

# WHY NOW IS THE BEST TIME TO INVEST IN THE PHILIPPINE RENEWABLE ENERGY SECTOR

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# ▸ KEY DRIVERS OF RE POLICY: NATIONAL OBJECTIVES

- ❖ Energy Security
- ❖ Economic Development
- ❖ Mitigation of Climate Change and its Impact

# RENEWABLE ENERGY ACT OF 2008 (RA9513)

- ❖ Accelerate the exploration and development of RE
- ❖ Increase the utilization of RE by institutionalizing the development of national and local capabilities in the use of RE systems
- ❖ Promote efficient and cost-effective commercial applications by providing fiscal and non-fiscal incentives.

# INCENTIVES GRANTED UNDER RA9513

- ❖ **7-year income tax holiday and tax exemptions for the carbon credits generated from renewable energy sources**
- ❖ **10% corporate income tax**, as against the regular 30%, is also provided once the income tax holiday expires
- ❖ **Duty-free Importation** of RE Machinery, Equipment and Materials
- ❖ **1.5% realty tax cap** on original cost of equipment and facilities to produce renewable energy
- ❖ **Priority status** on purchase, grid connection and transmission of power generated from renewable energy sources
- ❖ **Value added tax (VAT)-exemption on sale** of fuel or power generated from renewable energy sources

# MECHANISMS IN FAVOR OF RE PROJECTS

- ❖ Feed-in Tariff System (FIT)
- ❖ Green Energy Option Program (GEOP)
- ❖ Net Metering Program (NMP)
- ❖ Renewable Portfolio Standards (RPS)
- ❖ Renewable Energy Market (REM)
- ❖ Green Energy Auction Program (GEAP)

## MEASURES TO ADDRESS BUREAUCRATIC RED-TAPE

- ❖ Executive Order No.30 (EO30) creating the Energy Investment Coordinating Council (EICC)
- ❖ Republic Act No. 11234 (RA11234) or the Energy Virtual One-Stop Shop (EVOSS)
- ❖ Republic Act No. 11032 (RA11032) or the Ease of Doing Business and Efficient Government Service Delivery Act
- ❖ Administrative Order No.23 (AO 23) on Eliminating Overregulation to Promote Efficiency of Government Processes
- ❖ Joint DOE-DILG Memorandum Circular (JMC) 2020-01 or the LGU Energy Code

# ENERGY PROJECTS OF NATIONAL SIGNIFICANCE (EPNS)

- ❖ Capital investment of at least **P3.5 billion**
- ❖ Contribute to the country's economic development
- ❖ Contribute to the country's balance of payments, such as the influx of foreign investment capital
- ❖ Must have a significant impact on the environment
- ❖ Utilizes complex and technical processes and/ or engineering designs
- ❖ Involve significant infrastructure requirement

# MINIMUM CAPACITY FOR RE PROJECTS TO QUALIFY UNDER EPNS

<b>Geothermal</b>	<b>13MW</b>
<b>Run-of-River Hydro</b>	<b>20MW</b>
<b>Biomass</b>	<b>30MW</b>
<b>Solar</b>	<b>40MW</b>
<b>Wind</b>	<b>38MW</b>



# ▶ **NEW OPPORTUNITY FOR FOREIGN PARTICIPATION IN RE PROJECTS**

As an **exception** to the 60% Filipino ownership restriction on exploration of natural resources:

- ❖ 100% foreign ownership in large-scale geothermal exploration, development, and utilization projects now permissible
- ❖ Under the Financial and Technical Assistance Agreement (FTAA) modality
- ❖ Large Scale: Initial investment cost of USD50 million



**SO WHY IS NOW THE  
BEST TIME TO INVEST IN RE IN THE  
PHILIPPINES?**





**END OF PRESENTATION**

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