

Renewables offer savings for Philippine small islands

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islaSol II, a photovoltaic power station located in Negros Occidental, a province in the Philippines. A new report urges the Philippines to shift from diesel to renewable energy to save money. Credit: Kanadaurlauber (https://commons.wikimedia.org/wiki/File:Islasol_II.jpg), CC BY-SA 4.0

Shifting to renewables in small islands and isolated areas can provide cheap, reliable energy to more than half of the Philippine population or around 50 million people, says a new report by the US-based [Institute](#)

[for Energy Economics and Financial Analysis \(IEEFA\).](#)

"Access to reliable electricity is an important input to ensure healthcare and [food supply](#) through cold storage of medication and food produce or fish," Sara Ahmed, author of the report, tells SciDev.Net.

According to the report, published this month, if the [government](#)-owned National Power Corporation's Small Power Utilities Group (NPC-SPUG) shifts away from subsidized diesel power—widely used in remote areas and isolated islands—the savings could reach US\$275 million per year.

"It is important to note that the repeated argument of limited absorptive capacity versus [renewable energy sources](#) do not apply to hybrid power systems, where diesel and PV (photovoltaic) or [wind power](#) are designed to complement each other," said the report. "Ongoing cost and efficiency improvements for renewables will mean that renewable [energy](#) cost deflation will enable the government to reach its goal of 100 percent electrification by 2022," it also said.

Ahmed says that "the expertise of the Department of Finance, whose secretary is the chair-designate of the Climate Change Commission, the ex-officio chairman of NPC, can help the NPC-SPUG provide not only clean, but also reliable, secure and affordable power for residents of small island grids."

The secretary of the Philippine Department of Finance did not respond to SciDev.Net's request for a comment.

Instead, his assistant secretary referred us to the secretary of the Philippine Department of Energy, who could not be reached for a comment.

Renato Redentor Constantino, executive director of the Institute for Climate and Sustainable Cities, a climate and energy [policy](#) group based in the Philippines, suggests mandatory clauses in power contracts that are weighted in favor of renewables.

"It's time for the energy regulatory commission to abolish automatic pass-through provisions in power supply agreements that allow fossil generators to bid ultra-cheap in the first year then automatically pass on price and forex fluctuation risks to the consumer, which distorts the market," Constantino tells SciDev.Net.

As customers gain from reduced subsidies to small island grids, the electric cooperatives should receive a share of the proceeds so that they can upgrade their systems and train workers to embrace the new, climate-friendly economy, says Constantino. "Doing so saves a fortune in avoiding more importations of expensive diesel."

The report provided several recommendations. One is to halt new diesel power investments immediately and accelerate hybridisation—where diesel generators work in tandem with renewable energy sources.

Another important recommendation is to redirect electrification subsidies towards investments in renewable energy rather than to diesel-generated [power](#).

"These recommendations are not only realistic, they need to be implemented with speed and a greater sense of inclusivity and urgency," says Constantino.

More information: Renewables Are a More Affordable, Reliable and Resilient Solution for Small Island and Isolated Power Grids:
ieefa.org/wp-content/uploads/2020/12/ieefa-2020-12-01-renewables-are-a-more-affordable-reliable-and-resilient-solution-for-small-island-and-isolated-power-grids.pdf

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