



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS

First Regular Session

House Bill No. 2155



Introduced by
PHILRECA Party-List Representative Presley C. De Jesus,
APEC Party-List Representative Sergio C. Dagooc

EXPLANATORY NOTE

The practice of installing and using electric sub-meters has long been observed in the determination of electricity usage of tenants occupying leased rooms or units. This method, however, has been consistently met with criticisms as some building owners have taken advantage of the sub-metering system by charging their tenants beyond their actual consumption. Moreover, tenants have complained of incremental charges added to their electric bills through imposition of higher rates than officially charged by their distribution utility.

It is the State's responsibility to enact measures that will protect the rights and interests of consumers from acts of profiteering of business owners. Hence, this proposed legislation is crafted to protect the interests of electric consumers who avail of sub-meters by ensuring that charges borne by unit-users are equivalent to their actual kilowatt-hour (kWh) consumption. It also aims to ensure that rates charged by the direct meter owner are equivalent to rates imposed by the distribution utility in its franchise area.

Finally, this bill seeks to levy the charges on consumers in a fair and more efficient manner by providing a framework for regulating sub-meters and other electricity redistribution methods utilized by end-users.

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

A handwritten signature in black ink, appearing to read 'Presley C. De Jesus', written in a cursive style.

PRESLEY C. DE JESUS
PHILRECA Party-List Representative

A handwritten signature in blue ink, appearing to read 'Sergio C. Dagoo', written in a cursive style.

SERGIO C. DAGOOC
APEC Party-List Representative



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AN ACT
PROVIDING FOR THE REGULATION OF SUB-METERS AND
REDISTRIBUTION OF ELECTRICITY
TO INDIVIDUAL UNIT-USERS

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

1 SECTION 1. **Short Title.** – This Act shall be known as the "Sub-meter
2 Regulation Act."

3 SECTION 2. **Declaration of Policy.** – It is hereby declared the policy
4 of the State to:

- 5 (a) Ensure the quality, reliability, security and affordability of the supply
6 of electric power;
- 7 (b) Protect the public interest as it is affected by the rates and services
8 of electric utilities and other providers of electric power;
- 9 (c) Ensure transparent and reasonable prices of electricity to achieve
10 greater operational and economic efficiency;
- 11 (d) Provide a transparent, non-discriminatory and reasonable price of
12 electricity;

13 SECTION 3. **Definition of Terms.** – For purposes of this Act, the following
14 terms shall be defined as stated below:

- 1 (a) *DU or Distribution utility* refers to any electric cooperative, private
2 corporation, government-owned utility or existing local
3 government unit which has an exclusive franchise to operate a
4 distribution system in accordance with the EPIRA, including DUs
5 operating in the economic zones;
- 6 (b) DOE refers to the Department of Energy (DOE) created pursuant
7 to Republic Act No. 7638 otherwise known as the Department of
8 Energy Act of 1992.
- 9 (c) *ERC or Energy Regulatory Commission* refers to the independent
10 regulatory agency created under Republic Act No. 9136, otherwise
11 known as the Electric Power Industry Reform Act of 2001 (EPIRA);
- 12 (d) *Mother meter* or DU billing meter refers to the utility meter
13 provided by the DU to the redistributor that registers the sum of
14 the energy measured by the sub-meters of the redistributor
15 including the redistribution loss;
- 16 (e) *NEA or National Electrification Administration* refers to the
17 government agency created under Presidential Decree No. 269, as
18 amended;
- 19 (f) *Redistribution loss* refers to the difference between the total
20 registered consumption in the redistributor's DU billing meter and
21 the accumulated energy consumption registered by all sub-
22 meters.
- 23 (g) *Redistributor* refers to a person or entity which has an electric
24 service contract with a DU and who redistributes electricity to
25 other person/s or entity/ies. This may include a building owner,
26 building administrator or homeowners' association charged with
27 the responsibility of redistributing electricity to the individual
28 unit-users of the same building.
- 29 (h) *Sub-meter* refers to the billing meter provided by the redistributor
30 to each unit-user which registers only the energy consumption of
31 the unit or end-user;
- 32 (i) *Submetering* refers to the installation of equipment to determine
33 the actual use of gas or electricity for each residential unit in an
34 apartment house or commercial rental unit in an office building
35 or shopping center; and
- 36
- 37 (j) *Unit user* refers to a person or entity owning or leasing a unit
38 inside the same building being served by the redistributor, whose
39 electric consumption is measured through sub-meter.

40 SECTION 4. **Coverage.** – This Act shall apply to redistributors using
41 reasonable apportionment methods, specifically sub-metering, to register
42 electricity usage of individual unit-users in their buildings, single structures,
43 or industrial/commercial complexes solely for the purpose of allocating the

1 cost of the electricity billed by the DU. Sub-meters must meet the standards
2 of accuracy and testing of their respective distribution utility (DU).

3 SECTION 5. **Sub-meter Rates.** – The unit-users shall only pay for their
4 actual kilowatt-hour (kWh) consumption reflected in their respective sub-
5 meters and the rate to be charged shall be equivalent to rates imposed by the
6 DU on the redistributor. The charges imposed shall be allocated among the
7 units in proportion to the actual usage of kilowatt hours (kWh) by the unit,
8 as indicated by the sub-meters. This is without prejudice to the recovery of
9 redistribution losses in sub-metering of electricity by the building owner or
10 administrator from their respective unit users. No profit shall be derived from
11 such recovery.

12 SECTION 6. **Sub-meter Reading.** – All sub-meters installed, connected,
13 or registered under one mother-meter should be read at the same time, at
14 both the beginning and end of the month, or whichever measurement period
15 the redistributor’s contract indicates.

16 SECTION 7. **Obligations of redistributors.** – All redistributors utilizing
17 the sub-metering method shall:

- 18 (a) Disclose the sub-metering to each unit-users and obtain from
19 them an acknowledgment in a written document;
20 (b) Publish or post, in a conspicuous place, the specific current rate
21 schedule as published by the DU and the contact information of
22 the DU serving the mother meter;
23 (c) Provide an internal billing to unit-users with the following
24 information:
25 (i) Energy consumption (kWh) and demand (KW) of unit-user;
26 (ii) Current rate schedule as published by the DU;
27 (iii) Charges for sub-metering and billing services, if any;
28 (iv) Sufficient information to allow unit-users to replicate and
29 check bill calculations; and
30 (d) Maintain records regarding sub-metering of unit-users and make
31 such records available for inspection by the ERC.

32 SECTION 8. **Obligations of sub-meter unit-users.** – All unit-users
33 utilizing the sub-metering method shall:

- 34 (a) Pay their bills not later than nine (9) days after receipt of the
35 monthly bill from their redistributors;
36 (b) Pay a billing adjustment in case there is a stoppage or failure by
37 the unit-user’s sub-meter to register the full amount of energy
38 consumed without any fault on the part of the unit-user;

1 (c) Not perform acts constituting illegal use of electricity, as provided
2 by Article 34 of the Magna Carta for Residential Electricity
3 Consumers as adopted by the ERC.

4 SECTION 9. **Penalty.** – A violation of any provision of this Act shall be
5 subject to a fine ranging from a minimum of Ten thousand pesos (P10,000.00)
6 to Two Hundred thousand pesos (P200,000.00), which the ERC, after giving
7 the redistributor or unit-user consumer the opportunity to be heard, may
8 impose.

9 SEC. 10. **Information Dissemination.** – All DUs including private
10 electric utilities, electric cooperatives, the ERC, and the NEA shall, in
11 cooperation with each other, undertake a vigorous campaign to inform their
12 consumers of the provisions of this Act within sixty (60) days from the
13 effectivity of this Act and at least once a year thereafter.

14 SEC. 11. **Implementing Rules and Regulations (IRR).** - The ERC,
15 DOE, and NEA shall formulate the implementing rules and regulations to carry
16 out the provisions of this Act.

17 SEC. 12. **Separability Clause.** - The provisions of this Act are hereby
18 declared separable. In the event that any provision hereof is rendered
19 unconstitutional, those that are not affected shall remain valid and effective.

20 SEC. 13. **Repealing Clause.** - All laws, decrees, orders, rules and
21 regulations, or parts thereof, inconsistent with the provisions of this Act are
22 hereby amended or repealed accordingly.

23 SEC. 14. **Effectivity.** - This Act shall take effect fifteen (15) days
24 following its publication in the Official Gazette or a newspaper of general
25 circulation.

26 Approved,