



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. **865**

Introduced by
APEC Party-List Representative Sergio C. Dagooc

EXPLANATORY NOTE

As the share of variable renewable energy sources such as solar and wind continues to grow, it is imperative to ensure the stability and flexibility of the power system. Energy Storage Systems (ESS) offer a practical solution to address the challenges of intermittency, grid reliability, and balancing supply and demand.

At present, the country lacks a clear policy and regulatory framework for the development, integration, and operation of ESS. There is also no unified guidance on how ESS should be planned alongside other energy infrastructure. To unlock the full potential of ESS technologies, there is an urgent need to put in place an enabling legal framework that will foster their adoption.

This proposed measure seeks to integrate ESS into the country's energy and power development plans, define the roles of key government agencies in promoting and regulating ESS, provide general incentives for the development, utilization, and commercialization of ESS in both grid and off-grid areas, and streamline the licensing and permitting processes for ESS, consistent with the Energy Virtual One-Stop Shop (EVOSS) Act.

This bill was filed and deliberated upon in the 19th Congress and was approved by the House of Representatives on Third Reading. This representation is re-filing this measure to continue the push for a clear and

framework that will accelerate the development and integration of ESS in the country.

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

A handwritten signature in blue ink, appearing to be 'S. Dagoooc', written over a circular stamp or seal.

REP. SERGIO C. DAGOOC

APEC Party-List



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

*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*”.

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

- (a) Improve the reliability and flexibility of the Grid to accommodate the
growing demand for sustainable renewable energy back up or
ancillary sources of electricity such as, solar and wind, as part of the
country’s just transition plans;

- (b) Establish the necessary fiscal or and non-fiscal mechanisms to encourage the development, utilization, and commercialization of energy storage systems in both Grid and off-Grid areas in the country; and
- (c) Help secure additional sources of power supply that shall meet the country's growing demand.

SEC. 3. Definition of Terms. – As used in this Act:

- (a) *Ancillary Services* refers to the services necessary to support the transmission of capacity and energy from sources to load while maintaining reliable operation of the transmission and distribution system in accordance with good industry practice, the Grid Code, and the Distribution Code;
- (b) *Department of Energy (DOE)* refers to the agency created pursuant to Republic Act (RA) No. 7638, otherwise known as the “*Department of Energy Act of 1992*”, which functions are expanded under RA 9136, otherwise known as the “*Electric Power Industry Reform Act of 2001*”; RA 9513, otherwise known as the “*Renewable Energy Act of 2008*”; and as further expanded under this Act;
- (c) *Department of Environment and Natural Resources (DENR)* refers to the agency created under Executive Order (EO) No. 130, otherwise known as “*Reorganizing the Ministry of Natural Resources and Renaming it as the Department of Environment, Energy and Natural Resources*”, as amended by EO No. 192, otherwise known as the “*Reorganization Act of the Department of Environment and Natural Resources*”, dated June 10, 1987;
- (d) *Department of Trade and Industry - Bureau of Philippine Standards (DTI-BPS)* refers to the agency created pursuant to RA 4109, whose functions are reiterated under RA 7394, or the “*Consumer Act of the Philippines*” and further expanded under this Act;

- 1 (e) *Distribution Utility (DU)* refers to any electric cooperative, private
2 corporation, government-owned utility, or existing local government
3 unit, which has an exclusive franchise to operate a distribution
4 system as defined in RA No. 9136;
- 5 (f) *Energy Regulatory Commission (ERC)* refers to the independent
6 quasi-judicial regulatory agency created under Section 38 of RA
7 9136;
- 8 (g) *Energy Storage Systems (ESS)* refers to a facility capable of absorbing
9 energy directly from the Grid or distribution system, or from a
10 Renewable Energy (RE) or Non-RE Conventional plant connected to
11 the Grid or distribution system and storing it for a period of time, and
12 injecting the stored energy when prompted, necessary to ensure
13 reliability and balanced power system in accordance with good
14 industry practice;
- 15 (h) *Grid* refers to the high voltage backbone system of interconnected
16 transmission lines, substations, and related facilities, located in
17 Luzon, Visayas, and Mindanao, or as may be determined by the ERC
18 in accordance with Section 45 of RA 9136;
- 19 (i) *Integrated RE Plant and ESS* refers to those solely charged by the RE
20 Plant/s;
- 21 (j) *Integrated Non-RE Plant and ESS* refers to those solely charged by
22 the Conventional Plant/s;
- 23 (k) *Integrated Hybrid Non-RE and RE Plant and ESS* refer to a
24 combination of Conventional and Renewable Energy Plant/s where
25 the ESS is charged by both technologies;
- 26 (l) *Market Operator (MO)* refers to the entity responsible for the operation
27 of the Wholesale Electricity Spot Market (WESM) in accordance with
28 the WESM Rules;
- 29 (m) *Microgrid Service Provider (MGSP)* refers to a natural or juridical
30 person whose business includes the installation, operation, and
31 maintenance of microgrid systems in unserved or underserved areas

1 nationwide;

2 (n) *Microgrid System* refers to a group of interconnected loads and a
3 generation facility or Decentralized Power Generator with clearly
4 defined electrical boundaries that acts as an integrated power
5 generation and distribution system, whether or not connected to a
6 distribution or transmission system;

7 (o) *National Power Corporation Small Power Utilities Group (NPC SPUG)*
8 refers to the unit of NPC mandated to perform missionary
9 electrification pursuant to Section 70 of RA 9136;

10 (p) *Off-grid Systems* refer to electrical systems not connected to the
11 wires and related facilities of the on-grid systems of the Philippines;

12 (q) *On-grid Systems* refer to electrical systems composed of
13 interconnected transmission lines, distribution lines, substations,
14 and related facilities for the purpose of conveyance of bulk power on
15 the Grid of the Philippines;

16 (r) *Philippine National Standard (PNS)* refers to the standards
17 promulgated by the DTI-BPS pertaining to product specifications, test
18 methods, terminologies, procedures, or practices pursuant to
19 Republic Act No. 4109, otherwise known as “*Standards Law*”, and
20 other applicable laws, rules and regulations;

21 (s) *Standard* refers to a document approved by a recognized body, that
22 provides, for common and repeated use, rules, guidelines or
23 characteristics for products or related processes and production
24 methods, with which compliance is not mandatory. It may also
25 include or deal exclusively with terminology, symbols, packaging,
26 marking or labelling requirements as they apply to a product, process
27 or production method;

28 (t) *System Operator (SO)* refers to the party responsible for generation
29 dispatch, the provision of ancillary services, and operation and
30 control to ensure safety, power quality, stability, reliability, and the
31 security of the Grid; and

(u) *Technical regulation* refers to a document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

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

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

CHAPTER II

POWERS AND RESPONSIBILITIES OF GOVERNMENT AGENCIES

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

- (a) Evaluate applications and issue permits for ESS facilities pursuant to RA 9136, RA 9513, RA 11646, otherwise known as the “Microgrid Systems Act”, and other relevant laws, rules, and regulations;
- (b) Include an ESS framework in the Philippine Energy Plan and Power Development Plan;
- (c) Include an ESS strategy in the Missionary Electrification Development Plan;

- (d) Review and approve, in coordination with the MO, relevant market rules for the classification, registration, and offer submission of ESS in WESM;
- (e) Promote research and development of ESS technologies, in coordination with the Department of Science and Technology (DOST), DENR, state universities and colleges in integrating climate-change mitigation strategies in developing sustainable energy storage systems, through appropriation of funds pursuant to relevant laws;
- (f) Mandate NPC-SPUG, as the lead agency for the implementation of missionary electrification, to oversee the development and operation of ESS in off-Grid areas, pursuant to the relevant rules and regulations issued by the DOE 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 RA 11646, and other existing laws;
- (g) Issue the necessary regulations to mandate the adoption of technical standards as promulgated by the DTI-BPS under Section 9 of this Act;
- (h) Ensure that in carrying out its powers and responsibilities, it shall not cause necessary delay in the implementation of this Act, and
- (i) Perform all other acts as may be necessary and incidental to accomplish the objectives of this Act.

SEC. 7. Powers and Responsibilities of the Energy Regulatory Commission. – 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

1 structure for ESS;

2 (b) Determine the pricing mechanism for when an ESS developer acts
3 as a customer and when it acts as a supplier of a distribution unit;

4 (c) In coordination with the SO, DU, or MGSP, and other relevant
5 stakeholders, review and approve appropriate and applicable testing
6 standards and procedures, accreditation process, other necessary
7 guidelines for ESS as a storage to spur new other sector besides
8 Generation, Transmission, Distribution and Supply sectors;

9 (d) Ensure that in the determination of the recoverable cost of the ESS
10 developers, the utilization of the land wherein the ESS are
11 developed shall not form part of the recoverable cost, unless the
12 lands utilized are leased and not owned;

13 (e) Ensure that in carrying out its powers and responsibilities, it shall
14 not cause necessary delay in the implementation of this Act; and

15 (f) Perform all other acts as may be necessary and incidental to
16 accomplish the objectives of this Act.

17 **SEC. 8. Powers and Responsibilities of the Department of**
18 **Environment and Natural Resources.** – In addition to its functions under
19 existing laws, the DENR shall determine and monitor the compliance of ESS
20 owners and operators with environmental standards for the location,
21 construction, operation, maintenance and decommissioning of ESS, as well as
22 the recycling, disposal, and handling of wastes involving ESS and related
23 equipment, parts, and other components in accordance with existing
24 environmental laws.

25 **SEC. 9. Powers and Responsibilities of the Department of Trade**
26 **and Industry - Bureau of Philippine Standards (DTI-BPS).** – In addition
27 to its functions under existing laws, the DTI-BPS shall:

28 (a) Pursuant to its mandate and functions under RA 4109, the DTI-BPS,
29 as the National Standards Body, shall promulgate PNS, consistent

1 with Good Standardization Practice, for ESS and related products and
2 system, in coordination with the DOE; and
3 (b) Issue technical standards and regulations, consistent with the
4 principles and mechanisms of Good Regulatory Practice, concerning
5 the certification and testing of battery components as a whole,
6 including its structure if necessary, and all products related to ESS
7 that will fall under its purview, in coordination with the DOE.

8 **SEC. 10. Powers and Responsibilities of the Department of Trade**
9 **and Industry-Board of Investments (DTI-BOI) and Philippine**
10 **Economic Zone Authority (PEZA).** - The DTI-BOI and PEZA shall
11 incentivize Research & Development (R&D) activities on energy storage
12 facilities and, in partnership with the DOST, create a five- or ten-year
13 program for the development, testing, and production of Philippine-made
14 energy storage facilities: *Provided*, That pending the creation of such
15 program, the DOST shall undertake the research and development for the
16 processing of nickel, cobalt, and such other elements or minerals
17 necessary for, or integral to, energy storage facilities.

18 **CHAPTER III**
19 **GENERAL INCENTIVES**

20 **SEC. 11. Application of Incentives for Integrated RE Plant and ESS.**
21 – Energy stored and dispatched from Integrated RE Plant and ESS shall be
22 considered renewable energy and shall be eligible of the following
23 incentives:

- 24 (a) The ESS developer may avail of the incentives under Chapter VII of
25 RA 9513 for its Integrated RE Plant and ESS;
26 (b) With regard to the Integrated RE Plants and ESS that use a
27 combination of Conventional Plant/s and an ESS, the incentives
28 shall be granted in proportion to and to the extent of the RE

1 component utilized; and

2 (c) The Integrated RE Plant and ESS, as applicable, shall have
3 preferential dispatch, but it can choose to be registered as a
4 scheduled generating unit.

5 **CHAPTER IV** 6 **LICENSING AND PERMITTING**

7 **SEC. 12. *Permits and Licenses.*** – The issuance of permits and licenses
8 for all types of ESS facilities shall be governed by RA 11234, otherwise
9 known as the “*Energy Virtual One-Stop Shop Act*” and RA 11032, otherwise
10 known as the “*Ease of Doing Business and Efficient Government Service*
11 *Delivery Act of 2018*”; and the issuance of licenses, registration and
12 clearances relative to the manner of recycling and disposal of ESS wastes
13 shall be governed by RA 6969, otherwise known as the “*Toxic Substances*
14 *and Hazardous and Nuclear Wastes Control Act of 1990.*”

15 **CHAPTER V** 16 **FINAL PROVISIONS**

17 **SEC. 13. *Fines and Penalties.*** - Any person, both natural and juridical,
18 involved in the operation and business of ESS, and is found, after due notice
19 and hearing, to have violated any provisions of this Act, shall be liable under
20 RA 9136, as amended. The ERC is likewise empowered to impose appropriate
21 administrative fines and penalties for any violations of the provisions of this
22 Act, its implementing rules and regulations and other pertinent issuance.

23 **SEC. 14. *Congressional Oversight.*** – The Joint Congressional Energy
24 Commission (JCEC), created pursuant to RA 9136, and as amended under
25 RA 11285, otherwise known as the “*Energy Efficiency and Conservation*
26 *Act*”, shall exercise oversight powers over the implementation of this Act.
27 The DOE and ERC shall submit to the JCEC annual reports, which shall

1 include the implementation review and reports, and policy and regulatory
2 issues no later than 15 March of every year.

3 **SEC. 15. *Implementing Rules and Regulations.*** – Within sixty (60)
4 days from the effectivity of this Act, the DOE shall, in coordination with
5 concerned government agencies, promulgate and issue the rules and
6 regulations to effectively implement the provisions of this Act.

7 **SEC. 16. *Separability Clause.*** – If for any reason, any part or provision
8 of this Act is declared unconstitutional or invalid, the other parts or
9 provisions hereof, which are not affected thereby, shall continue to be in
10 full force and effect.

11 **SEC. 17. *Repealing Clause.*** – All laws, presidential decrees, executive
12 orders, letters of instruction, administrative rules and regulations or parts
13 thereof, which are contrary to or inconsistent with the provisions of this
14 Act, are hereby repealed or modified accordingly.

15 **SEC. 18. *Effectivity.*** – This Act shall take effect fifteen (15) days after
16 its publication in the *Official Gazette* or in a newspaper of general
17 circulation.

18 Approved,