



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC2014-09-0018

PRESCRIBING THE POLICIES FOR THE IMPLEMENTATION OF THE HOUSEHOLD ELECTRIFICATION PROGRAM AND CREATING THE HOUSEHOLD UNIFIED STRATEGIC ELECTRIFICATION (HOUSE) TEAM FOR THE PURPOSE OF ACHIEVING THE COUNTRY'S TOTAL ELECTRIFICATION GOALS

WHEREAS, Section 3(a) of the Republic Act No. 9136 or the "Electric Power Industry Reform Act of 2001" (EPIRA) states that it is the policy of the State to ensure and accelerate the total electrification of the country while Section 23 of the EPIRA requires all DUs to provide universal service within their franchise areas, over a reasonable time, including unviable areas, as part of their social obligations;

WHEREAS, Republic Act No. 10531, or the National Electrification Administration (NEA) Reform Act of 2013, has declared that it is the policy of the State to promote the sustainable development of the rural areas through rural electrification and further mandates NEA to pursue total electrification of the country through the electric cooperatives (ECs) by way of enhancing distribution development and to ensure their economic and financial viability and operation, among others;

WHEREAS, the Government, through the Philippine Development Plan of 2011-2016, has set the goal of ninety percent (90%) household electrification by 2017 with the ultimate objective of sustainable and inclusive economic growth and poverty reduction and that, the Government believes that the provision of the basic electricity services is essential to spur development and better quality of life for all Filipinos;

WHEREAS, in pursuing household electrification, the Department of Energy (DOE) must also consider other equally important goals of the EPIRA such as security, reliability, and affordability as well as the relevant provisions of the Renewable Energy (RE) Act of 2008 on the greater utilization of RE resources and technologies especially in off-grid areas, among others;

WHEREAS, the DOE has estimated that the current household electrification level of the country is only around seventy nine percent (79%) as of December 2013 based on the consolidated reports by the Distribution Utilities (DUs) and the estimated household population using the 2010 Census of Population and Housing, excluding at least five percent (5%) of the households obtaining their electricity from informal or flying connections;

WHEREAS, while the DOE further estimates that at least 4.3 million new household connections must be achieved in the next four years in order to achieve the 90% household electrification goal by 2017, the existing strategies and activities are not sufficient to attain the cited goal;

WHEREAS, considering the limited government funds to support household electrification, the Government must formulate innovative strategies and adopt various technology options in order to ensure the least-cost electrification of remaining unelectrified households in the country, among which is the promotion of greater public-private partnerships to facilitate inflow of private capital; and

WHEREAS, on 17 July 2013, the DOE issued the Household Electrification Development Plan (HEDP) 2013-2017, that laid down the different strategies and programs for fast-tracking household electrification both in urban and rural areas of the country.

NOW, THEREFORE, for and in consideration of the foregoing premises, the DOE in the exercise of its supervisory functions in the implementation of the overall electrification activities in the country, hereby declares the following:

Section 1. Policies and Strategies. In meeting the 90% HH electrification by 2017, the DOE shall vigorously pursue the formulation of policies and implementation of corresponding programs in accordance with existing laws and regulations, to wit:

- a) **Provision of Basic Electricity Service as a Social Agenda.** It will be a long-term and consistent policy of the Government to ensure that every Filipino family shall have an equal opportunity to access basic electricity services as part of the overall socio-economic development agenda of the Government.
- b) **Enforcing the Universal Service Obligation of the Franchised DUs.** The Government will implement specific strategies to require all franchised DUs to perform their service obligation in providing universal service to all areas and customers covered by their respective franchise area, both viable and unviable.
- c) **Ensuring Security, Reliability, Quality and Affordability of Electricity Services.** Pursuing household electrification goal shall also consider other equally important objectives of such as security, reliability, quality and affordability of service to all of its customers. Every electrification project must be properly assessed to consider its potential implications to the entire operations of the DU such as system loss and the high cost of electricity supply in the area.
- d) **Preference to Renewable Energy Sources and Technologies Where Applicable.** Whenever suitable, the use of commercially-viable renewable energy sources and technologies especially in off-grid and unviable areas shall be the preferred electrification solution over conventional systems utilizing imported petroleum products.
- e) **Sufficient and Well-targeted Provision of Government Grants and Subsidies.** The Government shall provide sufficient funds to meet the investment requirements of rural and household electrification projects and activities, including their sustainability.
- f) **Linking Electrification with Other Development Programs as Government Strategy for Inclusive Growth.** To ensure the attainment of the overarching goal of enhancing the

quality of life of every Filipino and the promotion of inclusive growth, the Government's electrification program whenever possible shall be interlinked and converged with other equally important developmental programs including that of education, rural health service, basic rural infrastructure, and job creation, whenever applicable.

Section 2. Definition of Basic Electricity Service. For the purpose of the program, DOE hereby defines basic electricity service (BES) as "the minimum amount of electricity to be provided as part of social services being provided by the Government to every Filipino family in order to promote just and equal opportunity for poverty alleviation and improved quality of life."

A household shall be deemed "electrified" if it has access to basic electricity service on a sustainable basis and at an affordable basis. All DUs and other proponents must meet the BES requirements in the design and implementation of their electrification projects and activities, as appropriate.

Section 3. Household Electrification Options and Plans. All DUs and other project proponents may adopt both grid and off-grid electrification options as well as centralized, mini-grid, and even stand-alone systems in pursuing household electrification in their franchise or service areas. Under NEA Reform Act of 2013, DUs must ensure the long-term development of their respective distribution systems for the efficient and least-cost delivery of electricity services to their respective end-users.

Each DU shall develop a long-term total electrification master-plan that ensures sustainable operations of the distribution systems and the provision of electricity to all households and other potential end-users. The master-plan must be made consistent with their respective individual Distribution Development Plans as well as other relevant factors such as household population growth, least-cost electrification scheme or option, and sustainable lifeline rate policy for marginal end-users connected to the grid, among others.

The DOE, in coordination with NEA, the National Power Corporation (NPC) and other stakeholders, shall implement a national capacity building program to capacitate all DUs in the formulation of holistic, least-cost and household electrification plans and projects in their respective franchise areas in accordance with the policies and strategies of this Circular.

Section 4. The Household Unified Strategic Electrification (HOUSE) TEAM. The HOUSE Team is hereby established to assist the DOE Secretary in the implementation of all policy measures and strategies as well as the management and monitoring of all programs and activities as embodied under the HEDP with the overall purpose of achieving the policy goal of attaining the 90% HH electrification by 2017 through the integrated and synchronized approach. The HOUSE Team shall also be responsible in recommending new or revised policies and strategies to the DOE Secretary in response to emerging development in the electric power industry and the actual information received from different program implementers, both at national and local levels.

a) **Composition of the HOUSE Team.** The HOUSE Team shall be composed of the following officials from key government agencies involved in total electrification, namely:

- Chair : DOE Undersecretary for Power
- Co-Chair : NEA Administrator
- Vice-Chair : DOE Assistant Secretary for Power
- Members : Director, DOE - Electric Power Industry Management Bureau (DOE-EPIMB)
- Director, DOE - Energy Policy and Planning Bureau (DOE-EPPB)
- Director, DOE - Renewable Energy Management Bureau (DOE-REMB)
- Director, DOE - Financial Services
- Director, DOE - Legal Services
- Director, NEA CORPLAN
- Representative, DBM
- Representative, DILG
- Representative, NPC-CAG

As may be directed by the DOE Secretary, the HOUSE Team shall invite additional permanent members and/or resource persons from other relevant agencies such as the Department of Social Welfare and Development (DSWD), the National Economic Development Authority (NEDA), Metro Manila Development Authority, Mindanao Development Authority, and Autonomous Region in Muslim Mindanao, among others. All members of the HOUSE Team should be senior officials with rank not lower than Director III or its equivalent.

The HOUSE Team shall meet at least monthly to perform its duties and responsibilities stated in this Circular.

b) **Responsibilities of the HOUSE Team.** The following are the responsibilities of the HOUSE Team:

- 1) In behalf of the DOE Secretary and the IAC on Electrification, oversee the implementation of total electrification program of the Government towards the attainment of 90% HH electrification by 2017;
 - 2) Recommend to the DOE Secretary the appropriate level of BES as defined in Section 3 of this Circular as the basis for determining household electrification level in the country.;
 - 3) Recommend to the DOE Secretary various policies and strategies in support of the program, as necessary;
 - 4) Establish the delineation of roles and responsibilities of all relevant stakeholders in the overall implementation of the household electrification projects and activities;
 - 5) Recommend to the DOE Secretary for the approval of plans, programs, projects and activities towards the attainment of the total electrification goals¹;
 - 6) Ensure the timely implementation of household electrification projects and activities of all the DUs and other project implementers according to agreed schedules;
 - 7) Develop strategies to ensure adequate and timely release of funding requirements for both grid and off-grid electrification projects and activities of the Government, including grants and subsidies for the connection of poor households to electricity service, among others;
 - 8) Report to the DOE Secretary the results all household electrification projects and activities, including the status and key milestones of major projects and activities and issues and concerns involving the program that require the immediate action of the DOE Secretary, among others; and,
 - 9) Perform other activities in the exercise of its functions and responsibilities under this Circular.
- c) **The HOUSE Technical Working Group (HOUSE-TWG).** The HOUSE-TWG is hereby established with the following composition:

TWG Head	:	Director, DOE-EPIMB
TWG Assistant Head	:	Director, NEA CORPLAN
Members	:	Representative, DOE-EPPB

¹This shall take into account the respective protocols of each concerned government agency in approving and funding projects and activities, such as the DOE Projects Review Committee (DOE-PRC) for all locally-funded and foreign-assisted projects and activities by all concerned DOE line units involved in rural/household electrification.

Representative, DOE -REMB

Representative, DOE -Financial Services

Representative, DOE - Legal Services

Representative, DOE-EPIMB

Representative, NPC-SPUG

Representative, DBM

Representative, DILG

Representative from Electric Cooperatives

Representative from PIOUs

Subject to the approval of the HOUSE Team, the TWG may also invite additional representatives from other relevant agencies either as permanent member or as resource person. Unless explicitly specified, all agency representatives stated above must at least have a position level equivalent to Division Chief. It shall meet at least quarterly to perform its duties and responsibilities stated in this Circular.

The HOUSE TWG shall be responsible to provide technical and managerial support to the HOUSE Team by performing the following functions:

- 1) Review and recommend various policy and regulatory measures and strategies of the household electrification program of the Government and develop specific guidelines for its successful implementation;
- 2) Conduct regular assessment of the implementation of all program components and activities, identify gaps and issues, and recommend the continuation or cessation of certain programs as maybe consistent with law and Government policies;
- 3) Develop specific strategies or measures to ensure the well-targeted, least-cost, and equitable provision of government grants and subsidies to catalyze household electrification in the country;
- 4) Review and recommend revisions and other specific measures to existing policies and regulatory mechanisms related to household electrification in order to improve their effectiveness in supporting the household electrification program of the Government;
- 5) Coordinate, review, integrate, and update household electrification plans, projects and activities of all DUs and other project implementers, as necessary;

- 6) Recommend techno-economic parameters, methodologies and modern tools to enhance the electrification planning activities of DOE, NEA, and all project implementers;
- 7) Identify, recommend, and monitor the implementation of various trainings and other capacity building activities to enhance the capacity of all stakeholders in all aspects of the household electrification program;
- 8) Prepare annual budgetary requirements in implementing the overall household electrification program of the Government and coordinate the same with the Department of Budget and Management and other donor agencies taking into account the respective protocols of the concerned government agencies in approving and funding projects and activities;
- 9) Identify and harmonize existing financing schemes set by various players implementing projects and activities that directly support the attainment of 90% HH electrification by 2017;
- 10) Actively monitor the implementation of the programs and projects vis-à-vis the milestones/targets set and, in this regard, prepare and submit a quarterly monitoring report to the HOUSE Team highlighting the critical problems/issues that prevent or hinder the timely implementation of programs and projects;
- 11) Conduct Information, Education and Communication (IEC) strategies and other public awareness activities, including promotion of public-private partnerships on household electrification projects and activities; and,
- 12) Perform other functions as may be directed by the HOUSE Team.

d) **Technical Secretariat.** The Rural Electrification Administration Management Division (REAMD) of DOE-EPIMB shall provide technical secretariat support to the HOUSE Team and HOUSE-TWG. DOE-EPPB, DOE-REMB, NEA and NPC shall assign dedicated staff as members of the Technical Secretariat as necessary.

Section 5. The HOUSE Electrification Information System (HEIS). The HEIS shall be established within DOE in coordination with the DOE's Information Technology Management Services to consolidate all information on household electrification and to serve as integrated monitoring system for all household electrification projects and activities in the country.

The HOUSE Team shall establish protocols with NEA, DUs, local government units (LGUs), project proponents, and other agencies of the Government in consolidating and processing relevant data for the purposes of operationalizing the HEIS and estimating household electrification levels both at national and local levels, as appropriate.

For this purpose, all DUs and other proponents are hereby required to submit a bi-annual report to DOE-EPIMB on the status of their household electrification projects and activities not later than the 15th day of January and 15th day of July for each calendar year until end of 2017. NEA is hereby tasked to consolidate the reports of all the ECs for submission to DOE-EPIMB on the said dates. Likewise, NPC-SPUG shall assist DOE-EPIMB in consolidating the reports by proponents located in its small islands and isolated grids. Specifically, the report should contain at least the following information, namely:


- (i) Name of project or activity;
- (ii) Fund source;
- (iii) Area coverage of the project (province and franchise owner);
- (iv) Type of electrification project (on-grid or off-grid);
- (v) Technology or electrification solution used (grid extension, mini-grid/diesel, mini-grid/renewable, decentralized solar home system, etc.);
- (vi) Specific project location (name of barangay/s), classification (on-grid or off-grid) and corresponding number of potential sitios and/or households to be electrified;
- (vii) Total number of sitios and/or households electrified or served during the semester; and,
- (viii) Planned number of sitios and/or households to be completed in the next semester, among others.

Section 6. Repealing Clause. Except insofar as that may be manifestly inconsistent herewith, nothing in this Circular shall be construed as to repeal any of the mechanisms already existing or responsibilities already provided for under existing rules.

Section 7. Separability Clause. If for any reason, any section or provisions of this Circular is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

Section 8. Effectivity. This Circular shall take into effect immediately following its publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.

Issued in Bonifacio Global City, Energy Center, Taguig City.


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Secretary



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