PH nixes carbon tax on coal, thermal plants

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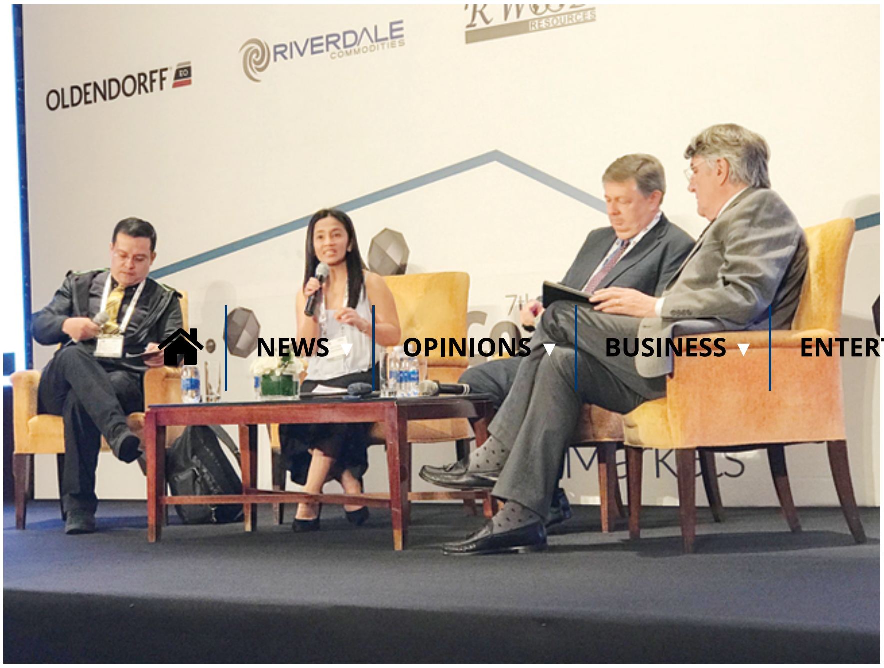
By Myrna M. Velasco

HANOI, Vietnam – The Philippines is not adopting the policy of enforcing a carbon tax on its thermal power facilities and similarly situated technologies because this will just be punishing consumers.



COALTRANS CONFERENCE FOR EMERGING ASIAN COAL MARKETS IN HANOI, VIETNAM – The Philippine panel chaired by Manila Bulletin's Myrna Velasco discusses the price fluctuations of coal as fuel for power generation and its cost impact on consumers; the challenges of coal-fired power project developments as well as balancing the needs of power grids feeding into the growing economies of Asian markets. Joining the panel discussion are (from left): Philippine Energy Undersecretary Felix William Fuentebella; Quezon Power Philippines Managing Director Frank Thiel and Meralco PowerGen Chief Technical Officer John Quirke. (Photo by Coaltrans-Euromoney Global Limited)

This was indicated by Energy Undersecretary Felix William Fuentebella in a panel discussion at the 7th Coaltrans conference for the Emerging Asian Coal Markets.

He emphasized that the recent hike in tax for coal technology had just been anchored more on much-needed adjustment in the taxation regime rather than treating it as a carbon tax. "We had an increase in our taxes for the coal sector only because it had not been adjusted in the past 15 years," he said, qualifying that the cost impact on consumers had also been very marginal.

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He was referring to the initial P50 per metric ton increase in coal taxes sanctioned under the Tax Reform for Acceleration and Inclusion (TRAIN) Act of the Duterte administration. The coal tax is scheduled to go up to P100 per metric ton in 2019; and P150 per metric ton in 2020.

Fuentebella told an international audience that, "from an energy perspective, the introduction of carbon tax burdens the pocket of consumers especially for a growing economy — such as the Philippines in this regard." There had also been proposals that if a carbon tax is to be implemented – it shall not only be confined to coal plants – but shall be uniformly applied to the transport sector; residential end-users who are using coal and other carbon-emitting fuels for cooking; as well as coal-dependent industries such as steel and other segments of manufacturing; as well as to the gas-fired and other thermal plants.

The Philippine energy official reckoned that "carbon tax may not be an effective way of reducing carbon emissions," as he stressed that this will defeat the aspirations of the country on its industrialization track since the coal plants are still seen the most "cost effective option" in meeting the energy needs of such kind of economy.

Frank Thiel, managing director of Quezon Power Philippines who is also part of the panel discussion, similarly asserted that despite the dominance of coal plants in meeting baseload power capacity in the Philippines, overall emissions is still very marginal compared to other economies because the country has a considerably balanced mix in fulfilling its energy needs.

Meralco PowerGen Chief Technical Officer John Quirke further noted that many of the greenfield coal-fired power projects in the Philippines are now upgrading their technology deployments – such as the use of super critical and ultra super critical boiler sets for the new builds.

In the end, the government and the private sector investors contended that carbon tax will not be a palatable policy option, given the fact that Filipinos are a highly price-sensitive league of consumers.

Upgrades in technology use in power plants, they said, would be a major practical solution for reducing carbon emissions because such entails less coal input to every megawatt of electricity produced.

Fuentebella added that the major commitment of the government is ‘to ensure that energy costs remain reasonable and supportive of economic growth.”

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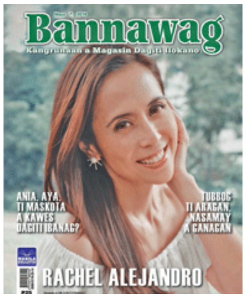

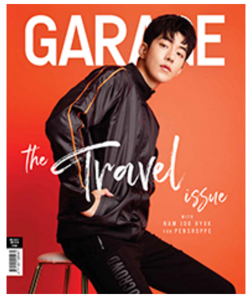

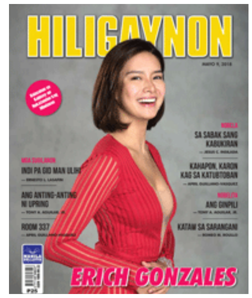

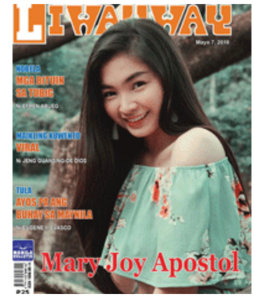

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