, Expiring Emergency Power Supply Agreements, and EC Retirement Funds, among others.

As such, attached are the action items arising from this activity for reference / integration into the ECs' respective programs / action plans, and the key highlights of the LandBank presentation.

For your compliance.

  
**ANTONIO MARIANO C. ALMEDA**  
Administrator



**ACTION ITEMS OF THE 2024 NEA-EC CONSULTATIVE SUMMIT**

May 10, 2024, Friday, 10:00 am

HES Auditorium

<b>Agenda</b>	<b>Pronouncements / Action Items</b>
1. Opening Remarks by the Administrator	<ul style="list-style-type: none"><li>• ECs to look into the possibility of tapping LandBank as the trust fund manager for their retirement fund</li><li>• ECs to understand and explore the Anti-Bill Shock Program and other programs offered by LandBank to augment EC funds</li></ul>
2. EC Allied Organizations	<ul style="list-style-type: none"><li>• Steer clear of junket conferences; every expense must be controlled and used in productive activities</li><li>• PHILRECA should strictly monitor and ensure generation of significant outputs</li><li>• Annual Conferences of FIMAP, PHILAIM, and NAGMEC will push through</li></ul>
3. Other EC Charges	<ul style="list-style-type: none"><li>• For the meantime, ECs may continue imposing Other Charges but shall respond to the show cause order issued by ERC</li><li>• ECs to start compiling receipts and other supporting documents for submission to ERC</li></ul>
4. Power Supply Procurement Plan (PSPP) and Expiring Emergency Power Supply Agreement (EPSA)	<ul style="list-style-type: none"><li>• ECs with EPSAs that are about to expire with ongoing Competitive Selection Process (CSP) may seek the intervention of the Administrator in applying for a new EPSA</li><li>• ECs shall be diligent in preparing their PSPPs and DDPs and may seek assistance from neighboring ECs who are more knowledgeable</li></ul>
5. EC Retirement Fund	<ul style="list-style-type: none"><li>• 100% of ECs' retirement funds shall be managed by a qualified trust fund manager only</li><li>• ECs without trust fund managers to start scouting for qualified ones</li><li>• The Guidelines on EC Retirement Fund is prospective, and shall include clauses that requires ECs to arrange a Directed Trust instead of a Delegated Trust as well as to invest in government bonds only</li><li>• All decisions in relation to ECs' retirement funds shall be approved by its Board of Directors</li></ul>

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<b>Agenda</b>	<b>Pronouncements / Action Items</b>
6. Other Matters	<ul style="list-style-type: none"><li>• Set an appointment with the BIR Commissioner to discuss matters on ECs' Certificate of Tax Exemption</li><li>• The Office of the Administrator to coordinate with DILG on to the imposition of taxes on pole construction</li><li>• NUVELCO GM Salvador to coordinate with Atty. Janeene Depay-Colingan to discuss matters on BFP's and PNP's non-payment of electricity bills</li><li>• ECs affected by the disallowance on imposition of input VAT for SEP projects shall pay said amounts for the time being</li><li>• CEBECO III GM Fortich to submit a letter to the Office of the Administrator on the power bill imposed by PSALM</li></ul>

# LANDBANK RECAP

## HIGHLIGHTS OF LANDBANK'S PARTICIPATION TO THE NEA-EC SUMMIT

(As of 10 May 2024)

# 107

Attendees from Electric Cooperatives

# 7

expressed interest to avail of LANDBANK lending programs; with scheduled presentations

# 3

expressed interest to avail of digital banking products and services

# 32

NEA Officials and Staff

# 18

LANDBANK Officers and staff

# 5

scheduled presentations about investment instruments

## Other Highlights

NEA transferred payroll account to LANDBANK: 304 employees onboarded and enrolled to iAccess

NEA also availed the weAccess facility



## HIGHLIGHTS OF LANDBANK'S PARTICIPATION TO THE NEA-EC SUMMIT 10 May 2024

### Attendees

Category	Number
1. Electric Cooperative	107
2. NEA Officials and Staff	32
3. LANDBANK Officer and Staff	18
<b>Total</b>	<b>157</b>

### Prospective Clients

Products and Services Availed/ To be Availed	Electric Cooperatives
1. Lending Programs	<ol style="list-style-type: none"> <li>1. INEC – Ilocos Norte Electric Cooperative</li> <li>2. CASURECO III – Camarines Sur Electric Cooperative III</li> <li>3. CASURECO IV – Camarines Sur Electric Cooperative IV</li> <li>4. BENEKO – Benguet Electric Cooperative</li> <li>5. MASELCO – Masbate Electric Cooperative</li> <li>6. AKELCO – Aklan Electric Cooperative (will avail of Anti Bill Shock based on TV Patrol interview with the GM)</li> <li>7. ALECO – Albay Electric Cooperative (as relayed by NEA Administrator Nani Almeda to PCEO Ortiz)</li> </ol>
2. Digital Banking Solutions	<ol style="list-style-type: none"> <li>1. ILECO – Ilocos Sur Electric Cooperative</li> <li>2. ANECO – Agusan del Norte Electric Cooperative</li> <li>3. MASELCO – Masbate Electric Cooperative</li> </ol>
3. Investments/Trust Products	<ol style="list-style-type: none"> <li>1. Nueva Vizcaya Electric Cooperative – NUVELCO</li> <li>2. Cagayan Electric Cooperative - CAGELCO</li> <li>3. Zamboanga Electric Cooperative - ZAMSURECO</li> <li>4. Camarines Sur Electric Cooperative – CASURECO</li> <li>5. Tarlac Electric Cooperative - TARELCO</li> </ol>

### Key Discussion Points

Query/Concerns	Response/Action to be Taken
<b>I. Lending Programs</b>	
1. Can the cooperatives lower their DSM (Distribution Supply & Metering) rates in order to adjust their bill for the consumers during hot summer months and re-adjust/increase their DSM rates after the summer season in order to recover their losses?	<p>DSM refers to the ability of consumers to manage their electricity use by either reducing or shifting demand during specific times. It's a strategy used by utilities to control demand and encourage consumers to modify their electricity usage patterns.</p> <p>This issue requires clearance from the ERC as the regulatory body on the pricing of electricity. (For discussion with NEA)</p>

<p>2. Can the bank allow NEA approval in lieu of ERC approval as a pre-release requirement under the BRIGHTNESS program? Per ECs, the processing of ERC approval will take around 3- 5 years before they can issue the document.</p>	<p>BRIGHTNESS Program requires the submission of ERC's final approval on CAPEX applications of electric cooperatives because these expenditures involve future adjustment in the price of electricity and the methodology of pricing and fair market practices falls squarely with ERC only.</p>
<p>3. On the eligibility under Anti-Bill Shock program, will the Bank allow the application of an EC to the Anti-Bill Shock program if its Financial Statement (FS) is not profitable in the previous year?</p>	<p>All Anti-Bill Shock loan applications will undergo evaluation and due diligence processes based on parameters set by the Bank. Any final decision will be based on the benefit that would be extended to all stakeholders including the consumers and the electric cooperative.</p>
<p>4. How long will the loan be processed and can the Bank shorten the approving time of the loan?</p>	<p>The maximum loan processing period is 45 days reckoned from LANDBANK's receipt of complete documents. This period may be shorter depending on the loan amount. Higher loan amounts necessitate approval from higher authorities.</p>
<p><b>II. Digital Banking Solutions</b></p>	
<p>1. <u>Ilocos Sur Electric Cooperative (ILECO)</u></p> <p>Interested to avail of Link.BizPortal</p>	<p>LANDBANK is currently coordinating with ILECO and requesting for a client presentation.</p>
<p>2. <u>Agusan del Norte Electric Cooperative (ANECO)</u></p> <p>a. Requested for lower Merchant Discount Rate (MDR) for POS transaction  b. Inquired about the stand of LANDBANK as collecting partner of electric cooperatives regarding BIR regulation</p>	<p>a. Yes, LANDBANK can provide a lower MDR depending on the total client relationship  b. For further discussion with LANDBANK's Technical Working Group</p>
<p>3. <u>Masbate Electric Cooperative (MASELCO)*</u></p> <p>Inquired about system integration with link.biz since they have plans to automate their billing and collection system. MASELCO is an existing stand-alone/"plug and play" Link.Biz merchant (without transactional website or online assessment system/payor will go straight to Link.Biz website to transact)</p> <p><i>*Top 1 Electric Coop in terms of utilization for Y2023</i></p>	<p>LANDBANK will schedule a meeting with MASELCO to discuss the integration process and documentary requirements for handshake enrolment (with transactional website/ payor will be redirected to Link.Biz for payment options)</p>