Going clean energy

HIDDEN AGENDA By Mary Ann LL. Reyes
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There seems to be no stopping local companies from tapping the country's huge renewable energy potential.

Even President Duterte and the Department of Energy, while saying that the country's level of economic development does not allow a complete dependence on renewable energy source and that therefore coal is still needed, have no qualms about the development of renewable energy sources like solar, wind, geothermal, and hydro, among others.

After all, the rest of the world is going renewables, not only because they are cleaner but also because the price of fossil fuels are volatile and expensive in the long run.

Under the country's National Renewable Energy Program, the country was targeting 22,000 megawatts in renewable energy capacity, with renewable energy accounting for 35 percent of the total energy mix by 2030. Currently, RE accounts for 26 percent of the mix, if geothermal and hydroelectric are included.

Among the companies that are going renewable energy are the Lopez group's First Gen which has natural gas, geothermal, hydro, wind and solar plants. According to one report, the Lopez firm has a 3,470 megawatts in combined geothermal, hydro, wind, and solar plants while natural gas from Malampaya fuels two of its combined-cycle power plants.

AboitizPower, which is one of the country's largest power producers, is a major producer of clean and renewable energy with several hydroelectric and geothermal assets. Its subsidiary San Carlos Sun Power inaugurated last year its first solar power plant in Negros Occidental.

Infrastructure giant Metro Pacific Investments Corp. (MPIC) has reportedly revived plans to enter the renewable energy sector through a proposed waste-to-energy project.

More recently, it was reported that San Miguel Corp. (SMC) is diversifying into renewable energy sources through SMC Global Power Holdings. Inc. SMC president Ramon Ang has said that as the global renewable sector matures, the cost of RE technologies worldwide drops correspondingly.

SMC owns 60 percent of the Angat hydro power plant and the independent power producer administrator of the Ilijan natural gas plant in Batangas and the San Roque hydro station in Pangasinan, according to a DOE report.

Then there are companies that seem to focus on renewable power.

Pure Energy Holdings Corp., which has in recent years been very aggressive in so far as developing sustainable natural resources, has announced that it is eyeing more investments in the renewable energy sector in its bid to increase its total capacity to 500 megawatts in five years' time. This will include not only hydro, but also wind, solar, and biomass.

PEHC, which plans to raise around P1.6 billion through an initial public offering early this year, owns 50 percent plus one share of the joint venture Pure Meridian Hydropower Corp. which has nine projects, including a 10.6 MW project in Bukidnon.

According to new reports, PEHC's existing and planned projects under subsidiary Repower Energy Development Corp. have a total capacity of 153MW of which around 125MW will be from hydro. The company is said to have closed two projects with Meralco, the second one involving a 3MW project in Quezon.

They also have a run-of-river hydro plant in Bukidnon and is jointly developing a P620-million hydro power plant with the Tiu-Laurel family which is behind the food and fishing conglomerate Frabelle Corp.

There is also talk about a "brownfield" geothermal field that they plan to upgrade in Southern Leyte.

Even the Ayala group is getting stronger in the RE field. It has invested in a solar power plant in Negros and will soon build and operate a wind farm in Indonesia.

Need for more investments

Vietnam, beginning in 2015, has come out with a number of directives that would make it more convincing for foreign businessmen to invest there.

The country's new laws on investment and enterprise became effective on July 1, 2015, doing away with most foreign ownership restrictions in Vietnamese companies and recognizing the principle of freedom of enterprise. In 2013, Vietnam adopted a new Constitution which set as a fundamental principle the right to freely conduct any business activity not prohibited or restricted by law.

In September 2015, it removed the blanket foreign ownership limit of 49 percent in public companies, allowing public firms to allow 100 percent foreign ownership unless these companies fall under categories where foreign ownership restrictions will remain such as limits provided for by international treaties, limits under sector-specific laws such as those on banking, limits applicable to conditional businesses, among others.

Meanwhile, listed companies in so-called conditional sectors may also increase their foreign ownership from the current 49 percent to the maximum permitted by law. Vietnam retained only six of the 51 prohibited businesses. The number of conditional businesses was also reduced from 386 to 267.

Because of these moves, Vietnam has already attracted a high level of foreign direct investments and mergers and acquisitions (M&A) activities, gaining $18 billion worth of FDI as of Nov. 2016 and $3.8 billion of M&A transactions during the first seven months of 2016.

In the past, implementation of investment and M&A transactions required in-depth investigation on market access rules before the parties could even discuss other aspects of the deal.

And the Vietnamese government is predicting even higher levels of both FDI and M&A activity this year.

Despite these developments, the Vietnamese government is not sitting on its laurels. Vietnam has amended the investment conditions applicable to foreign investors acquiring shares or capital in both private and public insurance companies and now allows foreign insurers to invest in Vietnam through a wholly owned investment vehicle. Before, they require the direct investing entity to be a foreign insurance company with 10 years of operation.

Furthermore, Vietnam is looking to divest some or all of its interest in certain leading companies in the country. The State Capital Investment Corp. (SCIC) has been ordered to divest from 10 of Vietnam's largest blue chip companies.

It is about time that we undertake a serious review of our foreign investment ownership limits as well as our list of economic activities that are prohibited to foreigners. I know for instance of a heart doctor who is highly in demand worldwide who is married to a Filipina and spends several months each year here. But his skills are put to waste because our constitution does not allow foreigners to practice their profession here.

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