



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



SEVENTEENTH CONGRESS

Second Regular Session

House Bill No. 6960

Introduced by Representative Jose Enrique S. Garcia III

EXPLANATORY NOTE

Republic Act No. 9513 otherwise known as the “Renewable Energy Act of 2008” established the framework for the accelerated development and advancement of renewable energy resources and sought to institutionalize the development of national and local capabilities in the use of renewable energy systems by providing, among others, fiscal and non-fiscal incentives.

Whilst the Act provides generous incentives to developers of renewable energy facilities as well as manufacturers, fabricators and suppliers of locally-produced renewable energy equipment and components, the incentive package for small renewable energy systems, like solar energy installed by residential consumers, is not as attractive. The Act merely provides tax rebates for all or part of the tax paid for the purchase of renewable energy equipment for residential, industrial, or community use for such period as may be prescribed by the Department of Finance.

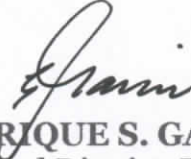
Almost a decade after the “Renewable Energy Act of 2008” became effective, a shift, or at least a growing interest towards the installation of small renewable energy systems by residential, or even industrial end-users, is yet to become prevalent. These are mainly due to the prohibitive cost of putting up renewable energy systems and the considerable number of years within which to recoup the investment. This is further exacerbated by the minimal incentive program offered by the government to consumers.

One of the current Administration’s goals is to transition early to clean energy. It was reported that the Administration is bent on the eventual phase out of coal power plants and other plants that use harmful fuels, and steer the country for more investments in renewable energy. Just recently, President Rodrigo Roa Duterte

inaugurated the first Filipino-owned solar panel factory that would enable homes to cut their electricity by thirty percent (30%). The factory would also produce panels which would allow individuals to acquire a solar panel for their own homes payable on installment.

The aforementioned development raises the prospect of reducing the cost for installing solar energy systems in homes and residential buildings. Complemented by a state-sponsored attractive incentive package and affordable financing facilities, residential end-users would be encouraged to install small solar power systems and gradually reduce their dependence on electricity produced by conventional fuels.

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


JOSE ENRIQUE S. GARCIA III
Second District, Bataan



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AN ACT
PROMOTING THE USE OF RENEWABLE ENERGY IN HOMES
BY PROVIDING INCENTIVES AND CREDIT FACILITIES FOR
CONSUMERS UTILIZING SMALL SOLAR POWER SYSTEMS

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

1 **SECTION 1. Short Title.** - This Act shall be known as the “Small Solar Power
2 System Incentives Act.”

3 **SECTION 2. Declaration of Policy.** - It is the policy of the State to promote the
4 utilization of renewable energy resources to reduce dependence on imported energy,
5 and to promote its efficient and cost-effective commercial application by providing
6 fiscal and non-fiscal incentives to effectively prevent or reduce harmful emissions, and
7 thereby balance the goals of economic growth and development with the protection of
8 health and the environment.

9 **SECTION 3. Definition of Terms.** - For purposes of this Act, the following
10 terms shall mean:

11 A) *Small Solar Power System* - rooftop-installed solar-powered equipment,
12 devices, and systems, for residential use to generate electricity, light, or heat water;

1 B) *Eligible Participant* - any individual who owns a house and who the
2 government determines to be appropriate pursuant to the purposes of this Act;

3 C) *Rebates* - the refund or repayment by the government to a taxpayer who has
4 duly paid his taxes. The rebate shall be in the form of cash or similar instrument that
5 could be readily available for use by the beneficiary;

6 D) *Net Metering* – refers to a system, appropriate for distributed generation, in
7 which a distribution grid user has a two-way connection to the grid and is only charged
8 for his net electricity consumption and is credited for any overall contribution to the
9 electricity grid;

10 **SECTION 4. *Fiscal Incentives.***

11 A) Subject to existing laws, rules, and regulations, incentives granted to
12 renewable energy developers as provided for in Republic Act No. 9513, otherwise
13 known as the Renewable Energy Act, shall be applied to eligible participants using
14 small solar power systems.

15 B) The Department of Finance (DOF) and concerned agencies shall draw-up
16 appropriate mechanisms for the grant of subsidies, establishment of guarantee funds,
17 and/or tax credits on the purchase and installation of small solar power system for
18 residential use. These incentive mechanisms shall be implemented in tranches
19 beginning from a subsidy of 75% of the basic cost for the installation of small solar
20 power systems on the first three years of this Act's implementation, 50% on the next
21 three years, and 25% on the seventh year onward.

22 C) To encourage the adoption of renewable energy technologies, the DOF in
23 consultation with Department of Science and Technology (DOST), Department of
24 Energy (DOE), and Department of Trade and Industry (DTI), shall provide rebates for
25 all or part of the tax paid for the purchase of small solar power system for residential
26 or community use. These rebates shall also be implemented in tranches beginning
27 from a rebate of 50% of the taxes paid for the purchase of the small solar power system
28 on the first three years of this Act's implementation, 75% on the next three years, and
29 100% on the seventh year onward.

1 D) The installation of small solar power system shall be granted expedited plan
2 checks and shall be exempt from the payment of building permit fees. The total cost of
3 the solar power system shall further be excluded from the computation and payment
4 of real property taxes.

5 E) All eligible participants shall be entitled to any or all of the foregoing
6 incentives, as may be applicable; *Provided, That*, in no case shall a participant be
7 allowed to avail or recover total incentives and rebates in excess of the actual cost
8 incurred in installing the small solar power system.

9 **SECTION 5. *Financial Assistance.*** - There is hereby established under this Act
10 a program, to be jointly administered by the National Renewable Energy Board
11 (NREB), the Home Development Mutual Fund (HDMF), the Government Service
12 Insurance System (GSIS), and the Social Security System (SSS), which shall provide
13 for a solar rooftop credit and financing program, accessible to all eligible HDMF, GSIS,
14 and SSS members. Such program shall include the installation of small solar power
15 systems among the costs for home construction and improvement eligible for
16 financing.

17 **SECTION 6. *Net Metering.*** - Residential users of small solar power systems
18 with installed capacity in excess of their domestic consumption shall be allowed to
19 enter into net metering arrangements with distribution utilities without
20 discrimination. The NREB shall promulgate the mechanics for this purpose within one
21 year from the effectivity of this Act.

22 **SECTION 7. *Implementing Rules and Regulations.*** - The DOF in cooperation
23 with DOST, DOE, and NREB shall issue the necessary rules and regulations for the
24 implementation of this Act.

25 **SECTION 8. *Separability Clause.*** - If any provision of this Act is held invalid
26 or unconstitutional, the same shall not affect the validity and effectivity of the other
27 provisions hereof.

28 **SECTION 9. *Repealing Clause.*** - All laws, decrees, orders, and issuances, or
29 portions thereof, which are inconsistent with the provisions of this Act, are hereby
30 repealed, amended, or modified accordingly.

1 **SECTION 10.** *Effectivity Clause.* - This Act shall take effect fifteen (15) days
2 after its publication in the *Official Gazette* or in two (2) newspapers of general
3 circulation.

Approved.