

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session



House Bill No. **9016**

Introduced by
KAMALAYAN PARTY-LIST REPRESENTATIVE CAROLINE TANCHAY

EXPLANATORY NOTE

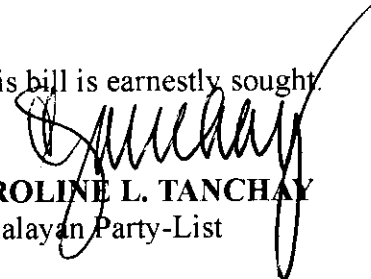
The escalating global energy crisis as a consequence of the on-going wars in the Middle East, Eastern Europe, and other strategic parts of the world, and the urgent need to mitigate climate change, necessitate a rapid transition to renewable energy. In the Philippines, the high cost of electricity remains a significant burden for residential, commercial, and industrial consumers alike.

While the Renewable Energy Act of 2008 (R.A. 9513) provides incentives for commercial RE developers, there is a lack of sufficient fiscal relief for “prosumers,” *i.e.*, those who invest their own capital to install self-generating facilities, such as solar panels, and energy storage systems for their own consumption.

Currently, the installation of these systems often leads to an increase in the assessed value of the property, resulting in higher Real Property Taxes (RPT). This serves as an “additional burden” on sustainability.

This bill seeks to exempt all permanent improvements related to self-generating renewable energy facilities from RPT. By removing this financial barrier, we encourage energy self-sufficiency, reduce the strain on the national grid, and protect consumers from surging fuel prices.

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


CAROLINE L. TANCHAY
Kamalayan Party-List

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AN ACT EXEMPTING PERMANENT IMPROVEMENTS CONSISTING OF SOLAR ENERGY SYSTEMS, ENERGY STORAGE SYSTEMS, AND OTHER SELF-GENERATING RENEWABLE ENERGY FACILITIES FOR OWN USE FROM REAL PROPERTY TAX, AMENDING FOR THIS PURPOSE SECTION 234 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

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

SECTION 1. Short Title. – This Act shall be known as the “*Electricity Prosumers Local Incentives Act of 2026*”

SECTION 2. Declaration of Policy. – It is the policy of the State to promote the utilization of renewable energy resources to reduce dependence on fossil fuels. To this end, the State shall provide additional fiscal incentives to encourage the installation of self-generating energy facilities by exempting the same from real property taxation.

SECTION 3. Definition of Terms. – For purposes of this Act:

- a. “*Self-Generating Facility*” refers to energy systems used by the owner for his/her/their own consumption, including but not limited to solar photovoltaic systems and wind turbines.
- b. “*Energy Storage System (ESS)*” refers to technologies capable of absorbing energy and storing it for a period of time to be used at a later time.
- c. “*Local Government Units (LGUs)*” refer to the political subdivisions of the Republic of the Philippines as established by the Constitution and Republic Act No. 7160, specifically provinces, cities, municipalities, and barangays, which exercise the power of local taxation and assessment of real property.
- d. “*Own Use*” refers to the primary utilization of the generated energy by the owner, occupant, or user of the residential, commercial, or industrial property where the facility is installed. This shall include:

- i. Direct Consumption: Energy used to power the owner's appliances, equipment, and facilities; Net-Metering Participants;
 - ii. Facilities covered by Net-Metering, Distributed Energy Resource for own use, and similar agreements, where the primary intent is offset of personal consumption, notwithstanding the occasional export of surplus energy to the distribution system; and
 - iii. Off-Grid Storage: Energy stored in batteries or similar systems for the sole use of the property owner.
- e. "*Permanent Improvements*" shall include the mounting structures, electrical wiring, inverters, meters, and other fixtures necessary for the operation of the energy system that are attached to the land or building.

SECTION 4. Exemption from Real Property Tax. – All permanent improvements consisting of solar panels, wind turbines, other similar renewable energy generators, energy storage systems, and self-generating facilities for own use, whether installed in residential, commercial, or industrial lots, shall be exempt from the payment of Real Property Tax (RPT).

The land on which these facilities are installed shall continue to be taxed based on its original classification; however, the value of the renewable energy improvements shall not be included in the assessment of the property's increased value.

SECTION 5. Mandatory Alignment of Local Tax Ordinances. – Within ninety (90) days from the effectivity of this Act, all LGUs shall perform the following:

- a. **Amendment of Local Revenue Codes:** All existing local tax ordinances and revenue codes shall be amended to reflect the exemptions provided under Section 4 of this Act.
- b. **Prohibition of New Assessments:** LGUs are hereby prohibited from imposing any new special levies, building permit surcharges, or "improvement taxes" specifically targeting the installation of renewable energy systems for own use.
- c. **Automatic Application:** The exemption shall be self-executing. The absence of an amended local ordinance shall not be a ground for the denial of the tax exemption provided under this Act; rather, shall be a ground for administrative sanctions to responsible officials.

SECTION 6. Amendatory and Repealing Clause. – Section 218 of Republic Act No. 7160, otherwise known as the "Local Government Code of 1991" is deemed amended by this Act.

All laws, presidential decrees, executive orders, or rules and regulations inconsistent with the provisions of this Act are likewise hereby repealed or modified accordingly.

SECTION 8. Effectivity. – This Act shall take effect immediately on the date of its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,