

FIFTEENTH CONGRESS
OF THE REPUBLIC OF THE PHILIPPINES
First Regular Session

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HOUSE OF REPRESENTATIVES

House Bill No. 2896

Introduced by Representative Susan A. Yap

EXPLANATORY NOTE

No less than the Constitution recognizes every Filipino's fundamental legal right to a balanced and healthful ecology in accordance with the rhythm and harmony of nature.

Likewise, in the landmark case of *Oposa v. Factoran*, the Supreme Court recognized the concept of intergenerational responsibility in upholding the cause of action of minors who were filing a class suit which sought to protect the right of their generation and of generations yet unborn to the same right to a balanced and healthful ecology. The Supreme Court stressed further that every generation has a responsibility to the next to preserve the rhythm and harmony of nature for the full enjoyment of a balanced and healthful ecology. The assertion of such right includes the obligation to protect the same for generations to come.

A glaring example of a disruption of the rhythm and harmony of nature is global warming with effects that include an increase in sea-level, temperature and rainfall. This translates to unpredictable weather changes, an increase in number of storms and an extremely humid environment. Global warming is caused by the continued and increasing emission of greenhouse gases in our atmosphere. At present, global warming is no longer just a threat, it has become a reality that affects the present and will affect the future generations.

Worldwide, the problem of global warming caused by greenhouse gas emissions is largely recognized and is being addressed through the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC), aimed at combating global warming. The UNFCCC is an international environmental treaty with the goal of achieving "stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system."

It was first adopted on 11 December 1997 in Japan and entered into force on 16 February 2005. As of November 2009, 187 countries have signed and ratified the protocol. The Philippines is one of those countries.

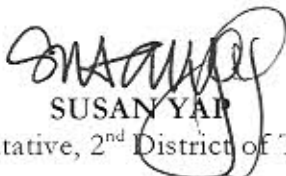
Locally, the problem of global warming was sought to be addressed by the passage of Republic Act No. 9729 otherwise known as the Climate Change Act in 2009. It provided for the creation of a Climate Change Commission whose duties and powers include the "formulation of strategies on mitigating greenhouse gases and other anthropogenic causes of climate change".

Greenhouse gases are emitted when fossil fuels, coal, oil, and natural gas are burned. There is a need to shift to green energy which refers to sources of energy that are friendlier to the environment. Examples of renewable and alternative energy are

geothermal power, solar power and wind energy. However, the initial costs of shifting to green energy are not always cheap. It is an investment in itself.

Hence, there is a need for an incentive for homes and establishments to make the big shift. This requires more than just appeals to one's sense of responsibility in caring for the environment. There is a need to cushion the impact of the initial expenses which almost always discourage those who might want to consider green energy.

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


SUSAN YAP
Representative, 2nd District of Tarlac

HOUSE OF REPRESENTATIVES

House Bill No. 2896

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AN ACT

ESTABLISHING A GREEN ENERGY FOR HOMES AND BUILDINGS PROGRAM IN THE DEPARTMENT OF ENERGY TO PROVIDE FINANCIAL ASSISTANCE TO PROMOTE RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL SCALE ENERGY EFFICIENCY AND ON-SITE RENEWABLE TECHNOLOGIES.

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

SECTION 1. *Short Title.* This Act shall be known as the Green Energy for Homes and Buildings Act of 2010".

SECTION 2. *Definitions.*

A. GREEN ENERGY - refers to sources of energy that are natural; considered to be environmentally friendly and non-polluting. These processes include, but are not limited to, anaerobic digestion, geothermal power, wind power, small-scale hydropower, solar energy, biomass power, tidal power, and wave power.

B. COST - means the monetary value of expenditures for supplies, services, labour, products, equipment and other items purchased for use by a business or other accounting entity.

C. DIRECT LOAN - means a loan by a lender to a customer without the use of a third party.

D. LOAN GUARANTEE - means a promise by a government to assume a private debt obligation if the borrower defaults.

E. PROGRAM - means the Green Energy for Homes and Buildings Program established by Section 6.

F. SECRETARY - means the Secretary of Energy.

G. SECURITY- means shares, participation or interests in a corporation or in a commercial enterprise or profit-making venture and evidenced by a certificate, contract, instrument, whether written or electronic in character. It includes:

(a) Shares of stock, bonds, debentures, notes, evidence of indebtedness, asset-backed securities;

(b) Investment contracts, certificates of interest or participation in a profit sharing agreement, certificates of deposit for a future subscription;

(c) Fractional undivided interests in oil, gas or other mineral rights;

- (d) Derivatives like options and warrants;
- (e) Certificates of assignments, certificates of participation, trust certificates, voting trust certificates or similar instruments;
- (f) Proprietary or non proprietary membership certificates incorporations; and
- (g) Other instruments as may in the future be determined by the Securities and Exchange Commission.

SECTION 3. *Green Energy for Homes and Buildings Goals.*

A. Development of targets and goals

1. The Secretary shall develop and publish for review and comment in the Official Gazette or in a national newspaper of general circulation short, medium, and long-term goals (including numerical performance targets at appropriate intervals to measure progress toward those goals) for—

- (a) a minimum number of homes to be retrofitted through energy efficiency measures or to have on-site renewable energy systems added;
- (b) a minimum number of other buildings, by type, to be retrofitted through energy efficiency measures or to have on-site renewable energy systems added; and
- (c) the number of on-site solar energy, wind energy and geothermal heat pump systems to be installed; and

2. as a result of those retrofits, additions, and installations--

- (a) the quantity by which use of grid-supplied electricity, natural gas, homes heating oil, and other fuels will be reduced;
- (b) the quantity by which total fossil fuel dependence in the buildings sector will be reduced;
- (c) the quantity by which greenhouse gases are emitted will be reduced;
- (d) the number of jobs that will be created; and
- (e) the estimated total energy cost savings for building owners.

B. The Secretary may rely on reasonable estimates made by originators of financial products or sponsors of financing programs for tracking progress toward meeting the goals established under this section instead of requiring building owners to monitor and report on the progress.

SECTION 4. *Green Energy for Homes and Buildings Program.*

A. Establishment- There is established in the Department of Energy a program to be known as the "Green Energy for Homes and Buildings Program".

B. Eligibility Criteria -

1. IN GENERAL- In administering the Program, the Secretary shall establish eligibility criteria for applicants for financial assistance under subsection (C) who can offer financial products and programs consistent with the purposes of this Act.

2. CRITERIA- Criteria for applicants shall--

(a) take into account—

- (i) the number and type of buildings that can be served by the applicant, the size of the potential market, and the scope of the program (in terms of measures or technologies to be used);
- (ii) the ability of the applicant to successfully execute the proposed program and maintain the performance of the proposed projects and investments;

(iii) financial criteria, as applicable, including the ability of the applicant to raise private capital or other sources of funds for the proposed program;

(iv) criteria that enable the Secretary to determine sound program design, including –

(I) an assurance of credible energy efficiency or renewable energy generation performance; and

(II) financial product or program design that effectively reduces barriers posed by traditional financing programs

(b) encourage –

(i) use of technologies that are either well-established or new, but demonstrated to be reliable;

(ii) technical assistance in selecting and working with vendors to provide energy efficiency measures or on-site renewable energy generation systems;

3. Diverse Portfolio- In establishing criteria and selecting applicants to receive financial assistance under subsection (C), to the maximum extent practicable, the Secretary shall select a portfolio of investments that reaches a diversity of building owners, including –

a. individual homeowners;

b. multifamily apartment building owners;

c. condominium owners associations;

d. commercial building owners, including multi-tenant commercial properties; and

e. industrial building owners.

C. Financial Assistance-

1. In general - For applicants determined to be eligible under criteria established under subsection (B), the Secretary may provide financial assistance in the form of direct loans, letters of credit, loan guarantees, insurance products, other credit enhancements or debt instruments (including securitization or indirect credit support), or other financial products to promote the widespread deployment of, and mobilize private sector support of credit and investment institutions for, energy efficiency measures and on-site renewable energy generation systems in buildings.

2. To the maximum extent practicable and consistent with sound business practices, the Secretary shall seek to expedite reviews of applications for credit support under this Act in order to communicate to applicants in a timely manner the likelihood of support so that the applicants can seek private capital in order to receive final approval. In carrying this out, the Secretary shall consider using clear guidelines that communicate to applicants what level of performance on eligibility criteria will ensure approval for credit support or resale.

SECTION 5. *General Accountability for the Program.* -

A. Periodic Reports - Not later than one (1) year after the commencement of operation of the Program and at least biannually thereafter, the Secretary shall submit to the Committee on Energy of the Senate and the Committee on Energy of the House of Representatives a report that includes a description of the Program in meeting the purpose and goals established by or pursuant to this Act.

B. Audits by the Commission on Audit - The programs, activities, receipts, expenditures, and financial transactions of the Program shall be subject to audit by the Commission on Audit.

SECTION 6. *Appropriations.* - To carry out the provisions of this Act, an amount of Fifty million pesos (P50,000,000.00) is hereby authorized to be appropriated from the National Treasury. Thereafter, the amount necessary for the continuous operation of the program shall be included in the annual appropriations of the Department of Energy.

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2 SECTION 7. *Separability Clause.* - If any provision or part hereof, is held invalid or
3 unconstitutional, the remainder of the law or the provision not otherwise affected shall
4 remain valid and subsisting.
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6 SECTION 8. *Repealing Clause.* - Any law, presidential decree or issuance, executive
7 order, letter of instruction, administrative order, rule or regulation contrary to or is
8 inconsistent with the provision of this Act is hereby repealed, modified, or amended
9 accordingly.
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11 SECTION 9. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its
12 publication in at least two (2) newspapers of general circulation.
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14 Approved,