

Policies and Programs Towards Higher RE Penetration and the Role of LGUs in RE Promotion

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Department of Energy**



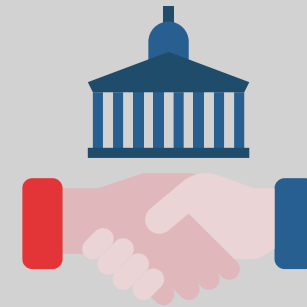
Agenda

01



Major RE Policies and
Program

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Role of LGUs for RE
Promotion



Major RE Policies and Program



01



RE Law, Its Policy Mechanisms & Programs

RA No. 9513, aka the Renewable Energy Act of 2008 and its IRR affirmed the government's commitment to accelerate the exploration and development of Philippine renewable energy resources.



declared the State's policy to achieve **energy security** by reducing reliance on fossil fuels and minimizing exposure to price fluctuations in oil markets.



To increase the utilization of RE resources by developing national and **local capabilities** in the use of RE systems and **promoting** their efficient and effective application by offering fiscal and non-fiscal incentives.

Renewable
Portfolio
Standards

Net
Metering

RE for
Own Use

FIT

Green
Energy
Option
Program

Off-Grid:
Productive
Use of RE

RE market
development
support
mechanisms
for Voluntary
Program



Major RE Policies and Programs

Provides guaranteed **fixed payments per kWh of electricity** produced from emerging RE resources

Feed-in-Tariff System

Technology	Installation Target	ERC Approved FIT Rates	With Certificate of Endorsement to ERC		Installation Target Balance
	Capacity (MW)	PhP/kWh	No. of Projects	Capacity (MW)	Capacity (MW)
Hydropower	250 100*	5.90	5	35.956	198.887
		5.8705 ***	1	8.50	
		5.8705 ****	8	102.901	
		TBD	2	3.756	
Wind	200	8.53	3	249.90	0
	200 *	7.40 **	3	144.00	
Solar	50	9.68	6	108.90	0
	450 *	8.69 **	17	417.05	
Biomass	250	6.63	12	117.35	0
		6.5969 ***	4	14.56	
		6.19 ****	15	125.13	
Ocean	10	Deferred	-	-	-
TOTAL	1,410.00		75	1,328.008	198.887

* Additional Installation Targets

** FIT rates for the respective additional installation targets (W - ERCRes14,s2015; S - ERCRes6,s2015)

*** Degressed FIT rates (H&B – ERCRes1,s2017)

**** Degressed FIT rates per ERCRes6,s2021

Major RE Policies and Programs

Renewable Portfolio Standards

On-Grid and Off-Grid

On-Grid

The RPS mandates Load Serving Entities to source a minimum percentage of RE in their respective supply portfolios

- Increase the minimum annual RE percentage increment from 1% to **2.52%** starting 2023
- Supports the aspirational target of **35% RE share in the power generation mix by 2030** and **50% by 2040** equivalent to **39 TWh** and **153 TWh**, respectively



Off-Grid

- Completed FGDs on the **Proposed Revised RPS Off-Grid Rules** in Luzon, Visayas and Mindanao in May 2022.
- Level of compliance will depend on the Optimal Supply Mix of the island and/or off-grid area.
- At least minimum annual RE generation requirements for generators; DUs' mandates expanded



Major RE Policies and Programs

Green Energy Auction Program

Intended to support and/or facilitate immediate and timely investments in new or additional RE capacities to ensure provision of adequate supply under a **competitive process**

- DC2021-11-0036 or the **“GEAP Guidelines”** was signed on 03 November 2021.
- 1st Auction Installation Target Capacity of **2,000 MW**
- Successfully awarded winning bidders to **1,966 MW of RE** on 24 June 2022



The government may allow **100% foreign ownership/ participation for large-scale projects**, provided:

- Investment cost is at least USD 50M; and
 - Covered by Financial and Technical Assistance Agreement, duly approved by the President of the Philippines.
-
- Issuance of DC 2020-11-0024 on 20 October 2020 governing the conduct of the **3rd Open and Competitive Selection Process**
 - Ongoing study to support development by derisking geothermal investments



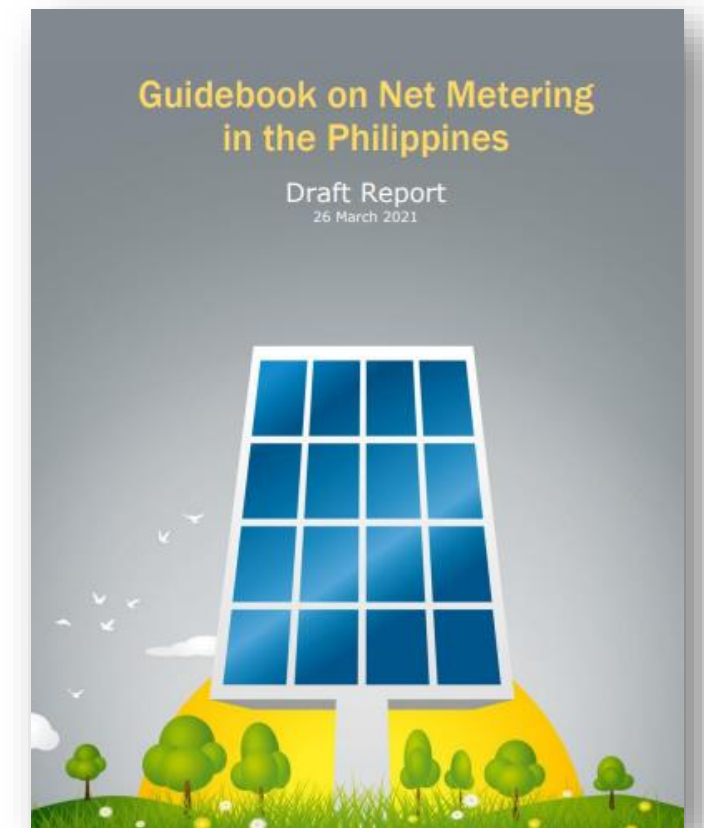
Geothermal Energy Development

Major RE Policies and Programs

Enhanced Net Metering Program

Net-Metering allows End-Users to install up to 100kW RE system to reduce electricity bills and sell surplus to the grid transforming consumers to **prosumers**.

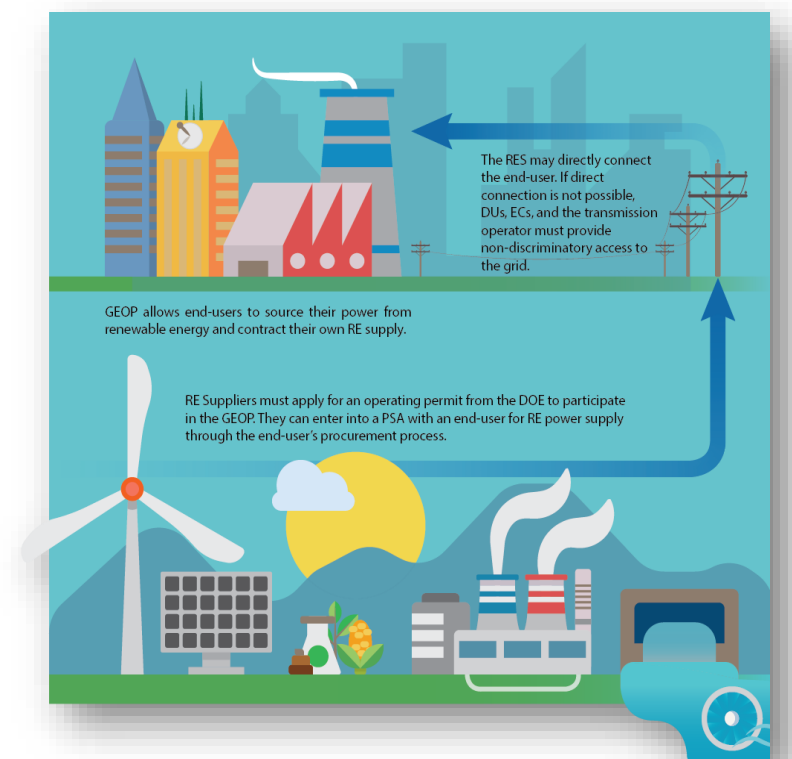
- Department Circular No. DC2020-10-0022, “**Prescribing the Policies to Enhance the Net-Metering Program for Renewable Energy Systems**” was promulgated on 22 October 2020
- Now **open in off-grid areas**
- Net Metering Guidebook published in **April 2022**



Green Energy Option Program

GEOP is a voluntary policy mechanism that allows end-users with **100kW and above demand** to source their electricity supply from renewable energy resources through RE Suppliers

- **Non-regulated** Activity
- Provides options to end-users to contribute to the development and utilization of RE resources in a **least-cost and sustainable manner**
- **18 RE Suppliers** Permit were issued as of 31 May 2022.
- As of June 2022, a total of **93 customers** already switched.

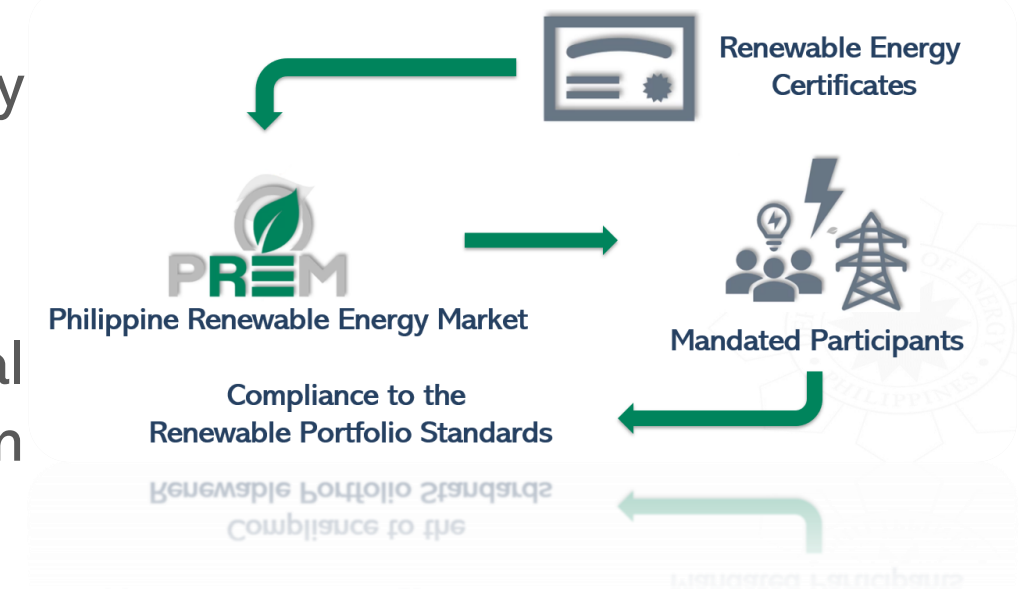


Major RE Policies and Programs

RE Market

A market where trading of the RE Certificates equivalent to an amount of power generated from eligible RE plants is made

- Issued **DC2019-12-0016**, “Promulgating the Renewable Energy Market Rules” on 04 December 2019
- Pending Setting of **REC Price Cap** and Methodology from the ERC
- Issued **DC No.2022-06-0019**, “Declaring the Interim Commercial Operations of the RE Market” otherwise known as “REM I-COP” on 10 June 2022
- Issued **DC No.2022-06-0026**, “Adopting Amendments to the RE Market Rules” on 20 June 2022



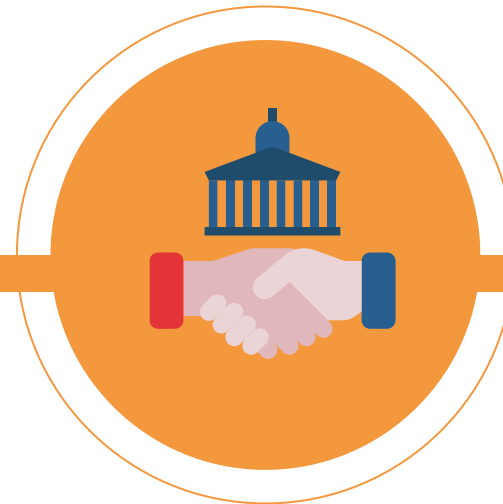
RE Trust Fund

A Trust Fund established under the RE Law to enhance the development and greater utilization of RE

- The Guidelines for the Operationalization in 2018 effected the issuance of SO **2019-01-0003** on 11 January 2020 creating a committee for the administration of the fund.
- **DC2022-06-0018**, “Adopting the Guidelines and Procedures in the Fund Sourcing, Accounting, and Audit of the RETF” was signed on June 10, 2022
- Way forward: Collection of RETF Contributions
- RETF Writeshop for the development and finalization of the RETF Operations Manual



Role of the Local Government Units



DILG-DOE JC 2020-01

“Guidelines for LGUs to Facilitate the implementation of Energy Projects”

Purpose:



Establish, strengthen, and integrate national energy plans, policies, mechanisms into local development plans





Harmonize and fast-track the implementation of EVOSS Act, EODB Act, EO 30, and AO 23



Maximize benefits from energy projects to the host communities



Implement other energy programs and projects to spur total development of the LGUs



Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DEPARTMENT OF ENERGY

JOINT MEMORANDUM CIRCULAR NO.: 2020-01
Date: APR 30 2020

TO : ALL PROVINCIAL GOVERNORS, CITY AND MUNICIPAL MAYORS,
PUNONG BARANGAYS, DILG REGIONAL/ PROVINCIAL/ CITY
DIRECTORS, DILG BANGSAMORO AUTONOMOUS REGION IN MUSLIM
MINDANAO (BARMM) MINISTER, CLUSTER LEADERS, AND
CITY/MUNICIPAL LOCAL GOVERNMENT OPERATION OFFICERS
(C/MLGOOS)

SUBJECT : GUIDELINES FOR LGUs TO FACILITATE THE IMPLEMENTATION OF
ENERGY PROJECTS


1.0 BACKGROUND


1.1 The National Economic and Development Authority (NEDA) launched AmBisyon 2040
which envisions Filipinos to enjoy a strongly rooted comfortable and secure life in all

11.0 EFFECTIVITY


1.2 This Joint Memorandum Circular shall take effect fifteen (15) days after its publication in a
newspaper of general circulation. Copies will be filed with the University of the Philippines Law
Center – Office of the National Administrative Register (ONAR).

1.3


EDUARDO M. AÑO
Secretary
Department of the Interior and Local Government


ALFONSO G. CUSI
Secretary
Department of Energy

1.4



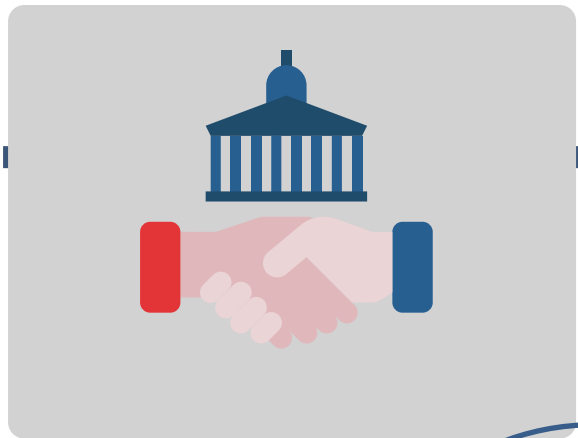
1.5

of the energy sector, and...
procedures affecting Energy Projects of National Significance.

1.6 The Congress of the Philippines passed Republic Act (RA) 11032 entitled, "Ease of

Date Signed: April 30, 2020





Role of LGUs for RE Promotion

DILG-DOE JC 2020-01

COVERAGE

- Governors, City/Municipal Mayors, Punong Barangays
- Vice Governors, Vice Mayors
- Local Development Councils
- Members of Sangguniang Panlalawigan, Panlungsod, Bayan, Barangay
- DILG R/P/C Directors, DILG BARMM Minister, Cluster Leaders, C/M LGOOs

PENALTIES


Same with EVOSS Penalties

- 1st offense- 30 days suspension w/o pay
- 2nd offense- 3 months suspension w/o pay
- 3rd offense- dismissal and perpetual disqualification from public service

CONTENTS, among others:

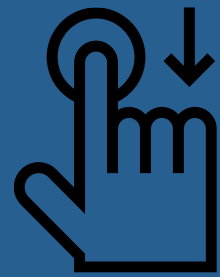
- LGUs, thru the LDC, shall activate the Energy Sector Committee
- Include all local energy policies, plans, and programs
- LGU shall process permits within the prescribed time frame as stated in EVOSS Act





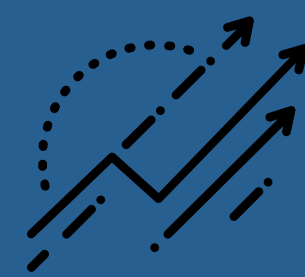
Role of LGUs for RE Promotion

DILG-DOE energy planning



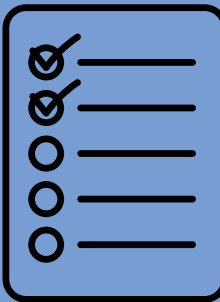
Activate the Energy Sector Committee

implement the JMC which incorporates the energy programs, policies, and projects into the spatial plan and its comprehensive development plan



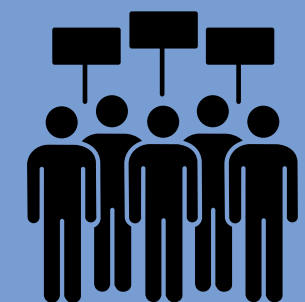
Energy Regulatory Reforms

streamline the processes in issuing the necessary permits on energy-related projects



Spatial Plan

identify upstream conventional and/or renewable energyresources within its area of jurisdiction



The LGU shall encourage the consumers' participation to ensure energy security.



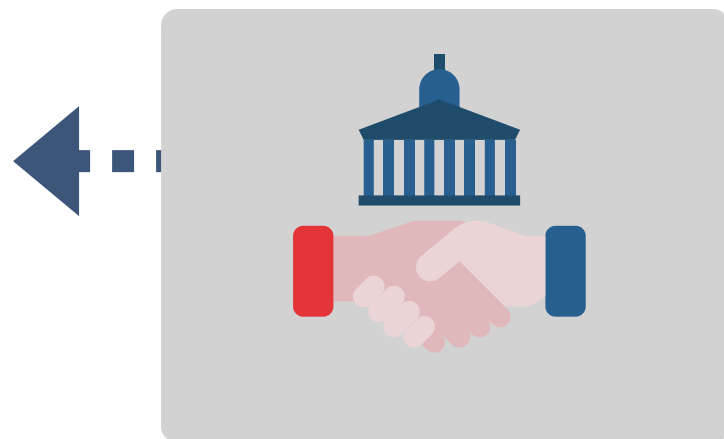
Development Plans

monitor and collect the benefits of energy projects and incorporate in comprehensive development plan which shall include all local energy policies, plans, and programs covering energy safety and best practices, energy efficiency and conservation, and energy resiliency



Information Education Communication Campaign

disseminate and capacitate its concerned stakeholders and constituents on energy safety practices, energy efficiency and conservation, energy resiliency, energy planning which includes energy access and resource development, energy programs, policies, and projects



Role of LGUs for RE Promotion

DILG-DOE JC 2020-01

“

LGUs are indispensable stakeholders and reiterates the existing and potential benefits for host communities of energy projects.

”

“An Ordinance Adopting the Guidelines to Facilitate the Implementation of Energy Projects”

-the DILG prescribes the draft ordinance for the consideration of LGUs to comply with the

provisions of the EVOSS* Act

*Energy Virtual One-Stop Shop Act establishes the interoperability of government processes through an online system that streamlines the permitting processes of power generation, transmission, and distribution projects.





Role of LGUs for RE Promotion

Chapter V, Section 13 of RA 9513:

“The government share on existing and new RE development projects shall be equal to ***one percent (1%)*** of the gross income* of RE resource developers resulting from the sale of renewable energy produced and such other incidental to and arising from the renewable energy generation, transmission, and sale of electric power, except for indigenous geothermal energy, which shall be at ***one and a half percent (1.5%)*** of gross income.”

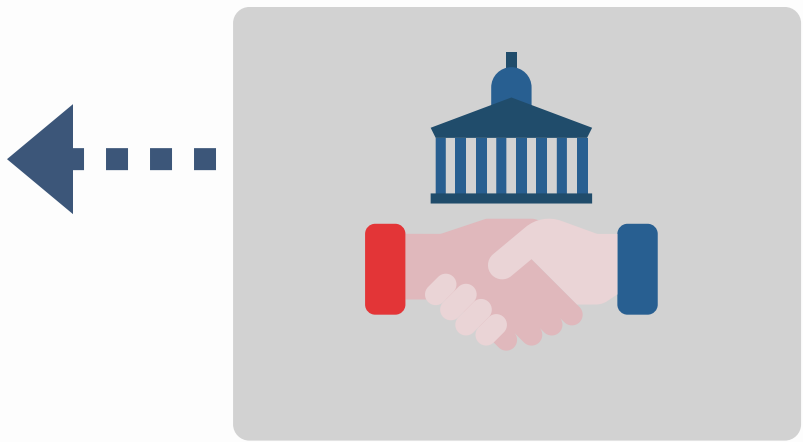
Benefits to Host Communities Pursuant to ER 1 – 94

One centavo (Php 0.01) for every kilowatt-hour of electricity generated by the energy-generating facility.

LOCAL GOVERNMENT SHARE

refers to the amount due the LGU from the exploitation, development and utilization of naturally-occurring RE resources



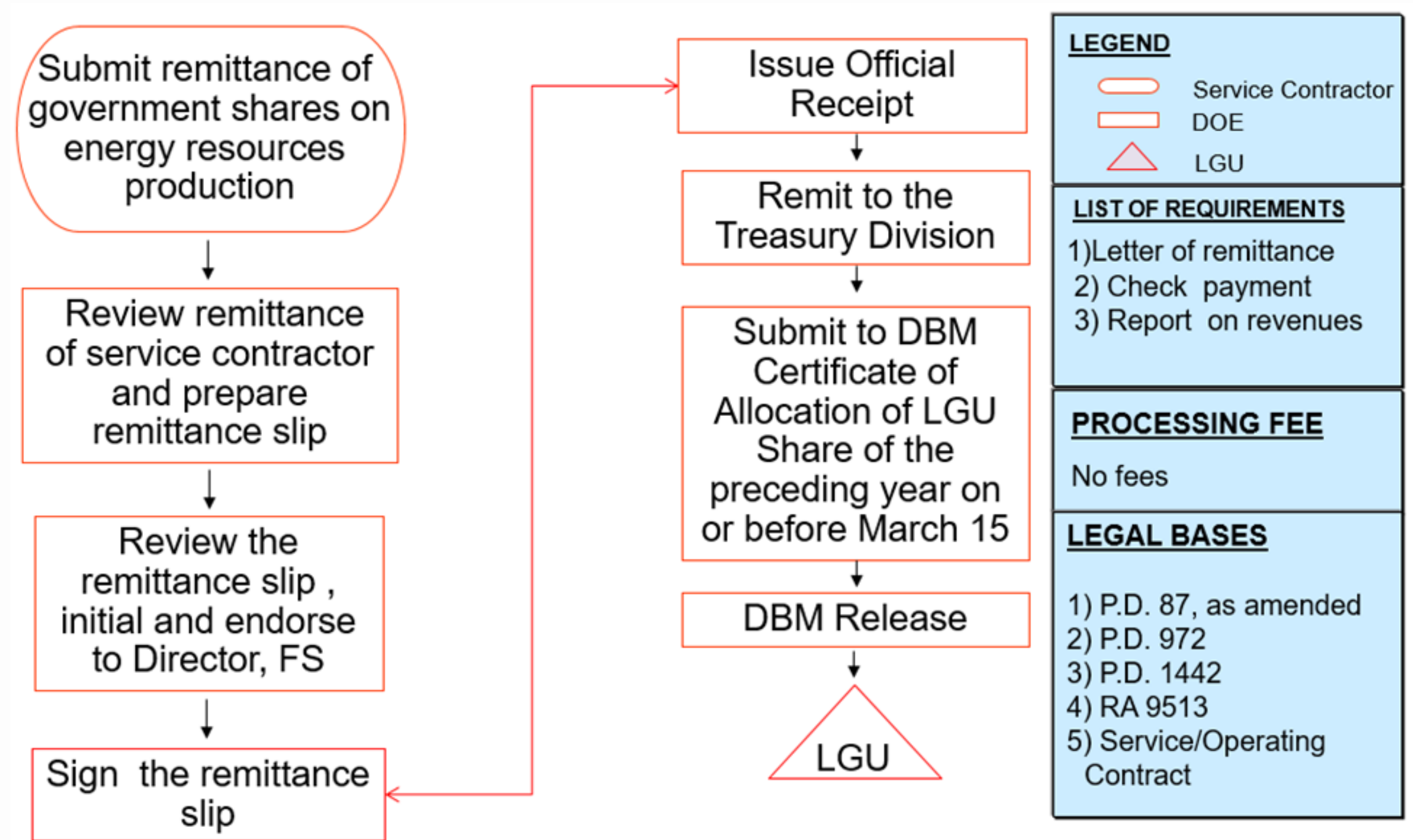


Role of LGUs for RE Promotion

How LGU gets its share

FOR COMMERCIAL OPERATION OF RE POWER PRODUCER

Section 2(c) of the [Local Government Code](#) requires consultation to the LGUS of the various projects and program being implemented by the National Government Agencies,





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Thank You!

