

I. NATIONAL ELECTRIFICATION ADMINISTRATION**SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2024**

(In Thousand Pesos)

SUMMARY

	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 840,450 P	339,337 P	P	1,179,787
2. Support to Operations			164,641	164,641
3. Operations		<u>2,551,892</u>	<u>1,395,000</u>	<u>3,946,892</u>
a. Rural Electrification		2,551,892		2,551,892
b. Loans to Electric Cooperatives			<u>1,395,000</u>	<u>1,395,000</u>
TOTAL	<u>P 840,450 P</u>	<u>2,891,229 P</u>	<u>1,559,641 P</u>	<u>5,291,320</u>

I. NATIONAL ELECTRIFICATION ADMINISTRATION**SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2024**

(In Thousand Pesos)

NATIONAL GOVERNMENT EQUITY AND/OR SUBSIDY

Schedule I

	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. PROGRAM/ACTIVITY/PROJECT				
1. Operations	P	<u>2,551,892 P</u>	<u>470,000 P</u>	<u>3,021,892</u>
a. Rural Electrification		2,551,892		2,551,892
b. Loans to Electric Cooperatives			<u>470,000</u>	<u>470,000</u>
TOTAL	<u>P</u>	<u>2,551,892 P</u>	<u>470,000 P</u>	<u>3,021,892</u>

I. NATIONAL ELECTRIFICATION ADMINISTRATION**SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2024**

Schedule II

(In Thousand Pesos)

CORPORATE FUNDS

	Current Operating Expenditures			Total
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 840,450 P	339,337 P	P	1,179,787
2. Support to Operations			164,641	164,641
3. Operations				
a. Loans to Electric Cooperatives			925,000	925,000
TOTAL	P 840,450 P	a/ 339,337 P	1,089,641 P	2,269,428

a/ net of depreciation expense of P20.528 Million

Special Provision(s)

1. **Approval of the FY 2024 Corporate Operating Budget of the National Electrification Administration under R.A. No. 7638.** The FY 2024 Corporate Operating Budget (COB) of the NEA is hereby approved by the Congress of the Philippines pursuant to Section 13, Chapter III of R.A. No. 7638.

2. **Acquisition of Equipment.** The acquisition of equipment included in the approved COB shall be subject to the provisions of Corporate Budget Circular No. 17 dated February 9, 1996, A.O. No. 14 dated December 10, 2018, Budget Circular (B.C.) No. 2022-1 dated February 11, 2022, B.C. No. 2022-1A dated March 1, 2023, and other guidelines issued thereon.

3. **Payment of Compensation and Benefits.** Payment of salaries, allowances and other benefits shall be in accordance with applicable laws, rules and regulations such as, but not limited to P.D. No. 985, as amended, R.A. No. 6758, as amended, R.A. No. 10149, Corporate Compensation Circular No. 10 dated February 15, 1999, Memorandum Order No. 20, s. 2001 and E.O. No. 150, s. 2021.

4. **Payment of Terminal Leave Benefits.** Payment of terminal leave benefits shall be computed in accordance with the rates, conditions and procedure prescribed under applicable laws and guidelines issued thereon.

The amount of Forty Two Million Nine Hundred Seventy One Thousand Pesos (P42,971,000) shall be used exclusively for the payment of terminal leave benefits to the affected NEA personnel.

5. **Budget Flexibility.** The NEA Board of Administrators is authorized to modify programs and projects, reallocate the corresponding budgetary requirements approved herein, as well as augment the deficiencies which may arise from factors beyond the NEA's control such as, but not be limited to: (i) currency depreciation; (ii) inflation; (iii) change in interest rates; (iv) change in programs or projects; and (v) change in schedule of project implementation.

In the exercise of said authority, the NEA shall observe the following limitations:

(a) No acquisition of motor vehicles and payment of travelling, representation, discretionary, or extraordinary and miscellaneous expenses; and

(b) Personnel Services allocation in the approved COB shall not be augmented by new funding sources, which shall include, but not limited to, MOOE and Capital Outlays.

6. **Augmentation Beyond the Approved Corporate Operating Budget.** The NEA Board of Administrators is authorized to augment and disburse funds beyond the total amount approved in this Act for the continuous implementation of the Strategized Rural Electrification and Operational Reliability for Electric Cooperatives (ECs) Projects, and the rehabilitation, repair or reconstruction of distribution facilities damaged by natural and human-induced calamities, and provision for EC's capital requirements through loans outlay. The funds shall be sourced from the unutilized balances of prior years' subsidy by the National Government, new funding sources as certified by the Chief Accountant and Administrator of NEA, and available corporate funds to finance loans outlay to ECs.

In no case shall Personnel Services allocation be augmented beyond the total amount approved in this Act.

7. **Remittance of Cash Dividends.** Cash dividends equivalent to at least fifty percent (50%) of the annual net earnings of the NEA shall be deposited with the National Treasury as income of the General Fund pursuant to R.A. No. 7656.

8. **Audit of Government Funds.** Government funds authorized herein to be invested as equity by the corporation to its subsidiaries, as well as the grant of subsidy, loan contribution or any kind of financial assistance to end-user entities both in the private or public sector, shall be subject to audit by the COA pursuant to the provisions of P.D. No. 1445, as amended.

9. **Transparency Seal.** To enhance transparency and enforce accountability, the NEA shall maintain a Transparency Seal to be posted on its website. The Transparency Seal shall contain the following: (i) corporation's mandates and functions, names of its officials with their position and designation, and its contact information; (ii) approved COB and corresponding targets including any amount of budgetary support from the National Government; (iii) budgetary adjustments made in its COB; (iv) annual procurement plan/s and contracts awarded with the winning suppliers, contractor or consultant; (v) major programs and projects and their target beneficiaries; (vi) status of implementation, evaluation and/or assessment reports of said programs or projects; (vii) Budget and Financial Accountability Reports; (viii) Updated People's Freedom of Information (FOI) Manual signed by head of agency, Updated One-Page FOI Manual and Agency FOI Reports; and (ix) year-end financial reports for the last three (3) fiscal years.

The Administrator of the NEA and the Administration's web administrator or his/her equivalent shall be responsible for ensuring compliance with this requirement.

The DBM shall post on its website the status of compliance of the NEA.

B. DEPARTMENT OF ENERGY

B.1. NATIONAL ELECTRIFICATION ADMINISTRATION

For subsidy and equity requirements in accordance with the program and project(s), as indicated hereunder P 3,021,892,000

New Appropriations, by Programs/Projects

	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. REGULAR PROGRAMS				
Operations				
NATIONAL RURAL ELECTRIFICATION PROGRAM	P 2,046,892,000	P 470,000,000	P	<u>2,516,892,000</u>
Total, Regular Programs	<u>2,046,892,000</u>	<u>470,000,000</u>		<u>2,516,892,000</u>
B. PROJECT(S)				
Locally-Funded Project(s)	<u>505,000,000</u>			<u>505,000,000</u>
Total, Project(s)	<u>505,000,000</u>			<u>505,000,000</u>
TOTAL NEW APPROPRIATIONS	<u>P 2,551,892,000</u>	<u>P 470,000,000</u>	<u>P</u>	<u>3,021,892,000</u>

Special Provision(s)

1. **Subsidy to the National Electrification Administration.** The amount of Two Billion Five Hundred Fifty One Million Eight Hundred Ninety Two Thousand Pesos (P2,551,892,000) appropriated herein under the subsidy to NEA shall be used for the implementation of the National Rural Electrification Program.

The NEA is authorized to deduct engineering and administrative overhead (EAO) expenses not exceeding three percent (3%) of the project cost. The authorized EAO expenses shall be limited to: (i) pre-construction activities after detailed engineering; (ii) construction project management; (iii) testing and quality control; (iv) acquisition, rehabilitation and repair of related equipment and parts; and (v) contingencies in relation to pre-construction activities. The EAO expenses shall be treated or booked-up as capitalized expenditures and form part of the project cost.

In the implementation of the Strategized Rural Electrification and Operational Reliability for Electric Cooperatives Projects, the NEA shall observe the following:

- (a) Prioritize sitios where the absolute number of indigents and the incidence of poverty are high as identified in the latest official poverty statistics of the PSA as well as those with the high probability of being energized;
- (b) Loans outlay to electric cooperatives shall be recorded as equity contribution of the National Government to NEA when its authorized capitalization is increased by law, while grants thereto remain to be treated as subsidy;
- (c) Release funds only to electric cooperatives which have fully liquidated funds from previous years' electrification projects: *Provided*, That non-delinquent electric cooperatives with on-going projects that are not yet due for liquidation are entitled to a release of subsidy upon a new memorandum of agreement with NEA subject to COA Circular No. 2012-001: *Provided, further*, That electric cooperatives must completely liquidate the subsidy within three (3) months from project completion: *Provided, finally*, That in cases where the electric cooperatives are not qualified to implement projects for barangay and sitio electrification, the NEA is authorized to download the subsidy to qualified electric cooperatives in strategically located neighboring areas consistent with the National Rural Electrification Program. The electric cooperative that implements the program shall liquidate the subsidy within three (3) months from project completion; and
- (d) Prohibition on the use of subsidy for the payment of salaries, allowances, incentives, separation or retirement benefits.

Release of funds for Strategized Rural Electrification and Operational Reliability for Electric Cooperatives Projects shall be subject to the following: (i) submission of National Total Electrification Roadmap as certified by the DOE; (ii) submission of parameters for the selection of beneficiary sitios as certified by the DOE; and (iii) submission of a certification from the Barangay Chairperson on the population and number of houses per sitio, map of the municipality or city indicating the sitios and barangays to be energized, and cost of energizing a sitio.

2. **Electric Cooperatives Emergency and Resiliency Fund.** The amount of Two Hundred Million Pesos (P200,000,000) appropriated herein shall be used exclusively for the Electric Cooperatives Emergency and Resiliency Fund pursuant to R.A. No. 11039.

3. **Prior Years' Subsidy Releases from the National Government.** The NEA is hereby authorized to use subsidy released for programs and projects in prior years to cover the additional funding requirements of activities or projects covered by the programs or sub-programs indicated herein. Accordingly, the NEA shall prepare a work and financial plan covering the projects or activities to be funded from prior years' subsidies subject to the endorsement of the NEA's Board of Administrators, to be submitted to the DBM for approval.

4. **Equity from National Government.** The amount of Four Hundred Seventy Million Pesos (P470,000,000) shall be used as loans outlay to electric cooperatives and shall be recorded as equity contribution of the National Government to NEA.

5. **Special Provisions Applicable to All Government Corporations.** In addition to the foregoing special provisions, the special provisions applicable to all government corporations enumerated under the Budgetary Support to Government Corporations-Others shall be observed by the NEA.

New Appropriations, by Programs/Activities/Projects

	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
REGULAR PROGRAMS				
Operations				
NATIONAL RURAL ELECTRIFICATION PROGRAM	P 2,046,892,000	P 470,000,000	P 2,516,892,000	
Sub-total, Operations	<u>2,046,892,000</u>	<u>470,000,000</u>	<u>2,516,892,000</u>	
Total, Regular Programs	<u>2,046,892,000</u>	<u>470,000,000</u>	<u>2,516,892,000</u>	
PROJECT(S)				
Locally-Funded Project(s)				
Electric Cooperatives Emergency and Resiliency Fund		200,000,000		200,000,000
Construction of Underground Powerlines Phase 3, Brgy. Esteves, Casiguran, Aurora		105,000,000		105,000,000
Construction of Underground Powerlines Phase 4, Brgy. Esteves, Casiguran, Aurora		185,000,000		185,000,000
Installation of Solar Power System at the Sangguniang Panlungsod Building, Zamboanga City, Zamboanga del Sur		<u>15,000,000</u>		<u>15,000,000</u>
Sub-total, Locally-Funded Project(s)		<u>505,000,000</u>		<u>505,000,000</u>
Total, Project(s)		<u>505,000,000</u>		<u>505,000,000</u>
TOTAL NEW APPROPRIATIONS	<u><u>P 2,551,892,000</u></u>	<u><u>P 470,000,000</u></u>	<u><u>P 3,021,892,000</u></u>	

New Appropriations, by Object of Expenditures

(In Thousand Pesos)

Current Operating Expenditures**Maintenance and Other Operating Expenses****Financial Assistance/Subsidy****2,551,892****Total Maintenance and Other Operating Expenses****2,551,892****Total Current Operating Expenditures****2,551,892****Capital Outlays****Investment Outlay****470,000****Total Capital Outlays****470,000****TOTAL NEW APPROPRIATIONS****3,021,892**

B. DEPARTMENT OF ENERGY

B.1. NATIONAL ELECTRIFICATION ADMINISTRATION

STRATEGIC OBJECTIVES

SECTOR OUTCOME

Infrastructure development accelerated and operations sustained

ORGANIZATIONAL OUTCOME

Access to electrification expanded

PERFORMANCE INFORMATION**ORGANIZATIONAL OUTCOMES (00s) / PERFORMANCE INDICATORS (PIs)****BASELINE****2024 TARGETS**

Access to electrification expanded

NATIONAL RURAL ELECTRIFICATION PROGRAM**Outcome indicators**

1. Increase in connections over identified potential consumers

14,345,892

16,427,693

2. Amount of loans facilitated by national government equity infusion

0

P 470,000,000

Output indicators

1. Number of households energized

554,584

500,000

2. Number of Electric Cooperatives (ECs) that were facilitated with a loan

0

15 ECs