



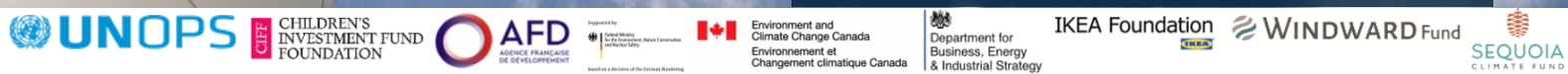
ENERGY
TRANSITION
PARTNERSHIP

Powering Prosperity and Enabling Sustainability in South East Asia

Upgrading energy regulations for the Energy Regulatory Commission of the Philippines



PROJECT INFOSHEET



PROJECT FACTS

- Country:** Philippines
- Duration:** 1 year
- Start date:** 7 December 2021
- Implementer:** Ricardo-AEA
- Partnerships:** Energy Regulatory Commission, Department of Energy

BACKGROUND

The nationally determined contribution (NDC) to the UNFCCC commits the Philippines to 75% greenhouse gas (GHG) reduction by 2030. This constitutes, together with the 2019 moratorium of coal fired energy production, a basis for decarbonizing the Philippine economy and energy sector, with goals aimed at enabling a conversion of the Philippines into a low carbon economy.

AIM OF THE PROJECT

ETP is providing technical assistance to ERC in the strategic context of the energy transition. ERC is in a critical position to ensure that the Government's Philippine Energy Plan, Clean Energy Scenario, the National Renewable Energy Plan deliver on their GHG reduction, renewable energy and low carbon energy system targets. This is to be achieved by implementing a modern regulatory framework capable of guiding dynamic sector conditions in an unbundled energy governance context of the country.

PROJECT STRATEGY

APPROACH

ETP supports ERC in assessing the regulatory options to pursue a low carbon energy system from the upstream, and thus sets the leading parameters for investments and competencies required for the transition. ETP provides technical advice and expertise to ERC in the areas of renewable energy supply, grids and battery energy storage, energy efficiency and demand management.

REASONS FOR IMPLEMENTATION


- The Renewable Energy Act of 2008 and its National Renewable Energy Programme aim to triple renewable energy supply from 5,440 MW by 2030, and raise it to 20,000 MW of capacity by 2040.
- Electricity generation bears the greatest responsibility for the Philippines growth in GHG emissions estimated at 4.5% from 75.9 million tons in 2010 to 230.2 million tons by 2035.
- ERC is tasked to promote competition, encourage market development, ensure customer choice and penalize abuse of market power in the electricity industry.
- ERC capacity is central to the functioning of the electricity markets in the Philippines, particularly to ensure the interests of consumers and other stakeholders, to enable the delivery of long-term benefits that contribute to sustained economic growth and an improved quality of life.

RESULTS AND IMPACT

ETP aims to ensure that ERC holistically champions energy transition and a transition to low carbon energy systems as well as attainment of Government's NDC.


The review identifies areas within regulations that may impede efforts of the Philippines to move toward a low carbon economy. The programme works across the following areas to achieve:




 **Renewable energy:** ETP supports ERC to update the issued National Grid Code and Distribution Code as well as other relative ERC resolutions, rules, and regulations on modern renewable energy technologies.

 **Grids, battery and energy systems:** ETP supports ERC to establish the regulatory framework for the entry of modern renewable energy technologies aided by ancillary services, its related features, services, functionalities, and pricing methodology. This empowers the utilization of smart grid technologies to promote demand side management, and to ensure that the technology embedded in smart grid facilities is compliant with international safety standards and technical standards for device specification and network interconnection.

 **Grid guidelines:** ETP also supports ERC to update the issued Philippine Small Grid Guidelines to cover modern technologies used in the electric power system.

 **Energy Efficiency:** ETP supports ERC to develop streamlined rules and regulations for the utilization of energy-efficient technologies to improve the load profile of the Philippine electrical system, while aiming for a cleaner and greener energy. It develops a new system loss caps based on the criteria provided in the Electric Power Industry Reform Act (EPIRA).

 **Strategic regulatory review:** ETP provides strategic overview of ERC's regulatory framework in view of the Philippine NDC, identification of strengths and weaknesses, challenges and opportunities in rapidly moving to low carbon energy systems.

FUTURE OUTLOOK

There is a potential for scale up of planned interventions with the view of strengthening the Philippine energy regulations and creating an environment to support energy transition.

We need to act fast and adequately respond to the energy needs. ETP will continue the dialogue with the Government of the Philippines, key development partners and donors, and all interested actors to mobilize resources. The partnership will aim to create a fair environment for technologies, pursuit of grid modernization and identification of funding and governance options for expanding smart grids in the main and off-grid context to advance clean energy access for all in the Philippine Islands.



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