



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

Twentieth Congress
Second Regular Session

HOUSE BILL NO. 11408

**INTRODUCED BY REPRESENTATIVES JAN FRANZ NORBERT JOSELITO ALMARIO CHAN
AND ALFREDO A. GARBIN, JR.
(AKO BICOL PARTY-LIST)**

**" AN ACT
LOWERING THE COST OF ELECTRICITY IN COMMUNITIES HOSTING
ENERGY GENERATION AND ENERGY RESOURCE DEVELOPMENT
FACILITIES, AMENDING FOR THE PURPOSE SECTION 66 OF REPUBLIC
ACT NO. 9136, OTHERWISE KNOWN AS THE "ELECTRIC POWER
INDUSTRY REFORM ACT OF 2001", AND FOR OTHER PURPOSES "**

EXPLANATORY NOTE

In Manito, Albay, a family lives within sight of the steam that drives the Bacon-Manito geothermal complex. Every kilowatt-hour that complex produces leaves the region through the transmission grid, and that family buys its electricity back at retail from its cooperative, at thirteen pesos and four centavos (PhP13.0426) per kilowatt-hour, very nearly what a household a thousand kilometers away pays for power it did not host and does not live beside. The same is true in Tiwi. One hundred percent (100%) of the output of Tiwi and

Bacon-Manito leaves for the Luzon grid and is bought back at retail through twelve (12) electric cooperatives. That is this measure's problem, in one house.

Three times Congress has promised those households a direct benefit. In Section 294 of the Local Government Code of 1991, it commanded that energy proceeds be applied "*solely to lower the cost of electricity*" in the host local government unit. In Section 5(i) of Republic Act No. 7638, it directed the Department of Energy to devise direct benefits for host communities. In Section 66 of the Electric Power Industry Reform Act of 2001, under a heading that reads "Benefits to Host Communities," it said the mechanics "shall be pursued." Thirty five (35) years have passed, and the household beside the power plant still pays what everybody else pays.

The promise failed because Congress delegated it instead of granting it. It named no amount, fixed no deadline and provided no consequence, and everything that followed was a departmental circular. The Department's own figures of 06 March 2020 record the result: of Six billion four hundred million pesos (PhP6,400,000,000.00) accumulated under Energy Regulations No. 1-94 in twenty six (26) years, only about Seven hundred fifty million pesos (PhP750,000,000.00), roughly twelve percent (12%), had ever reached a host community. The money moved at scale exactly once, when Four billion one hundred sixty million pesos (PhP4,160,000,000.00) was released in months for pandemic response. The pipes were never broken. They were pointed somewhere else.

On 14 October 2025 the Department repealed Energy Regulations No. 1-94 and issued Department Circular No. DC2025-10-0023, which raised the benefit to three centavos (PhP0.03) per kilowatt-hour and removed the exemptions for small plants and for renewable energy. This measure ratifies all of that. But in the same document, and without announcement, four things were taken away. The host community lost its claim, in times of energy shortage, to priority over up to twenty five percent (25%) of the plant's capacity. The duty to hire and to buy locally became an encouragement. The developer's duty to reforest the watershed it draws from became a sum of money for somebody else to spend.

And the right that was lost had been real. In 2012, while Mindanao endured daily outages of more than seven (7) hours, the City of Kidapawan demanded from the operator of the Mt. Apo geothermal plants a quarter of their output, about twenty six (26) megawatts, over a line that already ran to the local cooperative. The operator did not act on it. The city pressed the demand for a year and a half, wrote it into a council resolution and carried it to the President, and in the end traded it away for unpaid taxes rather than for the power. There was no remedy anywhere, because the rule carried no penalty. The new circular still makes the money wait on a local resolution. It still carries no penalty. And the next Secretary can rewrite it in an afternoon.

What that costs was on display last month. In August 2026 the average price of electricity on the wholesale spot market reached Eighteen pesos and fifty nine centavos (PhP18.59) per kilowatt-hour in the Visayas and Nineteen pesos and fifty six centavos (PhP19.56) in

Mindanao, against Four pesos and eighty centavos (PhP4.80) in Luzon, the highest regional levels since the market began operating, and on 07 September 2026 the Department was managing rotational outages across the Visayas. Leyte and Negros Oriental are the country's two largest geothermal host provinces. They were short of the power they make, and paying four times what Luzon paid for it, in the first shortage since their claim on that power was quietly repealed.

This measure is built on one idea: the money should come off the electricity bill of the community that hosts the plant. It writes the three centavos into law as a floor the Department may raise but never lower, and because that is the rate already in force, no new cost falls on any generation company on the day this Act takes effect. The rate rises with the consumer price index every three (3) years, so that it is never again left to the discretion of one office.

Remittance becomes automatic every quarter, owed whether or not anyone passes a resolution, asks for it or files anything. Twenty percent (20%) goes to connecting the households that still have no electricity at all, of which the Department counted about one hundred one thousand (101,000) on 09 September 2026, among them households in Camarines Norte, Camarines Sur and Masbate. The remaining eighty percent (80%), the same proportion the Local Government Code itself chose in 1991, goes straight to the bills of everyone in the host community, household and enterprise alike, as the same reduction for every kilowatt-hour, so that every bill falls by the same proportion. It is applied to the host barangay first, so that it is large enough to be felt, and it is never spread so thin that it disappears. The store and the small factory are included deliberately, because cheaper power where the power is made is how a host town turns a plant into local employment instead of merely living beside one.

The measure puts a line on every bill stating what was paid, or "0.00" when nothing was, so that a family can see the promise kept or see it broken. It restores the shortage priority, the local hiring and purchasing duties, and the developer's own reforestation work. It forbids passing the cost to consumers, diverting the money by circular, and forfeiting it to the Treasury. And it supplies, at last, penalties.

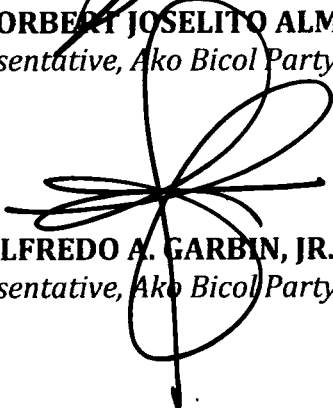
The House has already been asked to look at this. On 21 April 2026 Representative Maria Angela S. Garcia filed House Bill No. 8917, which would write the host community benefit into Section 66 itself.

In the State of the Nation Address of 27 July 2026 the President sought the immediate amendment of the Electric Power Industry Reform Act. This measure amends Section 66 of that Act, the section that has waited twenty five (25) years for implementation. Six hundred eighty three (683) local government units host an energy facility. They carry the plants, the steam fields, the reservoirs and the lines. They are the reason the rest of the country has electricity, and they should be able to see that on their bill.

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



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

SECTION 1. *Short Title.* - This Act shall be known as the "Kuryente sa Pinanggalingan Act".

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State that the communities which host energy resources and energy generating facilities, and which bear the burdens by which the rest of the nation is supplied with electricity, shall pay less for electricity than they otherwise would. Towards this end, the benefit due to host communities shall be fixed by law, delivered automatically, and applied to the electricity bills of the people who live where the power is made.

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

(a) **Generation company** refers to any person authorized by the Energy Regulatory Commission (ERC) to operate a generation facility, and **energy resource developer** refers to any person engaged in the development of an energy resource;

(b) **Distribution utility** refers to any electric cooperative, private corporation, government owned utility or local government unit holding a franchise to operate a distribution system;

(c) **Electricity sales** refers to the kilowatt-hours generated by a facility and sold, net of the facility's own use and of nothing else; and

(d) **Host community** refers to the barangay, the municipality or city, the province and the region where a generation facility or a producing energy resource is located, to the bona fide residents of those local government units who were affected or relocated on account of that facility, and to the host indigenous cultural communities as determined by the National Commission on Indigenous Peoples.

SEC. 4. The Benefit. - Every generation company and energy resource developer shall set aside, as a benefit to its host community, three centavos (PhP0.03) for every kilowatt-hour of electricity sales. This rate is a minimum. It shall be adjusted every three (3) years in proportion to the change in the consumer price index, and the Department of Energy may further increase it after public consultation: *Provided*, That in no case shall it be reduced.

This Act shall apply to every generation facility and energy resource development facility, whatever its capacity, whatever its energy resource, and wherever located, except facilities of microgrid systems providers under Republic Act No. 11646 and of the Small Power Utilities Group of the National Power Corporation in areas where it is both generator and distributor.

SEC. 5. Automatic Remittance. - The benefit shall accrue as electricity is sold and shall be remitted in full, within thirty (30) days from the end of each calendar quarter, to the franchised distribution utility serving the host community, without need of any resolution, plan, agreement, request or claim on the part of anyone.

Where the distribution utility or any other recipient under this Act has no account to receive it, the generation company or energy resource developer shall deposit the amount in an interest-bearing account opened in the name of that recipient with the Land Bank of the Philippines or any other government depository bank, and the deposit shall be deemed remittance. The interest shall accrue to the recipient, the charges of the bank shall be borne by the generation company or energy resource developer, and no generation company or energy resource developer shall withdraw, offset, encumber or otherwise deal with the deposit.

Pending its application, the benefit shall be held in trust for the host community and shall not be commingled with the funds of the entity holding it.

SEC. 6. Electrification. - Twenty percent (20%) of the benefit shall be applied by the franchised distribution utility to the connection of unenergized households and the extension of service to unenergized areas within the host community. Where every household in its franchise area has been connected, it shall be applied to the reduction of electricity rates under Section 7.

SEC. 7. Reduction of Electricity Rates. - The remaining eighty percent (80%) of the benefit shall be applied by the franchised distribution utility to reduce the electricity rates of customers within the host community, as a uniform reduction for every kilowatt-hour, so that every bill to which a share is applied falls by the same proportion.

The amount shall be attributed as follows:

- (a) **five percent (5%)** to the residents affected or relocated on account of the facility;
- (b) **twenty percent (20%)** to the host barangay;
- (c) **thirty five percent (35%)** to the host municipality or city;
- (d) **thirty percent (30%)** to the host province;
- (e) **five percent (5%)** to the host region; and
- (f) **five percent (5%)** to the host indigenous cultural communities.

The nearer beneficiary shall be served before the farther one. Where the share attributed to any tier would yield a reduction of less than five centavos (PhP0.05) for every kilowatt-hour, that share shall be added to the shares of the beneficiaries more directly affected by the facility, in the order of the residents affected or relocated and the host indigenous cultural communities, then the host barangay, then the host municipality or city: *Provided*, That no part of the benefit shall remain unapplied for the sole reason that the resulting reduction would fall below five centavos (PhP0.05) for every kilowatt-hour, and where that amount cannot be met in respect of any beneficiary, the whole share shall be applied to the host barangay. Relocation outside the host local government unit shall not diminish the priority of any resident affected or relocated on account of the facility.

The Department of Energy and the Energy Regulatory Commission shall prescribe in the implementing rules the method of determining and reallocating the shares, taking into account the extent of displacement and other direct impacts of the facility, proximity to it, and the number of beneficiaries and their consumption, and shall provide for the applicable billing period, for beneficiary categories that overlap or are absent, and for the allocation among two (2) or more distribution utilities serving the beneficiaries. The host indigenous cultural communities shall be those identified by the National Commission on Indigenous Peoples.

The reduction shall appear in the billing cycle immediately following the distribution utility's receipt of the funds. A host local government unit may apply up to one fourth (1/4) of the share attributable to its own tier to livelihood, education, health or environmental projects identified in its annual investment program, in which case the distribution utility shall transfer that portion to the local government unit within thirty (30) days from receipt. Any portion so transferred which remains unexpended at the end of the fiscal year following its receipt shall be returned to the distribution utility and applied to the reduction of electricity rates under this Section.

SEC. 8. *The Line on the Bill.* - The electricity bill of every customer within a host community shall show, as a separate line item labeled "*Host Community Benefit*", the amount of the reduction applied for that billing period, and where no reduction has been applied, the figure "*0.00*".

SEC. 9. *Priority in Times of Shortage.* - In times of energy shortage, including any period covered by a red or yellow alert declared by the system operator, every generation company shall make available up to twenty five percent (25%) of its contracted or available capacity, whichever is lower, to the franchised distribution utility serving its host community, the remainder being dispatched to the grid. The priority shall be given effect through the supply arrangements of the distribution utility and, where necessary, as a financially settled quantity in the Wholesale Electricity Spot Market, so that the dispatch of the grid is not disturbed. The ERC shall issue the rules within one hundred eighty (180) days from the effectivity of this Act.

SEC. 10. *Local Employment, Local Purchases and the Watershed.* - Qualified residents of the host community shall be given preference in employment by the generation company, the energy resource developer and their contractors in accordance with Republic Act No. 6685, which shall apply to the construction, operation and maintenance of the facility as it applies to public works. Not less than fifty percent (50%) of the supplies and services of the facility shall be sourced from within the host community where available at competitive price, schedule, quantity and quality.

Every facility that draws upon a watershed, reservoir or geothermal reservation shall carry out a program of reforestation and watershed management for that area, approved by the Department of Energy in coordination with the Department of Environment and Natural Resources, and shall remain primarily responsible for it. The cost of complying with this Section shall be borne by the generation company or energy resource developer and shall not be deducted from the benefit.

SEC. 11. *Protection of the Benefit.* - The benefit shall be borne by the generation company or energy resource developer. It shall not be treated as a recoverable cost, shall not be passed on to consumers in any charge, and shall not be claimed as a change in law under any power supply agreement. No executive or administrative issuance shall divert any part of it to any other purpose, whatever the emergency, except by authority of a law enacted by Congress.

No part of it shall be forfeited to the National Treasury or to any national fund for any reason, and Act No. 3936, as amended, otherwise known as the Unclaimed Balances Law, shall not apply to it; whatever cannot be applied to its purpose shall be applied to the reduction of electricity rates under Section 7.

SEC. 12. *Transparency.* - The Department of Energy shall publish every quarter, for each facility and each host community, the electricity sales, the benefit accrued and remitted, and the reduction applied. At least once every year the generation company or energy resource developer shall present these figures at a public meeting in the host barangay, and the Department of Energy shall report them to Congress.

SEC. 13. *Penalties.* - A benefit not remitted on time shall earn interest at six percent (6%) per annum for the account of the host community, and the ERC shall impose on the generation company or energy resource developer a fine of not less than Fifty thousand pesos (PhP50,000.00) and not more than One hundred thousand pesos (PhP100,000.00) for each day of delay, without prejudice to the fines and penalties under Section 46 of Republic Act No. 9136.

Failure to remit for two (2) consecutive quarters shall be a ground for the suspension or revocation of the certificate of compliance of the generation company. Any person who willfully understates electricity sales or diverts the benefit shall be fined not less than One million pesos (PhP1,000,000.00) and not more than Five million pesos (PhP5,000,000.00) and, if a natural person, imprisoned for not less than six (6) months and not more than six (6) years.

A generation company or energy resource developer which fails to comply with Section 9 or Section 10 shall be fined not less than Five hundred thousand pesos (PhP500,000.00) and not more than Five million pesos (PhP5,000,000.00) for each violation.

The responsible officers of a juridical offender shall be personally liable, and a distribution utility which fails to apply or to show the reduction shall be fined not less than Twenty thousand pesos (PhP20,000.00) for each day of failure, not recoverable from its customers.

SEC. 14. *Amendment of Section 66 of Republic Act No. 9136.* - Section 66 of Republic Act No. 9136 is hereby amended by adding at the end thereof the following paragraphs:

"GENERATION COMPANIES AND ENERGY RESOURCE DEVELOPERS SHALL SET ASIDE AND REMIT TO THEIR HOST COMMUNITIES A FINANCIAL BENEFIT OF NOT LESS THAN THREE CENTAVOS (PhP0.03) FOR EVERY KILOWATT-HOUR OF ELECTRICITY SOLD, WHICH THE DEPARTMENT MAY INCREASE BUT SHALL IN NO CASE REDUCE, IN THE MANNER AND SUBJECT TO THE PENALTIES PROVIDED IN THE KURYENTE SA PINANGGALINGAN ACT. THE BENEFIT SHALL ACCRUE AND BE REMITTED AUTOMATICALLY, SHALL BE APPLIED TO REDUCE THE ELECTRICITY RATES OF ALL CUSTOMERS WITHIN THE HOST COMMUNITY EXCEPT FOR THE PORTIONS APPLIED TO ELECTRIFICATION OR TO LOCAL

PROJECTS IN THE MANNER PROVIDED IN THAT ACT, AND SHALL BE SHOWN AS A SEPARATE LINE ITEM ON EVERY ELECTRICITY BILL CONCERNED.

HOST COMMUNITIES SHALL FURTHER BE ENTITLED, IN TIMES OF ENERGY SHORTAGE, TO PRIORITY IN THE ALLOCATION OF UP TO TWENTY FIVE PERCENT (25%) OF THE CAPACITY OF THE GENERATION FACILITY, AND TO PREFERENCE IN EMPLOYMENT AND IN THE PROCUREMENT OF LOCAL SUPPLIES AND SERVICES. THE FINANCIAL BENEFIT SHALL NOT BE PASSED ON TO CONSUMERS, DIVERTED BY ANY EXECUTIVE OR ADMINISTRATIVE ISSUANCE, OR FORFEITED TO THE NATIONAL TREASURY."

SEC. 15. *Transitory Provision.* - Any benefit which accrued before the effectivity of this Act under Energy Regulations No. 1-94 or any issuance replacing it shall remain due and shall be remitted within one hundred eighty (180) days from effectivity, with interest. Department Circular No. DC2025-10-0023 shall remain in force insofar as it is not inconsistent with this Act until the rules under Section 16 are issued.

SEC. 16. *Implementing Rules and Regulations.* - Within ninety (90) days from the effectivity of this Act, the Department of Energy, in consultation with the ERC, the Department of the Interior and Local Government, the National Electrification Administration and the leagues of local government units, shall promulgate the rules and regulations necessary for the effective implementation of this Act.

SEC. 17. *Separability Clause.* - If any provision of this Act is held invalid or unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

SEC. 18. *Repealing Clause.* - All laws, decrees, orders, rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 19. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,