



# Philippines: VISAYAS BASE-LOAD POWER PROJECT

Project Name	VISAYAS BASE-LOAD POWER PROJECT			
Project Number	43906-014			
Borrower / Company	KEPCO SPC POWER CORPORATION			
Country / Economy	Philippines			
Location				
Type or Modality of Assistance	2612	Loan	Ordinary capital resources	USD 120.00 million Closed
Strategic Agendas	Environmentally sustainable growth			
Drivers of Change				
Sector / Subsector	Energy / Conventional energy generation			
Gender				
Responsible ADB Department	Private Sector Operations Department			
Responsible ADB Division	Portfolio Management Division, PSOD			
Responsible ADB Officer	Garcia, Broderick B.			
Project Sponsor(s)	KEPCO PHILIPPINES HOLDINGS, INC.			
Description	The Project involves construction and operation of a 200- megawatt (MW) coal-fired power plant in Naga City, Cebu, in the Visayas region. The plant is needed to address the power shortage in the region, and will adopt a more environment-friendly technology by using circulating fluidized bed (CFB) combustion boilers. It will provide base-load power to the grid. CFB is the next best solution to using pulverized coal technology. Supercritical technology cannot be used for a 200 MW plant.			
Objectives and Scope	The Project (i) supports sustainable growth in the Visayas region by increasing the availability of reliable and competitively priced power to prevent power shortages and meet the growing demand of industrial, commercial, residential, and rural consumers without additional fiscal burden to the Government of the Philippines (the Government); (ii) supports continued implementation of sector reforms that aim to lower electricity costs for consumers by increasing competition and efficiency through private sector investment in the sector; and (iii) provides a demonstration effect for future private sector investments in greenfield, more environment friendly, coal-fired power generation under the new regulatory regime needed to meet the country's future energy needs.			
Status of Development Objectives	The project is meeting its development objectives of providing 200MW capacity to the Visayas electricity grid since 2011 and has contributed to addressing involuntary load shedding in the region. The marginal cost of electricity produced by the plant is cheaper compared to alternative sources (e.g., diesel), thus lowering the overall cost of electricity in the grid.			
Status of Operation/Construction	Commercial operations for Unit 1 started on 28 February 2011 and Unit 2 on 31 May 2011. The plant has been running smoothly and has been delivering electricity to the grid as planned.			
Material Changes	NA			
Linkage to Country/Regional Strategy	ADB's country strategy and program for the Philippines (2005 2007, extended to 2010) was developed with significant input from the Government to highlight its priorities and key areas for partnership. The project addresses one of the Banks identified area of inadequate infrastructure by not putting additional strain on limited government financial resources in its attempt to achieve its goals in infrastructure investment. The Project has likewise introduced an international sponsor that can advocate for the development, integrity, and transparency of the reform process. The Project is also in-line with ADB's country operations business plan for the Philippines, 2009 2010, which calls for interventions to support critical infrastructure projects, including power generation, and cites power generation as a specific target area for private sector operations. ADB's Energy Policy recognizes that coal-based generation will grow to meet the electricity needs of the region. It states that ADB will encourage developing member countries to adopt available cleaner technologies, such as CFB, and assist them in collaborating with developed countries on technology transfer.			
<b>Safeguard Categories</b>				
Environment				A
Involuntary Resettlement				B
Indigenous Peoples				C
<b>Summary of Environmental and Social Aspects</b>				
Environmental Aspects	An environment management plan (EMP) for the Project was formulated as part of the project EIA and comprises a set of measures to mitigate potential impacts that may occur during all phases of project implementation. Its main objective is to minimize the direct and indirect negative environmental impacts of the Project through sound planning and introduction of proper construction and monitoring techniques during construction and operation. During construction, the EPC contractor Doosan established its environmental, health, and safety (EHS) management certified as ISO 14001 and OSHAS 18001 compliant. During operation stage, KSPC has established an environmental management system (EMS), led and monitored by its environmental department.			
Involuntary Resettlement	KSPC acquired the land for the coal-fired power plant through open and competitive bidding conducted by NPC and PSALM on 14 November 2005. KSPC has leased the land for 25 years; its only use was for the new power plant. Resettlement of illegal settlers has been undertaken and completed prior to project implementation. ROW requirements for transmission have likewise been secured.			
Indigenous Peoples	No indigenous people were affected by the Project.			
Stakeholder Communication, Participation, and Consultation	The Project has a multipartite monitoring team (MMT) composed of various project stakeholders, including civil society and local barangay representatives. The MMT meets regularly and as required to monitor and discuss any issues regarding implementation of the project.			

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**Timetable for assistance design, processing and implementation**

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Concept Clearance	06 Mar 2009
Credit Committee Meeting	08 Jul 2009
Approval	11 Dec 2009
PDS Creation Date	10 Mar 2009
Last PDS Update	28 May 2018

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Project Page	<a href="https://www.adb.org/projects/43906-014/main">https://www.adb.org/projects/43906-014/main</a>
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