


SEVENTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
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SENATE
S.B. No. 709

RECEIVED BY: 

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

**AN ACT PROMOTING THE MAINSTREAM USE OF ELECTRIC, HYBRID AND OTHER
ALTERNATIVE FUEL VEHICLES AND FOR OTHER PURPOSES**

Explanatory Note

In a country that ranks among the world's Top 10 most vulnerable countries to climate change¹, it is important to mainstream programs that mitigate climate change risks while incentivizing climate change adaptation among the private sector, communities, and individuals.

The use of electric, hybrid, and other alternative fuel vehicles (AFVs) among individuals and organizations presents such an opportunity. At present, the Department of Energy (DOE) aims to put 100,000 electric tricycles on the road by 2017, while the Electric Vehicles Association of the Philippines (EVAP) hopes to mainstream 1 million electric vehicles by 2020.

In a study released by international consulting firm Grant Thornton in 2012, "Asia is currently the largest market for hybrids/electrics (56%)."² Further: "The trend toward alternative fuels is visible in global sales of hybrid electric vehicles (HEVs) and battery electric vehicles (BEVs), projected to reach 5.4 million vehicles by 2021 (more than 6% of the automotive market), up from 810,000 vehicles in 2010 (approximately 2% of market share)."³

The same report states that, "Around a quarter of global companies (24%) have introduced or are considering vehicles that run on alternative fuels for their businesses... Companies in the ASEAN region (31%) were most likely to use or consider alternative-fuel vehicles."⁴

¹ Romero, "Phl among world's top 10 most vulnerable to climate change." www.Philstar.com. Last accessed on February 26, 2014: <http://www.philstar.com/headlines/2013/10/30/1251165/phl-among-worlds-top-10-most-vulnerable-climate-change>

² Grant Thornton, "Greener fleets: Companies consider alternative-fuel vehicles", 2012.

³ Ibid.

⁴ Ibid.

Among the top reasons cited for ASEAN users to consider switching to AFVs are the following: the "price of oil" (88%); "saving the planet" (88%), "cost management" (81%), and "tax relief" (77%).⁵

The study summarizes its findings this way: Rising oil prices and increasing awareness of the environmental impact of traditional fuels make alternative-fuel vehicles attractive to owners of commercial/business fleets. Government incentives and regulations are also pushing executives to explore alternative fuels. Indeed, many countries and states/provinces already offer significant incentives for buying or converting to alternative-fuel vehicles; in some regions regulations will eventually force the use of alternative fuels."⁶


This representation proposes stronger policy support in order to promote adoption of and drive consumer demand for electric, hybrid, and other alternative fuel vehicles. In this regard, this Act provides non-fiscal incentives to drive consumer demand, including the following:

- a. Priority in registration and issuance of plate number;
- b. Priority in franchise application;
- c. Exemption from Unified Vehicular Volume Reduction Program (UVVRP) or Number-Coding Scheme; and
- d. Provision for free parking spaces in new establishments.

It is recognized that while the costs of electric and hybrid vehicles are higher compared to those of regular vehicles, these non-fiscal incentives will make the acquisition and conversion of vehicles more attractive to consumers and manufacturers alike.

As the world braces itself for stronger impacts of climate change while adapting to swift changes in technology, it is imperative that Filipinos are not left behind in the waves of change. Early adaptation to and promotion of AFVs will help the country mitigate the risks associated with climate change, while opening up potential investment and job opportunities that will ultimately benefit more Filipinos.

In view of the foregoing, the passage and enactment of this bill is earnestly sought.


Senator Paolo Benigno "Bam" A. Aquino IV

⁵ Ibid, p.5.

⁶ Ibid, p.2.

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

3 **SECTION 1. Title.** - This Act shall be known as the "*Electric, Hybrid and Other*
4 *Alternative Fuel Vehicles Promotions Act*".

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

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

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

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

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

- 1 a) *Electric Vehicle (EV)* - any vehicle that uses electric motors solely for
2 propulsion.
- 3 b) *Hybrid Vehicle (HV)* - any vehicle that combines the technologies of using
4 internal combustion engine (ICE) with a battery-powered electric motor to
5 gain advantages of both propulsion systems.
- 6 c) *Importer* - any individual, partnership, corporation or other entity engaged in
7 the importation of completely built units (CBUs) of electric, hybrid and other
8 alternative fuel vehicles incorporated, organized and existing under
9 Philippine laws.
- 10 d) *Manufacturer or Assembler* - any individual, partnership, corporation or other
11 entity engaged in the manufacture, assembly and conversion of electric,
12 hybrid and other alternative fuel vehicles incorporated, organized and
13 existing under Philippine laws.
- 14 e) *Other Alternative Fuel Vehicles (AFV)* - any vehicle using alternative fuel such
15 as but not limited to: solar, wind, hydrogen fuel cell, compressed natural gas
16 (CNG) or liquefied natural gas (LNG), methane and liquefied petroleum gas
17 (LPG), other than conventional sources of energy like petroleum and gasoline
18 for propulsion.

19 **SEC. 4. Coverage.** This Act shall cover electric, hybrid and other alternative fuel
20 vehicles but shall not include vehicles powered by gasoline, petroleum, bio-diesel and bio-
21 ethanol.

22 **SEC. 5. Creation of the Coordinating Council for Promotion of Electric, Hybrid and**
23 **Other Alternative Fuel Vehicles.** – The Department of Trade and Industry (DTI) shall
24 constitute a Coordinating Council for Electric, Hybrid and Other Alternative Fuel Vehicles as
25 a sub-committee under the Industry Development Council (IDC), to expedite identification,
26 prioritization, and resolution of issues affecting the entire supply chain of the electric
27 vehicle, hybrid and alternative fuel vehicle industry by formulating a shared implementation
28 plan and monitoring system.

29 **SEC. 6. Composition of the Council.** – The council shall be composed of the following
30 members:

- 31 a. Secretary, Department of Trade and Industry – Chairperson;
32 b. Secretary, Department of Transportation and Communication - Vice-Chairperson;
33 c. Secretary, Department of Energy - Vice-Chairperson;
34 d. Secretary, Department of Finance – Member;
35 e. Secretary, Department of the Interior and Local Government – Member;
36 f. Secretary, Department of Science and Technology – Member;
37 g. Three (3) Representatives from the Industry Sector to be elected by the Council;
38 and

1 h. Three (3) Representatives from the Civil Society to be elected by the Council.

2 Representatives from the other agencies of the government may be invited as
3 resource persons during the meetings of the Council.

4 **SEC. 7. Duties and Responsibilities of the Council.** – The Council shall have the
5 following duties and responsibilities:

- 6 1. Formulate incentives to address the high acquisition cost of electric vehicles, hybrid
7 and other alternative fuel vehicles and operating cost of supporting infrastructures
8 particularly charging stations;
- 9 2. Develop and recommend standards and specifications which address the
10 performance, quality and safety issues of electric vehicles, battery, charging stations
11 and connectors, and repair and maintenance in accordance with international
12 standards;
- 13 3. Review and recommend appropriate classification for electric, hybrid and other
14 alternative fuel vehicles and the corresponding parameters for Motor Vehicle
15 Inspection System (MVIS) approval;
- 16 4. Review and recommend policy for allowing the entry of and promoting electric,
17 hybrid and alternative fuel vehicles fleet operations;
- 18 5. Recommend modalities for the utilization of the Special Vehicle Pollution Control
19 Fund (SVPCF), a special trust account managed by the Road Board created by virtue
20 of Republic Act No. 8794 or any sources of funds to implement air quality
21 improvement projects involving the use of electric, hybrid and other alternative fuel
22 vehicles;
- 23 6. Coordinate with local government units (LGUs) in identifying and allocating land and
24 property within their locality for use as public charging stations for electric or hybrid
25 vehicles or refuelling stations for alternative fuel vehicles;
- 26 7. Coordinate with the electric power industry stakeholders, particularly, the Energy
27 Regulatory Commission (ERC) and electric distribution utilities and cooperatives, in
28 the preparation of their electric systems and network to accommodate the
29 connection of electric or hybrid vehicles, charging equipment and stations;
- 30 8. Undertake Information and Education Campaign (IEC) on the proper use,
31 maintenance, repair and disposal of electric, hybrid and alternative fuel vehicles; and
- 32 9. Monitor resolution of issues affecting the electric, hybrid and alternative fuel vehicle
33 and undertake action as may be determined by the Council.

34 **SEC. 8. Incentives to Users of Electric, Hybrid and Other Alternative Fuel Vehicles.**

- 1 1. Priority in Registration and Issuance of Plate Number. – Registration and renewal of
2 registration of electric, hybrid and other alternative fuel vehicles shall be prioritized
3 by the Land Transportation Office (LTO) for nine (9) years from the effectivity of this
4 Act. A special type of vehicle plate to be prescribed by the LTO shall be exclusively
5 issued to all electric, hybrid and other alternative fuel vehicles upon registration;
- 6 2. Priority in Franchise Application. – Public Utility Vehicle (PUV) operators exclusively
7 utilizing electric, hybrid and other clean energy vehicles shall be granted priority by
8 the Land Transportation Franchising and Regulatory Board (LTFRB) in the approval of
9 applications for franchise to operate, including its renewal, for nine (9) years from
10 the effectivity of this Act;
- 11 3. Exemption from Unified Vehicular Volume Reduction Program (UVVRP) or Number-
12 Coding Scheme. – All electric, hybrid and other clean energy vehicles shall, for nine
13 (9) years from the effectivity of this Act, be exempted from the mandatory Unified
14 Vehicular Volume Reduction Program (UVVRP) or Number-Coding Scheme being
15 implemented by the Metro Manila Development Authority (MMDA) and other local
16 government units (LGUs) concerned; and
- 17 4. Provision for Free Parking Spaces in New Establishments. – Business and commercial
18 establishments to be constructed after the effectivity of this Act are mandated to
19 provide exclusive parking spaces free of charge for all electric, hybrid and other
20 alternative fuel vehicles. No building permit shall be issued for the construction of
21 business and commercial establishments that include parking spaces unless the
22 owner submits an affidavit that there shall be free parking spaces to be exclusively
23 be designated for electric, hybrid and other alternative fuel vehicles for nine (9)
24 years from the effectivity of this Act.

25 **SEC. 9. Implementing Rules and Regulations.** The Department of Trade and Industry
26 (DTI), in coordination with relevant government agencies, shall promulgate the necessary
27 rules and regulations within sixty (60) days after the implementation of this Act.
28

29 **SEC. 10. Monitoring.** – The Department of Trade and Industry (DTI) shall be
30 responsible for the administration and implementation of the non-fiscal incentives granted
31 under this Act.

32 **SEC. 11. Administrative Support.** The Department of Trade and Industry (DTI) shall
33 provide overall administrative support to the Council by appropriating the corresponding
34 budget needed for the effective implementation of this Act.

35 **SEC. 12. Separability Clause.** – If any provision of this Act is declared
36 unconstitutional or invalid, other parts or provisions hereof not affected thereby shall
37 continue to be in full force and effect.

1 **SEC. 13. *Repealing Clause.*** – All other laws, orders, issuances, circulars, rules and
2 regulations or parts thereof, which are inconsistent with the provisions of this Act are
3 hereby repealed or modified accordingly.

4 **SEC. 14. *Effectivity Clause.*** This Act shall take effect fifteen (15) days following its
5 publication in at least two (2) newspapers of general circulation or the Official Gazette.

Approved,