

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4739



Introduced by HONORABLE LUIS RAYMUND F. VILLAFUERTE, JR.

EXPLANATORY NOTE

The Philippines is described as “ground zero for climate disaster”¹. The World Bank designated the Southeast Asian expanse of 7,107 islands as one of the world’s most “vulnerable” countries in terms of susceptibility to natural disasters attributed to climate change.²

Abrupt climate change is not only imminent, it is here. It is consequently necessary to make a significant contribution to the global effort to stabilize greenhouse gas (GHG) concentrations in the atmosphere. Carbon dioxide (CO₂) is one of the most dangerous greenhouse gases. CO₂ stays in the atmosphere for a thousand of years. It traps heat and make the planet warmer. Major sources of CO₂ emissions from human activities in the Philippines are from burning fuels for electricity, transportation, heat, among others.³ To illustrate, CO₂ emissions from electricity and heat production in the country has been increasing — total (% of total fuel combustion) was 49.74 as of 2013. Its highest value over the past 42 years was 49.74 in 2013, while its lowest was 25.83 in 1972.⁴

Based on the foregoing, the Philippines must adopt aggressive measures to address the GHG emission crisis. In October 2015, the country submitted its Intended Nationally Determined Contribution (INDC) to the United Nations (UN) where it “intends to undertake GHG emissions reduction of about 70% relative to its Business As Usual scenario of 2000-2030.”⁵ Pursuant to this undertaking, this bill introduces the climate tax — a levy on the level of carbon dioxide emissions from

¹ Worland, Justin. 2015 December 8. Philippines: Ground Zero for Climate Disaster. *Time Magazine*. Retrieved from <http://time.com/4137154/philippines-ground-zero-for-climate-disaster/>

² The World Bank, *Getting a Grip on Climate Change in the Philippines*. Retrieved from <http://www.worldbank.org/en/country/philippines/publication/getting-a-grip-on-climate-change-in-the-philippines>

³ Republic of the Philippines, Intended Nationally Determined Contributions (INDC), 1 October 2015.

⁴ Carbon Dioxide Information Analysis Center, Environmental Sciences Division, Oak Ridge National Laboratory. Tennessee, United States. Retrieved from: <http://www.indexmundi.com/facts/philippines/co2-emissions>

⁵ Republic of the Philippines, Intended Nationally Determined Contributions (INDC), 1 October 2015.


electricity consumption. The CO2 emission shall be measured in kilograms per kilowatt hour. A kilogram of CO2 emission shall be worth One Peso (PhP1.00).

All monies collected under this Act shall be earmarked solely and used exclusively for providing programs that assist communities in adapting to climate change and managing disaster risks; improving the resiliency of critical infrastructure; protecting environmental quality and wildlife; and meeting international commitment made by the Philippines to assist with climate change adaptation and disaster risk reduction and management.

This bill is a first of its kind in the country. It recognizes the unfortunate *status quo* of the environment and encourages every Filipino to act now. The proceeds of the fund shall be used to explore alternative and cleaner sources of energy, provide better public transportation, and disseminate climate change awareness.

The "*Piso Para sa Kalikasan Act*" is important not only because it signals our country's commitment to international climate policy but also it sends the important message that a Philippine climate policy is serious and here to stay. Since the right to a balanced and healthful ecology carries with it the correlative duty to refrain from impairing the environment, it is a paramount obligation of the State to safeguard such right lest such day will come when' all else would be lost and the generations to come shall inherit nothing but a parched earth incapable of sustaining life.⁶

The immediate approval of this bill is earnestly sought.



LUIS RAYMUND 'LRAY' VILLAFUERTE, JR.

⁶ G.R. No. 101083. *Oposa, et al. vs. Factoran, et al.* 30 July 1993.

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AN ACT IMPOSING CLIMATE TAX ON ELECTRIC POWER CONSUMPTION

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

SECTION 1. Short Title. – This Act shall be known as the "*Piso Para sa Kalikasan Act*".

SECTION 2. Declaration of Policy. – It is a declared policy that the State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature. The State shall also attain and maintain a balance between development and environmental protection.

Accordingly, the State shall promote methods that will preserve a healthy environment for future generations and prevent factors that greatly contribute to its destruction.

SECTION 3. Definition of Terms. – For purposes of this Act, the following definitions shall apply to the following terms:

- a. **Carbon emission or CO₂e** means the amount of carbon dioxide emitted to the environment from electricity consumption and vehicle usage.
- b. **Climate Tax on Electricity** or **CTE** means the amount imposed on CO₂e from electricity consumption measured in kilograms per kilowatt hour.
- c. **Renewable energy** means any energy source that is naturally generated over a short time scale and derived directly from the sun (such as thermal, photochemical, and photoelectric), indirectly from the sun (such as wind, hydropower, and photosynthetic energy stored in biomass), or from other natural movements and mechanisms of the environment (such as geothermal and tidal energy). Renewable energy does not include energy resources derived from fossil fuels, waste products from fossil sources, or waste products from inorganic resources.

d. **Person** means natural or juridical person.

e. **Residential user** means any person who consumes electricity and receives a monthly electric utility bill.

SECTION 4. Amount of Climate Tax. – The amount of Climate Tax on Electricity (CTE) shall be equal to One Peso (P1.00) per one kilogram of CO₂e.

SECTION 5. Coverage and Fees. – CTE shall be imposed on the monthly electric power consumption per electric utility bill of every Residential user of electric power utilities in proportion to the CO₂ emission generated from electricity consumed, to wit:

Formula: $E \times 0.553 = CTE$

Where:

E is the electricity consumption in kWh;

0.553 is the CO₂ emission in kilogram per kWh of electricity;

and

CTE is applicable tax

SECTION 6. Exemptions. – Any Residential user shall be exempt from the coverage of this Act provided that:

- a. The monthly electricity bill does not exceed 60 kilowatt hour; or
- b. Any form of Renewable energy is used as a source of electricity.

Provided, further that, Residential user shall be issued a certificate from the Department of Energy (DOE) showing utilization of Renewable energy to claim exemption or a refund under Section (b).

SECTION 7. Disposition of Monies Collected. – All monies collected under this Act shall be earmarked solely and used exclusively for the following purposes:

- a. Providing programs that assist communities in adapting to climate change and managing/reducing disaster risks;
- b. Improving the resiliency of critical infrastructure;
- c. Protecting environmental quality and wildlife;
- d. Meeting international commitment made by the Philippines to assist with climate change adaptation and disaster risk reduction and management; and
- e. Other programs and/or commitments related to the foregoing purposes and necessary to attain the objectives of this Act.

SECTION 8. Implementing Rules and Regulations. – Department of Finance (DOF) in coordination with DOE, the Department of Environment and Natural Resources (DENR) and Department of Budget and Management (DBM) shall promulgate not later than thirty (30) days upon the effectivity of this Act the necessary rules and regulations for its effective implementation.

SECTION 9. Separability Clause. – If any section or part of this Act is held unconstitutional or invalid, the other sections or provisions not otherwise affected shall remain in full force and effect.

SECTION 10. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, issuances or any part thereof inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

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

Approved,