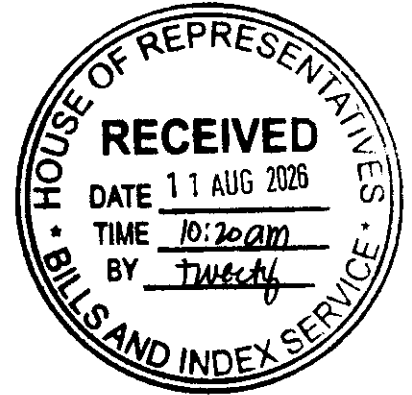




Republic of the Philippines
House of Representatives

Quezon City, Metro Manila

Twentieth Congress
Second Regular Session



HOUSE BILL NO. 10702

Introduced by **REPRESENTATIVE KATRINA REIKO CHUA - TAI**

EXPLANATORY NOTE

In his Fifth State of the Nation Address, the President called for urgent action to lower electricity costs, spotlighting hidden charges that weigh heavily on consumers, such as system loss fees. He emphasized that Filipino families should not be forced to pay for power lost in the distribution system, which is entirely out of their hands. This proposed measure answers that call, ensuring that residential households and micro enterprises are no longer billed for electricity losses or related costs, including VAT, on power they never actually used.

Electricity powers every aspect of Filipino life, from lighting homes to fueling dreams of a better future. Reliable and affordable electricity is the backbone of education, healthcare, work, and daily comfort. It is equally essential to the survival and growth of micro enterprises, including neighborhood sari-sari stores, small eateries, repair shops, market vendors, home-based businesses, and other small livelihood ventures that serve as the lifeblood of the Philippine economy by generating employment, supporting local communities, and driving grassroots economic activity. Yet, as electricity costs keep climbing, millions of families and small business owners are forced to stretch their budgets even thinner, choosing between keeping the lights on and meeting other basic needs or sustaining their livelihoods.

Under the present implementation of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001 (EPIRA),” allowable system losses may be recovered by distribution utilities through electricity rates approved by the Energy Regulatory Commission (ERC). As a result, residential consumers are required to pay system loss charges included in their monthly electricity bills even though a portion of the electricity accounted for by these charges was not actually delivered to their homes and was not consumed by them. Likewise, many micro enterprises bear the same burden, increasing their operating costs and reducing resources that could otherwise be used for business expansion, job creation, and improved services.

System loss refers to electricity that is generated, purchased, or transmitted but is not ultimately delivered to end-users due to technical and non-technical factors within the electricity distribution system. Technical losses arise from electricity dissipated through distribution lines,

transformers, and other electrical equipment. In contrast, non-technical losses may result from electricity pilferage, illegal connections, meter-related irregularities, and other system inefficiencies. These losses are primarily associated with the operation, management, and maintenance responsibilities of distribution utilities and electric cooperatives.

Based on prevailing system loss levels applied in electricity distribution, a system loss rate of approximately five percent (5%) to eight percent (8%) means that for every one hundred (100) kilowatt-hours (kWh) of electricity supplied into the distribution system, approximately five (5) to eight (8) kWh of electricity is lost before reaching consumers. Using an illustrative average electricity cost of Twelve Pesos (₱12.00) per kWh, an eight percent (8%) system loss may represent approximately eight (8) kWh of electricity not delivered for every one hundred (100) kWh supplied, equivalent to approximately Ninety-Six Pesos (₱96.00) in electricity value.

For a typical household using around two hundred kilowatt-hours each month, an eight percent (8%) system loss means paying for sixteen kilowatt-hours of electricity that never arrives, costing about One Hundred Ninety-Two Pesos (₱192.00) monthly or over Two Thousand Three Hundred Pesos (₱2,300.00) each year. For a micro enterprise operating on thin profit margins, these unnecessary charges likewise accumulate into significant operating expenses that could otherwise be invested in inventory, equipment, employee wages, or business growth.

Every peso spent on system loss charges is a peso taken away from food on the table, school supplies, medicine, or daily transportation for Filipino families. For micro enterprises, every unnecessary peso paid for electricity never received is a peso that could have supported business operations, expanded services, created jobs, or strengthened local economic activity. With prices rising and budgets stretched to the limit, asking consumers and small entrepreneurs to pay for electricity they never received only adds to the unfair financial pressure they already face.

Charging residential consumers and micro enterprises for system losses shifts the cost of power grid inefficiencies onto consumers who have no control over these problems. Families and small business owners should not be left footing the bill for outdated infrastructure, faulty equipment, or poor maintenance that they cannot fix or prevent.

This proposed measure intends to amend Republic Act No. 9136 by prohibiting the recovery of system loss charges from residential household consumers and qualified micro enterprises, and by ensuring that responsibility for system losses is placed on distribution utilities and electric cooperatives that have direct control over the electricity distribution network. It further seeks to ensure that these consumers are not charged VAT or other related costs on electricity that was never actually delivered and consumed.

Under this proposed reform, distribution utilities shall be required to improve system efficiency through facility modernization, upgrading distribution equipment, reducing technical losses, strengthening anti-electricity pilferage programs, implementing advanced monitoring technologies, and complying with efficiency standards established by the Energy Regulatory Commission.

This measure does not seek to undermine the financial viability of the power industry. Rather, it promotes a fairer and more accountable system where residential consumers and micro enterprises pay only for the electricity they actually receive and use. At the same time, utilities are encouraged to invest in improvements that reduce losses and improve the reliability of electricity services.

Taking system loss charges off the electricity bills of residential households and qualified micro enterprises will immediately ease the financial burden on Filipino families and small

entrepreneurs. It will enable households to devote more of their income to essential needs while allowing micro enterprises, the lifeblood of the Philippine economy, to reinvest savings into their businesses, preserve jobs, expand operations, and strengthen local communities. This reform will also promote greater accountability, efficiency, and transparency in the power sector, moving the country closer to the goal of affordable electricity for every Filipino and a more resilient, inclusive economy.

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



KATRINA REIKO CHUA-TAI



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
Second Regular Session

HOUSE BILL NO. 10702

Introduced by **REPRESENTATIVE KATRINA REIKO CHUA-TAI**

1 **AN ACT**
2 **CREATING A TECHNICAL EDUCATION AND SKILLS DEVELOPMENT**
3 **AUTHORITY (TESDA) DISTRICT OFFICE IN ZAMBOANGA CITY, TO BE KNOWN**
4 **AS TESDA ZAMBOANGA CITY DISTRICT OFFICE, AND APPROPRIATING FUNDS**
5 **THEREFOR**

6
7 *Be it enacted by the Senate and House of Representatives of the Philippines in*
8 *Congress assembled:*
9

10 **SECTION 1.** A regular district office of Technical Education and Skills
11 Development Authority (TESDA) is hereby created in Zamboanga City, to be known as
12 “TESDA Zamboanga City District Office.”

13 **SEC. 2.** The Secretary General of TESDA shall immediately include in the
14 Authority’s program the operationalization of a regular TESDA District Office, the initial
15 funding of which shall be charged against the current year’s appropriation of the existing
16 provincial office. Thereafter, such sums as may be necessary for the continued operations
17 of the regular TESDA District Office shall be included in the annual GAA.

18 **SEC. 3.** The Secretary General of TESDA shall issue such rules and regulations
19 necessary for the effective implementation of this Act.

1 **SEC. 4.** This Act shall take effect fifteen (15) days after its publication in the Official
2 Gazette or in a newspaper of general circulation.

3 *Approved,*