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SENATE  
S.B. No. 2150

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Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

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**AN ACT PROMOTING THE MAINSTREAM USE OF ELECTRIC, HYBRID AND OTHER ALTERNATIVE FUEL VEHICLES AND FOR OTHER PURPOSES**

**Explanatory Note**

In a country that ranks among the world's Top 10 most vulnerable countries to climate change<sup>1</sup>, it is important to mainstream programs that mitigate climate change risks while incentivizing climate change adaptation among the private sector, communities, and individuals.

The use of electric, hybrid, and other alternative fuel vehicles (AFVs) among individuals and organizations presents such an opportunity. At present, the Department of Energy (DOE) aims to put 100,000 electric tricycles on the road by 2017, while the Electric Vehicles Association of the Philippines (EVAP) hopes to mainstream 1 million electric vehicles by 2020.

In a study released by international consulting firm Grant Thornton in 2012, "Asia is currently the largest market for hybrids/electrics (56%)."<sup>2</sup> Further: "The trend toward alternative fuels is visible in global sales of hybrid electric vehicles (HEVs) and battery electric vehicles (BEVs), projected to reach 5.4 million vehicles by 2021 (more than 6% of the automotive market), up from 810,000 vehicles in 2010 (approximately 2% of market share)."<sup>3</sup>

The same report states that, "Around a quarter of global companies (24%) have introduced or are considering vehicles that run on alternative fuels for their businesses... Companies in the ASEAN region (31%) were most likely to use or consider alternative-fuel vehicles."<sup>4</sup>

Among the top reasons cited for ASEAN users to consider switching to AFVs are the following: the "price of oil" (88%); "saving the planet" (88%), "cost management" (81%), and "tax relief" (77%).<sup>5</sup>

The study summarizes its findings this way: Rising oil prices and increasing awareness of the environmental impact of traditional fuels make alternative-fuel vehicles attractive to owners of commercial/business fleets. Government incentives and regulations are also pushing executives to explore alternative fuels. Indeed, many countries and states/provinces already offer significant incentives for buying or converting to alternative-fuel vehicles; in some regions regulations will eventually force the use of alternative fuels."<sup>6</sup>

In the 15<sup>th</sup> Congress, both the Upper and Lower Houses of Congress passed on Third Reading similar measures entitled, "An Act Providing Incentives For The Manufacture, Assembly, Conversion And Importation Of Electric, Hybrid And Other Alternative Fuel Vehicles, And For Other Purposes." Clearly,

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<sup>1</sup> Romero, "Phl among world's top 10 most vulnerable to climate change." [www.Philstar.com](http://www.Philstar.com). Last accessed on February 26, 2014: <http://www.philstar.com/headlines/2013/10/30/1251165/phl-among-worlds-top-10-most-vulnerable-climate-change>

<sup>2</sup> Grant Thornton, "Greener fleets: Companies consider alternative-fuel vehicles", 2012.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid, p.5.

<sup>6</sup> Ibid, p.2.

Congress recognizes that the emerging industry of alternative fuel vehicles (AFVs) can significantly contribute to investment generation, job creation, poverty reduction, and climate change mitigation.

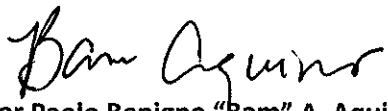
To follow through on this, this representation proposes stronger policy support in order to promote adoption of and drive consumer demand for electric, hybrid, and other alternative fuel vehicles. In this regard, this Act provides non-fiscal incentives to drive consumer demand, including the following:

- a. Priority in registration and issuance of plate number;
- b. Priority in franchise application;
- c. Exemption from Unified Vehicular Volume Reduction Program (UVVRP) or Number-Coding Scheme; and
- d. Provision for free parking spaces in new establishments

It is recognized that while the costs of electric and hybrid vehicles are higher compared to those of regular vehicles, these non-fiscal incentives will make the acquisition and conversion of vehicles more attractive to consumers and manufacturers alike.

As the world braces itself for stronger impacts of climate change while adapting to swift changes in technology, it is imperative that Filipinos are not left behind in the waves of change. Early adaptation to and promotion of AFVs will help the country mitigate the risks associated with climate change, while opening up potential investment and job opportunities that will ultimately benefit more Filipinos.

In view of the foregoing, the passage and enactment of this bill is earnestly sought.

  
Senator Paolo Benigno "Bam" A. Aquino IV

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**AN ACT PROMOTING THE MAINSTREAM USE OF ELECTRIC, HYBRID AND OTHER ALTERNATIVE FUEL VEHICLES AND FOR OTHER PURPOSES**

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

2 **SECTION 1. Title.** - This Act shall be known as the "*Electric, Hybrid and Other Alternative Fuel*  
3 *Vehicles Promotions Act of 2014*".

4 **SEC. 2. Declaration of Policy.** – It is the policy of the State to safeguard life and environment by  
5 encouraging the use of alternative sources of energy for vehicles intended for public and private use. To  
6 protect the well-being and promote the economic condition of the people as well as to promote energy  
7 independence and security in the midst of development and innovation in technology, the following are  
8 hereby declared:

- 9 A) It is the policy of the State to protect and advance the right of the people to a balanced and  
10 healthful ecology in accord with the rhythm and harmony in nature. The State shall recognize  
11 and address the detrimental effects on the environment, safeguard the welfare, and protect the  
12 health of the people by improving air quality and by reducing the impact of greenhouse gas  
13 effects emitted from man-made sources such as vehicles operating on fossil fuels.
- 14 B) The State supports the need to promote the development of new technology to accelerate  
15 social progress and promote human development. The use of alternative sources of energy on  
16 vehicles intended for public and private use is encouraged to promote innovation, energy  
17 efficiency, security and conservation and to speed-up the deployment of cleaner technology.
- 18 C) The State recognizes the indispensable role of the private sector, encourages private enterprise,  
19 and provides incentives to needed investments. To accelerate economic growth and generate  
20 employment, the state shall provide incentives to private enterprises and individuals engaged in  
21 the manufacture, assembly, conversion, and importation of electric, hybrid and other clean  
22 energy vehicles.

23 **SEC. 3. Definition of Terms.** As used herein, the following shall mean:

- 24 a) *Electric Vehicle (EV)* shall refer to any vehicle that uses electric motors solely for  
25 propulsion.
- 26 b) *Hybrid Vehicle (HV)* shall refer to any vehicle that combines the technologies of using  
27 internal combustion engine (ICE) with a battery-powered electric motor to gain  
28 advantages of both propulsion systems.
- 29 c) *Other Alternative Fuel Vehicles (AFV)* shall refer to any vehicle using alternative fuel such  
30 as but not limited to: solar, wind, hydrogen fuel cell, compressed natural gas (CNG) or  
31 liquefied natural gas (LNG), methane and liquefied petroleum gas (LPG), other than  
32 conventional sources of energy like petroleum and gasoline for propulsion.

- 1 d) *Manufacturer or Assembler* shall mean any individual, partnership, corporation or other  
2 entity engaged in the manufacture, assembly and conversion of electric, hybrid and  
3 other alternative fuel vehicles incorporated, organized and existing under Philippine  
4 laws.  
5 e) *Importer* shall mean any individual, partnership, corporation or other entity engaged in  
6 the importation of completely built units (CBUs) of electric, hybrid and other alternative  
7 fuel vehicles incorporated, organized and existing under Philippine laws.

8 **SEC. 4. Coverage.** This Act shall cover electric, hybrid and other alternative fuel vehicles but  
9 shall not include vehicles powered by gasoline, petroleum, bio-diesel and bio-ethanol.

10 **SEC. 5. Creation of the Coordinating Council for Promotion of Electric, Hybrid and Other**  
11 **Alternative Fuel Vehicles.** – The Department of Trade and Industry (DTI) shall constitute a Coordinating  
12 Council for Electric, Hybrid and Other Alternative Fuel Vehicles as a sub-committee under the Industry  
13 Development Council (IDC), to expedite identification, prioritization, and resolution of issues affecting  
14 the entire supply chain of the electric vehicle, hybrid and alternative fuel vehicle industry by formulating  
15 a shared implementation plan and monitoring system.

16 **SEC. 6. Composition of the Council.** – The council shall be composed of the following members:

- 17 a. Secretary, Department of Trade and Industry – Chairperson  
18 b. Secretary, Department of Transportation and Communication - Vice-Chairperson  
19 c. Secretary, Department of Energy - Vice-Chairperson  
20 d. Secretary, Department of Finance – Member  
21 e. Secretary, Department of the Interior and Local Government – Member  
22 f. Secretary, Department of Science and Technology – Member  
23 g. Three (3) Representatives from the Industry Sector to be elected by the Council  
24 h. Three (3) Representatives from the Civil Society to be elected by the Council

25 Representatives from the other agencies of the government may be invited as resource persons  
26 during the meetings of the Council.

27 **SEC. 7. Duties and Responsibilities of the Council.** – The Council shall have the following duties  
28 and responsibilities:

- 29 1. Formulate incentives to address the high acquisition cost of electric vehicles, hybrid and other  
30 alternative fuel vehicles and operating cost of supporting infrastructures particularly charging  
31 stations.  
32 2. Develop and recommend standards and specifications which address the performance, quality  
33 and safety issues of electric vehicles, battery, charging stations and connectors, and repair and  
34 maintenance in accordance with international standards.  
35 3. Review and recommend appropriate classification for electric, hybrid and other alternative fuel  
36 vehicles and the corresponding parameters for Motor Vehicle Inspection System (MVIS)  
37 approval.  
38 4. Review and recommend policy for allowing the entry of and promoting electric, hybrid and  
39 alternative fuel vehicles fleet operations.  
40 5. Recommend modalities for the utilization of the Special Vehicle Pollution Control Fund (SVPCF),  
41 a special trust account managed by the Road Board created by virtue of Republic Act No. 8794  
42 or any sources of funds to implement air quality improvement projects involving the use of  
43 electric, hybrid and other alternative fuel vehicles.  
44 6. Coordinate with local government units (LGUs) in identifying and allocating land and property  
45 within their locality for use as public charging stations for electric or hybrid vehicles or refuelling  
46 stations for alternative fuel vehicles.

- 1 7. Coordinate with the electric power industry stakeholders, particularly, the Energy Regulatory  
2 Commission (ERC) and electric distribution utilities and cooperatives, in the preparation of their  
3 electric systems and network to accommodate the connection of electric or hybrid vehicles,  
4 charging equipment and stations.
- 5 8. Undertake Information and Education Campaign (IEC) on the proper use, maintenance, repair  
6 and disposal of electric, hybrid and alternative fuel vehicles.
- 7 9. Monitor resolution of issues affecting the electric, hybrid and alternative fuel vehicle and  
8 undertake action as may be determined by the Council.

9 **SEC. 8. Incentives to Users of Electric, Hybrid and Other Alternative Fuel Vehicles.**

- 10 1. Priority in Registration and Issuance of Plate Number. – Registration and renewal of registration  
11 of electric, hybrid and other alternative fuel vehicles shall be prioritized by the Land  
12 Transportation Office (LTO) for nine (9) years from the effectivity of this Act. A special type of  
13 vehicle plate to be prescribed by the LTO shall be exclusively issued to all electric, hybrid and  
14 other alternative fuel vehicles upon registration.
- 15 2. Priority in Franchise Application. – Public Utility Vehicle (PUV) operators exclusively utilizing  
16 electric, hybrid and other clean energy vehicles shall be granted priority by the Land  
17 Transportation Franchising and Regulatory Board (LTFRB) in the approval of applications for  
18 franchise to operate, including its renewal, for nine (9) years from the effectivity of this Act.
- 19 3. Exemption from Unified Vehicular Volume Reduction Program (UVVRP) or Number-Coding  
20 Scheme. – All electric, hybrid and other clean energy vehicles shall, for nine (9) years from the  
21 effectivity of this Act, be exempted from the mandatory Unified Vehicular Volume Reduction  
22 Program (UVVRP) or Number-Coding Scheme being implemented by the Metro Manila  
23 Development Authority (MMDA) and other local government units (LGUs) concerned.
- 24 4. Provision for Free Parking Spaces in New Establishments. – Business and commercial  
25 establishments to be constructed after the effectivity of this Act are mandated to provide  
26 exclusive parking spaces free of charge for all electric, hybrid and other alternative fuel vehicles.  
27 No building permit shall be issued for the construction of business and commercial  
28 establishments that include parking spaces unless the owner submits an affidavit that there shall  
29 be free parking spaces to be exclusively be designated for electric, hybrid and other alternative  
30 fuel vehicles for nine (9) years from the effectivity of this Act.

31 **SEC. 9. Implementation and Monitoring.** – The Department of Trade and Industry (DTI) shall be  
32 responsible for the administration and implementation of the non-fiscal incentives granted under this  
33 Act.

34 **SEC. 10. Administrative Support.** The Department of Trade and Industry (DTI) shall provide  
35 overall administrative support to the Council by appropriating the corresponding budget needed for the  
36 effective implementation of this Act.

37 **SEC. 11. Implementing Rules and Regulations.** The Department of Trade and Industry (DTI) shall  
38 promulgate the necessary rules and regulations.

39 **SEC. 12. Separability Clause.** – If any provision of this Act is declared unconstitutional or invalid,  
40 other parts or provisions hereof not affected thereby shall continue to be in full force and effect.

41 **SEC. 13. Repealing Clause.** – All other laws, orders, issuances, circulars, rules and regulations or  
42 parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified  
43 accordingly.

1           **SEC. 14. *Effectivity Clause.*** This Act shall take effect fifteen (15) days following its publication in  
2 at least two (2) newspapers of general circulation or the Official Gazette.

Approved,