

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



23 FEB 13 P5:29

**SENATE**  
**S.B. No. 1875**

RECEIVED BY:

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Introduced by: **Senator Raffy T. Tulfo**

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**AN ACT CREATING THE PHILIPPINE RENEWABLE ENERGY CORPORATION,  
DEFINING ITS POWERS AND FUNCTIONS, AND APPROPRIATING FUNDS  
THEREFOR**

Explanatory Note

According to Republic Act No. 9513, or the Renewable Energy Act of 2008, it is declared the policy of the State to accelerate the exploration, development, and utilization of renewable energy resources by promoting its efficient and cost-effective application. Furthermore, there is a need to reduce the Philippines' dependence on imported fossil fuels and reduce the jarring impact of climate change. With that being said, there is a need for the government to have an active role in assuring there is a sufficient supply of electricity that is stable, affordable, and reliable.

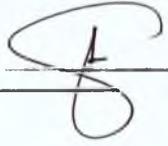
This bill seeks to accelerate the development of renewable energy resources in order to achieve energy self-reliance through the adoption of sustainable energy strategies. In addition, this proposed measure aims to minimize the country's vulnerability to price fluctuations in the international energy markets.

In light of this, the immediate passage of this bill is earnestly sought.

**Raffy T. Tulfo.**  
Senator

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THEREFOR**

*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 "*Philippine Renewable*  
2 *Energy Corporation Charter.*"

3

4           Sec 2. *Declaration of Policy.* – It is hereby declared the policy of the State to  
5 accelerate the exploration and development of renewable energy resources to achieve  
6 energy self-reliance. Through the adoption of sustainable energy development  
7 strategies, it is the goal to reduce the country's dependence on fossil fuels and thereby  
8 minimize the country's exposure to price fluctuations in the international energy  
9 markets; the effects of which spiral down to almost all sectors of the economy.

10

11           Sec 3. *Renewable Energy (RE) Resources.* – The term RE resources shall refer  
12 to energy resources that do not have an upper limit on the total quantity to be used.  
13 Such resources are renewable on a regular basis, and whose renewal rate is relatively  
14 rapid to consider availability over an indefinite period of time. These include, among  
15 others, biomass, solar, wind, geothermal, ocean energy, and hydropower, with  
16 internationally accepted norms and standards on dams, and other emerging RE  
17 technologies.

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19           Sec 4. *Creation, Name, Domicile, and Term.* – There is hereby created, under  
20 the jurisdiction of the Office of the President and in coordination with the Department

1 of Energy (DOE), a body corporate to be known as the "Philippine Energy  
2 Corporation", hereinafter referred to as the "Corporation", which shall promote,  
3 explore and undertake development, utilization, and commercial operation of new,  
4 renewable, non-conventional and environmental-friendly energy sources and systems.  
5 For this purpose, the existing PNOC-Renewables Corporation (PNOC-RC) is hereby  
6 abolished and its power and functions are hereby transferred to the Corporation. The  
7 foregoing transfer of powers and functions shall include all renewable energy projects,  
8 renewable energy investments, applicable funds and appropriations, records,  
9 equipment, property, and personnel as may be necessary.

10 The principal office of the Corporation shall be determined by its Board of  
11 Directors. It may establish offices, subsidiaries, and branches in the Philippines or  
12 abroad as its business operations may require, subject to the relevant provisions of  
13 Republic Act No. 10149, otherwise known as the "*GOCC Governance Act of 2011*" and  
14 under the regulatory jurisdiction of the Governance Commission.

15 The Corporation shall exist perpetually unless sooner dissolved by law.  
16

17 Sec 5. *Purposes.* – The Corporation shall promote and undertake research,  
18 development, utilization, manufacture, sale, marketing, development, utilization,  
19 manufacture, sale, marketing, distribution, and commercial application of new,  
20 renewable, non-conventional, and environmental-friendly energy sources including  
21 biomass, geothermal, solar, hydro, ocean, wind, and other natural, non-fossil fuel. It  
22 shall apply new and efficient energy conversion and utilization technologies for  
23 commercial application and promote efficient utilization.  
24

25 Sec 6. *Powers and Functions of the Corporation.* – The Corporation shall have  
26 the following powers and functions:

- 27 a. To undertake, by itself or otherwise, exploration, exploitation and development  
28 of all renewable energy resources of the country, including surveys and activities  
29 relative thereto;
- 30 b. To construct, install, operate and maintain renewable and hybrid energy  
31 generation facilities in the Small Power Utilities Group (SPUG) aread and other

- 1 unserved and underserved areas in partnership with the electric cooperatives or under  
2 a contract with the National Power Corporation (NPC);
- 3 c. To enter into a contract with the government or any person or entity, domestic  
4 or foreign, which shall undertake various aspects of renewable energy resources  
5 exploitation including the acquisition, purchase, lease or other deferred payment  
6 arrangements of equipment and raw materials and supplies, as well as for services  
7 related therewith under such terms and conditions as it may deem proper and  
8 reasonable;
- 9 d. To borrow money from local and foreign sources as may be necessary for the  
10 corporation's operations;
- 11 e. To acquire assets, real or personal, or interests therein, and encumber or  
12 otherwise dispose the same as it may deem proper and necessary in the conduct of  
13 the corporation's business;
- 14 f. To determine its organizational structure and the number and salaries of its  
15 officers and employees in accordance with the existing government rules and  
16 regulations;
- 17 g. To establish the right of eminent domain as may be necessary for the purposes  
18 for which the Corporation is created;
- 19 h. To exercise the right of eminent domain as may be necessary for the purposes  
20 for which the Corporation is created;
- 21 i. To conduct technical studies on private lands with potential RE resources for  
22 the exploration, exploitation, and development, subject to the approval of the owner  
23 and payment of the appropriate amount of compensation;
- 24 j. To set the minimum energy capacity to be the product, subject to the  
25 generation mix set by the DOE in the Philippine Energy Plan. If in case, the private  
26 sector participants operating RE generation facilities have utilized all the energy  
27 capacity they produced and shall need a power supply from the Corporation, the rates  
28 offered by the private sector participants should be lower or the same as the rates  
29 offered by the Corporation;
- 30 k. To acquire easement over public and private lands necessary in carrying out  
31 any work essential to energy resources exploitation, subject to the payment of just  
32 compensation;

- 1 l. To adopt a code of By-laws to complement this Charter;
- 2 m. To adopt and use a corporate seal which shall be judicially noticed; and
- 3 n. To exercise and perform such other functions as may be provided the law.

4

5 *Sec 7. Permits and Licenses.* – The procedure for the issuance of permits and  
6 licenses for the construction, installation, and operation of RE facilities under the  
7 Corporation shall be governed by Republic Act No. 11234, otherwise known as the  
8 “*Energy Virtual One-Stop Shop Act*” and Republic Act No. 11032, otherwise known as  
9 the “*Ease of Doing Business*”.

10

11 *Sec 8. Governing Body.* – The Corporation shall be governed by a Board of  
12 Directors, hereinafter referred to as the “Board”, which shall be composed of seven  
13 (7) members, including the Ex-officio Chairman and President and Chief Executive  
14 Officer (CEO), who shall be appointed by the President of the Philippines and serve  
15 for a term of three (3) years renewable each year upon the discretion of the President  
16 of the Philippines or until their successors shall have been appointed and qualified. In  
17 case of a vacancy in the Board, the same shall be filled by the President of the  
18 Philippines for the unexpired portion of the term in accordance with the Fit and Proper  
19 Rule set under the existing government rules and regulations.

20 Those appointed as members of the Board shall come from the fields of law,  
21 engineering, accountancy, finance, or any person who has at least five (5) years of  
22 experience as a senior officer in the renewable energy industry: Provided, That one  
23 (1) member shall be an electrical engineer with experience in power generation,  
24 preferably on renewable energy exploration and development and one (1) member  
25 shall come from the consumer group.

26 The appointed President and Chief Executive Officer (CEO) shall be subject to  
27 the disciplinary powers of the President of the Republic of the Philippines through the  
28 GCG’s rules and may be removed by the President for cause.

29

30 *Sec 9. Duties and Responsibilities of the President and Chief Executive Officer.*  
31 – The President and Chief Executive Officer shall exercise and perform powers and  
32 duties as may be provided in the By-Laws or as may be vested in them by the Board.

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Sec 10. *Appointment, Control, and Discipline of Personnel.* – Any provision of the law to the contrary notwithstanding, the Board shall, upon the recommendation of th President of the Corporation, appoint the officers of the Corporation and its subsidiaries such as the Corporate Secretary, Compliance Officer, and Internal Auditor; fic the compensation, allowances and benefits, working hours and such other conditions of employment as it may deem appropriate; grant leaves of absence under such regulations as it may promulgate and discipline or remove for casual and establish and maintain a recruitment and merit system for the Corporation and its affiliates and subsidiaries, subject to the existing government rules and regulations.

Sec 11. *Privileges and Incentives.* – The Corporation shall be entitled to all the incentives and privileges granted by law to corporations engaged in renewable energy development and operation.

The employees of the Corporation shall be entitled to all the benefits and privileges granted to government employees, subject to the existing government rules and regulations.

Sec 12. *Authorized Capital.* – The Corporation shall have an authorized capital stock equal to:

- a. The value of fixed assets, including plants and equipment and such other properties, movable and immovable, currently administered by or belonging to the PNOC-RC, as valued on the date of the effectivity of this Act;
- b. The value of such real estate owned or administered by the Agus and Pulangui Hydroelectric Power Plant Complexes and other hydroelectric facilities operated and maintained by the NPC which shall be transferred to the Corporation pursuant to Section 13 of this Act;
- c. The value of such real estate owned or administered by the PNOC-RC, and such real estate over which the Agus and Pulangui Hydroelectric facilities are located; and
- d. Government contribution to the Corporation as provided for in the annual General Appropriations Act including any outlaw from the infrastructure program of

1 the National Government pertaining to the PNOC-RC, the Agus and Pulangui  
2 Hydroelectric Power Plant Complexes, and other hydroelectric facilities.

3

4       Sec 13. *Transfer of Ownership and Assets to the Corporation.* – Any provision  
5 of the law to the contrary, notwithstanding, the Agus Pulangui Hydroelectric Power  
6 Plant Complexes and other hydroelectric facilities which are operated and maintained  
7 by the NPC shall be excluded from among the generation assets that will be privatized,  
8 pursuant to Republic Act No. 9136, otherwise known as the “*Electric Power Industry*  
9 *Reform Act (EPIRA) of 2001*”. The ownership of the Agus and Pulangui Hydroelectric  
10 Power Plant Complexes and other existing hydroelectric power plants shall be  
11 transferred to and operated by the Corporation. As such, the employees and personnel  
12 of the hydroelectric power plants shall be retained for the continuous operation of the  
13 said power plants. The complexes shall be retained to generate power, which shall  
14 serve as a buffer supply to avert power crises in the Mindanao grid. The Corporation  
15 shall prioritize the marketing and selling of the generated capacity of the Agus and  
16 Pulangui Hydroelectric Power Plants to supply the power requirements of residential  
17 consumers in Mindanao.

18

19       Sec 14. *Appropriations.* – For the initial funding requirements of the  
20 Corporation, the sum of seven billion pesos (Php 7,000,000,000.00) shall be included  
21 in the General Appropriations Act.

22

23       Sec 15. *Reports.* – The Corporation shall, within three (3) months after the end  
24 of every fiscal year, submit its annual report to the President and the Congress of the  
25 Philippines, through the Joint Congressional Energy Commission. It shall likewise  
26 submit such periodic or other reports as may be required from time to time.

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28       Sec 16. *Separability Clause.* – If, for any reason, any section or provision of this  
29 Act is declared unconstitutional or invalid, other sections or provisions which are not  
30 affected thereby shall continue to be in full force and effect.

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1           Sec 17. Repealing Clause. – All laws, bills, executive orders, administrative  
2 orders, rules, or regulations inconsistent herewith, are hereby repealed, amended or  
3 modified accordingly.

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5           Sec 18. Effectivity. – This Act shall take effect fifteen (15) days after its  
6 publication in the Official Gazette or in at least two (2) newspapers of general  
7 circulation.

*Approved,*