

**EIGHTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES**  
First Regular Session



**Senate**  
Office of the Secretary

'19 AUG 28 P 6:46

**SENATE**  
**S.B. NO. 992**

RECEIVED BY

Introduced by Senator Maria Lourdes Nancy S. Binay

**AN ACT**  
**PROMOTING A LOW CARBON ECONOMY AND ESTABLISHING AN**  
**EMISSIONS CAP-AND-TRADE SYSTEM IN THE INDUSTRY SECTOR TO**  
**REDUCE GREENHOUSE GAS EMISSIONS AND PROTECTING THE**  
**CLIMATE**

**EXPLANATORY NOTE**

Article II, Section 16 of the 1987 Philippine Constitution provides:

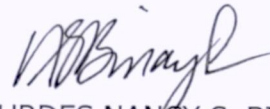
"The State shall protect and advance the right of the people to a  
balanced and healthful ecology in accord with the rhythm and  
harmony of nature."

Climate change is happening now and the impacts encompasses beyond increasing temperature but also extreme weather events, and disturbing ecosystems and communities all over the world. Everything that we value and depend on from water, energy, transportation, wildlife, agriculture, and human health are currently experiencing the negative effects of our changing climate. All of these changes are happening and emerging as we continue to add heat-trapping greenhouse gases to the atmosphere.

Therefore, this proposed bill seeks to encourage the use of new climate change-related technologies under a cap and trade system that will promote a low carbon economy and quicken the reduction of greenhouse gas emissions, and provide assistance to small farmers in their times of need by establishing a

mandatory crop insurance program in order to ensure agricultural productivity and food security in our country.

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

A handwritten signature in black ink, appearing to read 'ML Binay', is positioned above the printed name.

MARIA LOURDES NANCY S. BINAY  
Senator



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*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 “Low Carbon  
2 Economy Act.”

3

4       Sec. 2. *Declaration of Policy.* – For purposes of this Act, the following shall  
5 have the corresponding definitions:

6           (a) “Carbon Dioxide Equivalent” shall refer to the quantity of  
7 greenhouse gas that makes the same contribution to global  
8 warming as one (1) metric ton of carbon dioxide, as  
9 determined by the Department of Environment and Natural  
10 Resources (DENR) Secretary, taking into account the global  
11 warming potentials published by the Intergovernmental  
12 Panel on Climate Change;

13          (b) “Greenhouse Gas” shall refer to the following gases: carbon  
14 dioxide, methane, nitrous oxide, hydroflourocarbons,  
15 perflourocarbons, sulfur hexafluoride, or any other

1 anthropogenically-emitted gas that is determined by the  
2 DENR Secretary to contribute to global warming; and  
3 (c) "Covered Sector" shall refer to the industry and commercial  
4 sectors.  
5

6 Sec. 4. *Emission Reduction Measures/Targets.* – Emission reduction  
7 measures shall be adopted by the DENR Secretary to achieve maximum  
8 technologically feasible and cost-effective reductions in greenhouse gas  
9 emissions.

10 Annual emission reduction targets shall be set for each calendar year by  
11 the President, through the Department of Environment and Natural Resource in  
12 collaboration with the Department of Trade and Industry, upon consultation with  
13 other agencies having jurisdiction over sources of greenhouse gases.  
14

15 Sec. 5. *Cap on Greenhouse Gas Emissions.* – To achieve the emission  
16 targets set pursuant to this Act, a cap shall be imposed on the greenhouse gas  
17 emissions of the covered sector with the –

- 18 (a) Highest greenhouse gas emissions; and  
19 (b) Most cost-effective opportunities to reduce emissions.  
20

21 Sec. 6. *Allowances.* – The DENR Secretary shall, each year, issue a  
22 quantity of greenhouse gas emissions allowances equivalent to the emissions  
23 allowed under the cap imposed for such year. Each such allowance shall  
24 authorize the emission of one (1) metric ton of carbon dioxide, or in the case of  
25 a global warming pollutant other than carbon dioxide, a carbon dioxide  
26 equivalent. Such an allowance does not constitute a property right.  
27

28 Sec. 7. *Distribution of Allowances.* – The allowance shall be distributed by  
29 the DENR Secretary to the covered sector by allocation.  
30



1       Sec. 8. *Trading System.* – There shall be established a trading system  
2 under which allowances issued under this Act may be sold, exchanged,  
3 purchased or traded by any person or entity.  
4

5       Sec. 9. *Monitoring.* – The DENR Secretary shall ensure that greenhouse  
6 gas emissions and the use of allowances issued under this Act are accurately  
7 tracked, reported and verified, to ensure that the cap-and trade system  
8 established under this Act is fully implemented.

9       The initial database on greenhouse gas emissions by covered sectors shall  
10 be established within six months from the effectivity of this Act.  
11

12       Sec. 10. *Enforcement.* – In case of excess greenhouse gas emissions by  
13 an entity during any calendar year, the entity shall:

- 14           (a) Submit allowances for such emissions during the following  
15           calendar year; and  
16           (b) Pay a civil penalty.  
17

18       Sec. 11. *Penalties.* – For each quantity of excess greenhouse gas  
19 emissions constituting carbon dioxide or one carbon dioxide equivalent, the  
20 amount of civil penalty shall be twice the market price for an allowance at the  
21 end of the calendar year in which the excess emissions occurred. The DENR  
22 Secretary shall establish the method of determining such market price.  
23

24       Sec. 12. *Climate Reinvestment Fund.* – There is established a fund known  
25 as the Climate Reinvestment Fund, hereafter referred to as the Fund. The fund  
26 shall consist of the amount of civil penalties assessed under Section 11 of this  
27 Act. It shall be administered by the DENR to be used exclusively for activities  
28 addressing global warming.  
29

1       Sec. 13. *Appropriations.* – The amount necessary for the initial  
2 implementation of this Act shall be taken from existing allocations of the DENR.  
3 Thereafter such sums as shall be necessary to carry out the provisions of this Act  
4 shall be included in the annual General Appropriations Act.

5  
6       Sec. 14. *Implementing Rules and Regulations.* – The Department of  
7 Environment and Natural Resources and the Department of Trade and Industry,  
8 in coordination with other relevant and appropriate government agencies, are  
9 hereby empowered to issue the implementing rules and regulations necessary for  
10 the implementation of this Act within sixty (60) days after its approval. Failure to  
11 issue rules and regulations shall not in any manner affect the executor nature of  
12 the provisions of this Act.

13  
14       Sec. 15. *Separability Clause.* – If for any reason any section or provision of  
15 this Act is declared by the Court as unconstitutional or invalid, the other sections  
16 or provisions thereof shall not be affected thereby.

17  
18       Sec. 16. *Repealing Clause.* – All laws, ordinances, rules and regulations  
19 and other issuances or parts thereof, which are inconsistent with this Act, are  
20 hereby repealed or modified accordingly.

21  
22       Sec. 17. *Effectivity Clause.* – This Act shall take effect fifteen (15) days  
23 after its publication in the Official Gazette or in at least two (2) newspapers of  
24 general circulation.

Approved,