



NATIONAL ELECTRIFICATION ADMINISTRATION

"The 1st Performance Governance System-Institutionalized National Government Agency"
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OCT 06 2022

MEMORANDUM No. 2022-51

TO : ALL ELECTRIC COOPERATIVES (ECs)

SUBJECT : ADVISORY ON THE ELECTRIC COOPERATIVES' RENEWABLE ENERGY PROJECT INVESTMENT WITH PRIVATE SECTOR PARTICIPATION CONSISTENT WITH IT'S DISTRIBUTION DEVELOPMENT PLAN (DDP), POWER SUPPLY PROCUREMENT PLAN (PSPP) AND RENEWABLE PORTFOLIO STANDARD (RPS) COMPLIANCE

WHEREAS, Republic Act No. 10531, otherwise known as the National Electrification Administration Reform Act of 2013, establishes a framework for introducing structural reforms in the NEA and the ECs;

WHEREAS, Section 58, Chapter VII of the Republic Act No. 9136 ("EPIRA") provides additional mandate of the National Electrification Administration (NEA) to develop and implement programs to prepare Electric Cooperatives (ECs) in operating and competing under the deregulated electricity market specifically in an environment of open access and retail competition;

WHEREAS, Section 10(b)(i), Rule III of the DOE Circular No. DC2013-07-0015 (IRR RA 10531) states that in addition to the mandates, powers, functions, and privileges accorded to ECs under the EPIRA and its IRR, and pursuant to Section 16(j) of Presidential Decree No. 269, the ECs are empowered to engage in power generation within its franchise area. For the purpose of clarity, the EC shall ensure the quality of electricity service consistent with the standards provided in the EPIRA and its IRR, the Philippine Grid Code, the Philippine Distribution Code, and other relevant laws and standards including environmental, health, and safety standards. The engagement of any EC in the power generation business shall contribute to greater efficiency and lower cost of operations as a distribution utility. In the exercise of its mandate, any EC may engage in power generation business through the construction of embedded generation facility in accordance with the cross ownership and market share limitations;

WHEREAS, Section 16(l), Chapter III of the Presidential Decree No 269 provides power to ECs to become a member of other cooperatives or corporations or to own stock therein;

WHEREAS, Section 37(e)(i) of the Republic Act No. 9136 states that in addition to its existing powers and functions, the DOE is mandated to encourage private sector

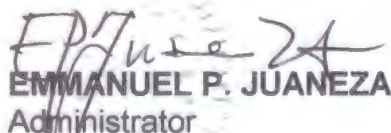
investments in the electricity sector and promote development of indigenous and renewable energy sources in restructuring of the electricity sector;

WHEREAS, Section 37(o) of the Republic Act No. 9136 encourages private sector engagement in energy projects, including corporations, cooperatives, and similar collective organizations, to broaden the base of their ownership and thereby encourage the widest public ownership of energy-oriented corporations;

NOW, THEREFORE, pursuant to NEA's mandate under RA No. 10531, all ECs are hereby directed to;

- a. To incorporate in its DDP/PSPP consistent with the RPS Requirements the maximum RE share of electricity coming from RE resources in the Energy Mix to attain the aspirational target of 35% in the generation mix by 2030 expressed in MWh;
- b. To engage in power generation within its franchise area in order to provide member-consumer-owners with opportunities and options for obtaining reliable, environmentally-benign, efficient and least cost of power;
- c. To encourage private sector investments and promote development of embedded indigenous and renewable energy sources. As such, any additional costs arising from the development of embedded generation facility should not result in higher electricity rates to their consumers;
- a. To update the Renewable Energy Development Plan (REDP) on annual basis reflecting the RPS compliance plan. The REDP shall be submitted to the NEA-REDD at email address *nea_ored@yahoo.com* in soft copy and to be followed by hard copy every 30th day of September for review and approval.

For your strict compliance.


EMMANUEL P. JUANEZA
Administrator

