

HOUSE of REPRESENTATIVES
House Bill No. **3444**

Introduced by: MA. THERESA B. BONOAN-DAVID
4th District, City of Manila

EXPLANATORY NOTE

This bill seeks to amend Section 10 of Republic Act 7832 by removing the floor limit as to the lowering of the percentage rate of the systems loss to be recovered by private electric utilities as well as Rural electric cooperatives.

The primary concern of this bill is the fact that the cost of electricity in the country has been growing uncontrollably causing the ordinary family earning minimum wage and even below it to increase its expense for electricity consumption and failed to allocate the cost to other basic needs.

If the floor limit as to the percentage rate of the system loss that the electric companies may pass upon the consumers is removed, the Energy Regulatory Board will have a more flexible opportunity to adjust the allowable percentage rate to be lower than the stated rate of 9%.

This will be of great relief to all the consumers especially to those living below poverty line, as the cost of electricity may even be lowered to a more practicable and feasible amount.

It is with this view that immediate approval of this bill is earnestly sought.



ATTY. MA. THERESA B. BONOAN-DAVID
4th District, Manila

FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE of REPRESENTATIVES
House Bill No. 3444

Introduced by: MA. THERESA B. BONOAN-DAVID
4th District, City of Manila

**AN ACT AMENDING SECTION 10, REPUBLIC ACT 7832,
OTHERWISE KNOWN AS THE "ANTI-ELECTRICITY and
ELECTRIC TRANSMISSION LINE/MATERIALS PILFERAGE
ACT OF 1994**

Be it enacted by the Senate and the House of Representatives
of the Republic of the Philippines in Congress assembled:

Section . 1. Section 10 of the Republic Act 7832 is hereby amended
to read as follows:

"SEC. 10. *Rationalization of System Losses by Phasing out
Pilferage Losses as a Component Thereof.* - There is hereby
established a cap on the recoverable rate of system losses
as follows:

(a) For private electric utilities:

- i. Fourteen and a half percent (14 1/2%) at
the end of the first year following the
effectivity of this Act;
- ii. Thirteen and one-fourth (13 1/4%) at the
end of the second year following the
effectivity of this Act;
- iii. Eleven and three-fourths percent (11 3/4%)
at the end of the third year following the
effectivity of this Act; and
- iv. Nine and a half percent (9 1/2%) at the end
of the fourth year following the effectivity
of this Act.

Provided, That the ERB is hereby authorized to determine at the end of the fourth year following the effectivity of this Act, and as often as may be necessary taking into account the viability of private electric utilities and the interest and welfare of the consumers, whether the caps herein or theretofore established shall be reduced further, which may and can be lowered below nine percent (9%) as the circumstances may warrant, and accordingly fix the date of the effectivity of the new caps:

Provided, further, That in the calculation of the system loss, power sold by NPC or any other entity that supplies power directly to the consumer and not through the distribution system of the private electric utility shall not be counted even if the billing for the said power is used through the private electric utility.

The term "power sold by NPC or any other entity that supplies electricity directly to a consumer" as used in the preceding paragraph shall for purposes of this section be deemed to be a sale directly to the consumer if: (1) the point of metering by the NPC or any other utility is less than one thousand (1,000) meters from the consumer, or (2) the consumer's electric consumption is three percent (3%) or more of the total load consumption of all the customers of the utility, or (3) there is no other consumer connected to the distribution line of the utility which connects to the NPC or any other utility point of metering to the consuming meter.

(b) For rural electric cooperatives:

- i. Twenty-two percent (22%) at the end of the first year following the effectivity of this Act;
- ii. Twenty percent (20%) at the end of the second year following the effectivity of this Act;
- iii. Eighteen percent (18%) at the end of the third year following the effectivity of this Act;
- iv. Sixteen percent (16%) at the end of the fourth year following the effectivity of this Act; and
- v. Fourteen percent (14%) at the end of the third year following the effectivity of this Act.

Provided, That the ERB is hereby authorized to determine at the end of the fifth year following the effectivity of this Act, and as often as is necessary, taking into account the viability of rural electric cooperatives and the interest and welfare of consumers, whether the caps herein or theretofore established shall be reduced further which may and can be lowered below nine percent (9%) as the circumstances may warrant, and accordingly fix the date of the effectivity of the new caps.

Provided, finally, That in any case nothing in this Act shall impair the authority of the ERB to reduce or phase out technical or design losses as a component of system losses.

Section 2. Repealing Clause. – All acts, decrees, general orders, letters of instruction, regulation and circulars, or parts thereof inconsistent with any provision of this Act are hereby repealed or modified accordingly.

Section 3. Separability Clause – If, for any cause, any part of this Act is declared unconstitutional, the rest of the provisions shall remain in force and effect.

Section 4. Effectivity. – This Act shall take effect after fiftenn (15) days following its publication in two (2) newspapers of general circulation.

Approved.

bill-amend, Epro.2/comp2/C-460