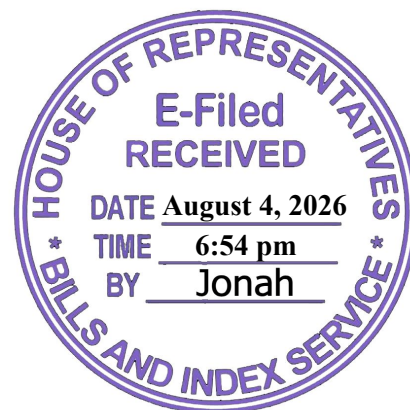


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

TWENTIETH CONGRESS
Second Regular Session



HOUSE BILL NO. 10601

Introduced by Honorable Representatives
SARAH JANE I. ELAGO (Gabriela Women's Party)
RENEE LOUISE M. CO (Kabataan Partylist)
ANTONIO L. TINIO (ACT Teachers Partylist)

**AN ACT PROHIBITING THE IMPOSITION OF SYSTEM LOSS CHARGES ON
ELECTRICITY CONSUMERS, STRENGTHENING ACCOUNTABILITY OF
ELECTRIC POWER INDUSTRY PARTICIPANTS IN REDUCING SYSTEM
LOSSES**

EXPLANATORY NOTE

Electricity is a basic necessity and an essential public service that every Filipino household depends on. Yet, for decades, Filipino consumers have been burdened by persistently high electricity rates. According to the Department of Energy (DOE), the Philippines now has the highest electricity rates in Southeast Asia.¹ This longstanding problem is rooted in the neoliberal framework established by the Electric Power Industry Reform Act (EPIRA) of 2001, which privatized the power industry and transferred control to private corporations.

As a result, among the inequitable charges imposed on consumers is the system loss charge. System loss refers to the difference between the electricity purchased by a distribution utility and the electricity actually delivered and billed to the end-users. It consists of technical losses, which arise from the inherent limitations of electrical equipment and transmission lines, and non-technical losses, which result from illegal connections, electricity theft, meter tampering, billing errors, and other unauthorized activities.

Under the current regulatory framework, these losses are passed on to consumers, provided they remain within the allowable caps prescribed by the Energy Regulatory Commission (ERC). Consequently, Filipino consumers are compelled to pay for electricity they neither consumed nor benefited from. This effectively shifts to the public the costs of a distribution utility's operational inefficiencies and its failure to prevent pilferage and other avoidable losses.

¹ <https://www.philstar.com/headlines/2026/07/21/2543545/doe-philippines-power-rates-now-highest-sea>

The DOE estimates that consumers could save approximately five to ten percent (5% – 10%) on their electricity bills, depending on a utility's system loss rate,² if system loss charges were removed.

This bill therefore seeks to prohibit the collection of system loss charges from electricity consumers and instead require distribution utilities to absorb all costs arising from system losses. This proposed measure will provide immediate relief to Filipino families, workers, and small business owners who already reserve a significant portion of their income to electricity expenses.

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



REP. SARAH JANE I. ELAGO
Gabriela Women's Party



REP. RENEE LOUISE M. CO
Kabataan Partylist



REP. ANTONIO L. TINIO
ACT Teachers Partylist

² <https://www.rappler.com/business/explainer-what-system-loss-affect-power-bill/>

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

SECTION 1. Short Title. - This Act shall be known as the “Scrap System Loss Charges Act.”

SECTION 2. Declaration of Policy. - It is the policy of the State to protect the interests of consumers and ensure the delivery of affordable and reliable electric power. The State recognizes that electricity is a basic necessity and a vital service for the welfare of the Filipino people.

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

- (a) Electric Power Industry Participant refers to any person or entity engaged in the generation, transmission, distribution, or supply of electricity;
- (b) System Loss refers to the difference between the electricity purchased by an electric power industry participant and the electricity consumed by and sold to end-users, including both technical losses and non-technical losses;
- (c) Technical Losses refer to losses inherent in the physical delivery of electricity, such as those due to resistance in conductors, transformers, and other equipment;
- (d) Non-Technical Losses refer to losses caused by electricity theft, illegal connections, meter tampering, and billing errors;
- (e) End-User refers to any person or entity requiring the supply and delivery of electricity for its own use.

SECTION 4. Prohibition on the Imposition of System Loss Charges. - No electric power industry participant shall charge, collect, or pass on to end-users any charges representing system losses, whether technical or non-technical. All costs associated with system losses shall be the sole responsibility of the electric power industry participant and shall not be reflected in the electricity bills of end-users.

SECTION 5. Prohibition on Recovery of Past System Loss Costs. - No electric power industry participant shall be allowed to recover, through rates or other charges, the cost of system losses incurred prior to the effectivity of this Act. Any pending application before the Energy Regulatory Commission (ERC) for the recovery of such costs shall be deemed dismissed.

SECTION 6. Subsidies to Cooperatives and Small Distribution Utilities. - The government shall provide subsidies to electric cooperatives and small distribution utilities for the upgrade of power lines, metering systems, and other facilities or measures necessary to reduce technical and non-technical losses.

SECTION 7. Appropriations. - The amount necessary for the immediate implementation of this Act shall be included in the annual General Appropriations Act.

SECTION 8. Implementing Rules and Regulations. - The Energy Regulatory Commission, in consultation with the Department of Energy and consumer groups, shall promulgate the implementing rules and regulations of this Act within fifteen (15) days from its effectivity.

SECTION 9. Separability Clause. - If any provision or portion of this Act is declared unconstitutional, the remaining parts or provisions hereof shall remain in full force and effect.

SECTION 10. Repealing Clause. - All laws, decrees, executive orders, issuances, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 11. Effectivity Clause. - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in a newspaper of general circulation.

Approved,