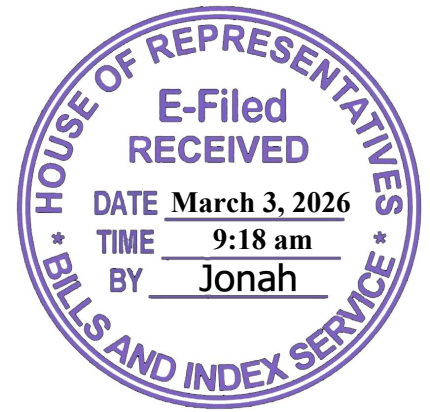




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8240



Introduced by Representative **ANTONINO B. ROMAN III**

EXPLANATORY NOTE

Reliable telecommunications and internet services are no longer luxuries—they are essential public utilities that sustain commerce, education, health services, public safety, governance, and daily life. In an increasingly digital economy, disruptions in connectivity translate directly into lost productivity, financial harm, communication breakdowns, and diminished access to essential services.

While public telecommunications entities (PTEs) and internet service providers (ISPs) are subject to regulatory oversight, current consumer protection mechanisms largely depend on individual complaints to trigger refunds or billing adjustments. In practice, many subscribers who experience prolonged service degradation do not file claims due to inconvenience, lack of awareness, or the difficulty of proving network-level impairment. As a result, consumers are often billed for services that were materially unusable or substantially impaired.

This proposed measure addresses that regulatory gap by institutionalizing a mandatory, automatic, and proportionate rebate mechanism in cases of Substantial Service Degradation (SSD). Rather than placing the burden on subscribers, the bill requires providers to proactively apply billing credits when objectively measurable service failures occur.

The measure establishes:

- Clear, technical, and verifiable definitions of SSD based on speed delivery thresholds, latency, packet loss, signal quality, and other Quality of Service (QoS) parameters;
- Objective performance monitoring and audit mechanisms;
- Automatic rebate computation based on billable hours and verified degradation duration;
- Transparency requirements for consumer disclosure;
- Administrative enforcement mechanisms consistent with due process; and
- Proportionate penalties for non-compliance.

Importantly, the bill is carefully crafted to be constitutionally sound and regulatorily balanced. It expressly preserves existing agency jurisdiction, respects franchise rights, and ensures that regulatory measures are reasonable, proportionate, and non-confiscatory. While scheduled maintenance and force majeure events do not exempt providers from granting proportionate rebates for actual service unavailability, such circumstances may mitigate administrative penalties where good faith and prompt remediation are shown.

By linking measurable performance failures to automatic financial accountability, the bill reduces information asymmetry between providers and consumers. It strengthens transparency, enhances regulatory credibility, and incentivizes sustained network reliability without imposing arbitrary or punitive burdens on industry players.

Ultimately, this measure affirms a simple but fundamental principle: consumers should pay only for services actually delivered at compliant standards. In doing so, it advances consumer protection, promotes service quality, and reinforces public trust in the nation's communications infrastructure.

Immediate passage of this measure is earnestly sought.



ANTONINO B. ROMAN III



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8240

Introduced by Representative **ANTONINO B. ROMAN III**

**AN ACT MANDATING PUBLIC TELECOMMUNICATIONS ENTITIES AND
INTERNET SERVICE PROVIDERS TO INSTITUTE A MANDATORY SYSTEM
OF AUTOMATIC REFUND MECHANISM FOR SUBSTANTIAL SERVICE
DEGRADATION IN TELECOMMUNICATIONS AND INTERNET SERVICES**

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

SECTION 1. Short Title. - This Act shall be known as the “Mandatory Automatic Rebates for Substantial Service Degradation Act.”

SEC. 2. Declaration of Policy. - It is hereby declared the policy of the State to protect consumers from being charged for communications services that are materially unusable or substantially impaired, and to ensure that when measurable and verifiable service degradation occurs, affected subscribers receive fair, prompt, proportionate, and automatic rebates without the need for individual demand.

The State likewise affirms its duty to establish objective, transparent, and technically verifiable standards for evaluating service performance; to promote accountability among public telecommunications entities and other covered service providers; and to exercise its police power to regulate public services in the interest of consumer protection pursuant to Article XII of the 1987 Constitution.

In implementing this policy, regulatory measures shall be reasonable, proportionate, non-confiscatory, and consistent with administrative due process, existing franchise rights, and the broader public interest in maintaining reliable and resilient communications infrastructure.

SEC. 3. Coverage. – This Act shall apply to any natural or juridical person engaged in providing for a fee the public:

- (a) Telecommunications services; and
- (b) Fixed or mobile internet or broadband access services.

Covered entities shall include public telecommunications entities (PTEs), internet service providers (ISPs), and other public services subject to regulation under the Public Service Act, as amended, and existing telecommunications laws, rules, and regulations.

Nothing in this Act shall be construed to enlarge, diminish, or otherwise modify the existing regulatory jurisdiction of any government agency, nor to confer regulatory authority beyond that expressly provided under applicable law.

SEC. 4. Definition of Terms. - For purposes of this Act:

- (a) *Substantial Service Degradation (SSD)* refers to a sustained and objectively verifiable failure of an internet access or telecommunications service to meet the applicable minimum service performance standards prescribed by the National Telecommunications Commission (NTC), other competent regulatory issuances, or the provider's published and contracted service commitments, as validated through industry-accepted measurement methodologies.

SSD shall be deemed to exist when any of the following conditions occur, other than during scheduled maintenance, force majeure, or subscriber-caused impairment:

1. Delivery of less than eighty percent (80%) of the contracted or advertised minimum speed, capacity, or signal quality;
 2. Excessive Latency, Jitter, or Packet Loss – Network latency, jitter, or packet loss exceeds applicable NTC regulatory benchmarks or industry standards by more than fifty percent (50%) for a sustained period materially affecting ordinary use of the service;
 3. Signal Quality Degradation (Mobile Services) – Signal strength, call completion rate, dropped call rate, or data session success rate falls materially below NTC minimum quality-of-service standards in the subscriber's registered service area.
- (b) *Automatic Rebate* refers to a mandatory refund or billing credit applied without the need for consumer request.
- (c) *Covered Service Provider* refers to entities under Section 3.
- (d) *Network-Level Degradation* refers to SSD affecting a geographic service area or statistically significant cluster of subscribers.
- (e) *Subscriber-Level Degradation* refers to SSD affecting an individual subscriber as confirmed through system logs, remote diagnostics, or accredited testing methodologies.
- (f) *Scheduled Maintenance* refers to service-affecting work with at least forty-eight (48) hours prior public notice specifying affected areas and duration.
- (g) *Force Majeure* refers to extraordinary events beyond reasonable control, including natural disasters, war, government-ordered shutdowns, or similar events.
- (h) *Billable Hours* refers to the total number of hours within a billing cycle for which a subscriber is charged service access.

SEC. 5. Performance Monitoring and Evaluation Mechanism. - To ensure objective and verifiable assessment of service performance, all Covered Service Providers shall maintain automated monitoring systems capable of accurately logging and recording speed, uptime, latency, packet loss, signal quality, and service interruptions in accordance with standards prescribed by the National Telecommunications Commission (NTC). Providers shall retain all relevant performance logs and supporting data for a minimum period of two (2) years and shall make such records available to the NTC upon lawful request for purposes of audit, verification, or investigation. Covered Service Providers shall likewise submit quarterly performance reports to the NTC containing, at a minimum, average delivered speeds, uptime percentages, the frequency and duration of SSD incidents, the geographic distribution of affected areas, and the total rebates granted within the reporting period.

The NTC is authorized to conduct random or targeted audits, require submission of anonymized raw performance data, deploy independent testing tools, and validate reported SSD occurrences using statistically reliable and representative methodologies. Verified findings derived from system logs, independent audits, or NTC-validated data shall give rise to a rebuttable presumption of the occurrence and duration of SSD, subject to the presentation of contrary evidence by the Covered Service Provider. All regulatory actions undertaken pursuant to this Section shall observe the requirements of administrative due process and shall be supported by substantial evidence in accordance with existing law and jurisprudence.

SEC. 6. Mandatory Automatic Rebates. - When SSD, as defined under this Act, occurs, Covered Service Providers shall grant automatic rebates that are proportionate to the duration and severity of the service impairment. Such rebates shall be applied without the need for any request, complaint, or demand from the affected subscriber.

In cases of recurring SSD within the same billing cycle, the duration of all qualifying incidents shall be cumulative for purposes of computing the total rebate due. For postpaid subscribers, the rebate shall be reflected as a billing credit in the next billing statement; for prepaid subscribers, the corresponding credit shall be applied to the subscriber's balance within seven (7) days from verification or determination of the SSD. Failure to grant the required automatic rebate within the prescribed period shall constitute an administrative violation subject to enforcement under this Act.

For purposes of entitlement to an automatic refund under this Section, SSD shall be compensable when the degradation results in an aggregate duration of at least twenty-four (24) hours within a billing month, whether arising from a single continuous event or from multiple cumulative incidents.

SEC. 7. Computation of Rebates. - Rebates mandated under this Act shall be computed on a proportionate basis according to the duration of the verified SSD within the applicable billing cycle.

The rebate shall be computed by dividing the monthly subscription fee by the total number of billable hours in the billing cycle, and then multiplying the resulting hourly rate by the number of hours during which SSD occurred.

For purposes of uniformity and regulatory clarity, the National Telecommunications Commission (NTC) shall prescribe detailed computational standards, including the method of determining billable hours, rounding rules, treatment of partial hours, and application of cumulative incidents within a billing cycle. The NTC may likewise provide for reasonable

percentage adjustments or multipliers in cases of repeated or aggravated SSD occurrences within the same billing period, provided that such adjustments remain proportionate, nonconfiscatory, and consistent with the remedial nature of the rebate.

SEC. 8. Scheduled Maintenance. – Substantial Service Degradation arising from Scheduled Maintenance shall not exempt Covered Service Providers from the obligation to grant automatic rebates corresponding to the actual duration of the SSD experienced by subscribers.

Scheduled Maintenance shall be recognized only where the provider has issued prior public notice of at least forty-eight (48) hours specifying the affected geographic areas, the nature of the work to be undertaken, and the expected duration thereof, and where such maintenance is conducted within a reasonable and necessary timeframe. Compliance with notice and reasonableness requirements may mitigate the imposition of administrative penalties; however, it shall not extinguish the subscriber's right to proportionate rebate for actual SSD.

SEC. 9. Force Majeure. - In the event that the SSD results from a force majeure occurrence, as defined under this Act, Covered Service Providers shall remain obligated to grant automatic rebates corresponding to the actual duration of the SSD. However, the existence of a duly established force majeure event may be considered by the National Telecommunications Commission (NTC) in determining the imposition, extent, or mitigation of administrative penalties, provided that the provider demonstrates prompt remedial action, good faith efforts to restore compliant service within the shortest practicable time, and absence of gross negligence or willful misconduct. The burden of proving force majeure and the causal connection between the event and the SSD shall rest upon the Covered Service Provider.

SEC. 10. Transparency and Consumer Disclosure. - Covered Service Providers shall ensure transparency in service performance and rebate implementation by maintaining realtime or regularly updated publicly accessible advisories identifying affected geographic areas, the nature of the service impairment, and the estimated time of restoration.

Providers shall itemize all automatic rebates in the corresponding billing statements or electronic account records, clearly indicating the period of SSD and the amount credited. They shall likewise establish and maintain consumer-accessible platforms or portals through which subscribers may verify service performance data, degradation history, and rebate credits applicable to their accounts. Failure to comply with the disclosure and transparency requirements under this Section shall constitute a separate administrative violation subject to enforcement under this Act.

SECTION 11. Administrative Enforcement and Penalties. - The National Telecommunications Commission (NTC) shall exercise primary enforcement authority under this Act pursuant to Executive Order No. 546, the Public Service Act, and other applicable telecommunications laws. All enforcement actions shall be undertaken only after due notice and hearing, consistent with administrative due process, and shall be supported by substantial evidence reduced into written findings.

In the exercise of its regulatory authority, the NTC may impose the following administrative sanctions and corrective measures:

- (a) **Monetary Administrative Fines.** For violations of this Act or its implementing rules and regulations, the NTC may impose a fine of not less than Twenty Thousand Pesos (₱20,000.00) but not more than One Hundred Thousand Pesos (₱100,000.00) for each count of violation.
- (b) **Corrective and Compliance Measures.** The NTC may issue compliance directives, order refund verification audits, require public disclosure of violations, mandate remedial action plans, and temporarily suspend the authority of a Covered Service Provider to market or accept new subscriptions in affected service areas until compliance is certified.
- (c) **Willful or Fraudulent Violations.** In cases involving falsification, concealment, or deliberate manipulation of performance data, the NTC may impose the maximum allowable administrative fines, recommend franchise review to Congress where warranted, and institute proceedings for the suspension or revocation of certificates of public convenience or other operating authorities in accordance with existing law.

No certificate, franchise, or operating authority shall be suspended or revoked except in accordance with procedures prescribed by law. All penalties imposed under this Act shall be reasonable, proportionate to the gravity of the violation, and consistent with constitutional limitations on regulatory authority.

SEC. 12. Consumer Remedies. - The grant of automatic rebates under this Act shall be without prejudice to the exercise by subscribers of any other rights or remedies available under existing laws, rules, and regulations, including the filing of administrative complaints before the appropriate regulatory agency and the institution of civil actions for damages where warranted. Nothing in this Act shall be construed to limit or diminish causes of action arising from contractual breach, fraud, negligence, or other violations of law. The remedies provided herein are cumulative and shall operate in addition to, and not in substitution for, other legal remedies recognized under Philippine law.

SEC. 13. Implementing Rules and Regulations. - Within sixty (60) days from effectivity, the NTC, in coordination with the Department of Information and Communications Technology and relevant stakeholders, shall promulgate the necessary rules and regulations.

SEC. 14. Separability Clause. - If any provision of this Act is declared unconstitutional or invalid, the remaining provisions shall remain in full force and effect.

SEC. 15. Repealing Clause. - All laws, rules, regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 16. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,