



# PHILRECA

PHILIPPINE RURAL ELECTRIC COOPERATIVES ASSOCIATION, INC.

## FOR IMMEDIATE RELEASE

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### **NEA endorsement: threat to EC independence and violative of agency's own policies and guidelines**

The House of Representatives Committee on Energy held today an inquiry called for by the House Resolution 1776, a measure filed by the Power Bloc representatives aiming to investigate the possible overreach of the National Electrification Administration on the screening, selection, and appointments of General Managers of Electric Cooperatives.

The inquiry which lasted almost 4 hours stemmed from NEA's endorsement of only one candidate for General Manager of the Benguet Electric Cooperative, Inc (BENECO), a move seen by the Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA) as a threat to Electric Cooperatives' independence and autonomy in handling their affairs.

"We would like to clarify though that this is not just about BENECO for us. We are heavily invested on this because this is about the independence and autonomy of the entire electric cooperatives operating nationwide," said Atty. Janeene Depay-Colingan, Executive Director of PHILRECA.

She stressed that NEA's endorsement is violative of NEA Memorandum No. 2017-035, which dictates that a list of all qualified candidates for the GM position should have been transmitted to the utility.

"Simply put: Policies and guidelines were approved; but the implementor's compliance was arbitrary.... NEA's decision to endorse only one candidate to be appointed by the Board of Directors of Benguet Electric Cooperative, Inc (BENECO) is tantamount to giving the Agency the sole power and authority to appoint the officials of Electric Cooperatives," said Colingan.

Reynaldo V. Villanueva, Chairman of the National Center of Electric Cooperatives Association or NCECCO, said that the power of the Board of Directors emanates from the member-consumer-owners who voted for them. "When the Board of Administrators of the National Electrification Administration tried to strip that power away from the Board of Directors of the EC concerned, this is an attack not just to the EC or the Board of Directors, but more importantly, to the member-consumer-owners."

***"United we stand, We Stand United."***

2<sup>nd</sup> Floor, PNB Building, No. 92 West Avenue, Quezon City, Philippines  
Telephone Nos. 374-2538 / 374-1198 / 374-1199 / 372-4913 / Fax No. 374-2513  
Website: [www.philreca.org](http://www.philreca.org); email address: [core@philreca.org](mailto:core@philreca.org)



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The consumer group NCECCO believes that ultimately, it is the member-consumer-owners who are the most affected on the issue because “whatever the effect or outcome of any decision of the electric cooperatives, the direct or indirect consequence will certainly impact the member-consumer-owners.”

Similar to the opinion and stand of other invited resource persons, the National Association of General Managers of Electric Cooperatives or NAGMEC strongly opposes NEA Board of Administrators Resolution No. 2021-47 dated April 29, 2021, where the Board of Administrators endorsed the applicant with the higher score in the final interview.

“NEA’s role is limited to ensuring that the candidates possess the qualification and none of the disqualification stated in NEA Memorandum 2017-035. It is very clear in Item No. III, Section 2, par. H of this memorandum: the list of applicants who passed the final interview shall then be transmitted by NEA to the EC Board for perusal and selection of its GM,” said Allan L. Laniba, President of NAGMEC.

He added that “the provision is clear and there is no other way of interpreting this. NEA’s job is ministerial and it does not have any power nor discretion to choose from the list of qualified applicants.”

The Philippine Association of Board of Directors of Electric Cooperatives or PHABDREC emphasized the need for electric cooperatives to maintain its independence.

“The case of BENECA is just a representative case of what might happen to the 121 electric cooperatives if the recent actions of the NEA Board of Administrators will be left ignored, and accepted. Their action is implicit of a waiver surrendering to the NEA Board of Administrators the power of the Board of Directors in determining the appointment of the General Manager,” said Atty. Gloria Corrales, President of PHABDREC.

During the hearing, Representative Sergio C. Dagooc stressed that Section 4-A of PD 269 as amended by RA 10531 gave NEA supervisory and disciplinary powers only – but not control – over Electric Cooperatives.

“The list enumerated in Section 4-A, from paragraphs a to c is exclusive. There is no catch all provision. The legislature would not have specified enumerations in a statute had the intention been not to restrict its meaning and to confine the supervisory powers of NEA to those expressly mentioned. Had the Congress wanted to not make

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it exclusive, it would have included a catch all phrase such as 'all other powers necessary for the implementation of this provision'," said Rep. Dagooc.

The section referred to by Rep. Dagooc enumerates the supervisory powers of NEA over electric cooperatives. He emphasized that NEA's powers are limited to those enumerated in Section 4-A of the law. Selection, hiring, and appointment of a general manager is not included in the said list.

Meanwhile, National Association of Electricity Consumers for Reform, Inc. (NASECORE), which failed to attend the inquiry, wrote the Committee on Energy expressing their "vehement opposition to the House Resolution which threatens the very independence, effectiveness and *raison d'etre* of the NEA."

Atty. Rafael Antonio M. Acebedo, NASECORE's Executive Director, claims that HR 1776 "has nothing to do with public interest but everything to do with the personal interests of the sponsors."

According to PHILRECA, the issue has been lengthily discussed in their position paper and communications to NEA and the "House Resolution is also very clear on the legal basis, relevant State policies, and facts supporting the need for an investigation."

PHILRECA has no problem on NASECORE's opposition to the Congressional inquiry. It came as a surprise to the organization, however, because "it is supposedly to their advantage for an impartial investigation to push through for them to voice out their opposition on the matter."

The hearing was presided by one of the sponsors of the resolution, Committee on Energy Vice Chairman Presley C. De Jesus of PHILRECA Party-List. Other sponsors of House Resolution 1776 were Party-List Representatives Sergio C. Dagooc, Godofredo N. Guya, and Adriano A. Ebcas. ###

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