

9 NOV -3 PM '06

SENATE
S.B. No. 3510

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Constitution, Article 2 Section 16 provides:

The State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

In a study conducted by the US Congress, it was found that:

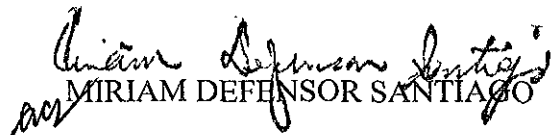
1. Homes and commercial or industrial buildings in the United States consume significant quantities of energy, including energy for electricity and heating, the generation or combustion of which creates significant quantities of greenhouse gas emissions;
2. In most cases, energy efficiency is the most cost-effective and rapidly deployable strategy for reducing greenhouse gas emissions, energy demand, and the need for long-distance transmission of energy;
3. on-site renewable energy generation reduces greenhouse gas emissions, demand on the electricity transmission grid, and the need for long-distance transmission of energy;
4. many energy efficiency measures and on-site renewable energy generation systems produce a net cost savings over the course of the useful life of the measures and systems, and often over a shorter time frame, but the initial expense required to purchase and install the measures and systems is often a significant barrier to widespread investment in the measures and systems;

5. financial products, financing programs, and other programs that reduce or eliminate the need for the initial expense described in paragraph (4) can permit building owners to invest in measures and systems that reduce total energy costs and realize net cost savings at the time of the installation of the measures and systems, defer capital expenditure, and enhance the value, comfort, and sustainability of the property of the owners.

The purpose of this Act is to establish a Green Energy for Homes and Buildings Program. Inspired by a similar proposal in the United States, the Program is designed to encourage widespread deployment of energy efficiency and on-site renewable energy technologies in homes and other buildings throughout the Philippines by encouraging the widespread availability of financial products and programs with attractive rates and terms that significantly reduce or eliminate upfront expenses thereby allowing building owners to invest in energy efficiency measures and on-site renewable energy systems.

Green energy is thought of in the context of electricity generation, and is often used interchangeably with the terms *renewable energy* and *alternative energy*. Green energy sources are called such because they are perceived to have lower carbon emissions and create less pollution.

Consumers, businesses, and organizations should be encouraged to purchase green energy to support further development, help reduce the environmental impacts of conventional electricity generation, and increase their nation's energy independence.


MIRIAM DEFENSOR SANTIAGO

9 MAY 23 1976

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1 AN ACT
2 ESTABLISHING A GREEN ENERGY FOR HOMES AND BUILDINGS PROGRAM
3 IN THE DEPARTMENT OF ENERGY TO PROVIDE FINANCIAL ASSISTANCE TO
4 PROMOTE RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL SCALE ENERGY
5 EFFICIENCY AND ON-SITE RENEWABLE TECHNOLOGIES.

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

6 SECTION 1. *Short Title.* – This Act shall be known as the This Act may be cited as the
7 “Green Energy for Homes and Buildings Act of 2009”.

8 SECTION 2. *Implementing Agency.* – The Department of Energy shall implement the
9 provisions of this Act.

10 SECTION 3. *Definitions.*

11 A. GREEN ENERGY – refers to sources of energy that are natural;
12 considered to be environmentally friendly and non-polluting. These processes include
13 but are not limited to anaerobic digestion, geothermal power, wind power, small-scale
14 hydropower, solar energy, biomass power, tidal power, and wave power.

15 B. COST – means the monetary value of expenditures for supplies, services,
16 labour, products, equipment and other items purchased for use by a business or other
17 accounting entity.

18 C. DIRECT LOAN – means a loan by a lender to a customer without the use of a
19 third party.

20 D. LOAN GUARANTEE – means a promise by a government to assume a private
21 debt obligation if the borrower defaults.

1 E. PROGRAM- means the Green Energy for Homes and Buildings Program
2 established by section 6.

3 F. SECRETARY- means the Secretary of Energy.

4 G. SECURITY- means shares, participation or interests in a corporation or in a
5 commercial enterprise or profit-making venture and evidenced by a certificate, contract,
6 instrument, whether written or electronic in character. It includes:

7 (a) Shares of stock, bonds, debentures, notes, evidence of indebtedness, asset-backed
8 securities;

9 (b) Investment contracts, certificates of interest or participation in a profit sharing
10 agreement, certificates of deposit for a future subscription;

11 (c) Fractional undivided interests in oil, gas or other mineral rights;

12 (d) Derivatives like options and warrants;

13 (e) Certificates of assignments, certificates of participation, trust certificates, voting trust
14 certificates or similar instruments;

15 (f) Proprietary or non proprietary membership certificates incorporations; and

16 (g) Other instruments as may in the future be determined by the Securities and Exchange
17 Commission.

18
19 SECTION 4. *Green Energy for Homes and Buildings Goals.*—

20 A. Development of targets and goals

21 1. The Secretary shall develop and publish for review and comment in
22 the Official Gazette short, medium, and long-term goals (including numerical
23 performance targets at appropriate intervals to measure progress toward those
24 goals) for--

25 (a) a minimum number of homes to be retrofitted through energy
26 efficiency measures or to have on-site renewable energy systems
27 added;

1 (b) a minimum number of other buildings, by type, to be retrofitted
2 through energy efficiency measures or to have on-site renewable
3 energy systems added; and

4 (c) the number of on-site solar energy, wind energy and
5 geothermal heat pump systems to be installed; and

6 2. as a result of those retrofits, additions, and installations--

7 (a) the quantity by which use of grid-supplied electricity, natural
8 gas, homes heating oil, and other fuels will be reduced;

9 (b) the quantity by which total fossil fuel dependence in the
10 buildings sector will be reduced;

11 (c) the quantity by which greenhouse gases are emitted will be
12 reduced;

13 (d) the number of jobs that will be created; and

14 (e) the estimated total energy cost savings for building owners.

15 B. The Secretary may rely on reasonable estimates made by originators of
16 financial products or sponsors of financing programs for tracking progress toward
17 meeting the goals established under this section instead of requiring building owners to
18 monitor and report on the progress.

19 SECTION 5. *Green Energy for Homes and Buildings Program*

20 A. Establishment- There is established in the Department of Energy a program to
21 be known as the "Green Energy for Homes and Buildings Program".

22 B. Eligibility Criteria-

23 1. IN GENERAL- In administering the Program, the Secretary shall
24 establish eligibility criteria for applicants for financial assistance under subsection
25 (C) who can offer financial products and programs consistent with the purposes of
26 this Act.

27 2. CRITERIA- Criteria for applicants shall--

28 (a) take into account--

1 (i) the number and type of buildings that can be served by
2 the applicant, the size of the potential market, and the scope of the
3 program (in terms of measures or technologies to be used);

4 (ii) the ability of the applicant to successfully execute the
5 proposed program and maintain the performance of the proposed
6 projects and investments;

7 (iii) financial criteria, as applicable, including the ability of
8 the applicant to raise private capital or other sources of funds for
9 the proposed program;

10 (iv) criteria that enable the Secretary to determine sound
11 program design, including –

12 (I) an assurance of credible energy efficiency or
13 renewable energy generation performance; and

14 (II) financial product or program design that
15 effectively reduces barriers posed by traditional
16 financing programs

17 (b) encourage –

18 (i) use of technologies that are either well-established or
19 new, but demonstrated to be reliable;

20 (ii) technical assistance in selecting and working with
21 vendors to provide energy efficiency measures or on-site
22 renewable energy generation systems;

23 3. Diverse Portfolio- In establishing criteria and selecting applicants to receive
24 financial assistance under subsection (C), to the maximum extent practicable, the
25 Secretary shall select a portfolio of investments that reaches a diversity of
26 building owners, including--

27 a. individual homeowners;

28 b. multifamily apartment building owners;

29 c. condominium owners associations;

- 1 d. commercial building owners, including multi-tenant commercial
2 properties; and
3 e. industrial building owners.

4 C. Financial Assistance –

5 1. In general – For applicants determined to be eligible under criteria established
6 under subsection (B), the Secretary may provide financial assistance in the form
7 of direct loans, letters of credit, loan guarantees, insurance products, other credit
8 enhancements or debt instruments (including securitization or indirect credit
9 support), or other financial products to promote the widespread deployment of,
10 and mobilize private sector support of credit and investment institutions
11 for, energy efficiency measures and on-site renewable energy generation systems
12 in buildings.

13 2. To the maximum extent practicable and consistent with sound business
14 practices, the Secretary shall seek to expedite reviews of applications for credit
15 support under this Act in order to communicate to applicants in a timely manner
16 the likelihood of support so that the applicants can seek private capital in order to
17 receive final approval. In carrying this out, the Secretary shall consider using
18 clear guidelines that communicate to applicants what level of performance on
19 eligibility criteria will ensure approval for credit support or resale.

20 SECTION 5. *General Accountability for the Program.* –

21 A. Periodic Reports – Not later than one (1) year after the commencement of
22 operation of the Program and at least biannually thereafter, the
23 Secretary shall submit to the Committee on Energy of the Senate and
24 the Committee on Energy of the House of Representatives a report that
25 includes a description of the Program in meeting the purpose and goals
26 established by or pursuant to this Act.

1 B. Audits by the Commission on Audit – The programs, activities, receipts,
2 expenditures, and financial transactions of the Program shall be subject
3 to audit by the Commission on Audit.

4 SECTION 6. *Appropriations.* – To carry out the provisions of this Act, an amount of
5 Fifty million pesos (P50,000,000.00) is hereby authorized to be appropriated from the National
6 Treasury. Thereafter, the amount necessary for the continuous operation of the program shall be
7 included in the annual appropriations of the Department of Energy.

8 SECTION 7. *Separability Clause.* – If any provision or part hereof, is held invalid or
9 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain
10 valid and subsisting.

11 SECTION 8. *Repealing Clause.* – Any law, presidential decree or issuance, executive
12 order, letter of instruction, administrative order, rule or regulation contrary to or is inconsistent
13 with the provision of this Act is hereby repealed, modified, or amended accordingly.

14 SECTION 9. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
15 publication in at least two (2) newspapers of general circulation.

Approved,

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