



Republic of the Philippines
House of Representatives
Quezon City



SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL No. 6341

Introduced by REP. RODEL M. BATOCABE, REP. ALFREDO A. GARBIN, Jr.,
REP. CHRISTOPHER S. CO

AN ACT
PROHIBITING POWER DISTRIBUTION UTILITIES FROM COLLECTING SYSTEM
LOSSES FROM CONSUMERS, AMENDING FOR THE PURPOSE REPUBLIC ACT
NO. 7832, AS AMENDED

EXPLANATORY NOTE

This bill seeks to prohibit power distribution utilities from collecting system losses from consumers.

System losses is the unbilled power caused by pilferage and physical loss of energy when electricity passes through distribution lines. RA 7832, as amended by RA 9136, provides that distribution utilities can recover a portion of system losses which shall be determined by the Energy Regulatory Commission based on load density, sales mix, cost of service, delivery voltage and other technical considerations it may promulgate. There is therefore no fixed rate or amount of system losses that is passed on to consumers or the captive market.

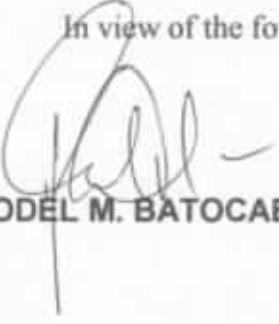
Consequent to these laws, power distribution utilities have become increasingly inefficient in addressing system losses and being remiss in preventing pilferage, since they can pass this on to consumers.

It is the height of inequality when we continuously pass on to consumers the cost of this system loss. For one, it is an added burden and an indirect increase in the price of electricity that they pay for. Also, this practice encourages the inefficiency of power distribution utilities when they are allowed to pass on system losses to consumers—expenses which should be their responsibility incidental to the grant of their franchise.

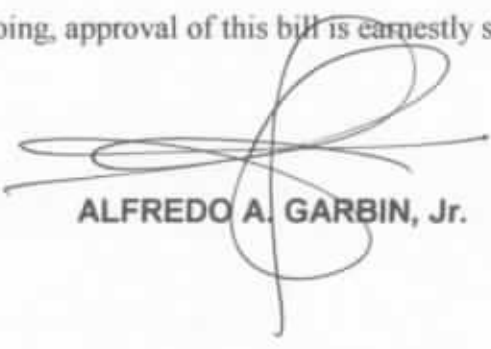
This bill is, therefore, aimed at enhancing the efficiency and competitiveness of distribution utilities. As such, under the measure, they are given seven (7) years to pass on the cost of their inefficiency but only up to 5%. The cap is provided as we do not want a measure that will give incentive to distribution utilities to be complacent and maintain their inefficient service. This bill further prohibits distribution utilities to pass on their capital expenditure for improving efficiency and minimizing system loss because as private enterprises, it should be part of their investment to improve their competitiveness and profitability. Hence, it is anathema to private enterprises to invest and later recoup their profits from their expenditure.

Finally, this bill is envisioned to lower the electricity bill of our consumers, which has remained one of the highest in Asia, if not the world. The decrease in electricity bill, needless to say, will bring huge benefits not only to our consumers, but to the community and our country.

In view of the foregoing, approval of this bill is earnestly sought.



RODEL M. BATOCABE



ALFREDO A. GARBIN, Jr.



CHRISTOPHER S. CO

- 1 SECTION 5. *Effectivity* – This Act shall take effect fifteen (15) days following the completion of
- 2 its publication in the Official Gazette or in two (2) newspapers of general circulation.
- 3 *Approved,*