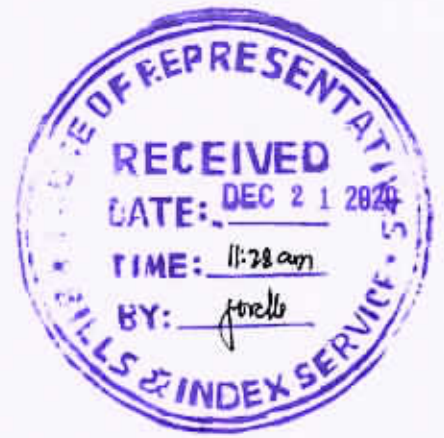




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS

Second Regular Session

House Resolution No. 1442

Introduced by

**Philreca Party-List Representative Presley C. De Jesus,
APEC Party-List Representative Sergio C. Dagooc,
Ako Padayon Pilipino Party-List Representative Adriano A. Ebcas,
RECOBODA Party-List Representative Godofredo N. Guya**

A RESOLUTION

DIRECTING THE DEPARTMENT OF ENERGY AND OTHER CONCERNED AGENCIES, TO DEFER AND REVIEW THE LEGALITY AND PROPRIETY OF DEPARTMENT OF ENERGY (DOE) ISSUED DEPARTMENT CIRCULAR NO. 2019-01-001, EFFECTIVELY REMOVING THE UC-ME SUBSIDY ENTITLEMENT OF DISTRIBUTION UTILITIES TO THE UNIVERSAL CHARGE FOR MISSIONARY ELECTRIFICATION SUBSIDY AND TO UNDERTAKE THE NECESSARY ACTIONS TO PROPERLY IMPLEMENT SECTION 70 OF REPUBLIC ACT NO. 9136, OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001

WHEREAS, Section 2 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), declared the policy of the State to ensure the quality, reliability, security, and affordability of the supply of electric power throughout our country;

WHEREAS, Section 70 of the same Act mandates that the National Power Corporation, through the Small Power Utilities Group (NPC-SPUG), shall perform the missionary electrification function with the responsibility of providing power generation and its associated power delivery systems in areas not connected to the transmissions system;

WHEREAS, the Department of Energy (DOE) issued Department Circular No. 2019-01-001 entitled "Prescribing the Omnibus Guidelines on Enhancing Off-Grid Power Development and Operation" on January 25, 2019;

WHEREAS, the DOE Department Circular provides that immediately upon the issuance of the circular, all system losses incurred by DUs in serving off-grid areas shall no longer receive the UC-ME subsidy;

WHEREAS, the DOE acted in *ultra vires* of the statutory provisions of the EPIRA, specifically Section 70 and its IRR, by issuing the aforementioned department circular and effectively removing the UC-ME subsidy entitlement of distribution utilities despite the lack of connection to the transmission system as provided for by law;

WHEREAS, as provided under Section 70 of the EPIRA and its corresponding IRR, as long as the electric cooperatives are not connected to the grid or any transmission system, the provision for UC-ME subsidy is nevertheless enforceable and demandable;

WHEREAS, because of the circular, NPC officials are now refusing to sign any UC-ME Subsidy Agreements despite the Order of the Energy Regulatory Commission granting the provisional authority or approving the Power Supply Agreements (PSAs) of ECs and their respective New Power Providers (NPPs);

WHEREAS, without the UC-ME Subsidy Agreement signed by the NPC, the any distribution utilities new NPPs will not mobilize nor start the installation of new power plant facilities, due to the uncertainties of recovering the necessary subsidy from the

UC-ME to fully recoup the cost of power generation and sustain the operation of the power generation facilities;

WHEREAS, the phasing out of the UC-ME will also adversely affect the electric consumers with the imminent spikes in electricity charges and will cause the delay in the delivery of additional or new power requirements by the NPPs to the ECs which will inevitably result to power outages and ultimately lead to inconvenience to all electric consumers within their respective areas;

WHEREAS, the removal of the UC-ME will require the member consumer owners (MCOs) of the electric cooperatives to pay the True Cost of Generation Rate (TCGR) at an average rate of PhP 21.6624/kilowatt per hour compared to the present set-up where the MCOs are only charged with the Subsidized Approved Generation Rate (SAGR) of PhP 5.6404/kilowatt per hour as a result of the UC-ME Subsidy under the EPIRA;

WHEREAS, pursuant to the aforementioned provisions of the EPIRA and its IRR, there is an urgent need to defer and review the implementation of the DOE Department Circular No. 2019-01-001 until the distribution utilities have been properly connected to the transmission system as envisioned by the framers of the EPIRA and to avoid the imposition of further financial burden and inconvenience to the electric consumers;

NOW THEREFORE BE IT RESOLVED AS IT IS HEREBY RESOLVED THAT, the House of Representatives calls upon the Department of Energy and other concerned agencies, to immediately cease and defer the implementation of the DOE Department Circular No. 2019-01-001 pursuant to Section 70 of the R.A. No 9136 and its Implementing Rules and Regulations until the fulfilment of the condition provided therein.

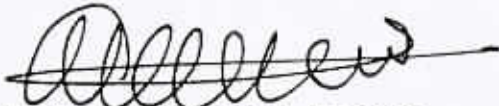
Adopted,


REP. PRESLEY C. DE JESUS
PHILRECA Partylist



REP. SERGIO C. DAGOOC

APEC Partylist



REP. ADRIANO A. EBCAS

Ako Padayon Pilipino Partylist



REP. GODOFREDO N. GUYA

RECOBODA Partylist