



20 February 2014

MEMORANDUM

TO : ALL TYPHOON "YOLANDA" AFFECTED ELECTRIC COOPERATIVES (ECs)

SUBJECT : GUIDELINES ON THE YOLANDA RECOVERY AND REHABILITATION PLAN (YRRP) PROJECT IMPLEMENTATION AND RELEASE OF FUNDS TO THE ELECTRIC COOPERATIVES (ECs)

I. BACKGROUND

The electricity distribution networks operated by the ECs were the hardest hit by typhoon "Yolanda" in the energy sector with total damage assessment amounting to Php5.205 billion. The national government (NG) recognizes the importance of immediate restoration of electric service up to the household level. For this reason, the NG released to the National Electrification Administration (NEA) the amount of Php3.929 billion intended for the rehabilitation and reconstruction works of 33 ECs. Accordingly, the NEA shall review the existing basic design of the ECs' distribution facilities in line with the "Build Back Better" policy direction of the government.

II. PURPOSE

To set the guidelines on the YRRP project implementation and release of funds to ECs in accordance with applicable orders, rules and regulations.

III. POLICY STATEMENT

It shall be the policy of NEA to prescribe the guidelines for the YRRP project implementation and release of funds for the rehabilitation/restoration of damaged electric distribution facilities up to household level.

IV. IMPLEMENTING GUIDELINES

A. Coverage

1. Total Rehabilitation/Restoration projects which covers replacement of the damaged electric distribution system including substation, poles, transformers, conductors, hardwares, service drop wires, and kwh meters.
2. Repair/Rehabilitation of damaged substation, communication equipment, vehicles, and headquarters.
3. Replacement of damaged linemen tools.

B. Technical Requirements

1. Damage Report including Cost Estimates – detailed assessment of the damaged network and non-network assets.
2. Bill of Materials and Cost - list of damaged network and non-network assets as evaluated by NEA using the approved price index.
3. Staking Sheets - documents which contain the technical data and material requirements for the construction and rehabilitation of distribution lines.

4. Yolanda Recovery and Rehabilitation Plan - complete project study using value engineering method and guided by globally accepted standards and specifications. This shall include options or method of project implementation either by contract or by administration or combination of both and completion schedule.
5. Board Resolution - document to support the decision of the EC Board of Directors to avail loan and/or subsidy.
6. Budget Request – NEA standard document on the request for release of construction funds.

C. Schedule of Fund Release

1. The EC budget request (BR) including board resolution, comprehensive YRRP with completion timeline and other relevant supporting documents shall be evaluated by the NEA Teams created for the purpose. The YRRP prescribed BR shall be duly signed by the General Manager and Board President.
2. The evaluated project cost shall be recommended for approval by the NEA Team Heads and shall be approved by the Deputy Administrator for Electric Distribution Utilities (DA EDUS).
3. Upon approval, the Budget Utilization Request (BUR), Disbursement Voucher (DV) and other relevant supporting documents shall be forwarded to the Accounts Servicing Division of the Accounts Management and Guarantee Department for Memorandum of Agreement (MOA) documentation and to Finance Services Department for certification of availability of funds/budget, proper recording in the books of accounts, issuance of check and transfer of funds to **EC account specifically established for YRRP.**

4. The YRRP funds shall be released to the ECs as follows:

- a. The first release shall be 20% of the total evaluated project cost after deducting the amount of calamity loan previously released and converted into subsidy which shall be subject to submission of Fund Utilization Report prior to the release of 20%.

In case the amount of calamity loan is higher than the subsidy allocation, the excess shall remain as calamity loan to be repaid by EC based on agreed terms.

In case the request is more than 20%, the NEA shall exercise its discretion on the amount to be approved for release.

The first release for those ECs with damage cost of Php10M and below shall be 70% or as otherwise determined by NEA.

- b. The second and succeeding releases, which in no case shall the balance be more than the 10% retention, shall be based on progress billing thus, the EC shall be required to submit original copies of duly signed accomplishment report and fund utilization for the previous release. Moreover, the original copy of the disbursement voucher supported by the following reports/documents, **where applicable**, shall also be submitted:

1. Contract

- a. Materials and Labor (supply, delivery, installation)

- * Contract
- * Accomplishment Report
- * Official Receipt
- * Abstract of Bids with Bid Documents

- b. Supply of Labor
 - * Contract
 - * Accomplishment Report
 - * Official Receipt
 - * Abstract of Bids with Bid Documents
- c. Supply of Materials
 - * Abstract of Bids with Bid Documents
 - * Contract
 - * Official Receipt
 - * Purchase Order
 - * Receiving Report
 - * Inspection Report

2. By-Administration/Task Force Kapatid

- a. Labor
 - * Payroll
 - * Memorandum of Agreement
 - * Official Receipt or Reimbursement Expense Receipt (RER) for Overhead Expenses
- b. Materials
 - * Abstract of Bids with Bid Documents
 - * Purchase Order
 - * Receiving Report
 - * Inspection Report
 - * Material Credit Tickets and Summary of MCrT
 - * Material Charge Tickets and Summary of MCT
- c. The final release shall be 10% of the total project cost after final inspection/acceptance of the project subject to submission of the following:
 - Certificate of Project Completion (CPC) duly signed by the Board President, General Manager and Technical Services Department Manager
 - Certificate of Final Inspection and Acceptance (CFIA) duly signed by Board President, General Manager, Technical Services Department Manager and certified by NEA representative
 - As-built staking sheets and bill of materials
 - Final Accounting of Funds of the Project
 - Project Implementation Report

D. Project Implementation and Monitoring

1. The EC shall submit to NEA the comprehensive YRRP which shall include the following:
 - a. Project description
 - b. Project prioritization
 - c. Material requirements and costing
 - d. Timeline of completion and energization
 - e. Mode of implementation/construction
2. All typhoon Yolanda rehabilitation/ reconstruction projects and related activities that will be undertaken by the ECs shall be included in the YRRP. The ECs are enjoined to follow strictly the submitted and approved YRRP with completion timeline.
3. Close monitoring of the contractor's performance should be done to ensure completion of projects within the timeline and without delay and in compliance with standard specifications.

4. In the procurement of equipment and materials and other related services and since government funds will be used in the rehabilitation and reconstruction, the ECs shall adhere to the provisions of RA 9184, Government Procurement Reform Act, and Procurement Guidelines and Simplified Bidding Procedures issued by virtue of RA 10531 and under NEA Memorandum to ECs No. 2013-028 dated 23 December 2013.

E. Project Inspection

1. Periodic inspection by NEA engineers shall be conducted for the following purposes:
 - a. To ensure that the projects are included in the YRRP
 - b. To ensure that the funds released are properly utilized
 - c. To determine if the projects are undertaken in accordance with the approved standards and specifications
 - d. To determine progress of work and completion/energization based on timeline
 - e. To recommend remedial actions for any problem that may arise.
2. The Certificate of Project Completion (CPC) duly signed by the Board President, General Manager and Technical Services Department Manager, as-built staking sheets and the accomplishment reports shall be the bases for the conduct of final inspection by the NEA engineers.
3. After final inspection, the Certificate of Final Inspection and Acceptance (CFIA) shall be duly signed by the Board President, General Manager, Technical Services Department Manager and certified by NEA representative.

F. Project Audit

1. A Third Party assistance may be availed of by NEA to validate EC compliance to industry standard specifications including testing of distribution equipment and materials to establish quality assurance.
2. The NEA audit team shall conduct examination of liquidation documents as well as compliances to Memorandum of Agreement (MOA) provisions and conditionalities.
3. Actual inspection and validation of project implementation may be conducted by the Commission on Audit (COA) to ensure that projects are completed and/or energized within the timeline and using quality materials and equipment.

V. RESPONSIBILITY AND ACCOUNTABILITY

The Board of Directors and General Manager shall be responsible in ensuring compliance to these guidelines and shall likewise be accountable for any amount disbursed for the projects subject to existing accounting and auditing rules and regulations.

VI. EFFECTIVITY

These guidelines shall take effect immediately.


EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION ADMINISTRATION
Office of the Administrator



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