

Grid operator to appeal P5.1-million ERC fine

THE National Grid Corp. of the Philippines (NGCP) will appeal a P5.1-million fine imposed by the Energy Regulatory Commission (ERC) over its alleged failure to procure adequate reserve power, the NGCP's 40.2% shareholder Synergy Grid and Development Philippines, Inc. told the exchange.

In a disclosure on Thursday, Synergy said the NGCP intends to

file a motion for reconsideration within the period prescribed by the ERC. The NGCP is the sole operating asset of Synergy.

The ERC on Oct. 27 ruled that the NGCP failed to comply with an order by the Department of Energy (DoE) to maintain sufficient power reserves for use by the grid, part of a long-running dispute with regulators about the appropriate level of reserves

to keep on hand should power plants fail.

Reserve power is engaged through so-called "ancillary services" contracts agreed with standby providers, who will start feeding power onto the grid when the levels of baseload power decline below recognized margins of safety.

In a statement issued on Viber, the NGCP described the decision

as "fault-finding" by the regulator, which could come at a cost for consumers. It also alleged that "certain players in the industry," which it did not identify, are conducting an "orchestrated campaign" against the grid operator.

The ERC, in a 20-page ruling, warned that it will recommend that Congress revoke NGCP's franchise if it fails to comply with the ruling and added that it will

also impose additional penalties including a possible cancellation of the company's certification of public convenience and necessity. The ERC has directed the NGCP to comply with its decision within 30 days from the receipt of its decision.

"No amount of monetary penalty can sufficiently equate to or compensate for the willful disregard by NGCP of validly

issued regulations of the Philippine government and its administrative agencies," the ERC said in a statement.

The NGCP, however, rejected claims that it intentionally disregarded the DoE orders, saying that its actions need to be seen in the context of the "overtly biased and intrusive political atmosphere" accompanying the rulings. — **Ashley Erika O. Jose**



MITCHELL ORR-UNSPLASH

Philippines urged to spell how offshore wind industry can help meet energy mix targets

THE renewable energy industry needs the government to draft a plan giving offshore wind projects a clear role in decarbonizing the power industry, after the announcement of plans to form a panel that will promote investment in offshore wind farms, renewables advocates said.

"For this not to be another case of all talk and no action, (President Ferdinand R. Marcos, Jr.) needs to... push the (Department of Energy) to produce an energy transition plan which would provide clarity on where offshore wind development is located in our overall development, while taking into account ecological, social, and cost implications," Gerry C. Arances, executive director of Center for Energy, Ecology, and Development, said via chat.

The council that will oversee offshore wind project applications is welcome, he said, adding that the government is setting in motion plans first laid out shortly after Mr. Marcos took office.

"Nearly half a year since his term started, it's good to finally see a follow-through from the President's State of the Nation Address promises on advancing renewables," Mr. Arances said.

"Today's energy crisis dictates that more (reliance on) gas will only empty the pockets of ordinary consumers while steering our energy security for the worse," he said. "The DoE would do well to instead put its mind to developing a Philippine energy plan that prioritizes a thriving mix of renewables, which is capable of providing genuinely sustainable and reliable power."

In a closed-door meeting on Wednesday, Mr. Marcos asked Energy Secretary Raphael P.M. Lotilla to further develop current wind energy initiatives, according to a statement from the Office of the Press Secretary.

It said Mr. Marcos approved the DoE's proposal to create an Offshore Wind Development and Investment Council, which will serve as a "one-stop shop" for the industry.

However, Mr. Marcos still wants the DoE to regulate the offshore wind industry. "It should be the Department of Energy who should be talking with developers, in consultation with the council,

Battery tech seen sufficiently mature to support PHL's renewables push

THE Philippines is ready to tap battery energy storage systems (BESS) to make intermittent power sources like wind and solar suitable for servicing baseload needs, an energy-transition consultant said.

"We can maximize the output of renewable energy and put it in battery storage to support the transition to renewables," Matthew Carpio, Climate Smart Ventures' head of transaction advisory for the energy transition and structured finance, told reporters on Thursday.

The Department of Energy's Philippine Energy Plan hopes to increase the share of renewables to 35% by 2030 and 50% by 2040.

Climate Smart Ventures added that current laws and regulation will accommodate

the development of energy storage systems.

Hanzel M. Cubangbang, senior market applications officer for Southeast Asia of Fluence Energy, said RE with the inclusion of BESS is feasible for on-grid and off-grid applications as it will also allow for the faster transition from fossil fuels.

Climate Smart Ventures has found in a study that for on-grid applications, solar photovoltaic combined with BESS are competitive for baseload below 11 megawatts (MW).

Battery-stored power is being put forward as a solution to the variability and intermittency problem, such as solar power plants which cannot generate power at night or wind farms that have no output on calm days.

of course. It has to be led by the DoE," he was quoted as saying in the statement.

The formation of the investment council was proposed amid "strong interest" from foreign firms seeking to develop wind farms using the latest technology, it said.

The DoE has approved 42 offshore wind contracts with a combined capacity of 31,000 megawatts (MW). The Philippines is estimated to have the capacity to generate about 40 gigawatts from offshore wind by 2050.

"This is more than enough to cover the 500,000 MW projected peak demand the country will require by 2040 based on the DoE's medium to long-term power outlook," Mr. Lotilla was quoted as saying.

"The collaboration between the government and private sector is necessary and essential in building a robust offshore wind industry in the country that requires the right long-term vision, infrastructure development, investment, and policies," Aboitiz Power Corp. said in a Viber message.

"We are encouraged by the significant strides the adminis-

tration and the DoE are taking to make offshore wind play a bigger role to meet the country's renewable energy goals and accelerate decarbonization," it added.

Aboitiz Power said to take advantage of the potential of the offshore segment, "there is a need to look at the transmission network."

"This is a common technical issue for many offshore developments," it said, adding that another possible hurdle to is the processing of permits, licenses, and other requirements for energy projects. "These are two areas where the government and private sector can work together to sustain momentum for exploring offshore wind."

Increasing the share of wind energy could lead to a more diversified energy mix and support the transition to renewable energy, Aboitiz said.

Aboitiz Power recently sealed a partnership with Climate Capital Management and the Rocky Mountain Institute to conduct a feasibility study to develop up to three gigawatts (3 GW) of offshore wind projects in the Phil-

"So instead of putting up a new set of infrastructure to connect to the grid, just use existing structures and connect a battery," Mr. Carpio said.

Mr. Carpio also said grid congestion has become a problem for renewables, which he said can be solved by storing power in batteries.

"In Vietnam they have a problem with so much solar; there's so much excess electricity getting wasted," he said.

Last week, SMC Global Power Corp., the energy arm of San Miguel Corp. said it will build BESS facilities to allow more renewable capacity to be used on the grid.

SMC Global Power said it is developing a total of 31 BESS facilities with a combined capacity of 1,000 MW. — **Ashley Erika O. Jose**

ippines. Last month, it signed a joint venture agreement with Mainstream Renewable Power to develop a 90-MW onshore wind project in Libmanan, Camarines Sur.

"We will continue to pursue other opportunities to diversify our portfolio in order to grow our RE capacity to 4,600 MW by the end of this decade," it said.

Alternergy Power Holdings also welcomed the government's policy direction, saying it could unlock projects that will address expected supply constraints.

"With growing electricity demand and projected supply constraints, development and utilization of all available and clean and sustainable energy should be pursued," former energy secretary and Alternergy Chairman Vicente S. Perez said.

"The time for offshore wind has come. This is the next frontier for the energy sector."

Alternergy holds an offshore wind service contract for the Calavite Passage Offshore Wind Project the area of northwest Mindoro and Lubang Island. — **Kyle Aristophere T. Atienza**

Spain's Elecnor exploring PHL solar, offshore wind

By Ashley Erika O. Jose
Reporter

SPAIN'S Elecnor SA is looking into solar and offshore wind development projects in the Philippines, a company official said.

"Definitely for us renewable energy is the market; it goes with our market strategy of sustainability and we are very aware of the agenda of the Philippines to push for renewables by 2030," Ivan Garcia Varas, managing director and head of business development for Southeast Asia, told *BusinessWorld* during the Philippines-Spain Multilateral Partnership forum on Wednesday.

Mr. Garcia Varas said that Elecnor is currently in discussions with Philippine companies for possible partnerships.

"We are looking at the main conglomerates here, as our potential part-

ner. Without a partner, we can't have a project. But I'm quite optimistic because we are building up that relationship," Mr. Garcia Varas added.

"We can also deliver the solar farm, wind farm, we can also do the power transmission because that is our core business," he said.

Mr. Garcia Varas said that Elecnor is also planning to have its subsidiary, Elecnor Philippines accredited to participate in power transmission projects.

"We are also getting in touch with the NGCP (National Grid Corp. of the Philippines) to see how we can add value to the power transmission; we are also getting in touch with the Department of Energy," Mr. Garcia Varas said.

Elecnor is involved in the electricity, power generation, telecommunications, engineering, gas, construction, environmental, water, railway and aerospace industries.

BARMM share of gov't tax take at P336 million

THE Department of Budget and Management (DBM) said the Bangsamoro Autonomous Region in Muslim Mindanao's (BARMM) share of the government's tax collections is P335.82 million.

"The release of funds means more development projects to be implemented for the people and government of BARMM. This is important in their exercise of their right to self-governance," DBM Secretary Amenah F. Pangandaman said in a statement.

Under the Bangsamoro Organic Act (Republic Act No. 11054), the National Government gets a 25% share of taxes collected within the region while the BARMM is allocated 75%.

"This is also inclusive of the shares of the constituent local government units (LGUs), provided that for the first 10 years from the effectivity of the said

law, the 25% share of the National Government shall accrue to the Bangsamoro Government," the DBM noted.

Ms. Pangandaman has said that the DBM will push for more development programs in the BARMM to promote financial inclusivity.

"We (hope) that most of the people in our society will (some-day) at least have a bank account or digital accounts," she said.

"The DBM plays a major role in helping them (the BARMM) budgetary process because we want them to have their own government, so we're helping them in whatever way we can in terms of capacity building," she added.

Ms. Pangandaman said that the modernization of the budget system is one of the DBM's major goals and planned reforms. — **Luisa Maria Jacinta C. Jocsón**

TradeNet MoA expected to be signed next month

THE Anti-Red Tape Authority (ARTA) said improvements to the TradeNet online platform are expected to be approved and rolled out by early December.

In a statement on Thursday, the ARTA said it met on Nov. 4 with the Department of Information and Communications Technology (DICT) and the Department of Finance (DoF) to iron out the remaining issues with the draft memorandum of agreement (MoA) to be entered into by the two departments.

According to the ARTA, the MoA has been held up since 2019, but signing is now expected in the next few weeks.

"The TradeNet is now connected to the ASEAN Single Window System and is undergoing technical improvements," the ARTA said.

Following the meeting, the DICT agreed to lead TradeNet's technical operations, such as its management and maintenance,

while the DoF will lead the onboarding of 73 Trade Regulatory Government Agencies (TRGAs) onto the platform.

TradeNet seeks to reduce the processing time and synchronize the permit procedures for imports and exports. It is expected to increase trade between the Philippines and other Southeast Asian countries.

The platform allows the government to transact and exchange customs and other trade-related documents with other Southeast Asian countries.

"ARTA will monitor all the agencies on their compliance with the mandatory onboarding (onto the) TradeNet platform. This is to simplify and harmonize the permitting and licensing processes concerning imports and exports of the 73 TRGAs which was the purpose of ARTA's previously issued Memorandum Circular," ARTA Officer-in-Charge and Undersecretary Ernesto V. Perez said. — **Revin Mikhael D. Ochave**

House bills seeking VAT suspension for utility bills refiled

LEGISLATORS have refiled House bills seeking to suspend value-added tax on utilities like power and water, citing the need to provide inflation relief to consumers.

"We refiled House Bill (HB) 5994 or the bill removing value-added tax (VAT) on systems loss (charges) in electricity, HB 5995

removing VAT on electricity bills, HB 5996 removing VAT on toll fees, and HB 5997 removing VAT on water bills," ACT-Teachers Representative France L. Castro said in statement on Thursday.

Bayan Muna, a member of the Makabayan bloc, filed similar measures in previous sessions of Congress.

The measures propose to effect the VAT suspension via amendments to Sections 108 and 109 of the National Revenue Code.

"(It) is high time that the Congress devise means which would readily help in keeping the pockets of Filipinos, especially those coming from

the lower income class, from completely running dry," according to HB 5994's explanatory note.

HB 5996 seeks to make services rendered by tollway operators VAT-exempt. HB 5997 will also remove VAT from the sale or importation of equipment used to improve, main-

tain and expand distribution of potable water.

"We believe that the approval of these anti-VAT bills is more imperative now because of the hardships that Filipinos are enduring," Ms. Castro said, adding that the Palace should classify the measures as urgent. — **Matthew Carl L. Montecillo**



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