CENTER FOR ENERGY, ECOLOGY, AND DEVELOPMENT

POSITION PAPER ON

The National Energy Emergency as a Result of the Middle East Conflict

April 2026

For the consideration of the Unified Package for Livelihoods, Industry, Food, and Transport (UPLIFT) Committee, Philippine Senate's Proactive Response and Oversight for Timely and Effective Crisis Strategy (PROTECT) Committee, the House of Representatives, and concerned government agencies.

The discussions below highlight the impact of continued reliance on fossil fuels amidst the energy crisis. Moreover, despite the presence of a solution in the form of renewable energy, short-, medium-, and long-term measures positioned for implementation fall short of protecting vulnerable sectors.

1. **Because of fossil fuel dependency, the Philippines is vulnerable to price volatility of imported fuels like crude oil, fossil gas, and coal.** The unprecedented attack of the United States and Israel against Iran on 28 February 2026 triggered the closing of the Strait of Hormuz[1], a 34-kilometer-wide body of water at its narrowest point, forming a seaway passage between Iran and Oman.[2] It is estimated that the Strait averaged 20 million barrels per day, or the equivalent of about 20% of global petroleum liquids consumption.[3]

   On 03 March 2026, the Department of Energy (DOE) warned that weekly oil price hikes will occur following the war in the Middle East, with a Php 9/L increase for diesel, Php 6/L increase for gasoline, and Php 10/L increase for kerosene.[4] Surely enough, fuel prices spiked further, with prices of diesel climbing up to Php 125/L, gasoline up to Php 92.00/L, and Kerosene up to Php 154/L as of 30 March 2026.[5] By 09 April 2026, diesel reached Php 147.60/L, gasoline up to Php 100.20/L, and kerosene up to Php 164.10/L.[6] The figure below shows the aggressive spikes in the prices of fuels in the National Capital Region.[7]

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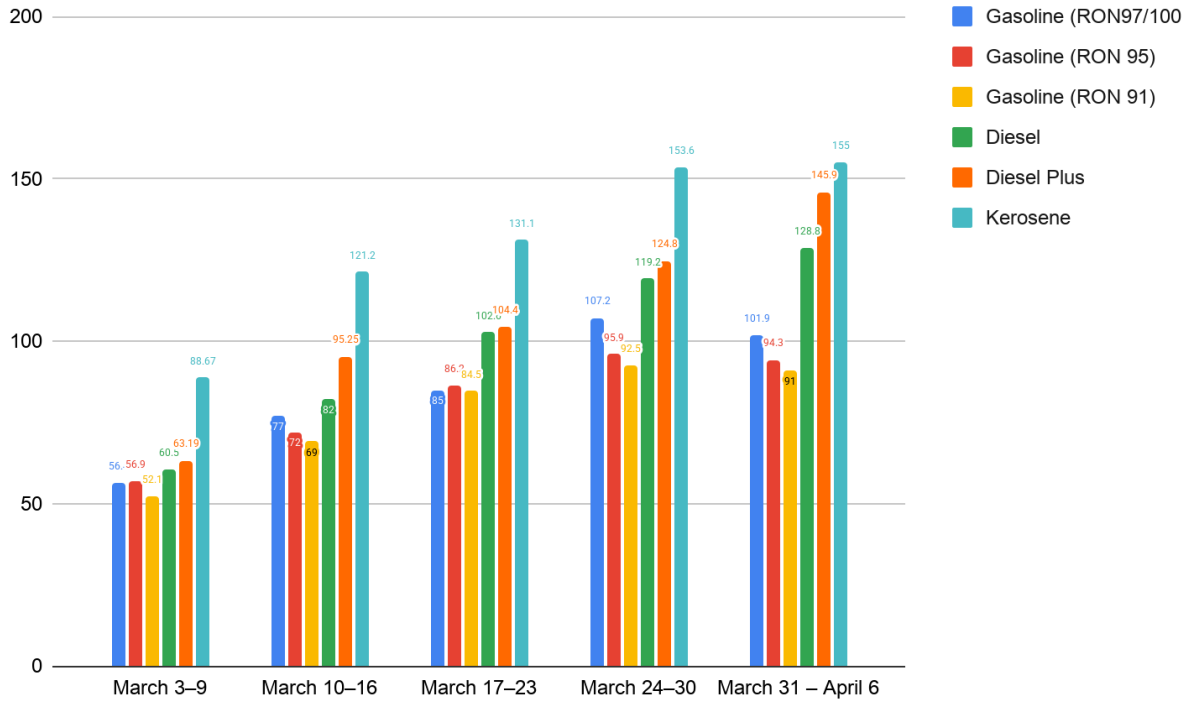
[1] Loft (2026), "US/Israel-Iran conflict 2026", available at: https://researchbriefings.files.parliament.uk/documents/CBP-10521/CBP-10521.pdf.
[2] Li (2026), "China's crude import stress resistance in a Hormuz crisis", available at: https://www.vortexa.com/insights/chinas-crude-import-streinss-resistance.
[3] Dunn, Barden (2025), "Amid regional conflict, the Strait of Hormuz remains critical oil chokepoint", available at: https://www.eia.gov/todayinenergy/detail.php?id=65504.
[4] Dizon (2026), "DOE warns of weekly oil price hikes as oil prices soar", available at: https://www.abs-cbn.com/news/business/2026/3/3/doe-warns-of-weekly-oil-price-hikes-as-oil-prices-soar-1020.
[5] Philstar (2026), "Price Watch: Oil, fuel monitor for Mar. 30", available at: https://www.philstar.com/headlines/2026/03/30/2517861/price-watch-oil-fuel-monitor-mar-30.
[6] Philstar (2026), "Price Watch: Oil, fuel monitor for Apr. 9", available at: https://www.philstar.com/headlines/2026/04/09/2519744/price-tracker-oil-fuel-monitor-apr-9
[7] DOE (2026), "List of NCR Pump Prices", available at: https://doe.gov.ph/articles/group/liquid-fuels?maincat=Retail%20Pump%20Prices&subcategory=NCR%20Pump%20Prices&display_type=Card.

Figure 1. Fuel price increases amid the war in the Middle East in the NCR



To illustrate the impact of imported fossil fuels on electricity consumers, based on Newcastle coal prices increasing by 17% and JKM LNG prices increasing by 91%[8] after the start of the war, MERALCO's blended generation rate can be estimated to increase by 5.01 Php/kWh based on MERALCO's latest March 2026 rates. Estimates include average unblended coal rates to increase by 1.19 Php/kWh and fossil gas rates to increase by 8.70 Php/kWh[9] based on MERALCO's share of energy purchased for coal and gas in March 2026.

Meanwhile, on 13 March 2026, ERC Chairperson and CEO Francis Saturnino Juan said that electricity prices traded in the WESM may spike up to Php 2–4 kWh.[10] This would mean that for a household that consumes 200 kWh, an additional Php 400–800 increase in their monthly electricity bill is imminent.[11]

[8] Taken from the London Stock Exchange Group Refinitiv Workspace Platform on April 01, 2026.
[9] Assumes unblended LNG use for fossil gas power generation.
[10] Dizon (2026), "Electricity prices to go up higher than usual due to oil price spike", available at: https://www.abs-cbn.com/news/business/2026/3/20/electricity-prices-to-go-up-higher-than-usual-due-to-oil-price-spike-0745.
[11] Assumptions based on MERALCO's March 2026 residential rate at 13.81 Php/kWh (base rate). If there will be a sharp increase of 2 pesos in residential rate, or 15.81 Php/kWh, or for 4 pesos, or Php 17.81 /kWh (spiked rates), for a consumer that consumes 200 kWh of electricity a month, the price difference between the base rate and the spiked rates will be Php 400 to Php 800, respectively.

On 23 March 2026, in a press briefing at Villamor Air Base, the government maintained that the country cannot be considered to be in an oil crisis as supply remains sufficient.[12] However, on 24 March 2026, President Ferdinand "Bongbong" Marcos, Jr., issued Executive Order No. 110, declaring a "State of National Energy Emergency" in light of the ongoing conflict in the Middle East and the resulting imminent danger to the availability and stability of the country's energy supply. On 26 March 2026, following the issuance of Executive Order No. 110, the ERC announced the suspension of WESM to cushion and mitigate the impending electricity price hikes.

2. **The dependence on fossil fuels has a grave social impact on basic sectors, not only on domestic fossil fuel consumption, but on commodity prices and costs of living.** The effects of the war in Iran were felt in the Philippines right away, compounded with the slipping of the Philippine peso against the US dollar, as the markets closed on 02 March 2026, with Php 58.2 to the US dollar.[13] Since then, the value of the Philippine peso against the US dollar is at an all-time low, with PhP 60.55 to the US dollar in the opening of 30 March 2026.[14]

   This price spike, shown in Figure 1, has had devastating effects on both workers in the transportation sector whose costs of operations have increased significantly, as well as regular commuters who must bear the brunt of mandated fare hikes. Nationwide transport strikes in the latter weeks of March have underscored the desperation of the transportation sector, with jeep drivers lamenting that even the government-approved fare hikes are insufficient to offset the plummeting take-home pay caused by diesel costs.

   The drastic increase in the price of fuel is also projected to have a domino effect on the price of basic commodities. The Banko Sentral ng Pilipinas (BSP) has already begun to raise the red flag with regard to heightening inflation, raising its inflation forecast for 2026 from 3.6% to 5.1%.[15] For a working populace that has long endured low and stagnant wages, the spiking price of goods is an added burden that will stretch the average household's daily budget further past its limits.

   Petrochemicals, which are derived from fossil fuels as feedstock, will also be greatly affected. Much of the world's ammonia supply comes from fossil fuels. Urea is a critical nitrogen-based molecule used in plant growth and is commonly synthesized from hydrogen derived from fossil gas. The tightening of fossil gas and LNG supply means less hydrogen for urea production. This

[12] Cabato (2026), "Palace: PH facing 'price disruption,' not yet an oil crisis", available at: https://newsinfo.inquirer.net/2199812/palace-ph-facing-price-disruption-not-yet-an-oil-crisis.
[13] Villanueva (2026), "PSEi, peso down on Middle East conflict", available at: https://www.pna.gov.ph/articles/1270134.
[14] Cigaral (2026), "Record low: Peso hits 60.82:$1 on fears of prolonged Middle East war", available at: https://business.inquirer.net/582472/record-low-peso-hits-60-7771-on-fears-of-prolonged-middle-east-war?utm_source=facebook&utm_medium=social.
[15] Joann Villanueva, "PSEi, peso falls as BSP raises 2026 inflation forecast", Philippine News Agency, March 27, 2026

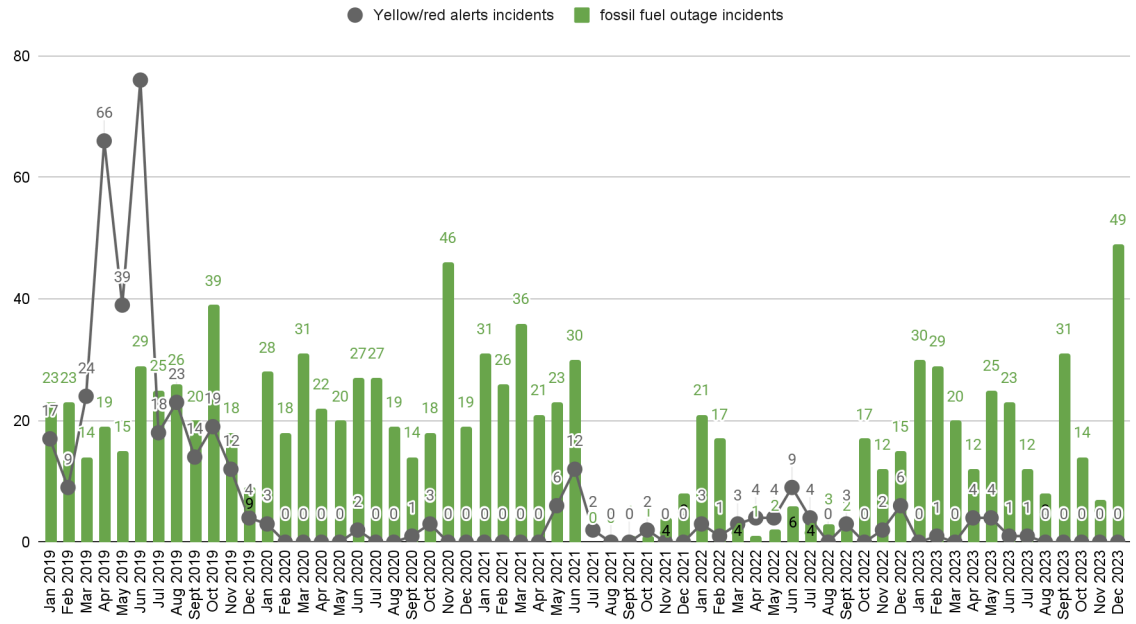
will mean fertilizer shortages, an unfortunate possibility for the agriculture sector and the farmers, already vulnerable to fuel price hikes. Prices for urea have already inflated due to the war in Iran.[16] Fertilizer shortages may mean food shortages, especially considering that the country is expecting an El Niño season that would have droughts and destructive storms that would exacerbate loss of agricultural output. Aside from urea production, various synthetic materials from plastics to polymers are synthesized from petrochemicals. A shortage of petrochemicals and fossil fuels may eventually mean a shortage of non-food commodities.

3. **As the country enters the dry season, its concomitant demand and the susceptibility of fossil fuel power plants, especially coal, to unplanned shutdowns will only exacerbate the energy crisis.** Because of fossil fuel dependency, the Philippines is vulnerable to energy insecurity and high prices of electricity, particularly because the country is dependent on imported fuels like crude oil, fossil gas, and coal. More concerningly, Figure 2 showcases that the country has experienced persistent annual power plant outages even before this crisis, particularly during the dry season, which have led to massive blackouts and spiking electricity rates. For instance, in April of 2024, several power interruptions were recorded almost every day as power reserves in the grid were not able to cater to the surging demand due to the simultaneous outages of power plants. The electricity reserves were so low that on 25 April 2024, for the first time, all three of the country's major grids, Luzon, Visayas, and Mindanao, were subjected to yellow and red alerts. This series of outages also led to the temporary suspension of the Wholesale Electricity Spot Market (WESM).[17] To cushion the effects of these outages in consumers' electricity bills, the ERC ordered the distribution utilities to stagger their collection from their consumers.[18]

   With the ongoing war in the Middle East, the escalating volatility of global fossil fuel prices is once again challenging the operational resilience of fossil fuel-powered generation facilities. The pressure is notable during the dry season, when peak energy demand has historically strained the grid, resulting in recurrent red and yellow alerts[19] and system-wide outages.[20] Figure 2 below shows that outages[21] from fossil fuel power plants coincide with peak energy demand during the dry season, necessitating the triggering of red and yellow alerts.

[16] Emma Janssen. (2026). "Iran War Sends Fertilizer Prices Sky-High". https://prospect.org/2026/04/01/iran-war-trump-strait-hormuz-fertilizer-fossil-fuels/
[17] CEED (2024), "Can't Take The Heat?: Examining the Philippines' Perennial Power Outages Problem caused by Fossil Fuels", available at: https://ceedphilippines.com/cant-take-the-heat-report/.
[18] ABS-CBN (2024), "ERC approves 4-month staggered payment of WESM dues", available at: https://www.abs-cbn.com/business/2024/6/13/erc-approve s-4-month-staggered-payment-of-wesm-dues-1707.
[19] Consolidated data gathered from the National Grid Corporation of the Philippines from 2018-2025.
[20] Consolidated data gathered from the Independent Electricity Market Operators of the Philippines from 2019-2024
[21] Including planned and maintenance outages.

Figure 2. Number of incidents of fossil fuels' outages and yellow and red alerts, 2019-2023



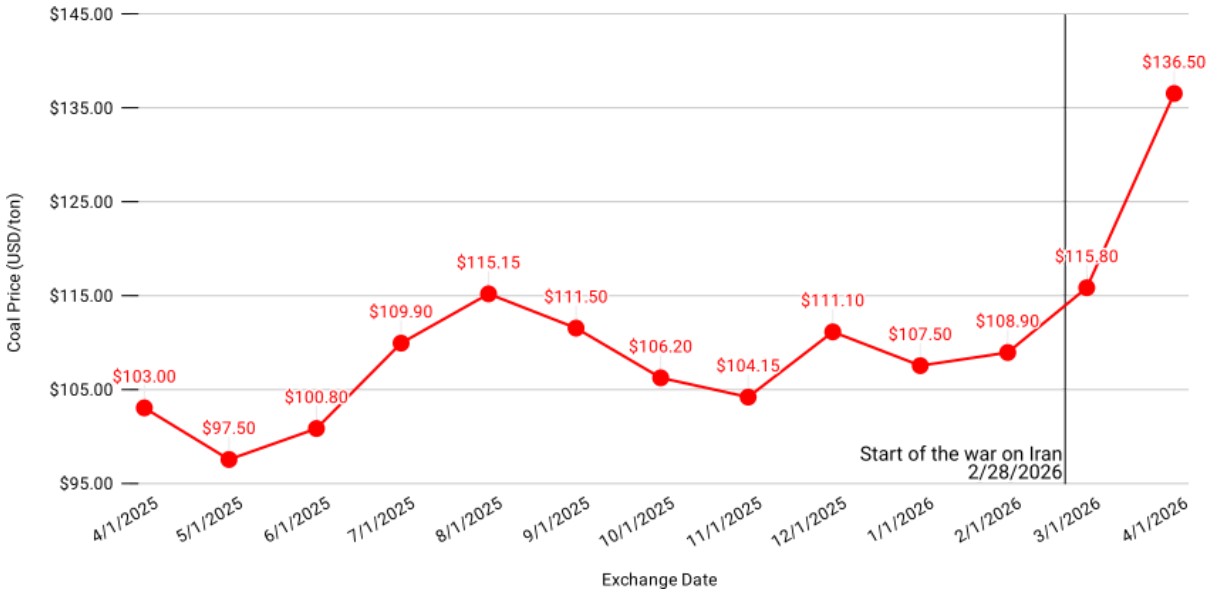
Following President Marcos, Jr.'s announcement of a National Energy Emergency, the reliability of baseload power plants, the majority of which are fueled by fossil fuels, is now under greater threat, as the basis of such announcement is anchored on "times of critically low-energy supply, or imminent danger thereof."[22] Consequently, due to the limited supply of fuels, power plant derating is expected to happen, as higher operating and maintenance costs may prompt generation companies to reduce their output. Fuel supply shortages may necessitate the complete shutdown of fossil-fired baseload plants, potentially leading to widespread power interruptions. Worse, pass-through provisions in bilateral agreements between generation companies and distribution utilities will enable the former to recover from consumers, who will ultimately bear such costs even during power outages.

Instead of prioritizing the deployment of renewable energy systems, the Department of Energy has instead called for the full dispatch of coal.[23] This directive will only exacerbate the energy crisis: Firstly, coal-fired power plants experienced the most instances of forced outages from 2019 to 2023, revealing the low reliability of existing and new coal-fired power stations in the supply of the transmission grid. Even newer coal assets like Therma Visayas Coal Power Plant, owned by AboitizPower underwent 26 forced outages from 2020 to 2023.[24] Secondly, despite the fact that the flow of coal is not affected by the blockade of the Strait of Hormuz, the price of coal is continually rising

[22] Section 25, Republic Act No. 7638.
[23] Committee on Proactive Response and Oversight for Timely and Effective Crisis Strategy (PROTECT Committee, Senate of the Philippines) (2026). March 24, 2026 PROTECT Committee hearing livesteam. https://www.youtube.com/watch?v=O4nNMGBVYgY
[24] *Supra* note 13.

as global demand for alternative sources of energy increases. As indicated in Figure 3, the price of coal has spiked by over 20 USD since the start of the war, from 28 February 2026 to 31 March 2026[25].

Figure 3. Newcastle coal price hike, before and after the start of the war on Iran



4. **The threat of energy instability is far greater in off-grid areas like the islands of Mindoro and Palawan.** These areas largely rely on diesel-fired power plants run by the National Power Corporation's (NPC) Small Power Utility Group (SPUG) which owns 280 power plants nationwide with the majority being diesel power plants according to NPC's 2024 annual report.[26] To illustrate, the islands of Mindoro and Palawan, two of the largest off-grid areas in the country, have 103.44 MW and 168.20 MW of oil-based dependable capacity, respectively, which represent 70.54% and 90.90% of the respective islands' total dependable capacity.[27,28]

   During the PROTECT committee hearing held on 24 March 2026, the NPC reported that their current budget will only last up to September of this year if the NPC continues to operate as per their usual operation. This conclusion was made given the prevailing diesel price of Php 110/L. As of writing, the average diesel price is at Php 130/L, steadily increasing on a weekly basis as the war persists. Given that the war in the Middle East continues to drag on, NPC's budget for the operation of its diesel power plants is under threat of depletion earlier than expected. Even though off-grid areas are being provided

[25] Taken from the London Stock Exchange Group Refinitiv Workspace Platform on April 01, 2026.
[26] NPC (2025),"Brighter Horizons 2024 NPC Annual Report", available at: https://www.napocor.gov.ph/wp-content/uploads/Transparency_Seal/Reports/Annual_Reports/2024_NPC_Annual_Report.pdf.
[27] DOE (2024), "List of Existing Power Plants (Off-grid) As Of 31 December 2025)", available at: https://prod-cms.doe.gov.ph/documents/d/guest/list-of-existing-power-plants-off-grid-as-of-31-december-2025-pdf-1.
[28] CEED (2025), "Pandang Gitab ng Mindoro: A Scoping Paper on the Island's Power Landscape", available at: https://ceedphilippines.com/pandang-gitab-ng-mindoro/.

with a missionary electrification subsidy under the Universal Charge for Missionary Electrification (UC-ME), this will not be enough to ensure the stability of energy needs in the off-grid areas. This prompted the NPC to seek a petition with the ERC to increase the UC-ME charge, from Php 0.2662/kWh to Php 0.4405/kWh, or an additional Php 44.2 billion paid by the country's electricity consumers in their power bills.[29]

The global oil price increase is expected to also affect electric consumers in off-grid areas, especially those served by utilities with emergency power supply agreements as these are not eligible for subsidies. Simulating based on the 37% price increase of Brent crude oil[30] internationally, Mindoro distribution utilities OMECO and ORMECO may see an estimated Php 2.75/kWh and Php 3.81/kWh increase respectively to average unblended generation rates[31] of oil-based contracted power based on their March 2026 generation reports.

5. **Leveraging the country's renewable energy potential in accordance with a 1.5°C pathway provides a safeguard against impacts of fuel price shocks driven by geopolitical crises and other disruptions.** History has shown that a power sector that is dependent on the importation of fossil fuels is uniquely vulnerable to the shocks caused by volatility in the global oil supply. The oil crisis of the 1970s, caused in part by political developments in Iran, caused massive and widespread blackouts in the Philippines and served as an impetus for lawmakers to pass the Oil Exploration and Development Act of 1972, in an effort to spur the discovery of indigenous fuel sources.

   Only 40 years later did Congress pass the Renewable Energy Act of 2008, when the Philippines was reeling from the effects of another oil crisis, the 2007 oil crisis caused by the United States' war in Iraq, followed by the 2008 Global Financial Crisis.[32] One of the objectives of that law is to help the country recover from the financial crisis and encourage investments in the country's abundant renewable energy sources.[33] Unfortunately, these piecemeal reforms have not been successful in securing the Philippines' energy supply and insulating it from the effects of a volatile global market. The share of renewable energy in the Philippines' power mix remains relatively low despite the almost 20-year-old renewable energy law, accounting for only 32.9% of total installed capacity as of December 2025.[34]

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[29] Romero (2026), "Philippines sets talks with Iran on oil ships' passage", available at: https://www.philstar.com/headlines/2026/04/01/2518251/philippines-sets-talks-iran-oil-ships-passage.
[30] Taken from the London Stock Exchange Group Refinitiv Workspace Platform on April 01, 2026.
[31] Estimates assume unsubsidized rates.
[32] Mendoza et al. (2014), "Lessons Learned: Fossil Fuel Subsidies and Energy Sector Reform in the Philippines", available at: https://www.iisd.org/system/files/publications/lessons-learned-ffs-energy-sector-reform-philippines.pdf.
[33] Lopez (2023), "Why green energy can't gain ground in the Philippines", available at: https://pcij.org/2023/03/21/why-green-energy-cant-gain-ground-in-the-philippines/#:~:text=When%20the%20Renewable%20Energy%20Act,of%20some%20of%20its%20mechanisms.
[34] DOE (2025), "List of Existing Power Plants (Grid-Connected) As Of 31 December 2025", available at: https://prod-cms.doe.gov.ph/documents/d/guest/04-lvm-summary-6-pdf.

As recently as 2022, the dangers of an overreliance on imported fossil fuels were made apparent by the Russia–Ukraine war. The war forced many European countries away from Russian gas, which spurred a higher demand for coal and non-Russian LNG, putting upward pressure on both coal and LNG commodity prices worldwide.[35] After the start of the war in Ukraine in late February 2022, the annual change in average generation rates significantly increased, with coal increasing by Php 1.5/kWh and fossil gas increasing by Php 0.82/kWh from 2021 to 2022. Rates continued to increase in the 2nd year of the war from 2022 to 2023, with Php 0.96/kWh and Php 0.44/kWh for coal and gas, respectively. Despite this, the Philippines continues to rely on the importation of fossil fuels for its energy, as seen in its energy mix since 2020.

The Philippine Energy Plan 2023–2050 (PEP) outlined an administration plan for expanding fossil gas imports as a "transition fuel" strategy that uses LNG imports to bridge and fulfill energy supply requirements between a coal moratorium and renewable energy expansion. This transition fuel strategy is planned to increase the importation of LNG for several decades.[36] To this effect, the government enacted RA 12120 ("Philippine Natural Gas Industry Development Act" or PDNGI Development Act) to expand the fossil gas industry. Meanwhile, renewable energy targets in the PEP remain unambitious and fall short of a 1.5°C aligned pathway.

The focus of the government to plan and signal an increase in investments in the fossil gas industry has not paid off in terms of attaining energy security, as the Middle East conflict has only further disrupted the global fossil gas industry and disrupted LNG imports in terms of supply or price. As such, past and present energy crises should be taken as an impetus to avoid a carbon lock-in with fossil fuels, which is currently proving to be too costly in short-, medium-, and long-term national energy security. Neither can indigenous gas be a sustainable solution, as exemplified by the exhaustion of some of the Malampaya deposits and the limited supply of the reserves of the newly-discovered deposits, which would only last a few more years.[37] Nor can gas exploration in the Philippine Rise in the East Philippine Sea be viable, given the time investment of at least a decade to set up infrastructure, making it a poor transition or bridge, given that renewable energy infrastructure can be built up quicker and cheaper. Furthermore, with the uncertainty of the supply of imported LNG and indigenous fossil gas, there is a serious risk of the carbon lock-in resulting in extensive stranded assets while renewable energy potential remains untapped.

The current crisis should be treated as a catalyst to decisively push to accelerate just transition to renewable energy, while finally putting an end to the country's dependence on fossil fuels. E.O. 110, S. 2026 ("Declaring a State

[35] Overland & Loginova (2023), "The Russian coal industry in an uncertain world: Finally pivoting to Asia?", available at: https://linkinghub.elsevier.com/retrieve/pii/S2214629623002104.
[36] DOE (2024), Philippine Energy Plan 2023–2050, available at: https://doe.gov.ph/pep/philippine-energy-plan-2023-2050.
[37] Esmael & Cabato. (2026), "Boosted Malampaya supply welcomed amid oil crisis", available at: https://newsinfo.inquirer.net/2202617/boosted-malampaya-supply-welcomed-amid-oil-crisis.

of National Emergency and Authorizing the Unified Package for Livelihoods, Industry, Food, and Transport") acknowledges that the need to accelerate the transition to renewable energy is a long-term strategic solution to the current crisis. However, aside from being a long-term solution, renewable energy sources can and must be deployed as an immediate response to the current energy emergency.

Accelerating just transition to renewable energy is the pathway to energy security, being the only energy resource that is secure from abrupt changes in the global market. The Philippines' potential for renewable energy is estimated by climate scientists to be at around 1,200 GW, an amount sufficient to fully replace fossil fuels while at the same time meeting energy demands.[38] At the same time, the widespread deployment of renewable sources of energy, such as rooftop solar panels, could also soften the blow of rising fuel costs due to savings in energy costs. As will be explained further, based on the available data and MERLACO's latest residential rate of Php 13.82/kWh for March 2026, it is estimated that the deployment of one million 500W solar grids could potentially result in overall savings of up to Php 373,140,000.00 per month, depending on system efficiency and peak sun hours.

6. **Massive potential for rapidly deployable distributed solar energy, and renewable energy capacity in the pipeline.** Dependence on fossil fuels is one of the primary reasons why the country's energy security is in its current shape. Notably, despite the rising cost of fossil fuels, the government positions fossil fuels like coal as the solution to ease the country's energy woes. While we welcome the Department's initiative that also maximizes the utilization of the embedded renewable energy technologies in the DUs, this responsibility is limited only to the DUs, including the fast-tracking of DER applications of end-users. Despite that, we note that the initiative is still lacking, as it still limits the optimization of renewable energy systems only at the DU level, not as an institutional policy. Moreover, the direction of the State to institutionalize and concretize renewable energy expansion is still concerning, as renewable energy expansion was only mentioned during the Senate PROTECT hearings as a long-term strategic response rather than a quick and fixed response.

   Despite the lack of preferential treatment for renewable energy development, the renewable energy industry still thrives. As of 31 December 2025, the committed capacity of renewable energy in the country for 2026 is at 7,545.21 MW, with 1,050.06 MW of energy storage systems.[39] Moreover, the results of the fourth round of the Green Energy Auction Program (GEA-4) yielded more than 10 GW of renewable energy capacities, with expected energy delivery

[38] Jonas Horsch et al., "A 1.5°C future is possible: getting fossil fuels out of the Philippine power sector", November 15, 2023

[39] DOE (2026), "December 2025 Private Sector Initiated Power Projects (Committed)", available at: https://prod-cms.doe.gov.ph/documents/d/guest/04-lvm-committed-summary-9-pdf.

from 2026-2029.[40] On the other hand, Distributed Renewable Energy systems (DRE), i.e., solar rooftops and commercial-scale renewable energy systems, have the potential to produce 447.11 MW of renewable energy generation capacity.[41]

Construction of a 1-2 MW utility-scale solar power plant can be finished as quickly as 4 months[42] or 5 months.[43] Less-complex energy systems, such as DRE, can be constructed much more quickly.

According to the DOE, the committed solar energy projects for 2026 have a combined capacity of 5,664.92 MW. Out of those, 1,575.62 MW of solar generation capacity participated in the GEA-4 and is ready to be delivered by the end of 2026. On 29 March 2026, the DOE announced the acceleration of 1,471 MW of generation capacity, composed of 22 renewable energy power plants, to be online by the end of April. Of these, 12 solar energy projects account for 1,284 MW.[44] While we welcome such development, given the ongoing crisis, it would be a proactive move for this administration to consider fast-tracking all committed solar projects slated for 2026. If the government prioritises these solar projects, the country will have 1,300.81 GW[45] by the end of the month, free of any fossil fuel exposure.

Moreover, there is an additional layer of urgency as global supplies for renewable energy technologies and energy storage systems could face a supply crunch as demand rises due to the fossil fuel crisis generated by the US-Israel war on Iran. In previous years, financing for renewables was promising but underutilized, with fossil fuel financing and energy capacity investments more than double that of renewables.[46] We can expect governments and corporate actors to scramble for renewable financing and technologies due to the current energy crisis.

In light of the energy crisis brought about by the country's over-dependence on fossil fuels, the administration must accelerate the transition of the power sector to renewable energy and ensure energy security. In view thereof, we demand that the government exercise its discretion and disapprove any measures that prolong fossil fuel industries to prevent another carbon lock-in, or impede the competitive growth of the renewable energy sector. Governance must reframe the crisis as a turning

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[40] Romero (2025), "GEA-4 nearly sweeps with 96% win", available at: https://tribune.net.ph/2025/11/07/gea-4-nearly-sweeps-with-96-win.
[41] Marcelo (2025), "Philippines has over 1,800MW potential solar capacity nationwide – ICSC", available at: https://icsc.ngo/philippines-has-over-1800mw-potential-solar-capacity-nationwide-icsc/.
[42] Energyscape Renewables (n.d), "Solar Power Plant Construction Timeline: How Long Does It Take to Build a 1 MW System from Start to Shine?", available at: https://energyscaperenewables.com/post/solar-power-plant-construction-timeline-1mw/.
[43] IFC (2015), "Utility-Scale Photovoltaic Power Plants A Power Developer's Guide", available at: https://ppp.worldbank.org/sites/default/files/2022-03/IFC_Solar_Report_Web__08_05.pdf.
[44] Serquiña (2026), "DOE to move 1,471 MW in renewable, energy storage projects by April", available at: https://www.gmanetwork.com/news/money/economy/981809/renewable-energy-storage-doe/story/.
[45] Including the additional 16.81 MW solar energy capacity from committed solar projects with less than 1 MW, and are under GEA-2.
[46] CEED. (2024). "Southeast Asia at a Crossroads: Deterring SEA's Fossil Future with Renewables" https://ceedphilippines.com/southeast-asia-at-a-crossroads-deterring-seas-fossil-future-with-renewables/.

point, and implement decisive leadership towards transitioning to renewable energy and the phasing out of fossil fuels as the core of the government's response to this crisis, not just a tangential feature. CEED respectfully presents its proposals for short-term, medium-term, and long-term responses to the ongoing energy emergency:

Short-Term

1. **Suspension and prohibition of pass-through fees in power bills.** The State, through the Energy Regulation Commission, should immediately suspend the imposition of pass-through fees in power bills, in exercise of its police power. This suspension should remain in place until the publication of rules that would permanently prohibit pass-through charges. This would be in line with the State's inherent police power under the 1987 Constitution, in furtherance of the protection of general welfare, public interest, and general convenience. Moreover, the ERC is empowered to regulate the energy generation sector,[47] fix rates, and provide provisional rate adjustments, under EPIRA.[48]

   Notably, the DOE reported on 26 March 2026, that it is projected that electricity spot market prices in the WESM may jump up to Php 9/kWh, this prompted the suspension of the WESM and the implementation of modified administrative pricing to prevent such an electricity price spike.[49] While this projection is based on WESM prices and not on the pass-through provisions embedded in the power supply agreements between generation companies and distribution utilities in electricity prices, a looming generation rate spike will still be inevitable due to the rising costs of fuel and weakening peso against the dollar, considering fuel, coal, and fossil gas are traded in US dollars. Generation rates reflect the costs passed on to the consumers by the generation companies and distribution utilities, which form part of 55–60% of the consumers' electric bill.[50] MERALCO, the country's largest distribution utility, could see generation costs surge in view of the surging prices of fossil fuels, following DOE's statement that electricity bills could jump up to 16%.[51] In response to this, on 28 March 2026, the ERC ordered the distribution utilities to submit detailed reports if their blended generation rates spike for more than Php 1/kWh to enable "timely regulatory intervention and consumer protection."[52]

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[47] Section 29, EPIRA.
[48] Freedom from Debt Coalition v. Energy Regulatory Commission, G.R. No. 161113, June 15, 2004.
[49] Naguna (2026), "DOE implements modified administrative pricing to prevent electricity price spikes", available at: https://pia.gov.ph/news/doe-implements-modified-administrative-pricing-to-prevent-electricity-price-spikes/.
[50] MERALCO (n.d), "Breakdown of Charges", available at: https://www.meralco.com.ph/residential/billing-payment/understanding-your-bill/breakdown-charges.
[51] Galang (2026), "DOE targets ₱2/kWh cut as bills could spike 16%", available at: https://mb.com.ph/2026/03/24/doe-targets-2kwh-cut-as-bills-could-spike-16.
[52] Trazo (2026), "ERC orders distribution utilities to report power cost spikes amid national energy emergency", available at: https://www.abs-cbn.com/news/business/2026/3/28/erc-orders-distribution-utilities-to-report-power-cost-spikes-amid-national-energy-emergency-1741.

To mitigate the inflationary effects of the energy emergency, the administration should immediately prohibit pass-through fees on electric consumers. Pass-through charges on electricity bills result from fluctuations in the global market and are imposed on captive consumers who have no input into the energy sources their suppliers choose. Pass-through fees unjustly shift the burden of transporting fossil fuels from the corporations to the consumers, and are in large part the reason why the price of electricity in the Philippines is among the most expensive in Southeast Asia.[53] Implementation of pass-through provisions during times of crisis is unjust. By suspending such, business risks will be shifted to the generation companies, which have already been profiting for many years, thanks to the consumers being their safety-net, and further protect the consumers from inevitable price shocks amid the war in the Middle East.

Alternatively, the government could mandate a total prohibition on pass-through provisions within power supply agreements. This approach would involve implementing a fixed-pricing mechanism that, with prudent and effective hedging strategies, automatically protects both consumers and generation companies from the risks associated with fossil fuel price volatility. For instance, the generation rates under the power supply agreements of MERALCO with San Miguel Energy Corporation, South Premiere Power Corporation, and AC Energy Coal showed resilience during the heat of the Russia-Ukraine war. Table 1 below shows the lowest, second lowest, and third lowest implemented generation rates reported by MERALCO from February 2022 to July 2022.

Even MERALCO itself reported that such a pricing mechanism was pro-consumer.[54]

[53] Lopez (2023), "Filipinos pay more for electricity compared to many Asean neighbors. What can Marcos do about it?", available at: https://pcij.org/2023/09/14/filipinos-pay-more-for-electricity-compared-to-many-asean-neighbors-but-what-can-marcos-do-about-it/.
[54] Meralco (2020), "2019 Meralco Sustainability Repor", p. 24, available at: https://meralcomain.s3.ap-southeast-1.amazonaws.com/2020-04/mer_sustainabilityreport2019_final.pdf.

Table 1. Top Three Lowest Generation Rates Charged to MERALCO per Month During the Russia-Ukraine Conflict.

Billing Month	Lowest (Php/kWh)	2nd Lowest (Php/kWh)	3rd Lowest (Php/kWh)
Feb 2022[55]	Sual CFPP (4.1764)	ACEN coal (4.1888)	SPPC Ilijan (4.2714)
March 2022[56]	ACEN coal (3.802)	Sual CFPP (4.1076)	SPPC Ilijan (4.2188)
April 2022[57]	Sual CFPP (3.357)	SPPC Ilijan (3.6297)	ACEN coal (3.7983)
May 2022[58]	Other PPA (Power Purchase Agreement) [59] (3.6102)	SPPC Ilijan (4.2476)	Sual CFPP (4.4599)
June 2022[60]	Other PPA (3.3094)	Sual CFPP (4.1794)	SPPC Ilijan (4.6621)
July 2022[61]	Other PPA (3.3964)	Sual CFPP (4.3849)	ACEN coal (4.8251)

2. **Suspension of regressive taxes on petroleum products, including excise taxes and the 12% Value-Added Tax (VAT) on petroleum products.** We call upon Congress to suspend the collection of these regressive taxes, as these taxes significantly and artificially inflate the retail price of fuel. In an environment where pass-through provisions already force captive consumers to shoulder the costs of global price volatility, these taxes act as an additional burden on low-income households and the transport sector. While we welcome the initiative of the administration to execute price control mechanisms, such as the suspension of the WESM and the implementation of a modified administrative pricing scheme, we still demand a systemic

[55] Meralco, Breakdown of Generation Rate, February 2022. https://meralcomain.s3.ap-southeast-1.amazonaws.com/2022-03/02-2022_gc_table_v2.pdf
[56] Meralco, Breakdown of Generation Rate, March 2022. https://meralcomain.s3.ap-southeast-1.amazonaws.com/2022-03/03-2022_gc_table_v2.pdf
[57] Meralco, Breakdown of Generation Rate, April 2022. https://meralcomain.s3.ap-southeast-1.amazonaws.com/2022-04/04-2022_gc_table.pdf
[58] Meralco, Breakdown of Generation Rate, May 2022. https://meralcomain.s3.ap-southeast-1.amazonaws.com/2022-05/05-2022_gc_table.pdf
[59] Other PPA includes Panay Energy Development Corp. (PEDC), Solar Philippines Tarlac Corp. (SPTC), Powersource First Bulacan Solar Inc. (PFBS) and Montalban Methane Power Corp. (MMPC), PSALM.
[60] Meralco, Breakdown of Generation Rate, June 2022. https://meralcomain.s3.ap-southeast-1.amazonaws.com/2022-06/06-2022_gc_table.pdf
[61] Meralco, Breakdown of Generation Rate, July 2022. https://meralcomain.s3.ap-southeast-1.amazonaws.com/2022-07/07-2022_gc_table.pdf

approach, such as the concomitant suspension of the implementation of pass-through provisions in the bilateral agreements between generation companies and distribution utilities.

3. **Increase penalties and vigilance for predatory market practices.** The State must impose significantly harsher penalties on industry players who engage in predatory practices to artificially create electricity demand. Generation companies that fail to meet their committed capacity or resort to frequent, "unplanned" maintenance shutdowns[62] must face serious civil and criminal liability.

   The penalties should be sufficiently prohibitive to deter any party that seeks to exploit this current crisis for profit. This includes more prohibitive sanctions on companies, holding companies, and affiliates for breaching maximum allowable outages. Moreover, greater penalties should be applied to companies that conduct preventive maintenance during peak season to incentivize planning preventive maintenance during months with lower demand.

4. **Greatly increase subsidies provided for transportation, fisherfolk and farmers to alleviate pressure on these vulnerable sectors.** At the current rate of increase of fuel cost, the Php 5,000 cash assistance, from the Department of Social Welfare and Development, provided to transport network vehicle service drivers is insufficient to augment the plummeting take-home earnings. On the other hand, the Department of Agriculture has announced an amount of Php 10 billion to be distributed under the Presidential Assistance for Farmers and Fishers program. However, this will only provide the estimated 4.175 million registered Filipino farmers and fishers, an amount of Php 2,325 per beneficiary. These vulnerable sectors are once again provided so little, yet shoulder so much of the impacts of the country's dependence on fossil fuels.

5. **Expand the scope of the lifeline rate up to 200 kWh, and assure there will be no disconnections to assist more low-income households.** Based on the Philippine Statistics Authority's Household Energy Consumption Survey, a low-income household has an average consumption of 60 kWh, while a middle-income household has an average consumption of 210 kWh. The spiking price of fuel and goods is an added burden that will stretch the average household's daily budget further past its limits. Increasing the scope of lifeline rates further alleviates the burden on consumers.

   Given the implications of the energy crisis and the plight of electric consumers amidst the rising cost of fuel, commodities, and other expenses, distribution utilities should defer household disconnections.

6. **Aggressive deployment of subsidized solar rooftops to the most vulnerable consumers.** Residential consumers who are consuming 100–200 kWh of

[62] *Supra* note 13.

electricity per month are the most vulnerable to electricity price shocks. MERALCO classifies its residential consumers as those who are typically consuming at least 200kWh of electricity. These consumers are also not covered by the lifeline subsidy. Notably, 75% of MERALCO's consumers consume less than 200kWh.[63] Based on MERALCO's customer base, we can assume that a major percentage of electricity demand comes from these consumers.

The average cost for a 500W grid-tied solar rooftop system sourced from authorized dealers[64] is approximately Php 26,927.50.[65] Utilizing a system of the same capacity[66] is estimated to provide household energy savings of up to Php 373.14.[67]

Given the current energy situation, the demand for a quick shift to renewable energy has become prevalent. Many legislators from both chambers of Congress have acknowledged that the country's fossil fuel dependency has led us to another energy crisis and that the shift to renewables must be hastened. During the PROTECT hearing in the Senate on 24 March 2026, the DOE presented that it has promoted the installation of rooftop solar in off-grid areas. Suppose that the government provided a direct subsidy for this energy system for at least one million households, the government would help these households for up to Php 373,140,000.00 worth of electricity savings per month.

7. **Enhance financing mechanisms for solar energy projects.** In light of the increasing demand for solar energy projects, the government should provide systemic actions to promote, open, and incentivise solar energy use. This includes highly concessional loans for solar rooftop systems and removal of interest on PAG-IBIG loans and other public bank loans for solar rooftop systems. Those that have and will install solar rooftop systems should be further incentivised through reductions on the rate of local property taxes.

8. **Explore the implementation of the Windfall Tax targeting oil companies.** It is the duty of the State to curb predatory profiteering from the current energy crisis. Several finance ministers from Germany, Italy, Spain, Portugal, and Austria have been proposing a windfall tax to curb and disincentivize profiteering.[68] Their proposal would be to target energy company profits upon a certain excess that has yet to be determined. This is targeted as a temporary and short-term relief to mitigate and belay rising costs of living,

[63] MERALCO (n.d), "Understanding Your High Bill", available at: https://company.meralco.com.ph/news-and-advisories/understanding-your-may-bill#:~:text=Why%20is%20the%20installment%20term,of%20the%20Meralco%20customer%20base.
[64] Trina Solar, LONGi Solar, JA Solar, and Jinko Solar.
[65] This includes the costs for the solar panel (500W), inverter, and the mounting and installation, sans maintenance costs and battery storage.
[66] Under aggressive conditions during the dry season, i.e., 6 peak sun hours with 0.8% system loss factor.
[67] Based on MERALCO's March 2026 residential electricity rate of 13.82 Php/kWh.
[68] Andreas Rinke. (2026). "Exclusive: Five EU countries call for windfall tax on energy companies", available at: https://www.reuters.com/sustainability/boards-policy-regulation/five-eu-finance-ministers-call-windfall-profit-tax-energy-companies-2026-04-04/

prevent runaway inflation, and market distortions. Such windfall taxes were implemented within the EU during the previous energy crisis where Russian gas deliveries were halted.

Medium-Term

1. **Expedite the development of renewable energy projects.** It is now high time for the government to be proactive. The operation of easily deployable RE resources, such as solar energy generation, should be prioritised. As discussed above, there are 5,664.92 MW of committed solar generation for 2026. Should the government fast-track these pending solar energy generation projects, the country could benefit from an additional 5.6 GW of generation capacity within a few months and be free from the volatility of fossil fuels.

   Moreover, Section 4(d) of the Executive Order provides that the UPLIFT Committee may accelerate and streamline "all processes for new and pending applications or renewals of permits, licenses, clearances, certifications, or authorizations." However, it makes no qualification as to what kind of permits or licenses shall be expedited. This provision could easily be used to expedite existing or new fossil fuel projects, which would be inimical to the goal of achieving energy independence and security.

   The Department of Energy should limit its use of emergency powers to expedite renewable energy projects, which can be deployed at a quicker pace than fossil fuels projects.

2. **Congress should initiate and expedite deliberations on Wealth Tax.** A wealth tax is a form of taxation that compensates for tax evasion, loopholes, regressive taxation, and other deficiencies in a government's tax regime by taxing net worth or held assets minus liabilities.[69] A wealth tax may be more feasible in the medium term while a windfall tax can be more urgent in the short term. As a medium-term policy, it can address other issues such as inequality and more effective debt management.

   Revenues from wealth taxes can be used for direct subsidies.[70] Specifically on the current crisis, these direct subsidies can be applied on energy to more sustainably suppress the inflation of consumer electricity prices. If applied to other sectors like commercial and industrial electricity or on fuel prices to further mitigate inflation or even lower prices. Generally, many assets held by those targeted for wealth taxes are not as productively invested. Putting these assets to work as subsidies induces more monetary circulation and produces more wealth over all.

[69] Eduardo C. Tadem. (2022). "Tax the Rich! Nine Reasons for a Wealth Tax." , available at: https://cids.up.edu.ph/wp-content/uploads/2022/11/Tax-the-Rich-Nine-Reasons-for-a-Wealth-Tax.pdf
[70] Eduardo C. Tadem. (2022). "Refuting Objections to a Wealth Tax.", available at: https://cids.up.edu.ph/wp-content/uploads/2022/12/Refuting-Objections-to-a-Wealth-Tax.pdf

3. **Establishing a just transition framework and plan towards a sustainable transportation sector.** The current energy emergency underscores the urgent need for the government to establish a just transition framework that ensures a democratic and sustainable transport sector that is no longer reliant on fossil fuels. However, the transition to a low-carbon transport sector cannot be a mere technological shift, but must put the welfare of transport workers at its center. A just transition plan must provide a clear roadmap for the modernization and decarbonization of public transport, while at the same time protecting the livelihoods of transport workers through accessible financing and state subsidies. Measures include development and promotion of alternatives not limited to electronic vehicles and financing mechanisms thereof.

Long-term

1. **Overhaul EPIRA and conduct an inquiry in aid of legislation, on its failure to deliver its promised objectives more than twenty years after its enactment.** It has been 25 years since the passage and implementation of the Electric Power Industry Reform Act (EPIRA), and its failures are now apparent. EPIRA's program of privatization and deregulation has not only failed to provide Filipino families and households with affordable and reliable electricity, but it has also placed the Philippines in a vulnerable position in relation to the current global crisis.

   Some key provisions to be considered include the role of governance to engage in the generation of power while imposing more stringent limits on concentration of ownership, operation, or control of installed generating capacity among private companies to de-oligarchize and democratize the generation sector. Moreover, the law must absolutely prohibit cross-ownership between companies involved in the generation and supply, transmission, and distribution sectors.

2. **Repeal the Oil Deregulation Act and scale down on incentives and subsidies given to oil and gas companies.** Similar to EPIRA, the Oil Deregulation Act has not provided Filipinos with affordable and reliable electricity. It has instead provided incentives for oil and gas companies while consumers shoulder rising costs. Protection mechanisms should be put in place to shield against oil price instability. Transparency and accountability mechanisms should be heightened for companies engaged in power and transport, while prohibitive penalties should be increased and strictly implemented on those that violate standards strictly enforced by regulatory institutions.

3. **Reduce dependence on and eventually phase-out fossil fuels, and pursue 100% renewable energy.** The current energy crisis is a problem created by our dependence on fossil fuels. In order to ensure the security of our energy supply, and in order to align ourselves with global efforts to limit warming to 1.5°C, the State must commit to phasing out coal by 2035, and fossil gas by

2040, a timeline that has already been shown to be feasible in the most detailed 1.5˚C scenario modeling of the Philippines power sector to date.[71]

An additional 152TWh of renewable generation would be required by 2050, with wind and solar power having 93% share of the energy mix by then, and then 100% renewable energy utilizing all types by 2040, compared with the current policy projection based on the draft Philippine Energy Plan 2023's clean energy scenarios. The additional renewable energy generation is quite attainable given that the Philippines has an abundance of renewable energy potential, estimated at around 1,200 GW. The analysis focused on solar rooftop, open-field solar and onshore, offshore wind energy – excluding areas of high biodiversity and protected areas.[72]

Shifting towards a 1.5˚C pathway would reduce levelized costs of electricity (LCOE) in the Philippines and will enable the Philippines greater self-sufficiency by reducing dependency on imported energy. Furthermore, phasing out coal and replacing it with renewable energy in the Philippines will generate significantly more jobs, projected at 5.5 times more than business-as-usual or 40,000 jobs per year. According to the 1.5°C report, the estimated average job potential of the 1.5°C scenario exceeds that of the business-as-usual and current policy projections on average by almost 7 and 5.5 times from 2020 to 2050.[73]

The Center for Energy, Ecology and Development (CEED) is a think-do institution that advocates for transformative energy, ecological integrity, and a people-centered development path. As a think-do institution, CEED has participated in various technical working-group discussions on power, electricity rates, and energy policy.

[71] Climate Analytics (2023), "The 1.5°C report", available at: https://ceedphilippines.com/1-5c-philippine-power-sector/..
[72] Ibid.
[73] Ibid.