



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. **866**

Introduced by
APEC Party-List Representative Sergio C. Dagooc

EXPLANATORY NOTE

Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 or EPIRA provides the policy to ensure transparency and reasonableness of prices of electricity. The Retail Competition and Open Access (RCOA) mandated by Section 31 of EPIRA empowers customers to make their own choice as to which Retail Electricity Supplier or Renewable Energy Supplier they want to transact with if they meet the threshold mandated by law.

This act aims to amend Section 31 of EPIRA to ensure that Electric Cooperatives (ECs) and its Member-Consumer-Owners (MCOs) are protected from rising electricity rates due to the implementation of the RCOA. ECs contract a fixed load with its power suppliers to cover their long-term projected demand for better and more affordable rates. However, RCOA may lead to lower demand than that projected by the ECs when an end-user previously serviced and included in the projected demand avails of RCOA. This results in stranded contract costs, which are passed-on charges, that will increase the generation charge component in the electricity bill of the end-user.

These rather avoidable costs impose an additional burden on the end-users serviced by the ECs. Amidst these times of rising prices of necessities, it must be the priority to assess the areas that can be optimized.

Hence, amending the provision to allow the ECs to automatically deduct the load requirement of the previously serviced consumer from the fixed load

contracted in its power supply contracts will lower the electricity bill of the end-user. This aims to remove the stranded contract costs and lower the generation charge component in the electricity bill.

In view of the foregoing, the immediate passage of this measure is earnestly sought.

A handwritten signature in blue ink, appearing to be 'S. Dagooc', written over a circular stamp or mark.

REP. SERGIO C. DAGOOC
APEC Party-List



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AN ACT
AMENDING SECTION 31 OF REPUBLIC ACT NO. 9136, OTHERWISE
KNOWN AS THE ‘ELECTRIC POWER INDUSTRY REFORM ACT OF 2001
OR EPIRA’, AND FOR OTHER PURPOSES

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

1 SECTION 1. Section 31 of the EPIRA is hereby amended to read as
2 follows:

3 “Section 31. *Retail Competition and Open Access.* –

4 x x x

5 Subsequently and every year thereafter, the ERC shall evaluate
6 the performance of the market. On the basis of such evaluation, it shall
7 gradually reduce the threshold level until it reaches the household
8 demand level. In the case of electric cooperatives, retail competition and
9 open access shall be implemented not earlier than five (5) years upon
10 the effectivity of this Act: **Provided, That the load requirement of any**
11 **end-user, who previously received their supply of electricity from**
12 **a distribution utility (DU) and chooses to avail the Retail**
13 **Competition and Open Access, shall be automatically deducted**
14 **from the total load contracted by the DU in its power supply**

15 **contract with power suppliers: Provided, further, That the**
16 **affected power supplier of the DU shall be given the right to match**
17 **or tender a lower offer for the load lost.**

18 SECTION 2. **Implementing Rules and Regulations.** – The ERC, in
19 consultation with concerned government agencies and stakeholders, shall
20 promulgate the Implementing Rules and Regulations necessary to carry out
21 and implement the provisions of this Act within sixty days (60) from the
22 effectivity of this Act.

23 SECTION 3. **Repealing Clause.** - All laws, presidential decrees,
24 executive orders, letters of instruction, administrative rules and regulations
25 or parts thereof which are contrary to or inconsistent with the provisions of
26 this Act are hereby repealed or modified accordingly.

27 SECTION 4. **Separability Clause.** – Should any part or provision of
28 this Act be held unconstitutional or invalid, all other provisions hereof which
29 are not affected thereby shall continue to be in full force and effect.

30 SECTION 5. **Effectivity.** – This Act shall take effect after fifteen (15)
31 days following its complete publication in the *Official Gazette* or in two (2)
32 newspapers of general circulation whichever is earlier.

33 Approved,