

Recommendations of Living Laudato Si' Philippines on the Draft Philippine Energy Plan (2018-2040)

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Energy security and resilience has never been more urgent for the Philippines to address. The COVID-19 pandemic has exposed significant weaknesses in the current landscape and planning of the country's power market, from the rationale behind energy policies to gaps in enforcing existing legislation on renewable energy. Without major shifts to the status quo in the energy sector, the challenges facing power producers and consumers alike would ultimately worsen amid projected shocks to the sector.

The Philippine Energy Plan (2018-2040) must reflect the necessary changes to be made not only for the security of the energy sector, but more importantly for inclusive, sustainable development that would benefit the Filipino people. Diversification of energy sources, long-term system flexibility, and compliance with international and national policies are among the most important factors to consider when developing the blueprint for the Philippines's energy narrative.

A paradigm shift is not only needed in the programs, projects, and activities within the draft PEP, but also in the attitude behind the decision-making processes and operations to be conducted in achieving targets associated with these endeavors. Current global trends and innovations in the energy market and the policymaking environment must be considered by implementing agencies and partner stakeholders.

Representing our partner communities and through a climate and energy lens, Living Laudato Si' Philippines issues the following statements regarding the current draft of the PEP:

- 1) We recognize that within the draft PEP is the recognition of the urgency of addressing the climate crisis, as evidenced by the acknowledgement of the Paris Agreement and the Nationally Determined Contributions (NDC), among other. However, *the mitigation and adaptation options for the energy sector under the Nationally Determined Contributions (NDC) to the Paris Agreement must be included in the updated PEP.* This would further signify the commitment of the Department of Energy (DOE) and the energy sector, in writing, to limiting global warming to 1.5 degrees Celsius above pre-industrial levels and averting the catastrophic impacts of climate change. It would also strengthen its vision for developing an energy sector resilient to potential system shocks and that helps lay the foundation for a low-carbon, sustainable Philippines.
- 2) In Chapter 9 of the draft PEP, it is mentioned that the NDC targets for the NDC sector have to be conditional, as these targets "can only be realized if the necessary financing, technology and capability are provided to the stakeholders together with new and enhanced policies, programs and projects, as well as the institutionalization of the necessary enabling

environments”. However, also stated within the document is that the PEP’s Business-As-Usual (BAU) scenario covers the unconditional targets of the energy sector’s NDC, which includes “existing policies and programs on renewable energy, alternative fuels, energy efficiency including the committed and indicative power projects” and the Asia Pacific Economic Cooperation’s (APEC) aspirational target for reducing aggregate energy intensity. Therefore, it is clear that *the energy sector has the capacity to commit unconditionally for a portion of its NDC targets, a notion that the DOE must fully execute* in line with the principle of higher ambition for climate change mitigation and adaptation strategies to which the Philippines committed as a Party to the Paris Agreement.

- 3) It goes without saying that there is no such thing as “clean coal”. Even with existing technologies to minimize air pollution or greenhouse gas (GHG) emissions as stated within the draft PEP, the use of coal as an energy source is more polluting than alternative fuels, especially renewable energy (e.g. solar, wind, hydro, geothermal, biomass). While we agree that diversifying the Philippines’s energy mix is pivotal to boost economic development, allowing any new coal-fired power plants to enter the grid would place the country’s immediate and long-term future even more dependent on technology that not only contributes to worsening the climate crisis and inflicting social and environmental costs worth way more than the supposed savings from being reliant on coal, but will also likely become stranded assets that result in heavy losses for many sectors that will be detrimental to national development. It is clear throughout the PEP, from the assumptions made for determining the power outlook to components of the overall energy roadmap, that coal-fired power plants will be prioritized, which is contradictory to the need for reducing GHG emissions, of which the energy sector is one of the biggest sources in the Philippines. Thus, *it is imperative for the immediate and long-term well-being of the Philippines that no new coal-fired power plants should be built.*
- 4) The arguments favoring coal as the dominant energy source in the Philippines center on economic conditions, especially with the DOE’s “technology neutral” policy which states that the criterion of least cost must be satisfied in managing the country’s power generation mix. Given this context and in pursuit of national development that takes into consideration not just economic development, but also the health and multi-faceted security of the Filipino people and the resilience of energy-related systems and infrastructures to all possible hazards, *the concept of least cost must include externalities, especially the social cost of pollution from local air pollutants and GHG emissions, as a catalyst for initiating the necessary urgent transition to cleaner energy sources.* The declining costs of renewables, especially solar and wind power, must be taken into consideration in said transition, as well as taxes that reflect the marginal damage costs of pollution, especially from coal generation. In relation, existing subsidies for coal that have been a key part of the economic environment that allows for said fossil fuel to remain a significant part of the country’s energy mix should be phased out. This would not only allow more investments in the development of the Philippines’s renewable energy sector, but also reduce our reliance on coal importations that is a main factor for the expensive electricity rates in the country, relative to our Asian neighbors.

- 5) We express our support to the DOE in its pursuit of developing the Philippines's renewable energy resources. As stated in Chapter 5, the roadmap to realizing 20000 MW of renewables capacity by 2040 will involve accelerating renewables positioning, creating a more conducive business environment for its development, building reliable and efficient infrastructures, and promoting research, design, and development agenda. That said, it should always be noted that the implementation of these solutions should not lead to harm and suffering of the poorest and marginalized sectors and communities in the Philippines, especially those who reside near sites of proposed energy-generating plants. Aligned with international and national policies and doctrines, *the PEP must emphasize in greater detail how a just transition to a national energy mix with a higher portion of renewable energy will be achieved.* The representation of civil society organizations, health institutions, communities, and other non-government stakeholders must be ensured in all applicable energy-related decision-making processes within the programs included in the PEP. Furthermore, it should be noted that the COVID-19 pandemic exposed the weaknesses of the power sector in the Philippines and worldwide, with studies from agencies such as the International Energy Agency depicting how renewables are the most resilient energy source to such shocks, which proves that it is the best option moving forward for energy security and sustainability.

- 6) *We respectfully express our objection to the inclusion of nuclear energy as a potential energy source for the Philippines.* While all proposed solutions have their respective advantages and disadvantages, given the urgency of not only addressing the climate emergency, but also reducing energy costs critical for nation-building, the long-term economic and environmental impacts of building a nuclear power plant outweigh its perceived benefits. Pushing through with this program would only make the Philippines even more dependent on imported fuels and debts, similar to what is already being experienced through the overreliance on coal. Within the PEP itself is a recognition that high costs and delays are to be expected for a potential entry of nuclear power generation, which is something that the Philippines cannot afford as it tries to successfully address the climate crisis and rapidly alleviate poverty. The environmental impacts of nuclear power, from extracting, processing, and importing the fuel source to disposing waste generated from power generation, also add to the tremendous costs that are brought by this program. The financial and technical resources that are intended for exploring the feasibility of building such a facility should instead be allocated towards developing renewable energy sources, which have less ecological footprints and are far safer compared to nuclear energy.

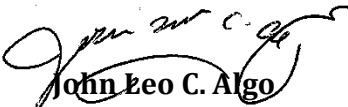
- 7) We also commend the DOE for leading the initiatives in enhancing energy efficiency and conservation in the Philippines, as this will provide tremendous economic, environmental, and social benefits for different sectors. That said, *it is important to highlight the need to make technologies, programs, and other initiatives related to energy efficiency and conservation available and accessible to different sectors, especially the poorest sectors and communities.* While the DOE has been implementing programs to assist local governments with integrating energy efficiency and conservation into their respective local development

plans, it is important to ensure that this action will include the participation of non-government stakeholders, aligned with existing rules and regulations. Engagements must also be continuous to strengthen the capacity of both government and non-government actors, considering that the technical aspects of this field of the energy issue may pose difficulties for some stakeholders involved.

Signed,



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