



HOUSE OF REPRESENTATIVES

H. No. 4193

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HOFER, ILAGAN, JALOSLOS, JAVIER, JIKIRI, JOSON, LABADLABAD, LACSON, LAGMAN, LIM, LIMKAICHONG, LOPEZ, MADRONA, MAMBA, MANDANAS, MANGUDADATU, MATUGAS, MITRA, NAVA, NOEL, ONG, ORTEGA, PADILLA, PANCHO, PIAMONTE, PICHAY, PINGOY, PIÑOL, PLAZA, ROBES, RODRIGUEZ-ZALDARRIAGA, ROMAN, ROMARATE, ROMUALDO, ROXAS, SALVACION, SANDOVAL, SANTIAGO (J.), SEACHON-LANETE, SEARES-LUNA, SILVERIO, SINGSON (E.), SINGSON (R.), SY-ALVARADO, SYJUCO, TAN, TEVES, TUPAS, UMALI (A.), UMALI (C.), UNGAB, UY (E.), UY (R.S.), UY (R.A.), VALENCIA, VARGAS, VILLAR, VINZONS-CHATO, YU, ZAMORA (M.) AND ZUBIRI, PER COMMITTEE REPORT NO. 567

AN ACT PROMOTING THE DEVELOPMENT, UTILIZATION AND COMMERCIALIZATION OF RENEWABLE ENERGY RESOURCES AND FOR OTHER PURPOSES

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

CHAPTER 1

TITLE AND DECLARATION OF POLICIES

SECTION 1. *Short Title.* – This Act shall be known as the “Renewable Energy Act of 2008”. It shall hereinafter be referred to as the “Act”.

SEC. 2. *Declaration of Policies.* – It is hereby declared the policy of the State to:

- (a) Accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country’s dependence on fossil fuels;
- (b) Increase the utilization of renewable energy by institutionalizing the development of national and local

capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and nonfiscal incentives;

- (c) Encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and the environment; and
- (d) Establish the necessary infrastructure to carry out the mandates specified in this Act and other relevant existing laws.

SEC. 3. *Scope.* – This Act shall establish the framework for the accelerated development and advancement of renewable energy resources, and the development of a strategic program to increase its utilization.

SEC. 4. *Definition of Terms.* – As used in this Act, the following terms are herein defined:

- (a) “Biofuels” refers to bioethanol, biodiesel and other fuels derived from biomass and primarily used for motive, thermal and power generation with quality specifications in accordance with the Philippine National Standards (PNS).
- (b) “Biomass energy systems” refers to energy systems which use biomass resources to produce heat, steam, mechanical power or electricity through either thermochemical, biochemical or physico-chemical processes, or through such other technologies which shall comply with prescribed environmental standards pursuant to this Act.
- (c) “Biomass resources” refers to non-fossilized, biodegradable organic material originating from naturally occurring or

cultured plants, animals and micro-organisms, 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 stovers, bagasse, biodegradable organic fractions of industrial and municipal wastes, as well as gases and liquids recovered from the decomposition and/or extraction of non-fossilized and biodegradable organic materials.

- (d) “Board of Investments” or “BOI” refers to an attached agency of the Department of Trade and Industry created under Republic Act No. 5186, as amended.
- (e) “Cogeneration systems” refers to facilities which produce electrical and/or mechanical energy and forms of useful thermal energy such as heat or steam which are used for industrial, commercial heating or cooling purposes through the sequential use of energy.
- (f) “Department of Energy” or “DOE” refers to the government agency created pursuant to Republic Act No. 7638 whose functions were expanded in Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” and further expanded in this Act.
- (g) “Department of Environment and Natural Resources” or “DENR” refers to the government agency created pursuant to Executive Order No. 192.
- (h) “Department of Finance” or “DOF” refers to the government agency created pursuant to Executive Order No. 127, as amended.

- (i) “Department of Science and Technology” or “DOST” refers to the government agency created pursuant to Executive Order No. 128.
- (j) “Department of Trade and Industry” or “DTI” refers to the government agency created pursuant to Executive Order No. 133.
- (k) “Distribution of electricity” refers to the conveyance of electric power by a distribution utility through its distribution system pursuant to the provisions of Republic Act No. 9136.
- (l) “Distribution utility” refers to any electric cooperative, private corporation, government-owned utility or existing local government unit (LGU) which has an exclusive franchise to operate a distribution system in accordance with its franchise and Republic Act No. 9136.
- (m) “Energy Regulatory Commission” or “ERC” refers to the independent quasi-judicial regulatory agency created pursuant to Republic Act No. 9136, as amended.
- (n) “Generation company” refers to any person or entity authorized to operate facilities used in the generation of electricity.
- (o) “Generation facility” refers to a facility for the production of electricity and/or thermal energy such as, but not limited to, steam, hot or cold water.
- (p) “Geothermal energy” as used herein and in the context of this Act, shall be considered renewable and the provisions of this Act is therefore applicable thereto if geothermal energy, as a mineral resource, is produced through: (1) natural recharge, where the water is replenished by rainfall and the

heat is continuously produced inside the earth; and (2) enhanced recharge, where hot water used in the geothermal process is re-injected into the ground to produce more steam as well as to provide additional recharge to the convection system.

- (q) “Grid” refers to the high voltage backbone system of interconnected transmission lines, substations and related facilities, located in each of Luzon, Visayas and Mindanao, or as may otherwise be determined by the ERC in accordance with Republic Act No. 9136.
- (r) “Hybrid system” refers to any power or energy generation facility which makes use of two or more types of technologies utilizing both conventional and/or renewable fuel sources such as, but not limited to, integrated wind/diesel systems, integrated solar/wind systems, biomass/fossil fuel systems, hydro/fossil fuel systems, integrated solar/biomass systems, integrated wind/fossil fuel systems, with a minimum of ten (10) megawatts or ten percent (10%) of the annual energy output provided by the renewable energy systems (RES) components of the hybrid systems, whichever is lower.
- (s) “Hydroelectric power systems” or “Hydropower systems” refers to water-based energy systems which produce electricity by utilizing the kinetic energy of falling or running water to generate electricity or mechanical energy.
- (t) “Hydroelectric power development” or “Hydropower development” refers to the construction and installation of a hydroelectric power-generating plant and its auxiliary

facilities such as diversion structure, headrace, penstock, substation and machine shop, among others.

- (u) “Hydroelectric power resources” or “Hydropower resources” refers to water resources found technically feasible for development of hydropower projects which include rivers, lakes, waterfalls, irrigation canals, springs, ponds and other water bodies.
- (v) “Local government share” refers to the amount due the LGUs from the exploitation, development and utilization of naturally-occurring renewable energy resources.
- (w) “Missionary electrification” refers to the provision of basic electricity service in unviable areas with the aim of bringing the operations in these areas to viability levels.
- (x) “National government share” refers to the amount due the national government from the exploitation, development and utilization of naturally-occurring renewable energy resources.
- (y) “National Power Corporation” or “NPC” refers to the government corporation created under Republic Act No. 6395, as amended.
- (z) “National Transmission Corporation” or “TRANSCO” refers to the corporation created under Republic Act No. 9136 which assumed the electrical transmission function of the NPC, including the assumption of the authority and responsibility of NPC for the operation and maintenance of the transmission system and the grid.
- (aa) “Net metering” refers to a system, appropriate for distributed generation, in which a distribution grid user has a two-way

connection to the grid and is only charged for his net electricity consumption and is credited for any overall contribution to the electricity grid.

- (bb) “Ocean energy systems” refers to energy systems which convert ocean or tidal current, ocean thermal gradient or wave energy into electrical or mechanical energy.
- (cc) “Off-grid systems” refers to electrical systems not connected to the wires and related facilities of any mini-grid system or the on-grid systems of the Philippines.
- (dd) “On-grid system” refers to electrical systems composed of interconnected transmission lines, substations and related facilities for the purpose of conveyance of bulk power on the grid system for distribution to authorized end users.
- (ee) “Philippine Electricity Market Corporation” or “PEMC” refers to the non-stock, non-profit corporation registered with the Securities and Exchange Commission which is tasked to govern and operate the wholesale electricity spot market pursuant to Republic Act No. 9136.
- (ff) “Philippine National Oil Company” or “PNOC” refers to the government agency created pursuant to Presidential Decree No. 334, as amended.
- (gg) “Renewable Energy (Systems) Developers” or “RE Developers” refers to individuals or a group of individuals formed in accordance with existing Philippine laws engaged in the exploration, development and utilization of renewable energy resources and/or actual operation of renewable energy systems/facilities.

- (hh) “Renewable Energy Policy Framework” or “REPF” refers to the long-term policy developed by the DOE which identifies among others, the goals and targets for the development and utilization of renewable energy in the country.
- (ii) “Renewable Energy Service (Operating) Contract” or “RE Contract” refers to the service agreement between the government, thru 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. The RE Contract shall be divided into two stages, the pre-development stage and the development/commercial stage. The preliminary assessment and feasibility study up to financial costing shall refer to the pre-development stage. The construction and installation of facilities up to operation phase shall refer to the development stage.
- (jj) “Renewable energy resources” or “RE Resources” refers 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, hydropower and ocean energy.
- (kk) “Renewable Energy Systems” or “RES” refers to energy systems which convert renewable energy resources into useful energy forms such as, electrical, mechanical or heat energy.
- (ll) “Small-scale distributed generation” refers to a system of small generation entities supplying directly to the

distribution grid, any one of which shall not exceed 100 kW in capacity.

- (mm) “Solar energy” refers to the energy derived from solar radiation that can be converted into useful thermal or electrical energy.
- (nn) “Solar energy systems” refers to energy systems which convert solar energy into thermal or electrical energy.
- (oo) “Small Power Utilities Group” or “SPUG” refers to the functional unit of the NPC mandated under Republic Act No. 9136 to pursue missionary electrification function.
- (pp) “Transmission of electricity” refers to the conveyance of electricity through the high-voltage backbone system.
- (qq) “Wind energy” refers to the energy that can be derived from wind that is converted into useful electrical or mechanical energy.
- (rr) “Wind energy systems” refers to the machines or other related equipment that convert wind energy into useful electrical or mechanical energy.
- (ss) “Wholesale Electricity Spot Market” or “WESM” refers to the wholesale electricity spot market created pursuant to Republic Act No. 9136.

CHAPTER II

ORGANIZATION

SEC. 5. *Lead Agency.* – The DOE shall be the lead agency mandated to implement the provisions of this Act.

CHAPTER III

ON-GRID RENEWABLE ENERGY DEVELOPMENT

SEC. 6. *Renewable Portfolio Standard (RPS)*. – All stakeholders in the electric power industry shall contribute to the growth of the renewable energy industry of the country. Towards this end, the National Renewable Energy Board (NREB), created under Section 18 of this Act, shall set the minimum percentage of generation from eligible renewable energy resources and determine to which sector RPS shall be imposed on a per grid basis within two (2) years from the effectivity of this Act.

The ERC shall determine and formulate rationalized tariff for all eligible RE resources to be used in complying with the requirement under the RPS. The ERC, if recommended by the Renewable Energy Board (NREB) created under this Act, may promulgate a feed-in tariff system which shall include the determination of a fixed tariff to be paid for electricity from each type of renewable energy and the mandated number of years. As used in this Act, feed-in tariff refers to a tariff mechanism applied to renewable energy generations used in complying with the Renewable Portfolio Standards, that involves a fixed guaranteed price for each renewable energy system and/or technology over a period of at least ten (10) years, and shall be set at a higher price per kilowatt-hour than the grid price and finally, to be passed on directly to electricity consumers except the lifeline rate consumers.

Thereafter, the ERC shall, in consultation with the sector concerned, set the minimum increase per year but shall, in no case, be less than one percent (1%) per year over the next ten (10) years.

The mandate may be complied with by either directly generating from renewable sources, contracting for energy sourced from renewable energy facilities or trading for renewable energy in the Wholesale Electricity Spot Market (WESM).

To ensure timely availability of RE generation for compliance with the RPS and minimum RE generation in off-grid areas under Sections 6 and 10 of

this Act, the DOE shall designate implementing agencies in developing RE resources, which shall include the PNOC.

SEC. 7. Renewable Energy Market (REM). – To facilitate compliance with the provisions of Section 6 of this Act, the DOE shall, in coordination with the NREB, after due hearing, promulgate the rules for the establishment and operation of a REM, as a sub-market under the WESM.

The DOE shall also establish or designate a Renewable Energy Registrar that shall issue, keep and verify Renewable Energy Certificates corresponding to energy generated from eligible renewable energy resources. Such certificates may be used for compliance with the RPS.

SEC. 8. Green Energy Option. – A Green Energy Option program shall provide end users the option to choose renewable energy resources. Towards this end, the DOE shall, in conjunction with the NREB, promulgate the rules and regulations to implement the same.

Upon the determination of the DOE of its technical viability, end users with a monthly average peak demand of at least 100 kW may directly contract for RE-based energy.

Consistent herewith, the NREB shall prescribe to the appropriate or relevant entities to provide the appropriate mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the Green Energy Option.

SEC. 9. Net-metering and Distributed Generation for Renewable Energy. – The DOE shall, upon request and subject to technical considerations and without discrimination, authorize the distribution utilities to enter into net-metering agreements with qualified end users up to a distributed generation market share of one percent (1%) of peak distribution grid demand.

To qualify, the power that an end user must generate from renewable sources shall be less than 100 kW in peak capacity, and shall meet any specific

regulation, which may be issued by the DOE, in consultation with the electric power industry participants, within one (1) year from the effectivity of this Act.

The distribution utility shall charge qualified users their net energy consumption at the standard retail rate and shall credit net contributors of energy from renewable sources at the prevailing average bulk generation rate.

The distribution utility shall be entitled to any renewable energy production certificate resulting from distributed RE generation for sale or use in the RPS.

Consistent herewith, the DOE shall mandate all relevant parties to provide the mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the Net-metering and Distributed Generation for Renewable Energy program.

CHAPTER IV

OFF-GRID RENEWABLE ENERGY DEVELOPMENT

SEC. 10. *Off-Grid Areas.* – In the performance of its mandate to provide missionary electrification, the SPUG, successors-in-interest and/or qualified third party in off-grid areas shall, within two (2) years from the effectivity of this Act, source a minimum percentage of its total annual generation from available RE resources in the area concerned, as may be determined by the DOE through its Renewable Energy Policy Framework.

As used in this Act, successors-in-interest refers to an entity deemed technically and financially capable to serve/take over existing NPC-SPUG areas, through open and competitive bidding.

CHAPTER V

GOVERNMENT SHARE

SEC. 11. *Government Share.* – The government share on RE development projects shall be at least one and one-half percent (1.5%) of the

gross proceeds for all RE resources except for indigenous geothermal energy, which shall be at two percent (2%) of the gross proceeds.

CHAPTER VI

ENVIRONMENTAL COMPLIANCE

SEC. 12. *Compliance with Environmental Regulations.* – All renewable energy explorations, development, utilization and RE operations shall be conducted in accordance with existing environmental regulations as prescribed by the DENR and/or any other government agency.

CHAPTER VII

GENERAL INCENTIVES

SEC. 13. *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) Income Tax Holiday – For the first six (6) years of its commercial operations, the duly registered RE developer shall be exempt from income taxes levied by the national government.

Additional investments in the project shall be entitled to additional income tax exemption on the income attributable to the investment: *Provided*, That the entitlement period for additional investments shall not exceed six (6) years from the year the additional investment was made.

(b) Duty-free Importation of RE Machinery, Equipment and Materials – Within the first six (6) 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 endorsement of the DOE is obtained before the importation of such machinery, equipment, materials and parts is made.

Endorsement of the DOE must be secured before any sale, transfer or disposition of the imported capital equipment, machinery or spare parts is made: *Provided*, That if such sale, transfer or disposition is made within the six (6)-year period from the date of importation, any of the following conditions must be present:

(i) If made to another RE developer enjoying tax and duty exemption on imported capital equipment;

(ii) If made to a non-RE developer, upon payment of any taxes and duties due on the net book value of the capital equipment to be sold;

(iii) Exportation of the used capital equipment, machinery, spare parts or source documents or those required for RE development; and

(iv) For reasons of proven technical obsolescence.

When the aforementioned sale, transfer or disposition is made under any of the conditions provided for in the foregoing paragraphs after six (6) years from the date of importation, the sale, transfer or disposition shall no longer be subject to the payment of taxes and duties.

(c) Special Real Property Tax Rates on Machinery, Equipment and Other Improvements – Any law or local ordinance to the contrary notwithstanding, real property tax on machinery, equipment and other improvements of a registered RE developer actually and exclusively used for RES facilities shall not exceed one and one half percent (1.5%) of their original cost.

(d) Net Operating Loss Carryover (NOLCO) – The net operating loss 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 three (3) consecutive taxable years immediately following the year of such loss.

(e) Accelerated Depreciation – Accelerated depreciation of plant, machinery and equipment that are reasonably needed and actually used for the exploration, development and utilization of renewable energy resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Secretary of Finance and the provisions of the National Internal Revenue Code (NIRC) of 1997, as amended.

(f) Exemption from the Universal Charge – Power and electricity generated through the RES for the generator's own consumption and/or for free distribution in the off-grid areas shall be exempted from the payment of the Universal Charge provided for under Section 34 of Republic Act No. 9136.

(g) Zero Percent Value-Added Tax Rate – The sale of power generated from renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal, ocean energy and other emerging energy sources using technologies such as fuel cells and hydrogen fuels, shall be subject to zero percent (0%) value-added tax (VAT), pursuant to the National Internal Revenue Code (NIRC) of 1997, as amended by Republic Act No. 9337.

SEC. 14. *Hybrid and Cogeneration Systems.* – The tax exemptions and/or incentives provided for in Section 13 of this Act shall be availed of by RE operating contract holders of hybrid and cogeneration systems, utilizing both RE sources and conventional energy: *Provided, however,* That the tax

exemptions and incentives shall apply only to the equipment, machinery and/or devices utilizing renewable energy resources.

SEC. 15. *Intermittent RE Resources.* – Subject to technical and financial feasibility considerations, qualified RE generating units with intermittent RE resources shall enjoy the benefit of priority dispatch in accordance with the rules and regulations to be promulgated by the DOE, in consultation with the RE developers.

As used in this Act, RE generating unit with intermittent RE resources refers to a renewable energy generating unit or group of units connected to a common connection point whose energy resource is location-specific and has a natural variability which renders the output unpredictable and the availability of the resource inherently uncontrollable, which include plants utilizing run-of-the-river hydro, wind, solar or ocean energy.

SEC. 16. *Incentives for RE Commercialization.* – All manufacturers and fabricators of locally-produced RE equipment, components and materials duly recognized and accredited by the DOE, upon consultation with the BOI, shall be entitled to the following incentives:

(a) *Income Tax Holiday* – For the first six (6) years of its commercial operation, an RE manufacturer or fabricator of RE equipment shall be fully exempt from income tax levied by the national government; and

(b) *Duty-free Importation of Components, Parts and Materials* – All shipments necessary for the manufacture and/or fabrication of RE equipment and components shall be exempted from customs duties: *Provided, however,* That the said components, parts and materials are: (1) not manufactured domestically in reasonable quantity and quality at competitive prices; (2) directly and actually needed and shall be used exclusively in the manufacture/fabrication of RE equipment; and (3) covered by shipping documents in the name of the duly registered manufacturer/fabricator to whom

the shipment will be directly delivered by customs authorities: *Provided, further,* That prior approval of the DOE was obtained before the importation of such components, parts and materials were made.

SEC. 17. *Period of Grant of Fiscal Incentives.* – The fiscal incentives granted under this Act shall be valid within fifteen (15) years from the effectivity of this Act. Thereafter, the tax treatment applicable on the parties concerned shall be that prevailing after the expiration of the grant of fiscal incentives under this Act.

CHAPTER VIII

GENERAL PROVISIONS

SEC. 18. *Creation of the National Renewable Energy Board (NREB).* – The National Renewable Energy Board is hereby created. It shall be composed of the Secretary of the DOE or his designated Undersecretary as Chairman and the Secretaries or the designated Undersecretaries of the DTI, the DOF, the DENR and the DOST; the presidents or the duly designated vice presidents of the NPC, the PNOC, the TRANSCO and the PEMC as members.

The DOE Secretary or his designated Undersecretary, in his capacity as Chairman, shall, within one (1) month from the effectivity of this Act, convene the NREB.

The NREB shall be assisted by a Technical Secretariat from the Renewable Energy Management Bureau (REMB) of the DOE, created under Section 23 hereof, and shall directly report to the Office of the Secretary or the Undersecretary of the Department, as the case may be, on matters pertaining to the activities of the NREB. The number of staff of the Technical Secretariat and the creation of corresponding positions to complement the REMB shall be determined by the Board, subject to existing civil service rules and regulations.

The NREB shall have the following powers and functions:

(a) Approve the National Renewable Energy Program (NREP), as formulated by the DOE;

(b) Set the mandated Renewable Portfolio Standards, as it deems appropriate;

(c) Recommend specific actions in facilitating the implementation of the NREP to be executed by the DOE directly and/or through other appropriate agencies concerned;

(d) Monitor and review the implementation of the National Renewable Energy Program, including the compliance with the Renewable Portfolio Standards and minimum RE generation capacities in off-grid areas;

(e) Oversee and monitor the collection and utilization of the Renewable Energy Trust Fund as managed by the DOE; and

(f) Perform such other functions as may be necessary for the effective implementation of this Act.

SEC. 19. *Renewable Energy Trust Fund (RETF)*. – A Renewable Energy Trust Fund is hereby established to accelerate and enhance the development and greater utilization of Renewable Energy. The RETF shall be managed by the DOE as a special account in any of the government financial institutions (GFIs) to:

(a) Finance the research, development, demonstration and promotion of the widespread and productive use of renewable energy systems for power and non-power applications;

(b) Support the development and operation of new RE resources to improve their competitiveness in the market;

(c) Conduct nationwide, regional, site-specific resource and market assessment studies for renewable energy resources;

(d) Propagate or disseminate RE knowledge by accrediting, tapping, training and providing benefits to institutions, entities and organizations which

can extend the promotion and dissemination of RE benefits to the national and local levels; and

(e) Fund such other activities necessary or incidental to the attainment of the objectives of this Act.

Use of the fund may be through grants, loans, equity investments, loan guarantees, insurance, counterpart fund or such other financial arrangements necessary for the attainment of the objectives of this Act: *Provided*, That the allocation thereof shall be done in a transparent manner.

The RETF shall be funded from:

(1) Fifty percent (50%) of the proceeds from the emission fees collected by the DENR from all fossil fuel-based generating facilities, as provided in Republic Act No. 8749;

(2) Fifty percent (50%) of the national government share from geothermal operations;

(3) Contributions, grants and donations: *Provided*, That all contributions, grants and donations made to the RETF shall be tax deductible. Towards this end, the Bureau of Internal Revenue (BIR) shall assist the DOE in formulating the rules and regulations to implement this provision;

(4) Five percent (5%) of the proceeds of the national government share collected from the development and use of indigenous nonrenewable energy resources, as provided in Presidential Decrees No. 87 and 972;

(5) Any revenue generated from the placement or utilization of the RETF; and

(6) Proceeds from the fines and penalties imposed under this Act.

Provided, That for items (1), (2) and (4) earmarkings shall be from the proceeds of current year's collections not otherwise earmarked.

SEC. 20. *Financial Assistance Program.* – Government financial institutions (GFIs) such as the Development Bank of the Philippines (DBP),

the Land Bank of the Philippines (LBP), the Phil-Exim Bank and other GFIs shall, in accordance with and to the extent allowed by the enabling provisions of their respective charters or applicable laws, provide preferential packages for the development, utilization and commercialization of RE projects as duly recommended and endorsed by the DOE.

SEC. 21. *Adoption of Waste-to-Energy Technologies.* – The DOE shall, where practicable, encourage the adoption of waste-to-energy facilities such as, but not limited to, biogas systems. The DOE shall, in coordination with existing private companies and suppliers, facilitate the provision of technical assistance, in the adoption of the technology. The DOE shall, in coordination with the DENR, ensure compliance with this provision.

As used in this Act, waste-to-energy technologies shall refer to systems which convert biodegradable materials such as, but not limited to, animal manure or agricultural waste, into useful energy through processes such as anaerobic digestion, fermentation and gasification, among others.

CHAPTER IX

FINAL PROVISIONS

SEC. 22. *Implementing Rules and Regulations (IRR).* – Within six (6) months from the effectivity of this Act, the DOE shall, in consultation with the BOI and other relevant government entities and RE developers, promulgate the IRR of this Act.

SEC. 23. *Creation of the Renewable Energy Management Bureau.* – For the purpose of implementing the provisions of this Act, a Renewable Energy Management Bureau (REMB) under the DOE is hereby established, and the existing Renewable Energy Management Division of the Energy Utilization Management Bureau of the DOE, whose plantilla shall form the nucleus of REMB, is hereby dissolved. The organizational structure and staffing complement of the REMB shall be determined by the Secretary of the

DOE, in consultation with the BOI and the Department of Budget and Management, in accordance with existing civil service rules and regulations.

The REMB shall have the following powers and functions:

- (a) Implement policies, plans and programs related to the accelerated development, transformation, utilization and commercialization of renewable energy resources and technologies;
- (b) Develop and maintain a centralized, comprehensive and unified data and information base on renewable energy resources to ensure the efficient evaluation, analysis, and dissemination of data and information on renewable energy resources, development, utilization, demand and technology application;
- (c) Promote the commercialization/application of renewable energy resources including new and emerging technologies for efficient and economical transformation, conversion, processing, marketing and distribution to end users;
- (d) Conduct technical research, socio economic and environmental impact studies of renewable energy projects for the development of sustainable renewable energy systems;
- (e) Supervise and monitor activities of government and private companies and entities on renewable energy resources development and utilization to ensure compliance with existing rules, regulations, guidelines and standards;
- (f) Provide information, consultative and technical training and advisory services to developers, practitioners and entities

involved in renewable energy technology and develop renewable energy technology development strategies; and

- (g) Perform other functions that may be necessary for the effective implementation of this Act and the accelerated development and utilization of the renewable energy resources in the country.

SEC. 24. *Congressional Oversight.* – Upon the effectivity of this Act, the Joint Congressional Power Commission created under Section 62 of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” shall exercise oversight powers over the implementation of this Act.

SEC. 25. *Penalty Clause.* – Any person found in violation, through an act of commission or omission of the provisions of this Act or the implementing rules and regulations of this Act shall, upon conviction, be punished by a fine of not less than One hundred thousand pesos (P100,000.00) or by imprisonment of not less than two (2) years but not more than five (5) years, or both, at the discretion of the court.

In case of violations committed by a juridical entity, the penalty provided shall be imposed on the official or employee responsible therefor: *Provided,* That if the violation is committed by a government official or employee, he/she shall, in addition to the promulgated penalties provided herein, be subject to disciplinary administrative proceedings and penalties.

SEC. 26. *Appropriations.* – Such sums as may be necessary for the initial implementation of this Act shall be taken from the current appropriations of the DOE. Thereafter, the fund necessary to carry out the provisions of this Act shall be included in the annual General Appropriations Act.

SEC. 27. *Separability Clause.* – If for any reason, any provision of this Act or any part thereof shall be held unconstitutional or invalid, the other parts or provisions of this Act, which are not affected thereby, shall remain in force and effect.

SEC. 28. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or parts thereof inconsistent with any of the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 29. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,

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