Third 'green' auction could offer 9,000 MW

THE Department of Energy (DoE) could offer 9,000 megawatts (MW) worth of geothermal and hydroelectric projects in the third round of the green energy auction (GEA) program this year.

"We are now working on the green energy auction program 2 and hopefully for GEA-3 for geothermal, impounding hydro and pumped storage hydro, within the year," Energy Assistant Secretary Mylene C. Capongcol told reporters at an energy forum.

The DoE says the goal of 9,000 MW, equivalent to 9 gigawatts (GW), remains preliminary, Ms. Capongcol said.

"Unofficial (capacity) almost 9 GW, potential projects that we see to participate in but of course we will determine how much capacity will be part of the GEA-3," Ms. Capongcol said.

"The most feasible and least cost energy storage system is still pumped storage hydro," Ms. Capongcol said.

The GEA program aims to promote renewables as a primary source of energy through competitive selection of RE output.

Earlier, the DoE said that GEA-3 is scheduled for the fourth quarter of 2023, as the department still needs to develop a specific auction policy and guidelines for geothermal and impounding hydro.

GEA-2 is scheduled for June. It will have 11,600 MW worth of capacity on offer, with 3,600 MW allocated for installation in 2024; 3,600 MW for 2025; and 4,400 MW for 2026. — **Ashley Erika O. Jose**

OPINION

Rethinking value: The evolution of consumer consumption

(Second of three parts)

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People are buying less and/or buying better in various ways, a trend that is creating new consumption patterns. While consumption is still crucial for economic growth, companies will need to adapt as customers increasingly prefer experiences and digital goods over tangible items. To remain competitive, companies will need to know what is causing those changes, how they will affect their goods and services, and what future success will look like as redefined by evolving consumer needs.

With consumer spending such a large source of economic growth, the consumer is truly king. While it has become widely accepted that consumption drives growth, two years of lockdowns have left a lasting impression on consumer preferences. According to the **EY Future Consumer Index**, which surveys over 21,000 consumers in 27 countries, many consumers have developed simpler, less consumerist values as a result of learning to live with less during the height of the pandemic. Whether by preference or circumstance, we've seen the Filipino consumer become more selective in where and how they spend their money. With consumers demonstrating a decreasing appetite for spending, businesses are faced with the opportunity to redefine the concept of growth and how to measure it.

In the first part of this article, we discussed the drivers that could reshape consumption patterns and the significant changes in said patterns that are predicted to occur over the next few years. In this second part, we discuss the factors affecting drivers of growth and their implications for consumer companies.

DRIVERS AFFECTING PERCEPTIONS OF GROWTH

Traditionally, businesses are evaluated by how much they can increase their revenue and profit margins, while entire economies are measured by how much they can grow their GDP. This makes changes in consumer values and spending habits crucial to their success. The measurements used to gauge development and growth will inevitably change as the foundations of consumption change as well.

Growth defines progress; strong GDP growth or increases in revenue both indicate that things are moving in the right direction, and when they are declining, they raise red flags. However, the importance of growth is being questioned, with increasing pressure to switch national development indicators from financial measurements to a "well-being economy," which measures success by the well-being of the environment as well as consumers.

Wealth and well-being have long been correlated with each another, and focusing on well-being instead of assuming that wealth itself delivers well-being creates a significant change in how economies develop. This is being increasingly reflected in the development of business strategies. Environmental, social, and governance (ESG) concerns are further influencing investment choices, and ESG goals are being reported more often alongside financial ones.

The EY Future Consumer Index identified the following drivers that could reshape existing perceptions of growth and progress.

Alternative business models. As resources become scarcer, investments are being driven to find alternatives. This will open up new opportunities, reducing related costs and delivering a new wave of goods and services as a result of rising technologies, data proliferation, alternate food sources, and renewable energy.

Immersive virtual economies. As consumers spend more time and money online, alternative digital economies are emerging and becoming larger, more numerous, and more complex. This will open up new opportunities for the creation of value-utilizing digital assets or currencies that are transferable between the real world and the virtual one.

Well-being economy. Alternative metrics that produce better social and environmental results are beginning to replace the emphasis on using financial growth and wealth to measure progress and development. There is also the previously mentioned increasing pressure to replace metrics like GDP with ones that instead focus on enhancing the well-being of the environment and the general populace.

Social evaluation. Algorithms that monitor factors such as social conduct, consumer spending patterns, media consumption, and credit history can produce holistic and comprehensive ratings that reflect the social value of individuals and organizations. As these scores become more widely used, they may be used to determine who has access to financial, travel, and healthcare privileges.

Converging public and private services. The gap between businesses and governments is narrowing as corporations use resources and infrastructure for functions previously performed by the public sector, such as taking back and recycling waste, providing healthcare or education, or using social media for emergency communications. Local fashion corporations in particular have employed ongoing recycling initiatives, incentivizing their customers to adopt more circular lifestyles.

IMPLICATIONS FOR CONSUMER COMPANIES

The previously discussed factors show that simply measuring financial growth may not be sufficient anymore when it comes to measuring overall progress. For example, value creation will shift away from physical economies and toward virtual economies due to the scarcity of certain resources and the growing availability of others. Non-financial goals will take precedence over hard currency, pushing back the impact on time, people, and the environment.

The well-being of our planet and its inhabitants will be combined with financial security and economic growth on national agendas. The demographic dividend that has sustained economic advancement for centuries will be undermined by declining population growth, while technology may result in shorter workweeks and the need for new welfare programs.

In the last part of this article, we discuss how redefining success will reshape business as we know it and how companies can further understand changing consumer expectations.

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