

Coal Can't Keep the Lights On

Power Outages and the Case for Moving Away From Coal in the Visayas

October 2026

I. INTRODUCTION

On March 24, 2026, President Ferdinand “Bongbong” Marcos, Jr., issued Executive Order No. 110 (E.O. 110), declaring a “State of National Energy Emergency” in light of the conflict in West Asia and the resulting imminent danger to the availability and stability of the country’s energy supply. Notably, Section 5 of E.O. 110 provides for energy supply management measures, including the “Adoption and implementation of measures to accelerate the availability and connection of additional generation capacity to ensure the timely delivery of energy to consumers.”

Six months after the declaration of a State of National Energy Emergency, the government’s energy supply management measures proved inadequate in the Visayas, which has been facing recurring power shortages since May 2026. From January 2026, the National Grid Corporation of the Philippines (NGCP) recorded 160 instances of Red and Yellow alerts in the Visayas region. Consequently, the spot market prices in the Visayas reached record-breaking levels. Based on data released by the Independent Electricity Market Operator of the Philippines (IEMOP), the Visayas Grid posted an increase of P7.33/kwh, from P11.29 to P18.59/kwh in the August period.¹

As the country faces a very strong El Niño event, the heightened susceptibility of power plants to operational malfunctions of lower efficiency, accompanied by energy demand brought by the extremely hot and dry season, is expected to worsen the effects of the energy crisis in the Visayas region. Based on weather forecasts from the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAG-ASA), major parts of Luzon and Visayas could experience dry conditions, dry spells, and drought over the last quarter of 2026 and the first quarter of 2027.²

This report looks into the power outages in the Visayas and proposes alternative policy solutions amid the Energy Crisis and Super El Niño.

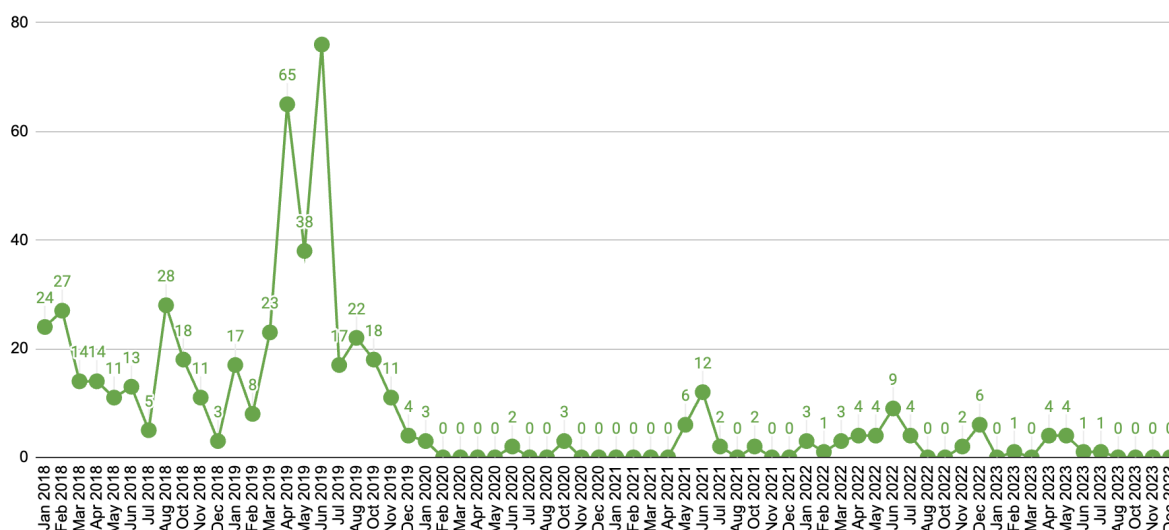
¹ Elchico (2026), “Power prices in Visayas, Mindanao spot markets up in August”, ABS-CBN, available at: <https://www.abs-cbn.com/news/business/2026/9/9/power-prices-in-visayas-mindanao-spot-markets-up-in-august-1-206>

² PAG-ASA (2026), “Climate Outlook, October 2026 - March 2027”, available at: <https://pubfiles.pagasa.dost.gov.ph/climps/climateforum/outlook.pdf>.

II. YELLOW AND RED ALERTS IN VISAYAS

NGCP issues Yellow and Red alerts to signal power supply shortages and strains in the grid. A yellow alert is issued when the operating margin is insufficient to meet the transmission grid's contingency requirement, while a red alert status is issued when the power supply is insufficient to meet consumer demand and the transmission grid's regulating requirement.³ Historically, red and yellow alerts at the national level recur during the dry season due to surging electricity demand from heat brought by the weather. Figure 1 below shows the number of instances of yellow and red alert incidents from 2018-2023.

Figure 1. Incidents of Yellow and Red alerts (2018-2023)⁴



Over the past eight years, 2019 recorded the highest number of Yellow and Red alerts, reaching a peak of 312 incidents nationwide. This extraordinary thinning of power supply is attributed to simultaneous outages of power plants,⁵ and extreme dry-season heat.⁶ During this energy crisis, Visayas is the most affected – out of the 312 red and yellow alert incidents recorded in 2019, 176 were recorded in Visayas.⁷

In 2026, the Visayas region is again heavily affected by the current energy crisis. Since January, the region has been battered by rotating brownouts and rising electricity prices. Notably, from January to September 28, 2026, the Visayas grid recorded 160 Yellow and Red Alerts⁸—just one incident short of the total logged alerts during the same period in 2019.

As Yellow and Red alerts correspond to power supply shortages, they are usually accompanied by power plant shutdowns. Recurring rotational brownouts started in Visayas on

³ 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/>.

⁴ Data compiled from NGCP advisories.

⁵ Cordero (2019), “DOE issues show cause order vs. 5 power plants amid red, yellow alerts in Luzon Grid, GMA News, available at: <https://www.gmanetwork.com/news/money/companies/690990/doe-issues-show-cause-order-vs-5-power-plants-a-mid-red-yellow-alerts-in-luzon-grid/story/>.

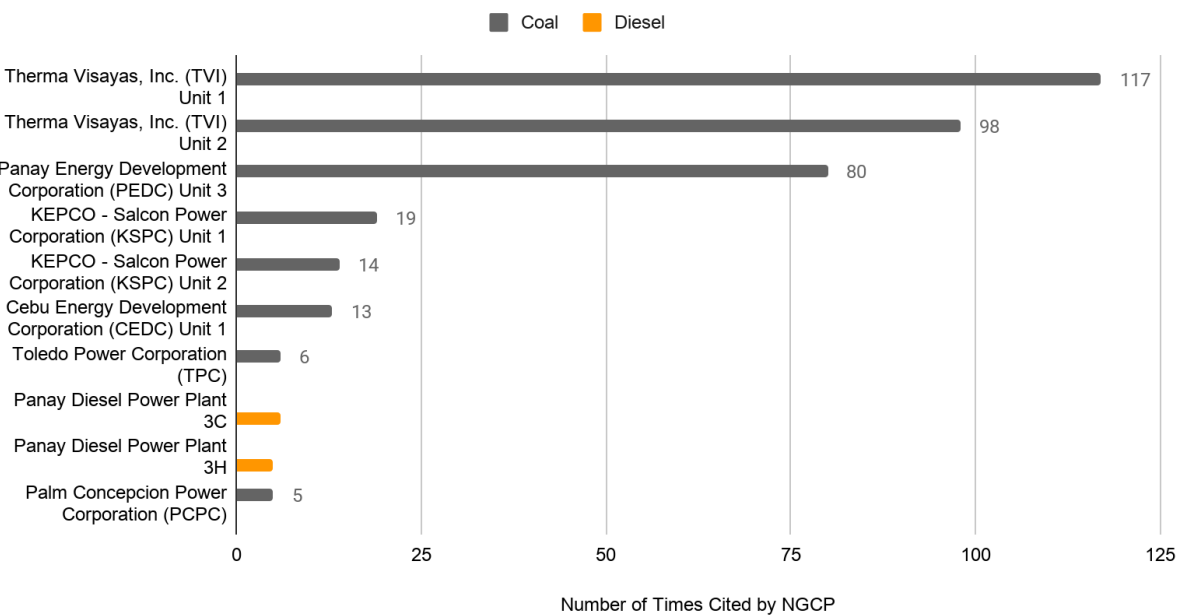
⁶ Rivera (2019), "Calls mount for investigation, accountability on power crisis", [Philstar.com](https://www.philstar.com/business/2019/04/15/1910044/calls-mount-investigation-accountability-power-crisis), available at: <https://www.philstar.com/business/2019/04/15/1910044/calls-mount-investigation-accountability-power-crisis>.

⁷ *Supra*, note 4.

⁸ *Id.*

May 12, 2026. Accordingly, these power plants were usually cited by the NGCP as the primary contributors to power supply shortages in Visayas:

Figure 2. Number of times plants are cited as major cause of alerts in Visayas by NGCP Advisories (Jan 01, 2026 - Sep 28, 2026)



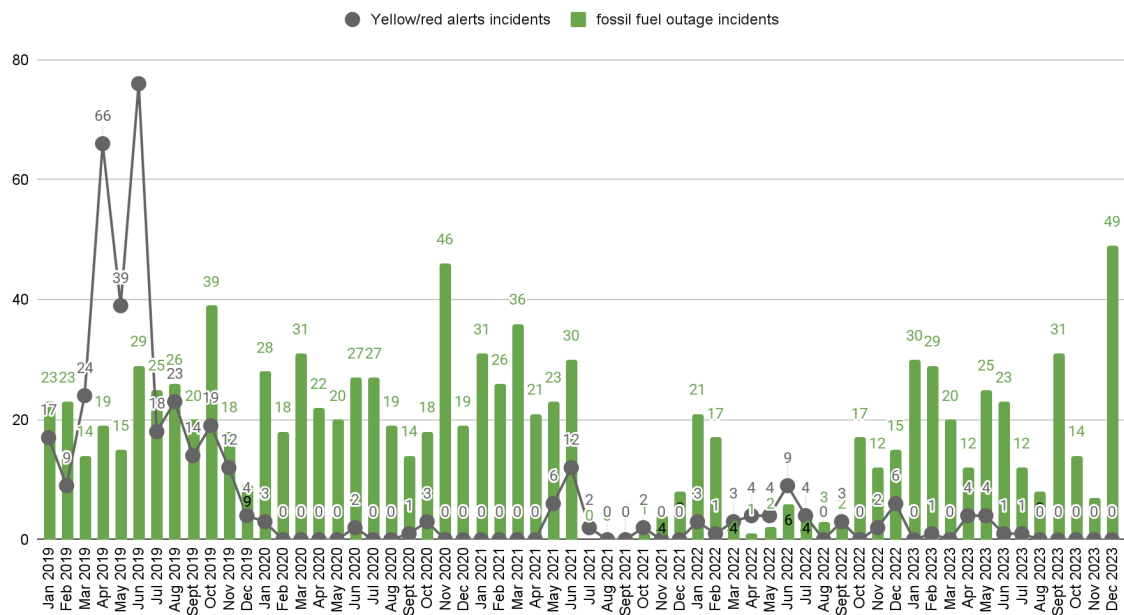
As the figure above illustrates, the unreliability of major coal power plants is the primary factor behind the power shortages in the Visayas, as was the case in 2019. With the region’s dependence on unreliable coal-fired power generation having remained unchanged from 2019, and with the peak of the very strong El Niño event yet to approach, rampant outages are expected to exceed 2019’s records.

III. POWER OUTAGES IN VISAYAS

Visayas is highly dependent on coal power plants for its power needs, with 1,267.1 MW of dependable capacity for coal power plants, followed by geothermal power plants at 942.8 MW, solar power plants at 835.9 MW, diesel power plants at 527.7 MW, biomass power plants at 312.3 MW, wind power plants at 103.6 MW, and hydroelectric power plants at 69.7MW.

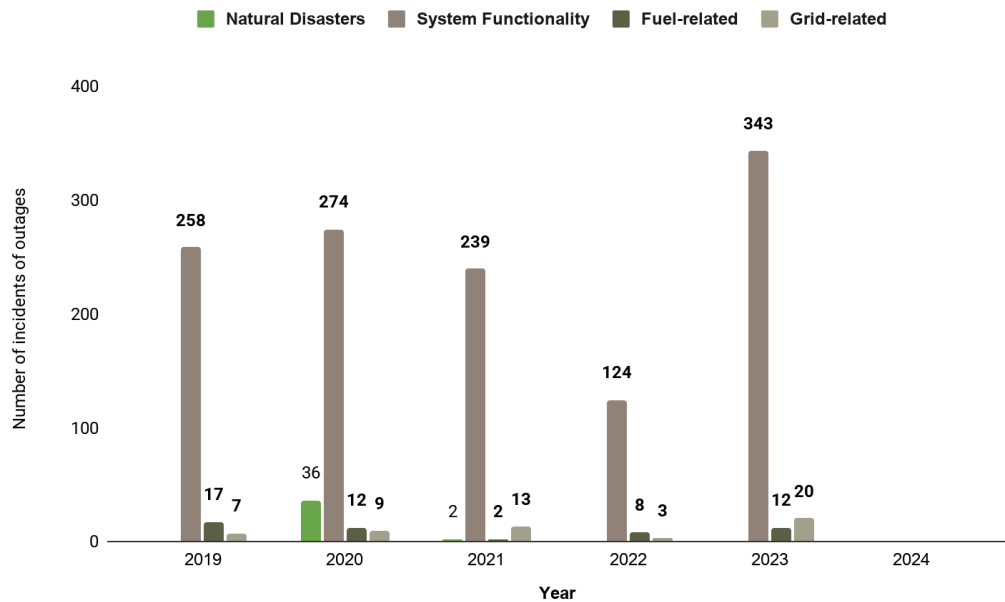
As shown in Figure 2 above, historical outage data across the country show that fossil fuel power plants such as coal are prone to outages, especially during the dry season. Figure 3 below shows that outages (planned and unplanned) from fossil fuel power plants coincide with peak energy demand during the dry season, triggering red and yellow alerts.

Figure 3. Number of incidents of fossil fuel outages and yellow and red alerts, 2019-2023



Based on historical records from 2019 to 2023, the common causes of power plant outages are natural disasters, system functionality issues, fuel supply issues, and tripping of transmission lines. Based on Figure 4 below, system functionality issues are the most common reason for power plant outages. System functionality issues pertain to the occurrence of system-related tests and maintenance, boiler issues, fuel feeder issues, compressor issues, furnace temperature and pressure issues, turbine issues, water leaks, and a host of other issues throughout the power plant’s facilities and processes.⁹

Figure 4. Top Causes of Outages from All Power Plants, 2019-2023



Currently, Visayas is most affected by rotational brownouts and back-to-back Yellow and Red Alerts due to unplanned outages of power plants, particularly the following coal-fired power plants: **1. Units 1 and 2 of Therma Visayas, Inc. (TVI); 2. Unit 3 of Panay Energy Development Corporation (PEDC); and 3. Units 1 and 2 of KEPCO Salcon Power Corporation (KSPC); and 4. Cebu Energy Development Corporation (CEDC).** These power plants were cited more than ten times by the NGCP as primary contributors to Yellow and Red Alerts.

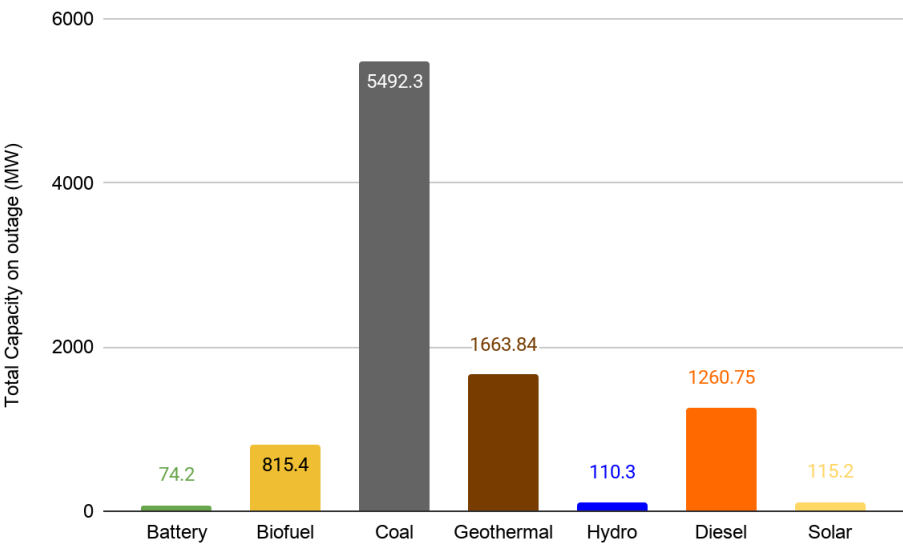
⁹ *Supra*, note 3.

Based on data gathered from the Philippine Electricity Market Corporation (PEMC) from January to June 2026, Unit 1 (169 MW) of TVI went on a 23-day forced outage on March 24, 2026, an extended outage period outside its 50-day planned outage that started in February 2026. It briefly resumed operation on May 03, 2026, but went on a forced outage again for nine days. It briefly went online on May 12, 2026, at 10:12 AM, but the power plant went on a forced outage again on the same day at 4:16 PM, citing high vibration of the power plant’s “bearing #1”. Meanwhile, Unit 2 (169 MW) of TVI has been in forced outage since March 24, 2026, citing the same reason, and has yet to resume operation as of May 12, 2026. During the September 21, 2026 House of Representatives Energy Committee Hearing, it was disclosed by the representative of TVI that the power plant was still experiencing recurring outages as late as September, citing an issue with the plant’s boiler. This continuous outage triggered a Yellow Alert on the Visayas grid that same day.¹⁰

Moreover, Unit 3 (150 MW) of Panay Energy Development Corporation (PEDC) went on a 29-day planned outage from December 26, 2025, to January 23, 2026. It briefly went online for two days but went on a seven-day forced outage from January 26, 2026, to February 02, 2026. On May 06, 2026, it went on forced outage again, citing the stoppage of the power plant’s Induced Draft Fan. Since May 12, 2026, Visayas has been battered by consecutive power shortages up until September 2026.¹¹

Continued dependency of Visayas on unreliable coal- and diesel-fired power plants exposed the region during peak seasons, exacerbated by El Niño heat, which drives energy demand higher than usual. In comparison, variable renewable energy such as solar is flexible during peak seasons, especially during the dry season - even more useful during El Niño. Over six months, Visayas lost a total of 5,492.30 MW of power supply from coal plant outages, compared to a loss of just 115.2 MW from solar outages (see Figure 5).

Figure 5. Aggregated Lost Power Capacity in Visayas per energy source due to plant outages from January - June 2026

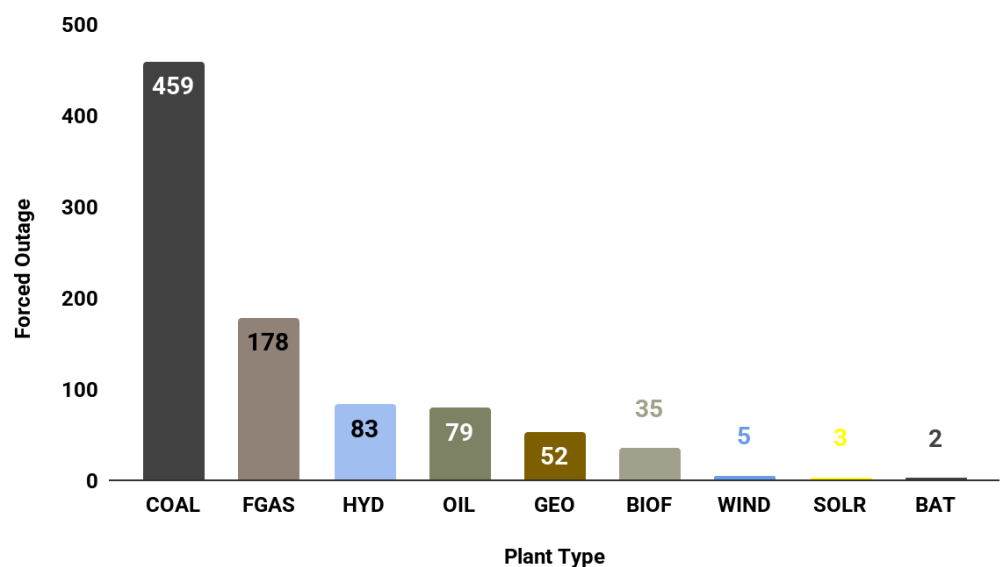


¹⁰ PEMC’s Monthly Market Statistics Reports from January to June 2026.

¹¹ *Id.*

Historically, reliance on fossil fuels has driven major power outages, leading to tight power supply and subsequent spikes in electricity prices. Fossil fuels are vulnerable to forced outages. As shown in Figure 6 below, fossil fuels such as coal and fossil gas are consistent in experiencing forced outages, which destabilize the energy sufficiency of the country.

Figure 6. Number of Incidents of Forced Outages From 2019 to 2023, by Power Plant Type



While not a significant loss to Visayas’ power supply, it should also be noted that Unit 1 of Hawaiian–Philippine Company Biofuel Power Plant (2 MW) and Unit 1 of San Carlos BioPower (7.4 MW) have been on forced outage since 2023; while Victorias Milling Company Biofuel Power Plant Unit 1 (2.5 MW), Biliran Geothermal Incorporated Unit 1 (1 MW), Leyte Geothermal Power Plant Unit 1 (30 MW), Bago Binary Geothermal Power Plant generator unit 1 (4.7 MW), and Carmen Diesel Power Plant (4.7 MW) have been on forced outage since 2024.¹²

The recurring issue of power outages in Visayas also cripples the region’s economy. For instance, the island of Panay went dark for almost 4 days in January 2024 after coal-fired power plants of PEDC and Palm Concepcion Power Corporation (PCPC) tripped.¹³ In the city of Iloilo alone, a 3-day straight power interruption roughly cost the city P400 to P500 million a day.¹⁴ As posited by the Philippine Independent Power Producers Association, Inc. (PIPPA), a five-hour power interruption costs the country 500 MW. Using the country’s 2020 value of lost load (VoLL) of P210.68/kWh, a five-hour nationwide power interruption translates to about 500 million in economic losses.¹⁵ The World Bank estimates that unreliable electricity costs the Philippine economy about \$8 billion annually in lost productivity.¹⁶ In Visayas, CEED has determined the VoLL of the following regions:

¹² *Id.*
¹³ Institute for Climate and Sustainable Cities (2024), “ICSC: Panay blackouts signal urgent need to reevaluate the island’s energy system”, available at: <https://icsc.ngo/icsc-panay-blackouts-signal-urgent-need-to-reevaluate-the-islands-energy-system/>.
¹⁴ Castor, *et.al* (2024), “BLACKOUT HAVOC: Iloilo City’s economic loss pegged at P1.5 B; nat’l gov’t told to ‘crack the whip’ on NGCP”, Daily Guardian, available at: <https://www.dailyguardian.com.ph/blog/blackout-havoc-iloilo-citys-economic-loss-pegged-at-p1-5-b-natl-govt-told-to-crack-the-whip-on-ngcp>.
¹⁵ Philippine Institute for Development Studies. (2023, May 11). “Future Proofing Energy Security”. [Video]. YouTube. <https://www.youtube.com/watch?v=kbxy2Xln5W8>.
¹⁶ Maniego (2024), “Power resilience is a critical need”, *Inquirer.net*, available at: <https://newsinfo.inquirer.net/2174481/power-resilience-is-a-critical-need>.

Table 1: Value of lost load per Visayas region

Region	Php/KWh	Php/MWh
Negros Island Region	261.98	261,983.89
Central Visayas (Cebu, Bohol)	267.73	267,730.45
Western Visayas (Panay)	279.10	279,095.14
Eastern Visayas (Leyte, Samar)	169.22	169,219.05
Cebu only (City of Cebu, City of Lapu-Lapu, City of Mandaue, rest of Cebu)	227.10	227,104.58

VoLL is a metric used to quantify the economic costs of power outages. The estimated VoLL in Table 1 was determined using an indirect macroeconomic approach, a commonly used methodology for determining VoLL with publicly available data such as a region’s gross domestic product (GDP) and its total energy consumption¹⁷ but assumes energy use is fully responsible for economic productivity. This simplified approach to estimate VoLL uses the following formula and uses the latest GDP¹⁸ and energy generation¹⁹ data per region in Visayas:

$$Regional\ Value\ of\ Lost\ Load\ (Php/MWh) = \frac{Annual\ Regional\ Growth\ Domestic\ Product\ (Php)}{Annual\ Regional\ Electricity\ Consumption\ (MWh)}$$

To put the economic losses brought by power outages into perspective, on September 09, 2026, Visayas was rocked by 2 consecutive grid alerts: a Red alert was raised from 1:00 PM to 10:00 PM; a Yellow alert was raised from 10:00 PM to 11:00 PM. According to the NGCP, this grid instability was the result of the outage and unavailability of coal-fired power plants of TVI units 1 and 2, and Unit 3 of PEDC.²⁰ This grid instability resulted in 2 hours of rotational brownouts from 12:00 PM to 11:00 PM in selected serviced areas of Visayan Electric Company (VECO), including huge portions of Metro Cebu, the island’s major economic hub,²¹ and 488 MW of unavailable capacity in the grid.²² Based on Cebu's 2026 VoLL of roughly Php 227,104.58 per MWh, the two-hour blackout is estimated to have cost Cebu approximately Php 221,654,067.08. Notably, as shown in Figure 2 above, the same coal-fired power plants that economically crippled Iloilo and Panay Island in January 2024 also crippled Cebu in September 2026. Moreover, these power plants have been straining the Visayas grid from January 01 to September 28, 2026, with units of TVI on shutdown 215 times combined, while unit 3 of PEDC was on shutdown 80 times. During those outage days, the estimated economic losses it brought to the region were staggering.

¹⁷ Schröder, T. & Kuckshinrichs, W. (2015), “Value of Lost Load: An Efficient Economic Indicator For Power Supply Security? A Literature Review.” available at: <https://juser.fz-juelich.de/record/279293/files/fenrg-03-00055.pdf>.
¹⁸ Philippine Statistics Authority (2026), “2018 to 2025 Gross Domestic Product of the Provinces and Highly Urbanized Cities.” available at: <https://psa.gov.ph/statistics/ppa/tables>.
¹⁹ Department of Energy (2026), “Visayas Sub-Grid Gross Power Generation by Plant Type.” available at: <https://doe.gov.ph/data-and-prices/energy-statistics/electric-power-industry/2025-power-statistics>.
²⁰ NGCP Visayas Grid Status as of September 09, 2026, 8 AM.
²¹ Visayan Electric Company (2026), “ADVISORY: REVISED POSSIBLE ROTATIONAL BROWNOUTS”, Facebook, available at: <https://www.facebook.com/photo.php?fbid=15412291746993366&set=pb.100064368956516.-2207520000&type=3>.
²² Total unavailable capacity from units 1 and 2 of TVI, and unit 3 of PEDC.

IV. GENERATION COMPANIES BEHIND THE 2026 OUTAGES

AboitizPower and Manila Electric Corporation (Meralco) have a long-standing record of operating unreliable coal-fired power plants. Based on historical data, AboitizPower’s GNPower Mariveles, Pagbilao Coal Power Plant, and Therma Visayas Inc. Coal Power Plant, and Meralco’s San Buenaventura Power Ltd. Coal Power Plant, Quezon Power (Philippines) Ltd. Coal Power Plant, and PEDC Coal Power Plant were among the power plants that went on more than ten recorded forced outages from 2019-2023.²³

During the 2026 power outages in Visayas, these same generation companies also own pivotal power plants that went on forced outage, which heavily strained the Visayas grid, triggering persistent Yellow and Red Alerts across the region (see Table 2). DOE Undersecretary Mario Marasigan affirmed this during a House Committee on Energy Hearing on September 21, 2026, stating that a huge percentage of the power woes in Visayas is attributed to the generation sector.²⁴

Table 2. Major Power Plants on Forced Outage (May-June 2026)

Power Plants	Parents	Period	Capacity lost in the Grid per day (MW)
TVI 1	Aboitiz Power, Vivant Corp.	Since May 12	169
TVI 2		Since Mar 24	169
PEDC 3	Meralco	Since May 6	150
KSPC 1	SPC Power Corp.	Date out: June 14 Date in: June 21	110.5
KSPC 2		Date out: May 28 Date in: June 3	110.5

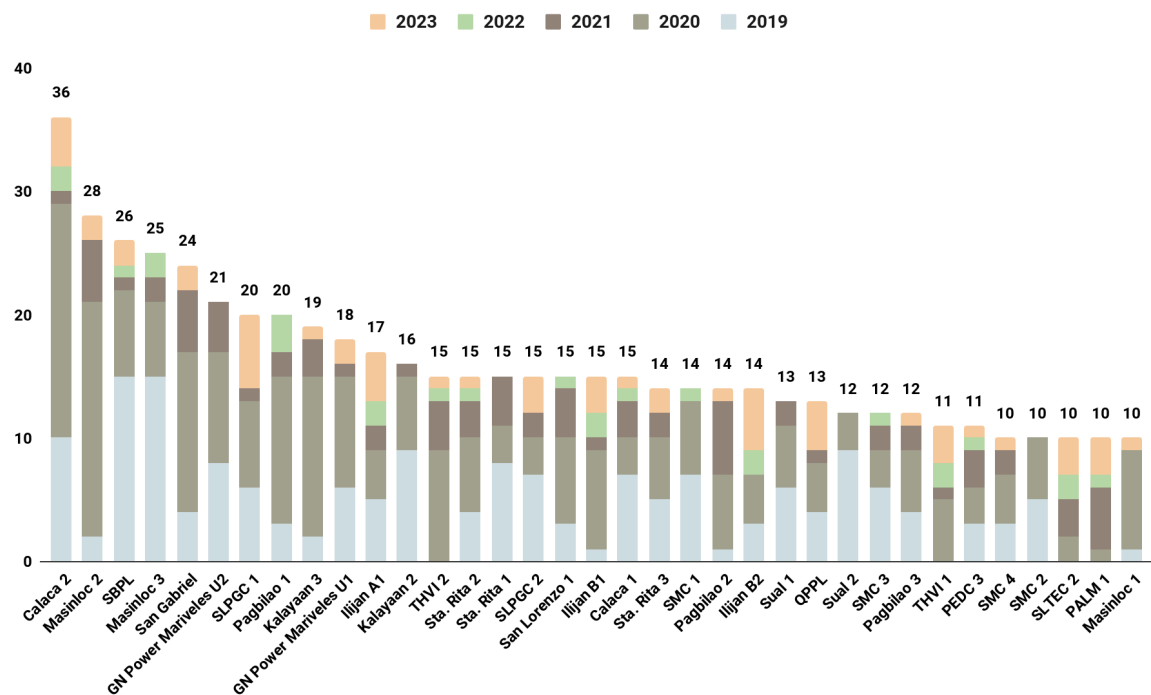
DOE Undersecretary Mario Marasigan also stated at the September 21, 2026 House of Representatives Energy Committee Hearing that the department is considering retiring and replacing coal power plants that are consistently going on outage. Notably, the power plants behind Visayas power woes, namely, TVI Units 1 and 2 and Unit 3 of PEDC, are relatively new. TVI Units 1 and 2 started commercial operation in 2019, while PEDC Unit 3 started in 2016. Moreover, Unit 1 of PEDC, which started its commercial operation in 2010, went on a 101-day outage in 2021.²⁵ Based on historical data, these habitual outages indicate the unreliability of these power plants, on which the Visayas power supply depends.

Despite the underperformance of coal-fired power plants, bilateral power supply agreements (PSA) coming from these facilities keep pouring in, further risking the electricity consumers’ energy security. In September 2026, the Luzon and Visayas Electric Cooperatives Aggregation (LVECA), a group of electric cooperatives in Luzon and Visayas, secured a 15-year PSA from coal-fired power generation companies, namely, Sual Power Inc. and Malita Power Inc., both under San Miguel Global Power; Therma Luzon Inc. and Therma Visayas Inc. of Aboitiz Power; and Palm Concepcion Power Corp. The coal-fired power plants of the mentioned power

²³ *Supra*, note 3.
²⁴ House of Representatives. (2026, September 21). "COMMITTEE ON ENERGY jt. w/ VISAYAS DEVELOPMENT and LEGISLATIVE FRANCHISES". [Video]. YouTube. <https://www.youtube.com/watch?v=2snolg6pwag&t=1501s>.
²⁵ *Supra*, note 3.

generation companies, excluding Malita Power Inc., have been among the power plants that consistently experienced forced outages from 2019 to 2023, especially AboitizPower’s Therna Visayas coal-fired power plant.

Figure 7. Power Plant Units With at Least 10 Incidents of Forced Outages from 2019-2023



V. INADEQUATE GOVERNMENT RESPONSE AND REGULATORY CONTROL

During the September 21, 2026 House of Representatives Energy Committee Hearing, the DOE laid out its immediate, intermediate, and long-term solutions to address the power woes in the Visayas region. The DOE also introduced a “master plan” to interconnect the major islands of the Visayas. Under the master plan, the DOE plans a granular approach to achieving energy sufficiency in the Visayas region. The DOE plans to group the Visayas islands into three subregions and develop generation capacity with complementary transmission facilities within each subregion, namely: 1. Leyte and Samar; 2. Cebu and Bohol; and 3. Panay and Negros.

For an immediate solution, the DOE said that it aims to prioritize resuming operations of power plants that have been on outage, with the help of various engineering societies for third-party assessment and auditing of the performance of power plants with recurring outages, deratings, and performance degradation, and immediately dispatching power barges and battery storage facilities through ancillary services. This can be done in 2026 and the first quarter of 2027.

For an intermediate solution, the DOE targets more ancillary power services through power barges and renewable energy power plants in the subregions identified by the DOE in accordance with its master plan. Accordingly, in the Cebu and Bohol subregion, the DOE plans to set up 80 MW of available ancillary services power capacity and 188 MW of renewable energy projects, totaling 268 MW of available capacity. In the Panay and Negros subregion, 150 MW of available ancillary services power capacity and 342 MW of renewable energy projects in Negros. In the Leyte and Samar subregion, DOE plans to have an available capacity of 255 MW of

renewable energy facilities. DOE estimates that these projects can be dispatched from 2027 to 2028.

For a long-term solution in the Cebu and Bohol subregion, the DOE plans to add a 150 MW baseload power facility, a 220 MW fossil gas project, and a 470 MW renewable energy facility in Cebu in 2028. In 2029, the DOE plans to have a 60 MW renewable energy facility in Bohol and an additional 107 MW baseload power facility in Cebu. For the Panay and Negros subregion, the DOE plans to add a 135 MW baseload power facility and a 220 MW fossil gas project in Panay by 2028, and 555 MW of additional baseload facilities from 2029 to 2031. In Negros, the DOE plans to have an available capacity of 994 MW of renewable energy projects from 2028 to 2030. For the Leyte and Samar subregion, DOE plans for an additional 477 MW of renewable energy facilities from 2028 to 2033.

To lessen the risk of power outages and Yellow and Red Alerts, ERC Chairperson Saturnino Juan acknowledged the growing development of solar power plants in the country. ERC Chairperson Juan identified battery energy storage (BESS) as the “ultimate” long-term solution to power instability driven by rising solar energy capacity.²⁶ Recent DOE data show that the Visayas has 788.517 MW of committed and indicative solar projects in the pipeline, alongside 719.9 MWh of battery energy storage systems (BESS).²⁷

In total, the DOE plans to have these additional capacities in the Visayas region from 2027 to 2033:

Table 3. Total planned generation capacities in Visayas (2027-2033)

Baseload	Fossil gas	Renewable Energy
947 MW	440 MW	2,786 MW

Despite the promising 15,120 MW renewable energy pipeline in the Visayas, this vast generation potential faces severe risks of underutilization due to inadequate transmission grid connections and regulatory hurdles that stall the development of essential BESS infrastructure. While the ERC and DOE declare their visions for energy storage facilities, DOE data paints a stark contrast: most committed BESS projects were put on hold because of delays in the ancillary services competitive selection process.

Because policymakers refrain from recognizing coal dependency as the underlying driver of power shortages in the Visayas, coal development also persists. Despite local community opposition, two coal facilities secured letters of non-coverage exempting them from the 2021 coal moratorium. Furthermore, according to the July 2026 Department of Energy (DOE) lists, an additional 386 MW of committed coal capacity is slated to join the Visayas pipeline between 2028 and 2030, with a potential further addition of 561 MW under the DOE's proposed Visayas master plan.

The Energy Regulatory Commission (ERC) supports the DOE in its master plan for Visayas. However, the ERC noted that the plans for transmission and generation should be

²⁶ *Supra*, note 14.
²⁷ DOE List of Private Sector-Initiated Power Projects as of July 2026.

aligned, as the transmission operator risks stranded assets by overbuilding transmission facilities without corresponding generation capacity.²⁸

In regulating power plants that are frequently on forced outage, the ERC issued the rules prescribing generating plants’ reliability performance and allowable outages per year. Table 4 below provides the equivalent unplanned outage days allowance for different generating plant technologies:

Table 4. Allowable Equivalent Unplanned Outage Days²⁹

Technology	Equivalent Unplanned Outage Days
Biomass	32.06
Circulating Fluidized Bed	27.32
Pulverized	32.15
Gas Turbine	26.92
Combined Cycle	14.35
Diesel	21.09
Geothermal	22.98
Oil-fired Thermal	37.03
Hydro Conventional	12.72
Pumped-Storage Hydro	18.98
Run-of-River Hydro	12.03

During the House of Representatives Energy Committee Hearing, the ERC mentioned that when a power plant exceeds its allowable unplanned/forced outage, the Commission will issue a Show Cause Order against the erring generation company. If there’s no reasonable explanation for such exceedance, the Commission will sanction the erring generation company. Under Section 1, Article IV, of ERC Resolution No. 23, Series of 2026, the erring generation company shall pay penalties ranging from Php 50,000 to Php 200,000 or more, depending on the capacity of the plant and the duration of its exceeded unplanned outage days. In comparison to the huge economic losses incurred by electricity end-users during the outage days of unreliable power plants, the ERC’s current penalties for unplanned outages are merely a slap on the wrist.

Notably, the ERC’s revised regulation on power generation reliability indirectly accommodates unreliable power plants’ performance by extending the allowable unplanned outage days compared to the previous regulation. The ERC revised the power generation reliability rules based on the historical performance of various power generation plants from 2019 to 2024³⁰.

²⁸ *Supra*, note 14.

²⁹ Article II, ERC Resolution No. 23, Series of 2026.

³⁰ Power Philippines (2026), “ERC adopts revised power plant reliability rules to cut unplanned outages”, available at: <https://powerphilippines.com/erc-adopts-revised-power-plant-reliability-rules-to-cut-unplanned-outages/>.

Table 5. Past vs. Present allowable unplanned outage regulation³¹

Energy Source	"Old Allowable Unplanned Outage Days (Resolution No. 10, Series of 2020)"	"Updated Allowable Unplanned Outage Days (Resolution No. 23, Series of 2026)"
Biomass	7.0	32.06
Circulating fluidized bed	16.9	27.32
Pulverized	16.8	32.15
Gas turbine	22.7	26.92
Combined cycle	7.7	14.35
Diesel	14	21.09
Geothermal	13.7	22.98
Oil-fired thermal	27.8	37.03
Hydro conventional	6.8	12.72
Pumped-storage hydro	-	18.98
Run-of-river hydro	-	12.03

As precisely pointed out by the Institute for Climate and Sustainable Cities (ICSC) in their position paper published in September 2026, electricity consumers should not bear the cost of preventable underperformance of power generation plants.³² Instead of tightening regulation over unreliable power plants, the current ERC policies are steering in the opposite direction. By maintaining a lenient regulatory approach toward power generation companies, the ERC continues to shield the industry primarily responsible for the perennial problem of power shortages and expensive electricity in the country. Existing regulations should primarily protect the consumers, not accommodate the incapability of the regulated industry.

The country’s policymakers and energy regulators have failed to plan for the Visayas grid’s sustainability and reliability. They will continue to do so if they keep excluding the robust development of renewable energy technologies from the equation. At the very least, DOE Secretary Sharon Garin already admitted DOE’s planning failures over the Visayas grid. However, the DOE is still convinced that conventional power plants such as coal and fossil gas-fired power plants should be given primary focus, while solar and storage facilities are merely for fast-track, but not a fixed, solution.

VII. POSSIBILITIES OF MARKET ABUSE BY GENERATION COMPANIES

Authorities have been investigating power generation companies for market abuse and collusion since 2019, following repeated power generation outages that triggered price spikes in the wholesale electricity spot market.³³ However, the results of these investigations have been pending in both the legislative and executive bodies for seven years.

Currently, another allegation of market abuse and collusion has come to light following APEC Party-list representative Sergio Dagooc’s manifestation during the House of

³¹ Institute for Climate and Sustainable Cities (2026), “Position Paper: Strengthening Reliability Standards for a More Reliable Philippine Power System”, available at: <https://icsc.ngo/wp-content/uploads/2026/09/ICSC-Position-Paper-on-Forced-Outages.pdf>.
³² *Id.*
³³ *Supra*, note 3.

Representatives Energy Committee Hearing on September 21, 2026. Rep. Dagooc postulated that major power generation companies were raking off profits from the inflated energy spot market prices in the WESM while their affiliate power plants in the Visayas have been out of service. According to Rep. Dagooc, affiliate power plants of major generation companies are reneging on their ancillary services contract with NGCP to sell energy in the spot market; to support this, he stated that based on historical data, costs for ancillary services are getting smaller while prices in the energy reserve market are inflating. He theorizes that power plants are not interested in participating in ancillary services due to regulatory constraints, while selling energy to the market has no regulatory barriers. Rep. Dagooc then asked the NGCP to confirm whether there are generation companies that apply for the termination of their ancillary service contracts with them; the NGCP answered in the affirmative. Rep. Dagooc then strongly suggested that the DOE take this matter seriously and allow the National Power Corporation (NAPOCOR) to contract ancillary services.

Rep. Dagooc also mentioned that there are only three companies that ultimately control the country’s power generation sector. Due to the high concentration of ownership and operation of power plants by big power holdings, the energy industry is vulnerable to pricing play or market collusion, as a power plant can go on repeated outages and/or de-rating, causing the thinning of power supply and increasing the retail prices of electricity, while their affiliated power generation companies supply electricity in the WESM at an inflated price during the thin power supply period.³⁴

For example, in the first quarter and beginning of the 2nd quarter of 2021, multiple simultaneous power generation outages occurred, which triggered the spike in energy prices in the spot market. Table 6 below shows the parent companies of power plants that went on simultaneous outages and derating and, at the same time, are also the pivotal power plants that sell energy in the WESM. Notably, in 2021, ACEN reported a consolidated attributable net income of Php 5.25 billion in 2021, 22% higher than the previous year, attributed to a larger power demand.³⁵

Table 6. Parent Holding Companies behind the 2021 May-June Yellow and Red Alerts and WESM Price Spikes³⁶

Parent Holding Company	Facility on repeated outages and/or de-rating causing yellow and/or red alerts	Facilities contributing to the effective supply of WESM during yellow and/or red alerts	Yellow and/or Red Alert Period
First Gen	Sta. Rita Gas Power Plant	Sta. Rita Gas Power Plant	May 3-9
AboitizPower	TLI Pagbilao Coal Power Plant	TLI Pagbilao Coal Power Plant	May 3-9
San Miguel Corporation/TeaM Energy	Sual Coal Power Plant	Sual Coal Power Plant	May 31-Jun 6
AboitizPower/ACEN	GNPower Mariveles Coal Power Plant		Oct 18-24

³⁴ CEED (2022), “Billed for Annual Power Shortages 10 Solutions to Protect Consumer from the Power Crisis”, available at: <https://ceedphilippines.com/wp-content/uploads/2022/04/10-Solutions-to-Protect-Consumers-from-the-Power-Crisis.pdf>.

³⁵ *Id.*

³⁶ *Id.*

AboitizPower		TLI Pagbilao Coal Power Plant	
ACEN	SLTEC Coal Power Plant		
San Miguel Corporation	Kepco Ilijan Gas Power Plant	- KEPCO Ilijan Gas Power Plant - SMC Limay Coal Power Plant - MPPCL Coal Power Plant	May 21-Jun 6
	Kepco Ilijan Gas Power Plant	- KEPCO Ilijan Gas Power Plant - SMC Limay Coal Power Plant - MPPCL Coal Power Plant	July 12-18
	SMC Limay Coal Power Plant	- KEPCO Ilijan Gas Power Plant - SMC Limay Coal Power Plant - MPPCL Coal Power Plant	Oct 18-24

Similarly, during the recurring power shortages and Yellow and Red Alerts in May-September 2026, the following generation companies and their affiliate power plants (see Table 7) were pivotal in supplying the energy spot market:

Table 7. Pivotal power plants in the WESM (week of May 11-17 to week of 14 - 20 Sep 2026)

Pivotal Plants	Parent Company	Average % of time plants were Pivotal (May 11 - September 20, 2026)
PAGBILAO CFTPP	Aboitiz Power	30.21%
GNP DINGININ CFTPP	Aboitiz Power; AC Energy	30.15%
SUAL CFTPP	San Miguel Corp	18.45%
STA RITA NGPP	Prime Infrastructure Capital Inc; First Generation Holdings Corp	16.00%
MASINLOC CFTPP	San Miguel Corp	12.96%

Historical data presented above illustrates that the possibility and accusations of market abuse—that major power generation companies with multiple power plants are raking off profits from the inflated spot market prices caused by outages of their own affiliated power generation facilities—are not unfounded. In the case of Visayas, it can be observed that major power generation companies, such as AboitizPower, which is also the parent company of units 1 and 2 of TVI, found a way to exploit the weaknesses of Republic Act No. 9136, or the Electric Power Industry Reform Act (EPIRA), in regulating the power generation industry.

During the House of Representatives Energy Committee Hearing, DOE Secretary Sharon Garin stated that the Department supports the proposal for government-owned power generation facilities to contract ancillary services and that it is also conducting an investigation, in coordination with the Philippine Energy Market Corporation (PEMC) and the Philippine Competition Commission (PCC), to look into possible market abuse by the power generation companies.

VI. CONCLUSION AND RECOMMENDATION

The Visayas region's heavy dependence on coal power is the root cause of its volatile electricity supply. By comparison, renewable energy sources offer greater flexibility and a cleaner, more sustainable alternative. Renewable energy expansion in the region is now apparent, with upcoming capacity surpassing that of coal-fired power projects.

1. **Renewable energy systems can replace fossil fuels for baseload capacity.** As recognized by the ERC Chairperson himself, renewable energy is the long-term solution for the Visayas region's power woes. With adequate BESS support, renewable energy can even replace unreliable fossil fuels in baseload capacity. The Philippines' potential for renewable energy is estimated by climate scientists to be around 1,200 GW, an amount sufficient to fully replace fossil fuels while at the same time meeting energy demands.³⁷ 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. While the Visayas' renewable energy direction looks promising, lawmakers and policymakers in the executive branch must keep the door open for cleaner baseload alternatives and push for a complete phase-out of fossil fuels through a just energy transition.
2. **Increase penalties and vigilance for predatory market practices.** Our policymakers should also strengthen the regulations for the power generation industry; DOE, ERC, and PCC should have a joint task force for monitoring and auditing power generation companies that exploit the weaknesses of EPIRA to generate profit, which end-users ultimately pay for. Accordingly, the ERC should develop a more robust policy to ensure the performance reliability of power plants, raise its accountability measures, and make sure that the penalties for erring power generation companies are fully commensurate with the economic damages caused by their unreliable and underperforming power plants.
3. **Bar and/or penalize preventive maintenance during peak season.** During peak seasons, power availability should be the top priority; preventive maintenance is crucial for power plant operations; however, major maintenance should be done during the neutral season, when supply far outweighs peak demand. As experienced in the Visayas region in 2026, such a situation proved that simultaneously planned outages due to preventive maintenance yield negative effects on the grid, as forced outages are also frequent during peak season.
4. **Expedite the development of renewable energy projects in Visayas.** With the very strong El Niño now on our doorstep, the DOE should fast-track the development of our capacity to harness the power of the sun. Local Government Units (LGUs) should also take advantage of ERC's Distributed Energy Resources (DER) rules³⁸ to strengthen their local energy supply needs and promote RE as the community's energy social safety net, particularly in the off-grid areas in the Visayas. With full government support, solar power generation can be constructed and deployed hastily, as the construction of a 1-2

³⁷Jonas Horsch et al., "A 1.5°C future is possible: getting fossil fuels out of the Philippine power sector", November 15, 2023.

³⁸ ERC Resolution No. 11, Series of 2022.

MW utility-scale solar power plant can be finished as quickly as 4 months³⁹ or 5 months.⁴⁰ Less-complex energy systems, such as Distributed Renewable Energy (DRE), can be constructed much more quickly. Moreover, Section 4(d) of EO 110 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 DOE should limit its use of emergency powers to expedite renewable energy projects, especially DRE projects, both initiated by LGUs and private sectors, which can be deployed at a quicker pace than fossil fuel projects.

5. **Publish all Performance Audits and the corresponding Final Recommendations, and sanction DOE and ERC for being remiss in curbing the annual power outages.** Pursuant to DOE DC 2017-12-0016, and ERC Resolution No. 23, Series of 2026, performance assessments and audits of all power generation, transmission, and distribution systems and facilities should be conducted annually. These assessments and audits, as well as the corresponding final recommendations of the DOE, should be published so that all Filipino consumers can be apprised of the findings of the real status of the power plants that have been undergoing repeated and protracted outages and de-rating. This should also inform consumers whether DOE and ERC are diligently performing their mandates to ensure the quality, reliability, security, and affordability of the supply of electricity.
6. **Reduce dependence on and set a phase-out plan for fossil fuels, and pursue the transition to 100% renewable energy.** The current energy crisis is a problem created by our dependence on fossil fuels. According to a report by the United Nations Environment Programme (UNEP), Current national climate pledges (NDCs) and implementation levels of UN member countries are insufficient to prevent the 1.5°C overshoot; thus, global warming is set to cross 1.5°C above pre-industrial levels, likely within the next few years.⁴¹

Given that surpassing the 1.5°C threshold is now imminent, policymakers must intensify efforts to reduce and ultimately phase out fossil fuel dependence. According to the UNEP, reversing the 1.5°C overshoot remains possible, provided that net-negative CO₂ emissions are maintained over an extended period.⁴² For the country to navigate global efforts to limit global warming to 1.5°C, policymakers must urgently 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.⁴³

An additional 152TWh of renewable generation would be required by 2050, with wind and solar power having a 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

³⁹ 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/>.

⁴⁰ 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.

⁴¹ United Nations Environment Programme (2026), “Limiting Overshoot: Navigating exceedance of 1.5°C and pathways towards return” available at:

<https://www.unep.org/en/publications/report/limiting-overshoot-navigating-exceedance-15degc-and-pathways-towards-return>.

⁴² *Id.*

⁴³ *Supra*, note 37.

energy generation is attainable given that the Philippines has abundant renewable energy potential, estimated at around 1,200 GW. The analysis focused on solar rooftop, open-field solar, and onshore and offshore wind energy – excluding areas of high biodiversity and protected areas.⁴⁴

Shifting towards this pathway would reduce levelized costs of electricity (LCOE) in the Philippines and will enable the Philippines to achieve 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 2050.⁴⁵

- 7. Prohibit long-term Power Supply Agreements for underperforming power plants, especially during the Energy and Climate Crisis.** Underperforming coal power plants still dominate Competitive Selection Processes (CSP) to secure PSAs. Amidst their recurring outage issues, underperforming coal power plants of San Miguel Global Power (Sual Coal-Fired Thermal Power Plant) and Aboitiz Power (TVI Coal-Fired Power Plant) still managed to secure 15-year PSAs with various electric cooperatives in Luzon and Visayas, locking in electricity consumers to 15 years of costly, dirty, and unreliable energy. The ERC should revisit the CSP Rules and amend the allowable PSA period to no more than 10 years and no less than 5 years to pave the way for the development and advancement of efficient and sustainable energy sources such as renewable energy.

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⁴⁴ *Id.*

⁴⁵ *Id.*