RESEARCH NOTE:

Philippines renewables IPO demonstrates maturing markets for the clean energy transition in EMDEs

September 2024

SUMMARY

- **Accelerating the clean energy transition remains critical if emerging market and developing economies (EMDEs) are to deliver on the Paris Agreement and UN Sustainable Development Goals (SDGs). Yet, renewable energy investment has lagged, despite falling costs in the sector.**
- **In the Philippines, these dynamics are visible at a national level, with the share of fossil fuels in the energy mix increasing over the past two decades. Policymakers have responded with a range of ambitious commitments to accelerate the country's clean energy transition and preserve energy security.**
- **The Philippines has also pioneered a significant role for public markets in financing the country's power sector, demonstrating the varied listed structures and strategies that can mobilise capital to power economic development and finance the clean energy transition.**
- **The continued improvement of the regulatory environment for the financing of the Philippines' renewable energy sector provides important learnings about balancing measures to attract investment with those to ensure value-for-money for off-takers for policymakers in other developing countries.**
- **In particular, the PSE and the Philippines SEC have taken steps in the capital markets to enable smaller renewable energy companies to raise equity financing during their growth phase, in an attempt to support market entry.**
- **More broadly, the Philippines experience demonstrates the central importance of regular public-private dialogue and the holistic management of energy sector and capital markets regulation to ensure that the regulation of these sectors evolve in tandem.**
- **The UK can and is supporting a range of efforts to support the Philippines on its energy journey. For example, the most recent IPO of a renewable energy company in the Philippines – backed by investment from the UK Government's MOBILIST programme – signals accelerating momentum in the market and demonstrates how UK support can help. This transaction offers investors access to a vertically integrated, Philippines-focused, renewable energy platform that combines important features to address both regulatory requirements and investor priorities.**
- **The performance of the newly listed CREC's (Citicore Renewable Energy Corporation) performs will generate important learnings for the market in relation to the renewable energy sector's strengths and vulnerabilities. MOBILIST will continue to share learnings from this investment and a wider portfolio of support for IPOs across the region.**

CONTEXT

Public markets have a key role to play in financing the energy transition

The clean energy transition remains a critical component of the Paris Agreement and in relation to energy access for all, the UN Sustainable Development Goals (SDGs). Yet, renewable energy investment has lagged despite falling costs in the sector.

Figure 1a shows that renewable energy generation costs have fallen significantly over the past decade as technical standards improved and production reached efficient scale. For example, the levelised cost of energy (LCOE) for PV solar fell by more than two-thirds between

2010 and 2015. However, Figure 1b shows that as of 2021, more than half of energy in the OECD, two-thirds in developing economies in Asia[1], and three-quarters in Africa still relied on fossil fuels. Additional investment in renewable energy generation, transmission, and storage is needed if emerging market and developing economies (EMDEs) are to deliver upon their ambitious climate commitments and at the same time, expand access to energy to meet rapidly growing demand.

Figure 1a – Levelised cost of energy by technology (US$/kWh)[2]

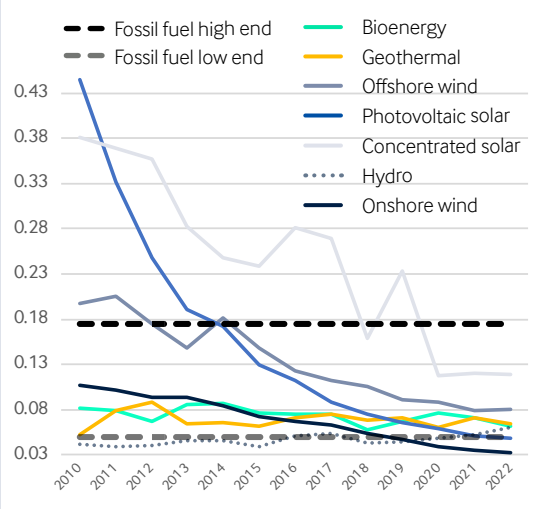
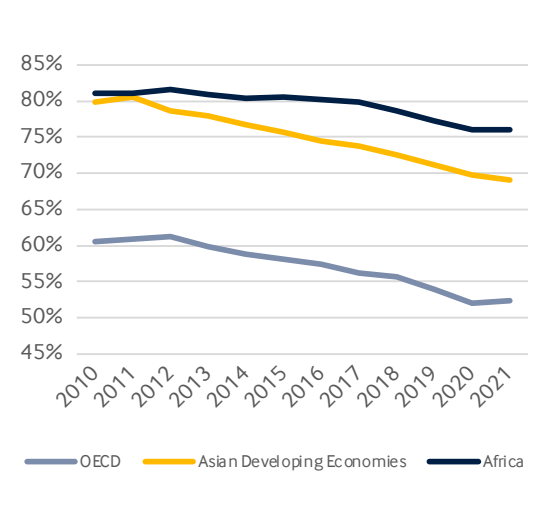


Figure 1b – Share of fossil fuels in electricity generation (%)[3]



The Philippines reflects these dynamics at a national level, with the share of fossil fuels in the country's energy mix increasing over the past two decades. Rapid economic growth has seen electricity demand in the Philippines expand at a 4.4% CAGR over the past ten years, outstripping the growth of renewable energy supply in pursuit of the government's laudable ambition to reach a single digit poverty rate by 2028[4]. As traditional renewable energy sources of geothermal and hydropower reached feasible scale and with solar and wind resources still in their infancy, the Philippines continues to balance its energy security and transition plans. In the short term at least, fossil fuels have filled the power generation gap. By 2021, coal had risen to almost 60% of total electricity generation (see Figure 2a), even as the LCOE of most new PV solar and onshore wind installations fell to levels comparable to new coal and fossil gas projects in 2015.[5]

Figure 2a – Sources of electricity generation in the Philippines (%)[6]

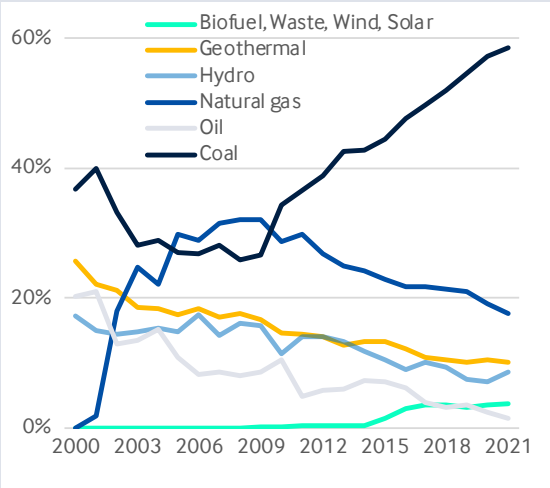
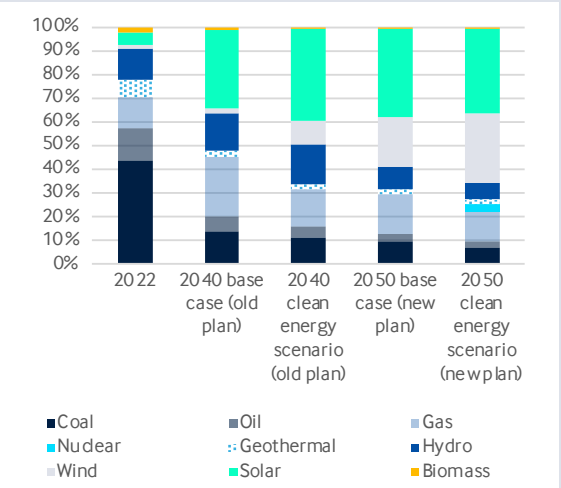


Figure 2b – Share of fossil fuels in electricity generation (%)[7]



1 Including The People's Republic of China
2 Source: https://ourworldindata.org/grapher/levelized-cost-of-energy
3 Source: International Energy Agency (IEA 2023) @ https://www.iea.org/
4 Source: Anna Leah Gonzales: Government pushes for single-digit poverty rate by 2028 (Philippine News Agency (January 19, 2024)
5 Source: Climate Analytics (2023). A 1.5C future is possible: getting fossil fuels out of the Philippine power sector, p 11.
6 Source: International Energy Agency (IEA 2023) @ https://www.iea.org/
7 Source: Philippines Department of Energy (2020 and 2023 plans) as quoted by Climate Analytics (2023). A 1.5C future is possible: getting fossil fuels out of the Philippine power sector.

More recently, policymakers have responded with a range of ambitious commitments to accelerating the country's clean energy transition. Under the updated draft Philippine Energy Plan 2023-2050, the government targets at least 70% renewable energy generation by 2050, with a particular emphasis on solar (35-37%), wind (20-30%), and hydropower (7-9%) (see Figure 2b).[8] The Department of Energy estimates that US$ 120 billion in additional investment is needed by 2040 to realise the Philippines' untapped renewable energy potential[9], presenting ample opportunities for both domestic and foreign investors. The government has taken significant steps to incentivise capital deployment in this regard (see Table 1 below). This includes bold measures on a strategic policy framework, tax incentives, and foreign ownership limits.

Table 1 – Renewable energy transition in the Philippines: ongoing regulatory evolution

Ambitious legislative targets provide a clear strategic policy framework	The Renewable Energy Act of 2008 aimed to support the delivery of the Philippines' ambitious goal of being 100% energy self-sufficient by 2030[10]. The Act aimed to accelerate the exploration, development, and utilisation of renewable energy resources by building national and local capabilities and systems and promoting the efficient and cost-effective commercialisation of the sector.
Profitability is supported by tax incentives.[11]	The Renewable Energy Act of 2008 includes notable fiscal and non-fiscal incentives for the renewable energy sector, such as:[12] • A 7-year income tax holiday and tax exemptions for carbon credits generated from renewable energy sources. • A 10% corporate income tax rate once the income tax holiday mentioned above expires, compared to the regular 30%. • A 1.5% realty tax cap on the original cost of equipment and facilities to produce renewable energy. • Value-added tax exemptions for the purchase, grid connection, and transmission of electricity generated from renewable sources.
Foreign ownership limits have been removed[13]	To inject fresh capital into the renewable energy sector, the government eliminated the 40% foreign ownership limit in "the exploration, development, and utilisation of solar, wind, hydro, and ocean or tidal energy sources".[14] This move is expected to significantly boost the deployment of renewables over the next few decades.
Corporate innovations have emerged.[15]	Renewable energy companies in the Philippines are using novel structures and strategies to accelerate the clean energy transition. Notable innovations include using real estate investment trust (REIT) structures (see below), privately financed coal plant phaseouts, and scaling via regional expansion. These innovations can further unlock finance for investment in clean energy.

The Philippines has also pioneered a significant role for the public markets in financing the country's power sector, as part of a wider privatisation programme in the early 2000s. One particularly notable legislative innovation was the EPIRA16 Law, which requires all privately owned power generation companies to list at least 15% of the company's or a parent company's shares on the Philippines Stock Exchange (PSE) within five years from the start of commercial operations. This legislation predated mass renewable energy generation and was initially introduced to encourage transparency, investment, and competition.

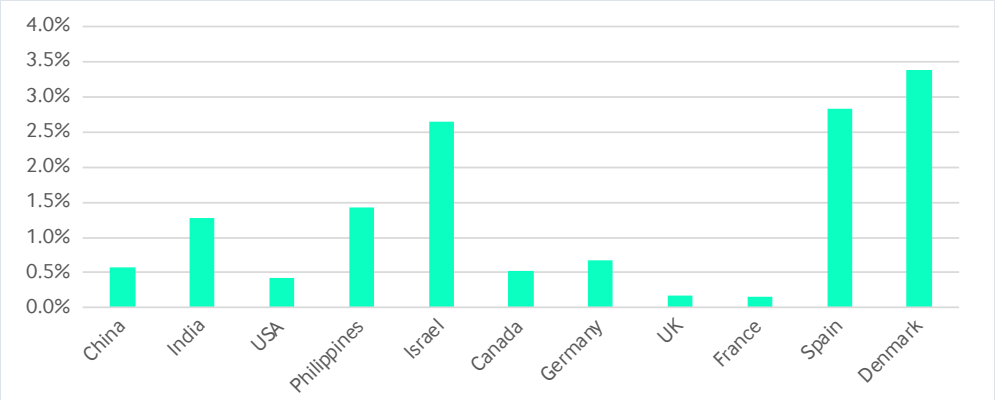
While EPIRA's efforts to encourage transparency, investment, and competition were significant developments, electricity prices have remained stubbornly high, and momentum towards the listing of more renewable energy companies on the PSE has been less than envisaged. EPIRA's primary purpose was to transform the electricity industry in the Philippines from a vertically integrated state-owned monopoly[17] to a deregulated, competitive sector where electricity generation and retail distribution were privatised and wholesale and retail prices were driven by competitive forces, with transmission and distribution remaining as regulated monopolies. While industrial electricity prices in the Philippines have converged closer to those in Thailand and Malaysia, they remained the second highest in the ASEAN region behind Singapore. After declining to the third most expensive in 2019, residential electricity prices were second highest again by 2021, behind Singapore.[18]

Understandably, the mandatory listing requirement under the EPIRA Law was not created with the fledgling renewable energy industry in mind; rather, it was designed as a tool to increase transparency in an otherwise opaque, state-run industry. In this sense it has been a success: Over 20 traditional electricity generators have listed on the PSE since the EPIRA Law

8 Under the previous Philippine Energy Plan of 2020-2040, the government aimed to have 35% of its energy capacity provided by renewable energy by 2030 (from 29% in 2022) and 50% by 2040. Under the updated, 2023-2050 plan, the government now targets at least 70% renewables energy contribution by 2050.
9 Source: https://www.aseanbriefing.com/news/philippines-opens-renewable-energy-to-full-foreign-ownership
10 Source: https://www.statista.com/topics/8548/energy-sector-in-the-philippines/#topicOverview
11 Source: https://www.iea.org/policies/4754-renewable-energy-act
12 Source: https://www.aseanbriefing.com/news/philippines-opens-renewable-energy-to-full-foreign-ownership
13 Ibid.
14 Ibid.
15 Source: Ramnath N Iyer: Business Model Innovations Drive the Philippines' Energy Transition (Institute for Energy Economics and Financial Analysis, Aug 2023)
16 Electric Power Industry Reform Act (EPIRA) of 2001
17 "Where the National Power Corporation holds the monopoly over transmission and owned most of the generation assets." Source: Majah-Leah V. Ravago: The Nature and Causes of High Philippine Electricity Price and Potential Remedies (2023, Ateneo de Manila University)
18 Source: Majah-Leah V. Ravago: The Nature and Causes of High Philippine Electricity Price and Potential Remedies (2023, Ateneo de Manila University)

came into force. However, as of January 2024, the PSE was host to only two renewable energy generators[19] and one renewable energy REIT that generates rental income from renewable energy operators as tenants.[20] As we explain below, this appears in part to have been due to low revenue visibility created by regulatory uncertainty and the high cost of listing disproportionately deterring earlier-stage companies. Despite these challenges, the EPIRA Law forms part of a regulatory context that has seen the Philippines' renewable energy sector grow into a significant segment on the PSE in terms of market capitalisation (see Figure 3).[21]

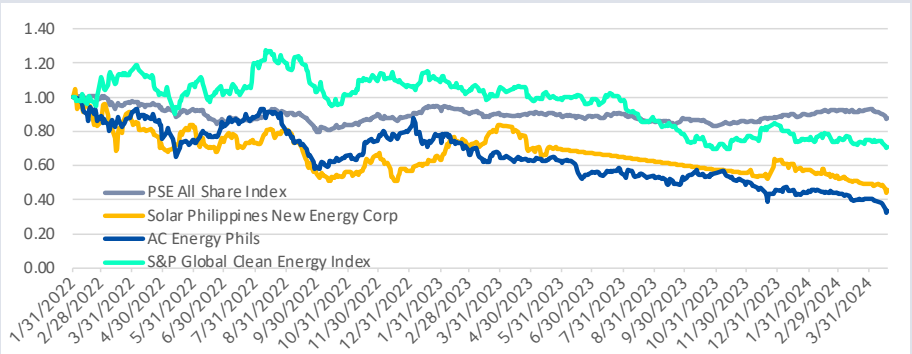
Figure 3 – Renewable energy as a % of total stock market capitalisation[22]



Sources: https://companiesmarketcap.com/renewable-energy/largest-companies-by-market-cap/ and https://en.wikipedia.org/wiki/List_of_countries_by_stock_market_capitalization

Regulatory uncertainty can play a significant part in delaying further renewable energy listings. Feed-in tariff (FIT) contracts[23] – originally introduced under the Renewable Energy Act in 2008 – were cancelled in 2016, with critics suggesting that tariffs were overly generous to generators. This meant that the initially generous FIT structure created net social costs[24] and led to an influx of new renewable energy supply that the national grid struggled to handle. However, with the end of FIT the visibility of renewable company revenue streams was considerably reduced and may have contributed to an erosion of investor confidence in the sector. Arguably, these regulatory developments could help to explain why, after an initial wave of investor enthusiasm, listed renewable energy generation companies in the Philippines have underperformed both their global peers and other PSE segments (see Figure 4 below).

Figure 4 – Relative performance of renewable energy companies globally and in the Philippines (2022-2024)



Sources: https://companiesmarketcap.com/renewable-energy/largest-companies-by-market-cap/ and https://en.wikipedia.org/wiki/List_of_countries_by_stock_market_capitalization

19 ACEN is a regional platform that owns, constructs, and operates power assets, 98% of which are renewables across solar, wind, and geothermal generation and battery storage. SPNEC has a similar business model but focuses on Central Luzon and solar assets only.
20 CREIT transformed itself from a solar power generation company, with electricity sales as the main source of revenue, to a more traditional real estate investment trust (REIT) whose only revenue is rental income from its tenants, the renewable energy operators. This allowed its shareholders, including Citicore, to recycle capital from operational, cash-generating assets, freeing the company's balance sheet to finance new renewable energy projects. Due to its different business model as a landlord to renewable energy companies rather than a renewable energy operator CREIT has not been exposed to the same regulatory and business risks as a typical renewable energy company, therefore it is not included in Figure 3 below. Source: https://creit.com.ph/about-us/business-profile/
21 It is notable that in the case of smaller stock markets (such as the Philippines) the largest renewable energy company can radically move the dial. For example, if we were to exclude ACEN, the percentage of total market cap of renewable energy companies would fall to 0.4% of the stock exchange total in the Philippines.
22 Excluding 'traditional' renewables such as geothermal and hydro energy companies.
23 "The law mandated the Feed-In Tariff (FIT) policy, which was designed to provide a guaranteed fixed price to RE investors for 20 years to develop renewable technology." Source: Joyce Marie P. Lagac, Josef T. Yap: Evaluating the Feed-in Tariff Policy in the Philippines (International Journal of Energy Economics and Policy, Feb 2021)
24 Net social cost of FIT contracts was calculated as the total additional consumer cost of the renewable energy guaranteed pricing (compared to alternative energy sources) less total environmental benefit. Source: Joyce Marie P. Lagac, Josef T. Yap: Evaluating the Feed-in Tariff Policy in the Philippines (International Journal of Energy Economics

Policymakers have recognised that renewed efforts are required to give a fresh impetus to the industry, and recent regulatory developments lent considerable support to renewable energy companies by bolstering their underlying business models:[25]

- The regulator has introduced the Green Energy Auction Program to replace previous FIT contracts, awarding approximately 5.5GW of 20-year contracts with delivery due to commence during 2024-2026. These contracts are now based on an IRR calculation defining a tariff ceiling, below which a competitive auction process decides the actual long-term price. The contract auctions are typically conducted once a year, creating an ongoing trial-and-error process which uses market forces to reach a credible compromise in price discovery.
- In recent years, the NGCP, the national grid operator, has invested significant capex to improve grid capacity to accommodate additional renewable energy supply.
- The energy regulator has banned greenfield coal plants, creating a powerful incentive for the government to support future renewable projects to satisfy growing electricity demand.

To address the cost of listing, which represents a second significant barrier for fledgling renewable company IPOs, the Philippines SEC and the PSE have responded with additional measures to support smaller renewable energy companies. These companies can now list shares through a streamlined direct public offering, with the SEC waiving the typical 20% minimum free float and the mandatory use of underwriters for companies in the energy sector. The PSE also offers a pioneering free handholding programme through a one-stop shop service to potential listing applicants[26]. This Listing Engagement and Assistance Program (LEAP) is particularly relevant for smaller, earlier-stage companies that are less familiar with the listing process and requirements, and for whom the fixed costs associated with listing can be prohibitive.

Further regulatory reform may still be needed to expand the role of public markets in financing the Philippines' energy transition. One particular challenge identified by market participants and analysts is that the mandatory listing requirements under the EPIRA Law could itself lead to suboptimal outcomes in the renewable energy sector in ways that would have been difficult to anticipate when the Law was designed.[27] Mandatory listing rules were introduced to provide an investment-hungry sector that was dominated by well-established players with access to additional capital, especially when local interest rates were high or access to longer-maturity loans was more limited.[28] Critically, the Law predates policy impetus and technological advances in the renewable energy sector and so, understandably, did not reflect the specific characteristics and needs of renewable energy companies.

For renewable energy start-ups and companies with a significant greenfield element as part of their strategy, the five-year mandatory listing horizon could mean an IPO is required before key assets become operational and cash-generative. At this point, the company may still be loss-making, with negative earnings making simple price-to-earnings ratio (PER) comparisons impossible and, in turn, deterring less sophisticated investors. Moreover, as renewable energy generation companies are typically in a high-growth phase during their first five years, even those with strong balance sheets and profitable operations may be forced to resort to repeated capital increases and/or increased borrowing to fund capacity expansion. As a result, investors are forced to commit more capital to avoid a severe dilution of their holdings, deterring less well-capitalised and more short-term investors. These dynamics could explain why, by 2021, 118 out of 143 generation companies were not aligned with listing requirements. Of these, 65 were renewable energy enterprises, and 24 were small renewable energy companies.[29]

For these reasons, the well-intentioned mandatory listing requirement could be subject to redesign in order to attract additional foreign investment in the renewable energy sector. This is because non-compliance with mandatory public listing carries significant risks to newly established renewable operators as the Energy Regulatory Commission (ERC) is "empowered to impose fines and penalties on violators, while Congress, upon the recommendation of the Department of Energy (DOE) and/or ERC, could revoke the franchise or privilege granted to non-compliant companies." [30, 31] In this sense, mandatory listing requirements combined with potentially significant penalties for non-compliance could encourage companies to list before they are ready or risk losing their licence. Both outcomes could deter foreign investors from the Philippines market. In response, Philippines regulators have again demonstrated the necessary flexibility to consider a course correction. At the time of writing, the ERC was "seeking the suspension of the mandatory public listing requirement for small renewable energy players in the country".[32]

25 Based on interviews with local energy analysts
26 See details of the program at https://www.pse.com.ph/leap/
27 Source: interviews with local energy analysts.
28 This happens in markets where banks can only access short-term liabilities, often due to interest ratevolatility and/or corporate depositors refusing to contemplate long-term banking products.
29 Source: https://www.philstar.com/business/2023/08/22/2290347/erc-seeks-suspension-public-listing-small-re-firms
30 Source: Cruz Marcelo: Navigating compliance with EPIRA's public offering requirements in the Philippines (October 18, 2023) at https://www.lexology.com/library/detail.aspx?g=0bbfc24e-8219-407e-a91b-780c410d6ead.
31 However, this case should not be overstated with others argued that it was more the lack of long-term off-take agreements which was holding back crucial (foreign) capital contribution and even bank lending from fledgling renewable operations.
32 As local analysts point out: "Many of these entities lack the financial resources and market capitalization needed to navigate the complex process of listing in the Philippine Stock Exchange (PSE). Current PSE listing rules stipulate varying public offering percentages based on market capitalization, making it unattainable for some smaller players." Source: Cruz Marcelo: Navigating compliance with EPIRA's public offering requirements in the Philippines (October 18, 2023) at https://www.lexology.com/library/detail.

POLICY IMPLICATIONS

Momentum is returning with a new listing to accelerate the clean energy transition

One recent IPO signals accelerating momentum in the renewable energy segment, with a business model that meets both regulatory requirements and investor priorities. The listing will support CREC's (Citicore Renewable Energy Corporation) expansion into new subsectors as it expands an established solar and wind portfolio with hydropower assets. The company's renewable energy assets will all be in the Philippines, which means it can play a key role in the country's ambitious renewable energy targets under the Paris Agreement and UN SDGs.

CREC's listing brings to market a business model that combines features of previous renewable energy operations in the Philippines and elsewhere: it operates a vertically integrated renewable energy platform (including the design, development, construction, and operation of renewable energy projects) with a diversified portfolio of wind, energy, and hydropower. It is run by a management team exclusively dedicated to projects in the Philippines, offering deep experience in both green- and brownfield ventures. Table 2 highlights several structural and strategic priorities articulated by investors in this sector, and lessons that can be learned from this transaction and the wider Philippines experience.

Table 2 – Key learnings from Philippines renewable energy listings

Diversified renewable energy portfolio, strategically aligned with government priorities	Listed renewable companies that offer a diversified portfolio of solar, onshore and offshore wind, and hydropower projects could – all else being equal – attract a market premium. Similarly, both during the listing process and thereafter, issuers should continue to emphasise how the company's strategy aligns with the top renewable energy priorities of the host government's long-term policy ambitions.
Strong operational track record	A high-growth, renewable energy company typically plans to execute a sizeable pipeline of greenfield renewable energy projects, potentially exposing investors to execution risk and unpredictable price and exchange rate fluctuations that affect the cost of imported inputs. To mitigate this risk, ambitious greenfield projects can be combined with a solid execution record and a diversified portfolio of long-term offtake contracts, providing long-term revenue and cash-flow visibility. Being a sizeable renewable energy platform operator in the country, with solid financials, also creates a strong negotiating position for new supply and offtake contracts.
Cash generative business	Several years of profitability and positive operating cash flows to support its capital investments can significantly enhance listing prospects. Positive earnings enable investors to make more accurate cross-sector comparisons, improving confidence in their valuations and allocation decisions.
Vertical integration combined with robust corporate governance	Vertical integration (i.e. operations in engineering, procurement, construction (EPC), and infrastructure) makes a renewable company more resilient to sudden changes in its operating environment. However, this necessitates robust internal corporate governance to alleviate potential conflicts of interest. Such measures should include employing a group of independent directors on the Board to oversee all corporate governance matters related to relevant financial transactions, including investments and share capital transactions and including the chairman, whose vote is decisive if votes are tied.

The IPO and CREC's subsequent performance will generate important learning for the market. The successful listing of a renewable energy platform company seeking to expand and diversify its portfolio could inspire other operators in the region and EMDEs globally to consider raising scale equity through public markets. The firm's aftermarket performance and the detailed disclosures required by PSE will provide a rich resource for investors evaluating comparable IPOs in the future, facilitating more accurate pricing and so more efficient capital allocation. As a third renewable energy generator listed on the PSE, CREC's listing also enables investors to conduct more nuanced assessments of the wider sector, with each company's performance reflecting its unique strengths and vulnerabilities, including in relation to its diverse strategies, structures, business models, and governance.

This transaction has also generated key learnings for the development finance community. Through its MOBILIST programme, the UK Government invested US$12.5 million-equivalent in the IPO, mobilising US$73.5 million-equivalent in private co-investment.

This case study can inform ongoing negotiations over the New Collective Quantified Goal (NCQG), which represents an opportunity to recognise the critical contribution of private capital mobilised by public investment to deliver the Paris Agreement. Mobilisation through innovative pari passu transactions of this nature helps to increase international portfolio flows and domestic institutional investment in the clean energy transition, alleviating pressure on scarce grants and concessional resources. The inclusion of mobilised private capital through public markets in the NCQG encourages innovation by development finance actors to maximise their catalytic impact and domestic policymakers and regulators to develop an attractive enabling environment.

MOBILIST's investment was primarily motivated by its conviction that public markets offer the most scalable route to direct private capital mobilisation and to generate demonstration effects that enable learning and replication in the market:

- **MOBILIST's participation was matched 6-fold by private investors**. MOBILIST minimised its own investment to maximise private participation while ensuring the requisite scale for the IPO to proceed. This means that MOBILIST crowds in private capital and does not displace it. Additional capital will be mobilised when MOBILIST scales back its position in the coming years, creating opportunities for new investors to enter the market and contribute to the Philippines' clean energy transition.
- **The transaction demonstrates that public markets can finance international climate and development goals at scale.** The IPO supports SDG7 (Affordable and Clean Energy) as the company is a pure-play renewable energy operator. CREC is the second largest solar energy company in the Philippines, with ten solar projects with a combined gross installed capacity of 285MW[33] and a pipeline of over 2.3GW of new capacity[34] planned by the end of 2026. Its solar and on- and offshore wind projects target 5GW of capacity by the end of 2028 and 8GW by the end of 2030. As a result of these investments, the company is committed to reduce carbon emissions by 3.2m tonnes once all 12 new solar and wind projects are online from 2025/26 onwards. Listing also means that the company's impact and ESG commitments are transmitted to investors and commentators globally. These public undertakings act as a commitment device that endures after initial investors have recycled their capital, knowing that public scrutiny of ESG risk management and SDG impact will continue.
- **The transaction highlights how development finance can generate important new market information that enhances risk signals and price discovery for other renewable energy companies in the Philippines and elsewhere.** Unlike traditional development finance investments in the private market, public markets' rigorous transparency standards ensure that through regular financial and ESG/impact disclosures, investors can more accurately evaluate future cashflows and key risks. Perhaps most importantly, regular trading means that CREC's price is updated on an intraday basis, capturing vast amounts of data and analysis on the firm's prospects informing investors' decisions to buy and sell in a single number.
- **The transaction also provides important information for policymakers devoted to the development of policies related to the energy transition.** Not all investments will be successful and there is a continual risk that policy ambition becomes detached from the commercial and practical realities of ambitions to transform a society's whole energy transmission system on the basis of scientific targets. Policymakers must have access to transparently available information on the commercial actualities of renewable investments in order to enable policy recalibration.
- **The success or otherwise of a listed renewable energy company also shines a light on the regulatory strategies best suited to support the sector's growth.** This could provide key learnings for market and energy sector regulators across EMDE jurisdictions on creating a cost-efficient, consistent regulatory framework to support renewable energy transition. While the history of (renewable) energy regulation in the Philippines has not yet fully delivered the desired fall in electricity prices and necessary investment to complete the clean energy transition, its regulators have certainly demonstrated that frequent consultation with industry creates a foundation for iterative energy sector and capital markets reforms, and delivers the flexibility required to course correct as results emerge.[35]

33 Seven of these are its own assets (175.5MW), while it receives lease payments from the other three.
34 Of which 1.6GW of 8 solar and one hydro project is under construction or ready to be built.
35 As local experts observe, one of the "potential remedies to aid in achieving efficient electricity prices" is "focusing on the generation cost, which makes up more than fifty per cent of the bill." To reduce generation costs "the key is to attract new investments" by "removing lengthy bureaucratic hurdles and lowering the costs of business. The passage of the Ease of Doing Business (RA 11032) and the Energy Virtual One-stop Shop (RA 11234) laws in 2018 and 2019, respectively, are promising ways forward. However, government agencies' interpretation and implementation of the laws remain a challenge among the industry players. The key is to harmonize and streamline government agencies' rules and regulations and modernize their operation and processes through digitization according to the vision of these laws." Source: Majah-Leah V. Ravago: The Nature and Causes of High Philippine Electricity Price and Potential Remedies (2023, Ateneo de Manila University)