

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10686



Introduced by **Representative Manuel Luis T. Lopez**

AN ACT
ENHANCING THE IMPLEMENTATION OF THE NET-METERING PROGRAM,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9513, OTHERWISE KNOWN AS
THE RENEWABLE ENERGY ACT OF 2008

EXPLANATORY NOTE

Net-metering in the country was introduced through Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008. Under this Law, it is the declared policy of the State to "[i]ncrease the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and nonfiscal incentives."

The net-metering program is one of the policy mechanisms aimed at scaling up renewable energy capacity in the country. This bill introduces additional incentives and other changes that both encourage participation from qualified end-users and address obstacles encountered in the implementation processes under the program.

The problems that are sought to be addressed by this measure includes: first, the 100-kilowatt (kW) threshold for distributed energy systems that apply to net-metering which has prevented electricity consumers with larger consumptions from expanding their systems. Second, the delays in the processing of applications for net-metering due to lack of streamlining of the submissions and permitting process. And lastly, the double-charging scheme of the current net-metering pricing methodology because of the price of export electricity being based only on the relevant distribution utilities' blended generation cost instead of the retail price of electricity.

This bill introduces three necessary changes that will address said obstacles. First, the bill removes the 100-kW cap to allow more qualified end-users to participate in the net-metering program and tasks the Energy Regulatory Commission (ERC) to regularly set the maximum kW capacity for distributed generation in consideration of the possible effects on the stability of the grid and the retail rates of captive customers. The measure further mandates that the permitting process and requirements for applications shall be uniform and streamlined, and provide minimum requirements for local government

units, accordingly with the time frames under Republic Act No. 11234, otherwise known as the “Energy Virtual One Stop-Shop Act”. The DOE is also tasked under this bill to be the lead agency in the rationalization of the process and requirements for net metering, together with the ERC and the Department of the Interior and Local Government. Finally, the bill requires a parity pricing methodology that credits end-users the full retail price of the surplus electricity contributed to the electricity grid, including accumulated unused credits from the previous billing period, to correct the double-charging scheme of the current pricing methodology, where net-metered end-users also pay for the transmission and distribution charges of the electricity surplus they produced that is already paid for by other electricity consumers.

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


HON. MANUEL LUIS T. LOPEZ
Representative
1st District, City of Manila

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10686

Introduced by **Representative Manuel Luis T. Lopez** of the 1st District of Manila

AN ACT
ENHANCING THE IMPLEMENTATION OF THE NET-METERING PROGRAM,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9513, OTHERWISE KNOWN AS
THE RENEWABLE ENERGY ACT OF 2008

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

SECTION 1. *Definition of Distributed Generation.* - Section 4 of Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008, is hereby amended to read as follows:

"Section 4. Definition of Terms. - As used in this Act, the following terms are herein defined:

x x x

"(j) "Distributed generation" refers to a system of small generation entities supplying directly to the distribution grid, any one of which shall not exceed ~~one hundred kilowatts (100 kW) in capacity~~ **THE MAXIMUM KILOWATT CAPACITY DETERMINED BY THE ENERGY REGULATORY COMMISSION PURSUANT TO SECTION 10 OF THIS ACT.**"

SEC. 2. *Definition of Net Metering.* - Section 4 of Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008, is hereby amended to read as follows:

"Section 4. Definition of Terms. - As used in this Act, the following terms are herein defined:

x x x

(gg) "Net Metering" refers to a system, appropriate for distributed generation, in which a distribution grid user has a two-way connection to the grid and is only charged for his net electricity consumption and is credited for any overall

contribution to the electricity grid, **INCLUDING ACCUMULATED UNUSED CREDITS FROM THE PREVIOUS BILLING PERIOD;**"

SEC. 3. *Net Metering for Renewable Energy.* - Section 10 of the same Act is hereby amended to read as follows:

"Section 10. Net Metering for Renewable Energy. - Subject to technical considerations and without discrimination and upon request by distribution end-users, the distribution utilities shall enter into net-metering agreements with qualified end-users who will be installing RE system.

The ERC, in consultation with the NREB and the electric power industry participants, shall:

- 1) Establish net metering interconnection standards and **A PARITY pricing methodology THAT CREDITS END-USERS THE FULL RETAIL PRICE OF THE SURPLUS ELECTRICITY CONTRIBUTED TO THE ELECTRICITY GRID, INCLUDING ACCUMULATED UNUSED CREDITS FROM THE PREVIOUS BILLING PERIOD,** and other commercial arrangements necessary to ensure success of the net-metering for renewable energy program within one (1) year upon the effectivity of this Act, **AND**
- 2) **REGULARLY DETERMINE THE MAXIMUM KILOWATT (KW) CAPACITY FOR DISTRIBUTED GENERATION TO INCLUDE THE NET METERING FOR RENEWABLE ENERGY PROGRAM: PROVIDED, THAT IN SO DOING IT SHALL CONSIDER THE EFFECTS ON THE STABILITY OF THE GRID AND RETAIL RATES OF CAPTIVE CUSTOMERS, TOGETHER WITH OTHER POLICIES UNDER THIS ACT AND REPUBLIC ACT NO. 9136, OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001, SUCH AS RETAIL COMPETITION AND OPEN ACCESS.**

The distribution utility shall be entitled to any Renewable Energy Certificate resulting from net-metering arrangement with the qualified end-user who is using an RE resource to provide energy and the distribution utility shall be able to use this RE certificate in compliance with its obligations under RPS.

The DOE, ERC, TRANSCO or its successors-in-interest, DUs, PEMC and all relevant parties are hereby mandated to provide the mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the Net-metering for Renewable Energy program, consistent with the Grid and Distribution Codes.

THE PERMITTING PROCESS AND REQUIREMENTS FOR THE APPLICATION OF QUALIFIED END-USERS FOR THE NET METERING FOR RENEWABLE ENERGY PROGRAM SHALL BE UNIFORM AND STREAMLINED ACROSS ALL DUS, SHALL PROVIDE MINIMUM REQUIREMENTS FOR LOCAL GOVERNMENT UNITS, AND SHALL FOLLOW THE TIME FRAMES

PROVIDED IN REPUBLIC ACT NO. 11234, OTHERWISE KNOWN AS THE ENERGY VIRTUAL ONE STOP-SHOP ACT: PROVIDED, THAT THE TIME FRAME FOR DUS SHALL BE FIFTEEN (15) WORKING DAYS FROM COMPLETE SUBMISSION OF REQUIREMENTS. THE DOE SHALL BE THE LEAD AGENCY IN THE RATIONALIZATION OF THE PROCESS AND REQUIREMENTS FOR THE NET METERING FOR RENEWABLE ENERGY PROGRAM, TOGETHER WITH THE ERC AND DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT, AND UPON CONSULATION WITH OTHER PUBLIC AND PRIVATE STAKEHOLDERS."

SEC. 4. *Implementing Rules and Regulations.* -The DOE, in consultation with the ERC and other public and private stakeholders, shall formulate the implementing rules and regulations of this Act within thirty (30) days from its effectivity.

SEC. 5. *Separability Clause.* - If, for any reason, any provision of this Act is declared to be unconstitutional or invalid, the other sections or provisions hereof which are not affected thereby shall continue to be in full force or effect.

SEC. 6. *Repealing Clause.* - All laws, decrees, orders, rules and regulations or parts thereof which are inconsistent with or contrary to the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 7. *Effectivity.* -This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in a national newspaper of general circulation.

Approved,