



14 October 2015

**MEMORANDUM No. 2015-029**

**TO : ALL ELECTRIC COOPERATIVES**

**SUBJECT : Policy Guidelines on the Implementation of Barangay Line Enhancement Program (BLEP)**

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Please be informed that the NEA Board of Administrators, under Board Resolution No. 102 dated September 18, 2015, approved the Policy Guidelines on the Implementation of Barangay Line Enhancement Program, to wit

**I. RATIONALE**

Section 5 of the Implementing Rules and Regulations of RA 10531 or NEA Reform Act provides that NEA shall pursue the total electrification of the country through the Electric Cooperatives (ECs) by way of enhancing distribution development.

In pursuit of this missionary function, RA 10531 ubiquitously mandates ECs to operate as "viable distribution utilities". This is a major challenge to any utility which is not given provisions to a return on rate base or calamitous events. The proposed engineering interventions, if treated as capital expenditure costs will definitely increase the initial costs of electric power transmission and distribution but may decrease operational costs over the lifetime of the assets. But since rural electrification is a quasi-infrastructure/social program of the government, it is only fair that the "missionary" component of the program will not be funded by the EC member-consumers. The selection of a particular cable design will be based on a consideration of technical factors and economic benefits.

**II. BACKGROUND**

In the 80's, solar energy technology was an option for areas, more specifically barangays, that are too far from the distribution line of the EC. This power generation option strategy was coupled by diesel gensets, either owned by the ECs, National Power Corporation or Local Government Units, as the main sources of power for many islands. Meantime, NEA laterally implemented its on-grid electrification program, providing areas with cheaper, more stable and basically unlimited use of power that is unrealizable with solar or genset options.

In September 2011, the BLEP (in conjunction with the Sitio Electrification Program or SEP) was introduced. At that time, there were 2,341 barangays in the NEA database which were either previously solarized or powered by small gensets. These systems have eventually proven to be unsustainable. The re-energization of these barangays will require the distribution system to be connected to the ECs' grid.

NEA programmed 202 barangays in the initial year of BLEP implementation with an average construction cost of P 2.106 M per barangay. The following year the BLEP list was sanitized to 1,030 barangays due to programming and implementation feedbacks from the ECs. Construction constraints such as right-of-way, exorbitant cost, beneficiary unacceptability and technical difficulties decreased the number of barangays that are doable for BLEP. NEA has pro-actively reminded the ECs to decide if these barangays are to be energized through renewable energy options. Consequently, the Department of Budget & Management (DBM) called NEA's attention for "underspending" with regards to BLEP funds as provided for in the General Appropriations Act (GAA).

**BLEP Accomplishment  
(per Year/per Funding Source)  
As of August 31, 2015**

Funding Source	Target	Funded/ Evaluated	Funding (PhpM) Req't	Yearly Accomplishment				
				2012	2013	2014	2015	TOTAL
2011 BLEP	202	214	0.518	209	5		1	215
2012 BLEP	212	177	0.568	18	109	48	2	177
2013 BLEP	238	358	1.501		4	133	97	234
2014 BLEP	267		1.260					
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<b>Total</b>	<b>1,030</b>	<b>749</b>	<b>4.247</b>	<b>227</b>	<b>118</b>	<b>181</b>	<b>100</b>	<b>626</b>

### III. POLICY STATEMENT

It shall be the policy of NEA to prescribe the Guidelines on the Implementation of the Barangay Line Enhancement Program and corresponding release of funds in order to meet the set targets on a timely basis.

### IV. IMPLEMENTING GUIDELINES

The implementation of BLEP through the following engineering innovations/construction schemes will provide the necessary infrastructure for a long-term efficient and reliable power distribution system:

- 1) Submarine Cable Energy System
- 2) Underground Cabling Energy System
- 3) Improvement of Tapping Point (Upgrading of Distribution System)
  - 3.1) From Open Secondary to Single Phase
  - 3.2) From Single Phase to Three Phase

**Submarine Cable Energy System** – The common applications of submarine cables in power transmission and distribution systems are electrical feeding of islands and islets from the mainland or a major island of an archipelago, interconnections between High Voltage (HV) networks for possible transfer of electrical power in both directions,

transfer of cheap power generated on natural or artificial islands to the mainland, crossing of sea inlets and rivers, and transmission of power from renewable offshore sources.

**Underground Cabling Energy System** – Replacement of overhead cables providing electrical power with underground cables. This is typically implemented for the purpose of making powerlines less susceptible to outages during typhoons and thunderstorms. The current standards for authorized cabling products require that all underground cables must incorporate a water blocking agent.

**Improvement of Tapping Point** - One way of reducing losses in the system by converting/improving secondary distribution lines to primary lines. The system helps eliminate low voltages delivered to the consumers/end-users. Proper design engineering and construction methods are tantamount to provide a reliable system and substantially lower system loss.

#### A. Technical Requirements

- 1) Feasibility Study – which include the profile of the project, background, mode of implementation, source of power (tapping point) and number of household beneficiaries
- 2) Summary of Scope of Work – this includes type of procurement and cost
- 3) Bill of Materials and Cost – list of network and non-network assets as evaluated by NEA using the approved price index
- 4) Single line Diagram or System Map
- 5) Board Resolution – document to support the decision of the EC Board of Directors to avail subsidy for BLEP

#### B. Schedule of Fund Release

- 1) The EC Budget Request (BR) including Board Resolution, Feasibility Study with completion timeline and other relevant documents shall be evaluated by the NEA Accelerated Total Electrification Office (ATEO) for the purpose.
- 2) The evaluated project cost shall be recommended for approval by the Deputy Administrator for Electric Distribution Utilities Services.
- 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 NEA Accounts Management and Guarantee Department (AMGD) for Memorandum of Agreement (MOA) documentation and to Finance Services Department for Certification of availability of funds/budget, issuance of check and transfer of funds to EC account specifically established for BLEP.

- 4) The BLEP funds shall be released in accordance with NEA Guidelines on the Release of Subsidies for SEP – (70%, 20% and 10% of the total project cost after final inspection/acceptance of the project). The final release of funds of the project shall be subject to the submission of the following:
  - a) Certificate of Project Completion (CPC)
  - b) Certificate of Final Inspection and Acceptance (CFIA)
  - c) Final Accounting of Funds
  - d) Project Implementation Report

#### **C. Project Implementation and Monitoring**

1. The EC shall submit to NEA-ATEO the comprehensive feasibility study which shall include the following:
  - a) Profile of the Project/Project description
  - b) Summary of Scope of Work
  - c) Material Requirements and Costing
  - d) Timeline of Completion and Energization
  - e) Implementation Scheme/Construction
2. 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.
3. In the procurement of equipment and materials and other related services and since government funds will be used in the enhancement of barangays, the ECs shall adhere to the provisions of RA 9184, Government Procurement Reform Act.

#### **D. Project Inspection**

1. Periodic inspection by NEA-ATEO engineers shall be conducted to determine progress of work and completion/energization based on timelines and to determine remedial actions for any problem that may arise.
2. After final inspection, the CFIA shall be duly signed by the Board President, General Manager, Technical Services Department Manager and certified by a NEA Representative.

#### **E. Project Audit**

The NEA audit team shall conduct examination of liquidation documents as well as compliances to Memorandum of Agreement provisions and conditionalities. Actual inspection and validation of project implementation may be conducted by the Commission on Audit (COA) to ensure that projects are completed within the timeline and using quality material and equipment.

**V. RESPONSIBILITY AND ACCOUNTABILITY**

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

**VI. EFFECTIVITY**

These policy guidelines on the implementation of BLEP shall take effect fifteen (15) days after filing with the University of the Philippines (UP) Law Center pursuant to the Presidential Memorandum Circular No. 11, dated October 9, 1992.

Please be guided accordingly.

  
**EDITA S. BUENO**  
Administrator



10/20/15



October 22, 2015

**THE DIRECTOR**

Office of the National Administrative Register  
University of the Philippines Law Center  
U.P. Law Center, Diliman  
Quezon City

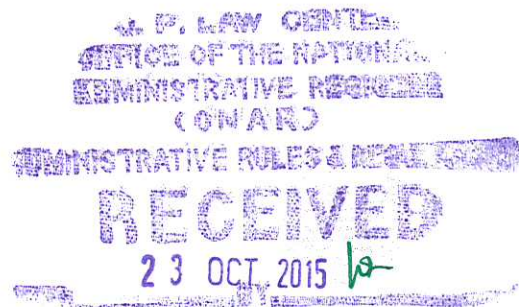
Sir:

Pursuant to Book VII, Chapter 2, Section 3 of the 1987 Administrative Code of the Philippines, we are respectfully submitting to the U.P. Law Center, for filing, publication and recording the attached certified true copies of the **"POLICY GUIDELINES ON THE IMPLEMENTATION OF BARANGAY LINE ENHANCEMENT PROGRAM (BLEP)"** promulgated by the National Electrification Administration (NEA) in accordance with its authority under Section 5 of P.D. No. 269 as amended.

Thank you very much for the usual and kind assistance of the U.P. Law Center.

Very truly yours,

**NOLLIE B. ALAMILLO**  
Corporate Board Secretary V





# NATIONAL ELECTRIFICATION ADMINISTRATION

"The 1<sup>st</sup> Performance Governance System-Institutionalized National Government Agency"  
57 NIA Road, Government Center, Diliman, Quezon City 1100



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ISO 9001:2008  
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ID 010002830

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RECEIVED  
23 OCT 2015

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REPUBLIC OF THE PHILIPPINES  
NATIONAL ELECTRIFICATION ADMINISTRATION  
QUEZON CITY  
OFFICE OF THE CORPORATE SECRETARY  
CERTIFIED TRUE COPY  
  
NOLLIE B. ALAMILLO

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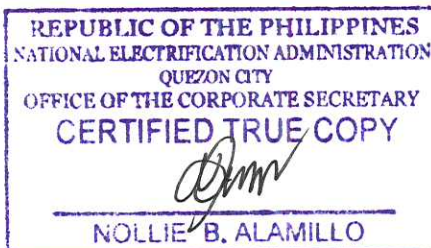
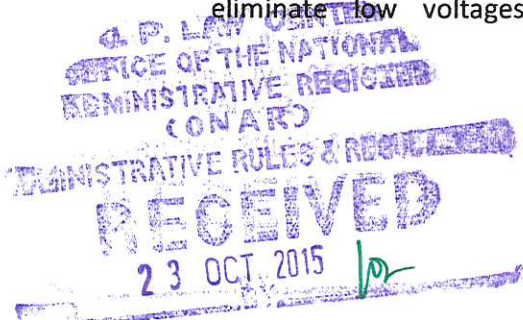
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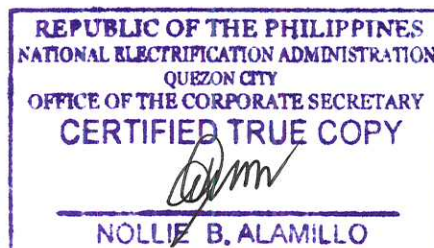
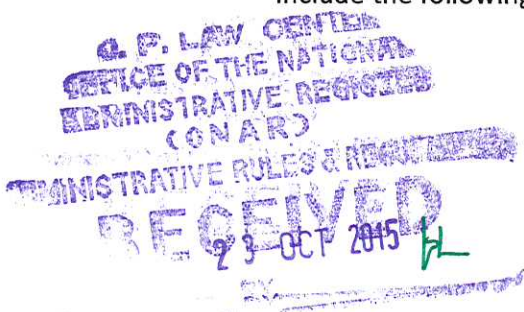
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 Administrator



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