



KEY ENERGY SECTORAL POLICIES IN THE PHILIPPINES

By H.E. Mr Alfonso Cusi,
Secretary of Energy, Republic of the Philippines

In support of President Rodrigo R. Duterte's Am Bisyon Natin 2040 which envisions "a strongly-rooted, comfortable, and secure life for all Filipinos by year 2040" the energy sector put forward proposals in line with the long-term vision and aspirations of the Filipino people and for the country's development. The Department of Energy (DOE) laid down eight Energy Sector Strategic Directions that will set the tone for the Department's policy track over the next 22 years. These are: (1) ensure energy security; (2) expand energy access; (3) promote a low carbon future; (4) strengthen collaboration across all government agencies involved in energy; (5) implement, monitor and integrate sectoral and technological roadmaps and action plans; (6) advocate for the passage of the Department's legislative agenda; (7) strengthen consumer welfare and protection; and (8) foster stronger international relations and partnerships.

One of the sector's efforts in support of this vision is the issuance of Executive Order No. 30 on June 28, 2017, which established the Energy Investment Coordinating Council (EICC). Spearheaded by DOE, the EICC is tasked with streamlining regulatory procedures affecting Energy Projects of National Significance (EPNS) with the objective of attracting more investors to build energy projects and installations in the Philippines.

Another milestone policy initiative is the promulgation of the Department's Energy Resiliency Policy to ensure continuity in the delivery of energy services and safeguard existing energy infrastructure in the event of calamities. Since the Philippines is at high risk of natural disasters, the Department prioritised the creation of an energy resiliency policy which requires the energy industry to mainstream disaster risk reduction programmes into planning and investment. Relative to this policy, a task force on energy resilience was created to ensure that both government agencies and private institutions are prepared for the development and adoption of their respective resiliency programmes.

Cognisant that the country is endowed with various energy resources, it is fundamental to maximise the exploitation of these resources. This need is translated into the Philippine Conventional Energy Contracting Program (PCECP), a new transparent and competitive scheme for prospective investors to enable them to apply for service/operating contracts anywhere in the country at any given time. Currently, the DOE is supervising and monitoring 22 petroleum service contracts and 66 coal operating contracts



The Philippines expects to produce 35 per cent of its power from renewable sources by 2040.

which are a result of the previously conducted Philippine Energy Contracting Round.

Furthering the development of the downstream natural gas industry, the DOE also embarked on the issuance of the Philippine Downstream Natural Gas Regulation (PDNGR) in December 2017 to institutionalise the rules and regulations governing the downstream natural gas industry in the country. This policy tackles infrastructure siting, design, construction, expansion, modification, operation, and maintenance as well as ensuring the continued operations of other gas-fired power plants once the Malampaya gas field runs dry. It also has the intent of promoting the use of natural gas to meet the growing energy demands in the Asia Pacific region and transform the country into a regional LNG trading and trans-shipment hub.

To accelerate the use of more renewable energy and develop the Philippine renewable energy industry, the renewable portfolio standards (RPS) mechanism for on-grid areas was approved in December 2017. With the RPS, electric power industry participants, such as generators, distribution utilities and suppliers are required to source or produce a specified fraction of their electricity from eligible renewable resources. The RPS mechanism targets a 35% share for renewables in the power generation mix by 2030 to 2040.

The Green Energy Option (GEOP) Rules, one of the mechanisms in the Renewable Energy Act, have likewise been endorsed by the National Renewable Energy Board (NREB) in August 2017 and presented for nationwide public consultation. GEOP empowers end-users with the ability to choose renewable energy for their energy requirements through the distribution utilities. ■