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IN THE NEWS

NEA remits P148 M to national government

NEA officials, led by Administrator Edita Bueno, join President Benigno Aquino III and other state officials during the GOCC Dividends Day held at Malacañang Palace on June 9.

The National Electrification Administration (NEA) remitted a total of P148.23 million to the national government as dividends due from NEA's net earnings for 2013.

The state-run agency is among the first government-owned and controlled corporations (GOCCs) to pay the required dividends due the government during the GOCC Dividends Day held at Rizal Hall, Malacañang Palace on June 9.

President Benigno Aquino III personally received the check from NEA Administrator Edita S. Bueno.

Administrator Bueno said, "NEA's contribution to the national coffers is part of the agency's continuing effort towards good governance and nation-building. We strive for excellence by dutifully paying our obligations."

The remittance, which was turned over to the Bureau of Treasury (BTr) on March 18, is the biggest in NEA's history. The amount is 9% higher than last year's payment of P136.54 million.

Under Section 3 of Republic Act No. 7656, otherwise known as the Dividend Law, GOCCs are required to declare and remit at least 50% of their annual net earnings as dividends to the national government.

In its initial financial report for 2013, NEA posted a net income of P494 million.

Last April 8, NEA also deposited P120.39 million to the account of the Bureau of Internal Revenue (BIR) as agency's income tax due for 2013.

In 2013, NEA earned its 7th consecutive unqualified opinion from the Commission on Audit (COA) based on the agency's audited financial statements for CY 2013.

Among the contributing factors to NEA's positive financial position are its enhanced lending program and corporate practices of prudence.

Since its financial turnaround in 2004, NEA has been adopting various measures for the minimization of expenses, optimization of resources, and maximization of revenues (MOM), resulting in a ten-year positive net margin for the agency.

NEA rallies ECs to be more proactive for future Yolandas

Administrator Edita Bueno (inset) speaks before a gathering of manufacturing companies and ECs to report on the resiliency program of NEA, including the establishment of EC material buffer stock.

"Yolanda is the new normal. Therefore, ECs cannot be complacent anymore."

Thus reported NEA Administrator Edita Bueno at the Third Consultative Session with Manufacturers, Suppliers of Electrical Materials and Equipment, and Project Contractors of the Electric Cooperatives (ECs) held last June 27 at the Quezon City Sports Club, Quezon City.

At the forum which gathered 57 manufacturing companies and nine ECs, Administrator Bueno said that the agency has developed its own resiliency program that is anchored on the government's 'build back better' policy.

Build back better policy aims to put in place "disaster-resilient standards" on the construction vital infrastructure and rehabilitation of local economies in the aftermath of a disaster.

The resiliency program of NEA consists of capacity-building measures for linemen and electricians, determination of material buffer stock of ECs, and establishment of one-centavo/kWh as sinking fund to cover mobilization and deployment of personnel in time of calamities and emergencies.

According to the Administrator, an estimated P6.038 billion was earmarked by NEA as material buffer stock of ECs from 2014 to 2018.

The buffer stock will serve as standby supplies of the cooperatives for use after occurrence of any calamity.

She added that an estimated P10.723 billion was allotted for ECs' capital expenditures and P8.378 billion for their Sitio Electrification Program (SEP) and Barangay Line Enhancement Program (BLEP) initiatives as material requirements for their rehabilitation and upgrading programs covering the five-year period.

For July to December 2014, NEA estimated P3.69 billion as material requirements for the electrification of 7,073 sitios and enhancement of 267 barangay distribution lines.

Meanwhile, NEA Deputy Administrator for Electric Distribution Utilities Services Edgardo Piamonte, who was also present during the consultative session, rallied ECs to be more proactive in light of stronger disasters in the coming years.

He said, "there is no way we can allow ourselves to be caught flat-footed. The disastrous effects of Super Typhoon Yolanda prompted us to reassess our current wind loading design-construction standards. "

"There will be no light loading anymore to withstand higher wind velocity in the future," he added.

ECs authorized to establish sinking fund

Electric cooperatives (ECs) are now authorized to establish a sinking fund from a certain percentage of their accumulated margins to cover extraordinary losses and expenditures arising from force majeure, natural calamities, and other risk factors.

NEA approved the policy on April 4 through Board Resolution No. 55 in view of ECs' heavy financial outlays that cannot be augmented by subsidies and calamity releases from the national government.

According to NEA Administrator Edita Bueno, apart from its thrust of increasing the resiliency of ECs to natural disasters in the future, the establishment of a sinking fund is also in line with the agency's mandate to prepare them for the implementation of retail competition and open access.

Section 5 of RA 10531, otherwise known as the National Electrification Administration Reform Act of 2013, mandates NEA to provide ECs institutional, financial, and technical assistance to make them economically and financially viable.

The determination of the amount of sinking fund, the policy guidelines state, shall be based on historical data on natural calamity-related losses and damages to the utility assets of the ECs for the last five years.

Moreover, disbursements from the sinking fund and recognition of expenses shall follow normal disbursement and work order process.

Central Luzon ECs push for power sustainability, lower power rates

Administrator Edita Bueno (seated, rightmost) joins DOE Secretary Carlos Jericho Petilla (seated, leftmost), USAID Acting Assistant Administrator Denise Rollins (seated, middle), GN Power Ltd. Co. Pres. John Becker (standing, leftmost), CLECA-FLAG Pres. Reynaldo Villanueva (standing, second from L), USAID Philippine Mission Director Gloria Steele (standing, second from R), and USAID COMPETE Project Chief of Party Dr. Enrico Basilio (standing, rightmost) in ongoing discussions to ensure power sustainability and lower power rates in Central Luzon.

To ensure power supply sustainability and reduced power costs, including the possibility of an estimated 31% drop in the power generation rate in Central Luzon, 12 electric cooperatives in the region met last June 10 to sign a Memorandum of Cooperation (MOC) with the US Agency for International Development (USAID).

In the MOC signing, the ECs, organized as Central Luzon Electric Cooperatives Association-First Luzon Aggregation Group (CLECA-FLAG), completed a transaction for the 300 MW demand from a new generating capacity with a rate of P3.70/kWh.

This brings down retail rates to member-consumers, including commercial and industrial customers, from an average of P7.91/kWh in 2013 to P6.09/kWh.

According to Department of Energy (DOE) Secretary Carlos Jericho Petilla, this is one of the measures administered by the department, in synergy with the ECs, to respond to the "volatility of electricity supply particularly during summer."

He added that the long-term challenge for the energy sector is to "institute better demand and supply outlook in the short, medium, and long run" and ensure that the energy supply will be "at par with the increments" in the economic growth.

Meanwhile, NEA Administrator Edita Bueno said "this is a step forward for our member-consumers who all clamor for a drop in electricity rate. I salute the officials of CLECA-FLAG and the members of its

CENTRAL/8

NEA lends P2.68 B to power coops

NEA released P2.68 billion loans to 56 electric cooperatives (ECs) to finance rural electrification projects and sustain their operations.

Of the total amount, P1.55 billion or 58% was intended to finance capital projects of 45 ECs, while P866 million or 32% was intended to fund the working capital of 21 ECs.

The remaining P265 million or 10% was availed by 11 ECs to finance their monthly cash shortfall on the settlement of their power accounts.

Many of the ECs that applied for loan, including Batangas II Electric Cooperative, Inc. (Batelec II), Pampanga II Electric Cooperative, Inc. (Pelco II), Central Pangasinan Electric Cooperative, Inc. (Cenpelco), First Bukidnon Electric Cooperative, Inc. (Fibeco), Davao del Norte Electric Cooperative, Inc. (Daneco), Agusan del Sur Electric Cooperative, Inc. (Aselco), and Bohol I Electric Cooperative, Inc. (Bohecol), were using the money to finance their rehabilitation projects resulting from typhoon damages.

According to NEA Administrator Edita Bueno, the development of a credit guarantee program and facility for the ECs is in line with the agency's mandate to establish a power supply guarantee which will secure the power purchase of qualified ECs in the Wholesale Electricity Spot Market (WESM), Interim Mindanao Electricity Market (IMEM), or under a bilateral contract with the generating companies or the National Grid Corporation of the Philippines (NGCP).

She added that "NEA continues to find ways to make funds readily available for the ECs, particularly in times of natural and manmade calamities, for them to improve their operations and serve better their member-consumers."

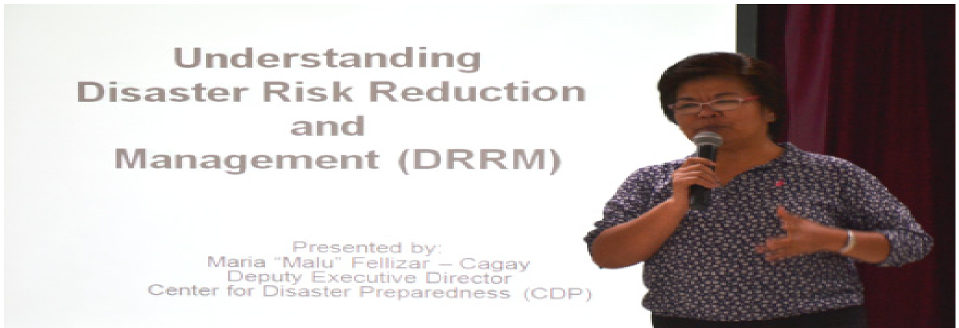
Meanwhile, NEA also released P492 million as amortization payment on foreign loans due for 2013.

The payment comprised P454 million capital and P38 million interest.

N E W S B Y T E S

NEA steps up emergency preparedness

NEA is stepping up its institutional preparedness in light of recent studies suggesting Yolanda will be the new normal.



Deputy Executive Director of Center for Disaster Preparedness Maria Felizar-Cagay delivers a lecture on Disaster Risk Reduction Management Act of 2010 as part of NEA's emergency preparedness plan.

In a Reflection-Workshop on Disaster Risk Reduction-Climate Change Adaptation (DRR-CCA) held at HESA on Apr. 3, Ms. Connie Perfecto from the Center for Community Journalism and Development (CCJD), said that with the significant changes in weather patterns nowadays, there is a greater need to revisit the current practices and initiatives of the agency on emergency preparedness and disaster risk mitigation.

Ms. Maria Felizar-Cagay, Deputy Executive Director for Center for Disaster Preparedness, who delivered a lecture on Disaster Risk Reduction Management (DRRM) Act of 2010, likewise emphasized the importance of integrating the DRR-CCA framework into the program of the agency "to aid capacity-building in terms of process, employees, community, and power-related infra specifications."

Meanwhile, participants to the workshop developed as an output, the DRR-CCA Toolkit for NEA-EC to document the efforts of the agency in heightening its emergency response level.

The toolkit aims to systematize the response and rehabilitation protocols and procedures of the agency as embodied in the DRR-CCA framework.

'Core Values' workshop revisits ways to know the self better

To allow NEA employees to know themselves better and make decisions anchored on truth and understanding, a seminar-workshop on "Finding and Living the Core Values" was held on May 21-22 at Vinz Café, Penthouse.

Facilitated by Ms. Brigitta Lazaro-Villareal and Mr. Apollo Magno of Evangelion Foundation, Inc., the seminar-workshop emphasized the need to enlarge one's capacity for self-awareness to deepen relationship with God and maintain amicable ties with colleagues.

According to the facilitators, "a deeper understanding of who one is [is important], so it becomes easier for a person to identify the areas to improve on," thereby resulting in improved working relations in the workplace.

Participants to the Finding and Living the Core Values seminar-workshop complete puzzles as a culture-building tool for learning the values of patience, generosity, and grateful acceptance.

NEA reaches out to a lineman's family

Jennifer Manguing (7th from right) receives from NEA officials a cash donation worth P50,000 on behalf of her deceased husband, Noel Manguing. A lineman of Biliran Electric Cooperative, Inc. (Bileco), Noel Manguing suffered a fatal fall while performing his duty for a Yolanda rehabilitation activity of the cooperative.

The visit was led by HRAD Director Diana San Luis and HRMD Manager Nelia Cecilio, and is part of the agency's thrust to reach out to the ECs which continue to serve tirelessly to attain total electrification for the entire country.

NEA posts growth in 2013

Notwithstanding the extensive damages suffered by electric cooperatives (ECs) in Visayas after Super Typhoon Yolanda cut a swath of destruction in the region in November 2013, NEA, as the supervising agency of the ECs, continued to demonstrate marked improvement in its operations and its ongoing initiative to attain 100% energization status for the country.

Systems loss reduction

In the latest NEA Performance Evaluation Report, the reduction of the national average systems loss from its record in 2012 is among the agency's accomplishments for 2013.

From a record of 11.74% in 2012, the national average systems loss went down to 11.61% the following year.

The reduction in systems loss, which came as a result of extensive meter changes, including pole metering and cluster metering for member-consumers of ECs across the country, translated to P124,471,493 in savings, or 18,186,951.01 kWh in energy consumption.

The systems loss recorded in 2013 is 1.39% lower than the 13% cap set by the Energy Regulatory Commission.

According to NEA Administrator Edita Bueno, "strategic interventions are being undertaken to address the reduction in systems loss of the electric cooperatives for them to be operationally efficient and be of better service to their member-consumers. Lower systems loss would also mean lower cost of electricity rates."

There were 71 ECs which met the cap set by the ERC, of which 25 registered a single-digit systems loss level.

The five ECs which had the lowest systems loss are Misamis Oriental I Electric Service, Inc. (Moresco I) with 1.83%, Dinagat Island Electric Cooperative, Inc. (Dielco) with 5.09%, Bohol I Electric Cooperative, Inc. (Boheco I) with 6.05%, Cebu II Electric Cooperative, Inc. (Cebeco II) with 6.75%, and Batanes Electric Cooperative, Inc. (Batanelco) with 7.53%.

Regional rankings also showed that Region VII (Central Visayas) ECs recorded the lowest average systems loss at 8.03%, followed by Region X (Northern Mindanao) ECs at 8.79% and Region III (Central Luzon) ECs at 10.02%.

GROWTH/8

SEP in full swing despite calamities

The Sitio Electrification Program (SEP) under the administration of Pres. Benigno Aquino III is in full swing despite ongoing power restoration activities in areas that were hit by calamities in the last quarter of 2013.

Under Pres. Aquino's term, the last 2 ½ years saw a total of 15,845 households energized, or 49% of the overall target.

According to Administrator Edita Bueno, head of the agency that is at the helm of the country's electrification program, "the accelerated pace of total electrification through SEP was made possible by the unprecedented subsidy releases from the administration."

The Aquino government has so far released a total of P14.28 billion to NEA to fund SEP.

Beginning in 2011 which saw 1,520 sitios lighted up, SEP has since moved forward to energize 6,163 sitios in 2012, 5,263 in 2013, and 2,899 from Jan. 1 to June 6 this year.

The implementation of the program made a crawl however in the last quarter of 2013 after NEA had to refocus its efforts on rehabilitating distribution systems that were damaged heavily by Super Typhoon Yolanda.

Meanwhile, Administrator Bueno is confident that NEA would be able to complete the program by the end of the President's term.

She said, "there is no reason for us not to carry on. We made a pledge to the people, and we are committed to fulfill this promise with all the resources we have."

SEP, which is part of Pres. Aquino's Investment Agenda, seeks to attain 90% household electrification by 2017 through concerted efforts of NEA and its partner electric cooperatives (ECs).

It is anchored on the Department of Energy's (DOE) Household Electrification Plan, which sees provision of electricity as a stimulus for infrastructure development and an opportunity for people to gain access to basic social services.

NEA engineers benchmark Penelco's engineering practices

To benchmark value engineering practices of the Peninsula Electric Cooperative, Inc.'s (Penelco) 23-kV distribution system, nine engineers from NEA visited the cooperative last May 9-10. Six of them are new employees.

One of the highlights of the visit was a tour of the 23-kV power substation and backbone line in Mariveles Service Center, where participants were given a familiarization seminar on the engineering design, specification, and construction of a 23-kV distribution system.

Conversion strategies and techniques from 13.2 kV system to 23-kV system and on-off switching protocols of a 23-kV power substation were likewise discussed during the seminar.

Newly-hired NEA engineers were given a briefing of the Peninsula Electric Cooperative, Inc.'s (Penelco) best practices during a study tour on May 9-10.

According to Engr. Floyd Bautista, head of the study tour, visits to electric cooperatives (ECs) are among the measures administered by the agency to build the capacity of its employees.

"This is an opportunity for the new employees to gain firsthand knowledge of the engineering practices of the best ECs in the country. They are lucky to have these educational tours," he said.

In 2012, Penelco launched the implementation of its 23-kV distribution system to improve the efficiency and reliability of its electric service.

According to Engr. Bautista, one of the benefits of conversion to a higher voltage is reduction of line losses.

Energy leaders bat for sustainable energy initiatives

Measures to harmonize competing priorities in energy security, energy equity and affordability, and environmental sustainability—known as the "energy trilemma" in the clean energy agenda—remain among the top issues for world energy leaders, as the week-long Asia Clean Energy Forum 2014 opened on June 26 at the Asian Development Bank (ADB) Manila Headquarters in Mandaluyong City.

The forum, which gathered from 90 countries an estimated 1,500 participants, including investors, policy makers, and technical experts, aimed to share best practices in policy, technology, and finance to meet the region's climate and energy security needs.

According to ADB Vice-President for Knowledge Management and Sustainable Development Bindu Lohani, the pathway towards a clean energy future remains complex, as policies of developing countries "to meet various energy needs and [for] economic growth" often lead to "issues with equity and environment."

He added that in Asia-Pacific alone, where "energy poor" are concentrated, "more than 600 million people do not have access to electricity, and more than 1.8 billion do not have access to modern fuels."

This, according to Lohani, has made people rely on fossil fuel, thereby encroaching on "environmental and financial limits."

Meanwhile, NEA Administrator Edita Bueno, the lone representative of the Philippines to the steering committee of Energy for All Partnership, said the agency is pooling all its efforts to contribute to the overarching goal of providing energy access to 100 million people in the Asia-Pacific region by 2015.

According to Administrator Bueno, NEA has already served 11,061,365 Filipinos from 2009 to April this year, while the projected population NEA aims to serve from May 2014 up to next year is at 3,734,870.

She added that among the initiatives spearheaded by the agency with assistance from ADB include Solar Lantern Project for Indigenous Community, Improvement of Electricity Supply through Renewable Energy Systems, and Conduct of a Feasibility Study for Hybridizing Existing National Power Corporation-Small Power Utilities Group (NPC-SPUG) Diesel Power Plants Covered by ECs.

Task Force Yolanda linemen to get new shoes

The 1,993 linemen of Task Force Yolanda are getting brand-new outdoor shoes from industry partners.

In a turnover ceremony held on June 2 at HESA, NEA Administrator Edita Bueno said "the shoes will not only help the linemen do their job better, but also be a symbol of cooperation between NEA and the ECs and our donors."

She also thanked TeaM Energy Foundation, Inc. (TEFI) and gave special thanks to Energy Regulatory Commission (ERC) Commissioner Josefina Asirit who acted as conduit of the grant for NEA and the ECs.

The shoes were pledged by TEFI, through its partner, Recreational Outdoor eXchange (ROX).

Witnessing the event were members of TEFI including Executive Director Roderick de Castro, Program Manager for Sustainable Energy Deanna Dianne Maningding, and Technical Officer Arturo Arandela.

For his part, Director de Castro commended NEA for providing prompt and efficient response to ECs that were damaged by Super Typhoon Yolanda in November 2013.

Also present during the event were ROX Assistant Vice President Ruby Palma and Center for Outdoor Recreation and Expedition (CORE) Program Officer Kristine Villaflor.

In a turnover ceremony of shoes for Yolanda linemen, TeaM Energy Foundation, Inc. Executive Director Roderick Castro commends NEA for its efficient response to Yolanda-hit ECs.

Growth . . . from 5

Meanwhile, ECs which reduced their systems loss the most are Marinduque Electric Cooperative, Inc. (Marelco) by 6.03%, from 17.25% in 2012 to 11.22% in 2013, Moresco I by 3.40%, from 5.24% to 1.83%, and Capiz Electric Cooperative, Inc. (Capelco) by 3.13%, from 12.05% to 8.92%.

Growing consumer connections

Consumer connections also grew by more than 16,000 against NEA's target of 445,000.

Records show that in 2013, a total of 461,729 households were already enjoying the benefits of electricity, with 200,598 connections made in Luzon, 126,120 in Visayas, and 135,011 in Mindanao.

This brings total consumer connections as of Dec. 2013 to 10,152,834 out of 12,523,700 potential consumers.

"This is a proof of our continuing resolve to get down to the remotest of sitios and have them lighted up. Whatever the odds are, NEA is committed to do its part in building the nation. Energizing the countryside is a platform for economic progress," Administrator Bueno said.

Positive Financial Operation

The report also stated that in 2013, NEA was able to facilitate to ECs a total loan of P2.68 billion, which is more than P1 billion up from its performance commitment that year.

Likewise, NEA has been able to sustain positive profitability which may be a result of its corporate practices of prudence.

The report mentioned that NEA's net profit in 2013 rose to P494 million, which is P42 million higher than its income in 2012. Alongside this development, 95 ECs were able to demonstrate positive financial operation against the agency's target of 88.

Subsidy releases

In 2013, the total amount of subsidy releases NEA received from the government was at P6 billion, of which P3.75 billion was intended to finance electrification initiatives, P0.92 billion for barangay line enhancement, P0.11 billion for Other Various Local Projects (OVLP) and Local Government Support Fund (LGSF), and P1.21 billion for Mindanao Modular Generator Sets (Gensets) Program sourced from the Malampaya Fund.

Central . . . from 3

technical working group for forwarding the interest of the public in the wake of rising costs of basic services."

The winning bidder, GN Power Ltd. Co., was selected as supplier for 20 years starting in 2019. It is set to introduce to the country a 1,200-MW coal-fired power plant technology representing $2.4 billion of new investment in power generation for the Luzon grid.

Member-ECs of CLECA-FLAG include Aurora Electric Cooperative, Inc. (Aurelco), Nueva Ecija I Electric Cooperative, Inc. (Neeco I), Nueva Ecija II Area 1 Electric Cooperative, Inc. (Neeco 2A1), Nueva Ecija II Area 2 Electric Cooperative, Inc. (Neeco 2A2), Pampanga I Electric Cooperative, Inc. (Pelco I), Pampanga II Electric Cooperative, Inc. (Pelco II), Pampanga III Electric Cooperative, Inc. (Pelco III), Pampanga Rural Electric Service Cooperative, Inc. (Presco), Tarlac I Electric Cooperative, Inc. (Tarelco I), Tarlac II Electric Cooperative, Inc. (Tarelco II), Zambales I Electric Cooperative, Inc. (Zameco I), and Zambales II Electric Cooperative, Inc. (Zameco II).

Also present during the event were Oriental Mindoro Governor Alfonso Umali, USAID Acting Assistant Administrator Denise Rollins, USAID Philippine Mission Director Gloria Steele, USAID Advancing Philippine Competitiveness (COMPETE) Project Chief of Party Dr. Enrico Basilio, USAID COMPETE Lead Technical Adviser to CLECA-FLAG Engr. Rowaldo del Mundo, CLECA-FLAG Pres. Reynaldo Villanueva, and GN Power Ltd. Co. Chairman and CEO Dr. Daniel Chalmers, and GN Power Ltd. Co. Pres. John Becker *(Rio Garcia)*.

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