

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Twentieth Congress
First Regular Session

HOUSE BILL NO. **8855**



Introduced by **Hon. Charisse Anne C. Hernandez**

EXPLANATORY NOTE

The Philippines faces the dual challenge of ensuring energy security while transitioning to a sustainable and low-carbon future. Continued dependence on imported petroleum exposes the economy to global price volatility and supply risks, even as the State advances renewable and green energy development in line with climate commitments. While existing laws, including Republic Act Nos. 9136 (EPIRA), 9513 (Renewable Energy Act), 11285 (Energy Efficiency and Conservation Act), and 11534 (CREATE Act), provide a framework for energy development and investment incentives, there is a need to further strengthen and harmonize these incentives to attract large-scale investments in both petroleum refining and renewable energy infrastructure.

This measure seeks to enhance domestic refining capacity to improve energy security, while accelerating investments in renewable and green energy to meet sustainability goals. It establishes a competitive, predictable, and performance-based fiscal regime aligned with CREATE, streamlines regulatory processes, and ensures strict compliance with environmental and safety standards.

Ultimately, this bill aims to secure a stable, affordable, and environmentally responsible energy system for the Filipino people. In view of the foregoing, the immediate passage of this bill is earnestly sought.


CHARISSE ANNE C. HERNANDEZ
Representative
Lone District, Calamba City

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AN ACT
INCENTIVIZING INVESTMENTS IN PETROLEUM REFINERY AND
RENEWABLE AND GREEN ENERGY PROJECTS, PROVIDING FISCAL AND
NON-FISCAL INCENTIVES, AND FOR OTHER PURPOSES

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

SECTION 1. Short Title. This Act shall be known as the “**Energy Investment Incentives Act of 2026.**”

SEC. 2. Declaration of Policy. It is hereby declared the policy of the State to: (a) Ensure energy security and self-sufficiency; (b) Promote sustainable and environmentally sound energy development; (c) Encourage private sector participation in both conventional and renewable energy; (d) Align fiscal incentives with Republic Act No. 11534 (CREATE Act); (e) Support the transition to low-carbon energy systems consistent with national and international commitments.

SEC. 3. Definition of Terms. For purposes of this Act:

- (a) *Petroleum Refinery Plant* – Any facility engaged in processing crude oil into petroleum products.
- (b) *Renewable Energy* – Energy derived from sources such as solar, wind, hydro, geothermal, and biomass pursuant to Republic Act No. 9513.
- (c) *Green Energy Projects* – Projects that reduce emissions, improve efficiency, or support sustainability.
- (d) *Investor* – Any person or entity investing in covered projects.
- (e) *Operator* – Any entity responsible for managing covered facilities.

SEC. 4. Coverage. This Act shall apply to:

- (a) Petroleum refinery plants undertaking establishment, expansion, or modernization;

- (b) Renewable and green energy generation, storage, and distribution;
- (c) Energy-related infrastructure including transmission, fuel logistics, and storage.

SEC. 5. Fiscal Incentives. Registered business enterprises (RBEs) under this Act shall be entitled to performance-based, time-bound, and targeted fiscal incentives, consistent with Republic Act No. 11534 (CREATE Act), and subject to approval by the Board of Investments (BOI) and/or the Fiscal Incentives Review Board (FIRB):

(a) Income Tax Holiday (ITH)

- Up to six (6) years for renewable and green energy projects;
- Up to four (4) years for petroleum refinery establishment, modernization, or expansion;
- An additional one (1) to two (2) years may be granted for projects located in less developed areas or utilizing advanced, low-emission technologies.

(b) Special Corporate Income Tax (SCIT) or Enhanced Deductions

- RBEs may avail of either: (i) SCIT at a rate of five percent (5%) on gross income earned, in lieu of all national and local taxes; or (ii) Enhanced deductions regime, as provided under CREATE.
- The availment period shall be consistent with CREATE and subject to performance metrics.

(c) Duty-Free Importation

- Exemption from customs duties and VAT on capital equipment, machinery, and spare parts directly used in registered activities, for a period of up to five (5) years.

(d) Net Operating Loss Carry-Over (NOLCO)

- Losses may be carried over for the next five (5) consecutive taxable years.

(e) Accelerated Depreciation

- Accelerated depreciation of capital assets, particularly for renewable and green energy systems, subject to existing tax rules.

(f) Zero-Rated VAT

- On local purchases of goods and services directly attributable to registered projects, subject to compliance with existing VAT laws.

(g) Green Incentive Bonus

- Renewable and green energy projects meeting higher efficiency or emission reduction standards may be granted additional non-monetary incentives or extended ITH within limits set by the FIRB.

SEC. 6. Non-Fiscal Incentives.

- (a) Streamlined permitting through the Energy Virtual One-Stop Shop (EVOSS) pursuant to Republic Act No. 11234;
- (b) Priority grid connection for renewable energy through the National Grid Corporation of the Philippines (NGCP);
- (c) Access to government financing through Development Bank of the Philippines (DBP) and Land Bank of the Philippines (LANDBANK);
- (d) Technical support from the Department of Energy (DOE).

SEC. 7. Additional Incentives for Green Energy. Projects meeting high sustainability standards shall be eligible for:

- (a) Additional two (2) years ITH;
- (b) Access to carbon markets in coordination with the Climate Change Commission (CCC);
- (c) Grants and R&D support through the Department of Science and Technology (DOST).

SEC. 8. Environmental and Safety Compliance. All projects shall comply with: (a) Republic Act No. 8749 (Clean Air Act); (b) Republic Act No. 9275 (Clean Water Act); (c) Republic Act No. 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act); (d) Environmental Impact Assessment (EIA) requirements under the Department of Environment and Natural Resources (DENR).

Petroleum refinery projects shall adopt best available technologies to minimize emissions.

SEC. 9. Clawback for Non-Compliance. A clawback mechanism shall be determined and implemented by the appropriate implementing agencies, including but not limited to the partial or full recovery of fiscal incentives previously granted, suspension or cancellation of remaining incentive entitlements, and the imposition of administrative fines and penalties, without prejudice to other civil or criminal liabilities under existing laws. Such clawback shall apply in cases of non-compliance or violation of environmental and safety laws, rules, and regulations, including failure to secure or comply with Environmental Compliance Certificates (ECCs), breach of safety standards resulting in significant incidents, accidents, or public harm, misrepresentation or falsification of compliance reports, and repeated or willful non-compliance as determined by the Department of Environment and Natural Resources (DENR), Department of Energy (DOE), or other relevant regulatory

bodies. Clawback actions shall be imposed only after due notice and hearing, and shall be proportionate to the severity and impact of the violation.

SEC. 10. Implementing Agencies. The following agencies shall implement this Act:

- (a) Department of Energy (DOE) – Lead agency for policy, planning, and project endorsement;
- (b) Board of Investments (BOI) / Fiscal Incentives Review Board (FIRB) – Incentives approval and administration;
- (c) Department of Finance (DOF) / Bureau of Internal Revenue (BIR) / Bureau of Customs (BOC) – Tax and duty administration;
- (d) Department of Environment and Natural Resources (DENR) – Environmental compliance;
- (e) Energy Regulatory Commission (ERC) – Regulatory oversight;
- (f) National Grid Corporation of the Philippines (NGCP) – Grid connection;
- (g) Climate Change Commission (CCC) – Climate policy alignment;
- (h) Department of Science and Technology (DOST) – Research and innovation support;
- (i) Local Government Units (LGUs) – Local permits and compliance.

SEC. 11. Investment Promotion. The Department of Trade and Industry (DTI), in coordination with the DOE, shall promote investments through international and domestic campaigns.

SEC. 12. Sunset Review. Within five (5) years from the effectivity of this Act, and every five (5) years thereafter, the FIRB, in coordination with the DOE, National Economic and Development Authority (NEDA), and DOF, shall conduct a comprehensive review of the implementation and impact of the incentives provided under this Act. The review shall assess, among others, the effectiveness of the incentives in attracting investments, generating employment, enhancing energy security, and advancing environmental sustainability.

Based on the findings, the FIRB shall recommend to Congress the continuation, modification, or termination of specific incentives to ensure fiscal sustainability, policy coherence, and alignment with national development goals.

SEC. 13. Implementing Rules and Regulations. Within ninety (90) days from effectivity, the DOE, in coordination with relevant agencies, shall promulgate the IRR.

SEC. 14. Separability Clause. If any provision of this Act is declared unconstitutional, the remainder shall not be affected.

SEC. 15. Repealing Clause. All laws, decrees, or issuances inconsistent with this Act are hereby repealed or modified accordingly.

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

Approved,