



December 7, 2017

MEMORANDUM No. 2018-001

TO : ALL ELECTRIC COOPERATIVES

**SUBJECT : Policy Guidelines on the Implementation of
 Sitio Electrification Program (Phase 2-Grid Connection)**

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Please be informed that the NEA Board of Administrators, under Board Resolution No. 150 dated December 5, 2017, approved the Policy Guidelines on the Implementation of Sitio Electrification Program (Phase 2-Grid Connection), to wit

I. RATIONALE:

Section 2 of RA 10531 or NEA Reform Act, mandated NEA to promote the sustainable development in the rural areas through rural electrification, and to pursue the electrification program and bring electricity, through the ECs as its implementing arm, to the countryside even in missionary or economically unviable areas.

"Access to Electricity for All" is the first of the 5-Point Agenda of President Rodrigo R. Duterte in the Energy Sector.

To complete the National Rural Electrification Program and to carry out Rural Development Program through Rural Electrification Program are among the NEA Administrators 's 7-point Agenda.

II. BACKGROUND

In line with the State Policy enunciated in PD 269 and the mandated mission of NEA under RA 10531, the Sitio Electrification Program (SEP) was embraced as a program by the past Administration. It aims to ensure inclusive growth in the communities, generate job opportunities and benefit the poorest of the poor.

Under SEP Phase 1, the target is to complete/energize the 32,441 sitios (based on June 2011 inventory). By end of December 2016, a total of 34,209 sitios were completed/energized. However, based on NEA's database as of December 31, 2016, there are still 23,464 sitios with 1,610,860 households in the coverage area of the Electric Cooperatives (ECs) nationwide that need to be electrified. NEA is targeting the completion of these sitios during the present Administration's term as follows:

YEAR	TARGET NO. OF SITIOS
2017	2,410
2018	1,817
2019	4,800
2020	4,800
2021	4,800
2022	4,837
TOTAL	23,464

III. POLICY STATEMENT

It shall be the policy of NEA to prescribe the Guidelines on the Implementation of Sitio Electrification Program (Phase 2) covering the following projects:

- A. Projects in the approved Work Plan and priority requests which have funding allocations from the National Government are eligible for evaluation and release of funds subject to the approval of the Administrator.
- B. Additional projects which have no funding allocation shall also be eligible for evaluation and release of funds upon approval of the Administrator and availability of funds/generated savings.

IV. IMPLEMENTING GUIDELINES

A. Coverage

Electrification projects under the following classification are eligible under this policy:

1. Distribution lines of unenergized sitios/puroks/zones which passed the following criteria:
 - Maximum distance of 10 kilometers from the nearest tapping point
 - Minimum distance/length requirement for primary line connection must be 500 meters for island EC and 1 kilometer for mainland EC
 - Must have at least 10 potential household connections
 - Must not reported as “energized” in NEA’s database
2. Household connection for a maximum of 60 consumers per sitio/purok or the actual number whichever is lower

B. Schedule of Fund Release

1. Upon receipt of the list of projects with approved subsidy allocation, the EC through the Accelerated Total Electrification Office (ATEO) shall initiate the submission of Request for the Release of Construction Funds (RRCF/Budget Request) using the NEA Standard Form duly signed by its General Manager and Board President. All necessary supporting documents listed below shall be attached to the RRCF
 - Barangay Certification that the sitio is unenergized with the number of potential household and population
 - Location Map
 - As plan staking sheets
 - As plan Bill of Materials
 - Certification on Right of Way Easement
 - Board Resolution
 - Execution Plan
 - Letter of Commitment to finish the project based on timeline

2. The request shall be submitted to NEA for evaluation of ATEO and subject to the recommendation of the Deputy Administrator for Technical Services (DATS).
3. Upon approval, the RRCF shall be forwarded to the Accounts Servicing Division (ASD) for preparation of Memorandum of Agreement (MOA) and Financial Planning and Control Division (FPCD) for certification of the availability of subsidy funds.
4. The Deputy Administrator for Corporate Resources and Financial Services (DACRFS) then recommends the RRCF to the Administrator for final approval of release of funds to the EC.
5. Upon approval of the RRCF for a specific project classification, funds shall be released by the Treasury Division (TD) to the ECs as follows:
 - First release shall be seventy percent (70%) of the total evaluated project cost to cover mobilization, full payment of the material cost and after submission of the Notice of Award/Notice to Proceed with the winning bidder.
 - Second release shall be the amount of deficit incurred after full utilization of the 70% initial release or a maximum of twenty percent (20%) of the total project cost. There should be at least 50% physical accomplishment of the project including submission of the duly signed Budget Request, accomplishment report and accounting of funds of the initial subsidy release (70%).
 - Third/final release shall be ten percent (10%) of the total project cost after final inspection/acceptance of the project including submission of Certificate of Completion of Project, Certificate of Energization, Certificate of Final Inspection and Acceptance (CFIA), Final Accounting of Funds of the project, As built staking sheets and bill of materials, Project Implementation Report, Summary of Household Connections including list of beneficiaries per sitio and Budget Request.
6. The succeeding RRCF for projects with the same classification shall be processed only if the first/previous projects funded by subsidy were completed and subsidy funds were fully liquidated.
7. Reallocation/augmentation of subsidy funds within the project's enlisted covered under the same MOA is allowed
8. The EC shall abide with all the provisions of the MOA covering the release of subsidy funds for the purpose.

C. Implementation, Monitoring and Inspection

1. Periodic inspection shall be conducted by the ATEO for the following purposes:
 - a) to ensure that the funds released are properly utilized,

- b) to determine that the project is undertaken in accordance with the approved plans and specifications,
 - c) to determine the progress of work, and
 - d) to recommend remedial actions for any problem that may arise.
2. Accomplishment report shall be submitted by the ECs with Certificate of Project Completion duly signed by the EC General Manager which will serve as basis for the conduct of final inspection of the ATEO.
 3. As-built staking sheets should be prepared immediately upon completion of the project and must be available during the conduct of final inspection of ATEO duly signed by accountable persons.
 4. After final inspection, a Certificate of Final Inspection and Acceptance (CFIA) shall be duly signed by the ATEO representative as well as the Technical Department Manager and General Manager of the EC.
 5. For household connection, CFIA will be issued upon complete validation of the following:
 - 50% of actual household connection per sitio (for maximum of 20 sitios)
 - 40% of actual household connection per sitio (for maximum of 40 sitios)
 - 30% of actual household connection per sitio (for maximum of 60 sitios)
 - 20% of actual household connection per sitio (for maximum of 80 sitios)
 - 10% of actual household connection per sitio (for more than 80 sitios)

100% of actual connection for households outside the SEP funded area
 6. Upon issuance of CFIA for distribution line facilities, EC is given additional one (1) month to complete the household connection. Final Inspection shall be conducted afterwards.

D. Re-alignment of unutilized and/or excess subsidy fund

Realignment of unutilized and/or excess funds must have NEA's prior approval before implementation. Post facto approval is no longer allowed.

For distribution line facilities:

- Shall be considered only in balances amounting to P100,000.00 and above. Excess balances shall be returned to NEA one (1) month after NEA's final inspection and acceptance.
- Request for realignment thru Board Resolution with the necessary documents must be submitted to NEA within one (1) month from NEA final inspection and acceptance. Request for realignment shall no longer be accepted beyond this period.
- Subsidy fund received for the construction of distribution lines of a sitio with zero (0) household connection will be required to return to NEA.

For household connection:

- At least 50% of the original household recipients per sitio are connected before request for realignment is submitted to NEA. Upon issuance of CFIA for distribution line facilities, EC is given additional one (1) month to request realignment.
- Realignment of funds should be within the households of barangays included in the batch of funded sitios.
- Only one request for realignment per batch of funded projects is allowed.

IV. COMPLETION TIMELINES

The ECs are enjoined to follow strictly the completion timelines. Likewise, close monitoring of the contractor's performance should be done to ensure completion of projects as scheduled and in compliance with standard specification.

V. EFFECTIVITY

This Guidelines shall take effect on SEP projects with funds released in 2017 and onwards.

Please be guided accordingly.


EDGARDO R. MASONGSONG
Administrator





December 7, 2017

THE DIRECTOR

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

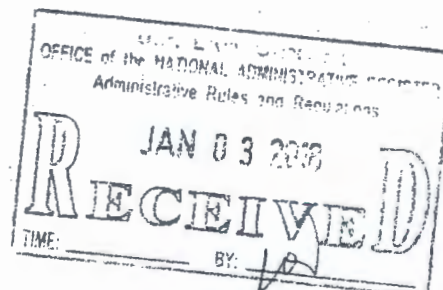
Sir:

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 SITIO ELECTRIFICATION PROGRAM (PHASE 2-GRID CONNECTION)**" 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.

ALEXANDER PAUL T. RIVERA
Corporate Board Secretary V





NATIONAL ELECTRIFICATION ADMINISTRATION

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



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GUIDELINES ON THE IMPLEMENTATION OF SITIO ELECTRIFICATION PROGRAM (Phase 2-Grid Connection)

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Section 2 of RA 10531 or NEA Reform Act, mandated NEA to promote the sustainable development in the rural areas through rural electrification, and to pursue the electrification program and bring electricity, through the ECs as its implementing arm, to the countryside even in missionary or economically unviable areas.

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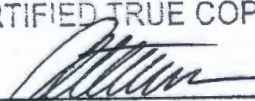
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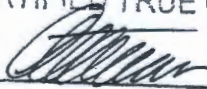
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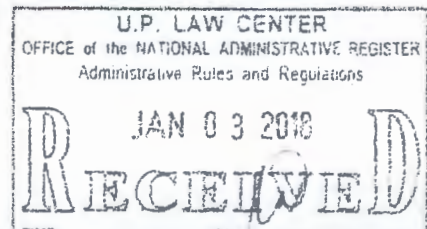
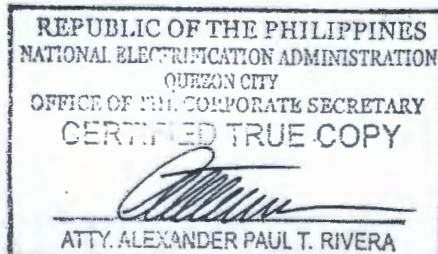
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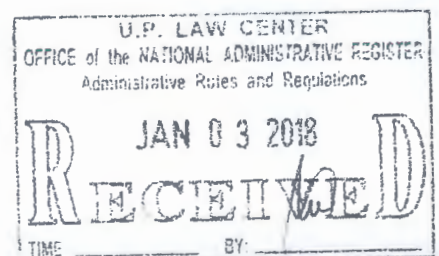
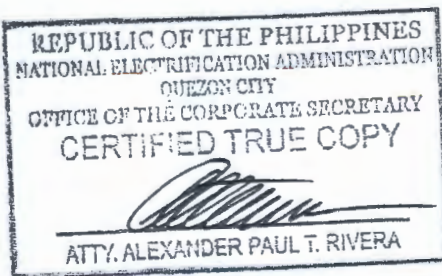
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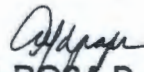
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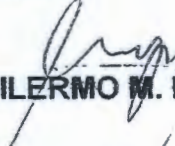

ARTIS NIKKIL. TORTOLA
Oversight

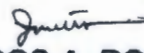

ANA ROSA D. PAPA
Chairman


HENRIETTA A. MARAMOT
Co-Chairman

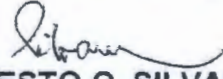

RODERICK N. PADUA
Co-Chairman

Members:

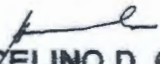

GUILERMO M. PAZ

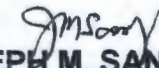

MILAGROS A. ROBLES

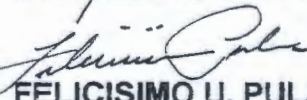

MA. CHONA O. DELA CRUZ

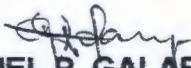

ERNESTO O. SILVANO, JR.

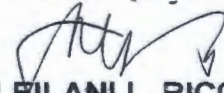

LIDA E. DELA MERCED

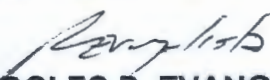

MARCELINO D. CACDAC

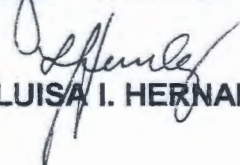

JOSEPH M. SANGALANG


FELICISIMO U. PULA

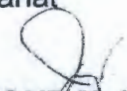

ARNEL P. GALARPE


LEILANI L. RICO


RODOLFO D. EVANGELISTA

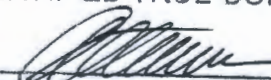

LUISA I. HERNANDEZ

Secretariat


RAYMOND M. NAPILOT


JOVANI B. LAGON


DARIL JEFF M. HIDALGO

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