

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila
TWENTIETH CONGRESS
Second Regular Session
House Bill No. 10695



Introduced by Representative
BRIAN POE, PhD, MNSA

AN ACT
PROMOTING THE INSTALLATION AND UTILIZATION OF SELF-GENERATING
FACILITY ZERO-EXPORT SOLAR SYSTEMS AND MICRO-SOLAR SYSTEMS
FOR OWN USE, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9136,
OTHERWISE KNOWN AS THE “ELECTRIC POWER INDUSTRY REFORM ACT
OF 2001”

EXPLANATORY NOTE

The increasing cost of electricity, coupled with rapid advancements in solar and energy storage technologies, underscores a need for a clear policy that will promote the adoption of own-use distributed energy systems. Self-Generating Facility Zero-Export Solar Systems (SGF ZESS), Micro-Solar Systems (MSS), and Battery Energy Storage Systems (BESS) enable consumers to generate and/or store electricity for their own consumption, thereby enhancing energy security, improving consumer resilience, reducing electricity costs, and supporting the country's transition to a cleaner and more sustainable energy future.

For consumers, these technologies help reduce electricity costs, improve resilience during power interruptions, and lessen dependence on the grid. The wider adoption of these technologies can also help reduce pressure on the distribution system, contributing to a more reliable, resilient, and efficient power sector.

At present, however, Republic Act 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA), does not expressly distinguish own-use distributed energy systems from commercial power generation. This regulatory gap has created uncertainty regarding the legal treatment of end-users who install and operate such systems solely for their own consumption, resulting in the imposition of regulatory and administrative requirements intended for generation companies. This creates an unnecessary burden that discourages the adoption of these technologies.

This draft bill seeks to establish a clear policy that governs own-use energy systems. It clarifies that end-users who install and operate SGF ZESS, MSS, BESS, and similar technologies solely for their own consumption shall not be considered generation companies or be subject to regulatory requirements applicable to commercial power generators. It likewise removes unnecessary administrative barriers, strengthens consumer protection, promotes uniform safety standards, and enhances inter-agency coordination to facilitate the responsible deployment of these systems.

Additionally, this draft measure empowers consumers to generate and store their own electricity, enabling them to better manage electricity costs, improve resilience against power interruptions, and contribute to a more reliable, secure, and sustainable electric power system.

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


HON. BRIAN POE, PhD, MNSA
Representative
FPJ Panday Bayanihan Party-List

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

Sec. 1. Short Title – This Act shall be known as the “Sariling Kuryente Act.”

Sec. 2. Declaration of Policy — It is hereby declared the policy of the State to promote safe, reliable, affordable and widespread adoption of own-use distributed energy system, including Self-Generating Facility Zero Export Solar System (SGF ZESS), Micro-Solar Systems (MSS) and Battery Energy Storage Systems (BESS), as a means of empowering end-users to generate and store electricity for their own consumptions to attain consumer energy independence, improve energy efficiency and grid resilience, reduce electricity costs, reduction of transmission losses, create private investment in distributed energy resources and contribute to the country's energy security and clean energy transition.

Sec. 3. Scope and Applicability – This Circular shall govern the utilization of Self-Generating Facility Zero-Export Solar System (SGF ZESS) and Micro-Solar System (MSS), as defined herein, and other similar legitimate technologies and systems intended solely for own-use consumption and do not export electricity to the distribution system, regardless of connection type.

Notwithstanding the definition of SGFs under the Implementing Rules and Regulations (IRR) of the Electric Power Industry Reform Act of 2001 (EPIRA), this Act shall likewise cover

systems installed and utilized by households, clinics, hospitals, and other medical facilities. The application thereto shall solely be for purposes of implementing this Act and shall not be interpreted as amending or otherwise affecting the classification of SGFs under the EPIRA and its IRR.

Sec. 4. Definition of Terms – For purposes of this Act, the following terms shall be defined as follows:

- a. *“Battery Energy Storage System” or “BESS”* refers to an energy storage system composed of one or more batteries, together with associated power conversion systems, controls, protection devices, and other components, capable of storing electrical energy and subsequently supplying such energy for own-use, including in connection with an SGF ZESS or MSS;
- b. *“Distribution Utility” or “DU”* shall have the same meaning as provided under Republic Act No. 9136;
- c. *“End-user”* refers to any person or entity supplied with electricity for its own use;
- d. *“Micro-Solar System” or “MSS”* refers to a consumer-grade solar generation system intended solely for own use, consisting of: (1) photovoltaic modules with an aggregate direct-current nameplate capacity not exceeding one thousand watts (1,000 W) or one kilowatt (1 kW); (2) a factory-set, grid-tied micro-inverter with a maximum alternating-current output not exceeding eight hundred watts (800 W) or zero point eight kilowatt (0.8 kW), equipped with automatic anti-islanding disconnection; and (3) a standard connection designed and installed in accordance with the Philippine Electrical Code and applicable product and safety standards. The Department of Energy, in consultation with the Energy Regulatory Commission and the Department of Trade and Industry, may update the foregoing technical limits and specifications through the implementing rules and regulations when warranted by technological developments and safety considerations. An MSS may be equipped with BESS;
- e. *“Non-Compensated Export”* refers to electricity inadvertently or unlawfully exported to a distribution system that does not entitle the end-user to any billing credit, offset, payment, or other monetary compensation;
- f. *“Own use”* refers to electricity generated and consumed within the end-user’s premises and not intended for sale or compensated export to a distribution system; and
- g. *“Self-Generating Facility Zero-Export Solar System” or “SGF ZESS”* refers to a solar photovoltaic installation of any capacity intended solely for own use and not for the export of electricity to a distribution system. An SGF ZESS may be either connected or isolated, so long as it is equipped with functional control or isolation mechanisms that prevent the export of electricity to the distribution system. ZESS may be integrated with a BESS.

Sec. 5. Section 6 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 6. Generation Sector. – Generation of electric power, a business affected with public interest, shall be competitive and open.

“Upon the effectivity of this Act, any new generation company shall, before it operates, secure from the Energy Regulatory Commission (ERC) a certificate of compliance pursuant to the standards set forth in this Act, as well as health, safety and environmental clearances from the appropriate government agencies under existing laws.

“AN END-USER THAT INSTALLS AND OPERATES A SELF-GENERATING FACILITY ZERO-EXPORT SOLAR SYSTEM (SGF ZESS), MICRO-SOLAR SYSTEM (MSS) OR BATTERY ENERGY STORAGE SYSTEM (BESS), OR ANY SIMILAR TECHNOLOGY OR SYSTEM FOR OWN USE SHALL NOT, SOLELY BY REASON THEREOF, BE CONSIDERED A GENERATION COMPANY.

“AN SGF, EITHER ZESS, MSS AND BESS USED EXCLUSIVELY FOR OWN USE SHALL NO LONGER SECURE AND MAINTAIN A CERTIFICATE OF COMPLIANCE FROM THE ERC IN ACCORDANCE WITH APPLICABLE RULES.

“THE FOREGOING EXEMPTIONS SHALL NOT RELIEVE AN END-USER FROM COMPLIANCE WITH THE PHILIPPINE ELECTRICAL CODE, APPLICABLE BUILDING STRUCTURAL, FIRE, ENVIRONMENTAL, PRODUCT-QUALITY, AND SAFETY STANDARDS, AND OTHER PERMITS, CLEARANCES, OR REQUIREMENTS PRESCRIBED BY LAW.

NOTHING IN THIS SECTION SHALL AUTHORIZE THE SALE OR COMPENSATED EXPORT OF ELECTRICITY TO A DISTRIBUTION SYSTEM EXCEPT IN ACCORDANCE WITH THE NET-METERING PROGRAM OR OTHER PROGRAMS AUTHORIZED BY LAW AND THE APPLICABLE RULES OF THE ENERGY REGULATORY COMMISSION.

“xxx.”

Sec. 6. Section 23 of Republic Act No. 9136 is hereby amended to read as follows:

“SEC. 23. Functions of Distribution Utilities. – A distribution utility shall have the obligation to provide distribution services and connections to its system for any end-user within its franchise area consistent with the Distribution Code.

Any entity engaged therein shall provide open and non-discriminatory access to its distribution system to all users. Any distribution utility shall be entitled to impose and collect distribution wheeling charges and connection fees from such end-users as approved by the ERC. A distribution utility shall have the obligation to supply electricity in the least-cost manner to its captive market, subject to the collection of retail rates duly approved by the ERC.

“A DISTRIBUTION UTILITY SHALL NOT IMPOSE ANY PRE-INSTALLATION CLEARANCE, AGREEMENT, DISTRIBUTION IMPACT STUDY, METER REPLACEMENT, INSPECTION FEE, OR OTHER REQUIREMENT OR CHARGE AS A CONDITION FOR THE INSTALLATION OR INITIAL OPERATION OF AN SGF ZESS OR MSS.

“AN APPLICATION INVOLVING A SYSTEM CAPABLE OF EXPORTING ELECTRICITY TO THE DISTRIBUTION SYSTEM SHALL BE PROCESSED IN ACCORDANCE WITH THE UNIFORM, TRANSPARENT, AND TIME-BOUND PROCEDURES PRESCRIBED BY THE ERC. NO

DISTRIBUTION UTILITY MAY IMPOSE ANY REQUIREMENT, PROCEDURE, STUDY, EQUIPMENT SPECIFICATION, OR CHARGE NOT AUTHORIZED UNDER SUCH RULES.

AN APPLICATION INVOLVING A SYSTEM INTENDED OR CAPABLE OF COMPENSATED EXPORT TO A DISTRIBUTION SYSTEM SHALL BE GOVERNED BY THE RENEWABLE ENERGY ACT OF 2008, THE NET-METERING PROGRAM, AND OTHER APPLICABLE RULES, AND SHALL NOT BE COVERED BY THIS ACT.”

Sec. 7. Section 37 of Republic Act No. 9136 is hereby amended by adding a new paragraph (r), to read as follows:

“SEC. 37. Powers and Functions of the DOE. – x x x

(q) Exercise such other powers as may be necessary or incidental to attain the objectives of this Act;

(R) PROMOTE THE SAFE AND WIDESPREAD ADOPTION OF SGF ZESS AND MSS; COORDINATE THE REMOVAL OF NATIONAL AND LOCAL ADMINISTRATIVE BARRIERS TO THEIR INSTALLATION; FACILITATE ACCESS TO FINANCING, QUALIFIED INSTALLERS, AND RELIABLE EQUIPMENT; COLLECT AND DISSEMINATE RELEVANT INFORMATION AND TECHNICAL GUIDANCE NECESSARY FOR THEIR DEVELOPMENT; COORDINATE WITH OTHER CONCERNED AGENCIES; AND PERFORM SUCH OTHER ACTS AS MAY BE NECESSARY TO IMPLEMENT THIS ACT.”

(S) ESTABLISH, MAINTAIN, AND PERIODICALLY UPDATE A NATIONAL REGISTRY OF SELF-GENERATING FACILITY ZERO-EXPORT SOLAR SYSTEMS (SGF ZESS), MICRO-SOLAR SYSTEMS (MSS), BATTERY ENERGY STORAGE SYSTEMS (BESS), AND OTHER OWN-USE DISTRIBUTED ENERGY RESOURCES COVERED BY THIS ACT. THE REGISTRY SHALL SERVE AS THE CENTRAL REPOSITORY OF INFORMATION ON INSTALLED SYSTEMS FOR PURPOSES OF POLICY FORMULATION, ENERGY PLANNING, STATISTICAL REPORTING, DISASTER RESILIENCE PLANNING, AND MONITORING OF THE COUNTRY'S DISTRIBUTED ENERGY RESOURCES, SUBJECT TO APPLICABLE LAWS ON DATA PRIVACY AND CONFIDENTIALITY.

(T) FORMULATE, PERIODICALLY UPDATE, AND IMPLEMENT A NATIONAL DISTRIBUTED ENERGY RESOURCES DEVELOPMENT PLAN, WHICH SHALL IDENTIFY NATIONAL TARGETS, POLICY DIRECTIONS, PRIORITY PROGRAMS, TECHNICAL STRATEGIES, AND INVESTMENT INITIATIVES TO PROMOTE THE SAFE, RELIABLE, EFFICIENT, AND SUSTAINABLE DEPLOYMENT OF OWN-USE DISTRIBUTED ENERGY RESOURCES, CONSISTENT WITH THE PHILIPPINE ENERGY PLAN AND OTHER NATIONAL ENERGY POLICIES.

(U) COLLECT, MAINTAIN, ANALYZE, AND PUBLISH ANNUAL STATISTICS AND REPORTS ON THE DEPLOYMENT AND UTILIZATION OF OWN-USE DISTRIBUTED ENERGY RESOURCES, INCLUDING INSTALLED CAPACITY, ESTIMATED ELECTRICITY GENERATION, BATTERY STORAGE CAPACITY, REGIONAL DISTRIBUTION, ESTIMATED REDUCTION IN PEAK DEMAND, ESTIMATED REDUCTION IN GREENHOUSE GAS EMISSIONS, AND SUCH OTHER INFORMATION AS MAY BE NECESSARY TO GUIDE POLICYMAKING AND INVESTMENT DECISIONS.

(V) IN COORDINATION WITH THE ENERGY REGULATORY COMMISSION, THE DEPARTMENT OF TRADE AND INDUSTRY, THE DEPARTMENT OF SCIENCE AND TECHNOLOGY, CONCERNED GOVERNMENT AGENCIES, PROFESSIONAL ORGANIZATIONS, INDUSTRY ASSOCIATIONS, ACADEMIC INSTITUTIONS, AND OTHER RELEVANT STAKEHOLDERS, DEVELOP, PROMOTE, AND PERIODICALLY UPDATE TECHNICAL GUIDELINES, BEST PRACTICES, MODEL INSTALLATION STANDARDS, AND TECHNICAL ADVISORIES TO ENSURE THE SAFE, RELIABLE, INTEROPERABLE, AND EFFICIENT INSTALLATION, OPERATION, MAINTENANCE, AND DECOMMISSIONING OF SYSTEMS COVERED BY THIS ACT, AND

(W) IN COORDINATION WITH THE TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA), THE COMMISSION ON HIGHER EDUCATION (CHED), STATE UNIVERSITIES AND COLLEGES, PROFESSIONAL ORGANIZATIONS, AND OTHER CONCERNED GOVERNMENT AGENCIES, PROMOTE WORKFORCE DEVELOPMENT BY SUPPORTING COMPETENCY STANDARDS, INSTALLER CERTIFICATION AND TRAINING PROGRAMS, CONTINUING PROFESSIONAL DEVELOPMENT, TECHNICAL CAPACITY-BUILDING, AND PUBLIC INFORMATION AND EDUCATION PROGRAMS NECESSARY TO ENSURE THE AVAILABILITY OF QUALIFIED PERSONNEL FOR THE INSTALLATION, OPERATION, INSPECTION, MAINTENANCE, AND SAFE USE OF DISTRIBUTED ENERGY RESOURCES COVERED BY THIS ACT."

Sec. 8. Responsibilities of End-Users – An end-user shall: (a) ensure that the design, installation, operation, and maintenance of an SGF ZESS or MSS comply with this Act, the Philippine Electrical Code, applicable safety and quality standards, and all other relevant laws, rules, and regulations; (b) secure and maintain all permits, clearances, certifications, and protective devices required by law; (c) continuously maintain functional and effective control or isolation mechanisms that prevents the export of electricity to the distribution system; and (d) bear the operational and financial risks arising from the underperformance, downtime, or failure of the system.

Any electricity exported to a distribution system in violation of this Act shall be treated as Non-Compensated Export and shall not entitle the end-user to any billing credit, offset, payment, or monetary compensation, unless the end-user is duly enrolled in the Net-Metering Program and has executed the required net-metering agreement with the host DU.

Failure to maintain the prescribed anti-export, anti-islanding, or protective mechanisms shall constitute a violation of this Act, without prejudice to the authority of the DU, in accordance with uniform ERC rules, to require reasonable and proportionate corrective measures and additional protection schemes, or to take immediate action when necessary to address an imminent threat to public safety or distribution-system reliability.

Sec. 9. Protection Against Unreasonable Restrictions – No homeowners' association, condominium corporation, subdivision developer, property manager, building administrator, or similar entity shall prohibit the installation of an SGF ZESS or MSS on property owned or exclusively controlled by an end-user. Reasonable, objective, and non-discriminatory requirements may be imposed only for structural safety, public safety, or the protection of common property. Provided, however, that such requirements shall not prohibit the installation or unreasonably increase its cost.

The DOE, in coordination with the Department of Human Settlements and Urban Development (DHSUD), or other concerned agencies, shall develop and publish model rules that such entities may adopt.

Sec. 10. Cybersecurity, Data Protection, and Digital Security Requirements – To safeguard the reliability, integrity, and resilience of the electric power system and protect consumers from cybersecurity risks, all SGF ZESS, MSS, BESS, and other own-use distributed energy resources covered by this Act shall, where applicable, comply with the following requirements:

- (A) Equipment capable of digital communication, remote monitoring, remote control, or internet connectivity shall comply with the requirement prescribed or adopted by the Department of Information and Communications technology (DICT), as well as incorporate reasonable and appropriate cybersecurity measures to protect against unauthorized access, malicious software, cyber intrusion, data manipulation, and other cybersecurity threats that may compromise the safe and reliable operation of the system;
- (B) Smart inverters, battery management systems, energy management systems, monitoring platforms, communication gateways, and other digital control devices shall comply with the cybersecurity requirements prescribed or adopted by the DICT, including the capable of receiving authenticated security patches, firmware updates, and software upgrades necessary to address identified cybersecurity vulnerabilities throughout their supported operational life;
- (C) Manufacturers, importers, distributors, installers, and service providers shall ensure that equipment placed into the Philippine market complies with applicable cybersecurity, interoperability, communication, and product security requirements prescribed or adopted under applicable rules and regulations of the DICT pursuant to this Act;
- (D) End-users, installers, and service providers shall implement reasonable measures prescribed or adopted by the DICT, including measures to secure user credentials, communication interfaces, wireless connections, remote access functions, and administrative controls to prevent unauthorized operation or manipulation of the covered systems;
- (E) Customer energy consumption data, operational information, and other electronically generated information collected through the operation of covered systems shall be processed, stored, transmitted, and disclosed only in accordance with Republic Act

No. 10173, otherwise known as the "Data Privacy Act of 2012," and other applicable laws, rules, and regulations. Such information shall not be disclosed to unauthorized persons except as required by law or with the consent of the data subject, as may be applicable. The National Privacy Commission (NPC) shall exercise its mandate over matters involving the processing and protection of personal data; and

- (F) The DOE, in coordination with the ERC, the DICT, the Department of Trade and Industry (DTI), the NPC, and other concerned government agencies, shall prescribe, through the implementing rules and regulations, the minimum energy sector requirements for cybersecurity, communication, interoperability, and data protection applicable to covered systems, consistent with cybersecurity and digital security standards and guidelines issued by the DICT and other applicable standard and regulations, taking into consideration internationally recognized standards and evolving technological developments.

Compliance with this section shall not be construed as requiring prior approval from the distribution utility before the installation or operation of an own-use system, except where otherwise required under existing laws or regulations governing systems capable of exporting electricity to the distribution network.

Sec. 11. Inter-Agency Coordination – To support the implementation of this Act, the DOE shall:

- (A) Coordinate with the DHSUD and other agencies exercising oversight over homeowners' associations, condominium corporations, and building managements;
- (B) collaborate with the DTI and the Industry-Bureau of Philippine Standards for the appropriate certification or mandatory certification of SGF ZESS and MSS components to protect consumers from substandard equipment; and
- (C) establish, together with the Department of the Interior and Local Government, uniform guidelines to be observed by local government units within ninety (90) days from the effectivity of the implementing rules and regulations.

Sec. 12. Financing and Incentive Mechanisms – The ERC, in coordination with the other concerned agencies, shall develop appropriate financing, benefit-sharing, and incentive mechanisms to encourage the installation, expansion, and continued use of the subject facilities, including their safe and reliable synchronization with the distribution system, without prejudice to the viability of distribution utilities and the security, reliability, and integrity of the power network.

For this purpose, expenses incurred by distribution utilities in implementing ERC-approved programs for the promotion, integration, and synchronization of the subject facilities may be included in their capital expenditure plans, operating expenses, or other appropriate regulatory filings.

Sec. 13. Implementing Rules and Regulations – Within ninety (90) days from the effectivity of this Act, the DOE, in consultation with the ERC and other concerned government agencies, distribution utilities, consumer groups, industry participants, and other relevant stakeholders, shall promulgate the implementing rules and regulations of this Act.

The implementing rules and regulations shall prescribe the appropriate mechanisms for monitoring, verifying, and ensuring compliance with this Act, including the applicable

corrective and enforcement measures, consistent with due process and the respective mandates and jurisdictions of the DOE, the ERC, and other concerned government agencies.

Sec. 14. Transitory Provisions – This Act and its implementing rules and regulations shall apply prospectively, including to applications pending upon their effectivity, except when the ERC determines that such application would be infeasible or unjust, in which case the prior procedure may govern. Nothing in this Act shall prejudice rights vested in SGF ZESS or MSS installed, operated, or approved before its effectivity.

For an MSS registered through the prescribed notification process and served by an existing analog meter, the net consumption recorded by such meter shall be honored as the basis for billing for a transitional period not exceeding twelve (12) months from notification. Within such period, the DU shall replace the meter with a meter suitable for MSS and compliant with applicable ERC regulations. The allocation and recovery of meter-replacement costs shall be governed by applicable ERC rules.

Sec. 15. Separability Clause – If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

Sec. 16. Repealing Clause – All laws, decrees, executive orders, rules and regulations, and other issuances or parts thereof inconsistent with this Act are hereby repealed, amended, or modified accordingly.

Sec. 17. Effectivity – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.