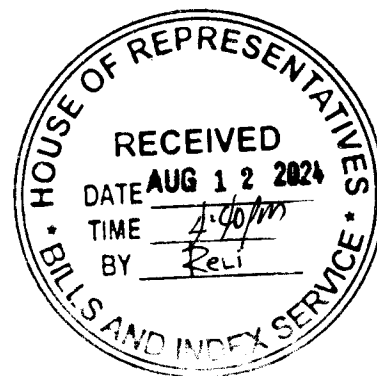


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
Third Regular Session

House Bill No. **10746**



INTRODUCED BY REPRESENTATIVES RALPH WENDEL P. TULFO,
JOCELYN P. TULFO AND ERWIN T. TULFO

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO THE MANILA ELECTRIC COMPANY, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9209, ENTITLED "AN ACT GRANTING THE MANILA ELECTRIC COMPANY A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITIES/MUNICIPALITIES OF METRO MANILA, BULACAN, CAVITE AND RIZAL, AND CERTAIN CITIES/MUNICIPALITIES/BARANGAYS IN BATANGAS, LAGUNA, QUEZON, AND PAMPANGA," AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Republic Act No. 9209, entitled "An Act Granting the Manila Electric Company a Franchise to Construct, Operate and Maintain a Distribution System for the Conveyance of Electric Power to the End-Users in the Cities/Municipalities of Metro Manila, Bulacan, Cavite and Rizal, and Certain Cities/Municipalities/Barangays in Batangas, Laguna, Quezon and Pampanga", was enacted by Former President Gloria Macapagal-Arroyo on June 9, 2003 and granted the Manila Electric Company (Meralco) a term of twenty-five (25) years to operate.

Since its establishment in 1903, the Meralco has provided electric light and power to Manila and its suburbs. It is envisioned to be a world-class energy solutions provider, powering the nation and empowering people for generations to come. Its core values are excellence, customer centricity, sustainability, integrity, innovation, *malasakit*, and *bayanihan*.

Today, Meralco is the largest private sector electric distributor utility company in the Philippines covering 39 cities and 72 municipalities. Its franchise area of over 9,685 km² is just 3% of the total land area of the country, but accounts for 55% of the country's electricity output. It currently caters to around 7.75 Million customers.

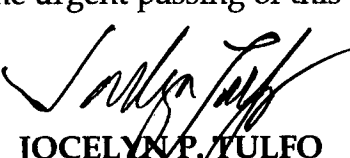
Meralco has recently celebrated 120 years of service in 2023, and has always been committed to providing reliable and affordable energy.¹

This proposed legislative measure seeks to renew the franchise granted to the Meralco to construct, operate, and maintain a distribution system for the conveyance of electric power to end-users for another twenty-five (25) years.

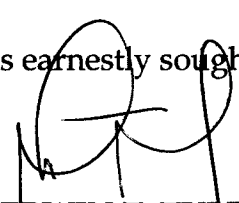
In view of the foregoing, the urgent passing of this bill is earnestly sought.



RALPH WENDEL P. TULFO
Representative
2nd District of Quezon City



JOCELYN P. TULFO
Representative
ACT-CIS Partylist



ERWIN T. TULFO
Representative
ACT-CIS Partylist

¹"Corporate Profile", Meralco, Accessed 27 May 2024, <https://company.meralco.com.ph/corporate-profile>

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INTRODUCED BY REPRESENTATIVES RALPH WENDEL P. TULFO,
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1 **AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE**
2 **FRANCHISE GRANTED TO THE MANILA ELECTRIC COMPANY,**
3 **AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9209, ENTITLED "AN**
4 **ACT GRANTING THE MANILA ELECTRIC COMPANY A FRANCHISE TO**
5 **CONSTRUCT, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM FOR**
6 **THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE**
7 **CITIES/MUNICIPALITIES OF METRO MANILA, BULACAN, CAVITE AND**
8 **RIZAL, AND CERTAIN CITIES/MUNICIPALITIES/BARANGAYS IN**
9 **BATANGAS, LAGUNA, QUEZON, AND PAMPANGA," AND FOR OTHER**
10 **PURPOSES**

11
12 *Be it enacted by the Senate and the House of Representatives of the Philippines in Congress*
13 *assembled:*
14

15 **SECTION 1. *Nature and Scope of Franchise.*** – Subject to the provisions of the 1987
16 Philippine Constitution and applicable laws, rules and regulations, the franchise
17 granted to Manila Electric Company (MERALCO), hereunder referred to as the grantee,
18 its successors or assigns, under Republic Act No. 9209, to construct, operate, and
19 maintain in the public interest and commercial purposes, a distribution system for the
20 conveyance of electric power to the end-users, in the cities and municipalities of
21 Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa,
22 Navotas, Parañaque, Pasay, Pasig, Pateros, Quezon City, San Juan, Taguig, and
23 Valenzuela of Metro Manila; cities and municipalities of Angat, Balagtas, Baliuag,
24 Bocaue, Bulacan, Bustos, Calumpit, Doña R. Trinidad, Guiguinto, Hagonoy, Malolos,
25 Marilao, Meycauayan, Norzagaray, Obando, Pandi, Paombong, Plaridel, Pulilan, San

1 Idelfonso, San Jose del Monte, San Miguel, San Rafael, and Sta. Maria, Province of
2 Bulacan; cities and municipalities of Alfonso, Amadeo, Bacoar, Carmona, Cavite,
3 Dasmariñas, Gen. Alvarez , Gen. E. Aguinaldo, Gen. Trias, Imus, Indang, Kawit,
4 Magallanes, Maragondon, Mendez Nuñez, Naic, Noveleta, Rosario, Silang, Tagaytay,
5 Tanza, Ternate, and Trece Martires, Province of Cavite; cities and municipalities of
6 Batangas, San Pascual, and Sto. Tomas, Province of Batangas; cities and municipalities
7 of Alaminos, Bay, Biñan, Cabuyao, Calamba, Calauan, Liliw, Los Baños, Luisiana,
8 Magdalena, Majayjay, Nagcarlan, Pila, Rizal, San Pablo, San Pedro, Sta. Cruz, Sta. Rosa,
9 and Victoria, Province of Laguna; cities and municipalities of Candelaria, Dolores,
10 Lucban, Lucena, Mauban, Pagbilao, Sampaloc, San Antonio, Sariaya, Tayabas, and
11 Tiaong, Province of Quezon; barangays of Balucuc and Calantipe in Apalit, Pampanga;
12 Barangay Concepcion in San Simon, Pampanga; and barangays of Bahay Pare,
13 Barangca, Dulong Ilog, Mangumbali, Mandili, Mapaniqui, Paligui, Panglara, Pulong
14 Gubat, Pulong Palazan, Salapungan, Vizal San Pablo, Vizal Santo Cristo, and Vizal Sto.
15 Niño in Candaba, Pampanga is hereby renewed.

16
17 **SEC. 2. *Manner of Operations of Facilities.*** - All electric distribution facilities, lines,
18 and systems for electric services owned, maintained, operated, or managed by the
19 grantee, its successors or assigns, whether overhead or underground as required under
20 applicable laws, rules, regulations or ordinances, shall be operated and maintained at
21 all times in a superior manner, and it shall be the duty of the grantee, its successors or
22 assigns, whenever required to do so by the Energy Regulatory Commission, hereafter
23 referred to as the "ERC", or its legal successor, to modify, improve, and change such
24 facilities or systems in such manner and to such extent as the progress in science and
25 improvements in the electric power services may render reasonable and proper. It shall
26 be the duty of the grantee to implement the modernization of the electric distribution
27 network through the adoption of advanced automated network facilities and systems,
28 such as but not limited to, advanced metering infrastructure, advanced distribution
29 management system, and energy storage systems, for higher efficiency, greater
30 innovation, improved electrification, and customer choice. The grantee shall also adopt

1 other systems which shall allow consumers to better manage their energy consumption
2 to reduce their electricity bills and encourage the use of renewable energy sources
3 through distributed energy resources. In order to promote energy security and
4 sustainable and efficient energy in accordance with the Republic Act No. 11697,
5 otherwise known as the "Electric Vehicle Industry Development Act (EVIDA)", the
6 grantee shall also operate electric vehicles and related charging facilities subject to cost
7 recovery mechanisms that the ERC may approve.

8
9 Whenever practicable and for purposes of maintaining order, safety, and aesthetics
10 along the highways, roads, streets, alleys, or right-of-way, the grantee may for its own
11 purposes, allow the use, of free spaces in its poles, facilities, or right-of-way by
12 interested parties upon reasonable compensation to the grantee. The ERC shall decide
13 in case of dispute or disagreement between the parties.

14
15 **SEC. 3. Ingress and Egress.** – For the purpose of erecting and maintaining poles and
16 other support for said facilities, wires or other conductors or for the purpose of laying
17 and maintaining said poles, facilities, wires, cables, or other conductors, it shall be
18 lawful for the grantee, its successors and assigns, with the prior approval of the
19 Department of Public Works and Highways (DPWH) or the local government units
20 (LGUs) concerned, as may be appropriate, to make excavations or lay conduits in any
21 of the public places, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of
22 said provinces, cities, and/or municipalities without need of compensation: *Provided,*
23 That any public place, highway, street, lane, alley, avenue, sidewalk, or bridge
24 disturbed, altered, or changed by reason of the erection of poles or other supports, or
25 the laying of wires, other conductors, or conduits, shall be immediately repaired and
26 properly restored at the expense of the grantee, its successors, and assigns, in
27 accordance with the standards set by the DPWH and concerned LGUs.

28
29 In the event that the DPWH or LGU requires the relocation of electric sub-
30 transmission and distribution lines along, upon, under, and across publicly-owned

1 lands and public thoroughfares, including, without limitation, all roads, highways,
2 streets, alleys, bridges, and causeways, for the primary purpose of the government, the
3 grantee shall be properly compensated for such relocation.
4

5 **SEC. 4. *Responsibility to the Public.*** – The grantee shall supply electricity to its
6 captive market in the least cost manner. The grantee may supply electricity to the
7 contestable market subject to conditions that may be prescribed in applicable laws,
8 rules, and regulations. The price to be charged by the grantee to the contestable market
9 should not be subject to regulation by the ERC. In the interest of the public good and as
10 far as feasible and whenever required by the ERC, the grantee shall modify, improve,
11 or change its facilities, poles, lines, systems, and equipment for the purpose of providing
12 efficient and reliable service and reduced electricity costs. The grantee shall charge
13 reasonable, just, and competitive power rates for its services to all types of consumers
14 within its franchised area in order that business and industries shall be able to compete.
15 In support of providing universal service in off-grid and other areas where generation
16 companies cannot supply power, the grantee shall also construct, develop, acquire,
17 own, operate, and maintain generating facilities and microgrids within its franchise
18 area.
19

20 The grantee shall have the obligation to provide open and non-discriminatory access
21 to its distribution system and services for any end-user within its franchise area
22 consistent with Republic Act No. 9136, otherwise known as “Electric Power Industry
23 Reform Act of 2001”. The grantee shall not engage in any activity that will constitute an
24 abuse of market power such as, but not limited to, unfair trade practices, monopolistic
25 schemes, and any other activities that will hinder competitiveness or businesses and
26 industries.
27

28 **SEC. 5. *Rates for Services.*** – The retail rates to its captive market and charges for the
29 distribution of electric power by the grantee to its end-user shall be regulated by and
30 subject to the approval of the ERC.

1
2 The grantee shall identify and segregate in its bill to the end-users the components
3 of the retail rate pursuant to Republic Act No. 9136, unless otherwise amended. Such
4 rates charged by the grantee to the end-users shall be made public and transparent. The
5 grantee shall implement lifeline rate to marginalized end-users as mandated under
6 Republic Act No. 9136.

7
8 The grantee shall offer electric service using a prepaid metering system to its
9 customers who may elect to prepay for their electricity subject to the rules and
10 regulations that the ERC may prescribe.

11
12 **SEC. 6. *Promotion of Consumer Interests.*** – The herein grantee shall establish a
13 platform for consumer concerns to handle consumer complaints and ensure adequate
14 promotion of consumer interests. The grantee shall act with dispatch on all complaints
15 brought before it. The grantee shall ensure that such platform can be remotely accessed
16 through electronic or digital means.

17
18 **SEC. 7. *Right of the Government.*** – A special right is hereby reserved to the President
19 of the Philippines in times of war, rebellion, public peril, calamity, emergency, disaster,
20 or disturbance of peace and order to temporarily take over and operate the distribution
21 system of the grantee or to authorize the temporary use and operation thereof by any
22 agency/department of the government upon due compensation to the grantee, its
23 successors, or assigns, for the use of the said distribution system during the period when
24 they shall be operated.

25
26 **SEC. 8. *Right of Eminent Domain.*** – Subject to the limitations and procedures
27 prescribed by law, the grantee is authorized to exercise the right of eminent domain
28 insofar as it may be reasonably necessary for the efficient establishment, improvement,
29 upgrading, rehabilitation, maintenance, and operation of services. The grantee is
30 authorized to install and maintain its poles, wires, and other facilities over and across

1 public property, including streets, highways, forest reserves and other similar property
2 of the government of the Philippines, its branches or any of its instrumentalities. The
3 grantee may acquire such private property as is actually necessary for the realization of
4 the purposes for which the franchise is granted, including, but not limited to, poles,
5 wires, cables, transformers, switching equipment and stations, buildings,
6 infrastructure, machineries and equipment previously, currently, or actually used, or
7 intended to be used, or have been abandoned, unused, or underutilized, or which
8 obstructs its facilities, for the operation of a distribution system for the conveyance of
9 electric power to end-users in its franchise area: *Provided*, That proper condemnation
10 proceedings shall have been instituted and just compensation paid.

11
12 *Provided, further*, That upon the filing of the petition for expropriation, or at any time
13 thereafter, and after due notice to the owner of the property to be expropriated and the
14 deposit in a bank located in the franchise area of the full amount of the assessed value
15 of the property or properties, the grantee shall be entitled to immediate possession,
16 operation, control, use, and disposition of the properties sought to be expropriated,
17 including the power of demolition, if necessary, notwithstanding the pendency of other
18 issues before the court, including the final determination of the amount of just
19 compensation to be paid. The court may appoint a representative from the ERC, or its
20 legal successor, as a trial commissioner in determining the amount of just
21 compensation. The court may consider the tax declarations, current audited financial
22 statements, and rate-setting applications of the owner/s of the property or properties
23 being expropriated in order to determine their assessed value.

24
25 **SEC. 9. Term of Franchise.** – This franchise shall be in effect for a period of twenty-
26 five (25) years from the effectivity of this Act, unless sooner revoked or cancelled. This
27 franchise shall be deemed ipso facto revoked in the event the grantee fails to operate
28 continuously for two (2) years. This franchise shall be in effect for a term of twenty-five
29 (25) years from the expiration date of the term granted in the current franchise under

1 Republic Act No. 9209, unless sooner revoked or cancelled by Congress for any
2 violation of the terms and/or provisions of the franchise herein granted.

3
4 **SEC. 10. *Acceptance and Compliance.*** – Acceptance of this franchise shall be given in
5 writing within sixty (60) days after the effectivity of this Act.

6
7 **SEC. 11. *Warranty in Favor of National and Local Governments.*** – The grantee shall
8 hold the national, provincial, and municipal governments of the Philippines harmless
9 from all claims, accounts, demands, or actions arising out of accidents or injuries,
10 whether to property or persons, caused by the construction, installation, operation, and
11 maintenance of the distribution system of the grantee.

12
13 **SEC. 12. *Liability for Damages.*** – The grantee shall be liable for any injury and
14 damage arising from or caused by accident to persons and property by reason of any
15 defective construction under this franchise or of any neglect or omission to keep its
16 poles and wires in a safe condition.

17
18 **SEC. 13. *Sale, Lease, Transfer, Usufruct, etc.*** – The grantee shall not lease, transfer,
19 grant the usufruct of, or sell this franchise or the rights and privileges acquired
20 thereunder to any person, firm, company, corporation, or other commercial or legal
21 entity, nor merge with any other corporation or entity, nor shall the controlling interest
22 of the grantee be transferred whether in whole or in part, and whether simultaneously
23 or contemporaneously, to any such person, firm, company, corporation, or entity
24 without the prior approval of the Congress of the Philippines, except to a wholly-owned
25 subsidiary of the grantee or where the grantee is the surviving corporation: *Provided,*
26 That any such transfer, sale, or assignment is in accordance with the constitutional
27 limitations. Any person or entity to which this franchise is sold, transferred, or assigned
28 shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

29
30 **SEC. 14. *Reportorial Requirement.*** – The grantee shall submit an annual report of
31 finances and operations to the Congress of the Philippines.

1
2 **SEC. 15. *Equality Clause.*** – In the event that any electric power industry participant
3 required to secure a legislative franchise, competing individual, partnership, or
4 corporation shall receive a similar permit or franchise with terms and/or provisions
5 more favorable than those herein granted or which tend to place the herein grantee at
6 any disadvantage, such terms and/or provisions shall be deemed part hereof and shall
7 operate equally in favor of the herein grantee: *Provided*, That any terms and/or
8 provisions herein granted which are not contained in other franchise that may hereafter
9 be granted shall likewise be enjoyed by the future grantees: *Provided, however*, That the
10 foregoing shall neither apply to nor affect the provisions concerning territory covered
11 by the franchise and the life-span of the franchise.

12
13 **SEC. 16. *Applicability Clause.*** – The grantee shall comply with and be subject to the
14 provisions of Commonwealth Act No. 146, as amended, otherwise known as the
15 “Public Services Act”, as amended, and Republic Act No. 9136.

16
17 **SEC. 17. *Repealability and Non-Exclusivity Clause.*** – This franchise shall be subject
18 to amendment, alteration, or repeal by the Congress of the Philippines when the public
19 interest so requires and shall not be interpreted as an exclusive grant of the privileges
20 herein provided for.

21
22 **SEC. 18. *Separability Clause.*** – If for any reason any provision of this Act is declared
23 invalid or unconstitutional, the remaining provisions not otherwise affected shall
24 remain valid and subsisting.

25
26 **SEC. 19. *Repealing Clause.*** – Acts 484 and 3648, as amended, Republic Act No. 3444,
27 Republic Act No. 9209, and all other laws, decrees, orders, resolutions, instructions, and
28 rules and regulations, or parts thereof, which are inconsistent herewith, are hereby
29 deemed repealed or modified accordingly.

1 **SEC. 20. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication,
2 upon the initiative of the grantee, in at least two (2) newspapers of general circulation
3 in the Philippines.

4

5 *Approved,*