

# MEDIA RELEASE

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### **MEDIA RELEASE**

09 July 2020

#### **NEA extends deadline for EC loan amortization payment**

The National Electrification Administration (NEA) has extended the payment deadline for loan amortization of the electric cooperatives (ECs) due for the second quarter of 2020.

NEA Administrator Edgardo Masongsong issued Memorandum No. 2020-033, extending the deadline for ECs to settle their loan amortization from June 30 to July 30, 2020.

The relief measure is in consideration of the declaration of a state of calamity throughout the country under Proclamation No. 929 due to coronavirus disease; and enactment of Republic Act No. 11469 or the "Bayanihan to Heal as One Act."

Masongsong said extending the payment period is meant to provide assistance that will ultimately "redound to the benefit of poor Filipino consumers in far-flung areas."

The NEA has been providing financial support to ECs through various loan windows for their capital expenditure projects and rehabilitation or upgrading of their distribution facilities.

Its lending program includes regular, calamity and concessional loans, stand-by and short-term credit loans, single-digit system loss loan, renewable energy loan, and modular generator sets loan.

It will also be recalled that the NEA earlier allowed the ECs to secure short-term loans from sources other than the agency like banks, financing companies, and other established financial intermediaries, as long as they are reasonable and appropriate.

Under the NEA Loan Policy No. 14-A, ECs may borrow money from financial institutions to augment monthly collection deficiencies that would cover their power bills; to facilitate working capital requirements; and for the purchase of maintenance vehicles.

Terms and conditions of the loans must also be "fair and equitable," such that repayment period shall not exceed three years; interest rates are reasonable, and at the lowest, if possible; and the amount of loan shall not exceed three times the EC's average power billings. ###

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#### **NATIONAL ELECTRIFICATION ADMINISTRATION**

Corporate Communications and Social Marketing Office

3/F, Right Wing, 57 NEA Building

NIA Road, Government Center, Diliman

Quezon City, Philippines 1001