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TransCo holds first virtual forum on FIT-All fund

For the first time since its initial implementation in January 2015, the National Transmission Corporation (TransCo) initiated its first virtual forum on Feed-in-Tariff Allowance (FIT-All) on 5 April 2021 via MS Teams Virtual Conference.

Around 130 representatives from 48 Renewable Energy Developers (REDs) from all over the country participated in the forum which served as the venue to discuss the issues and concerns on FIT-All Fund Status and implementation of the FIT.

In his Opening Remarks, TransCo President and CEO Atty. Melvin A. Matibag said that the forum was an opportunity to set the records straight on FIT and hear the concerns of REDs, especially since settlement of FIT Revenues has been affected by the pandemic.

“We have challenges that point to regulatory delays that also prioritize the consumer welfare over the welfare of suppliers. We are therefore in search of how to balance the competing challenges and needs of consumers and suppliers,” said Atty. Melvin A. Matibag.

Atty. Matibag pertained to the delay in approval of the FIT-All rate application that may potentially lead to the depletion of the FIT-All fund.

In 2012, the Energy Regulatory Commission (ERC) promulgated rules requiring TransCo to file the FIT-All annually to fund the FIT, pursuant to Renewable Energy Act of 2008. TransCo has been religiously filing the petition for the approval of FIT-All annually. ERC decisions, however, are always delayed, placing the FIT-All fund to on “catching mode” all the time. Consequently, payments to Renewable Energy (RE) FIT Developers have been delayed. The delays in payments impact both the developers and consumers, as delays in developers’ expected revenues resulted in non-compliance of their covenants with lenders, while consumers would have to add more contributions to pay for the interest charges of delayed payments to RE FIT Developers. The volatile prices in the Wholesale Electricity Spot Market (WESM) add more uncertainties in the fund.

“We encourage our partners to work together and speak as one to provide our government relevant and useful information, so they can balance the interest of consumers and those who supply consumers in making decisions,” he added.

Long term benefits

FIT-All is a fixed tariff mechanism to accelerate development of emerging RE resources which will pave the way for the attainment of the country’s energy self-reliance and the realization of more stable power rates. While this additional tariff is levied against the consumers and



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perceived as additional burden to them, its long-term effects will redound to the benefit of the public.

“We seek your help, TransCo, especially on making people understand the true concept of FIT Allowance which is actually not a subsidy and burden to the consumers. In fact, because of the FIT Plants, we’ve been able to save consumers around Php 40 billion of avoided cost, which is around 9 centavos per kilowatt hour,” said Atty. Jose M Layug, Jr., President of the Developers of Renewable Energy for Advancement, Inc. (DREAME).

“We just want to make sure that the consumers are made aware that the FIT-All benefitted everyone, that it lowered the rates. It didn’t go up because it managed to be maintained because of the RE priority. And what we are saying is that, if this succeeded in the on-grid, we should also apply it to the off-grid,” said Mr. Reynaldo Casas, President, Confederation of Solar Developers of the Philippines.

Stabilizing the FIT-All Funds

During the open forum, Atty. Matibag emphasized the need to stabilize the FIT-All fund to minimize—if not eliminate—delays by exploring the possibility of tapping the RE *Trust Fund (RETF)* of RE Law as provided for the Section 28 of the RE Law, wherein the RE Trust Fund shall be collected and managed by the Department of Energy (DoE) to enhance greater use of RE resources. TransCo will request DoE to be granted access to the RETF of the RE Law for the sustainable administration of the FIT-All Fund, which supports RE Development.

TransCo likewise welcomed the recommendation to establish a committee or technical working group (TWG) which will determine, in mathematical terms, the benefit of renewable sources of energy over the conventional sources.

Another option which TransCo will explore is the possible use of its corporate funds as Fund Administrator, subject to interest-charges in compliance with government rules for the use of GOCC funds, and the Development Partners Green Fund, where the corporation shall pursue donation fund and zero-interest global Green Funds of development partners of the United Nation Framework Convention for Climate Change (UNFCCC).

TransCo has been designated to assume the role of FIT-All Fund Administrator under ERC Resolution No. 15, Series of 2012, dated 19 November 2012. As such, TransCo is tasked with the establishment, management, administration, and disbursement/settlement (thru the Trustee Bank) of the FIT-All Fund for the benefit of FIT-eligible RE developers. As Administrator, TransCo is tasked to file the rate application before the ERC for the annual FIT-All Rate determination.

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