

SIXTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Third Regular Session )



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SENATE  
S. No. 3105

RECEIVED BY: *J*

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Introduced by Senator Miriam Defensor Santiago

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

**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.<sup>1</sup>

*Miriam Defensor Santiago*  
MIRIAM DEFENSOR SANTIAGO  
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<sup>1</sup> This bill was originally filed during the Fourteenth Congress, Third Regular Session and refiled during the Fifteenth Congress, First Regular Session.



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

1 SECTION 1. *Short Title.* – This Act shall be known as the “Green Energy for  
2 Homes and Buildings Act.”

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

5 SECTION 3. *Definition of Terms.* – For purposes of this Act, the term:

6 (A) “Cost” refers to the monetary value of expenditures for supplies, services,  
7 labour, products, equipment and other items purchased for use by a business or other  
8 accounting entity;

9 (B) “Direct Loan” means a loan by a lender to a customer without the use of a  
10 third party;

11 (C) “Green Energy” refers to sources of energy that are natural; considered to be  
12 environmentally friendly and non-polluting. These processes include but are not limited  
13 to anaerobic digestion, geothermal power, wind power, small-scale hydropower, solar  
14 energy, biomass power, tidal power, and wave power;

1 (D) "Loan Guarantee" means a promise by a government to assume a private debt  
2 obligation if the borrower defaults;

3 (E) "Program" means the Green Energy for Homes and Buildings Program  
4 established by Section 6;

5 (F) "Secretary" means the Secretary of Energy; and

6 (G) "Security" means shares, participation or interests in a corporation or in a  
7 commercial enterprise or profit-making venture and evidenced by a certificate, contract,  
8 instrument, whether written or electronic in character. It includes:

9 (1) Shares of stock, bonds, debentures, notes, evidence of indebtedness,  
10 asset-backed securities;

11 (2) Investment contracts, certificates of interest or participation in a profit  
12 sharing agreement, certificates of deposit for a future subscription;

13 (3) Fractional undivided interests in oil, gas or other mineral rights;

14 (4) Derivatives like options and warrants;

15 (5) Certificates of assignments, certificates of participation, trust  
16 certificates, voting trust certificates or similar instruments;

17 (6) Proprietary or non proprietary membership certificates incorporations;  
18 and

19 (7) Other instruments as may in the future be determined by the Securities  
20 and Exchange Commission.

21 SECTION 4. *Green Energy for Homes and Buildings Goals.* –

22 (A) Development of targets and goals. –

23 (1) The Secretary shall develop and publish for review and comment in the  
24 Official Gazette short, medium, and long-term goals (including numerical  
25

1 performance targets at appropriate intervals to measure progress toward those  
2 goals) for –

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

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

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

10 (2) as a result of those retrofits, additions, and installations –

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

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

15 (c) the quantity by which greenhouse gases are emitted will be  
16 reduced;

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

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

19 (B) The Secretary may rely on reasonable estimates made by originators of  
20 financial products or sponsors of financing programs for tracking progress toward  
21 meeting the goals established under this section instead of requiring building owners to  
22 monitor and report on the progress.

23 **SECTION 5. *Green Energy for Homes and Buildings Program.* –**

24 (A) Establishment. – There is established in the Department of Energy a program  
25 to be known as the “Green Energy for Homes and Buildings Program”.

1 (B) Eligibility Criteria. –

2 (1) In General. – In administering the Program, the Secretary shall establish  
3 eligibility criteria for applicants for financial assistance under Subsection (C) who  
4 can offer financial products and programs consistent with the purposes of this Act.

5 (2) Criteria. – Criteria for applicants shall –

6 (a) take into account –

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

10 (ii) the ability of the applicant to successfully execute the  
11 proposed program and maintain the performance of the proposed  
12 projects and investments;

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

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

18 (I) an assurance of credible energy efficiency or  
19 renewable energy generation performance; and

20 (II) financial product or program design that  
21 effectively reduces barriers posed by traditional financing  
22 programs

23 (b) encourage –

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

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

4 (3) Diverse Portfolio. – In establishing criteria and selecting applicants to  
5 receive financial assistance under Subsection (C), to the maximum extent  
6 practicable, the Secretary shall select a portfolio of investments that reaches a  
7 diversity of building owners, including –

8 (a) individual homeowners;

9 (b) multifamily apartment building owners;

10 (c) condominium owners associations;

11 (d) commercial building owners, including multi-tenant  
12 commercial properties; and

13 (e) industrial building owners.

14 (C) Financial Assistance. –

15 (1) In general. – For applicants determined to be eligible under criteria  
16 established under Subsection (B), the Secretary may provide financial assistance  
17 in the form of direct loans, letters of credit, loan guarantees, insurance products,  
18 other credit enhancements or debt instruments (including securitization or indirect  
19 credit support), or other financial products to promote the widespread deployment  
20 of, and mobilize private sector support of credit and investment institutions for,  
21 energy efficiency measures and on-site renewable energy generation systems in  
22 buildings.

23 (2) To the maximum extent practicable and consistent with sound business  
24 practices, the Secretary shall seek to expedite reviews of applications for credit  
25 support under this Act in order to communicate to applicants in a timely manner  
26 the likelihood of support so that the applicants can seek private capital in order to



1 receive final approval. In carrying this out, the Secretary shall consider using  
2 clear guidelines that communicate to applicants what level of performance on  
3 eligibility criteria will ensure approval for credit support or resale.

4 **SECTION 6. *General Accountability for the Program.* –**

5 (A) **Periodic Reports.** – Not later than one year after the commencement of  
6 operation of the Program and at least biannually thereafter, the Secretary shall submit to  
7 the Committee on Energy of the Senate and the Committee on Energy of the House of  
8 Representatives a report that includes a description of the Program in meeting the  
9 purpose and goals established by or pursuant to this Act.

10 (B) **Audits by the Commission on Audit.** – The programs, activities, receipts,  
11 expenditures, and financial transactions of the Program shall be subject to audit by the  
12 Commission on Audit.

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

17 **SECTION 8. *Separability Clause.*** – If any provision of this Act is held invalid or  
18 unconstitutional, the same shall not affect the validity and effectivity of the other  
19 provisions hereof.

20 **SECTION 9. *Repealing Clause.*** – All laws, decrees, orders, and issuances, or  
21 portions thereof, which are inconsistent with the provisions of this Act, are hereby  
22 repealed, amended or modified accordingly.

1           SECTION 10. *Effectivity Clause.* – This Act shall take effect fifteen (15) days  
2 after its publication in the *Official Gazette* or in two (2) newspapers of general  
3 circulation.

Approved,

/ml25Nov2015