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SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
FIRST REGULAR SESSION)

RECEIVED BY:

SENATE

Senate Bill No. 1253

Introduced by Sen. Win Gatchalian

AN ACT
INSTITUTIONALIZING THE ELECTRIC COOPERATIVES DISASTER
MANAGEMENT FUND AND PROVIDING FUNDS THEREFOR

Explanatory Note

There are 121 electric cooperatives meeting the power demand needs of 85.79% of barangays in the entire country. Some features of these cooperatives are their smaller capital and limited access to financing compared to private distribution utilities— attributes which become constraints in the wake of natural disasters.

Unfortunately, due to the Philippines' location along the Pacific Ring of Fire, it is vulnerable to environmental disasters such as typhoons, monsoons, and earthquakes. In fact, the Philippines ranks as one of the most disaster-prone countries in the world with a total of 274 calamities from 1995 to 2015 and is among the top ten countries with the most number of people affected by disasters at 130 billion¹.

Just in the last quarter of 2013, an earthquake with a magnitude of 7.2 hit Sagbayan, Bohol leaving 222 dead, 976 injured, and 8 missing. Barely a month later, Haiyan, the deadliest typhoon in history, entered the Philippines leaving 6,000 recorded deaths, 4 million people displaced,

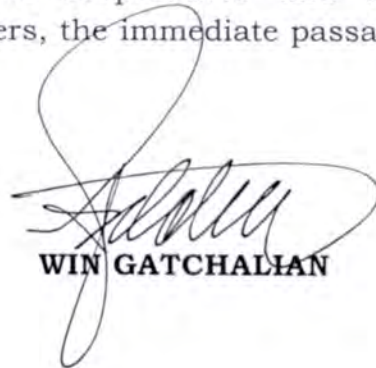
¹ Human Cost of Weather Related Disasters. United Nations Office for Disaster Risk Reduction (UNISDR) and the Centre on the Epidemiology of Disasters (CRED).

and 14 million people affected.² Thirty four electric cooperatives incurred Four Billion Ninety Two Million Pesos (Php 4.92B) in damage.³

To undertake restoration and rehabilitation in their respective areas, disaster-affected electric cooperatives can apply for a calamity loan from the National Electrification Administration (NEA) which may be converted to a calamity grant.⁴ Loans can be approved within five (5) days but to convert these loans to grants may take up to two (2) years. In addition, the calamity loans have a ten-year repayment period with an interest of 3.25% per annum.⁵ Worse, these loans are passed on to consumers, the same people who have lost their homes and belongings, resulting to higher power rates.

It is with these issues in mind that this measure is filed. This bill seeks to *first*, promptly provide interest-free financial assistance to electric cooperatives for restoration or rehabilitation of power facilities damaged due to fortuitous events or force majeure; and *second*, adequately prepare electric cooperatives for natural disasters by requiring disaster mitigation and preparedness measures which include but are not limited to the undertaking of a disaster vulnerability risk assessment and the creation of an emergency response plan.

Due to the significant role of electric cooperatives and the susceptibility of the country to natural disasters, the immediate passage of this bill is sought.



WIN GATCHALIAN

² World Disasters Report 2015. International Federation of Red Cross and Red Crescent Societies.

³ <http://interaksyon.com/business/75622/typhoon-damage-to-visayas-electric-coops-hits-nearly-p5-billion> visited 21 November 2016. "Typhoon damage to Visayas electric coops hits nearly P5 billion" by Euan Paulo C. Añonuevo published 26 November 2013. Interaksyon.

⁴ Memorandum No. 2016-006 "Policy on Conversion of Calamity Loan into Calamity Grant/Subsidy". National Electrification Administration. 2 June 2016.

⁵ <https://www.doe.gov.ph/energist/index.php/2-uncategorised/10894-nea-loan-terms-to-coops-ease> visited 21 November 2016. "NEA Loan Terms To Coops Ease" published 26 September 2016. Department of Energy.



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AN ACT
INSTITUTIONALIZING THE ELECTRIC COOPERATIVES DISASTER
MANAGEMENT FUND AND PROVIDING FUNDS THEREFOR

CHAPTER I
TITLE, POLICY AND DEFINITIONS

SECTION 1. Title. – This Act shall be known as the “Electric Cooperatives
Disaster Management Fund”.

SECTION 2. Declaration of Policy. – It is hereby declared the policy of the
State to:

- a) Support and assist, to the fullest extent, electric cooperatives adversely affected by a fortuitous event or by force majeure in order to immediately restore electric service, recognizing that the absence of electric service after such is a national security issue, thereby:
 - 1. Facilitating the rescue and relief operations, availability of basic services such as food, water, medicine, and hospitals, and mitigation of civil unrest;
 - 2. Aiding the normal functioning of local government units (LGUs) and communities, and easing the recovery of the adversely affected individuals and families;

1
2 3. Assisting efforts of the affected LGUs in expediting the
3 rendering of aid, assistance, and emergency services, and
4 the reconstruction and rehabilitation of devastated areas.
5

6 b) Provide an orderly and continuing means of financial assistance to
7 electric cooperatives in carrying out their responsibilities of providing
8 reliable electric service necessary to alleviate the sufferings and
9 damages brought about by a fortuitous event or force majeure by:
10

11 1. Allocating funds in the form of grants for disaster mitigation,
12 disaster preparedness, and restoration or rehabilitation of
13 electric cooperatives' damaged facilities that are readily
14 accessible;
15

16 2. Providing a streamlined process for the availment of the
17 fund;
18

19 3. Requiring the electric cooperatives to develop and implement
20 comprehensive vulnerability risk assessments which identify
21 disaster preparedness and disaster mitigation measures to
22 protect and strengthen critical infrastructure assets, and
23 emergency response plans to address immediate restoration
24 or rehabilitation efforts.
25

26 **SECTION 3. Scope.** – This Act shall be applicable to all electric cooperatives
27 throughout the country.
28

29 **SECTION 4. Definition of Terms.** – As used in this Act, the following shall be
30 defined as:

31 a) Climate Change – refers to a change in climate that can be
32 identified by changes in the mean or variability of its properties
33 and that persists for an extended period typically decades or
34 longer, whether due to natural variability or as a result of
35 human activity;
36

1 b) Disaster – refers to a serious disruption of the functioning of a
2 community or a society involving widespread human, material,
3 economic or environmental losses and impacts, which exceeds the
4 ability of the affected community or society to cope using its own
5 resources. Disasters are often described as a result of the
6 combination of: the exposure to a hazard; the conditions of
7 vulnerability that are present; and insufficient capacity or
8 measures to reduce or cope with the potential negative
9 consequences. Disaster impacts may include loss of life, injury,
10 disease and other negative effects on human, physical, mental and
11 social well-being, together with damage to property, destruction of
12 assets, loss of services, social and economic disruption and
13 environmental degradation;

14

15 c) Disaster Mitigation – refers to the lessening or limitation of the
16 adverse impacts of hazards and related disasters. Mitigation
17 measures encompass engineering techniques and hazard-resistant
18 construction as well as improved environmental policies and public
19 awareness;

20

21 d) Disaster Preparedness – refers to the knowledge and capacities
22 developed by governments, professional response and recovery
23 organizations, communities and individuals to effectively
24 anticipate, respond to, and recover from, the impacts of likely,
25 imminent or current hazard events or conditions. Preparedness
26 action is carried out within the context of disaster risk reduction
27 and management and aims to build the capacities needed to
28 efficiently manage all types of emergencies and achieve orderly
29 transitions from response to sustained recovery. Preparedness is
30 based on a sound analysis of disaster risk and good linkages with
31 early warning systems, and includes such activities as contingency
32 planning, stockpiling of equipment and supplies, the development
33 of arrangements for coordination, evacuation and public
34 information, and associated training and field exercises. These
35 must be supported by formal institutional, legal and budgetary
36 capacities;

37

- 1 e) Disaster Prevention – refers to the outright avoidance of adverse
2 impacts of hazards and related disasters. It expresses the concept
3 and intention to completely avoid potential adverse impacts
4 through action taken in advance such as construction of dams or
5 embankments that eliminate flood risks, land-use regulations that
6 do not permit any settlement in high-risk zones, and seismic
7 engineering designs that ensure the survival and function of a
8 critical building in any likely earthquake;
9
- 10 f) Electric Cooperatives – refer to a distribution utility created and
11 operating pursuant to Presidential Decree No. 269, as amended;
12
- 13 g) Emergency Response Plan – refers to the development and
14 preparation of a written and formal plan containing organizational
15 structure and steps which will enable the electric cooperative to
16 restore its system in a safe and timely manner after a fortuitous
17 event or force majeure;
18
- 19 h) Energy Regulatory Commission – refers to the regulatory agency
20 created under Republic Act No. 9136;
21
- 22 i) Force Majeure – refers to an event that is a result of elements of
23 nature that cannot be reasonably anticipated or controlled, such
24 as, but not limited to typhoon, storm, tropical depression, flood,
25 drought, volcanic eruption, earthquake, tidal wave, or landslide;
26
- 27 j) Fortuitous Event – refers to an act of war (declared or undeclared),
28 sabotage, blockade, revolution, riot, insurrection, civil commotion
29 or any violent or threatening action;
30
- 31 k) Joint Congressional Power Commission – refers to the Commission
32 created under Republic Act No. 9136;
33
- 34 l) National Electrification Administration – refers to the government
35 agency created under Presidential Decree 269, as amended;
36
- 37 m) National Disaster Risk Reduction and Management Fund – refers
38 to the calamity fund appropriated under the Annual General

1 Appropriations Act which is used for disaster risk reduction or
2 mitigation, prevention and preparedness activities as provided
3 under Republic Act No. 10121;
4

5 n) Restoration or Rehabilitation – refers to the actions or activities
6 undertaken by the electric cooperatives to rebuild, replace, or
7 repair the necessary facilities to provide reliable electric service to
8 member-consumers after a fortuitous event or force majeure,
9 taking into consideration designs, materials, or equipment that will
10 make the infrastructure more resilient; and
11

12 o) Vulnerability and Risk Assessment – shall refer to the electric
13 cooperative’s identification of critical assets and the development of
14 disaster preparedness, and disaster prevention and mitigation
15 measures to protect, restore or, strengthen critical assets prior to
16 the onset of a fortuitous event or force majeure;
17

18 CHAPTER II

19 CREATION AND IMPLEMENTATION OF THE ELECTRIC COOPERATIVES 20 DISASTER MANAGEMENT FUND 21

22 **SECTION 5. Creation of the Electric Cooperatives Disaster Management**
23 **Fund.** – There is hereby created an Electric Cooperatives Disaster
24 Management Fund, which shall be managed and administered by the National
25 Electrification Administration (NEA).
26

27 **SECTION 6. Powers and Functions of the NEA.** – The NEA shall have the
28 following additional powers and functions:

29 a) Formulate policies and coordinate the implementation of all activities
30 of the electric cooperatives relative to disaster management;
31

32 b) Mandate electric cooperatives to submit comprehensive and
33 integrated disaster management programs such as but not limited to
34 vulnerability risk assessments and emergency response plans, and
35 thereafter establish, administer, and monitor the implementation of
36 the same;

- 1
- 2 c) Review and approve all activities of the electric cooperatives relative to
- 3 disaster mitigation, disaster preparedness, and disaster prevention
- 4 plans as a result of the vulnerability risk assessment;
- 5
- 6 d) Develop reasonable guidelines and rational documentary
- 7 requirements for electric cooperatives to avail of the Electric
- 8 Cooperatives Disaster Management Fund;
- 9
- 10 e) Formulate an efficient procedure for program participation and
- 11 criteria for fund allocation;
- 12
- 13 f) Determine the annual budget of the Electric Cooperatives Disaster
- 14 Management Fund and submit the same for approval by Congress;
- 15
- 16 g) Receive all donations, in the form of funds, materials, or equipment,
- 17 which are intended for the purpose of addressing the restoration of
- 18 electric cooperatives' infrastructure damaged by a fortuitous event or
- 19 force majeure; and
- 20
- 21 h) Promulgate such rules and regulations as may be necessary to
- 22 implement the objectives and provisions of this Act.
- 23

24 **CHAPTER III**

25 **RESPONSIBILITIES OF THE ELECTRIC COOPERATIVES**

26

27 **SECTION 7. Responsibilities of the Electric Cooperatives.** – In addition to

28 their primary mandate to implement the rural electrification program of the

29 country under existing laws, the electric cooperatives shall be vested with all

30 the powers necessary to ensure the protection, preparedness, and mitigation of

31 the adverse impact of any fortuitous event or force majeure to its

32 infrastructure. Electric cooperatives shall also ascertain the ability of their

33 manpower to undertake emergency response for the immediate restoration or

34 rehabilitation of their damaged infrastructure after a fortuitous event or force

35 majeure.

1 To accomplish such responsibilities, the electric cooperatives shall
2 formulate comprehensive and integrated programs such as but not limited to
3 the following:

- 4 a) Undertake a disaster vulnerability risk assessment of all their
5 infrastructure in accordance with the NEA-approved template;
6
7 b) Prepare in the order of priority, projects and programs, including the
8 financial requirements necessary to protect and mitigate the disaster
9 vulnerability of all its infrastructure for review and approval by the NEA;
10
11 c) Institutionalize an emergency response plan to be activated immediately
12 before and after the occurrence of a fortuitous event or force majeure;
13
14 d) Comply with NEA's policies and procedural requirements for program
15 participation and fund allocation;
16
17 e) Submit reports as may be required by the NEA; and
18
19 f) Undertake all other activities necessary to implement the objectives and
20 provisions of this Act.

21
22 **CHAPTER IV**
23 **FUND SOURCES AND ALLOCATION**
24

25 **SECTION 8. Fund Sources.** – The Electric Cooperatives Disaster Management
26 Fund shall be funded through the National Disaster Risk Reduction and
27 Management Fund and the General Appropriations Act.

28
29 **SECTION 9. Donations.** – All donations in the form of funds, materials, or
30 equipment, whether local or international, intended for the express purpose of
31 restoring or rehabilitating the electric cooperatives infrastructure damaged by a
32 fortuitous event or force majeure, shall be received directly by the NEA, subject
33 to existing auditing rules and regulations. International donations shall be
34 exempt from all duties, fees, taxes and other charges.

35

1 **SECTION 10. Appropriations.** – The sum of Seven Hundred Fifty Million
2 Pesos (Php750,000,000.00) for the initial implementation of this Act shall be
3 taken from the National Disaster Risk Reduction and Management Fund.
4 Thereafter, such amounts necessary for the sustainable implementation of this
5 Act shall be included in the annual General Appropriations Act.

6
7 **SECTION 11. Allocation of the Electric Cooperatives Disaster Management**
8 **Fund.** – The Electric Cooperatives Disaster Management Fund shall be
9 allocated in the following manner:

- 10
- 11 a) Fifty percent (50%) for the electric cooperatives' disaster prevention,
12 disaster preparedness, and disaster mitigation measures duly approved
13 by the NEA;
 - 14 b) Forty percent (40%) for the restoration or rehabilitation of the electric
15 cooperatives' damaged infrastructures after a fortuitous event or force
16 majeure; and
 - 17 c) Ten percent (10%) for the repayment of outstanding obligations of the
18 electric cooperatives incurred for the purpose of financing the restoration
19 or rehabilitation of its infrastructure damaged by a fortuitous event or
20 force majeure.
21
22

23
24 In case of a deficiency of the fund allocated for the restoration or
25 rehabilitation of the electric cooperatives' damaged infrastructure after a
26 fortuitous event or force majeure, the amount intended for the electric
27 cooperatives' disaster prevention, preparedness, and mitigation measures
28 which has not been released by the NEA to the electric cooperatives shall be
29 immediately re-allocated to cover such shortfall. In case the amount of the
30 initial annual budget is not sufficient to cover the restoration or rehabilitation
31 costs for the year, the annual budget for the succeeding year shall be increased

¹ Note: Removed Malampaya
Original provision:

SECTION 10. Appropriations. – The sum of Seven Hundred Fifty Million Pesos (Php750,000,000.00) for the initial implementation of this Act shall be taken from the National Disaster Risk Reduction and Management Fund and the Malampaya Fund. Thereafter, such amounts necessary for the sustainable implementation of this Act shall be included in the annual General Appropriations Act.

1 to an amount equivalent to the total expenditures of the previous year's
2 Electric Cooperative Disaster Fund, and such amount shall be maintained
3 unless there is a need to increase pursuant to this Section.

4
5 If the Electric Cooperatives Disaster Management Fund for the year is
6 inadequate to cover the restoration or rehabilitation costs for electric
7 cooperatives infrastructure damaged by a fortuitous event or force majeure, the
8 NEA shall seek for the allocation of supplementary budget corresponding to the
9 outstanding balance from the National Disaster Risk Reduction Management
10 Fund, subject to the approval of the President.

11
12 **CHAPTER V**
13 **GENERAL PROVISIONS**
14

15 **SECTION 12. Reportorial Requirements.** – The NEA shall take the necessary
16 measures to ensure that the provisions of this Act are properly implemented
17 and submit annual reports on the program implementation and fund
18 utilization to the DOE, the JCPC, and the Office of the President.

19
20 **SECTION 13. Congressional Oversight.** – Upon the effectivity of this Act, the
21 JCPC shall exercise oversight functions over the implementation of this Act.

22
23 **SECTION 14. Evaluation.** – Within five (5) years after the effectivity of this Act,
24 the JCPC shall conduct a systematic evaluation of the accomplishments and
25 impact of this Act for purposes of determining remedial legislation.

26
27 **SECTION 15. Implementing Rules and Regulations.** – The NEA shall, in
28 consultation with relevant government agencies, electric cooperatives, and end-
29 users, promulgate the Implementing Rules and Regulations within six (6)
30 months from the effectivity of this Act, subject to the approval of the JCPC.

1 **SECTION 16. Separability Clause.** – If for any reason, any provision of this
2 Act is declared unconstitutional or invalid, the other parts or provisions hereof
3 which are not affected thereby shall continue to be in full force and in effect.

4

5 **SECTION 17. Repealing Clause.** – Any law, presidential decree or issuance,
6 executive order, letter of instruction, administrative rule or regulation contrary
7 to or inconsistent with the provisions of this Act are hereby repealed, modified
8 or amended accordingly.

9

10 **SECTION 19. Effectivity.** – This Act shall take effect on the fifteenth day
11 following its publication in at least two (2) national papers of general
12 circulation.

Approved: