

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

RESOLUTION NO. 03, SERIES OF 2026

**A RESOLUTION ADOPTING THE
AMENDMENTS TO THE MAGNA CARTA FOR
RESIDENTIAL ELECTRICITY CONSUMERS**

WHEREAS, Section 41 of Republic Act No. 9136, otherwise known as the *Electric Power Industry Reform Act of 2001 (EPIRA)*, expressly grants the Energy Regulatory Commission (Commission) the authority to handle consumer complaints and to ensure the adequate protection and promotion of consumer interests;

WHEREAS, in the exercise of this mandate, the Commission promulgated on 25 June 2004, the *Magna Carta for Residential Electricity Consumers* (Magna Carta), which took effect on 17 July 2004, establishing fundamental rights and obligations governing residential electricity consumers;

WHEREAS, the Magna Carta laid down the rules, procedures, and conditions governing residential electricity consumers, who comprise the majority of the consumer base served by Distribution Utilities (DUs), thereby providing a framework for consumer protection and utility accountability;

WHEREAS, on October 27, 2004, the Commission issued the “*Guidelines to Implement Articles 7, 8, 14 and 28 of Chapter III of the Magna Carta*” which govern, among others, the guidelines and procedures to implement the bill deposits collected from residential consumers;

WHEREAS, the Commission promulgated the Distribution Services and Open Access Rules (DSOAR) on 18 January 2006;

WHEREAS, since its adoption, the Magna Carta has been amended or supplemented to address evolving regulatory and operational requirements, including (a) Resolution No. 8, Series of 2008, issued on 04 June 2008, amending Article 8; (b) Guidelines issued on 27 October 2004 to implement Articles 7, 8, 14, and 28; and (c) Resolution No. 28, Series of 2010, issued on 15 November 2010,

amending Articles 6, 9, 10, 11, 12, 14, 18, 20, 22, 23, 26, 28, 32, 33, 36 and 37;

WHEREAS, on 30 May 2017, the Commission approved for posting the initial draft of the proposed “*Rules to Govern the Monitoring and Reporting Process of Bill Deposits*” on the ERC website under ERC Case No. 2017-006 RM for comments;

WHEREAS, on various dates, the Commission received the comments on the proposed “*Rules to Govern the Monitoring and Reporting Process of Bill Deposits*” from the following entities, namely: Agusan Del Norte Electric Cooperative Inc. (ANECO); Batangas II Electric Cooperative, Inc. (BATELEC II); Bohol Light Corporation, Inc. (BLCI); Cagayan Electric Power and Light Corporation (CEPALCO); Manila Electric Company (MERALCO); Olongapo Electricity Distribution Company, Inc. (OEDC); and Visayan Electric Company (VECO);

WHEREAS, the Commission on 25 November 2025 approved for posting on the ERC website the draft of the proposed amendments under ERC Case No. 2017-006 RM on bill deposits, and ERC Case No. 2025-020 RM on the amendments on the Magna Carta, for comments and public consultations;

WHEREAS, during the public consultations, on various dates, the Commission received comments from different stakeholders, namely: Aboitiz Power Corporation; ANECO; Agusan Del Sur Electric Cooperative, Inc. (ASELCO); Benguet Electric Cooperative, Inc. (BENECO); Bohol I Electric Cooperative, Inc. (BOHECO I); CEPALCO; Cebu II Electric Cooperative, Inc. (CEBECO II); Davao Oriental Electric Cooperative, Inc. (DORECO); Infrawatch Ph; Kalinga Electric Cooperative, Inc. (KAELCO); MERALCO; National Association of Electricity Consumers for Reforms, Inc. (NASECORE); OEDC; Peninsula Electric Cooperative, Inc. (PENELCO); Philippine Rural Electric Cooperatives Association (PHILRECA); Private Electric Power Operators Association (PEPOA); Samar I Electric Cooperative, Inc. (SAMELCO I); Zamboanga del Norte Electric Cooperative, Inc. (ZANECO); Former Commissioner Alfredo J. Non; and Atty. Lester Nazarene V. Ople;

WHEREAS, during the public consultations, the proposals received and issues discussed included the rationale behind the bill deposit requirement itself, the process for its refund, and the existing documentary requirements for new electricity connections for residential consumers with the DUs;

WHEREAS, InfraWatch Ph, PEPOA, Bantay Konsyumer, Kuryente, Kalsada (BK3), MERALCO, Aboitiz Power Corporation, and BENEKO, among others, have urged the Commission to thoroughly examine the proposed removal and refund of bill deposits, considering its rate implications and the long-term stability of the sector;

WHEREAS, in order to offer immediate relief to residential consumers and pending resolution of other issues regarding bill deposits, the Commission has found it necessary to address and implement certain proposed amendments to the Magna Carta prior to the completion of more comprehensive studies and revisions, without compromising the latter;

NOW, THEREFORE, pursuant to its mandate under EPIRA to safeguard and advance the interests of residential electricity consumers while balancing the interest and concerns of all stakeholders, the Commission hereby **RESOLVES** to **APPROVE** and **ADOPT** the *Amendments to the Magna Carta for Residential Electricity Consumers*, attached hereto as Annex "A" and made an integral part of this Resolution.

RESOLVED FURTHER, that the *Amendments to the Magna Carta for Residential Electricity Consumers* shall take effect fifteen (15) days from its publication in a newspaper of general circulation or in the Official Gazette.

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Let copies of this Resolution be furnished to the University of the Philippines Law Center - Office of the National Administrative Register (UPLC-ONAR).

Pasig City. January 29, 2026


FRANCIS SATURNINO C. JUAN
Chairperson & CEO


FLORESINDA G. BALDO-DIGAL
Commissioner


MARKO ROMEO L. FUENTES
Commissioner


AMANTE A. LIBERATO
Commissioner


PARIS G. REAL
Commissioner


CAS/LS:JTB/MDDN/ABC/LSP/MCCG

**AMENDMENTS TO THE MAGNA CARTA FOR
RESIDENTIAL ELECTRICITY CONSUMERS**

Section 1. The following provisions of the *Magna Carta for Residential Electricity Consumers* are hereby amended to read, as follows:

"CHAPTER I. GENERAL PROVISIONS

Article 2. *Definition of Terms.* —

- (a) ***Bill Deposit*** shall mean the deposit in an amount not exceeding the customer's estimated or average billing for one month, which Distribution Utilities (DUs) may require to be posted to guarantee payment of bills.

CHAPTER II. CONSUMER RIGHTS

Article 6. *Right to Electric Service.* — All consumers, including those residing in mass housing developments or residential condominium projects, have the right to be connected directly to a DU for electric power service.

DUs shall require applicants for new electric service only the following documents:

- a) Duly accomplished application form;
- b) Government-issued identification of applicant;
- c) Certificate of Final Electrical Inspection (CFEI), or its equivalent, in accordance with existing laws, rules, and local government regulations;
- d) Proof of ownership of or right to use or possess the premises sought to be energized, or in the absence of such proof, barangay clearance or certification attesting that the applicant is a *bona fide* resident of the area, it having resided in the subject premises for at least six (6) months preceding its application. In addition, the applicant should submit: (i) a verified undertaking that it is a *bona fide* resident of the barangay where the premises is located and that it has resided in the subject premises for at least six (6)

months preceding the application; and (ii) affidavits of two (2) neighbors stating that they personally know the applicant; and that it has resided in the subject premises for at least six (6) months preceding its application for electric services: *Provided, however*, that should another person or entity present a title, extra-judicial settlement of estate or any document of ownership or better right to possess the subject premises, before the barangay or the DU, then the applicant or customer shall respect said documents and the barangay clearance or certification will be rendered *functus officio*, in which case, the DU shall have the right to defer action on the application or, if application has already been completed, to automatically disconnect the electricity services in the premises, without recourse to any prior legal action, which the applicant or customer thereby waives; and

e) List of loads.

The applicant for new electric service must not also have any unpaid bills with the concerned DU.

Article 7. Right to a Refund of Bill Deposits. - Upon termination of electric service, bill deposits and accrued interest will be applied to any outstanding electric bills, and any remaining balance will be refunded to the customer. The bill deposit or any remaining balance, including accrued interests, will be refunded to the customer within one (1) month of submission of complete refund documentary requirements (e.g., duly accomplished application form for bill deposit refund and valid government-issued identification of the registered customer).

For existing customers who have already paid bill deposits and later qualified for a one hundred percent (100%) discount under the Lifeline Program administered by the ERC, pursuant to Republic Act No. 11552¹ and its implementing guidelines, DUs shall automatically refund their bill deposits by crediting to the customers' subsequent monthly bills when the customers actual consumption do not qualify them for the lifeline discount until the full amount of bill deposits is fully refunded.

¹ 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. 101450.

Customers who have consistently paid their electric bills on or before the due date for two (2) consecutive years shall qualify for an automatic refund of their bill deposit. This refund includes accrued interest. DUs shall automatically apply the bill deposit refunds to their customers' monthly bills until the entire amount has been refunded.

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CHAPTER III. CONSUMER OBLIGATIONS

Article 28. *Obligation to Pay Bill Deposit.* To ensure bill payments, a deposit may be required from all residential customers.

The amount of the bill deposit that the DU may require of new connections shall not exceed the applicant's estimated billing for one (1) month based on the submitted load schedule. The customer has the option to pay the bill deposit in full or in three (3) equal monthly installments beginning on the first bill.

In case of applicants for new service who, based on their submitted load schedule, shall make them eligible for a one hundred percent (100%) lifeline discount on their bills under the Lifeline Program administered by the ERC, pursuant to Republic Act No. 11552 and its implementing guidelines, no bill deposit shall be required of them.

After one year and annually thereafter, if the customer's actual average monthly bills deviate by more than ten percent (10%) from the bill deposit paid, the deposit amount may be adjusted accordingly. In the event of an increase, the DU will notify the customer before collecting any additional amount, explaining the basis for the adjustment. Such notice to be issued on the anniversary month of the consumers' electric service contract, may be through a letter, bill message in the monthly billing issued to the consumers, or other means. Conversely, if the deposit amount is reduced, the DU will automatically credit the excess to the customer's monthly bill until fully refunded.

DUs are required to pay interest on bill deposits at a rate equivalent to the peso savings account interest rate of

the Land Bank of the Philippines, calculated on the first working day of the year. These accrued interests as of the customers' electric service contract anniversary will be automatically credited to their bills during annual update of bill deposit, as provided above.

DUs may choose to waive the requirement for bill deposits or offer suitable alternatives to cash bill deposits as a guarantee for the customers' payments.

If a customer has previously received a refund for the bill deposit, been exempted from paying it, or was not required to pay any bill deposit, and later defaults on their monthly bill payments or becomes ineligible for the one hundred percent (100%) lifeline discount, the DU may subsequently require them to post a bill deposit. In case of lifeline customers, if their consumption for six (6) consecutive months entitles them to one hundred percent (100%) lifeline discount, their reimposed bill deposit shall automatically be refunded.

Non-payment of the reimposed or adjusted bill deposit shall be a ground for disconnection of electric service.

DUs should reflect the amount of the bill deposit paid by the customers and held by the DUs in their customers' bills. The amount of interest credited to the customer's bill should also be shown in the customer's succeeding bill after annual update of bill deposit."

Section 2. Exception Clause. Where good reason appears, the Commission may allow an exception from any provision of these *Amendments to the Magna Carta for Residential Electricity Consumers*, if such exception is found to be in the public interest and is not contrary to law or any other pertinent rules and regulations of the Commission.

Section 3. Separability Clause. If any of the foregoing amendments is declared unconstitutional or invalid, the other provisions which are not affected thereby shall remain in force and effect, unless such declaration would render the whole rules unenforceable or non-implementable.

Section 4. Repealing Clause. All rules, regulations, guidelines, policies or portion thereof, issued by the Commission, which are

inconsistent with these *Amendments to the Magna Carta for Residential Electricity Consumers* are hereby repealed or modified accordingly.

Section 5. Effectivity. These *Amendments to the Magna Carta for Residential Electricity Consumers* shall take effect fifteen (15) days following its publication in a newspaper of general circulation in the country or in the Official Gazette.