



The Renewable Energy Bill: Why Is It Important to the Philippines

A Presentation Made by the
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Chairman, House Committee on Energy



During the forum on
"Climate Change and Renewable Energy: Synergies for Development"
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Mandarin Oriental Hotel, Ballroom 1
Makati City



Dependence on
Fossil Fuel



Increase in
Prices and
Services



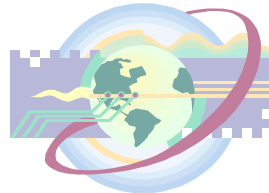
Increase in
GHGs





CO₂ EMISSIONS (tonne)

1994 LEVEL	2001 LEVEL	% INCREASE
13.5M	18M	36



WHY RENEWABLE ENERGY?

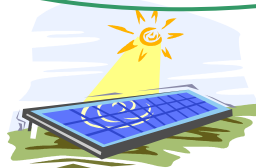


RENEWABLE ENERGY SOURCES

Clean



Readily Available



Competitive Alternative Source



RENEWABLE ENERGY MEASURES

- House Bills No. 765, 1068, 1347, 1494, 1583, 1826, 3016 & 3017; and
- House Resolution No. 413



UPDATES

- February 28, 2006 - Approval of the substitute bill in the Committee on Energy
- March 21, 2006 – Approval of tax provisions in the Committee on Ways and Means
- May 23, 2006 - Approval in the Committee on Appropriations



NEXT STEP

Submission of Committee Report for plenary deliberations next week



SALIENT FEATURES OF THE RENEWABLE ENERGY BILL



FISCAL INCENTIVES *RE Projects & Activities*

- Tax and duty-free importation of machinery, equipment and materials
- Tax credit on domestic capital components, parts and materials
- Special real property tax on machinery, equipment and other improvements



FISCAL INCENTIVES

RE Projects & Activities

- **Income tax holiday and exemption**
- **Net operating loss carryover (NOLCO)- First 3 years**
- **Exemption from the universal charge**



FISCAL INCENTIVES

RE Projects & Activities

- **Uniform government sharing scheme**
 - **at least 1.5% of the gross proceeds from renewable energy development projects**
 - **at least 2% of the gross revenues from the sale of geothermal steam**
- **VAT Zero-rated on the sale of power generated from RE resources**



NON-FISCAL INCENTIVES

- **Renewable Portfolio Standards**
- **Priority dispatch for intermittent RE sources such as wind**
- **Green energy option**
- **Net metering and distributed generation**
- **Off-grid renewable energy development program**



OTHER PROVISIONS



NAT'L. RENEWABLE ENERGY BOARD

- **Approve, monitor and review the implementation of the National Renewable Energy Program**
- **Evaluate and set the mandated Renewable Portfolio Standards**
- **Oversee and monitor the collection of funds for the Renewable Energy Trust Fund**



RENEWABLE ENERGY TRUST FUND

- **Finance the research, development, demonstration and promotion of the widespread and productive use of renewable energy systems for power and non-power applications**

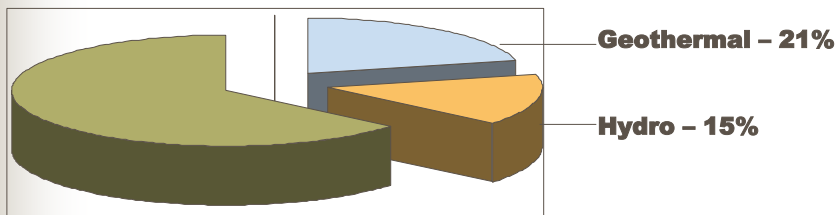


WASTE-TO-ENERGY TECHNOLOGIES

- The DOE shall, where practicable, encourage the adoption of waste-to-energy facilities such as, but not limited to, biogas systems.
- The DOE shall, in coordination with the DENR and existing private companies and suppliers, facilitate the provision of technical assistance in the adoption of such technology



RE share in the Energy Mix





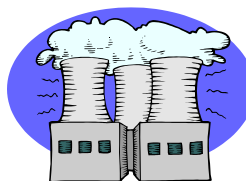
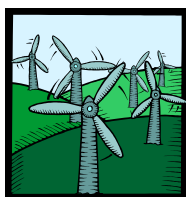
RENEWABLE ENERGY POTENTIAL

Wind	76,000MW
Hydro	over 10,000MW
Geothermal	1,2000MW
Biomass	900MW



CO₂ REDUCTION

41% of RE = 44.64MT





RE Bill would reduce:

- Dependence on imported fossil fuel;
and
- Environmental emissions



OUR CHALLENGE

**Continued advocacy by the
industry players on
to the Senate**



Thank You



Good Morning!