

PHILIPPINES MINI-GRID CONFERENCE

PLANS AND PROGRAMS FOR OFF-GRID ELECTRIFICATION IN THE PHILIPPINES

UNDERSECRETARY FELIX WILLIAM B. FUENTEBELLA

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DEPARTMENT OF ENERGY

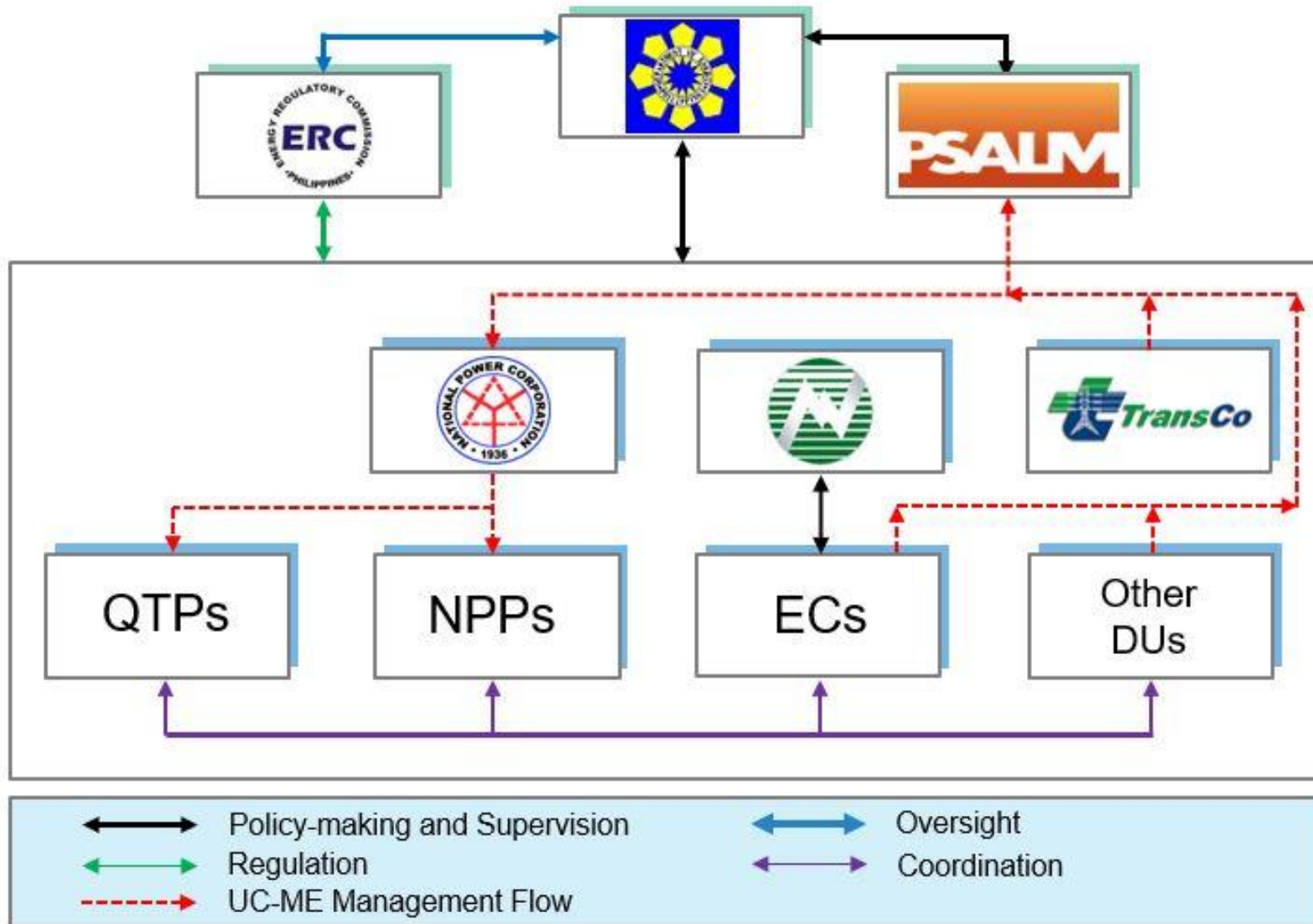


OVERVIEW

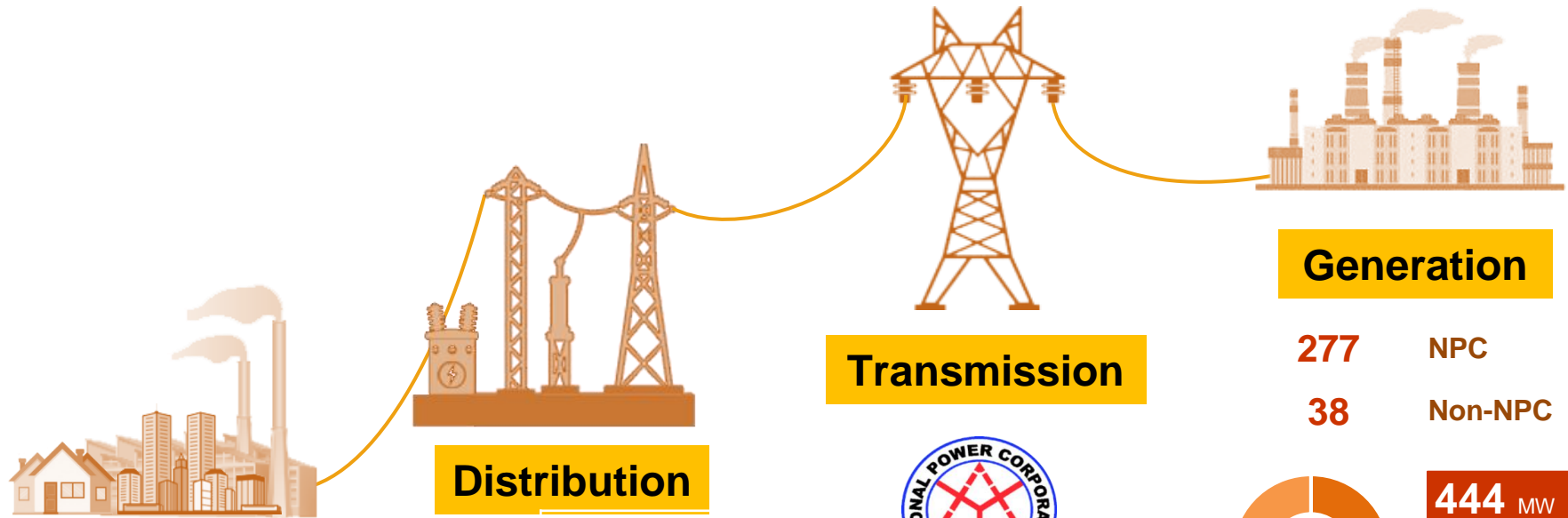
Missionary Electrification Situationer and Policy Issues



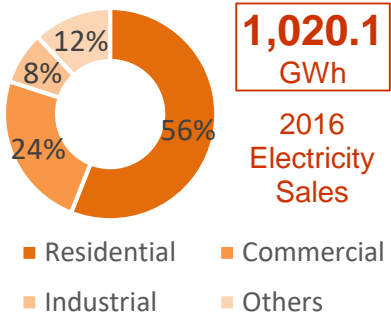
Institutional Framework



Overview of Off-Grid Power System (as of December 2016)



Load



76.6%*
Energized

Distribution

- 21** ECs
- 2** MPCs
- 3** LGUOUS
- 2** QTP

ECs Electric Cooperatives
MPCs Multi-Purpose Cooperatives
LGUOUS LGU-Owned Utilities
QTPs Qualified Third Parties

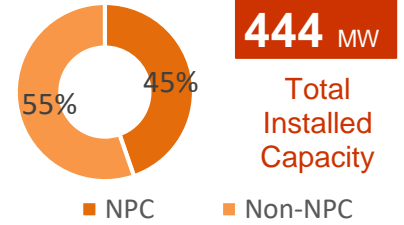
Transmission



185 MVA
776 ckt-km

Generation

277 NPC
38 Non-NPC



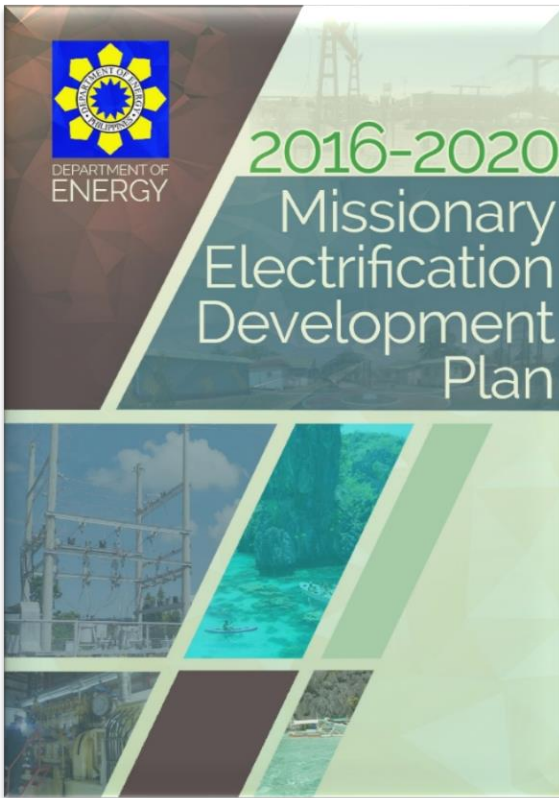
1,209 GWh Gross Generation

97% Diesel
3% Hydro

Source: Missionary Electrification Database System

Existing Programs and Policies: 2016 MEDDP

Major Contents



Status of Missionary Electrification in the Philippines



Remote and Unviable Electrification



Demand and Supply Outlook



Plans and Programs



Issues and Concerns

1. On Increasing Power Supply

- Potential for over-contracting by Distribution Utilities especially in the previous regime where there was no Power Supply Procurement Plan.
- Many off-grid ECs lack technical capacity in conducting power supply procurement
- Line congestion or ageing distribution lines
- Slow-paced Private Sector Participation in power generation
- Lack of economy of scale in terms of demand for many off-grid areas

2. On Increasing RE Generation

- Undiversified supply mix
- High-speed diesel generator set as dominant power technology resulting in high cost of generation in off-grid areas.
- No expressed program for the entry of advanced technologies especially low-cost RE technologies.
- Weak or inadequate transmission and distribution system



Issues and Concerns

3. On Accelerating Off-Grid Electrification

- Highly-dispersed areas (last-mile-stretch areas)
- Off-grid areas are highly prone to typhoons and other calamities
- Sustainability of existing electrification efforts (monitoring, maintenance, operations)
- Peace and order situation of far-flung areas
- Social acceptability of projects

4. On Subsidy Allocation

- Existing policies do not target subsidy beneficiaries
- Big and commercial customers are enjoying subsidies
- Off-grid ECs are passive in identifying eligible, poor customers
- Subsidized rates are outdated and do not reflect current economic conditions



Recent Policy Initiatives and Related Studies

1. DOE Circular on Performance Assessment and Audit of Power System Facilities in Off-Grid Areas

- To promote reliability, and quality of electric power services including Small Grid and other off-grid areas
- Recommend necessary improvements/upgrades
- PAA activities conducted in ORMECO, OMECO, PALECO, FICELCO, MARELCO, and MASELCO

2. DOE Policy Circular on Competitive Selection Process

- Amends existing DOE Circular on Private Sector Participation in Off-grid Areas
- to support supply adequacy and expansion of service hours in off-grid areas
- Establishment of Third Party Bids and Awards Committee (TBAC) for greater accountability and transparency
- Power Supply Procurement Plan (PSPP) for greater private sector participation

3. Amendment to Existing QTP Guidelines (still on-going)

- To improve the identification of “unviable areas” for private sector participation
- To simplify qualification/selection process and tariff mechanism for QTPs



Recent Policy Initiatives and Related Studies

4. DOE Circular on Renewable Portfolio Standard for Off-Grid Areas

- Greater Utilization of Renewable Energy to Promote Optimal and Lower Electricity Rates in Off-Grid Areas
- Require RE generation from all existing and new power providers
- Minimum RE requirement per area based on an optimal energy mix study

5. Support to On-going Policy Studies of EU-ASEP

- Studies on Rationalization of UC-ME Subsidies
- RE Hybridization of NPC-SPUG Power Plants
- Improvement of Efficiency and Operations of NPC-SPUG Diesel Power Plants

6. Study on Interconnection to the Main Grid



WAY FORWARD

NEW POLICIES AND PROGRAMS TO ACCELERATE OFF-GRID ELECTRIFICATION



Way Forward

1. National Strategy/Program for Total Household Electrification by 2020

- Account all unserved, underserved and unviable areas
- Identify, fund, and implement appropriate electrification projects to serve remaining households as of 31 December 2017

2. Omnibus Guidelines for Missionary Electrification

- Expand the coverage (definition, service areas) of existing policy (DC2004-01-0001)
- Address main challenges in and improve the Private Sector Participation in missionary electrification
- Improve the preparation and expand the coverage of MEDP
- Improve adequacy, reliability and efficiency of the generation, transmission and distribution systems
- Support interconnection of off-grid areas into the Grid and intra-connection of multiple off-grid areas
- Implement new tariff regime

3. Issuance of Amended DOE QTP Qualification and Participation Guidelines *(to be consistent with Omnibus Guidelines)*





Thank You!



(+632) 479-2900



name@doe.gov.ph



www.doe.gov.ph



//doe.gov.ph



@doe_ph

