



ADVISORY
2024-08-002-SEC

TO : NATIONAL ELECTRIFICATION ADMINISTRATION (NEA)
NATIONAL POWER CORPORATION (NPC)
DISTRIBUTION UTILITIES (DUs)
GENERATION COMPANIES AND/OR ENERGY RESOURCE DEVELOPERS

FROM : SECRETARY OF ENERGY

SUBJECT : GUIDANCE ON THE UTILIZATION OF ELECTRIFICATION FUND (EF) PURSUANT TO THE IMPLEMENTATION OF DEPARTMENT CIRCULAR NO. DC2018-08-0021

DATE : **AUG 07 2024**

In line with the 2023-2032 National Total Electrification Roadmap (NTER) targeting 100% electrification by 2028, all DUs are advised to program all available accrued financial benefits, specifically the Electrification Fund (EF) from pertinent Generating Companies (GenCos) and/or Energy Resource Developers (ERDs), to benefit the host communities they serve, pursuant to Department Circular (DC) No. DC2018-08-0021 titled, *“Providing for the Amendments to Rule 29 Part (A) of the Implementing Rules and Regulations of Republic Act No. 9136.”*

On 2 May 2019, the DOE issued the 1st Advisory on the implementation of DC No. DC2018-08-0021, directing all DUs to enter into a Memorandum of Agreement (MOA) with the GenCos and establish the trust account for the remittance of the EF. Further, the DOE has issued Department Order (DO) No. DO2023-07-0021, directing the DUs to establish a trust account for the DOE to facilitate the transfer of existing EF.

To provide clarity in the access, utilization and remittance of the EF, the DOE reiterates the following key activities and processes required to be accomplished by the DUs regarding the EF:

1. Execute a MOA for the establishment of Trust Account, as attached, for the administration and utilization of EF from their respective GenCos and/or ERDs within their franchise areas, including those within the ecozone;
2. Establish a Trust Account for EF or utilize the existing trust account/s, if any, pursuant to DC No. DC2018-08-0021 or Section 1 of DO No. DO2023-07-0021, as the case may be;
3. Prepare an Annual Work Program (AWP) for submission to the GenCos and/or ERDs. The AWP shall include eligible electrification projects consistent with Section 10.3.1 of DC No. DC2018-08-0021 indicating the target number of unenergized households per electrification solution, estimated project cost and timeline of implementation consistent with their latest Local Total Electrification Roadmap submitted to the DOE and included in the latest NTER;

4. Follow the government accounting and auditing rules and regulations on the utilization and disbursement of EF; and
5. Submit to the GenCos and/or ERDs the completion report duly signed by the authorized signatory of the DU and proof of project fund liquidation duly signed by the accountant of the DU.

The NEA shall provide the necessary assistance to electric cooperatives in the implementation of this policy.

This Advisory shall take effect immediately upon posting on the DOE website.

For your guidance and compliance.


RAPHAEL P.M. LOTILLA
Secretary

