



LESSONS FROM THE EVOLUTION OF THE GEOTHERMAL DEVELOPMENT MODEL IN THE PHILIPPINES

Session: “Country models for geothermal development”

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ELECTRIC POWER INDUSTRY REFORM ACT (EPIRA) of 2001 (RA 9136)

Salient features such as:

1. Government is no longer allowed to enter into generation/power plant operation
2. Separation of generation, transmission, and distribution by private sector

Republic Act No. 9513: The Renewable Energy Law

AN ACT PROMOTING THE DEVELOPMENT, UTILIZATION AND COMMERCIALIZATION OF RENEWABLE ENERGY RESOURCES AND FOR OTHER PURPOSES
(Approved on December 16,2008)

Section 2. Declaration of Policies

1. Accelerate the exploration and development of renewable energy resources
 - achieve energy self-reliance,
 - reduce the country's dependence on fossil fuels
 - minimize the country's exposure to price fluctuations
2. Increase the utilization of renewable energy by providing fiscal and non fiscal incentives;
3. Encourage the sustainable development and utilization of renewable energy to effectively prevent or reduce harmful emissions;
4. Establish the necessary infrastructure and mechanisms to carry out the mandates specified in the Act and other laws.



Incentives under Republic Act No. 9513

- 7 years Income Tax Holiday (ITH)
- 10 year Duty-free Importation of RE Machinery, Equipment and Materials
- 1.5% Special Realty Tax Rates on Equipment and Machinery
- 7 year Net Operating Loss Carry-Over
- 10 % Corporate Tax Rate after ITH
- Accelerated Depreciation
- Zero Percent Value-Added Tax Rate
- Cash Incentive of Renewable Energy Developers for Missionary Electrification
- Tax Exemption of Carbon Credits
- 100% Tax Credit on Domestic Capital Equipment and Services
- Exemption from the Universal Charge
- Payment of Transmission Charge
- Hybrid and Cogeneration Systems

Benefits to the National Government and Host Local Government Units

- 1.5% Government Share under Republic Act No. 9513
- One (1) centavo per kWh under Energy Regulations 1-94

GEOHERMAL SERVICE CONTRACT SYSTEM

- Contract between the private sector and the government (Philippine Department of Energy) for the exploration, development and utilization of geothermal resources.
- Private sector has to comply with the Work Program and expenses

PHILIPPINE DEPARTMENT OF ENERGY ROLE

The Philippine Department of Energy is very much involve in the phases of geothermal development:

1. Giving endorsements to concerned government agencies
2. Meet with these government agencies, if necessary
3. Conduct IEC to stakeholders

Private sector with little track record can engage or enter into contract with consultants.

Principal challenges still remains in:

- Licensing and permits
- Drilling of exploratory well (US\$ 5-8M)



THANK YOU ! ! !

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