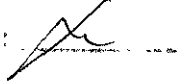


14th Congress of the Republic)
of the Philippines)
1st Regular Session)

8 MAY 21 P3 55

SENATE
SB 2314

RECEIVED BY: 

Introduced by Senator Aquilino Q. Pimentel, Jr.

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 Lines/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 reasons why these rates show no sign of ever decreasing is the fact that these 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.


Why, in heaven's name should consumers who are not responsible for the systems losses – whether man-made or mechanically-caused – be made to pay for the losses?

If the power firms make money, they keep it as profits. If they lose, they charge their losses to their customers! That's not free enterprise at all. That's 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 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 passage of this bill is earnestly requested.


AQUILINO Q. PIMENTEL, JR.

8 MAY 21 P 3 56

SENATE
SB2314

RECEIVED BY: 

Introduced by Senator Aquilino Q. Pimentel, Jr.

AN ACT AMENDING SECTION 10 OF REPUBLIC ACT 7832 OTHERWISE KNOWN AS AN ACT PENALIZING THE PILFERAGE OF ELECTRICITY AND THEFT OF POWER TRANSMISSION LINES/MATERIALS, RATIONALIZING SYSTEM LOSSES BY PHASING OUT PILFERAGE LOSSES AS 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 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,