

[DOE DEPARTMENT CIRCULAR NO. DC2014-01-0002, January 08, 2014]

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**

xxx xxx xxx

Section 14. Qualifications of a Director and Officer.

xxx xxx xxx

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/coowner; 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 (9th) 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

xxx xxx xxx

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 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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