

# **Semi-Annual Report on the Initiatives and Activities on Rural Electrification**



**1st  
semester  
2021**

**Office for Performance Assessment and Special Studies**

# TABLE OF CONTENTS

I. INTRODUCTION.....	3
II. EXECUTIVE SUMMARY .....	3
III. DETAILS OF THE INITIATIVES AND ACTIVITIES ON RURAL ELECTRIFICATION .....	6
1. STATUS OF RURAL ELECTRIFICATION PROGRAM.....	7
2. STATUS OF SUBSIDY FUND RELEASES.....	9
3. RELEASE OF LOANS AND CREDIT ACCOMMODATION TO ELECTRIC COOPERATIVES .....	10
4. CAPACITY BUILDING PROGRAM FOR NEA AND ECS.....	11
5. SUMMARY OF APPROVED POLICY GUIDELINES AND PROCEDURES FOR THE FULFILLMENT OF THE NEA STATUTORY OBLIGATIONS UNDER RA10531 AND ITS IRR.....	17
6. RENEWABLE ENERGY DEVELOPMENT.....	18
7. STATUS OF AILING ELECTRIC COOPERATIVES AND NEA INTERVENTIONS .....	23
 <b>ANNEXES</b>	
A. STATUS OF 2021 RURAL ELECTRIFICATION PROGRAM .....	33
B. 2021 SUBSIDY RELEASES .....	37
C. 2021 CAPEX LOANS.....	39
D. 2021 CALAMITY LOANS.....	40

**SEMI-ANNUAL REPORT ON THE INITIATIVES AND ACTIVITIES ON RURAL  
ELECTRIFICATION AND NEA INTERVENTION ON AILING ECs**  
First Semester of 2021

## **I. INTRODUCTION**

Pursuant to Section 2 of the Republic Act No. 10531, otherwise known as the National Electrification Administration Reform Act of 2013, it is a national policy to promote sustainable development in the rural areas through rural electrification. It also empowers and strengthens the National Electrification Administration (NEA) to pursue the electrification program and bring electricity, through the electric cooperatives as its implementing arm, to the countryside even in missionary or economically unviable areas and to empower and enable electric cooperatives to cope with the changes brought about by the restructuring of the electric power industry.

Likewise, under Section 29 of RA 10531 Implementing Rules and Regulations (IRR), the NEA Board of Administrators shall submit to the Joint Congressional Energy Commission (JCEC) a semi-annual report on the initiatives and activities on rural electrification including the supervision of the NEA over the electric cooperatives in the performance of their franchise obligations. This is to enhance the effectiveness of the JCEC in the exercise of its oversight function,

This report summarizes the status of the NEA's initiatives and activities on rural electrification, and interventions extended to the electric cooperatives in the performance of their franchise obligations. The data contained herein were approved by the NEA Board of Administrators on **October 28, 2021** under Resolution No. 126 s-2021.

## **II. EXECUTIVE SUMMARY**

With the emergence of the global pandemic in 2020 which has disrupted the world trade and movements, as well as losses in national and international business, the rural electrification program was not spared with the threat of the COVID-19. Despite the continuous risks and challenges encountered in mitigating the spread of the coronavirus, the NEA, together with its partner the Electric Cooperatives, have continued to pursue their mandate and provided uninterrupted delivery of service to all the stakeholders and the general public.

The following are the highlights of the NEA's initiatives and interventions on rural electrification for the first semester of 2021.

### **1. Acceleration of the Rural Electrification through Sitio Electrification Program (SEP)**

For the first semester of 2021, the NEA, in partnership with the electric cooperatives, energized and completed 590 sitios. This accomplishment redounds to the provision of electric service to additional 240,129 consumers in the EC franchise areas. A cumulative total of 125,713 energized sitios and 14.53 million consumers were attained by the Agency.

## 2. Release of Subsidy Fund for SEP and natural calamities

NEA was able to process and release a total of PhP 984.893 million subsidy fund for 65 ECs during the first half of 2021. Subsidy fund constitutes budget allocation for electrification projects and rehabilitation of electric distribution system damaged by typhoons and other natural calamities.

## 3. Approval and Release of Loans and Credit Accommodations to the ECs

In line with the lending function under PD 269 and Section 5(o) of RA 10531, the NEA approved and released a total of PhP 293.021 million. This includes PhP 235.849 million for capital requirements of ECs and PhP 57.172 million as calamity loan.

## 4. Capacity Building Programs for NEA and ECs

The Agency offered eighty (80) trainings and scholarship programs on management, leadership and operational skills for both the NEA and the ECs. They were participated by 2,305 officials and staff nationwide.

- a. For NEA management and associates, the Agency conducted 53 trainings and scholarship programs with 771 participants
- b. In line with the NEA's seven (7) point agenda on the "Intensification of Capacity Building Programs for ECs, the Agency trained 1,520 EC officials and staff in twenty-seven (27) capacity building programs.

## 5. Summary of Approved Policy Guidelines and Procedures for the Fulfillment of NEA Statutory Obligations

The NEA Board of Administrators confirmed and approved three (3) new, and one amended and revised policy and guidelines in the first semester of 2021 as part of the statutory obligations and regulatory functions of NEA over the electric cooperatives.

## 6. Renewable Energy Development

In line with the government's thrust of accelerating the development of renewable energy resources to address climate change, the NEA initiated and has ongoing activities for the following undertakings:

- a. Subsidized Renewable Energy Projects which include Expanded Household Electrification Program (Expanded HEP) and Expanded Sitio Electrification Program (Expanded SEP)

- b. Projects under the European-Union Access to Sustainable Energy Programme (EU-ASEP) which include Integration of Productive Uses of Renewable Energy for Sustainable and Inclusive Energization in Mindanao (I-PURE Mindanao), Solar PV Mainstreaming (PVM) Program Windows 1 and 2 and Rural Network Solar (RNS)
- c. Other assisted projects which include:
  - Installation of Solar Facility including Net Metering Application and Equipment for the ten (10) Public Schools in the coverage area of BATELEC II
  - Establishment of Electric Cooperative-Owned Distributed Generation Facility which aims to empower all electric cooperatives by having their own renewable energy generation facilities, either wholly owned or partly owned through Joint Venture and other schemes.
- d. Information, Education and Communication Campaign that aim to capacitate and inform the Electric Cooperatives of the implementing rules, policy and guidelines on Renewable Energy Programs.

## 7. Status Ailing ECs and NEA Interventions

There are seven (7) remaining ailing or underperforming ECs. These include ABRECO, ALECO, MASELCO, BASELCO, SULECO, TAWELCO and LASURECO.

To ensure that these ECs provide better services to their member-consumer-owners and to prevent further deterioration of the ECs operations, the NEA has done the following interventions:

1. Assignment of Acting General Managers and Project Supervisors
2. Organization of Task Force Duterte Power and Management Teams
3. Appointment of NEA representatives to the EC Board of Directors (BODs) and installation of Executive Officer
4. Formulation and issuance of new and relevant policies and guidelines
5. Round Table Assessment and Dialogue
6. Review and approval of Strategic Development Plan (SDP), Sustainability Plan (SP) and Operation Improvement Plan (OIP)
7. Monitoring and evaluation of accomplishment reports versus the approved Plans (SDP, SP, and OIP) to ensure that all projects are properly and efficiently implemented
8. Capacity Building to enhance EC staff in financial, technical, institutional aspects in managing electric distribution utilities
9. Assistance in the Comprehensive Selection Process for New Power Provider
10. Comprehensive EC Audit
11. Annual and Quarterly EC Performance Assessment
12. Service facilities
  - a. Loan and Guarantee Service
  - b. Institutional Strengthening and Technical Assistance

### **III. DETAILS OF THE INITIATIVES AND ACTIVITIES ON RURAL ELECTRIFICATION**

#### **1. STATUS OF RURAL ELECTRIFICATION PROGRAM**

The expansion of the reach of electricity supply to rural areas, where such a provision would not be economically viable for commercial providers of electricity. Thus, the NEA, together with its implementing arm, the ECs has been mandated to provide for such services under the Rural Electrification Program by virtue of Section 2 of Republic Act No.10531 or the NEA Reform Act of 2013. The Program is one of the basic requirements in the promotion of sustainable development in the countryside even in missionary or economically unviable areas.

The program is aligned with President Duterte's agenda of "Access to Electricity for All" and the Department of Energy's vision that all Filipinos should have access to basic electricity by 2020.

In the NEA's 7-point agenda, number one priority is the completion of the National Rural Electrification Program and the carrying out of rural development through the Rural Electrification Program. The by-word is to accelerate program implementation towards achievement of 100% electrification.

To support the above agenda, the NEA established and revised its current programs into a comprehensive Strategized Total Electrification Program (STEP). It integrates various electrification programs, to include the following:

1. Expanded Sitio Electrification Program (Expanded SEP);
2. Barangay Line Enhancement Program (BLEP); and
3. Expanded Household Electrification Program (Expanded HEP) for on-grid and off-grid areas.

#### **SITIO ELECTRIFICATION PROGRAM (SEP)**

The approved target for Sitio Electrification Program in 2021 is the energization of 1,085 sitios. This target was laid out in consideration of the continuing threat of the COVID-19 pandemic. The challenges encountered during the onslaught of the pandemic in 2020 continue to hamper the delivery of service to the Member-Consumer-Owners particularly those in the far-flung areas of the country. Despite these risks and challenges, NEA still commits to achieve its target of sitio electrification to realize the vision of sustainable rural development.

Despite all these encountered challenges, the NEA through the ECs, was able to energize 590 sitios. ECs in Luzon implemented 77 sitios, 187 were energized in the Visayas and Mindanao ECs which has the remaining highest potential unenergized sitios, completed and energized the highest with 326. This brought to a cumulative total of 125,713 energized sitios or 85% of the 148,385 total sitios nationwide.

**Table 1. Status of Sitio Electrification per Island/per Region**

LUZON		VISAYAS		MINDANAO	
II	6	VI	32	IX	9
CAR	3	VII	129	X	105
III	16	VIII	26	XI	8
IV-A	17			XII	106
MIMAROPA	21			BARMM	22
V	14			CARAGA	76
<b>TOTAL</b>	<b>77</b>	<b>TOTAL</b>	<b>187</b>	<b>TOTAL</b>	<b>326</b>
<b>NATIONAL</b>					<b>590</b>

**CONSUMER CONNECTIONS**

As a result of the Agency's electrification program, the connection of 400,000 potential consumers is targeted to be achieved for 2021. This includes connections through expansion and add-ons. Expansion refers to those connected consumers as an effect of the Sitio Electrification Program while add-ons mean connected consumers in areas already energized.

As of May 2021, the total connected consumers are 240,129 which is 60% of the annual target of 400,000. Among the major islands, Luzon implemented the highest with 99,164 connections, followed by Mindanao with 77,888 and the Visayas with a total of 63,077 energized consumers. The total cumulative consumer connections are 14.531 million benefiting approximately 72 million Filipinos (using an average of five (5) members per family).

**Table 2. Status of Consumer Connection per Island, per Region**

LUZON		VISAYAS		MINDANAO	
I	16,337	VI	29,216	IX	16,723
II	10,534	VII	18,304	X	17,404
CAR	5,807	VIII	15,557	XI	10,116
III	28,273			XII	19,705
IV-A	12,726			BARMM	837
MIMAROPA	11,847			CARAGA	13,103
V	13,640				
<b>TOTAL</b>	<b>99,164</b>	<b>TOTAL</b>	<b>63,077</b>	<b>TOTAL</b>	<b>77,888</b>
<b>NATIONAL</b>					<b>240,129</b>

## 2. STATUS OF SUBSIDY FUNDS RELEASED

The budget for Rural Electrification Program forms part of the General Appropriation Act passed by both Houses of Congress. Following the area coverage scheme in Presidential Decree 269 of 1973, electrification now extends from the economic centers to the thinly settled areas including the missionary and economically unviable areas by virtue of Republic Act 10531. In 2011, the government has instituted the implementation of the Sitio Electrification Program through the NEA and ECs and subsidy fund was provided to pursue 100% electrification of the country. The approved subsidy fund for year 2021 is PhP 2.498 billion.

Likewise, subsidy fund for EC Emergency Resiliency (ECERF) was also provided in the amount of PhP 750 million so that ECs are assured of the availability of funds in times of fortuitous event or force majeure.

Compared with the subsidy released during the 1<sup>st</sup> semester of 2020, there is a 28% increase or a total amount of PhP 215.793 million as against the release of PhP 984.893 million for the 1<sup>st</sup> semester of 2021. Funding source for the releases in 2021 are from the previous subsidy grants provided to NEA by the national government.

Below is the comparative status of subsidy releases during the first semester of 2021 versus first semester of 2020.

**TABLE 3. Comparative Status of Subsidy Releases**

Major Islands	First Semester of 2021	First Semester of 2020	Difference	Percent Change
<b>LUZON</b>	246.214	365.298	(119.084)	(33)
<b>VISAYAS</b>	435.908	222.200	213.708	96
<b>MINDANAO</b>	302.771	181.602	121.169	67
<b>NATIONAL</b>	984.893	769.100	215.793	28

As of June 2021, PhP 984.893 million subsidy funds have been released to 65 ECs. Out of these funds, PhP 711.123 million was released for electrification purposes and PhP 273.770 was released as calamity subsidy for the rehabilitation of typhoon - damaged electric distribution system and restoration of electric service. Of these, the highest allocation of forty-four (44) percent or a total of PhP 435.908 million was released to ECs in the Visayas region while thirty (31) percent and twenty-five (25) percent were released to Mindanao and Luzon ECs respectively.

**TABLE 4. Distribution of subsidy funds (PhP Million) in three major island groups**



Major Islands	Electrification	Calamity	Total	% to Total
<b>LUZON</b>	170.635	75.580	246.214	25
<b>VISAYAS</b>	237.717	198.190	435.908	44
<b>MINDANAO</b>	302.771	-	302.771	31
<b>NATIONAL</b>	<b>711.123</b>	<b>273.770</b>	<b>984.893</b>	<b>100</b>

### 3. STATUS OF LOANS AND CREDIT ACCOMMODATIONS TO ECS

One of the major services of the NEA to the electric cooperatives is the provisions or facilitation of loan based from the provisions stated in PD 269 and Section 5(o) of RA 10531. Loans and credit accommodations to the ECs are for their capital requirements intended for rehabilitation/upgrading, expansion and construction of the electric distribution system and to augment insufficient fund for power accounts and working capital.

For the first half of 2021, NEA was able to facilitate the financial requirements of thirteen (13) ECs relating to a total of PhP 293.021 million for capital projects, calamity loans and working capital.

Compared with the same period last year, there was an increase of 5% on loan releases to ECs with the amount of PhP 277.368 during the first semester of 2020 as against PhP 293.021 for the first semester of 2021. The table below shows the comparison of loans released broken down into three major island groups.

**Table 4. Comparative Status of Loan Releases**

Major Islands	First Semester of 2021	First Semester of 2020	Difference	Percent Change
<b>LUZON</b>	215.072	188.431	26.641	14
<b>VISAYAS</b>	38.437	29.584	8.853	30
<b>MINDANAO</b>	39.512	59.353	(19.841)	(33)
<b>NATIONAL</b>	293.021	277.368	15.653	5

The highest availment of loan for the 1<sup>st</sup> semester of 2021 were the Luzon ECs with PhP 215.072 million or 73%. The second are the ECs in Mindanao with PhP 39.512 million or 14% and the remaining 13% or PhP38.437 million were released to Visayas ECs.

The top five (5) regions that availed loans are Region I (PhP 74.591M), Region V (PhP 74.481M), Region VII (PhP 38.437M), Region IV-A (PhP 37.041M) and Region X (PhP 21.533M).

Regional status is presented in the following table:

**Table 6. Status of Loan Releases per Region (PhP Million)**

LUZON		VISAYAS		MINDANAO	
I	74.591	VI	-	IX	-
II	-	VII	38.437	X	21.533
CAR	-	VIII	-	XI	9.501
III	19.728			XII	8.478
IV-A	37.041			BARMM	-
MIMAROPA	9.231			CARAGA	-
V	74.481				
<b>TOTAL</b>	<b>215.072</b>	<b>TOTAL</b>	<b>38.437</b>	<b>TOTAL</b>	<b>39.512</b>
<b>NATIONAL</b>					<b>293.021</b>

#### 4. CAPACITY BUILDING PROGRAMS FOR NEA AND ECs

NEA continues to be a learning institution as it carries out the statutory obligations for structural reforms stated in Republic Act 9136 (EPIRA) and RA 10531 (NEA Reform Act). Capacity building programs such as competency seminars, trainings and local scholarship services are still being conducted for NEA and EC personnel. The continuous threat of the pandemic and other natural calamities may have hindered the conduct of face to face gatherings, however, the Agency was able to adopt to the “new normal” and the digital environment. The synchronous activities implemented last year continue to be the initiative of the Agency for 2021 with the use of available online platforms.

During the first semester of 2021, there were eighty (80) trainings and scholarship programs conducted and facilitated for both the NEA and ECs with a total of 2,305 personnel capacitated. Out of the 80 programs, fifty-three (53) were facilitated for NEA associates and attended by 771 participants. Twenty-seven (27) were conducted for EC management and staff and 1,520 were capacitated in different disciplines.

**TABLE 7. Summary of Capacity Building Programs**

Particulars	NEA	ECs	TOTAL
<b>Number of Training and Local Scholarship Programs</b>	53	27	80
<b>Number of Staff Capacitated</b>	771	1,520	2,305

Competency programs offered for the first semester of 2021 are modules on leadership and governance, customer relations, communication skills and use of social media, gender sensitivity, finance and audit, procurement and project management, technical assessment, safety, disaster risk reduction and management and renewable energy. Orientation on other statutes and their implementing guidelines have also been undertaken by the Agency to help NEA and the ECs provide better understanding of its components and how it can be applied pragmatically in their delivery of service to the clients and other stakeholders.

The following are the trainings and scholarship programs conducted and facilitated for NEA associates during the First Semester of 2021:

PROGRAM	NUMBER OF PARTICIPANTS	Date conducted	
		Start	End
Leadership Series Module 1	33	01/12/21	01/15/21
Leadership Development Series Module 2	20	02/02/21	02/05/21
Gender Sensitivity Orientation (Local Scholarship)	1	02/09/21	02/10/21
Virtual Deep Dive Orientation on Climate Change Expenditure Tagging for GOCCs (Local Scholarship)	6	02/10/21	02/10/21
Revisiting Fundamentals of Monitoring and Evaluation (M&E) in the New Normal (Local Scholarship)	3	02/24/21	02/24/21
Leadership Development Series Module 2	20	02/16/21	02/19/21
Gender Fair Communication and Language (Local Scholarship)	2	02/16/21	02/17/21
GAD Legal Mandates (Local Scholarship)	2	02/23/21	02/24/21
Leadership Development Series Module 2	33	03/02/21	03/05/21
Gender Sensitivity Orientation (Local Scholarship)	2	03/04/21	03/05/21
Gender Fair Communication and Language (Local Scholarship)	4	03/11/21	03/12/21
Seminar on Philippine Electric Power Industry (EPIRA 101)	8	03/16/21	03/19/21
GAD Legal Mandates (Local Scholarship)	2	03/18/21	03/19/21
Drone Operations Training Program (Local Scholarship)	6	03/30/21	03/30/21

Gender Fair Communication and Language (Local Scholarship)	3	03/30/21	03/31/21
Orientation on Document Tracking System	35	04/13/21	04/13/21
Orientation on Document Tracking System	28	04/14/21	04/14/21
Orientation on Document Tracking System	21	04/15/21	04/15/21
GMFIC's 2021 Webinar Series II (LS)	8	04/27/21	04/27/21
Building a Resilient Organization in the New Normal Through QMS (LS)	5	04/30/21	04/30/21
Orientation on Ease of Doing Business and Efficient Government Service Delivery (RA 11032)	34	05/24/21	05/24/21
Compliance and Interpretation of CREATE Law and its IRR (LS)	5	05/26/21	05/26/21
IIEE 5th National Electrical Safety Summit (LS)	30	05/12/21	05/12/21
Orientation on Mental Health in the Workplace for all NEA Officials and Employees	267	06/22/21	06/22/21
Orientation on Rules Enabling the Net Metering Program for NEA Employees	26	06/22/21	06/22/21
Effective Management in Turbulent Environments (LS)	4	April 5-7 &	12-13, 2021
Training Needs Analysis (TNA) Toward Design (LS)	3	April 5, 7, 12	14, 16, 2021
Designing e-Learning Courses (LS)	1	April 5,8,13,	16,19, 2021
Professional Certificate I Facilities Management Series I (LS)	1	April 13,15,20	22,27,29, 2021
Using Social Media as Customer Communications Channel	1	04/19/21	04/23/21
Disaster Risk Reduction and Management for Public Sector (LS)	5	04/20/21	04/23/21
Online Comprehensive Course on Arbitration (LS)	5	04/21/21	05/03/21
GMFIC's 2021 Webinar Series II: Revised Chart of Accounts for GOCCs (LS)	8	04/27/21	04/27/21

Managing the Learning and Development (L& D) Function	1	May 3, 5, 7	10, 12, 2021
Seminar on Philippine Electric Power Industry (EPIRA 101)	5	05/04/21	05/07/21
Seminar on Electronic Records Management	43	04/05/2021	05/07/21
Compensation and Benefits Management (LS)	2	05/04/21	05/04/21
Fundamentals of Human Resource Management (LS)	2	05/11/21	05/11/21
Professional Certificate I Facilities Management Series II (LS)	1	May 11, 14, 18, 20, 25, 27, 2021	
Disaster Risk Reduction and Management Training for Utility Service Providers of Marinduque (LS)	2	05/11/21	05/13/21
Mandatory Continuing Legal Education (MCLE) - 54th Pre-judicature Program (LS)	1	05/17/21	05/28/21
Recruitment Management (LS)	2	05/18/21	05/18/21
Corporate Secretary as Corporate Governance Professional (LS)	1	19/05/21	20/05/21
Corporate Governance Orientation Program for Government-Owned and Controlled Corporations (LS)	1	05/25/21	05/26/21
Disaster Risk Reduction and Management Training for Utility Service Providers of Occidental Mindoro (LS)	2	05/25/21	05/27/21
Cooperative Management Course - Strategic Thinking (CMC II) (LS)	9	05/25/21	05/28/21
Training and Development Management (LS)	2	05/25/21	05/25/21
Performance Management (LS)	4	06/01/21	06/01/21
Taxation for Electric Cooperatives	23	06/03-04/21	06/07-08/21
Compensation and Benefits Management (LS)	2	06/08/21	06/08/21
Fundamentals of Human Resources Management (LS)	2	06/15/21	06/15/21
Professional Certificate I Facilities Management Series III (LS)	1	June 15, 17, 22, 24, 29 and July 1, 2021	
Recruitment Management (LS)	2	06/22/21	06/22/21

Seminar on Understanding the Requirements of a Quality Management System (QMS) Using 9001:2015 Standards and Control of Documented Information	29	06/23/21	06/30/21
Training and Development Management (LS)	2	06/29/21	06/29/21

For the EC management and staff, the following trainings had been facilitated from January to June 2021:

PROGRAM	NUMBER OF PARTICIPANTS	Date conducted	
		Start	End
Basic Safety Training for Lineworkers	74	01/12/21	01/15/21
Basic Safety Training for Lineworkers	85	02/02/21	02/05/21
Effective Management in Turbulent Environments	49	Feb. 1-3 & 8-9, 2021	
Supervisory Development Course I	33	02/08/21	02/11/21
Customer Relationship Management System for Ecs	31	02/15/21	02/19/21
Internal Auditing Foundational Elements - Module I	46	Feb. 17-18 & 23-24, 2021	
Internal Audit Engagements - Module II	45	March 1-2 & 4-5, 2021	
Basic Safety Training for Lineworkers	88	03/02/21	03/05/21
Customer Relationship Management System for Ecs	23	03/08/21	03/12/21
Supervisory Development Course I	36	03/09/21	03/12/21
Seminar on Philippine Electric Power Industry (EPIRA 101)	66	03/16/21	03/19/21
Seminar on Revised Procurement Guidelines and Simplified Bidding Procedures for ECs (IRR – RA 10531)	20	03/22/21	03/24/21
Basic Safety Training for Lineworkers	90	03/23/21	03/26/21
Basic Safety Training for Lineworkers	78	04/05/21	04/08/21
Supervisory Development Course I	31	04/05/21	04/08/21
Effective Management in Turbulent Environments	36	April 5-7 & 12-13, 2021	
Seminar on Revised Procurement Guidelines and Simplified Bidding Procedures for ECs (IRR – RA 10531)	27	04/05/21	04/07/21

Using Social Media as Customer Communications Channel	27	04/19/21	04/23/21
Seminar - Workshop on Implementing Net Metering Rules and Interconnection Standards and Overview on Self-Generating Facilities	17	04/26/21	04/27/21
Seminar on Fraud Auditing	56	04/26/21	04/30/21
Seminar on Philippine Electric Power Industry (EPIRA 101)	65	05/04/21	05/07/21
Using Social Media as Customer Communications Channel	36	05/24/21	05/28/21
Advanced Supervisory Development Course (SDC II)	31	05/18/21	05/21/21
Cooperative Management Course - Strategic Thinking (CMC II)	62	05/25/21	05/28/21
Thriving in the VUCA World	33	06/01/21	06/04/21
Taxation for Electric Cooperatives	303	June 3-4 & 7-8, 2021	
Thriving in the VUCA World	32	06/22/21	06/25/21

Likewise, a NEA-EC Communicator’s Conference was facilitated by the Agency which were attended by almost 170 participants, mostly EC General Managers and Information Officers, from 93 ECs nationwide. The conference aimed to harmonize the NEA-EC Communication Program. The forum also focused on the effective practices and tips for communication especially during crisis. After the conference, the following strategic initiatives were formulated to aid in the attainment of the goals of the Rural Electrification Program:

1. Unified format of the NEA-EC newsletter wherein it shall cover the milestone accomplishments of the ECs, programs and activities as well as the compliances to the directives of regulatory bodies, among others.
2. Development of NEA-PHILRECA-EC Communication Protocol which aims to minimize, if not eliminate, replication of requests by the NEA and PHILRECA to ECs and provide ready access to disclosable data. It also intends to ensure timely response to queries and other concerns of both organizations.
3. Creation of a Corporate Communication and Social Marketing Office in the EC organizational structure to intensify communication of the ECs that include its plans, programs and accomplishments to Member-Consumer-Owners up to the grassroots level and to other stakeholders.

NEA-EC Consultative Conference with the General Managers of ECs operating in Luzon, Visayas, and Mindanao as well as the Island ECs was also conducted by NEA to assist the cooperatives in addressing the issues and concerns on sustainability, reliability and viability of ECs. A wide range of relevant subject matters were discussed during the forum such as:

1. Pole Relocation / Pole Agreement
2. Development of Renewable Energy
3. Rotational Brownouts
4. Preparation of EC Cash Operating Budget (COB)
5. Loan Requirement and Subsidy Releases
6. Selection Process for EC General Managers
7. Deferment of BOD Elections and BOD Qualifications Member of Good Standing
8. Competitive Selection Process (CSP) and Republic Act No. 11234 “Energy Virtual One-Stop Shop”
9. Privatization and EC Franchise
10. Updates on EC Categorization for 2020
11. NEA BIT and USE Database

**5. SUMMARY OF APPROVED POLICY, GUIDELINES AND PROCEDURES FOR THE FULFILLMENT OF NEA STATUTORY OBLIGATIONS**

In accordance with the expanded powers and functions under Section 5 of RA 10531 and Section 5 of its IRR, the following policies and guidelines were formulated and have been approved by the NEA Board of Administrators. The purposes are to ensure fulfillment of the NEA’s mandate and to provide guidance and directions to the electric cooperatives in order to improve their performance to the highest efficiency level and the success in the implementation of plans, programs and targets.

There are three (3) policies and guidelines approved by the NEA BOA and one existing policy guidelines that was amended for the first semester of 2021. The policy and guideline shall take effect upon the confirmation and approval of the NEA Board of Administrators and 15 days upon filing with the University of the Philippines (UP) Law Center pursuant to the Presidential Memorandum Circular No.11, dated October 9, 1992.

Date Approved	Particulars
May 30, 2021	Addendum to the NEA Memo #2020-055 Re Revised Guidelines for Writing-Off Worthless Consumer Accounts Receivables as Amended
April 29, 2021	Approval of the Memorandum to All ECs - Safekeeping of Electric Cooperative’s Vital Documents And Records Thru Electronic Data Files
May 27, 2021	Approval of the Guidelines in the Provision Of NEA Resource Speakers/Lecturers For Seminars Conducted by Electric Cooperatives (ECs)/ Other Government Agencies/Private Institutions
May 27, 2021	Approval of the Modified Rates on Speakers’ Honorarium



## 6. RENEWABLE ENERGY DEVELOPMENT

The Philippines has set a goal to harness renewable energy (RE) as an essential part of the country's low emission development strategy and address challenges of energy sustainability, security, and equity. In support of this strategy and the government's Green Energy Option Program (GEOP), the NEA continues to promote the development of renewable energy. This initiative also aims to accelerate rural electrification program and obtain sustainable socioeconomic development in the far-flung areas of the country where on-grid access to electricity is not feasible. Relative to this, the following are the NEA's activities to achieve these goals:

### A, NEA's Subsidized Renewable Energy Projects

#### 1. Expanded Household Electrification Program (Expanded HEP)

The NEA has allotted PhP153 million for the Expanded Household Electrification through Solar Photovoltaic (PV) Mainstreaming Program. It is designed to bring electricity to the most dispersed and isolated households, unviable for grid connection for the next five years. The target is to electrify at least 5,000 households using 50 Wp Solar Home System (SHS) units.

A bidding for the Supply, Delivery and Installation of the Solar Home System units was done for the five (5) EC beneficiaries with their corresponding households and the result was forwarded to NEA for subsidy fund release.

Electric Cooperative	Beneficiaries (Number of Households)	Implemented
CASURECO IV	878	878
ILECO III	931	931
BISELCO	1,200	1,200
ZANECO	967	967
COTELCO	1,063	703
TOTAL	5,039	4,679

As of June 2021, FAT-Light was already done and most of the SHS units have been delivered and installation and energization of 92.86% or 4,679 household had been implemented. There are 360 SHS units left to be installed in COTELCO and the project is expected to be completed before the end of 2021.

#### 1. Expanded Sitio Electrification Program (Expanded SEP)

The project was allocated with PhP 12 million budget for the conduct of feasibility study on establishing Mini-Grid System with Renewable Energy Source. The feasibility study is

directed to provide electricity to six (6) off-grid locality in the franchise areas of four (4) EC beneficiaries, namely QUEZELCO II, ZANECO, DASURECO and SOLECO which aims to put up either mini-grid community using only a renewable energy source or hybrid mini-grid community.

Quezon II Electric Cooperative, Inc. (QUEZELCO II) submitted requirements for three (3) barangays namely: 1) Brgy. Carlagan, Burdeos, Quezon; 2) Brgy. Rizal, Panukulan, Quezon and 3) Brgy. Cabungalunan, Burdeos. Zamboanga Norte Electric Cooperative, Inc (ZANECO), likewise, submitted requirements for Brgy Selinog, Dapitan City, while South Cotabato II (SOCOTECO II) submitted requirement for barangays J.P. Laurel and Tamban, Sarangani Province.

The bid for the QUEZELCO II project was already awarded to the winning bidder and awaiting the signature of the MOA by both parties before the project shall commence. For ZANECO & SOCOTECO II, they are currently undergoing the bidding process before the signing of the MOA by all the parties concerned.

## **B. Assisted Projects under The European Union - Access to Sustainable Energy Programme (EU-ASEP)**

### **1. Solar PV Mainstreaming (PVM) Program Window 2**

The Solar PV Mainstreaming Programme (PVM) is an off-grid electrification scheme, wherein EC will operate and maintain individual solar home systems (SHS) to dispersed households in the remote and off-grid areas for a fixed monthly tariff approved by the Energy Regulatory Commission (ERC).

The EU-ASEP conducted a PV Mainstreaming Window 2 Workshop to assess the activities done during Window I program and identify lessons learned. The workshop also discussed details regarding the (1) Technical Specifications (2) Project Preparation (3) Procurement (4) Installation (5) Verification.

The four ECs in PVM Window 1 namely COTELCO, DASURECO, SUKELCO and SOCOTECO II were joined by additional two ECs for the PV Mainstreaming Window 2, FIBECO and BUSECO. PVM Window 2 is allocating additional 30,500 HH to be energized by SHS.

On the first semester of 2021, NPC conducted the bidding for the 30,500 SHS units wherein Trademaster Resources Corporation (TMRC) was the winning bidder. The training for SHS installation, operation and maintenance for COTELCO, SUKELCO, and SOCOTECO were undertaken by TMRC on May 26-28, 2021.

## **2. Rural Network Solar (RNS)**

The “Rural Network Solar” (RNS) is another component under the European Union - Access to Sustainable Energy Programme (EU-ASEP) with the objective of promoting development of small grid connected solar PV power plants installed either at the distribution substations in the EC franchise area or somewhere close.

This program is designed to encourage the ECs to utilize renewable energy sources without requiring increase in tariffs. The EU-ASEP will provide the subsidy amounting to seven (7) million euros or PhP420 million as a capital-cost for seven (7) projects. Each project will receive one million Euros (maximum) donation or approximately PhP 63.86 million. The ECs will shoulder 30% (maximum) as equity and secure Certificate of Registration (COR) for Own-Use.

Seven (7) ECs were assessed and identified as the potential beneficiaries of the RNS program using the criteria developed by the RNS-Technical Working Group and they are BENECO, INEC, PANELCO I, SAMELCO I, SAMELCO II, SOCOTECO II and SUKELCO.

The bidding for the project was conducted last June 18, 2021 and there were two (2) bid offers each for Bundle 2 of 3 (Visayas Lots) and Bundle 3 of 3 (Mindanao Lots). There was, however, a failure of bid for Bundle 1 of 3 (Luzon Lots).

## **3. Integration of Productive Uses of Renewable Energy for Sustainable and Inclusive Energization in Mindanao (I-PURE Mindanao)**

I-PURE Mindanao is a project funded by the EU-ASEP 4.5 Million Euro Top-up Grant. The NEA is in close coordination with the Mindanao Development Authority (MinDA) and some Mindanao ECs for the implementation of the project. The main objective is to improve economic and social conditions of families in marginalized and disadvantaged communities in Mindanao through the use of renewable energy solutions for their livelihood activities and household energization.

The project will utilize different energization schemes and renewable energy powered machineries to augment the economic generation potential in the agri-fishery value chain in some areas in Mindanao.

The Terms of References (TORs) for the two work packages under this program is being finalized by NEA and after which, the conduct competitive bidding will commence. The same activity will also be undertaken for the MinDA and their respective work package.

## **C. Other Assisted Projects**

### **1. Installation of Solar Facility including Net Metering Application and Equipment for the (10) Ten Public Schools in the coverage area of BATELEC II.**

The Project's intention is to source a portion of (10) Ten Public Schools' demand through the use of Solar Facility. The Project aims to install a Solar Power Facility in rooftop of Public Schools including a Net Metering Connection.

The Net Metering connection enables the Public Schools to maximize the power generated by the Solar Facility. The excess power will be delivered to the grid and will be offset on the consumed electricity from the grid. This is monitored by a bidirectional meter which records the imported and exported energy. The project will help in generating savings and at the same time mitigate climate change.

The project is in the final stage of installation of the Solar PV Systems. After which, the testing and commissioning for each project will commence to comply with the requirement of the Net-Metering Program and the issuance of the Certificate of Final Inspection and Acceptance.

### **2. Electric Cooperative- Owned Distributed Generation Facility (DGF)**

The NEA is encouraging all ECs to develop their own Generation Facility to mitigate future electricity supply shortages in their respective coverage area and at the same time supporting the Green Energy Option Program (GEOP) of the government. These generation facilities can also serve as back-up power to member-consumer owners during typhoons and other calamities where disruption of power occurs.

The program was initiated by the Department of Energy. DOE and NEA are working closely to educate the ECs on their rights in owning generation facilities as well as the limitations provided by the law. This includes conduct of site visits and resource assessments to determine the renewable energy potentials in their franchise areas. Initial assessment was done in the following ECs:

SAMELCO I	DORELCO	BUSECO
NORSAMELCO	ESAMELCO	MOELCI I
SOLECO	LANECO	SOCOTECO II

NEA has provided assistance to the ECs in the preparation of the Terms of Reference and Renewable Energy Development Plan for their Competitive Selection Process.

## **D. Information Education and Communication (IEC) Campaign:**

### **Net-Metering Implementing Rules and Interconnection Standards**

The NEA continuously conducts Information Education and Communication (IEC) Campaign to capacitate and inform the Electric Cooperatives of the implementing rules, policy and guidelines on Renewable Energy Programs.

For the first semester of 2021, a seminar-workshop on Net-Metering Implementing Rules and Interconnection Standards were held in two batches. The first batch was attended by 30 officials and employees from Iloilo I Electric Cooperative, Inc (ILECO I). The objective of the seminar is to capacitate ILECO I personnel on their net-metering implementation and to provide better understanding on some of the provisions of the amended net-metering rules. Salient provisions of the Amended Net-Metering Rules were discussed by the Resource Speaker from ERC.

To provide a more valuable assistance to the ECs, the second batch of the seminar was conducted for the 26 NEA employees to help them gain understanding on solar rooftop installations, and other RE technologies under the net-metering scheme and its implications to ECs on both technical and administrative processes.

## **7. Status of ECs and Recommendation for Ailing Electric Cooperatives**

Based from the NEA Reform Act of 2013 or Republic Act 10531, the following are the basis for NEA's intervention in the operation and management of the ECs:

- a. Rule IV - Section 21, IRR of RA 10531 empowers NEA to exercise its Step-In Rights over an ailing EC by appointing or assigning a PS or PS/AGM or assigning third persons to the Board of EC until the NEA decides that the election of a new Board of Directors to lead the EC is necessary. The NEA may also create a Management Team for the purpose.
- b. Section 5 Section 4(e) of Presidential Decree No. 269, as amended, is hereby further amended of RA 10531 that empowers NEA to supervise the management and operations of all electric cooperatives.
- c. Section 5 Section 4(j) of Presidential Decree No. 269, as amended, is hereby further amended by RA 10531 empowers NEA to ensure the economic and financial viability, and operation of all electric cooperatives.

Under Section 20 of the Implementing Rules and Regulations of RA 10531, an electric cooperative can be declared an "ailing EC" when it falls under the following circumstances:

- a. Has negative Net Worth for the last three (3) years
- b. Has accumulated ninety (90) days arrearages in power supply purchases from generating companies and power suppliers and the transmission cost
- c. Unable to provide electric service due to technical and/or financial inefficiencies
- d. Unable to efficiently perform its electric distribution utility obligations or continue in business due to organizational, external and internal factors
- e. Failed to meet other operational standards established by NEA

There are many issues and challenges being faced by the electric cooperatives that hinder the implementation of their plans and programs for the improvement of their operations or at worst scenario, may even cause the decline of their organization. These challenges include:

- a. Unstable/adverse peace and order situation
- b. High level of poverty incidence
- c. Strong political interventions/interference
- d. Cultural and ethnic beliefs
- e. Governance and management issues
- f. Natural and man-made calamities
- g. Financial concerns such as overdue power accounts from PSALM and power generating companies, unrecoverable interest, surcharges and penalties from consumers' bill, huge uncollected power accounts from local government units, military camps and other government agencies, inappropriate distribution rates, among others
- h. Technical concerns such as old, dilapidated distribution line system, transformer overloading, lack of long - term power supply contracts

The Electric Cooperatives are evaluated based on the Policy for Classification of ECs and Guidelines for the Declaration and Graduation of Ailing EC under Memorandum to ECs No. 2020-049. This Policy supersedes the Guidelines for the Classification for Ecs and Provision for NEA Intervention under Memorandum Order No. 2014-001.

The new Policy Guideline includes seven (7) performance parameters and standards on financial, operational and technical status of ECs. The parameter on Status of Reliability, which was not included in the 2014 Guidelines for Classification of ECs, was introduced in the 2020 Policy to monitor the implementation and compliance of ECs in the set standard under Philippine Distribution Code (PDC) on SAIDI/SAIFI. The non-compliant ECs will be classified and declared as "ailing" and would require NEA's full intervention and may be open for alternative options or partnership with qualified private sector investors, local government and other ECs.

As of June 30, 2021, there are seven (7) ailing ECs classified based on their financial and operational performance under the parameters identified by NEA. They are ABRECO, ALECO, and MASELCO in Luzon and BASELCO, TAWELCO, SULECO and LASURECO in Mindanao.

The current condition of these ECs necessitates NEA intervention to prevent further retrogression and improve their operational efficiency and standards of service. The following interventions were implemented:

- a. Creation of Task Force Duterte Power and Management Teams
- b. Designation of Acting General Managers and/or Project Supervisors
- c. Appointment of NEA Representative to the EC Board of Directors (BODs)
- d. Formulation and issuance of new and relevant policies and guidelines
- e. Round Table Assessment and Round Table Dialogue
- f. Provision of loans and subsidies
- g. Capacity Building for EC management and staff
- h. Member-Consumer-Owners (MCO) Empowerment Program
- i. Financial, institutional and technical services facilities

**Status of Ailing and/or underperforming ECs and the NEA extended interventions from January to June 2021.**

**1. APEC/ALECO**

ALECO is under a twenty-five (25) year Concession Agreement with San Miguel Energy Corporation (SMEC) and its subsidiary Albay Electric Power Company (APEC) since October 2013.

Year	Categorization	Classification - Color	Classification - Size
2020	Deferred	R	ML
2019	D	R	ML
2018	D	R	ML
2017	D	R	ML
2016	D	R	ML

For the first semester of 2021 they are non-compliant in all of 7 performance parameters in EC Classification. Of these parameters, they were not able to comply with the submission of their technical performance on system loss and reliability.

ALECO is currently undergoing Competitive Selection Process (CSP), and with this undertaking, an aggregate proposed Contract Capacity of 100 MW consisting of 66 MW Baseload Capacity, 25MW Intermediate Capacity and 9 MW peaking Capacity, an annual energy of 564 GWh (or 47 GWh per months) is being considered. The Term of Reference (TOR) was already presented to the ALECO Board of Director on June 14, 2021 and several issues and concerns were discussed. APECs application of Emergency Power Supply Agreement (EPSA) with a contract capacity of 40 MW was approved by DOE until December 25, 2021 only and the cooperative is being directed to fast-track the processing of their CSP.

Roundtable assessment was conducted in March 17, 2021 to assess/evaluate the present operational status of the ALECO; to determine the effectiveness and efficiency of

the incumbent EC officials; and to determine options that will be best for the ECs to improve and become more competitive.

## 2. ABRECO

Year	Categorization	Classification - Color	Classification - Size
2020	Deferred	R	EL
2019	C	R	EL
2018	D	R	EL
2017	D	R	EL
2016	D	R	L

Based on the 1st semester EC Classification, ABRECO was not compliant in all of the seven (7) performance parameters, namely, working capital fund, collection efficiency, payment to NGCP, financial operation, net worth, system loss and system reliability. The complications on the its financial viability still plagues the coop as its working capital fund of PhP 15,018,000 can only finance 38% of its one month working capital requirements. It is noteworthy to report, however, that the coop is current in its payment to NEA and other banking institutions.

The NEA continuous to monitor the implementation of the EC Strategic Development Plan and operational performance. Roundtable Assessment of ABRECO was conducted on March 17, 2021 with the presence of officers of the cooperative and representatives from concerned departments at NEA. Circumstances affecting the improvement of its operation leading to viability were discussed such as issues on organizational structure, employees' new salary scale, unliquidated subsidy releases, DPWH relocation project and the request for institutional audit, among others.

The proposed reorganization was already approved by NEA, however, the implementation was held in abeyance due to unavailability of funds to finance the retirement package of employees. As regards the other plans and programs for implementation, ABRECO has committed to comply with the requisites such as simulation of Distribution, Supply & Metering (DSM) revenues for the new salary scale, and certification on the evaluated cost of the project on relocation of poles.

## 3. MASELCO

Year	Categorization	Classification - Color	Classification - Size
2020	Deferred	R	ML
2019	C	R	EL
2018	C	R	EL
2017	D	R	EL
2016	D	R	EL



On February 15, 2021 Engr. Nelson A. Lalas was designated as Acting General Manager (AGM) under NEA Office No. 2021-015 wherein he will manage the day-to-day operations of MASELCO to ensure the efficient delivery of electric service to the member-consumer-owners and also to perform other duties that may be assigned or directed by the NEA for the purpose of operational efficiency.

Assessment of the MASELCO's 2021 1<sup>st</sup> semester performance showed that it was not compliant in four (4) of the seven parameters set by NEA, the working capital requirement, accounts payable to GENCO, system loss and power reliability. The EC was not able to comply with the standard on system loss because of the postponement of the implementation of system loss reduction activities due to the imposition of the community quarantine in their area. For the power arrearages with DMPC, the EC already submitted a letter with DMPC to pursue further the restructuring proposal.

With the supervision and assistance of NEA, strategies and initiatives were undertaken to mitigate the risks and challenges encountered in the attainment of plans and programs to improve organizational performance. To further improve the collection efficiency, Task Force on collection and disconnection was organized for meter readers after their reading period to maximize their duties. MASELCO has also partnered with LBP thru its Linkbizportal wherein MCOs can pay their power bills via the internet and the EC has also increased its collection partners and other payment channels through LBC, Cebuana Lhuillier, RD and Palawan Express Pera Padala for the convenience of the MCOs. The coop was also able to pay PhP 3M per month above its current bill starting January to May 2021 to decrease its arrearages with DMPC from three (3) months to two (2) months by December 31, 2021. The EC was also able to maintain its current payment to NEA, banks and other institution for the first semester of 2021.

On the technical aspect of the organization, the cooperative was able to manage and control the EC Operations, particularly on unscheduled power interruptions, however, regular power outages were still being experienced owing to generator (DMPC) and sub transmission line (NPC SPUG)'s power supply failures. EC management worked with DMPC and NPC-SPUG to determine and alleviate the causes of power outages and rehabilitation/preventive maintenance and other activities have been undertaken to address this concern.

NEA's supervision on the implementation of programs, projects and activities under the 2021 Strategic Development Plan (SDP) is still ongoing which aims to address the increased demands for power rate reduction, security of power supply, reliability of service, good governance and member-consumer-owners' empowerment, as well as intensify human resource competency.

#### 4. TAWELCO

Year	Categorization	Classification - Color	Classification - Size
2020	Deferred	R	M
2019	D	R	M
2018	D	R	M
2017	D	R	M
2016	D	R	M

At the end of CY 2020, and the first semester of 2021, TAWELCO failed to meet its target on operational performance, based on plans, program of activities and formulated new OIP for 2021. Assessment of their accomplishments showed that the EC was not compliant with all the seven (7) performance parameters in EC Classification. Collection Efficiency standard of 95% was not attained with only 29% collection performance and as a result, the Cash General Fund is not enough to sustain the one month working capital requirement of the cooperative. Despite the financial condition of the cooperative, it was still able to pay its financial obligation with NEA and other financing institutions.

TAWELCO has targeted to lower its system loss by the second quarter of 2021 from 25.63% to 20%, however, the said target was not accomplished due to the EC's failure to implement its anti-pilferage campaign, replacement of defective kwh meters and other technical programs and activities. On JICA Projects, public bidding for the rehabilitation/revamp of the distribution line amounting to P9,554,004.22. is still on-going and is targeted to be completed by August 2022. As of June 2021, the cooperative has already received P4.2 Million from NEA as counterpart of the Philippine Government.

Currently, being a Supervisory agency of Electric Cooperatives, NEA has provided Management Assistance to TAWELCO by assigning Engr. Eleno E. Desuyo, Jr. as Project Supervisor/ Acting General Manager who is tasked to supervise and monitor the implementation of plans and programs set to address the financial, institutional and technical issues in the operations of the cooperative including the mandate to provide total electrification in the Province of Tawi-Tawi.

#### 5. BASELCO

Year	Categorization	Classification - Color	Classification - Size
2020	Deferred	R	L
2019	D	R	L
2018	D	R	L
2017	D	R	L
2016	D	R	L

As of the 1st semester of 2021, BASELCO was compliant with only one parameter, the working capital requirement. The other remaining six (6) parameters were not complied by the EC which can be attributed to multiple internal and external factors such as

dilapidated electric distribution system, socio-political interventions, governance, threat on safety and security, widespread irregularities, and fraudulent activities among others.

Collection efficiency is at a low level of 61%. Initiatives to increase collection level has been identified such as massive collection drive in the entire province of Basilan but prioritizing Isabela and Lamitan City, shorten the billing period to consumers from twenty (20) to fifteen (15) days, and to further improve the electric distribution system facilities in other areas with recorded low collection efficiency.

On the status of power accounts, BASELCO's April 19, 2021 letter to NPC-SPUG along with the Board Resolution No. 28, stated its commitment to pay its power accounts in the amount of Php16M monthly until the end of 2021. This step is to allow the coop to prioritize the funding of improvement/rehabilitation of distribution lines to provide a more reliable electric service to member-consumer-owners while BASELCO continues to exert full effort in collection.

An Operational Improvement Plan (OIP) was submitted by the cooperative wherein it details the priority plans and programs to address the issues that hinder the adherence of the coop to NEA parameters and standards on EC classification which would alleviate its current status as ailing EC.

## 6. SULECO

Year	Categorization	Classification - Color	Classification - Size
2020	Deferred	R	L
2019	C	R	L
2018	C	R	L
2017	C	R	L
2016	D	R	L

As of June 2021, SULECO was not compliant with five (5) of the seven (7) parameters on EC classification namely collection efficiency, payment to GENCO, net worth, system loss and power reliability.

The collection performance of the cooperative is at 37% and to increase collection efficiency, the coop plans to further improve the electric distribution system facilities in other areas with recorded low collection efficiency and enhance the Billing and Telling Management System to enable the teller/system to apply MCOs payment on a real time basis to what account whether current or arrears.

On the issue of system loss, reliability, load capacity, power quality and safety, the coop was able to convert single phase to 3-phase line for Feeders 1 & 2; replace 24 overloaded transformers (25kVA – 10 units; 37.5 kVA - 8 units and 50 kVA = 6 units); rehabilitate the distribution line & pole metering; and replace a total of 72 old rotten decayed poles in the areas of Kasalamatan, Gandasuli, Kasulutan, Asturias and Kajatian Indanan.

The Current Power Supply Agreement (PSA) of SULECO with NPC-SPUG will expire on July 2023. As a way forward, SULECO plans to conduct two (2) Competitive Selection Process (CSP) to address the power supply requirement of the coop. The first one will be the procurement of 5MW Med-Merit Peaking and the second is for the whole power supply for the New Power Provider (NPP) to take over the NPC.

With the enactment of the Bangsamoro Organic Law (RA 11054), the Sulu Electric Cooperative is earnestly appealing to His Excellency through NEA to make exemption on the case of BARMM ECs in general and SULECO in particular to exclude it from BARMM Authority. The coop is of the opinion that BARMM Government has no technical capacity to supervise and handle BARMM ECs due to its uniqueness in operation.

## 7. LASURECO

Year	Categorization	Classification - Color	Classification - Size
2020	Deferred	R	EL
2019	D	R	EL
2018	D	R	EL
2017	D	R	EL
2016	D	R	EL

As of 1<sup>st</sup> semester 2021, LASURECO was not able to comply with all the seven parameters in EC classification.

On the status of substation and power supply, LASURECO has five (5) operational substations as of March 2021 which is located in Marawi City, Ganassi and Malabang. New connections and reconnection of existing consumers to Ganassi and Malabang are currently undertaken, which may expectedly result in load increase. Likewise, Tugaya 5MVA Substation has become fully operational on April 2021. As part of its development project, the two segments of three-phase backbone lines funded by JICA and Bangon Marawi subsidy funds will inter-connect in the Municipality of Lumbatan to build a loop system around the Lake Lanao by the end of 2021.

To address the high system loss and low collection efficiency, one of the plausible solutions determined is to obtain the assurance on the support/ involvement of its political leaders, from the barangay to the regional level, particularly in enforcing what is lawfully right and expected from the Member-Consumer-Owners (MCOs) and stakeholders in order to make LASURECO viable.

As part of its action plan, a massive consumer legalization and metered connection will be undertaken. Likewise, the installation of a) 6,003 pcs. of recalibrated kWh meters donated by MORESCO-1, b) feeder-metering or per municipality metering installation, c) Per transformer metering to be able to check actual energy used will also be implemented. Other financial and technical undertakings shall be carried out which will be closely supervised and monitored by NEA to ensure improvement of operation.

## Annex A: Status of 1<sup>st</sup> Semester 2021 Rural Electrification Program

<b>Electric Cooperatives</b>	<b>Sitios</b>	<b>Consumer Connections</b>
<b>Region I</b>		<b>16,337</b>
INEC		1,874
ISECO		2,459
LUELCO		2,817
PANELCO I		1,281
CENPELCO		4,627
PANELCO III		3,279
<b>Region II</b>	<b>6</b>	<b>10,534</b>
BATANELCO		169
CAGELCO I	6	2,468
CAGELCO II		1,805
ISELCO I		2,309
ISELCO II		2,645
NUVELCO		554
QUIRELCO		584
<b>CAR</b>	<b>3</b>	<b>5,807</b>
ABRECO		754
BENECO	1	2,496
IFELCO		743
KAELCO	2	922
MOPRECO		892
<b>Region III</b>	<b>16</b>	<b>28,273</b>
AURELCO	15	1,502
TARELCO I		2,899
TARELCO II		1,221
NEECO I		1,689
NEECO II – Area 1		3,105
NEECO II – Area 2		1,848
SAJELCO		708
PRESCO		761
PELCO I		3,079
PELCO II		4,079
PELCO III	1	1,359
PENELCO		3,089
ZAMECO I		1,578
ZAMECO II		1,356

## Annex A: Status of 1<sup>st</sup> Semester 2021 Rural Electrification Program

<b>Electric Cooperatives</b>	<b>Sitios</b>	<b>Consumer Connections</b>
<b>Region IV-A</b>	<b>17</b>	<b>12,726</b>
FLECO		796
BATELEC I		3,230
BATELEC II		5,335
QUEZELCO I	4	2,809
QUEZELCO II	13	556
<b>Region IV-B</b>	<b>21</b>	<b>11,847</b>
LUBELCO		268
OMECO	16	1,438
ORMECO		2,693
MARELCO		1,899
TIELCO		562
ROMELCO		338
BISELCO	5	714
PALECO		3,935
<b>Region V</b>	<b>14</b>	<b>13,640</b>
CANORECO		1,704
CASURECO I	7	1,319
CASURECO II		2,034
CASURECO III		1,167
CASURECO IV		1,039
ALECO		1,034
SORECO I	4	877
SORECO II		1,642
FICELCO		623
MASELCO		1,595
TISELCO	3	606
<b>Luzon</b>	<b>77</b>	<b>99,164</b>

## Annex A: Status of 1<sup>st</sup> Semester 2021 Rural Electrification Program

<b>Electric Cooperatives</b>	<b>Sitios</b>	<b>Consumer Connections</b>
<b>Region VI</b>	<b>32</b>	<b>29,216</b>
AKELCO	7	3,379
ANTECO		5,620
CAPELCO		2,578
ILECO I	15	2,569
ILECO II		2,587
ILECO III		3,382
GUIMELCO	10	655
NONECO		1,818
CENECO		3,709
NOCECO		2,919
<b>Region VII</b>	<b>129</b>	<b>18,304</b>
NORECO I	46	2,156
NORECO II	24	2,973
BANELCO		631
CEBECO I	20	2,940
CEBECO II		1,787
CEBECO III	16	1,697
PROSIELCO		416
CELCO		281
BOHECO I		2,893
BOHECO II	23	2,530
<b>Region VIII</b>	<b>26</b>	<b>15,557</b>
DORELCO		2,046
LEYECO II		1,456
LEYECO III		2,757
LEYECO IV		1,113
LEYECO V		1,557
SOLECO	3	1,779
BILECO		982
NORSAMELCO	17	662
SAMELCO I	6	972
SAMELCO II		917
ESAMELCO		1,316
<b>Visayas</b>	<b>187</b>	<b>63,077</b>

## Annex A: Status of 1<sup>st</sup> Semester 2021 Rural Electrification Program

<b>Electric Cooperatives</b>	<b>Sitios</b>	<b>Consumer Connections</b>
<b>Region IX</b>	<b>9</b>	<b>16,723</b>
ZANECO		6,828
ZAMSURECO I	9	5,197
ZAMSURECO II		2,569
ZAMCELCO		2,129
<b>Region X</b>	<b>105</b>	<b>17,404</b>
MOELCI I		1,202
MOELCI II	9	1,211
MORESCO I	11	2,620
MORESCO II	6	2,364
FIBECO	45	4,716
BUSECO	34	3,255
CAMELCO		(188)
LANECO		2,224
<b>Region XI</b>	<b>8</b>	<b>10,116</b>
DORECO	4	1,838
DANECO	4	3,505
DASURECO		4,773
<b>Region XII</b>	<b>106</b>	<b>19,705</b>
COTELCO	36	5,569
COTELCO-PPALMA	10	943
SOCOTECO I	20	2,112
SOCOTECO II	13	7,581
SUKELCO	27	3,500
<b>BARM</b>	<b>22</b>	<b>837</b>
TAWELCO		-
SIASELCO		-
SULECO	10	-
BASELCO		-
CASELCO		-
LASURECO	12	837
MAGELCO		-
<b>CARAGA</b>	<b>76</b>	<b>13,103</b>
ANECO	8	2,824
ASELCO	1	3,328
SURNECO	11	1,232
SIARELCO	9	743
DIELCO	11	507
SURSECO I	9	3,218
SURSECO II	27	1,251
<b>Mindanao</b>	<b>326</b>	<b>77,888</b>
<b>Total</b>	<b>590</b>	<b>240,129</b>



## Annex B: 1<sup>st</sup> Semester 2021 Subsidy Releases

Electric Cooperatives	Amount
<b>REGION I</b>	<b>16,113,514.82</b>
PANELCO III	16,113,514.82
<b>REGION II</b>	<b>1,016,598.13</b>
QUIRELCO	1,016,598.13
<b>CAR</b>	<b>2,190,588.84</b>
IFELCO	2,190,588.84
<b>REGION IV-A</b>	<b>64,279,343.20</b>
FLECO	125,910.37
BATELEC I	57,907.03
BATELEC II	480,530.15
QUEZELCO I	47,133,213.34
QUEZELCO II	16,481,782.31
<b>REGION IV-B</b>	<b>63,764,538.65</b>
OMECO	15,462,109.18
ORMECO	45,142,707.62
TIELCO	1,919,935.84
ROMELCO	1,239,786.01
<b>REGION V</b>	<b>98,849,737.43</b>
CANORECO	21,535,105.89
CASURECO I	11,646,749.60
CASURECO II	9,813,119.81
CASURECO III	5,759,317.73
CASURECO IV	3,251,070.41
SORECO I	8,942,672.89
SORECO II	4,403,002.87
FICELCO	602,747.84
MASELCO	32,895,950.39
<b>REGION VI</b>	<b>140,421,886.25</b>
AKELCO	57,243,213.22
ANTECO	29,894,349.46
ILECO I	11,197,363.51
ILECO III	20,382,354.19
GUIMELCO	995,591.71
NONECO	8,011,255.24
CENECO	194,393.15
NOCECO	12,503,365.77
<b>REGION VII</b>	<b>177,017,371.30</b>
NORECO I	40,810,800.66
NORECO II	57,679,513.71
BANELCO	11,214,333.70

## Annex B: 1<sup>st</sup> Semester 2021 Subsidy Releases

<b>Electric Cooperatives</b>	<b>Amount</b>
CEBECO I	15,151,923.46
CEBECO II	34,095,995.48
CEBECO III	10,930,499.15
CELCO	649,283.69
BOHECO II	6,485,021.45
<b>REGION VIII</b>	<b>118,468,750.30</b>
DORELCO	2,477,003.40
LEYECO II	10,099,080.29
LEYECO IV	2,013,903.04
LEYECO V	26,977,489.94
BILECO	15,992,054.45
NORSAMELCO	22,889,227.45
SAMELCO I	10,056,218.84
SAMELCO II	27,963,772.89
<b>REGION IX</b>	<b>41,211,597.74</b>
ZANECO	2,939,239.94
ZAMSURECO I	38,272,357.80
<b>REGION X</b>	<b>22,037,172.91</b>
MOELC I II	6,015,025.72
MORESCO I	14,541,563.26
FIBECO	1,480,583.93
<b>REGION XI</b>	<b>21,839,159.39</b>
DORECO	21,636,286.23
DASURECO	202,873.16
<b>REGION XII</b>	<b>144,200,726.04</b>
COTELCO	73,531,635.86
COTELCO-PPALMA	33,721,727.41
SOCOTECO I	35,808,392.35
SUKELCO	1,138,970.42
<b>BARMM</b>	<b>31,855,826.40</b>
TAWELCO	4,494,869.98
SIASELCO	3,693,581.05
LASURECO	14,008,650.53
MAGELCO	9,658,724.84
<b>CARAGA</b>	<b>41,626,921.10</b>
ANECO	11,558,381.79
SIARELCO	6,109,076.67
DIELCO	12,837,367.83
SURSECO I	11,122,094.81
<b>TOTAL</b>	<b>984,893,732.50</b>

## Annex C: 1<sup>st</sup> Semester 2021 CAPEX Loans

Electric Cooperatives	Loan Type	Project/s	Amount
<b>Region I</b>			
LUELCO	RE-FR	Supply, delivery, construction, installation of 69 KV sub-transmission lines from Damortis, Sto. Tomas, La Union to Esperanza, Sison, Pangasinan & commissioning of 15MVA Sison Substation	74,590,864.74
<b>Region III</b>			
TARELCO I	RE-FR	Installation of 10 MVA substation at Mayontoc Town	19,728,062.02
<b>Region IV-A</b>			
QUEZELCO I	E-CAPEX	Purchase of 2 units brand new linemen's truck, double cab with canopy	3,556,700.00
<b>Region IV-B</b>			
OMEKO	RE-FR	Purchase of Hardware and Materials and rehabilitation and upgrading of lines	10,024,174.05
<b>Region V</b>			
CASURECO III	WC	Payment of power accounts	50,000,000.00
<b>Region VII</b>			
BANELCO	WC	Payment of power accounts with Isla Norte Energy Corp.	20,000,000.00
BOHECO II	RE-FR	Construction of Main office building in Brgy. Cantagay, Jagna, Bohol	18,436,708.51
<b>Region X</b>			
BUSECO	RE-FR	Purchase of Hardware and Materials and rehabilitation & upgrading of overextended secondary lines	21,533,675.12
<b>Region XI</b>			
DANECO/ NORDECO	RE-FR	Purchase of poles & wires and improvement and conversion of Kinuban to Elizalde	9,500,709.89
<b>Region XII</b>			
SOCOTECO I	RE-FR	Construction of ASD2 Satellite Office and purchase of Bucket Trucks	8,477,765.33
<b>TOTAL</b>			<b>235,848,659.66</b>

## Annex D: 1<sup>st</sup> Semester 2021 Calamity Loans

<b>Electric Cooperatives</b>	<b>Calamity</b>	<b>Amount</b>	<b>Date Released</b>
<b>REGION IV-A</b>			
QUEZELCO I	Typhoon Quinta	4,925,920.89	2/24/2021
	Typhoon Rolly	8,498,937.17	2/24/2021
	Typhoon Ulysses	6,713,608.94	2/24/2021
<b>REGION IV-B</b>			
ORMECO	Typhoon Quinta	9,230,498.00	3/16/2021
MARELCO	Typhoon Rolly	1,763,385.40	1/26/2021
	Typhoon Quinta	1,558,208.32	1/26/2021
<b>REGION IV-B</b>			
CASURECO III	Typhoon Rolly	10,250,487.00	4/05/2021
CASURECO IV	Typhoon Quinta, Rolly, Ulysses	14,230,951.00	5/26/2021
<b>Total</b>		<b>57,171,996.72</b>	