

VII. LEGISLATIVE AGENDA

Consistent with the energy sector's agenda on energy independence and power market reforms, the following legislative measures were pursued to promote the exploration, development, utilization and commercialization of indigenous energy resources, intensify private sector participation, provide for reasonable prices of energy, encourage use of cleaner and efficient energy fuels and ensure consumer welfare, protection and empowerment.

RENEWABLE ENERGY BILL

In her July 2005 State of the Nation Address, President G.M. Arroyo cited the Renewable Energy Bill as one of the government's priority bills. The passage of this bill will promote the development of renewable energy resources to further reduce the country's reliance on generation systems powered by imported fuels while minimizing exposure of the economy to price fluctuations in the international markets. Likewise, the bill will ensure the increase in the utilization of renewable energy by institutionalizing its use surpassing the minimum required generation, development of national and local capabilities in the use of renewable energy systems, provision of fiscal and non-fiscal incentives.

The Congress version of the bill is on its third reading while the Senate version has undergone Committee review following the finalization of the substitute bill which is an incorporation of the various RE bills filed in the Senate. Among the salient provisions of the substitute bill is the establishment of affiliated renewable energy centers (ARECs) to support DOE's extension and technical services in the implementation of RE projects and the renewable energy trust fund (RETF) to finance R&D activities, conduct of resource and market assessment studies and propagate RE knowledge through training, accrediting and providing benefits to ARECS. The Philippine Legislative Liaison Office (PLLO) is set to certify the bill as urgent. The bicameral approval of the bill is expected by the fourth quarter of 2006.

BIOFUELS BILL

The Biofuels Bill mandates the use of biofuels in the transport sector, establishing for this purpose the National Biofuels Program which aims to develop and utilize indigenous energy sources such as the coco-biodiesel and ethanol to reduce dependence on imported oil, mitigate toxic and GHG emissions, and increase rural employment and income.

The bill provide for the mandated blending of diesel with locally-produced biodiesel as motor fuel. It also outlines a package of fiscal and non-fiscal incentives to encourage capital investments in biodiesel production and distribution. The National Biofuels Board shall be created to oversee the nationwide implementation of the program which is

envisioned to make a potential displacement of about 95 million liters of diesel annually.

Congress has started the deliberation of H.B. 4341 or the Biodiesel Act of 2005 which shall provide for the mandatory minimum blend of 1.0 percent biodiesel such as CME among others in all locally refined and imported diesel fuel. Various bills were filed in both houses of Congress. An integrated version of the bill highlights the adoption of a National Bioethanol Program aimed at pushing for the mandated blending of gasoline with ethanol; the creation of the National Biofuels Board and the Joint Congressional Biofuels Oversight Committee; and, the provision of incentives to the program's stakeholders who will be involved in the production and distribution of the fuel.

The Biofuels Bill has passed the Lower House as H.B. 4629 on November 9, 2005 and was elevated to the Upper House as Senate Bill No. 2226. The bill is being deliberated on its second reading.

TRANSCO FRANCHISE BILL

House Bill No. 2223 or the TransCo Franchise Bill provides for the granting of the Transmission Company an assignable franchise to construct, install, operate and maintain a transmission system and the grid throughout the Philippines for a term of 50 years.

To date, the bill is pending with the Committee on Legislative Franchises while PSALM, TransCo, DOE and the Joint Congressional Power Commission (JCPC) are currently reviewing the privatization scheme under the bill.

NATURAL GAS BILL

The Natural Gas Bill aims to promote natural gas as a socially-acceptable, environment-friendly and economically-efficient source of energy by creating favorable conditions for establishing a downstream natural gas industry that will benefit all segments of the nation's population and all sectors of the economy. It is expected that the bill will greatly contribute to GHG mitigation pursuant to the objectives and policies enunciated in R.A. 8749, otherwise known as the *Philippine Clean Air Act of 1999*.

The draft bill was approved on its third reading at the Lower House during the 12th Congress as H.B. No. 5845, "*An Act Ordaining the Development of the Downstream Natural Gas Industry, Consolidating For The Purpose All Laws Relating to the Transmission, Distribution and Supply of Natural Gas and For Other Purposes*". The said bill was re-filed in the House of Representatives as H.B. 1533 and as Senate Bill No. 8 in the Senate.

LIQUEFIED PETROLEUM GAS BILL

H.B. 2422 known as the "*LPG Industry Act of 2004*" shall provide for the establishment of the monitoring and supervisory framework for the LPG industry. It shall extend additional powers to the DOE on developing and implementing a comprehensive program that shall promote national consciousness concerning the safety requirements and proper use of LPG and provide appropriate penalties for violations.

At the Lower House, a technical working group was created to handle the final refinements of the draft bill following preliminary review by the Committee on Energy.