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SENATE
S.B. No. 3419

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Introduced by Senator JUAN PONCE ENRILE

EXPLANATORY NOTE

Faced with the economic challenge brought about by the second wave of the oil crisis in 1978, the *Batasang Pambansa* or the National Assembly ratified *Batas Pambansa Blg. 36*, entitled "AN ACT IMPOSING AN ENERGY TAX ON ELECTRIC POWER CONSUMPTION", as an energy conservation measure. The law was enacted in September 7, 1979 and, after three decades, continues to be in effect today.

In line with the objective of conserving energy and promoting its efficient utilization thereof, *Batas Pambansa Blg. 36* imposed an energy tax on residential consumers which utilizes more than 650 kwh monthly, the cost of which increases from ₱ 0.10 per kwh to as much as ₱ 0.35 per kwh as power consumption increases.

In 2008 alone, the government collected about ₱150 million from household consumers all over the country under the Energy Tax. Yet very few probably even know that this law exists and is still applied to our consumption costs.

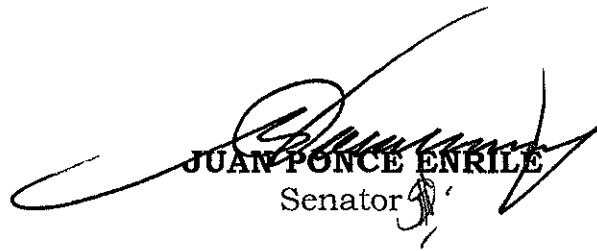
While the intention of the law is to discourage the wasteful use of energy, *Batas Pambansa Blg. 36*, however, is deemed unnecessary and redundant as other rate mechanisms are already in place which may also serve as incentives to achieve energy conservation. The existing residential electricity tariffs are already structured to encourage energy conservation. In the Meralco franchise area, the average residential usage of electricity today is about 180 kWh. The figure is likely lower for households outside Meralco's coverage. 

In the existing unbundled rates of Meralco, for example, the distribution charge to households progressively goes up as consumption increases, as shown below:

Consumption Bracket	Meralco Residential Distribution Charge (₱/ kWh)
1-200 kWh	0.6917
201-300 kWh	0.9953
301-400 kWh	1.2816
Over 400 kWh	1.7803

As a principle, public utilities ought not be used as sources of public revenue as these public utilities render public services to the taxpayers. It is high time to review and harmonize existing laws and, if necessary, repeal those which are already redundant or which have failed to achieve its stated objective.

In consideration of the foregoing, this bill seeks to repeal *Batas Pambansa Blg. 36* to discontinue the imposition of the energy tax, which will directly translate to lower power rates and will provide immediate relief to affected consumers. The immediate passage of this bill is earnestly sought.



JUAN PONCE ENRILE
Senator

5 AUG 27 1971

SENATE
S.B. No. 3419

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Introduced by Senator JUAN PONCE ENRILE

AN ACT
REPEALING BATAS PAMBANSA BILANG 36 "AN ACT IMPOSING AN
ENERGY TAX ON ELECTRIC POWER CONSUMPTION"

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

1 **Section 1. Declaration of State Policies.** – It is the policy of the State to
2 ensure the quality, reliability, security, and affordability of the supply of
3 electric power. The State likewise recognizes the need to protect the consumers
4 from excessive and unreasonable impositions that will unduly provide an
5 additional financial burden to the public.

6

7 **Section 2. Repealing Clause.** – Any provision of law to the contrary
8 notwithstanding, Batas Pambansa Bilang 36, entitled "*An Act Imposing An*
9 *Energy Tax on Electric Power Consumption*" is hereby repealed.

10

11 **Section 3. Effectivity Clause.** – This Act shall take effect fifteen (15)
12 days after its complete publication in the Official Gazette or in at least two (2)
13 newspapers of general circulation.

14

15 *Approved,*