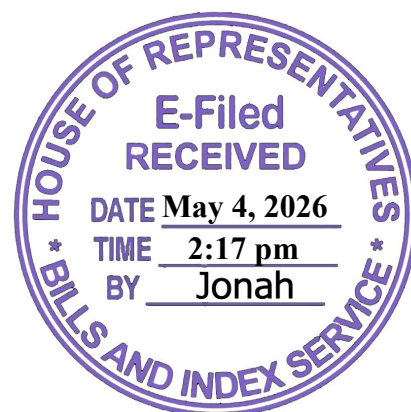




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 9030



INTRODUCED BY **Representative FERDINAND L. HERNANDEZ**

**AN ACT AMENDING REPUBLIC ACT NO. 9513,
OTHERWISE KNOWN AS THE RENEWABLE ENERGY ACT OF 2008**

EXPLANATORY NOTE:

The Philippines continues to face persistent energy challenges marked by high electricity costs, supply tightness during peak demand periods, exposure to volatile global fuel prices, and increasing dependence on imported fossil fuels. The depletion of indigenous energy resources, coupled with growing demand driven by economic expansion, has further strained the country's ability to produce a stable, affordable, and secure energy supply. These conditions underscore the urgency of accelerating the development of reliable, indigenous, and sustainable energy sources.

Republic Act No. 9513, or the *Renewable Energy Act of 2008*, was enacted to address these concerns by promoting the development and utilization of renewable energy resources. While the law has facilitated the entry of renewable energy projects, structural gaps and evolving market conditions have limited its full potential to respond to the present energy crisis. There is therefore a need to strengthen the legal and regulatory framework to unlock investments, improve system reliability, and reduce long-term power costs.

This bill seeks to amend the Renewable Energy Act to directly address these challenges.

1. Update on key definitions to recognize emerging technologies such as energy storage systems and their integration with renewable energy facilities. This is critical in addressing intermittency issues associated with renewable energy and ensuring a more stable and reliable power supply, particularly during peak demand periods.

2. This measure strengthens the authority of the Department of Energy as the lead agency and streamlines access to land for renewable energy development. By reducing administrative barriers and clarifying access rights, the bill facilitates faster project development timelines, which is essential in addressing immediate supply constraints.
3. This bill modernizes the Feed-in-Tariff system by introducing competitive auction mechanisms. This reform promotes efficiency and price discovery, ensuring that renewable energy projects are developed at least cost, thereby contributing to the reduction of electricity prices for consumers over time.
4. Enhances the Renewable Energy Market framework and strengthens the issuance of Renewable Energy Certificates.
5. Improves the fiscal regime for renewable energy projects by rationalizing incentives, including duty-free importation and real property tax assessment levels. These measures are intended to attract more investments, accelerate capacity additions, and help address supply shortages that contribute to high power costs.
6. Provides clarity and predictability in the government share from renewable energy projects, thereby enhancing investor confidence while ensuring that the State continues to benefit from the development of its energy resources.
7. Removes legal uncertainties by clarifying that renewable energy resources are not subject to constitutional restrictions applicable to natural resources, including nationality requirements and term limits. This is expected to unlock significant foreign and domestic capital, which is critical in scaling up investments needed to address the country's energy supply gap.

In sum, the proposed amendments are responsive to the country's current energy crisis. By accelerating renewable energy development, improving system reliability, reducing dependence on imported fuels, and promoting competitive electricity pricing, the bill provides a comprehensive policy response to ensure long-term energy security and sustainability.

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


FERDINAND L. HERNANDEZ



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

SECTION 1. Declaration of Policy. — It is hereby declared the policy of the State to further encourage private sector participation in the exploration, development and utilization of renewable energy resources to achieve energy security and self-reliance in a manner that balances the goals of economic growth and development with the protection of health and the environment.

Section 2. Section 4 of Republic Act (RA) No. 9513 (hereinafter, the “Act”) is hereby amended to read as follows:

“Section 4. *Definition of Terms.* — As used in this Act, the following terms are herein defined:

X X X

“(b) ‘Biomass resources’ refer to non-fossilized, biodegradable organic material originating from naturally occurring or cultured plants, animals and microorganisms, including agricultural products, by-products and residues such as, but not limited to, biofuels except corn, soya beans and rice but including sugarcane and coconut, rice hulls, rice straws, coconut husks and shells, corn cobs, corn stovers, bagasse, biodegradable organic fractions of industrial and municipal wastes that can be used in bioconversion process and other processes, as well as gases and liquids recovered from the decomposition and/or extraction of nonfossilized and biodegradable organic materials, **and municipal waste;**

X X X

“(n) ‘Energy Regulatory Commission’ xxx;

“(o) ‘Energy Storage System’ refers to a facility capable of absorbing energy directly from the grid or distribution system, or from an RE Plant or from a Conventional Plant connected to the grid or distribution system and storing it for a period of time, and injecting stored energy when prompted, needed to ensure reliability and balanced power system;

X X X

“(vv) ‘Renewable Energy Service (Operating) Contract (RE Contract)’ refers to the service agreement between the Government, through the DOE, and RE Developer over a period in which the RE Developer has the exclusive right to a particular [RE] area for exploration and development **of RE Resource.** The RE Contract shall be divided into two (2) stages: the pre-development stage and the development/commercial stage. The preliminary assessment and feasibility study up to financial closing shall refer to the pre-development stage. The construction and installation of facilities up to operation phrase shall refer to the development stage;

“(ww) ‘Renewable Energy Resources’ (RE Resources) refer to energy resources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis, and whose renewal rate is relatively rapid to consider availability over an indefinite period of time. These include, among others, biomass, solar, wind, geothermal, ocean energy, [and] hydropower conforming with internationally accepted norms and standards on dams, **energy stored and dispatched from integrated RE Plant and ESS,** and other emerging renewable energy technologies;

X X X

Section 3. Section 5 of the Act is hereby amended to read as follows:

“Section 5. Lead Agency. — The DOE shall be the lead agency mandated to implement the provisions of this Act.

“Any law to the contrary notwithstanding, the DOE, upon prior clearance that there are no existing tenurial rights over public lands from the relevant government agency/instrumentality, may grant an RE Developer access thereon for the exploration and development of RE resources.”

Section 4. A new Chapter II is hereby inserted, and Section 6 of the Act is amended to read as follows:

“Chapter II”
“RE Contract Areas”

“Section 6. RE Contract Areas. — RE Contracts may cover public lands.

government reservations, including those presently administered or unappropriated areas, private lands or other lands subject of agricultural, mining, petroleum or other rights or devoted to purposes other than the exploration, development and utilization of RE Resources: Provided, That the right to enter private lands, and to established easements over such lands shall, in the absence of a voluntary agreement with the private landowner, be allowed in accordance with RA No. 10752, otherwise known as “The Right-of-Way Act.

Section 5. Section 7 thereof is renumbered as Section 8 and amended, to read as follows:

“Section **8**. Feed-In Tariff System. - To accelerate the development of emerging renewable energy resources, a feed-in tariff system for electricity produced from wind, solar, ocean, run-of-river hydropower and biomass **and all other RE resources, that shall be determined by the DOE,** is hereby mandated. Towards this end, the ERC in consultation with the National Renewable Energy Board (NREB) created under Section 27 of this Act shall formulate and promulgate feed-in tariff system rules within one (1) year upon the effectivity of this Act which shall include, but not limited to the following:

(a) x x x

x x x

(d) x x x

(e) the DOE shall have the authority to utilize an auction mechanism to determine the winning developers and the applicable tariff rates under the Feed-in-Tariff system. Such process shall be designed to promote efficiency, encourage price discovery, and prioritize the entry of the most viable renewable energy projects.”

Section 6. Section 8 thereof is renumbered as Section 9 and amended, to read as follows:

“Section **9**. Renewable Energy Market (REM). - To facilitate compliance with Section 6 of this Act, the DOE shall establish the REM and shall direct PEMC to implement changes to the WESM Rules in order to incorporate the rules specific to the operation of the REM under the WESM.

The PEMC **or the Market Operator** shall, under the supervision of the DOE, establish a Renewable Energy Registrar within one (1) year from the effectivity of this Act and shall issue, keep and verify RE Certificates corresponding to energy generated from eligible RE facilities. Such certificates will be used for compliance with the RPS. For this purpose, a transaction fee, equal to half of what PEMC currently charges regular WESM players, may be imposed by PEMC.”

Section 7. Chapter V of the Act is hereby renumbered as Chapter VI, and Section 13 thereof is renumbered as Section 14 and amended, to read as follows:

“Section **14**. Government Share. — The government share on existing and new RE development projects shall be equal to one-half of one percent **(0.5%)** of the gross [income] sales of RE resource developers resulting from the sale of renewable energy produced and such other income incidental to and arising from the renewable energy generation, transmission, and sale of electric power except for indigenous geothermal energy, which shall be at one-half of one and a half percent **(0.75%)** of gross income.”

Section 8. Section 14 of the Act is hereby renumbered as Section 15 and amended to read as follows:

“Section **15**. Compliance with Environmental Regulations. — All RE explorations, development, utilization, and RE systems operations shall be conducted in accordance with existing environmental regulations as prescribed by the DENR and/or any other concerned government agency.

“The DENR shall, within six (6) months from the effectivity hereof, issue streamlined environmental regulations prescribing minimum requirements for the conduct of preliminary assessment and feasibility study.”

Section 9. Section 15 of the Act is hereby renumbered as Section 16 and amended to read as follows:

“Section **16**. Incentives for Renewable Energy Projects and Activities. — RE developers of renewable energy facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the BOI, shall be entitled to the following incentives:

“(a) xxx

“(b) Duty-free Importation of RE Machinery, Equipment and Materials — Within the first ten (10) years upon the issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, shall not be subject to tariff duties: Provided, however, That the said machinery, equipment, materials and parts are directly and actually needed and used exclusively in the RE facilities for transformation into energy and delivery of energy to the point of use and covered by shipping documents in the name of the duly registered operator to whom the shipment will be directly delivered by customs authorities: Provided, further, **That additional investments in the project shall likewise be exempt from tariff duties upon issuance of a certification by the DOE: Provided, finally,** That endorsement of the DOE is obtained before the importation of such machinery, equipment, materials and parts are made.

“(c) xxx;

“(d) Net Operating Loss Carry-Over (NOLCO). — The NOLCO of the RE Developer during the first three (3) years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as a

deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of such loss: Provided, That direct costs of exploratory drilling may be recovered based on a diminishing rate to be prescribed by the DOE under which a fresh round of such rates shall be applied after discovery of commercially viable geothermal steam fields; Provided, however, That operating loss resulting from the availment of incentives provided for in this Act shall not be entitled to NOLCO;

“(e) xxx;

X X X

“(h) Special Assessment Level on Land. - For purposes of determining the taxable value for real property taxation, the assessment level for all lands actually and exclusively used for RE facilities by a Registered RE developer shall not exceed ten percent (10%) of its market value. Provided, that forest lands and properties situated thereon utilized by Registered RE developers and are under existing tenurial agreements with the State, through the Department of Environment and Natural Resources, shall have an assessment level not exceeding five percent (5%) of its market value.”

Section 10. Section 25 of the Act is hereby renumbered as Section 26 and amended to read as follows:

“Section **26**. Registration of RE Developers and local manufacturers, fabricators and suppliers of locally-produced renewable energy equipment.— RE Developers and local manufacturers, fabricators and suppliers of locally-produced renewable energy equipment shall register with the Department of Energy, through the Renewable Energy Management Bureau. **After** registration, a certification shall be issued to each RE Developer and local manufacturer, fabricator and supplier of locally-produced renewable energy equipment to serve as the basis of their entitlement to incentives provided under Chapter VII of this Act.”

Section 11. A new Chapter IX is hereby inserted to read as follows:

“Chapter IX”
“Nationality Requirement and Term Limits”

“Section 28. RE resources shall be deemed outside the scope of natural resources under Section 2, Article XII of the Constitution.

“For the avoidance of doubt, the nationality requirement and the maximum term limit of fifty (50) years provided under Section 2, Article XII of the Constitution shall not apply to the exploration, development and utilization of RE resources.”

Section 12. Separability Clause. — If any provision of this Act is held invalid

unconstitutional, the remainder of the Act or the provision not otherwise affected shall remain valid and subsisting.

Section 13. Repealing Clause. — Any law, presidential decree or issuance, executive order, letter of instruction, administrative rule or regulation contrary to or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

Section 14. Effectivity Clause. — This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,