

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 987



Introduced by REP. TEDDY BRAWNER BAGUILAT

EXPLANATORY NOTE

As mandated under Republic Act No. 7638, the Department of Energy ("DOE") shall "devise ways and means of giving direct benefits to the province, city, or municipality, especially the community and people affected, and equitable preferential benefit to the region that hosts the energy resource and/or the energy-generating facility: *Provided, however,* That the other provinces, cities, municipalities, or regions shall not be deprived of their energy requirements."

Pursuant to this mandate, the DOE promulgated Energy Regulation ("ER") No. 1-94. The regulation made clearer the policy of the State with regard to the equitable treatment of host communities, that is, the local government units ("LGUs") or the regions where a particular energy resource or power plant is located.

Republic Act No. 7638 and ER No. 1-94 recognize that host communities contribute to the electrification of the country by way of their granting power plants or energy resource developers to operate within their jurisdictions. In the case of energy resources, there is additional benefit to the resource developer and the country when the host communities undertake activities that conserve, preserve, maintain or otherwise protect the energy resource, ensuring the availability of that resource at a steady or higher volume and/or for a longer time.

Thus, Republic Act No. 7638 grants benefits to host communities, which mandate is implemented by ER No. 1-94, to compensate the host communities for their contribution to the country. When a power plant is capable of producing more electricity, then the host community becomes entitled to greater benefits. Thus, this system of benefits will encourage host communities to protect their energy resources, so that the hosted power plant will be able to generate more electricity.

The benefits are likewise intended to enhance the relationship and promote harmony among host communities, energy resource developers, power plant operators, and relevant government agencies. It is envisioned that such harmonious relationship will encourage further development in the energy industry.

In the case of hydroelectric energy, the energy resource is a waterway or a body of water. At the point where a hydroelectric power plant is located, the power of the water system is harnessed and converted into electric energy. Before reaching that point, however, the water system builds up power, starting from its source, as it gathers energy while traveling long distances. Communities upstream therefore contribute to the amount of energy that can be generated by a particular water system.

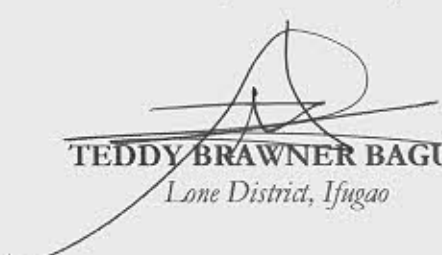
The activities of upstream communities either enhance or diminish the capability of the water system to produce energy. For instance, if upstream communities properly manage watersheds and ensure that there are no impediments to the flow of water, then the hydroelectric plant will benefit from sufficient volume or adequate flow of water. But if upstream communities mismanage watersheds, then the water system will likely be silted, water volume will be generally low, and there will be insufficient water to turn turbines at the hydroelectric plant.

Obviously, hydroelectric power plants and energy developers stand to benefit from the favorable activities of upstream communities. As such, it is only just that, in the case of hydroelectric plants and energy resources, upstream communities also be compensated for their contribution to the country's energy resources.

At present, however, the term "host community" fails to consider the critical role of upstream communities to hydroelectric energy. This glaring gap impairs the fulfillment of the principal objectives of the State. Thus, the term "host community" must be redefined to cover not only the Barangays, Municipalities, Provinces or Regions where the dams or hydroelectric power generating facilities are located but also to include LGUs or Regions upstream which protect and maintain the watersheds and ensure the free flow of water towards the hydroelectric plants.

In order to address this injustice, this bill is most respectfully submitted and requested for early approval.

The technology for the generation of hydroelectric power available in the country is currently limited to conventional (with the power generator being housed in a dam), run-of-river, and pumped-storage. But hydroelectric technology includes the generation of electricity from tide and wave energy. Regardless of technology, however, the nature of hydroelectric energy is that its source, and therefore the capability to efficiently generate electricity, is affected by its surroundings. It is the intent of this bill to encourage communities affecting hydroelectric energy resources, regardless of generation technology used, to contribute to the sustainability and development of the said resources.



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AN ACT REDEFINING THE TERM “HOST COMMUNITY” AS FOUND IN THE LOCAL GOVERNMENT CODE OF 1991 (RA 7160) AS AMENDED, DEPARTMENT OF ENERGY ACT OF 1992 (RA 7638), AND THE ELECTRIC POWER INDUSTRY REFORM ACT (EPIRA) OF 2001 (RA 9136)

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

Section 1. The term “host community” as used or referred to in Republic Act No. 7160, otherwise known as the Local Government Code; Republic Act No. 7638, otherwise known as the Department of Energy Act of 1992; and Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act; each Republic Act as amended, shall be redefined as follows:

- a) With respect to hydroelectric generation facilities, the host local government unit (LGU) or the host region is that where the hydroelectric generating facility is located.
- b) With respect to hydroelectric energy resources, the host LGU or the host region is that where the waterway or water system used as energy resource is located, beginning at the point of origin of the waterway or water system and terminating at the point where the hydroelectric generation facility concerned is located.

Section 2. In the case of hydroelectric generation facilities and hydroelectric energy resources, the amount to be collected as benefit to host communities shall not be less than twenty-five percent (25%) of one centavo for every kilowatthour generated by the hydroelectric generation facility concerned.

Section 3. All amounts collected as benefit to host communities from hydroelectric generation facilities and hydroelectric energy resources shall be shared equally by the host communities concerned.

Section 4. The Department of Energy shall issue the implementing rules and regulations necessary for the administration of the host community benefits provided herein.

Section 5. All laws, decrees, executive orders and rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 6. This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,
