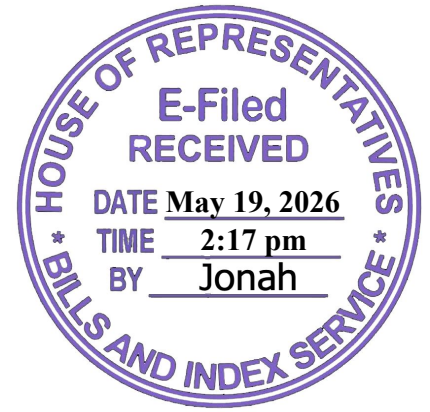


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. **9312**



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to promote local participation and equitable benefit-sharing in the development, ownership, and operation of indigenous, potential, and renewable energy resources. It grants qualified local government units (LGUs), communities, electric cooperatives (ECs), and distribution utilities (DUs) the right of first refusal over energy projects located within their jurisdictions.

Despite the Philippines' abundant energy resources, many communities continue to experience high electricity costs, inadequate power supply, and limited economic participation in energy projects operating within their localities. While energy investments contribute significantly to national development, the direct benefits to local consumers and communities remain limited.

This measure recognizes the vital role of LGUs, ECs, DUs, and organized communities as valuable partners in achieving national energy security. Strengthening local participation in energy development is expected to encourage investments, expand employment opportunities, stimulate local economic activity, and improve public support for responsible energy projects.

The bill grants qualified local entities the right of first refusal in the grant, transfer, operation, or sale of covered energy projects, subject to technical, legal, and financial standards. It also provides a priority framework among qualified local parties, encourages joint ventures, and promotes partnerships that can mobilize capital and expertise for long-term energy sustainability.

The measure further provides that a reasonable portion of locally generated power shall first be offered to the EC or DU serving the host area. This aims to improve the reliability of supply, stabilize electricity rates, and prioritize the welfare of consumers in areas that host energy facilities.

The bill likewise mandates community benefit programs such as local

employment preference, scholarships, livelihood assistance, rural electrification support, environmental protection, and infrastructure development.

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



HON. ERIC G. YAP

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

TWENTIETH CONGRESS
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House Bill No. **9312**

Introduced by **Representative ERIC G. YAP**

AN ACT
PROMOTING LOCAL PARTICIPATION IN THE DEVELOPMENT AND
OPERATION OF INDIGENOUS, POTENTIAL, AND RENEWABLE ENERGY
RESOURCES, GRANTING QUALIFIED LOCAL GOVERNMENT UNITS,
COMMUNITIES, ELECTRIC COOPERATIVES, AND DISTRIBUTION
UTILITIES THE RIGHT OF FIRST REFUSAL OVER ENERGY PROJECTS
WITHIN THEIR JURISDICTIONS, AND FOR OTHER PURPOSES

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

Section 1. *Short Title.* – This Act shall be known as the “*Local Energy Participation and Right of First Refusal Act.*”

SEC. 2. *Declaration of Policy.* – It is hereby the declared policy of the State to ensure energy security, affordable electricity rates, sustainable development, and inclusive economic growth through the responsible utilization of indigenous, potential, and renewable energy resources.

The State likewise recognizes the right of local communities to participate in the development of natural resources within their jurisdictions and the vital role of Local Government Units (LGUs), Electric Cooperatives (ECs), and Distribution Utilities (DUs) in providing reliable electric service. Toward this end, the State shall promote local ownership, local participation, and equitable access to energy resources and benefits arising therefrom.

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

a. Community refers to host communities, indigenous peoples, people’s organizations, cooperatives, and residents directly affected by energy projects;

b. Distribution Utility (DU) refers to an entity authorized to distribute

electricity within a franchise area;

c. Electric Cooperative (EC) refers to a duly registered electric cooperative operating under existing laws;

d. Indigenous Energy Resources refers to energy resources naturally occurring within the Philippines, including but not limited to hydro, geothermal, solar, wind, biomass, natural gas, and other local resources;

e. Local Government Unit (LGU) refers to the province, city, municipality, or barangay affected by or hosting the energy project;

f. Potential Energy Resources refers to identified but undeveloped resources capable of commercial power generation;

g. Renewable Energy Resources refers to energy resources as defined under Republic Act No. 9513, otherwise known as the "*Renewable Energy Act of 2008*"; and

h. Right of First Refusal refers to the preferential right to match the terms and conditions offered to third parties for the development, operation, or purchase of power from an energy project;

SEC. 4. *Promotion of Local Participation.* – The Department of Energy (DOE), in coordination with concerned agencies, shall promote and facilitate the participation of LGUs, local communities, ECs, and DUs in the exploration, development, financing, ownership, and operation of energy projects. Preference shall be given to projects demonstrating substantial local equity participation, employment generation, and direct community benefits.

SEC. 5. *Grant of Right of First Refusal.* – In the grant, transfer, assignment, joint venture, operation, or sale of any indigenous, potential, or renewable energy project located within a province, city, municipality, or franchise area, qualified LGUs, communities, ECs, and DUs shall be granted the right of first refusal. Such entities may match the terms and conditions offered to any third party, subject to legal, technical, and financial qualifications.

SEC. 6. *Priority Order.* – Where multiple qualified parties seek to exercise the right of first refusal, the following order of priority shall apply:

- a. Host Community Cooperatives or Community-Based Organizations;
- b. Concerned Electric Cooperative or Distribution Utility;
- c. Concerned Municipality or City;

- d. Concerned Province; and
- e. Consortium of the foregoing entities:

Provided, That joint ventures among qualified local entities shall be encouraged.

SEC. 7. *Conditions for Exercise.* – To exercise the right granted under this Act, the interested party must:

- a. Submit written notice within sixty (60) days from formal offer or publication;
- b. Demonstrate technical and financial capability;
- c. Comply with all regulatory requirements; and
- d. Undertake to operate the project in the public interest.

SEC 8. *Power Supply Preference for Local Consumers.* – At least a reasonable portion of dependable capacity generated by projects covered under this Act shall first be offered to the local EC or DU serving the host area, subject to Energy Regulatory Commission (ERC) rules and existing contracts.

SEC. 9. *Community Benefits.* – All projects covered by this Act shall adopt programs for host communities, including but not limited to:

- a. Employment preference for qualified local residents;
- b. Skills training and scholarships;
- c. Rural electrification assistance;
- d. Environmental protection and watershed management;
- f. Livelihood and enterprise support; and
- g. Infrastructure assistance.

SEC. 10. *Environmental and Indigenous Peoples Protection.* – All covered projects shall comply with environmental laws, land use regulations, and the rights of Indigenous Cultural Communities/Indigenous Peoples, including Free and Prior Informed Consent (FPIC) where applicable.

SEC. 11. *Regulatory Authority.* – The DOE, ERC, National Electrification

Administration (NEA), and relevant agencies shall issue rules to ensure transparent implementation, fair pricing, open competition, and protection of consumer welfare.

SEC. 12. *Incentives.* – Qualified local entities participating in projects under this Act may avail of incentives under existing investment and renewable energy laws, subject to applicable regulations.

SEC. 13. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the DOE, in consultation with the Department of the Interior and Local Government (DILG), ERC, NEA, National Commission on Indigenous Peoples (NCIP), and other concerned agencies, shall promulgate the necessary rules and regulations in the effective implementation of this Act.

SEC. 14. *Separability Clause.* – If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected shall remain in full force and effect.

SEC. 15. *Repealing Clause.* – All laws, decrees, executive orders, rules, and regulations inconsistent with this Act are hereby repealed, amended, or modified accordingly.

SEC. 16. *Effectivity.* – This Act shall take effect fifteen (15) days after publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,