

**RULES AND REGULATIONS IMPLEMENTING THE  
REPUBLIC ACT No. 9513**

Pursuant to Section 33 of Republic Act No. 9513, otherwise known as The Renewable Energy Act of 2008, the Department of Energy, in consultation with the Senate and House of Representatives Committees on Energy, the National Renewable Energy Board, relevant government agencies and all RE stakeholders, hereby issues, adopts and promulgates the following implementing rules and regulations.

**PART I.  
GENERAL PROVISIONS**

Rules and Regulations (IRR) of Republic Act No. 9513, otherwise known as The Renewable Energy Act of 2008 and referred to as the “Act” in this IRR.

The scope of this IRR shall be as follows:

- a. It shall cover the exploration, and development of renewable energy resources such as biomass, solar, wind, hydropower, geothermal and ocean energy sources, including hybrid systems in the Philippines for the generation, transmission, distribution, sale and use of fuel and electricity generated from renewable energy resources and for other purposes;
- b. It shall cover renewable energy developers which may be individual or entities including partnership and corporations registered and/or authorized to operate in the Philippines;
- c. It shall establish the framework for the accelerated sustainable development and advancement of renewable energy resources, and the development of a strategic program to increase its utilization; and
- d. Further, it shall clarify specific provisions of the Act and the responsibilities and functions of various government agencies, institutions, government-owned and -controlled corporations, private sectors, other stakeholders and their relationship with the National Renewable Energy Board.

**Rule 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 non fiscal incentives;

c. Encourage the sustainable 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, safety and the environment; and

d. Establish the necessary infrastructure and mechanism to carry out the mandates specified in the

Act and other existing relevant and related laws.

**Rule 3. *Definition of Terms*** - As used in these rules, the following terms shall be defined as follows:

a. “Biomass energy systems” refer to energy systems which use biomass resources to produce heat, steam, mechanical power or electricity through either thermochemical, biochemical or physicochemical processes, or through such other technologies which shall comply with prescribed environmental standards pursuant to this Act;

b. “Biomass resources” refer to non-fossilized, biodegradable organic material originating from naturally occurring or cultured plants, animals and micro-organisms, including agricultural products, byproducts 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 systems” refer 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. “Cost of goods sold” refers to all include all business expenses directly incurred to produce the merchandise to bring them to their present location and use consistent with Section 27. paragraph A7of the National Internal Revenue Code (IRC) of 1997 as amended by RA 9337;

f. “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 the Act;

g. “Department of Environment and Natural Resources” (DENR) refers to the government agency created pursuant to Executive Order No. 192;

h. “Department of Finance” (DOF) refers to the government agency created pursuant to Executive Order No. 127, as amended;

i. “Department of Science and Technology” (DOST) refers to the government agency created pursuant to Executive Order No. 128;

j. “Department of Trade and Industry” (DTI) refers to the government agency created pursuant to Executive Order No. 133;

k. “Distributed generation” refers to a system of small generation entities supplying directly to the distribution grid, any one of which shall not exceed 100 kw in capacity;

l. “Distribution of Electricity” refers to the conveyance of electricity by a Distribution Utility through its distribution system pursuant to the provision of Republic Act No. 9136;

m. “Distribution Utility” 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 otherwise referred to as (DU);

n. “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 NPC otherwise known as “EPIRA”;

o. “Energy Regulatory Commission” (ERC) refers to the independent quasi-judicial regulatory agency created pursuant to Republic Act No. 9136; Output of the Pubcon for Government Agencies &

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p. “Generation Company” refers to any person or entity authorized by the ERC to operate facilities used in the generation of electricity;

q. “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;

r. "Geothermal energy" as used herein and in the context of the Act, shall be considered renewable and the provisions of the 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;

s. "Geothermal Energy Systems" refer to machines or other equipment that converts geothermal energy into useful power;

t. "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 gases, hot water, and hot brines resulting from water, gas, or other fluids

artificially introduced into geothermal formations; (iii) heat or associated energy found in geothermal formations; and (iv) any by-product derived from them;

u. "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;

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

w. "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;

x. "Gross Income" derived from business shall be equivalent to gross sales less sales returns, discounts and allowances and cost of goods sold consistent with Section 27. paragraph A7 of the National Internal Revenue Code (IRC) of 1997 as amended by RA 9337;

y. "Hybrid Systems" refer to any power or energy generation facility which makes use of two 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 RE component;

z. "Hydroelectric Power Systems or Hydropower Systems" refer to water-based energy systems which produce electricity by utilizing the kinetic energy of falling or running water to turn a turbine generator;

aa. “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;

bb. “Hydroelectric Power Resources or Hydropower Resources” refer to water resources found technically feasible for development of hydropower projects which include rivers, lakes, waterfalls, irrigation canals, springs, ponds, and other water bodies;

cc. “Local government share” refers to the amount due the local government units (LGUs) from the exploitation, development and utilization of naturally occurring renewable energy resources; Output of the Pubcon for Government Agencies &

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dd. “Micro-scale Project” refers to an RE project with capacity not exceeding one hundred (100) kilowatts;

ee. “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;

ff. “National government share” refers to the amount due the national government from the exploitation, development and utilization of naturally-occurring renewable energy resources;

gg. “National Power Corporation” (NPC) refers to the government corporation created under Republic Act No. 6395, as amended by Republic Act No. 9136;

hh. “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;

ii. “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;

jj. “Non-power applications” refer 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;

kk. “Ocean Energy Systems” refer to energy systems which convert ocean or tidal current, ocean thermal gradient or wave energy into electrical or mechanical energy;

ll. “Off-Grid Systems” refer to electrical systems not connected to the wires and related facilities of the On-Grid Systems of the Philippines;

mm. “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;

nn. “Philippine Electricity Market Corporation” (PEMC) refers to the corporation incorporated upon the initiative of the DOE composed of all WESM Members and whose Board of Directors will be the PEM Board;

oo. “Philippine National Oil Company” (PNOC) refers to the government agency created pursuant to Presidential Decree No. 334, as amended;

pp. “Power applications” refer to renewable energy systems or facilities that produce electricity;

qq. “Registered RE Developer” refers to a RE Developer duly registered with the DOE;

rr. “Renewable Energy (Systems) Developers or RE Developers” refer 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. It shall include existing entities engaged in the exploration, development and/or utilization of RE resources, or the generation of electricity from RE resources or both;

ss. “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; Output of the Pubcon for Government Agencies &

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tt. “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;

uu. “Renewable Portfolio Standards” refer to a market-based policy that requires electricity suppliers to source an agreed portion of their energy supply from eligible RE resources;

vv. “Renewable Energy Service (Operating) Contract (RE Contract)” refers to the service agreement

between the Government, thru 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-development stage and the development/commercial stage. The preliminary assessment and feasibility study up to financial closing shall refer to the pre-development stage. The construction and installation of facilities up to operation phase shall refer to the development stage;

ww. “Renewable Energy Resources” (RE Resources) refer to energy resources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis, and whose renewal rate is relatively rapid to consider availability over an indefinite period of time. These include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower conforming with internationally accepted norms and standards on dams, and other emerging renewable energy technologies;

xx. “Renewable Energy Systems” (RE Systems) refer to energy systems which convert RE resources into useful energy forms, like electrical, mechanical, etc.;

yy. “Rural Electrification” refers to the delivery of basic electricity services, consisting of power generation, sub-transmission, and/or extension of associated power delivery system that would bring about important social and economic benefits to the countryside;

zz. “Solar Energy” refers to the energy derived from solar radiation that can be converted into useful thermal or electrical energy;

aaa. “Solar Energy Systems” refer to energy systems which convert solar energy into thermal or electrical energy;

bbb. “Small Power Utilities Group” (SPUG) refers to the functional unit of the NPC mandated under Republic Act No. 9136 to pursue missionary electrification function;

ccc. “Supplier” refers to any person or entity authorized by the ERC to sell, broker, market or aggregate electricity to the end-users;

ddd. “Transmission of Electricity” refers to the conveyance of electric power through transmission lines as defined under Republic Act No. 9136 by TRANSCO or its buyer/concessionaire in accordance with its franchise and Republic Act No. 9136;

eee. “Wind Energy” refers to the energy that can be derived from wind that is converted into useful electrical or mechanical energy;

fff. “Wind Energy Systems” refer to the machines or other related equipment that convert wind energy into useful electrical or mechanical energy;

ggg. “Wholesale Electricity Spot Market” (WESM) refers to the wholesale electricity spot market created pursuant to Republic Act No. 9136;

## **PART II. Renewable Energy Industry Operations and Development**

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#### **Rule 4. Renewable Energy Service Contract**

The DOE, shall, within one (1) month from issuance of this IRR, formulate and issue *the regulatory framework containing* guidelines governing the issuance, management, monitoring and evaluation of Renewable Energy Service Contracts from pre-development to development/commercial stage.

#### **Rule 5. Government Share and Local Government Share**

- a. The government share on existing and new RE development projects shall be equal to one percent (1%) of the gross income of RE resource developers resulting from the sale of renewable energy produced and such other income incidental to and arising from the renewable energy generation, transmission, and sale of electric power except for indigenous geothermal energy, which shall be at one and a half percent (1.5%) of gross income;
- b. *Provided, That for Integrated Geothermal System, the government share of 1.5% shall be based on the difference between the price of electricity generated from the system, valuated per kilowatt hour basis, and the cost of geothermal steam produced.*
- c. The government will waive its share from the proceeds of micro-scale projects for communal purposes and non-commercial operations, which are not greater than one hundred (100) kilowatts;
- d. The distribution of the local government share shall be in accordance with Sections of 289-294 of Republic Act No. 7160 and other existing laws, rules, regulations and agreements;
- e. Twenty percent (20%) of the local government share shall be appropriated by their respective Sanggunian to finance local government and livelihood projects pursuant to Section 294 of Republic Act No. 7160.

#### **Rule 6. Incentives for RE Host Communities / LGUs**

Pursuant to Section 31 of the Act, eighty percent (80%) of the share from royalty and/or government share of RE host communities/LGUs from RE projects and activities shall be used directly to subsidize the electricity consumption of end users in the RE host communities/LGUs whose monthly consumption does not exceed one hundred kilowatt hour (100) kwh. Provided, That excess funds, after serving the end users referred to in the preceding paragraph, shall be used to subsidize the electricity consumption of consumers of the same class in the host city, municipality or the province as the case may be.

The subsidy may be in the form of rebates, refunds and/or any other form as may be determined by DOE, DOF and ERC, in coordination with NREB. The DOE, DOF and ERC, shall in coordination with the NREB and in consultation with the distribution utilities, promulgate the mechanisms to implement this provision within six (6) months from the effectivity of the Act.



**Rule 7. Renewable Portfolio Standard (RPS)**

Pursuant to Section 6 of the Act, all stakeholders in the electric power industry shall contribute to the growth of the renewable energy industry of the country.

The National Renewable Energy Board shall, in consultation, with appropriate government agencies shall set the minimum percentage of generation from solar energy, wind power, run of river hydro, biomass, ocean, in accordance with NREP, and determine to which sector RPS shall be imposed on a per grid basis within one (1) year from the effectivity of the Act. The NREB may, in the future, also set a minimum percentage generation from large hydropower and geothermal energy.

**Rule 8. Feed-In Tariff System**

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Pursuant to Section 7 of the Act, a feed-in tariff system for electricity produced from wind, solar, ocean, run-of-river hydropower and biomass is mandated.

Feed in Tariff refers to price premium for the wind, solar; ocean, run-of-river hydropower and biomass generated electricity as maybe determined by ERC.

The ERC, within one year from the effectivity of the Act, shall, in consultation with the National Renewable Energy Board (NREB) formulate and promulgate feed-in tariff system rules prescribing the Feed in Tariff price determination methodology which shall include, but not limited to the following:

- a. Priority connections to the grid for electricity generated from emerging renewable energy resources such as wind, solar, ocean, run-of-river hydropower and biomass power plants within the territory of the Philippines;
- b. The priority purchase and transmission of, and payment for, such electricity by the grid system operators; and
- c. Determine the fixed tariff to be paid to electricity produced from each type of emerging renewable energy and the mandated number of years for the application of these rates, which shall not be less than 12 years;
- d. The feed-in tariff to be set shall be applied to the emerging renewable energy to be used in compliance with the renewable portfolio standard as provided for in the Act and in accordance with the RPS rules that will be established by the DOE.

**Rule 9. Renewable Energy Market (REM)**

Pursuant to Section 8 of the Act, to expedite compliance with Section 6 of the Act, the DOE shall establish the REM and shall direct PEMC to implement changes to the WESM Rules in order to incorporate the rules specific to the operation of the REM under the WESM.

Under the supervision of the DOE, thru the Renewable Energy Management Bureau (REMB) and Electric Power Industry Management Bureau (EPIMB), the PEMC, shall establish a Renewable Energy Registrar within one (1) year from the effectivity of the Act and shall issue, keep and verify RE Certificates corresponding to energy generated from eligible RE facilities.

Such certificates shall be used for compliance with the RPS. For this purpose, PEMC may impose a transaction fee equal to one half of its prevailing as market fees on WESM members.

**Rule 10. *Green Energy Option***

Pursuant to Section 9 of the Act, a Green Energy Option program, which provides end-users the option to choose RE resources as their sources of energy, shall be established by the DOE.

In consultation with the NREB, the DOE shall promulgate the appropriate implementing rules and regulations, which are necessary, incidental or convenient to achieve the objectives of the Green Energy Option program.

The ERC shall issue the necessary regulatory framework to effect and achieve the objectives of the Green Energy Option program within six (6) months from the effectivity of this IRR.

Consistent herewith, TRANSCO, its concessionaire, or its successors-in-interest, DUs, PEMC and all relevant parties are hereby mandated to provide the mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the Green Energy Option program.

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Any end-user who shall enroll under the Green Energy Option Program shall be informed by way of its monthly electric bill, how much of its monthly energy consumption and generation charge is provided by RE facilities.

**Rule 11. *Net Metering for Renewable Energy***

Pursuant to Section 10 of the Act, upon request by distribution end-users, the distribution utilities shall enter into net-metering agreements with qualified end-users who will be installing RE system subject to technical considerations, *such as the distribution utility's metering technical standards for RE system*, and without discrimination.

The ERC, within one (1) year from the effectivity of the Act and in consultation with the NREB and the electric power industry participants, shall establish net metering interconnection

standards and pricing methodology and other commercial arrangements necessary to ensure success of the net-metering for renewable energy program.

The Distribution Utility shall be entitled to any Renewable Energy Certificate resulting from net-metering arrangement with the qualified end-user who is using an RE resource to provide energy and the distribution utility shall be able to use this RE certificate in compliance with its obligations under RPS.

The DOE, ERC, TRANSCO, its concessionaire or its successors-in-interest, DUs, PEMC and all relevant parties are hereby mandated to provide the mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the Net-metering for Renewable Energy program, consistent with the Grid and Distribution Codes.

**Rule 12. *Transmission and Distribution System Development***

Pursuant to Section 11 of the Act, the TRANSCO, its concessionaire or its successors-in-interest and all DUs, shall include the required connection facilities for RE-based power facilities in the Transmission and Distribution Development Plans. *Provided, That* such facilities are approved by the DOE.

The connection facilities of RE power plants, including the extension of transmission and distribution lines, shall be subject only to ancillary services covering such connections.

*All applications by RE System for interconnection to the transmission or distribution system shall comply with all the provisions of the Distribution Services Open Access Rules (DSOAR) and/or Transmission*

*System (OATS) including but not limited to Distribution or Grid Impact and Asset Studies Contribution in Aid of Construction (CIAC) and connection facilities and charges, as well as other connection policies of the distribution utility or Transco, its concessionaire or successor in interest.*

**Rule 13. *Intermittent RE Resources***

TRANSCO, its concessionaire or its successors-in-interest, in consultation with stakeholders, shall determine the maximum penetration limit of the Intermittent RE-based power plants to the Grid, through technical and economic analysis.

Whenever there is a capacity that can be taken by any grid, intermittent generation will be dispatched. TRANSCO, its concessionaire or its successors-in-interest shall define the maximum penetration limit that the grid may absorb and provide appropriate information to PEMC. PEMC shall set the appropriate market rules in relation with the data provided by TRANSCO, its concessionaire or its successors-in-interest.

The PEMC and TRANSCO, its concessionaire or its successors-in-interest shall implement technical mitigation and improvements in the system in order to ensure safety and reliability of electricity transmission.

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All provisions under the WESM RULES which are inconsistent with the objective of this provision shall be deemed amended and modified. As used in this IRR, RE generating unit with intermittent RE resources refers to a RE generating unit or group of units connected to a common connection point whose RE energy resource is location-specific naturally difficult to precisely predict the availability of RE energy resource thereby making the energy generated variable, unpredictable and irregular and the availability of the resource inherently uncontrollable, which include plants utilizing wind, solar, run-of-river hydro or ocean energy.

**Rule 14. *Off-Grid Renewable Energy Development***

Pursuant to Section 10 of the Act, NPC-SPUG or its successors-in-interest and/or qualified third parties in off-grid areas shall, within one (1) year from the effectivity of the Act, in the performance of its mandate to provide missionary electrification, source a minimum percentage of its total annual generation upon recommendation of the NREB from available RE resources in the area concerned, as may be determined by the DOE.

As used in the Act, successors-in-interest refer to entities deemed technically and financially capable to serve/take over existing NPC-SPUG areas.

Eligible RE generation in off-grid and missionary areas shall be entitled for the issuance of RE Certificates defined in Section 8 of the Act. In the event that there is no viable RE resources in the off-grid and missionary areas, the relevant electricity supplier in the off-grid and missionary areas shall still be obligated under Section 6 of the Act.

**PART III.  
INCENTIVES FOR RENEWABLE ENERGY PROJECTS AND ACTIVITIES**

**Rule 15. *Requirement for Availment of Incentives***

Any person intending to avail of the incentives listed in Rule \_\_ shall comply with the following requirements:

a. Registration of RE Developers and local manufacturers, Fabricators and Suppliers of Locally-Produced Renewable Energy Equipment - All RE Developers and local manufacturers, fabricators and suppliers of locally-produced renewable energy equipment shall register with the Department of Energy, through the Renewable Energy Management Bureau in order to qualify

for the availment of incentives pursuant to Sec. 25 of the Act. Upon registration, a Certificate of DOE Registration shall be issued to each RE Developer and local manufacturer, fabricator and supplier of locally-produced renewable energy equipment.

b. Certification from the Department of Energy – Pursuant to Sec. 26, all certifications and/or endorsements required to qualify for the availment of the incentives provided for under the Act shall be issued by the DOE through the Renewable Energy Management Bureau, within 15 days upon receipt of complete requirements from the applicants. Provided, That the certification issued by the Department of Energy shall be without prejudice to any further requirements that may be imposed by the concerned agencies of the government charged with the administration of the said fiscal incentives.

**Rule 16. *Period of Grant of Fiscal Incentives.*** The fiscal incentives granted under Section 15 of the Act shall apply to all RE capacities from the effectivity of the Act.

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**Rule 17. *General Incentives*** -- Pursuant to Section 15 of the Act, RE developers of renewable energy facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the BOI, shall be entitled to the following incentives:

a. Income Tax Holiday (ITH) – For the first seven (7) years of its commercial operations, the duly registered RE developer shall be exempt from income taxes levied by the national government.

Additional investments in the project shall be entitled to additional income tax exemption on the income attributable to the investment: Provided, That the discovery and development of new RE resource shall be treated as a new investment and shall therefore be entitled to a fresh package of incentives: Provided, further, That the entitlement period for additional investments shall not be more than three (3) times the period of the initial availment of the ITH.

b. Duty-free Importation of RE Machinery, Equipment and Materials – Within the first ten (10) years upon the issuance of a certification of an RE developer as provided in Rule 16(a), the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, shall not be subject to tariff duties: Provided, however, That the said machinery, equipment, materials and parts are directly and actually needed and used exclusively in the RE facilities for transformation into energy and delivery of energy to the point of use and covered by shipping documents in the name of the duly registered operator to whom the shipment will be directly delivered by customs authorities. Provided, further, That endorsement of the DOE is obtained before the importation of such machinery, equipment, materials and parts is made. Endorsement of the DOE must be secured before any sale, transfer or disposition of the imported capital equipment, machinery or spare part is made: Provided, That if such sale,

transfer or disposition is made within the ten (10) -year period from the date of importation, any of the following conditions must be present:

- (i) If made to another RE developer enjoying tax and duty exemption on imported capital equipment;
- (ii) If made to a non-RE developer, upon payment of any taxes and duties due on the net book value of the capital equipment to be sold;
- (iii) Exportation of the used capital equipment, machinery, spare parts or source documents or those required for RE development; and
- (iv) For reasons of proven technical obsolescence.

When the aforementioned sale, transfer or disposition is made under any of the conditions provided for in the foregoing paragraphs after ten (10) years from the date of importation, the sale, transfer or disposition shall no longer be subject to the payment of taxes and duties.

The DOF and BIR, in consultation with the DOE, shall formulate the necessary mechanisms/guidelines to implement this provision within six (6) months from issuance of this IRR.

c. Special Realty Tax Rates on Equipment and Machinery. – Any law to the contrary notwithstanding, realty and other taxes on civil works, equipment, machinery, and other improvements of a Registered RE Developer actually and exclusively used for RE facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value: Provided,

That in case of an integrated resource development and generation facility as provided under Republic Act No. 9136, the said real property tax of a maximum of 1.5 % shall only be imposed on the power plant.

d. Net Operating Loss Carry-Over (NOLCO). – The NOLCO of the RE Developer during the first three (3) years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as a deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of such loss: Provided, however, That operating

loss resulting from the availment of incentives provided for in the Act shall not be entitled to NOLCO.

e. Corporate Tax Rate – After seven (7) years of income tax holiday, all RE Developers, shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Act of 1997, as amended by Republic Act No. 9337. Provided, That the RE Developer shall pass on the savings to the end-users in the form of lower power rates.

For purposes of this provision, the ERC, in coordination with the DOE, shall coordinate to determine the appropriate mechanism to implement the power rate reduction.

f. Accelerated Depreciation. - If, and only if, an RE project fails to receive an ITH before full operation, it may apply for Accelerated Depreciation in its tax books and be taxed based on such:

Provided, That if it applies for Accelerated Depreciation, the project or its expansions shall no longer be eligible for an ITH. Accelerated depreciation of plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Secretary of the Department of Finance and the provisions of the National Internal Revenue Code (NIRC) of 1997, as amended. Any of the following methods of accelerated depreciation may be adopted:

i) Declining balance method; and

ii) Sum-of-the years digit method

g. Zero Percent Value-Added Tax Rate – The sale of fuel or power generated from renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal, oceanenergy and other emerging energy sources using technologies such as fuel cells and hydrogen fuels, shall be subject to zero percent (0%) value-added tax (VAT), pursuant to the National Internal Revenue Code (NIRC) of 1997, as amended by Republic Act No. 9337.

All RE Developers shall be entitled to zero-rated value added tax on its purchases of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities.

This provision shall also apply to the whole process of exploring and developing renewable energy sources up to its conversion into power, including but not limited to the services performed by subcontractors and/or contractors.

The DOE, BI|R and DOF, shall formulate the necessary mechanisms/guidelines to implement this provision within six (6) months from issuance of this IRR.

h. Cash Incentive of Renewable Energy Developers for Missionary Electrification -- A renewable energy developer, established after the effectivity of the Act, shall be entitled to a cash generation-based incentive per kilowatt hour rate generated, equivalent to fifty percent (50%) of the universal charge for power needed to service missionary areas where it operates the same, to be chargeable against the universal charge for missionary electrification,

The ERC, in coordination with the ERC, shall develop a mechanism to implement the provision granting cash incentive of RE DEVELOPERS for missionary electrification within six (6) months from issuance of this IRR.

i. Tax Exemption of Carbon Credits—All proceeds from the sale of carbon emission credits shall be exempt from any and all taxes;

j. Tax Credit on Domestic Capital Equipment and Services. – A tax credit equivalent to one hundred percent (100%) of the value of the value-added tax and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in the Act: Provided, That prior approval by the DOE was obtained by the local manufacturer: Provided, further, That the acquisition of such machinery, equipment, materials, and parts shall be made within the validity of the RE operating contract.

The BIR, in coordination with the DOE, shall, promulgate a revenue regulation governing the granting of tax credit on domestic capital equipment and services within six (6) months from the effectivity of this IRR.

**Rule 18. Incentives for Energy Developers.-** The following incentives may be availed of by Energy Developers.

a. Exemption from the Universal Charge – All consumers of electricity generated from their own generating facilities using re system shall be exempted from paying the Universal Charge.

All consumers supplied thru Renewable Energy System, free of charge, shall also be exempted from paying the Universal Charge.

b. Payment of Transmission Charge - A registered RE Developer producing power and electricity from an intermittent RE resource may opt to pay the transmission and wheeling charges of TRANSCO, its concessionaire or its successors-in-interests on a per kilowatt-hour basis at a cost equivalent to the average per kilowatt-hour rate of all other electricity transmitted through the grid.

c. Hybrid and Cogeneration Systems - The tax exemptions and/or incentives provided for in Section 15 of the Act shall be availed of by registered RE Developer of hybrid and cogeneration systems utilizing both RE sources and conventional energy: Provided, however, that the tax exemptions and incentives shall apply only to the equipment, machinery and/or devices utilizing RE resources.

**Rule 19. Incentives for RE Commercialization.** - Pursuant to Section 21 of the Act, all manufacturers, fabricators and suppliers of locally-produced RE equipment and components duly recognized and accredited by the DOE, in consultation with DOST, DOF and DTI, shall, upon registration with the BOI, be entitled to the privileges set forth under this section. Consistent with Art. 7, item (20) of EO No. 226, the registration with the BOI, as provided for in Section 15



and Section 21 of the Act, shall be carried out through an agreement and an administrative arrangement between the BOI and the DOE, with the end-view of facilitating the registration of qualified RE facilities based on the 14 Section 14 of this implementing rules and regulations. It is further mandated that the applications for registration will be positively acted upon by BOI on the basis of the accreditation issued by DOE.

The Renewable Energy Sector is hereby declared a priority investment sector that will regularly form part of the country's Investment Priority Plan, unless declared otherwise by law. As such, all entities duly accredited by the DOE under the Act shall be entitled to the following incentives:

a. Tax and Duty-free Importation of Components, Parts and Materials.

All shipments necessary for the manufacture and/or fabrication of RE equipment and components shall be exempted from importation tariff and duties and value added tax: Provided, however, That the said components, parts and materials are: (i) not manufactured domestically in reasonable quantity and quality at competitive prices; (ii) directly and actually needed and shall be used exclusively in the manufacture/fabrication of RE equipment; and (iii) covered by shipping documents in the name of the duly registered manufacturer/fabricator to whom the shipment will be directly delivered by customs authorities:

Provided, further, That prior approval of the DOE was obtained before the importation of such components, parts and materials;

b. Tax Credit on Domestic Capital Components, Parts and Materials. – A tax credit equivalent to one hundred percent (100%) of the amount of the value-added tax and custom duties that would have been paid on the components, parts and materials had these items been imported shall be given to an RE equipment manufacturer, fabricator, and supplier duly recognized and accredited by the DOE who purchases RE components, parts and materials from a domestic manufacturer: Provided, That such components, and parts are directly needed and shall be used exclusively by the RE manufacturer, fabricator and supplier for the manufacture, fabrication and sale of the RE equipment: Provided, further, That prior approval by the DOE was obtained by the local manufacturer;

c. Income Tax Holiday and Exemption. – For seven (7) years starting from the date of recognition/accreditation, an RE manufacturer, fabricator and supplier of RE equipment shall be fully exempt from income taxes levied by the National Government on net income derived only from the sale of RE equipment, machinery, parts and services; and

d. Zero-rated value added tax transactions – All manufacturers, fabricators and suppliers of locally produced renewable energy equipment shall be subject to zero-rated value added tax on its transactions with local suppliers of goods, properties and services.

**Rule 20. Other Incentives** – The following incentives may also be availed of under the Act:

a. Incentives for Farmers Engaged in the Plantation of Biomass Resources - Pursuant to Section 22 of the Act, all individuals and entities engaged in the plantation of crops and trees used as biomass resources such as but not limited to jatropha, coconut, and sugarcane, as certified by the Department of Energy, shall be entitled to duty-free importation and be exempted from Value-Added Tax (VAT) on all types of agricultural inputs, equipment and machinery such as, but not limited to, fertilizer, insecticide, pesticide, tractor, trailers, trucks, farm implements and machinery, harvesters, threshers, hybrid seeds, genetic materials, sprayers, packaging machinery and materials, bulk handling facilities, such as conveyors and mini-loaders, weighing scales, harvesting equipment, and spare parts of all agricultural equipment within ten (10) years from the effectivity of the Act. Endorsement of the DOE must be secured before any importation, sale, transfer or disposition of any agricultural equipment and machinery referred above is made.

b. Tax Rebate for Purchase of RE Components – To encourage the adoption of RE technologies, the DOF, in consultation with DOST, DOE, and DTI, shall provide rebates for all or part of the tax paid for the purchase of RE equipment for residential, industrial, or community use. The DOF shall also prescribe the appropriate period for granting the tax rebates.

c. Financial Assistance Program - Pursuant to Section 29 of the Act, government financial institutions such as the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP), Phil- Exim Bank and other government financial institutions shall, in accordance with and to the extent allowed by the enabling provisions of their respective charters or applicable laws, provide preferential financial packages for the development, utilization and commercialization of RE projects as duly recommended and endorsed by the DOE.

The concerned government financial institutions (GFIs) shall formulate programs to implement the provision on granting of preferential financial packages for RE projects within six months from the effectivity of this IRR

d. Adoption of 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, ensure compliance with this provision.

The waste-to-energy technologies shall refer to systems which convert to biodegradable materials such as, but not limited to, animal manure or agricultural waste, into useful energy through processes such as anaerobic digestion, fermentation and gasification, among others, subject to the provisions and intent of Republic Act No. 8749 (Clean Air Act of 1999) and Republic Act No. 9003 (Ecological Solid Waste Management Act of 2000).

## **PART IV.**

### **ORGANIZATION**

**Rule 21. Lead Agency** – Pursuant to Section 5 of the Act, the DOE shall be the lead agency mandated to implement the provisions of the Act and this Implementing Rules and Regulations.

**Rule 22. Creation of the National Renewable Energy Board** - Pursuant to Section 27 of the Act, the National Renewable Energy Board (NREB) is created and shall be composed of a Chairman and one (1) representative each from the following agencies: DOE, DTI, DOF, DENR, NPC, TRANSCO or its successors-in-interest, PNOG and PEMC who shall be designated by their respective secretaries or their Board on a permanent basis; and one (1) representative each from the following sectors: RE Developers, Government Financial Institutions (GFIs), private distribution utilities, electric cooperatives, electricity suppliers and non-governmental organizations, duly endorsed by their respective industry associations and all to be appointed by the President of the Republic of the Philippines.

The nominating organization for the private sector representatives, shall be duly recognized by concerned government agencies, and confirmed to have a proven track record by DOE.

The members of the Board and their alternates must be of legal age, of proven integrity and probity, with a working knowledge and understanding of RE industry and *occupying the level of Director for government agencies and Manager for private entities.*

a. Meetings of the NREB – Regular meetings of the NREB shall be held at least once every quarter on a date and in a place fixed by the Board. *Provided, That representatives from the National Electrification Authority, Department of Science and Technology, Department of Agriculture, and other concerned agencies may be invited to attend the NREB meetings.*

b. Member of the NREB may assign an alternate representative who must be occupying at least the level of Director in the case of government agencies or a Manager in the case of the private sector respectively.

c. Remuneration - The NREB shall determine the appropriate compensation / remuneration of its members in accordance with existing laws, rules and regulations, and shall make the necessary requests and representations to the Department of Budget and Management for the allocation and appropriation of funds necessary to effectively perform its duties and functions.

d. Technical Secretariat - The NREB shall be assisted by a Technical Secretariat from the Renewable Energy Management Bureau of the DOE, created under Section 32 of the Act, and shall directly report to the Office of the Secretary or the Undersecretary of the Department, as the case maybe, on matters pertaining to the activities of the NREB. The number of staff of the Technical Secretariat and the creation of corresponding positions necessary to complement and/or augment the existing plantilla of the REMB shall be determined by the Board, subject to existing civil service rules and regulations and approval by the DBM for the allocation and appropriation of funds necessary to effectively perform its duties and functions.

9) Powers and Functions - Pursuant to Section 27 of the Act, the NREB shall have the following powers and functions:

a. Evaluate and recommend to the DOE the mandated RPS and minimum RE generation capacities in off-grid areas, as it deems appropriate;

b. Recommend specific actions to facilitate the implementation of the National Renewable Energy

Program (NREP) to be executed by the DOE and other appropriate agencies of government and to ensure that there shall be no overlapping and redundant functions within the national government departments and agencies concerned;

c. Monitor and review the implementation of the NREP, including compliance with the RPS and minimum RE generation capacities in off-grid areas;

d. Oversee and monitor the utilization of the Renewable Energy Trust Fund created pursuant to Section 28 of the Act and administered by the DOE; and

e. Perform such other functions, as may be necessary, to attain the objectives of the Act.

**Rule 23.** *Creation of the Renewable Energy Management Bureau (REMB) -*

Pursuant to Section 32 of the Act, and for the purpose of effectively implementing the provisions of the Act, a Renewable Energy Management Bureau (REMB) under the DOE shall be established.

The existing plantilla of the Renewable Energy Management Division of the Energy Utilization Management Bureau of the DOE shall form the nucleus of REMB in performing the duties, functions and responsibilities of the said bureau.

For this purpose the existing REMD is hereby dissolved.

a. Organizational Structure - The DOE, thru the Office of the Secretary shall within 6 months from effectivity of this IRR, determine the REMB organizational structure and staffing pattern/staff complement in consultation with the DBM, in accordance with existing civil service rules and regulations.

b. Budget - The funds necessary for the creation of the REMB shall be taken from the current appropriations of the DOE. Thereafter, the budget for the REMB shall be included in the annual General Appropriations Act.

**Rule 24.** *Powers and Functions of REMB* - Pursuant to Section 32 of the Act, the REMB shall have the

following powers and functions:

- (a) Develop, formulate and implement policies, plans and programs such as NREP related to the accelerated development, transformation, utilization and commercialization of renewable energy resources and technologies;
- (b) Develop and maintain a centralized, comprehensive and unified data and information base on renewable energy resources to ensure the efficient evaluation, analysis, and dissemination of data and information on renewable energy resources, development, utilization, demand and technology application;
- (c) Promote the commercialization/application of renewable energy resources including new and emerging technologies for efficient and economical transformation, conversion, processing, marketing and distribution to end users;
- (d) Conduct technical research, socio-economic and environmental impact studies of renewable energy projects for the development of sustainable renewable energy systems;
- (e) Supervise and monitor activities of government and private companies and entities on renewable energy resources development and utilization to ensure compliance with existing rules, regulations, guidelines and standards;
- (f) Provide information, consultation and technical training and advisory services to developers, practitioners and entities involved in renewable energy technology and develop renewable energy technology development strategies including standards, guidelines, among others; and
- (g) Perform other functions that may be necessary for the effective implementation of this Act and the accelerated development and utilization of the renewable energy resources in the country such as i) evaluation, processing and approval of service contracts, ii) issuance of permits, certifications and accreditations; and iii) monitoring the implementation of and evaluation for further expansion of, the NREP prepared by the DOE pursuant to Rule \_\_\_ of this Act. The review of REPF and NREP shall be done annually.

## **PART V.**

### **RENEWABLE ENERGY TRUST FUND**

#### **Rule 25.** *Renewable Energy Trust Fund (RETF).*

- a. Exclusive Fund Administration - Pursuant to Section 28 of the Act, a Renewable Energy Trust Fund will be established to be administered by the DOE as a special account in any of the GFIs. The RETF shall be used exclusively to:
  - i. Finance the research, development, demonstration, and promotion of the widespread and productive use of RE systems for power and non-power applications

ii. Provide funding for RESEARCH and DEVELOPMENT institutions engaged in renewable energy studies undertaken jointly through public-private sector partnership, including provision for scholarship and fellowship for energy studies.

iii. Support the development and operation of new RE resources to improve their competitiveness in the market: Provided, That the grant thereof shall be done through a competitive and transparent manner;

iv. Conduct nationwide resource and market assessment studies for the power and nonpower applications of renewable energy systems;

v. Propagate RE knowledge by accrediting, tapping, training, and providing benefits to institutions, entities and organizations which can extend the promotion and dissemination of RE benefits to the national and local levels; and

vi. Fund such other activities necessary or incidental to the attainment of the objectives of the Act.

b. Fund Utilization: The funds may be used through grants, loans, equity investments, loan guarantees, insurance, counterpart fund or such other financial arrangements necessary for the attainment of the objectives of the Act: Provided, That the use or allocation thereof shall, as far as practicable, be done through a competitive and transparent manner.

c. Sources: The RETF shall be funded from:

i. Proceeds from the emission fees collected from all generating facilities consistent with Republic Act No. 8749 or the Philippine Clean Air Act;

ii. One and ½ percent (1.5%) of the net annual income of the Philippine Charity Sweepstakes Office;

iii. One and ½ percent (1.5%) of the net annual income of the Philippine Amusement and Gaming Corporation;

iv. One and ½ percent (1.5%) of the net annual dividends remitted to the National Treasury of the Philippine National Oil Company and its subsidiaries;

v. Contributions, grants and donations: Provided, That all contributions, grants and donations made to the RETF shall be tax deductible subject to the provisions of the National Internal Revenue Code. To ensure this goal, the BIR shall assist the DOE in formulating the Rules and Regulations to implement this provision;

vi. One and ½ percent (1.5%) of the proceeds of the Government share collected from the development and use of indigenous non-renewable energy resources;

vii. Any revenue generated from the utilization of the RETF; and

viii. Proceeds from the fines and penalties imposed under the Act.

For this purpose, the DOE shall, within 6 months from approval of IRR, formulate the guidelines to ensure the competitive and transparent utilization of the fund.

## **PART VI.**

### **PROHIBITED ACTS AND SANCTIONS**

**Rule 26. *Prohibited Acts*** - Pursuant to Section 35 of the Act, any person or entity found in violation of any of the following shall be subject to appropriate criminal, civil, and/or administrative sanctions as provided herein and other existing applicable laws, rules and regulations:

- (a) Non-compliance or violation of the RPS rules;
- (b) Willful refusal to undertake net metering arrangements with qualified distribution grid users;
- (c) Falsification or tampering of public documents or official records to avail of the fiscal and nonfiscal incentives provided under the Act;
- (d) Failure and willful refusal to issue the certificate referred to in Section 26 of the Act; and
- (e) Non-compliance with the established guidelines that the DOE adopted for the implementation of the Act.

**Rule 27. *Administrative Liability*** - Without prejudice to incurring criminal liability, any person who commits any of the prohibited acts under Section 35 of the Act, this IRR and other issuances relative to the implementation of the Act shall be subject to the following administrative fines and penalties:

The DOE may impose the penalty ranging from Reprimand to Revocation of License with corresponding fine depending on the gravity of the offense for the following offenses:

- (1) Non-compliance or violation of the RPS rules;
- (2) Willful refusal to undertake net metering arrangements with qualified distribution grid users;  
and
- (3) Non-compliance with the established guidelines that the DOE adopted for the implementation of the Act.

The DOE may revoke the license, permit, certification or endorsement and impose fine on any person or company found to have committed the falsification or tampering of public documents or official records to avail of the fiscal and non-fiscal incentives provided under Sec. 35 (c) of

the Act, Any person who shall fail or willfully refuse to issue certificate pursuant to \_\_\_\_ shall be given a warning for first offense, or a penalty of reprimand for second offense and suspension for third offense.

Administrative actions initiated pursuant to this section shall be separate and independent from any criminal actions that may arise for violations of Section 29 of the Act.

**Rule 28. *Administrative Procedures*** - The DOE may initiate motu proprio, or upon filing of any complaint for the violation of any prohibited act under Section 35 of the Act, the IRR or related issuances, an administrative proceeding against any such person or entity. In the exercise thereof, the DOE may commence such hearing or inquiry by an order to show cause, setting forth the grounds for such order.

The administrative proceeding will be conducted before the DOE to determine culpability of alleged offenders and to determine the applicable penalties. The administrative proceedings under this IRR shall be governed by the existing rules of practice and procedure before the DOE.

**Rule 29. *Criminal Liability*** - In accordance with Section 36 of the Act, any person, who willfully aids or abets the commission of a crime prohibited herein or who causes the commission of any such act by another shall be liable in the same manner as the principal.

a. In the case of association, partnership or corporations, the penalty shall be imposed on the partner, president, chief operating officer, chief executive officer, directors or officers responsible for the violation.

b. The commission of any prohibited acts provided for under Section 35 of the Act, upon conviction thereof, shall suffer the penalty of imprisonment of from one (1) year to five (5) years, or a fine ranging from a minimum of One Hundred Thousand Pesos (P100,000.00) to One Hundred Million Pesos (P100,000,000.00), or twice the amount of damages caused or costs avoided for non-compliance, whichever is higher, or both upon the discretion of the court.

## PART VII.

### TRANSITORY AND OTHER PROVISIONS

**Rule 30. *Transitory Provision*** - Benefits or incentives extended to RE developers under existing laws not amended or withdrawn under this Act shall remain in full force and effect. No provision of this Act shall be taken as to diminish any right vested by virtue of existing laws or contract. However, in order to avail of the incentives provided under the Act and this IRR, the RE Developer is required to register in the DOE pursuant to Rule 15 (a) within one (1) year from effectivity of this IRR.

**Rule 31. *Environmental Compliance.*** - Pursuant to Section 14 of the Act, all RE explorations, development, utilization, and RE systems operations shall be conducted in accordance with



existing environmental regulations as prescribed by the DENR and/or any other concerned government agency:

Provided, That the RE Developer may secure Environmental Clearance Certificate from the appropriate regional office of the DENR.

**Rule 32. *Congressional Oversight Committee*** – Upon the effectivity of this Act, the Joint Congressional Power Commission created under Section 62 of RA 9136 shall exercise oversight power over the implementation of this Act.

**Rule 33. *Reportorial Requirements***. - The NREB, shall, in coordination with the Department of Energy, shall submit a yearly report on the implementation of the Act to the Philippine Congress, through the Joint Congressional Power Commission, every January of each year following the period in review, indicating among others, the progress of RE development in the country and the benefits and impact generated by the development and utilization of its renewable energy resources in the context of its energy security and climate change imperatives.

This shall serve as basis for the Joint Congressional Power Commission review of the incentives as provided for in the Act towards ensuring the full development of the country's RE capacities under a rationalized market and incentives scheme.

**Rule 34. *Appropriations***. -Funds necessary to finance the activities of concerned government agencies as provided in the Act and this IRR shall be included in the annual General Appropriations Act.

**Rule 35. *Separability Clause***. If any provision of this IRR is declared unconstitutional, the remainder of the Act or the provision not otherwise affected shall remain valid and subsisting.

**Rule 36. *Repealing Clause***. Pursuant to Section 39 of the Act, and consistent with Section 13 of the Act, Section 1 of Presidential Decree No. 1442 or the Geothermal Resources Exploration and Development Act, insofar as the exploration of geothermal resources by the government, and Section 10 (1) of Republic Act No. 7156 otherwise known as the “Mini-Hydro Electric Power Incentive Act”, insofar as the special privilege tax rate of two percent (2%) are hereby repealed, modified or amended accordingly.

**Rule 37. *Effectivity***. This IRR shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation

Signed this 25 of May 2009 at the DOE, Energy Center, Merritt Road, Fort Bonifacio, Taguig City, Metro Manila.