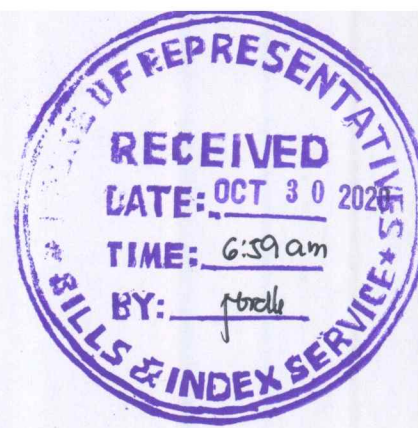




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

Second Regular Session

House Bill No. 7937

Introduced by

APEC Party-List Representative Sergio C. Dagooc
Philreca Party-List Representative Presley C. De Jesus,
Ako Padayon Pilipino Party-List Representative Adriano A. Ebcas,
RECOBODA Party-List Representative Godofredo N. Guya

“AN ACT
PROVIDING FOR THE REGULATION OF SUB-METERS AND
REDISTRIBUTION OF ELECTRICITY TO INDIVIDUAL UNIT-USERS”

Explanatory Note

The practice of installing and using electric sub-meters has long been observed in the determination of electricity usage of tenants occupying leased rooms or units. This method, however, has been consistently met with criticisms as some building owners have taken advantage of the sub-metering system by charging their tenants beyond their actual consumption. Moreover, tenants have complained of incremental charges added to their electric bills through imposition of higher rates than officially charged by their distribution utility.

It is the State's responsibility to enact measures that shall protect the rights and interests of consumers from acts of profiteering of business owners. Hence, this proposed legislation is crafted to protect the interests of electric consumers who avail of sub-meters by ensuring that charges borne by unit-users are equivalent to their actual kilowatt-hour (kWh) consumption. It also aims to ensure that rates charged by the direct meter owner are equivalent to rates imposed by the distribution utility in its franchise area.

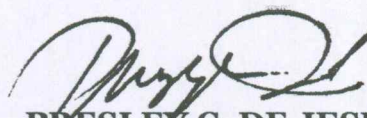
Finally, this bill seeks to levy the charges on consumers in a fair and more efficient manner by providing a framework for regulating sub-meters and other electricity redistribution methods utilized by end-users.

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



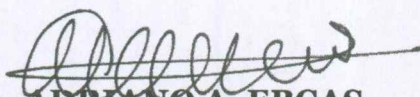
SERGIO C. DAGOOOC

APEC Party-List Representative



PRESLEY C. DE JESUS

PHILRECA Party-List Representative



ADRIANO A. EBCAS

Ako Padayon Pilipino Party-List Representative



GODOFREDO N. GUYA

RECOBODA Party-List Representative



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“AN ACT
PROVIDING FOR THE REGULATION OF SUB-METERS AND
REDISTRIBUTION OF ELECTRICITY TO INDIVIDUAL UNIT-USERS”

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

Section 1. Short Title. – This Act shall be known as the "Sub-meter Regulation Act."

Section 2. Declaration of Policy. – It is hereby declared the policy of the State to:

- (a) Ensure the quality, reliability, security and affordability of the supply of electric power;
- (b) Protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;
- (c) Ensure transparent and reasonable prices of electricity to achieve greater operational and economic efficiency;
- (d) Provide a transparent, non-discriminatory and reasonable price of electricity;

1 **Section 3. Definition of Terms.** – For purposes of this Act, the following terms shall
2 be defined as stated below:

- 3 (a) *DU or Distribution utility* refers to any electric cooperative, private
4 corporation, government-owned utility or existing local government unit
5 which has an exclusive franchise to operate a distribution system in
6 accordance with the EPIRA, including DUs operating in the economic
7 zones;
8
- 9 (b) DOE refers to the Department of Energy (DOE) created pursuant to
10 Republic Act No. 7638 otherwise known as the Department of Energy Act
11 of 1992.
12
- 13 (c) *ERC or Energy Regulatory Commission* refers to the independent
14 regulatory agency created under Republic Act No. 9136, otherwise known
15 as the Electric Power Industry Reform Act of 2001 (EPIRA);
16
- 17 (d) *Mother meter* or DU billing meter refers to the utility meter provided by
18 the DU to the redistributor that registers the sum of the energy measured
19 by the sub-meters of the redistributor including the redistribution loss;
20
- 21 (e) *NEA or National Electrification Administration* refers to the
22 government agency created under Presidential Decree No. 269, as
23 amended;
24
- 25 (f) *Redistribution loss* refers to the difference between the total registered
26 consumption in the redistributor's DU billing meter and the accumulated
27 energy consumption registered by all sub-meters.
28
- 29 (g) *Redistributor* refers to a person or entity which has an electric service
30 contract with a DU and who redistributes electricity to other person/s or
31 entity/ies. This may include a building owner, building administrator or
32 homeowners' association charged with the responsibility of
33 redistributing electricity to the individual unit-users of the same
34 building.
35
- 36 (h) *Sub-meter* refers to the billing meter provided by the redistributor to
37 each unit-user which registers only the energy consumption of the unit
38 or end-user;
39
- 40 (i) *Submetering* refers to the installation of equipment to determine the
41 actual use of gas or electricity for each residential unit in an apartment
42 house or commercial rental unit in an office building or shopping center;
43 and

- 1
2 (j) *Unit user* refers to a person or entity owning or leasing a unit inside the
3 same building being served by the redistributor, whose electric
4 consumption is measured through sub-meter.

5 **Section 4. Coverage.** – This Act shall apply to redistributors using reasonable
6 apportionment methods, specifically sub-metering, to register electricity usage of
7 individual unit-users in their buildings, single structures, or industrial/commercial
8 complexes solely for the purpose of allocating the cost of the electricity billed by the
9 DU. Sub-meters must meet the standards of accuracy and testing of their respective
10 distribution utility (DU).

11 **Section 5. Sub-meter Rates.** – The unit-users shall only pay for their actual kilowatt-
12 hour (kWh) consumption reflected in their respective sub-meters and the rate to be
13 charged shall be equivalent to rates imposed by the DU on the redistributor. The
14 charges imposed shall be allocated among the units in proportion to the actual usage
15 of kilowatt hours (kWh) by the unit, as indicated by the sub-meters. This is without
16 prejudice to the recovery of redistribution losses in sub-metering of electricity by the
17 building owner or administrator from their respective unit users. No profit shall be
18 derived from such recovery.

19 **Section 6. Sub-meter Reading.** – All sub-meters installed, connected, or registered
20 under one mother-meter should be read at the same time, at both the beginning and
21 end of the month, or whichever measurement period the redistributor's contract
22 indicates.

23 **Section 7. Obligations of redistributors.** – All redistributors utilizing the sub-
24 metering method shall:

- 25 (a) Disclose the sub-metering to each unit-users and obtain from them an
26 acknowledgment in a written document;
27
28 (b) Publish or post, in a conspicuous place, the specific current rate schedule
29 as published by the DU and the contact information of the DU serving the
30 mother meter;
31
32 (c) Provide an internal billing to unit-users with the following information:
33 (i) Energy consumption (kWh) and demand (KW) of unit-user;
34 (ii) Current rate schedule as published by the DU;
35 (iii) Charges for sub-metering and billing services, if any;
36 (iv) Sufficient information to allow unit-users to replicate and check
37 bill calculations; and
38
39 (d) Maintain records regarding sub-metering of unit-users and make such
40 records available for inspection by the ERC.

Section 8. Obligations of sub-meter unit-users. – All unit-users utilizing the sub-metering method shall:

- (a) Pay their bills not later than nine (9) days after receipt of the monthly bill from their redistributors;
- (b) Pay a billing adjustment in case there is a stoppage or failure by the unit-user's sub-meter to register the full amount of energy consumed without any fault on the part of the unit-user;
- (c) Not perform acts constituting illegal use of electricity, as provided by Article 34 of the Magna Carta for Residential Electricity Consumers as adopted by the ERC.

Section 9. Violation. – A violation of any provision of this Act shall be subject to a fine ranging from a minimum of Ten thousand pesos (P10,000.00) to Two Hundred thousand pesos (P200,000.00), which the ERC, after giving the redistributor or unit-user consumer the opportunity to be heard, may impose.

Section 10. Information Dissemination. – All DUs including private electric utilities, electric cooperatives, the ERC, and the NEA shall, in cooperation with each other, undertake a vigorous campaign to inform their consumers of the provisions of this Act within sixty (60) days from the effectivity of this Act and at least once a year thereafter.

Section 11. Implementing Rules and Regulations (IRR). - The ERC, DOE, and NEA shall formulate the implementing rules and regulations to carry out the provisions of this Act.

Section 12. Repealing Clause. - All laws, decrees, orders, rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby amended or repealed accordingly.

Section 13. Separability Clause. - The provisions of this Act are hereby declared separable. In the event that any provision hereof is rendered unconstitutional, those that are not affected shall remain valid and effective.

Section 14. Effectivity. - This Act shall take effect fifteen (15) days following its publication in the Official Gazette or a newspaper of general circulation.

Approved,