

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig, City

RESOLUTION NO. 02, SERIES OF 2026

**RESOLUTION SETTING A UNIFORM NATIONAL  
LIFELINE SUBSIDY AND RATE FOR THE  
IMPLEMENTATION OF THE LIFELINE PROGRAM UNDER  
SECTION 73 OF REPUBLIC ACT NO. 9136, AS AMENDED  
BY REPUBLIC ACT NOS. 10150 AND 11552, AND CREATING  
A NATIONAL LIFELINE SUBSIDY FUND TO BE  
ADMINISTERED BY THE POWER SECTOR ASSETS AND  
LIABILITIES MANAGEMENT CORPORATION**

**WHEREAS**, it is the declared policy of the State to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;

**WHEREAS**, Sections 43 (j) and 73 of Republic Act No. 9136, otherwise known as the *Electric Power Industry Reform Act of 2001 (EPIRA)* and Rule 20 of its Implementing Rules and Regulations (IRR), authorize the Commission to set a socialized pricing mechanism called lifeline rate for the marginalized end-users for a period of ten (10) years, unless extended by law;

**WHEREAS**, pursuant to Section 1 of Republic Act No. 10150, otherwise known as "*An Act Extending the Implementation of the Lifeline Rate, Amending for the Purpose Section 73 of Republic Act No. 9136*" (R.A. 10150), the original period under Section 73 of the EPIRA was extended from ten (10) years to twenty (20) years;

**WHEREAS**, Section 1 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, as amended by Republic Act No. 10150*" (R.A. 11552) further amended Section 73 of the EPIRA, as amended by Republic Act 10150, by extending the period from twenty (20) years to fifty (50) years;

**WHEREAS**, under Section 1 of R.A. 11552, the Commission shall determine the level of consumption, subsidy and rate after due notice and hearing, provided that the Commission shall primarily

utilize data from the Philippine Statistics Authority (PSA) in the determination of the level of consumption;

**WHEREAS**, under Section 3 of R.A. 11552, the Commission, together with the Department of Energy (DOE) and the Department of Social Welfare and Development (DSWD), shall promulgate the Implementing Rules and Regulations (IRR) for R.A. 11552 to provide assistance to the marginalized end-users and to ensure a more equitable distribution of the lifeline subsidy;

**WHEREAS**, under Joint Resolution No. 1, Series of 2022 dated October 28, 2022, the Commission, DOE, and DSWD, in consultation with the PSA and other public and private stakeholders, and with the approval of the Joint Congressional Energy Commission, promulgated the IRR for R.A. 11552;

**WHEREAS**, in a Tripartite Advisory in Lifeline IRR, dated September 1, 2023, the Commission, DOE, and DSWD, moved the implementation of the new Lifeline Subsidy Program to January 2024 and directed all distribution utilities (DUs) to exert more aggressive promotion efforts to disseminate information on the Lifeline Subsidy Program, and continue accepting and processing applications starting January 1, 2024. Only DUs that have approved applications shall be entitled to avail of the subsidy provided under the Lifeline Subsidy Program;

**WHEREAS**, based on the annual reports submitted by the DUs in accordance with the IRR of R.A. 11552, the Commission noted that there has been low registration in the Lifeline Subsidy Program after the full implementation of R.A. 11552;

**WHEREAS**, during his July 28, 2025 State of the Nation (SONA) Address, President Ferdinand R. Marcos, Jr. emphasized the need to enhance the Lifeline Subsidy Program with the aim of expanding the coverage of the same;

**WHEREAS**, under Section 2 of R.A. 11552, the current level of consumption, subsidy, and rate shall continue to be applied to all qualified marginalized end-users of all DUs until such time that a new level of consumption, subsidy, and rate shall have been determined and approved by the Commission;

**WHEREAS**, prior to the enactment of R.A. 11552, the Commission approved DU-specific lifeline rates, subsidies, and

consumption levels, which DUs have been currently implementing pursuant to Section 2 of R.A. 11552;

**WHEREAS**, in response to the call of President Marcos in his SONA, the Commission has considered to impose a uniform National Lifeline Subsidy Rate to electricity end-users to allow for more marginalized electricity consumers throughout the country to benefit from the Program;

**WHEREAS**, the implementation of the National Lifeline Subsidy Program shall be patterned after the treatment and collection of the Universal Charge, which is remitted to a fund administered by Power Sector Assets and Liabilities Management Corporation (PSALM) and earmarked for the funding of the Lifeline Subsidy Program;

**NOW, THEREFORE**, be it **RESOLVED**, as the Commission hereby **RESOLVES**, to **APPROVE** and **ADOPT** the *“Resolution Setting a Uniform National Lifeline Subsidy for the Implementation of the Lifeline Program under Section 73 of Republic Act No. 9136, as Amended by Republic Act Nos. 10150 And 11552, and Creating a National Lifeline Subsidy Fund to be Administered by the Power Sector Assets And Liabilities Management Corporation”* as follows:

**Section 1. Imposition of Uniform National Lifeline Subsidy Rate (LSR).** In accordance with the mandate to ensure equitable access to electricity for qualified marginalized end-users and to streamline the funding of the Lifeline Subsidy Program, the Commission hereby establishes a Uniform National Lifeline Subsidy Rate to be collected from all Subsidizing Electricity End-users as enumerated herein below.

This Uniform National Lifeline Subsidy Rate shall be billed within the next billing period from the effectivity of this Resolution. Any existing calculation of the Lifeline Subsidy Rate under ERC Resolution No. 14, Series of 2022, or as amended, shall be deemed superseded upon full implementation of this Resolution.

The following entities (each as Collection Agent) are mandated to collect and remit the Uniform National Lifeline Subsidy Rate as a non-by-passable charge:

- a) **Distribution Utilities** (DUs), including private distribution utilities, electric cooperatives, and economic zone administrators and local government units acting as

distribution utilities, collecting the Lifeline Subsidy Rate from their captive market and contestable market through the Retail Electricity Suppliers (RES) or Supplier of Last Resort (SoLR); and

- b) **National Grid Corporation of the Philippines (NGCP)**, collecting the Lifeline Subsidy Rate from consumers that are directly connected to its system.

The Uniform National Lifeline Subsidy Rate (LSR) imposed shall be at a fixed monthly rate of **PhPo.01/kWh**, which shall be collected from the following Subsidizing End-users based on their billed consumption: (a) those not enrolled in the Lifeline Subsidy Program; (b) those enrolled in the Lifeline Subsidy Program, but whose consumption is above the lifeline threshold levels set under Section 3 of this Resolution or any subsequent amendment hereof.

The LSR shall be paid in full by the Subsidizing End-users and shall not be included in the computation of the franchise tax or income tax of the relevant Collection Agent, and any discounts granted by the Collection Agent.

The implementation of the Lifeline Subsidy Program shall be revenue-neutral for, and shall not form part of, the revenues of all Collection Agents. Such LSR shall be a pass-through charge for Collection Agents.

**Section 2. Creation of Lifeline Subsidy Fund and Designation of Power Sector Assets and Liabilities Management Corporation (PSALM) as Lifeline Subsidy Fund Administrator.** Immediately upon effectivity of this Resolution, a Lifeline Subsidy Fund (LSF) shall be created. To ensure the effective and transparent implementation of the Lifeline Subsidy Program, the Commission hereby designates PSALM as the Administrator of the LSF.

The collections received by PSALM for the LSF shall be revenue-neutral for, and shall not form part of, the revenues of PSALM.

For this purpose, a Trust Agreement shall be executed between PSALM, as Administrator, and the individual Collection Agents, which shall govern the duties and responsibilities of the parties relative to said LSF. A copy of this Trust Agreement shall be submitted to the Commission.

**Section 3. Uniform National Lifeline Consumption Threshold.** The new uniform national consumption threshold level for the Lifeline Subsidy Program shall be as follows:

| kWh Consumption | Discount |
|-----------------|----------|
| 0 - 50          | 100%     |

For DUs with an existing ERC-approved lifeline consumption threshold exceeding 50kWh, the current discount levels applicable to their lifeline customers consuming 51kWh and above shall be maintained until otherwise directed by the Commission.

The lifeline discount shall apply to the following charges: generation, transmission, system loss, distribution, supply, metering, loan condonation, related VAT, and other charges as may be approved by the Commission.

**Section 4. Reporting and Remittance of Collection Agents to PSALM.** All Collection Agents shall remit to PSALM the Net Amount of Lifeline Subsidy (LS) for the calendar month, as defined below, on or before the 15<sup>th</sup> day of the succeeding month. In the event the fifteenth (15<sup>th</sup>) day of the succeeding month falls on a non-banking day or holiday, all collections shall be remitted on or before the last banking hour of the immediately succeeding banking day.

|                                                |
|------------------------------------------------|
| Total LS as Collected                          |
| <i>Less:</i> Total Lifeline Discounts provided |
| = Net Amount of LS to be remitted to PSALM     |

For proper control and timely recording, each Collection Agent shall submit to PSALM a certified report using the template in Annex “A”, which contains the following: (1) the total Lifeline Discounts provided for the month, (2) total Lifeline Subsidy as collected, and (3) the Total Amount to be availed from the Lifeline Subsidy Fund. Submission of said report shall coincide with the date of remittance and shall be verified by the authorized representative of the Collection Agent.

If, in any given month, the Total Lifeline Discount provided exceeds the Total LSR as Collected, the Collection Agent shall not remit any amount to PSALM, and the submitted supporting documents will be the basis of PSALM’s disbursement from the LSF for the appropriate Lifeline Subsidy Fund Availment.

PSALM shall open one (1) Trust account, referred to as the “Main Trust Account – Lifeline Subsidy”, with the Bureau of Treasury (BTr) or a Government Financial Institution (GFI) acceptable to the Department of Finance (DOF). Collection Agents shall remit the Net Amount of LSR in the Main Trust Account – Lifeline Subsidy. PSALM shall provide the Collection Agents with the bank details and account number of the Main Trust Account – Lifeline Subsidy.

**Section 5. Disbursement from the Lifeline Subsidy.** If, in any given month, the Total Lifeline Discount provided exceeds the Total LS as collected, the Collection Agent shall be allowed to draw from the LSF to account for the difference.

PSALM shall release the appropriate Lifeline Subsidy Fund Availment to the Collection Agent’s designated bank account within fifteen (15) days following the Collection Agent’s report submission under Section 4 of this Resolution. In the event that said date falls on a non-banking day or holiday, all collections shall be remitted on or before the last banking hour of the immediately succeeding banking day.

**Section 6. Timeline of Implementation.**

| Month                                     | t-1<br>(Status quo) | t<br>(First month of implementation/Next bill month after the effectivity of Resolution) | t+1                                                        | t+2                                                          |
|-------------------------------------------|---------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------|
| Lifeline Subsidy Rate <sup>1</sup>        | Old                 | New                                                                                      | New                                                        | New                                                          |
| Lifeline Discount Structure <sup>2</sup>  | Old                 | Old                                                                                      | New                                                        | New                                                          |
| Amount to be remitted to PSALM            | N/A                 | N/A                                                                                      | LSR Collected (PhP)<br>Less: Discounts Provided in month t | LSR Collected (PhP)<br>Less: Discounts Provided in month t+1 |
| Date of Remittance with Report Submission |                     | N/A                                                                                      | Deadline: 15 <sup>th</sup> day of Month t+1                | Deadline: 15 <sup>th</sup> day of Month t+2                  |

|                               |  |     |                                                                   |                                                                   |
|-------------------------------|--|-----|-------------------------------------------------------------------|-------------------------------------------------------------------|
| by Collection Agents          |  |     | (based on LS collections and discounts from month t)              | (based on LS collections and discounts from month t+1)            |
| Date of Disbursement by PSALM |  | N/A | Fifteen (15) days following Collection Agent's Report Submission. | Fifteen (15) days following Collection Agent's Report Submission. |

<sup>1</sup> The **Old Lifeline Subsidy Rate** is the calculation of the Lifeline Subsidy Rate under ERC Resolution No. 14, Series of 2022. The **New Lifeline Subsidy Rate** is the PhPo.01/kWh as provided in this Resolution.

<sup>2</sup> The **Old Lifeline Discount Structure** is the existing discount structure approved by the ERC for each distribution utility. The **New Lifeline Discount Structure** is as defined in Section 3 of this Resolution.

For an illustration of the timeline, refer to Annex “B” of this Resolution.

**Section 7. Submission of Reports by PSALM to the ERC.**  
PSALM shall submit monthly reports to the ERC containing the details of the monthly submissions of the Collection Agents and the actual disbursements by PSALM.

**Section 8. Audit and Reporting.**

- 8.1. Acting in its capacity as administrator of the LSF, PSALM shall:
- a. Maintain monthly records of each component of Lifeline billings, collections, remittances, and disbursements.
  - b. Reconcile each component of Lifeline billings, collections, and remittances with the books of accounts of Collection Agents.
  - c. Maintain records of Lifeline availments due and paid to each of the Collection Agents in each month.
  - d. Reconcile Lifeline availments due and paid to each of the Collection Agents on a monthly basis.
  - e. Whenever requested by the ERC, inform the ERC of the outstanding balance of the LSF.
- 8.2. Each Collection Agent shall maintain separate books of accounts for the collections and remittances to PSALM of the Lifeline Charge. Such books of accounts must be made available to the

ERC and PSALM during business hours upon two (2) days prior written notice.

- 8.3. PSALM shall maintain separate books of accounts for the disbursements to DUs of the Lifeline Charge of DUs and shall use the same to determine whether there has been any over-recovery by any DU. PSALM shall make such books of accounts available to the ERC for purposes of monitoring and accounting of sums collected from the Lifeline Charge.
- 8.4. Each Collection Agent shall submit to PSALM a yearly audited report of the total actual collections and the total actual remittances of the Lifeline Charge on or before the 30<sup>th</sup> of June of each year.
- 8.5. In the event that PSALM discovers any discrepancy between expected and actual collections, between actual collections and actual remittances, or any other indication of non-compliance by a Collection Agent with these Guidelines, PSALM shall require the concerned Collection Agent to submit a written explanation together with all relevant records, documents and other supporting information that PSALM may deem necessary, without prejudice to Section 10 of this Resolution.

**Section 9. Periodic Review.** The Commission shall conduct an annual review of the sufficiency of the LSF, based on the monthly reports submitted by PSALM. The review will determine whether the initial Uniform Lifeline Subsidy Rate of PhP0.01/kWh should be adjusted after the conduct of public consultation.

The ERC shall also conduct an annual review of the lifeline consumption threshold, and the level of the Lifeline Subsidy Rate in the implementation of the Lifeline Subsidy Program. The Commission shall primarily utilize data from the PSA and historical data regarding the implementation of the Lifeline Subsidy Program in conducting such periodic review.

**Section 10. Liability for Partial and/or Delayed Remittance of Lifeline Subsidy Rate and Payment of Lifeline Subsidy Availment.**

- 10.1. Failure by a Collection Agent to promptly and/or fully remit the amount due to the LSF shall subject them to interest at the prevailing legal rate of interest. PSALM is hereby authorized to collect such interest, which shall form part of LSF.

- 10.2. Provided that the LSF is sufficient, failure by PSALM to promptly and/or fully pay the Lifeline Subsidy Fund Availment to entitled Collection Agents shall entitle them to impose upon PSALM, upon the lapse of one billing period after the due date of the unpaid Lifeline Subsidy Fund Availment, a monthly late payment interest on all unpaid amounts, based the prevailing legal rate of interest, until fully paid. Interest charges imposed under this Section shall not be recovered from the LSF.
- 10.3. The Commission may also initiate administrative proceedings against any erring Collection Agents or PSALM by issuing a show cause order, and, after due proceedings, impose the appropriate administrative penalty in accordance with the Commission's *"Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties"* promulgated on 17 May 2002, as amended by Resolution No. 03, Series of 2009, entitled *"Resolution Amending the Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties, pursuant to Section 46 of EPIRA"*, dated 23 February 2009, including any subsequent amendments thereto.

**Section 11. Exception.** Where good causes appear, the Commission may allow an exception from any provision of this Resolution, provided that such exception is for the public interest and is not contrary to any law, rules and regulations.

**Section 12. Separability Clause.** If any provision of this Resolution is declared invalid or unconstitutional by a court of competent jurisdiction, the provisions which are not affected thereby shall continue to be in full force and effect.

**Section 13. Effectivity.** This Resolution shall take effect within fifteen (15) days following its complete publication in a newspaper of general circulation or in the Official Gazette, whichever comes earlier.

*(This space is intentionally left blank.)*

Let copies of this Resolution be furnished to the University of the Philippines Law Center - Office of the National Administrative Register (UPLC-ONAR), all DUs, and NGCP, as well as published in the ERC website and such other online platform available to the Commission.

Pasig City. **JAN 29 2026**

  
**FRANCIS SATURNINO C. JUAN**  
*Chairperson and CEO*

  
**FLORESINDA G. BALDO-  
DIGAL**  
*Commissioner*

  
**MARKO ROMEO L. FUENTES**  
*Commissioner*

  
**AMANTE A. LIBERATO**  
*Commissioner*

  
**PARIS G. REAL**  
*Commissioner*

| Table 1. Lifeline Discount Computation (Provided for the Month) |       |            |               |                |              |                               |                                     |                        |                   |
|-----------------------------------------------------------------|-------|------------|---------------|----------------|--------------|-------------------------------|-------------------------------------|------------------------|-------------------|
| Rate-based Discount                                             |       |            |               |                |              |                               |                                     |                        |                   |
| kWh Consumption Bracket                                         | Sales | Total Rate | Sales x TRate | Customer Count | Fixed Charge | Customer Count x Fixed Charge | Amount Subject to Lifeline Discount | Lifeline Discount Rate | Lifeline Discount |
|                                                                 | a     | b          | c = a x b     | d              | e            | f = d x e                     | g = c + f                           | h                      | g x h             |
| 0-20                                                            |       | 0.0000     | -             |                | 0.00         | -                             | -                                   | 100%                   | -                 |
| 21-50                                                           |       | 0.0000     | -             |                | 0.00         | -                             | -                                   | 100%                   | -                 |
| 51-70                                                           |       | 0.0000     | -             |                | 0.00         | -                             | -                                   | 35%                    | -                 |
| 71-100                                                          |       | 0.0000     | -             |                | 0.00         | -                             | -                                   | 20%                    | -                 |
| TOTAL                                                           | -     |            | -             | -              |              | -                             | -                                   |                        | -                 |
| TOTAL LIFELINE DISCOUNT AMOUNT                                  |       |            |               |                |              |                               |                                     |                        | -                 |

| Total Rate Computation |   |
|------------------------|---|
| Generation Charge      |   |
| Transmission Charge    |   |
| System Loss Charge     |   |
| Distribution Charge    |   |
| Supply Charge          |   |
| per kWh                |   |
| per Customer           |   |
| Metering Charge        |   |
| per kWh                |   |
| per Customer           |   |
| Other Adjustments      |   |
| xxx                    |   |
| xxx                    |   |
| VAT                    |   |
| TRate                  | - |
| Fixed Charges          | - |

| Table 2. Lifeline Subsidy Computation (as Collected) |      |
|------------------------------------------------------|------|
| Total kWh Sales (ESS)                                | -    |
| less: Residential Lifeline Sales                     | -    |
| Total Non-Lifeline kWh Sales                         | 0.01 |
| Lifeline Subsidy Rate                                | -    |
| Total Lifeline Subsidy Amount                        | -    |
| TOTAL LIFELINE SUBSIDY AS COLLECTED                  |      |

| Table 3. Total Amount Remitted to/Availed from the Lifeline Subsidy Fund (LSF) |   |
|--------------------------------------------------------------------------------|---|
| Total Lifeline Subsidy as Collected                                            | - |
| Total Lifeline Discount Amount                                                 | - |
| TOTAL AMOUNT REMITTED/(AVAILABLE)                                              | - |

|               | Printed Name | Position Title | Signature |
|---------------|--------------|----------------|-----------|
| Prepared by:  |              |                |           |
| Checked by:   |              |                |           |
| Certified by: |              |                |           |
| Approved by:  |              |                |           |

ANNEX B. Illustrative Timeline

| Month                                                          | January 2026<br>(Status quo)                                              | February 2026<br>(First month of implementation/<br>next bill month after the<br>effectivity of Resolution) | March 2026                                                                                | April 2026 and onwards                                                                                                 |
|----------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| Lifeline Subsidy Rate <sup>1</sup>                             | PhP 0.0008/kWh                                                            | PhP 0.01/kWh                                                                                                | PhP 0.01/kWh                                                                              | PhP 0.01/kWh                                                                                                           |
| Lifeline Discount Structure <sup>2</sup>                       | 0-20 kWh = 100%<br>21-50 kWh = 50%<br>51-70 kWh = 35%<br>71-100 kWh = 20% | 0-50 kWh = 100%<br>51-70 kWh = 35%<br>71-100 kWh = 20%                                                      | 0-50 kWh = 100%<br>51-70 kWh = 35%<br>71-100 kWh = 20%                                    | 0-50 kWh = 100%<br>51-70 kWh = 35%<br>71-100 kWh = 20%                                                                 |
| Amount to be remitted to PSALM                                 | N/A                                                                       | N/A                                                                                                         | LSR Collected (PhP)<br><br>Less: Discounts Provided in February 2026                      | LSR Collected (PhP)<br><br>Less: Discounts Provided in the previous month                                              |
| Date of Remittance with Report Submission by Collecting Agents |                                                                           | N/A                                                                                                         | Deadline: 15 March 2026<br><br>(based on LS collections and discounts from February 2026) | Deadline: 15 <sup>th</sup> of the current month<br><br>(based on LS collections and discounts from the previous month) |
| Date of Disbursement by PSALM                                  |                                                                           | N/A                                                                                                         | Fifteen (15) days following Collection<br><br>Agent's Report Submission.                  | Fifteen (15) days following Collection<br><br>Agent's Report Submission.                                               |