



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

*19 FEB -7 P2 :49

SENATE

REC

COMMITTEE REPORT NO. 659

Submitted by the Committees on Public Services and Energy on FEB - 7 2019.

Re: House Bill no. 8179

Recommending the approval of HBN 8179 with amendments.

Sponsor: Senator Grace Poe

MR. PRESIDENT:

The Committees on Public Services; and Energy to which was referred House Bill No. 8179 introduced by Representatives Yap (A.), Zamora (M.C.), Alvarez (F.), Oaminal, Gatchalian, Tugna, Pimentel, Batocabe, Enverga, Unabia, Unico, Savellano, Sarmiento (E.M.), Revilla, Abellanosa, Ferrer (L.), Almario, Relampagos, Bravo (M.V.), Violago, Romualdo, Alvarez (M.), Cua, Advincula, Loyola, Vargas, Chipeco, Campos, Maceda, Espino, Alonte, Barzaga, Arcillas, Hernandez (F.), Ting, Ramirez-Zato, Rodriguez (I.), Marquez, Nava, Kho, Nolasco, Ortega (P.), Ramos, Leachon, Ong (E.), Cortuna Robes, Co, Gorriceta, Garin (R.), Bolilia, Castro (F.H.), Nieto, Del Rosario, Sahali, Sy-Alvarado, Celeste, Abueg, Eriguel, Palma, Noel, Garcia-Albano, Angara-Castillo, Barbers, Defensor, Collantes, Teves, Tolentino, Veloso, Yu, Floirendo, Sarmiento (C.), Tupas, Panganiban, Salceda, Baguilat, Nuñez-Malanyaon, Dimaporo (M.K.), Mariño, Tejada, Papandayan, Cueva, Suarez, Cosalan, Laneta, Bautista-Bandigan, Labadlabad, Albano, Calderon, Biron, Acosta, Salimbangon, Tan (A.), Daza, Vargas-Alfonso, Dimaporo (A.), Mercado, Adiong, Hofer, Bataoil, Acosta-Alba, Sema, Caminero, Cortes, Ortega (V.N.), Gonzaga, Amatong, Treñas, Castelo, Gonzales, Pancho, Garbin, Villanueva, Zubiri, Go (A.C.), Uy (J.), Gasataya, Pacquiao, Panotes, Silverio, Duavit, Ocampo, Antonino, Cayetano, Singson, Garcia (J.E.), Aragones,

Cojuangco, Arbison, Bulut-Begtang, Madrona, Dy, Villafuerte, Mangundadatu (S.), Sacedalan, Calixto-Rubiano, Fortuno, Hernandez (P.), Tan (S.), Garin (S.), Acop, Agarao, Olivarez, Bernos, Bravo (A.), De Venecia, Gonzales (A.D.) and Abu , entitled:

**"AN ACT
GRANTING SOLAR PARA SA BAYAN CORPORATION A FRANCHISE TO
CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN
DISTRIBUTABLE POWER TECHNOLOGIES AND MINIGRID SYSTEMS
THROUGHOUT THE PHILIPPINES TO IMPROVE ACCESS TO
SUSTAINABLE ENERGY"**

have considered the same and have the honor to report it back to the Senate with the recommendation that the attached House Bill No. 8179 be approved with the following amendments:

1. On page 2, on the title of the measure, replace "DISTRIBUTABLE POWER TECHNOLOGIES" with "**DISTRIBUTED ENERGY RESOURCES**" and replace "MINIGRID" with "**MICROGRID**";
2. On the same page, line 7 after the word "purpose", delete the words "distributable power technologies (DPTs)" and replace it with "**DISTRIBUTED ENERGY RESOURCES**";
3. On the same page, line 8, delete the word "minigrid" and replace with "**MICROGRID**"; and after the word "system" insert the following phrase "**UTILIZING SOLAR PV TECHNOLOGY, OR A HYBRID THEREOF,**";
4. On the same page, line 9, delete "any" and replace with "**REMOTE AND UNVIABLE, UNSERVED, OR UNDERSERVED**"; also on line 9, after the word "areas" insert the phrase "**AS DEFINED IN SECTION 2 OF THIS ACT, IN THE BARANGAYS, MUNICIPALITIES, AND CITIES OF THE PROVINCES OF AURORA, BATANGAS, BOHOL, CAGAYAN, CAMIGUIN,**

COMPOSTELA VALLEY, DAVAO ORIENTAL ISABELA, MASBATE, MISAMIS OCCIDENTAL, OCCIDENTAL MINDORO, PALAWAN AND TAWI-TAWI." and delete the phrase "to be determined by the Department of";

5. On the same page, delete lines 10 to 17;
6. On page 3, delete lines 1 to 23;
7. On the same page, after line 23, insert a new section, which shall read as follows:

"SEC. 2. DEFINITION OF TERMS. –

(a) **"DISTRIBUTED ENERGY RESOURCES" OR "DERS" REFER TO SMALLER POWER SOURCES THAT COULD BE AGGREGATED TO PROVIDE POWER NECESSARY TO MEET REGULAR DEMAND. THERE MAY ALSO REFER TO DEMAND-SIDE AND SUPPLY-SIDE RESOURCES THAT CAN BE DEPLOYED THROUGHOUT THE SYSTEM OF A NETWORK SERVICE PROVIDER TO MEET THE ENERGY AND RELIABILITY NEEDS OF THE CUSTOMERS, SERVED BY THE SYSTEM, INCLUDING, BUT NOT, LIMITED TO RENEWABLE ENERGY FACILITIES, MANAGED LOADS INCLUDING ELECTRIC VEHICLE CHARGING, ENERGY STORAGE AND OTHER MEASURES NECESSARY TO INCORPORATE RENEWABLE GENERATION RESOURCES, INCLUDING LOAD MANAGEMENT AND ANCILLARY SERVICES, SUCH AS RESERVES, VOLTAGE CONTROL AND REACTIVE POWER, AND BLACK START CAPABILITIES;**

(b) **"MICROGRID" REFERS TO A GROUP OF INTERCONNECTED LOADS AND DISTRIBUTED ENERGY RESOURCES WITHIN CLEARLY DEFINED ELECTRICAL BOUNDARIES THAT ACTS AS A SINGLE CONTROLLABLE ENTITY WITH RESPECT TO GRID. A MICROGRID CAN CONNECT FROM THE GRID TO ENABLE IT TO OPERATE IN BOTH GRID-CONNECTED OR ISLAND MODE;**

(c) **"REMOTE AND UNVIABLE AREA" REFERS TO A GEOGRAPHICAL AREA WITHIN THE FRANCHISE AREA OF A DISTRIBUTION UTILITY WHERE IMMEDIATE EXTENSION OF DISTRIBUTION LINE IS NOT ECONOMICALLY FEASIBLE DUE TO THE DISTANCE AWAY FROM THE NEAREST FACILITIES;**

(d) **"UNSERVED AREA" REFERS TO AN AREA WITH NO ELECTRICITY ACCESS, NO DISTRIBUTION SYSTEM LINES, NO SOLAR PV HOME SYSTEMS, OR NO CONNECTION TO ANY MICROGRID;**

(e) **"UNDERSERVED AREA" REFERS TO AN AREA CURRENTLY SERVED BY INDIVIDUAL SOLAR HOME SYSTEMS, MICROGRIDS, OR DISTRIBUTION UTILITIES WHOSE ELECTRICITY SERVICES ARE LESS THAN 24 HOURS DAILY BECAUSE OF NON-IMPLEMENTATION OF APPLIED CAPITAL EXPENSE PROJECTS, OR NON-COMPLIANCE WITH THE SERVICE PARAMETERS OF THE PHILIPPINE DISTRIBUTION CODE, OR ANY OTHER REASON, RESULTING TO AN OVERALL FAILING MARK BASED ON THE LATEST ANNUAL EVALUATION OF ACTUAL PERFORMANCE OF DISTRIBUTION SYSTEMS AS COMPARED TO IMPOSED TARGETS OF THE ENERGY REGULATORY COMMISSION.";**

8. On page 3, line 24, renumber the succeeding sections accordingly;

9. On page 4, line 9, renumber "SEC. 3. Authority of the Energy Regulatory Commission (ERC) or Department of Energy (DOE)" as "SEC. 4.";

10. On the same page, line 10, delete the conjunction "or" and replace with **"AND"**;

11. On the same page, line 10, before "The grantee shall..." insert the following sentence:

"THE DOE SHALL DETERMINE THE REMOTE AND UNVIABLE, UNSERVED, AND UNDERSERVED AREAS, AS DETERMINED BY DOE, IN ACCORDANCE WITH SECTIONS 1 AND 2 OF THIS ACT.";

12. On the same page, line 15, delete the word "minigrid" and replace it with **"DERS OR MICROGRID"**;

13. On the same page, line 15, delete the period [.] after the word "applicable" and replace with a colon [:], and insert the following phrase which shall read as follows:

"PROVIDED, THAT THE GRANTEE SHALL COMPLY WITH EXISTING RULES AND REGULATIONS PROMULGATED PURSUANT TO REPUBLIC ACT NO. 9136 OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001 AND REPUBLIC ACT NO. 9513 OTHERWISE KNOWN AS THE RENEWABLE ENERGY ACT OF 2008.";

14. On the same page, line 16, delete the title of the section and replace with **"INGRESS AND EGRESS"**;

15. On the same page, line 18, delete "DPTs, minigrid" and replace with **"DERS OR MICROGRID"**;

16. On page 5, line 4, delete "DPTs, minigrid" and replace with **"DERS OR MICROGRID"**;

17. On the same page, renumber "SEC. 5" as "SEC. 6.";

18. On the same page, line 19, replace "DPTs and minigrid" with **"DERS OR MICROGRID"**;

19. On the same page, line 24, after the words "power rates" insert **"AS APPROVED BY THE ERC"**;

20. On page 6, line 1, after the word "utilities" insert the phrase **"PROMULGATED BY THE DOE AND ERC PURSUANT TO REPUBLIC ACT NO. 9136"**

OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001 AND REPUBLIC ACT NO. 9513 OTHERWISE KNOWN AS THE RENEWABLE ENERGY ACT OF 2008." Also, on lines 1 to 3, delete the entire phrase "under the Magna Carta for Residential Electricity Consumers as adopted in the resolution of the ERC dates June 9, 2004.";

21. On the same page, line 6, delete the phrase "be given three (3) months to";

22. On the same page, line 7, delete the phrase "following which the grantee shall be"; also delete lines 8 to 11;

23. On the same page, delete the entire section 7 and in lieu thereof, insert the following:

"SEC. 7. RATES FOR SERVICES. THE RETAIL RATE CHARGED BY THE GRANTEE TO END-USERS SHALL BE THE TRUE COST AND SHALL NOT BE ENTITLED TO ANY GOVERNMENT SUBSIDY. SUCH RETAIL RATE SHALL BE REGULATED BY AND SUBJECT TO THE APPROVAL OF THE ERC. THE RETAIL RATES CHARGED BY THE GRANTEE TO THE END-USERS SHALL BE MADE PUBLIC AND TRANSPARENT.

THE GRANTEE SHALL IDENTIFY AND SEGREGATE IN ITS ELECTRICITY BILL TO THE END-USERS THE COMPONENTS OF THE RETAIL RATE PURSUANT TO REPUBLIC ACT NO. 9136 OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001, UNLESS OTHERWISE AMENDED.

THE GRANTEE SHALL IMPLEMENT LIFELINE RATES FOR MARGINALIZED END-USERS AS MANDATED UNDER REPUBLIC ACT NO. 9136.";

24. On page 7, lines 8 and 9 delete "DPTs or minigrid" with **"DER OR MICROGRID"**;

25. On the same page, after line 24, insert new sections which shall read as follows:

"SEC. 12. EFFECT ON EXISTING FRANCHISE – THIS FRANCHISE SHALL NOT REVOKE EXISTING FRANCHISES. NO WAIVER OF RIGHTS FROM THE FRANCHISED DISTRIBUTION UTILITIES SHALL BE NECESSARY TO

OPERATE DERS OR MICROGRID SYSTEMS IN REMOTE AND UNVIABLE, UNSERVED, OR UNDERSERVED AREAS AS DETERMINED BY DOE, IN ACCORDANCE WITH SECTION 1 AND 2 OF THIS ACT.”

“SEC. 13. COMPETITION IN REMOTE AND UNVIABLE, UNSERVED, UNDERSERVED AREAS. – THIS FRANCHISE SHALL NOT AFFECT THE DUTY OF THE DOE TO PROMOTE PRIVATE SECTOR PARTICIPATION IN THE ELECTRIFICATION OF REMOTE AND UNVIABLE, UNSERVED, AND UNDERSERVED AREAS. THE RULES AND REGULATIONS OF THE DOE, PURSUANT TO ITS POWERS UNDER REPUBLIC ACT NO. 9136 OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001, FOR THE COMPETITIVE SELECTION OF QUALIFIED THIRD PARTIES TO SERVE REMOTE AND UNVIABLE, UNSERVED, AND UNDERSERVED AREAS SHALL APPLY. OTHER QUALIFIED THIRD PARTIES OR DERS OR MICROGRID SYSTEM SHALL BE ABLE TO PARTICIPATE IN ANY COMPETITIVE SELECTION TO OPERATE IN ANY REMOTE AND UNVIABLE, UNSERVED, AND UNDERSERVED AREAS, AS DETERMINED BY DOE, IN ACCORDANCE WITH SECTIONS 1 AND 2 OF THIS ACT, EVEN WITHOUT A SIMILAR FRANCHISE FROM CONGRESS.”;

26. On page 9, line 7, pluralize the word “Committee” and insert the words “**AND ENERGY**” after the word “Services”;

27. On page 8, after line 10 insert new provision which shall read as follows:

“SEC. 16. COMMITMENT TO PROVIDE AND PROMOTE THE CREATION OF EMPLOYMENT OPPORTUNITIES. THE GRANTEE SHALL CREATE EMPLOYMENT OPPORTUNITIES AND SHALL ALLOW ON-THE-JOB TRAININGS IN THEIR FRANCHISE OPERATION: PROVIDED, THAT PRIORITY SHALL BE ACCORDED TO THE RESIDENTS IN AREAS WHERE ARE OF ITS OFFICES IS LOCATED: PROVIDED, FURTHER, THAT THE GRANTEE SHALL FOLLOW THE APPLICABLE LABOR STANDARDS AND ALLOWANCE ENTITLEMENT UNDER EXISTING LABOR LAWS, RULES AND REGULATIONS

AND SIMILAR ISSUANCES. PROVIDED, FINALLY, THAT THE EMPLOYMENT OPPORTUNITIES OR JOBS CREATED SHALL BE REFLECTED IN THE GENERAL INFORMATION SHEET TO BE SUBMITTED TO THE SECURITIES AND EXCHANGE COMMISSION ANNUALLY.”

28. On page 9, after line 17, insert a new section which shall read as follows:

“SEC. 22. OPERATIONALIZATION. – THE DOE, IN CONSULTATION WITH THE ERC AND OTHER STAKEHOLDERS, SHALL PROMULGATE THE NECESSARY RULES AND REGULATIONS TO OPERATIONALIZE THIS FRANCHISE WITHOUT COMPROMISING GRID STABILITY, THE RATE EFFECT ON CONSUMERS, AND OTHER TECHNICAL AND FINANCIAL CONSIDERATIONS AS DETERMINED BY DOE AND ERC, WITHIN THE FRAMEWORK PROVIDED IN REPUBLIC ACT NO. 9136 OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001.”;

29. On page 10, line 1, delete the phrase “and the same shall be remitted to the National Treasury.”;

30. On page 11, delete the entire SEC. 21;

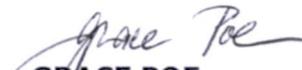
31. Renumber the sections accordingly.

RESPECTFULLY SUBMITTED

Chairpersons:

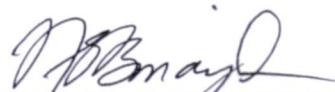


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Chairperson
Committee on Energy



GRACE POE
Chairperson
Committee on Public Services
Member, Committee on Energy

Vice-Chairpersons:

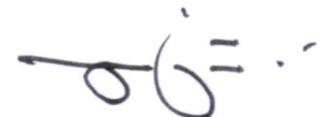


MARIA LOURDES NANCY S. BINAY
Committee on Energy

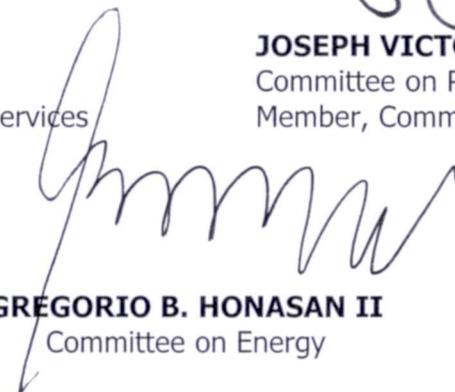


FRANCIS "Chiz" G. ESCUDERO
Committee on Public Services
Member, Committee on Energy

RICHARD J. GORDON
Committee on Energy
Member, Committee on Public Services



JOSEPH VICTOR G. EJERCITO
Committee on Public Services
Member, Committee on Energy



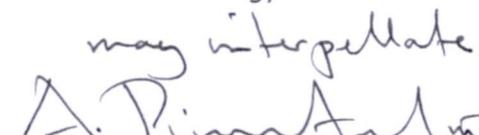
GREGORIO B. HONASAN II
Committee on Energy

Members



EMMANUEL "Manny" D. PACQUIAO
Committee on Energy

PANFILO M. LACSON
Committee on Public Services

may interpellate

AQUILINO "Koko" PIMENTEL III
Committee on Public Services

May interpellate + amend.

JOEL VILLANUEVA
Committees on Public Services;
and Energy



CYNTHIA A. VILLAR
Member, Committee on Energy

LOREN LEGARDA
Member, Committees on Public Services;
and Energy

LEILA DE LIMA
Member, Committee on Energy

Risa Hontiveros
RISA HONTIVEROS
Member, Committee on Public Services
*Will interpellate /
propose amendments.*

FRANCIS "Kiko" PANGILINAN
Member, Committee on Energy

ANTONIO "Sonny" F. TRILLANES IV
Committees on Public Services;
and Energy

Bam Aquino
PAOLO BENIGNO "Bam" AQUINO IV
Member, Committees on Public Services; and Energy
*will amend with regard
to scope and any provisions
that may be violative
of the Phil. Competition
Law.*

Ex-Officio Members



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Senate President Pro-Tempore



JUAN MIGUEL F. ZUBIRI
Majority Floor Leader

Franklin M. Drilon
FRANKLIN M. DRILON
Minority Floor Leader
*with serious
reservations
on constitutional
issues.*



HON. VICENTE C. SOTTO III
Senate President

CONGRESS OF THE PHILIPPINES
SEVENTEENTH CONGRESS
Third Regular Session

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HOUSE OF REPRESENTATIVES

H. No. 8179

BY REPRESENTATIVES YAP (A.), ZAMORA (M.C.), ALVAREZ (F.), OAMINAL, GATCHALIAN, TUGNA, PIMENTEL, BATOCABE, ENVERGA, UNABIA, UNICO, SAVELLANO, SARMIENTO (E.M.), REVILLA, ABELLANOSA, FERRER (L.), ALMARIO, RELAMPAGOS, BRAVO (M.V.), VIOLAGO, ROMUALDO, ALVAREZ (M.), CUA, ADVINCULA, LOYOLA, VARGAS, CHIPECO, CAMPOS, MACEDA, ESPINO, ALONTE, BARZAGA, ARCILLAS, HERNANDEZ (F.), TING, RAMIREZ-SATO, RODRIGUEZ (I.), MARQUEZ, NAVA, KHO, NOLASCO, ORTEGA (P.), RAMOS, LEACHON, ONG (E.), CORTUNA, ROBES, CO, GORRICETA, GARIN (R.), BOLILIA, CASTRO (F.H.), NIETO, DEL ROSARIO, SAHALI, SY-ALVARADO, CELESTE, AHUEG, ERIGUEL, PALMA, NOEL, GARCIA-ALBANO, ANGARA-CASTILLO, BARBERS, DEFENSOR, COLLANTES, TEVES, TOLENTINO, VELOSO, YU, FLOIRENDO, SARMIENTO (C.), TUPAS, PANGANIBAN, SALCEDA, BAGUILAT, NUÑEZ-MALANYAON, DIMAPORO (M.K.), MARINO, TEJADA, PAPANDAYAN, CUEVA, SUAREZ, COSALAN, LANETE, BAUTISTA-BANDIGAN, LABADLABAD, ALBANO, CALDERON, BIRON, ACOSTA, SALIMBRANGON, TAN (A.), DAZA, VARGAS-ALFONSO, DIMAPORO (A.), MERCADO, ADIONG, HOFER, BATAOIL, ACOSTA-ALBA, SEMA, CAMINERO, CORTES, ORTEGA (V.N.), GONZAGA, AMATONG, TREÑAS, CASTELO, GONZALEZ, PANCHO, GARBIN, VILLANUEVA, ZUBIRI, GO (A.C.), UY (J.), GASATAYA, PACQUIAO, PANOTES, SILVERIO, DUAVIT, OCAMPO, ANTONINO, CAYETANO, SINGSON, GARCIA (J.E.), ARAGONES, COJUANGCO, ARBISON, BULUT-BEGTANG, MADRONA, DY, VILLAFUERTE, MANGUDADATU (S.), SACDALAN, CALIXTO-RUBIANO, FORTUNO, HERNANDEZ (P.), TAN (S.), GARIN (S.), ACOP, AGARAO,