RENEWABLE ENERGY & ENERGY EFFICIENCY
ADVOCACY PAPER 2024
EXECUTIVE SUMMARY

In 2023, the Philippine energy sector ranked 4th as the most attractive emerging market for energy investments, owing to its initiatives on feed-in-tariffs, net-metering, auctions, and tax incentives, as well as renewable energy development.[1] Relatedly, in a bid to advance the clean energy transition, the Department of Energy (DOE) has targeted an increase in the share of renewable energy in the country's generation mix to 35% by 2030, and 50% by 2040.[2] Meanwhile, in terms of energy efficiency and conservation (EEC), the government has taken strides to further promote EEC practices in households and in government offices, such as the issuance of Administrative Order No. 15[3] which seeks to accelerate the implementation of the Government Energy Management Program (GEMP), as well as encourage investments in the sector through the provision of incentives.

According to the Energy Regulatory Commission (ERC), a total of PHP 7.6 trillion worth of investment in the energy sector is needed to attain the country's 2020-2040 Clean Energy Scenario goals. Relative to this target, as of January 2024, the Philippine energy sector is valued at PHP 630 billion.[4]

Notwithstanding these significant developments, the Philippine energy sector remains faced with challenges and barriers to growth. These include the electrification of unserved and underserved rural areas, delays in transmission projects that hamper the attainment of RE targets, impending depletion of Malampaya resources, and inflationary pressures on energy goods and services.[5] Therefore, to build on the gains and turn the challenges into opportunities for the Philippine energy sector, as well as advance the energy sustainability agenda, the ECCP continues to advocate for the implementation of policies and programs on renewable energy, energy efficiency, and adaptability of energy technologies, among others.

Specifically, the ECCP calls for the **implementation of a sustainable energy mix policy and energy transition efforts,** which can ultimately reduce the Philippines' reliance on imported fossil fuels whose price is highly volatile due to internal and external factors. With this, the ECCP strongly advocates for the fast-tracked development of the renewable energy landscape in the Philippines. For the said reason, we have actively advocated for and highly welcomed the relaxation of the renewable energy sector to foreign ownership, through the issuance of DOE Department Circular No. 2022-011-34.[6] We likewise underscore the country's substantial potential in geothermal energy, as well as the initiatives to expand the liquified natural gas (LNG) market as a sustainable transition fuel.

Supplementary to the current policies and programs on energy security and sustainability, the ECCP also urges stakeholders to further advocate for the reinforcement of measures aimed at **increasing the integration of energy flexibility and battery storage initiatives into the energy system.** We strongly believe that energy flexibility will not only enhance the adaptability of the Philippine energy sector but also significantly improve demand response and supply management, thereby fostering a more efficient and responsive energy grid. Moreover, we opine that efforts on battery storage are essential to tackling the intermittency challenges associated with solar and wind power generation while alleviating pressure on the nation's energy infrastructure. As such, the ECCP looks forward to the materialisation of the DOE Department Circular No. DC2023-04-0008, which promotes energy storage systems as an integral component in increasing investments in the renewable energy sector, as well as outlines incentives for

[1] BloombergNEF Climate 2023 report
[2] National Renewable Energy Program 2020-2040
[3] Administrative Order No. 15 series of 2024
[4] ERC: PH power sector to grow 12x by 2040
[5] Department of Energy Presentation for the Business-to-Business Matching to Support Energy Transition
[6] DOE Department Circular No. 2022-011-34

integrated renewable energy plants and ESS, such as income tax holidays, duty-free importation, and zero-rated VAT.[7]

In pursuit of promoting innovation, adaptability, and sustainability in the energy sector, we believe that there should be heightened efforts to **enact policies that provide a clear framework on the development of waste-to-energy (WTE) technologies.** WTE, when employed effectively, can significantly provide the twin benefits of expanding energy diversification and generation, while addressing waste management concerns. As we acknowledge that 2020 data shows that 53 countries have already utilised WTE technologies,[8] the Chamber recommends that a clear framework on developing and strengthening the WTE industry in the Philippines is also put in place. In doing so, we strongly recommend that the Philippines' unique features are greatly considered in identifying WTE technologies, in addition to benchmarking with other jurisdictions' WTE practices.

On the other hand, the ECCP has likewise been a strong advocate of the **full and effective implementation of the Energy Efficiency and Conservation Act**. As such, we applaud the numerous initiatives and programs put in place, which engage various stakeholders ranging from the national government to local governments, as well as businesses of various sizes, to advance the country's EEC goals. Nonetheless, the ECCP recognises that there are still opportunities to improve the country's energy efficiency and conservation landscape. Thus, the ECCP looks forward to maximising the potential of EE&C to significantly contribute to the country's energy security and decarbonization goals. We are confident that this can be accomplished with the full implementation of the EE&C Act, including the issuance of the remaining pending circulars, policy issuances, and guidelines specified in the law, to be implemented by the DOE and the Inter-Agency Energy Efficiency and Conservation Committee (IAEECC), together with other relevant government bodies.

Finally, we strongly opine that the encouragement of clean energy investments and technologies should be supported by enabling policies and mechanisms. With this, the ECCP urges the **facilitation of increased foreign investments in the energy sector through advancing ease of doing business (EODB) and green financing efforts.** Particularly, we believe that the advancement of EODB efforts should be leveraged through the effective and efficient implementation of the Energy Virtual One-Stop Shop (EVOSS), which provides a platform for obtaining permits, certifications, and licences for energy projects. The ECCP also welcomes the issuance of Executive Order No. 18,[9] as well as the Bangko Sentral ng Pilipinas, Board of Investments, and Securities and Exchange Commissions' issuances on financing for green projects, providing additional incentives to registered renewable energy and energy efficiency projects, and laying out sustainable finance taxonomy guidelines, respectively.[10][11][12]

In advancing the aforesaid advocacies, the ECCP remains committed to working with the Philippine government, as well as its partners from the private sector, academe, and all other stakeholders, to achieve the goal of attaining the Philippine energy targets that will ultimately benefit the country's economy, sustainability, and the Filipino people.

[7] DOE Department Circular No. DC2023-04-0008
[8] Senator Sherwin Gatchalian Co-Sponsorship Speech: Senate Bill No. 2267 / Committee Report No. 91
[9] Executive Order No. 18, series of 2023
[10] BSP Circular No. 1185 Series of 2023
[11] BOI Memorandum Circular No. 2023-006
[12] SEC Memorandum Circular No. 5, series of 2024