

[REPUBLIC ACT NO. 9513, December 16, 2008]

**AN ACT PROMOTING THE DEVELOPMENT, UTILIZATION AND
COMMERCIALIZATION OF RENEWABLE ENERGY RESOURCES AND
FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representative of the Philippines in
Congress assembled:*

SECTION 1. *Short Title.* — This Act shall be known as the "Renewable Energy Act of 2008". It shall hereinafter be referred to as the "Act".

SEC. 2. *Declaration of Policies.* — It is hereby declared the policy of the State to:

- a. Accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy;
- b. Increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and nonfiscal incentives;
- c. Encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and the environment; and
- d. Establish the necessary infrastructure and mechanism to carry out the mandates specified in this Act and other existing laws.

SEC. 3. *Scope.* — This Act shall establish the framework for the accelerated development and advancement of renewable energy resources, and the development of a strategic program to increase its utilization.

SEC. 4. *Definition of Terms.* — As used in this Act, the following terms are herein defined.

- (a) "Biomass energy systems" refers to energy systems which use biomass resources to produce heat, steam, mechanical power or electricity through either thermochemical, biochemical or physico-chemical processes, or through such other technologies which shall comply with prescribed environmental standards pursuant to this Act.

(b) "Biomass resources" refers to non-fossilized biodegradable organic material originating from naturally occurring or cultured plants, animals and micro-organisms, including agricultural products, by-products and residues such as, but not limited to, biofuels except corn, soya beans and rice but including sugarcane and coconut, rice hulls, rice straws, coconut husks and shells, corn cobs, corn stovers, bagasse, biodegradable organic fractions of industrial and municipal wastes that can be used in bioconversion process and other processes, as well as gases and liquids recovered from the decomposition and/or extraction of non-fossilized and biodegradable organic materials.

(c) "Board of Investments (BOI)" refers to an attached agency of the Department of Trade and Industry created under Republic Act No. 5186, as amended.

(d) "Co-generation system" refers to facilities which produce electrical and/or mechanical energy and forms of useful thermal energy such as heat or steam which are used for industrial, commercial heating or cooling purposes through the sequential use of energy.

(e) "Department of Energy (DOE)" refers to the government agency created pursuant to Republic Act No. 7638 whose functions are expanded in Republic Act No. 9136 and further expanded in this Act.

(f) "Department of Environment and Natural Resources (DENR)" refers to the government agency created pursuant to Executive Order No. 192.

(g) "Department of Finance (DOF)" refers to the government agency created pursuant to Executive Order No. 127, as amended.

(h) "Department of Science and Technology (DOST)" refers to the government agency created pursuant to Executive Order No. 128.

(i) "Department of trade and Industry (DTI)" refers to the government agency created pursuant to Executive Order No. 133.

(j) "Distributed generation" refers to a system of small generation entities supplying directly to the distribution grid, any one of which shall not exceed one hundred kilowatts (100 kW) in capacity.

(k) "Distribution of Electricity" refers to the conveyance of electricity of a Distribution through its distribution system pursuant to the provision of Republic Act No. 9136.

(l) "Distribution Utility (DU)" refers to any electric cooperative, private corporation, government-owned utility or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with its franchise and Republic Act No. 9136.

(m) "Electric Power Industry Reform Act of 2001" or Republic Act No. 9136 refers to the law mandating the restructuring of the electric power

sector and the privatization of the National Power Corporation (NPC).

(n) "Energy Regulatory Commission (ERC)" refers to the independent quasi-judicial regulatory agency created pursuant to Republic Act No. 9136.

(o) "Generation Company" refers to any person or entity authorized by the ERC to operate facilities used in the generation of electricity.

(p) "Generation Facility" refers to a facility for the production of electricity and/or thermal energy such as, but not limited to, steam, hot or cold water.

(q) "Geothermal energy" as used herein and in the context of this Act, shall be considered renewable and the provisions of this Act is therefore applicable thereto if geothermal energy, as a mineral resource, is produced through; (1) natural recharge, where the water is replenished by rainfall and the heat is continuously produced inside the earth; and/or (2) enhanced recharge, where hot water used in the geothermal process is re-injected into the ground to produce more steam as well as to provide additional recharge to the convection system.

(r) "Geothermal Energy Systems" refers to machines or other equipment that converts geothermal energy into useful power.

(s) "Geothermal Resources" refers to mineral resources, classified as renewable energy resource, in the form of: (i) all products of geothermal processes, embracing indigenous steam, hot water, and hot brines; (ii) steam and other fluids artificially introduced into geothermal formations; (iii) heat or associated energy found in geothermal formations; and (iv) any by-product derived from them.

(t) "Government Share" refers to the amount due the National Government and local government units from the exploitation, development, and utilization of naturally-occurring renewable energy resources such as geothermal, wind, solar, ocean and hydro excluding biomass.

(u) "Green Energy Option" refers to the mechanism to empower end-users to choose renewable energy in meeting their energy requirements.

(v) "Grid" refers to the high voltage backbone system of interconnected transmission lines, substations, and related facilities, located in each of Luzon, Visayas, and Mindanao, or as may otherwise be determined by the ERC in accordance with Republic Act No. 9136.

(w) "Hybrid Systems" refers to any power or energy generation facility which makes use of two (2) or more types of technologies utilizing both conventional and/or renewable fuel sources, such as, but not limited to, integrated solar/wind systems, biomass/fossil fuel systems, hydro/fossil fuel systems, integrated solar/biomass systems, integrated wind/fossil fuel systems, with a minimum of ten (10) megawatts or ten percent

(10%) of the annual energy output provided by the Renewable Energy (RE) component.

(x) "Hydroelectric Power Systems" or "Hydropower Systems" refers to water-based energy systems which produce electricity by utilizing the kinetic energy of falling or running water to turn a turbine generator.

(y) "Hydroelectric Power Development" or "Hydropower Development" refers to the construction and installation of a hydroelectric power-generating plant and its auxiliary facilities, such as diversion structure, headrace, penstock, substation, transmission, and machine shop, among others.

(z) "Hydroelectric Power Resources" or "Hydropower Resources" refers to water resources found technically feasible for development of hydropower projects which include rivers, lakes, waterfalls, irrigation canals, springs, ponds, and other water bodies.

(aa) "Local government share" refers to the amount due the local government units from the exploitation, development and utilization of naturally-occurring renewable energy resources.

(bb) "Micro-scale Project" refers to an RE project with capacity not exceeding one hundred kilowatts (100 kW).

(cc) "Missionary Electrification" refers to the provision of basic electricity service in unviable areas with the aim of bringing the operations in these areas to viability levels.

(dd) "National government share" refers to the amount due the national government from the exploitation, development and utilization of naturally-occurring renewable energy resources.

(ee) "National Power Corporation (NPC)" refers to the government corporation created under Republic Act No. 6395, as amended by Republic Act No. 9136.

(ff) "National Transmission Corporation (TRANSCO)" refers to the corporation created pursuant to Republic Act No. 9136 responsible for the planning, construction, and centralized operation and maintenance of high voltage transmission facilities, including grid interconnection and ancillary services.

(gg) "Net-Metering" refers to a system, appropriate for distributed generation, in which a distribution grid user has a two-way connection to the grid and is only charged for his net electricity consumption and is credited for any overall contribution to the electricity grid.

(hh) "Non-power application" refers to renewable energy systems or facilities that produce mechanical energy, combustible products such as methane gas, or forms of useful thermal energy such as heat or steam, that are not used for electricity generation, but for applications such as,

but not limited to, industrial/commercial cooling, and fuel for cooking and transport.

(ii) "Ocean Energy Systems" refers to energy systems which convert ocean or tidal current, ocean thermal gradient or wave energy into electrical or mechanical energy.

(jj) "Off-Grid Systems" refers to electrical systems not connected to the wires and related facilities of the On-Grid Systems of the Philippines.

(kk) "On-Grid System" refers to electrical systems composed of interconnected transmission lines, distribution lines, substations, and related facilities for the purpose of conveyance of bulk power on the grid of the Philippines.

(ll) "Philippine Electricity Market Corporation (PEMC)" refers to the Corporation incorporated upon the initiative of the DOE composed of all Wholesale Electricity Spot Market (WESM) Members and whose Board of Directors will be the PEMC Board.

(mm) "Philippine National Oil Company (PNOC)" refers to the government agency created pursuant to Presidential Decree No. 334, as amended.

(nn) "Power application" refers to renewable energy systems or facilities that produce electricity.

(oo) "Registered RE Developer" refers to RE Developer duly registered with the DOE.

(pp) "Renewable Energy (systems) Developers" or "RE Developers" refers to individual/s or a group of individuals formed in accordance with existing Philippine Laws engaged in the exploration, development and utilization of RE resources and actual operation of RE systems/facilities.

(qq) "Renewable Energy Market (REM)" refers to the market where the trading of the RE certificates equivalent to an amount of power generated from RE resources is made.

(rr) "Renewable Energy Policy Framework (REPF)" refers to the long-term policy developed by the DOE which identifies among others, the goals and targets for the development and utilization of renewable energy in the country.

(ss) "Renewable Portfolio Standards (RPS)" refer to a market-based policy that requires electricity suppliers to source an agreed portion of their energy supply from eligible RE resources.

(tt) "Renewable Energy Service (Operating) Contract (REContract)" refers to the service agreement between the Government, through the DOE, and RE Developer over a period in which the RE Developer has the exclusive right to a particular RE area for exploration and development. The RE Contract shall be divided into two (2) stages: the pre-