



Republic of the Philippines  
**House of Representatives**

20<sup>th</sup> CONGRESS  
Second Regular Session  
HOUSE BILL NO. 10372

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**Introduced by Hon. Charisse Anne C. Hernandez**

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**EXPLANATORY NOTE**

Electricity is no longer a mere convenience. It is an essential necessity that powers Filipino homes, schools, hospitals, businesses, and industries. Every household depends on electricity to sustain daily living. As such, electricity must remain affordable, transparent, and fairly priced.

However, the cost of electricity in the Philippines continues to be among the highest in Southeast Asia, placing an enormous financial burden on millions of Filipino families. Every month, households are forced to allocate a significant portion of their income just to pay their electric bills, often at the expense of other basic necessities such as food, education, healthcare, transportation, and housing. For minimum wage earners, senior citizens, persons with disabilities, small entrepreneurs, and ordinary workers, every peso added to their monthly electricity bill matters.

Many consumers diligently conserve electricity by switching off unused lights, using energy-efficient appliances, and limiting the use of air conditioners and other power-intensive devices in the hope of reducing their monthly bills. Yet despite these efforts, consumers continue to pay charges that are unrelated to the amount of electricity they actually consume. One such charge is the systems loss charge, which represents the cost of electricity lost during the transmission and distribution of power due to technical inefficiencies and non-technical losses, including electricity theft, pilferage, unauthorized connections, defective metering, and other operational deficiencies.

While a certain degree of technical loss is inherent in any electrical distribution system, it is fundamentally unfair to require law-abiding consumers to shoulder the financial consequences of inefficiencies and losses that are beyond their control. Consumers who faithfully pay their electricity bills on time should not be made to subsidize outdated infrastructure, aging distribution facilities, inadequate maintenance, poor operational management, inaccurate metering, or the illegal acts of individuals who steal electricity through unauthorized connections and other unlawful means.

The continued recovery of systems loss charges from consumers weakens the incentive for distribution utilities and electric cooperatives to aggressively invest in modern technologies, upgrade aging facilities, improve operational efficiency, and strengthen measures against electricity

theft. When these losses can simply be passed on to consumers, the financial burden is shifted away from those responsible for managing and improving the power distribution system.

This measure seeks to restore fairness and accountability by prohibiting the imposition of systems loss charges on electricity consumers. Instead, distribution utilities and electric cooperatives shall be required to assume responsibility for managing and reducing systems losses through investments in modern distribution infrastructure, smart grid technologies, advanced metering systems, preventive maintenance, improved network planning, and intensified anti-electricity theft programs. By making utilities accountable for minimizing avoidable losses, this bill creates stronger incentives to improve efficiency, modernize facilities, and deliver better service to the public.

Ultimately, this measure ensures that Filipino consumers pay only for the electricity they actually use—not for electricity lost because of inefficient systems, poor maintenance, or the unlawful acts of others. It affirms the principle that operational inefficiencies should be addressed by those responsible for operating the system, not by hardworking families who faithfully pay their monthly bills.

By reducing unnecessary charges on electricity bills, this bill seeks to ease the financial burden on Filipino households, increase the disposable income of consumers, improve the competitiveness of businesses, support economic growth, and strengthen public confidence in the country's electric power industry.

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



**CHARISSE ANNE C. HERNANDEZ**  
Representative  
Lone District, Calamba City

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

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**AN ACT**  
**PROHIBITING THE IMPOSITION OF SYSTEMS LOSS CHARGES ON ELECTRICITY**  
**CONSUMERS, STRENGTHENING ACCOUNTABILITY OF DISTRIBUTION UTILITIES**  
**AND ELECTRIC COOPERATIVES IN REDUCING SYSTEM LOSSES, 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 House of Representatives of the Philippines in Congress*

**SECTION. 1. Short Title.** This Act shall be known as the "**Systems Loss Charge Abolition Act**"

**SEC. 2. Declaration of Policy.** It is hereby declared the policy of the State to protect consumers against unreasonable electricity charges, promote efficiency and accountability in the operation of electric power systems, ensure that electricity rates remain just and reasonable, encourage investments in modern and efficient distribution infrastructure, and prevent consumers from bearing the financial consequences of operational inefficiencies and electricity losses attributable to distribution utilities, electric cooperatives, and other industry participants.

**SEC. 3. Definition of Terms.** For purposes of this Act:

(a) "Systems Loss" refers to the difference between the quantity of electricity purchased or received by a transmission or distribution utility and the quantity delivered and billed to consumers, including both technical and non-technical losses.

(b) "Technical Systems Loss" refers to electricity losses resulting from the physical characteristics and operation of transmission and distribution facilities.

(c) "Non-Technical Systems Loss" refers to losses arising from electricity theft, pilferage, unauthorized connections, defective metering, billing inaccuracies, and other avoidable causes.

(d) "Distribution Utility" refers to any private distribution utility, electric cooperative, local government-owned utility, or other entity authorized to distribute electricity to end-users.

(e) "Consumer" refers to any person or entity purchasing electricity for residential, commercial, industrial, agricultural, or institutional use.

**SEC. 4. Prohibition on the Imposition of Systems Loss Charges.** No distribution utility, electric cooperative, transmission utility, retail electricity supplier, or any other electric power industry participant shall impose, collect, recover, or pass on to electricity consumers any systems loss charge or any equivalent charge representing technical or non-technical electricity losses.

All systems losses shall be treated as part of the operational responsibility of the concerned utility, subject to performance standards established by the Energy Regulatory Commission.

**SEC. 5. Duty to Minimize Systems Losses.** Distribution utilities and electric cooperatives shall implement comprehensive programs to reduce systems losses through modernization of distribution facilities, replacement of obsolete equipment, deployment of smart grid technologies, upgrading of metering systems, preventive maintenance, improved network planning, and strengthened enforcement against electricity theft and illegal connections.

The Energy Regulatory Commission shall establish annual systems loss reduction targets and may adopt incentive-based regulatory mechanisms that reward efficient utilities while imposing appropriate sanctions for persistent failure to meet prescribed performance standards.

**SEC. 6. Consumer Protection.** Electricity bills issued to consumers shall clearly identify all charges authorized by law. No charge shall be imposed under any name or description that directly or indirectly recovers systems losses from consumers.

The Energy Regulatory Commission shall require standardized billing formats that promote transparency and enable consumers to understand the components of their electricity charges.

**SEC. 7. Powers of the Energy Regulatory Commission.** The Energy Regulatory Commission shall monitor compliance with this Act and shall have the authority to issue orders, conduct audits, require the submission of reports, inspect records, and impose administrative sanctions against entities found to have violated the provisions of this Act.

**SEC. 8. Administrative Penalties.** Any distribution utility, electric cooperative, or other regulated entity that violates this Act shall be subject to administrative fines, refund of improperly collected charges with legal interest, suspension of authority to recover unauthorized charges, and such other sanctions as the Energy Regulatory Commission may impose under existing laws and regulations.

Repeated or willful violations may constitute grounds for the suspension or revocation of the entity's certificate of public convenience or other operating authority, subject to due process.

**SEC. 9. Consumer Refund.** All systems loss charges collected in violation of this Act shall be refunded to affected consumers through bill credits or such other mechanisms as may be approved by the Energy Regulatory Commission.

**SEC. 10. Amendment of Republic Act No. 9136.** All provisions of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001," and other laws, executive issuances, rules, and regulations authorizing the recovery of systems loss charges from consumers are hereby amended or modified accordingly.

**SEC. 11. Implementing Rules and Regulations.** Within ninety (90) days from the effectivity of this Act, the Energy Regulatory Commission, in coordination with the Department of Energy, shall promulgate the implementing rules and regulations necessary for the effective implementation of this Act.

**SEC. 12. Separability Clause.** If any provision of this Act is declared unconstitutional, the remainder shall continue to be in force.

**SEC. 13. Repealing Clause.** All laws inconsistent with this Act are hereby repealed or modified accordingly.

**SEC. 14. Effectivity.** This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,