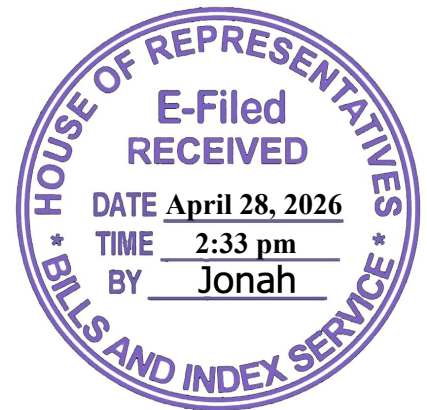




Republic of the Philippines
House of Representatives
Quezon City

TWENTIETH CONGRESS

First Regular Session



House Bill No. 8980

Introduced by

Sergio C. Dagooc, APEC Party-List Representative

Presley C. De Jesus, PhilRECA Party-List Representative

EXPLANATORY NOTE

The Philippines stands at a critical moment in its pursuit of sustainable economic growth and resilience. While the country has historically relied on fossil-based energy sources to drive development, the escalating threats of climate change warrant a substantial change in our national energy policy. This bill seeks to institutionalize a clean and just energy transition framework that balances the urgent need for decarbonization with the essential requirements of energy security and economic equity.

Current global energy trends and international commitments under the Paris Agreement demand a concrete move toward renewable and clean energy systems. By setting a moratorium on new fossil fuel power plants and establishing a clear roadmap for the phase-out of existing systems, this measure ensures that the Philippines remains competitive in a global market that is rapidly prioritizing "green" investments. Furthermore, the inclusion of a Carbon Tax mechanism creates a necessary fiscal deterrent against high-emissions activities, while the prohibition on passing these costs to end-consumers ensures that the burden of transition remains with the industrial emitters rather than the Filipino households.

An important anchor of this legislation is the principle of a "Just Transition." Recognizing that a shift away from fossil fuels could disrupt the livelihoods of thousands of workers in the coal and transport sectors, the bill

mandates comprehensive labor protection and retraining programs. By involving agencies such as DOLE and TESDA, the state guarantees that the workforce is equipped with the skills necessary to thrive in the emerging energy industry.

Finally, this bill provides the necessary institutional mechanisms by empowering the Climate Change Commission to lead a multi-sectoral technical working group. This "whole-of-government" approach harmonizes existing law, including the Renewable Energy Act and the Electric Vehicle Industry Development Act, into a single, cohesive Energy Transition Plan. By providing clear national targets and a stable regulatory environment, this Act will attract sustainable investments, lower greenhouse gas emissions, and secure a cleaner, more resilient future for all Filipinos.

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

A stylized blue ink signature of Rep. Sergio C. Dagooc, featuring a large, circular initial 'S'.

REP. SERGIO C. DAGOOC
APEC Party-List

A stylized black ink signature of Rep. Presley C. De Jesus, featuring a large, flowing initial 'P'.

REP. PRESLEY C. DE JESUS
PhilRECA Party-List



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AN ACT

**PROVIDING FOR A NATIONAL ENERGY POLICY AND FRAMEWORK FOR
A CLEAN AND JUST ENERGY TRANSITION IN THE COUNTRY, AND
APPROPRIATING FUNDS THEREFOR**

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

1 **SECTION 1. Short Title.** – This Act shall be known as the "*Energy*
2 *Transition Act*".

3 **SEC. 2. Declaration of Policy.** - It is hereby declared the policy of the
4 State to adopt a clean, just, and comprehensive energy transition framework
5 which shall:

6 a. Enable the country to meet its international obligations to lower
7 greenhouse gas emissions by reducing usage of fossil-based systems of
8 energy production and consumption;

9 b. Provide protection to the environment by accelerating the exploration,
10 development, and utilization of clean energy sources to include, among
11 others, biomass, solar, wind, geothermal, ocean energy, hydropower,
12 green hydrogen, and biofuels;

- c. Ensure energy security in the country as it transitions into clean energy;
- d. Warrant energy equity in the country during the energy transition; and
- e. Afford protection to labor and investments while the country shifts from fossil-based systems of energy production and consumption to clean energy sources.

SEC. 3. Scope. - This Act shall establish a framework for introducing and institutionalizing fundamental policies on energy transition, including the promotion of clean energy sources, decrease in the utilization of fossil-based sources of energy, and the delineation of responsibilities among various government agencies in the energy sector.

SEC. 4. Definition of Terms. - As used in this Act, the following terms shall be defined as:

- a. "Carbon offset" refers to a certification attesting to a reduction in greenhouse gas (GHG) by a voluntary carbon market provider. It can be used for voluntary carbon reduction commitments or for compliance with cap-and-trade programs, if applicable;
- b. "Carbon tax" refers to the tax charged on the total amount of reckonable GHG emissions of a taxable facility;
- c. "Clean Energy Sources" refers to technologies, such as electric vehicles and fuel cells, and energy sources, such as renewable energy, that when utilized emits minimal or no GHG;
- d. "Climate Risk" refers to both physical and transition risk arising from climate change;
- e. "Emissions Threshold" refers to the maximum amount of GHG that various sources can emit without being subjected to the carbon tax as determined by Climate Change Commission pursuant to Section 7 of this Act;
- f. "Energy Sector" refers to the sector engaged in exploration and production, refining and marketing, storage and transportation, and utilization of energy sources such as fossil fuels and renewable energy, whichever is applicable;
- g. "Energy Transition" refers to the global energy sector's shift from fossil-based systems of energy production and consumption to clean energy sources;

- 1 h. "Hybrid Systems" refer to any power or energy generation facility which
2 makes use of two or more types of technologies utilizing both
3 conventional and/or renewable fuel sources, such as, but not limited
4 to, integrated solar/wind systems, biomass/fossil fuel systems,
5 hydro/fossil fuel systems, integrated solar/biomass systems,
6 integrated wind/fossil fuel systems, with a minimum of ten (10)
7 megawatts or ten percent (10%) of the annual energy output provided
8 by the RE component;
- 9 i. "Just Transition" refers to globally recognized principles that should
10 guide the transition to environmentally sustainable economies and
11 societies;
- 12 j. "Net zero emissions" refers to the state of the atmosphere where the
13 GHG emitted are balanced by its removal;
- 14 k. "Physical risk" refers to potential loss or damage to tangible assets
15 arising from climate change or other weather-related conditions such
16 as floods, typhoons, droughts, earthquakes, extreme weather
17 variability, and rising sea levels;
- 18 l. "Reckonable emissions" refers to GHG emissions of a taxable facility in
19 circumstances specified by the schedule to be prepared by the Climate
20 Change Commission pursuant to Section 7 of this Act;
- 21 m. "Renewable Energy" refers to energy resources that do not have an
22 upper limit on the total quantity to be used include, among others,
23 biomass, solar, wind, geothermal, ocean energy, and hydropower
24 pursuant to the provision of Republic Act No. 9513;
- 25 n. "Taxable facility" refers to a juridical person that emits GHG above the
26 emissions threshold;
- 27 o. "Transition risk" refers to the potential economic adjustment cost
28 resulting from policy, legal, technology, and market changes to meet
29 climate change mitigation and adaptation requirements;
- 30 p. "Voluntary Carbon Market (VCM)" refers to a digital platform where
31 natural or juridical persons can buy and sell carbon offsets;
- 32 q. "VCM consumers" refers to natural or juridical persons who buy carbon
33 offsets in the VCM; and
- 34 r. "VCM providers" refers to natural or juridical persons who sell carbon
35 offsets in the VCM.

1 **SEC. 5. National Targets.** - The country, through the national
2 government agencies specified in this Act, shall:

3 a. Implement a moratorium on the following:

4 i. Establishment of new fossil fuel power plants upon the effectivity
5 of this Act;

6 ii. Sale of new internal combustion engine vehicles within the
7 timeframe to be determined by the Energy Transition Plan;

8 b. Implement a phase out of the following:

9 i. Existing fossil fuel power plants within the timeframe to be
10 determined by the Energy Transition Plan;

11 ii. Existing internal combustion engine vehicles within the
12 timeframe to be determined by the Energy Transition Plan;

13 c. Increase the share of clean energy sources in the energy mix of the
14 country while taking into account the moratorium of new fossil fuel
15 power plants and phase out of existing fossil fuel power plants;

16 d. Reduce GHG emissions in accordance with the country's National
17 Determined Contribution (NDC) and achieve net zero emissions in the
18 energy sector by 2050; and

19 e. Establish a preferential policy for the upgrading of all off-grid power
20 plants to hybrid systems.

21 **SEC. 6. Energy Transition Plan.** - There shall be an Energy Transition
22 Plan (ETP) which shall provide for a comprehensive framework in the
23 exploration, development, utilization, and distribution of energy sources as
24 well as resilience and upgrading of existing energy infrastructure in support
25 of the country's shift from fossil-based systems of energy production and
26 consumption to clean energy sources guided by the principle of just transition
27 as defined under Section 12 of this Act. The ETP shall be prepared by the
28 Climate Change Commission (CCC), in coordination with the technical
29 working group created under Section 7 of his Act.

30 The ETP shall:

31 a. Include the following:

32 i. The national targets under Section 5 of this Act,

1 ii. The annual targeted reduction in GHG emissions for the energy
2 sector,

3 iii. Mechanisms to determine compliance with the targets by the
4 energy sector which shall be the monitored by the CCC, and

5 iv. Programs to be implemented by the Department of Energy,
6 Department of Transportation, Department of Trade and
7 Industry, Department of Environment and Natural Resources,
8 and Department of Agriculture, and other relevant agencies to
9 reduce GHG emissions to reach the annual targets;

10 b. Take into consideration, and integrate if applicable, various laws
11 including Republic Act No. 9136, Republic Act No. 9513, Republic Act
12 No. 11285 otherwise known as the Energy Efficiency and Conservation
13 Act, Republic Act No. 11572 otherwise known as the Philippine Energy
14 Research and Policy Institute Act, Republic Act No. 11646 otherwise
15 known as the Microgrid Systems Act, and Republic Act No. 11697
16 otherwise known as the Electric Vehicle Industry Development Act;

17 c. Be harmonized with the existing plans which shall include the National
18 Determined Contribution, Philippine Energy Plan, National Transport
19 Policy, Philippine Development Plan and Health and Pollution Action
20 Plan; and

21 d. Be updated and submitted to the Office of the President and Congress
22 not later than the 15th of September of every year after approval by the
23 Energy Transition Committee.

24 **SEC. 7. Role of Government Agencies.** - In addition to their current
25 responsibilities and functions under the existing laws, the following
26 government agencies shall exercise responsibilities and functions as
27 enumerated hereunder:

28 a. Climate Change Commission (CCC) - The CCC shall:

29 i. Serve as the lead agency in the implementation of this Act,

30 ii. Convene a technical working group (TWG), within thirty (30)
31 calendar days from the effectivity of this Act, comprised of the
32 following:

33 1. Secretary of CCC as the Chairperson,

34 2. Secretary of Department of Energy (DOE) as the Vice-
35 Chairperson,

3. Secretary of Department of Finance (DOF),
4. Secretary of Department of Transportation (DOTR),
5. Secretary of Department of Environment and Natural Resources (DENR)
6. Secretary of Department of Trade and Industry (DTI),
7. Secretary of Department of Agriculture (DA),
8. Chairperson of the Energy Regulatory Commission (ERC),
and
9. Chairperson of the Securities and Exchange Commission (SEC).

The members can appoint their permanent representatives to the TWG. The CCC shall serve as the TWG's secretariat. The TWG shall:

1. Evaluate and approve the ETP,
 2. Monitor, review, and provide strategic direction in the implementation of the ETP and of this Act,
 3. Coordinate with various national government agencies, government-owned and controlled corporations, local government units, and private stakeholders to ensure the timely implementation of the ETP,
 4. Provide for a forum for feedback and recommendations on the implementation of the ETP, and
 5. Perform such other functions, as may be necessary, to attain the objectives of this Act,
- iii. Formulate the ETP, upon consultation with relevant public and private stakeholders,
 - iv. Monitor, in coordination with the members of the TWG, the implementation of the ETP,
 - v. Create, upon consultation with the other members of the TWG, and other relevant public and private stakeholders, a schedule for reckonable GHG emissions within one (1) year from the effectivity of this Act;

1 vi. Review and update annually the schedule for reckonable
2 emissions;

3 vii. Determine the emissions thresholds of various sources for
4 purposes of the determination of the imposition of a carbon tax
5 pursuant to Section 8 of this Act,

6 viii. Determine carbon offsets pursuant to Section 9 of this Act; and

7 ix. Compile all the GHG emissions report of the various sectors
8 identified in this Act and determine its compliance with the
9 targets set out in the ETP;

10 b. Department of Energy (DOE) - The DOE shall:

11 i. Assist the CCC in the implementation of the ETP;

12 ii. Formulate, implement, enforce, and monitor programs in the
13 energy sector towards the implementation and accomplishment
14 of the targets set out in the ETP, and ensure a just transition in
15 the sector;

16 iii. Monitor and prepare an annual report on the GHG emissions of
17 the energy sector in accordance with the targets set out in the
18 ETP;

19 iv. Monitor and ensure the preferential hybridization of all off-grid
20 power plants operated by the Small Power Utilities Group (SPUG);

21 v. Submit annually the GHG emissions report of the energy sector
22 to the CCC; and

23 vi. Ensure that the carbon tax is not passed on to end consumers of
24 petroleum products sold at retail fuel outlets.

25 c. Department of Labor and Employment (DOLE) - The DOLE shall, in
26 coordination with the DOE, ensure the protection of rights of the
27 employees under the labor sector affected by the implementation of the
28 ETP. It shall also undertake training programs, together with the
29 Technical Education and Skills Development Authority, for affected
30 employees by the implementation of the ETP to allow them to find
31 gainful employment in other sectors;

32 d. Department of Finance (DOF) - The DOF, shall:

- i. Review regularly the effectivity of the carbon tax in reducing GHG emissions, and propose remedial legislation, if necessary,
 - ii. Determine, upon consultation with the CCC, other members of the TWG, and other relevant public and private stakeholders, the prioritization of programs for the implementation of the ETP to be funded through the Energy Transition Fund, and
 - iii. Provide for mechanisms to assist companies to access green financing;
- e. Department of Environment and Natural Resources (DENR) - The DENR shall, in coordination with the CCC and other concerned agencies, establish the guidelines for the determination of the amount of GHG emissions attributed to various sources;
- f. Department of Transportation (DOTr) - The DOTr shall:
 - i. Assist the CCC in the implementation of the ETP in the transport sector,
 - ii. Formulate, implement, enforce, and monitor programs in the transport sector towards the implementation and accomplishment of the targets set out in the ETP while ensuring a just transition for public utility vehicles,
 - iii. Monitor and prepare an annual report on the GHG emissions of the transport sector in accordance with the targets set out in the ETP, and
 - iv. Submit annually the GHG emissions report of the transport sector to the CCC;
- g. Department of Agriculture (DA) - The DA shall:
 - i. Assist the CCC in the implementation of the ETP in the agriculture, fisheries, and forestry (AFF) sector,
 - ii. Formulate, implement, enforce, and monitor programs in the AFF sector towards the implementation and accomplishment of the targets set out in the ETP while ensuring a just transition for the sector,
 - iii. Monitor and prepare an annual report on the GHG emissions of the AFF sector in accordance with the targets set out in the ETP, and

1 iv. Submit annually the GHG emissions report of the AFF sector to
2 the CCC;

3 h. Department of Trade and Industry - The DTI shall:

4 i. Assist the CCC in the implementation of the ETP in the industry
5 sector,

6 ii. Formulate, implement, enforce, and monitor programs in the
7 industry sector towards the implementation and accomplishment
8 of the targets set out in the ETP while ensuring a just transition
9 for the sector,

10 iii. Monitor and prepare an annual report on the GHG emissions of
11 the industry sector in accordance with the targets set out in the
12 ETP, and

13 iv. Submit annually the GHG emissions report of the industry sector
14 to the CCC;

15 i. Energy Regulatory Commission (ERC) - The ERC shall ensure that
16 carbon tax shall not be passed on to end consumers of fossil fuel power
17 plants.

18 **SEC. 8. Carbon Tax.** - A carbon tax shall be levied, assessed, and
19 collected on a taxable facility amounting to the following:

20 a. Php 100 per ton of carbon dioxide equivalent (tCO₂e): three (3) years
21 after the effectivity of this Act, and

22 b. Php 250 per tCO₂e: five (5) years after the effectivity of this Act.

23 The amount levied shall accrue to the Energy Transition Fund under
24 Section 15 of this Act. The carbon tax shall not be passed on to end consumers
25 of fossil fuels and fossil fuel power plants.

26 **SEC. 9. Voluntary Carbon Market (VCMs).** - VCMs shall be allowed to
27 be established and operate in the country. The CCC and the SEC shall, upon
28 consultation with public and private stakeholders and taking into
29 consideration internationally recognized best practices of VCMs, establish
30 and implement streamlined and simplified guidelines and regulations for the
31 establishment and operations of VCMs in the country within one (1) year from
32 the effectivity of this Act. The DOE and SEC shall regularly review and update,
33 if necessary, these guidelines and regulations.

1 **SEC. 10. Mandatory Disclosure.** - The SEC shall make it mandatory
2 for listed companies to disclose climate risks as the country shift from fossil
3 fuels to clean energy sources.

4 **SEC. 11. Just Transition.** - Under the principle of just transition, the
5 TWG, in approving the ETP and its implementation, shall ensure a fair and
6 inclusive energy transition by minimizing its negative impacts to communities
7 that are reliant on fossil-based system of production and utilization. This shall
8 include labor programs which includes conduct of training for employees that
9 are under fossil-based system of production and utilization industries prior
10 the implementation of this Act to ensure their continuous employment, if
11 practicable, and to protect their rights and benefits in accordance with the
12 existing labor laws and rules and regulations.

13 **SEC. 12. Application of Incentives under RA 9513 or Renewable**
14 **Energy Act of 2008 and RA 11285 or the Energy Efficiency and**
15 **Conservation Act.** - Projects for the implementation of the ETP under this
16 Act shall be entitled to the incentives under RA 9513 and RA 11285.

17 **SEC. 13. Prohibited Acts.** - The following acts are prohibited:

18 a. For natural or juridical entities:

- 19 i. Failure to pay the carbon tax under Section 8 of this Act,
20 ii. Passing on the carbon tax to end-consumers,
21 iii. Failure to disclose climate risks under Section 10 of this Act,
22 iv. Violation of any provision of this Act, its implementing rules and
23 regulations, and other issuances promulgated in accordance with
24 this Act.

25 b. For government agencies: Failure to comply with their responsibilities
26 and comply with the time frames under this Act.

27 **SEC. 14. Fines and Penalties.** - Without prejudice to civil and criminal
28 liability, the following administrative penalties shall be imposed upon the
29 following for every prohibited act enumerated below:

30 a. Section 13(a):

- 31 i. First Offense: A fine ranging from Fifty thousand pesos
32 (P50,000.00) to Five hundred thousand pesos (P500,000.00),

1 ii. Second Offense: A fine ranging from Five hundred thousand
2 pesos (P500,000.00) to One million pesos (P1,000,000.00) and
3 revocation of permits.

4 b. Section 13(b):

5 i. First offense: six (6) months suspension,

6 ii. Second offense: Dismissal from service.

7 **SEC. 15. *Energy Transition Fund.*** - A Special Account in the General
8 Fund (SAGF) for energy transition, which shall be maintained and managed
9 by the Bureau of Treasury, shall be established to support the programs for
10 energy transition and the implementation of the ETP. The SAGF for energy
11 transition shall recognize and accept grants, contributions, and donations for
12 energy transition, for the implementation of the ETP and its relevant
13 programs.

14 **SEC. 16. *Appropriations.*** - There is hereby appropriated out of the
15 General Appropriations Act, the sum of Fifty Million Pesos (P50,000,000.00)
16 for the initial Energy Transition Fund. Thereafter, such amounts necessary
17 for the sustainable implementation of the ETP and its relevant programs shall
18 be appropriated from the General Appropriations Act.

19 **SEC. 17. *Implementing Rules and Regulations.*** - The CCC shall, in
20 consultation with TWG and other public and private stakeholders, promulgate
21 the Implementing Rules and Regulation of this Act within ninety (90) calendar
22 days from its effectivity.

23 **SEC. 18. *Oversight Committee.*** - Upon the effectivity of this Act, the
24 Joint Congressional Energy Commission established under Republic Act No.
25 9136 and renamed under Republic Act No. 11285, shall exercise oversight
26 powers over the implementation of this Act.

27 **SEC. 19. *Repealing Clause.*** - All laws, presidential decrees, executive
28 orders, and rules and regulations, or parts thereof, inconsistent with the
29 provisions of this Act are hereby repealed or modified accordingly.

30 **SEC 20. *Separability Clause.*** - If, for any reason, any section or
31 provision of this Act is held unconstitutional or invalid, the other sections or
32 provisions hereof shall not be affected thereby.

33 **SEC. 21. *Effectivity Clause.*** - This Act shall take effect after its
34 complete publication in at least two (2) national newspapers of general
35 circulation.

