

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



22 JUL -7 P3:59

SENATE
S.B. No. 157

RECEIVED BY: _____

Introduced by Senator WIN GATCHALIAN

**AN ACT PROVIDING FOR A NATIONAL ENERGY POLICY AND FRAMEWORK
FOR A CLEAN AND JUST ENERGY TRANSITION IN THE COUNTRY, AND
APPROPRIATING FUNDS THEREFOR**

EXPLANATORY NOTE

“Energy Transition” refers to the global energy sector’s shift from fossil-based systems of energy production and consumption — including oil, natural gas and coal — to renewable energy sources like wind and solar, as well as batteries;¹ on 12 December 2015, 196 parties entered into Paris Agreement, an international treaty on climate change.² Article 2(1)(a) of the Paris Agreement provides that its purpose among others, is “[h]olding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change.”³ To achieve this goal, countries, through their respective nationally determined contributions (NDCs), provide for actions they plan to take to reduce their GHG emissions. The Philippine Energy Plan (2020-2040) fails to provide a clear energy transition framework given the country’s NDC and the aforementioned policies laid out

¹ S & P Global. Available at <https://www.spglobal.com/en/research-insights/articles/what-is-energy-transition#:~:text=Energy%20transition%20refers%20to%20the,well%20as%20lithium%20Dion%20batteries>. Accessed on 4 June 2022. It provides:

“Energy transition refers to the global energy sector’s shift from fossil-based systems of energy production and consumption — including oil, natural gas and coal — to renewable energy sources like wind and solar, as well as lithium-ion batteries.”

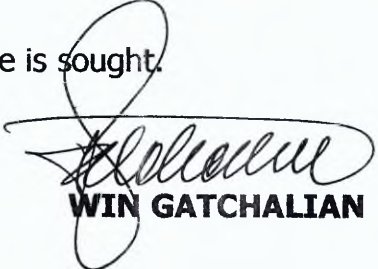
the Paris Agreement. United Nations Climate Change. Available at <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>. Accessed 7 January 2021.

³ Article 2(1)(a) of Paris Agreement (2015). United Nations. Available at https://unfccc.int/sites/default/files/english_paris_agreement.pdf. Accessed on 7 January 2021.

in RA 7638, RA 9136 and RA 9513. On 15 April 2021, the Philippines communicated its updated NDC to the United Nations Framework Convention on Climate Change. It commits to a projected GHG emissions reduction and avoidance of 75%, of which 2.71% is unconditional and 72.29% is conditional, representing the country's ambition for GHG mitigation for the period 2020 to 2030 for the sectors of agriculture, wastes, industry, transport, and energy.⁴

This measure seeks to establish a framework for introducing and institutionalizing fundamental policies on energy transition, which includes promotion of clean energy sources, decrease in the utilization of fossil-based sources of energy, and the delineation of responsibilities among various government agencies in the transport and power sectors. The Climate Change Commission is tasked with leading the implementation of this bill through the creation and implementation of an Energy Transition Plan, with assistance of various government agencies such as the Department of Energy, Department of Transportation, Department of Environment and Natural Resources, Department of Finance, Department of Trade and Industry, Department of Agriculture, Department of Labor and Employment, Securities and Exchange Commission, and Energy Regulatory Commission. Through this bill, it is hoped that the country will be able to comply with its commitments under the Paris Agreement while ensuring that the transition shall be fair and inclusive.

Given the foregoing, the immediate passage of this measure is sought.



WIN GATCHALIAN

⁴ Green Growth Knowledge. Nationally Determined Contribution Communicated to the UNFCCC on 15 April 2021. Available at <https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database//Philippines%20-%20NDC.pdf>. Accessed on 22 June 2022.

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**AN ACT PROVIDING FOR A NATIONAL ENERGY POLICY AND FRAMEWORK
FOR A CLEAN AND JUST ENERGY TRANSITION IN THE COUNTRY, AND
APPROPRIATING FUNDS THEREFOR**

*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 "Energy Transition
2 Act".

3
4 Sec. 2. *Declaration of Policy.* –It is hereby declared the policy of the State to
5 adopt a clean, just, and comprehensive energy transition framework which shall:

- 6 a. Enable the country to meet its international obligations to lower greenhouse
7 gas emissions by reducing usage of fossil-based systems of energy
8 production and consumption;
- 9 b. Provide protection to the environment by accelerating the exploration,
10 development, and utilization of clean energy sources to include, among
11 others, biomass, solar, wind, geothermal, ocean energy, hydropower, green
12 hydrogen, and biofuels;
- 13 c. Ensure energy security in the country as it transitions into clean energy;
- 14 d. Warrant energy equity in the country during the energy transition; and

1 e. Afford protection to labor and investments while the country shifts from
2 fossil-based systems of energy production and consumption to clean energy
3 sources.
4

5 Sec. 3. *Scope.* – This Act shall establish a framework for introducing and
6 institutionalizing fundamental policies on energy transition, including the promotion of
7 clean energy sources, decrease in the utilization of fossil-based sources of energy, and
8 the delineation of responsibilities among various government agencies in the energy
9 sector.
10

11 Sec. 4. *Definition of Terms.* – As used in this Act, the following terms shall be
12 defined as:

- 13 a. "Clean Energy Sources" refers to technologies, such as electric vehicles and
14 fuel cells, and energy sources, such as renewable energy, that when utilized
15 emits minimal or no GHG;
16 b. "Climate Risk" refers to both physical and transition risk arising from climate
17 change;
18 c. "Energy Sector" refers to the sector engaged in exploration and production,
19 refining and marketing, storage and transportation, and utilization of energy
20 sources such as fossil fuels and renewable energy, whichever is applicable;
21 d. "Energy Transition" refers to the global energy sector's shift from fossil-based
22 systems of energy production and consumption to clean energy sources;
23 e. "Just Transition" refers to globally recognized principles that should guide
24 the transition to environmentally sustainable economies and societies;
25 f. "Net zero emissions" refers to the state of the atmosphere where the GHG
26 emitted are balanced by its removal;
27 g. "Physical risk" refers to potential loss or damage to tangible assets arising
28 from climate change or other weather-related conditions such as floods,
29 typhoons, droughts, earthquakes, extreme weather variability, and rising
30 sea levels;
31 h. "Renewable Energy" refer to energy resources that do not have an upper
32 limit on the total quantity to be used include, among others, biomass, solar,

1 wind, geothermal, ocean energy, and hydropower pursuant to the provision
2 of Republic Act No. 9513; and

- 3 i. "Transition risk" refers to the potential economic adjustment cost resulting
4 from policy, legal, technology, and market changes to meet climate change
5 mitigation and adaptation requirements.

6
7 **Sec. 5. *Energy Transition Plan*** – There shall be an Energy Transition Plan (ETP)
8 which shall provide for a comprehensive framework in the exploration, development,
9 utilization, and distribution of energy sources as well as resilience and upgrading of
10 existing energy infrastructure in support of the country's shift from fossil-based
11 systems of energy production and consumption to clean energy sources guided by the
12 principle of just transition as defined under Section 9 of this Act. The ETP shall be
13 prepared by the Climate Change Commission (CCC), in coordination with the technical
14 working group created under Section 7 of his Act.

15 The ETP shall:

16 a. Include the following:

- 17 i. The national targets under Section 6 of this Act,
18 ii. The annual targeted reduction in GHG emissions for the energy
19 sector,
20 iii. Mechanisms to determine compliance with the targets by the energy
21 sector which shall be the monitored by the CCC, and
22 iv. Programs to be implemented by the Department of Energy,
23 Department of Transportation, Department of Trade and Industry,
24 Department of Environment and Natural Resources, and Department
25 of Agriculture, and other relevant agencies to reduce GHG emissions
26 to reach the annual targets;

27 b. Take into consideration, and integrate if applicable, various laws including
28 Republic Act No. 9136, Republic Act No. 9513, Republic Act No. 11285
29 otherwise known as the Energy Efficiency and Conservation Act, Republic
30 Act No. 11572 otherwise known as the Philippine Energy Research and
31 Policy Institute Act, Republic Act No. 11646 otherwise known as the

1 Microgrid Systems Act, and Republic Act No. 11697 otherwise known as the
2 Electric Vehicle Industry Development Act;

- 3 c. Be harmonized with the existing plans which shall include the National
4 Determined Contribution, Philippine Energy Plan, National Transport Policy,
5 Philippine Development Plan and Health and Pollution Action Plan; and
6 d. Be updated and submitted to the Office of the President and Congress not
7 later than the 15th of September of every year after approval by the Energy
8 Transition Committee.

9 *Sec. 6. National Targets* – The country, through the national government
10 agencies specified in this Act, shall:

- 11 a. Implement a moratorium on the following:
12 i. Establishment of new fossil fuel power plants upon the effectivity of
13 this Act;
14 ii. Sale of new internal combustion engine vehicles within the timeframe
15 to be determined by the Energy Transition Plan;
16 b. Implement a phase out of the following:
17 i. Existing fossil fuel power plants within the timeframe to be
18 determined by the Energy Transition Plan;
19 ii. Existing internal combustion engine vehicles within the timeframe to
20 be determined by the Energy Transition Plan;
21 c. Increase the share of clean energy sources in the energy mix of the country
22 while taking into account the moratorium of new fossil fuel power plants
23 and phase out of existing fossil fuel power plants;
24 d. Reduce GHG emissions in accordance with the country's National
25 Determined Contribution (NDC) and achieve net zero emissions in the
26 energy sector by 2050;

27
28 *Sec. 7. Role of Government Agencies* – In addition to their current
29 responsibilities and functions under the existing laws, the following government
30 agencies shall exercise responsibilities and functions as enumerated hereunder:

- 31 a. Climate Change Commission (CCC) – The CCC shall:

- 1 i. Serve as the lead agency in the implementation of this Act,
2 ii. Convene a technical working group (TWG), within thirty (30)
3 calendar days from the effectivity of this Act, comprised of the
4 following:

- 5 1. Secretary of CCC as the Chairperson,
6 2. Secretary of Department of Energy (DOE) as the Vice-
7 Chairperson,
8 3. Secretary of Department of Finance (DOF),
9 4. Secretary of Department of Transportation (DOTR),
10 5. Secretary of Department of Environment and Natural
11 Resources (DENR),
12 6. Secretary of Department of Trade and Industry (DTI),
13 7. Secretary of Department of Agriculture (DA),
14 8. Chairperson of the Energy Regulatory Commission
15 (ERC), and
16 9. Chairperson of the Securities and Exchange Commission
17 (SEC).

18 The members can appoint their permanent representatives to the
19 TWG. The CCC shall serve as the TWG's secretariat. The TWG shall:

- 20 1. Evaluate and approve the ETP,
21 2. Monitor, review, and provide strategic direction in the
22 implementation of the ETP and of this Act,
23 3. Coordinate with various national government agencies,
24 government-owned and controlled corporations, local
25 government units, and private stakeholders to ensure
26 the timely implementation of the ETP,
27 4. Provide for a forum for feedback and recommendations
28 on the implementation of the ETP, and
29 5. Perform such other functions, as may be necessary, to
30 attain the objectives of this Act,

- 31 iii. Formulate the ETP, upon consultation with relevant public and
32 private stakeholders,

- 1 iv. Monitor, in coordination with the members of the TWG, the
2 implementation of the ETP, and
- 3 v. Compile all the GHG emissions report of the various sectors
4 identified in this Act and determine its compliance with the targets
5 set out in the ETP;
- 6 b. Department of Energy (DOE) – The DOE shall:
- 7 i. Assist the CCC in the implementation of the ETP ,
- 8 i. Formulate, implement, enforce, and monitor programs in the
9 energy sector towards the implementation and accomplishment of
10 the targets set out in the ETP, and ensure a just transition in the
11 sector,
- 12 ii. Monitor and prepare an annual report on the GHG emissions of the
13 energy sector in accordance with the targets set out in the ETP, and
- 14 iii. Submit annually the GHG emissions report of the energy sector to
15 the CCC;
- 16 c. Department of Labor and Employment (DOLE) – The DOLE shall, in
17 coordination with the DOE, ensure the protection of rights of the employees
18 under the labor sector affected by the implementation of the ETP. It shall
19 also undertake training programs, together with the Technical Education
20 and Skills Development Authority, for affected employees by the
21 implementation of the ETP to allow them to find gainful employment in
22 other sectors;
- 23 d. Department of Finance (DOF) – The DOF, shall:
- 24 i. Determine, upon consultation with the CCC, other members of the
25 TWG, and other relevant public and private stakeholders, the
26 prioritization of programs for the implementation of the ETP to be
27 funded through the Energy Transition Fund, and
- 28 ii. Provide for mechanisms to assist companies to access green
29 financing;
- 30 e. Department of Environment and Natural Resources (DENR) – The DENR
31 shall, in coordination with the CCC and other concerned agencies, establish

1 the guidelines for the determination of the amount of GHG emissions
2 attributed to various sources;

3 f. Department of Transportation (DOTr) – The DOTr shall:

- 4 i. Assist the CCC in the implementation of the ETP in the transport
5 sector,
- 6 ii. Formulate, implement, enforce, and monitor programs in the
7 transport sector towards the implementation and accomplishment
8 of the targets set out in the ETP while ensuring a just transition for
9 public utility vehicles,
- 10 iii. Monitor and prepare an annual report on the GHG emissions of the
11 transport sector in accordance with the targets set out in the ETP,
12 and
- 13 iv. Submit annually the GHG emissions report of the transport sector
14 to the CCC;

15 g. Department of Agriculture (DA) – The DA shall:

- 16 i. Assist the CCC in the implementation of the ETP in the agriculture,
17 fisheries, and forestry (AFF) sector,
- 18 ii. Formulate, implement, enforce, and monitor programs in the AFF
19 sector towards the implementation and accomplishment of the
20 targets set out in the ETP while ensuring a just transition for the
21 sector,
- 22 iii. Monitor and prepare an annual report on the GHG emissions of the
23 AFF sector in accordance with the targets set out in the ETP, and
- 24 iv. Submit annually the GHG emissions report of the AFF sector to the
25 CCC;

26 h. Department of Trade and Industry - The DA shall:

- 27 i. Assist the CCC in the implementation of the ETP in the industry
28 sector,
- 29 ii. Formulate, implement, enforce, and monitor programs in the
30 industry sector towards the implementation and accomplishment of
31 the targets set out in the ETP while ensuring a just transition for
32 the sector,

1 iii. Monitor and prepare an annual report on the GHG emissions of the
2 industry sector in accordance with the targets set out in the ETP,
3 and

4 iv. Submit annually the GHG emissions report of the industry sector to
5 the CCC;

6 a. Energy Regulatory Commission (ERC) – The ERC shall enact regulations to
7 support the implementation of the national targets pursuant to Section 6 of
8 this Act and the ETP.

9
10 **Sec. 8. *Mandatory Disclosure*** – The SEC shall make it mandatory for listed
11 companies to disclose climate risks as the country shift from fossil fuels to clean energy
12 sources.

13
14 **Sec. 9. *Just Transition*** – Under the principle of just transition, the TWG, in
15 approving the ETP and its implementation, shall ensure a fair and inclusive energy
16 transition by minimizing its negative impacts to communities that are reliant on fossil-
17 based system of production and utilization. This shall include labor programs which
18 includes conduct of trainings for employees that are under fossil-based system of
19 production and utilization industries prior the implementation of this Act to ensure
20 their continuous employment, if practicable, and to protect their rights and benefits in
21 accordance with the existing labor laws and rules and regulations.

22
23 **Sec. 10. *Application of Incentives under RA 9513 or Renewable Energy Act of***
24 ***2008 and RA 11285 or the Energy Efficiency and Conservation Act*** – Projects for the
25 implementation of the ETP under this Act shall be entitled to the incentives under RA
26 9513 and RA 11285.

27
28 **Sec. 11. *Prohibited Acts*** – The following acts are prohibited:

29 a. For natural or juridical entities:

30 i. Failure to disclose climate risks under Section 8 of this Act,

1 ii. Violation of any provision of this Act, its implementing rules and
2 regulations, and other issuances promulgated in accordance with
3 this Act.

4 b. For government agencies: Failure to comply with their responsibilities and
5 comply with the time frames under this Act.

6
7 Sec. 12. *Fines and Penalties* – Without prejudice to civil and criminal liability,
8 the following administrative penalties shall be imposed upon the following for every
9 prohibited act enumerated below:

10 a. Section 11(a):

11 i. First Offense: A fine ranging from Fifty thousand pesos
12 (P50,000.00) to Five hundred thousand pesos (P500,000.00),

13 ii. Second Offense: A fine ranging from Five hundred thousand pesos
14 (P500,000.00) to One million pesos (P1,000,000.00) and revocation
15 of permits.

16 b. Section 11(b):

17 i. First offense: six (6) months suspension,

18 ii. Second offense: Dismissal from service.

19
20 Sec. 13. *Energy Transition Fund*- A Special Account in the General Fund (SAGF)
21 for energy transition, which shall be maintained and managed by the Bureau of
22 Treasury, shall be established to support the programs for energy transition and the
23 implementation of the ETP. The SAGF for energy transition shall recognize and accept
24 grants, contributions, and donations for energy transition, for the implementation of
25 the ETP and its relevant programs.

26
27 Sec. 14. *Appropriations* - There is hereby appropriated out of the General
28 Appropriations Act, the sum of One Hundred Million Pesos (P100,000,000.00) for the
29 initial Energy Transition Fund. Thereafter, such amounts necessary for the sustainable
30 implementation of the ETP and its relevant programs shall be appropriated from the
31 General Appropriations Act.

32

1 Sec. 15. *Implementing Rules and Regulations* - The CCC shall, in consultation
2 with TWG and other public and private stakeholders, promulgate the Implementing
3 Rules and Regulation of this Act within ninety (90) calendar days from its effectivity.
4

5 Sec. 16. *Oversight Committee*. - Upon the effectivity of this Act, the Joint
6 Congressional Energy Commission established under Republic Act No. 9136 and
7 renamed under Republic Act No. 11285, shall exercise oversight powers over the
8 implementation of this Act.
9

10 Sec. 17. *Repealing Clause*. — All laws, presidential decrees, executive orders,
11 and rules and regulations, or parts thereof, inconsistent with the provisions of this Act
12 are hereby repealed or modified accordingly.
13

14 Sec. 18. *Separability Clause*. – If, for any reason, any section or provision of
15 this Act is held unconstitutional or invalid, the other sections or provisions hereof shall
16 not be affected thereby.
17

18 Sec. 19. *Effectivity Clause*. – This Act shall take effect after its complete
19 publication in at least two (2) national newspapers of general circulation..

Approved,