

Headline: Dealing with China's energy card

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Published Date: 12:16 AM October 21, 2016

Section: opinion

Word Count: 4191

Content:

President Duterte, with excellent trust ratings from the Filipino people, looks toward improving relations with China during his state visit. Enhancing ties with the superpower would improve trade, peace and security between the two countries.

As to increased investments from China, a top priority should be energy infrastructure. The Philippines needs stable, dependable and affordable power to achieve its oft-aborted takeoff from an emerging to a developed economy.

China already plays a major role in the Philippines' energy sector. The State Grid Corp. of China (SGC) is a substantial shareholder and serves as the technical partner of the National Grid Corp. of the Philippines (NGCP). Chinese companies have also supplied the major equipment or served as engineering, procurement, and construction contractors in many coal-fired power plants in the country.

But China has recognized that drastic changes in its own energy policy must be made to improve living conditions in its urban and industrial centers. To confirm its support for climate change mitigation, China ratified the Paris Agreement and committed to reduce emissions from coal-fired power plants by 60 percent by 2020.

Since then, China has instituted plans to shut down 1,000 coal mines in 2016 and eventually half of its 10,670 coal mines. Power from fossil sources has declined in the past two years, while the share of renewable energy (RE) plants has increased from 8.3 percent in 2014 to 12 percent in 2015. To promote the shift to RE, an emergency ban on building new coal-fired power plants was imposed in 28 provinces, and minimum purchase and consumption targets of wind and solar power were set and guaranteed.

What are the implications of China's initiatives to phase out coal in favor of RE for the Philippines?

An obvious implication is for the manufacturers of thermal power plants to look elsewhere for their markets. The Philippines, with around 30 coal-fired power plants in the pipeline, is a looming and attractive target for these companies.

But should this be the case?

First in wind, solar, and hydropower generation, China is now leading in RE development. In 2015, it had the highest installed RE capacity in the world, with 785 GW. Its top energy experts project RE to account for over 85 percent of its electricity consumption by 2050.

The shift to green power is apparent in China's investments in 2015. It invested \$21 billion in new coal-fired power stations in 2015, which is less than a fifth of its clean energy portfolio. To support clean energy, its Green Finance Task Force issued a report on how China can utilize green financing innovations in its capital markets.

SGC, also the world's largest electric utility, is already developing RE sources. SGC is pursuing the interconnection of China, Mongolia, Japan, Korea and Russia to enable the optimum utilization of

installed renewable power in line with its proposed global energy interconnection. Being NGCP's technical partner, SGC should be encouraged to institute similar RE programs in the Philippines.

Good neighbors share their best dishes, as well as premium seedlings and produce, with their neighbors. They do not give the runt of the litter as a gift. Similarly, China would not wish the Philippines to be stuck for more than four decades with obsolete, polluting and more costly technologies. It would not want Filipinos to bear the suffering borne by their own people from the hazards posed by coal-fired power plants.

Instead, China should help and lead us to the path toward sustainable development. As a good neighbor, it should share its considerable experience that made it the leader in renewable energy. Doing so would allow the Philippines to attain rapid industrialization by utilizing its abundant, indigenous and clean energy. Doing so would enable us to be truly energy-secure and -independent.

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