

**RULES AND REGULATIONS TO IMPLEMENT REPUBLIC ACT NO. 11552, ENTITLED “AN ACT EXTENDING AND ENHANCING THE IMPLEMENTATION OF THE LIFELINE RATE, AMENDING FOR THE PURPOSE, SECTION 73 OF REPUBLIC ACT NO. 9136, OTHERWISE KNOWN AS THE ‘ELECTRIC POWER INDUSTRY REFORM ACT OF 2001,’ AS AMENDED BY REPUBLIC ACT NO. 10150.”**

Pursuant to Section 3 of Republic Act No. 11552, entitled *An Act Extending and Enhancing the Implementation of the Lifeline Rate, Amending for the Purpose, Section 73 of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act Of 2001,” as Amended By Republic Act No. 10150*, the Energy Regulatory Commission (ERC), together with the Department of Energy (DOE) and Department of Social Welfare and Development (DSWD), in consultation with the Philippine Statistics Authority (PSA) and other public and private stakeholders, hereby issues, adopts and promulgates the following rules and regulations to implement the provisions of the Act.

**PART I – GENERAL PROVISIONS**

**RULE 1. Title, Purpose, Scope, Application, and Construction**

**Section 1. Title.**

These rules and regulations shall be referred to as the *“Implementing Rules and Regulations of Republic Act No. 11552,”* otherwise known as *An Act Extending and Enhancing the Implementation of the Lifeline Rate, Amending for the Purpose, Section 73 of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001,” as Amended by Republic Act No. 10150.*

**Section 2. Purpose.**

To ensure a fair and equitable implementation of the lifeline subsidy among qualified marginalized electricity end-users as provided under R.A. 11552.

**Section 3. Scope of Application.**

This Implementing Rules and Regulations shall provide the framework for the implementation R.A. 11552 including the procedures for the availment by marginalized electricity end-users of the lifeline rate subsidy. This further provides the relation and responsibilities of the Energy Regulatory Commission, the Department of Energy, and the Department of Social Welfare and Development, the distribution utilities, the marginalized electricity end-users and other stakeholders that may be affected by the implementation of R.A. 11552.

## **Section 4. Statutory Construction.**

These Rules shall be liberally construed insofar as these are consistent with the promotion and protection of the interests of qualified marginalized end-users, especially those living below the poverty line, and to achieve a more equitable distribution of the lifeline subsidy.

## **RULE 2. DECLARATION OF POLICIES AND OBJECTIVES**

### **Section 1. Declaration of Policies.**

It is hereby declared the policy of the State:

- (a) To ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market; and
- (b) To protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power.

### **Section 2. Objectives.**

These Rules shall have the following objectives:

- (a) To provide assistance to electricity consumers, especially those living below the poverty line, as may be determined by the PSA;
- (b) To achieve a more equitable distribution of the lifeline subsidy;
- (c) To provide the necessary safeguards and mechanisms that will ensure that the benefits of lifeline rates are limited only to those qualified under the law and these rules and regulations; and
- (d) To protect the public interest as it is affected by the rates and services of the DUs with respect to the implementation of RA 11552.

## **RULE 3. DEFINITION OF TERMS**

As used in these Rules, the following terms shall have the following respective meanings:

- (a) **“Act”** unless otherwise stated, refers to Republic Act No. 11552, otherwise known as *An Act Extending and Enhancing the Implementation of the Lifeline Rate, Amending for the Purpose, Section 73 of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001,” as Amended by Republic Act No. 10150;*

- (b) **“Department of Energy”** or **“DOE”** refers to the government agency created pursuant to Republic Act No. 7638 whose expanded functions are provided under of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA);
- (c) **“Department of Social Welfare and Development”** or **“DSWD”** refers to the government agency, mandated under Executive Order No. 221, Series of 2003, to provide assistance to local government units (LGUs), non-government organizations (NGOs), other national government agencies (NGAs), people’s organizations (POs) and members of civil society in effectively implementing programs, projects, and services that will alleviate poverty and empower disadvantaged individuals, families and communities for an improved quality of life as well as implement statutory and specialized programs which are directly lodged with the Department and/or not yet devolved to LGUs;
- (d) **“Distribution Utility”** or **“DU”** refers to any electric cooperative, private corporation, government–owned utility or owned and operated by an existing local government unit which has an exclusive franchise to operate a distribution system in accordance with Section 4(q) of Republic Act No. 9136;
- (e) **“Energy Regulatory Commission”** or **“ERC”** refers to the regulatory agency created under Section 38 of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA);
- (f) **“Implementing Rules and Regulations”** or **“IRR”** refers to the Implementing Rules and Regulations of Republic Act No. 11552 also known as *An Act Extending and Enhancing the Implementation of the Lifeline Rate, Amending for the Purpose Section 73 of Republic Act No. 9136, Otherwise Known as the Electric Power Industry Reform Act of 2001, as amended by Republic Act No. 10150*;
- (g) **“Lifeline Rate”** refers to the subsidized rate given to qualified marginalized end-users defined under the Act;
- (h) **“Lifeline Discount Rate”** is the percentage discount in the electricity bill given to qualified marginalized end-users;
- (i) **“Lifeline Consumption Threshold”** is the level of kilowatt hour consumption of qualified marginalized end-users that is subject to a Lifeline Discount Rate, set by the ERC based on the poverty threshold determined by the PSA;
- (j) **“Marginalized End-Users”** refer to captive, household electricity consumers whose household income fall below the poverty threshold of the province or of the district, whichever is applicable under Rule 8, Section 1 herein, and whose level of electricity consumption fall at below the consumption threshold level to be determined by the ERC.

A qualified marginalized end-user shall refer to any of the following:

- i. Qualified household-beneficiaries under Republic Act No. 11310, otherwise known as *the "Pantawid Pamilyang Pilipino Program (4Ps) Act,"* which shall be based on a list regularly prepared by the Department of Social Welfare and Development (DSWD) and provided to the DOE, the ERC, and endorsed to the distribution utilities; or
  - ii. Marginalized end-users who have been certified and continually validated as such by their respective distribution utility, based on a criteria determined by the ERC.
- (k) ***"Pantawid Pamilyang Pilipino Program"*** or ***"4Ps"*** refers to the national poverty reduction strategy and human capital investment program, under Republic Act No. 11310, that provides conditional cash transfer to poor households for a maximum period of seven (7) years, subject to a longer period under exceptional circumstances, to improve the health, nutrition and education aspect of their lives;
- (l) ***"Philippine Statistics Authority"*** or ***"PSA"*** refers to the government agency created by virtue of Republic Act No. 10625, otherwise known as the *Philippine Statistical Act of 2013*, which was signed into law by President Benigno Simeon Aquino III on September 12, 2013; and
- (m) ***"Poverty Threshold"*** shall mean the minimum income/expenditure required for a family/individual to meet the basic food and non-food requirements, as determined by the PSA.

#### **RULE 4. RESPONSIBILITIES OF THE ERC, DSWD, DOE, PSA and DUs**

##### **Section 1. Responsibilities of the DOE**

- (a) To formulate and promulgate policy guidelines to ensure that the objectives of the Act are met;
- (b) To lead in the information dissemination in relation to the implementation of the Act; and
- (c) To exercise such other powers as may be necessary or incidental to attain the objectives of the Act.

##### **Section 2. Responsibilities of the ERC.**

- (a) To establish the criteria and qualifications upon which a DU may determine if a marginalized end-user is qualified to avail of lifeline discount rates as provided under the Act;

- (b) To establish and update the consumption threshold which will serve as basis for setting the new lifeline level that will be observed by the DUs, consistent with the requirements of the Act;
- (c) To formulate an exclusive list of qualifications and requirements, simplified and reasonably understandable to the marginalized end-users, to be submitted to their respective DUs;
- (d) To conduct a comprehensive quantitative and qualitative evaluation of the implementation of the lifeline subsidy scheme, including the modes of validation and prevention of leakages, every two (2) years from the implementation of the Act;
- (e) To submit an annual report to the Joint Congressional Energy Commission (JCEC) on the implementation of the lifeline rate; and
- (f) To exercise other powers necessary and incidental to attain the objectives of the Act, such as the monitoring of compliance with other relevant guidelines it shall issue.

### **Section 3. Responsibilities of the DSWD.**

- (a) To devise a standard targeting system and ensure a uniform and objective procedure of identifying potential beneficiaries;
- (b) To issue certification in favor of 4Ps Act beneficiary and household member who has a family income below the poverty line, as determined by the PSA; and
- (c) To submit annual list of qualified household-beneficiaries under the 4Ps Act to the DOE and ERC, and endorsed to the DUs.

### **Section 4. Responsibilities of the PSA.**

- (a) To set the poverty threshold by region and province, as well as the national level on an annual basis in order to serve as one of the bases for the certification and continual validation of marginalized end-users;
- (b) To provide the ERC with information and data on family expenditures, including the household energy consumption level of families by region and by province; and
- (c) To assist the ERC with the conduct of surveys and other studies that are vital to the evaluation and review of the implementation of the Act and updating of the criteria for the lifeline subsidy scheme.

## **Section 5. Responsibilities of the DUs.**

- (a) To act on the application for certification as marginalized end-users within the period as specified in the Act and its IRR, and based on the criteria and requirements as established by the ERC;
- (b) To continually validate the eligibility and qualifications of marginalized end-users already enjoying the lifeline subsidy, in accordance with the criteria provided under Rule 8 herein;
- (c) To submit reports, information, and other data that the ERC may require; and
- (d) To comply with the IRR and other pertinent guidelines of the ERC to ensure the proper implementation of the Act.

## **PART II – LIFELINE DISCOUNT RATE**

### **RULE 5. APPLICATION FOR NEW LIFELINE LEVEL OF CONSUMPTION**

**Section 1.** The lifeline rate to be imposed by each DU shall be determined by the ERC *motu proprio* or upon filing of a petition by the DU, within sixty (60) days after the ERC has set the consumption level in accordance with the Act.

**Section 2.** For the initial implementation of these Rules, DUs shall continue to implement the existing approved lifeline rate and level of consumption until a new lifeline rate and level of consumption is approved by the ERC.

### **RULE 6. REQUIREMENTS FOR THE GRANT OF LIFELINE DISCOUNT TO MARGINALIZED END-USER**

#### **Section 1. Qualified Marginalized End-User.**

To be considered for the grant of lifeline rate, the applicant must belong to any of the following categories:

- (a) Qualified household-beneficiary under the Republic Act No. 11310, otherwise known as the “*Pantawid Pamilyang Pilipino Program*” or “*4Ps Act*” subject to certain conditions provided under Section 73 of the Republic Act No. 9136, as amended by Section 1 of Republic Act No. 11552; or
- (b) A marginalized end-user, living below the poverty threshold established by the Philippine Statistics Authority (PSA), who possesses the qualifications and non-of the disqualifications under the Act and its IRR.

Consumers duly validated and certified, as provided herein, shall be deemed qualified marginalized end-users for purposes of availing of the lifeline benefits under the Act.

## **Section 2. Registration of Electric Service.**

A qualified marginalized end-user may only avail the lifeline rate for one electric service account. In cases of transfer or change of residence, the following shall be observed:

- (a) Where the new residence is being served by the same DU – the grant of Lifeline Rate to the qualified marginalized end-user shall remain but the same shall be tagged and transferred to the new address upon submission of the re-issued certificate provided herein under Rule 7, Section 3; or
- (b) Where the new residence is being served by a different DU – the grant of Lifeline Rate shall be cancelled in the DU originally serving the said residence, and the Lifeline Rate shall be granted by the new DU in favor of the said marginalized end-user upon submission of the re-issued certificated provided herein under Rule 7, Section 3.

The DU shall issue a certification in favor of the qualified marginalized end-user, certifying that DU had un-tag or canceled the grant of lifeline rate in the residence indicated in the DSWD certification of the qualified marginalized end-user.

## **Section 3. Registration of Electric Service under a Name Different from the Qualified Marginalized End-User.**

As a general rule, the electric service account with a distribution utility must be registered under the name of the person applying as a qualified marginalized consumer.

The general rule provided under this Section, however, may be waived under any of the following circumstances:

- (a) The Applicant marginalized end-user is a family or household member living in the same household covered by the electric service;
- (b) In cases where the dwelling unit being serviced by the DU is being leased to the Applicant marginalized end-user and the electric service account is in the name of the lessor or a previous lessee/occupant; or
- (c) In cases where the dwelling unit being serviced by the DU is being leased to a beneficiary of the 4Ps Act or any member of the 4Ps beneficiary's household.

*Provided that*, they can show proof that they are in actual possession and occupation of the said dwelling unit being serviced by the DU.

Any proof of residence, such as a government-issued ID, or a Barangay Certificate, must be submitted by the Applicant marginalized end-user for the circumstances defined under items (a) and (b) of this Section. In case of lease, the proof of residence may be the contract of lease, as may be applicable.

#### **Section 4. Registration of Electric Service through Representative.**

If personal application for the lifeline grant cannot be done, an application through representative may be allowed. *Provided that*, a signed Letter of Authority, whether typewritten or handwritten, be submitted to the DU together with a valid government-issued ID of both the representative and the represented. *Provided further*, that the reason for the representation shall be explained in the said letter.

#### **Section 5. Documents to be Submitted to the DU.**

- (a) Any consumer who is a beneficiary of the 4Ps and applying for the grant of lifeline rate must present the following:
  - i. Certification from DSWD; and
  - ii. Any valid government-issued ID containing the address of the consumer.
  
- (b) Other Applicant marginalized end-users who are not 4Ps beneficiaries, but whose family income fall below the applicable poverty threshold set by the PSA, shall submit the following documents to the DU:
  - i. A Certification from the local DSWD issued within the last six (6) months, showing that his or her family income is below the poverty threshold set by the PSA and applicable at the time of his or her application; and
  - ii. Any valid government-issued ID containing the address of the consumer.
  
- (c) For consumers who are applying for the renewal for lifeline rate discount, he/she must submit the following documents:
  - i. A Certification from DSWD issued within the last six (6) months;
  - ii. Any valid government-issued ID containing the address of the consumer; and
  - iii. Previous Certification of DU's approval.

The DU, in evaluating these submissions, shall validate the qualifications of the applicants based on the criteria set by the ERC, and the 4Ps lists that was endorsed to them by the ERC.

## **Section 6. Excluded in the Grant of Lifeline Discount Rate.**

The following are not qualified to avail of the lifeline rate:

- (a) Those residing in condominiums or subdivision projects except those who are residing in condominiums and subdivision projects which are under the programs of National Housing Authority; and
- (b) Those who are availing of the net-metering services, subject to Section 15 of the Amended Rules Enabling the Net-Metering Program for Renewable Energy, with the exception of marginalized end-users deemed qualified under Sec 15 of the Net Metering Rules, and subject to the criteria, requirements, and qualifications provided under this IRR.

## **RULE 7. CERTIFICATION BY THE DSWD.**

### **Section 1. Issuance of Certification of 4Ps Beneficiaries.**

The DSWD shall issue a uniform certification in favor of the 4Ps beneficiary. The said Certification shall indicate the name and address of the beneficiary, as well as the period within which the household beneficiary is entitled under the 4Ps Act.

The Certification shall also incorporate a clause informing that the certified individual shall report to the DSWD in cases of transfer of residence.

### **Section 2. Issuance of Certification in Favor of Marginalized End-User.**

The local DSWD shall, likewise, issue a Certification in favor of a household member whose family income is below the poverty line, as determined by the PSA. The said Certification shall also indicate the name and address of the beneficiary. The validity of the Certification under this provision shall be for a period of three (3) years.

The Certification shall also incorporate a clause informing that the certified individual shall report to the DSWD in cases of transfer of residence.

### **Section 3. Transfer of Residence.**

In cases of transfer of residence, the DSWD shall re-issue a Certification in favor of the certified individual, upon submission of the certification issued by the DU mentioned in Rule 6, Section 2. The period of validity of the re-issued certification shall be the same as in the original certification.

## **RULE 8. AVAILMENT OF LIFELINE RATE**

### **Section 1. Lifeline Rate Availment.**

The lifeline rate discount shall be a non-cash monetary discount to be applied by the distribution utility in the monthly electricity bills of qualified marginalized end-users.

### **Section 2. Approval or Disapproval of Application.**

The DU shall act on the application and issue a certification within two (2) working days from the submission of complete documentary requirements, except that, for the initial twelve (12) months of implementation of the Act, the DU shall have ten (10) working days within which to act on the said application and issue the certification in favor of the applicant.

### **Section 3. Validity of the Grant of Lifeline Rate**

The lifeline rate granted to qualified marginalized end-users who are 4Ps Beneficiaries shall be valid within the period indicated in the Certification issued by the DSWD in favor of the former, unless the DSWD, after re-evaluation, delist the said beneficiary earlier than the original period. In cases where the qualified marginalized end-user is delisted from the list of qualified 4Ps beneficiaries, the DU shall discontinue the grant of the lifeline rate after one billing cycle reckoning from the time of delisting.

On the other hand, lifeline rate granted to qualified marginalized end-user who are not 4Ps Beneficiaries shall be valid for a period of three (3) years, which may be renewed subject to the conditions provided in the succeeding provision.

However, should the qualified marginalized end-user, whether 4Ps beneficiary or not, consistently exceed the ERC-approved consumption threshold of the DU's lifeline program for twelve (12) consecutive billing periods, the qualified marginalized end-user shall no longer be entitled to the lifeline rate under the Act.

### **Section 4. Renewal of Application for Lifeline Rate.**

Qualified marginalized end-users who are not 4Ps beneficiaries may apply for renewal two (2) months prior the expiration of their Certification, provided the marginalized end-user submits the most recent documentary requirements required under Rule 6, Section 3. *Provided that*, the DU validates that the applicant continues to be qualified under the criteria established under the IRR and the ERC rules.

The lifeline rate granted to 4Ps beneficiaries is not subject to renewal. The said 4Ps beneficiary may, however, be reclassified as a marginalized end-user under Rule 6, Section 1(b), upon submission of the requirements under Rule 6, Section 3 (b).

## **RULE 9. ESTABLISHMENT OF DATABASE OF QUALIFIED MARGINALIZED END-USER**

### **Section 1. Poverty Threshold Report by the PSA.**

The PSA shall submit its poverty threshold report to the DOE, DSWD and ERC, every three years, not later than the 31<sup>st</sup> day of January. The poverty threshold shall include the national, regional, and provincial poverty threshold, including that of the NCR which shall be by district.

During the initial implementation of these Rules and Regulations, the most recent poverty threshold report available shall be submitted by the PSA, which shall be used by the DSWD and ERC.

### **Section 2. Annual List of 4Ps Beneficiaries.**

The DSWD shall prepare the annual list of the following:

- (a) Newly qualified 4Ps Beneficiaries; and
- (b) Delisted 4Ps Beneficiaries.

The list shall also include the following information:

- (a) Name of the certified person;
- (b) Address; and
- (c) Validity period of the Certification.

The annual list shall be segregated by province, and must be submitted to the ERC and DOE on or before the 31<sup>st</sup> day of January of each year. The ERC shall then endorse the list to each DU, which shall only receive the provincial list where they provide their electrical services.

The said list shall be used by the respective DU after two (2) succeeding billing cycles, upon receipt of the same.

### **Section 3. DU Reportorial Requirement.**

The DUs shall submit, no later than the 30th day of April of each year, an annual report on the implementation of the lifeline subsidy. The reports shall include the annual and monthly number of qualified marginalized end-users, by region, and by province, city/municipality, and by:

- (a) by level of consumption; and
- (b) by kWh sales.

Annual implementation reports, following the first year of reporting, shall include the annual and monthly number of new applicants certified and registered as marginalized end-users, as well as annual and monthly number of marginalized end-users whose certifications have been revoked for failure to meet the qualification and criteria under the IRR. The reasons for delisting shall likewise be reported.

## **PART III – FINAL PROVISIONS**

### **RULE 10. PENAL CLAUSE**

Violation of any provision of these Rules shall be subject to the imposition of fines and penalties in accordance with the “Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Pursuant to Section 46 of the Act” promulgated by ERC on May 17, 2002, as amended by Resolution No. 03, Series of 2009, entitled *Resolution Amending Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Pursuant to Section 46 of Republic Act No. 9136* dated February 23, 2009, including any subsequent amendments thereto.

### **RULE 11. SEPARABILITY CLAUSE**

Should any provision under these Rules be subsequently declared unconstitutional, the same shall not affect the validity or the legality of the other provisions herein.

### **RULE 12. REPEALING CLAUSE**

All rules and regulations or other issuances or parts thereof which are inconsistent with these Rules are hereby modified or repealed.

### **RULE 13. EFFECTIVITY**

These Rules shall take effect on the fifteenth (15<sup>th</sup>) day from the date of its publication in the Official Gazette or in a newspaper of general circulation.

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