



GT CAPITAL LAUNCHES ITS “THOUGHT LEADERSHIP SERIES” WITH AN ENERGY SECTOR BRIEFING

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GT Capital Holdings, Inc. launched its “Thought Leadership Series” with an energy sector briefing last November 23, 2022. The purpose of this series is to gather industry leaders and experts from various fields to share their insights on relevant issues being faced by businesses today. The company’s Board of Directors and senior executives use these valuable insights to ensure GT Capital’s investments continue to positively impact the country’s development, while generating long-term value to its stakeholders. Furthermore, this initiative promotes the implementation of sustainable business strategies for GT Capital.

The energy sector briefing held in the Grand Hyatt Residences, Bonifacio Global City, Taguig and via Zoom was attended by GT Capital Group directors, senior

management, and ESG champions. The subject matter expert speakers were Mr. Mario C. Marasigan CESO III, OIC-Assistant Secretary of the Philippine Department of Energy (“DOE”), Mr. Alberto “Bert” Dalusung III, Energy Transition Advisor of the Institute for Climate and Sustainable Cities (“ICSC”), and Mr. Lawrence Ang and Mr. Matt Carpio of Climate Smart Ventures Pte. Ltd. (“CSV”). The speakers emphasized the importance of securing long-term, sustainable, and clean energy in the Philippines.

The briefing built on previous climate change discussions from GT Capital’s Advanced Corporate Governance Training held last August 2022 in Grand Hyatt. The speakers focused on the current energy situation in the Philippines, as well as the benefits and challenges of transitioning to renewable energy sources.

The first speaker, Mr. Mario Marasigan, OIC-Assistant Secretary of the DOE, gave an overview of the country’s power situation in 2023 and his outlook on the sector until 2040. He also discussed various assumptions and constraints of the country’s energy outlook. Furthermore, he explained several ongoing programs and initiatives of the DOE and relevant policies affecting the sector. In addition, Mr. Marasigan discussed the current energy mix and statistics regarding on-grid and off-grid power. Lastly, he explained the government’s renewable energy target mix of 35% by 2030 and 50% by 2040. Mr. Marasigan concluded his presentation by discussing the energy supply policy and market development mechanisms of the DOE.

Mr. Marasigan mentioned that geothermal energy was recently put at par with other variable renewable energy through the latest DOE issuance. Geothermal energy is now included in the priority dispatch. In addition, the DOE is revising its guidelines on geothermal energy development to attract more investors.

The government has also revisited its policies on nuclear energy. In support of nuclear energy development in the Philippines, a nuclear energy program implementing organization was recently established. Nuclear energy is considered an alternative option for the latter part of the 2040 renewable energy target.

The second speaker, Mr. Alberto "Bert" Dalusung, Energy Transition Advisor of the ICSC, provided a brief history of the Philippine power system and key energy policies. He explained that the Philippines had already achieved a 52% renewable energy mix in 1984 and that this could be repeated in the future. Mr. Dalusung presented data on unscheduled outages of coal plants and argued that renewable energy is actually more efficient and less expensive than coal plants, which have a lot of hidden costs. In addition, he explained that variable renewable energy sources are reliable because of their availability and predictability. These clean energy sources can further be maximized with appropriate system designs and policies. Furthermore, Mr. Dalusung mentioned that variable renewable energy sources have historically reduced the price of electricity. He concluded his presentation by emphasizing that coal is no longer the best energy source for the Philippines and that he agrees with the DOE's moratorium on new coal plants.

The next speakers, Mr. Lawrence Ang and Mr. Matt Carpio of CSV, discussed the technological innovations and upcoming disruptions in the renewable energy sector. Mr. Ang highlighted some key sector trends, including the higher supply and stability of renewable energy, along with the increase in decentralized energy and optimized use through digitization. He also noted the increasing efficiency and declining costs of solar panels and wind turbines, improving scale and economics of energy storage, and innovations new to the Philippines, such as off-shore wind and floating solar installations.

Mr. Ang emphasized the declining costs of renewable energy projects and the rise of transition finance. Banks and other financial institutions are now funding existing energy producers to accelerate their transition from fossil fuels to renewable energy. Mr. Carpio added that numerous policies supporting renewable energy already exist in the Philippines, which will lead to improved commercial feasibility of projects and energy storage systems. He mentioned the recent policy revision that removes limits on foreign ownerships. "There is now a window to take advantage of the supportive regulatory environment and increased interest from local and international investors on renewable energy projects and Battery Energy Storage Systems to further accelerate growth of the sector," Mr. Ang said.

GT Capital believes that business excellence must not be defined merely by financial gains, but by the impact an organization makes on society and the environment as a whole. This Thought Leadership event provided meaningful insight and guidance for our strategic planning moving forward. By identifying and closely examining various risks and opportunities, we are better equipped to fulfill our mission of creating long-term value for our stakeholders and contributing to the Philippines' sustainable development.