Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

13th Congress
First Regular Session

HOUSE BILL NO. 765

Introduced by Representative Harlin Cast. Abayon

EXPLANATORY NOTE

The attached bill aims to encourage the large-scale operation of solar energy systems by mandating the Department of Energy, in coordination with other offices, to design a program that will facilitate and accelerate the introduction, development and manufacture in the Philippines of advanced technology state-of-the-art solar conversion power systems.

Solar energy should be promoted in the Philippines to produce electricity, especially in remote areas, because of the abundant supply of sunshine and it is more environment-friendly. Solar power gives no omission and is more sustainable than other traditional use of energy.

A new energy awareness is motivating people all over the world to experiment and devise the techniques to use solar energy at home, in the office, in the factory, or in the farm. Today, we are faced not only with change necessitated by energy problems, but also with worldwide yearning for a better quality of life and cleaner environment. The use of solar energy addressed both concerns.

Active solar systems consist of a advise to collect the heat of the sun, an insulated area to store the collected heat, and a system to distribute the heat where and when needed. Once solar heat is collected and stored, it can be used just as fossil fuels are used. Thus, if you heat your house with oil, you buy oil and store it in your oil tank; if you use a fireplace, you buy or chop wood and store it in a woodpile; if you use electricity or natural gas for heat, you buy the gas or electricity from the utility companies and pay them to store it; if you use solar heat, you collect the heat from the sun and store it in your water tank or rock bin. The systems for distributing solar heat are neither different nor more complex than those used in conventional heating.

In the year 1100 A. D., the Anasazi Indians built multistory dwelling, now known as Montezuma's castle, in Camp Verde, Arizona, into an existing cliff and cave using rocks and mud and brush. The south-facing vertical walls absorbed the heat of the sun in the winter and the rocks and mud stored the heat. In summer, when the sun was higher in the sky, the overhang of the cliff blocked the rays of the sun. These are called passive solar systems which utilize the design and orientation of buildings to collect the sun's heat and building materials that hold and store heat. The basic principles essential to using the energy produced by the sun to effectively heat space and water for household use are not, therefore, new.

Indeed, we already have a few homes in the Philippines using solar energy. No doubt the future will see new techniques for collection and practical hold-over heat systems that will supply the electrical power needs of the average home or office and those of industry and agriculture, making maximum use of cost-effective and inexhaustible solar energy.

Incentives and benefits in the form of exemptions from all taxes, with certain exceptions, and import duties are provided in the bill.

In view of the foregoing, approval of the bill is earnestly requested.

HARLIN CAST. ABAYON

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HOUSE BILL NO. _____

Introduced by Representative Harlin Cast. Abayon

THE SOLAR CONVERSION POWER SYSTEM ACT OF 2001

Be it enacted by the Senate and House of Representative of the Philippine in Congress assembled:

SECTION 1. ***Statement of Objectives***.- It is the objective of this Act to:

(a) Facilitate and accelerate the introduction, development and local manufacture of advanced technology state-of-the-art solar conversion power systems;

(b) Drastically reduce to a minimum the cost of building and maintaining large solar operated power systems; and

(c) Make available the wide-scale use in the country of cost-effective and reliable solar energy by homeowners, schools, hospitals, business, industry and agriculture.

SECTION 2. ***Program on Advanced Technology Solar Conversion Power Systems.***- The Department of Energy (DOE), in coordination with the Department of Science and Technology (DOST), Department of Trade and Industry (DTI), National Economic and Department Authority (NEDA), and other appropriate national and local government agencies/offices, shall design a program that will facilitate, promote and accelerate the introduction, development, manufacture in the Philippines of advanced technology state-of-the art solar conversion power systems that will enable homeowners, business, industry and agriculture to avail of and make maximum use of cost-effective and inexhaustible solar energy.

SECTION 3. ***Guidelines in the Formulation of the Program.***- In the formulation of the program authorized under this Act, the Department of Energy and the other agencies concerned shall be guided by the following considerations:

(a) The participant in the program should be able to contribute to the modernization of the industrial and agricultural sectors in the Philippines;

(b) The system to be introduced by a participant must be able to provide the Framework for an intensive e development process that will enable the Philippines to play a major role in the spectrum of technological transformation that is now fast changing the lifestyle of large segments of the entire humanity.

(c) The potential for the commercialization of the advanced technology system that will be introduced by a participant in the program must be given a high degree of priority by the program;

(d) The technology of the system to introduced by a participant should be able to drastically reduce to a minimum the cost of building and maintaining it;

(e) The system to be introduced by a participant in the program must be applicable to the daily need and for use of homeowners, business, industry and agriculture;

(f) The local content of the components of the system must gradually increase beginning on the sixth year of the operation of a participant in the program; and

(g) The plant or the factory of a participant in the program must be located in the countryside and able to provide job opportunities to the inhabitants residing in the locality.

SECTION 4. ***Exemptions and other Benefits.*** – Any natural or juridical person whose participation on the program has been approved in accordance with the rules and regulations promulgated pursuant to this Act shall be entitled to the following exemptions and benefits;

(a) License and building permit fees;

(b) Taxes, national or local;

(c) Import duties on all imported components used in the manufacture or Assembly of solar energy panels for household, school, hospital, business, industry or agriculture;

(d) Export tax on locally produced solar conversion power systems using indigenous materials as their major components; and

(e) Any and all government rules and regulations with respect to assets, income and other activities indispensably and directly utilized to, proceeding from connected with the business of producing and selling advanced technology state-of-the art solar conversion power systems: ***Provided ,further,*** That such as person shall not be exempt from the payment of real property and capital against taxes: Provided, furthermore, That the exemptions and other benefits granted by this Act may, after due notice and hearing, be revoked and cancelled upon the failure of the granted, without just cause, to commence his/its operations within-forty-five (45) days from receipt of the authority to commence operation: Provided, finally, That all exemptions and other benefits granted by this Act may, after compliance with the requirements of due process, be forfeited in case of any violation of the provisions of this Act or the rules and regulations promulgated pursuant thereto by the grantee or his authorized representative.

SECTION 5. ***Validity of Exemptions***.- Subject to the limitations imposed in the preceding section, the exemptions and other benefits granted under this Act shall be valid and may be enjoyed by the grantee for a period of ten (10) years counted from the date of registration of the grantee's participation in the program: Provided, that such grantee is registered within a period of five (5) years from the effectivity of this Act.

SECTION 6. ***Rules and Regulations.***- The Secretary of Energy, in coordination with the Secretaries of Science and Technology, Finance, Trade and Industry, Economic Planning and the heads of other appropriate agencies or offices of the national and local governments, shall formulate and promulgate such rules and regulations which will implement the provisions of this Act and the Act and the program designed pursuant to the mandate contained herein. Such rules and regulations shall take effect after fifteen (15) days following their publication in at least two (2) national newspaper of general circulation.

SECTION 7. ***Funding.***- The amount necessary to implement the provisions of this Act is hereby authorized to be initially source out of the Contingent Fund and the saving from the appropriation of the Department of Energy, the Department of Science and Technology, the Department of Trade and Industry, and the National Economic and Development Authority. Thereafter, such amount necessary for the implementation of this act shall be included in the annual appropriations of the Department of Energy in the General Appropriation Act.

SECTION 8. ***Penalty.***- Any person who shall violate any provision of this Act or the rules and regulations promulgated pursuant thereto shall the penalty of imprisonment for not less than two (2) years nor more than five (5) years and a fine of not less than Five Thousand Pesos (P 5,000.00), nor more than Twenty-Five Thousand Pesos (P 25,000.00), or both, at the discretion of the court.

SECTION 9. ***Separability Clause***.- If for any reason any provision of this Act is declared unconstitutional or invalid, such parts not affected thereby shall remain in full force and effect.

SECTION 10. ***Repealing Clause.***- All laws, decrees, orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, or modified accordingly.

SECTION 11. ***Effectivity.***- This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,