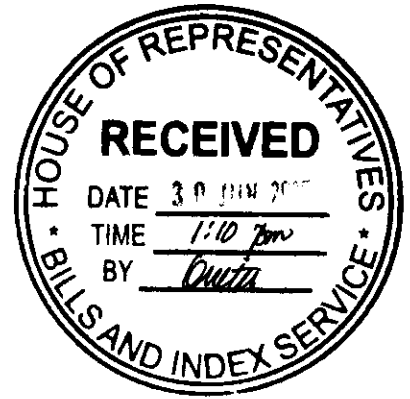


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS

HOUSE BILL NO. 314



Introduced by **REP. JAVIER MIGUEL L. BENITEZ**

EXPLANATORY NOTE

Fifteen years ago, Republic Act No. 9513 or the “Renewable Energy Act of 2008” was enacted foremostly to accelerate the development and utilization of renewable energy resources to reduce the country’s dependence on heavily imported fossil fuels and insulate the economy from international market fluctuations. This is aligned with the climate obligations of the country under existing climate treaties during that time such as the United Nations Framework Convention on Climate Change and the Kyoto Protocol.

According to the Department of Energy, renewable energy resources only comprised 33.52% of the country’s total primary energy supply in 2021.¹ Moreover, only 22.40% of the country’s gross electricity generation in 2021 came from renewable energy facilities.² The continued reliance on fossil fuels resulted in energy sector-related greenhouse gas emissions of 130.40 million tons of CO₂-eq in 2021, or 6.4% higher than the sector’s emissions in the preceding year.³ All these statistics point out one thing: The country is still dependent on fossil fuels.

With the country’s updated climate obligations, especially under the Paris Agreement, there is a need for increased utilization and deployment of clean energy technologies such as solar photovoltaics and wind turbines. However, critics of clean energy technologies have incessantly used the “intermittent” nature of some renewable resources despite the rapidly declining costs of technologies used to harness them. To address this, energy storage technologies must be promoted.

Energy storage systems (ESS), as the name implies, are technologies capable of storing finite amount of energy that could be dispatched for later usage. With this primary function, ESS will play a crucial role in energy transition. Apart from managing the variability of renewable energy sources, ESS have other functions⁴ that could help the country’s electric power sector such as, but not limited to:

¹ Department of Energy. (2021). Key Energy Statistics 2021. <https://www.doe.gov.ph/energy-statistics/key-energy-statistics>

² Ibid.

³ Ibid.

⁴ Department of Energy. (2023). Department Circular No. DC2023-04-0008. “Prescribing the Policy for Energy Storage System in the Electric Power Industry”.

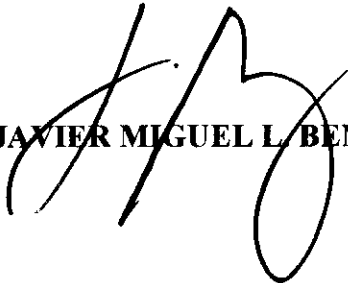
- Support the transmission capacity of and energy needed to maintain grid reliability (ancillary services) and achieve flexibility;
- Augment energy supply during hours of peak demand enabling higher energy dispatch; and
- Manage end-use energy requirements (e.g. electric vehicles that can act as virtual power plants due to its battery storage).

In the Philippines, ESS technologies are already gaining attention from electric power industry players. Pumped storage hydropower (PSH) and battery energy storage systems (BESS) are the commonly deployed ESS technologies in the country. While PSH is the first ESS technology deployed, more BESS is expected to be deployed in the country. The DOE is anticipating around 2,000 MW of BESS projects to go online in the next 2-3 years.⁵

To sustain the momentum of ESS deployment in the country, particularly the importance of these technologies in the country's energy transition, this bill seeks to:

- Mandate the government to include ESS in the country's energy and power development plan;
- Enumerate the roles of different government agencies in promoting ESS;
- Establish general incentives to foster development, utilization, and commercialization of ESS in both on-grid and off-grid areas; and
- Streamline licensing and permitting processes needed for the operation of ESS, aligned with the *Energy Virtual One-Stop Shop (EVOSS) Act*;

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


JAVIER MIGUEL L. BENITEZ

⁵ Department of Energy. (2023). Private Sector-initiated Power Projects as of June 30, 2023.

<https://www.doe.gov.ph/works/pagat/private-sector/initiated-power-projects-june-30-2023>

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TWENTIETH CONGRESS
HOUSE BILL NO. 314

Introduced by **REP. JAVIER MIGUEL L. BENITEZ**

AN ACT
ESTABLISHING A NATIONAL POLICY FOR THE DEVELOPMENT,
UTILIZATION, AND COMMERCIALIZATION OF ENERGY STORAGE SYSTEMS,
AND FOR OTHER PURPOSES

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

CHAPTER I
GENERAL PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as the “Energy Storage Systems Act”. It shall hereinafter be referred to as the “Act”.

SEC. 2. *Declaration of Policies.* – It is hereby declared the policy of the State to adopt a comprehensive energy storage framework which shall:

- a) Ensure adequate supply of affordable, reliable, and sustainable of energy to meet the growing demands of the Filipinos and reduce reliance to heavily-imported fossil fuels;
- b) Improve the reliability and flexibility of the grid to accommodate the growing demand for cleaner and renewable energy sources of electricity such as, but not limited to, solar and wind, as part of the country’s just transition plans; and
- c) Establish the necessary fiscal and non-fiscal mechanisms to encourage the development, utilization, and commercialization of energy storage systems in both on-grid and off-grid areas in the country.

SEC. 3. *Definition of Terms.* - As used in this Act, the following terms shall be defined as follows:

- a) **“Ancillary Services” or “AS”** refers to those services that are necessary to support the transmission of capacity and energy from resources to load while maintaining reliable operation of the transmission system in accordance with good quality practice and the Grid Code;

- b) **“Department of Energy” or “DOE”** refers to the government agency created pursuant to Republic Act No. 7638 whose functions are expanded under Republic Act No. 9136, Republic Act No. 9513, and further expanded under this Act;
- c) **“Department of Environment and Natural Resources” or “DENR”** refers to the agency created under Executive Order No. 130, as amended by Executive Order No. 192;
- d) **“Distribution Utility” or “DU”** refers to any electric cooperative, private corporation, government-owned utility, or existing local government unit, which has an exclusive franchise to operate a distribution system in accordance with its franchise and Republic Act No. 9136;
- e) **“Energy Regulatory Commission” or “ERC”** refers to the independent quasi-judicial regulatory agency created under Section 38 of Republic Act No. 9136;
- f) **“Energy Storage System” or “ESS”** refers to a facility capable of absorbing energy directly from the Grid or distribution system, or from an RE Plant connected to the Grid or Distribution System and storing it for a time period, and injecting stored energy when prompted, needed to ensure reliability and balanced power system;
- g) **“Grid”** refers to the high voltage backbone system of interconnected transmission lines, substations, and related facilities, located in each of Luzon, Visayas, and Mindanao, or as may be determined by the ERC in accordance with Section 45 of Republic Act No. 9136;
- h) **“Integrated RE Plant and ESS”** refers to a combination of RE Plant/s and an ESS, where the ESS is solely charged by the RE Plant/s;
- i) **“Market Operator” or “MO”** refers to the entity responsible for the operation of the Wholesale Electricity Spot Market or WESM in accordance with the WESM Rules;
- j) **“Microgrid System”** refers to a group of interconnected loads and a generation facility or Decentralized Power Generator with clearly defined electrical boundaries that acts as an integrated power generation and distribution system, whether or not connected to a distribution or transmission system;
- k) **“National Power Corporation – Small Power Utility Group” or “NPC-SPUG”** refers to the unit of NPC mandated to perform missionary electrification;
- l) **“Off-grid Systems”** refers to electrical systems not connected to the wires and related facilities of the On-Grid Systems of the Philippines;
- m) **“On-Grid Systems”** refers to electrical systems composed of interconnected transmission lines, distribution lines, substations, and related facilities for the purpose of conveyance of bulk power on the grid of the Philippines;
- n) **“System Operator” or “SO”** refers to the entity responsible for generation dispatch, or the implementation of the generation dispatch schedule of the MO, the procurement

of AS, and operation to ensure safety, power quality, stability, reliability, and security of the Grid;

SEC. 4. *Scope.* – This Act shall establish a framework for the development, utilization, and commercialization of energy storage systems to provide uninterrupted supply of cleaner and more sustainable energy to both on-grid and off-grid areas in the country. The provisions of this Act shall be applicable to new and existing energy storage technologies as determined by the Department of Energy.

SEC. 5. *Classification of ESS.* – ESS technologies shall be classified based on their primary purpose, subject to the rules and regulations issued by the DOE in accordance with relevant laws.

CHAPTER II

POWERS AND RESPONSIBILITIES OF GOVERNMENT AGENCIES

SEC. 6. *Role of the Department of Energy (DOE).* – The DOE, in addition to its powers and functions under existing laws, shall be the lead agency for the implementation and enforcement of this Act. Towards this end, the DOE shall perform the following powers and functions:

- a) Evaluate applications and issue permits for ESS facilities pursuant to Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001”, Republic Act No. 9513, otherwise known as the “Renewable Energy Act of 2008”, Republic Act No. 11646, otherwise known as the “Microgrid Systems Act”, and other relevant laws, rules, and regulations;
- b) Include an ESS strategy in the Philippine Energy Plan and Power Development Plan;
- c) Review and approve, in coordination with the MO, relevant market rules for the classification, registration, and offer submission of ESS in WESM;
- d) Promote research and development of ESS technologies, in coordination with the Department of Science and Technology, in state universities and colleges through appropriation of funds pursuant to relevant laws; and
- e) Perform all other acts that are necessary and incidental to accomplish the objectives of this Act.

SEC. 7. *Role of the Energy Regulatory Commission (ERC).* – In addition to its regulatory functions under existing laws, the ERC shall:

- a) Issue the appropriate regulatory framework for the licensing, operating standards, and cost recovery mechanism and pricing structure for ESS;
- b) In coordination with the SO, DU, and/or MGSP, review and approve appropriate and applicable testing standards and procedures, accreditation process, and other necessary guidelines for ESS as generator or AS provider;
- c) Perform all other acts that are necessary and incidental to accomplish the objectives of this Act.

SEC. 8. *Role of the Department of Environment and Natural Resources (DENR).* – In addition to its functions under existing laws, the DENR shall:

- a) Determine and monitor the compliance of ESS owners and operators with environmental standards for the location, construction, operation, maintenance, and decommissioning of ESS and their components; and
- b) In coordination with the DOE, establish guidelines for the accurate recycling characterization, disposal, and handling of wastes involving ESS and related equipment, parts, and other components.

CHAPTER III OFF-GRID ESS DEVELOPMENT

SEC. 9. *Off-Grid Areas.* – As the lead agency for the implementation of missionary electrification, the NPC-SPUG shall oversee the development and operation of ESS in off-grid areas, pursuant to the relevant rules and regulations issued by the Department of Energy and other related government agencies.

For microgrid systems operated in unserved and underserved areas, utilization and deployment of ESS shall be implemented pursuant to the provisions of Republic Act No. 11646, otherwise known as the “Microgrid Systems Act”, and other existing laws.

CHAPTER IV GENERAL INCENTIVES

SEC. 10. *Application of Incentives for Integrated RE Plant and ESS.* – Energy stored and dispatched from Integrated RE Plant and ESS shall be considered renewable energy and shall be eligible of the following incentives:

- a) The RE developer may avail of the incentives under Chapter VII of Republic Act No. 9513, otherwise known as the “Renewable Energy Act of 2008” for its Integrated RE Plant and ESS; and
- b) The Integrated RE Plant and ESS, as applicable, shall have preferential dispatch, but it can choose to be registered as a scheduled generating unit.

CHAPTER V LICENSING AND PERMITTING

SEC. 11. *Permits and Licenses.* – The procedure for the issuance of permits and licenses for all types of ESS facilities shall be governed by Republic Act No. 11234, otherwise known as the “Energy Virtual One-Stop Shop Act”, and Republic Act No. 11032, otherwise known as the “Ease of Doing Business and Efficient Government Service Delivery Act of 2018”.

CHAPTER VI FINAL PROVISIONS

SEC. 12. *Fines and Penalties.* – Penal schemes provided under the Philippine Grid Code and Philippine Distribution Code shall be imposed upon any person, both natural and juridical, involved in the operation and business of ESS.

SEC. 13. *Congressional Oversight.* – Upon effectivity of this Act, the Joint Congressional Energy Commission established under Republic Act No. 9136 and renamed

under Republic Act No. 11285, otherwise known as the “Energy Efficiency and Conservation Act”, shall exercise oversight powers over the implementation of this Act. The DOE and ERC shall annually submit a report on the implementation of this Act to the JCEC not later than [insert period].

SEC. 14. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the Department of Energy, in coordination with concerned government agencies, shall promulgate the necessary rules and regulations for the proper implementation of this Act.

SEC. 15. *Separability Clause.* – If any provision of this Act is held invalid or unconstitutional, the remainder of the Act or any provision not otherwise affected shall remain valid and subsisting.

SEC. 16. *Repealing Clause.* – All laws, decrees, orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 17. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of national circulation.

Approved,