



19 March 2018

MEMORANDUM No. 2018-015

TO : ALL ELECTRIC COOPERATIVES (ECs)

SUBJECT : **Submission of Terms of Reference for All CAPEX Projects Relating to the Upgrading, Rehabilitation, Revamp and New Construction of the EC's Distribution Facility**

With the mandate of the Philippine President Rodrigo R. Duterte for an **Access to Electricity for All, Power Reliability, system Efficiency and Cheap Rate** and together with the aligned Eight Point Agenda of the DOE Secretary Alfonso G. Cusi which is emphasized on his 1st agenda which is Access to Basic Electricity for All Filipino by 2020 "**To exert best effort to achieve 100% electrification of targeted identified heretofore un-electrified household in all the three major islands;**". NEA has aligned itself towards that mandate through its vision and the 1st and 3rd bullet of its Mission which are "**to promote the sustainable development in the rural areas through rural electrification**" and "**To empower and enable Electric Cooperatives to cope with the changes brought about by the restructuring of the electric power industry**" to ensure that those mandate are achieved as declared.

Aside from the Vision and Mission set by NEA, the Agency has also crafted its new 7-point agenda with emphasis on the 1st and 2nd point which are as follows:

1. Complete the National Rural Electrification Program; and
2. Intensify Capacity building Program for the Electric Cooperatives.

Of which, the NEA action plan for the second point emphasizes on the Electric Cooperatives to be resilient and to adopt the change of the time by accelerating its distribution system upgrading, uprating, innovation, modernization among others. However, doing all those things must still follow the most effective solution as a means in solving current and future risks which would redound to the most reasonable rate for the electric consumers on its coverage area.

One of the means of ensuring that its rates are efficient and effective is to ensure that all CAPEX projects of the ECs follow that guidelines set by NEA through the NEA price index and has undergone detailed evaluation to come up with the most effective design.

And, on Rule II, Section 5 (l) of the IRR of Republic Act 10531 *specifically provide that the NEA, in order to strengthen the ECs, shall develop, set and enforce institutional and governance standards for the efficient operation of ECs such as, but not limited to, the observance of appropriate procurement procedure, including transparent and competitive bidding.*


On Republic Act 9136, Section 4(d) states that *"It is the obligation of a distribution utility to comply with the technical specification as prescribed in the Distribution Code and under Section 4(h) A Distribution Utility shall supply electricity in the least cost manner to the Captive Market within its Franchise Area.*

In view thereof, all Electric Cooperatives are hereby required to submit their Terms of Reference (TOR) for all their CAPEX projects relating to the upgrading, rehabilitation, revamp and new construction of the EC's distribution facility. May it be NEA funded loan or loaned in the commercial bank, for evaluation and confirmation that such projects followed the required NEA Price Index Guidelines, Bidding Guidelines among others. Such document must be submitted to the Technical Services Sector for evaluation and confirmation before scheduling or publishing the said project for bidding.

Projects with on-going publication but has not consummate the bidding process yet are also required to submit their TOR for the same.

For your compliance.

Thank you.


EDGARDO R. MASONGSONG
Administrator

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