



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
KAGAWARAN NG KAPALIGIRAN AT LIKAS YAMAN



MEMORANDUM

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

All Bureau Directors

The Officer-In-Charge
Mines and Geosciences Bureau

FROM : **The Director**
Legislative Liaison Office

SUBJECT : **INVITATION TO THE 6th TECHNICAL WORKING GROUP (TWG) MEETING AND REQUEST FOR COMMENTS ON DRAFT SUBSTITUTE BILL IN SUBSTITUTION OF 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 : 05 March 2024

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 its **6th Technical Working Group (TWG) meeting on March 11, 2024 (Monday), 9:30 A.M. at Commission on Appointments Conference Room, South Wing Annex Building** to finalize the draft substitute bill on 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," authored by Rep. Edgar M. Chatto.

In this regard, may we request additional comments on the Draft Substitute Bill as of 04 March 2024. Kindly send them on or before **07 March 2024** 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 them as resource

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person/s. The representative is preferably the same one who attended and officially represented your office at the previous TWG meetings.

Attached herewith are the Letter - Invitation, Agenda, and the Draft Substitute Bill as of 04 March 2024, for your reference.


ROMIROSE B. PADIN

cc: Undersecretary for Special Concerns and Legislative Affairs



Republic of the Philippines
House of Representatives
Quezon City

COMMITTEE ON CLIMATE CHANGE

March 4, 2024

HON. MARIA ANTONIA YULO LOYZAGA

Secretary
Department of Environment and Natural Resources
Visayas Avenue, Diliman, Quezon City

Dear Secretary Loyzaga:

We wish to inform you that the **Committee on Climate Change** will hold its **Sixth Technical Working Group (TWG) meeting** on **March 11, 2024 (Monday), 9:30 A.M.** at **Commission on Appointments (CA) Conference Room, South Wing Annex Building** to finalize the draft substitute bill on **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," authored by Rep. Edgar M. Chatto.

In line with this, may we invite you or your representative (preferably the one who officially represented your office at our previous TWG meetings) for an ongoing discussion on the abovementioned bill.

Due to the recent implementation of stricter security measures at the House of Representatives, we kindly request your **attendance confirmation on or before March 7, 2024**. Please provide us with a complete list of attendees, along with their vehicle details, if applicable, to allow us to coordinate properly with our legislative security office.

Attached are copies of the agenda and the latest draft substitute bill of HB 7705 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
19TH Congress
Second Regular Session

**6TH TECHNICAL WORKING GROUP (TWG) MEETING
COMMITTEE ON CLIMATE CHANGE**

March 11, 2024, 9:30 AM
Commission on Appointments (CA) Conference Room
South Wing Annex Building, House of Representatives

AGENDA

- I. ACKNOWLEDGMENT OF AUTHOR, GUESTS, & RESOURCE PERSONS
- II. OPENING REMARKS OF THE TWG CHAIRPERSON
- III. FINALIZATION OF THE DRAFT SUBSTITUTE BILL 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," AUTHORED BY REP. EDGAR M. CHATTO
- IV. OTHER MATTERS
- V. ADJOURNMENT

RESOURCE PERSONS

- GOVERNMENT SECTOR
 - Climate Change Commission
 - Department of Agriculture
 - Department of Budget and Management
 - Department of Education
 - Department of Energy
 - Department of Environment and Natural Resources
 - Department of Finance
 - Department of Foreign Affairs
 - Department of Health
 - Department of Human Settlements and Urban Development (DHSUD)
 - Department of the Interior and Local Government
 - Department of Labor and Employment
 - Department of Public Works and Highways

- Department of Science and Technology
 - Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA)
 - Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (PCAARRD)
- Department of Tourism
- Department of Trade and Industry
- Department of Transportation
- National Economic and Development Authority
- Energy Regulatory Commission
- Commission on Higher Education
- Philippine Institute for Development Studies (PIDS)
- Philippine Statistics Authority (PSA)
- Securities and Exchange Commission (SEC)

- LGUs
 - League of Cities of the Philippines
 - League of Provinces of the Philippines
 - League of Municipalities of the Philippines
 - Union of Local Authorities of the Philippines

- CIVIL SOCIETY GROUPS/NGOs
 - Aksyon Klima Pilipinas
 - ClientEarth
 - Greenpeace Philippines
 - Institute for Climate and Sustainable Cities
 - Parabukas

- PRIVATE SECTOR
 - Ayala Corporation
 - Carbon PH Coalition
 - Cement Manufacturers Association of the Philippines, Inc. (CeMAP)
 - Global Green Growth Institute (GGGI)
 - Luntian Movement, Inc.
 - Macgrath Int'l
 - Maharlika Carbon Technologies Liability Limited Corporation (Maharlika Carbon)
 - Philippine Chamber of Commerce and Industries (PCCI)
 - Philippine Independent Power Producers Association (PIPPA)
 - SGV & Co.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. _____
(In substitution of House Bill No. 7705)

**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, WILTET Y. PALMA, and ZIA ALONTO
ADIONG**

1 **AN ACT**
2 **PROMOTING A LOW CARBON ECONOMY, ESTABLISHING FOR THIS PURPOSE**
3 **A CARBON EMISSION PRICING FRAMEWORK AND TRADING SYSTEM, AND**
4 **IMPLEMENTATION MECHANISM TO ACHIEVE NATIONAL CLIMATE TARGETS**
5

6 *Be it enacted in the Senate and House of Representatives of the Philippines in*
7 *Congress assembled:*
8

9 **ARTICLE 1**
10 **General Provisions**

11
12 **SECTION 1. Short Title.** - This Act shall be known as the “Low Carbon Economy
13 Act of 2023.”
14

15 **SECTION 2. Declaration of Policy.** –It is the policy of the State to afford full
16 protection and the advancement of the right of the people to a stable climate and a
17 balanced and healthful ecology in accord with the rhythm and harmony of nature.
18 Towards this end, the State has adopted policies to protect the climate system for the
19 benefit of humankind, on the basis of climate justice, common but differentiated
20 responsibilities, and the precautionary principle to guide decision-making in climate
21 risk management.
22

23 The Philippines’ high exposure to natural hazards, its dependence on climate-
24 sensitive natural resources, and its vast coastlines wherein majority of its population
25 resides, renders the country exceedingly vulnerable to the adverse impacts of climate
26 change. The State recognizes that these climate impacts are humanitarian concerns
27 that directly threaten the rights of the people to life, dignity, adequate standard of living,
28 food, water, sanitation, housing, self-determination, culture, and a balanced and
29 healthful environment, among others.
30

31 The State likewise recognizes that there is strong scientific evidence that
32 associates many of these impacts to human-induced climate change from the

1 activities of fossil fuel producers, and consumers including coal, oil, gas, glass, steel,
2 cement, real estate, agriculture, and other carbon intensive companies that materially
3 contribute to Carbon Dioxide, Methane, and other greenhouse gas (GHG) emissions
4 into the atmosphere. According to the Intergovernmental Panel on Climate Change
5 (IPCC), continued emission of these gasses will cause further warming and long-
6 lasting changes in all components of the climate system, increasing the likelihood of
7 severe, pervasive, and irreversible impacts for people and ecosystems.

8
9 It is also the policy of the State to promote sustainable development and
10 adherence to the internationally agreed frameworks for mitigation of climate change
11 and decreased vulnerability to its impacts including the Paris Agreement whose
12 overarching goal is to hold the increase in the global average temperature to well
13 below 2°C above pre-industrial levels and pursue efforts to limit the temperature
14 increase to 1.5°C above pre-industrial levels. Towards this end, science-based
15 decarbonization pathways shall be set on a national as well as sector-specific level,
16 ensuring alignment with global standards. There is a need for industrial and
17 commercial sectors, and to the extent applicable, the household sector, to work
18 towards reducing GHG and minimize the adverse effects of climate change through
19 the establishment of a policy environment that internalizes the carbon-related
20 externalities into the market and support technological development and transfer,
21 capacity building, sustainable finance supporting just transition towards low carbon
22 economy. The participation of local government units (LGUs), academe,
23 nongovernment stakeholders, especially champions in critical industries for just
24 transition, banking, and financial institutions, civil society, and the development
25 partners and the general public shall be ensured.

26
27 **AKSYON KLIMA:** Suggested to **delete** "*and to the extent applicable, the household*
28 *sector*" as it is unnecessary for this bill because the Philippines is among the countries
29 with the lowest primary energy consumption per capita, which would not translate to
30 many households in the country having a significant share in terms of GHG emissions.

31
32 State-of-the-art and emerging low carbon technologies suitable for the
33 Philippine conditions, especially those that will increase the livelihoods and
34 productivity of the sectors concerned, and that will usher in just transition in all GHG-
35 emitting socio-economic sectors with an emphasis on the energy and transport
36 sectors, including those that will impact to building resilience and investments at the
37 most vulnerable communities, shall may be supported under the Means of
38 Implementation under the UNFCCC and the Paris Agreement. Enabling policies shall
39 be put in place to unlock the investments in emerging decarbonization technologies
40 and business models. Bilateral and multilateral approaches shall be optimized in
41 ensuring accelerated flow of support to the country under this Act. **(Aksyon Klima)**

42
43 Sustainable mobilization of financial resources, technological innovation, and
44 capacitation of both human resources and institutions, both government and
45 nongovernment, shall be a primary support mechanism under this Act.

46
47 **SECTION 3. Definition of Terms.** - For the purposes of this Act, the following terms
48 are defined:

- 1 (a) "Allocation" refers to the process of distributing allowances to covered entities in
2 an emission trading system. (DOE)
3
- 4 (b) "Cap setting" refers to the setting of a limit on the total amount of emissions
5 produced by the regulated entities, which is then reflected in the number of
6 allowances issued over a specified time period; (DOE)
7
- 8 (c) "Carbon Dioxide Equivalent" shall refer to the quantity of carbon dioxide (CO₂)
9 that makes the same contribution to global warming as a given amount of GHG,
10 taking into account the global warming potentials published by the IPCC;
11
- 12 (d) "Carbon Emissions," encompass the release of GHG into the atmosphere. These
13 gases include not only CO₂ but also other gases such as Methane (CH₄), nitrous
14 oxide (N₂O), fluorinated gases, and other gasses identified under the latest IPCC
15 GHG Inventory Guidelines. These are typically measured in terms of their carbon
16 dioxide equivalent (CO₂e) to account for their varying impacts on global warming;
17
- 18 (e) "Carbon emissions liabilities" shall refer to the set carbon price that incorporates
19 abatement costs and costs of preventative measures to avoid the socio-economic
20 cost of carbon or climate-related loss and damages;
21
- 22 (f) "Carbon Emission Trading (CET) shall refer to the type of emission trading
23 scheme designed for carbon dioxide (CO₂) and other greenhouse gasses (GHG);
24
- 25 (g) "Carbon Market" shall refer to the trading system in which carbon credits are sold
26 and bought. Companies or individuals can use carbon markets to compensate for
27 their GHG emissions by purchasing carbon credits from entities that remove or
28 reduce GHG emissions;
29
- 30 (h) "Carbon Offsetting (CO)" shall refer to the trading mechanism that allows the
31 government, businesses, and private entities to compensate their GHG emission
32 by supporting projects that remove, reduce, or avoid emission elsewhere; (DOE)
33

34 **Maharlika:** Inconsistent or overlapping definition of "Carbon Offsetting", "Carbon
35 Trading" and "Carbon Mechanism".
36

- 37 (i) "Carbon Pricing" refers to an instrument that captures the external costs of
38 greenhouse gas emissions – the costs of emissions that the public pays for, such
39 as damage to crops, health care costs from heat waves and droughts, and loss of
40 property from flooding and sea level rise – and ties them to their sources through
41 a price, usually in the form of a price on the CO₂ emitted. Carbon pricing refers to
42 initiatives that put an explicit price on GHG emissions, *i.e.* a price expressed as a
43 value per ton of carbon dioxide equivalent (tCO₂e), in order to reduce the
44 combustion of coal, oil, and gas. (DOE)
45

46 **GGGI:** The definition is **wrong**. It cannot be both an instrument and an initiative; and
47 cross referencing should be noted to Section 19 which defines "carbon price" – which
48 may be changed to "carbon tax" as the cost of mitigation plus a cost of adaptation. It

1 does not define when or where these two costs are defined, *i.e.* cost of mitigation in
2 the Philippines or globally.

- 3 - The cost of mitigation in any location is dynamic. The transparency on the
4 pricing program and forward notice of pricing is important for private sector to
5 plan their pathway to green growth or net zero.
- 6 - After this, carbon trading can be brought in wherein the criteria can differ across
7 several aspects.
 - 8 o How much tax can be offset using carbon trading. Section 21 does not
9 give a limit for offsetting but rather it implies that trading will be the
10 standard, otherwise a tax can be paid.
 - 11 o What credits can be used for offsetting. Section 21.1 implies both
12 national and international.

13
14 ~~“Carbon Pricing (CO₂ Pricing)” shall refer to the cost applied to GHG emissions in
15 order to reduce the combustion of coal, oil, and gas; (DOE)~~

- 16
17 (j) “Carbon Trading” also known as carbon emissions trading, shall refer to the use
18 of market mechanism to buy and sell credits that allow companies or other parties
19 to emit or offset a certain amount of GHG; (DENR)
- 20
21 (k) “Carbon transformation” shall refer to the efforts and strategies that reduce carbon
22 emissions and transitioning to a low carbon or carbon-neutral economy;
- 23
24 (l) “Climate Justice” shall refer to the allocation of burdens and benefits among
25 individuals, nations, and generations;¹
- 26
27 (m) “Climate-resilient pathway” shall refer to a development pathway that is
28 designated to build resilience to the impacts of climate change, while also avoiding
29 or reducing GHG emissions;
- 30
31 (n) “Common but Differentiated Responsibilities and Respective Capabilities
32 (CBDRRC)” shall refer to the principle recognizing that each country vary in terms
33 of contributions to global environmental degradation, and acknowledging that
34 developed countries should bear primary responsibilities in the international
35 pursuit of sustainable development, including the pressures put by their societies
36 to the environment, their command on technologies and financial resources, and
37 their contribution to the largest proportion of historical and current GHG
38 emissions;^{2,3}
- 39
40 (o) “Community-level greenhouse gas” shall refer to an inventory of GHG emissions
41 and removals associated with activities that occur within a defined geographic

¹ https://www.ipcc.ch/report/ar6/wg2/downloads/IPCC_AR6_WGII_SummaryForPolicymakers.pdf

² 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.

³ Yuli Chen (January 2021), *Reconciling common but differentiated responsibilities principle and no more favourable treatment principle in regulating greenhouse gas emissions from international shipping.*

1 area, such as a city or town, which shall include data from the household sector;
2 provided, when the context requires, "community" as used herein shall also
3 include the household sector;
4

5 **AKSYON KLIMA:** Suggested to **delete** "*which shall include data from the household*
6 *sector; provided, when the context requires, "community" as used herein shall also*
7 *include the household sector*".
8

9 (p) "~~Covered Sector~~" shall refer to ~~the industry and commercial sectors and/or, to~~
10 ~~sectors as may be determined appropriate by the oversight body~~ sectors that
11 materially contribute to national greenhouse gas (GHG) emissions, as determined
12 by the government. This determination considers both the current and potential
13 future contributions of these sectors to GHG emissions. Materiality assessments
14 will be based on emissions volume, economic significance, and potential for
15 emission reduction;
16

17 **Maharlika:** The process and responsibility of setting the scope should be explicit and
18 not simply framed with "may be determined appropriate by the oversight body". There
19 should be a proper handling in Section 19 as to who and how is determining the
20 covered sector, or if the list in the section is conclusive, and a revision of that list would
21 require a revision of the Act.
22

23 (q) "Covered Enterprise" is any enterprise that operates within these covered sectors.
24 These enterprises are subject to specific regulations, emissions reduction targets,
25 and carbon pricing mechanisms outlined in this Act.
26

27 (r) "Crediting mechanisms" like other carbon market mechanisms, enable entities, for
28 which the cost of reducing emissions is high, to pay low-cost emitters for carbon
29 credits that they can use towards meeting their emission avoidance or reduction
30 targets or obligations. These mechanisms put a price on carbon, that considers
31 environmental and social costs of carbon pollution, and permit transfer and
32 trading, which lowers the economic cost of avoiding or reducing emissions.
33 **(DENR)**
34

35 (s) "Critical industries" shall refer to the sectors of the economy that play a significant
36 role in both contributing to GHG emissions and in adaptation to or mitigation to
37 the impacts of climate change, ~~e.g. energy, transport, manufacturing, etc.~~ namely
38 agriculture, waste, industry, transport, forestry and land use, and energy; **(Aksyon**
39 **Klima)**
40

41 (t) "Decarbonization Taxonomy" shall refer to a categorization of various
42 decarbonization strategies for businesses to be guided on decarbonization
43 investments, in addressing their respective carbon emissions liabilities. This
44 government-defined guideline clarifies which investment areas are highly
45 encourages, and provides standard definitions and criteria on what constitutes as
46 decarbonization investments, thereby aligning private sector capital allocation
47 with national and global decarbonization targets;
48

- 1 (u) "Emissions inventory" shall refer to the database that lists, by source, the amount
2 of air pollutants discharged into the atmosphere of a community during a given
3 period of time;
4
- 5 (v) "Emissions trading system (ETS)", also known as cap-and-trade, is a trading-
6 permit system for GHG emissions. It sets a limit or cap on the GHG emissions
7 that can be avoided or emitted; **(DENR)**
8
- 9 (w) "Entity-level greenhouse gas inventory" shall refer to an inventory of greenhouse
10 gas emissions and removals at the level of an individual entity, such as a company
11 or organization;
12
- 13 (x) "Greenhouse Gas (GHG)" shall refer to the following gas covered under the latest
14 IPCC guidelines as detailed in the implementing rules and regulations (IRR):
15 carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons,
16 sulfur hexafluoride, nitrogen trifluoride, or any other anthropogenically-emitted
17 gas that is estimated by the Philippine Greenhouse Gas Inventory System
18 agencies to contribute to global warming;
19
- 20 (y) "Implementing Agency" shall refer to the lead or implementing agencies for the
21 GHG inventories: Department of Agriculture and the Philippine Statistics Authority
22 as the lead agencies for the agriculture sector; Department of Energy as the lead
23 agency for the energy sector; Department of Environment and Natural Resources
24 as the lead agency for the waste, industrial processes, and the land-use and
25 forestry sectors; and Department of Transportation as the lead agency for the
26 transport sector;
27
- 28 **Maharlika:** There is no need to define "sectoral agency" as a separate item. Clarify
29 the role and scope of the referred agencies. There might be a risk of insufficient
30 coordination under the law. There is conflict with Section 5 that designates the CCC
31 as the Implementing Agency and overlap with Section 6 where the sectoral agencies
32 are defined.
33
- 34 (z) "Internal carbon fund" shall refer to company-allocated funds based on carbon
35 emissions liabilities to be allocated exclusively to investment into decarbonization
36 technologies and business models within and/or beyond the enterprise's value
37 chain, as defined in the decarbonization taxonomy;
38
- 39 (aa) "Just Transition" shall refer to maximizing the social and economic opportunities
40 of climate action, while minimizing and carefully managing any social disruption,
41 political and social risks – through effective social dialogue among all groups
42 impacted, and respect for fundamental labor principles and rights;⁴
43
- 44 (bb) "Levels of GHG Inventory" shall refer to different levels as prescribe by the
45 Philippine government such as national, community, sectoral, entity, product,
46 facility, and projects;
47

⁴ https://www.ilo.org/global/topics/green-jobs/WCMS_824102/lang-en/index.htm

1 (cc) “Low Carbon Economy” shall refer to an economy that has significantly reduced
2 its GHG emissions and has transitioned to a sustainable, low-emissions
3 development pathway;
4

5 (dd) “Low Emission Development Strategy (LEDS)” shall refer to a national, high-
6 level, comprehensive, long-term strategy, developed by domestic stakeholders,
7 which aims at decoupling economic growth and social development from GHG
8 growth;⁵
9

10 “Low Emissions Intensive Technology” shall refer to the means of equipment,
11 methods, knowledge and other modalities for low-carbon or carbon-free;⁶
12

13 (ee) “Low Emission Technology” shall refer to a technology that, over its lifecycle,
14 causes very low to zero GHG emissions expressed in CO₂e. **(CCC)**
15

16 (ff) “Nationally-appropriate market-driven system of tradable greenhouse gas
17 allowances” shall refer to a concept related to climate change mitigation strategies
18 or the Nationally Appropriate Mitigation Actions (NAMAs). The primary goal is to
19 help countries reduce their GHG emissions while taking into account their unique
20 circumstances. By allowing trading of GHG allowances in a market-driven
21 manner, it encourages cost-effective emission reductions and provides flexibility
22 for countries to choose how they meet their targets;
23

24 (gg) “Nationally Determined Contributions (NDC)” shall refer to a climate action plan
25 whose objective is to cut emissions and adapt to climate change impacts. Each
26 Party to the Paris Agreement is required to establish NDC and update it every five
27 (5) years;
28

29 ~~“Nationally Determined Contribution (NDC) shall refer to the climate action plan to~~
30 ~~cut emissions and adapt to climate impacts; **(DOE)**~~
31

32 (hh) “Net Zero Economy” shall refer to the means of cutting greenhouse gas
33 emissions to as close to zero as possible, with any remaining emissions re-
34 absorbed from the atmosphere, by oceans and forests for instance;⁷
35

36 (ii) “Other Land-Use sectors” shall refer to a category that include various land use
37 activities and practices beyond those specifically categorized as agriculture or
38 forestry which used to account for emissions and removals of greenhouse has
39 associated with land use changes and activities that do not fall into the agricultural
40 or forestry sectors;
41

42 (jj) “Scope” refers to the geographic area, sectors, emissions sources, GHGs, and
43 entities that will be covered by the ETS; **(DENR)**
44

⁵ <https://www.transparency-partnership.net/sites/default/files/giz2013-en-climate-leds.pdf>

⁶ Lv, Jinfang & Qin, Shusheng. (2016). On Low-Carbon Technology. Low Carbon Economy.

⁷ <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 (kk) "Sector/s" shall refer to the sectors prescribed under the latest IPCC guidelines
2 used as basis for the Philippine Nationally Determined Contribution (NDC), as
3 detailed in the IRR including: agriculture, forestry and other land use, waste,
4 industrial processes and product use (IPPU), energy, and transport;

5
6 (ll) "Sectoral Agency" shall refer to the attached and sectoral agencies of the lead
7 agencies mentioned in Section 3 (b);
8

9 (mm) "Stakeholders" include government stakeholders, ETS participants directly
10 affected and their data provides foundation of ETS, companies not directly
11 regulated (also affected and may serve as information conduit) market service
12 providers (support effective operation of ETS), civil society/nongovernmental
13 organizations, academe and researchers, media, general public, and other ETS
14 jurisdictions. (DOE)
15

16 (nn) "Sustainable Development" shall refer to development that meets the needs of
17 the present without compromising the ability of future generations to meet their
18 own needs;⁸
19

20 (oo) "Sustainable mobilization" shall refer to the process of transitioning to a low
21 carbon economy in a way that is sustainable and equitable. This may involve
22 mobilizing resources and investments to support the development of low carbon
23 technologies and infrastructure, as well as promoting sustainable practices and
24 behaviors among individuals and organizations. The goal of sustainable
25 mobilization is to achieve low carbon economy while also promoting social and
26 economic development, reducing poverty, and protecting the environment;
27

28 (pp) "The Paris Agreement" shall refer to a legally binding international treaty on
29 climate change adopted by 196 Parties at the 21st Session of the Conference of
30 the Parties (COP21) in Paris, on 12 December 2015 and entered into force on 4
31 November 2016, with a goal to, among others, limit global warming to well below
32 2 degrees Celsius, and pursue efforts to limit to 1.5 degrees Celsius, compared
33 to pre-industrial levels, to which the Philippines is a signatory;⁹
34

35 (qq) "Tradable Greenhouse gas" shall refer to tradable greenhouse gas emissions
36 or allowances within a cap-and-trade system or emissions trading scheme. This
37 limit ensures that the environmental goal is met and the tradable allowances
38 provide flexibility for individual emission sources to set their own compliance path;
39

40 (rr) "Tradable Greenhouse gas allowances" shall refer to permits or credits that are
41 typically issued by government authorities to regulate and limit the emission of
42 greenhouse gases, such as CO₂, CH₄, and N₂O, from specific sources or sectors;
43

44 **Maharlika:** "Carbon credits" is not defined. It overlapped with "Tradable GHG and
45 Tradable GHG Allowances".

⁸ <https://www.un.org/sustainabledevelopment/development-agenda/>

⁹ <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement#:~:text=The%20Paris%20Agreement%20is%20a,compared%20to%20pre%2Dindustrial%20levels.>

1
2 (ss) "Transformative Options" shall refer to the alternatives to enhance to the
3 highest possible level of the country's ambition on climate action. These entail a
4 set of guidelines that fully tackle the challenges in addressing climate emergency.
5

6 **ARTICLE 2**
7 **Philippine Greenhouse Gas Inventory System (PGHGIS)**
8

9 **Greenpeace:** PHGHIS presents a possible huge bottleneck given the capacity
10 constraints of the CCC – a huge task for an agency which needs to be strengthened
11 in staff, budget, expertise, and technology.
12

13 **SECTION 4. Institutionalization of the PGHGIS.** – The PGHGIS is hereby
14 institutionalized, to facilitate the GHG inventory management and reporting system in
15 the Philippines at all levels including GHG inventories for the national level, community
16 level, entity level, facility level, and project level to enable the country to transition
17 towards a climate-resilient pathway that aims to promote emissions avoidance,
18 reduction, and removal for sustainable development.
19

20 **Maharlika:** Insufficient definition of mandate, scope and responsible body.
21 Recommended to use clearer language on the dedicated role of the PGHGIS and how
22 it is different from the other bodies. Define the responsibilities and powers, otherwise,
23 consider omitting PGHGIS.
24

25 **SECTION 5. Lead Implementing Agency. (Aksyon Klima)** – The Climate
26 Change Commission (CCC) shall be the overall lead in the implementation of the
27 PGHGIS. It shall be responsible to:
28

- 29 a. Provide direction and guidance in the accounting and reporting of GHG
30 emissions from identified key source sectors in order to develop and maintain
31 centralized, comprehensive, and integrated data on GHGs in all levels of
32 inventory particularly community-level and entity-level;
33
34 b. Continuously develop and update system and methodology for the archiving,
35 reporting, monitoring and evaluating GHG inventories in all key levels;
36
37 c. Provide and facilitate continuous capacity building initiatives in the conduct of
38 GHG inventories to ensure the application of updated methodologies including
39 the approval of World Meteorological Organization Global GHG Watch
40 Programme with the support of Philippine Atmospheric, Geophysical and
41 Astronomical Services Administration (PAGASA); and
42

43 **Maharlika:** If approving parties change, the law should not need to be revised because
44 of the emerging inconsistency. **Recommended** to keep the formulation high level and
45 focus on responsibilities and outputs.
46

- 47 d. formulate with national government agencies, LGUs, academe, private sector,
48 and other relevant sectors strategic measures to contribute/ensure continuous
49 avoidance, reduction, and removal of GHG emissions.
50

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

7
8
9 **SECTION 6. Sectoral Agencies and other relevant agencies (DENR).** – The
10 following shall be the lead sectoral agencies for the GHG inventories:

- 11
12 a. Department of Agriculture (DA) and the Philippine Statistics Authority (PSA) for
13 the agriculture sector;
14
15 b. Department of Energy (DOE) for the energy sector;
16
17 c. Department of Environment and Natural Resources (DENR) for the waste,
18 industrial processes, and the forestry and other land-use sectors;
19
20 d. Department of Transportation (DOTr) for the transport sector; and
21
22 e. Other relevant agencies.

23
24 The Department of Science and Technology (DOST), Department of Health
25 (DOH), Department of Public Works and Highways (DPWH), Department of Tourism
26 (DOT), Department of Trade and Industry (DTI) and The Securities and Exchange
27 Commission (SEC) ~~for cooperation~~ shall also ensure close collaboration of the sectors
28 concerned in informing transformative options under the NDC.

29
30 **Maharlika:** On “*xxx ensure close collaboration of the sectors concerned xxx*” – If there
31 is no specific format of collaboration or relevance of output is mentioned, specifically
32 on how to inform the transformative options, suggested to **produce reports to the**
33 **CCC and PO** of the cooperation and identified improvements or transformative options
34 to input into the NDC development or update.

35
36 The CCC shall ~~invite~~ involve the concerned LGUs, academe, civil society
37 organizations, and private and public institutions to participate, complement, and
38 assist in the implementation of the PGHGIS and this Act. **(Aksyon Klima)**

39
40 The DTI, together with the Board of Investments (BOI), shall ensure that
41 investment opportunities of the local industries, especially the micro, small, and
42 medium enterprises (MSMEs), are considered in the just transition mechanism under
43 the NDC. **(DENR)**

44
45 The PSA shall assist the other lead agencies in gathering and providing data
46 support for the conduct of the sectoral GHG inventories. The SEC shall likewise
47 provide data support ~~by sharing~~ to the CCC and the lead sectoral agencies the GHG
48 emissions disclosed by corporations in their submitted sustainability reports, as
49 required by existing SEC rules and regulations.

1 In accordance with its regulatory authority over the corporate sector, capital
2 market participants, and securities and investment instruments, the SEC shall
3 promulgate Sustainability Reporting Guidelines for publicly-listed companies. These
4 guidelines shall continually be aligned to global sustainability standards, frameworks,
5 and best practices. Pursuant to this mandate the SEC shall assist the implementing
6 agencies in collecting detailed GHG emissions data from its registrants, as part of their
7 routine reporting obligations. This compliance mechanism shall also be extended to
8 include non-publicly listed entities that are considered as part of covered sectors.

9
10 Additionally, the GHG information collected by the SEC shall be integrated with
11 the National Integrated Climate Change Database and Information Exchange System
12 (NICCDIES), facilitating data-sharing among government agencies, streamlining
13 report submissions for corporations, and promoting interagency cooperation in
14 environmental data management. Publicly-listed companies will be required to adhere
15 to specified GHG emissions reporting standards.

16
17 **Maharlika:** Clarify the role of NICCDIES and PGHGIS by highlighting their
18 responsibilities and actions.

19
20 Furthermore, the DTI is mandated to collect GHG data from DTI-registered,
21 non-SEC registered MSMEs that are considered as covered sectors and similarly
22 integrate the data to NICCDIES.

23
24 All the rest of GHG information being obtained by other agencies from business
25 sector as part of existing regulations shall be centrally reported to government through
26 SEC or DTI.

27
28 The Department of the Interior and Local Government (DILG), as an oversight
29 agency for local governments, shall ensure the compliance of local governments
30 through:

- 31
32 i. Issuance of guidelines for accounting community-scale GHG
33 emissions, managing community-scale GHG inventories, and
34 mainstreaming the results and findings thereof in the Comprehensive
35 Development Plan (CDP) and subsequent programming processes, in
36 coordination with the CCC;
37
38 ii. Provision of continuous capacity building to local governments related to
39 the foregoing;
40
41 iii. Incorporation in the Seal of Good Local Government mechanism of the
42 compliance of local governments; and
43
44 iv. Monitoring of the compliance of local governments.

45
46 The DENR, DTI, SEC, DOTR, DA, PSA and DOE shall serve as the sectoral
47 oversight agencies in coordination with the CCC in ensuring the compliance of entities
48 in the preparation and management of entity-level GHG inventories, the reporting of
49 mitigation measures addressing the results and findings of the foregoing, and

1 monitoring and reporting thereof through the issuance of relevant policies and
2 guidelines, and continuous capacity building. **(Aksyon Klima)**

3
4 **SECTION 7. Increase of Staffing Complement of the Climate Change**
5 **Commissions.** – The CCC, in coordination with the Civil Service Commission and the
6 Department of Budget and Management, shall determine the additional staffing and
7 positions under its Climate Change Office necessary to facilitate the proper
8 implementation of this Act, subject to civil service laws, rules, and regulations. **(CCC)**

9
10 **SECTION 8. Responsibilities of the Lead Agencies for GHG Inventories.** – The
11 lead agencies shall be responsible for the following:

12
13 **Maharlika:** it is not clearly defined the agencies in the context of GHG inventories. If
14 every sector agency leads its own GHG inventory, frictions and inconsistencies are
15 programmed. Recommended to **define single database and data structure** under
16 one single responsibility that includes the capacity building and guidance and data
17 format approval for data collected and transmitted by sector agencies.

- 18
19 a. Conduct, document, archive, evaluate/analyze, and monitor sector-specific
20 GHG inventories;
21
22 b. Report sector-specific GHG inventories/emissions to the CCC based on the
23 agreed reporting scheme;
24
25 c. Perform such other functions as may be necessary for the implementation of
26 this Act; and
27
28 d. Design programs and formulate climate change mitigation designs and
29 solutions tailor fit to the identified issues and concerns of the report sector
30 specific GHG inventories or emissions.

31
32 **ARTICLE 3**
33 **Nationally Determined Contribution**
34

35 **SECTION 9. Components of the Philippine Nationally Determined Contribution.**
36 – The Nationally Determined Contribution (NDC) serves as the long-term, multi-
37 decadal roadmap on GHG mitigation and climate-resilience of the Philippines, with a
38 goal to achieve a balance between anthropogenic emissions by sources and removals
39 by sinks of GHG in the second half of this century, on the basis of equity, and in the
40 context of sustainable development and efforts to eradicate poverty, in observance of
41 the fundamental consideration of climate change adaptation as the core strategy of
42 the Philippines on climate action.

43
44 **AKSYON KLIMA:** Seeking clarification on the goal of the Philippine NDC “to achieve
45 a balance between anthropogenic emissions by sources and removals by sinks of
46 GHG in the second half of this century”. There is lack of any formal commitment from
47 the Philippine government on net-zero in its most recent NDC. The inclusion of the
48 said language in the bill indicates that a net-zero goal by 2050 is part of the long-term
49 strategy of the government on climate mitigation and the country’s unconditional

1 commitment in its next submission by 2026. Addressing loss and damage should also
2 become a mandatory part of the succeeding Philippine NDC.

3
4 Pursuant to the Philippines' commitment under the Paris Agreement, the
5 government shall prepare, communicate, and maintain successive NDCs. It shall
6 communicate an NDC to the United Nations Framework Convention on Climate
7 Change (UNFCCC) every five (5) years.

8
9 **Maharlika:** On “xxx government shall communicate, prepare, and maintain xxx” – it is
10 unclear who is the “government”. Suggested to **delete** the reference to the
11 responsibility and focus on what the NDC contains.

12
13
14 The NDC shall include, but not be limited to, the following components:

- 15
16 a) GHG emissions avoidance and mitigation measures;
17
18 b) Mitigation co-benefits in adaptation, sustainable development, addressing
19 loss and damage, and poverty reduction; (**Aksyon Klima**)
20
21 c) Means of implementation such as through finance, capacity building,
22 technology transfer and development;
23
24 d) Gaps and needs; and
25
26 e) System for monitoring, evaluation, and reporting to enable participation of
27 relevant stakeholders to address challenges and meet the objectives of
28 inclusive just transition.
29

30 It must endeavor to indicate the Philippines' strategic directions and measures
31 to build resilience and balance the investments and opportunities for just transition, by
32 leveraging on the capacity of LGUs to transform the socio-economic conditions of the
33 people, up to the smallest units of governance, through the Means of Implementation
34 espoused under the UNFCCC and the Paris Agreement. (**Aksyon Klima**)
35

36 **SECTION 10. The NDC Steering Committee.** – The CCC shall be the overall lead
37 in the development, implementation, monitoring and evaluation of the NDC, with the
38 following agencies as members, to comprise the NDC Steering Committee:
39

40 **Maharlika:** Responsibilities of the state entities must be clearly defined and
41 established. **Recommended** the following:

- 42 a. Delegate the technical responsibility to establish the approval or authorization
43 procedures and criteria (that are aligned with the NDC implementation plan) to
44 one entity. If this is development, formulation and technical work, the
45 responsibility of the CCC mentioned in Section 34 must be worth mentioning
46 again.
47 b. A designated authorization body (authorizing international transactions under
48 Article 6 of the Paris Agreement) shall also be established. See the section on
49 “Carbon Credits” – suggested to **create** a cross-ministerial committee for the
50 ultimate decisions on approvals.

- 1 c. A “Carbon Market Office” should be established to serve as the focal and
2 operational point for projects application and authorization procedures.
3 Moreover, an entity to oversee the share of proceeds and one to be responsible
4 for bilateral engagements should be designated.
5 d. The Council responsible for preparing national and sector-specific
6 decarbonization pathways is crucial and should be kept in the final text.
7

8 **DOE:** Recommended to divide the committee into two (2) independent committees:

- 9 • Core NDC Committee – composed of agencies with NDC commitments,
10 *i.e.* CCC, NEDA, DENR, DOE, DOTr, DA, PSA, DHSUD, DOF, and DFA.
 - 11 • Expanded NDC Committee – composed of remaining agencies in the list
12 who will act as consulting panel, *i.e.* DBM, DOLE, DOST, DILG, DOH,
13 DPWH, DOT, DTI, and DepEd.
 - 14 • This is **supported** by the DA.
- 15
- 16 a) National Economic and Development Authority (NEDA) – ensure the alignment
17 of the NDC with national development priorities and strategies;
18
 - 19 b) Department of Agriculture (DA) – lead agency for the agriculture sector;
20
 - 21 c) Department of Energy (DOE) – lead agency for the energy sector;
22
 - 23 d) Department of Environment and Natural Resources (DENR) – lead agency for
24 the waste, industrial processes and product use (IPPU), forestry and
25 biodiversity including but not limited to blue carbon and peatland ecosystems,
26 and other land use, in coordination with Department of Human Settlements and
27 Urban Development (DHSUD);
28
 - 29 e) Department of Transportation (DOTr) – lead agency for the transport sector;
30
 - 31 f) Department of Foreign Affairs (DFA) – lead agency to facilitate, along with the
32 CCC, coordinating with the development partners viable, country-driven,
33 needs-based technical assistance, as may be recommended by agencies
34 concerned, consistent with the Philippine Development Plan (PDP) and other
35 investment and resilience-related and the multi-decadal climate action planning
36 and programming framework;
37
 - 38 g) Department of Finance (DOF) – lead agency to coordinate on matters
39 concerning fiscal policies related to climate change and monitor and report
40 measures on climate finance, including recommendations on matters related to
41 receiving donations and/or grants by the CCC under Republic Act No. 10174;
42
 - 43 h) Department of Budget and Management (DBM) – to ensure annual
44 appropriations for implementation of unconditional policies and measures;
45
 - 46 i) Department of Labor and Employment (DOLE) – to ensure that the provisions
47 of this Act are aligned with Republic Act No. 10771, or the “Philippine Green
48 Jobs Act of 2016”;
49

- 1 j) Department of Science and Technology (DOST) – to facilitate innovation
2 options through research, development, and transfer of technology appropriate
3 to the conditions of the subnational units and relevant stakeholders, linking said
4 initiative towards enhancing human capital development in coordination with
5 industries, higher education institutions, LGUs, among others;
6
- 7 k) Department of the Interior and Local Government (DILG) – to facilitate
8 coordination with the various subnational governance units to ensure they
9 contribute to the continuing enhancement and implementation of the NDCs,
10 especially on informing transformative options for investment and resilience
11 building purposes, consistent with local development opportunities and
12 priorities, as may be incorporated in their respective CDPs, Annual Investment
13 Plans (AIPs), and Local Climate Change Action Plan (LCCAPs);
14
- 15 l) Department of Health (DOH) – to lead in the determination of low-carbon
16 investments, efficient transformation of the health sector consistent with energy
17 just transition and sustainable consumption and production, and health co-
18 benefits measurement of climate mitigation in other sectors;
19
- 20 m) Department of Public Works and Highways (DPWH) – to promote and adopt
21 industry-wide low-carbon technology mechanisms and mainstream low-carbon
22 and climate-smart infrastructure in government infrastructure program;
23
- 24 n) Department of Tourism (DOT) – to consider nature-based solutions in
25 developing, promoting, and monitoring tourism enterprises consistent with
26 whole of ecosystem approaches, creation of green jobs, and sustainable
27 consumption and production that benefit the various LGUs, for inclusive and
28 responsible, climate-aligned tourism sector;
29
- 30 o) Department of Human Settlements and Urban Development (DHSUD) – to
31 effectively and efficiently link local investment and transformation through the
32 NDC alignment with the Comprehensive Land Use Plan (CLUP) and Provincial
33 Development and Physical Framework Plan (PDPFP), to ensure integrated low
34 carbon development and sustainable development options under the New
35 Urban Agenda (NUA) and the Resilient and Green Human Settlements
36 Framework (RGHSF), especially the vulnerable communities;
37
- 38 p) The Department of Trade and Industry (DTI) – together with the BOI, to ensure
39 investment opportunities of the local industries, especially the MSMEs, are
40 considered in the just transition mechanism under the NDC;
41
- 42 q) The Education Sector, namely the Department of Education (DepEd) and
43 Commission on Higher Education (CHED) and the Technical Education and
44 Skills Development Authority (TESDA) – to ensure the proper information,
45 education, and communication (IEC), contribute to research development,
46 extension, and innovation and assist in the implementation of this Act;
47

48 **CHED:** They are already implementing measures that are responsive to the
49 task in Section 10 (q), however, CHED will adjust its priorities once the
50 implementation mechanisms on the carbon credit trade are finalized.

1 - consider **providing funding** to the concerned member agencies under the
2 GAA to comply with the mandate assigned to the agencies.

- 3
4 r) The National Commission on Indigenous Peoples (NCIP) – to ensure that the
5 needs, concerns, rights, and well-being of the indigenous peoples are
6 accounted for in the implementation of policies and measures and that the
7 issues involving the ancestral domains and ancestral lands of indigenous
8 peoples are immediately resolved in a manner that serves the best interests of
9 all parties concerned and the larger community;

10
11 **Aksyon Klima:** ~~delete~~ the phrase “*and that the issues involving the ancestral*
12 *domains and ancestral lands of indigenous peoples are immediately resolved*
13 *in a manner that serves the best interests of all parties concerned and the larger*
14 *community*” as it is vague and can be interpreted to serve the interests of big
15 businesses and paint IPs as the one impeding progress.

- 16
17 s) The Philippine Commission on Women (PCW) – to ensure that the gender lens
18 is fully and appropriately applied in the NDC implementation process;

- 19
20 t) The National Youth Commission (NYC) – to ensure that the interests of the
21 youth are represented, and that intergenerational justice is integrated in policies
22 and measures, and their subsequent implementation;

- 23
24 u) The National Anti-Poverty Commission (NAPC) – to ensure that the NDC
25 implementation is aligned with existing strategies and plans for poverty
26 alleviation;

- 27
28 v) Representative from the academe;

- 29
30 w) Representatives from each of the covered sector, as resource; and

- 31
32 x) Representative from civil society organizations.

33
34 The members of the CCC Advisory Board and the National Panel of Technical
35 Experts (NPTE) under Republic Act No. 9729, as amended, and other government
36 agencies and stakeholders in the areas of coastal resources, health, agriculture,
37 water, forestry, biodiversity, environment, ecosystem, energy, education, tourism,
38 trade, infrastructure, and settlement, among others, shall participate in the
39 development and implementation of the NDC.

40
41 To ensure alignment among development plans and climate change strategies,
42 the NEDA and CCC shall be responsible for harmonizing and ensuring the
43 complementation of NDC with national and local development planning instruments
44 through the NDC Implementation Plan (NDCIP) and the NDC Monitoring, Review, and
45 Validation Plan (NDCMRVP). The NEDA shall integrate the NDC into the PDP. The
46 CCC and DILG shall assist the LGUs in the integration of the NDC in the LCCAPs,
47 Local Development Plans (LDPs), and the DHSUD for CLUPs and PDPFPs.
48

1 The NDC Steering Committee shall formulate the NDC policies and measures
2 based on the best available science and in keeping with robust development and
3 transformative aspirations of the country, consistent with national circumstances. The
4 NDCIP and NDCMRVP shall reflect these NDC policies and measures and the
5 corresponding decarbonization pathway resulting from their full implementation. The
6 NDCIP and NDCMRVP shall be fully updated at most a year after the Philippines
7 submits its latest NDC to the UNFCCC.

8
9 The CCC, along with the national government agencies concerned, shall
10 establish a local NDC Steering Committee to jumpstart and sustain local-based
11 transformative strategies in alignment with the NDC, subject to the issuance of policy
12 guidance following multi-sectoral consultation, especially with the Regional
13 Development Councils (RDCs) ~~under the supervision of the NEDA.~~

14
15 **CHED:** incorporate the expected deliverables or outputs of the local NDC Steering
16 Committees to the existing RDCs instead of forming the new sub national committees.

17
18 Specifically, the RDCs shall be considered points of convergence for low
19 carbon development at the regional or subnational levels that inform pathways for
20 transformation, including optimization of investment options, as may be aligned with
21 physical and socio-economic challenges due to climate change impacts.

22
23 Parallel effort shall be the formation of local counterparts for scientific and
24 technological advice to Sub-National Steering Committees to be comprised of the
25 members of the NPTE and concerned field units, Research and Development
26 Institutes, and councils, subject to the issuance of policy guidance by the CCC and
27 DOST, especially with regard to engaging the Higher Education Institutions (HEIs) and
28 State Universities and Colleges (SUCs) through CHED.

29
30 The CCC shall formulate and implement robust communication and advocacy
31 strategies, in coordination with relevant government and non-government
32 stakeholders, across levels of governance, to ensure that the low carbon development
33 directions are communicated effectively to inspire convergence at the broadest scope
34 possible, up to the smallest unit of governance.

35
36 **SECTION 11.** *Establishment of the National Decarbonization Investment*
37 *Council.* – The National Decarbonization and Climate Investment Council (NDIC) is
38 hereby established to drive investment in decarbonization pathways. This Council will
39 oversee investments in decarbonization, promote relevant technologies, identify
40 private sector investment and transition barriers, explore opportunities, and develop
41 policy studies. It is mandated to create strategies and roadmaps to scale up
42 decarbonization investments, access climate finance, and establish market-based
43 mechanisms for carbon and nature-based solution credits.

44
45 **Maharlika:** Clarify the role of the NDIC considering that it has no competence over
46 own funds. It is unclear as to how it can deliver on the mentioned tasks. If only strategic
47 advice, it should be clarified when and to whom it is given, and to what extent the
48 recipient has to consider it in the NDC implementation plan.

1 **AKSYON KLIMA:** Suggested that all mentions of “nature-based solution credits” be
2 **removed**. There is a lack of a strong national policy on NBS that is essential to
3 determine NBS credits as part of an ETS. The formulation of such policy is currently
4 subjected to dialogues led by the DENR, hence, the inclusion of such credits in a
5 potential operationalization of an ETS should not predate the formulation of a national
6 policy on NBS to avoid potential misrepresentations that could result in outcomes that
7 are contradictory to the intent of the bill.

8
9 Chaired by the Department of Finance (DOF), the Council will include key
10 departments such as the Department of Science and Technology (DOST),
11 Department of Trade and Industry (DTI), Department of Energy (DOE), Department of
12 Information and Communications Technology (DICT), Department of Transportation
13 (DOTr), Department of Environment and Natural Resources (DENR), National
14 Economic Development Authority (NEDA), the Climate Change Commission (CCC),
15 Department of Agriculture (DA) and representatives from the DTI Board of
16 Investments (BOI). It will also include representatives from all Covered Sectors,
17 academia, and climate change and sustainability experts from the business sector and
18 the civil society sector. **(Aksyon Klima)**

19
20 In consultation with all relevant stakeholders recommending investment
21 strategies, the NDIC is responsible for preparing national and sector-specific
22 decarbonization pathways and targets aligned with the 1.5°C pathway of the Paris
23 Agreement for submission to the NDC Steering Committee, enhancing the country’s
24 NDC.

25
26 **AKSYON KLIMA:** Portions of Section 16 (a) and (b) be moved to Sec. 11, hence:

27
28 “The NDIC shall develop a comprehensive national pathway for emissions
29 avoidance, reduction, and removal grounded in the latest climate science and
30 technological advancements. It must also identify and establish clear decarbonization
31 targets for key sectors that materially contribute to national GHG emissions. These
32 pathways will be tailored to the unique emission profiles and reduction potentials of
33 different sectors, promoting targeted and effective emission avoidance and reduction
34 strategies. Both national and sector-specific decarbonization pathways shall be
35 subject to periodic reviews and adjustments to ensure ongoing coherence, relevance,
36 and efficacy.”

37
38 ~~Additionally, the Council will integrate local government unit (LGU) efforts in~~
39 ~~implementing their Local Climate Change Action Plans (LCCAPs) through a national~~
40 ~~framework. This framework will align local and national strategies towards a low~~
41 ~~carbon economy, facilitating effective stakeholder collaboration.~~

42
43 The NDIC will also develop procedures and protocols to enhance climate
44 mitigation and resilience assessments in Infrastructure Flagship Projects (IFPs)
45 undertaken by various government agencies including the Department of Public
46 Works and Highways (DPWH), Department of Transportation (DOTr), Department of
47 Human Settlements and Urban Development (DHSUD) and National Economic and
48 Development Authority (NEDA). These protocols aim to ensure that government-led
49 investments are both resilient and aligned with low-carbon ambitions and will be
50 recommended for adoption by the respective agencies.

1
2 The NDIC will monitor and prepare a national decarbonization progress report,
3 and make recommendations on emission avoidance and reduction towards a just
4 transition to low carbon economy using market mechanisms and non-market
5 approaches, on the outcomes of decarbonization investments and actions from
6 various covered sectors.

7
8 ~~The Council will have representation in the NDC National Steering Committee,~~
9 ~~ensuring that decarbonization efforts are regularly updated and aligned with national~~
10 ~~climate action plans as stipulated in the NDC and Paris Agreement.~~

11
12 The NDIC is tasked with conducting studies to identify barriers to investments
13 in emerging decarbonization technologies, including sectors such as sustainable
14 aviation fuels, green hydrogen, and carbon forestry. The NDIC is also tasked to
15 develop policy notes to recommend policies needed address these barriers, de-risk
16 and streamline investments in these emerging technologies.

17
18
19 **ARTICLE 4**
20 **Local Climate Change Action Plan Quality Assessment Review System**

21
22
23 **SECTION 12.–** *Local Climate Change Action Plan.* – Pursuant to Section 14 of
24 Republic Act No. 9729, the LGUs are the frontline agencies in the formulation,
25 planning, and implementation of *Local Climate Change Action Plans* (LCCAPs) in their
26 respective areas consistent with Republic Act No. 7160 or the “Local Government
27 Code of 1991”, the National Strategic Framework on Climate Change (NSFCC), and
28 the National Climate Change Action Plan (NCCAP), Nationally Determined
29 Contributions (NDC), National Adaptation Plans (NAP), and other relevant plans and
30 instruments.

31
32 The LCCAP shall describe strategic policy measures of the LGUs to
33 reduce/avoid greenhouse gas emission (mitigation actions), including those involving
34 directly or indirectly the community, and increase the community’s resilience
35 (adaptation actions) to the negative impacts of climate change.

36
37 **AKSYON KLIMA:** ~~delete~~ the phrase “*including those involving directly or indirectly the*
38 *community*” as it is redundant considering that the language under Section 14 of RA
39 No. 9729 already indicates that LCCAP cover all climate-related activities within the
40 respective areas of LGUs, which would include mitigation actions directly and
41 indirectly affecting communities.

42
43 Further, the LCCAP shall indicate the transformative opportunities present in
44 LGUs towards green or low emission technological capacity building innovations that
45 will support long-term low emission industrial development, livelihoods, ecosystems
46 and environment, and well-being of the people, especially those most exposed to
47 climate hazards. The modification, updating and enhancement of baseline information
48 consistent with the best available science shall be pursued to inform the investment
49 planning and programming aligned with the multi-decadal climate considerations,
50 especially the location of human settlements and vital infrastructure programs of the

1 government, including those pursued through public-private partnerships (PPP)
2 approach.

3
4 The LGUs and HEIs concerned shall be supported in the development and
5 review of the LCCAPs, as priority impacts under this Act are those attributed to holistic
6 and inclusive mobilization of resources and opportunities of the LGUs, with
7 concomitant connection to building resilience for sustainable development up to the
8 smallest units of governance, in coordination with other relevant implementing
9 agencies.

10
11 **SECTION 13.** *Establishment of LCCAP Quality Assessment Review System–*
12 *(QAR).* - The CCC, together with the DILG and PAGASA, shall formulate and
13 institutionalize the LCCAP QAR and establish a means of implementation and
14 institutionalization for both agencies.

15
16 The LCCAP QAR process will provide an opportunity to provide a feedback
17 mechanism to LGUs to improve on their LCCAP in ensuring its responsiveness to local
18 hazards and risks, and be able to shift towards resilience, and socio-economic
19 transformation through low carbon and sustainable pathways.

20
21 The CCC, together with DILG, shall formulate, implement, and disseminate a
22 mechanism or instrument of quality assurance, after due consultation with relevant
23 stakeholders. Further, the CCC and DILG shall identify relevant national government
24 agencies, SUCs and HEIs, and other relevant stakeholders, which shall conduct and
25 implement, monitor and evaluate the quality assurance mechanism that may be
26 established.

27
28 **ARTICLE 5**
29 **Climate Change Expenditure Tagging**

30
31 **SECTION 14.** *Institutionalization of the Climate Change Expenditure Tagging*
32 *as an audit tool to track climate change adaptation and mitigation projects and*
33 *programs.* - The Climate Change Expenditure Tagging (CCET) jointly administered by
34 the CCC and the DBM pursuant to Joint Memorandum Circular 2015-01 at the national
35 level, and with the DILG pursuant to Joint Memorandum Circular 2015-01 at the local
36 level, is hereby institutionalized. All annual expenditure programs of the government
37 related to low carbon development, including those designed to increase climate and
38 disaster resilience, shall be tagged and reported to determine the allocative efficiency
39 of domestic funds towards those ends. A mechanism for reporting allocation and
40 expenditure shall be issued jointly by the CCC, DBM, DILG, Office of Civil Defense
41 (OCD), and other relevant agencies. The Commission on Audit (COA), subject to audit
42 rules and regulations, shall produce timely reports on findings of climate expenditure
43 audit.

44
45 Such allocation and expenses tagged shall be part of the assessment for the
46 country's low carbon needs that are aligned to the NDC and NAP. Any funding gaps
47 may be addressed using the climate finance mechanisms under the Paris Agreement,
48 as reflected in NDC implementation plan, or any other financing options, as may be
49 pursued bilaterally or multilaterally, in coordination with all agencies concerned.
50

1 **Maharlika:** Sections 16 and 2 on the “bilateral and multilateral approaches using the
2 climate finance mechanisms under the Paris Agreement” – suggested to **prepare an**
3 **additional section** on carbon trading under Article 6 of the Paris Agreement (see the
4 section on Carbon Credits).

5
6 Further, the CCC, DBM, and DILG, in coordination with the National Disaster
7 Risk Reduction and Management Council and Commission (NDRRMC) and COA,
8 shall account the allocation and expenses of the National Disaster Risk Reduction
9 Management Fund and Local Disaster Risk Reduction Management Fund utilized for
10 climate change response. **(CCC)**

11
12 The progress of the CCET, both at the national and local levels, shall be
13 reported to the Office of the President, the Senate and the House of Representatives
14 by the CCC in accordance with the reportorial requirement under Republic Act No.
15 9729, as amended.

16
17 The continuing capacity building for CCET shall be pursued through convergent
18 approaches of all the stakeholders, especially of the nongovernment stakeholders, to
19 contribute to identifying critical climate programs and projects that need to be funded,
20 including monitoring and evaluating institutional and support mechanisms under the
21 CCET.

22 23 24 **ARTICLE 6**

25 **National Integrated Climate Change Database and Information Exchange** 26 **System**

27
28 **SECTION 15.** *Institutionalization of the National Integrated Climate Change*
29 *Database and Information Exchange System (NICCDIES) as a Primary platform on*
30 *Climate Change and Resilience Information.* - Notwithstanding existing and related
31 mandates of other agencies, the CCC shall issue guidelines to accelerate its
32 improvement, development and utilization including engaging agencies, academia,
33 and the private sector to populate the data sets therein, and instituting a feedback
34 mechanism to enhance content, access, and continuous improvement to support long-
35 term, nationally driven people and planet-centric climate and resilience governance in
36 the country.

37
38 **PAGASA:** There is the overlapping of mandates of the DENR under Section 15 of RA
39 No. 9729 and CCC based on this bill. In Section 15 of RA No. 9729, DENR is
40 mandated with the creation of climate change information system.

41 42 **ARTICLE 7**

43 **Carbon Pricing Framework and System**

44
45 **Greenpeace:** Critical elements are missing: (1) scope – which sectors; (2) gasses –
46 CO₂, CO₂e, or specific GHGs; (3) measurement, reporting, and verification (MRV)
47 process; (4) process, e.g. what is the period of each phase, what is the methodology
48 suggested to define the cap, how will the cap be reduced over time, etc.; and (5)
49 stakeholder engagement, consultation and evaluation processes.

- 1 - Other issues that need to be resolved are: (1) foreseeability; (2) no or very
2 limited free allocations that are phased out fast; (3) how to avoid windfall
3 wins for polluters; (4) clear system in using the revenue from carbon trading;
4 and (5) clear social measures to counterbalance price increase impacts for
5 vulnerable populations, among others.
6

7 **SECTION 16. *Integrated Emissions Avoidance and Reduction Strategy:***
8 ***National and Sector-specific Decarbonization Pathways and Targets*** – An integrated
9 framework for emissions avoidance and reduction strategy and framework is hereby
10 established, focusing on the development and implementation of national and sector-
11 specific decarbonization pathways and targets. The emissions avoidance and
12 reduction strategy aims to align these pathways and targets with the global goal of
13 pursuing efforts to limit the ~~ambition of limiting~~ temperature rise to 1.5°C above pre-
14 industrial levels, as outlined in the Paris Agreement taking off from the government
15 set target. This shall include supporting investment and social safeguards roadmap,
16 and upon consultation through multi-stakeholder, whole of government, and whole of
17 society approaches. **(Aksyon Klima)**
18

19 **Maharlika:** Suggested to **explicitly mention that the framework is not about ETS.**
20 The LCE Act must clarify if the ETS should be part and create separate sections for it
21 to govern international markets.

- 22 - The National Decarbonization Pathway and Sector-specific
23 Decarbonization Pathways will determine eligibility criteria for carbon
24 market approvals. Identify sectoral priorities and those not authorized as
25 ITMOs; and targets to be achieved through international cooperation.
26 - **Suggested** to have one section on the national carbon market framework
27 and one on the objectives of the ETS.
28 - **Suggested** to put ETS optional as an alternative to the emissions liability.
29

30 a. National Decarbonization Pathway: Develop a comprehensive national
31 pathway for emissions avoidance, reduction, removal, and sequestration grounded in
32 the latest climate science and technological advancements, with periodic reviews and
33 adjustments to ensure ongoing relevance and efficacy. **(DA)**
34

35 b. Sector-Specific Pathways: Identify and establish clear decarbonization
36 targets for key sectors that materially contribute to national GHG emissions. These
37 pathways will be tailored to the unique emission profiles and avoidance, reduction,
38 removal, and sequestration potentials of the different sector, promoting targeted and
39 effective ~~emission avoidance and reduction~~ decarbonization strategies. **(DA)**
40

41 Emission avoidance, reduction, removal, and sequestration measures shall be
42 geared towards equitable implementation of just transition using nationally-appropriate
43 carbon market mechanism and non-market approaches. This shall be adopted by the
44 President upon the recommendation of the ~~as adopted by the~~ NDC Steering
45 Committee, after careful study and consultation, to achieve maximum technologically-
46 feasible and cost-effective avoidance, reduction, removal, and sequestration
47 strategies, programs, and projects to meet the carbon goal considered in this Act, with

1 direct impact to low carbon industrial productivity and sustainable development.
2 **(DENR and DA)**

3
4 **SECTION 17. *Mandatory Cap on Greenhouse Gas Emissions for Covered Sectors***
5 ***and Enterprises.*** – To achieve the emission targets set pursuant to this Act, a
6 mandatory cap shall be imposed on the GHG emissions of the enterprises under the
7 covered sectors. This cap mandates a gradual emission reduction in line with the
8 established decarbonization pathways and targets as provided in Section 18.
9 Covered Sectors are those that materially contribute to national greenhouse gas
10 (GHG) emissions, as determined by the government. This determination considers
11 both the current and potential future contributions of these sectors to GHG emissions.
12 Materiality assessments will be based on emissions volume, economic significance,
13 and potential for emission avoidance and reduction. Covered sectors shall be the
14 following: **(DENR)**

- 15
16 1. Sectors with Energy-related emissions:
- 17 a. Petroleum refining, electricity generation, combined heat and power
18 generation.
 - 19 b. Manufacturing industries and construction with fuel combustion activities –
20 iron and steel, chemicals, pulp and paper, food processing, beverage,
21 tobacco, mining and quarrying, textile, among others.
 - 22 c. Industries with fugitive emissions – oil and natural gas, fuel transformation
23 (coke production, gasification transformation, etc.)
- 24
- 25 2. Transport sector – includes aviation, water-borne, road transport.
- 26
- 27 3. Sectors with Industrial Process Emissions and Product use
- 28 a. Mineral Industry (Cement, Lime, Glass, etc.)
 - 29 b. Chemical Industry (Petrochemical and Carbon Black Production,
30 Fluorochemical production)
 - 31 c. Metal Industry
 - 32 d. Electronics Industry
 - 33 e. Product use ODS substitutes (AC and Refrigeration, blowing agents, fire
34 protection)
- 35
- 36 4. Sectors with Agriculture- and Forestry-related emissions
- 37 a. Manufacturing companies with supply chain in agriculture and forestry *e.g.*
38 food and beverage, palm oil, etc.
 - 39 b. Companies with land conversion activities that result to loss of carbon
40 stocks.
- 41
- 42 5. Sectors with Wastes-related emissions
- 43 a. Manufacturing and commercial establishments that generate biodegradable
44 wastes that ends up in landfills.

- 1 b. Manufacturing and commercial establishments that generate effluents with
2 high BOD content.
- 3 c. Manufacturing that uses packaging that ends up in dumpsites that are
4 subjected to open burning.
- 5
- 6 6. All other emerging sectors that materially contribute to the countries' GHG
7 emissions as determined by NDIC.
- 8

9 This list categorizes and clearly defines the sectors and types of enterprises that
10 are significant contributors to national greenhouse gas emissions, as per the criteria
11 for covered sectors.

12

13 Covered Enterprise is any small, medium, or large enterprise with value chains that
14 operates within these covered sectors. These enterprises are subject to specific
15 regulations, emissions reduction targets, and carbon emissions liabilities outlined in
16 this Act.

17

18 **DA:** The mandatory cap on GHG emissions should start by 2031.

- 19 - Sequestration capacity of the agriculture sector's existing coconut plantations
20 was not accounted for in the GHG inventory.
- 21 - The mandatory capping of sector-specific GHG emissions should consider the
22 carbon sink, capture, and storage as well as the emissions avoidance,
23 reduction, removal, and sequestration of the sector.
- 24 - CCC should lead the establishment of guidelines, implementation, and
25 monitoring of Article 7.
- 26

27 **Section 18 Allocation of Allowances.** – Each covered enterprise within a
28 covered sector shall be allocated an allowance for a specific year, determined by the
29 aggregate emissions cap of the sector and the proportional contribution of the
30 enterprise to the overall generation or production output of the sector. The allocation
31 of allowances to individual enterprises shall not exceed the total emissions cap
32 allocated to the respective sector.

33

34 **SECTION 19. Methodology of Pricing Carbon Emissions** – The methodology
35 for pricing carbon emissions shall be anchored on objective and reasonable basis.
36 The total carbon price shall be based on two principal cost components:

37

- 38 1. Mitigation Cost Component: The price of carbon shall reflect the cost of
39 mitigating carbon emissions, specifically the cost associated with the removal
40 of one metric tonne of carbon dioxide or its equivalent from the atmosphere.
- 41

42 **Maharlika:** The mitigation cost component is focused on the “xxx cost associated with
43 the removal of one metric tonne xxx”. It could refer to the **(marginal) abatement cost**.

44

1 2. Preventative Resilience Cost Component: In addition to the mitigation cost, the
2 carbon price shall also include the cost of preventive resilience measures. This
3 considers the broader socio-economic costs of carbon emissions, factoring in
4 the expense required to effectively adapt to avoid and reduce to a minimum the
5 adverse impacts of climate change to communities, industries, ecosystems,
6 society, and the economy. **(DA and DENR)**

7
8 3. Premium for Demonstrating Commitments to the United Nations' Sustainable
9 Development Goals (SDGs): Premium shall be provided to decarbonization
10 projects that are able to demonstrate contributions in the attainment of other
11 SDGs. Those contributing to multiple SDGs shall be given higher premium.
12 **(DA)**

13
14 The carbon pricing approach shall ensure an equitable and comprehensive
15 valuation of carbon emissions, aligning with internationally recognized methodologies
16 and standards. The carbon pricing mechanism shall be reviewed and adjusted
17 periodically to remain aligned with global economic and environmental changes.

18
19 This ratio of the two cost components will serve as the basis for establishing the
20 allocation of funds generated by government from this carbon pricing policy.

21
22
23 **SECTION 20.** *Calculation and Imposition of Carbon Emission Liabilities.* – In
24 adherence to the objectives of this Act and in alignment with the national
25 decarbonization pathways, the methodology for calculating and imposing carbon
26 emission liabilities are hereby set:

27
28 1. Liability Assessment Based on Emission Excess: Enterprises within sectors
29 covered by this Act shall have their greenhouse gas emissions assessed against the
30 annual targets established under the science-based decarbonization pathways.
31 Emissions exceeding these targets shall form the basis of carbon emission liabilities.

32
33 **Maharlika:** The Liability Assessment seems to be based on the integrated framework
34 established under Section 18. The imposed liability as a monetary term seems to
35 concur with the tax option. Recommended to **make the proper reference to Article**
36 **18.** Clarify the relevance of the imposed liability in relation with the compliance options,
37 specifically the tax.

38
39 2. Imposition of Liabilities: Carbon emission liabilities shall be imposed on
40 covered enterprises that exceed their allocated annual emission targets. The total
41 liability for each entity will be calculated as the product of a) the quantity of excess
42 emissions and b) the government-set carbon price based on the methodology
43 provided in Section 20 19.

1 The methodology for calculating carbon emission liabilities shall undergo
2 periodic reviews and adjustments, ensuring its alignment with evolving scientific data
3 and environmental targets to be led by NDIC.

4
5 **SECTION 21. Compliance Options for Covered Enterprises.** - The following
6 compliance options are available to covered enterprises in allocating their carbon
7 emissions liabilities:

8
9 **Maharlika:** Suggested to take options 3 and 4 out of the numbered list.

- 10
11 1. Credit Purchase Option: Enterprises may purchase required credits from
12 voluntary carbon markets provided that they are certified under a globally
13 accepted carbon certification program or from the Philippine Carbon
14 Certification and Trading System as provided in Section 22 23, as a means of
15 compliance with GHG emissions caps.

16
17 **Maharlika:** On the “credits from voluntary carbon markets provided they are certified
18 under a globally accepted carbon certification program”, if the Philippines wants to
19 create benefits from this option, it must **restrict** it to carbon credits from the
20 Philippines. The term “voluntary market” is **ambiguous and must not be used**.

- 21 - Suggested to **delete** the mention of the harmonization with “voluntary carbon
22 markets” to prevent double counting.
23 - **Restrict the eligible carbon credits for Option 1 to projects from the**
24 **Philippines** because only those drive reductions and keep the money in the
25 country.
26 - Rather than “voluntary carbon markets” refer to “**eligible carbon standards**
27 **and respective methodologies and therein issued credits**” (same approach
28 as Singapore and CORSIA). **Define** who is competent to approve the standards
29 and criteria must be met for approvals.

- 30
31 2. Carbon Tax Option: Enterprises shall have the option to pay an equivalent
32 carbon tax, as determined by the government, which will be allocated to a
33 dedicated carbon fund.

34
35 **AKSYON KLIMA:** There needs to be a more detailed description of what the
36 “dedicated carbon fund” will be. The collected equivalent carbon tax, for instance,
37 could be allotted instead to the existing People’s Survival Fund or, in the event that
38 the CLIMA Bill becomes a law, a national fund focusing on addressing loss and
39 damage

- 40
41 3. Internal Carbon Fund: Enterprises are encouraged to establish an internal
42 carbon fund based its carbon emissions liabilities. The funds shall be allocated
43 exclusively towards decarbonization investments within the enterprise's
44 operations, its broader value chain or beyond its value chain. These

1 investments must deliver attributable carbon emissions avoidance or removal
2 at least equivalent to its excess carbons.

3
4 **AKSYON KLIMA:** Seeking clarification from the DENR about how emissions
5 avoidance would be operationalized within the bill's carbon pricing framework and system,
6 especially given the lack of clarity regarding the boundaries and interactions between the
7 existing global carbon market and the national counterpart to be established under HB7705

- 8
9 4. Collective Action Provision: Smaller Enterprises are encouraged to form
10 collectives or consortiums for pooling resources, thereby facilitating larger scale
11 decarbonization projects and achieving greater economies of scale.

12
13 **AKSYON KLIMA:** Recommended that more consultations be conducted with MSMEs
14 on how to further enable them to form collectives or consortiums, as part of the
15 aforementioned compliance option.

16
17 **SECTION 22. Carbon Credit Utilization Integrity and Effectiveness -**
18 Implementation of rigorous safeguards framework shall be undertaken to ensure the
19 integrity and effectiveness of carbon credit utilization, and lead to actual additional
20 emission reductions. This shall cover the following:

- 21
22 1. Criteria for Credit Source and Certification: Carbon credits shall be sourced
23 from new, verifiable investments in carbon reduction projects, ensuring that
24 they contribute to genuine emission reductions. These credits must be certified
25 by globally recognized programs, adhering to strict standards of environmental
26 integrity and additionality.
27
28 2. Additionality clause: To ensure compliance with additionality requirements in
29 carbon credit systems, this clause stipulates that credited emission reductions
30 shall be additional to those that would occur without the carbon pricing
31 mechanism. Credits shall be derived from new investments and certified for
32 their additional impact.
33
34 3. Market Integrity Enhancement: the enforcement of the following safeguards,
35 aims to enhance the credibility and integrity of the carbon credit market, building
36 stakeholder confidence that the carbon pricing mechanism effectively achieves
37 its environmental objectives. This ensures that carbon credit transactions under
38 the ICP framework contribute to tangible and verifiable emission reductions,
39 thus reinforcing the overarching goals of carbon reduction and climate action.

40
41 **Maharlika:** Refine this Section to present minimum requirements and exclusion
42 criteria.

- 43 - Clarify if the criteria apply only for the use towards emission liability.
44 - Extend this section to cover the full width of approvals and authorizations under
45 Article 6.
46 - Clarify who has the competence to authorize projects under the Paris
47 Agreement Article 6.

1 **SECTION 23. Philippine Carbon Certification and Trading System.** – The NDIC
2 shall establish a carbon credits certification program aligned to global standards and
3 best practices and aligned to the mechanisms provided in Paris Agreement and other
4 relevant treaties and harmonized with the voluntary carbon markets to prevent double
5 counting. It must also establish an interoperable national registry, trading, verification,
6 and reporting system for carbon credits which include those removed or sequestered
7 by terrestrial and marine ecosystem¹⁰, which credits issued under this Act may be
8 sold, exchanged, purchased, transferred or traded by any person or entity, subject to
9 policy guidelines to be issued upon due consultation. **(DENR)**

- 10
11 - Task of certifying will be the DENR
12 - Registry of market will be the SEC
13 - Trading system to be done by the PSE
14

15 **Maharlika:** It is not the standard as referred to the functions covered under Section
16 22. A registry to track international mitigation outcomes transfer is also necessary for
17 engagement under Article 6 of the Paris Agreement.

- 18 - Suggested to **adapt** the text to provide for the establishment of a registry to
19 track international mitigation outcomes transfer.
20

21 **SECTION 24. Monitoring, Reporting, and Verification Protocol for GHG Emissions.**

22 - This Act establishes a robust and dynamic Monitoring, Reporting, and Verification
23 (MRV) System, to ensure transparency, accuracy, and overall effectiveness of
24 emission reduction measures by covered enterprises. The compliance of covered
25 enterprises must be subjected to third-party verification to ensure:
26

27 CCC – verification protocol and accreditation

28 DTI – develop standards and procedures for 3rd party validation (nongovernment)
29 (inform DTI and request their position or opinion)
30

31 DENR – still functioning as the designated national authority of existing carbon market
32 mechanisms (e.g. CDM and JCM). Looking at opportunities from new market
33 mechanisms and need to revisit the carbon market-related functions of the DENR if
34 they are still aligned with the emerging market mechanisms. Suggest to ensure that
35 member agencies of NDIC should be given roles.

36 Cong. Ana – assuming DTI set standards and procedures, the CCC will be in charge
37 of the verification and protocol, can CCC take that on?

38 CCC – will check with legal services if they can perform regulatory functions
39 considering they are policy-making body. (request to submit their position on this
40 matter)

41 **SEC – will submit comment on Section 23 since they are the agency in charge**
42 **of regulation of securities.**
43

¹⁰ 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 and trading, having acted as the secretariat of the Designated National Authority (DNA) for the Clean Development Mechanism (CDM) and point of contact on activities concerning Philippines' bilateral agreement with Japan on Joint Crediting Mechanism (JCM).

- 1 1. Accurate assessment and truthful disclosure of reported emissions based on
2 globally accepted standards for entity-level GHG inventory, including the
3 approved methodologies and guidelines under the World Meteorological
4 Organization Global GHG Watch Program. **(PAGASA)**
5
- 6 2. Effective allocation of the internal carbon fund, alignment with the established
7 carbon pricing methodology or purchase of equivalent carbon credits from
8 voluntary markets or from the Philippine Carbon Certification and Trading
9 System
10

11 **Maharlika:** “Internal carbon fund” was introduced as a recommendation and it is
12 unclear in what the extent audit constitutes in.
13

- 14 3. Strategic investment in decarbonization initiatives, adhering to a government-
15 defined decarbonization investment taxonomy.
16
- 17 4. Evaluation of the actual GHG reduction impact of these investments.
18
- 19 5. Payment of carbon taxes based on audited financial statements and BIR tax
20 certificate.
21

22 Regular reviews and iterations shall be undertaken to align with the latest scientific
23 findings, technological innovations, and in alignment with global climate goals. This
24 dynamic approach ensures that the MRV System remains effective and relevant
25 amidst rapid technological and scientific developments in climate change mitigation.
26

27 **GGGI:** Suggested that **MRV to ensure robust reporting of the total GHGs**
28 **generated by each entity.** Any emission reduction activities MRV should come under
29 the approved “standards and methodologies” rather than be set separately by the
30 Philippine government. A responsible agency needs to be identified – suggested to
31 appoint the DOST.
32

33 **Section 25. Development of Standards and Procedures for Verification and**
34 **Accreditation of Independent Verifiers.** – The CCC shall be responsible for developing,
35 implementing, and managing standards, procedures, and methodologies for the
36 verification of compliance of covered enterprises as well as in the accreditation of
37 independent verifiers. This includes: **(Aksyon Klima)**
38

- 39 1. Establishment of Verification Standards and Methodologies: Formulating
40 comprehensive standards and methodologies for the integrity, accuracy, and
41 reliability of emission reporting and compliance to the law. This encompasses
42 defining the criteria and the practical approach for emissions data and
43 compliance verification.
44
- 45 2. Accreditation Requirements and Procedures: Implementing a formal and
46 transparent process to accredit independent verifiers, ensuring their
47 qualifications and competencies align with the established verification
48 standards and methodologies. **(Aksyon Klima)**

- 1
2 3. Function of Accreditation: [Agency] will be responsible for assessing the
3 qualifications of independent verifiers and accrediting them in accordance with
4 the accreditation requirements and procedures.
5
6 4. Ongoing Oversight and Management: Regularly evaluating accredited verifiers
7 and managing the accreditation system to maintain its effectiveness and
8 relevance. This includes periodic review and updating of standards and
9 methodologies to stay abreast of technological and methodological
10 advancements.

11
12 **SECTION 26. Decarbonization Taxonomy** – NDIC shall develop a Decarbonization
13 Taxonomy, as guidance for companies to allocate their carbon liabilities towards
14 sustainable investments. This taxonomy will categorize various decarbonization
15 technologies and projects, providing standardized definitions and criteria that align
16 private sector investments with national and global decarbonization goals. The
17 development of this taxonomy shall integrate the following matters:

18
19 **Maharlika:** Suggested to **include** the principle of avoid and reduce emissions first,
20 then compensate.

- 21
22 1. Guidance for companies on sustainable investment allocation;
23
24 2. Provision of standardized definitions for sustainable investments; and
25
26 3. Alignment of private sector investments with decarbonization targets.
27

28
29 ~~Section []. Enabling Policies for Emerging Decarbonization Technologies.~~

30
31
32 ~~In addition, the NDIC will work on establishing regulatory frameworks for each covered~~
33 ~~sector to promote and ensure sustainable practices. These frameworks support the~~
34 ~~transition to a low-carbon economy and may include specific measures such as~~
35 ~~carbon intensity standards for coal power generation.~~

36
37 **Section 27. Incentives for low-carbon enterprises** – The NDIC shall formulate
38 incentives and recognition programs for enterprises that are able to demonstrate
39 emissions reduction below the 1.5C decarbonization pathway as provided in Section
40 16.

41
42 **ARTICLE 10**
43 **Transparency and Reporting**
44

45 **SECTION 28. Reports.** - The CCC shall submit to the President and to both
46 Houses of Congress an annual report on the status of the implementation of the
47 PGHGIS. The PGHGIS shall prepare a report or a technical annex to the Biennial
48 Transparency Report on the National GHG Inventory of certain inventory year/s in

1 accordance with the timeline identified during the inventory planning stage as provided
2 for under the implementing rules and regulations.

3
4 **SECTION 29. *Annual Report on the NDC Implementation.*** - The CCC and NDC
5 Steering Committee shall submit to the President of the Philippines and to both
6 Houses of Congress, not later than 30 March of every year following the effectivity of
7 this Act, a progress report on the implementation of the NDC, and recommend
8 legislation, where applicable and necessary.

9
10 **SECTION 30. *Submission of Climate Reports.*** - The Philippine government,
11 through the CCC, shall submit the following reports to the Office of the President,
12 House of Representatives, Senate of the Philippines, and other domestic and
13 international reportorial institutions:

- 14
15 (a) GHG inventory reports – every two (2) years;
16 (b) Climate change expenditure report – every year;
17 (c) NDC progress report – every year;
18 (d) Implementation report of the Local Climate Change Action Plans – every
19 year;
20 (e) National communications to the UNFCCC – every four (4) years; and
21 (f) Biennial transparency reports – every two (2) years.

22
23
24 **SECTION 31. *Role of the CCC.*** - The CCC shall develop systems for
25 transparency and reporting, including measurement, reporting, and verification, and
26 enhance existing institutional arrangements to ensure continued and timely
27 preparation of national reports, in coordination with relevant government agencies,
28 observing whole-of-society and participatory processes.

29 **SECTION 32. *Means of Implementation for Transparency and Reporting.*** - The
30 necessary means of implementation for transparency and reporting, especially
31 provisions for hardware, software, and human resource requirements, shall be
32 accessed and provided in accordance with resources made available to Parties to the
33 UNFCCC and reasonable domestic resources.

34
35 **ARTICLE 11**

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

37
38
39 **SECTION 33. *Devolution of Role to LGUs.*** - LGUs should integrate climate
40 change adaptation and mitigation measures in their local plans and programs.

41
42 **SECTION 34. *Role of DepEd, HEIs, and SUCs.*** - Pursuant to Republic Act No.
43 9729, the DepEd shall integrate climate change into the primary and secondary
44 education curricula and/or subjects, such as but not limited to, science, biology, *sibika*,
45 history, including textbooks, primers, and other educational materials, basic climate
46 change principles and concepts.

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

4
5 **CHED:** Has promulgated various CHED Memo Orders which already include and
6 integrate climate change topics in the following programs: (1) BS Marine Biology; (2)
7 BS Environmental Science; (3) BS Agriculture; (4) BS Forestry; (5) BS Sanitary
8 Engineering; and (6) proposed BS in Meteorology.

9 10 **ARTICLE 12**

11 **The Role of the Private Sector and Non-Government Stakeholders**

12
13 *(Consider removing this as this is already integrated in the NDIC provision [section*
14 *12])*

15 16 **SECTION 35. *Role of the Private Sector and Nongovernment Stakeholders.*** -

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

21
22 In this regard, representatives of critical industries, as provided in the IRR,
23 groups of innovators, academics, civil society, people's organizations, financial
24 institutions and intermediaries, and other related entities shall be enjoined to
25 participate in the deliberations and decision-making activities under this Act, subject
26 to appropriate guidelines to be formulated by the NDC Steering Committee, through
27 the endorsement of the CCC.

28 29 30 **ARTICLE 13**

31 **Monitoring, Enforcement, and Penalties**

32
33 **SECTION 36. *Monitoring.*** - The DENR shall ensure monitoring of compliance
34 of covered enterprises under this Act, in accordance to the MRV system of this act to
35 ensure that the carbon pricing framework and system established under this Act is
36 fully implemented.

37
38 **SECTION 37. *Enforcement.*** - The DENR, in coordination with the agencies
39 concerned, shall formulate immediately upon approval of this Act a system of
40 enforcement and indemnification or appropriate sanctions consistent with the
41 "polluters pay principle".

42
43
44 **SECTION 38. *Penalties.*** - Without prejudice to accrued liability for acts and
45 omissions punishable under existing environmental laws, non-compliance of covered
46 enterprises to this Act particularly on payment or allocation of carbon emissions
47 liabilities as provided in Section 20 the amount of civil penalty shall be twice the carbon
48 emissions liabilities at the end of the calendar year in which the excess emissions
49 occurred.

1 **SECTION 39. *Climate Reinvestment Fund.*** - A Climate Reinvestment Fund
2 shall be established to consolidate all the taxes paid by covered enterprises relevant
3 to their carbon emissions liabilities, and the amount of civil penalties assessed under
4 Section 38 of this Act. It shall be administered by the DENR to be used exclusively for
5 incentives for covered enterprises who are able to keep their emissions below the
6 decarbonization threshold, incentives for investments in emerging decarbonization
7 technologies, improvement of resilience of communities, and other activities that
8 directly contribute to decarbonization, subject to the recommendation of the NDC
9 Steering Committee to ensure alignment with the policies and measures of the NDC.
10 Allocation of the fund to decarbonization and resilience activities will be based on the
11 carbon pricing methodology in Section 20.

12
13 **Maharlika:** Oversight of the fund is not established. Benefit-sharing will occur through
14 share proceeds under transactions under Article 6 of the Paris Agreement. This could
15 take the form of a national climate fund.

- 16 - Suggested to **designate** an agency or entity to oversee the fund.
- 17 - **Provide** the procedures on the collection, distribution and oversight of share
18 proceeds in the national carbon market framework.
- 19 - **Consider** that the fund shall share all proceeds under this Act including
20 eventual benefit-sharing provisions that levy carbon transactions beyond a pure
21 cost covering level.

22
23 **ARTICLE 14**
24 **Miscellaneous Provisions**
25

26 **SECTION 40. *Appropriations.*** - The amount necessary for the initial
27 implementation of this Act shall be charged against the current year's appropriations
28 of the department/ agencies concerned. Thereafter, such sums as may be necessary
29 for the continued implementation of this Act shall be included in the Annual General
30 Appropriations Act.

31
32 The LGUs concerned provide the necessary funds for the purpose charged
33 against its local funds.
34

35 **SECTION 41. *Annual Report to Congress.*** – The implementing agencies shall
36 report to Congress on their progress in carrying out the provisions of this Act for each
37 fiscal year. The reports shall be consolidated by the CCC for presentation to the
38 appropriate Committee in Congress at a meeting called for the purpose. **(CCC)**
39

40 **SECTION 42. *Allocation of funds.*** – Pursuant to Article 5 of this Act, the
41 aforementioned agencies shall allocate from their annual appropriations the adequate
42 funds for the implementation of their mandates, including training and capacity
43 building, under this Act, subject to support under the mechanism of the Means of
44 Implementation of the Paris Agreement.
45

46 **SECTION 43. *Implementing Rules and Regulations.*** - The CCC, in coordination
47 with the NDC Steering Committee, shall draft and issue implementing rules and
48 regulations necessary, in coordination with other relevant and appropriate government
49 agencies within sixty (60) days after its approval.
50

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

4
5 **SECTION 45. *Repealing Clause.*** - All laws, ordinances, rules, and regulations,
6 and other issuances or parts thereof, which are inconsistent with this Act, are hereby
7 repealed or modified accordingly.

8
9 **SECTION 46. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
10 publication in the Official Gazette or in two (2) newspapers of general circulation.

11
12 *Approved,*