

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

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 1261

Introduced by Representative **MARCELINO R. TEODORO**

EXPLANATORY NOTE

Energy security is a critical pillar in achieving sustainable economic development. The Philippine government remains committed to its decarbonization goals under the 450 Scenario¹, while also striving for energy independence and expanded electrification—objectives that are increasingly urgent given the country’s projected population growth of 1.27 percent annually from 2020 to 2030.

The rising cost of oil and continued reliance on fossil fuels, which are projected to remain dominant in the Philippine energy mix until at least 2040,² underscore the urgency of transitioning to more sustainable sources. This reliance is further complicated by global geopolitical tensions, such as the ongoing conflicts between Ukraine and Russia, and more recently, between Iran and Israel—both of which have contributed to volatility in global oil prices.

As of 2020, approximately 55% of the country’s electricity was generated from coal-fired power plants, 21% from natural gas, and 4% from oil-based sources. In contrast, only 20% came from renewable energy (RE) sources such as solar, hydro, geothermal, and wind. Fossil fuels, being non-renewable and carbon-intensive, contribute significantly to greenhouse gas emissions and climate change. Renewable energy sources, on the other hand, are sustainable and environmentally friendly, making their expansion imperative.

To ensure long-term energy sustainability and affordability, the government must aggressively pursue the development and use of renewable energy. This shift will mitigate the adverse effects of fossil fuel dependence, both in terms of economic costs and environmental impact.

This refiled proposed measure mandates the Department of Public Works and Highways, in coordination with the Department of Energy, to install solar energy systems in government buildings and facilities. Solar energy, the most abundant renewable resource in the

¹ International Energy Agency World Energy Outlook 450 Scenario

² Department of Energy Demand and Supply Outlook 2017-2040

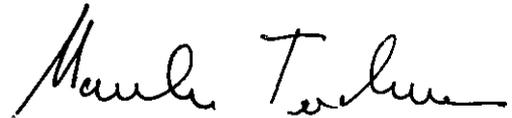
Philippines, offers a rapid deployment timeline, especially when compared to the three- to five-year construction period typical of fossil fuel-based power plants.

Additionally, the bill will stimulate job creation and skills development in the renewable energy sector, thereby enhancing the global competitiveness of Filipino workers. The Feed-in-Tariff policy, for instance, has already attracted over \$800 million in direct investments and generated approximately 3,500 new jobs in the RE industry.

The ultimate aim of the proposed measure is to reduce the cost of electricity for our government by promoting the development and utilization of solar energy in all government buildings and offices. It seeks to attain the constitutional objectives of promoting a "just and dynamic social order that will ensure the prosperity and independence of our nation (Section 9 of Article II of the 1987 Philippine Constitution) and, at the same time, "protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature" (Section 16 thereof).

Eventually, this legislation seeks to reduce government electricity expenses, support environmental stewardship, and fulfill the constitutional mandate to promote a "just and dynamic social order" (Article II, Section 9) and to "protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature" (Article II, Section 16).

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



MARCELINO R. TEODORO

Representative

First District, Marikina City

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House Bill No. 1261

Introduced by REP. MARCELINO R. TEODORO

AN ACT
REDUCING THE ELECTRICITY CONSUMPTION OF GOVERNMENT-OWNED
FACILITIES BY PROMOTING THE DEVELOPMENT AND UTILIZATION OF
RENEWABLE ENERGY SYSTEMS, AND PROVIDING FUNDS THEREFOR

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

1 Section 1. **Short Title.** – This Act shall be known as "***The Use of Renewable Energy***
2 ***(RE) Systems in All Government-Owned Facilities Act***".

3
4 Sec. 2. **Declaration of Policy.** –It is hereby declared the policy of the State:

- 5 a) To mandate the development and utilization of RE resources in government-owned
6 facilities;
- 7 b) To reduce the cost of electricity consumption in government-owned facilities;
- 8 c) To establish the infrastructure and mechanisms to ensure efficient, cost-effective
9 and sustainable supply of power from RE resources; and
- 10 d) To ensure energy-sufficiency and reliability of energy supply of government
11 agencies for the prompt and unhampered delivery of services to the government-
12 owned facilities.

13
14 Sec. 3. **Coverage.** - This Act shall provide a framework for the establishment of RE
15 systems in all government-owned facilities.

16
17 Sec. 4. **Definition of Terms.** – As used in this Act, the terms:

- 18 a) *Government-owned facilities* refer to all buildings wholly owned by the national
19 government or any local government unit that is utilized for its operation.

1 b) *Renewable Energy Systems* refer to energy systems which convert RE resources
2 into useful energy forms, like electrical, mechanical, etc.

3 c) *Average Monthly Consumption (AMC)* refers to the average number of kilowatt
4 hours consumed in a month.

5 Any terms used but not defined herein shall have the meanings given to them under
6 Republic Act (RA) No. 9513 or the "*Renewable Energy Act of 2008*".

7
8 **Sec. 5. *Installation of Renewable Energy Systems in All Government-Owned***
9 ***Facilities.*** - All national government agencies (NGA) and local government units (LGU)
10 in coordination with the Department of Public Works and Highways (DPWH) and the
11 Department of Energy (DOE) shall begin the construction of RE systems and retrofit their
12 respective facilities after the effectivity of this Act: *Provided*, That the RE systems shall
13 refer to energy system which convert RE into thermal or electrical energy.

14
15 The installation of RE systems shall be performed by the Philippine Contractors
16 Accreditation Board (PCAB) licensed installers in accordance with RA 9184 or the
17 "*Government Procurement Reform Act*", RA 11966 or the "*Public-Private Partnership*
18 *(PPP) Code of the Philippines*" and their respective implementing rules and regulations
19 and any subsequent amendments thereto.

20
21 **Sec. 6. *General Guidelines.*** - For purposes of this Act, the following are the general
22 guidelines for RE systems in all government-owned facilities:

23
24 a) Establishment and construction shall immediately commence to supply power to
25 government facilities;

26 b) The Department of Finance shall apply the appropriate provisions of Chapter VII
27 General Incentives of RA 9513 to the RE systems to be installed and constructed in all
28 government-owned facilities;

29 c) Government-owned facilities shall enjoy the privileges granted to qualified end-users
30 as provided for in Sections 10 and 12 of RA 9513. For installations above 100 kWac or
31 its equivalent RE systems installed capacity, the exported energy shall be compensated
32 based on the prevailing average blended generation cost;

33 d) Granting and continuation of the preceding incentives and privileges shall be
34 allowed only upon full payment by respective government-owned facilities of accounts

1 receivables due to distribution utilities (DUs) supplying their original electrical
2 requirements as well as timely payment of their electric bill thereafter; and

3 e) The DU shall be entitled to the RE Certificate equivalent to the total energy exported
4 by the RE system of a government-owned facility:

5
6
$$\text{Total Energy Exported(kWh)} = \text{Total RE Produced(kWh)} - \text{Load}$$

7
$$\text{Consumption(kWh)}$$

8 *Note: RE Production > Load consumption*

9 *Provided*, That the government-owned facility shall be entitled to the RE Certificate
10 equivalent to the total energy consumed from the generated power of the RE system.

11
12
$$\text{Total Energy consumed(kWh)} = \text{Total RE System Produced(kWh)} - \text{Total}$$

13
$$\text{Renewable Energy Exported(kWh)}.$$

14
15 **Sec. 7. Policy.** - The government-owned facilities concerned shall ensure that twenty
16 percent (20%) of its AMC is covered by the RE systems and shall be installed within one
17 (1) year after the effectivity of this Act.

18
19 **Sec. 8. Minimum Standard.** - The policy of the act is to maximize endemic resource
20 potential of behind the meter RE generation of government facilities. If adequate RE
21 resources are not sufficient within the geographical boundaries of the direct government
22 facility, the shortfall of AMC goals is to be sourced through Retail Electricity Suppliers
23 (RES) under the Green Energy Option Program (GEOP). NGAs and LGUs shall be able
24 to source its generation from RE systems installed in adjacent government-owned
25 properties embedded in the DUs franchise area to fulfill its AMC goals.

26
27 For purposes of this Act, behind the meter resources are maximized to fulfill RE goals
28 across the meter RE facilities or third party RE providers shall be considered. The RE
29 systems shall initially supply at least ten percent (10%) of the electric power requirements
30 of the government agencies in their respective facilities for the first year after the effectivity
31 of this Act: *Provided*, That RE utilization shall be increased annually for five (5) years at
32 the time the established RE systems are expected to have the capacity to supply fifty
33 percent (50%) of the power requirements of government agencies: *Provided*, further, That
34 nothing in this Act shall preclude the expansion of existing RE systems installed in
35 government-owned facilities.

1 Government facilities with a peak load of more than 100kW, shall undergo an annual
2 power use audit to ascertain its AMC goals, energy efficiency mandates and RE potentials
3 to set performance and procurement plans in line with this Act. Government agencies or
4 facilities that need to be operational in times of calamities and natural disasters shall have
5 hybrid or energy storage capabilities representing at least 25% of its AMC to ensure
6 minimum power needs in times of crisis or unavailability of grid power.

7
8 Thereafter, the RE component of the AMC shall increase annually, as follows:

- 9 1. Forty percent (40%) of the AMC on the second year;
- 10 2. Sixty percent (60%) of the AMC on the third year;
- 11 3. Eighty percent (80%) of the AMC on the fourth year; and
- 12 4. One hundred percent (100%) of the AMC on the fifth year.

13
14 **Sec. 9. Funding.** - The amount necessary for the initial implementation of this Act shall
15 be charged against the current year unutilized appropriations of the national government
16 agencies (NGAs) and local government units (LGUs) concerned.

17 Thereafter, such sums as may be necessary for the continued implementation of this
18 Act shall be included in the annual General Appropriations Act (GAA).

19 Nothing in this Act shall preclude the NGAs and LGUs to avail any government credit
20 facilities or enter into any other allowable commercial arrangements.

21
22 **Sec. 10. Penalty.** - Failure to abide to the provisions of this Act shall hold the Head of
23 said government agencies administratively liable.

24
25 **Sec. 11. Implementing Rules and Regulations.** - Within thirty (30) days upon the
26 effectivity of this Act, the DOE, in coordination with other agencies concerned, shall
27 provide the necessary implementing rules and regulations to effectively implement the
28 provisions of this Act.

29
30 **Sec. 12. Separability Clause.** - If any provision of this Act is declared unconstitutional
31 or invalid, the other parts or provisions hereof which are not affected thereby shall
32 continue to be in full force and effect.

1 Sec. 13. **Repealing Clause.** – All laws, decrees, ordinances, rules, regulations, other
2 issuances or parts thereof which are inconsistent with this Act are hereby repealed,
3 amended or modified accordingly.

4
5 Sec. 14. **Effectivity.** - This Act shall take effect fifteen (15) days after its publication in
6 the *Official Gazette* or in a newspaper of general circulation.

7
8 *Approved,*