



**TWENTIETH CONGRESS OF THE]
REPUBLIC OF THE PHILIPPINES]
First Regular Session]**

25 NOV -3 A9 :07

SENATE

RECEIVED BY: _____

S.B. No. 1470

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Introduced by SEN. WIN GATCHALIAN

**AN ACT
ABOLISHING THE COLLECTION OF BILL DEPOSITS BY DISTRIBUTION
UTILITIES AND ELECTRIC COOPERATIVES, MANDATING THE REFUND OF
EXISTING BILL DEPOSITS, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

The collection of bill deposits by distribution utilities (DUs) and electric cooperatives (ECs), as authorized under the *Magna Carta for Residential Electricity Consumers (MCREC)*, as amended¹ has long imposed an unnecessary financial burden on consumers.

This bill seeks to abolish the collection and reimposition of bill deposits and mandate the refund of existing deposits, together with accrued interest. It further directs the Energy Regulatory Commission (ERC) to conduct an independent audit of all bill-deposit accounts and to prescribe non-deposit-based credit-risk alternatives such as prepaid or installment-based arrangements to maintain payment discipline without imposing upfront costs.

Consistent with the Electric Power Industry Reform Act of 2001 (RA 9136) and the Public Service Act (Commonwealth Act No. 146), as amended by RA 11659, this measure strengthens consumer protection, promotes equitable access to electricity,

¹ ERC Resolution No. 09, Series of 2004 as amended by ERC Resolution No. 28-10

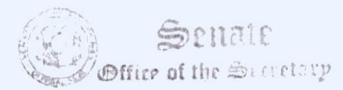
and aligns regulatory practices with the State's mandate to provide reliable and affordable power service.

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



WIN GATCHALIAN

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OTHER PURPOSES

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

1 **SECTION. 1. *Short Title.*** – This Act shall be known as the “**Anti Bill**
2 **Deposit Act.**”

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

- 5 (a) Protect electricity consumers from unnecessary financial burdens in
6 obtaining and maintaining electric service ;
- 7 (b) Ensure equitable and affordable access to electricity without the
8 imposition of advance cash deposits or similar requirements;
- 9 (c) Promote fairness, transparency, and accountability in the billing and
10 collection practices of distribution utilities and electric cooperatives;
11 and

1 (d) Strengthen consumer protection in the electric power industry
2 consistent with the principles and objectives of Republic Act No.
3 9136, otherwise known as the Electric Power Industry Reform Act
4 of 2001 (EPIRA), the Public Service Act (Commonwealth Act No.
5 146), as amended by Republic Act No. 11659, and other related
6 laws.

7 **SEC. 3. Definition of Terms** – For purposes of this Act,

8 (a) *Bill Deposit* refers to any amount collected by a distribution utility
9 or electric cooperative as security for payment of future electricity
10 bills, or as a condition for connection, reconnection, or continued
11 service, including any equivalent cash collateral, surety, or advance
12 payment, however denominated;

13 (b) *Distribution Utility* and *Electric Cooperative* shall have the same
14 meanings as provided under EPIRA and Presidential Decree No.
15 269, as amended; and

16 (c) *Consumer* refers to any person or entity requiring the supply and
17 delivery of electricity for its own use.

18 **SEC. 4. Prohibition Against the Collection of Bill Deposits.** – Upon
19 effectivity of this. Act, no distribution utility or electric cooperative shall, directly
20 or indirectly, collect, re-impose, or require any bill deposit, cash bond, advance
21 payment, or any form of financial guarantee as a condition for:

22 (a) application or connection of electric service;

23 (b) reconnection after disconnection;

24 (c) continuation or additional service; or

25 (d) reimposition following delayed payment.

1 Any collection made after the effectivity of this Act shall be immediately
2 refundable to the concerned consumer, with interest computed at the prevailing
3 Peso Savings Account Interest Rate of the Land Bank of the Philippines, or the
4 equivalent rate of any government financial institution as approved by the
5 Energy Regulatory Commission (ERC).

6 All existing rules, circulars, or agreements requiring such deposits are
7 hereby repealed or rendered void upon the effectivity of this Act.

8 *Provided,* that nothing in this Act shall be construed to penalize or restrict
9 any distribution utility or electric cooperative that has already discontinued the
10 collection of bill deposits prior to the effectivity of this Act. Entities that
11 previously collected deposits shall remain obligated to refund the same under
12 Section 5 of this Act.

13 **SEC. 5. Audit and Refund of Existing Bill Deposits.** Within ninety
14 (90) calendar days from the effectivity of this Act, the ERC shall undertake, or
15 cause the conduct of, an independent audit and reconciliation of all bill-deposit
16 accounts maintained by distribution utilities and electric cooperatives. The audit
17 shall identify total amounts collected, refunded, unclaimed, and outstanding;
18 reconcile consumer-level balances, including those of customers who have
19 terminated service, relocated, or transferred accounts; and determine any
20 excess, dormant, or unrefunded deposits, which shall continue to earn interest
21 until fully released. The ERC shall submit a consolidated audit report to
22 Congress and publish the same on its official website.

23 Within one hundred eighty (180) days after completion of the ERC audit,
24 every distribution utility and electric cooperative shall refund all existing bill
25 deposits, together with accrued interest up to the date of actual release,
26 computed in accordance with existing ERC rules and regulations. Refunds shall
27 be released in cash, check, or electronic transfer, unless the consumer
28 expressly opts to apply the amount to future bills.

1 Any unclaimed refund after one (1) year shall be remitted to the ERC in
2 trust for consumers, to be applied as credits to future electricity bills or to lifeline
3 subsidy programs, subject to ERC rules.

4 All unrefunded deposits shall continue to earn interest until fully released
5 to the consumers.

6 Failure to complete the required refund or to submit the audited reports
7 within the prescribed period shall constitute a continuing violation subject to
8 the fines and sanctions under Section 21 of the Public Service Act, as amended.
9 The ERC may extend the prescribed periods for justifiable reasons.

10 **SEC. 6. Consumer Protection and Alternative Credit**
11 **Arrangements.** – To maintain payment discipline without imposing advance
12 cash requirements, the ERC shall, within ninety (90) calendar days from the
13 effectivity of this Act, promulgate rules prescribing deposit-free credit-risk
14 alternatives, which may include:

- 15 (a) Prepaid, or pay-as-go metering systems;
- 16 (b) Installment or staggered payment arrangements;
- 17 (c) Voluntary credit insurance or guarantee schemes; and
- 18 (d) Other mechanisms consistent with the consumer rights provisions
19 of the *Magna Carta for Residential Electricity Consumers*.

20 In formulating such rules, the ERC shall ensure that risk-mitigation measures
21 are fair, transparent, and proportionate, considering the financial conditions of
22 electric cooperatives and other small utilities.

23 No consumer shall be disconnected for failure to post or re-post any deposit.
24 Disconnection of service shall be allowed only for non-payment of actual electric
25 bills, subject to due process and existing ERC rules.

1 **SEC. 7. *Transition and Regulatory Adjustments.*** The ERC shall, in
2 accordance with its powers under existing laws, ensure a reasonable transition
3 in the implementation of this Act.

4 For this purpose, the ERC may issue such resolutions, rules and
5 regulation or advisories as may be necessary to:

- 6 (a) Prescribe uniform refund procedures;
- 7 (b) Monitor compliance by distribution utilities (DUs) and electric
8 cooperatives (ECs); and
- 9 (c) Determine appropriate accounting or ratemaking treatment to give
10 full effect to the abolition of bill deposits and the refund of existing
11 amounts.

12 The ERC shall likewise coordinate with the Department of Energy (DOE),
13 the National Electrification Administration (NEA), and other concerned agencies
14 to ensure effective implementation and public information.

15 **SEC. 8. *Penalties.*** Any violation of this Act or of its implementing rules
16 and regulations shall be subject to the penalties, sanctions, and fines prescribed
17 by the ERC pursuant to its powers under EPIRA, the Public Service Act, as
18 amended, and other applicable laws, rules, and regulations.

19 **SEC. 9. *Implementing Rules and Regulations.*** Within ninety (90)
20 calendar days from the effectivity of this Act, the ERC, in consultation with DOE,
21 NEA, and consumer groups, shall promulgate the necessary implementing rules
22 and regulations.

23 **SEC. 10. *Repealing Clause.*** – All laws, decrees, executive order,
24 administrative order, rules and regulations, circulars, resolutions and/or parts
25 thereof contrary to or inconsistent with the provisions of this Act is hereby
26 repealed, modified or amended accordingly.

1 **SEC. 11. *Separability Clause.*** – If for any reason, any section or
2 provision of this Act is declared unconstitutional or invalid, other sections or
3 provisions which are not affected thereby shall continue to be in full force and
4 effect.

5 **SEC. 12. *Effectivity Clause.*** – This Act shall take effect fifteen (15)
6 days following its publication in the Official Gazette or in a newspaper of general
7 circulation.

8 *Approved,*