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SENATE
S.B. No. 1091

RECEIVED BY: 

Introduced by Senator WIN GATCHALIAN

**AN ACT PROHIBITING CROSS OWNERSHIP BETWEEN GENERATION
COMPANIES AND DISTRIBUTION UTILITIES, AMENDING FOR THE
PURPOSE SECTION 45 OF REPUBLIC ACT NO. 9136, OTHERWISE KNOWN
AS THE "ELECTRIC POWER INDUSTRY REFORMS ACT OF 2001"**

EXPLANATORY NOTE

Republic Act No. (RA) 9136, otherwise known as the Electric Power Industry Reform Act of 2001, provides that it is the declared policy of the State to ensure affordability of electric of the supply of electric power and to ensure transparent and reasonable prices of electricity in a regime of free and fair competition.¹ However, more than twenty (20) years have passed since the enactment of the EPIRA, but the cost of electricity in the country remains high. The Philippines has the second highest residential rate among the Association of Southeast Asian Nations (ASEAN) at Php 11.32 per kilowatt-hour (kWh), which is 40.37 % higher than the ASEAN average of Php 6.75 per kWh.² According to a study, these high prices are attributed, among other factors, to the "country's uncompetitive market structures."³

At present, there is no prohibition of cross-ownership between generation companies (GenCos) and Distribution Utilities (DUs). As a result, there are allegations that terms of references (TORs) in the mandated competitive selection process (CSP) for DUs in

¹ Section 2(b) of the EPIRA.

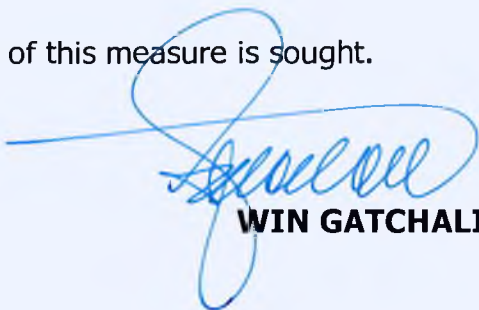
² Global Petrol Prices. <https://www.globalpetrolprices.com> Accessed on 28 April 2025.

³ Renewables may cut Philippines' electricity rates 30%. Asian Power. Available at <https://asian-power.com/power-utility/news/renewables-may-cut-philippines-electricity-rates-30>. Accessed 8 July 2025.

procuring their power supply are being crafted in a manner more favorable to some technologies and/or GenCos.

As such, this bill seeks to level the playing field across all GenCos and to create a more competitive environment for the energy industry with the ultimate goal of lowering the cost of electricity for the benefit of consumers. Specifically, this bill prohibits any GenCo, or its respective subsidiary, affiliate, stockholder, official, or any of their relatives within the fourth civil degree of consanguinity or affinity from holding interest in any DU and vice versa. Moreover, the measure prohibits any officer, director of a GenCo, subsidiary, or affiliate from being an officer or director of a DU or its subsidiary or affiliate and vice versa.

Given the foregoing, the immediate passage of this measure is sought.



WIN GATCHALIAN



25 AUG -7 P1:22

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**AN ACT PROHIBITING CROSS OWNERSHIP BETWEEN GENERATION
COMPANIES AND DISTRIBUTION UTILITIES, AMENDING FOR THE
PURPOSE SECTION 45 OF REPUBLIC ACT NO. 9136, OTHERWISE KNOWN
AS THE "ELECTRIC POWER INDUSTRY REFORM ACT OF 2001"**

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

SECTION 1. *Prohibition on Cross Ownership between Generation Companies
and Distribution Utilities.* — Section 45 of Republic Act No. 9136, otherwise known as
the Electric Power Industry Reform Act of 2001, is hereby amended to read as follows:

"SEC. 45. Cross Ownership, Market Power Abuse and Anti-
Competitive Behavior. No participant in the electricity industry or
any other person may engage in any anti-competitive behavior
including, but not limited to, cross-subsidization, price or market
manipulation, or other unfair trade practices detrimental to the
encouragement and protection of contestable markets.

**NO GENERATION COMPANY OR ITS RESPECTIVE
SUBSIDIARY OR AFFILIATE OR STOCKHOLDER OR
OFFICIAL OF A GENERATION COMPANY OR ANY OF
THEIR RELATIVES WITHIN THE FOURTH CIVIL DEGREE
OF CONSANGUINITY OR AFFINITY, SHALL BE ALLOWED**

1 TO HOLD ANY INTEREST, DIRECTLY OR
2 INDIRECTLY, IN ANY DISTRIBUTION UTILITY.
3 LIKEWISE, NO DISTRIBUTION UTILITY OR ITS
4 RESPECTIVE SUBSIDIARY OR AFFILIATE OR
5 STOCKHOLDER, OR OFFICIAL OF A DISTRIBUTION
6 UTILITY OR ANY OF THEIR RELATIVES WITHIN THE
7 FOURTH CIVIL DEGREE OF CONSANGUINITY OR
8 AFFINITY, SHALL BE ALLOWED TO HOLD ANY INTEREST,
9 DIRECTLY OR INDIRECTLY, IN ANY GENERATION
10 COMPANY. NO PERSON WHO IS AN OFFICER OR
11 DIRECTOR OF THE GENERATION COMPANY OR ITS
12 RESPECTIVE SUBSIDIARY OR AFFILIATE SHALL BE AN
13 OFFICER OR DIRECTOR OF ANY DISTRIBUTION UTILITY
14 OR ITS RESPECTIVE SUBSIDIARY OR AFFILIATE, AND
15 VICE VERSA.

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17 X X X."
18

19 **SECTION 2. *Transitory Provision.*** — Any generation company, or its respective
20 subsidiary or affiliate or stockholder or official of a generation company or any of their
21 relatives within the fourth civil degree of consanguinity or affinity holding an interest
22 in any distribution utility, and vice versa, at the time of the passage of this Act, shall
23 be required to divest from the same within three (3) years from the effectivity of this
24 Act's implementing rules and regulations.

25
26 **SECTION 3. *Implementing Rules and Regulations.*** – The Energy Regulatory
27 Commission shall, in consultation with the Department of Energy, other relevant
28 government agencies, the electric power industry participants, consumers, and other
29 public and private stakeholders, promulgate the Implementing Rules and Regulations
30 of the Act within ninety (90) calendar days from its effectivity.
31

1 **SECTION 4. *Separability Clause.*** - If for any reason, any provision of this Act
2 is declared invalid or unconstitutional, the other provisions not affected thereby shall
3 remain in full force and effect.

4
5 **SECTION 5. *Repealing Clause.*** - All laws, executive orders, issuances, decrees,
6 rules and regulations inconsistent with or contrary to the provisions of this Act are
7 hereby amended, modified, and repealed accordingly.

8
9 **SECTION 6. *Effectivity.*** - This Act shall take effect fifteen days (15) after its
10 publication in the Official Gazette or in a newspaper of general circulation.

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12 Approved,