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Philippine Republic



Sustaining Economic Gains: A Shared Responsibility

**Philippine Economic Briefing
20 February 2007**

Energy and Power Sectors

**Secretary Raphael P. M. Lotilla
Department of Energy**





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Presentation Outline

- I. What has been achieved so far?
- II. What is the next wave of policy agenda?
- III. Call to action: Private Sector Participation in Sustaining Economic Gains



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I. What Has Been Achieved So Far?



I. Reform Milestones

- Restructuring the Power Sector for Competition
 - Privatization of 11% of generation capacity in Luzon and Visayas
 - Successful bid out of 8 hydroelectric plants
 - Commercial operation of WESM in June 2006
 - Conclusion of Transition Supply Contracts (TSC)
 - Introduction of Customer Choice Program (CCP)
 - Successful IPO of PNOC-EDC
 - Sustained NPC fiscal performance



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I. Reform Milestones

- Achieving Energy Independence
 - Launching of the Philippine Energy Contracting Round 2006
 - Award of 7 service contracts for oil and gas, with US\$201.3 M in committed funds
 - New investments in bio-fuels
 - Passage of the Bio-fuels Act
 - House approval of the Renewable Energy Bill



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II. What Is The Next Wave Of Policy Agenda?



II. Policy Directions

- Continue Power Sector Reforms
 - Accelerate sale of transmission and generation assets
 - Encourage construction of new and additional capacities by private investors
 - Pursue capacity expansion of existing power plants by government and private investors
 - Continue working on transfer of assets from National Power to PSALM & Transco
 - Manage debts and liabilities transferred from National Power to PSALM through facilities such as hedging
 - Push for the completion of transmission projects under the \$850M CAPEX of Transco



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II. Policy Directions

- Increase indigenous & alternative energy use
 - Intensify search for oil and gas through continued public bid rounds and improved service contracting schemes
 - Push for widespread use of alternative fuels
 - Jumpstart the Natural Gas industry



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III. Call to Action: Private Sector Participation in Sustaining Economic Gains



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III. Private Sector Participation

- PECR 2006 areas on offer
- Increase RE-based capacity by 100% in the next 10 years
- Growth of biofuels industry - business opportunities, R&D
- CNG opportunities
- Energy Efficiency and Conservation
- Power sector reform opportunities



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