

12 November 2010

MEMORANDUM

FOR : **Hon. JOSE RENE D. ALMENDRAS**
Secretary
Department of Energy

SUBJECT : ***MEMORANDUM CIRCULAR NO. 3***
Medium-Term Philippine Development Plan 2010-2016 (MTPDP)
and Medium-Term Public Investment Program 2010-2012 (MTPIP)

We are submitting NEA's inputs to the MTPDP and MTPIP based on the NEDA guidelines and supporting DOE's Energy Reform Agenda.

We hope we are able to comply with the requirements.

Thank you.

EDITA S. BUENO
Administrator

MEDIUM-TERM PHILIPPINE DEVELOPMENT PLAN
ENERGY REFORM AGENDA
National Electrification Administration
2010-2016

PILLAR I. ENSURE ENERGY SECURITY

Section 1. Assessment and Challenges

With the achievement in 2009 of 100% electrification of barangays within the coverage areas of the electric cooperatives (ECs), the focus of the Rural Electrification Program shifted to the following:

1. **Sitio Electrification Program (SEP).** A sitio is the next geo-political unit of society. It is a territorial enclave that forms part of a barangay, the location of which may be distant from the center of the barangay itself. The SEP involves 33,370 sitios, out of the potential 100,231 as of year-end 2009. This program envisions to energize these sitios through on-grid electrification by 2020. However, renewable energy strategies will be strongly considered where conventional methods are deemed unviable.

Development Challenge

The cost to energize one (1) sitio is estimated at PhP 1 million. Since there are 33,370 unlit sitios in the countryside, the total amount of PhP 33.370 billion is being requested as subsidy fund from the National Government.

A total of 69% of all sitios are already energized by year-end 2009. NEA targets to light up 22,749 sitios from 2010-2016, attaining an energization level of 90%.

2. **Barangay Line Enhancement Program (BLEP).** A total of 2,195 barangays were previously energized through small generating sets and solar home systems (“off-grid”) which are at present no longer operational. This premise prompted NEA to develop a program to construct electric distribution systems to these barangays for connection to the grid.

Development Challenges

Due to lack of sustainability and limited time of use of the solar and genset systems, NEA recommends the BLEP. This shall put into concrete plan the appropriate grid connection schedules in consideration of the distance to tapping point, road network, number of connections and reasonable construction cost.

An estimated cost of PhP 3.283 billion needs to be allocated for BLEP. Each barangay line enhancement is estimated at PhP 1.5 million. Expected completion date is June 2016.

3. **Consumer Connections.** A link is formed from a consumer's residence or business establishment to or through the transmission system or distribution network in such a way as to allow transmission of electricity in accordance with the standards set out in the Philippine Grid and Distribution Codes.

Development Challenges

By 31 December 2009, a total of 73% consumers are served with electricity. Out of the 11.7 million potential consumers, there remain 3.2 million potential consumers to be connected and have full access to electricity. In partnership with the ECs, NEA aims to serve 90% of the total potential or 2.1 million additional consumers from 2010-2016.