

LEGAL
ALERT

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Energy Virtual One-Stop Shop Bill Approved

Both the Senate and the House of Representatives of the Philippine Congress approved a uniform version of a landmark anti-red tape measure seeking to modernise and streamline the permitting process of power generation projects in the Philippines. The Senate committee on energy and the House committee on energy agreed to adopt Senate Bill No. 1439 or “The Energy Virtual One-Stop Shop Act of 2017” as the base of the reconciled Bill. This Bill will become law upon the signature of the President of the Philippines and will take effect 15 days after its publication in at least two national newspapers of general circulation.

Implications for business in the Philippines

The passage of this Bill into law is expected to modernise and streamline the permitting process behind power infrastructure projects. The elimination of red tape, which often discouraged foreign firms from entering the power generation industry, will restore investor and business confidence in the Philippine energy sector.

At the same time, the passage of this Bill into law is aimed at encouraging foreign investors with the capacity to build cutting-edge power plants to enter the market and stimulate competition in the Philippine energy generation industry. Increased competition would drive down generation costs, which could result in the reduction of consumer electricity prices by as much as PHP0.35 per kWh. Pegged at the average household consumption rate of 200 kWh per month, this would result in savings of PHP840 per household every year.

Significant provisions of the Bill

Applicability

The proposed law will apply to all new energy generation projects throughout the Philippines, all departments, agencies, local government units (“LGU”), government-owned and controlled corporations (“GOCC”) and other entities involved in the Permitting Process^[1] of energy generation projects.

Establishment of Energy Virtual One Stop Shop (“EVOSS”)

To implement the proposed law, an EVOSS will be established and will be under the supervision of the Department of Energy (“DOE”). In summary, the EVOSS is an online platform where prospective energy developers can apply, monitor, and receive all the needed permits and applications, submit all documentary requirements, and even pay for charges and fees. It will allow the single submission and synchronous processing of all required data and information, and will provide a single decision making portal for the approval of new energy generation projects. Specifically, the EVOSS will have the following characteristics, among others:

- a. recognise the legal effect, validity, and enforceability of electronic documents submitted for applications of energy generation projects;
- b. utilise an online payment system for all fees and taxes imposed for applications of energy generation projects;
- c. provide a secure and accessible paperless processing system for all energy generation developers;

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- d. provide a secure and accessible system for all government agencies involved in the permitting process of energy generation projects to interoperate with respect to a unified permitting process, uniform templates, mandated processing time, updating and monitoring of all documentary requirements, and other aspects of the processing system;
 - e. operates as a 100% virtual storage and rules driven system built as an integrated shared service of government agencies, LGUs, GOCCs, and other entities involved in the Permitting Process of energy generation projects; and
 - f. comprises of a technology platform and an operations management software platform for government agencies, LGUs, GOCCs, and other entities involved in the Permitting Process of energy generation projects to build their defined processes and forms within a strict timeframe using published standards.

Administrative Liability for Public Officers

Furthermore, all government agencies involved will be required to follow a strict timeframe to act on pending applications. The failure of an agency to act within the prescribed timeframe will result in the automatic approval of an application while potential administrative sanctions may be imposed against inefficient public officers to penalise the delay.

Conclusion

As discussed, once this bill becomes law and with the proper implementation of the EVOSS, it is expected to generate significant investments in the Philippine power generation industry and encourage competition in such market, which will ultimately drive down electricity costs to power consumers in the long term. This will effectively result in an increase in the disposable income of the ordinary Filipino, who may use the increased savings for further consumption or investment in business.

If you have any questions or require any additional information, please contact [Felix Sy](#) or [Lorybeth Baldrias Serrano](#) or the ZICO Law partner you usually deal with.

This alert is for general information only and is not a substitute for legal advice.

[1] The comprehensive procedure undertaken in order to put up an energy generation project, which includes but is not limited to the following phases:

- business registration;
- acquisition of an operating contract or service contract;
- pre-development; and
- construction of a power plan up to and including the date of commercial operations.

The Permitting Process also covers the documentary requirements, taxes, and fees from all government agencies involved in such procedure. However, the operational phase of the project is excluded.