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

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Agenda

01
Major RE Policies and Program

02
Role of LGUs for RE Promotion
Major RE Policies and Program
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.

Decided 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.
**Major RE Policies and Programs**

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

<table>
<thead>
<tr>
<th>Technology</th>
<th>Installation Target</th>
<th>ERC Approved FIT Rates</th>
<th>With Certificate of Endorsement to ERC</th>
<th>Installation Target Balance</th>
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</thead>
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<td>No. of Projects</td>
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</table>

* 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

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

- 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
Green Energy Auction Program

Geothermal Energy Development

Major RE Policies and Programs

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
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

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.

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

- 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

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
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.

Spatial Plan
Identify upstream conventional and/or renewable energy resources within its area of jurisdiction.

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.

Energy Regulatory Reforms
Streamline the processes in issuing the necessary permits on energy-related projects.

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

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.
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.
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.”

**LOCAL GOVERNMENT SHARE**

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

**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.
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,