POLICY FRAMEWORK FOR MINI-GRID DEVELOPMENT IN THE PHILIPPINES

4th International Off-Grid Renewable Energy Conference and Exhibition

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Presentation Outline

I. Enabling Laws
II. Status of Electrification
III. Policy Framework
IV. Private Sector Participation in Off-Grid Electrification
V. Challenges
Enabling Laws

RA No. 9136: The Electric Power Industry Reform Act of 2001

- Restructured the Philippine Electric Power Industry
- Encouraged Greater Private Sector Participation in the Generation, Transmission, Distribution and Supply Sectors
- Ensure and accelerate the country’s total electrification

Passed into law on 08 June 2001


- Accelerate the exploration and development of RE resources
- Achieve energy self-reliance
- Adoption of clean energy to mitigate climate change

Passed into law on 16 December 2008
Major Players in Missionary Areas

**NPC**
- Perform Missionary Electrification
- Administers subsidies to NPPs and QTPs

**NEA**
- Prepare ECs to operate in a competitive market;
- Review and upgrade regulatory policies to enhance viability of electric cooperatives

**DOE**
- Supervise the restructuring of the industry
- Set policies
- Develop MEDP
- Oversight on Total Electrification

**Distribution Utilities (DUs)**
- Provide Universal Service to its franchise areas;
- Ensure reliability and adequacy of electric services;
- Facilitate entry of QTPs
Major Players in Missionary Areas

Creation of PSALM
- Management of NPC assets and liabilities and transmission company pending privatization
- Manage NPC Privatization process
- Assume NPC debt and IPP Contracts
- Administer Universal Charge

Creation of ERC
- Approve rates and charges
- Approve PSAs
- Promote competition
- Penalize abuse of market
- Determines UC-ME

Private Players (NPPs and QTPs)
- NPPs: Assume the generation function of NPC
- QTPs: Assume the provision of electricity to Missionary/Unviable Areas
- Entitled to subsidies from the Universal Charge-Missionary Electfn

New Private Power Providers
Qualified Third Parties
Status of Household Electrification
As of 31 December 2017

20.94 M HHs out of 23.70 M HHs have electricity in the country
(Based on DDP 2018-2027 by DUs)

DC2018-05-0010 issued on 24 May 2018 created a “Task Force E-Power Mo!” to ensure access to electricity for unserved and underserved areas.
The Government has a goal of ensuring and accelerating the country’s total electrification taking in consideration:

- Sustainability
- Economic efficiency (i.e., provision in a least-cost manner)

The Government recognizes the significant roles of both the public and private sector thus innovative partnerships are aimed at

- Ensuring quality, reliable, secured and affordable supply of electric power; and,
- Attaining total electrification
Private Sector Participation in Missionary Areas

Distribution Utilities (DUs)
- Provide Universal Service to franchise areas
- Ensure reliability and adequacy of electricity services
- Facilitate entry of QTPs

Missionary Generation

Unviable Areas

New Power Providers (NPPs)
- Assume power generation function of NPC
- Maybe entitled to subsidies from the Universal Charge-Missionary Electrification (UC-ME)

Qualified Third Parties (QTPs)
- Assume the provision of electricity to Unviable Areas (Waived Areas)
- Maybe entitled to subsidies from the Universal Charge-Missionary Electrification (UC-ME)
Recent Developments

- DC2018-05-0010 created a “Task Force E-Power Mo!” to ensure access to electricity for unserved and underserved areas.
- TFEM to oversee the implementation of total electrification
- DUs to submit their respective Comprehensive Master Plan for Total Electrification.

Signed: 24 May 2018
Philippine DOE and Alliance for Rural Electrification (ARE) through the support of EU through the project Access for Sustainable Energy Program (ASEP) organized the forum.

Brought together local and international players from more than 30 countries to share knowledge on the latest mini-grid industry developments and innovative technical solutions to bring down costs and link players to form mini-grid partnerships.
Challenges/Issues in Mini-Grid Development

- Smaller cooperatives remain financially challenge
- Lack capacity to develop renewable energy solutions
- Lack capacity to access information about funding or partnership opportunities
- Bureaucratic process
  - Application process for Qualified Third Party (QTP) and New Power Producers (NPP)
- Mini-grid interconnection with the national grid
  - Subject to technical compatibility
- Financing and subsidies for hybrid/clean energy mini-grids
- Lack of coordination between private sector mini-grid developers, government and electric cooperatives
  - Unattractive from private sector point of view
MABUHAY
and
THANK YOU!