



Republic of the Philippines  
National Electrification Administration

*"The 1st Performance Governance System - Institutionalized National Government Agency"*

21 October 2010

**MEMORANDUM No. 2010-025**

**TO :** ALL ELECTRIC COOPERATIVES (ECs)

**SUBJECT :** 17<sup>TH</sup> NEA-EC CONSULTATIVE CONFERENCE -  
EXECUTIVE SUMMARY OF WORKSHOP OUTPUTS

We held the 17<sup>th</sup> NEA-EC Consultative Conference with the theme: **"Strong Institutions for Long-Term Sustainability"**, on 03 August 2010 at the HESA, NEA Building, Quezon City.

The Conference marked the very first interaction of DOE Secretary Jose Rene D. Almendras with the top-level leadership of the ECs. It is also considered as one of the most successful conferences on record, with 432 participants from 106 ECs in attendance. Among non-stock ECs under NEA's supervision, only the Cagayan de Sulu Electric Cooperative, Inc. (CASELCO) and Siasi Island Electric Cooperative, Inc. (SIASELCO), which are the farthest and most remote among the ECs, were not able to participate.

You may recall that the delegates were divided into the following five (5) groups that discussed important issues and recommended strategic actions on these concerns that are affecting the ECs:

- Group I : Competitive Edge and Long Term Viability*
- Group II : Good Governance: A Continuing Challenge*
- Group III : People Advocacy: Meaningful and Responsible Participation  
Of Members-Consumers*
- Group IV : Rewards and Options: Carrot and Stick Approach*
- Group V : Woes and Wailings of SPUG ECs: What are the Options?*

Attached for your guidance are copies of the Executive Summary of the Workshop Outputs which are reflective of your expectations and sentiments of the industry. As a group output, you can use the same to pursue your own agenda. NEA will use these results as inputs to our plans and programs to harness your competitive edge and ensure long-term sustainability amidst prevailing industry challenges.

Let us continue to strive for excellence.

  
**EDITA S. BUENO**  
Administrator

NATIONAL ELECTRIFICATION  
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**17<sup>TH</sup> NEA-EC CONSULTATIVE CONFERENCE  
EXECUTIVE SUMMARY OF WORKSHOP OUTPUTS**

**GROUP I - Competitive Edge and Long-term Sustainability**

⊙ **Issues:**

- Level the playing field/Coping capability of ECs
- Capital market access
- NEA support services

⊙ **Recommendations:**

- Pursue amendments to the EPIRA specifically on tax exemptions, competitive incentives, withholding the disposal of the remaining generating plants of NPC, rehabilitation of these plants for ECs to engage in joint-venture or take-over of these assets and transfer of UCME to NEA
- Provide first preference to the ECs in the exploration and development of renewable energy if the source is within their coverage area.
- Increase bankability/creditworthiness of ECs through aggregation of resources (national, regional or island-wide); partnership with big load consumers and generation of power requirements through renewable energy
- Diversify services like telecommunications and DOE to fund these through concessional loan
- Lifting of EO 558-A which prevents NEA from borrowing from foreign and local sources to be used for relending to ECs
- Introduce programs for unviable ECs
- Institutionalization of a strong program on Rewards and Incentives

**GROUP II – Good Governance: A Continuing Challenge**

⊙ **Issue:** Competency/Capacity Building

⊙ **Recommendations:**

- Mandatory continuing competency training/education for GMs and staff on regulatory compliances
- Professionalization of the Board of Directors
- Adoption of a Good Governance Program for the Board
- Pre-election training/seminars for candidates to the Board
- Setting up of performance standards and an effective system of evaluation
- Accreditation of ECs by international institutions like ISA-PGS and ISO

**GROUP III - People Advocacy: Meaningful and Responsible Participation of Member-Consumers**

⊙ **Issues:**

- Educating/inspiring membership interest
- Political Influence/Intervention
- Stronger sense of ownership by member-consumers



● **Recommendations:**

- Strengthen programs on Corporate Social Responsibility
- Strengthen the community mass-base of consumers
- Raise political awareness of politicians on EPIRA (open access)
- Establish strong leadership within the EC and consolidate workforce
- Issue Certificates of Patronage Credit
- Institutionalize membership programs for consumers like insurance coverage, accident/hospitalization assistance , burial assistance, etc.

**GROUP IV: Rewards and Options: Carrot and Stick Approach**

● **Issues:**

- Monetary Incentives
- Non-monetary incentives
- Liberalized Supervision

**Recommendations:**

- Prioritize A+ ECs in subsidy allocation
- Lower ERC filing rates
- Prioritize ECs in the development of renewable energy
- Provision of electrical equipment standard office
- Revisit term limit for Board of Directors of A+ ECs

**GROUP V – Woes and Wailings of SPUG ECs: What are the Options?**

● **Issues:**

- New Power Provider Selection Process
- Practical Arrangement with NPC-SPUG
- Power Supply/Reliability
- Outstanding Power Bill Accounts
- Rate Setting Methodology
- Low Performing SPUG ECs

**Recommendations:**

- Adopt a competitive selection process to be managed by the ECs under NEA's supervision using standard template
- Delete System Impact Study as pre-requisite to DOE CSP Certification (not required in the PSC)
- Joint review of operational protocol standards between the ECs and NPC
- Annual joint inspection/calibration of NPC-SPUG metering equipment
- Inclusion of EC distribution rates in the OPEX of the Missionary Electrification Program (MEP)
- Fast-track island interconnection through DOE by 2011
- Condonation of interest and surcharges (based on GAA-IRR)
- Adopt "Big Brother-Small Brother" scheme
- Strengthen Regional Associations

