

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8601



Introduced by:

HON. CHRISTOPHERSON “COCO” M. YAP

AN ACT

PROVIDING A DIRECT ELECTRICITY SUBSIDY FOR QUALIFIED LOW-INCOME HOUSEHOLDS, HARMONIZING THE LIFELINE RATE MECHANISM WITH A GOVERNMENT-FUNDED SUBSIDY, AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

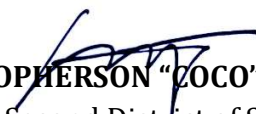
Electricity is a basic necessity for Filipino families. It powers homes, keeps food safe, allows children to study at night, and supports small businesses and daily work. However, rising electricity costs place a heavy burden on poor and near-poor households. Many families are forced to reduce their power use to unsafe levels or sacrifice other basic needs such as food, medicine, and education just to pay their electric bills. This situation calls for stronger and more direct government support to ensure that essential electricity remains affordable for those who need it most.

Existing laws already recognize the need to protect low-income electricity consumers. The **Electric Power Industry Reform Act of 2001 (EPIRA)** created the lifeline rate to give discounted electricity prices to marginalized households. Congress later strengthened this protection through **Republic Act No. 10150** and **Republic Act No. 11552**, which extended the program and improved the rules for identifying qualified beneficiaries, including households under the government’s **Pantawid Pamilyang Pilipino Program (4Ps)**. While these measures provide relief through lower electricity rates, the assistance is mainly delivered through pricing adjustments within the power sector.

This bill proposes a complementary solution through a **direct electricity subsidy** for qualified low-income households. Instead of relying solely on pricing mechanisms, the

government will provide transparent and targeted support that will appear directly in the beneficiaries' electricity bills. By working with the **Department of Social Welfare and Development**, the **Department of Energy**, and the **Energy Regulatory Commission**, the program will ensure accurate targeting, clear accountability, and proper oversight. In doing so, the *Tulong-Kuryente Act* aims to make electricity more affordable for vulnerable families while strengthening existing protections under the law.

In view of the foregoing, **ug sa ngalan sa SERBISYONG TINUORAY**, the undersigned respectfully requests the immediate passage of this measure.


CHRISTOPHERSON "COCO" M. YAP
Representative, Second District of Southern Leyte

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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 “*Tulong-Kuryente Act.*”

SECTION 2. Declaration of Policy. — It is the policy of the State to promote equitable access to electricity, protect low-income households from undue electricity cost burdens, and ensure that social assistance is delivered transparently and efficiently. Toward this end, the State shall provide a **direct electricity subsidy** to qualified beneficiaries, and shall rationalize subsidy delivery to minimize leakages and promote fairness in electricity pricing.

SECTION 3. Definition of Terms. — As used in this Act:

- (a) **Qualified Beneficiaries** refer to **qualified marginalized end-users** as recognized under Section 73 of Republic Act No. 9136, as amended, including: (i) **qualified household-beneficiaries under Republic Act No. 11310 (4Ps Act)** as regularly submitted by DSWD; and (ii) other marginalized end-users certified and validated pursuant to criteria determined by the Energy Regulatory Commission (ERC), taking into account, among others, the poverty threshold set by the Philippine Statistics Authority (PSA).

(b) **Distribution Utility (DU)** refers to any electric cooperative, private corporation, or government-owned or -controlled entity engaged in the distribution of electricity to end-users for a fee.

(c) **Direct Electricity Subsidy** refers to the government-funded payment applied to a Qualified Beneficiary's electricity bill in accordance with this Act.

SECTION 4. Creation of the Direct Electricity Subsidy Program. — There is hereby created a **Direct Electricity Subsidy Program** for Qualified Beneficiaries with residential service connections.

The subsidy shall be applied as a deduction from the Qualified Beneficiary's monthly electricity bill, subject to eligibility rules, consumption or bill thresholds, and safeguards under this Act and its implementing rules.

SECTION 5. Beneficiary Identification and Credentialing. —

(a) **DSWD Lead for Social Targeting.** The DSWD shall be the lead agency for beneficiary identification and credentialing and shall primarily utilize the **4Ps list** and other DSWD social protection databases, consistent with Section 73 of RA 9136, as amended.

(b) **Use of PSA Data.** The PSA shall maintain and regularly update relevant poverty statistics. The DSWD and DOE shall utilize PSA data, consistent with the statutory directive that PSA data be primarily used in determining thresholds for lifeline eligibility and consumption levels.

(c) **Meters Not in Beneficiary's Name.** The program shall include rules for cases where the meter or service connection is not registered in the beneficiary's name, consistent with the mandate for guidelines under Section 73 of RA 9136, as amended.

SECTION 6. Subsidy Design and Amount; Application to Bills. —

(a) **Subsidy Amount.** The subsidy shall cover up to **One Thousand Pesos (P1,000.00)** per month of the Qualified Beneficiary's electricity charges, or such other amount as may be determined under subsection (d).

(b) **Eligibility Threshold.** The subsidy shall apply only to Qualified Beneficiaries whose monthly electricity bill does not exceed **Five Thousand Pesos**

(P5,000.00), or such other threshold as may be determined under subsection (d).

- (c) **Billing Statement Disclosure.** DUs shall clearly indicate the subsidy as a separate line item in the billing statement, showing the gross bill, subsidy amount, and net amount due.
- (d) **Authority to Adjust Parameters.** Upon **joint recommendation** of the DSWD and DOE, and after ERC consultation on rate/billing impacts, the subsidy amount and eligibility thresholds may be adjusted based on inflation, regional tariff conditions, PSA poverty statistics, and program evaluation results: ***Provided***, That the adjustment shall be consistent with the objectives of equitable subsidy targeting.

SECTION 7. Payment Mechanism; DU Reimbursement. —

- (a) **Remittance to DUs.** The DSWD shall remit subsidy payments to DUs on behalf of Qualified Beneficiaries based on verified billing data and agreed reconciliation procedures.
- (b) **Reconciliation and Audit Trail.** DUs shall submit monthly subsidy claims supported by billing records and beneficiary identifiers, subject to post-audit by the Commission on Audit (COA).

SECTION 8. Oversight, Transparency, and Program Evaluation. —

- (a) **ERC Monitoring.** The ERC shall monitor compliance by DUs on billing transparency and proper application of subsidies consistent with its regulatory authority under EPIRA.
- (b) **Periodic Evaluation.** To prevent leakages and ensure equitable distribution of benefits, the DOE, in coordination with DSWD and ERC, shall conduct periodic program evaluations, taking guidance from the EPIRA requirement of comprehensive evaluation of lifeline implementation every two (2) years.
- (c) **Reporting.** The DOE shall submit an annual report to Congress on program implementation, including beneficiary counts, fiscal outlays, and evaluation findings.

SECTION 9. Harmonization with the Lifeline Rate; Transition. —

- (a) **Non-impairment of Existing Lifeline During Transition.** During the transition period under subsection (c), Qualified Beneficiaries shall continue to be entitled to the lifeline rate under Section 73 of RA 9136, as amended.
- (b) **Rationalization.** Within the transition period, the DOE, in coordination with DSWD and ERC, shall recommend to Congress or implement within existing authority such measures as may be necessary to harmonize the lifeline rate mechanism with the Direct Electricity Subsidy Program, including whether the lifeline rate should be retained for residual cases, narrowed, or used as a backstop.
- (c) **Transition Period.** A period of **one (1) year** from effectivity shall be provided to fully operationalize direct subsidy payments nationwide.

SECTION 10. Value-Added Tax (VAT) Treatment. — Electricity sales to Qualified Beneficiaries may be granted VAT relief subject to coordination with the Department of Finance and the Bureau of Internal Revenue, and subject to applicable tax administration rules.

SECTION 11. Implementing Rules and Regulations. — Within **ninety (90) days** from effectivity, the DSWD and DOE shall jointly issue the implementing rules and regulations, in coordination with the ERC, COA, PSA, and stakeholders: **Provided**, That the delineation of DOE policy issuance and ERC implementation shall be observed.

This implements the doctrine that DOE formulates implementing rules while ERC implements, consistent with jurisprudence.

SECTION 12. Appropriations. — The amount necessary for the initial implementation of this Act shall be charged against the current appropriations of the DSWD and such other available sources as may be identified in the General Appropriations Act. Thereafter, such sums as may be necessary shall be included in the annual General Appropriations Act.

SECTION 13. Separability Clause. — If any provision of this Act is held invalid or unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

SECTION 14. Repealing Clause. — All laws, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 15. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,