

RENEWABLE ENERGY & ENERGY EFFICIENCY ADVOCACY PAPER 2021



ABOUT ECCP

The **European Chamber of Commerce of the Philippines (ECCP)** is a service-oriented organization whose main goal is to foster close economic ties and business relations between the Philippines and Europe. The ECCP does this by providing a wide range of consultancy services and by creating linkages between companies, organizations, and individuals with existing or potential business interests in Europe and the Philippines. It is also at the forefront of pro-business, pro-growth advocacy in the Philippines, representing European business interests for increased market access and trade facilitation, at the highest level of Philippine political discussions.

The ECCP sees itself as the stepping stone for Europeans into the Philippine market and for Filipinos into the European market.



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Positions expressed in the advocacy papers are the result of the activities of the Sector Committees working under the ECCP.

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We would also like to acknowledge the support of our committee members.

METHODOLOGY

The 2021 edition of the ECCP Advocacy Papers features issues and recommendations formed after extensive discussions between members of the ECCP sector committees, dialogues and meetings with representatives from the Philippine Government, and other stakeholders. The ECCP has also taken into consideration the information gathered from organizing different events, participating in numerous hearings and committee meetings in both chambers of the Philippine Congress, as well as in private sector consultations held by several government agencies.

Further, the recommendations provided in each paper were primarily based on the discussions during the quarterly sector committee meetings. In close cooperation with the sector committee leaders and members, the ECCP Advocacy Team thoroughly analyzed every issue and advocacy recommendation to ensure that they are in line with European business interests and priorities. Once the Advocacy Team has finalized the first draft of each sector paper, it was then circulated to the Committee members and other stakeholders for consultation and subsequently, gathered inputs to be included in the final draft of the papers.

The assessment of the status of each recommendation included in 2019 Advocacy Papers were examined under the following criteria:

Completed/Substantial Progress: Recommended action has either been completed or there has been significant progress towards the realization of the recommendation.

Some Progress: Movement towards realizing the recommendation has been made, but substantial work still needs to be done to fully achieve and complete the proposed measure.

No Progress/Retrogression: Minimal progress or no movement towards attaining the recommended reforms were done, or the status of the issue has worsened and has evolved to an even bigger bottleneck for European businesses.

MESSAGE FROM THE ECCP PRESIDENT

On behalf of the European Chamber of Commerce of the Philippines (ECCP), I am pleased to present the 2021 ECCP Advocacy Papers. This year's edition features an overview of the current business regulatory landscape in the Philippines as well as industry-specific challenges of the 22 sector committees of the Chamber. More importantly, the paper puts forward constructive policy recommendations for strengthening European-Philippine economic relations and opening up a new decade of growth opportunities as the theme of this year's Summit suggests.

Indeed, the past year has been a period unlike any other with the ongoing health crisis testing the resilience of most organizations and redefining the way we do business. Our advocacy work has also stepped up in organizing virtual discussions and actively engaging key stakeholders including policymakers to raise awareness on issues that matter the most to our members as well as push for reforms that will support our community during this period of uncertainty.

Understandably, the past 20 months have seen a shift of policy priorities from the Philippine government by focusing more on pandemic response and providing social safety nets to the affected and vulnerable. Nevertheless, we have witnessed promising developments on the economic front that will help restore business confidence and boost the country's position as a competitive destination for trade and investments including those from Europe. Among these include the signing of the landmark Corporate Recovery and Tax Incentives for Enterprises Act, the Financial Institutions Strategic Transfer Act, and the inking of the world's largest trade bloc known as the Regional Comprehensive Economic Partnership, of which the Philippines is a party. In addition, the Philippines' improved ranking of 90th in 2020 from 124th in 2019 of the World Bank's Doing Business report demonstrates the global community's relative trust in the country's business environment.

We at the Chamber strive to make the most of these exciting developments in the years to come. The 2021 ECCP Advocacy Papers is our contribution to addressing some of the remaining challenges to helpfully realize the potential of our bilateral ties and economic prospects. I would like to thank our Committee leaders, member companies, and the team behind our flagship publication. Moreover, the European business community continues to stand at the forefront of these crucial issues, which when addressed, will further support our shared goals towards inclusive and sustainable recovery. As such, we remain committed to working with the Philippines in navigating this new decade of growth opportunities.

Mr. Lars Wittig
ECCP President



MESSAGE FROM THE EU AMBASSADOR

I congratulate the European Chamber of Commerce of the Philippines (ECCP) for the 2021 edition of their Advocacy Papers.

These papers offer useful food for thought and action at a crucial time.

At present, the global economy is poised to show its most robust post-recession recovery. In the EU, recovery is underway following a massive vaccination campaign and an ambitious recovery plan decided collectively by EU leaders in 2020. In the EU, today, more than 70% of adults are vaccinated, resulting in improved business and consumer confidence.

Vaccination is the way to pull through collectively from a health crisis of this proportion. It should not stop there. At present, the EU is first and most urgent priority is to speed up global vaccination to ensure that access to vaccines becomes equitable worldwide.

While the European Union has focused on tempering the spread of the virus and its impact on lives and the economy, the EU has remained crucial in the global effort to strengthen the multilateral trading system, fight protectionism and ensure that global trade remains unhampered.

This strategy has reaped fruits. It is anticipated that 19 EU Member States will revert to pre-pandemic growth levels in 2021 and the remainder will follow in 2022. In the last quarter, growth in the Euro area outpaced both the US and China.

Next Generation EU and the seven years multi-annual budget will invest in both short-term recovery and long-term prosperity. It will support innovative policies and will set Europe on a path to a sustainable resilient recovery. One-third of this €1800 billion budget will finance the European Green Deal, which will be the EU's lifeline out of the COVID 19 crisis. This Green Deal will transform the EU into a modern, resource-efficient competitive economy.

The EU and the Philippines have established a relationship characterized by a shared goal of peace and prosperity for our peoples. In terms of commercial relations, we have seen steady growth in the bilateral trade in goods between the EU and the Philippines over the last years. However, EU-PH trade today is far from its full potential. Likewise, the Philippines needs to attract a greater portion of EU investments in ASEAN.

Let us continue to work together to achieve a sustainable and resilient recovery for our economies. I welcome these advocacy papers as a useful contribution in our pursuit of creating a level playing field and opportunities for industries and sectors to be able to participate; provide more choices to our consumers, and promote a sustainable approach to trade.

H.E. Luc Véron
Ambassador
Delegation of the European Union to the Philippines



MESSAGE FROM THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES

My warmest greetings to the **European Chamber of Commerce of the Philippines (ECCP)** as it organizes the **2021 European-Philippine Business Summit**.

This event is an opportune time to explore and pursue various programs and strategies that will enable the business community to overcome the adverse effects of the COVID-19 pandemic on our economy.

The government is one with you in this goal as it has shown in its commitment to advance free trade and to restore confidence in the Philippine economy through our landmark Tax Reform Law and the ratification of the Regional Comprehensive Economic Partnership, of which the Philippines is a party.

I hope that you will remain steadfast in promoting and attracting trade and investments to the country, especially from Europe. Together, let us revitalize our industries and boost our productivity under the new normal.

May you have a successful summit.

Rodrigo Roa Duterte

President of The Republic of the Philippines



MESSAGE FROM THE DEPARTMENT OF TRADE AND INDUSTRY

The presence of the European Chamber of Commerce in the Philippines (ECCP) in the country is a testament to the relationship between our economies evident in the current levels of trade and investments. In 2020, Europe ranked as the Philippines' 5th trading partner, with total bilateral trade amounting to US\$13.06 billion. And as we secure the collective development of both our nations, the Department of Trade and Industry (DTI) continues to rely on the steadfast efforts of ECCP in facilitating market access and in creating a level playing field for both European and Filipino companies.

Together with the holding of the **2021 European-Philippine Business Summit (EPBS)**, the launch of the **2021 ECCP Advocacy Papers** not only reflects the continued partnership of both nations that has flourished and strengthened throughout the years, but is also the fruit of the hard work and commitment of the men and women behind the successes of your organization.

Despite the challenges of the pandemic, the Philippines remains a conducive place to do business and is still considered an emerging economy for investment. This can be attributed to our strong economic fundamentals and is a result of landmark policies and programs of the Duterte administration to create an enabling business environment in the country.

Among these initiatives is the consistent pursuit of game-changing reforms such as the **Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act** and the **Financial Institutions Strategic Transfer (FIST) Act**, which are expected to bring in more investments and ensure the stability of our financial system to accelerate the country's quick and sustainable economic recovery. The Philippines is also part of the **Regional Comprehensive Economic Partnership (RCEP) Agreement**, which is intended to strengthen regional economic integration and increase economic resiliency through enhancing market access for goods, services, and investment. All of these, together with the review of other economic restrictions, have the common goal of attracting more investments that will create more jobs in the country.

As the Philippine economic situation continues to improve, this year's theme, **Amidst the Crisis: A New Decade of Growth Opportunities**, sets the tone for our continued partnership. We are counting on the private sector to harness the potential of our revitalization as we embark on pursuits that will ensure the inclusive and sustainable development of our nations. Ultimately, our goal is to make your investments in the country as profitable as possible, which will secure the development of our economies, provide better opportunities for employment, and empower our citizens to become productive members of society as we take on the greater effort of nation-building to create a better quality of life for all Filipinos.

Congratulations and *mabuhay po kayo!*

Hon. Ramon Lopez

Secretary

Department of Trade And Industry



MESSAGE FROM THE HOUSE OF REPRESENTATIVES

Our warmest felicitations to the European Chamber of Commerce of the Philippines, ECCP President Lars Wittig, ECCP Vice Presidents Amal Makhoulfi and Kavita Hans, distinguished officers and members, on the launching of the 2021 edition of ECCP Advocacy Papers.

They say that the darkest nights produce the brightest stars. We convene today at a time of great uncertainty brought about by a global pandemic. As Speaker of the House of Representatives of the Philippines, I would like to express my deep appreciation to the European Chamber of Commerce in the Philippines and the ECCP Advocacy Committees in producing the 2021 ECCP Advocacy Papers, covering the most significant areas in development policy, from agriculture, the environment and water, to education, health care, and human capital, and of recent import, defense and disaster response, and renewable and energy efficiency. These papers are vital inputs to policy formulation, can serve to enhance Philippine development road maps, and be our springboard for continued discussion and engagement between the ECCP and our government in forging sustainable means of collaboration.



On the part of the House of Representatives, we intend to move towards a more resilient, more inclusive, and more sustainable post-pandemic economy with reforms which seek the following: one, to liberalize foreign investments into the country; two, to promote greater competition in key industries; three, to enhance governance in key infrastructure agencies; and four, to remove restrictions on foreign equity, thereby making economic policies more attuned to the realities in both local and international landscapes.

The opportunity to build a better economy is before us and should indeed, be seized. Through cooperation and collaboration, let us together bring into fulfillment a decade of renewal and growth.

Thank you.

Lord Allan Jay Q. Velasco
House Speaker District Representative Marinduque



WHERE ARE WE NOW?

THE PHILIPPINES

The Philippines prides itself in its dynamic and robust economy, transforming into one of the region's top economic performers and attracting companies to invest and expand their operations. In the last decade, the country was able to sustain an average annual growth of 6.4% between 2010-2019 from an average of 4.5% between 2000-2009.¹ Among its neighboring countries in the Association of Southeast Asian Nations (ASEAN), the Philippines was ranked 4th in terms of Gross Domestic Product (GDP) growth rate with 6.1% in 2019 (Table 1).

Table 1. ASEAN GDP Year-on-Year Growth Rates, 2019 and 2020 (% per year)

Country	2019	2019 ranking	2020	2020 ranking
Brunei Darussalam	3.9	8th	1.2	3rd
Cambodia	7.1	1st	-3.1	6th
Indonesia	5.0	5th	-2.1	5th
Lao People's Dem. Rep.	4.7	6th	-0.5	4th
Malaysia	4.3	7th	-5.6	8th
Myanmar	6.8	3rd	3.3	1st
Philippines	6.1	4th	-9.6	10th
Singapore	1.3	10th	-5.4	7th
Thailand	2.3	9th	-6.1	9th
Vietnam	7.0	2nd	2.9	2nd

Asian Development Bank. *Asian Development Outlook 2021*²

However, the onset of the unprecedented COVID-19 pandemic has resulted in a drastic decline of economic activity around the world. In the Philippines, like in many other countries, the government had to implement huge fiscal support programs and impose strict quarantine measures to mitigate the spread of the virus, which in return restricted economic activity. Specifically in the Philippines, the recessionary impacts of the pandemic contracted the GDP growth rate by 9.6% for the year 2020 (Table 1). The Philippine Statistics Authority (PSA), which has been collecting annual data since 1947, records this decline as the first annual contraction since the Asian Financial Crisis seen in 1998. It also surpassed the prior record of 7.0% contraction in 1984.³

The annual preliminary figures from the PSA show that the unemployment rate rose to 10.3% in 2020, accounting for 4.5 million unemployed Filipinos in the labor force, which is significantly higher compared to the previous year's 5.1% rate. Likewise, the country's employment rate dropped from 94.9% in 2019 to 89.7% in 2020, with the Services sector accounting for 56.9% share, followed by the Agriculture sector with 24.8%, and the Industry sector with 18.3%.⁴

Currently, unemployment rate for July 2021 is estimated at 6.9%, the lowest recorded rate since in April 2020. The country also recorded a significant increase in terms of employment rate at 93.1% for the same month.⁵

On the other hand, headline inflation rose further to 3.5% in December 2020, from 3.3% in November 2020, primarily due to the increase in the inflation of heavily-weighted food and non-alcoholic beverages at 4.8% during the month. Additionally, annual increments were higher in terms of health (2.6%); transport (8.3%); and restaurant and miscellaneous goods and services (2.5%).⁶ The Bangko Sentral ng Pilipinas (BSP) posted a slight increase in the average headline inflation for 2020 at 2.6%, but remained well within the government's target range of 2-4% for the year.⁷ Subsequently, the PSA recorded a 4.9% headline inflation rate for August 2021, from 4.0% of the previous month, which is the highest inflation recorded since January 2019. The uptrend was mainly brought about by the higher annual increment in the index of the heavily-weighted food and non-alcoholic beverages at 6.5% during the month, from 4.9% in July 2021.⁸

In the 2021 World Competitiveness Ranking compiled by the Institute for Management Development (IMD), the Philippines ranked 52nd out of 64 countries, slipping down seven spots from the previous ranking. Specifically, the report noted the country's rankings dropping in three of the factors with Economic Performance falling 13 places to 57th; Government Efficiency slipping three spots to 45th; and Business Efficiency dropping from 33rd to 37th. Meanwhile, the Infrastructure category retained its ranking at 59th.⁹

In terms of the country's Foreign Direct Investments (FDI), the BSP officially recorded USD 6.5 billion net inflows for 2020, which is a 24.6% contraction from the USD 8.7 billion net inflows in 2019. The contraction was primarily driven by the fluctuation of supply chains and business outlooks that had affected investor decisions. Majority of the equity capital placement came from Japan, the Netherlands, United States of America (USA) and Singapore wherein these capital were channeled to manufacturing, real estate and the financial and insurance industries.¹⁰

On the other hand, total FDI net inflows from January to June 2021 registered at USD 4.3 billion. Specifically, the top source country is Singapore with USD 519.88 million, followed by Japan with USD 259.85 million and USA with USD 69.87 million. Investments were channeled mainly to manufacturing, financial and insurance, and electricity, gas, steam, and air-conditioning industries.¹¹



1 World Bank. (07 April 2021). Philippines: Overview. Retrieved from <https://www.worldbank.org/en/country/philippines/overview>
 2 Asian Development Bank. (April 2021). Asian Development Outlook 2021. Retrieved from <https://data.adb.org/dataset/gdp-growth-asia-and-pacific-asian-development-outlook>
 3 Nikkei Asia. (28 January 2021). Philippines GDP shrinks 9.5% in 2020, worst since 1947. Retrieved from <https://asia.nikkei.com/Economy/Philippines-GDP-shrinks-9.5-in-2020-worst-since-1947>
 4 Philippine Statistics Authority. (08 March 2021). 2020 Annual Preliminary Estimates of Labor Force Survey. Retrieved from <https://psa.gov.ph/content/2020-annual-preliminary-estimates-labor-force-survey-lfs>

5 Philippine Statistics Authority. (07 September 2021). Unemployment Rate in July 2021 is Estimated at 6.9 percent. Retrieved from <https://psa.gov.ph/content/unemployment-rate-july-2021-estimated-69-percent>
 6 Philippine Statistics Authority. (05 January 2021). Summary Inflation Report Consumer Price Index (2012=100): December 2020. Retrieved from <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2012100-december-2020>
 7 Bangko Sentral ng Pilipinas. (2020). BSP Inflation Rate Report. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/Inflation%20Report.aspx>
 8 Philippine Statistics Authority. (07 September 2021). Summary Inflation Report Consumer Price Index (2012=100): August 2021. Retrieved from <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2012100-august-2021>
 9 IMD World Competitiveness Center. (2021). World Competitiveness Ranking. Retrieved from <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness/>
 10 Bangko Sentral ng Pilipinas. (10 March 2021). FDI Registers US\$509 Million Net Inflows in December 2020; Full-Year Level Reaches US\$6.5 Billion. Retrieved from <https://iro.ph/article/details.php?articleid=3547&catid=4>
 11 Bangko Sentral ng Pilipinas. (10 September 2021). FDI Net Inflows Up by 60.4 Percent YoY in June 2021; H1 2021 Level Reaches US\$4.3 Billion. Retrieved from <https://iro.ph/article/details.php?articleid=3547&catid=4>

At the European level, FDI net inflows registered at USD 38.42 million with Germany accounting for USD 29.02 million, followed by the United Kingdom (USD 4.52 million), Sweden (USD 3.88 million), France (USD 1.99 million), and Luxembourg (USD 1.66 million).¹²

The total external trade of the country in terms of goods was recorded at USD 155.03 billion in the year 2020, which is lower by 15.1% compared to the USD 182.52 billion recorded during 2019. Among the major trading partners are the People's Republic of China, Japan, and the USA.¹³ The European Union (EU) followed as the fourth largest trading partner, accounting for 8.4% of the country's total trade in 2020. Meanwhile, as for the Philippines' bilateral trade with the EU member countries, Germany ranked as the top trading partner.¹⁴ Likewise, in 2019, Germany ranked as the highest trading partner with a total trade of USD 5.55 billion or 31.5 percent of EU's total trade, followed by the Netherlands, France, the United Kingdom, and Italy.¹⁵

Over the past years, the Philippines was able to maintain its credit ranking at 'BBB' with a stable outlook from various agencies. However, the recent negative outlook from Fitch reflects the increasing risks to the credit profile from the impact of the pandemic and its aftermath.¹⁶ The table below shows the latest ratings from various agencies:

Table 2. Philippine Credit Ratings

Date	Agency	Rating
July 2020	Moody's	Baa2 Stable
May 2021	Standard & Poor	BBB Positive
July 2021	Fitch	BBB Negative

Source: Moody's, Standard and Poor, Fitch

Without a doubt, the adverse impacts of the global crisis hampered the country's long-term notable gains. However, recent reports also show a promising growth forecast for the country as global recovery sustains its momentum. Particularly, the country posted a strong rebound in the second quarter of 2021 with a GDP growth of 11.8% compared to the -16.9% rate of the same period last year. Categorically, the main contributors are manufacturing (22.3%); construction (25.7%); and wholesale and retail trade; repair of motor vehicles and motorcycles (5.4%). Among the major economic sectors, Industry and Services posted positive growths of 20.8% and 9.6%, respectively.¹⁷ GDP growth is also expected to increase at 4.5% in 2021 and 5.5% in 2022; while inflation rates are forecasted at 4.1% in 2021 and 3.5% in 2022.¹⁸ However, the country continues to be vulnerable given the emergence of new variants of the virus and hiccups on the vaccine rollout. With this, substantial reforms on key economic policies, ease of doing business, investment on digital infrastructure, and strengthening the public health system have a pivotal role for the country to address the adverse impacts caused by the pandemic as well as boost economic recovery and competitiveness.

Billion. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?itemId=5926>

¹² Bangko Sentral ng Pilipinas. (n.d.) Net Foreign Investment Flows. Retrieved from <https://www.bsp.gov.ph/statistics/external/Table%2010.pdf>

¹³ Philippine Statistics Authority. (August 2021). 2020 Foreign Trade Statistics of the Philippines. Retrieved from https://psa.gov.ph/sites/default/files/2020%20FTS%20Publication_signed-compressed.pdf

¹⁴ European Commission. (2021). Countries and Regions: The Philippines. Retrieved from <https://ec.europa.eu/trade/policy/countries-and-regions/countries/philippines/>

¹⁵ Philippine Statistics Authority. (28 April 2020). Highlights of the 2019 Annual Report on International Merchandise Trade Statistics of the Philippines. Retrieved from <https://psa.gov.ph/content/highlights-2019-annual-report-international-merchandise-trade-statistics-philippines>

¹⁶ FitchRatings. (12 July 2021). Fitch Revises Philippines' Outlook to Negative; Affirms at 'BBB'. Retrieved from <https://www.fitchratings.com/research/sovereigns/fitch-revises-philippines-outlook-to-negative-affirms-at-bbb-12-07-2021>

¹⁷ Philippine Statistics Authority. (10 August 2021). GDP posted double digit growth of 11.8 percent in the second quarter of 2021, the highest since fourth quarter of 1988. Retrieved from <https://psa.gov.ph/national-accounts>

¹⁸ Asian Development Bank. (n.d.). Economic indicators for the Philippines. Retrieved from <https://www.adb.org/countries/philippines/economy>



RENEWABLE ENERGY & ENERGY EFFICIENCY ADVOCACY PAPER 2021

INTRODUCTION

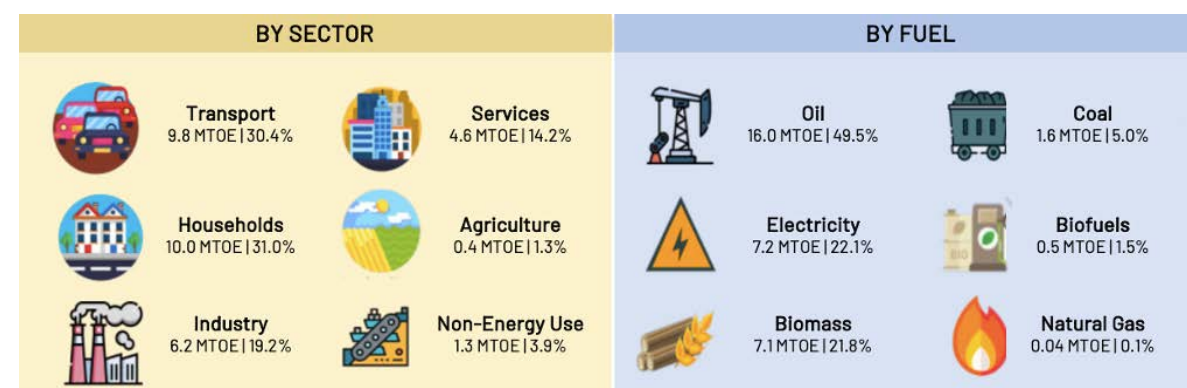
Energy is a fundamental element which injects investments, human capital, and innovations to economies. In addition, it plays a crucial role in advancing nations' sustainability objectives and targets. Even so, with the multiple facets to the energy sector, it can be vulnerable to effects caused by global phenomena.

Due to the COVID-19 health crisis, disruptions have been felt across all nations, businesses, and individuals. Certainly, this did not spare the energy sector which has experienced a decrease in world energy demand by 4% in 2020.¹ This has been attributed mainly to the decline in commercial and industrial activities as a result of the pandemic-related lockdown measures. Nonetheless, with the growing efforts to vaccinate the population which supports the resumption of economic activities, it is projected that the global energy demand is to increase by 4.6% in 2021.²

Renewable energy and energy efficiency continue to be the direction that most countries and stakeholders aim to take. In 2020, the demand for renewable energy worldwide increased by 3%, while it is seen to expand by more than 8% in sectors such as transportation.³ Meanwhile, the improved implementation of energy efficiency measures and practices is seen to cover 40% of the targeted emissions reduction.⁴

For the Philippines, the Department of Energy (DOE) reported that in 2020, the energy demand totaled to 32.4 million tons of oil equivalent (MTOE).⁵ While the transport sector has historically been the most energy-intensive sector with a 34.9% share in 2019⁶ and 35.7% in 2018,⁷ the household sector claimed the top spot in 2020, due to the work- and study-from-home arrangements brought about by the COVID pandemic.⁸ On the other hand, in terms of fuel, oil remained to consume the most with a share of almost half or 49.5%. This is followed by electricity and biomass at 22.1% and 21.8%, respectively, and coal, biofuels, and natural gas consumption that totaled to a 6.6% share.⁹

Total Final Energy Consumption (2020)



Source: Department of Energy (Preliminary data, 2020)

1 International Energy Agency. (2021). Global Energy Review 2021. Retrieved from <https://www.iea.org/reports/global-energy-review-2021>.

2 Ibid.

3 Ibid.

4 United Nations Environment Programme. (n.d.). Issue Brief: SDG 7. Retrieved from https://wedocs.unep.org/bitstream/handle/20.500.11822/25762/SDG7_Brief.pdf?sequence=1&isAllowed=y

5 Tamang, J. (2021). Energy Sector Updates [Virtual Forum]. 2021 Virtual Energy Investment IECs.

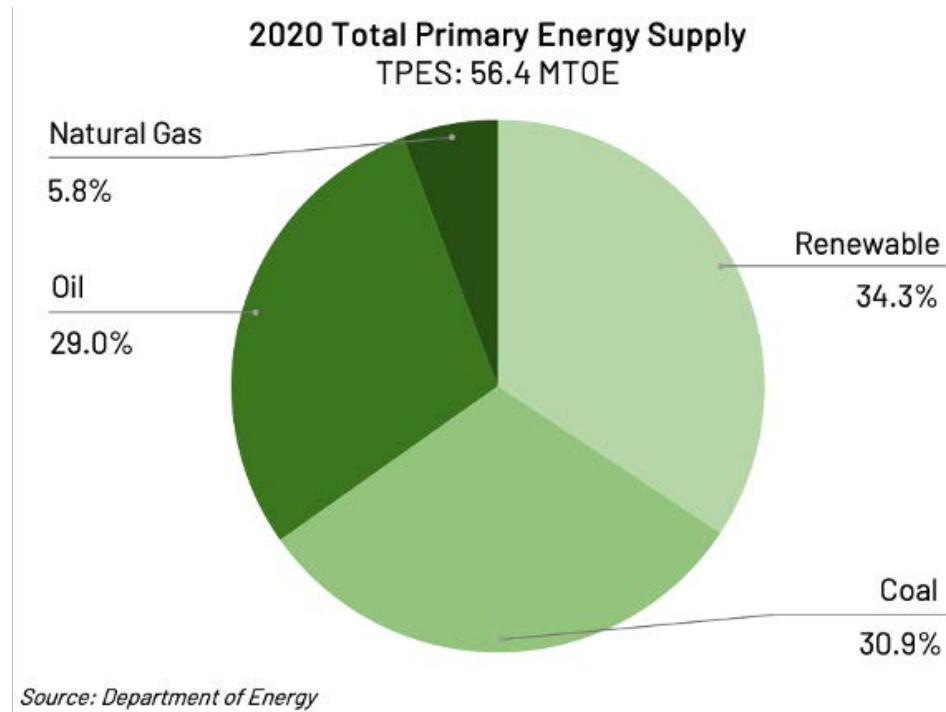
6 Department of Energy. (2019). 2019 Philippine Energy Situationer & Key Energy Statistics. Retrieved from https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/2019-energy-situationer.pdf.

7 DOE. (2018). 2018 Philippine Energy Situationer & Key Energy Statistics. Retrieved from https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/2018-energy-situationer.pdf.

8 Tamang, J. (2021). Energy Sector Updates [Virtual Forum]. 2021 Virtual Energy Investment IECs.

9 Ibid.

On supply, preliminary data shows that the total primary energy supply (TPES) in 2020 was at 56.4 MTOE, wherein renewable energy had the biggest share at 34.3%, followed by coal, oil, then natural gas.¹⁰



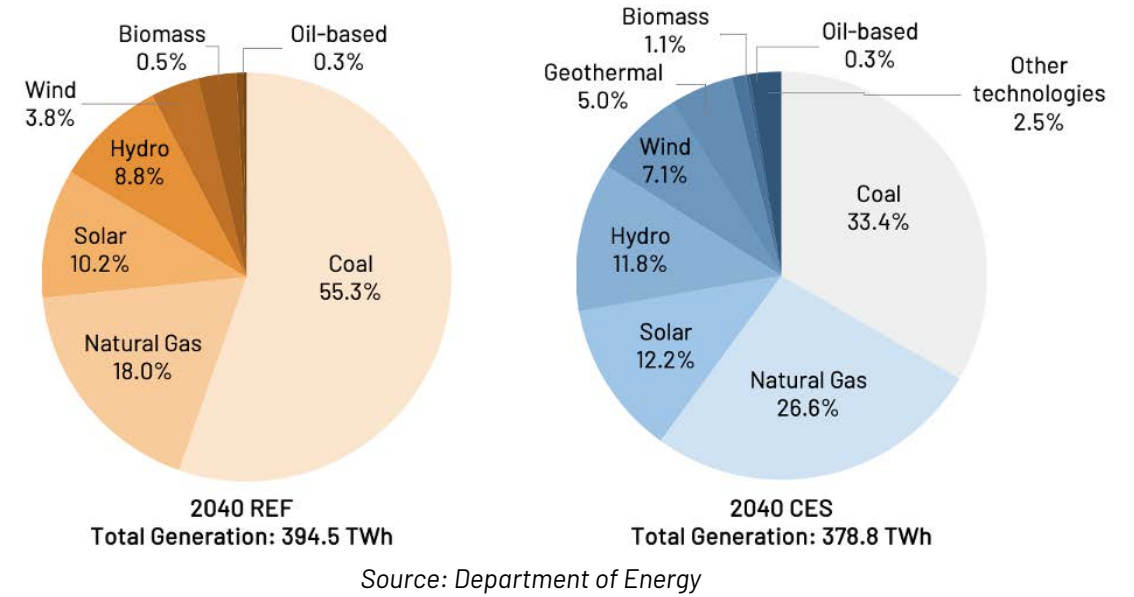
To further support the energy sector, the Department of Energy has laid out the Philippine Energy Plan Targets to as follows:¹¹

- Boost Indigenous Energy Production
- Install Additional Capacities
- Promote and Expedite Investment
- Promote Consumer Welfare
- Strengthen Partnerships – local and international

As the energy sector is driven to increase its capacity, there is a projected PHP 11 trillion new investments and 776,015 jobs to the economy by 2040.¹² In addition, under the Clean Energy Scenario¹³ (CES) of the DOE's Philippine Energy Plan 2018-2040, the direction is towards increasing the share of renewable energy to 37.2% and natural gas to 26.6% in the 2040 power mix.^{14,15} CES is considered as the combination of Reference Scenario (REF), energy efficiency, renewable energy, other energy technologies, information and communications technology, and resiliency.¹⁶

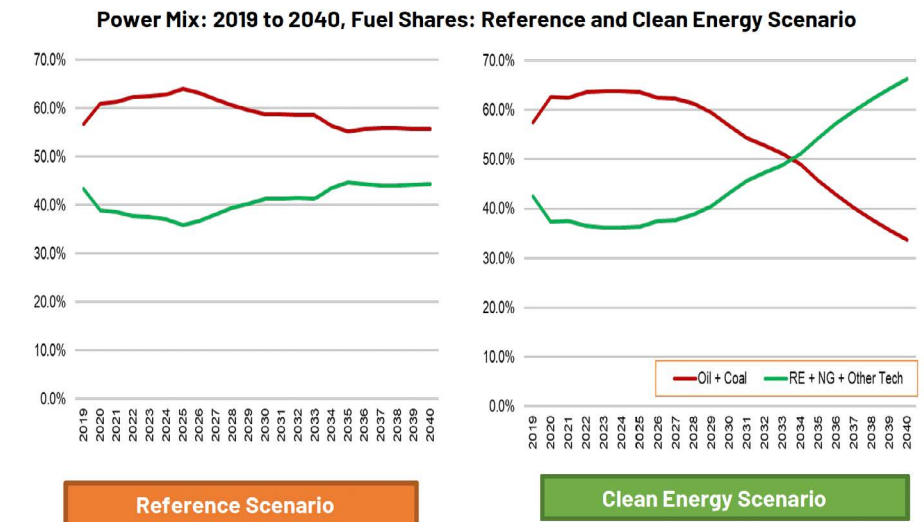
10 Ibid.
 11 Tamang, J. (2021). Energy Sector Updates [Virtual Forum]. 2021 Virtual Energy Investment IECs.
 12 Ibid.
 13 Clean Energy Scenario or CES is the alternative scenario that is presented in the Energy Outlook, while Reference Scenario RES refers to Business-As-Usual.
 14 DOE. (n.d.). Philippine Energy Plan 2018-2040. Retrieved from https://www.doe.gov.ph/sites/default/files/pdf/pep/pep-2018-2040_20210323.pdf.
 15 The National Renewable Energy Program sets a target of at least 35% renewable energy share in the power generation mix by 2030, and greater than 50% by 2040.
 16 Atty. Fuentebella, F. W. (April 2021). The Philippine Natural Gas Industry Beyond Malampaya [Virtual Forum]. Powering the Economy: Lessons and Milestones on Public-Private Partnership.

Power Generation Mix by 2040: Reference Scenario vs. Clean Energy Scenario



As the CES translates to an increase in renewable energy capacity by at least 10,000 megawatts (MW) by 2040, this renders to a target of at least USD 121 billion of investments in the said sector.¹⁷

By 2040: share of Clean energy (Renewable + Natural Gas) is seen to increase to 63.8% under the CES vis-à-vis 44.3% share under the Reference Scenario



In actual and recent figures, the Department of Trade and Industry approved PHP 199.2 billion worth of investments in the power sector in 2020.¹⁸ Still, much potential is seen in the country's energy sector as it

17 Ibid.
 18 Department of Trade and Industry. (February 2021). BOI-approved investments top PIT in 2020, targets P1.25T for 2021. Retrieved from RENEWABLE ENERGY & ENERGY EFFICIENCY

has been recognized as the 2nd best investment destination for renewable energy in Southeast Asia, next to Vietnam, and followed by Thailand, Singapore, Malaysia, and Indonesia.¹⁹

Furthermore, as the Department of Energy continues to advance its policy initiatives on energy efficiency, the PHP 15 billion total investment cost from designated establishments' projects in 2020 corresponds to 120,464,478 kWh per year of savings or around PHP 1.09 billion.^{20,21} Additionally, Energy Service Companies (ESCOs) undertook PHP 689.05 million worth of energy efficiency projects in 2020, with an estimated PHP 209.8 million²² total energy savings.²³

The Energy Efficiency and Conservation (EE&C) Roadmap 2017-2040²⁴ identifies its medium-term objective to strengthen the implementation of the EE&C measures by furthering private sector participation, enhancing demand side management mechanisms, integrating EE&C in the education system, and capacitating LGUs to practice EE&C.

Indeed, numerous developments in the Philippine energy sector have been laid out and established, as a result of the global health crisis, foreseen continuous growth in energy demand,²⁵ and increased drive towards sustainability, among others. Nonetheless, a multi-stakeholder approach is critical in maximizing energy opportunities and addressing the energy sector's issues such as high electricity costs,^{26,27} and lack in nationwide access to electricity.^{28,29}

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

In response to the call to advance the energy transition agenda, the Philippines saw numerous policies that have been implemented over the past year. Among which are as follows:

At the legislative level, the Senate has called for the substitution of Senate Bill No. 363 and 401³⁰ to **Senate Bill No. 1789**.³¹ This bill calls for the establishment of a national policy on the promotion and use of waste-to-energy (WTE) technologies. Its counterpart in the lower chamber, **House Bill No. 7829**³² which has substituted various WTE bills, has been approved in November 2020.

The House Committee on Ways and Means approved the tax provisions of a **substitute bill to House Bill 3031** or "Downstream Natural Gas Industry Development Act". House Bill 3031 seeks to develop downstream natural industry towards making it a market competitive on natural gas. The Committee suggested a zero-percent VAT in the sale of natural gas to locator within the economic zone and that

the fiscal incentives from the PDNGI value chain projects would be included in the Strategic Investment Priorities Plan provided within the next 10 years.³³

Furthermore, the approved **Senate Bill No. 1382**³⁴ and proposed **House Bill No. 4075**³⁵ on Electric Vehicle and Charging Stations Act seek to accelerate and aid the adoption and mainstreaming of electric vehicles and its support infrastructure.

In relation to this, **Department Circular No. 2021-07-0023**³⁶ deals with all activities that are related to the development, establishment, use, supply, distribution and operation of Electric Vehicle Charging Stations. It provides guidelines on the general requirements for EVCS, its classifications, safety operation, location, and labeling and marking requirements. The guidelines provided will ensure efficient operations and investments in EVCS while adhering to the existing energy policies that encourage responsible use of energy resources and building infrastructures that will support and maximize use and distribution of energy.

In addition to this, the implementing rules and regulations of several other pieces of legislation that have been signed into law in 2019 have also been issued in the past year. These include those of Republic Act (RA) No. 11361 or the Anti-Obstruction of Power Lines Act (**Department Circular or DC No. DC2020-02-0002**³⁷), and of RA No. 11371 or the *Murang Kuryente* Act (**DOE-DOF Joint Circular No. 1, series of 2020**³⁸).

The Department of Interior and Local Government and the DOE also issued **Joint Memorandum Circular No. 2020-01**³⁹ on the Energy Virtual One-Stop Shop or EVOSS to establish, strengthen, and streamline the national energy plans, program, policies, and mechanisms into the local developments. This covers energy safety practices, energy efficiency and conservation, energy resiliency, and energy planning.

More recently, **Executive Order No. 143**⁴⁰ was signed by President Duterte. This EO establishes an EVOSS Task Group, which has been mandated to align and streamline the processes and requirements of energy agencies and units, and companies that are engaged in energy projects.

On renewable energy, the Department of Energy has enacted an important measure, **DC No. 2020-02-0003**⁴¹ which provides a smart grid policy framework for the Philippine electric power industry and roadmap for distribution utilities.

DC No. 2020-04-0009⁴² also laid out the guidelines on issuing permits to renewable suppliers under the Green Energy Option Program or GEOP. GEOP is a mechanism that allows end-users to select renewable energy resources as their sources of energy. As of 31 May, 12 energy providers have been accredited by the DOE.⁴³

Moreover, **DC No. 2020-07-0017**⁴⁴ has set forth the guidelines for green energy auction (GEA) in the Philippines. The GEA Policy seeks to lay out the framework that facilitates procurement by Renewable Portfolio Standards (RPS) On-Grid Rules of energy supply from commercial renewable energy projects.

<https://www.dti.gov.ph/archives/news-archives/investments-top-php-1-trillion-in-2020/>.

19 Bhatia, R. and Yang, D. (April 2021). ASEAN NEXT Renewables: All aboard for the second growth wave
20 1120,464,478 kWh x PHP9/kWh = PHP1,084,180,301 of energy savings. Rate Assumption: PHP9/kWh
21 Atty. Aquino, P. (2021). Updates on the Implementation of the Energy Efficiency and Conservation Act [Virtual Forum]. 2021 Virtual Energy Investment IECs.
22 123,312,411.52 kWh x PHP9/kWh = PHP209,811,703.68 of energy savings. Rate Assumption: PHP9/kWh
23 Atty. Aquino, P. (2021). Updates on the Implementation of the Energy Efficiency and Conservation Act [Virtual Forum]. 2021 Virtual Energy Investment IECs.
24 DOE. (n.d.). Energy Efficiency & Conservation Roadmap 2017-2040. Retrieved from <https://www.doe.gov.ph/pep/energy-efficiency-conservation-roadmap-2017-2040>.
25 The DOD projects a 43,765 MW energy demand by 2040.
26 Electricity cost in the Philippines is reported to be highest in Southeast Asia at USD 0.20 per kilowatt hour (kWh).
27 Ahmed, S.J. (March 2019). The Philippine Energy Transition: Building a Robust Power Market to Attract Investment, Reduce Prices, Improve Efficiency and Reliability. Retrieved from http://ieefa.org/wp-content/uploads/2019/03/The-Philippine-Energy-Transition_March-2019.pdf.
28 There are some 1.6 million households that have yet to gain access to electricity. In December 2019, the national electrification rate was at 93%.
29 Oxford Business Group. (2021). The Report: Philippines 2021. Retrieved from <https://oxfordbusinessgroup.com/overview/powerful-shift-year-disruption-allows-government-re-evaluate-priorities-and-chart-new-path-future>.
30 Philippine Senate. (2020). Committee Report No. 106. Retrieved from <https://legacy.senate.gov.ph/lisdata/3337530201!>.pdf
31 Ibid.
32 House of Representatives. (2020). House Bill No. 7829. Retrieved from https://www.congress.gov.ph/legisdocs/third_18/HBT7829.pdf

33 House of Representative. (2021). Panel approves tax provisions of PH Downstream Natural Gas Industry Bill. Retrieved from <https://congress.gov.ph/photojournal/zoom.php?photoid=3113&key=power>.
34 Philippine Senate. (2020). Senate Bill No. 1382. Retrieved from <https://legacy.senate.gov.ph/lisdata/3242729284!>.pdf.
35 House of Representatives. (2020). House Bill No. 4075. Retrieved from https://www.congress.gov.ph/legisdocs/basic_18/HB04075.pdf.
36 DOE. (2021). Department Circular No. DC 2021-07-0023. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2021-07-0023.pdf>.
37 DOE. (2020). Department Circular No. 2020-02-0002. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2020-02-0002.pdf>.
38 DOE. (2020). DOE-Department of Finance Joint Circular No. 1, series of 2020. Retrieved from https://www.doe.gov.ph/sites/default/files/pdf/issuances/jc_no_01_series_2020.pdf.
39 DOE. (2020). Joint Memorandum Circular No. 2020-01. Retrieved from https://www.doe.gov.ph/sites/default/files/pdf/issuances/jc_no_2020-01-dilg-doe.pdf.
40 Official Gazette. (2021). Executive Order No. 143, s. 2021. Retrieved from <https://www.officialgazette.gov.ph/downloads/2021/07jul/20210702-EO-143-RRD.pdf>.
41 DOE. (2020). DC No. 2020-02-0003. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2020-02-0003.pdf>.
42 DOE. (2020). DC No. 2020-04-0009. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2020-04-0009.pdf>.
43 DOE. (2021). GEOP. Retrieved from <https://www.doe.gov.ph/renewable-energy?q=renewable-energy/geop>.
44 DOE. (2020). DC No. 2020-07-0017. Retrieved from <https://www.doe.gov.ph/laws-and-issuances/department-circular-no-dc2020-07-0017>

The DOE has also issued policies to enhance the Net-Metering Program for renewable energy through **DC 2020-10-0022**,⁴⁵ with the objective to heighten end-user participation in the said Program. This Circular provides for the banking of net-metering credits, application to off-grid systems, publication of Distribution Facilities (DUs) Net-Metering Program, and the development of a Net-Metering Guidebook.

Furthermore, the guidelines⁴⁶ for the third Open and Competitive Selection Process (OCSP3) has been provided through **DC No. 2020-11-0024**.⁴⁷ This allows 100% foreign ownership in large-scale geothermal exploration, development, and utilization projects. Large-scale geothermal projects are those with an initial investment cost of about USD 50 million capitalization through Financial and Technical Assistance Agreements (FTAAs).⁴⁸

Meanwhile, with the signing of the Energy Efficiency and Conservation Act or Republic Act No. 11285 in early 2019, its implementing rules and regulations (IRR) was released in late 2019, as **DC No. 2019-11-0014**.⁴⁹ The EE&C Act and its IRR create a framework on the enactment of measures on energy efficiency and conservation, which includes the promotion of efficient use of energy, use of RE and EE technologies, as well as encouraging increased investments and other activities in these subsectors.

Complementary to this, the DOE has issued a number of Department Orders, Department Circulars, and Memorandum Circulars, including:

- **Department Order (DO) No. 2020-01-0001**⁵⁰ which sets up the Inter-Agency Energy Efficiency and Conservation Committee
- **Memorandum Circular (MC) No. 2020-05-001**⁵¹ which requires all designated establishments under the commercial, industrial, and transport sectors to energy consumption reports
- **DC No. 2020-06-0015**⁵² and **DC No. 2020-06-0016**⁵³ that prescribes the guidelines of and minimum energy performance under the Philippine Energy Labeling Program for the importers, manufacturers, distributors, and dealers of electrical appliances and other energy-consuming products
- **DC No. 2020-09-0018**⁵⁴ on the guidelines in the administration, classification, and certification of ESCOs
- **DC No. 2020-12-0026**⁵⁵ which provides the guidelines on Energy Conserving Design of Building⁵⁶
- **DC No. 2021-01-0001**⁵⁷ has provided guidelines on the qualification and certification of energy conservation officers, energy managers, and energy auditors
- **DC No. 2021-05-0011**⁵⁸ that stipulates the guidelines for the endorsement of energy efficiency projects for fiscal incentives to the Board of Investments

On WTE, the Department of Environment and Natural Resources issued **Administrative Order No.**

2019-21,⁵⁹ which provides the guidelines in the establishing and operating WTE facilities in line with the managing municipal solid wastes. More recently, the DOE released a **draft Department Circular**⁶⁰ that defines WTE as a form of renewable energy, wherein the Agency has received comments and recommendations through the conduct of a series of public consultations.

As for the Government Energy Management Program or GEMP, which seeks for the reduction of monthly consumption of electricity through energy efficiency and conservation, the **Inter-Agency Energy Efficiency and Conservation Committee Resolution No. 1, s. 2020**⁶¹ was signed to direct all government agencies to comply with GEMP, and tasks the DOE to undertake energy audits and spot checks, as well as develop policy proposals to help achieve the objectives of the GEMP.

At the same time, in response to the COVID-19 pandemic, the DOE also put in place **Administrative Order No. AO2020-05-0001**,⁶² which provides a protocol on COVID-19 response⁶³ for the DOE and its attached agencies, as well as energy industry players. Among its key provisions is the incorporation of the said protocol in energy companies' business continuity plan.

Finally, the Philippines submitted its **Nationally Determined Contributions (NDC)**⁶⁴ in April 2021, which highlights the country's commitment to address climate change towards a low-carbon and sustainable future through efforts such as greenhouse gases mitigation in the agriculture, wastes, industry, transport, and energy sectors.



45 DOE. (2020). DC No. 2020-10-0022. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2020-10-0022.PDF>.

46 DOE. (2020). DC No. 2020-11-0024. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2020-11-0024%20guidelines-with-ftaa.pdf>.

47 DOE. (2020). DC No. 2020-11-0024. Retrieved from https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2020-11-0024_0.pdf.

48 Process undergone by distribution utilities in the selection of power providers, consequently entering Power Supply Agreement

49 DOE. (2019). DC No. 2019-11-0014. Retrieved from <https://www.doe.gov.ph/laws-and-issuances/department-circular-no-dc2019-11-0014>

50 DOE. (2020). Department Order No. 2020-01-0001. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/do2020-01-0001.PDF>.

51 DOE. (2020). Memorandum Circular No. 2020-05-0001. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/mc2020-05-0001.pdf>.

52 DOE. (2020). DC No. 2020-06-0015. Retrieved from https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2020-06-0015_0.PDF.

53 DOE. (2020). DC No. 2020-06-0016. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2020-06-0016.PDF>.

54 DOE. (2020). Guidelines in the Administration, Classification and Certification of Energy Service Company. Retrieved from https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2020-09-0018_0.pdf

55 DOE. (2020). DC 2020-12-0026. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2020-12-0026.PDF>

56 DOE. (2020). Guidelines on Energy Conserving Design of Buildings - 2020 Edition. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2020-12-0026%20guidelines.PDF>

57 DOE. (2021). DC No. 2021-01-0001. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2021-01-0001.PDF>

58 DOE. (2021). DC No. 2021-05-0011. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2021-05-0011.PDF>.

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59 Department of Environment and Natural Resources. (2019). Administrative Order No. 2019-21. Retrieved from <https://denr.gov.ph/uploads/rmdd/dao-2019-21.pdf>.

60 DOE. (2021). Prescribing the policies and programs to promote and enhance the development of waste-to-energy (WTE) facilities in the country. Retrieved from https://www.doe.gov.ph/sites/default/files/pdf/announcements/draft_dc_wte_08252021.pdf.

61 DOE. (2020). Inter-Agency Energy Efficiency and Conservation Committee Resolution No. 01, s. 2020. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/announcements/iaecc-resolution-no-1-s2020.pdf>.

62 DOE. (2020). Administrative Order No. AO2020-05-0001. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/ao2020-05-0001.pdf>

63 DOE. (2020). COVID-19 Response Protocol. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/covid-19-response-protocol-public-doc.pdf>

64 United Nations Framework Convention on Climate Change. (2021). Republic of the Philippines Nationally Determined Contribution. Retrieved from <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Philippines%20First/Philippines%20-%20NDC.pdf>.

ADVOCACY RECOMMENDATIONS

While noteworthy developments have been achieved in the Philippine energy arena, there remain sector concerns such as rotational blackouts,⁶⁵ lack in electricity access in some parts of the country,⁶⁶ and high electricity costs.^{67,68} Alongside these challenges, the continued increase in energy demand indeed calls for policies that will make way for further development of renewables, as well as the conduct of energy efficient activities and sustainable energy technologies. For these reasons, the ECCP outlines its advocacy recommendations on further promoting renewable energy and energy efficiency, increasing energy capacity, and maximizing energy innovations.

1. Creation of a Decisive Transition Strategy to Renewable Energy and Further Promotion of Energy Efficient Technologies and Systems

Formulation of a sustainable energy mix policy

According to global data, energy accounts for a significant share of 40% in carbon emissions.⁶⁹ Therefore, in alignment with the Sustainable Development Goals and the Philippine Development Plan, clean and green energy is indeed the way to go for the Philippines.

The move toward increasing the share of renewable energy in the country's power mix advances its sustainability and self-sufficiency goals. Furthermore, this can help the country's aim to provide more stable and cost-effective electricity, as well as electrifying households in remote and off-grid areas.

To this aim, the ECCP acknowledges the numerous initiatives and measures that the Philippine government has implemented to further expand the use of renewable energy sources, natural gas, and other emerging clean energy technologies under the DOE Clean Energy Scenario. This includes mechanisms such as the Renewable Energy Portfolio Standard, Green Energy Option Program, the Net-Metering Mechanism, as well as most recently, the launch of the Offshore Wind Development Roadmap project.⁷⁰ The Department of Energy likewise continues to commit to the Paris Agreement to reduce carbon emissions through initiatives such as promoting renewable energy. We also welcome the policy proposals on further expanding the renewable energy market through allowing more consumers to use renewable energy in the conduct of their businesses.

In addition to this, through the Chamber's REPH100 initiative, the ECCP commits to serve as a platform for deeper collaboration and engagements with energy stakeholders.⁷¹ The REPH100 movement is inspired by the global RE100 initiative⁷² that seeks to support the Green Energy Option Program implemented by the DOE. It adopts a whole-of-society approach to fueling the Philippine energy transition for more inclusive economic recovery.

Meanwhile, natural gas is also regarded as a significant contributor to the diversification of energy sources and the CES goal. The DOE projects that by 2040, it will contribute to 23.2% and 27.3% of the country's capacity and generation mix, respectively.⁷³ For this reason, we likewise advocate for the

development of policies that will maximise the opportunities brought about by this source of energy. In particular, whilst we recognize the DOE's establishment of the Downstream Natural Gas Roadmap 2017-2040,⁷⁴ we likewise view that a legislative framework is critical to strengthening, sustaining, and further developing this industry.

Encourage increased investments in the renewable energy sector

The renewable energy sector does not only advance the country's sustainability and electrification agenda, but also greatly contributes to the Philippine economy through providing jobs and capital, among others. With this, mechanisms that encourage more investments in the sector should be developed. This includes allowing greater market access to energy players, both domestic and foreign.

Currently, the renewable energy activities that have been opened to 100% foreign ownership⁷⁵ are geothermal, impoundment hydro, and biomass using waste-to-energy technologies. However, wind and solar energy, that likewise possess considerable potential in energy generation, still have 60% foreign ownership limitation in the 1987 Philippine Constitution.⁷⁶ This has also been referred to in the Implementing Rules and Regulations⁷⁷ of the Renewable Energy Act of 2008.^{78,79}

Meanwhile, ASEAN member states have liberalized their renewable energy sectors, allowing for minimal to no limits on foreign participation.

Country	Foreign Participation Levels
Indonesia⁸⁰	95% for production, transmission, and distribution 100% for power plant (>10 MW) and transmission and distribution in case of public private partnership
Malaysia⁸¹	No restriction on foreign ownership in the renewable energy sector under its Feed-in Tariff Rules 2011
Singapore⁸²	No restriction on foreign ownership in the renewable energy sector
Thailand⁸³	No restriction on foreign ownership in the renewable energy sector
Vietnam⁸⁴	No restriction on foreign ownership in the renewable energy sector

On this point, we highly recommend relaxing the foreign equity limitations in the renewable energy sector to make the Philippines more attractive to renewable energy investors, allowing the country to maximise the opportunities from being a competitive energy market in the region. The continued and full implementation of the Renewable Energy Act of 2008 is likewise highly encouraged, as it also stipulates

65 Crismundo, K. (May 2021). Power outages expected as Luzon grid under red alert. Retrieved from <https://www.pna.gov.ph/articles/1142039>.

66 The National Electrification Administration reported in 2019 that around 2.3 million households still have no access to electricity.

67 2019 reports show that electricity cost in the Philippines is highest in Southeast Asia at USD 0.20 per kilowatt hour (kWh).

68 Ahmed, S.J. (March 2019). The Philippine Energy Transition: Building a Robust Power Market to Attract Investment, Reduce Prices, Improve Efficiency and Reliability. Retrieved from http://ieefa.org/wp-content/uploads/2019/03/The-Philippine-Energy-Transition_March-2019.pdf.

69 World Bank Group. (n.d.) Understanding CO2 Emissions from the Global Energy Sector. Retrieved from <https://openknowledge.worldbank.org/handle/10986/17143?show=full>.

70 DOE. (June 2021). DOE to Draw Up Offshore Wind Roadmap for the PH. Retrieved from <https://www.doe.gov.ph/press-releases/%E2%80%8Bdoe-draw-offshore-wind-roadmap-ph>.

71 ECCP. (2021). Energy Stakeholders and Advocates Gather at the NREB-ECCP REPH100 Launch. Retrieved from <https://www.eccp.com/articles/2392>.

72 Climate Group. (n.d.). REPH100. Retrieved from <https://www.there100.org/about-us>.

73 Atty. Fuentesbella, F. W. (April 2021). The Philippine Natural Gas Industry Beyond Malampaya [Virtual Forum]. Powering the Economy: Lessons and Milestones on Public-Private Partnership.

74 DOE. (n.d.). Downstream Natural Gas Roadmap 2017-2040. Retrieved from <https://www.doe.gov.ph/pep/downstream-natural-gas-roadmap-2017-2040>.

75 Large-scale or with capital investment of at least USD 50 million

76 States that all forces of potential energy and other natural resources within the Philippine territory belong to the State, thus the exploration, development and utilization shall be under the full control and supervision of the State.

77 DOE. (2009). DC No. 2009-05-0008. Retrieved from <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2009-05-0008.pdf>.

78 Official Gazette. (2008). Republic Act No. 9513. Retrieved from <https://www.officialgazette.gov.ph/2008/12/16/republic-act-no-9513/>.

79 Under Part IV, Rule 6, Section 19-A on State Ownership of All Forces of Potential Energy: All forces of potential energy and other natural resources are owned by the State and shall not be alienated. These include potential energy sources such as kinetic energy from water, marine current and wind; thermal energy from solar, ocean, geothermal, and biomass.

80 Global Business Guide Indonesia. (n.d.). Legal Updates: Indonesia Foreign Investment - The 2016 Negative List. Retrieved from http://www.gbgingonesia.com/en/main/legal_updates/indonesia_foreign_investment_the_2016_negative_list.php.

81 Webb, S. (2017). Renewable Energy in the Asia-Pacific. Retrieved from <https://www.dlapiper.com/en/uk/insights/publications/2017/05/renewable-energy-in-the-asia-pacific/>.

82 Ibid.

83 Department of Business Development. (n.d.). (Translation) Foreign Business Act, B.E. 2452(1999). Retrieved from https://www.dbd.go.th/dbdweb_en/ewt_dl_link.php?nid=4047.

84 Webb, S. (2017). Renewable Energy in the Asia-Pacific. Retrieved from <https://www.dlapiper.com/en/uk/insights/publications/2017/05/renewable-energy-in-the-asia-pacific/>.

provisions that grant incentives, which attracts more renewable energy investments and activities in the country.

In addition to this, the ECCP, together with other business organisations,⁸⁵ has long advocated for the passage of amendments⁸⁶ to the Public Services Act,⁸⁷ which will open the Philippine energy sector's transmission and distribution sectors. As it likewise eases investment restrictions in other sectors such as telecommunications and transportation, this measure is seen to benefit the Filipino consumers in terms of access to more quality services and jobs generation, as well as the country's economic development.

As for undertaking business processes in the Philippine energy sector, we welcome the developments that have been done in the implementation of the EVOSS Act. In particular, streamlining business processes leverages the Philippines position as an investor-friendly country, as it likewise aligns with the ease of doing business⁸⁸ agenda.

Effective Implementation of the Energy Efficiency and Conservation Act

As a policy initiative that institutionalises energy efficiency and conservation in the Philippines, the ECCP regards the enactment of the Energy Efficiency and Conservation (EE&C) Act as a milestone in the country's energy arena. We recognize the important role that EE&C plays in achieving the country's energy security and sustainable future objective.

In this regard, we applaud the numerous initiatives and programs put into effect, which engages various stakeholders – from the national government to local government, as well as enterprises of varying sizes, to advance Philippines' EE&C objectives. To further advance this agenda, we likewise recommend that EE&C projects be granted incentives that will help stimulate the growth of the sector, while introducing energy efficiency innovations to stakeholders.

2. Integration of Visayas and Mindanao Grid

The Mindanao-Visayas Interconnectivity Project (MVIP) led by the National Grid Corporation of the Philippines in November 2018, envisions a single Philippine energy grid⁸⁹ with the goals of providing a more stable power supply, maximising the use of local energy sources, promoting sustainable energy, as well as promoting an equitable access to energy across the country.⁹⁰ The MVIP will connect the Mindanao Grid with the Visayas Grid, which has been connected with the Luzon grid since 2013.

Aligning with the objectives of a single national grid, the ECCP has long supported the move to integrate the Visayas and Mindanao grid. With the foreseen energy surplus in Mindanao deficit in Luzon and Visayas,⁹¹ the establishment of an energy sharing system in the Philippines can help mitigate opportunity costs brought about by the persisting issues on access to electricity, while promoting further efficiency in managing energy sources.

85 Arangkada Philippines. (2021). [PRESS RELEASE] Foreign Chambers support passage of SB 2094, Amendments to the Public Service Act (PSA). Retrieved from <http://www.investphilippines.info/arangkada/press-release-foreign-chambers-support-passage-of-sb-2094-amendments-to-the-public-service-act-psa/>.

86 Philippine Senate. (2021). Senate Bill No. 2094. Retrieved from <https://legacy.senate.gov.ph/lisdata/34646314741.pdf>.

87 The LawPhil Project. (n.d.). Commonwealth Act No. 146: The Public Service Law. Retrieved from https://lawphil.net/statutes/comacts/ca_146_1936.html.

88 Anti-Red Tape Authority. (n.d.). The Ease of Doing Business Law. Retrieved from <https://arta.gov.ph/about/the-ease-of-doing-business-law/>.

89 National Grid Corporation of the Philippines. (April 2019). NGCP gets nod for 29 Energy Projects of National Significance. Retrieved from <https://www.ngcp.ph/article?cid=15801>.

90 NGCP. (n.d.). One Grid 2020: Unifying the Philippines' Power Transmission Network. Retrieved from <https://www.ngcp.ph/mvip/>.

91 Atty. Fuentaballa, F. (2018). Energy Investment Opportunities.

To this end, while the initial target to complete the MVIP has been moved to a later year,⁹² we look forward and remain supportive of this initiative, as well as the maximisation of its capabilities to support the national energy needs once adopted.

3. Enactment of Policies that Provide a Clear Framework on the Development of Waste-to-Energy Technologies

Alongside industrial developments and the growth in consumer demand is the increase in waste generation in the Philippines. In 2015, it was projected that the generated waste in the country will amounting to 16.64 million metric tons in 2020.⁹³ A further estimation was made that with the current rate of waste generation, numbers might even reach 20.51 million metric tons by 2030.⁹⁴

This persistent and growing concern necessitates actions that will employ technologies to guarantee that procedures are efficient and ecologically sustainable. On this note, waste-to-energy provides the opportunity to maximise technologies that can help address the country's waste problem, while augmenting its energy supply.

For this reason, the ECCP supports the enactment of measures, such as House Bill No. 7829, that will create a national policy on the promotion and use of WTE technologies. In addition, it is our view that this will provide clarity in terms of governing and setting internationally accepted standards in operating WTE plants in the Philippines.

The ECCP also calls for the stricter enforcement of the Solid Waste Management Act of 2000,⁹⁵ as well as the waste management provisions in the EE&C Act. Through the successful implementation of these measures, the country's resources may be more efficiently utilized to maximize energy generation via integrated recycling plants.

Finally, the ECCP welcomes the recent developments and proposals on WTE, and will continue to engage in discussions with relevant stakeholders in crafting policies that will help maximise the benefits out of a sustainable WTE sector.

92 Yang, A. (July 2021). NGCP sees completion of repairs to island grid cable link this year. Retrieved from <https://www.bworldonline.com/ngcp-sees-completion-of-repairs-to-island-grid-cable-link-this-year/>.

93 National Solid Waste Management Commission. (2015). Solid Wastes. Retrieved from <https://emb.gov.ph/wp-content/uploads/2018/09/3-Solid-Waste-1.8.pdf>.

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ASSESSMENT OF 2019 RECOMMENDATIONS

ISSUE	RECOMMENDATION	COMPLETED / SUBSTANTIAL PROGRESS	SOME PROGRESS	NO PROGRESS / RETROGRESSION
<p>Creation of a Decisive Transition Strategy to Renewable Energy and Further Promotion of Energy Efficient Technologies and Systems</p>	<p>Formulation of a sustainable energy mix policy</p>		<p>The Philippine government has implemented policies that encourage more investments and activities in the renewable energy sector. Recent measures also allow increased foreign participation in the renewable energy sector.</p> <p>Likewise, the recorded upward trajectory in businesses transitioning to renewable energy is a welcome development.</p>	
	<p>Effective Implementation of the Energy Efficiency and Conservation Act</p>	<p>The Department of Energy has led efforts in enacting measures that support the efficient and effective implementation of the Energy Efficiency and Conservation Act.</p> <p>Relevant government agencies such as the DTI and DPWH have likewise been involved in the process of finalizing the supplementary measures to the EE&C Act, while consultations with the private sector and other stakeholders have likewise been conducted.</p>		
<p>Implementation of Measures in Support of Increased Energy Capacity</p>	<p>Integration of Visayas and Mindanao Grid</p>			<p>While the Mindanao-Visayas Interconnection Project broke ground in November 2018, the onset of and the ongoing COVID-19 pandemic has led to the <i>adjustment</i> of its completion to December 2021.</p> <p>More recently, it was reported that its target completion has been subject to further extension due to issues in its fiber optic cable connection.</p>
	<p>Enact a Downstream Natural Gas Industry Development Law</p>		<p>The 2018-2020 Gas Policy Development Project has provided the DOE support in terms of technical assistance, capacity development, and research. The Philippine government has likewise taken strides to further develop the country's natural gas industry towards increasing its share in the energy mix.</p> <p>Meanwhile, a number of deliberations on the Downstream Natural Gas Industry Development Act have taken place, including the recent approval of the tax provisions under the House bill.</p>	
<p>Employment of Integrated Recycling Plants in Support of Increased Energy Production</p>	<p>Promotion of measures towards Waste-to-Energy and integrated recycling</p>		<p>House Bill No. 7829 on waste treatment and waste-to-energy was approved on 3rd reading last November 2020.</p> <p>Its Senate counterpart, Senate Bill No. 1789, is pending Second Reading.</p>	



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