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SENATE
S.B. No. 366

RECEIVED BY: 

Introduced by Senator WIN GATCHALIAN

**AN ACT PROVIDING FOR A NATIONAL ENERGY POLICY AND FRAMEWORK
FOR A CLEAN AND JUST ENERGY TRANSITION IN THE COUNTRY, AND
APPROPRIATING FUNDS THEREFOR**

EXPLANATORY NOTE

In 2017, the Philippines ratified the Paris Climate Change Agreement which aims to hold “the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change.”¹

In 2021, the Philippines submitted its Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC). Through the NDC, the Philippines commits to a projected greenhouse gas (GHG) emissions reduction and avoidance of 75% for 2020 to 2030, of which 2.71% is unconditional and 72.29% is conditional.²

Despite the submission of the NDC, including an implementation plan, there is no clear energy transition framework to support the country’s NDC and the complementary

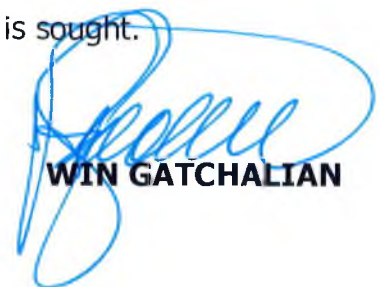
¹ Article 2(1)(a) of Paris Agreement (2015). United Nations. Available at https://unfccc.int/sites/default/files/english_paris_agreement.pdf. Accessed on 7 January 2021.

² Implementation Plan for the Republic of the Philippines Nationally Determined Contribution (NDC) 2020 – 2030. Available at <https://climate.gov.ph/public/ckfinder/userfiles/files/Knowledge/The%20Philippines'%20NDC%20Implementation%20Plan%20-%2020072024.pdf>. Accessed on 29 June 2025.

policies laid out in Republic Act No. 7638, Republic Act No. 9136 and Republic Act No. 9513.

This measure thus seeks to establish a framework for introducing and institutionalizing fundamental policies on energy transition, which includes promotion of clean energy sources, decrease in the utilization of fossil-based sources of energy, and the delineation of responsibilities among various government agencies in the transport and power sectors. The Climate Change Commission is tasked with leading the implementation of this bill through the creation and implementation of an Energy Transition Plan, with assistance of various government agencies such as the Department of Energy, Department of Transportation, Department of Environment and Natural Resources, Department of Finance, Department of Trade and Industry, Department of Agriculture, Department of Labor and Employment, and Energy Regulatory Commission. Through this bill, it is hoped that the country will be able to comply with its commitments under the Paris Agreement while ensuring that the transition shall be fair and inclusive.

Given the foregoing, the immediate passage of this measure is sought.



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**AN ACT PROVIDING FOR A NATIONAL ENERGY POLICY AND FRAMEWORK
FOR A CLEAN AND JUST ENERGY TRANSITION IN THE COUNTRY, AND
APPROPRIATING FUNDS THEREFOR**

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

1 SECTION 1. *Short Title.* – This Act shall be known as the "Energy Transition
2 Act".

3
4 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to
5 adopt a clean, just, and comprehensive energy transition framework which shall:

- 6 a. Enable the country to meet its international obligations to lower greenhouse
7 gas emissions by reducing usage of fossil-based systems of energy
8 production and consumption;
9 b. Provide protection to the environment by accelerating the exploration,
10 development, and utilization of clean energy sources to include, among
11 others, biomass, solar, wind, geothermal, ocean energy, hydropower, green
12 hydrogen, and biofuels;
13 c. Ensure energy security in the country as it transitions into clean energy;
14 d. Warrant energy equity in the country during the energy transition; and

- 1 e. Afford protection to labor and investments while the country shifts from
2 fossil-based systems of energy production and consumption to clean energy
3 sources.
4

5 Sec. 3. *Scope.* – This Act shall establish a framework for introducing and
6 institutionalizing fundamental policies on energy transition, including the promotion of
7 clean energy sources, decrease in the utilization of fossil-based sources of energy, and
8 the delineation of responsibilities among various government agencies in the energy
9 sector.
10

11 Sec. 4. *Definition of Terms.* – As used in this Act, the following terms shall be
12 defined as:

- 13 a. "Carbon offset" refers to a certification attesting to a reduction in
14 greenhouse gas (GHG) by a voluntary carbon market provider. It can be
15 used for voluntary carbon reduction commitments or for compliance with
16 cap-and-trade programs, if applicable;
17 b. "Carbon tax" refers to the tax charged on the total amount of reckonable
18 GHG emissions of a taxable facility;
19 c. "Clean Energy Sources" refers to technologies, such as electric vehicles and
20 fuel cells, and energy sources, such as renewable energy, that when utilized
21 emits minimal or no GHG;
22 d. "Climate Risk" refers to both physical and transition risk arising from climate
23 change;
24 e. "Emissions Threshold" refers to the maximum amount of GHG that various
25 sources can emit without being subjected to the carbon tax as determined
26 by Climate Change Commission pursuant to Section 7 of this Act;
27 f. "Energy Sector" refers to the sector engaged in exploration and production,
28 refining and marketing, storage and transportation, and utilization of energy
29 sources such as fossil fuels and renewable energy, whichever is applicable;
30 g. "Energy Transition" refers to the global energy sector's shift from fossil-based
31 systems of energy production and consumption to clean energy sources;

- h. "Just Transition" refers to globally recognized principles that should guide the transition to environmentally sustainable economies and societies;
- i. "Net zero emissions" refers to the state of the atmosphere where the GHG emitted are balanced by its removal;
- j. "Physical risk" refers to potential loss or damage to tangible assets arising from climate change or other weather-related conditions such as floods, typhoons, droughts, earthquakes, extreme weather variability, and rising sea levels;
- k. "Reckonable emissions" refers to GHG emissions of a taxable facility in circumstances specified by the schedule to be prepared by the Climate Change Commission pursuant to Section 7 of this Act;
- l. "Renewable Energy" refers to energy resources that do not have an upper limit on the total quantity to be used include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower pursuant to the provision of Republic Act No. 9513;
- m. "Taxable facility" refers to a juridical person that emits GHG above the emissions threshold;
- n. "Transition risk" refers to the potential economic adjustment cost resulting from policy, legal, technology, and market changes to meet climate change mitigation and adaptation requirements;
- o. "Voluntary Carbon Market (VCM)" refers to a digital platform where natural or juridical persons can buy and sell carbon offsets;
- p. "VCM consumers" refers to natural or juridical persons who buy carbon offsets in the VCM; and
- q. "VCM providers" refers to natural or juridical persons who sell carbon offsets in the VCM.

Sec. 5. *National Targets* – The country, through the national government agencies specified in this Act, shall:

- a. Implement a moratorium on the following:
 - i. Establishment of new fossil fuel power plants upon the effectivity of this Act;

- ii. Sale of new internal combustion engine vehicles within the timeframe to be determined by the Energy Transition Plan;
- b. Implement a phase out of the following:
 - i. Existing fossil fuel power plants within the timeframe to be determined by the Energy Transition Plan;
 - ii. Existing internal combustion engine vehicles within the timeframe to be determined by the Energy Transition Plan;
- c. Increase the share of clean energy sources in the energy mix of the country while taking into account the moratorium of new fossil fuel power plants and phase out of existing fossil fuel power plants;
- d. Reduce GHG emissions in accordance with the country's National Determined Contribution (NDC) and achieve net zero emissions in the energy sector by 2050;

Sec. 6. *Energy Transition Plan* – There shall be an Energy Transition Plan (ETP) which shall provide for a comprehensive framework in the exploration, development, utilization, and distribution of energy sources as well as resilience and upgrading of existing energy infrastructure in support of the country's shift from fossil-based systems of energy production and consumption to clean energy sources guided by the principle of just transition as defined under Section 12 of this Act. The ETP shall be prepared by the Climate Change Commission (CCC), in coordination with the technical working group created under Section 7 of this Act.

The ETP shall:

- a. Include the following:
 - i. The national targets under Section 5 of this Act,
 - ii. The annual targeted reduction in GHG emissions for the energy sector,
 - iii. Mechanisms to determine compliance with the targets by the energy sector which shall be monitored by the CCC, and
 - iv. Programs to be implemented by the Department of Energy, Department of Transportation, Department of Trade and Industry, Department of Environment and Natural Resources, and Department

1 of Agriculture, and other relevant agencies to reduce GHG emissions
2 to reach the annual targets;

- 3 b. Take into consideration, and integrate if applicable, various laws including
4 Republic Act No. 9136, Republic Act No. 9513, Republic Act No. 11285
5 otherwise known as the Energy Efficiency and Conservation Act, Republic
6 Act No. 11572 otherwise known as the Philippine Energy Research and
7 Policy Institute Act, Republic Act No. 11646 otherwise known as the
8 Microgrid Systems Act, and Republic Act No. 11697 otherwise known as the
9 Electric Vehicle Industry Development Act;
- 10 c. Be harmonized with the existing plans which shall include the National
11 Determined Contribution, Philippine Energy Plan, National Transport Policy,
12 Philippine Development Plan and Health and Pollution Action Plan; and
- 13 d. Be updated and submitted to the Office of the President and Congress not
14 later than the 15th of September of every year after approval by the Energy
15 Transition Committee.
- 16

17 *Sec. 7. Role of Government Agencies* – In addition to their current
18 responsibilities and functions under the existing laws, the following government
19 agencies shall exercise responsibilities and functions as enumerated hereunder:

- 20 a. Climate Change Commission (CCC) – The CCC shall:
- 21 i. Serve as the lead agency in the implementation of this Act,
- 22 ii. Convene a technical working group (TWG), within thirty (30)
23 calendar days from the effectivity of this Act, comprised of the
24 following:
- 25 1. Secretary of CCC as the Chairperson,
 - 26 2. Secretary of Department of Energy (DOE) as the Vice-
27 Chairperson,
 - 28 3. Secretary of Department of Finance (DOF),
 - 29 4. Secretary of Department of Transportation (DOTR),
 - 30 5. Secretary of Department of Environment and Natural
31 Resources (DENR),
 - 32 6. Secretary of Department of Trade and Industry (DTI),

- 1 7. Secretary of Department of Agriculture (DA),
- 2 8. Chairperson of the Energy Regulatory Commission
- 3 (ERC), and
- 4 9. Chairperson of the Securities and Exchange Commission
- 5 (SEC).

6 The members can appoint their permanent representatives to the
7 TWG. The CCC shall serve as the TWG's secretariat. The TWG shall:

- 8 1. Evaluate and approve the ETP,
- 9 2. Monitor, review, and provide strategic direction in the
- 10 implementation of the ETP and of this Act,
- 11 3. Coordinate with various national government agencies,
- 12 government-owned and controlled corporations, local
- 13 government units, and private stakeholders to ensure
- 14 the timely implementation of the ETP,
- 15 4. Provide for a forum for feedback and recommendations
- 16 on the implementation of the ETP, and
- 17 5. Perform such other functions, as may be necessary, to
- 18 attain the objectives of this Act,
- 19 iii. Formulate the ETP, upon consultation with relevant public and
- 20 private stakeholders,
- 21 iv. Monitor, in coordination with the members of the TWG, the
- 22 implementation of the ETP,
- 23 v. Create, upon consultation with the other members of the TWG, and
- 24 other relevant public and private stakeholders, a schedule for
- 25 reckonable GHG emissions within one (1) year from the effectivity
- 26 of this Act;
- 27 vi. Review and update annually the schedule for reckonable emissions;
- 28 vii. Determine the emissions thresholds of various sources for purposes
- 29 of the determination of the imposition of a carbon tax pursuant to
- 30 Section 8 of this Act,
- 31 viii. Determine carbon offsets pursuant to Section 9 of this Act; and

- ix. Compile all the GHG emissions report of the various sectors identified in this Act and determine its compliance with the targets set out in the ETP;
- b. Department of Energy (DOE) – The DOE shall:
- i. Assist the CCC in the implementation of the ETP ,
 - i. Formulate, implement, enforce, and monitor programs in the energy sector towards the implementation and accomplishment of the targets set out in the ETP, and ensure a just transition in the sector,
 - ii. Monitor and prepare an annual report on the GHG emissions of the energy sector in accordance with the targets set out in the ETP,
 - iii. Submit annually the GHG emissions report of the energy sector to the CCC, and
 - iv. Ensure that the carbon tax is not passed on to end consumers of petroleum products sold at retail fuel outlets;
- c. Department of Labor and Employment (DOLE) – The DOLE shall, in coordination with the DOE, ensure the protection of rights of the employees under the labor sector affected by the implementation of the ETP. It shall also undertake training programs, together with the Technical Education and Skills Development Authority, for affected employees by the implementation of the ETP to allow them to find gainful employment in other sectors;
- d. Department of Finance (DOF) – The DOF, shall:
- i. Review regularly the effectivity of the carbon tax in reducing GHG emissions, and propose remedial legislation, if necessary,
 - ii. Determine, upon consultation with the CCC, other members of the TWG, and other relevant public and private stakeholders, the prioritization of programs for the implementation of the ETP to be funded through the Energy Transition Fund, and
 - iii. Provide for mechanisms to assist companies to access green financing;

- 1 e. Department of Environment and Natural Resources (DENR) – The DENR
2 shall, in coordination with the CCC and other concerned agencies, establish
3 the guidelines for the determination of the amount of GHG emissions
4 attributed to various sources;
- 5 f. Department of Transportation (DOTr) – The DOTr shall:
- 6 i. Assist the CCC in the implementation of the ETP in the transport
7 sector,
- 8 ii. Formulate, implement, enforce, and monitor programs in the
9 transport sector towards the implementation and accomplishment
10 of the targets set out in the ETP while ensuring a just transition for
11 public utility vehicles,
- 12 iii. Monitor and prepare an annual report on the GHG emissions of the
13 transport sector in accordance with the targets set out in the ETP,
14 and
- 15 iv. Submit annually the GHG emissions report of the transport sector
16 to the CCC;
- 17 g. Department of Agriculture (DA) – The DA shall:
- 18 i. Assist the CCC in the implementation of the ETP in the agriculture,
19 fisheries, and forestry (AFF) sector,
- 20 ii. Formulate, implement, enforce, and monitor programs in the AFF
21 sector towards the implementation and accomplishment of the
22 targets set out in the ETP while ensuring a just transition for the
23 sector,
- 24 iii. Monitor and prepare an annual report on the GHG emissions of the
25 AFF sector in accordance with the targets set out in the ETP, and
- 26 iv. Submit annually the GHG emissions report of the AFF sector to the
27 CCC;
- 28 h. Department of Trade and Industry - The DA shall:
- 29 i. Assist the CCC in the implementation of the ETP in the industry
30 sector,
- 31 ii. Formulate, implement, enforce, and monitor programs in the
32 industry sector towards the implementation and accomplishment of

1 the targets set out in the ETP while ensuring a just transition for
2 the sector,

3 iii. Monitor and prepare an annual report on the GHG emissions of the
4 industry sector in accordance with the targets set out in the ETP,
5 and

6 iv. Submit annually the GHG emissions report of the industry sector to
7 the CCC;

8 a. Energy Regulatory Commission (ERC) – The ERC shall ensure that carbon tax
9 shall not be passed on to end consumers of fossil fuel power plants.

10
11 Sec. 8. *Carbon Tax* – A carbon tax shall be levied, assessed, and collected on
12 a taxable facility amounting to the following:

13 a. Php 100 per ton of carbon dioxide equivalent (tCO₂e): three (3) years after the
14 effectivity of this Act, and

15 b. Php 250 per tCO₂e: five (5) years after the effectivity of this Act.

16 The amount levied shall accrue to the Energy Transition Fund under Section 15 of this
17 Act. The carbon tax shall not be passed on to end consumers of fossil fuels and fossil
18 fuel power plants.

19
20 Sec. 9. *Voluntary Carbon Market (VCMs)* – VCMs shall be allowed to be
21 established and operate in the country. The CCC and the SEC shall, upon consultation
22 with public and private stakeholders and taking into consideration internationally
23 recognized best practices of VCMs, establish and implement streamlined and simplified
24 guidelines and regulations for the establishment and operations of VCMs in the country
25 within one (1) year from the effectivity of this Act. The DOE and SEC shall regularly
26 review and update, if necessary, these guidelines and regulations.

27
28 Sec. 10. *Mandatory Disclosure* – The SEC shall make it mandatory for listed
29 companies to disclose climate risks as the country shift from fossil fuels to clean energy
30 sources.

1 Sec. 11. *Just Transition* – Under the principle of just transition, the TWG, in
2 approving the ETP and its implementation, shall ensure a fair and inclusive energy
3 transition by minimizing its negative impacts to communities that are reliant on fossil-
4 based system of production and utilization. This shall include labor programs which
5 includes conduct of training for employees that are under fossil-based system of
6 production and utilization industries prior the implementation of this Act to ensure
7 their continuous employment, if practicable, and to protect their rights and benefits in
8 accordance with the existing labor laws and rules and regulations.

9
10 Sec. 12. *Application of Incentives under RA 9513 or Renewable Energy Act of*
11 *2008 and RA 11285 or the Energy Efficiency and Conservation Act* – Projects for the
12 implementation of the ETP under this Act shall be entitled to the incentives under RA
13 9513 and RA 11285.

14
15 Sec. 13. *Prohibited Acts* – The following acts are prohibited:

16 a. For natural or juridical entities:

- 17 i. Failure to pay the carbon tax under Section 8 of this Act,
18 ii. Passing on the carbon tax to end-consumers,
19 iii. Failure to disclose climate risks under Section 10 of this Act,
20 iv. Violation of any provision of this Act, its implementing rules and
21 regulations, and other issuances promulgated in accordance with
22 this Act.

23 b. For government agencies: Failure to comply with their responsibilities and
24 comply with the time frames under this Act.

25
26 Sec. 14. *Fines and Penalties* – Without prejudice to civil and criminal liability,
27 the following administrative penalties shall be imposed upon the following for every
28 prohibited act enumerated below:

29 a. Section 13(a):

- 30 i. First Offense: A fine ranging from Fifty thousand pesos
31 (P50,000.00) to Five hundred thousand pesos (P500,000.00),

1 ii. Second Offense: A fine ranging from Five hundred thousand pesos
2 (P500,000.00) to One million pesos (P1,000,000.00) and revocation
3 of permits.

4 b. Section 13(b):

5 i. First offense: six (6) months suspension,

6 ii. Second offense: Dismissal from service.

7
8 Sec. 15. *Energy Transition Fund* - A Special Account in the General Fund (SAGF)
9 for energy transition, which shall be maintained and managed by the Bureau of
10 Treasury, shall be established to support the programs for energy transition and the
11 implementation of the ETP. The SAGF for energy transition shall recognize and accept
12 grants, contributions, and donations for energy transition, for the implementation of
13 the ETP and its relevant programs.

14
15 Sec. 16. *Appropriations* - There is hereby appropriated out of the General
16 Appropriations Act, the sum of Fifty Million Pesos (P50,000,000.00) for the initial
17 Energy Transition Fund. Thereafter, such amounts necessary for the sustainable
18 implementation of the ETP and its relevant programs shall be appropriated from the
19 General Appropriations Act.

20
21 Sec. 17. *Implementing Rules and Regulations* - The CCC shall, in consultation
22 with TWG and other public and private stakeholders, promulgate the Implementing
23 Rules and Regulation of this Act within ninety (90) calendar days from its effectivity.

24
25 Sec. 18. *Oversight Committee*. - Upon the effectivity of this Act, the Joint
26 Congressional Energy Commission established under Republic Act No. 9136 and
27 renamed under Republic Act No. 11285, shall exercise oversight powers over the
28 implementation of this Act.

29
30 Sec. 19. *Repealing Clause*. — All laws, presidential decrees, executive orders,
31 and rules and regulations, or parts thereof, inconsistent with the provisions of this Act
32 are hereby repealed or modified accordingly.

1
2 Sec. 20. *Separability Clause.* – If, for any reason, any section or provision of
3 this Act is held unconstitutional or invalid, the other sections or provisions hereof shall
4 not be affected thereby.

5
6 Sec. 21. *Effectivity Clause.* – This Act shall take effect after its complete
7 publication in at least two (2) national newspapers of general circulation.

Approved,