

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10273



Introduced by: **REP. TOBIAS “TOBY” M. TIANGCO**

EXPLANATORY NOTE

This proposed measure was consistently filed by this Representation during the 15th, 16th, and 17th Congresses but was not enacted into law. The elimination of system losses has since become a policy priority of the current administration, as articulated by His Excellency, President Ferdinand “Bongbong” Marcos Jr., in his State of the Nation Address (SONA). It is without doubt that this proposal should now come into reality.

Unburden the general public from shouldering the costs of losses it had nothing to do with, this is the intention of this proposal by completely removing the recoverable systems loss allowed to be charged by private electric distribution utilities and restrict recoverable composition of system losses into losses due to design fault and technical loss.

Republic Act No. 7832 otherwise known as an “Act Penalizing the Pilferage of Electricity and Theft of Electric Power Transmission Lines/Material, Rationalizing system losses by phasing out pilferage losses as a component thereof, and for other purposes” was enacted in 8 December 1994. R.A. No. 7832 rationalizes the recoverable system losses of electric distributors by authorizing private utilities and rural electric cooperatives to pass on to consumers their respective system losses subject only to the ceiling rate. Subsequently, Congress enacted Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001, which authorized the Energy Regulatory Commission (ERC) to determine the just and reasonable caps on the imposition of systems loss.

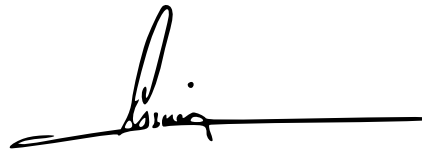
Presently, private distribution utilities and rural electric cooperatives are allowed to pass on as much as maximum of 8.5% of the total kilowatt-hours purchased and generated, and maximum of 13% of the total kilowatt-hours purchased and generated, respectively, of their total system losses to the consumers. Systems losses may be non-technical (i.e. loss of electricity due to pilferage) or technical (i.e. loss of electricity in the form of heat due to design fault, administration inefficiencies as well as the electric consumption of the distributors for their operation). It comprises not less than five percent (5%) of the monthly electric bill and is likewise subject to the 12% Value-Added Tax (VAT).

In spite of all these measures, electricity prices in the Philippines keep rising, so much so that in Southeast Asia, residential electricity costs in the Philippines are the highest. Unfortunately,

instead of protecting the consumers against continuous increase of electricity prices, this provision of the EPIRA law is being taken advantage of by the big companies in the power industry in the guise of systems loss.

These kinds of abuses are exactly the evil things sought to be prevented by this proposed measure. It was enshrined in the 1987 Philippine Constitution that the State shall free the people from poverty through policies that provide adequate social services. Hence, legislators are duty bound to help the consuming public.

In view thereof, the passage of this measure is earnestly urged.

A handwritten signature in black ink, appearing to read 'Toby', is written over a horizontal line.

TOBIAS “TOBY” M. TIANGCO

Representative
Lone District, Navotas City

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HOUSE BILL NO. 10273

Introduced by: **REP. TOBIAS “TOBY” M. TIANGCO**

AN ACT PROHIBITING THE PASS-THROUGH AND RECOVERY OF SYSTEM LOSS CHARGES FROM ELECTRICITY CONSUMERS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9136, OTHERWISE KNOWN AS THE “ELECTRIC POWER INDUSTRY REFORM ACT OF 2001,” AND FOR OTHER PURPOSES

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

SECTION 1. Title of the Act – This Act shall be known as the “**System Loss Charges Abolition Act of 2026**”.

SECTION 2. Declaration of Policy – It shall be the policy of the State to protect the rights of every electric consumer without compromising the State’s assistance to the viability of every electric distributors’ operations. Electricity is an indispensable commodity in the economic growth. The supply and demand of the populace must be harmoniously reconciled and considered to attain justifiable and equitable imposition of the electric distribution expenses to the consuming public.

SECTION 3. Prohibition on the Pass-Through and Recovery of System Losses. — No distribution utility, including private distribution utilities and electric cooperatives, shall pass on, recover, collect, or otherwise charge to consumers, directly or indirectly, any cost attributable to system losses, regardless of the nature, cause, source, or classification of such losses.

SECTION 4. Implementing Rules and Regulations. – The Department of Energy, in consultation with TRANSCO and the ERC, shall promulgate the Implementing Rules and Regulations that shall be necessary to carry out and implement the provisions of this Act within sixty days (60) from the effectivity of this Act.

SECTION 5. Repealing Clause. – All laws, acts, decrees, executive orders, issuances, and rules and regulations or parts thereof which are contrary to and inconsistent with any provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 6. Separability Clause. – If any provision of this Act is subsequently declared unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SECTION 7. Effectivity. – This Act shall take effect fifteen days (15) after its complete publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,