



Supporting policies for Renewable Energies in Philippines : Renewable Portfolio Standards (RPS)



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➤ Introduction

Renewable Energy policies in the Philippines

➤ Republic Act Nr. 9513

“Act promoting the development, utilization and commercialization of renewable energy resources and for other purposes”

➤ Renewable Portfolio Standards

All distribution Utilities (DUs), all licensed retail electricity suppliers and generating companies shall have minimum percentage of generation from renewable energy resources

➤ Conclusions

There is a number of mechanisms to support RE (FIT, Net Metering, REM, Fiscal incentives or Renewable Portfolio Standards)

Introduction

Since 2008, the **governments of the Philippines** have been enhancing and implementing several measurements to **promote and develop renewable energies (RE)**.

The **policy** of the country **favoring RE** is clear and sustained. During these years a number of program and instruments such as **Feed-In Tariff** programs, **net metering** instruments, **fiscal incentives**, etc. have been implemented.

The present document explain the mechanism of **Renewable Portfolio Standards (RPS)**, that sets the minimum percentage of generation from renewable energy resources, to be met by the **Philippine Utilities**.



Republic Act No. 9513 “AN ACT PROMOTING THE DEVELOPMENT, UTILIZATION AND COMMERCIALIZATION OF RENEWABLE ENERGY RESOURCES AND FOR OTHER PURPOSES”, approved on **December 16, 2008**

Goals

- **Encourage the development** of renewable energy resources
- **Reduce the dependence** on **fossil fuels** of the country
- **Minimize** the exposure to **price fluctuations** of the Philippines
- Seek sustainable energy policies: **mitigate climate change**
- **Promote socio-economic development** in rural areas

Tools

- **Renewable Portfolio Standard (RPS):**
 - ✓ Set a mandatory minimum percentage of generation coming from RE sources
- **Feed-in-Tariff System (FIT):**
 - ✓ Establishing a FIT program with a fixed tariff for 20 years
- Creating a Renewable **Energy Market (REM)** regulation
- **Green Energy Option:**
 - ✓ For energy consumers to directly contract from RE sources
- **Net-metering** for RE:
 - ✓ Creating a regulation for a net-metering system for RE
- **Fiscal incentives:**
 - ✓ Income taxes, duty-free import of equipment, tax credit on domestic capital equipment, etc.

One of the tools established in the R.A. 9513 defines

- **Renewable Portfolio Standard (RPS)**

CHAPTER III ON GRID RENEWABLE ENERGY DEVELOPMENT

Section 6. Renewable Portfolio Standard (RPS).

All stakeholders in the electric power industry shall contribute to the growth of the renewable energy industry of the country. Towards this end, the National Renewable Energy Board (NREB), created under Section 27 of this Act, shall set the minimum percentage of generation from eligible renewable energy resources and determine to which sector RPS shall be imposed on a per grid basis within one (1) year from the effectivity of this Act.

The RSP is mandatory for all **Distribution Utilities (DUs)**, all **licensed retail electricity suppliers** and **generating companies** serving directly to connected customers

National Renewable Energy Board (NREB)

The minimum percentage of RE shall be established by (NREB):

Republic Act No. 9513

Section 27. Creation of the National Renewable Energy Board (NREB). - *The NREB is hereby created. It shall be composed of a Chairman and one (1) representative each from the following agencies: DOE, DTI, DOF, DENR, NPC, TRANSCO or its successors-in-interest, PNOC and PEMC who shall be designated by their respective secretaries on a permanent basis; and one (1) representative each from the following sectors: RE Developers, Government Financial Institutions (GFIs), private distribution utilities, electric cooperatives, electricity suppliers and non-governmental organizations, duly endorsed by their respective industry associations and all to be appointed by the President of the Republic of the Philippines.*

The NREB was created in 2011 and established the rules governing the establishing of the RPS in the Philippines.

Renewable Portfolio Standards



- The RPS has been **discussed, negotiated** and **drafted** among the **NREB** during the last years
- At February 2016, the RPS is in the **final stages of definition and approval**
- The minimum **incremental percentage** of electricity sourced from **RE** shall be **no less than 1% per year** over the **next 10 years**
- Defines **penalties** for **non-compliance utilities**
- Establish **Renewable Energy Certificate (REC) = 1 MWh** generated with RE that can be **sold** or **bought** in the RE Market
- The **final approval** for the RPS is expected for **2016**

Sources:

<http://www.nea.gov.ph/issuances/memorandum-to-ecs/category/23-2011?download=732%3Anea-memo-to-ecs-no.-2011-003-regional-public-consultations-on-the-rules-governing-the-establishment-of-the-renewable-portfolio-standards-rps>

www.mb.com.ph/green-energy-option-pushed-as-added-incentive-for-re-technologies

www.senate.gov.ph/press_release/2015/0923_legarda2.asp

- There is a **sustained support** for **renewable energy (RE)** electricity generation in the Philippines since 2008
- The administration has established a **number of mechanisms** to support RE development:
 - ✓ Feed-in Tariff (FIT)
 - ✓ Net metering
 - ✓ Fiscal Incentives
 - ✓ Green Energy Option
 - ✓ Renewable Portfolio Standards (RPS)

- The **Renewable Portfolio Standards** establishes a **minimum percentage of generation** sourced by RE for all electricity utilities and generators
 - ✓ It has been **discussed and drafted since 2011**
 - ✓ Its **final approval** is expected for **2016**
- The **RPS** is a **very attractive possibility** offering an **alternative** scenario and **yet compatible** with the **FIT program**
- **SunPremier** is working with **expert** and **renowned consultants** on the Philippine electricity market to prepare our **PV project portfolio** for **both FIT & RPS**