



MEMORANDUM

TO : **The Directors**
Legal Affairs Service
Policy and Planning Service
Climate Change Service

All Bureau Directors

The Officer-In-Charge
Mines and Geosciences Bureau

FROM : **The Director**
Legislative Liaison Office

SUBJECT : **INVITATION TO THE SMALL TECHNICAL WORKING GROUP MEETING AND REQUEST FOR COMMENTS ON HOUSE BILL NO. 7705, ENTITLED: "AN ACT PROMOTING A LOW CARBON ECONOMY, ESTABLISHING FOR THIS PURPOSE AN EMISSION TRADING SYSTEM AND IMPLEMENTATION MECHANISM TO ACHIEVE NATIONAL CLIMATE TARGETS," FROM THE COMMITTEE ON CLIMATE CHANGE OF THE HOUSE OF REPRESENTATIVES**

DATE : 12 September 2023

In reference to the electronic mail received by our Office, the Committee on Climate Change of the House of Representatives is inviting the Department to a **Small Technical Working Group (STWG) hybrid meeting with the representatives from World Bank on 19 September 2023 (Tuesday), 11:30 A.M. – 1:00 PM at the Visayas Bloc Room in South Wing Annex Penthouse, House of Representative, Quezon City** to discuss **House Bill No. 7705**, Entitled: "An Act Promoting a Low Carbon Economy, Establishing For This Purpose An Emission Trading System And Implementation Mechanism to Achieve National Climate Targets".

In this regard, may we request if there are additional **comments/recommendations** on the above-mentioned House Bill. Kindly send them on or before **14 September, 2023, at 5 PM** via email at denrllc@denr.gov.ph. Further, kindly inform us of the name/s of the representative/s from your office who will participate in the meeting so we may include him/her/them as resource person/s.

Attached herewith are the Invitation Letter, Highlights of 1st TWG meeting held on 22 August 2023, and a copy of the House Bill for your reference.


ROMIROSE B. PADIN

cc: Undersecretary for Special Concerns and Legislative Affairs
Undersecretary for Finance, Information Systems and Climate Change



Republic of the Philippines
House of Representatives
Quezon City

COMMITTEE ON CLIMATE CHANGE

September 11, 2023

HON. MARIA ANTONIA YULO LOYZAGA

Secretary

Department of Environment and Natural Resources

Visayas Avenue, Diliman, Quezon City

Attention: **Atty. Analiza Rebuelta-Teh**
Undersecretary for Finance, Information Systems and Climate Change

Dear Sec. Loyzaga:

We wish to inform you that the **Committee on Climate Change** will hold a **Small Technical Working Group/Consultative (Hybrid) meeting with the representatives from World Bank on September 19, 2023 (Tuesday), 11:30 A.M. – 1:00 P.M.** at the **Visayas Bloc Room in South Wing Annex Penthouse** to discuss **House Bill 7705**, entitled: "AN ACT PROMOTING A LOW CARBON ECONOMY, ESTABLISHING FOR THIS PURPOSE AN EMISSION TRADING SYSTEM AND IMPLEMENTATION MECHANISM TO ACHIEVE NATIONAL CLIMATE TARGETS," a highly technical bill for which we would like to seek guidance based on the experience of other countries.

In line with this, we would like to invite you or your representative to share your valuable insights and comments on the proposed legislation. We will highly appreciate it if you could send your confirmation **on or before September 14, 2023**.

We have attached the above-stated measure and its working draft substitute bill, and the Highlights of the 1st TWG meeting held on August 22, 2023 for your easy reference.

Should you need more information, please contact the Committee Secretary at 09277193534 or Ms. MeAnne Ordovez at 09154448595.

Thank you and we look forward to seeing and hearing from you at the meeting.

Very truly yours,

HON. JOSE MANUEL F. ALBA

TWG Chairperson

For the TWG Chairperson:

ROMMEL M. REYES

Committee Secretary



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

COMMITTEE ON CLIMATE CHANGE
HIGHLIGHTS OF THE FACE-TO-FACE TWG MEETING ON 22 AUGUST 2023, AT
9:30 A.M. ON HOUSE BILL NO. 7705

H.B. No. 7705 entitled “AN ACT PROMOTING A LOW CARBON ECONOMY, ESTABLISHING FOR THIS PURPOSE AN EMISSION TRADING SYSTEM, AND IMPLEMENTATION MECHANISM TO ACHIEVE NATIONAL CLIMATE TARGETS” introduced by Reps. Edgar M. Chatto, Anna Veloso-Tuazon, Francisco “Kiko” B. Benitez, Jose Manuel F. Alba, Allen Jesse C. Mangaoang, Christian Tell A. Yap, Wilter Y. Palma, and Zia Alonto Adiong

I. House Members Present: Rep. Jose Manuel F. Alba, TWG Chairperson, and Rep. Anna Veloso-Tuazon

II. Resource Persons:

Climate Change Commission (CCC)

1. Ms. Sandee Recabar - Chief, Implementation Oversight Division
2. Mr. Joe Mari Francisco - Scientific Documentation Officer

Philippine Institute for Development Studies (PIDS)

1. Dr. Sonny N. Domingo - Senior Research Fellow

Philippine Statistics Authority (PSA)

1. Ms. Vivian Ilarina - Assistant National Statistician
2. Atty. Ansary Cosain - Attorney IV, Legal Service
3. Atty. Carlo Mayo Antalan - Attorney III, Legal Service

Department of Energy (DOE)

1. Ms. Hershey T. Dela Cruz - OIC-Chief, Energy Policy and Planning Bureau

Department of Human Settlements and Urban Development (DHSUD)

1. Ms. Hailey V. Meriel-Sygui - HHRO V, Environmental, Land Use and Urban Planning and Development Bureau
2. Mr. Ronnie James R. Casamayor - HHRO II
3. Atty. Raphael L. Abrina - Attorney III, Legal Service

Department of Foreign Affairs (DFA)

1. Ms. Nadine Rosario M. Morales - Director, Office of United Nations and International Organizations

Department of Finance (DOF)

1. Ms. Annabelle M. Gumimpan - Fiscal Policy & Planning Office
2. Ms. Melissa Guino
3. Mr. Angelo Tiemsim
4. Mr. Jeremiah Magno
5. Atty. Manuel A. Rodriguez, II

Bureau of the Treasury (BOT)

1. Ms. Shannen Nicole Chua
2. Ms. Claire Kismet Diaz

Securities and Exchange Commission (SEC)

1. Atty. Ann Kathleen G. Daguro - Supervising Securities Review Counsel, Office of the General Counsel
2. Atty. Iza Marie Castillo-Espiritu - Assistant Director, Corporate Governance and Finance Department
3. Atty. Glory Grace J. Arugay - Chief Counsel, Markets and Securities Regulation Department

Department of Transportation (DOTr)

1. Atty. Cherie May P. Poliquit - Attorney III, Legal Service

Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA)

1. Dr. Joseph Basconcillo - Weather Specialist II

Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (PCAARRD)

1. Ms. Gemmalyn M. Trespalacio - Science & Technology Fellow I
2. Ms. Charmaine Angela B. Trillana - Science Research Specialist

Department of Environment and Natural Resources (DENR)

1. Mr. Albert Magalang - Chief, Climate Change Information and Technical Support Division, Climate Change Service
2. Ms. Liz Silver - Environmental Management Specialist
3. Mr. Rolando Abad Jr - Science Research Specialist II
4. Mr. Luis Paolo Masangkay - Technical Assistant
5. Atty. Justin Benedict Mungcal - DENR - Region 3
6. Engr. James Romero - Environmental Management Specialist
7. Clarissa Villanueva - Supervising Geologist
8. Atty. Mica Joy S. Fajardo - Attorney III
9. Mr. Raymond Thaddeus C. Ancog - Senior Science Research Specialist

10. Ms. Angelique Pearl Miranda

Department of Labor and Employment (DOLE)

1. Ms. Chiara Louise Caluza - Labor & Employment Officer III
2. Ms. Rica Agustin - Program Coordinator
3. Ms. Christine Antonette Parong-Dalion

Department of Public Works and Highways (DPWH)

1. Engr. Mary Cris E. Samson-Utod

National Economic and Development Authority (NEDA)

1. Mr. Roald B. Taperla - Senior Economic Development Specialist
2. Mr. Jeryl Abong - Technical Assistant

Department of Trade and Industry (DTI)

1. Mr. John B. Recto - OIC-Chief, Board of Investments
2. Ms. Maria Virginia Caraca
3. Ms. Isabelle M. Cebu

Energy Regulatory Commission (ERC)

1. Atty. Rachelle D. Tan
2. Atty. Maria Corvero
3. Mr. Blademir L. Mancenido

Department of Health (DOH)

1. Mr. Luis F. Cruz
2. Mr. Christian Abad

Department of Tourism (DOT)

1. Ms. Carminah Garcia
2. Ms. Karen Nagtalon

Presidential Legislative Liason Office (PLLO)

1. Mr. Jay D. Pascual

Department of Public Works and Highways (DPWH)

1. Ms. Mira Alfanta
2. Ms. Jo Anne Mamiit

Greenpeace Philippines

1. Ms. Lea B. Guerrero - Country Director
2. Ms. Virginia Benosa-Llorin
3. Mr. Jefferson Chua

Union of Local Authorities of the Philippines (ULAP)

1. Ms. Maricor Anne Cauton - Head Finance and Admin

British Embassy Manila

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|---------------------|---|------------------------------|
| 1. Josephine Orense | - | Low Carbon Energy Advisor |
| 2. Jeremie Credo | - | Research Partnership Manager |

III. Issues raised during the TWG meeting:

- Whether the declaration of policy on climate justice be included in Section 2 of the Bill considering the Philippines is a vulnerable country susceptible to climate change.
- Whether the addition of a provision on the “Scope” is necessary in the Bill.
- Whether greenhouse gas (GHG) inventory levels should be referenced on 2006 Intergovernmental Panel on Climate Change (IPCC) guidelines or that of more recent refinements, *i.e.*, 2019 IPCC guidelines.
- Whether a GHG inventory is to be generated every two years.
- Whether a generic approach is to be pursued in GHG emissions tracking.
- Whether GHG tracking measures are to be framed in a national or local level.
- Whether the Philippine Statistics Authority (PSA) should be restricted to perform data analytics and inventory mechanisms exclusively with the Department of Agriculture (DA).

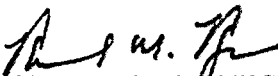
IV. Recommendations and Agreements reached:

- On Section 2, the stakeholders agreed to include the “declaration of climate justice” in the “Declaration of Policy”.
- On the addition of the provision on “Scope”, DENR suggested to revisit the same after the discussion of all provisions in the Bill.
- In Section 3 on the definition of terms, positions papers were requested from the Department of Transportation (DOTr) and Greenpeace Philippines relative to definition of “Levels of GHG Inventory” and “Climate Justice”, respectively.
- It was agreed by the stakeholders to revise the term defined in item (c) of Section 3 from “Low Carbon Technology” to “Low Emissions Intensive Technology”.
- In items (j) and (m) of Section 3, National Economic Development Authority (NEDA) recommended to specify items under implementing rules and regulations (IRR) as means for flexibility and update the items framed in the guidelines of IPCC.
- The stakeholders agreed to remove phrases which associate GHG emissions tracking in a national level so that the parameters would center on localized and community-based settings, as such, Section 9 of the Bill was deleted.
- In Article 2, the stakeholders agreed to amend the Philippine Greenhouse Gas Inventory Management and Reporting System (PGHGIMRS) to Philippine Greenhouse Gas Inventory System (PGHGIS) to make it more generic.
- In Section 4, Department of Environment and Natural Resources and Greenpeace recommended to include the phrase “avoidance, reduction, and removal for sustainable development”.
- In Section 6, it was recommended: (1) to separate the Department of Agriculture and the Philippine Statistics Authority (PSA) since the mandate of PSA does not solely relate to

the agricultural sector, but is inclusive of the rest of the concerned economic sectors' inventories; (2) the "inventory of other land-use sector" shall be the responsibility of the Department of Human Settlements and Urban Development (DHSUD); (3) PSA will assist other lead agencies in gathering and compiling of data for the conduct of sectoral inventories; (4) the Securities and Exchange Commission shall provide data support to the lead agencies for monitored and reported data.

- The stakeholders agreed to make reference to the most recent guidelines of the IPCC instead of the 2006 IPCC in the provisions of the Bill.
- A new provision on "carbon markets" will be added after Section 9 of the Bill and the DENR and CCC were requested to submit their suggested wordings thereof.
- In Section 11, NEDA and DHSUD and was requested to submit their position paper and suggested wordings on their function as members of the NDC Steering Committee.
- In Section 11, Rep. Anna Veloso-Tuazon suggested to revisit the composition of the NDC Steering Committee and requested the NEDA to submit their matrix for the Tatak Pinoy Bill as reference.
- In Section 11, as recommended by TWG Chair Jose Manuel Alba, a provision on "Secretariat for the NDC Steering Committee" will be added in the Bill and the DENR, thereafter, suggested that the existing inter-agency committee for environment and natural resources can give secretariat support to the Climate Change Commission (CCC).

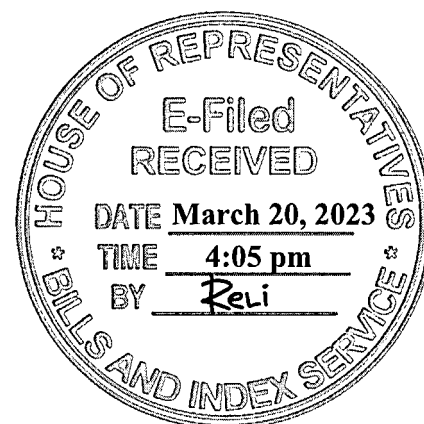
Respectfully Submitted:


ROMMEL M. REYES
Committee Secretary

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 7705



Introduced by **HON. EDGAR M. CHATTO**
First District, Bohol

EXPLANATORY NOTE

According to the Intergovernmental Panel on Climate Change (IPCC), human activities are estimated to have caused approximately 1.0°C of global warming above pre-industrial levels, with a likely range of 0.8°C to 1.2°C. Global warming will likely reach 1.5°C between 2030 and 2052, if it continues to increase at the current rate. Climate-related risks to health, livelihoods, food security, water supply, human security, and economic growth are projected to increase with global warming of 1.5°C and increase further with 2°C. Amidst this looming scenario, our economy is growing at a considerable pace. The challenge before us then is to accelerate economic growth without compromising our environment.

As part of the Philippines' commitment to the Paris Agreement on Climate Change, the country submitted its Nationally Determined Contribution (NDC) on 15 April 2021, which sets a 75-percent greenhouse gas (GHG) emission reduction and avoidance from 2020 to 2030.

The Philippines' NDC supports the country's national development objectives and priorities including transformation of its socio-economic sectors towards a climate and disaster-resilient and low carbon economy. This bill is essentially built on the principles of the NDC, and the same time encourages low carbon just transition.


The National Climate Change Action Plan (NCCAP) identified the establishment of a national system for the archiving, reporting, monitoring, and evaluation of greenhouse gas (GHG) emissions as support for better planning for climate change adaptation and mitigation actions. Other climate change programs such as the National Climate Risk Framework (NCRMF) and Climate Change Expenditure Tagging (CCET) were also established.

Upon the recommendation of the NDC Steering Committee and in consultation with the industrial sector, the Department of Environment and Natural Resources (DENR) shall set an annual cap on the GHG emissions of entities. To cushion the impact of a cap, this bill allows trading of credits. Entities with excess GHG emissions may buy allowances from the market, while those with less GHG emissions may sell their allowances to the market. This trading mechanism allows for a pseudo-financial market with the additional benefit of maintaining the target emissions in the economy.

The NDC espouses market- and non-market-based approaches under the United Nations Framework Convention on Climate Change (UNFCCC) to achieve low carbon outcomes. The emissions trading system is included as a market mechanism.

Undoubtedly, the above system would accelerate the reduction of GHG emissions, encourage the use of low carbon technologies, and ensure benefits to consumers from trading in allowances.

In view of the above, the passage of this bill is earnestly sought.



EDGAR M. CHATTO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 7705

Introduced by **HON. EDGAR M. CHATTO**
First District, Bohol

AN ACT
PROMOTING A LOW CARBON ECONOMY, ESTABLISHING FOR THIS
PURPOSE AND EMISSION TRADING SYSTEM AND IMPLEMENTATION
MECHANISM TO ACHIEVE NATIONAL CLIMATE TARGETS

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

ARTICLE 1
General Provisions

SECTION 1. Short Title. - This Act shall be known as the “Low Carbon Economy Act of 2022.”

SECTION 2. Declaration of Policy. - It is the policy of the State to promote sustainable development and adherence to the internationally agreed frameworks for mitigation of climate change and decreased vulnerability to its impacts. Towards this end, there is a need to maximize the contribution of the industrial and commercial sectors in reducing greenhouse gas emissions (GHG) and minimize the adverse effects of climate change through the establishment of a policy environment for technological development and transfer, capacity building, sustainable finance supporting just transition towards low carbon economy, including the configuration of a nationally-appropriate market-driven system of tradable GHG allowances, among other options, to optimize the country’s carbon goal-based transformation. The participation of LGUs, academe, non-government stakeholders, especially champions in critical industries for just transition, banking, and financial institutions, civil society, and the development partners shall be ensured.

State-of-the-art and emerging low carbon technologies suitable for the Philippine conditions, especially those that will increase the livelihoods and productivity of the sectors concerned, and that will usher in just transition in all GHG-emitting socio-economic sectors with an emphasis on the energy and transport sector, including those that will impact to building resilience and investments at the most vulnerable communities, shall be supported under the Means of Implementation under the Paris Agreement. Bilateral and multilateral approaches shall be optimized in ensuring accelerated flow of support to the country under this Act.

Sustainable mobilization of financial resources, technological innovation, and capacitation of both human resources and institutions, both government and non-government, shall be a primary support mechanism under this Act.

SECTION 3. Definition of Terms. - For the purposes of this Act, the following terms are defined:

- a. “The Paris Agreement” shall refer to a legally binding international treaty on climate change adopted by 196 Parties at the 21st Session of the Conference of the Parties (COP 21) in Paris, on 12 December 2015 and entered into force on 4 November 2016, with a goal to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels;¹
- b. “Low Emission Development Strategy (LEDS)” shall refer to a national, high-level, comprehensive, long-term strategy, developed by domestic stakeholders, which aims at decoupling economic growth and social development from GHG growth;²
- c. “Low Carbon Technology” shall refer to the means of equipment, methods, knowledge and other modalities for low-carbon or carbon-free;³
- d. “Sustainable Development” shall refer to development that meets the needs of the present without compromising the ability of future generations to meet their own needs;⁴
- e. “Just Transition” shall refer to maximizing the social and economic opportunities of climate action, while minimizing and carefully managing any social disruption, political and social risks – through effective social dialogue among all groups impacted, and respect for fundamental labor principles and rights;⁵
- f. “Common but Differentiated Responsibilities and Respective Capabilities (CBDRRC)” shall refer to the principle recognizing that each country vary in terms of contributions to global environmental degradation, and acknowledging that developed countries should bear primary responsibilities in the international pursuit of sustainable development, including the pressures put by their societies to the environment, their command on technologies and financial resources, and their contribution to the largest proportion of historical and current GHG emissions;^{6,7}
- g. “Climate Justice” shall refer to the allocation of burdens and benefits among individuals, nations and generations;⁸
- h. “Net Zero Economy” shall refer to the means of cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance;⁹
- i. “Carbon Dioxide Equivalent” shall refer to the quantity of carbon dioxide that makes the same contribution to global warming as a given amount of greenhouse gas, taking into account the global warming potentials published by the Intergovernmental Panel on Climate Change;

¹<https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement#:~:text=The%20Paris%20Agreement%20is%20a,compared%20to%20pre%20industrial%20levels>.

² <https://www.transparency-partnership.net/sites/default/files/giz2013-en-climate-leds.pdf>

³ Lv, Jinfang & Qin, Shusheng. (2016). On Low-Carbon Technology. Low Carbon Economy.

⁴ <https://www.un.org/sustainabledevelopment/development-agenda/>

⁵ https://www.ilo.org/global/topics/green-jobs/WCMS_824102/lang--en/index.htm

⁶ Principle 7 of the Rio Declaration on Environment and Development. (1992). Report of the United Nations Conference on Environment and Development.

https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_CONF.151_26_Vol.I_Declaration.pdf. Page 2.

⁷ Yuli Chen (January 2021), *Reconciling common but differentiated responsibilities principle and no more favourable treatment principle in regulating greenhouse gas emissions from international shipping*.

⁸ https://www.ipcc.ch/report/ar6/wg2/downloads/IPCC_AR6_WGII_SummaryForPolicymakers.pdf

⁹<https://www.google.com/url?q=https://www.un.org/en/climatechange/net-zero-coalition&sa=D&source=docs&ust=1658204786035965&usg=AOvVaw383PaeSmAgt-KOEhh57qYj>.

- j. "Greenhouse Gas (GHG)" shall refer to the following gases covered under the 2006 Intergovernmental Panel on Climate Change (IPCC) guidelines: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or any other anthropogenically-emitted gas that is estimated by the Philippine Greenhouse Gas Inventory Management and Reporting System (PGHGIMRS) agencies to contribute to global warming;
- k. "Covered Sector" shall refer to the industry and commercial sectors and/or, to sectors as may be determined appropriate by the oversight body;
- l. "Levels of GHG Inventory" shall refer to different levels as prescribe by the DENR-EMB such as global, national, community, sectoral, entity, product, facility and projects; and
- m. "Sector/s" shall refer to the sectors prescribed under the IPCC guidelines used as basis for the Philippine Nationally Determined Contribution (NDC), including: agriculture, forestry and other land use, waste, industrial processes and product use (IPPU), energy, and transport.

ARTICLE 2

Philippine Greenhouse Gas Inventory Management and Reporting System (PGHGIMRS)

SECTION 4. *Institutionalization of the PGHGIMRS.* - The PGHGIMRS under Executive Order (EO) No. 174, s. 2014 is hereby institutionalized, to facilitate the GHG inventory management and reporting system in relevant government agencies to enable the country to transition towards a climate-resilient pathway for sustainable development.

SECTION 5. *Implementing Agency.* - The Climate Change Commission (CCC) shall be the overall lead in the implementation of the PGHGIMRS. It shall be responsible to:

- a. Provide direction and guidance in the accounting and reporting of GHG emissions from identified key source sectors in order to develop and maintain centralized, comprehensive, and integrated data on GHGs in all levels of inventory particularly community-level and entity-level;
- b. Develop a system for the archiving, reporting, monitoring, and evaluating GHG inventories in all key levels; and
- c. Provide and facilitate continuous capacity building initiatives in the conduct of GHG inventories to ensure the application of updated methodologies.

GHG data analytics generated under this measure shall be a reference for the successive enhancement of the NDCs, especially in identifying policies and measures that could be pursued economy-wide, respecting sectoral challenges and opportunities for transformation, including human resources and cost or capital requirements appropriate for government and non-government and industry stakeholders.

SECTION 6. *Sectoral Agencies.* - The following shall be the lead sectoral agencies for the GHG inventories:

- a. Department of Agriculture (DA) and the Philippine Statistics Authority (PSA) for the agriculture Sector;
- b. Department of Energy (DOE) for the wnergy sector;
- c. Department of Environment and Natural Resources (DENR) for the waste, industrial processes, and the forestry and other land-use sectors; and
- d. Department of Transportation (DOTr) for the transport sector.

The Department of Science and Technology (DOST), Department of Health (DOH), Department of Public Works and Highways (DPWH), and Department of Tourism (DOT) shall also be considered in ensuring close collaboration of the sectors concerned in informing transformative options under the NDC.

The CCC shall invite the concerned local government units (LGUs), academe, and private and public institutions to participate, complement, and assist in the implementation of the PGHGIMRS and this Act.

The PSA may assist other lead agencies in the conduct of the sectoral GHG inventories.

The Department of the Interior and Local Government (DILG), as an oversight agency for local governments, shall ensure the compliance of local governments through:

- i. Issuance of guidelines for accounting community-scale GHG emissions, managing community-scale GHG inventories, and mainstreaming the results and findings thereof in the Comprehensive Development Plan (CDP) and subsequent programming processes, in coordination with the CCC;
- ii. Provision of continuous capacity building to local governments related to the foregoing;
- iii. Incorporation in the Seal of Good Local Government mechanism of the compliance of local governments; and
- iv. Monitoring of the compliance of local governments

The DENR, Department of Trade and Industry (DTI), and Securities and Exchange Commission (SEC) shall serve as oversight agencies in ensuring the compliance of entities in the preparation and management of entity-level greenhouse gas inventories, the reporting of mitigation measures addressing the results and findings of the foregoing, and monitoring and reporting thereof through the issuance of relevant policies and guidelines, and continuous capacity building.

SECTION 7. Responsibilities of the Lead Agencies for National GHG Inventories.

- The lead agencies shall be responsible for the following:

- a. Conduct, document, archive, and monitor sector-specific GHG inventories;
- b. Report sector-specific GHG inventories/emissions to the CCC based on the agreed reporting scheme; and
- c. Perform such other functions as may be necessary for the implementation of this Act.

SECTION 8. Reports. - The CCC shall submit to the President and to both Houses of Congress an annual report on the status of the implementation of the PGHGIMRS. The PGHGIMRS shall prepare a report or a technical annex to the Biennial Transparency Report on the National GHG Inventory of certain inventory year/s in accordance with the timeline identified during the inventory planning stage under the Section 2 of Rule II of the Adopted Implementing Rules and Regulations of the EO 174 s. 2014.

SECTION 9. National GHG Inventory. - The PGHGIMRS shall endeavor to use the 2019 Refinement of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, with consideration to the national circumstances of the country, including

applicable flexibilities accorded to Non-Annex I Country Parties of the Paris Agreement, which includes the Philippines.

ARTICLE 3 **Nationally Determined Contribution (NDC)**

SECTION 10. *Components of the Philippine NDC.* - The NDC serves as the long-term, multi-decadal roadmap on GHG mitigation and climate-resilience of the Philippines, with a goal to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gasses in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty, in observance of the fundamental consideration of climate change adaptation as the core strategy of the Philippines on climate action.

Pursuant to the Philippines' commitment under the Paris Agreement, the Government shall prepare, communicate and maintain successive NDCs. It shall communicate an NDC to the UNFCCC every five (5) years.

The NDC shall include, but not be limited to, the following components:

- a. GHG emissions avoidance measures and mitigation potential;
- b. Mitigation co-benefits in adaptation, sustainable development, and poverty reduction;
- c. Means of implementation such as through finance, capacity building, technology transfer and development;
- d. Gaps and needs; and
- e. System for monitoring, evaluation, and reporting to enable participation of relevant stakeholders to address challenges and meet the objectives of inclusive just transition.

It must endeavor to indicate the Philippines' strategic directions and measures to build resilience and balance the investments and opportunities for just transition, by leveraging on the capacity of local governance units to transform the socio-economic conditions of the people, up to the smallest units of governance, through the Means of the Implementation espoused under the Paris Agreement.

SECTION 11. *The NDC Steering Committee.* - The CCC shall be the overall lead in the development, implementation, and monitoring and evaluation of the NDC, with the following agencies as members, to comprise the NDC Steering Committee:

- a. National Economic and Development Authority (NEDA) - lead agency for the economy-wide GHG emissions modelling vis-a-vis gross domestic product (GDP) projections, integration in the Philippine Development Plan (PDP) that is spatially articulated through the National Spatial Strategy, and sectorally articulated through PDP chapters, and ensuring vertical coherence through Regional Development Plans and corresponding regional development strategies;
- b. Department of Agriculture (DA) - lead agency for the agriculture sector;
- c. Department of Energy (DOE) - lead agency for the energy sector;
- d. Department of Environment and Natural Resources (DENR) - lead agency for the waste, industrial processes and product use (IPPU) and forestry and other land use (FOLU), in coordination with Department of Human Settlements and Urban Development (DHSUD);
- e. Department of Transportation (DOTr) - lead agency for the transport sector;

- f. Department of Foreign Affairs (DFA) - lead agency to facilitate, along with the CCC, coordinating with the development partners viable, country-driven, needs-based technical assistance, as may be recommended by agencies concerned, consistent with the PDP and other investment and resilience-related and the multi-decadal climate action planning and programming framework;
- g. Department of Finance (DOF), to coordinate on matters concerning fiscal policies related to climate change and monitor and report measures on climate finance, including recommendations on matters related to receiving donations and/or grants by the CCC under RA 10174;
- h. Department of Budget and Management (DBM), to ensure annual appropriations for implementation of unconditional PAMs;
- i. Department of Labor and Employment (DOLE), to ensure that the provisions of this Act are aligned with the Green Jobs Act;
- j. Department of Science and Technology (DOST), to facilitate innovation options through technology development and transfer appropriate to the conditions of the subnational units and relevant stakeholders, linking said initiative towards enhancing human capital development in coordination with industries, higher education institutions, LGUs, among others;
- k. Department of the Interior and Local Government (DILG), to facilitate coordination with the various subnational governance units to ensure they contribute to the continuing enhancement and implementation of the NDCs, especially on informing transformative options for investment and resilience building purposes, consistent with local development opportunities and priorities, as may be incorporated in their respective CDPs, Annual Investment Plans (AIPs), and Local Climate Change Action Plan (LCCAPs);
- l. Department of Health (DOH), to lead in the determination of low-carbon investments, efficient transformation of the health sector consistent with energy just transition and sustainable consumption and production, and health co-benefits measurement of climate mitigation in other sectors;
- m. Department of Public Works and Highways (DPWH), to integrate the policies and measures under the Build-Build-Build Program, and ensure the mainstreaming of policies and regulations on infrastructure component of the NDC for implementation industry-wide and by the LGUs, in coordination with the DILG;
- n. Department of Tourism (DOT), to consider nature-based solutions in developing, promoting, and monitoring tourism enterprises consistent with whole of ecosystem approaches, creation of green jobs, and sustainable consumption and production that benefit the various LGUs, for inclusive and responsible, climate-aligned tourism sector;
- o. Department of Human Settlements and Urban Development (DHSUD), to effectively and efficiently link local investment and transformation through the NDC alignment with the various local plans under its jurisdiction, to ensure integrated low carbon development and sustainable development options under the New Urban Agenda, especially the vulnerable communities;
- p. The Department of Trade and Industry (DTI), together with the Board of Investments (BOI), to ensure investment opportunities of the local industries, especially the micro, small, and medium enterprises (MSMEs), are considered in the just transition mechanism under the NDC; and
- q. The Education Sector, namely the Department of Education (DepEd) and Commission on Higher Education (CHED) , to ensure the proper information, education, and communication (IEC), contribute to research development, extension, and innovation and assist in the implementation of this Act.

The Members of the CCC Advisory Board and the National Panel of Technical Experts (NPTE) under Republic Act No. 9729, as amended, and other government agencies and stakeholders in the areas of coastal resources, health, agriculture, water, forestry, biodiversity, environment, ecosystem, energy, education, tourism, trade, infrastructure, and settlement, among others, shall participate in the development and implementation of the NDC.

To ensure alignment among development plans and climate change strategies, the NEDA and CCC shall be responsible for harmonizing and ensuring the complementation of NDC with national and local development planning instruments. The NEDA shall integrate the NDC into the Philippine Development Plan. The CCC and DILG shall assist LGUs in the integration of the NDC in the LCCAPs, Local Development Plans (LDPs), and Comprehensive Land Use Plans (CLUP).

The NDC Steering Committee shall formulate the NDC policies and measures based on the best available science and in keeping with robust development and transformative aspirations of the country, consistent with national circumstances.

The CCC, along with the national government agencies (NGAs) concerned, shall establish a local NDC Steering Committee to jumpstart and sustain local-based transformative strategies in alignment with the NDC, subject to the issuance of policy guidance following multi-sectoral consultation, especially with the Regional Development Councils (RDCs) under the supervision of the NEDA.

Specifically, the RDCs shall be considered points of convergence for low carbon development at the regional or subnational levels that inform pathways for transformation, including optimization of investment options, as may be aligned with physical and socio-economic challenges due to climate change impacts.

Parallel effort shall be the formation of local counterparts for scientific and technological advice to said Sub-National Steering Committees to be comprised of the members of the NPTE and field units of the DOST, subject to the issuance of policy guidance by the CCC and DOST, especially with regard to engaging the Higher Education Institutions (HEIs) /State Universities and Colleges (SUCs) through CHED.

The CCC should formulate and implement robust communication and advocacy strategies, in coordination with relevant government and non-government stakeholders, across levels of governance, to ensure that the low carbon development directions are communicated effectively to inspire convergence at the broadest scope possible, up to the smallest unit of governance.

SECTION 12. *Allocation of funds.* - The aforementioned agencies shall allocate from their annual appropriations adequate funds for the implementation of their mandates, including training and capacity building, under this Act, subject to support under the mechanism of the Means of Implementation of the Paris Agreement.

SECTION 13. *Annual Report on the NDC Implementation.* - The CCC and NDC Steering Committee shall submit to the President and to both Houses of Congress, not later than 30 March of every year following the effectivity of this Act, a progress report on the implementation of the NDC, and recommend legislation, where applicable and necessary.

ARTICLE 4
Local Climate Change Action Plan (LCCAP) Quality Assessment Review System

SECTION 14. *LCCAP.* - Pursuant to Section 14 of RA 9729, the LGUs are the frontline agencies in the formulation, planning, and implementation of LCCAPs in their respective areas consistent with the Local Government Code, the National Strategic Framework on Climate Change (NSFCC), and the National Climate Change Action Plan (NCCAP).

The LCCAP shall describe strategic policy measures of the LGUs to reduce/avoid greenhouse gas emission (mitigation actions) and increase the community's resilience (adaptation actions) to the negative impacts of climate change.

Further, the LCCAP shall indicate the transformative opportunities present in LGUs towards green or low emission technological capacity building innovations that will support long-term low emission industrial development, livelihoods, ecosystems and environment, and well-being of the people, especially those most exposed to climate hazards. The modification of baseline information consistent with the best available science shall be pursued to inform the investment planning and programming aligned with the multi-decadal climate considerations, especially the location of human settlements and vital infrastructure programs of the government, including those pursued through public-private partnerships (PPP) approach.

The LGUs and HEIs concerned shall be supported in the development and review of the LCCAPs, as priority impacts under this Act are those attributed to holistic and inclusive mobilization of resources and opportunities of the LGUs, with concomitant connection to building resilience for sustainable development up to the smallest units of governance.

SECTION 15. *Establishment of a LCCAP Quality Assessment Review System (QAR).* - The CCC together with the DILG shall formulate and institutionalize the-LCCAP QAR and establish a means of implementation and institutionalization for both agencies.

The LCCAP QAR process would provide an opportunity to provide a feedback mechanism to LGUs to improve on their LCCAP ensuring its responsiveness to local hazards and risks, and be able to shift towards resilience, and socio-economic transformation through low carbon and sustainable pathways.

The CCC together with DILG, shall formulate and disseminate a mechanism or instrument of quality assurance, after due consultation with relevant stakeholders. Further, the CCC and DILG shall identify relevant NGAs, SUCs and HEIs, and other stakeholders, which shall conduct and implement the quality assurance mechanism that may be established.

ARTICLE 5
Climate Change Expenditure Tagging (CCET)

SECTION 16. *Institutionalization of the CCET as an Audit Tool to Track Climate Change Adaptation and Mitigation Projects and Programs.* - The CCET jointly administered by the CCC and the DBM pursuant to Joint Memorandum Circular 2015-01 at the national level, and with the DILG pursuant to Joint Memorandum Circular 2015-01 at the local level, is hereby institutionalized. All annual expenditure programs of the

government related to low carbon development, including those designed to increase climate and disaster resilience, shall be tagged and reported to determine the allocative efficiency of domestic funds towards those ends. A mechanism for reporting allocation and expenditure shall be issued jointly by the CCC, DBM, the DILG, Office of Civil Defense (OCD), and other relevant agencies. The Commission on Audit (COA), subject to audit rules and regulations, shall produce timely reports on findings of climate expenditure audit.

Such allocation and expenses tagged shall be part of the assessment for the country's low carbon needs that are aligned to the NDC. Any funding gaps should be addressed using the climate finance mechanisms under the Paris Agreement, as may be pursued bilaterally or multilaterally, in coordination with the CCC, DFA, DOF, NEDA, DBM and other agencies concerned.

The progress of the CCET, both at the national and local levels, shall be reported to the Office of the President, the Senate and the House of Representatives by the CCC in accordance with the reportorial requirement under RA 9729, as amended.

The continuing capacity building for CCET shall be pursued through convergent approaches of all the stakeholders, especially of the non-government stakeholders, to contribute to identifying critical climate programs and projects that need to be funded, including monitoring and evaluating institutional and support mechanisms under the CCET.

ARTICLE 6

National Integrated Climate Change Database and Information Exchange System (NICCDIES)

SECTION 17. *Institutionalization of the NICCDIES as a Primary platform on Climate Change Information.* - Notwithstanding existing and related mandates of other agencies, the CCC shall issue guidelines to accelerate its utilization, including engaging agencies, academia, and the private sector to populate the data sets therein, and instituting a feedback mechanism to enhance content, access, and continuous improvement to support long-term, national driven, people and planet-centric climate governance in the country.

ARTICLE 7

Cap and Trade System

SECTION 18. *Emission Reduction Measures/Targets.* - Emission avoidance/reduction measures shall be geared towards equitable implementation of just transition using nationally-appropriate carbon market and non-market approaches. This shall be adopted upon the recommendation of the NDC Steering Committee, after careful study and consultation, to achieve maximum technologically-feasible and cost-effective avoidance/reduction strategies, programs, and projects to meet the carbon goal considered in this Act, with direct impact to low carbon industrial productivity and sustainable development.

Annual emission avoidance/reduction targets, including the sector/s and levels to be covered¹⁰, shall be set for each calendar year by the President, through the recommendation of the NDC Steering Committee, with supporting investment and social

¹⁰ (i.e. power only, or power and selected industries; facility- or company-specific)

safeguards roadmap, and upon consultation through multi-stakeholder, whole of government, and whole of society approaches.

SECTION 19. Cap on Greenhouse Gas Emissions. - To achieve the emission targets set pursuant to this Act, a cap shall be imposed on the GHG of the covered sector with the -

- a. Highest GHG; and
- b. Most cost-effective opportunities to avoid/reduce emissions, to include considerations for externalities and social protection;

SECTION 20. Allowances. - The DENR, upon the recommendation of the NDC Steering Committee and further upon appropriate consultation, shall issue annually a quantity of GHG emissions allowances equivalent to the emissions allowed under the cap imposed for such year. Each allowance shall authorize the emission of one metric of carbon dioxide, or in the case of global warming pollutants other than carbon dioxide, a carbon dioxide equivalent.

SECTION 21. Distribution of Allowances. - The allowance shall be distributed by the DENR to the covered sector by allocation.

SECTION 22. Carbon Trading System. - There shall be an established and interoperable central registry, trading and reporting system under the DENR¹¹, which allowances issued under this Act may be sold, exchanged, purchased, or traded by any person or entity, subject to policy guidelines to be issued upon due consultation.

Notwithstanding the foregoing, non-market approaches consistent with just transition strategies needed to accelerate the attainment of low carbon economy, shall be pursued, subject to further review and consultation process, along with the mechanisms concerning carbon market activities in this Act.

ARTICLE 10

Transparency and Reporting

SECTION 23. Submission of National Reports to the UNFCCC. - The Philippines, as a Non-Annex I Party to the UNFCCC, shall submit national reports mandated under the Convention and its Paris Agreement, especially the National Communications and Biennial Transparency Reports, in accordance with capacities and provision of timely and appropriate means of implementation. These reports shall incorporate those outputs and reports mentioned in the previous sections, as appropriate.

SECTION 24. Role of the CCC. - The CCC shall develop systems for transparency and reporting, including measurement, reporting, and verification, and enhance existing institutional arrangements to ensure continued and timely preparation of national reports, in coordination with relevant government agencies, observing whole-of-society and participatory processes.

¹¹ Based from the Recommendations for Institutional Arrangements under the Assessment Report of the Accelerating Climate Investment in the Philippines (ACIP) Project Pillar 3: Readiness for Carbon Pricing; rationale for DENR is because of the following:

- DENR-EMB regulates emissions from power plants and industrial facilities under the Clean Air Act;
- Their expertise (particularly Climate Change Division of DENR-EMB) relating to emissions offsetting, having acted as the Designated National Authority (DNA) for the Clean Development Mechanism (CDM) and point of contact on activities concerning Japan's bilateral Joint Crediting Mechanism (JCM).

SECTION 25. *Means of Implementation for Transparency and Reporting.* - The necessary means of implementation for transparency and reporting, especially provisions for hardware, software, and human resource requirements, shall be accessed and provided in accordance with resources made available to Parties to the UNFCCC and reasonable domestic resources.

ARTICLE 11

The Role of LGUs, DepEd, HEIs and SUCs in the implementation of this Act

SECTION 26. *Devolution of Role to LGUs.* - Pursuant to Executive Order No. 138 otherwise known as the Mandanas-Garcia Ruling which fully transfers the delivery of basic services to LGUs, LGUs should integrate climate change adaptation and mitigation measures in their local plans and programs.

SECTION 27. *Role of DepEd, HEIs, and SUCs.* - Pursuant to RA 9729, the DepEd shall integrate climate change into the primary and secondary education curricula and/or subjects, such as but not limited to, science, biology, sibika, history, including textbooks, primers, and other educational materials, basic climate change principles and concepts.

HEIs and SUCs should integrate climate change as part of the curricula for all college courses in order to provide tertiary level students with sufficient grounding on said subject.

ARTICLE 12

The Role of the Private Sector and Non-Government Stakeholders

SECTION 28. *Role of the Private Sector and Non-Government Stakeholders.* - To ensure inclusive and consultative nature of the processes and systems towards low carbon economy, just transition, multi-stakeholder, whole of government and whole of society approaches to build consensus on nationally-appropriate just transition arrangements shall be considered.

In this regard, representatives of critical industries, groups of innovators, academics, civil society, people's organizations, financial institutions and intermediaries, and other related entities shall be enjoined to participate in the deliberations and decision-making activities under this Act, subject to appropriate guidelines to be formulated by the NDC Steering Committee, through the endorsement of the CCC.

ARTICLE 13

Polluters-Pays Principle for GHG Emissions

SECTION 29. *Enforcement.* - The DENR, in coordination with the agencies concerned, shall formulate immediately upon approval of this Act a system of enforcement and indemnification or appropriate sanctions consistent with the "polluters pay principle". The DENR shall establish the method of determining such market price, in coordination with the CCC, DOF, DTI/BOI, and NEDA.

SECTION 30. *Monitoring.* - The DENR shall ensure that greenhouse gas emissions and the use of allowances issued under this Act are accurately tracked, reported, and verified, aligned with Article 10 of this Act, to ensure that the cap-and-trade system established under this Act is fully implemented.

SECTION 31. Penalties. - For each quantity of excess GHG emissions constituting carbon dioxide or one carbon dioxide equivalent, the amount of civil penalty shall be twice the market price for an allowance at the end of the calendar year in which the excess emissions occurred. The DENR shall establish the method of determining such market price.

SECTION 32. Climate Reinvestment Fund. - There is an established fund to be known as the Climate Reinvestment Fund, hereafter referred to as the CRF. The CRF shall consist of the amount of civil penalties assessed under Section 34 of this Act. It shall be administered by the DENR to be used exclusively for activities addressing global warming, subject to the recommendation of the NDC Steering Committee to ensure alignment with the policies and measures of the NDC.

ARTICLE 14 Miscellaneous Provisions

SECTION 33. Appropriations. - The amount necessary for the initial implementation of this Act shall be taken from existing allocations of the agencies concerned. Thereafter, such sums as shall be necessary to carry out the provisions of this Act shall be included in the annual General Appropriations Act.

SECTION 34. Implementing Rules and Regulations. - The CCC, in coordination with the NDC Steering Committee agencies, shall draft and issue implementing rules and regulations necessary, in coordination with other relevant and appropriate government agencies within sixty (60) days after its approval.

SECTION 35. Separability Clause. - If for any reason any section or provision of this Act is declared by the Court as unconstitutional or invalid, the other sections or provisions thereof shall not be affected thereby.

SECTION 36. Repealing Clause. - All laws, ordinances, rules, and regulations, and other issuances or parts thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

SECTION 37. Effectivity. - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,

***Comments/recommendations as of 11 August 2023

***Comments/recommendations as of 22 August 2023

1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**
3 Quezon City, Manila

4
5 **NINETEENTH CONGRESS**
6 First Regular Session

7
8 **HOUSE BILL NO. _____**
9 (In substitution of House Bill No. 7705)

10
11
12 **INTRODUCED BY REPS. EDGAR M. CHATTO, ANNA VELOSO-TUAZON,**
13 **FRANCISCO “KIKO” B. BENITEZ, JOSE MANUEL F. ALBA, ALLEN JESSE C.**
14 **MANGAOANG, CHRISTIAN TELL A. YAP, WILTET Y. PALMA, and ZIA ALONTO**
15 **ADIONG**
16

17
18 **AN ACT**
19 **PROMOTING A LOW CARBON ECONOMY, ESTABLISHING FOR THIS PURPOSE**
20 **AN EMISSION TRADING SYSTEM, AND IMPLEMENTATION MECHANISM TO**
21 **ACHIEVE NATIONAL CLIMATE TARGETS**
22

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

25
26 Greenpeace Philippines: Against the LCE Bill

27
28 Reasons:

29
30 1. False solutions

- 31 c Cap and trade scheme is a distraction that prevents much needed and
32 very urgent action on fossil fuel phase out.
33 c Used by industries to continue business-as-usual and delay the
34 necessary and urgent steps to enable an energy transition.
35 c These approaches serve to allow companies to continue producing, and
36 profiting from, fossil fuels, to the detriment of communities and people
37 who are already bearing the brunt of the climate crisis, or who have been
38 designated as sacrifice communities for fossil fuel infrastructure.

39 2. Very limited effectivity

- 40 c The bigger goal for the formulation of cap-and-trade scheme
41 mechanisms (reducing emission) has not been met.
42 c The EU’s Emissions Trading System (ETS) took over two decades to
43 build up and needed four revisions. It was only in the last five years when
44 it became useful in terms of reaching the carbon price levels that really
45 affect the economics of coal plants and other carbon intensive industries.
46 c Some critical points about the EU ETS:

- 1 o Even in 2021 “Both at the EU-level with the EU ETS and the
2 national level with carbon taxes, current rates are generally too
3 low to incentivize a transition but can and should be made more
4 ambitious, provided there is the political will for it.”
5 o Transparency in the use of revenues and involvement of civil
6 society are key to address political and social resistance.”
7 o For an emission trading system to be effective, an adequately high CO₂
8 price is required. Low prices would not have any impact in reducing
9 emissions. This has been the experience with the EU ETS where CO₂
10 prices have remained extremely low (or even crashed to zero) for most
11 of the 20 years it has been in existence.
12 o Key things that need to be considered with ETS:
13 o It is better *not* to have an emissions trading system, than to have
14 a bad emissions trading system.
15 o In the absence of a robust and comprehensive set of policies,
16 measures and instruments to reduce emissions by phasing out
17 fossil fuels and promoting renewable energy, an emissions
18 trading system will not succeed.
19 o There are real risks around such trading schemes especially in
20 the context of countries like the Philippines where governance
21 and transparency are weak, *i.e.* the system may be exploited or
22 gamed by influential players, unless transparency and inclusion
23 can be guaranteed.
24 o If not designed properly, an ETS could easily distort the “polluters
25 pay” principle to “society pays polluters to pollute”.
26 o **Recommendations:**
27 o Remove all cap and trade related articles and chapters in the bill
28 and defer it to later legislation to allow more time and preparation.
29 o Better not to run headlong into a bad emissions trading system
30 which may cause more damage than benefit.
31 o Some very critical elements are missing, including: scope (which
32 sectors); gas (CO₂, CO₂e or specific GHGs); measurement,
33 reporting, and verification (MRV) process; process (e.g. what is
34 the period of each phase, what is the methodology suggested to
35 define the cap, how will the cap be reduced over time, *etc.*); and
36 stakeholder engagement, consultation and evaluation processes.
37 o Other issues that would need to be resolved are: foreseeability,
38 very limited free allocations that are phased out fast, how to avoid
39 windfall wins for polluters, a clear system on how to use the
40 revenue from carbon trading, and clear social measures to
41 counterbalance price increase impacts for vulnerable
42 populations, among others.
43 o The Philippine Greenhouse Gas Inventory Management and
44 Reporting System (Article 2) presents a possible huge bottleneck

1 given the capacity constraints of the Climate Change
2 Commission.

3 ○ Article 7, Section 18 says: “annual emission avoidance/reduction
4 targets, including the sector/s and levels to be covered, shall be
5 set for each calendar year by the President”.

6 □ This clause makes the system vulnerable to corporate
7 lobbying and does not secure the necessary stability and
8 forgeability for investments; if even the sectors
9 participating in the system can change year by year, then
10 carbon trading will only have a marginal impact, if any.

11 ○ The bill also needs to articulate clearly how the revenue will be
12 used, e.g. language on financing for adaptation, as well as loss
13 and damage is missing

14 ○ Priority Recommendations:

15 ○ The need for climate urgency and ambition.

16 ○ The proposed law must have a justice lens.

17 ○ The spirit of Polluter Pays Principle should not be
18 misrepresented.

19 ○ Fossil fuel phase out is the primary solution to the climate crisis.

20 ○ Compensation for climate damages.

21
22 **ARTICLE 1**
23 **General Provisions**

24
25 **SECTION 1. Short Title.** - This Act shall be known as the “Low Carbon Economy
26 Act of 20223.” DHSUD

27
28 DOTr:

29
30 Recommendation: Separate sections under Article 1 explaining the (1) Objectives or
31 Rationale of the Bill; and (2) Scope or Coverage of the Bill in order to clarify what the
32 Bill covers and in order to set its objectives.

33
34 **SECTION 2. Declaration of Policy.** – (GREENPEACE) It is the policy of the State to
35 afford full protection and the advancement of the right of the people to a stable climate
36 and a balanced and healthful ecology in accord with the rhythm and harmony of
37 nature. Towards this end, the State has adopted policies to protect the climate system
38 for the benefit of humankind, on the basis of climate justice, common but differentiated
39 responsibilities, and the Precautionary Principle to guide decision-making in climate
40 risk management.

41
42 The Philippines’ high exposure to natural hazards, its dependence on climate-
43 sensitive natural resources, and its vast coastlines wherein majority of its population
44 resides, renders the country exceedingly vulnerable to the adverse impacts of climate
45 change. The State recognizes that these climate impacts are humanitarian concerns
46 that directly threaten the rights of people to life, dignity, adequate standard of living,

1 food, water, sanitation, housing, self-determination, culture, and a balanced and
2 healthful environment, among others.

3
4 The State likewise recognizes that there is strong scientific evidence that
5 associates many of these impacts to human-induced climate change from the
6 activities of fossil fuel producers, including coal, oil, gas and cement companies that
7 release massive amounts of Carbon Dioxide and Methane into the atmosphere.
8 According to the Intergovernmental Panel on Climate Change (IPCC), continued
9 emission of these gasses will cause further warming and long-lasting changes in all
10 components of the climate system, increasing the likelihood of severe, pervasive, and
11 irreversible impacts for people and ecosystems.

12
13 It is ALSO the policy of the State to promote sustainable development and
14 adherence to the internationally agreed frameworks for mitigation of climate change
15 and decreased vulnerability to its impacts including the Paris Agreement whose
16 overarching goal is to hold the increase in the global average temperature to well
17 below 2°C above pre-industrial levels and pursue efforts to limit the temperature
18 increase to 1.5°C above pre-industrial levels. Towards this end, there is a need to
19 ~~maximize the contribution of the~~ for industrial and commercial sectors to work towards
20 ~~in~~ reducing greenhouse gas emissions (GHG) and minimize the adverse effects of
21 climate change through the establishment of a policy environment for technological
22 development and transfer, capacity building, sustainable finance supporting just
23 transition towards low carbon economy, ~~including the configuration of a nationally-~~
24 ~~appropriate market-driven system of tradable GHG allowances, among other options,~~
25 ~~to optimize the country's carbon goal-based transformation.~~ The participation of
26 LOCAL GOVERNMENT UNITS (LGUs,) academe, non-government stakeholders,
27 especially champions in critical industries for just transition, banking, and financial
28 institutions, civil society, and the development partners shall be ensured.

29
30 State-of-the-art and emerging low carbon technologies suitable for the
31 Philippine conditions, especially those that will increase the livelihoods and
32 productivity of the sectors concerned, and that will usher in just transition in all GHG-
33 emitting socio-economic sectors with an emphasis on the energy and transport sector,
34 including those that will impact to building resilience and investments at the most
35 vulnerable communities, shall be supported under the Means of Implementation under
36 the Paris Agreement. Bilateral and multilateral approaches shall be optimized in
37 ensuring accelerated flow of support to the country under this Act.

38
39 Sustainable mobilization of financial resources, technological innovation, and
40 capacitation of both human resources and institutions, both government and non-
41 government, shall be a primary support mechanism under this Act.

42
43 (22 August 2023)

44 Greenpeace: Include declaration of climate justice. Will submit the suggested
45 phraseology.

46
47 Cong. Alba – Scope as additional section.

- 48 ◦ DENR – will revisit after the discussion of all articles.

1 **SECTION 3. *Definition of Terms.*** - For the purposes of this Act, the following terms
2 are defined:

3
4 DOTr:

5
6 Recommendation: Include the definitions of the following terms:

- 7
8 1. Low Carbon Economy
9 2. Tradable GHG
10 3. Tradable GHG Allowances
11 4. Nationally-Appropriate
12 5. Market-driven System of Tradable GHG Allowances
13 6. Carbon Goal-Based
14 7. Transformation
15 8. Critical Industries
16 9. Sustainable Mobilization
17 10. Climate-resilient Pathway
18 11. Implementing Agency
19 12. Sectoral Agencies
20 13. Community-Level GHG – Cong. Anna - incorporate in letter "I".
21 14. Inventory
22 15. Entity-level GHG Inventory - Cong. Anna - incorporate in letter "I".
23 16. Key-level GHG Inventory - Cong. Anna - incorporate in letter "I".
24 17. Nationally Determined Contribution (NDCs)
25 18. Other Land-Use Sectors
26 19. Carbon Market
27 20. Carbon Trading

28
29 (22 August 2023)

30 DOTR – will submit definition of terms

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(a) "The Paris Agreement" shall refer to a legally binding international treaty on climate change adopted by 196 Parties at the 21st Session of the Conference of the Parties (COP 21) in Paris, on 12 December 2015 and entered into force on 4 November 2016, with a goal to limit global warming to well below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels, to which the Philippines is a signatory;¹ DHSUD

(b) "Low Emission Development Strategy (LEDS)" shall refer to a national, high-level, comprehensive, long-term strategy, developed by domestic stakeholders, which aims at decoupling economic growth and social development from GHG growth;²

(c) ~~"Low-Carbon Technology"~~ "LOW EMISSIONS INTENSIVE TECHNOLOGY" shall refer to the means of equipment, methods, knowledge and other modalities for low-carbon or carbon-free;³ CCC – revise "Low Carbon Technology" to "Low emissions intensive technology" as it is consistent with the language used in the Synthesis Report of IPCC AR6 recently approved in March 2023.

Cong. Ana – ok with the suggestion of CCC.

(d) "Sustainable Development" shall refer to development that meets the needs of the present without compromising the ability of future generations to meet their own needs;⁴

(e) "Just Transition" shall refer to maximizing the social and economic opportunities of climate action, while minimizing and carefully managing any social disruption, political and social risks – through effective social dialogue among all groups impacted, and respect for fundamental labor principles and rights;⁵

Aksyon Klima:

"Just Transition" shall refer to maximizing the social, economic, and environmental opportunities of climate action, while minimizing and carefully managing any social disruptions, and political, social, and cultural risks – through effective social dialogue among all groups impacted, and respect for fundamental principles and rights of peoples, including laborers, affected by the climate crisis and/or the implementation of climate solutions;

(22 August 2023)

Cong. Ana – requesting Aksyon Klima for the legal basis for the proposed definition.

(f) "Common but Differentiated Responsibilities and Respective Capabilities (CBDRRC)" shall refer to the principle recognizing that each country vary in terms of contributions to global environmental degradation, and acknowledging that developed countries should bear primary responsibilities in the international

¹<https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement#:~:text=The%20Paris%20Agreement%20is%20a,compared%20to%20pre%2Dindustrial%20levels.>

² <https://www.transparency-partnership.net/sites/default/files/giz2013-en-climate-leds.pdf>

³ Lv, Jinfang & Qin, Shusheng. (2016). On Low-Carbon Technology. Low Carbon Economy.

⁴ <https://www.un.org/sustainabledevelopment/development-agenda/>

⁵ https://www.ilo.org/global/topics/green-jobs/WCMS_824102/lang-en/index.htm

1 pursuit of sustainable development, including the pressures put by their societies
2 to the environment, their command on technologies and financial resources, and
3 their contribution to the largest proportion of historical and current GHG
4 emissions;^{6,7}

- 5 (g) "Climate Justice" shall refer to the allocation of burdens and benefits among
6 individuals, nations, and generations;⁸

7
8 (22 August 2023)
9 Greenpeace

10
11 "Climate Justice" refer to the justice that links development and human rights to
12 achieve a human centered approach to addressing climate change, safeguarding
13 the rights of the most vulnerable people and sharing the burdens and benefits of
14 climate change and its impacts equitably and fairly.

- 15
16
17 (h) "Net Zero Economy" shall refer to the means of cutting greenhouse gas emissions
18 to as close to zero as possible, with any remaining emissions re-absorbed from
19 the atmosphere, by oceans and forests for instance;⁹

20
21 *DOTR – ok with the definition.*

- 22
23 (i) "Carbon Dioxide Equivalent" shall refer to the quantity of carbon dioxide that
24 makes the same contribution to global warming as a given amount of greenhouse
25 gas, taking into account the global warming potentials published by the
26 Intergovernmental Panel on Climate Change;

- 27 (j) "Greenhouse Gas (GHG)" shall refer to the following gases covered under the
28 LATEST 2006 (CCC) Intergovernmental Panel on Climate Change (IPCC)
29 guidelines AS DETAILED IN THE IRR: carbon dioxide, methane, nitrous oxide,
30 hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, NITROGEN
31 TRIFLOURIDE, or any other anthropogenically-emitted gas that is estimated by
32 the Philippine Greenhouse Gas Inventory Management and Reporting System
33 (PGHGIMRS) agencies to contribute to global warming;

34
35 (22 August 2023)

36 NEDA – on items (j) and (m) suggest to specify the items under the IRR. To have the
37 flexibility to update the items based on the IPCC guidelines. Avoid to specify the
38 specific gas.

- 39 - CCC – accept NEDA's recommendation.

- 40
41 (k) "Covered Sector" shall refer to the industry and commercial sectors and/or, to
42 sectors as may be determined appropriate by the oversight body;

⁶ Principle 7 of the Rio Declaration on Environment and Development. (1992). Report of the United Nations Conference on Environment and Development.
https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_CONF.151_26_Vol.I_Declaration.pdf. Page 2.

⁷ Yuli Chen (January 2021), *Reconciling common but differentiated responsibilities principle and no more favourable treatment principle in regulating greenhouse gas emissions from international shipping*.

⁸ https://www.ipcc.ch/report/ar6/wg2/downloads/IPCC_AR6_WGII_SummaryForPolicymakers.pdf

⁹ <https://www.google.com/url?q=https://www.un.org/en/climatechange/net-zero-coalition&sa=D&source=docs&ust=1658204786035965&usg=AOvVaw383PaeSmA9t-KOEhh57qYj>.

1
2 (22 August 2023)
3 NEDA – mention the specific “oversight body”.

- 4
5 (l) “Levels of GHG Inventory” shall refer to different levels as prescribe by the
6 PHILIPPINE GOVERNMENT DENR-EMB such as global, national, community,
7 sectoral, entity, product, facility, and projects; and (CCC will further review their
8 recommendation on the deletion of DENR-EMB.)

9
10 (22 August 2023)

11
12 DOTR – will submit suggestions.

13 DENR – CCC has the jurisdiction.

14 CCC – delete “global” and the “as prescribed by the DENR-EMB”. “as prescribed by
15 the Philippine government” but will check with the CCC.

- 16
17 (m) “Sector/s” shall refer to the sectors prescribed under the LATEST IPCC
18 guidelines used as basis for the Philippine Nationally Determined Contribution
19 (NDC), AS DETAILED IN THE IRR including: agriculture, forestry and other land
20 use, waste, industrial processes and product use (IPPU), energy, and transport.

21 22 23 24 **ARTICLE 2**

25 **Philippine Greenhouse Gas Inventory Management and Reporting System** 26 **(~~PGHGIMRS~~ PGHGIS)**

27
28 DOTr: Recommends including a specific policy in institutionalizing the data collection
29 system.

- 30 c There is difficulty in data gathering since the country has no established data
31 collection system and only relies on statistical study by outsourced consultants
32 to estimate GHG baseline and protection.
33 c Recommends that the data collection system be an internet-based reporting
34 system where stakeholders, including those in the private sector, may be
35 allowed to input relevant information.
36 c The data obtained may be included as a basis in the implementation of the
37 “Polluters-Pay Principle” for GHG emissions.

38
39 (22 August 2023)

40 DOTR – to allow other stakeholders to input relevant information. As mentioned by the
41 CCC there is ongoing data collection.

42
43 **SECTION 4. Institutionalization of the PGHGIMRS.** - The PGHGIMRS under
44 Executive Order (EO) No. 174, s. 2014 is hereby institutionalized, to facilitate the GHG
45 inventory management and reporting system in relevant government agencies ALL
46 COMMUNITY LEVELS to enable the country to transition towards a climate-resilient
47 pathway THAT AIMS TO PROMOTE EMISSIONS AVOIDANCE, REDUCTION, AND
48 REMOVAL for sustainable development.

49
50 (22 August 2023)

1 OK with CCC. DENR – “emissions avoidance and avoidance.”

2
3 DENR: The PGHIMRS established under EO No. 174 is mainly geared towards the
4 development of a national GHG inventory. The establishment of an Emission Trading
5 System (ETS) would require a facility or project level inventory and need a higher
6 tier and detailed calculation. And depending on the scope and coverage of the ETS,
7 there is a need to strengthen the existing institutional mechanism and structure or
8 established a new system and structure.

9
10 To consider the role and function of the Security and Exchange Commission. The SEC
11 through its Memorandum Circular No. 04, series of 2019, requires companies to
12 submit annual Sustainability Reports, disclosing their GHG emissions and climate-
13 related risks. Sustainability Reporting should broaden its scope to include non-Publicly
14 Listed Companies.

15
16 (22 August 2023)

17 Cong. Alba – requested DENR to provide suggested provision which will be included
18 in Sec. 4.

19
20 CCC – proposed the revision of the title of Art. 2 from PGHIMRS to PGHGIS to make
21 it more general.

- 22 - Amend the provision – institutionalization of PGHGIS. Will submit the proposed
23 amendment of the provision.

24 -
25 SEC – clarification on the mentioned SEC MC No. 04 which is applicable only to
26 publicly listed companies. As to inventory, it is the expertise of the CCC and DENR.

27
28 Cong. Alba – SEC/CCC/DENR – will submit the suggested wordings on the provision
29 regarding their comments.

- 30 - For the non-publicly listed – include in the GIS to practice sustainability.
- 31 - DENR – will expand the initiative of the inventory which will cover major sectors.
32 Should include mechanism to include other sectors, i.e., MSMEs.
- 33 - Cong. Alba – requested DENR to submit their on their proposed provision.

34
35 PSA – established some of the data requirements in terms of GHG inventory.
36 Spearheading environmental and ecosystem accounts as part of the PENCAS law.
37 Maintain and update compendium of environmental statistics annually. One of the
38 chapters is climate change and disaster. Lead agency in terms of sustainable goals,
39 155 unique indicators. Spearhead inter-agency committee on environment and natural
40 resources, with TWG on climate change and disaster. Key agency in implementing
41 GHG emissions and focused on agriculture emissions.

42
43 Cong. Tuazon – data on per sector basis, do have baseline data for covered sectors
44 under the bill?

- 45 - PSA – inventory is by sector and spearheaded by the CCC. The PSA focuses
46 on the agriculture with the DA. Pending MOA with the SEC that older data will
47 be transmitted to the PSA as the lodging house of the corporate data.
- 48 - CCC – EO 174 establishes an institutional arrangement with the government
49 to do inventory in the national level. Different agencies to do actual inventory
50 per sector.

- 1 - Cong. Alba – DENR and CCC – suggested provision on the role of PSA and
2 SEC with due consultation with them.

3
4 DOTr: Recommends including an additional introductory note or explanation of
5 PGHGIMRS.

- 6 c. Requests elaboration on how the PGHGIMRS would enable the transition of
7 the country towards a climate-resilient pathway for sustainable development.

8
9 **SECTION 5. *Implementing Agency.*** - The Climate Change Commission (CCC)
10 shall be the overall lead in the implementation of the PGHGIMRS. It shall be
11 responsible to:

- 12 a. Provide direction and guidance in the accounting and reporting of GHG
13 emissions from identified key source sectors in order to develop and maintain
14 centralized, comprehensive, and integrated data on GHGs in all levels of
15 inventory particularly community-level and entity-level;
16 b. ~~Develop a system for the archiving, reporting, monitoring, and evaluating GHG~~
17 ~~inventories in all key levels~~ CONTINUOUSLY DEVELOP AND UPDATE
18 SYSTEM AND METHODOLOGY FOR THE ARCHIVING, REPORTING,
19 MONITORING AND EVALUATING GHG INVENTORIES IN ALL KEY LEVELS;
20 and (DOTr)

21
22 CCC – OK

- 23
24 c. Provide and facilitate continuous capacity building initiatives in the conduct of
25 GHG inventories to ensure the application of updated methodologies; AND
26 d. FORMULATE WITH NATIONAL GOVERNMENT AGENCIES, LOCAL
27 GOVERNMENT UNITS, ACADEME, PRIVATE SECTOR, AND OTHER
28 RELEVANT SECTORS (CCC) STRATEGIC MEASURES TO
29 CONTRIBUTE/ENSURE CONTINUOUS AVOIDANCE (DENR), REDUCTION,
30 AND REMOVAL OF GHG EMISSIONS. (DOTr)

31
32 CCC – accept.

33 DENR – AVOIDANCE

34
35 GHG data analytics generated under this measure shall be a reference for
36 the successive enhancement of the NDCs, especially in identifying policies and
37 measures that could be pursued economy-wide, respecting sectoral challenges and
38 opportunities for transformation, including human resources and cost or capital
39 requirements appropriate for government and non-government and industry
40 stakeholders.

41
42 **SECTION 6. *Sectoral Agencies.*** - The following shall be the lead sectoral
43 agencies for the GHG inventories:

- 44
45 a. Department of Agriculture (DA) and the Philippine Statistics Authority (PSA) for
46 the agriculture Sector; (PSA)

47
48 DOTr: Recommends to separate DA and PSA. PSA's role does not solely
49 relate to the agriculture sector, as it may also cover the rest of the concerned
50 economic sectors' inventories.

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(22 August 2023)

PSA – ok with the recommendation of DOTR. But the PSA will cut across all the data needs of all departments on GHG inventory.

b. Department of Energy (DOE) for the energy sector;

ERC: ERC submits for consideration the rate implications of HB 7705 should there be additional requirements for regulated entities in the energy sector.

c. Department of Environment and Natural Resources (DENR) for the waste, industrial processes, and the forestry and other land-use sectors; and

FMB-DENR: As stipulated under Sec. 3 of EO No. 174, the DENR is the lead agency for “land-use and forestry sector” and requires the DENR to report the GHG inventory for Forestry and Other Land Use (FOLU) sector.

At present, the DENR is the focal agency for the FOLU sector, however, DENR recommends for the involvement of DSHUD and DA in the inventory and reporting of data on “other land-use sector”, particularly on settlements and cropland/grassland, respectively.

(22 August 2023)

DENR and CCC - “Inventory of other land-use sector shall be under the DSHUD.”

d. Department of Transportation (DOTr) for the transport sector.

The Department of Science and Technology (DOST), Department of Health (DOH), Department of Public Works and Highways (DPWH), and Department of Tourism (DOT) shall also be considered in ensuring close collaboration of the sectors concerned in informing transformative options under the NDC.

(22 August 2023)

DPWH – will submit position paper.

DOST PAGASA –will submit position paper on the definition of “transformative options”.

DOTR – will submit comment on the definition of transformative options.

DOH – ok with the functions and has health facility development plan – will submit position paper.

DOT – ok with the function but omit the word “considered”.

ULAP – will submit position paper.

The CCC shall invite the concerned local government units (LGUs), academe, CSOS, and private and public institutions to participate, complement, and assist in the implementation of the PGHGIMRS and this Act. (*Greenpeace*)

1 The Philippine Statistics Authority (PSA) ~~may~~ SHALL assist ~~other~~ the OTHER
2 lead agencies in GATHERING AND PROVIDING DATA SUPPORT FOR the conduct
3 of the sectoral GHG inventories.

4
5 (22 August 2023)

6 DOE – “PSA to assist other lead agencies in gathering and compiling data for the
7 conduct of sectoral inventories.”

8 PSA – compile and computation will defer to the lead agencies.

9 Cong. Anna – revise “PSA shall XXX”

10
11 The Department of the Interior and Local Government (DILG), as an oversight
12 agency for local governments, shall ensure the compliance of local governments
13 through:

- 14
- 15 i. Issuance of guidelines for accounting community-scale GHG
16 emissions, managing community-scale GHG inventories, and
17 mainstreaming the results and findings thereof in the Comprehensive
18 Development Plan (CDP) and subsequent programming processes, in
19 coordination with the CCC;
 - 20 ii. Provision of continuous capacity building to local governments related to
21 the foregoing;
 - 22 iii. Incorporation in the Seal of Good Local Government mechanism of the
23 compliance of local governments; and
 - 24 iv. Monitoring of the compliance of local governments.
- 25

26 *Cong. Alba – request DILG to submit position paper.*

27
28 The DENR, Department of Trade and Industry (DTI), ~~and Securities and~~
29 ~~Exchange Commission (SEC) (SEC)~~, DOTR, DOE shall serve as THE SECTORAL
30 oversight agencies IN COORDINATION WITH THE CCC in ensuring the compliance
31 of entities in the preparation and management of entity-level greenhouse gas
32 inventories, the reporting of mitigation measures addressing the results and findings
33 of the foregoing, and monitoring and reporting thereof through the issuance of relevant
34 policies and guidelines, and continuous capacity building.

35
36 (22 August 2023)

37
38 SEC – to “provide assistance”.

39 Cong. Anna – “the SEC shall provide data support to the lead agencies for monitored
40 and reported data.”

41 SEC - as to the computation, SEC has no expertise. But will check if okay. Will submit
42 official response.

43 DENR – Oversight function should be given to the CCC. This paragraph will depend
44 on the final section on Article 2 on the institutionalization of the new PGHGIS.

45 CCC – suggest to retain DENR and DTI in the oversight.

46
47 SEC: The power of the SEC to regulate corporations is subject to the primary
48 jurisdiction of other government agencies (primary regulators), pursuant to special
49 laws governing specific types of corporations and their activities, operations and
50 industries. In short, where a government agency regulates the operation of a certain

1 type of a corporation by virtue of a special law, that agency has the primary jurisdiction
2 over the same, while the SEC assumes only a secondary jurisdiction.

- 3 c. The tasks of ensuring compliance with the preparation of, and managing GHG
4 inventories by entities go into the conduct of operations and business of the
5 said companies or corporations which are beyond the scope of jurisdiction
6 and competence of the SEC, and may fall within the authority of the primary
7 regulators.
- 8 c. Section 7 designates the government agencies as sectoral lead agencies with
9 the responsibility of monitoring and reporting to CCC the sector-specific GHG
10 inventories.
- 11 c. As each sector is comprised of entities, the sectoral lead agency's task of
12 documenting and monitoring the sector's GHG inventories already and
13 necessarily carries with it the task of overseeing and ensuring that entities
14 within that sector comply with the GHG inventories.
- 15 c. Despite removal from the oversight committee, the SEC commits to aid the lead
16 agencies and CCC on the gathering of necessary data on mitigation measures.

17
18 **SECTION 7. Responsibilities of the Lead Agencies for National GHG**
19 **Inventories.** The lead agencies shall be responsible for the following:

- 20 a. Conduct, document, archive, evaluate/analyze, and monitor sector-specific
21 GHG inventories;

22
23 DOTR: require each lead agency to evaluate and analyze the GHG inventories.

24
25 CCC – delete “national”. DENR – ok.

- 26
27 b. Report sector-specific GHG inventories/emissions to the CCC based on the
28 agreed reporting scheme; and
- 29 c. Perform such other functions as may be necessary for the implementation of
30 this Act.
- 31 d. Design programs and formulate climate change mitigation designs and
32 solutions tailor fit to the identified issues and concerns of the report sector
33 specific GHG inventories or emissions. (DENR)

34
35 CCC – (d) included in the next section.

36 DENR – okay.

37
38 **SECTION 8. Reports.** - The CCC shall submit to the President and to both
39 Houses of Congress an annual report on the status of the implementation of the
40 PGHGIMRS. The PGHGIMRS shall prepare a report or a technical annex to the
41 Biennial Transparency Report on the National GHG Inventory of certain inventory
42 year/s in accordance with the timeline identified during the inventory planning stage
43 AS PROVIDED FOR UNDER THE IMPEMETING RULES AND REGULATIONS.
44 ~~under the Section 2 of Rule II of the Adopted Implementing Rules and Regulations of~~
45 ~~the Executive Order No. 174 s. 2014.~~

46
47 PIDS: NGAs and LGUs must conform to appropriate standards on annual recording
48 and reporting. Sectoral and subnational annual reporting must also be
49 institutionalized, with reports covering projections, assessments, and possible

1 corrective actions. Reports can be expanded to cover CC and DRRM-related thematic
2 reports for a given year.

3
4 (22 August 2023)

5 PIDS – have a periodic or annual reporting for cc and drmm.

6 DENR – agreed.

7 Cong. Anna – “xxx Sec. 2 xxx” move to IRR provision.

8
9 ~~SECTION 9. National GHG Inventory. – The PGHGIMRIS shall endeavor to use~~
10 ~~the 2019 Refinement of the 2006 IPCC Guidelines for National Greenhouse Gas~~
11 ~~Inventories, with consideration to the national circumstances of the country, including~~
12 ~~applicable flexibilities accorded to Non-Annex I Country Parties of the Paris~~
13 ~~Agreement, which includes the Philippines. (Delete Section 9 – CCC)~~

14
15 DA: To support the efforts at HGHG monitoring and emission reduction, we shall
16 actively participate in carbon trading especially in the agriculture and forestry sector
17 to raise the funds necessary to support the continuing adoption and implementation
18 of mitigation measures. The adoption of mitigation measures in agriculture is
19 conditional in our NDCs. Funds are needed to incentivize the farmers and fisherfolks
20 to adopt mitigation measures.

21
22 “SECTION xxx. Support for GHG Monitoring and emission reduction. – The
23 CCC shall develop the guidelines on sectoral participation in the global carbon market.
24 The CCC shall establish the system for baseline carbon credits per sector and institute
25 a locally and internationally recognized certification system for sectoral greenhouse
26 gas (GHG) emission reduction by sector. All funds raised by each sector shall primarily
27 be used to promote and sustain carbon emission reduction by sector.”

28
29 (22 August 2023)

30 CCC – EO 320 designates DENR as the national authority for CDM – carbon market
31 and enjoined for the carbon credit mechanism.

32
33 DENR – separate section should be inserted exclusively for carbon markets. DENR
34 and CCC will formulate the section.

35 36 **ARTICLE 3** 37 **Nationally Determined Contribution (NDC)**

38
39 **SECTION 10. Components of the Philippine NDC.** - The NDC serves as the
40 long-term, multi-decadal roadmap on GHG mitigation and climate-resilience of the
41 Philippines, with a goal to achieve a balance between anthropogenic emissions by
42 sources and removals by sinks of greenhouse gasses in the second half of this
43 century, on the basis of equity, and in the context of sustainable development and
44 efforts to eradicate poverty, in observance of the fundamental consideration of climate
45 change adaptation as the core strategy of the Philippines on climate action.

46
47 Pursuant to the Philippines’ commitment under the Paris Agreement, the
48 Government shall prepare, communicate, and maintain successive NDCs. It shall
49 communicate an NDC to the United Nations Framework Convention on Climate
50 Change (UNFCCC) every five (5) years. (DRSUD)

1
2 The NDC shall include, but not be limited to, the following components:
3 a) GHG emissions avoidance AND MITIGATION measures and mitigation
4 potential; (Greenpeace) DENR – ok.
5 b) Mitigation co-benefits in adaptation, sustainable development, and poverty
6 reduction ;
7 c) Means of implementation such as through finance, capacity building,
8 technology transfer and development;
9 d) Gaps and needs; and
10 e) System for monitoring, evaluation, and reporting to enable participation of
11 relevant stakeholders to address challenges and meet the objectives of
12 inclusive just transition.
13

14 PIDS: The Philippines, through the CCC, shall communicate an NDC to the UNFCCC
15 every 5 years. This provision implies that the NDC is a moving target, rather than a
16 concrete longer-term commitment, The NDC must be a reflection of serious
17 bureaucratic commitment to cut sectoral GHG emissions in the country.
18

19 (22 August 2023)

20 CCC – 5-year cycle is a decision under the Paris Agreement. Improve on submission
21 and increase ambition as a goal of the Paris Agreement.

22 DENR - in COP28 there will be reporting of updates. Current formulation of NDCs that
23 follows standard of eliciting support.
24

25 It must endeavor to indicate the Philippines' strategic directions and measures
26 to build resilience and balance the investments and opportunities for just transition, by
27 leveraging on the capacity of local governance units to transform the socio-economic
28 conditions of the people, up to the smallest units of governance, through the Means
29 of the Implementation espoused under the Paris Agreement.
30

31 **SECTION 11. *The NDC Steering Committee.*** - The CCC shall be the overall lead
32 in the development, implementation, monitoring and evaluation of the NDC, with the
33 following agencies as members, to comprise the NDC Steering Committee:
34

35 a) National Economic and Development Authority (NEDA) - lead agency for the
36 economy-wide GHG emissions modelling *vis-a-vis* gross domestic product
37 (GDP) projections, integration in the Philippine Development Plan (PDP) that is
38 spatially articulated through the National Spatial Strategy, and sectorally
39 articulated (*NEDA – “Sectoral articulation” being done with the CCC*) through
40 PDP chapters, and ensuring vertical coherence (*NEDA – “vertical coherence”*
41 *being done by the regular planning process*) through Regional Development
42 Plans and corresponding regional development strategies;
43

44 NEDA – make it more general. Will submit suggested wording.
45

46 b) Department of Agriculture (DA) - lead agency for the agriculture sector;
47 c) Department of Energy (DOE) - lead agency for the energy sector;
48 d) Department of Environment and Natural Resources (DENR) - lead agency for
49 the waste, industrial processes and product use (IPPU), and forestry and

1 biodiversity including but not limited to blue carbon and peatland ecosystems,
2 and other land use (FOLU), in coordination with Department of Human
3 Settlements and Urban Development (DHSUD); DENR

4
5 (22 August 2023)

6
7 DHSUD – requesting clarification on their role in (d) as they have no technical capacity
8 for other land use. They have data and they can only provide estimates.

9
10 DENR – DHSUD’s role for the nature-based solutions.

11
12 DHSUD – will consult if they are amenable and will submit position paper.

13
14 Cong. Anna – query: in monitoring of projects, have visibility on the kind of materials
15 used or adherence to green procurement methods?

- 16 c DHSUD – they have standards for low-cost housing but will verify.
- 17 c Cong. Alba – requested DHSUD to submit their position paper.

- 18
- 19 e) Department of Transportation (DOTr) - lead agency for the transport sector;
- 20 f) Department of Foreign Affairs (DFA) - lead agency to facilitate, along with the
21 CCC, coordinating with the development partners viable, country-driven,
22 needs-based technical assistance, as may be recommended by agencies
23 concerned, consistent with the PDP and other investment and resilience-
24 related and the multi-decadal climate action planning and programming
25 framework;
- 26 g) Department of Finance (DOF), to coordinate on matters concerning fiscal
27 policies related to climate change and monitor and report measures on climate
28 finance, including recommendations on matters related to receiving donations
29 and/or grants by the CCC under Republic Act No. 10174;
- 30 h) Department of Budget and Management (DBM) - to ensure annual
31 appropriations for implementation of unconditional policies and measures;
- 32 i) Department of Labor and Employment (DOLE) - to ensure that the provisions
33 of this Act are aligned with Republic Act No. 10771, or the “Philippine Green
34 Jobs Act of 2016”;
- 35 j) Department of Science and Technology (DOST) - to facilitate innovation
36 options through research, development, and transfer of technology
37 development and transfer appropriate to the conditions of the subnational units
38 and relevant stakeholders, linking said initiative towards enhancing human
39 capital development in coordination with industries, higher education
40 institutions, LGUs, among others; (DOST-PCAARRD)
- 41 k) Department of the Interior and Local Government (DILG) - to facilitate
42 coordination with the various subnational governance units to ensure they
43 contribute to the continuing enhancement and implementation of the NDCs,
44 especially on informing transformative options for investment and resilience
45 building purposes, consistent with local development opportunities and
46 priorities, as may be incorporated in their respective CDPs, Annual Investment
47 Plans (AIPs), and Local Climate Change Action Plan (LCCAPs);
- 48 l) Department of Health (DOH) - to lead in the determination of low-carbon
49 investments, efficient transformation of the health sector consistent with energy

- 1 just transition and sustainable consumption and production, and health co-
2 benefits measurement of climate mitigation in other sectors;
- 3 m) Department of Public Works and Highways (DPWH) - to integrate the policies
4 and measures under the Build-Build-Build Program, and ensure the
5 mainstreaming of policies and regulations on infrastructure component of the
6 NDC for implementation industry-wide and by the LGUs, in coordination with
7 the DILG;
- 8 n) Department of Tourism (DOT) - to consider nature-based solutions in
9 developing, promoting, and monitoring tourism enterprises consistent with
10 whole of ecosystem approaches, creation of green jobs, and sustainable
11 consumption and production that benefit the various LGUs, for inclusive and
12 responsible, climate-aligned tourism sector;
- 13 o) Department of Human Settlements and Urban Development (DHSUD) - to
14 effectively and efficiently link local investment and transformation through the
15 NDC alignment with the Comprehensive Land Use Plan (CLUP) and Provincial
16 Development and Physical Framework Plan (PDPFP), ~~various local plans~~
17 ~~under its jurisdiction~~, to ensure integrated low carbon development and
18 sustainable development options under the New Urban Agenda (NUA) and the
19 Resilient and Green Human Settlements Framework (RGHSF), especially the
20 vulnerable communities; DHSUD
- 21
- 22 p) The Department of Trade and Industry (DTI) - together with the Board of
23 Investments (BOI), to ensure investment opportunities of the local industries,
24 especially the micro, small, and medium enterprises (MSMEs), are considered
25 in the just transition mechanism under the NDC; and
- 26 q) The Education Sector, namely the Department of Education (DepEd) and
27 Commission on Higher Education (CHED) - to ensure the proper information,
28 education, and communication (IEC), contribute to research development,
29 extension, and innovation and assist in the implementation of this Act.

30
31 DENR:

32 Suggestion: Specify which agency/ies shall serve as the Secretariat of the NDC
33 Steering Committee as well as the level of representation required.

34
35 (22 August 2023)

36
37 DENR – there is an existing inter-agency mechanism which can give the
38 secretariat set-up to the CCC. Suggested to include the level of representation to
39 be determined in the IRR. Representatives should be either USec and or
40 designated representative – Cong. Alba.

41 Cong. Alba – add a paragraph on the secretariat provision designating CCC and
42 the level of representation.

43
44 Akoyon Klima:

45 NDC Steering Committee:

46
47 “q) The Education Sector, namely the Department of Education (DepEd),
48 Commission on Higher Education (CHED), and the Technical Education and
49 Skills Development Authority (TESDA) - to ensure the proper information,

1 education, and communication (IEC), contribute to research development,
2 extension, and innovation and assist in the implementation of this Act.

3
4 r) The National Commission on Indigenous Peoples (NCIP) - to ensure that
5 the needs, concerns, rights, and well-being of the indigenous peoples are
6 accounted for in the implementation of policies and measures;

7
8 s) The Philippine Commission on Women (PCW) - to ensure that the gender
9 lens is fully and appropriately applied in the NDC implementation process;

10
11 t) The National Youth Commission (NYC) - to ensure that the interests of the
12 youth are represented, and that intergenerational justice is integrated in policies
13 and measures, and their subsequent implementation;

14
15 u) The National Anti-Poverty Commission (NAPC) - to ensure that the NDC
16 implementation is aligned with existing strategies and plans for poverty alleviation;

17
18 v) Representative from the academe;

19 w) Representative from the business sector; and

20 x) Representative from civil society organizations.”

21
22 Cong. Anna – revisit the composition of the steering committee and align with the
23 matrix to be provided by NEDA.

24 c Request NEDA to submit the copy of the matrix for Tatak Pinoy Bill.

25
26 The Members of the CCC Advisory Board and the National Panel of Technical
27 Experts (NPTE) under Republic Act No. 9729, as amended, and other government
28 agencies and stakeholders in the areas of coastal resources, health, agriculture,
29 water, forestry, biodiversity, environment, ecosystem, energy, education, tourism,
30 trade, infrastructure, and settlement, among others, shall participate in the
31 development and implementation of the NDC.

32
33 To ensure alignment among development plans and climate change strategies,
34 the NEDA and CCC shall be responsible for harmonizing and ensuring the
35 complementation of NDC with national and local development planning instruments.
36 The NEDA shall integrate the NDC into the Philippine Development Plan. The CCC
37 and DILG shall assist LGUs in the integration of the NDC in the LCCAPs, Local
38 Development Plans (LDPs), and ~~Comprehensive Land Use Plans (CLUP)~~ and the
39 DHSUD for CLUPs and PDPFPs. (DHSUD)

40
41 The NDC Steering Committee shall formulate the NDC policies and measures
42 based on the best available science and in keeping with robust development and
43 transformative aspirations of the country, consistent with national circumstances.

44
45 The CCC, along with the national government agencies (NGAs) concerned,
46 shall establish a local NDC Steering Committee to jumpstart and sustain local-based
47 transformative strategies in alignment with the NDC, subject to the issuance of policy
48 guidance following multi-sectoral consultation, especially with the Regional
49 Development Councils (RDCs) under the supervision of the NEDA.

1 Specifically, the RDCs shall be considered points of convergence for low
2 carbon development at the regional or subnational levels that inform pathways for
3 transformation, including optimization of investment options, as may be aligned with
4 physical and socio-economic challenges due to climate change impacts.

5
6 Parallel effort shall be the formation of local counterparts for scientific and
7 technological advice to said Sub-National Steering Committees to be comprised of the
8 members of the NPTE and CONCERNED field units ~~of the DOST~~, RDLs AND
9 COUNCILS, subject to the issuance of policy guidance by the CCC and DOST,
10 especially with regard to engaging the Higher Education Institutions (HEIs) /State
11 Universities and Colleges (SUCs) through CHED. (DOST-PCAARRD)

12
13 The CCC should formulate and implement robust communication and advocacy
14 strategies, in coordination with relevant government and non-government
15 stakeholders, across levels of governance, to ensure that the low carbon development
16 directions are communicated effectively to inspire convergence at the broadest scope
17 possible, up to the smallest unit of governance.

18
19 Cong. Anna – separate sections for “Steering Committee” and “their responsibilities”.

20
21 PIDS: The necessity of separate multiple bureaucratic platforms needs to be looked
22 at in terms of possible mandate redundancies. There is also no LGU and CSO/sectoral
23 representation in the proposed NDC steering committee. The GAA allocation of funds
24 for CC-related action by NGAs and LGUs need guidelines, with institutional plans and
25 projections possibly to be included in the proposed institutional yearly reports.

26
27 Akson Klima: HB7705 does not mention how to address matters related to the
28 NDC Implementation Plan and the NDC Monitoring, Review, and Validation (MRV)
29 Plan, both of which are currently being developed by Philippine government agencies
30 led by the CCC and would serve as the strategies for realizing the nation’s targets
31 under the NDC. While drafts of said documents have been previously communicated
32 to NGO stakeholders, it is concerning that they remain unfinished more than two years
33 after the Philippines ratified the Paris Agreement and eight years since the
34 aforementioned treaty was adopted under the UNFCCC. Hence, their proposal for the
35 amendment of Section 11:

36
37 “To ensure alignment among development plans and climate change strategies, the
38 NEDA and CCC shall be responsible for harmonizing and ensuring the
39 complementation of NDC with national and local development planning instruments,
40 through the NDC Implementation Plan (NDCIP) and the NDC Monitoring, Review,
41 and Validation Plan (NDCMRVP). The NEDA shall integrate the NDC into the
42 Philippine Development Plan. The CCC and DILG shall assist LGUs in the integration
43 of the NDC in the LCCAPs, Local Development Plans (LDPs), and Comprehensive
44 Land Use Plans (CLUP).”

45
46 “The NDC Steering Committee shall formulate the NDC policies and measures based
47 on the best available science and in keeping with robust development and
48 transformative aspirations of the country, consistent with national circumstances. The
49 NDCIP and NDCMRVP shall reflect these NDC policies and measures and the
50 corresponding decarbonization pathway resulting from their full

1 implementation. The NDCIP and NDCMRVP shall be fully updated at most a year
2 after the Philippines submits its latest NDC to the UNFCCC.”

3
4 CCC – ok with the suggestion of AK on the 1st par.

5
6 **SECTION 12. Allocation of funds.** – PURSUANT TO ARTICLE 5 OF THIS ACT,
7 the aforementioned agencies shall allocate from their annual appropriations adequate
8 funds for the implementation of their mandates, including training and capacity
9 building, under this Act, subject to support under the mechanism of the Means of
10 Implementation of the Paris Agreement.

11
12 DOTr: There may not be adequate measures to define what would equate to adequate
13 funds.

- 14 c. Recommends including a specific percentage or a minimum threshold that
15 would constitute adequate funds.

16
17 (22 August 2023)

18 DOTR – will submit position paper on this provision.

19 CCC – propose a separate section for the allocation of funds.

20 Cong. Anna – climate change expenditure tagging – can the expenses be included
21 therein and how much is the allocation? CCC – yes can be included. Around 260
22 agencies already tagged their budget/NEP, 543B is allocated.

23 DOE – on actual mitigation reduction/avoidance, no funds are tagged for that for DOE.

24 Cong. Alba – requested CCC for the suggested wordings for the allocation of funds.

25
26 **SECTION 13. Annual Report on the NDC Implementation.** - The CCC and NDC
27 Steering Committee shall submit to the President of the Philippines and to both
28 Houses of Congress, not later than 30 March of every year following the effectivity of
29 this Act, a progress report on the implementation of the NDC, and recommend
30 legislation, where applicable and necessary.

31
32 CCC – Separate “article” for Sections 12 and 13.

33 34 **ARTICLE 4**

35 **Local Climate Change Action Plan (LCCAP) Quality Assessment Review** 36 **System**

37
38 CCC: Include capacity building activities for communities and that build and develop
39 the capacities of the communities and LGUs.

- 40 c. The CCC consider this a priority undertaking.
41 c. CCC, in partnership with the DILG, trains LGUs to formulate their LCCAPs.
42 c. This will reinforce the provisions pertaining to LCCAPs under Article 4 of the
43 bill.
44 c. Enhanced and strengthened collaboration among key stakeholders, with
45 utmost consideration of the role of vulnerable groups such as women and girls,
46 children and youth, elderly, Ips, and differently-abled in climate change actions,
47 will help attain a transformative, inclusive, climate-resilient, climate-smart, and
48 sustainable Philippines.

1 **National Integrated Climate Change Database and Information Exchange**
2 **System (NICCDIES)**
3

4 **SECTION 17.** *Institutionalization of the NICCDIES as a Primary platform on*
5 *Climate Change Information.* - Notwithstanding existing and related mandates of other
6 agencies, the CCC shall issue guidelines to accelerate its utilization , including
7 engaging agencies, academia , and the private sector to populate the data sets
8 therein, and instituting a feedback mechanism to enhance content, access, and
9 continuous improvement to support long-term, national driven, people and planet-
10 centric climate governance in the country.

11
12 PIDS: The National Integrated Climate Change Database and Information Exchange
13 System (NICCDIES) will serve as the primary platform for CC information. – This
14 should be expanded to cover DRRM-related information. It also needs to be
15 responsive and if possible, close to real-time in updates if relevance and transparency
16 are also espoused.

17
18
19 **ARTICLE 7**
20 **Cap and Trade System**
21

22 FMB-DENR: Include a provision on the appropriate agency that will provide the
23 baseline information of the GHG emission to have reference level for cap-and-trade
24 system.

25
26 (22 August 2023)

27 DOST-PCAARRD: Welcomes the use of Emission Trading System (ETS), or cap-and-
28 trade system, as it allows more flexibility as to how and where pollution is reduced and
29 can ensure that the desired amount of emission reduction happen at the lowest
30 possible cost.

- 31 c ETS can encourage the internalization of environmental costs, leading to the
32 adoption of cleaner technologies and control over the total level of pollution.
33 c ETS has not been much used in the Southeast Asia due to the regulatory
34 burden.
35 c Recommends that other market-based instruments (MBIs) (*i.e.*, pollution
36 taxes, fees, or charges, water pricing, subsidies, payment for ecosystem
37 services, etc.) be evaluated in the context of the Philippines.
38 o It is important to consider and contextualize how ETS and other MBIs
39 would operate in distinct sectors (*i.e.*, agriculture, energy, land use,
40 waste, transport, etc.).
41 o The implementation, design, and choice of policy instruments should be
42 sector-specific.
43 c Highlight the importance of considering how MSMEs will be incorporated into
44 the ETS regulations, provided that 99.5% of the country's business enterprises
45 are made up of these entities.
46 o Given their limited financial capital, they may not be able to invest in
47 pollution control technologies and carry the burden of complying with this
48 Act.

- 1 o Enforcement costs could be substantial and monitoring could be a
- 2 significant challenge to the country.
- 3 c Highly vital to evaluate if the ETS mechanism is the best policy in the
- 4 agricultural sector.
- 5 o Small-scale farmers might not be ready to pay and compete in the trade
- 6 market.
- 7 o Agriculture – particularly rice farming – contributes significantly to GHG
- 8 emissions in Asia.
- 9 o Choosing the appropriate instrument for agriculture is important to the
- 10 attainment of our NDC targets.
- 11 o To implement climate action, the government may consider offering
- 12 direct incentives to encourage low-carbon farming and adopt climate-
- 13 friendly techniques (*i.e.*, afforestation and reforestation, agroforestry,
- 14 peatland restoration, etc.)
- 15 c Since ETS allows for flexibility in where pollution will be reduced, it may cause
- 16 more local damage than global damage.

17
18 **SECTION 18. Emission Reduction Measures/Targets.** - Emission
19 avoidance/reduction measures shall be geared towards equitable implementation of
20 just transition using nationally-appropriate carbon market and non-market
21 approaches. This shall be adopted upon the recommendation of the NDC Steering
22 Committee, after careful study and consultation, to achieve maximum technologically-
23 feasible and cost-effective avoidance/reduction strategies, programs, and projects to
24 meet the carbon goal considered in this Act, with direct impact to low carbon industrial
25 productivity and sustainable development.

26
27 Annual emission avoidance/reduction targets, including the sector/s and levels
28 to be covered¹⁰, shall be set for each calendar year by the President, through the
29 recommendation of the NDC Steering Committee, with supporting investment and
30 social safeguards roadmap, and upon consultation through multi-stakeholder, whole
31 of government, and whole of society approaches.

32
33 Aksyon Klimá: the phrase in the 2nd paragraph “including the sector/s and levels to
34 be covered” is unnecessary.

- 35 c All sectors and levels are part of the transition to a low-carbon economy,
- 36 consistent to a “whole- of-society” approach necessary for climate action.
- 37 c To use this language leaves room for questionable decisions (*i.e.*, leaving out
- 38 the energy sector or specific companies in setting emissions
- 39 avoidance/reduction targets) that takes away accountability from entities that
- 40 should be reducing their pollution and slows down the implementation of
- 41 mitigation and adaptation policies and measures.

42 PIDS: On carbon cap and trade system, should the annual setting of emission
43 avoidance/reduction targets be set by the President, or should it be devolved
44 accordingly to the relevant NGAs?

¹⁰ (*i.e.* power only, or power and selected industries; facility- or company-specific)

- 1 c The carbon trading system needs elaboration and proper guidance in terms of
- 2 policy and institutional mechanisms. There was only an abridged elaboration
- 3 on Article 7 considering that carbon trading is the supposed focus of the bill.
- 4 c How will the government operationalize local vs global carbon trade system,
- 5 including the transfer of credits, and vetting process?
- 6 c How do we relate the submitted NDC with the GHG emissions cap?

7
8 **SECTION 19. Cap on Greenhouse Gas Emissions.** - To achieve the emission
9 targets set pursuant to this Act, a cap shall be imposed on the GHG of the covered
10 sector with the -

- 11 a) Highest GHG and
- 12 b) Most cost-effective opportunities to avoid/reduce emissions, to include
- 13 considerations for externalities and social protection;

14
15 *Aksyon Klima:* It is unclear how exactly the cap on GHG emissions would be set, as
16 the language used is ambiguous.

- 17 c Details such as whether the cap would only apply to the “covered sector” (as
- 18 defined under the bill, primarily the industry and commercial sectors) and
- 19 whether the cap would be applied homogeneously throughout the sector should
- 20 already be stated clearly in the language of the bill.

21
22 **DENR:**

- 23 c The Philippines should assert its right to the remaining legitimate emissions or
- 24 development space or carbon budget. As the country is entitled to use this
- 25 remaining carbon budget, putting a cap on its GHG emissions would take away
- 26 this right. This does not mean, however, that we have the intent of emitting
- 27 these emissions. As guaranteed by the UNFCCC and its Paris Agreement, we
- 28 are only asserting our right to unhampered sustainable economic development
- 29 that should be recognized and must be supported especially now that we have
- 30 opted to avoid these remaining emissions.
- 31 c The imposition of caps on GHG emissions will have financial and economic
- 32 impacts on the sectors to be covered.
- 33 c Suggestion: Should be thoroughly studied and vetted by concerned sectors.

34
35 **SECTION 20. Allowances.** - The DENR, upon the recommendation of the NDC
36 Steering Committee and further upon appropriate consultation, shall issue annually a
37 quantity of GHG emissions allowances equivalent to the emissions allowed under
38 the cap imposed for such year. Each allowance shall authorize the emission of one
39 metric of carbon dioxide, or in the case of global warming pollutants other than carbon
40 dioxide, a carbon dioxide equivalent.

41
42 **SEC:**

- 43 c There are two (2) general markets in carbon trading: primary market and
- 44 secondary market.
 - 45 o Primary market – involves the distribution of allowances by the
 - 46 government either through allocation to polluters for free, at a
 - 47 predetermined price, or by auctioning allowances to the highest bidders.
 - 48 o Secondary market – includes all subsequent trading of emission
 - 49 allowances and offset credits. Carbon allowances may be sold,

1 exchanged or traded through spot transaction or such market can also
2 involve the entering into derivatives contracts.

3 ▫ Derivatives are securities under Section 3 (Rule 3.1.9 IRR) of the
4 SRC and within the regulatory jurisdiction of the SEC.

5 ▫ If the intention of the bill is to create a primary market and a secondary
6 market for selling, exchanging, or trading of purely emission allowances, SEC
7 agrees with that it is the DENR which should be the regulator of the
8 carbon trading system as it has the expertise to measure and regulate
9 emissions from the different industries.

10 ▫ If the intention of the Bill is to create a secondary market that involves the selling
11 or trading of derivatives, consistent with the global trend in carbon trading, the
12 SEC shall have jurisdiction over the derivatives and such secondary
13 market, pursuant to the SRC.

14 ○ Clarification should be made on the mechanisms and parameters by
15 which these allowances shall be sold, purchased, exchanged or traded.

16 ○ Should the structure involve the trading of derivatives, SEC would need
17 to take a more active participation in the regulation of the trading of this
18 financial instrument or the exchange where the instrument will be traded.

19 ○ For clarity, the SEC agrees that the DENR has the necessary
20 expertise and manpower to regulate the emissions from the
21 powerplants and other industrial facilities.

22
23 **SECTION 21. *Distribution of Allowances.*** - The allowance shall be distributed
24 by the DENR to the covered sector by allocation.

25
26 **SECTION 22. *Carbon Trading System.*** - There shall be an established and
27 interoperable central registry, trading, verification, and reporting system for carbon
28 which include but not limited to terrestrial and blue carbon ecosystems, under the
29 DENR¹¹, which allowances issued under this Act may be sold, exchanged, purchased,
30 or traded by any person or entity, subject to policy guidelines to be issued upon due
31 consultation. DENR

32
33 Notwithstanding the foregoing, non-market approaches consistent with just
34 transition strategies needed to accelerate the attainment of low carbon economy, shall
35 be pursued, subject to further review and consultation process, along with the
36 mechanisms concerning carbon market activities in this Act.

37
38 Aksyon Klima: Emphasized the importance of capacity-building to ensure that the
39 implementing agency of the proposed central registry, trading, and reporting system
40 (i.e., DENR) would properly operationalize and manage it.

41
42 DENR: For the DENR, having been engaged in operationalizing a market-based
43 instrument (being the Designated National Authority for Clean Development

¹¹ Based from the Recommendations for Institutional Arrangements under the Assessment Report of the Accelerating Climate Investment in the Philippines (ACIP) Project Pillar 3: Readiness for Carbon Pricing; rationale for DENR is because of the following:

- DENR-EMB regulates emissions from power plants and industrial facilities under the Clean Air Act;
- Their expertise (particularly Climate Change Division of DENR-EMB) relating to emissions offsetting, having acted as the Designated National Authority (DNA) for the Clean Development Mechanism (CDM) and point of contact on activities concerning Japan's bilateral Joint Crediting Mechanism (JCM).

1 Mechanism under the Kyoto Protocol), the Philippines' perspective should be as a net
2 seller of certified emissions reductions (CERs) to be traded to the global market, noting
3 that because of its low emissions, the country has the advantage of selling CERs
4 generated from its "avoidance" mitigation potential. Further, it does not need to
5 establish a local carbon market registry which would involve extraneous costs of
6 developing policy, and the hard and soft infrastructure for compliance and monitoring,
7 among others.

8
9 **SEC:**

- 10 ◦ In some carbon trading market models, derivatives play an essential role.
11 Companies subject to carbon compliance programs can use carbon derivatives
12 to meet their obligations and manage their risk in a cost-effective way.
- 13 ◦ Among the commonly traded types of carbon derivatives include futures,
14 options, and swaps, and these derivatives are often traded on exchanges.
- 15 ◦ Benchmarking with other jurisdictions shows that robust carbon markets are
16 characterized by a strong ecosystem, demand for carbon credits and a
17 marketplace for trading.
- 18 ◦ Some of the biggest jurisdictions which launched voluntary markets, as
19 regulated by the securities commissions, are:
 - 20 ◦ Bursa Carbon Exchange (BCX) by Bursa Malaysia
 - 21 ◦ London Stock Exchange Voluntary Carbon Market
 - 22 ◦ Australian Voluntary Carbon Market
 - 23 ◦ Singapore's AirCarbon Exchange (ACX)
 - 24 ◦ Climate Impact X (CIX), a JV funded by DBS Bank, Temasek, Standard
25 Chartered, and the Singapore Exchange (SX).

26
27 **ARTICLE 10**
28 **Transparency and Reporting**

29
30 **SECTION 23.** *Submission of national reports to the UNFCCC.* - The
31 Philippines, as a Non-Annex I Party to the UNFCCC, shall submit national reports
32 mandated under the Convention and its Paris Agreement, especially the National
33 Communications and Biennial Transparency Reports, in accordance with capacities
34 and provision of timely and appropriate means of implementation. These reports shall
35 incorporate those outputs and reports mentioned in the previous sections, as
36 appropriate.

37
38 **SECTION 24.** *Role of the CCC.* - The CCC shall develop systems for
39 transparency and reporting, including measurement, reporting, and verification, and
40 enhance existing institutional arrangements to ensure continued and timely
41 preparation of national reports, in coordination with relevant government agencies,
42 observing whole-of-society and participatory processes.

43
44 **SECTION 25.** *Means of Implementation for Transparency and Reporting.* - The
45 necessary means of implementation for transparency and reporting, especially
46 provisions for hardware, software, and human resource requirements, shall be

1 accessed and provided in accordance with resources made available to Parties to the
2 UNFCCC and reasonable domestic resources.

3
4 PIDS: The multiple submission of reports for transparency and reporting is elaborate
5 and overlapping: The bill requires separate documentations on (1) PGHGIMRS GHG
6 monitoring, (2) CCET, (3) NDC yearly report, (4) possible sectoral and subnational
7 reports; (5) carbon trading status; (6) UNFCCC report; (7) enforcement and
8 indemnification report; (8) climate reinvestment fund report.

- 9 c It may be more prudent to consolidate into a comprehensive annual report and
10 just come out with periodic/quarterly assessment updates as needed.

11 12 13 **ARTICLE 11**

14 **The Role of LGUs, DepEd, HEIs and SUCs in the implementation of this Act**

15
16 **SECTION 26.** *Devolution of Role to LGUs.* - Pursuant to Executive Order No.
17 138 otherwise known as the Mandanas-Garcia Ruling which fully transfers the delivery
18 of basic services to LGUs, LGUs should integrate climate change adaptation and
19 mitigation measures in their local plans and programs.

20
21 *Aksyon Klima:* While the provisions on empowering local government units (LGUs)
22 on strengthening climate solutions is noteworthy, HB7705 does not address the
23 structural and logistical issues that would prevent the proper implementation of such
24 measures. For instance, the lack of a Local Climate Change Office or a set of LGU
25 personnel that would oversee the implementation of their community's LCCAP and
26 other climate-related laws and policies remains a glaring issue across many
27 municipalities in the Philippines. Without such infrastructure and adequate financial
28 and technical resources, capacity-building initiatives would not be as sustainable as
29 intended.

30
31 **SECTION 27.** *Role of DepEd, HEIs, and SUCs.* - Pursuant to RA 9729, the
32 DepEd shall integrate climate change into the primary and secondary education
33 curricula and/or subjects, such as but not limited to, science, biology, sibika, history,
34 including textbooks, primers, and other educational materials, basic climate change
35 principles and concepts.

36
37 HEIs and SUCs should integrate climate change as part of the curricula for all
38 college courses in order to provide tertiary level students with sufficient grounding on
39 said subject.

40
41 PIDS: Sectoral and subnational grounding requires appropriate and streamlined
42 bureaucratic platforms and commensurate capacity building. The devolution of
43 responsibilities to LGUs would add to the growing stack of devolved functions post-
44 Garcia-Mandanas ruling. Such demands must include apt provisions on capacity
45 building and subnational CC financing. Most LGUs also do not have environment or
46 climate change offices or permanent staff for CC mitigation and adaptation-related
47 functions.

48 49 **ARTICLE 12**

The Role of the Private Sector and Non-Government Stakeholders

SECTION 28. *Role of the Private Sector and Non-Government Stakeholders.* -

To ensure inclusive and consultative nature of the processes and systems towards low carbon economy, just transition, multi-stakeholder, whole of government and whole of society approaches to build consensus on nationally-appropriate just transition arrangements shall be considered.

In this regard, representatives of critical industries, groups of innovators, academics, civil society, people's organizations, financial institutions and intermediaries, and other related entities shall be enjoined to participate in the deliberations and decision-making activities under this Act, subject to appropriate guidelines to be formulated by the NDC Steering Committee, through the endorsement of the CCC.

CCC: Consider strengthening possible safeguard mechanisms in attaining the Philippines' mitigation targets and comprehensive and holistic transformation needs of communities for sustainable development.

- Fulfilling the targets under this measure cannot be done by the government alone.
- Full support from the private sector is needed to ensure the country's just and accelerated transition from business-as-usual to low carbon economy.

ARTICLE 13

Polluters-Pays Principle for GHG Emissions

DENR: A system of enforcement and indemnification or appropriate sanctions consistent with the "polluter pays principle" should be thoroughly and carefully considered as the Philippine environmental laws generally do not regulate and treat greenhouse gas (e.g. CO₂) as air pollutants.

SECTION 29. *Enforcement.* - The DENR, in coordination with the agencies concerned, shall formulate immediately upon approval of this Act a system of enforcement and indemnification or appropriate sanctions consistent with the "polluters pay principle". The DENR shall establish the method of determining such market price, in coordination with the CCC, DOF, DTI/BOI, and NEDA.

SECTION 30. *Monitoring.* - The DENR shall ensure that greenhouse gas emissions and the use of allowances issued under this Act are accurately tracked, reported, and verified, aligned with Article 10 of this Act, to ensure that the cap-and-trade system established under this Act is fully implemented.

SECTION 31. *Penalties.* - For each quantity of excess GHG emissions constituting carbon dioxide or one carbon dioxide equivalent, the amount of civil penalty shall be twice the market price for an allowance at the end of the calendar year in which the excess emissions occurred. The DENR shall establish the method of determining such market price.

1 PIDS: The bill mandates DENR to work on enforcement and indemnification,
2 consistent with the polluters pay principle, including market price determination for
3 penalties — the same mandate already supposedly embedded in sectoral legislations
4 covering EMB, FMB, and MGB. Capacity development for DENR is further required
5 both in terms of technical capacity and manpower augmentation, specifically for
6 carbon trading and functional enforcement.

7
8 **SECTION 32. *Climate Reinvestment Fund.*** - There is an established fund to be
9 known as the Climate Reinvestment Fund, hereafter referred to as the CRF. The CRF
10 shall consist of the amount of civil penalties assessed under Section 34 of this Act. It
11 shall be administered by the DENR to be used exclusively for activities addressing
12 global warming, subject to the recommendation of the NDC Steering Committee to
13 ensure alignment with the policies and measures of the NDC.

14
15 PIDS: The proposed establishment of a climate reinvestment fund from collected
16 penalties should also cover CC adaptation initiatives and not just global warming
17 mitigation.

18
19 Indonesia limited its carbon trading policy to cover just the energy sector. The same
20 conservative approach may be considered by the Philippines, particularly in the early
21 stages of policy grounding. Greater focus on the sectors of energy and transportation
22 may be pursued, given that the two sectors account for the most GHG emissions in
23 the country. This will also prevent the NGAs from possibly being functionally
24 overwhelmed given the new institutional mandates attached to HB 7705.

25
26
27 **ARTICLE 14**
28 **Miscellaneous Provisions**

29
30 **SECTION 33. *Appropriations.*** - The amount necessary for the initial
31 implementation of this Act shall be ~~taken from existing allocations of the CHARGED~~
32 ~~AGAINST THE CURRENT YEAR'S APPROPRIATIONS OF THE DEPARTMENT/~~
33 ~~agencies concerned. Thereafter, such sums as shall MAY be necessary to carry out~~
34 ~~the provisions of this~~ FOR THE CONTINUED IMPLEMENTATION of this Act shall be
35 included in the annual General Appropriations Act.

36
37 THE LGUS CONCERNED MAY PROVIDE THE NECESSARY FUNDS FOR
38 THE PURPOSE CHARGED AGAINST ITS LOCAL FUNDS. (DBM)

39
40 **SECTION 34. *Implementing Rules and Regulations.*** - The CCC, in coordination
41 with the NDC Steering Committee agencies, shall draft and issue implementing rules
42 and regulations necessary, in coordination with other relevant and appropriate
43 government agencies within sixty (60) days after its approval.

44
45 **SECTION 35. *Separability Clause.*** - If for any reason any section or provision
46 of this Act is declared by the Court as unconstitutional or invalid, the other sections or
47 provisions thereof shall not be affected thereby.

1 **SECTION 36. *Repealing Clause.*** - All laws, ordinances, rules, and regulations,
2 and other issuances or parts thereof, which are inconsistent with this Act, are hereby
3 repealed or modified accordingly.
4

5 **SECTION 37. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
6 complete publication in the Official Gazette or in two (2) newspapers of general
7 circulation.
8

9 *Approved,*
10
11
12
13
14