

The Energy Challenge and the Philippine Response

by

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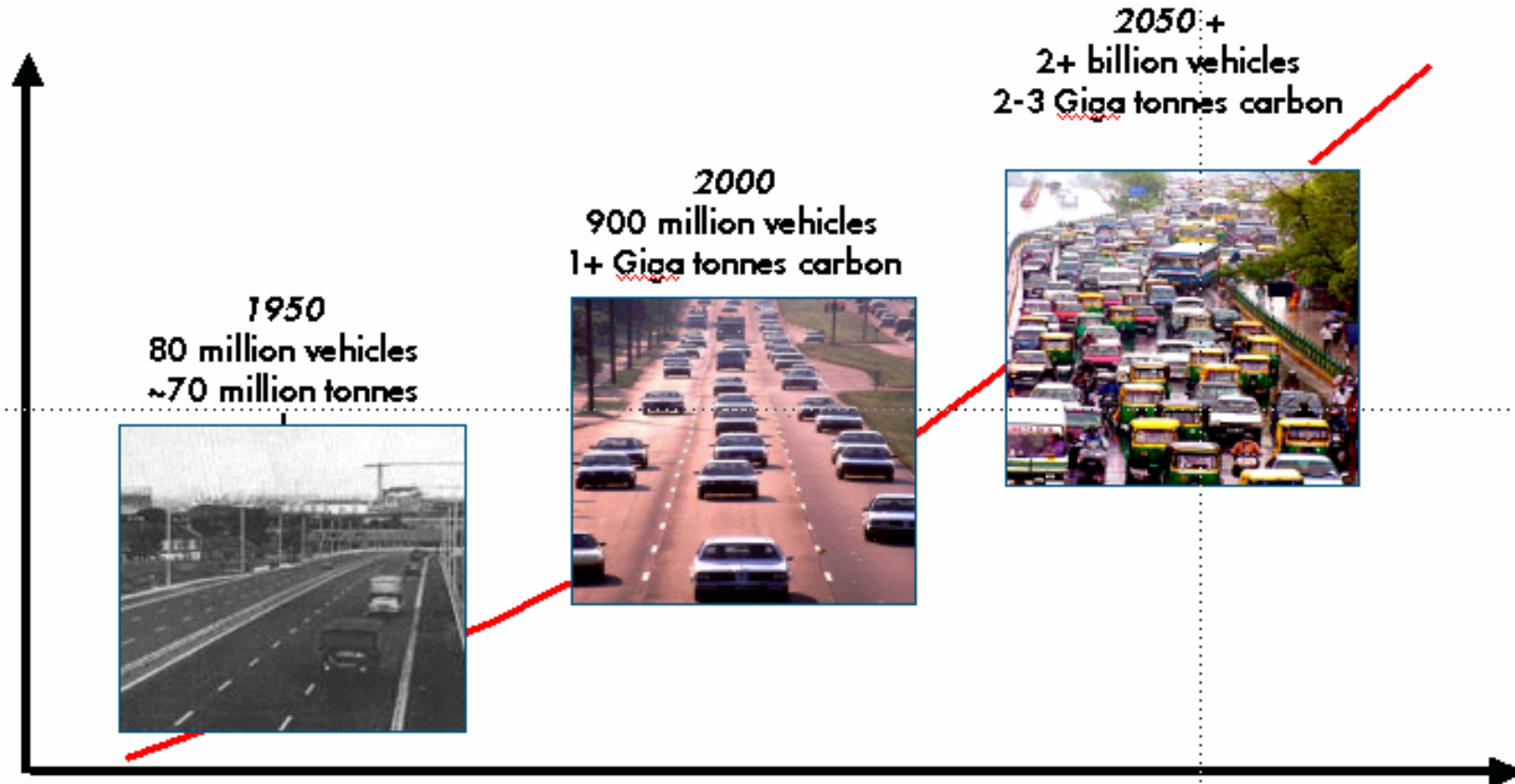


Serenity Prayer

God, grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference.

Amen.

The Energy Challenge



Source: WBCSD Energy & Climate Change Facts and Trends to 2050

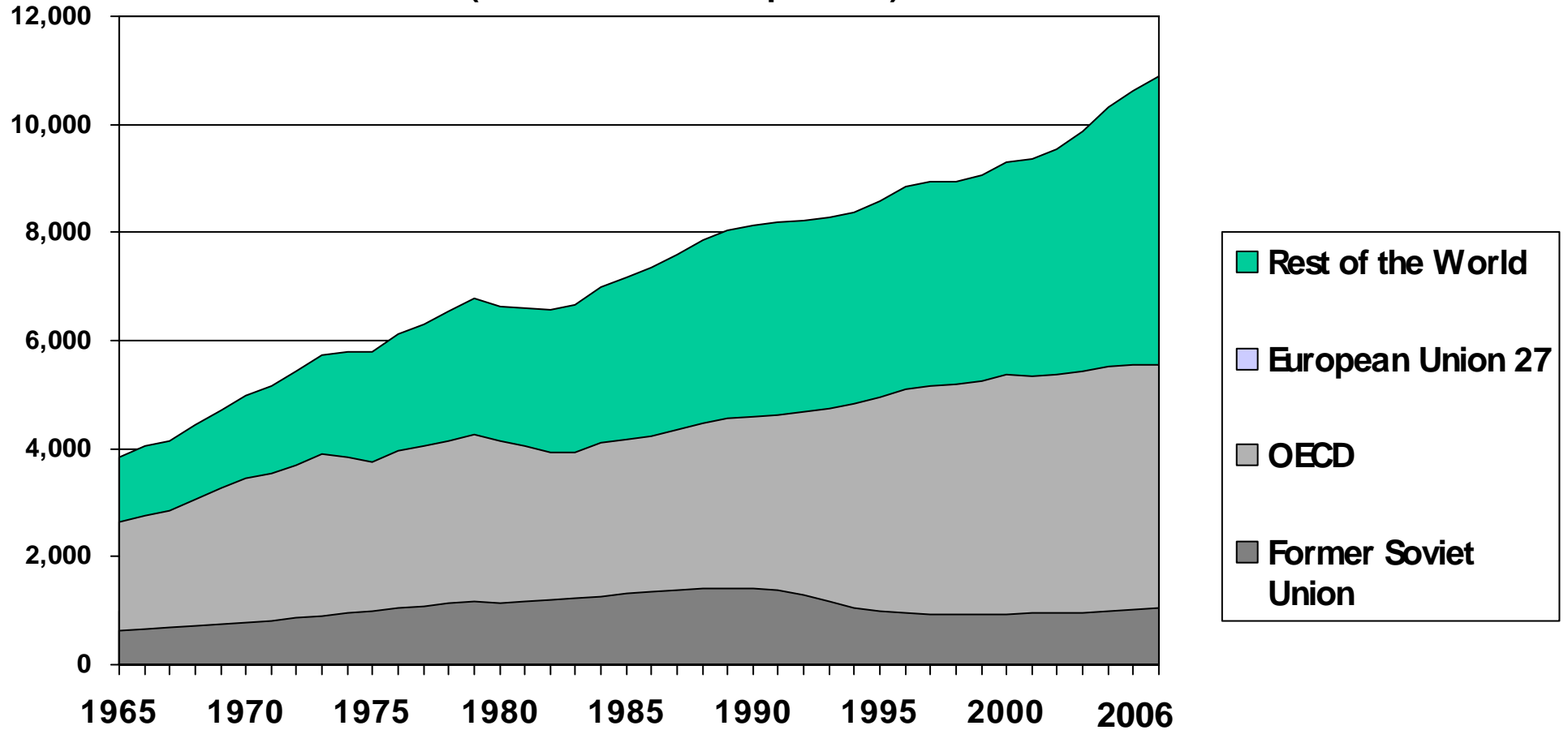
The Energy Challenge

In the coming decades, the world must meet the challenge of producing more energy for a growing world population, while stabilising or even reducing greenhouse gas emissions



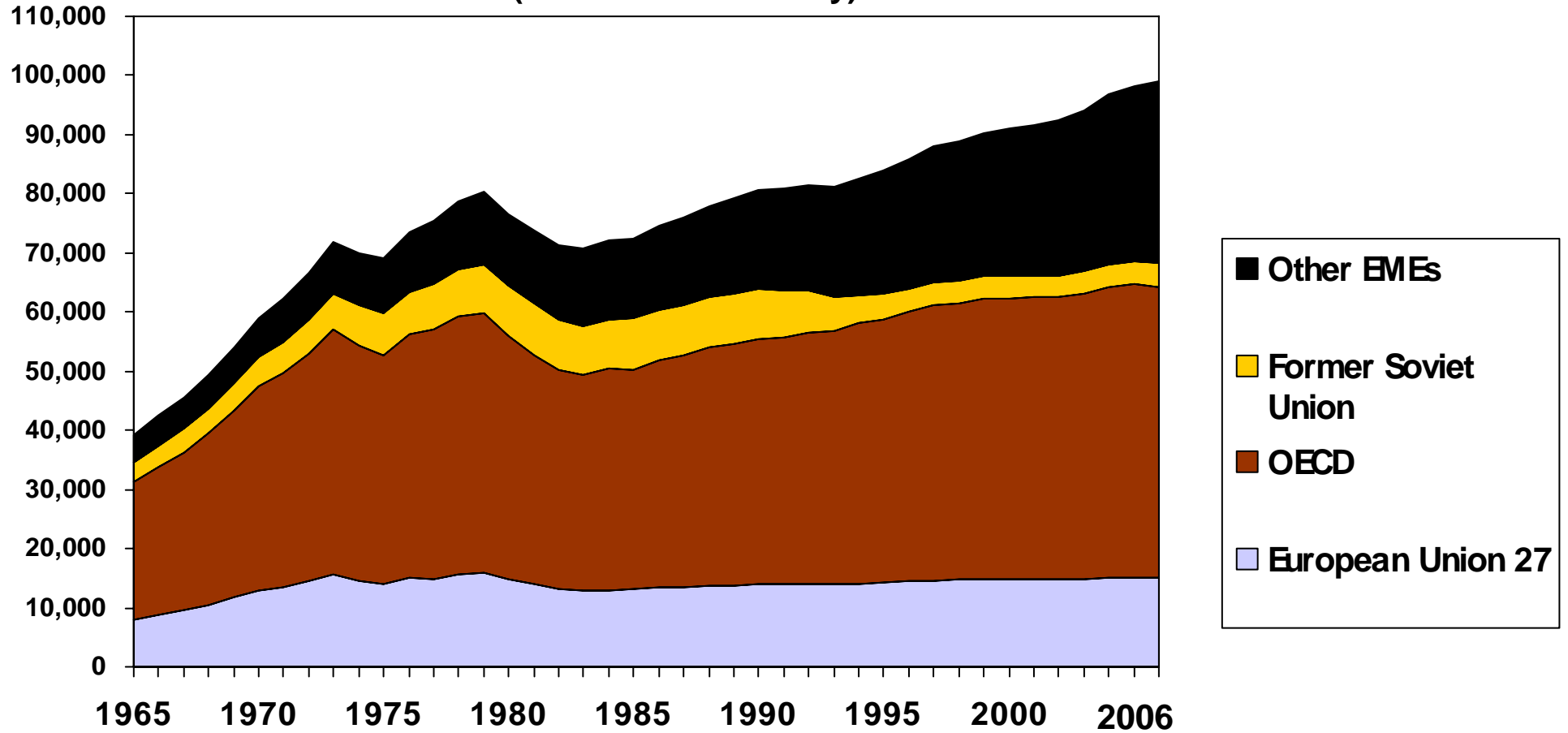
The world has seen continued rise in energy demand in the last decades

World Energy Consumption
(million tonnes oil equivalent)



World oil demand, by region, per year

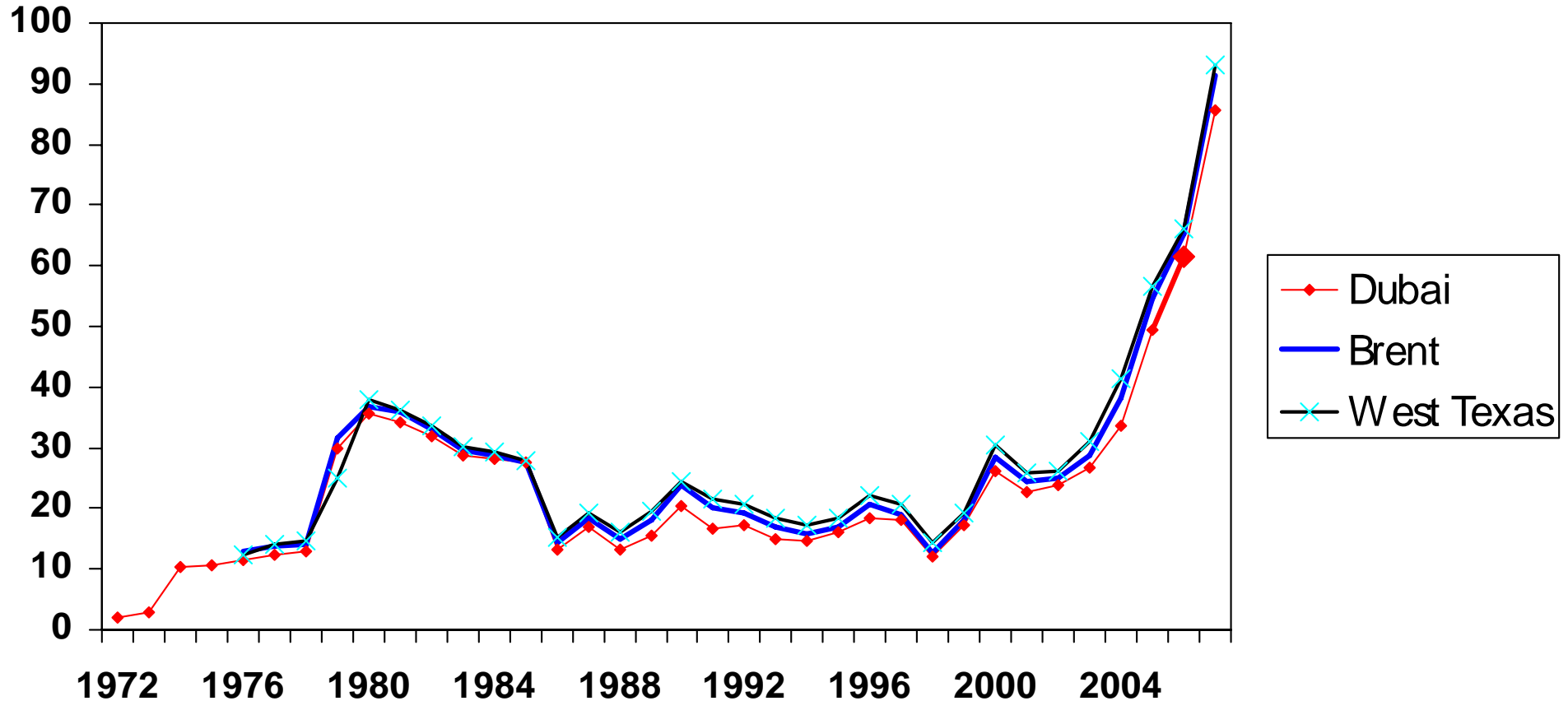
World Oil Consumption
(thousand barrels/ day)



Other EMEs: Other Emerging Market Economies, including South and Central America, Africa, Middle East, Non-OECD Asia and Non-OECD Europe

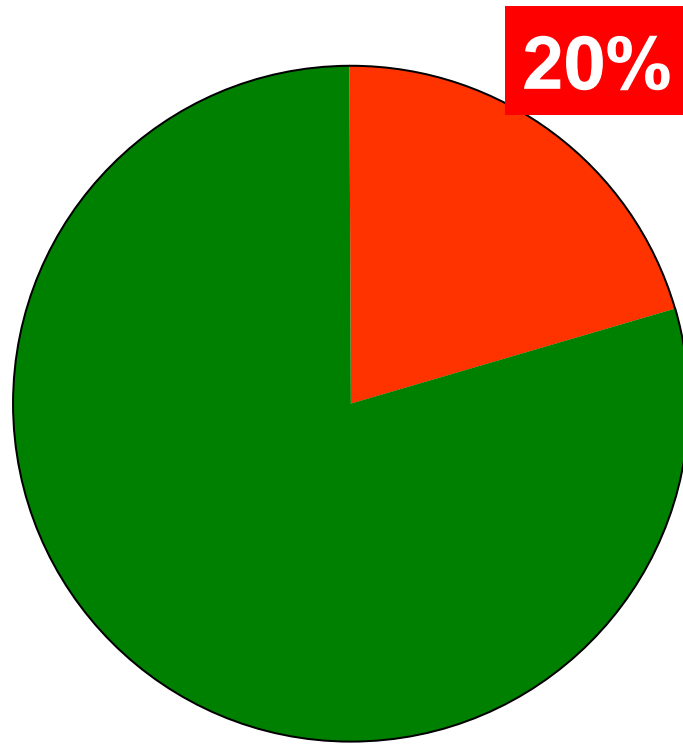
Crude prices have reached record high levels

Crude spot prices (US dollars/ barrel)

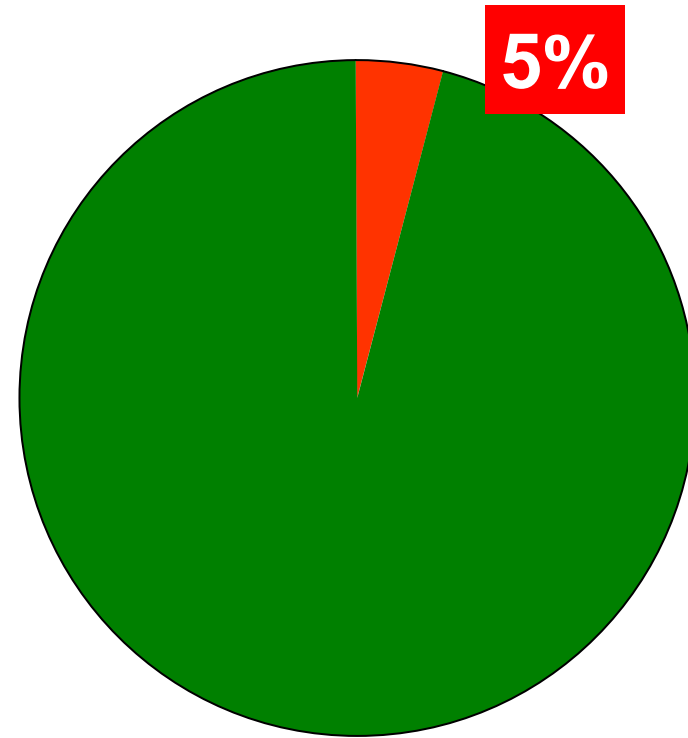


Source: Platts

National Oil Companies (NOCs) now dominate the supply of oil and gas



Production



Reserves



National Oil Companies



International Oil Companies

What if crude prices continue to increase, say to \$
200 per bbl?

While there is nothing we can do about the supply and resulting international prices, we can mitigate the local impact through:

- **Strategic Responses**
 - Demand Management
 - Fuels Diversification & supply security
 - Emergency Preparedness
 - Oil Price Risk Management
- **Removal of Taxes to mitigate price increase**
- **Programs to safeguard the poor**

Demand Management (Energy conservation and management of CO₂ emissions)

- Better traffic management
 - Policy enforcement measures (control kotong and colorum)
 - Mass transport investment (PNR, MRT/LRT)
 - 24 hr repair work on roads and more infrastructure
- Improve generation, transmission and distribution efficiencies of power plants
- Systemic/Structural analysis and review of industry practices (e.g., delivery schedules, collection practices, thermostat settings, building designs, and the like)
- Review personal practices on energy use, e.g. tire inflation, driving behavior and

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Fuels Diversification & Supply Security

- Pass the Renewables Bill to increase investment in geothermal, wind, solar and hydro
- Fine tune and accelerate the implementation of the Biofuels Law
- Sustain the programs to encourage oil & gas exploration
- Provide incentives for investments in the oil refining industry

We can also reduce prices by removing VAT and other taxes

What if crude prices continue to increase, say to \$ 200 per bbl and we have no more taxes we can remove?

Wouldn't it be better to use the windfall VAT to fund the programs that will better prepare the country and our people?

Focus programs for the poor

Every P10 bln allocation enable each of the following:

- Substitution of incandescent lamp for an energy efficient fluorescent lamp (100 million light bulbs)
- Sustainable feeding programs - 5 million school aged children per year
- Scholarship grants – 286,000 vocational or 20,000 5-year college courses
- School Classrooms – 250,000 units
- Housing – 166,666 Gawad Kalinga homes
- Primary health care centers –25,000

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