

Enabling more RE share in the Power Mix through Local Action

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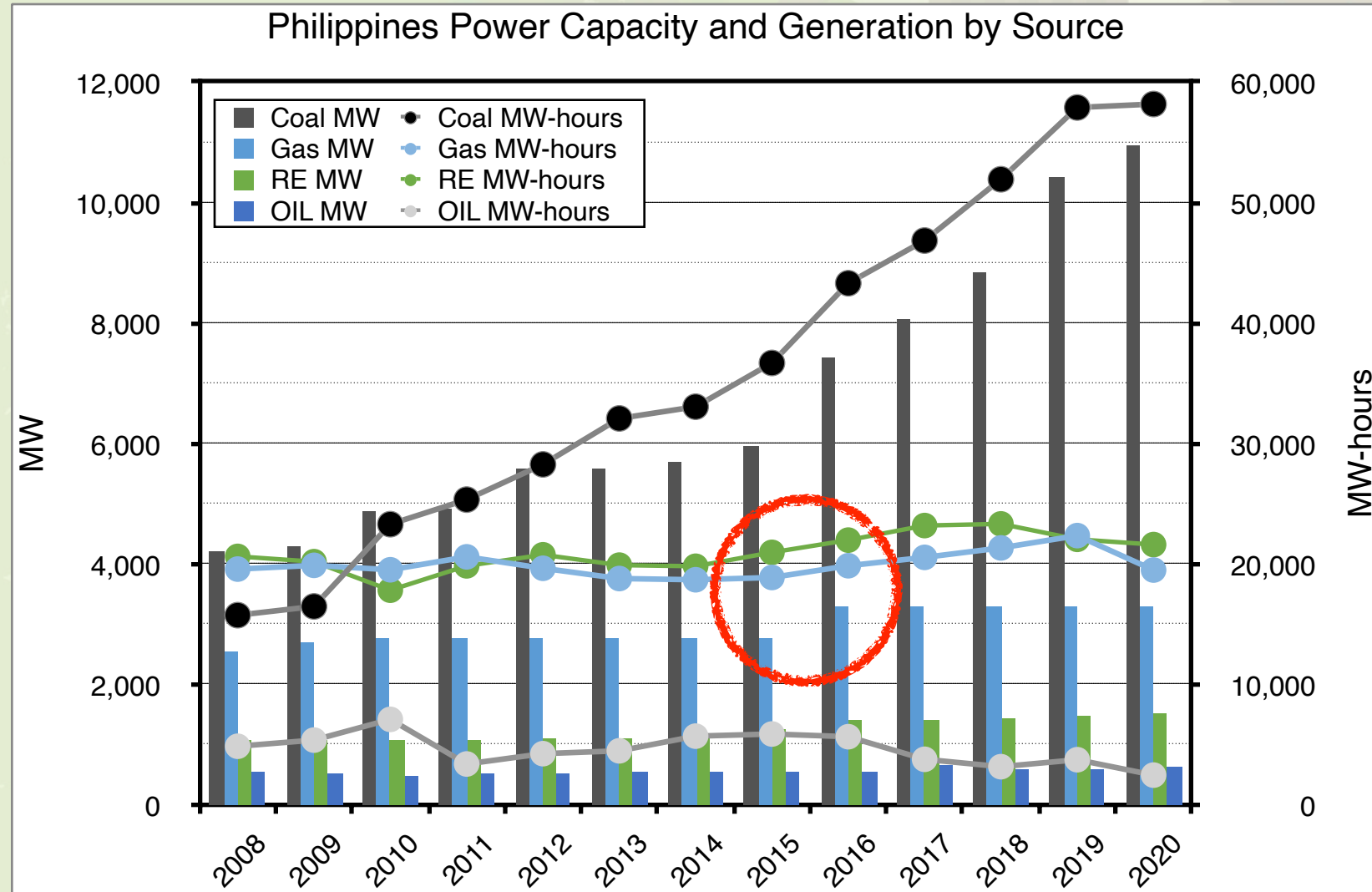


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RE Law in 2008 did not increase RE Mix

Coal alone accounted for all increases in capacity and generation since 2008.

RE mix declined from 34% in 2009 to 21% in 2020

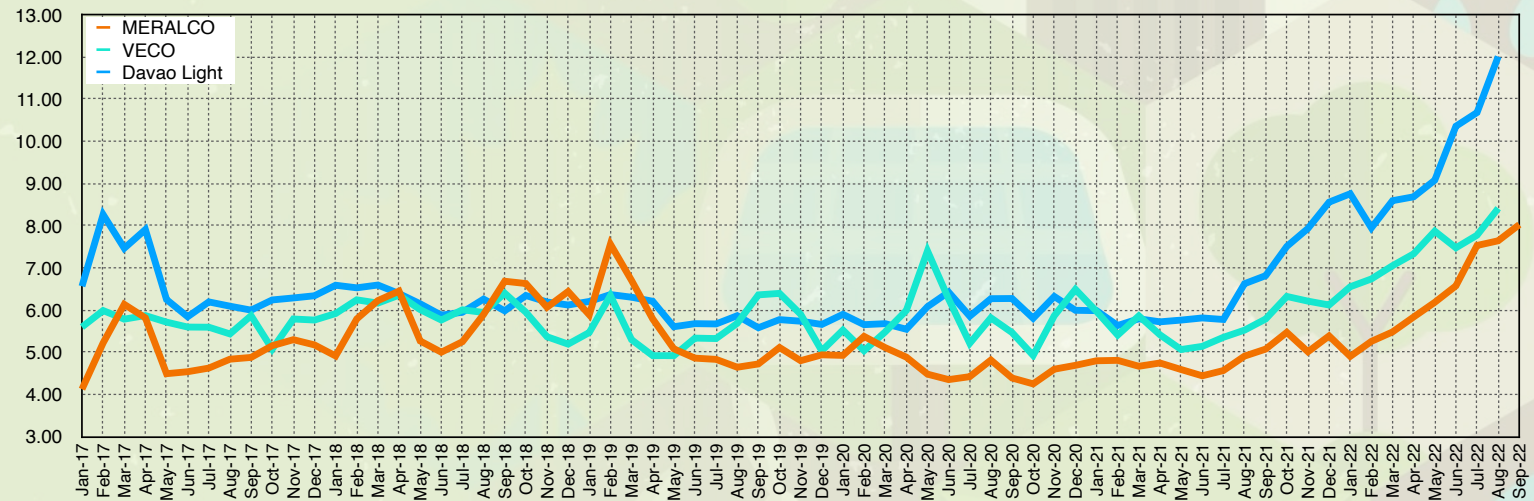


Coal promised to be “cheap” and “reliable”

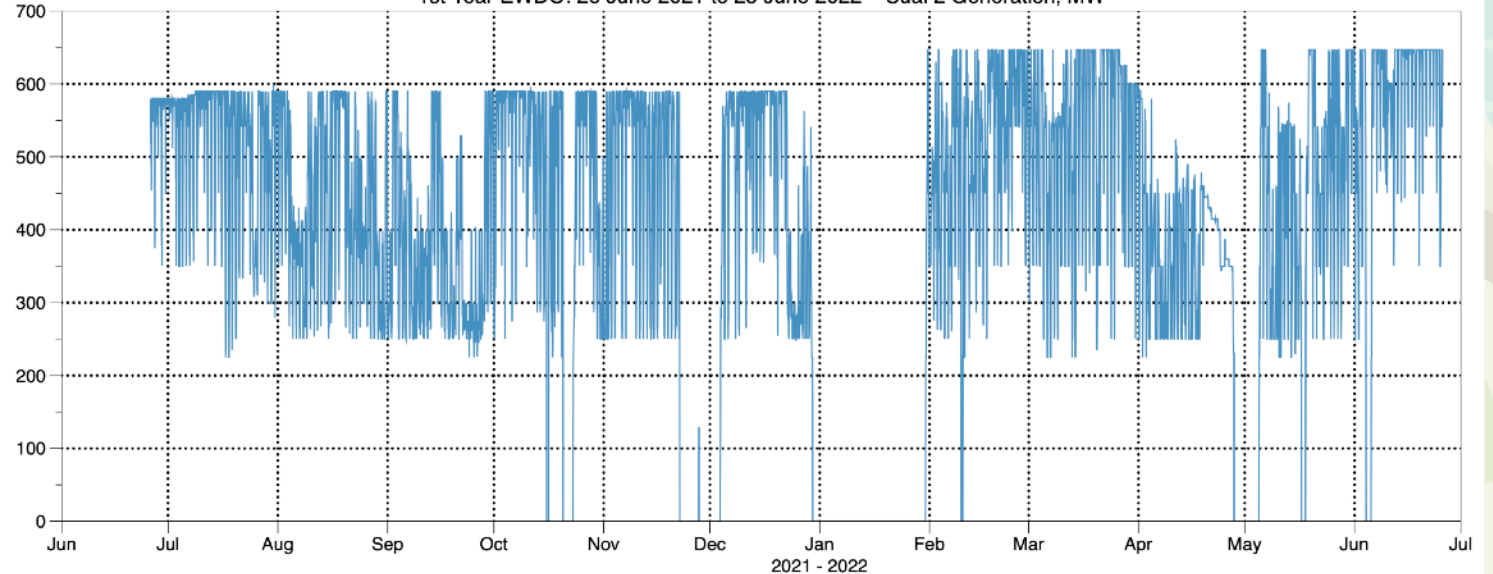
Coal generation in MERALCO, VECO and Davao Light now costs from 8 to 12 Pesos per kilowatt-hour

Coal power plants have registered many forced outages, exceeding ERC standards

Comparative Coal Generation Rates of Major Distribution Utilities, Pesos per kilowatt-hour



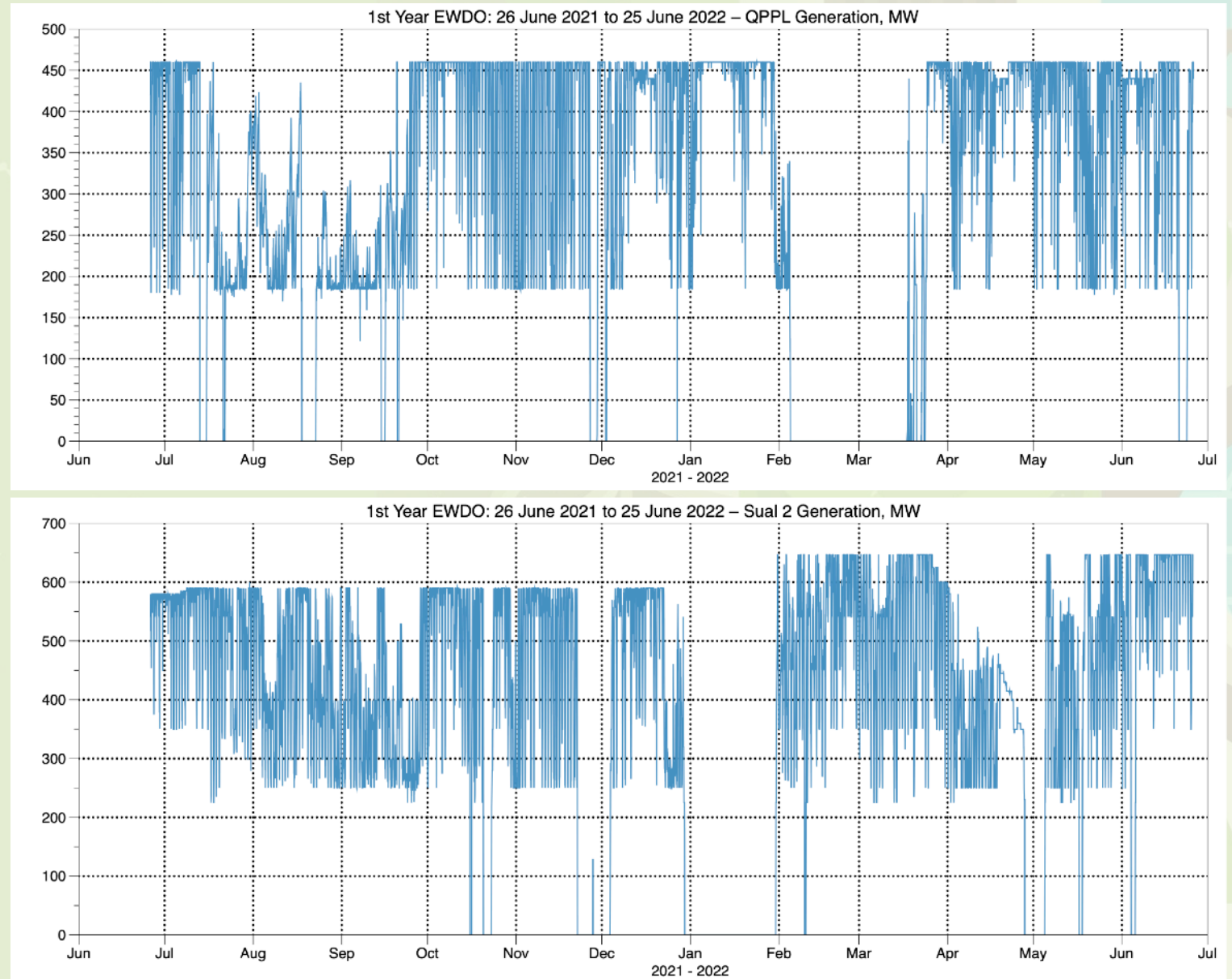
1st Year EWDO: 26 June 2021 to 25 June 2022 – Sual 2 Generation, MW



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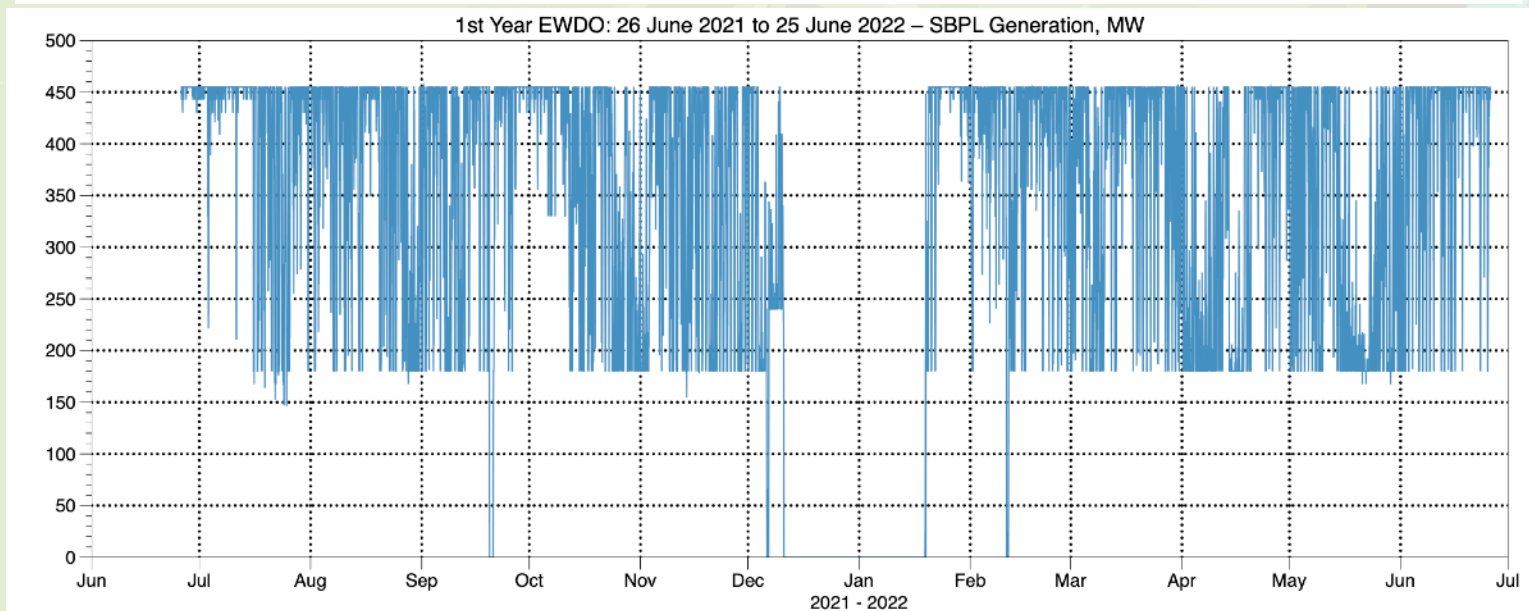
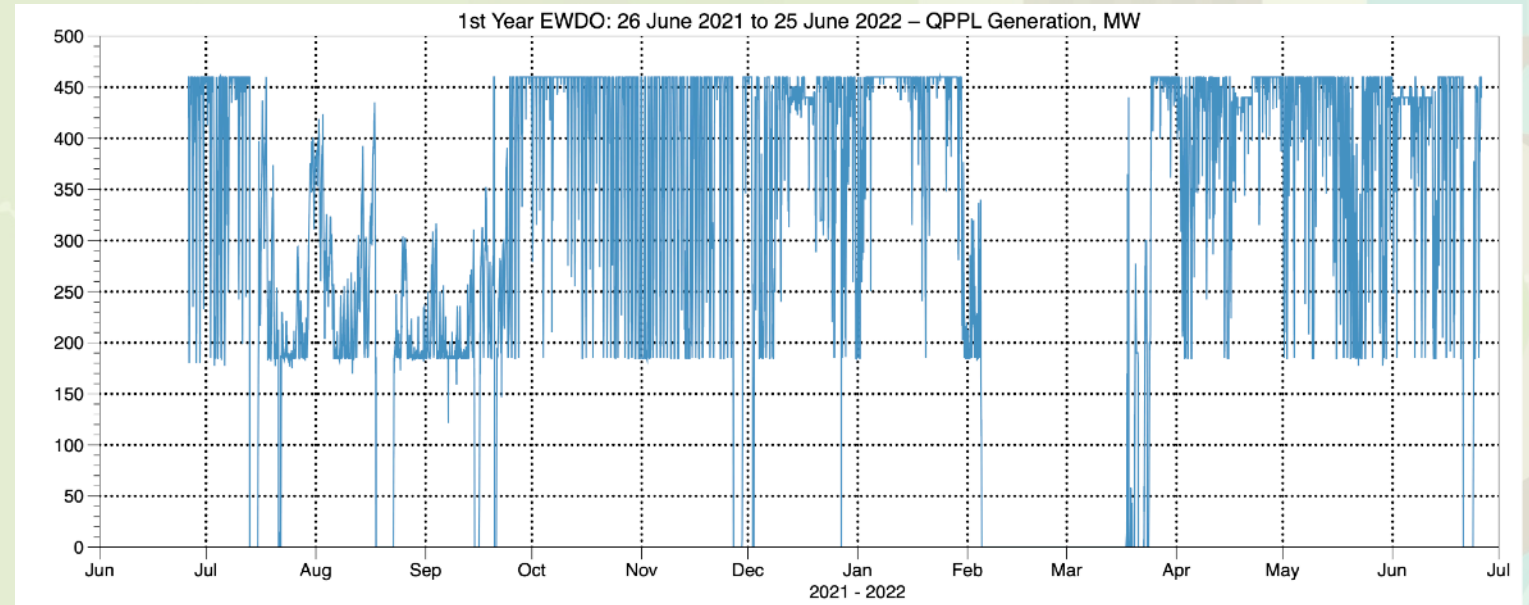
Coal power plants have registered many forced outages, exceeding ERC standards



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Coal generation in MERALCO, VECO and Davao Light now costs from 8 to 12 Pesos per kilowatt-hour

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**The key action needed is to
optimize power procurement by the
local electric distribution utility**



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BREAKDOWN OF GENERATION CHARGE

Source	% of Total kWh Purchased	(A) kWh Purchased	(B) Basic Generation Cost (PhP)	(C) Other Cost Adjustments (NSS and Other Billing Adjustments) (PhP)	(D = B+ C) Total Generation Cost for the Month (PhP)	[D/A] Average Generation Cost (PhP/kWh)
Automatic Fuel Price Pass-Through or "pasaload"						
BILATERAL CONTRACTS WITH POWER SUPPLIERS						
1. Quezon Power Phils Ltd. Co. (QPPL)	6.3%	184,204,410	2,406,155,832	51,323,259	2,457,479,091	13.3410
2. First Gas Power Corporation (FGPC) – Santa Rita	22.6%	662,460,555	5,058,258,724	65,758,563	5,124,017,288	7.7348
3. FGP Corp. (FGP) – San Lorenzo	12.7%	373,019,849	2,478,036,641	27,199,479	2,505,236,120	6.7161
Subtotal - Independent Power Producers (IPPs)	41.6%	1,219,684,814	9,942,451,198	144,281,301	10,086,732,500	8.2700
4. First NatGas Power Corp. (FNPC) - San Gabriel	7.8%	229,274,220	1,370,395,436	18,050,001	1,388,445,436	6.0558
5. San Buenaventura Power Ltd. Co. (SBPL)	7.4%	217,154,013	2,611,107,757	29,823,829	2,640,931,586	12.1616
6. AC Energy (baseload)	5.1%	148,800,000	662,024,398	(0)	662,024,398	4.4491
7. San Miguel Energy Corp. (SMEC)	6.4%	189,069,000	817,018,442	(108,445,136)	708,573,306	3.7477
8. South Premiere Power Corp. (SPPC) (baseload)	13.1%	383,946,000	1,659,101,509	(18,963,323)	1,640,138,186	4.2718
9. AC Energy (midmerit)	1.7%	49,104,000	246,844,390	-	246,844,390	5.0270
10. South Premiere Power Corp. (SPPC) (midmerit)	3.4%	99,998,000	543,641,517	(9,017,775)	534,623,743	5.3463
11. Energy Development Corporation (EDC) (midmerit)*	1.2%	33,800,000	182,946,855	-	182,946,855	5.4126
12. Other PSAs**	2.4%	70,166,337	192,844,036	(17,840,093)	175,003,943	2.4941
Subtotal - Power Supply Agreements (PSAs)	48.4%	1,421,311,570	8,285,924,339	(106,392,497)	8,179,531,842	5.7549
WESM	9.9%	291,231,403	2,015,289,166	77,545,606	2,092,834,772	7.1862
EXPORT ENERGY FROM NET METERING CUSTOMERS	0.05%	1,552,423	10,156,696	-	10,156,696	6.5425
OTHERS	0.03%	1,016,788	-	-	-	-
TOTAL	100.0%	2,934,796,998	20,253,821,399	115,434,410	20,369,255,810	6.9406
OTHER GENERATION ADJUSTMENTS (OGA)						
1. Pilferage Recovery						(0.0118)
2. ILP Recovery						0.0000
3. High Load Factor Rider						0.0001
4. TOU Differential						0.0104
SEPTEMBER 2022 GENERATION CHARGE						6.9393

*Formerly First Gen Hydro Power Corp. (FGHPC), PSA transfer starting Aug 2022 supply

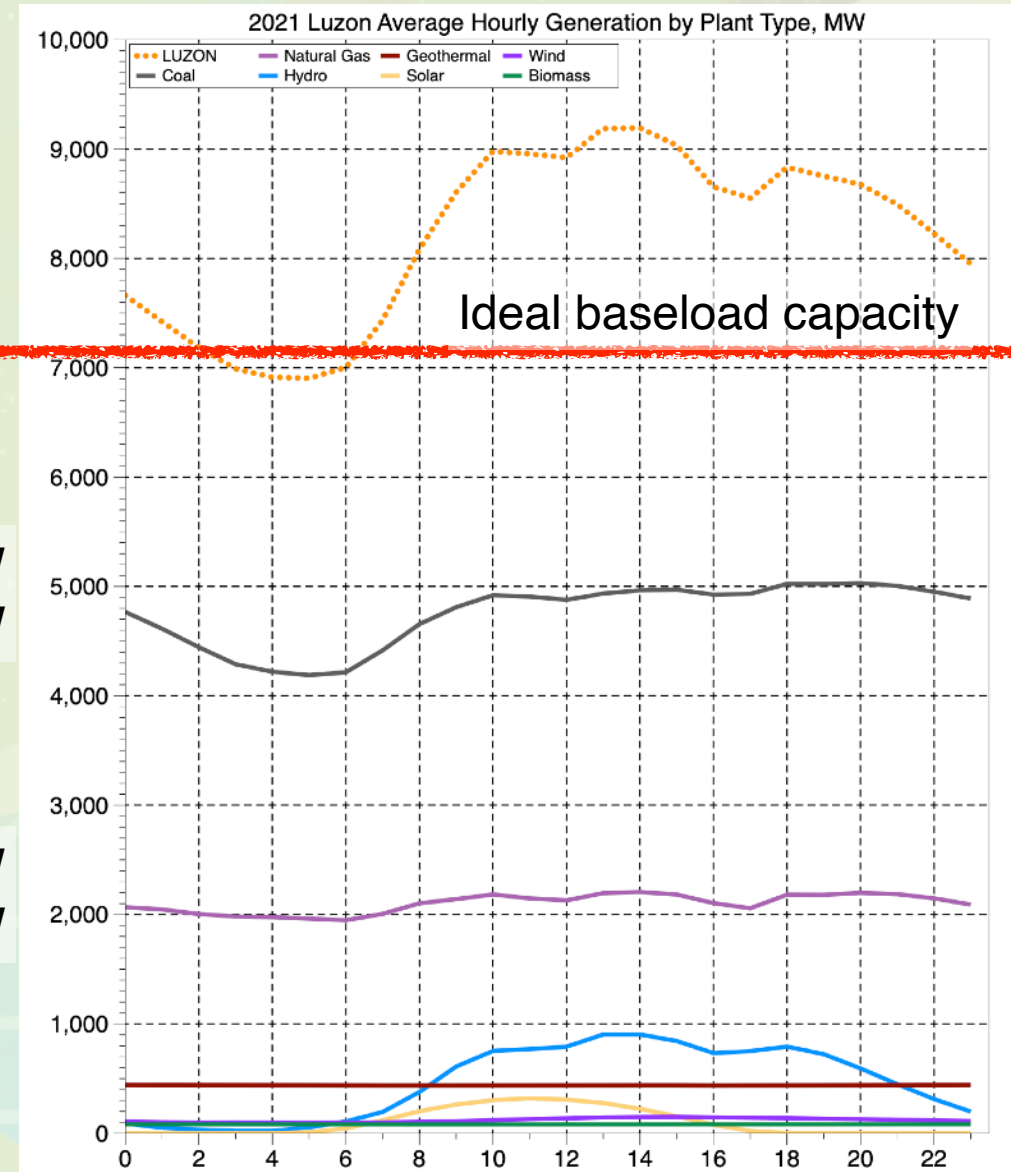
**Solar Philippines Tarlac Corp. (SPTC), Powersource First Bulacan Solar Inc. (PFBS), Solar Philippines Tanauan Corp. (SPTanC), and Panay Energy Development Corp. (PEDC) 2022

Some common issues in power contracts

- ❖ Overcontracting specially on baseload capacity

Coal – 5,000 MW
Dependable = 6,855 MW

Gas – 2,200 MW
Dependable = 3,286 MW



Some common issues in power contracts

- ❖ Overcontracting specially on baseload capacity
- ❖ Preference for a single contract to address full power requirements
 - ▶ What if a smaller capacity power plant can be more cost effective?
 - ▶ What if a mix of power plants can be least-cost?
- ❖ Automatic fuel price pass-through or “pasaload”
 - ▶ Can there be price caps?
 - ▶ Can fuel price be fixed?
- ❖ Benchmark values in computation of monthly power costs
 - ▶ Low benchmark values in e.g. exchange rate produce higher monthly effective costs
- ❖ Automatic fuel consumption escalation
 - ▶ e.g. 1% increase per year
- ❖ Can minimum offtakes be aligned with seasonal consumption?

Key areas to enable more RE

❖ Local community participation

- ▶ Monitor monthly generation cost breakdowns of local distribution utility
- ▶ Engage with local distribution utility during planning for new capacity
- ▶ Observe conduct of competitive selection process
- ▶ Participate in ERC hearings on pricing

❖ Support and welcome renewable energy projects locally

- ▶ More investments into the community
- ▶ More jobs and opportunities for support services