



Republic of the Philippines  
**DEPARTMENT OF ENERGY**

DEPARTMENT CIRCULAR NO. DC 2014-01-0002

**AMENDING CERTAIN PROVISIONS OF DEPARTMENT CIRCULAR NO. DC2013-07-0015, OR THE IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 10531 OTHERWISE KNOWN AS THE NATIONAL ELECTRIFICATION REFORM ACT OF 2013**

**WHEREAS**, Section 16 of Republic Act No. (R.A.) 10531, otherwise known as the "National Electrification Administration (NEA) Reform Act of 2013" provides that the Department of Energy (DOE) is tasked to formulate the rules and regulations and regulations (IRR);

**WHEREAS**, on 29 July 2013, pursuant to the said mandate, the DOE issued Department Circular No. DC-2013-07-0015 or the "Implementing Rules and Regulations of the Republic Act No. 10531" which took effect on 13 August 2013;

**WHEREAS**, the Department of Energy (DOE) and the NEA have received requests for the interpretation of some provisions of the NEA Reform Act of 2013 and its Implementing Rules and Regulations; and

**WHEREAS**, under existing laws and jurisprudence, the Implementing Rules and Regulations may be amended in pursuit to clarify and carry out the objectives of the law;

**NOW THEREFORE**, pursuant to its authority under the R.A. 10531, the DOE hereby issues, adopts and promulgates the following amendments to Department Circular No. 2013-07-0015:

**Section 1. Amendments to the IRR of RA 10531.** The following provisions are hereby amended as follows:

- a. Paragraph i. of e) of Section 14 of Rule III is hereby amended to read -

RULE III.  
 ELECTRIC COOPERATIVES

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Section 14. Qualifications of a Director and Officer.

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- e) He or she is a member of the EC in good standing for the last five (5) years immediately preceding the election or appointment and shall continue to be a member in good standing during his or her incumbency;

For purpose of this IRR, a member of good standing shall mean that said member:

- i. must have no unsettled or outstanding obligations to the cooperative during his membership in the cooperative whether personal or through commercial or industrial connections of which he or she is the owner/co-owner;

An unsettled or outstanding obligation is an account which has not been paid within seven (7) days after the due date. For the purpose of this subsection, "due date" shall refer to the date of receipt of the obligation: *Provided, That*

in the case of power bills, it shall refer to the ninth (9<sup>th</sup>) day reckoned from receipt thereof.

For incumbent members of the EC Board who will seek re-election, unsettled or outstanding obligation shall be deemed to include power bills, cash advances, disallowances (including NEA audit findings) and materials and equipment issuances. At any given time during his membership in the cooperative, he or she must be totally free of any unsettled or outstanding obligations and/or disallowances with the EC. (Amendments in bold)

b. Section 16 of Rule III is hereby amended to read -

RULE III.  
ELECTRIC COOPERATIVES

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Section 16. Continuing Qualifications Requirement. To ensure that the management and operations of the ECs are carried out with due regard to its economic viability, the NEA shall prescribe, pass upon and review the qualifications and disqualifications of individuals appointed or elected as EC director or officer and disqualify those found unfit.

An EC director or officer, in order to remain as such, must continue to possess all the qualifications and none of the disqualifications throughout his/her term or tenure of office. **To this end, no EC Director shall be allowed to stay in office in a hold-over capacity if he/she fails to meet all the qualifications or is deemed disqualified under the two (2) preceding sections.** (Amendments in bold)

The foregoing continuing qualifications shall not apply to the following:

- a) General Manager; and
- b) Project Supervisor and/or Independent Director.

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c. Paragraph I, Subsection d) of Section 23, Rule V is hereby amended to read -

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RULE V.  
CONVERSION OF ELECTRIC COOPERATIVES

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Section 23. Conversion Guidelines.

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d) In the conduct of consultations, the EC shall comply with the following:

- i. Notice of Membership Meeting. At least ten (10) days before the scheduled consultation/meeting, all bona fide member-consumers in the district shall be notified through print and broadcast media.

In addition, the complete information on the said consultation/meeting shall be posted in conspicuous places, such as but not limited to the municipal and barangay halls, churches, public markets within the district, and mailed to all the local chief executives including barangay chairmen in the said locality. (Amendments in bold)

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d. Paragraph iii, Subsection d) of Section 23, Rule V is hereby amended to read -

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RULE V.  
CONVERSION OF ELECTRIC COOPERATIVES

xxx xxx xxx

Section 23. Conversion Guidelines.

xxx xxx xxx

d) In the conduct of consultations, the EC shall comply with the following:

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- iii. Required Number of Votes for Conversion. The plurality of the total votes of the bona fide member-consumers attending the said meeting shall be considered a valid decision for conversion. (Amendments in bold)

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e. Paragraph v, Subsection d) of Section 23, Rule V is hereby amended to read -

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RULE V.  
CONVERSION OF ELECTRIC COOPERATIVES

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Section 23. Conversion Guidelines.

xxx xxx xxx

d) In the conduct of consultations, the EC shall comply with the following:

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- v. Over-all Decision. The final decision on the issue on conversion, on whether or not the EC will convert, shall be based on the plurality of the total votes cast, as culled from the result of the general assembly, or the cumulative result of the district meetings, as the case may be; *Provided*, That the conduct of referendum may only be conducted ten (10) years from the last conducted referendum. (Amendments in bold)

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- f. A new Section 25-A is hereby inserted in place of the last two paragraphs of Section 25, Rule V as follows -

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RULE V.  
CONVERSION OF ELECTRIC COOPERATIVES

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Section 25. Conversion Procedure and/or Mechanics.

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For the purpose of the foregoing, a bona fide member-consumer shall refer to a person who is a member-consumer in good standing who has met all the requirements set within the context of the ECs by-laws and has been listed/included in the Master list of voters, to have voting rights, under the one-member, one vote policy of the EC.

**Section 25-A. Period for the Conduct of Referendum.** Within two (2) years from **publication hereof**, the NEA shall cause the conduct of all remaining non-stock ECs and the ECs shall have decided and issued a Board Resolution on options to:

- a) Remain as non-stock, non-profit EC;
- b) Convert into stock cooperative under the CDA; or
- c) Convert into stock corporation under the SEC.


For monitoring purposes, the NEA shall submit to the DOE a quarterly report detailing the progress of the registration. (Amendments in bold)

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**Section 2. Separability Clause.** If any provision of this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

**Section 3. Effectivity.** These amendments shall take effect immediately from its publication in at least two newspapers of general circulation and shall remain in effect until otherwise revoked.

Issued in Energy Center, Bonifacio Global City, Taguig City on **JAN 08 2014**

  
**CARLOS JERICO L. PETILLA**  
Secretary

 Republic of the Philippines  
DEPARTMENT OF ENERGY

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