

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
FIRST REGULAR SESSION)



HOUSE of REPRESENTATIVES

0124

House Bill No. _____

Introduced by: **HON. DAN S. FERNANDEZ**
First District, Laguna

EXPLANATORY NOTE

This bill seeks to amend section 10 of Republic 7832, otherwise known as "An Act Penalizing the Pilferage of Electricity and Theft of Power Transmission Lined Materials, Rationalizing System Losses by Phasing out Pilferage Losses as Component thereof, and for other purposes".

The increasing electricity rates of private electric utilities and rural electric cooperatives nowadays have already reached monumental heights. One of the notable signs is the fact that these rates show power utilities are passing the burden of the so-called systems losses on to consumers.

It is unfair to pass such burden to the consumers of electricity.

Consumers should not be responsible for the systems losses - whether man-made or mechanically-caused.

It seems that if the power firms make money, they keep it as profits. If they lose, they pass it on to their customers. That is not free enterprise at all. That is charging their losses, fooling the people twice over because we are even told that the payments for systems losses are subjected to VAT fees too, that we have to bear.

These losses are the losses of the electric utilities. As members of an income-generating industry, these utilities should bear these losses exclusively.

Moreover, a huge percentage of the population live under the poverty line, and with the increasing power rates, coupled with the recent shortages in rice distribution, the poor can hardly cope even with ordinary daily expenses.

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

DAN S. FERNANDEZ

1st District, Laguna

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
FIRST REGULAR SESSION)

HOUSE of REPRESENTATIVES

House Bill No. **0124**

Introduced by: **HON. DAN S. FERNANDEZ**
First District, Laguna

**AN ACT AMENDING SECTION 10 OF REPUBLIC ACT 7832
OTHERWISE KNOWN AS AN ACT PENALIZING THE PILFERAGE
OF AND THEFT OF POWER TRANSMISSION LINESIMATERIALS,
RATIONALIZING SYSTEM LOSSES BY PHASING OUT PILFERAGE
A COMPONENT THEREOF, AND FOR OTHER PURPOSES.**

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

SECTION 1. Section 10 of Article 7832 is hereby amended as follows:

*[Rationalization of System Losses by Phasing out Pilferage Losses as a
Component Thereof. - There is hereby established a cap on the recoverable
rate of system losses as follows:*

(a) For private electric utilities:

- (i) Fourteen and a half percent (14 ½ %) at the end of the first year following the effectivity of this Act;
- (ii) Thirteen and one-fourth (13 ¼ %) at the end of the second year following the effectivity of this Act;
- (iii) Eleven and three-fourths percent (11 ¾ %) at the end of the third year following the effectivity of this Act; and
- (iv) Nine and a half percent (9 ½ %) at the end of the fourth year following the effectivity of this Act.

Provided, That the ERB is hereby authorized to determine at the end of the fourth year following the effectivity of this Act, and as often as may be necessary taking into account the viability of private electric utilities and the interest of the consumers, whether the caps herein or theretofore established shall be reduced further, which shall, in no case, be lower than nine percent (9%) and accordingly fix the date of the effectivity of the new caps: *Provided further*, That in the calculation of system loss, power sold by NPC or any other entity that supplies power directly to the consumer and not through the distribution system of the private electric utility shall not be counted even if the billing for the said power is used through the private electric utility.

The term "*power sold by NPC or any other entity that supplies electricity to directly to a consumer*" as used in the preceding paragraph shall for purposes of this section be deemed to be sale directly to the consumer if:

- (1) the point of metering by the NPC or any other utility is less than one thousand (1,000) meters from the consumer, or
- (2) the consumer's electric consumption is three percent (3%) or more of the total load consumption of all the customers of the utility, or
- (3) there is no other consumer connected to the distribution line of the utility which connects to the NPC or any other utility point of metering to the consuming meter.

(b) For rural electric cooperatives:

- (i) Twenty-two percent (22%) at the end of the first year following the effectivity of this Act;
- (ii) Twenty percent (20%) at the end of the second year following the effectivity of this Act;
- (iii) Eighteen percent (18%) at the end of the third year following the effectivity of this Act;
- (iv) Sixteen percent (16%) at the end of the fourth year following the effectivity of this Act; and

- (v) Fourteen percent (14%) at the end of the fifth year following the effectivity of this Act.

Provided, That the ERB is hereby authorized to determine at the end of the fifth year following the effectivity of this Act, and as often as is necessary, taking into account the viability of rural electric cooperatives and the interest of consumers, whether the caps herein or theretofore established shall be reduced further which shall, in no case, be lower than nine percent (9%) and accordingly fix the date of the effectivity of the new caps.

Provided finally, that in any case nothing in this Act shall impair the authority of the ERB to reduce or phase out technical or design losses as a component of system losses].

“THE COSTS OF SYSTEM LOSSES SHALL NOT BE CHARGEABLE OR PASSED ON TO THE CONSUMERS AND SHALL BE FOR THE ACCOUNT OF THE PRIVATE ELECTRIC UTILITIES AND/OR RURAL ELECTRIC COOPERATIVES.”

SECTION 2. All laws, decrees, executive orders, proclamations, rules and regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

SECTION 3. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved.