

TWENTIETH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

House Bill No. **4733**

EXPLANATORY NOTE

Under Republic Act No. 9513 or the Renewable Energy Act of 2008, it is 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, geothermal 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 and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy;
- (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 and mechanism to carry out the mandates specified in this Act and other existing laws."

It is therefore imperative for the government to take a more active role in assuring adequate supply of electricity with the use of renewable energy resources thereby reducing the country's dependence on imported fossil fuels and mitigate the impact of climate change. Further, the government needs to enact measures which will help ensure stable, affordable and reliable supply of electricity to sustain the growth of the economy and of the social well-being of the nation.

There is also an urgent need to undertake electrification projects through the development of renewable energy sources in underserved, unserved and missionary areas.

In view of the foregoing, immediate passage of this measure is earnestly requested,


RUFUS B. RODRIGUEZ


MAXIMO B. RODRIGUEZ, JR.

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AN ACT

CREATING THE PHILIPPINE RENEWABLE ENERGY CORPORATION, DEFINING ITS POWERS AND FUNCTIONS, AND APPROPRIATING FUNDS THEREFOR

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 as the "*Philippine Renewable Energy Corporation Charter*".

SEC 2. Declaration of Policy. - It is hereby declared the policy of the State to accelerate the exploration and development of renewable energy resources to achieve energy self-reliance through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international energy markets, the effects of which spiral down to almost all sectors of the economy.

SEC 3. Renewable Energy (RE) Resources. - The term RE resources shall 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 shall include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower, with internationally accepted norms and standards on dams, and other emerging RE technologies.

SEC 4. Creation, Name, Domicile and Term. - There is hereby created, under the jurisdiction of the Office of the President and in coordination with the Department of Energy (DOE), a body corporate to be known as the Philippine Renewable Energy Corporation, hereinafter referred to as the "Corporation", which shall promote, explore and undertake development, utilization, and commercial operation of new, renewable, non-conventional and environment-friendly energy sources and systems. For this purpose, the existing PNOC-Renewables Corporation (PNOC-RC) is hereby abolished and its power and functions are hereby transferred to the Corporation. The foregoing transfer of powers and functions shall include all renewable energy projects, renewable energy investments, applicable funds and appropriations, records, equipment, property and personnel as may be necessary.

The principal office of the Corporation shall be determined by its Board of Directors. It may establish offices, subsidiaries and branches in the Philippines or abroad as its business operations may require, subject to the relevant provisions of Republic Act No. 10149, otherwise known as the "*GOCC Governance Act of 2011*" and under the regulatory jurisdiction of the Governance Commission.

The Corporation shall exist perpetually unless sooner dissolved by law.

SEC 5. Purposes. -The Corporation shall promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new, renewable, non-conventional and environment-friendly energy sources including biomass,

geothermal, solar, hydro, ocean, wind and other natural, non-fossil fuel. It shall apply new and efficient energy conversion and utilization technologies for commercial application and promote its efficient utilization.

SEC 6. Powers and Functions of the Corporation. - The Corporation shall have the following powers and functions:

- (a) To undertake, by itself or otherwise, exploration, exploitation and development of all renewable energy resources of the country, including surveys and activities relative thereto;
- (b) To construct, install, operate and maintain renewable and hybrid energy generation facilities in the Small Power Utilities Group (SPUG) areas and other unserved and underserved areas in partnership with the electric cooperatives or under a contract with the National Power Corporation (NPC);
- (c) To enter into contract with the government or any person or entity, domestic or foreign, which shall undertake various aspects of renewable energy resources exploitation including the acquisition, purchase, lease or other deferred payment arrangements of equipment and raw materials and supplies, as well as for services related therewith under such terms and conditions as it may deem proper and reasonable;
- (d) To borrow money from local and foreign sources as may be necessary for the corporation's operations;
- (e) To acquire assets, real or personal, or interests therein, and encumber or otherwise dispose the same as it may deem proper and necessary in the conduct of corporation's business;
- (f) To determine its organizational structure and the number and salaries of its officers and employees in accordance with the existing government rules and regulations;
- (g) To establish and maintain offices, branches, subsidiaries, or other units anywhere as may be needed by the Corporation and reorganize or abolish the same as it may deem proper;
- (h) To exercise the right of eminent domain as may be necessary for the purposes for which the Corporation is created;
- (i) To conduct technical studies on private lands with potential RE resources for exploration, exploitation and development, subject to the approval of the owner and payment of the appropriate amount of compensation;
- (j) To set the minimum energy capacity to be produced, subject to the generation mix set by the DOE in the Philippine Energy Plan. If, in case, the private sector participants operating RE generation facilities have utilized all the energy capacity they produced and shall need power supply from the Corporation, the rates offered by the private sector participants should be lower than or the same with the rates offered by the Corporation;
- (k) To acquire easement over public and private lands necessary in carrying out any work essential to energy resources exploitation, subject to the payment of just compensation;
- (l) To adopt a code of By-laws to complement this Charter;
- (m) To adopt and use a corporate seal which shall be judicially noticed; and
- (n) To exercise and perform such other functions as may be provided by law.

SEC. 7. Permits and Licenses. – The procedure for the issuance of permits and licenses for the construction, installation and operation of RE facilities under the Corporation shall be governed by Republic Act No. 11234, otherwise known as the “*Energy Virtual One-Stop Shop Act*” and Republic Act No. 11032, otherwise known as the “*Ease of Doing Business*”.

SEC. 8. Governing Body. - The Corporation shall be governed by a Board of Directors, hereinafter referred to as the "Board", which shall be composed of seven (7) members,

including the Ex-officio Chairman and President and Chief Executive Officer (CEO), who shall be appointed by the President of the Philippines and serve for a term of three (3) years, renewable each year upon the discretion of the President of the Philippines or until their successors shall have been appointed and qualified. In case of any vacancy in the Board, the same shall be filled by the President of the Philippines for the duration of the unexpired portion of the term in accordance with the Fit and Proper Rule set under the existing government rules and regulations.

Those appointed as members of the Board shall come from the fields of law, engineering, accountancy, finance or any person who has at least five (5) years of experience as senior officer in the renewable energy industry: *Provided*, That one (1) member shall be an electrical engineer with experience in power generation, preferably on renewable energy exploration and development, and one (1) member shall come from the consumer group.

The appointed President and Chief Executive Officer (CEO) shall be subject to the disciplinary powers of the President of the Republic of the Philippines through the GCG's rules and may be removed by the President for cause.

SEC. 9. Duties and Responsibilities of the President and Chief Executive Officer. - The President and Chief Executive Officer shall exercise and perform powers and duties as may be provided in the By-Laws or as may be vested in them by the Board.

SEC. 10. Appointment, Control and Discipline of Personnel. - Any provision of the law to the contrary notwithstanding, the Board shall, upon the recommendation of the President of the Corporation, appoint the officers of the Corporation and its subsidiaries such as the Corporate Secretary, Compliance Officer and Internal Auditor; fix the compensation, allowances and benefits, working hours and such other conditions of employment as it may deem appropriate; grant leaves of absence under such regulations as it may promulgate and discipline or remove for cause; and establish and maintain a recruitment and merit system for the Corporation and its affiliates and subsidiaries, subject to the existing government rules and regulations.

SEC. 11. Privileges and Incentives. – The Corporation shall be entitled to all the incentives and privileges granted by law to corporations engaged in renewable energy development and operation.

The employees of the Corporation shall be entitled to all the benefits and privileges granted to government employees, subject to the existing government rules and regulations.

SEC. 12. Authorized Capital. – The Corporation shall have an authorized capital stock equal to:

- (a) The value of fixed assets, including plants and equipment and such other properties, movable and immovable, currently administered by or belonging to the PNOC-RC, as valued on the date of the effectivity of this Act;
- (b) The value of the Agus and Pulangui Hydroelectric Power Plant Complexes and other hydroelectric facilities operated and maintained by the NPC which shall be transferred to the Corporation pursuant to Section 13 of this Act;
- (c) The value of such real estate owned or administered by the PNOC-RC, and such real estate over which the Agus and Pulangui Hydroelectric Power Plant Complexes and other hydroelectric facilities are located; and
- (d) Government contribution to the Corporation as provided for in the annual General Appropriations Act including any outlay from the infrastructure program of the National Government pertaining to the PNOC-RC, the Agus and Pulangui Hydroelectric Power Plant Complexes, and other hydroelectric facilities.

SEC. 13. Transfer of Ownership and Assets to the Corporation. – Any provision of the law to the contrary, notwithstanding, the Agus and Pulangui Hydroelectric Power Plant Complexes and other hydroelectric facilities which are operated and maintained by the NPC shall be

excluded from among the generation assets that will be privatized, pursuant to Republic Act No. 9136, otherwise known as the “*Electric Power Industry Reform Act (EPIRA) of 2001*”. The ownership of the Agus and Pulangui Hydroelectric Power Plant Complexes and other existing hydroelectric power plants shall be transferred to and operated by the Corporation. As such, the employees and personnel of the hydroelectric power plants shall be retained for the continuous operation of the said power plants. The complexes shall be retained to generate power, which shall serve as buffer supply to avert power crisis in the Mindanao grid. The Corporation shall prioritize the marketing or selling of the generated capacity of the Agus and Pulangui Hydroelectric Power Plants to supply the power requirements of residential consumers in Mindanao.

SEC. 14. Appropriations. - For the initial funding requirements of the Corporation, the sum of Seven billion pesos (Php7,000,000,000.00) shall be included in the General Appropriations Act.

SEC. 15. Reports. - The Corporation shall, within three (3) months after the end of every fiscal year, submit its annual report to the President and the Congress of the Philippines, through the Joint Congressional Energy Commission. It shall likewise submit such periodic or other reports as may be required from time to time.

SEC. 16. Separability Clause. – If, for any reason, any section or provision of this Act is declared unconstitutional or invalid, other sections or provisions which are not affected thereby shall continue to be in full force and effect.

SEC. 17. Repealing Clause. - All laws, bills, executive orders, administrative orders, rules or regulations inconsistent herewith, are hereby repealed, amended or modified accordingly.

SEC. 18. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,