

I. NATIONAL ELECTRIFICATION ADMINISTRATION**SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2023**

(In Thousand Pesos)

SUMMARY

	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 814,318 P	365,985 P	P	1,180,303
2. Support to Operations			98,347	98,347
3. Operations		<u>1,897,500</u>	<u>1,000,000</u>	<u>2,897,500</u>
a. Locally-Funded Projects				
Rural Electrification		1,897,500		1,897,500
b. Loans to Electric Cooperatives			<u>1,000,000</u>	<u>1,000,000</u>
TOTAL	P <u>814,318 P</u>	<u>2,263,485 P</u>	<u>1,098,347 P</u>	<u>4,176,150</u>

I. NATIONAL ELECTRIFICATION ADMINISTRATION**SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2023**

(In Thousand Pesos)

NATIONAL GOVERNMENT EQUITY AND/OR SUBSIDY

Schedule I

	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. PROGRAM/ACTIVITY/PROJECT				
1. Operations	P	<u>1,897,500</u>	P	<u>1,897,500</u>
a. Locally-Funded Projects				
Rural Electrification		<u>1,897,500</u>		<u>1,897,500</u>
TOTAL	P	<u>1,897,500</u>	P	<u>1,897,500</u>

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2023

Schedule II

(In Thousand Pesos)

CORPORATE FUNDS

	Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 814,318 P	365,985 P	P	1,180,303
2. Support to Operations			98,347	98,347
3. Operations				
a. Loans to Electric Cooperatives			1,000,000	1,000,000
TOTAL	P 814,318 P	365,985 P	1,098,347 P	2,278,650

a/ net of depreciation expense of P19.930 Million

Special Provision(s)

1. **Approval of the FY 2023 Corporate Operating Budget of the National Electrification Administration under R.A. No. 7638.** The FY 2023 Corporate Operating Budget (COB) of the NEA is hereby approved by the Congress of the Philippines pursuant to Section 13, Chapter III of R.A. No. 7638.

2. **Acquisition of Equipment.** The acquisition of equipment included in the approved COB shall be subject to the provisions of Corporate Budget Circular No. 17 dated February 9, 1996, Administrative Order No. 14 dated December 10, 2018, Budget Circular No. 2022-1 dated February 11, 2022 and other guidelines issued thereon.

3. **Compliance with the Information Systems Strategic Plan.** The amounts authorized in this Act for ICT requirements under Capital Outlay shall be used in accordance with the Agency's Information Systems Strategic Plan, subject to the compliance with the rules and regulations issued by the DICT.

4. **Payment of Compensation and Benefits.** Payment of salaries, allowances and other benefits shall be in accordance with applicable laws, rules and regulations such as, but not limited to P.D. No. 985, as amended, R.A. No. 6758, as amended, R.A. No. 10149, Corporate Compensation Circular No. 10 dated February 15, 1999, Memorandum Order No. 20, s. 2001 and Executive Order No. 150 dated October 1, 2021.

5. **Payment of Terminal Leave Benefits.** Payment of terminal leave benefits shall be computed in accordance with the rates, conditions and procedure prescribed under applicable laws and guidelines issued thereon.

The amount of Twenty Seven Million One Hundred Eighteen Thousand Pesos (P27,118,000) shall be used exclusively for the payment of terminal leave benefits to the affected NEA personnel.

6. **Budget Flexibility.** The NEA Board of Administrators is authorized to modify programs and projects, reallocate the corresponding budgetary requirements approved herein, as well as augment the deficiencies which may arise from factors beyond the NEA's control such as, but not be limited to: (i) currency depreciation; (ii) inflation; (iii) change in interest rates; (iv) change in programs or projects; and (v) change in schedule of project implementation.

In the exercise of said authority, the NEA shall observe the following limitations:

(a) No acquisition of motor vehicles and payment of travelling, representation, discretionary, or extraordinary and miscellaneous expenses; and

(b) Personnel Services allocation in the approved COB shall not be augmented by new funding sources, which shall include, but not limited to, MOOE and Capital Outlays.

7. **Augmentation Beyond the Approved Corporate Operating Budget.** The NEA Board of Administrators is authorized to augment and disburse funds beyond the total amount approved in this Act for the continuous implementation of the Sitio Electrification and Barangay Line Enhancement Projects, and the rehabilitation, repair or reconstruction of distribution facilities damaged by natural and human-induced calamities. The funds shall be sourced from the unutilized balances of prior years' subsidy until 2021 by the National Government as certified by the Chief Accountant and Administrator of NEA.

In no case shall Personnel Services allocation be augmented beyond the total amount approved in this Act.

The NEA shall submit quarterly reports on the fund utilization to both Houses of Congress. (CONDITIONAL IMPLEMENTATION- President's Veto Message, December 16, 2022, Volume 1-B, pages 789-790, R.A. No. 11936)

8. **Remittance of Cash Dividends.** Cash dividends equivalent to at least fifty percent (50%) of the annual net earnings of the NEA shall be deposited with the National Treasury as income of the General Fund pursuant to R.A. No. 7656.

9. **Audit of Government Funds.** Government funds authorized herein to be invested as equity by the corporation to its subsidiaries, as well as the grant of subsidy, loan contribution or any kind of financial assistance to end-user entities both in the private or public sector, shall be subject to audit by the COA pursuant to the provisions of P.D. No. 1445, as amended.

10. **Transparency Seal.** To enhance transparency and enforce accountability, the NEA shall maintain a Transparency Seal to be posted on its website. The Transparency Seal shall contain the following: (i) corporation's mandates and functions, names of its officials with their position and designation, and its contact information; (ii) approved COB and corresponding targets including any amount of budgetary support from the National Government; (iii) budgetary adjustments made in its COB; (iv) annual procurement plan/s and contracts awarded with the winning suppliers, contractor or consultant; (v) major programs and projects and their target beneficiaries; (vi) status of implementation, evaluation and/or assessment reports of said programs or projects; (vii) Budget and Financial Accountability Reports; (viii) Updated People's Freedom of Information (FOI) Manual signed by head of agency, Updated One-Page FOI Manual and Agency FOI Reports; and (ix) year-end financial reports and trial balances for the last three (3) fiscal years.

The Administrator of the NEA and the Administration's web administrator or his/her equivalent shall be responsible for ensuring compliance with this requirement.

The DBM shall post on its website the status of compliance of the NEA.

B. DEPARTMENT OF ENERGY

B.1. NATIONAL ELECTRIFICATION ADMINISTRATION

For subsidy requirements in accordance with the project(s), as indicated hereunder P 1,897,500,000

New Appropriations, by Programs/Projects

	Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
A. PROJECT(S)				
Locally-Funded Project(s)	P	1,897,500,000		P 1,897,500,000
TOTAL NEW APPROPRIATIONS	P	<u>1,897,500,000</u>		P <u>1,897,500,000</u>

Special Provision(s)

1. **Subsidy to the National Electrification Administration.** The amount of One Billion Eight Hundred Ninety Seven Million Five Hundred Thousand Pesos (P1,897,500,000) appropriated herein under the subsidy to NEA shall be used for the implementation of the National Rural Electrification Program.

The NEA is authorized to deduct engineering and administrative overhead (EAO) expenses not exceeding three percent (3%) of the project cost. The authorized EAO expenses shall be limited to: (i) pre-construction activities after detailed engineering; (ii) construction project management; (iii) testing and quality control; (iv) acquisition, rehabilitation and repair of related equipment and parts; and (v) contingencies in relation to pre-construction activities. The EAO expenses shall be treated or booked-up as capitalized expenditures and form part of the project cost.

In the implementation of the Barangay/Sitio Electrification Projects, the NEA shall observe the following:

- Prioritize barangay/sitios where the absolute number of indigents and the incidence of poverty are high as identified in the latest official poverty statistics of the PSA as well as those with the high probability of being energized;
- Loans outlay to electric cooperatives shall be recorded as equity contribution of the National Government to NEA when its authorized capitalization is increased by law, while grants thereto remain to be treated as subsidy;
- Release funds only to electric cooperatives which have fully liquidated funds from previous years' electrification projects: *Provided, However,* that in cases where the electric cooperatives are not qualified to implement projects for barangay and sitio electrification, the NEA may enter into a Memorandum of Agreement with DPWH, and the latter through its district engineering offices will implement the project; and
- Prohibition on the use of subsidy for the payment of salaries, allowances, incentives, separation or retirement benefits.

Release of funds for Barangay/Sitio Electrification Projects shall be subject to the following: i) submission of National Total Electrification Roadmap as certified by the DOE; ii) submission of parameters for the selection of beneficiary barangays/sitios as certified by the DOE; and iii) submission of a certification from the Barangay Chairperson on the population and number of houses per barangay/sitio, map of the municipality or city indicating the sitios and barangays to be energized, and cost of energizing a barangay/sitio.

2. **Electric Cooperatives Emergency and Resiliency Fund.** The amount of Two Hundred Million Pesos (P200,000,000) appropriated herein shall be used exclusively for the Electric Cooperatives Emergency and Resiliency Fund pursuant to R.A. No. 11039.

3. **Prior Years' Subsidy Releases from the National Government.** The NEA is hereby authorized to use subsidy released for programs and projects from prior years until 2021 to cover the additional funding requirements of activities or projects covered by the programs or sub-programs indicated herein. Accordingly, the NEA shall prepare a work and financial plan covering the projects or activities to be funded from prior years' subsidies subject to the endorsement of the NEA's Board of Administrators, to be submitted to the DBM for approval. The NEA shall submit quarterly reports on the subsidy released to both Houses of Congress.

(CONDITIONAL IMPLEMENTATION- President's Veto Message, December 16, 2022, Volume 1-B, pages 789-790, R.A. No. 11936)

4. **Special Provisions Applicable to All Government Corporations.** In addition to the foregoing special provisions, the special provisions applicable to all government corporations enumerated under the Budgetary Support to Government Corporations-Others shall be observed by the NEA.

New Appropriations, by Programs/Activities/Projects

	Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
PROJECT(S)				
Locally-Funded Project(s)				
Barangay/Sitio Electrification Project		1,677,500,000		1,677,500,000
Electric Cooperatives Emergency and Resiliency Fund		200,000,000		200,000,000

GENERAL APPROPRIATIONS ACT, FY 2023

Installation of Solar Panels in Public Buildings	<u>20,000,000</u>	<u>20,000,000</u>
Sub-total, Locally-Funded Project(s)	<u>1,897,500,000</u>	<u>1,897,500,000</u>
Total, Project(s)	<u>1,897,500,000</u>	<u>1,897,500,000</u>
TOTAL NEW APPROPRIATIONS	P <u><u>1,897,500,000</u></u>	P <u><u>1,897,500,000</u></u>

New Appropriations, by Object of Expenditures

(In Thousand Pesos)

Current Operating Expenditures

Maintenance and Other Operating Expenses		
Financial Assistance/Subsidy		<u>1,897,500</u>
Total Maintenance and Other Operating Expenses		<u>1,897,500</u>
Total Current Operating Expenditures		<u>1,897,500</u>
TOTAL NEW APPROPRIATIONS		<u><u>1,897,500</u></u>

B. DEPARTMENT OF ENERGY

B.1. NATIONAL ELECTRIFICATION ADMINISTRATION

STRATEGIC OBJECTIVES

SECTOR OUTCOME

Infrastructure development accelerated and operations sustained

ORGANIZATIONAL OUTCOME

Access to electrification expanded

PERFORMANCE INFORMATION**ORGANIZATIONAL OUTCOMES (00s) / PERFORMANCE INDICATORS (PIs)****BASELINE****2023 TARGETS**

Access to electrification expanded

NATIONAL RURAL ELECTRIFICATION PROGRAM**Outcome indicator**

1. Percentage increase of connections/identified potential consumers

91% potential connections

93% by 2023

Output indicator

1. No. of sitios completed and energized

1,085 sitios

1,085 sitios