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SENATE

S.B. No. 1540

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Introduced by Senator Francis N. Pangilinan

**AN ACT PROMOTING ENVIRONMENTALLY SUSTAINABLE TRANSPORT BY
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY, CONVERSION
AND IMPORTATION OF ELECTRIC AND HYBRID VEHICLES INCLUDING
CHARGING STATIONS AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

In March 2017, the Philippines ratified the historic Paris Agreement on Climate Change, which seeks to reduce carbon emissions that have long been associated to the occurrence of natural disasters and extreme weather conditions. The country committed to reduce carbon emissions by 70 percent by 2030. One way to achieve this is to promote sustainable, energy-efficient, and environment-friendly alternatives to the current modes of transportation which are among the largest contributors to carbon dioxide emissions.

Worldwide, the transportation sector accounts for 20 percent of total carbon dioxide emissions¹ and 14 percent of greenhouse gas emissions.² In the Philippines, the sector accounts for 36.1 percent of the total carbon dioxide emissions from fuel combustion.³

A study conducted by the Massachusetts Institute of Technology (MIT) found that wholesale replacement of conventional vehicles with electric ones could play a significant role to mitigate climate change. Even while considering the emissions from power plants that provide electricity to charge electric vehicles (EVs), the switch to EVs would lead to an approximately 30 percent reduction in the emissions from transportation. If power plants decarbonize over time, more significant emission cuts would be realized.⁴

¹ Rappler. "Creating sustainable transport systems: PH's progress so far." Published on 28 March 2016. Available at <http://www.rappler.com/science-nature/environment/127075-philippines-sustainable-transportation-strategy>. Last accessed on 24 July 2017.

² The New York Times. "A Brighter Future for Electric Cars and the Planet." Published on 18 July 2017. Available at <https://www.nytimes.com/2017/07/18/opinion/a-brighter-future-for-electric-cars-and-the-planet.html>. Last accessed on 24 July 2017.

³ Op. cit. Rappler


⁴ Massachusetts Institute of Technology. "Can Today's EVs make a dent in climate change?" Published on 15 August 2016. Available at <http://news.mit.edu/2016/electric-vehicles-make-dent-climate-change-0815>. Last accessed on 24 July 2017.

According to the International Energy Agency, there were two million electric vehicles in the world's roads in 2016, which was an increase by 60 percent from 2015.⁵ In the Philippines, there is an increasing support for the manufacture of electric vehicles with major cities in Metro Manila starting to use electric jeeps and electric tricycles to provide transportation to tourists and ultimately, to reduce carbon emissions.

The Department of Energy estimates that replacing regular tricycles with 100,000 e-tricycles could reduce gasoline consumption by 561,000 barrels a year or 260,000 tons of carbon dioxide emissions. Income of tricycle drivers could also be increased by 30 percent due to increased passenger capacity and cheaper electric charging cost than fuel prices.⁶

Foregoing considered, it is imperative that the use of electric and hybrid vehicles be actively promoted across the country. Hence, this measure proposes to provide the following non-fiscal incentives including the creation of an Inter-Agency Task Force to resolve issues affecting the supply chain of the electric and hybrid vehicle sector; priority registration and issuance of plate number; priority franchise application; exemption from the Unified Vehicular Volume Reduction Program (UVVRP) or Number Coding Scheme; provision for free parking spaces in new establishments; and land allocation, zoning and utilization by Local Government Units (LGUs) for electric and hybrid vehicle charging stations.

The passage and enactment of this bill is earnestly sought.



FRANCIS N. PANGILINAN
Senator

⁵ Op. cit. NYT

⁶ Department of Trade and Industry. E-Vehicles. Available at <http://industry.gov.ph/industry/e-vehicles/>. Last accessed on 24 July 2017.

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AN ACT PROMOTING ENVIRONMENTALLY SUSTAINABLE TRANSPORT BY PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY, CONVERSION AND IMPORTATION OF ELECTRIC AND HYBRID VEHICLES INCLUDING CHARGING STATIONS AND FOR OTHER PURPOSES

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

1 **SECTION 1. Title.** – This Act shall be known as the “*Electric and Hybrid Vehicles*
2 *Including Charging Stations Promotions Act of 2017.*”

3 **SEC. 2. Declaration of Policy.** – It is the policy of the State to safeguard life and
4 environment by encouraging the use of alternative sources of energy for vehicles intended
5 for public and private use. To protect the well-being and promote the economic condition of
6 the people as well as to promote energy independence and security in the midst of
7 development and innovation in technology, the following are hereby declared:

8 A) It is the policy of the State to protect and advance the right of the people to a
9 balanced and healthful ecology in accord with the rhythm and harmony in nature.
10 The State shall recognize and address the detrimental effects on the environment,
11 safeguard the welfare, and protect the health of the people by improving air quality
12 and by reducing the impact of greenhouse gas effects emitted from man-made
13 sources such as vehicles operating on fossil fuels.

14 B) The State supports the need to promote the development of new technology to
15 accelerate social progress and promote human development. The use of alternative
16 sources of energy on vehicles intended for public and private use is encouraged to
17 promote innovation, energy efficiency, energy security and conservation and to
18 speed up the deployment of cleaner technology.

19 C) The State recognizes the indispensable role of the private sector, encourages
20 private enterprise, and provides incentives to needed investments. To accelerate
21 economic growth and generate employment, the state shall provide incentives to
22 private enterprises and individuals engaged in the manufacture, assembly,
23 conversion, and importation of electric and hybrid vehicles including charging
24 stations.

1 **SEC. 3. Definition of Terms.** – As used herein, the following shall mean:

2 A) **Electric Vehicle (EV)** shall refer to any vehicle that uses electric motors solely for
3 propulsion.

4 B) **Hybrid Vehicle (HV)** shall refer to any vehicle that combines the technologies of
5 using internal combustion engine (ICE) with a battery-powered electric motor to gain
6 advantages of both propulsion systems.

7 C) **Manufacturer or Assembler** shall mean any individual, partnership, corporation or
8 other entity engaged in the manufacture, assembly and conversion of electric and
9 hybrid vehicles incorporated, organized and existing under Philippine laws.

10 D) **Charging Station** shall refer to the element in an infrastructure that supplies electric
11 energy for the recharging of electric and hybrid vehicles.

12 **SEC. 4. Coverage.** – This Act shall cover electric and hybrid vehicles including charging
13 stations but shall not include vehicles powered by gasoline, petroleum, bio-diesel and
14 bioethanol.

15 **SEC. 5. Strengthening Public-Private Partnership for the Promotion of Electric**
16 **Vehicles and Charging Stations.** – The Department of Trade and Industry (DTI) shall
17 strengthen its coordination with other government agencies by constituting an Inter-Agency
18 Task Force for the Promotion of Electric and Hybrid Vehicles Including Charging Stations
19 under the Industry Development Council to expedite identification, prioritization, and
20 resolution of issues affecting the entire supply chain of the electric and hybrid vehicle
21 industry by formulating a shared implementation plan and monitoring system.

22 **SEC. 6. Composition of the Inter-Agency Task Force.** – The Task Force shall be
23 composed of the following members:

- 24 (A) Secretary, Department of Trade and Industry – Chairperson
25 (B) Secretary, Department of Transportation – Vice-Chairperson
26 (C) Secretary, Department of Energy – Vice-Chairperson
27 (D) Secretary, Department of Finance – Member
28 (E) Secretary, Department of the Interior and Local Government – Member
29 (F) Secretary, Department of Science and Technology – Member
30 (G) Three (3) Representatives from the Electric and Hybrid Vehicle Industry

31 Representatives from other agencies of the government may be invited as resource
32 persons during the meetings of the Task Force.

33 **SEC. 7. Duties and Responsibilities of the Task Force.** – The Task Force shall have
34 the following duties and responsibilities:

- 1 (1) Formulate modalities for easier access to financing capital expenditures, operating
2 expenses and retail operations of electric and hybrid vehicle and charging station
3 manufacturers and assemblers;
- 4 (2) Develop and implement standards which are aligned with international standards to
5 govern electric and hybrid vehicles including batteries and charging infrastructures;
- 6 (3) Review and recommend policy to increase public transport applications for electric
7 and hybrid vehicles nationwide including their use for fleet operations in national
8 government agencies and local government units (LGUs);
- 9 (4) Coordinate with LGUs in identifying and allocating land and property within their
10 jurisdiction for use as public charging stations for electric and hybrid vehicles;
- 11 (5) Review and recommend appropriate classification for electric and hybrid vehicles and
12 the corresponding parameters for Motor Vehicle Inspection System (MVIS) approval;
- 13 (6) Coordinate with the electric power industry stakeholders, particularly, the Energy
14 Regulatory Commission (ERC) and electric distribution utilities and cooperatives, in
15 the preparation of their electric systems and network to accommodate the connection
16 of electric and hybrid vehicles charging equipment and stations;
- 17 (7) Undertake Information and Education Campaign (IEC) on the economic, social and
18 environmental benefits on the use of electric and hybrid vehicles; and
- 19 (8) Monitor resolution of issues affecting the electric and hybrid vehicle sector and
20 undertake actions as may be determined by the Inter-Agency Task Force.

21 **SEC. 8. *Incentives for Manufacturers or Assemblers.*** – The provision of any special
22 or general law to the contrary notwithstanding, the manufacture or assembly of completely
23 knocked-down (CKD) parts of electric and hybrid vehicles including charging stations shall
24 be exempt from the payment of excise taxes and duties for nine (9) years from the
25 effectivity of this Act.

26 The imposition of Value Added Tax (VAT) for the purchase and importation of capital
27 equipment, spare parts, components used in the manufacture or assembly of electric and
28 hybrid vehicles including charging stations shall be suspended for nine (9) years from the
29 effectivity of this Act.

30 **SEC. 9. *Incentives for Importers.*** – The Provision of any special or general law to the
31 contrary notwithstanding, the importation of completely built units (CBUs) of electric and
32 hybrid vehicles shall be exempted from the payment of excise taxes and duties for three (3)
33 years from the effectivity of this Act.

34 **SEC. 10. *Exemption from the Payment of Motor Vehicle User's Charge (MVUC).*** –
35 Electric and hybrid vehicles shall be exempt from the payment of the Motor Vehicle User's
36 Charge (MVUC) imposed by the Land Transportation Office (LTO) under Republic Act No.
37 8794, otherwise known as "Motor Vehicle User's Charge (MVUC) Act" for nine (9) years
38 from the effectivity of this Act.

39 **SEC. 11. *Incentives for Users of Electric Vehicles and Charging Stations.*** -

40 1. *Priority in Registration and Issuance of Plate Number.* – Registration and renewal of
41 registration of electric and hybrid vehicles shall be prioritized by the Land Transportation
42 Office (LTO) for nine (9) years from the effectivity of this Act. A special type of vehicle plate

1 to be prescribed by the LTO shall be exclusively issued to all electric and hybrid vehicles
2 upon registration.

3 2. *Priority in Franchise Application.* – Public Utility Vehicle (PUV) operators exclusively
4 utilizing electric and hybrid vehicles shall be granted priority by the Land Transportation
5 Franchising and Regulatory Board (LTFRB) in the approval of applications for franchise to
6 operate, including its renewal, for nine (9) years from the effectivity of this Act.

7 3. *Exemption from the Unified Vehicular Reduction Program (UVRP) or number-Coding*
8 *Scheme.* – All electric and hybrid vehicles shall, for nine (9) years from the effectivity of this
9 Act, be exempted from the mandatory Unified Vehicular Volume Reduction Program
10 (UVVRP) or Number-Coding Scheme being implemented by the Metro Manila Development
11 Authority (MMDA) and other local government units (LGUs) concerned.

12 4. *Provision for Free Parking Spaces in New Establishments.* – Business and
13 commercial establishments to be constructed after the effectivity of this Act are mandated to
14 provide exclusive parking spaces free of charge for all electric and hybrid vehicles. No
15 building permit shall be issued for the construction of business and commercial
16 establishments that include parking spaces unless the owner submits an affidavit that there
17 shall be free parking spaces to be exclusively designated for electric vehicles for nine (9)
18 years from the effectivity of this Act.

19 5. *Land Allocation, Zoning and Utilization by Local Government Units (LGUs) for Electric*
20 *and Hybrid Vehicle Charging Stations.* – LGUs shall allocate land and lot space for the
21 construction of EV charging stations to encourage wider deployment of electric and hybrid
22 vehicles in their areas of jurisdiction.

23 **SEC. 12. *Registration, Implementation and Monitoring.*** – The Department of Finance
24 (DOF) and Department of Trade and Industry (DTI) shall be responsible for the
25 administration and implementation of the incentives granted under this Act.

26 Manufacturers, assemblers, converters and importers of electric and hybrid vehicles
27 shall register with DOF in order to avail of the incentives provided under this Act. For proper
28 monitoring, DOF and DTI shall meet regularly to monitor and review the implementation of
29 the incentives provided herein.

30 **SEC. 13. *Implementing Rules and Regulations.*** – The Department of Finance (DOF)
31 in coordination with the Department of Trade and Industry (DTI) shall promulgate the
32 necessary rules and regulations for the effective implementation of this Act.

33 **SEC. 14. *Administrative Support.*** – The Department of Trade and Industry (DTI) shall
34 provide overall administrative support to the Task Force by appropriating the corresponding
35 budget needed for the effective implementation of its mandate.

36 **SEC. 15. *Implementing Rules and Regulations.*** – The Department of Trade and
37 Industry (DTI) shall promulgate the necessary rules and regulations.

1 **SEC. 16. Separability Clause.** – If any provision of this Act is declared unconstitutional
2 or invalid, other parts of provisions hereof not affected thereby shall continue to be in full
3 force and effect.

4 **SEC. 17. Repealing Clause.** – All other laws, orders, issuances, circulars, rules and
5 regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby
6 repealed or modified accordingly.

7 **SEC. 18. Effectivity Clause.** – This Act shall take effect fifteen (15) days following its
8 publication in at least two (2) newspapers of general circulations or the Official Gazette.

9 Approved,