

Summary of the Open Forum

| Participant's Question/Comment/Suggestion | DOE's Response |
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| 1) What is the effect on price if we target an annual marginal increment 1.5% and 2.15 %? What is also the effect if you target 35%? | The impact will be determined through a series of studies prior to implementation. The study will be included in establishing the Renewable Energy Market. |
| 2) What will happen to FIT without RPS? | |
| 3) Is the minimum RE incremental percentage the same for all Mandated Participants | It will be the same but in the actual compliance it be based on megawatt. |
| 4) If one RES already achieved, would it have the same annual incremental capacity as a RES would only 10% RE capacity? <i>Proposal:</i> In question of fairness, we have to have a different growth increment for mandated participants. Once we achieved the capacity target, we could be exempted from annual incremental requirement. <i>Comment:</i> There is high liquidity risk for the individuals or company who have achieved the RE portfolio/capacity. On the competition to buy RE supply affected by the decreasing price of solar, the generators will have a lower premium once they sell in RE market. | Yes. You would have the same mandate but the computation would be the based on your baseline. We'll take that into considerations but at the moment what is included in the RPS rules is the equitable distribution of the baseline capacity. Solar technology has not yet reached the FIT. Then most likely very few Solar energy generators will enter as part of the compliance. The first thing we will remove is the FIT system because the solar energy generation will enter into a competitive system. Recommendation will be considered. |
| 5) What is the relationship of the RPS to the 70% GHG reduction target in the Philippine INDC? | The 70% will not be taken from the energy sector alone. We're still determining the actual contribution of the energy sector to the INDC. |
| 6) What is the relationship of the RPS to the Whole Sale Electricity Spot Market (WESM)? | In regards to the WESM, renewable energy market will serve as the trader of the RE certificate which will serve as the proof that mandated participants are getting their supply from RE. |
| 7) How does FIT relate with RPS? | The target increment of 2.15% is include the FIT generation. Part of the compliance mechanism would be the actual FIT generation sold by Distribution Utilities (DU). |
| 8) <i>Comment:</i> It's unnecessary to have a detailed study in respect to two areas, direct impact and nationalization of capacity. The 2% in my estimate will add another 10-15 | We will take note of that and there will be price regulation studies. Just like what we did in simulation of prices, as far as the grid is concerned, part of my presentation in RPS rules highly considers the transmission development plan, this paved |

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| centavos per year, will now be 20-25 centavos annually which will add to our high tariff. Congestion in transmission is a problem in Mindanao, specifically for solar energy. | the way in accordance with provision in the RE law to ensure grid stability. Therefore in areas where Variable RE will not be appropriate, there should be forms of compliance in other areas. So all of these are taken now and shouldn't be much impact to consumer. Currently with the assistance from the USAID and NREL there is an ongoing study on RE integration study that is a big factor. NGCP, PEMC and DOE is working towards a market based transmission. |
| 9) Is the non-growth of DU's a reason for them to be exempt from the growth indicated in RPS? | Thank you for your question, If I may, the Mindanao is supply based, growth in demand in Mindanao is dependent in the supply, At the time where they will be available capacities, I am sure the demand would grow faster. |
| 10) Since Mindanao doesn't have a WESM how will RPS impact this? | Yes we acknowledge lack of WESM in Mindanao that is why we are saying now that the timelines would be slightly delayed for Mindanao. It would even be after Luzon and Visayas. |
| 11) What is the rationale on the 35% national target that should be attributed to RE? Comment: I think we should align the RPS in terms of policy with the other studies being undertaken by DOE? | As to the 35% please note that in 1999 the share of RE is about 44%. When RE Law was passed in 2008 it was 35% and that is the reason why we want to bring it back to 35%. We want to bring it back to conform to the policies of the law. |
| 12) <i>Suggestion:</i> Most of the concerns are in policy, tariffs and affordability. I suggest we internalize external cost which are not captured in the computations such as cost on the effects of climate change adaptation, social effects, health. There are already ways to evaluate this. Instead of just looking at the cost of integration of RE today, how will we integrate it into the system? It becomes pricey when you are looking at it alongside coal and gas so I think we should change our perspective. I suggest we should do trafficking, so those who have a certain percentage of RE into their mix could have only a gradual increase to be fair to them. | Thank you for your insights. That is why net metering generation is considered. |
| 13) How is RPS going to impact existing Power Supply Agreement (PSA) and the rates this would impact especially for DUs? | The essence of the RE Law is to bring up the RE generation in the energy mix, at that time we had 34 or 35%, so we would not serve the purpose of the RE law if we would just aim at least at the same level considering it is 15 |

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| | years from now. |
| 14) You said we are following the law that mandates acceleration of RE, because it was 35 before. Does this mean government will subsidize RPS? | Good question. No |
| 15) The current version of RPS has major changes that were not discussed in the previous consultations. Therefore, the past consultations have no bearing today. Should we have another consultation to validate? | <p>There are several provisions or portions that are crucial and provided without consultation, we will take note of that, part of the exercise we are asking you is that you will be given opportunity to address in writing your questions and concerns.</p> <p>We will provide a venue for everyone to provide their comments in writing through our official email. The deadline would be on June 22, 2016 for the comments.</p> |
| 16) Is it right to assume that renewable energy from self-generating facilities goes to the credit of DU? | <p>The credit will go to DU concerned and what will be credited are the actual distributed by DU.</p> <p>We will take note of the gross generation side of self-generating facilities</p> |
| 17) In Section 8, why is it only incremental, not decremental? | <p>Incremental may have a decremental effect?</p> <p>It is to correct some level of policy, in recognition of the short term contracts and RCOA that is why it is based on the previous year's sale, if it happens on the year when there's a change in your sales. Only then could you appeal for the 3 year compliance mechanism. The 2.15% will be based only on your actual sales.</p> |