

Republic of the Philippines  
**House of Representatives**  
Quezon City, Metro Manila

**EIGHTEENTH CONGRESS**  
Third Regular Session

House Bill No. 10173



---

**INTRODUCED BY**  
**REP. ALFRED VARGAS**

---

**AN ACT**  
**ESTABLISHING A GREEN ENERGY FOR HOMES AND BUILDINGS**  
**PROGRAM IN THE DEPARTMENT OF ENERGY TO PROVIDE FINANCIAL**  
**ASSISTANCE TO PROMOTE RESIDENTIAL, COMMERCIAL, AND**  
**INDUSTRIAL SCALE ENERGY EFFICIENCY AND ON-SITE**  
**RENEWABLE TECHNOLOGIES**

**EXPLANATORY NOTE**

The Constitution, Article 2, Section 16, provides:

The State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

In a study conducted by the US Congress, it was found that:

1. Homes and commercial or industrial buildings in the United States consume significant quantities of energy, including energy for electricity and heating, the generation or combustion of which creates significant quantities of greenhouse gas emissions;
2. In most cases, energy efficiency is the most cost-effective and rapidly deployable strategy for reducing greenhouse gas emissions, energy demand, and the need for long-distance transmission of energy;
3. On-site renewable energy generation reduces greenhouse gas emissions, demand on the electricity transmission grid, and the need for long-distance transmission of energy;

4. Many energy efficiency measures and on-site renewable energy generation systems produce a net cost savings over the course of the useful life of the measures and systems, and often over a shorter time frame, but the initial expense required to purchase and install the measures and systems is often a significant barrier to widespread investment in the measures and systems;

5. Financial products, financing programs, and other programs that reduce or eliminate the need for the initial expense described in paragraph 4 can permit building owners to invest in measures and systems that reduce total energy costs and realize net cost savings at the time of the installation of the measures and systems, defer capital expenditure, and enhance the value, comfort, and sustainability of the property of the owners.

Green energy is thought of in the context of electricity generation, and is often used interchangeably with the terms ‘renewable energy’ and ‘alternative energy’. Green energy sources are called such because they are perceived to have lower carbon emissions and create less pollution.

This bill seeks to establish a Green Energy for Homes and Buildings Program. Inspired by a similar proposal in the United States, the Program is designed to encourage widespread deployment of energy efficiency and on-site renewable energy technologies in homes and other buildings throughout the Philippines by encouraging the widespread availability of financial products and programs with attractive rates and terms that significantly reduce or eliminate upfront expenses thereby allowing building owners to invest in energy efficiency measures and on-site renewable energy systems.

Consumers, businesses, and organizations should be encouraged to purchase green energy to support further development, help reduce the environmental impacts of conventional electricity generation, and increase their nation’s energy independence.

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



**ALFRED VARGAS**

Republic of the Philippines  
House of Representatives  
Quezon City, Metro Manila

**EIGHTEENTH CONGRESS**

Third Regular Session

House Bill No. 10173

---

**INTRODUCED BY  
REP. ALFRED VARGAS**

---

**AN ACT  
ESTABLISHING A GREEN ENERGY FOR HOMES AND BUILDINGS  
PROGRAM IN THE DEPARTMENT OF ENERGY TO PROVIDE FINANCIAL  
ASSISTANCE TO PROMOTE RESIDENTIAL, COMMERCIAL, AND  
INDUSTRIAL SCALE ENERGY EFFICIENCY AND ON-SITE  
RENEWABLE TECHNOLOGIES**

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

**SECTION 1. Short Title.** – This Act shall be known as the “*Green Energy  
Homes and Buildings Act*”.

**SECTION 2. Definition of Terms.** – For the purposes of this Act, the term:

- (a) “Cost” refers to the monetary value of expenditures for supplies, services, labour, products, equipment and other items purchased for use by a business or other accounting entity;
- (b) “Direct Loan” means a loan by a lender to a customer without the use of a third party;
- (c) “Green Energy” refers to sources of energy that are natural; considered to be environmentally friendly and non-polluting. These processes include but are not limited to anaerobic digestion, geothermal power, wind power, small-scale hydropower, solar energy, biomass power, tidal power, and wave power;
- (d) “Loan Guarantee” means a promise by a government to assume a private debt obligation if the borrower defaults;

- (e) “Program” refers to the Green Energy for Homes and Buildings Program;
- (f) “Secretary” means the Secretary of Energy; and
- (g) “Security” means shares, participation or interests in a corporation or in a commercial enterprise or profit-making venture and evidenced by a certificate, contract, instrument, whether written or electronic in character. It includes:
  - (1) Shares of stock, bonds, debentures, notes, evidence of indebtedness, asset-backed securities;
  - (2) Investment contracts, certificates of interest or participation in a profit-sharing agreement, certificates of deposit for a future subscription;
  - (3) Fractional undivided interests in oil, gas or other mineral rights;
  - (4) Derivatives like options and warrants;
  - (5) Certificates of assignments, certificates of participation, trust certificates, voting trust certificates or similar instruments;
  - (6) Proprietary or non-proprietary membership certificates incorporations; and
  - (7) Other instruments as may in the future be determined by the Securities and Exchange Commission.

**SECTION 3. *Green Energy for Homes and Buildings Goals.* –**

(a) *Development of targets and goals.* –

- (1) The Secretary shall develop and publish for review and comment in the Official Gazette short, medium, and long-term goals (including numerical performance targets at appropriate intervals to measure progress toward those goals) for –
  - (i) a minimum number of homes to be retrofitted through energy efficiency measures or to have on-site renewable energy systems added;
  - (ii) a minimum number of other buildings, by type, to be retrofitted through energy efficiency measures or to have on-site renewable energy systems added; and
  - (iii) the number of on-site solar energy, wind energy and geothermal heat pump systems to be installed; and
- (2) as a result of those retrofits, additions, and installations –
  - (i) the quantity by which use of grid-supplied electricity, natural gas, homes heating oil, and other fuels will be

- reduced;
  - (ii) the quantity by which total fossil fuel dependence in the buildings sector will be reduced;
  - (iii) the quantity by which greenhouse gases are emitted will be reduced;
  - (iv) the number of jobs that will be created; and
  - (v) the estimated total energy cost savings for building owners.
- (b) The Secretary may rely on reasonable estimates made by originators of financial products or sponsors of financing programs for tracking progress toward meeting the goals established under this Section instead of requiring building owners to monitor and report on the progress.

#### **SECTION 4. *Green Energy for Homes and Buildings Program.* –**

- (a) *Establishment.* – There is established in the Department of Energy a program to be known as the “Green Energy for Homes and Buildings Program”.
- (b) *Eligibility Criteria.* –
- (1) *In General.* – In administering the Program, the Secretary shall establish eligibility criteria for applicants for financial assistance under Subsection (C) who can offer financial products and programs consistent with the purposes of this Act.
  - (2) *Criteria.* – The criteria for applicants shall consider –
    - (i) the number and type of buildings that can be served by the applicant, the size of the potential market, and the scope of the program (in terms of measures or technologies to be used);
    - (ii) the ability of the applicant to successfully execute the proposed program and maintain the performance of the proposed projects and investments;
    - (iii) financial criteria, as applicable, including the ability of the applicant to raise private capital or other sources of funds for the proposed program;
    - (iv) criteria that enable the Secretary to determine sound program design, including an assurance of credible energy efficiency or renewable energy generation performance, and financial product or program design that effectively reduces barriers posed by traditional financing programs;

- (v) the encouragement of the use of technologies that are either well-established or new, but demonstrated to be reliable;
  - (vi) the availability of technical assistance in selecting and working with vendors to provide energy efficiency measures or on-site renewable energy generation systems;
- (3) *Diverse Portfolio.* – In establishing criteria and selecting applicants to receive financial assistance under Subsection (C), to the maximum extent practicable, the Secretary shall select a portfolio of investments that reaches a diversity of building owners, including –
  - (i) individual homeowners;
  - (ii) multifamily apartment building owners;
  - (iii) condominium owners associations;
  - (iv) commercial building owners, including multi-tenant commercial properties; and
  - (v) industrial building owners.
- (c) *Financial Assistance.* –
  - (1) *In General.* – For applicants determined to be eligible under criteria established under Subsection (B), the Secretary may provide financial assistance in the form of direct loans, letters of credit, loan guarantees, insurance products, other credit enhancements or debt instruments (including securitization or indirect credit support), or other financial products to promote the widespread deployment of, and mobilize private sector support of credit and investment institutions for, energy efficiency measures and on-site renewable energy generation systems in buildings.
  - (2) To the maximum extent practicable and consistent with sound business practices, the Secretary shall seek to expedite reviews of applications for credit support under this Act in order to communicate to applicants in a timely manner the likelihood of support so that the applicants can seek private capital in order to receive final approval. In carrying this out, the Secretary shall consider using clear guidelines that communicate to applicants what level of performance on eligibility criteria will ensure approval for credit support or resale.

**SECTION 5. General Accountability for the Program. –**

- (a) Periodic Reports. – Not later than one year after the commencement of operation of the Program and at least biannually thereafter, the Secretary shall submit to the Committee on Energy of the Senate and the Committee on Energy of the House of Representatives a report that includes a description of the Program in meeting the purpose and goals established by or pursuant to this Act.
- (b) Audits by the Commission on Audit. – The programs, activities, receipts, expenditures, and financial transactions of the Program shall be subject to audit by the Commission on Audit.

**SECTION 6. Implementing Agency.** – The Department of Energy shall implement the provisions of this Act.

**SECTION 7. Implementing Rules and Regulations.** – Within sixty (60) days from the effectivity of this Act, the Department of Energy shall, in coordination with other stakeholders, issue the necessary rules and regulations for the effective implementation of this Act.

**SECTION 8. Separability Clause.** – If, for any reason, any provision of this Act is declared unconstitutional or invalid, parts or provisions of this Act which are not affected shall continue to be in full force and effect.

**SECTION 9. Non-Impairment Clause.** – Nothing in this Act shall be construed as to diminish, impair, or repeal rights recognized, granted, or made available to disadvantaged, marginalized, or specific sectors under existing laws.

**SECTION 10. Repealing Clause.** – All laws, executive orders, presidential decrees, Implementing Rules and Regulations inconsistent with this Act are hereby repealed or modified accordingly.

**SECTION 11. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

*Approved,*