



Department of Energy
**SUMMARY OF MAJOR ACCOMPLISHMENTS
IN THE ENERGY SECTOR**
30 JUNE 2022 TO 30 JUNE 2023

1

PBBM's 2022 SONA:

*“Another fundamental requirement for growth and increased employment will be the availability of **cheap, reliable energy**. This even comes under the category of ‘**ease of doing business**.’ If we are to attract investors, both local and foreign, to set up shop here in the Philippines.”*

Facilitating energy investments to drive the energy prices down

The DOE has streamlined the permitting process for energy projects through Energy Virtual One-Stop Shop (EVOSS) System. The timeframes for a number of permitting processes of various government agencies were adjusted from working days to calendar days to align with Republic Act 11234 or the EVOSS Act.

Currently, there are 48 processes from Department of Energy (DOE), National Electrification Administration (NEA), National Transmission Corporation (TransCo), National Power Corporation (NPC), Department of Justice (DOJ), Department of Labor and Employment (DOLE), and National Commission on Indigenous People (NCIP) integrated into the EVOSS System.

The integration of the NCIP process for the Certification Precondition requirement, which previously lasted for years before a project proponent could obtain said certification, can now be issued within 105 calendar days. This already includes the conduct of the Free and Prior Informed Consent (FPIC) process. On the other hand, when the area is outside an ancestral domain, the Certificate of Non-Overlap (CNO) can now be issued within ten (10) calendar days without Field-Based Investigation (FBI) while 23 calendar days if requiring FBI. For instance, Prime Energy Resource Development B.V. was able to secure its CNO without FBI for SC 38, less than the 10-day prescribed period.

The EVOSS Steering Committee, chaired by Executive Secretary Lucas Bersamin, has directed national government agencies (NGAs) and local government units (LGUs) to closely coordinate with DOE, Department of Information and Communications Technology (DICT), and Anti-Red Tape Authority (ARTA) to streamline their permitting processes and requirements for energy projects and integrate the same into the EVOSS System.

ARTA was also directed to develop a model or an ordinance that will be adopted by the LGUs, including the integration of the national energy plans into the local development plans and establish a unified and streamlined permitting process to enable the LGUs to maximize the benefits from hosting energy projects.

A total of 1,724 applications have been approved for the period June 2022 until 26 June 2023.

2

PBBM's 2022 SONA:

*“At present, our demand for energy far exceeds our reliable supply. We must increase the level of energy production. We must look at every possible option that would be appropriate for the Philippine situation. There is some room to expand our present power supply through existing power sources, but this is only to a very limited extent. We must build new power plants. We must take advantage of all the best technology that is now available, especially in the areas of **renewable energy**.*

*Our search for new power sources should always be with an eye to **improving the mix of the energy supply** between traditional and renewable sources.*

*The technology on renewable energy is progressing rapidly. And many of these technologies are appropriate for the Philippines. **We have already begun windmill power. We are now expanding very quickly our solar power production.***

*For both **offshore and on-shore wind turbines**, for example, the World Bank has calculated that there is the potential of 255 GW by the year of 2030.*

Solar power has steadily increased its efficiency in converting sunlight to electrical power, which is particularly attractive for the Philippines. Because unlike wind power, solar power is practical almost everywhere in the Philippines all year round.

In the move to lowering our carbon footprint caused by energy production, our advancement to renewables will have a lead time.”

Renewable Energy (RE) Development

Under the Philippine Energy Plan (PEP) 2020-2040, Power Development Plan (PDP) 2020-2040, and the National Renewable Energy Program, the government has adopted a clean energy scenario targeting a RE share in the power generation mix at 35% by 2030 and 50% by 2040, in line with the international commitment of transition towards the development of indigenous and clean sources of energy.

Offshore Wind (OSW) Development

The Philippines Offshore Wind Roadmap launched last year showcases the Philippines potential OSW resources estimated at 178 gigawatts (GW). As of 26 June 2023, the DOE awarded a total of 68 OSW contracts with 55,105 megawatt (MW) potential capacity. These OSW contracts are part of the 187 Wind Energy Service Contracts (WESC) issued by the DOE as of the same period.

Three of these OSW contracts with a combined capacity of 2,000 MW were awarded to Copenhagen Infrastructure New Markets Fund (CINMF), the first wholly owned foreign company following the amendment of Section 19 of the Implementing Rules and Regulations (IRR) of the RE Act on 15 November 2022, which allows up to 100 percent foreign ownership on RE investments. Several OSW contracts were also awarded to RE developers with foreign ownership or participation.

Because of the heightened investor interests in OSW development, Executive Order (EO) No. 21 was issued by the President for its optimal rollout. The landmark Order will provide clarity by harmonizing and streamlining permitting processes and leasing fees for OSW projects under a whole-of-government approach and fully implement the EVOSS System to cover all relevant government agencies and bureaus. Under said EO, the permitting agencies are required to submit to DOE a complete list of appropriate permits, including all requirements, fees, and procedures by 18 June 2023. The local government units through the Department of Interior and Local Government (DILG) are also mandated to submit the same to the DOE.

The DOE issued DC No. DC2023-06-0020 on 16 June 2023 providing the policy and administrative framework for the efficient and optimal development of OSW resources applicable to all permitting agencies. The framework identified seven (7) priority activities for the efficient roll-out of OSW projects:

1. Establishment of the Philippine Offshore Wind Databank (POWD) to serve as a data repository of all submitted information and documents on OSW projects;
2. Review of the existing DOE guidelines on the award of OSW Energy Service Contract and its subsequent monitoring and evaluation system;
3. Preparation of the smart and green grid plan by the Network Service Provider;
4. Formulation and issuance of foreshore lease regulations for the transmission system;
5. Preparation by the PPA of the long-term Port Development Plan;
6. Ensuring the safety and security of all OSW projects; and
7. Institutionalization of Marine Spatial Planning.

Seven (7) out of 29 permitting agencies under EO 21 submitted to DOE on 19 June 2023 the list of appropriate permits, fees, and procedures required by their respective agencies, namely DENR-EMB, DOJ, DOTr, DPWH, NGCP, PPA and PSALM.

The DOE will then integrate these requirements, timelines, and procedures in the processing of OSW applications in the EVOSS platform in compliance with RA 11234 (EVOSS Act).

The DOE will also coordinate with relevant agencies to ensure the timely development of the needed transmission facilities for the integration of OSW projects in the Grid.

Meanwhile, the President inaugurated on 19 May 2023 the 160 MW onshore wind farm, the largest in the Philippines, in Barangays Balaoi and Caunayan, Pagudpud, Ilocos Norte. With the total investment of PhP 11.4 billion, its construction started in 2021. Phase 1 of the project with 80 MW capacity is now under testing and commissioning stage while Phases 2 and 3 with a total of 55 MW is targeted to be commissioned within the year. The remaining 25 MW, under Phase 4 is expected to be online by 2025.

Solar Power Projects

With solar energy rapidly developing, the commercialization of floating solar as an emerging technology is also increasing. To date, a total of 237 Solar Energy Operating Contracts (SEOC) with an aggregate installed capacity of 1,282 MW and potential capacity of 21,452 MW have been awarded by the DOE.

In September 2022, during the state visit of President Ferdinand Marcos, Jr. to Singapore, Blueleaf Energy signed a Letter of Intent (LOI) to increase its sustainable infrastructure investment commitment in the Philippines.

In May 2023, the government turned over to Blueleaf Energy and its local partner, SunAsia Energy Inc., six (6) SEOC with a combined capacity of 610.5 MW for the construction of its large-scale floating solar projects in the Laguna Lake.

The awarding of these contracts accelerates the implementation of the thrust of President Ferdinand Marcos, Jr. to develop indigenous and renewable sources of energy. It also represents an additional strategic investment and a firm commitment to strengthen the country's RE sector, especially the commercialization of floating solar as an emerging technology.

The commercialization of floating solar as an emerging technology provides cost-effective RE production without having to occupy usable land mass that could otherwise be used for other important sectors such as agriculture.

Another solar project, this time with Citicore Renewable Energy Corp., with 680 MW capacity amounting to PhP 21.60 billion started its construction in Tuy, Batangas on 23 March 2023. The ground mounted facility is scheduled to start its commercial operations by 2024.

Meanwhile, a groundbreaking ceremony for 20 MW solar project in Taft, Eastern Samar was held in April 2023. This project will add to the existing 16 MW hydro power plant which started operations in October 2022 and the 14 MW hydro power plant scheduled for commissioning in September this year. This will provide the much-needed generation on the island of Samar.

From July 2022 to 26 June 2023, an additional 126 RE contracts with potential capacity of 31,131.7 MW were awarded from July 2022 to 26 June 2023, bringing the total to 1,025 active RE Contracts (299 Solar; 187 Wind; 436 Hydro; 9 Ocean; 36 Geothermal; 58 Biomass).

The DOE has issued Department Circular No. DC2023-06-0019 which provides guidelines for the 4th Open and Competitive Selection Process (OCSP 4) in the award of RE service contracts. The Guidelines shall govern the determination of the legal, financial, and technical qualifications of RE applicants, the evaluation of their applications and the award of RE contracts.

PBBM's 2022 SONA:

3

*“In the interim, **natural gas will hold the key**. We will provide investment incentives by clarifying the uncertain policy in upstream gas, particularly in the area close to **Malampaya**.*

*This requires **clarification of the processes and review of service contracts policy.**”*

Approval of the sale of Shell Philippines Exploration B.V. (SPEX) interest in Malampaya Service Contract (SC) No. 38

The approval of the transfer of shares of SPEX from Shell Petroleum N.V. to MEXP under Prime Infrastructure on 30 September 2022 resulted in an all-Filipino consortium now operating the

Malampaya Deepwater Gas to Power Project, the largest upstream petroleum operations in the country.

Renewal Agreement of the Malampaya SC 38

The DOE has continued to progress the development of our natural gas industry. The President approved the renewal of the Malampaya SC 38 for a final 15 years (until 22 February 2039), which will allow the full production of the Malampaya Gas Field by ensuring the utilization of the remaining gas reserves estimated at 147 billion cubic feet. Further, this will kickstart the timely exploration and development of the in-field and near-field prospects which may provide additional reserves of around 210 billion cubic feet.

Aside from continuing the production operations, the SC 38 Consortium is required under the Renewal Agreement to conduct a minimum work program consisting of geological and geophysical studies and the drilling of at least two (2) deep water wells during the Sub-Phase 1 from 2024 to 2029. This firm work program is geared towards unlocking the potential both in the existing gas field and nearby prospect areas to provide incremental production.

Renewed Confidence and Strong Interest in the Oil and Gas Sector

The government has allowed Nido Petroleum Philippines Pty. Ltd., the Operator of SC 6B and 54, to proceed with the site survey of their drilling locations in their service contract areas, which was conducted from November to December 2022. These activities paved the way for the drilling of 2 wells (one exploration and one appraisal), to be conducted by 4th quarter of 2023.

For SC 6B covering the Cadlao oil field, the Cadlao 4 appraisal well could lead to early oil production towards the 4th quarter of 2023 to 1st quarter of 2024, with the potential volumes of 6.2 million barrels of oil.

Meanwhile, for SC 54 located in the Northwest Palawan basin, the drilling target is the Nandino prospect, with potential volume of 15 million barrels of oil. The successful development of the Nandino prospect will give way to the possible development and tie up with the two (2) existing discoveries, namely Tindalo and Yakal.

On the other hand, Ratio Petroleum, the operator of SC No. 76, has identified two (2) possible petroleum plays with over 20 leads delineated within their contract block, following the completion of the first phase of their work program in October 2020.

Under Ratio Petroleum's approved phased work program, the company has seven (7) years of exploration period to be undertaken in three (3) phases. The first phase covers the acquisition of 2D seismic data, which began on 17 October 2018.

The second phase consists of the acquisition of 3D seismic data that would further refine the image of the area's subsurface geology covering the most prospective clastic and carbonate leads. This is expected to be completed within the next two (2) years.

For the third phase, the drilling of one (1) exploration well is targeted to commence in 2026 to ascertain the presence of oil and gas in the area.

The company's projected minimum expenditure, initially valued at US\$ 34.35 million will be used for studies, data gathering, and drilling activities over the initial seven-year contract duration.

While it is a small and modest step, it signals the Government's intent to maximize indigenous resources and has attracted strong interest by foreign investors in the Philippine upstream oil and gas sector.

It is timely that we reinvigorate our petroleum exploration activities. While it is capital-intensive to carry out exploration programs, with the depletion of the Malampaya reservoir and the continuing volatility of fossil fuel prices in the past years, we need an aggressive push to explore for new oil and gas fields for the furtherance of our energy security.

The National Government and the Bangsamoro Government have agreed on a joint mechanism in the award of petroleum and coal service contracts in the territory of Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). The Joint Guidelines intends to operationalize the provision outlined in the Bangsamoro Organic Law which empowers the National Government and the Bangsamoro Government to jointly grant rights, privileges, and concessions for the exploration, development, and utilization of uranium and fossil fuels such as petroleum, natural gas, and coal within the territorial jurisdiction of the Bangsamoro. This will not only contribute to the energy security of the Philippines but will also open vast opportunities for economic growth in the BARMM.

With this development, the DOE expects renewed interest and activity in the upstream sector in promising shared areas in BARMM. We are committed to making BARMM a success and will continue to work to capacitate them in this endeavor.

Liquefied Natural Gas (LNG) as Transition Fuel

To maintain the adequate supply and mix of our natural gas supply, for the first time in the country we have not just one but two reception and regasification facilities for imported LNG. These facilities will support the gas-powered plants needed to stabilize the increasing volumes of variable RE and eventually even non-power uses.

The Floating Storage Unit (FSU), an onshore regasification facility of Linseed Field Corporation became operational in June 2023. The FSU arrived in the country on 30 March 2023 while the vessel carrying the LNG arrived in Subic on 08 April 2023. On 26 April 2023, the FSU arrived in the Ilijan LNG Terminal. Currently, the facility is supplying the Ilijan Power Plant since 01 June 2023.

The First Gen LNG Terminal, which consists of a multi-purpose jetty, an adjunct onshore gas receiving facility and the BW Batangas Floating Storage and Regasification Unit, will enable to receive LNG as an alternative to Malampaya gas given the: (i) decline in the Malampaya resource; (ii) end of the gas sale purchase agreements by 2024; and (iii) uncertainty of new indigenous gas resource that may disrupt gas supply to around 2 GW of First Gen's gas fired plants that supply around 16% of Luzon's power requirements.

The First Gen LNG Terminal was undertaken by First Gen LNG and Tokyo Gas, which the President met during his official working visit to Japan in February 2023. With the renewal of SC 38, First Gen and Prime Energy have forged an alliance that will allow Prime Energy to lease and operate

the First Gen LNG Terminal. This alliance will enable a gas aggregation facility that will provide fuel to power the country's natural gas power plants (beginning with the power plants of First Gen) and enable them to continue running efficiently and reliably, provide blended gas prices more favorable to power consumers, make the country a more serious player in the highly competitive LNG global market, and bridge ongoing efforts to locate, develop and harness more indigenous natural gas resources.

The DOE proposes to the President to call on Congress to prioritize the legal and regulatory framework for the LNG industry to serve as the framework for the continued expansion of this vital transitional fuel in our march towards a lower carbon energy future.

PBBM's 2022 SONA:

*"I believe that it is time also to re-examine our strategy towards building **nuclear power plants in the Philippines.**"*

4

*We will **comply of course with the International Atomic Energy Agency (IAEA) regulations** for nuclear power plants as they have been strengthened after Fukushima. In the area of nuclear power, there have been **new technologies developed that allow smaller scale modular nuclear plants and other derivations thereof.**"*

Nuclear Energy as Alternative Source of Power

As part of the President's agenda on the need to explore alternative sources of energy such as nuclear power, the DOE spearheads the Nuclear Energy Program (NEP) through the Nuclear Energy Program Inter-Agency Committee (NEP-IAC) created under EO 116, to ensure the participation of the stakeholders for a whole of government approach.

Further, the issuance of EO 164 provides for the National Position for a Nuclear Energy Program. The NEP-IAC is currently working on the enactment of a legislation for the creation of a regulatory framework to ensure the highest standards of safety, security, and safeguards for the peaceful use of nuclear energy.

NEP-IAC is also continuing its assessment of potential sites for nuclear power plants for conventional and Small Modular Reactor (SMR), public acceptance, human resources, and industrial involvement. NEP-IAC also conducts knowledge sharing of best practices for program implementation as well as sharing of technologies through international cooperation activities. These activities will form part of the Nuclear Energy Road Map scheduled for completion within the year.

Several nuclear energy firms have expressed interest to invest in the Philippines and have made presentations to the President.

The Special Committee on Nuclear Energy in the House of Representatives discussed the draft substitute bill to House Bill No. 7049 providing for a comprehensive atomic regulatory framework. The Committee discussed and approved certain provisions pertaining to: (i) transport and import and export controls; (ii) radioactive waste and spent fuel; (iii) offenses, penalties and appeals; and

(iv) final provisions concerning human resources, subject to amendments and style. To date, the said bill is pending for deliberation in the House Plenary.

The NEP-IAC, through its Sub-Committee 3 (Legal and Regulatory) led by DOE, submitted to the Department of Foreign Affairs (DFA) the proposed Philippine counter draft of the 123 Agreement with the United States. The DFA has transmitted to the US the Philippine comments on the draft and has requested that a negotiating team be formed for the upcoming discussions.

This is following the ongoing Memorandum of Understanding (MOU) between the US and the Philippines on Strategic Civil Nuclear Cooperation. The Philippines has previously expressed its commitment to the MOU as the DOE find the provisions reflective of the intention of the parties to enhance the level of cooperation and strengthen partnership across the spectrum of nuclear energy applications both for power and non-power uses, such as in medicine, agriculture and industry. Driven by its mandate to enter into agreement with international institutions or states involving energy-related programs and projects, the DOE affirms its commitment to the implementation of this MOU.

Consistent with the framework of the MOU, a technical cooperation will be pursued under the Foundational Infrastructure for Responsible Use of Small Modular Reactor Technology (FIRST) Program. The said cooperation has four (4) Notional Engagements, namely: (a) Stakeholders Engagement (conducted last May 2022); (b) Legal and Regulatory; (c) Site Assessment and Characterization for SMR; and (d) a Study Tour to be conducted in July 2023.

PBBM's 2022 SONA:

5

*“Furthermore, we must examine the **entire system of transmission and distribution** for the purpose of finding ways to lower the price of energy to the consumer and to industry.*

*We must **expand the network of our transmission lines** while examining schemes to **improve the operation of our electrical cooperatives**. All this in aid of **reducing energy cost especially but not limited to households.**”*

Transmission Development Plan

The Government, as articulated in the Philippine Development Plan (PDP) 2023-2028, will facilitate the upgrading and modernization of transmission and distribution lines to support efficient transition to cleaner energy. It will also resolve transmission congestion in the different grids, whether by adding transmission lines or avoiding subsidies that cause the build-up of excess capacity. Once the government has the needed fiscal space, it shall revisit and reevaluate financing investment in transmission¹

Recognizing the importance of transmission in the delivery of power supply to consumers, the government through the DILG and DENR is fast tracking the processing of pending permits for major transmission projects.

¹ NEDA. Philippine Development Plan (PDP) 2023-2028, p. 290

The DOE has also sought the assistance of the Supreme Court for the designation or creation of special courts to facilitate and expedite the trial and resolution of expropriation cases pertaining to power transmission projects. Through the creation of these special expropriation courts, NGCP and other stakeholders will have a primary avenue to fast-track this kind of case which, in turn, will render the NGCP capable of immediately commencing the construction of the essential transmission assets and projects.

The testing and commissioning of the Mindanao-Visayas Interconnection Project (MVIP), started on 30 April 2023 with an initial load of 22.5 MW and increased gradually with a transfer capacity of 112.5 MW as of 31 May 2023. The full transfer capacity of 450 MW is expected by August 2023. For the Hermosa-San Jose 500 kV Transmission Line Project (TLP), the overall accomplishment is at 96.91% as of April 2023 and the adjusted completion date is July 2023. The project was energized on 27 May 2023 with 800 MW loading as of date.

On the Cebu-Negros-Panay TLP Stage 3, the overall accomplishment is at 91.59% as of April 2023, with expected completion by August 2023. The project's interim connection is already at 80 MW to 100 MW.

The DOE issued Department Order No. DO2023-06-0018 which creates the performance assessment and audit team for the operations of the NGCP. The said team would assist Congress and the President in continuously reviewing laws and policies relating to energy. This will serve as basis for the DOE or the ERC to recommend to Congress any actions to be taken in respect of the franchise of the Transmission Network Provider and System Operator.

Reducing Energy Cost

Bill-Shock Protection Loan Facility Program

This loan facility, launched on 14 April 2023 by the Energy Regulatory Commission (ERC) and the Land Bank of the Philippines (LBP), will protect consumers from sudden electricity price hikes through a staggered billing of Distribution Utilities (DUs) every time a temporary electricity price increase ranging from 10% to 15% takes place. The contractual obligations of DUs to their suppliers shall be paid through the loan facilities to be provided by LBP.

Power Supply Agreement (PSA) Caravan

In November 2022, the ERC kicked off the PSA Caravan, a nationwide roll-out of review of power supply agreements, together with the DOE to assist electric cooperatives (ECs) to explore and formulate immediate and mid-term measures to address the high cost of electricity in the country. The PSA Caravan is the ERC's grassroots-based efforts to evaluate the generation component of consumers' electricity bills. Generation charge constitutes almost 60% of the power bill and accounts for the cost of power generated and sold to DUs by generation companies under PSAs or through the WESM which the utilities then supply to their captive customers.

As a result of the Caravan, certain price mitigation measures were adopted by the ERC (such as the suspension of collection of FIT Allowance and coordination with Landbank of the Philippines for the Anti-Bill Shock Loan Program).

Likewise, the DOE in coordination with the ERC and NEA, is currently preparing a new Competitive Selection Process (CSP) Policy that aims to streamline the conduct of CSP and delineate the responsibilities of the DOE, ERC, and NEA under the EPIRA to effectively implement the new CSP Policy and ensure reasonable pricing.

Privatization of government's power assets

On 16 May 2023, the Power Sector Assets and Liabilities Management Corporation (PSALM) successfully bid out the 165 MW Casecan Hydroelectric Power Plant (CHEPP), with Fresh River Lakes Corporation submitting the highest bid amounting to US\$ 526 million. The winning bid is more than double PSALM's minimum bid price for CHEPP of US\$ 227.27 million. The successful privatization of this crucial power plant represents a significant milestone in the government's efforts to strengthen energy security. With the private sector injecting the necessary efficiency and capital for energy expansion, this will contribute to a reliable and resilient energy sector.

Ensuring power service delivery in the off-grid areas

Starting 29 April 2023, Occidental Mindoro will have additional power supply after the National Electrification Administration (NEA) and Power Systems, Inc. (PSI) agreed in principle to operate the PSI power plant in San Jose, Occidental Mindoro, with dependable capacity of 5-6 MW.

As of 10 May 2023, there has been no scheduled power interruptions in mainland Occidental Mindoro following the delivery of power from the three (3) Power Supply Agreements (PSAs) with the Occidental Mindoro Consolidated Power Corporation (OMCPC) with total contract capacity of 30 MW.

The Pag-asa Renewable Energy Corporation (PRECO) also provides 1.07 MW from its Biomass Power Plant to Occidental Mindoro Electric Cooperative, Inc. (OMECO). On the other hand, the 5-MW plant of Power Systems, Inc. (PSI) will serve as backup power while OMCPC's three (3) power plants are in operation.

As a contingency measure, OMECO can access the excess capacity of the New Power Providers (NPP) in the Mindoro Island in order to stabilize the power supply in the area and allow open access of power via the 69-kV transmission line which interconnects Oriental and Occidental Mindoro in a single transmission line network. This will not only reduce system loss and improve the system reliability but will also allow the two (2) provinces to trade power supply.

The NPC also fast tracked the delivery and installation of an additional 6 MW power capacity (replacement to the existing 3 MW rental) for its El Nido Diesel Power Plant (DPP) following the surge of demand in this top tourist destination in Palawan. The gensets were transported in El Nido on 26 May and commercially operational starting 28 May.

In February 2023, National Power Corporation (NPC) inaugurated the 71.3 circuit kilometer Roxas-Taytay 69 kV transmission line in Palawan with project cost of Php 691 million, stretching the province's backbone transmission to the northern municipality of Taytay. With this new transmission line, it will not only improve power dispatch and eventually decrease systems loss, but also accommodate more power generators to cater to the growing electricity needs of Palawan.

To address NPC’s funding gaps, the President has approved a credit loan facility with Land Bank of the Philippines amounting to PhP 5 billion. In addition, NPC is working on the approval of additional PhP 10 billion short term loan credit facility with the LBP, in coordination with the DOF and DOE. This will address the funding requirements of NPC, as well as for the New Power Providers (NPPs), for the continued supply of electricity in the off-grid areas.

Additionally, the ERC has recently approved two (2) of NPC’s Universal Charge for Missionary Electrification (UCME) True-up petitions with a total amount of around PhP 4.8 billion or equivalent to Php 0.0433 per kilowatt-hour (kWh). This will bring the total UCME projected collection from Php 19 to 21 billion for 2023.

Commercial Operation of the Wholesale Electricity Spot Market (WESM) Mindanao Commenced

The commercial operation of WESM in the Mindanao Grid commenced on 26 January 2023. The integration of the Mindanao grid in the WESM allows for a transparent and competitive pricing of electricity, encouraging investors with a reliable market data for business decisions. This is a significant leap toward achieving the country’s goal of having a one grid and one market.

6 **PBBM’s 2022 SONA:**

“All this impetus for development and growth, we undertake within the context of accelerating climate change and extreme weather conditions.

*The use of renewable energy is at the top of our **climate agenda**. We will increase our use of renewable energy sources such as hydropower, geothermal power, solar, and wind.”*

2050 Philippine Emissions Pathways Calculator (PEPC)

The DOE has completed the initial version of the PEPC which not only focused on the energy sector but also incorporates sectoral models, particularly for agriculture, waste, industrial process and product use, transport, forestry, and land use thru the assistance of the British government. Once fully completed, the modelling tool will enable various stakeholders to see varying pathways and its resulting greenhouse gas emissions as well as the maximum technical feasibility of implementing various options in the identified levers and levels in the tool. The tool is currently undergoing sectoral validation to better reflect the country’s economy-wide climate change strategies and measures.

On 20 June 2023, Climate Change Commission (CCC) agreed to adopt the PEPC with the following conditionalities:

- a) CCC to create a Technical Working Group (TWG) to facilitate technical matters and complete staff work;
- b) CCC to direct all agencies to validate/use and participate;
- c) DOE to ensure that intellectual property rights should be owned by the government;
- d) DOE to submit copies of engagements with the United Kingdom, Mott MacDonald Consortium and National Consulting Team, as well as all reports and presentations to be annexed;

- e) The University of the Philippines to document its continuous support;
- f) CCC to come up with a continuous plan for the enhancement and development of the PEPC; and
- g) CCC to come up with a comprehensive communications plan.

The final resolution by CCC is targeted to be released by the end of June 2023.

PBBM's 2022 SONA:

7

*“Though we are a minor contributor to climate change globally, we have the unfortunate distinction of being **one of the most vulnerable countries to the effects of climate change.**”*

*For the welfare of our people, it is incumbent upon us to **alleviate the effects of that vulnerability.**”*

National Energy Contingency Plan (NECP)

On 11 January 2023, DOE issued Department Circular No. DC2023-01-0002 which adopts *the* National Energy Contingency Plan (NECP) for ‘The Big One’. The NECP is tailored to a Magnitude 7.2 Earthquake or “The Big One” that may strike in the Greater Metro Manila Area and contains a harmonized multi-sectoral contingency plan and coordinated disaster response and early recovery measures from various energy stakeholders.

Energy Efficiency and Conservation (EEC) as a way of life

With the acceleration of the Government Energy Management Program (GEMP) implementation, the government has reached a cumulative electricity savings of PhP 205 million or an equivalent of over 20 million kWh as of the first quarter of 2023.

The regular conduct of energy audits and spot checks also increased the awareness of government entities which encouraged them to adopt energy efficiency and conservation by reducing expenditures on fuel and electric utility services.

Prior to the EEC Act, the government’s cumulative electricity savings stood at 5 million kWh, equivalent to over PhP 51 million. As of the first quarter of 2023, the cumulative savings quadrupled, reaching 20 million kWh or PhP 205 million.

On 16 November 2022, the DOE endorsed to the Office of the President a proposed Administrative Order (AO) to accelerate the GEMP implementation. Under the proposed AO, the energy efficiency measures to be adopted by the government are the following:

- Maintain ambient temperature of 24°C in airconditioned spaces
- Turn-off unused lights and air-conditioning units
- Activate sleep settings on office equipment

In the Inter-Agency Energy Efficiency and Conservation Committee (IAEECC) Meeting held on 23 March 2023, the DOE has proposed to the Committee a resolution that encourages the adoption

of flexible work arrangement for all government entities as part of the GEMP to minimize the impact of steep global prices of petroleum products, reduce the consumption of the whole government of both electricity and fuel, and alleviate traffic congestion. On 25 May 2023, IAEECC issued Resolution No. 7, series of 2023 encouraging the adoption of flexible work arrangements as an EEC measure under the GEMP.

IAEECC will also issue a Resolution which encourages all government entities to install and utilize solar photovoltaic system or any equivalent RE technology in their government-owned facilities and/or office buildings in a form of self-generating facility, distributed energy resources or net metering agreement with host DU.

PBBM's 2022 SONA:

“Enactment of an Enabling Law for the Natural Gas Industry. This seeks to foster the development of the Midstream Natural Gas Industry in a bid to strengthen Philippine energy security by diversifying the country’s primary sources of energy and promoting the role of natural gas as a complementary fuel to variable renewable energy.

8

Amendments to the Electric Power Industry Reform Act or EPIRA (Rep. Act No. 9136). This aims to improve the implementation of the law’s provisions and enhance its effectiveness to address high cost of electricity, alleged market collusion, and insufficient power supply.

The bill seeks to restructure the Energy Regulation Commission (ERC) to foster accountability and improve the commission’s government system that would ensure consumer protection and in enhancing the competitive operation of the electricity market.”

Downstream Natural Gas Industry Development

For the proposed Natural Gas Act, there is an ongoing deliberation of the proposed bill both in the Senate and Congress. On 30 May 2023, a substitute bill was filed in Congress for second reading before the Plenary. This bill is intended to cover all the aspects of the downstream natural gas industry, which includes transportation, transmission, storage and marketing of natural gas, in its natural or liquefied form. It also aims to aid in the rapid development of the Philippines’ natural gas sector.

A counterpart bill in Senate, similar to the House Bill, was filed by Sen. Raffy Tulfo (Senate Bill No. 2247) on 24 May 2023 and is currently pending before the Committee on Energy.

Electric Power Industry Reform Act (EPIRA) Amendment

On the draft bill amending RA No. 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001, the DOE has consolidated the proposals of various industry stakeholders, subject to further deliberation and finalization in coordination with the Presidential Legislative Liaison Office and the Committees on Energy in both Houses of Congress. On 16 May 2023, the latest DOE version of the proposed EPIRA Amendments was presented to the members of the House Committee on

Energy (HCOE). On 23 May 2023, the HCOE initiated a meeting on the various bills in HOR for amendments to EPIRA, which included the latest DOE version. The HCOE shall create TWGs to discuss amendments per sector/chapter of the EPIRA.

The amendment to EPIRA seeks to widen the sources of energy, encourage investors in the power industry, empower the DOE, ERC, and other government mandated agencies and entities in the power sector, modernize the distribution sector, streamline, and fast track processes on critical energy infrastructures that will ultimately increase the supply of energy, render efficient and optimal utilization and allocation of power, and lower electricity prices in the country.