



NEA committed to pursue rural electrification despite budget constraints

Budget limitations will not deter the National Electrification Administration (NEA) from its commitment to bring electricity to every household in the far-flung corners of the country.

Speaking at the Fernandina Media Forum held at Club Filipino in San Juan City, the NEA chief said they would be appealing for more funding in years ahead, citing the 19,740 sitios or 2.4 million households across the country that are yet to be reached by electricity.

“Our partnership with the 121 ECs is getting stronger every year, and with them by our side we are making a steady progress towards meeting our target of new rural households having access to electricity for 2018,” Masongsong said.

Although steady progress has been made towards providing electricity to households, Administrator Masongsong said this is not the time to be complacent as they still have a long way to go.

“While we are confident of a 100 percent accomplishment on additional connections for the year, continuing efforts for total electrification should not waver,” Masongsong said.

NEA on course in achieving 2018 new household connections target; reached 77 percent of target

Meanwhile, NEA and its partner-ECs are still on course to meet the goal of delivering 460,000 new consumer electricity connections for the year.

New consumer connections for the January-August period reached 354,147 or 77 percent of the target, according to the NEA Information Technology and Communication Services Department (ITCSD) data.

Data also revealed that for August alone, an additional 49,473 connections were registered. This brought the overall level of energization to 12,540,639 or 83 percent of the total potential connections nationwide.

Despite this progress, the NEA and the ECs continue to explore ways to meet the national government’s target of electrifying every household in the countryside by 2020.

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House Appropriations panel guarantees continued funding for rural electrification



The House Committee on Appropriations has recognized the need for more funding to fully implement the government’s rural electrification program that helped in bringing power to 12.540 million Filipino households across the country to date.

This, after Davao City 1st District Karlo Nograles, chairman of the Committee on Appropriations, noticed the proposed budget for Sitio Electrification Program (SEP) of the National Electrification Administration (NEA) has been reduced during the budget hearing on August 7.

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2017 EC Overall Performance Assessment

In the 2017 EC Overall Performance Assessment, it showed an increase in the number of power distribution utilities that are fully compliant with the key performance standards (KPS) of the NEA.

Based on the results, the ECs that were rated AAA rose to 87 from 78 in 2016. Of these, 33 ECs received an overall score of 100, which is higher than the 24 ECs that garnered 100 points from the previous assessment.

Meanwhile, all ECs in Regions VI, VII and CARAGA attained AAA rating, making them the highest performers. Region VIII is the most improved region with 10 of its 11 ECs earning the AAA categorization.

The assessment revealed 76 ECs maintained their AAA status while 20 ECs showed improvement in ratings, 11 of which were to AAA categorization level.

The NEA evaluates and determines the overall performance ratings of all ECs annually using the two criteria—Key Performance Standards (KPS) (80 percent) and EC Classification (20 percent).

The AAA rating is the highest score given by the NEA to ECs that indicates the power distributors' full compliance on four parameters, namely financial, institutional, technical and reportorial requirements. The D rating is the lowest. Scores and their corresponding ratings are as follows: 95-100 = AAA; 90-94 = AA; 85-89 = A; 75-84 = B; 50-74 = C; and 49 and below = D.

Results also showed that 83 percent or a total of 101 out of



the 121 ECs supervised by the NEA have notched either AAA, AA or A status last year. Of the

remaining 20 ECs, four improved their performance either from C to B or D to C; 13 ECs manifested improvement in total scores while three retained their performance level.

Administrator Edgardo Masongsong welcomed the overall EC performance assessment results but he also pressed on them to keep upgrading their services and remain responsive to the needs of their member-consumer-owners (MCOs).

"The results of this annual assessment of ECs also indicate that the institutional, financial and technical assistance readily given by the NEA are getting significant results in terms of developing the capacity and performance of the EC sector," Masongsong said.

"Let me challenge the ECs to convert these categorization figures into more salient improvements in their services, as these must also be felt more by their respective MCOs," the NEA chief added.

NEA: Measures in place to ensure no more dubious power deals

NEA has put up stringent mechanisms that would prevent any dubious power deals and ensure no over-contracting.

Administrator Masongsong issued the statement after the Energy Regulatory Commission (ERC) ordered the review of the bilateral contracts entered into by the distribution utilities and generation companies amid reports of alleged over-contracting.

The Administrator said that NEA is exerting all necessary means to ensure that all ECs adhere to duly established laws, rules and regulations on power supply agreements (PSAs).

"The NEA, immediately after we took over the reins of the agency, instituted reforms to ensure that consumers' rights are protected and promoted - from service-related issues to power supply agreements which may, if overlooked, unnecessarily entail additional generation costs to the detriment of the paying end-users," he said.

The NEA chief cited the establishment of the Regulatory Affairs Office (RAO) whose tasks include the review of PSAs between the ECs and power generators.

"This office gets to filter the contracts before they are submitted to ERC for approval. Therefore, even before ERC takes jurisdiction over these PSAs, the NEA already exercises its mandate through the RAO as a consumer-protection mechanism precisely to filter onerous, unfair and dubious arrangements that are disadvantageous to the interests of EC member-consumer-owners," he said.

According to ERC Chairperson and CEO Agnes VST Devanadera, some ECs have already been asked to explain their reported generation rate increase due to newly approved power supply contracts.

NEA P1.294-B worth of loans extended to 46 power coops in first semester

LOAN TYPE	AMOUNT RELEASED (in million Pesos)	NO. OF RECIPIENTS
RE Loan-Capital Projects	755	36
Credit Facility for Emergency, Unplanned, and Contingency CAPEX Projects	80	4
Short-Term Credit Facility	20	1
Stand-by Credit Facility	145	1
Modular GenSets	74	3
RE Loan-Working Capital	220	6
	1,294	51 *

* Five ECs availed more than one credit facility

The financial assistance extended by NEA to different ECs has reached P1.294 billion from January to June this year, 23 % higher compared to the P1.050 billion registered in the same period of the previous year.

NEA records show, at least 46 of the 121 ECs supervised by

NEA and DICT inked MOU to provide high-speed internet service to rural areas

A memorandum of understanding (MOU) was signed on August 17 between the DICT, NEA and the Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA) in General Santos City, formalizing the tripartite collaboration “to realize the objectives of the NBP, including but not limited to the co-use of fiber optic cables.”



NEA Administrator Masongsong and PHILRECA President Presley De Jesus signed the MOU on behalf of their parties. DICT Undersecretary Denis Villoriente was represented by DICT Regional Director Erlito Tancontian, who also stood as witness.

“The NEA and DICT have started exploring arrangements to bring broadband connectivity into the countryside by tapping the existing infrastructure of the ECs,” said Masongsong during the signing ceremony.

“Let me affirm our full commitment and support to the National Broadband of the government. We will work hand-in-hand and rest assured our commitments will become realities,” the NEA chief added.

Under the agreement, the NEA and PHILRECA will coordinate with the ECs regarding the NBP project. The DICT, on the other hand, shall be allowed to connect or access the ECs’ existing nodes so that it may link with other government agencies.

NEA have availed of the P1.294 billion worth of loans, including calamity loans, during the first six months of the year.

In the same period in 2017, NEA had extended P1.050-billion worth of loans to 36 ECs to finance, among others, their electrification projects and rehabilitation of damaged distribution lines due to typhoons.

Meanwhile, Atty. Vicar Loureen G. Lofranco, Acting Deputy Administrator of the Corporate Resources and Financial Services (CRFS), expressed confidence that the NEA would be able to meet its target of P1.7 billion worth of loans to be extended to ECs this year.

“With the approval of the multi-year capital expenditure projects of the ECs by the Energy Regulatory Commission (ERC), NEA stands ready to partly finance their investment needs subject to complete submission of documentary requirements,” Lofranco said.

Loan availment by the ECs is included in the fast-track lane being implemented by NEA. The number of days to release a loan is 24 working days for regular loans, 13 days for short-term loans and seven days for calamity loans.

House Appropriations panel... from page 1

The proposed P1.163 billion allocation for SEP will only cover 775 sitios compared to 1,817 sitios of the current year. Electrifying a sitio costs on average of P1.4 million.

During the budget hearing, Rep. Nograles expressed concern over NEA’s budget for electrification program, pointing out that electricity is an enabler of social and economic development, particularly in the countryside.

“I am not in agreement with budget cuts that are happening in each and every department. It burdens me to see something like the NEA and DOE getting this very huge cut, especially for us coming from the provinces na alam natin na importante para sa atin na palaguin ang ekonomiya ng bawat lalawigan, ng bawat probinsya, ng bawat nayon. At malaking bahagi po diyang ang kuryente, ang electricity, ang power because with power comes progress,” Nograles said.

With electricity reaching 100 percent of provinces, cities and municipalities, the focus now is on providing electricity access to sitios and households across the country.

NEA data show 19,740 sitios remain unelectrified. Of these, 8,535 sitios are located in Mindanao while 6,541 and 4,664 in Luzon and Visayas, respectively. As of June 30, 2018, the NEA and its partner ECs have energized 1,801 sitios, bringing the number of sitios without electricity to 17,939.

9th National Electrification Awareness

In August this year, NEA celebrated the 9th National Electrification Awareness Month (NEAM), which coincides with the Agency's 49th Founding Anniversary.

NEAM is celebrated annually every month of August in accordance with Proclamation Order No. 1743, recognizing the significance of the electrification program in nation building with the theme: *"Electricity Access for All: A Platform for Nation Building."*

The celebration highlighted the invaluable contributions of the electrification sector towards nation building which was showcased through various activities and programs. As a kick-off activity, a two-day NEA-EC Consultative Conference was held on August 6 and 7. The occasion was graced by House Committee on Energy Chairman Lord Allan Jay Velasco, 1-CARE Party-list Rep. Carlos Roman Uybarreta, and Energy Undersecretary Felix William Fuentesbella.

During the said activity, NEA featured the hurdles and success stories of the Rural Electrification Program since its establishment in 1969. The agency also presented its strategic initiatives to pursue total electrification of the country.

In his welcome remarks, Administrator Edgardo Masongsong presented the major accomplishments of the agency, in partnership with the 121 ECs nationwide, since it was put up 49 years ago.

"Since its establishment in 1969, the NEA has remained true to the mandate of bringing power to remote and rural areas, paving the way for a better life for many Filipinos across the country. For 49 years, NEA and our partner ECs have lit up the countryside and connected the farthest corners of the archipelago," Masongsong said.

Meanwhile, in his inspirational message, Congressman Velasco recognized NEA and ECs for their accomplishments in rural electrification. He, however, also encouraged the agency and the ECs to continue to grow and innovate not just in technology but invest in global practices as well.

As part of the activity, a visit of the key officials of



Success Month and 49th NEA Anniversary



121 ECs to the Senate of the Philippines was done on August 7. The EC officials sought support for proposed legislations that will have significant impact on the EC sector and its MCOs.

On August 10, the Agency's 49th Founding Anniversary with the theme "Going for Gold" was commemorated.

A Workplace Safety and Wellness Program was also held on August 23 and 24 to promote safety and wellness consciousness among the agency employees.

The month-long celebration was wrapped up with the nationwide line clearing and tree-planting activities, which was carried out simultaneously by all ECs supervised by the NEA on August 31.

The nationwide line clearing day aimed to put emphasis on the importance of MCO involvement in line maintenance as the most effective way of addressing system losses, precluding distribution outages and improving services.

"With NEA at the lead and in cooperation with 121 ECs, we would like to emphasize that line clearing or clearing of vegetation within the distribution system of the ECs should be done regularly," the NEA chief said.

"We are mobilizing not just the workforce of the ECs but to include their member-consumer-owners so that they will not just be blaming the ECs of the interruptions that are being caused by the vegetation," he added.

Coincidentally, a tree-planting activity was undertaken to support the government's National Greening Program that aims to lessen the floods and climate change.

"This effort has proven our resolve to actively support and directly contribute to our country's holistic approach to a Greener Philippines towards climate change mitigation," Masongsong said.

NEA and ECs yearly hold a tree-planting program since 2012.



NEWS AROUND THE

In the effort to help operationally-challenged ECs to bounce back, NEA performs its step-in rights and takes over the operations as provided under Section 7 of RA 10531.

New interim board for Albay electric coop approved

NEA has approved the establishment of new Interim Board of Directors (IBOD) for Albay Electric Cooperative (ALECO). The NEA Board passed Resolution No. 154 on August 29, as recommended by the Board Governance, Nomination and Remuneration Committee (BGNRC) for the creation of ALECO interim board.

"In the exigency of service, and pursuant to the power of the NEA provided for under Presidential Decree No. 269, as amended by Republic Act. No. 10531, the Interim Board of Directors is hereby created to specifically prepare ALECO's district elections," the resolution read.

The new interim board serves for a period of six months and is specifically responsible for preparing the conduct of district elections for the regular ALECO board members.

This developed after the ALECO stakeholders' meeting on July 27, 2018.

It may be recalled that the NEA Board dissolved the old interim board of ALECO on March 16 through a resolution. The decision stemmed from the letter dated January 15, 2018 of Albay Gov. Al Francis Bichara, requesting for the replacement of the existing ALECO IBOD.

On April 20, NEA issued an office order designating Atty. Omar Mayo as the ALECO project supervisor with the task of facilitating the conduct of the EC district elections.

ALECO is being managed and operated by APEC, a subsidiary of SMC Global Power Holdings Corp.

NEA installs project supervisor at Occidental Mindoro electric coop

NEA has designated an officer tasked to supervise the management and operations of Occidental Mindoro Electric Cooperative, Inc. (Omeco).



Administrator Masongsong issued an office order on September 4, appointing Cesar E. Faeldon as project supervisor of Omeco, effective immediately.

"In the exigency of the service and pursuant to Sections 4 (e)

and 5 of Presidential Decree No. 269 as amended, Mr. Faeldon is hereby designated as project supervisor of Occidental Mindoro Electric Cooperative, Inc. effective immediately," NEA Office Order No. 2018-186 stated.

As indicated in the NEA office order, Faeldon is also mandated to approve or disapprove Omeco Board resolutions in consultation with concerned NEA departments. He is likewise authorized to undertake administrative processes such as signing of checks, withdrawal slips, and other banking transactions, as well as perform other tasks that may be assigned for the purpose of operational efficiency.

Omeco is classified as an extra large EC and is rated C based on the 2017 EC Overall Performance Assessment results.

Task force formed to address Zamboanga City's power distress

NEA has formed a task force and a management team to temporarily oversee the operations of a debt-burdened EC in Zamboanga City, days after the stakeholders' meeting on August 10. The meeting was attended by Zamboanga Representatives Celso Lobregat and Manuel Jose Dalipe, and Mayor Maria Isabelle Climaco-Salazar.

Administrator Masongsong issued Office Order No. 2018-073 on August 16, creating the Task Force Duterte Zamboanga City Power (TFD-ZCP) "to address the deteriorating operational performance and financial conditions" of the Zamboanga City Electric Cooperative, Inc. (Zamcelco).

The creation of TFD Zamboanga City Power was also in response to the clamor by the stakeholders and local leaders of Zamboanga City for NEA to intervene while the rebidding for the investment management contract (IMC) is ongoing.

The TFD is chaired and co-chaired by the



presidents of the Association of Mindanao Rural Electric Cooperatives (AMRECO) and the National Association of General Managers of Electric Cooperatives (NAGMEC), respectively with heads of the National Center of Electric Cooperative Consumers, Inc. (NCECCO), the Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA), and the Philippine Federation of Electric Cooperatives (PHILFECO) as members.

As such, the TFD Zamboanga City Power will perform the duties and responsibilities

▶ next page "Task Force formed..."

EECs

“Use electricity to educate yourselves, not just for entertainment” - Masongsong



Administrator Masongsong has called on the public to use electricity wisely by being more conscious of their viewing habits, urging them to watch shows that would give them knowledge and valuable information instead of those that are made purely for entertainment.

These were the thoughts of the Administrator in his keynote speech delivered on August 30 at the inauguration of the new headquarters of Nueva Ecija I Electric Cooperative, Inc. (NEECO-1) in San Isidro, Nueva Ecija.

Masongsong recognized the fact that the rural electrification program in 49 years has allowed more Filipinos to gain access on television and other forms of mass media but he was hoping they are using these to educate themselves as well.

A study released in March last year by Kantar Media, a global media intelligence firm, said TV remains as the top media platform choice of Filipinos in rural and urban areas despite the presence of social networks and the Internet.

“Time spent watching TV increased in the last two years to 3.7 hours from 3.4 hours. Primetime programs between 8 pm to 10 pm are the most watched,” according to its 2016 survey from a base of 10,000 respondents.

Kaelco trims down P236-M unliquidated funds - NEA

The Kalinga-Apayao Electric Cooperative, Inc. (Kaelco) has finally liquidated around P113-million worth of subsidy funds barely a month since NEA assigned a project supervisor (PS) to manage the affairs of the struggling distribution utility.

The amount was part of the P236-million financial aid used for several electrification projects from 2011 to 2018 for the benefit of rural communities in the Cordillera Administrative Region under the Kaelco franchise, Engr. Ricardo Pallogan has reported.

Pallogan, who heads the Power Generation Operations Department of Benguet Electric Cooperative, Inc. (Beneco), was recently tapped by NEA to help out Kaelco in its daily operations including the liquidation of its state-funded projects.



Since assuming his post, Pallogan said P113-million out of the P236-

million unliquidated funds for the Sitio Electrification and Barangay Line Enhancement projects of Kaelco has already been cleared, which he described as their “biggest accomplishment” so far.

NEA Administrator Masongsong appointed Pallogan as project supervisor of Kaelco last May 31. As indicated in the office order, he is tasked to approve or reject board resolutions in consultation with NEA concerned departments.

Pallogan is also authorized to review financial, institutional and technical reports including action plans for operational efficiency. He is likewise mandated to undertake administrative function such as countersigning checks, withdrawal slips, and other banking transactions, as well as perform further tasks that may be assigned for the purpose of operational efficiency.

Masongsong reiterated that there are still about 12 million Filipinos nationwide who are mired in poverty because of their lack of access to reliable electricity service. In the province of Nueva Ecija alone, approximately 24,968 households remain unenergized.

To date, Nueva Ecija has served 94 percent or 401,132 household out of its 426,100 total potential connections.

Masongsong congratulated Neco I for ensuring active stakeholder engagement in its affairs through the dedication of its new office building to the member-consumer-owners.

“You cannot sit on your laurels. You have done so much, you have accomplished so much, but please do not be complacent. We still have a lot of things to do in order to realize the vision of rural electrification, which is rural development,” Masongsong said.

Task force formed ... from previous page

an EC Board of Directors prescribed under NEA Bulletin No. 35.

Correspondingly, the NEA formed a management team that is composed by the general managers of different ECs namely Zaneco, Zamsureco I, Moelci II, Cebeco III, Dasureco, Beneco, and Pelco II.

The management team is tasked, among others, to oversee and manage the day-to-day operations of Zamcelco, review its governance policies and practices, and institute reforms.

“The functions of the current Board of Directors of Zamcelco shall be limited only to completing the engagement of an IMC,” the NEA order read.

Zamcelco has a system loss of 22.09% as of December 2017—higher than the cap of 13% set by the Energy Regulatory Commission (ERC)—and about P2.145-billion worth of debts to its power suppliers, including P373.897-million loan from NEA as of August 9, 2018.



NEA eyes solar PV to accelerate rural electrification

On August 14, Administrator Masongsong graced the gathering of representatives from NEA, the DOE, LGU Guarantee Corporation (LGU-GC) and ECs involved in the PV mainstreaming project under the European Union-Access to Sustainable Energy Programme (EU-ASEP) in Davao City.



In his message, the NEA chief said ECs should take advantage of the opportunities extended by EU-ASEP and World Bank to electrify the remaining unenergized sitios. He also urged them to "think outside the box" to finance electrification of households given the limited subsidy from the government.

"The challenge now for ECs is, if you do not want to give up your franchise area, or a portion of it, even the unviable locations that are still unserved, you have to invest. The way to fast-track electrification is to install solar home systems, to adapt PV mainstreaming," Masongsong explained.

For 2019, the NEA has a budget allocation of P1.163 billion for its sitio electrification program, and another P165 million for its renewable projects, which include the installation of 5,000 solar home systems.

NEA committed to . . . page 1

Administrator Masongsong shared a number of options identified to speed up rural electrification and these are government subsidies, funding under DOE's Energy Regulation No. 1-94 (ER 1-94) program, donations or grants, EC's internally generated funds, qualified third party (QTP) program, private sector participation (PSP), and EC's capital expenditure program.

The NEA Chief recognized the role that electricity plays in accelerating economic development, particularly in the countryside. *"Access to electricity is no longer a privilege but a human right because power brings development. Without power, there will be no development,"* the Administrator Masongsong said.

"Because of rural electrification program, we're able to bring development in the country. That is why I am saying that the ECs with their organized MCOs (member-consumer-owners) in partnership with government through the NEA are important sector in terms of nation building," Masongsong said.

Solar PV mainstreaming

PV mainstreaming is a program of the DOE, funded by the EU-ASEP through the World Bank. The LGU Guarantee Corporation (LGU-GC) serves as program manager while the NEA acts as an implementing arm, being the supervisory body of all ECs in the country.

Beneficiaries for the program's first window included sitios under franchise areas of the Cotelco, Socoteco II, Dasureco, and Sukelco. The first window entails the installation of 10,000 solar home systems.



Dasureco General Manager Godofredo Guya said solar home system

is a cheaper and more viable option to energize the communities that are too far from the power grid, such as Sitio New Mabuhay in Barangay Little Baguio, Malita, Davao Occidental.

"We've allocated 2,500 solar PV units for Barangay Little Baguio in Malita alone. With this solar home system there is no need for us to procure the right-of-way for our lines because there are no lines passing through the private properties of land owners," Guya said.

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