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Headline: Retirement of 10 out of PH's 28 coal-fired power plants pushed

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MANILA, Philippines — Consultants for the Asian Development Bank (ADB) have recommended three coal-fired power plants (CFPPs) with an aggregate capacity of 967 megawatts as priority for retirement through the ADB's Energy Transition Mechanism or ETM, which is to be launched at COP26 in Glasgow on Nov. 3.

In a 119-page report to the ADB penned by Carbon Trust, Asia Group Advisors and Climate Smart Ventures, the three groups were among the shortlisted CFPPs that represent about 5,900 MW or 54 percent of the Philippines' coal-based installed power generation capacity.

The recommended shortlist includes 10 out of the country's 28 CFPPs.

The CFPPs were analyzed based on how their retirement would affect the power grid's security, whether their operations were economically viable in terms of generating strong cash flows and how their retirement would contribute to carbon emissions reduction.

"Plants shortlisted for financial analysis ... have an estimated market value of \$7 billion [or about P353 billion]," the consultants said.

First to goThe power plants' valuation is expected "to range from \$400,000 to \$2 million per megawatt, with the smaller plants with more profitable PPAs (power purchase agreements or supply contracts) driving the valuation higher," they added.

The report identified as top priority for retirement under ADB's ETM the generators that belong to Palm Concepcion Power Corp.'s or PCPC (135 MW in Iloilo), DMCI group's SEM Calaca Power Corp. (600 MW in Batangas) and state-firm Power Sector Assets and Liabilities Management Corp. or PSALM (232 MW in Misamis Oriental).

Other priority CFPPs for retirement were the 1,294-MW Sual; 1,185-MW Pagbilao and 511-MW Quezon Power facilities.

"Asset owners are expected to request for full value and alignment with [the value of comparable power plants in the market], with no clear direction from DOE (Department of Energy) on future coal retirement," the report said.

Speaking at the United Nations Climate Summit last April, Finance Secretary Carlos Dominguez III said the government was studying the possibility of setting up a fund to acquire all coal-powered plants in Mindanao, with the idea of shutting them down as the energy delivery of the Agus hydropower plants increased when they have been rehabilitated.

Last Oct. 25, Energy Secretary Alfonso Cusi said the DOE was not looking at a phaseout of coal-fired plants in Mindanao.

“Most of the coal-fired plants in the region are relatively new, having begun their commercial operations in 2015 to 2017,” Cusi said. “Our decarbonization scenario will look into the possibility of converting fossil-fired power plants to other fuels such as biomass, fuelwood, etc.”

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The ADB consultants report explained that they prioritized for retirement those CFPPs that were relatively more mature, of large size and medium level of utilization.