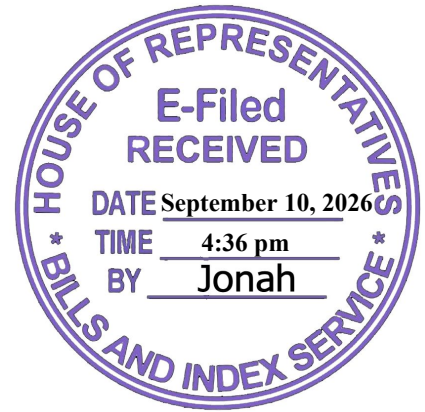




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 11254



Introduced by Rep. Robert Nazal

AN ACT

DECLARING IT A POLICY OF THE STATE TO PROVIDE UNIVERSAL ACCESS TO RELIABLE, AFFORDABLE, AND ENVIRONMENTALLY SUSTAINABLE ELECTRICITY, ESTABLISHING A COMPREHENSIVE PROGRAM FOR THE SOLAR ELECTRIFICATION OF BARANGAYS THAT REMAIN OFF-GRID, PROVIDING A PACKAGE OF FISCAL AND NON-FISCAL INCENTIVES TO ENCOURAGE THE ACTIVE PARTICIPATION OF THE PRIVATE SECTOR, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Energy insecurity in the Philippines is no longer a distant or abstract risk—it is a present and pressing reality that directly affects the daily lives of millions of Filipinos. While significant progress has been made in electrification, a number of barangays, particularly those in geographically isolated and disadvantaged areas, remain without access to reliable and affordable electricity. For these communities, development is not merely delayed—it is effectively denied.

The urgency of this measure is further magnified by recent economic conditions. The country remains heavily dependent on imported petroleum, exposing it to global price volatility. The recent surge in international oil prices, driven by geopolitical tensions, has resulted in consecutive increases in domestic fuel prices. At the same time, the depreciation of the Philippine peso has amplified the cost of imported fuel, compounding the burden on power generation, transportation, and basic goods. These factors are now feeding directly into inflation, eroding purchasing power and placing additional strain on Filipino households.

Nowhere is this more acutely felt than in off-grid communities. In these areas, electricity is often generated using diesel, making power costs highly sensitive to fuel price movements and currency fluctuations. As global oil prices rise and the peso weakens, electricity becomes more expensive, less reliable, and increasingly inaccessible. This creates a cycle of disadvantage—where the most vulnerable communities pay the highest price for the least reliable service.

This proposed measure responds to this urgent reality by advancing a decisive and forward-looking solution: the accelerated electrification of off-grid barangays through solar energy. Solar power offers a stable, indigenous, and sustainable alternative to imported fuel. It insulates communities from global oil shocks, reduces long-term electricity costs, and provides a reliable foundation for economic activity, education, healthcare, and local enterprise.

Through the establishment of a comprehensive Solar Barangay Electrification Program, this bill sets a clear national target of achieving full electrification of all off-grid barangays within ten (10) years. It recognizes that government alone cannot carry this burden and therefore mobilizes private sector participation through well-structured incentives, streamlined processes, and viable public-private partnership models. In doing so, it unlocks capital, innovation, and efficiency at a scale necessary to meet this national objective.

This measure is not merely about electrification—it is about equity. It is about ensuring that no Filipino is left behind simply because of geography. It is about transforming energy from a barrier into a bridge for development. And most importantly, it is about asserting that in the face of rising global uncertainty, the Philippines must invest in solutions that are resilient, sustainable, and within our control.

In a time when fuel prices are volatile, the peso is under pressure, and inflation threatens the stability of every household, the shift toward renewable, decentralized energy is not optional — it is imperative.

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



ROBERT NAZAL
Representative

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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 and cited as the “Solar Electrification of Off-Grid Barangays Act.”

Sec. 2. **Declaration of Policy.** It is hereby declared the policy of the State to protect and advance the right of all Filipinos to access affordable, reliable, and clean electricity. It is further declared that achieving full electrification, especially in barangays that are not connected to the main power grid, is a matter of national priority. The State shall promote the accelerated development and utilization of renewable energy resources, most notably solar power, to fulfill this objective. It is also the policy of the State to encourage, support, and incentivize the active participation of private enterprises, cooperatives, and organizations in the development, financing, construction, operation, and maintenance of off-grid renewable energy systems. These policies are in line with the Constitution’s mandate to promote the welfare of the people, foster economic development, and ensure environmental sustainability for the benefit of present and future generations.

Sec. 3. Objectives. This Act shall pursue the following objectives:

(a) To achieve the complete electrification of one hundred percent (100%) of all barangays in the Philippines that remain off-grid within a period of ten (10) years from the date this Act takes effect;

(b) To facilitate and encourage the mobilization of private investments in off-grid electrification projects through public-private partnerships and other contractual arrangements;

(c) To reduce the dependence of remote and underserved communities on electricity generation using imported or fossil-based fuels, thereby lowering greenhouse gas emissions and environmental impacts; and

(d) To help fulfill the country's commitments under the United Nations Sustainable Development Goals, particularly Goal 7 on Affordable and Clean Energy, and the Philippines' obligations under the Paris Agreement on Climate Change.

Sec. 4. Definition of Terms. For purposes of this Act, the following terms shall have the meanings ascribed to them below:

(a) Off-Grid Barangay refers to any barangay or community that is not presently connected to the main transmission and distribution network of any electric utility or cooperative.

(b) Solar Energy System shall refer to a facility, plant, or installation that generates electricity using solar photovoltaic panels and associated equipment such as inverters, battery storage units, charge controllers, wiring, and support structures.

(c) Private Sector Provider shall refer to any duly qualified private enterprise, cooperative, association, or non-governmental organization that engages in the design, financing, installation, operation, or maintenance of solar energy systems intended to electrify off-grid barangays under this Act.

(d) Public-Private Partnership (PPP) shall refer to any contractual arrangement as defined under Republic Act No. 6957, as amended by Republic Act No. 7718, and other relevant laws and regulations, wherein the private sector assumes substantial financial, technical, and operational risks in undertaking an infrastructure or development project.

(e) Department shall refer to the Department of Energy (DOE).

Sec. 5. Creation of the Solar Barangay Electrification Program. There is hereby established a Solar Barangay Electrification Program (SBEP) which shall serve as the national framework for carrying out the objectives of this Act. The Department of Energy shall be primarily responsible for formulating, implementing, supervising, and monitoring this Program.

In the exercise of this mandate, the Department of Energy shall:

(a) Develop and promulgate appropriate technical standards and guidelines for the design, installation, operation, and maintenance of solar energy systems deployed in off-grid barangays, ensuring that such systems are safe, reliable, and suitable for the local conditions in each community;

(b) Establish clear and transparent criteria for identifying and prioritizing the barangays to be electrified under the Program, giving particular attention to communities with the greatest number of households without access to electricity, high poverty incidence, or geographic isolation;

(c) Coordinate with the National Electrification Administration, the Department of the Interior and Local Government, electric cooperatives, local government units, and other relevant government agencies to ensure effective planning, implementation, and monitoring of projects;

(d) Set annual performance benchmarks and targets to track progress toward achieving full electrification within the ten-year period mandated by this Act; and

(e) Submit an annual report to Congress detailing the implementation status, accomplishments, challenges encountered, and recommendations for improvement.

Sec. 6. Private Sector Participation and Contractual Arrangements. The Department of Energy, in coordination with relevant agencies, shall promote and facilitate the participation of qualified private sector providers through various contractual arrangements, including but not limited to Build-Operate-Transfer, Build-Own-Operate, and other Public-Private Partnership modalities.

The selection of private sector partners shall be conducted through transparent and competitive processes, except in cases where unsolicited proposals are submitted and subsequently subjected to a competitive challenge procedure as required by law.

All contracts and agreements entered into under this Act shall be subject to the applicable regulations of the Energy Regulatory Commission, including those governing tariffs, quality of service, consumer protection, and reporting requirements.

Sec. 7. Fiscal Incentives. To encourage private investments and participation in the electrification of off-grid barangays, the following fiscal incentives shall be granted to qualified developers and operators:

(a) An Income Tax Holiday of ten (10) years, during which the net income derived from qualified solar electrification projects shall be exempt from corporate income tax;

(b) Exemption from the payment of customs duties and value-added tax on the importation and local purchase of capital equipment, machinery, spare parts, and materials directly and exclusively used in the construction, installation, operation, and maintenance of solar energy systems, for a period of ten (10) years;

(c) Entitlement to enhanced deductions, including a deduction equivalent to two hundred percent (200%) of expenses incurred for training programs and capacity-building activities for employees hired from the local community, as well as research and development activities related to renewable energy technologies applicable to off-grid electrification;

(d) The right to carry over any net operating loss incurred during the first three (3) years of commercial operations as a deduction from taxable income for the next seven (7) consecutive taxable years immediately following the year of such loss;

(e) Enhanced deductibility of donations, wherein any donation of fully installed and operational solar energy systems to qualified public entities such as barangay governments, public schools, or public health centers shall be deductible from the donor's taxable income at an amount equivalent to one hundred fifty percent (150%) of the value of the donated system; and

(f) Eligibility for registration as a priority investment project with the Board of Investments, granting the investor access to all other applicable incentives provided under the Omnibus Investments Code and the Strategic Investment Priority Plan. These incentives shall be subject to the oversight of the Fiscal Incentives Review Board and compliance with performance obligations and reporting requirements.

Sec. 8. Non-Fiscal Incentives and Facilitative Measures. To complement the fiscal incentives provided in the preceding Sec., the following non-fiscal incentives and support measures shall be made available to qualified projects:

(a) Fast-track processing of all necessary permits, licenses, and approvals, with all concerned government agencies and local government units required to act on complete applications within a period not exceeding thirty (30) working days;

(b) Free and timely access to government data and resource maps necessary for project assessment, planning, and design, including data on unserved barangays, solar irradiance, and demographic profiles;

(c) Priority access to credit facilities, concessional loans, guarantees, and blended finance instruments provided by government financial institutions, including the Development Bank of the Philippines and the Land Bank of the Philippines, as well as grants and financing from development partners and climate funds;

(d) The express authority for qualified operators of solar microgrids or mini-grids to sell any surplus electricity generated beyond the needs of the served barangay to the Wholesale Electricity Spot Market or to other qualified buyers, subject to applicable regulations issued by the Energy Regulatory Commission and the Department of Energy; and

(e) Preferential access to government-supported capacity-building programs, technical assistance, and recognition schemes, including awards for exemplary performance and innovation in off-grid electrification.

Sec. 9. Funding Mechanisms. The implementation of this Act shall be financed through a combination of private investments and public funds, including but not limited to:

(a) Private capital mobilized through Public-Private Partnership arrangements;

(b) Appropriations under the General Appropriations Act for the administrative, regulatory, technical, and monitoring functions of the Department of Energy and other implementing agencies;

(c) Grants, donations, and contributions from domestic and international sources, in accordance with existing budgeting, accounting, and auditing rules; and

(d) The possible reallocation or utilization of the Universal Charge for Missionary Electrification, subject to the approval of the Energy Regulatory Commission, to support the transition from diesel-based generation to renewable energy systems.

Sec. 10. **Lead Implementing Agency.** The Department of Energy shall serve as the lead implementing agency for this Act and shall coordinate with the National Electrification Administration, the Department of Trade and Industry, the Department of the Interior and Local Government, the Board of Investments, the National Power Corporation, the Energy Regulatory Commission, the Department of Finance, and other relevant agencies and government instrumentalities.

Sec. 11. **Appropriations.** The funds necessary to commence implementation of this Act shall be sourced from the current appropriations of the Department of Energy and other relevant agencies. Thereafter, the funding necessary to sustain the Program shall be included in the annual General Appropriations Act.

Sec. 12. **Implementing Rules and Regulations.** The Department of Energy, in consultation with other concerned agencies, shall issue the implementing rules and regulations necessary to carry out the provisions of this Act within ninety (90) days from its effectivity.

Sec. 13. **Repealing Clause.** All laws, decrees, executive orders, rules and regulations, or parts thereof which are inconsistent with this Act are hereby repealed, amended, or modified accordingly.

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

Sec. 15. **Effectivity Clause.** This Act shall take effect immediately after its publication in at least two (2) national newspapers of general circulation or in the Official Gazette, whichever comes earlier.

Approved,