

Philippines

General Information

ETS Description

On June 4, 2025, the House of Representatives approved on the third reading the Low Carbon Economy Investment Act (LCEIA) (House Bill No. 11375) during the 19th Congress. The Act was transmitted to the Philippine Senate after approval by the House and refiled for the 20th Congress (2025 to 2028). On December 10, 2025, it was then approved by the Committee on Climate Change, subject to amendment and style and the recommendation of the Committees on Appropriations and Ways and Means. The LCEIA is now due to be deliberated in the Senate. If passed, any differences between the House and Senate versions will be reconciled before it is transferred to the President for signing.

The LCEIA provides for a carbon pricing framework and implementation mechanism aimed at achieving national climate targets. It will mandate large and medium emitters from the energy, transportation, industry, agriculture, forestry and waste sectors to develop decarbonization plans. Based on these, the Climate Change Commission (CCC) will then consolidate sectoral decarbonization pathways and determine annual allowance allocation plans both at the sectoral level and for individual covered entities, proportionate to their contribution to sectoral emissions and their reduction potential.

The LCEIA provides for an ‘investment-first’ approach to compliance. When a covered entities’ emissions exceed its allocated allowance, it must first establish an individual decarbonization fund equal to the carbon price (set by the CCC) multiplied by each tonne of CO₂e above the allowed limit. The covered entity may then allocate these funds in three ways:

1. Investment in emissions reductions within the value chain, e.g., investing in energy efficiency, renewable energy, or improved waste management within its own operations and supply chain
2. Investment in viable business models beyond the value chain, e.g., establishing or investing in decarbonization enterprises
3. Transfer of decarbonization funds and obligations
 1. transferring funds to government-led climate programs and initiatives, or
 2. purchasing excess allowances from covered entities that emitted below their limit, or
 3. purchasing certified carbon offsets from projects in the Philippines.

ETS Status

under consideration

Jurisdictions

Philippines

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

230.3 MtCO₂e (2020)

GHG reduction targets

By 2030: Commitment to keep emissions 75% below BAU levels (excluding LULUCF), of which 2.71% is unconditional and 72.29% is

conditional (NDC)

Other Information

Institutions involved

Department of Environment and Natural Resources: Manages environmental and natural resources policies on IPPU, FOLU, and waste.

Climate Change Commission: Policy-making body of the government tasked to coordinate, monitor and evaluate government programs and ensure mainstreaming of climate change in developing plans; responsible for national GHG inventory development and reporting

Regulatory Framework

[House Bill No. 2055 \(formerly HB 11375\) \(20th Congress, 2025\)](#)

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