<table>
<thead>
<tr>
<th>Organization A</th>
<th>MDB and DOE RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. We call into question the ambiguity of the stated target of up to [1000] MW of installed clean energy capacity under the “Infrastructure” pillar of the CIF-ACT IP. While the growth of the Philippines’s renewable energy (RE) sector is consistently featured in the draft plan (we refer to p. 39 as an example of this), implementation of activities is different from planning how to realize specific targets.</td>
<td>Thank you for the comment. The version submitted to the CIF contributors in October 2023 has incorporated a revised target of “1,500 MW of installed clean energy capacity”. In the current IP draft (as of Feb. 2024), further revision was made to revise “clean energy” to “renewable energy”.</td>
</tr>
<tr>
<td>2. For instance, the technology-neutral, least-cost approach that the Department of Energy (DOE) still uses that was highlighted to us from the civil society ranks during our engagements with them in recent years, and even during the 4 August ADB-hosted consultation indicates potential confusion into whether or not said agency, as a lead implementing agency under this program, would follow through with the implied RE development. Adding to this is that under the current administration, the expansion of the use of natural gas, an imported fossil fuel just like coal that has partially led to the current state of the country’s energy sector, and the planned development of the nuclear energy sector (with targets in the draft Philippine Energy Plan (PEP) indicated in p. 23), could ultimately hinder RE development, within the boundaries of the CIF-ACT IP or outside of it.</td>
<td></td>
</tr>
<tr>
<td>3. With this context, we recommend that it must be explicitly stated that under the “Infrastructure” pillar of the CIF-ACT IP, a primary target will be “up to [1000] MW of installed renewable energy capacity”.</td>
<td>Agreed, thank you for this point. Just transition is a process which considers negative impacts due to the ongoing energy transition and ensures that these translate to net positive for the employees, local communities, environment and the economy. Therefore, affected communities in each specific project will be identified, impacts on communities and people including on women, vulnerable, marginalized and indigenous groups assessed, and meaningful consultation conducted through the just transition process with them. This will also include project-level</td>
</tr>
<tr>
<td>4. While the just transition framework featured in the CIF-ACT IP draft and in one of the presentations during the 4 August consultation properly focuses on addressing the impacts on workers in coal-fired power plants and the communities that economically benefit from partnerships with these facilities, the figurative other side of the equation is not as emphasized: how communities nearby proposed sites of RE power plants will be affected. If not every step of the process is prominently featured and accounted for in the framework that serves as a basis for the IP itself, it can</td>
<td></td>
</tr>
</tbody>
</table>
undermine the comprehensive, holistic approach that such a plan must utilize to help accelerate the just energy transition away from coal in the Philippine setting. It could also leave these communities vulnerable to potential cases of improper or poor implementation of RE projects that could even cause harm to them or the nearby ecosystems on which they depend for their livelihoods and other important aspects of their culture and daily living, especially if their needs and concerns are not included in the decision-making process.

5. Regarding the section “National Ambition for a Net-Zero Pathway” (p. 22-23), we call into question as to whether the content featured in this draft is aligned with any ambition for a net-zero pathway, especially considering that the Philippines has, as of this writing, no true commitment for achieving net-zero emissions. There is no such commitment, even a conditional pledge, under the Philippines’s first Nationally Determined Contribution. There is also still no publicized economy-wide decarbonization pathway that is aligned with either achieving the NDC target of reducing greenhouse gas (GHG) emissions by 75% within the current decade, or the goal of limiting global warming to 1.5°C above pre-industrial temperatures, as stated in the 2015 Paris Agreement.

Furthermore, any ambition or genuine commitment for a net-zero pathway requires not just a reduction in potential GHG emissions, but also a natural removal of emissions that are already in our external environment (i.e., atmosphere, oceans), or the pollution that has caused the impacts of the climate crisis that the Philippines has especially experienced in recent decades. Based on our previous engagements with Philippine government agencies, we learned that under a USAID-led study, projections indicate that the country’s forestry sector would likely be a net-emitting sector as early as 2030.

While we support the position that the Philippines should not be forced to achieve net-zero emissions at the same timeline as developed countries, placing a section that implies that the country has an official commitment to reach net-zero emissions despite not having a true pledge or strategy to attain such state by at the earliest 2050 comes across as not only disingenuous, but also inconsistent with what the current administration has indicated as the country’s future energy direction (i.e., proposed expansion of
the use of natural gas), which would make even an ambition of a net-zero pathway unattainable.

Given this context, we call on the current Philippine administration to make even a conditional net-zero emissions commitment within the CIF-ACT IP, the upcoming PEP, the next NDC, and in other national-level policies.

6. In relation to the previous item, we also call for a stronger emphasis on ecosystems protection under the frameworks used in the CIF-ACT IP, especially on just transition. As accelerating the country’s climate change mitigation efforts is a main goal under this endeavor and with the Intergovernmental Panel on Climate Change indicating in its Sixth Assessment Report that artificial carbon sinks are still unproven and unreliable at large-scale levels of implementation, only including environment remediation at the asset level (p. 35) in the specified just transition framework is not enough for this emphasis; biodiversity and ecosystems protection is just as important of an aspect at the asset and community/local levels not just for climate change mitigation, but for safeguarding other facets of development that is important for any just transition.

The MDB team agrees that biodiversity and ecosystems protection contribute to both climate mitigation and adaptation. However, since the funding CIF ACT can provide is limited, the contributors of CIF would like to see projects directly related to decreasing the GHG emissions from CFPPs. There are other CIF programs focused on biodiversity and ecosystems management such as the Nature, People and Climate (NPC) Investment Program and the Forest Investment Program (FIP).

7. We commend the CIF-ACT IP for recognizing the importance of the commitment of major Philippine banks and other corporations for coal divestment in spurring private-led decarbonization in the country, especially considering the context of how much of the national power generation is owned by this sector. That said, we must emphasize that having publicized commitments for coal divestment is entirely different from having a detailed strategy for turning these words into eventual reality, as has been observed by our allies in other civil society networks that directly deal with the issue of fossil fuel divestment.

This is noted. Project concepts 1.1 to 1.3 are likely to be cofinanced by local FIs, further promoting decarbonizing the FI portfolio. The aim is for CIF ACT funded projects to serve as proof-of-concepts for accelerated coal to clean transition including portfolio-level RE scale-up in the Philippines. Hopefully, through these demonstrations, other private sector entities involved in power generation from fossil fuels would be inspired to commit to and act on decarbonization goals. As an example, through ADB’s introduction of the ETM concept to ACEN Corporation in 2022, ACEN, of its own accord, proceeded with the accelerated retirement of the South Luzon Thermal Energy Corporation (SLTEC) coal plant.

8. We recognize the significance of the following statement: “Without an actual financial incentive, no amount of political will would be sufficient to accelerate the first set of CFPP retirements and repurposing projects and initiate the transformational change required for the transition from coal-to-clean energy,” which was mentioned several times throughout the draft CIF-ACT IP. However, we emphasize that executing mechanisms for corporations to avail these financial incentives must

Agreed, and thank you for this reminder. The MDBs and the GOP prepared the IP having this in mind as well. GOP employs a policy, as mentioned in the EPIRA, to ensure the quality, reliability, security and affordability of the supply of electric power; hence, this underpins all efforts to decarbonize the Philippine power sector under the CIF ACT IP.
not ultimately come at the expense of Filipino consumers, who already are dealing with rising energy prices, including one of the most expensive electricity rates in the Asia-Pacific.

9. Under the overview of the National Strategic Environmental and Social Assessment, there is recognition of the regulatory risk of consumers being exposed to higher electricity prices and lack of access to RE services (p. 120). As part of its mandate, it is vital for the Philippine government to implement the necessary mechanisms to ensure that as it enters into transactions covered by the CIF-ACT IP that involves securing concessional loans for financing, Filipino consumers, especially the most impoverished and marginalized sectors and groups, would not be the ones shouldering the burden of repaying these costs. Failure to do so otherwise would simply be in contrast to the ultimate goal of any form of just transition: that no stakeholder is left behind in any shape or form.

10. We seek clarification on why the Philippines’s CIF-ACT IP is only expected to deliver on 9 of the 11 core objectives of the program (p. 53). It was not clearly stated in this part of the document or in Figure 18, which features the Philippines ACT Investment Plan Impact (p. 63-73) which of the 11 core objectives are unlikely to be achieved for the duration of the endeavor, or the reasons for such expectations.

Targets for ACT Core 10 (energy savings from plant closure and savings) are not established as project concepts 1.1 to 1.3 target to retire or repurpose CFPPs early and do not plan implementing energy saving measures.

ACT Core 11 (mine closure, reclamation) is not set as mine closure and reclamation is not being targeted in the IP.

Organization B

11. The Climate Investment Fund (CIF) Accelerating Coal Transition (ACT) Program Invest Plan for the Philippines is a welcome development. The issuance of the BSP Sustainable Finance Framework in 2020 as well as the Environmental and Social Risk Framework in 2021 outlined expectations upon the bank’s board to adopt ESG elements as well as to set strategic environmental and social objectives for the bank’s credit operations. This may include progressively increasing targets on the proportion of the loan portfolio allocated for green or sustainable projects or assets. The CIF ACT Investment Plan may serve as impetus for banks to consider financing CPO as their way to meet their sustainability targets as blended finance mechanisms indeed increase the credibility and confidence among private financial institutions.

12. Several discussions on sustainability argue that policy and financial incentives will be required to

Thank you for sharing these initiatives. The MDB team has incorporated some of these additional information in the revised IP, see para. 34 o. The team is looking forward to further development in these initiatives.
phase out coal and enable clean power deployment. Currently, there are existing BSP guidelines that incentivize banks to finance eligible green or sustainable projects, which include separate single borrower’s limit (SBL) and exclusion from prudential limits (subject to certain parameters) over loans granted to an entity for the purpose of project finance. Moreover, the BSP is looking at other potential measures to incentivize banks to promote green lending such as the use of preferential rediscoun rates or provision for higher loan values. A set of proposed measures to incentivize banks to finance green or sustainable projects was recently exposed for comments. The draft circular seeks to amend the regulations on SBL and reserve requirement (RR) by (i) granting additional SBL of 15.0 percent of the net worth of the lending bank for purposes of financing green or sustainable projects, including transition activities to decarbonization; and (ii) reducing to zero percent (0%) the RR rate for existing and new issuances of sustainable bonds by banks.

13. With the promotion of sustainable finance as a national interest comes the evident importance of a local green/sustainable taxonomy to adequately classify sustainable and transition activities. The creation of the local sustainable finance taxonomy is being pursued by the financial sector regulators (BSP, SEC, IC) under the auspices of the Financial Sector Forum (FSF). The FSF recently exposed for comments (comment period is still ongoing) the proposed Philippine Sustainable Finance Taxonomy Guidelines (SFTG). The proposed Philippine SFTG will serve as a tool to classify whether an economic activity is environmentally or socially sustainable. This also serves as a guide for different stakeholders in making informed investment or financing decisions. The proposed taxonomy guidelines considered the country’s Nationally Determined Contributions, the Philippine Development Plan, and the ASEAN Taxonomy for Sustainable Finance. The Philippine SFTG initially focuses on climate change mitigation and adaptation.

<table>
<thead>
<tr>
<th>Organization C</th>
</tr>
</thead>
<tbody>
<tr>
<td>14. While the draft investment plan (IP) mentions and discusses engaging private companies in developing a corporate plan in the move away from coal, it makes no mention of how it will ensure that such companies do not simply pivot to other fossil fuels, and how these private owners will provide Projects under Component 1 aim to collaborate with sponsors who have made strong commitments towards decarbonization. The financing offered under these components will incorporate suitable covenants to prevent sponsors from using debt facility or proceeds from early retirement of coal-fired power</td>
</tr>
</tbody>
</table>
reparations to communities that suffered from the coal plants chosen for retirement. This is a glaring gap in the plan considering that the Philippine government is aggressively promoting the fossil gas and liquified natural gas (LNG) industries, which in turn has encouraged private companies to propose at least 35 gas-fired power plants with a total capacity of 39 GW and 12 LNG terminals.\(^1\)

plants (CFPPs) towards the development of fossil fuel plants. Furthermore, such facility will not support the repowering of CFPPs with gas or other fossil fuels.

As mentioned in the revised IP, all projects that will be undertaken under the CIF ACT IP will adhere to the respective MDB’s safeguards policies. The environmental and social, including labor, audit will determine if there are noncompliance to safeguards policies, and recommendations will be made to address gaps and improve overall performance of CFPPs identified for early retirement, in environmental, social and labor aspects.

Legacy issues are an important issue, but beyond the scope of this funding. CFPP early retirement transactions are not able to be designed in a way to comprehensively address related legacy issues. This is because the financial costs would be very high and would prolong what could have been a shortened CFPP operating life—essentially defeating the purpose of working on early closures to support the global climate battle.

For the above reason, the financing structures for early coal retirement projects will be limited in being used for environmental and social recovery, though some portion of it can be viewed as supporting measures to address some legacy issues. For example, project funding can be used for alternative livelihood training for communities, which could address economic difficulties not only of those people that will be affected by the transition, but also of those people who were affected by the construction/operation of the CFPP.

Beyond this CIF ACT IP, on the expanding use of natural gas in power generation in its future plans for the energy sector, the DOE is ensuring that the balance of the energy trilemma of sustainability, security, and affordability is maintained as outlined in the PEP 2023-2050. According to the DOE, the use of natural gas in power generation aims to address the expected developmental and demographic increase in the Philippine energy demand, as well as to serve as the transition fuel or as an alternative fuel to coal resulting from the coal moratorium issued by DOE, leading to slowed down, if not decreased, emissions. While 100% renewable energy is best, the existing Philippine energy sector landscape have diverse limitations and challenges in the technological, economics, policy, and institutional aspects.

\(^1\) Announced from news reports, DOE’s committed and indicative projects, and delisted projects but not officially canceled.
technical, financial, implementation, among other aspects, making natural gas and other viable transition fuels and technologies part of the energy transition the DOE envisions. Nevertheless, aggressive development of renewable energy supply is the highlight of the PEP 2023-2050. Furthermore, the power generation, transmission, and distribution sectors in the Philippines are privatized, generally unsubsidized, and highly taxed.

15. Worse still, the draft consistently states “retirement or repurposing” of the chosen coal plants, with no assurance that they would not be repurposed for fossil gas use, hydrogen, or ammonia—all of which are false solutions that exist largely as the final lifelines of the fossil fuel industry.

Detailed studies and discussions on CFPP retirement or repurposing options shall be discussed on a project-by-project basis with plant owners and the regulators. Fossil gas is not being considered for repurposing coal plants under the CIF ACT program as it cannot support oil or gas, or any fossil fuel as replacement energy. Beyond the CIF ACT IP, the DOE is implementing a technology-agnostic approach in exploring options to transition from coal to clean energy (see response to question #14 on DOE’s strategic direction).

Since the CIF funding will be channeled through the MDBs, any projects considered will have to follow MDB policies and guidelines. For example, ADB projects under the IP will be guided by ADB’s 2021 Energy Policy which supports the technologies mentioned with specific prerequisites to ensure high-quality projects and environmental compliance. IFC and the World Bank’s projects will be guided by the World Bank Group’s Climate Change Action Plan 2021–2025 in line with the WBG’s Green, Resilient, and Inclusive Development approach, which promotes economic progress through a recovery path that is inclusive and consistent with environmental and social sustainability. Priorities for climate-focused action depend on the country context, while maintaining a just transition.

While it may not be technically and economically established now, development in the use of hydrogen or ammonia as low-carbon alternative fuel is rapidly progressing, and excluding them beyond the scope of technologies to be supported by the MDBs may reduce their potential to help mitigating emissions and drive energy transition.

16. While one of the programs makes mention of stakeholder consultation, there are no guidelines, nor references to which safeguards/policies for public consultations will be used, and the ongoing public consultation does not inspire confidence that the future stakeholder consultations referred to will be

The two stakeholder engagement activities conducted in August and September 2023 and the public disclosure of the draft IP in September 2023 aimed to provide a venue for various stakeholder groups to be involved in the IP process and express their concerns and suggestions. The MDB team has been taking all
more inclusive or comprehensive. In particular, we reiterate our concerns over the lack of any safe, meaningful consultation spaces being opened to date for civil society and community-based groups to engage 2, and the alarm at the lack of outreach to – as well as inclusion of – diverse sectors of concerned rightsholders, including labor unions and workers’ alliances, Indigenous Peoples’ alliances, human rights organizations, as well as organizations representing constituencies of women and LGBTQI++. In this regard, although there is a section called “Gender Mainstreaming in the IP”, any mention of engaging with women’s and LGBTQI++ groups in consultation processes, especially at project-level sites, is lacking throughout the IP as are specific considerations for restorative justice to ensure redress and reparations for the particular gendered harms implicated by coal operations.

feedback received into consideration and adjusting the design of the stakeholder consultations and the invited participants. During the second stakeholder meeting, the ADB official on behalf of the organizers emphasized at the beginning that the forum is a “safe space”, and the creation of safe spaces for dialogues to allow everyone to express opinions without fear is promoted. Organizer’s email addresses were informed so that opinions could be expressed anonymously.

The MDB team will continue updating the stakeholders list, thanks to suggestions such as this. It is important to note that the stakeholder engagement activities conducted so far and the upcoming 3rd stakeholder engagement meeting (March 2024) are focused on the IP (containing the general project concepts) only; the project-level consultations are not at this point. Once the IP is approved, each MDB will prepare the individual projects following their standard business processes. This requires application of their respective safeguards policies, which includes identification, impact assessment, meaningful consultation and engagement with affected communities and people as well as other key stakeholders, as relevant. Please refer to response to question #14 for more information on project-level safeguards.

17. We also reiterate the call for the narrowly defined terms of just transition to be revised, taking into consideration a broader understanding of the range of sectors involved and a recognition of the need for restorative and reparative justice processes that go far beyond technological replacement of power sources. There also appears to be a lack of recognition of the fact that new jobs created must be dignified – where all ILO core labor standards are upheld and living wages as well as safe and healthy conditions are guaranteed.

Component 2 projects which aim to address just transition and governance pillars, adopt a programmatic approach to support the GOP in its country-driven just energy transition. These projects aim to develop and implement comprehensive reforms across various energy transition areas. Additionally, they work towards creating a national just transition approach, enhancing reskilling and upskilling programs focused on the clean and efficient use of energy. Furthermore, they prioritize ensuring continued basic service delivery to affected communities and providing access to diversified livelihood opportunities and economic development.

The just transition framework outlined in the IP is aligned with ILO’s Guidelines for Just Transition (2015). As mentioned in the IP, the MDBs are discussing with the ILO for collaboration on just transition activities and developing frameworks.

---

2 This is particularly of concern in the current context of restricted civic space, as illustrated in the recent 2023 Global Witness Report on the threats and violence against land and environmental defenders, “Standing Firm: The Land and Environmental Defenders on the Frontliners of the Climate Crisis,” showing that the Philippines has ranked as the deadliest country in the region to be an environmental human rights defender this past year as well as every other year over the past decade. See: https://www.globalwitness.org/en/campaigns/environmental-activists/standing-firm/
18. Despite the acknowledgment in the IP that exacerbation of sovereign debt is a concern, as outlined below, significant proportions of financing will still contribute to the national debt burden. We reiterate that climate financing being provided should be non-debt-creating.

| National multistakeholder forum on just transition is being planned by the MDBs with ILO, to be conducted in the first half of 2024. |

| Most of the CFPPs in the Philippines are private sector-owned and as such all projects are entered into on a voluntary basis by coal plant owners. Projects under concept 1 pertaining to early retirement or repurposing coal power plants are all nonsovereign transactions, i.e., loans will be made to the private sector, which does not add to public debt. The sovereign loans are ADB’s proposed PRISTINE project (project concept 2.1) which supports reskilling and upskilling of workers who will be affected by the transition to clean energy, and WB’s Energy Transition Technical Assistance Project (project concept 2.3) which will be implemented alongside a proposed development policy financing to strengthen the legal, institutional, and regulatory environment in the energy sector to enable the energy transition. |

| All MDB loans go through due diligence processes, including debt sustainability analysis, before approval. Publicly available documents of approved projects reflect this analysis and, along with sovereign financing terms, are disclosed on the MDB websites. |

| Latest data from the central bank of the Philippines (Bangko Sentral ng Pilipinas; BSP) indicates that the external debt to GDP ratio has dropped significantly since 2006 and has been in the 23% - 28% range in the past 10 years, which is the lowest among the Southeast Asian peers (between 30% - 70%). |

19. We remain vigilant that the IFC is in the midst of implementing a Management Action Plan (MAP) in relation to its own support for financing several coal-fired power projects in the country via RCBC as a financial intermediary, and that to date, the Compliance Advisor Ombudsman has suggested “delays in the progress are concerning”. Given that one of the key aspects of the MAP was for the IFC to follow through with “assessing and addressing environmental and social impacts associated with the 10 power plants RCBC financed and the status of their compliance with IFC’s Performance Standards,” this raises serious questions about its positioning to undertake the project on “Accelerating Development of Renewable Energy and Transition From Coal”.

| IFC remains committed and will continue to work closely with RCBC and engage with CSOs and other stakeholders on the implementation of the Management Action Plan (MAP). As of December 2023, 68% of MAP deliverables have either been completed or significantly progressed. |

---

3 See: https://www.cao-ombudsman.org/cases/philippines-rizal-commercial-banking-corporation-rcbc-01
20. For Para. 5: The document’s broad statement that coal plants in the Philippines have “strong and bankable” Power Supply Agreements (PSAs) are questionable, especially considering numerous developments as follows:

- In 2019, the Philippine Supreme Court promulgated the decision in the case Alyansa v. ERC upholding the mandatory nature of the Competitive Selection Process (CSP) and declaring as void all PSAs that did not undergo the CSP. This resulted in 120 PSAs being declared void. This decision is currently being implemented by the Energy Regulatory Commission, affecting all 120 PSAs with 87 of them being with coal generation companies. Clearly, the existence of PSAs currently is not a guarantee that the coal plants are safe from stranding.

- Case in point for the risky nature of coal PPAs is the PPA between KEPCO-SPC and CENECO. KEPCO-SPC was awarded the PPA for submitting the “lowest calculated and responsive bidder” at 3.2929 Php/kWh. However, based on discussions with CENECO, KEPCO-SPC “disengaged” from the contract because of expensive coal prices.

- Think tanks have long sounded the alarm on stranding coal assets in the Philippines. A 2017 study found that stranded coal asset cost is already being realized in Mindanao due to an oversupply of approximately 700 MW coal-fired and hydro power. Stranded cost in the region is estimated to be P3 billion from 2014 to 2016. This cost is expected to increase as 600-MW additional capacity was expected to come online in Mindanao by 2020.

- The Energy Regulatory Commission (ERC) is currently concluding the formulation of the Competitive Selection Process (CSP) Guidelines. The latest draft of the CSP Guidelines mandates straight pricing for financial contracts. Under straight pricing, it will become more and more difficult for fossil fuels to outbid cheap renewable energy.

The GOP has already utilized several policy tools to facilitate the transition from coal to clean energy, notably, the moratorium on greenfield CFPPs implemented by the DOE in October 2020 along with various initiatives to promote the development of renewable energy which are highlighted in Section 2.6.1 of IP.

Given the deregulated nature of power sector in the Philippines, the private sector has a vital role to play in energy transition in the Philippines. As all existing CFPP plants (except for Mindanao) are owned and operated by private sector entities, GOP aims to facilitate voluntary retirement of these assets. Project components 1.2 (Private Sector Decarbonization and Repowering Program) and 1.3 (Accelerating Development of Renewable Energy and Transition from Coal) aim to accelerate the voluntary retirement or repurposing of privately owned CFPPs. These project components will focus on CFPPs which are commercially sustainable and without intervention (such as through the ACT program that encourages voluntary retirement or repurposing), would continue to operate and emit GHGs in the long term. These plants may have mid-/long-term PPAs with stable revenue stream with options to sell power in the electricity market. Detailed assessment will be undertaken prior to finalization of arrangements for any CFPP.

---

generation costs. In a 2020 report, a survey of approved generation rates of renewable energy plants ranged from 2.99 Php/kWh (solar) to 5.19 Php/kWh (hydro). Meanwhile, approved generation rates of coal (under variable pricing where pass-through of fuel cost is allowed) range from 3.8 to 6.532 Php/kWh.

- San Miguel Corporation (SMC), one of the biggest conglomerates in the country and one of the largest fossil fuel companies, filed last year a Motion for Price Adjustment before the ERC for its PSAs with a single tariff structure. According to them, they suffered Php 15 Billion in losses because of rising prices of coal and fossil gas, making it not economically viable to continue running their plant because of their PSAs.

- In a report published this month, the Institute for Energy Economics and Financial Analysis (IEEFA) found that San Miguel Global Power Holdings Corporation (SMGPH) is rapidly expanding coal and natural gas-fired power capacity in the Philippines, despite the clear financial risks caused by its overexposure to volatile fossil fuel prices. SMGPH’s heavy reliance on imported coal has had a negative impact on various financial metrics, including profitability, liquidity, cash flow coverage and its ability to repay rising debt. Based on these factors, the data indicates the company underperformed its largest domestic peers in the 2022 financial year.

Ultimately, the energy transition – if it is to be underpinned by democratized and participatory decision-making processes while being managed, direct and rapid and accountable to the people of the Philippines – should be wrested in the hands of the public institutions, that can and do enforce regulatory changes and requirements, not left to the whim of voluntary actions by the private sector.

21. For Para. 5: It is unclear how the proponents of this draft came to the conclusion that no political will would be sufficient to accelerate the retirements

As mentioned, the Philippine power system is highly privatized and commercially oriented. Therefore, while policy actions are being taken as mentioned in

---

7 CEED Philippines (2020), “Preventing another 20 years of coal, lessons from meralco’s electricity procurement practices.”


of coal plants. There have also been considerable strong policies and pronouncements from the government that signal a transition away from coal, as follows:

- In 2020, the Philippine government was able to declare a moratorium on new coal plants.\(^\text{10}\) While not perfect, this still stopped the further expansion of coal plants in the country. Hence, the government has the capacity to create significant policies. What is needed, rather than disregarding the political capacity of the government, is to help them craft more stringent laws and monitor implementation. The current administration has also pronounced that it will keep the ban.\(^\text{11}\)

- Compared to the last administration which kept a technology-neutral stance, the Marcos Jr. government is consistent and clear in its policy to develop renewable energy (RE) as a top climate agenda\(^\text{12}\). In his first and second State of the Nation Address, President Marcos Jr. spoke of his plans to increase renewable energy, saying that it is the “way forward.”\(^\text{13,14}\)

- The DOE is also eyeing 11,160 MW of renewable energy under the Green Energy Auction Program (GEAP) by 2026.\(^\text{15}\) The upcoming installment would be 1,866.13 MW RE between 2023 and 2025\(^\text{16}\), and 3,440 MW RE between 2024 and 2026\(^\text{17}\). CFPP owners are expected to face an increasing risk of stranded assets as RE sources are expected to replace coal.

Regarding ADB’s Cirebon 1 project, Cirebon-1 has been chosen for detailed evaluation as a potential pilot ETM transaction to demonstrate one of a number of possible models for accelerated retirement and repurposing. The willingness of the owners of the power plant to consider accelerated retirement was key in initiating the evaluation of the suitability for ETM, while stakeholders, including workers and local communities, are being consulted with as detailed analysis is carried out. Cirebon 2 is a different power plant, with a separate power purchase agreement with PLN. The planning for, and business decisions to construct Cirebon 2 occurred in 2013. As a reminder, the concept of ETM was only proposed at the World Economic Forum in January 2021 and ADB picked it up to test its feasibility thereafter. While ADB is not a party to any decision pertaining to Cirebon 2, ADB will continue securing commitments from corporate entities involved in the ETM to ensure they do not make new investments in coal-fired power plants in the power grid.

Re: Mindanao CFPP, it was considered in ADB’s pre-feasibility study in 2021 together with all other coal plants in the Philippines. Following discussions with PSALM, ADB was awarded the mandate in December 2023 to support the Mindanao CFPP energy transition.

Aboitiz’s decision to increase its equity shareholding in the project company which has concession for the IP as well as in response to #20, the fossil-to-clean energy transition in the Philippines can be accelerated through incentivization and support for the private sector to take voluntary actions.

---


\(^{14}\) Renewable energy tops Marcos admin’s climate change agenda. https://www.pna.gov.ph/articles/1179678

\(^{15}\) Philippine News Agency (2023), “DOE eyes 11,160 MW green energy auction by 2026” https://www.pna.gov.ph/articles/1197730


\(^{17}\) “Green energy auction awards revised down to 3,440 MW.” https://www.bworldonline.com/economy/2023/07/13/534045/green-energy-auction-awards-revised-down-to-3440-mw/
As the consultations for the Philippine Energy Plan 2023-2050 are underway, the DOE confirmed that it will retire 4-5 GW of coal.\(^{18}\) This was confirmed as well during the Luzon public consultation where DOE Director Sinocruz said that coal phase-out is inevitable since it will be crowded out by renewable energy under the draft PEP.

Allowing the private sector to take the lead on this transaction financing mechanism may result in a situation similar to Cirebon 1 of Indonesia as follows:

- The ADB chose 660-MW Cirebon 1 for its first ETM in Indonesia, planning to retire the plant by 2037—five years earlier if its lifetime is 30 years. But as Cirebon-1 prepares to shut down, another coal plant, Cirebon-2, owned by the same parent company, is in the works.

- While it has been explained during the public consultation that the parent company of the Cirebon coal projects was the most accommodating among the coal project developers, it should be clear that the financial agreements for the energy transition mechanism include stipulation or condition that these companies agreeing to cease investing in dirty energy, and to commit to a net-zero 2050.

- Additionally, the justifications for choosing Cirebon 1 will not guard against any unintended creation of a moral hazard, wherein coal plant owners may decide to invest in new coal activities, knowing that institutions can bail them out of physical, climate, and transition risks.
  - For one, as the ADB included the Mindanao CFPP in its technical assistance report\(^{19}\) in 2021 as one of the plants that can be retired early, and conducted a feasibility study and discussions with IPPs in 2022\(^{20}\), Aboitiz Power increased its share of STEAG to 69.4 percent in 2022\(^{21}\).

Mindanao CFPP was based on its commercial right. However, one of the key principles of ADB’s ETM is to provide financing at a level that maintains a neutral rate of return on investment to the CFPP sponsors to compensate for lost revenues due to the advanced retirement without any windfall gain to the sponsor. This principle will be followed in all ETM transactions.

---


\(^{19}\) ADB (October 2021), Regional: Opportunities to Accelerate Coal to Clean Power Transition in Selected Southeast Asian Developing Member Countries. https://www.adb.org/sites/default/files/project-documents/55024/55024-001-tacr-en.pdf


- Aboitiz Power could have been aware of the possibility that the Mindanao CFPP could be retired early and decided to increase its stake in the power plant. To dispel this assumption, we seek confirmation on when the ADB and WB Group began discussing the possibility of choosing the Mindanao CFPP for the ETM?

22. For Para. 24: The level of ambition of the GOP’s renewable energy targets should be assessed against coal’s share in the power generation mix and their alignment to the 1.5°C Paris temperature goal.
   - Clean energy scenarios by the DOE still put coal’s share in the power generation mix at 21% by 2040 and 11% by 2050. According to Climate Analytics\textsuperscript{22}, coal and gas must be phased out by 2035 for the Philippines to align with the 1.5C target.
   - Climate Analytics also found that to meet the 1.5C Paris temperature goal, renewable energy’s share in the power generation mix should increase to 80 to 83 percent by 2030, and 99 to 100 percent by 2040. A 100% RE scenario by 2050 is possible, per a 2021 study\textsuperscript{23}, which could also result in lower electricity costs for consumers, higher energy security, and lower GHG emissions.

23. For Para. 27: Despite including a portion regarding the net-zero pathway, the GOP has made no public commitment to a net-zero pathway. In fact, in the latest draft of the Philippine Energy Plan 2023-2050, the DOE clearly abandons a net-zero pathway for the power sector, relegating its mandate to merely avoiding emissions, instead of reducing it to net-zero.\textsuperscript{24}

   Additionally, this investment plan has stated no clear and specific goals and timeline as to how they will act upon their ambition. Without the existence of clear goals regarding net zero, the long-term goal and purpose of the CIF ACT, if any at all, become ambiguous.

---

\textsuperscript{22} Climate Analytics (2021), What is The Philippines’ pathway to limit global warming to 1.5°C? [link]
\textsuperscript{23} Gulagi et al. (2021), Transition pathway towards 100% renewable energy across the sectors of power, heat, transport, and desalination for the Philippines, [link]
\textsuperscript{24} Department of Energy, Philippine Energy Plan 2023-2050 PubCon/IEC Campaign Powerpoint Presentation, Slide 22 - Cumulative GHG Emission Avoidance.
24. **For Para. 28 and 29:** While making a reference to the Philippine NDC and the Draft PEP, this draft investment plan does not acknowledge or address the contradicting policies and plans for the expansion of fossil gas, which is being packaged as a transition fuel, but with no detailed sunset clause or exit roadmap.

If CIF ACT, ADB, and WBG truly intend to use this plan as a pathway towards a transformed energy industry for the Philippines, then it must ensure that coal is not merely replaced by fossil gas and other thermal plants in the Philippine power mix.

| See response to question #15 on not using fossil gas under the CIF ACT IP. |

25. **For Para. 34:** While the SLTEC energy transition mechanism will retire the coal plant in Batangas 15 years ahead of its expected end of life, plants to be decommissioned or repurposed under the CIF ACT will only be retired five years ahead of its technical life\(^{25}\). If plants have an average age of 12 to 13 years, and are expected to run for 40 to 45 years, then CFPPs will run for 23 to 27 years more, which is way beyond the deadline for coal phaseout if the Philippines wants to be on track for 1.5C.

Further, the rationale behind and the basis of retiring plants five years earlier is not clear.

| The revised IP submitted to CIF in October 2023 as well as the current draft IP assumes an early retirement period of 9 years from a business-as-usual technical life of 45 years, taking into account the experiences from ADB’s ETM and DOE’s consideration to encourage a 40-year technical life. It is important to note that the 9-year figure is a rough assumption and each plant, each transaction, will be determined based on several conditions and factors—technical, financial, economic, technological, environmental, social—at the time of the transaction. Financial models need to be agreed by plant owners, existing creditors, financiers, as well as the government regulators who monitors system stability, energy price, access, and reliability and could result in an accelerated retirement that is greater or less than the 9-year estimate. |

26. **For Para. 35:** Despite recognizing the impact of programs relating to the CIF ACT, neither of the public consultations included representatives from the indigenous peoples.

The ADB and WB stated during the consultation for the draft investment plan that consultations with specific communities will be held once projects are decided on to avoid unnecessary fear and anxiety. However, since the location of one of the projects—the Mindanao CFPP Early Retirement—is essentially already determined, project proponents and financiers should have already included groups and communities around the area of the plant that will be affected in the past public consultation.

| Please see response to question #16 on when project-level consultations are expected to happen. |

\(^{25}\) CIF ACT Philippines Investment Plan Draft, Appendix 3 ACT Core 9 (p. 70).
As mentioned above (see response to question #17), the MDBs are planning a multistakeholder forum on just transition. Moreover, ADB is planning to conduct subnational consultations as part of the SESA process. All of these are to be done above and beyond CIF requirements and MDB project-level safeguards requirements.

The MDB team welcomes specific recommendations for groups and contact persons that MDBs can reach out to for the consultations.

<table>
<thead>
<tr>
<th>ADB: <a href="mailto:ETMfeedback@adb.org">ETMfeedback@adb.org</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>IFC: <a href="mailto:rnalus@ifc.org">rnalus@ifc.org</a></td>
</tr>
<tr>
<td>WB: <a href="mailto:dfallesen@worldbank.org">dfallesen@worldbank.org</a></td>
</tr>
</tbody>
</table>

### 27. For Para. 56:
Prior to the August 4 public consultation, there was no disclosure, consultation, or transparency with civil society organizations. Last March, the ADB said that discussions are ongoing with several stakeholders including the government and IPPs who have expressed interest in accelerated coal retirement through ETM, and that they have identified specific aspects in the market structure, age of plants, and other techno-financial that will need due consideration for ETM to effectively support the coal to clean energy transition in the Philippines.

A month later, they stated that missions were under non-disclosure agreements, and that feasibility studies are already ongoing with PSALM regarding energy transition to hydropower dams.

In spite of multiple stand alone meetings for the ETM, the ADM ETM team has consistently failed to provide confirmation on the chosen coal project/s for the ETM, and other critical information.

### 28. For Para. 67:
Out of USD 500-million financing from CIF-ACT, only 5 percent is in the form of grants, and the rest will be through concessional loans from ADB and IFC’s private sectors.

The ADB clarified during the 2nd Stakeholder Engagement that the private sector will bear the loans for programs under Concept 1. This, however, will still leave the Philippines with a debt of around USD 840 million for projects under Concept 2.

Under the principle of common but differentiated responsibilities, developed countries that contributed the most to climate change must also bear the most burden when it comes to supporting developing countries.
countries with their climate and mitigation efforts. Hence, it must be ensured that countries like the Philippines, which are disproportionately affected by the climate crisis, are not pushed further into debt as they try to transition to clean energy.

29. **For Para. 70 (a):** See comments on Paragraph 5 above.

30. **For Para. 71 (a):** The STEAG Plant has multiple environmental, social and health impacts, including:
   - Far relocation sites of fishing communities from their livelihood,
   - Only a small patch of land was given to farming residents, which is not enough to plant crops,
   - Some workers suffered respiratory illnesses. Children around the area developed coughs and asthma, to the point that the barangay’s supply of nebulizers became inadequate due to the number of sick people using it.

Despite all these, the investment plan draft makes no indication of any plans for reparation for the communities that suffered from these impacts.

Although the USD 1 million grant from CIF is to be allocated for “just transition-related activities”, this is not nearly sufficient to cover land and water rehabilitation and remedial work along with redress and reparations.

A specific timeline regarding the retirement of the plan must be provided, and there must be rules as to how the plant with be repurposed,
- DOE’s guidelines on decommissioning and mothballing only include the process and documents needed to retire the plant.

It is unclear why the Mindanao CFPP has to be transferred to a private owner rather than having the government decommission the plant itself.

It is also unclear how the DOE determined that the Mindanao CFPP, which is being operated by an independent power producer, has bankable PSAs, and hence, why the plant owner must be financed to retire the plant.

31. **For Para. 71 (b):** The investment plant draft makes no indication of any plans for reparation for the

Thank you for this feedback. ADB will commission a team of independent consultants to conduct an environmental and social compliance audit, including labor audit, as part of the project due diligence process. Please see response to question #14 on legacy issues.

Various structural options for the early retirement and repurposing of the Mindanao CFPP are still under consideration. The project will involve PSALM exercising its option to buy out the existing BOT concession. The private partner selection (through a competitive tender process) is only for the decommissioning and/or repurposing of the Mindanao CFPP (after buyout), potentially in combination with the development of assets for the replacement of electricity with clean energy, including necessary transmission upgrades. The current target is to retire the Mindanao CFPP by Q4 2026; however, the date of retirement will be finalized after due diligence for the project is completed.

See response to question #14 on legacy issues and use of gas and other fossil fuels.
communities that suffered from the impacts of these coal plants.

Furthermore, given the amount of concessional loans and financial incentives provided, it is worrying that not only are the private corporations not going to be held liable, but they will be rescued from the risks of these investments. Rather, these companies are essentially rewarded with early investment returns.

It is unclear how the draft IP will ensure that the private corporations do not merely pivot to develop and create new plants for other fossil fuels, specifically gas.

The criteria regarding which plants will be retired early also remains vague.

Regarding the comment that private corporations “will be rescued”, it is to be noted that the privately owned CFPPs are legally operating businesses that provide electricity to households, health, and education institutions, enabling growth and development of the Philippines. The plants may have mid-/long-term PPAs with stable revenue stream with options to sell power in the electricity market. In the absence of any intervention, e.g. through the ACT program that encourages voluntary retirement or repurposing, these plants will continue to operate and emit GHGs.

As mentioned in response to question #14, there are mechanism in place to prevent sponsors from using debt facility or proceeds from early retirement of CFPPs towards the development of fossil fuel plants.

Regarding the comment on criteria for CFPP early retirement, while technical aspects such as, impact on security of supply, cost for early retirement, and carbon emission levels are generally considered, the willingness of the owners of the power plant to consider accelerated retirement is key in initiating the evaluation of the suitability for ETM. Please also see response to question #18.

### 32. For Para. 71 (c):
The RE technologies mentioned as options in the draft IP have been almost solely utility scale RE, with no mention of the potential benefits, or plans to explore small-scale, community or distributed RE, especially due to the Philippines being an archipelagic country.

- According to a 2022 paper\(^{26}\), deploying microgrid RE can increase the share of renewable energy in the country, and increase energy security, especially in rural areas, by decentralizing the electricity system.

The project proposals in the IP are at an initial concept stage and specific RE projects across a range of technologies and sizes including distributed generation will be identified following the MDBs’ investment policies and guidelines as the IP progresses.

### 33. For Para. 72 (a):
PRISTINE is primarily financed by concessional debt, which the government will shoulder, despite the IP stating just before this that advocacy groups had already been calling for more grants to fund the just transition.

Please see response to question #18 on use of debt versus grant.

### 34. For Para. 72:
Component 2 projects do not address damages already done in the community and environment where the plant is located.

See response to question #14 on legacy issues.

---

35. **For Appendix 2 (page 60): On Figure 14 mentioning “Coal retirement should be led by the private sector on a voluntary basis”:** In order to keep a 1.5°C trajectory in sight and to bring the harm wrought on communities surrounding coal sites to an end, coal retirement processes should not simply be left to the market, occurring on a singular basis project by project. Public intervention through regulatory action can happen and should be endorsed by the IFIs as opposed to being simply rejected as improbable.

36. **On Accelerated Retirement Case:** Assuming there are still coal plants that are yet to come online, a study by Cui et al. (2019) shows that all plants would need to retire once they hit the age of 30 years to be compatible with 2°C target, or shut down by the age of 15 years to meet the 1.5°C goal.
   - If the timing of retirements would be based on commercial negotiations, CFPPs could run until they are still profitable, rather than in accordance with the climate targets.

37. **For Appendix 9 (page 84):** It is not clear what will be the basis for the targets of the private sector decarbonization plan, i.e. if they will be 1.5°C aligned, if the targets would be applicable across the actor’s portfolio, and if these targets would also include moving away and withdrawing from investments in other fossil fuels.
   - Aligning to the 1.5°C target is important to ensure that actions are significant and timely to prevent the irreversible damages of climate change.

   It’s also not clear what, if any, requirements will be placed on the operator for clean-up and rehabilitation of land in each of the sites of its portfolio selected as well as redress and reparations for affected communities. If the operator is not required to finance such aspects of the decommissioning, how is site clean-up and responding to legacy issues expected to happen?

   If projects are ‘repurposed’, co-firing or ‘fuel switching’ to other high GHG emitting sources, including RDF, biomass, gas or gas-dependent hydrogen and ammonia, should be explicitly excluded.

   Decarbonization targets will be determined individually for each private sector borrower with CFPP exposure, taking into account their current operational portfolio (coal and RE), decarbonization strategy, and plans for clean energy development. A thorough assessment will be conducted to ensure that these targets are commercially, economically, legally, and technically feasible. Additionally, financial incentives will be structured in accordance with the level of ambition associated with the targets to ensure there is no windfall gains for such borrowers.

   See response to question #14 on legacy issues.

   In addition to the response to question #15 on repurposing for hydrogen and ammonia, ADB projects under the IP, guided by ADB’s 2021 Energy Policy, can support the technologies mentioned—fuel switching and use of RDF—as long as specific prerequisites to ensure high-quality projects and environmental compliance are followed.

---

27 Cui et al. (2019), Quantifying operational lifetimes for coal power plants under the Paris goals.  
[https://www.nature.com/articles/s41467-019-12618-3](https://www.nature.com/articles/s41467-019-12618-3)
| Appendix 9 (page 84) on CFPPs retired in the Luzon Region: Development of a pilot floating solar park in Laguna Lake, located in the Luzon region, with an initial target capacity of up to 1GW. Before the development of this project, there remain questions that are yet to be answered:  
- Have the serious environmental and social impacts this will inevitably make been considered?  
- Since Laguna Lake is used for irrigation and aquaculture production, have there been assessments or consultations with the affected fisherfolk? | As mentioned in the response to question #16, project-level safeguards due diligence, including environmental and social assessments, will be conducted before the approval of any ADB project. This process includes meaningful consultation with and disclosure of the reports to the affected communities and people. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix 8 (page 83) and 9 (page 85) on Results Indicators table for early retirement of Mindanao CFPP and Private Sector Decarbonization: Targets for reduced emissions, coal abatement, and cleaner energy sources are still “[TBD]”, implying unclear goals for the project. There are no indicators in the Results Table or the Project Preparation Timetable related to rehabilitation of the site (including clean up of the grounds surrounding the area as well as affected waterways), redress of grievances, assessing reparations for health impacts over the years, or in the case of the timetable, any allocation of times for consultations with community members – which should not be a one-time event, but carried out throughout the span of the project’s retirement. The USD 1 million grant from CIF for ‘just transition-related activities’ would not in any meaningful way cover the need for such site-level engagement.</td>
<td>Re: clear goals for the project, the version submitted to the CIF contributors in October 2023 already contains specific results indicators in Appendix 8 and 9. Re: site rehabilitation, please refer to response to question #14 on legacy issues and #37 on repurposing technologies.</td>
</tr>
<tr>
<td>Appendix 10 on Indicator on Coal Abatement and Indicator on Cleaner Energy Sources: The terminology of ‘abatement’ appears to open the door for a build-out of CCS/CCUS facilities, this raises concerns about whether projects are just being provided with a lifeline to continue operations. The indicator and description of this component do not include provisions or financing to deal with redress or reparations for community grievances or for rehabilitating land.</td>
<td>The definitions of the result areas and indicators in Annex 10 as well as in all other Annexes presenting project concepts follow the established ACT results reporting indicators framework. Please see response to question #14 on legacy issues.</td>
</tr>
</tbody>
</table>
There are no explicit provisions to set aside funds to respond proactively if grievances related to safeguarding or other human rights violations arise either from workers or affected communities.

41. For Appendix 3 (page 69) on ACT CORE 7: It is unclear why the CIF ACT IP only limited itself to retiring 700 MW, when Indonesia’s CIF ACT IP had plans to decommission up to 3 GW\(^2\) of coal-fired plants.

It is unclear whether the composition of the labor force is being considered, since typically many working on-site are trained engineers, etc. who may not come from the local community, but whose job attributes can be comparable to jobs at RE sites. There is therefore a lack of nuanced consideration for who actually works on site and their job transferability as well as options for mobility, depending on whether they are higher-paid employees or those working on grounds maintenance, security, etc.

Firstly, the revised version submitted to CIF in October 2023 has an increased target of 900 MW, which is based on a conservative estimation of privately owned coal IPPs that may agree to get on board with the CIF ACT program. Unlike in Indonesia where coal retirement pipeline could be discussed and agreed with the government because many of the country’s CFPPs are publicly owned (through PT PLN), all CFPPs except one are privately owned in the Philippines, which need to be negotiated separately.

Moreover, the Philippines IP has a higher renewable energy repowering target of 1,500 MW (Core 8), compared to 300 MW for Indonesia.

All of the aspects of the labor force are considered when identifying direct, indirect and induced impacts in the just transition process at the time of the just transition assessment. This includes detailed gender disaggregated data of workers employed directly by the asset, any contract/outsourced workers employed by outsourcing companies and any informal labor associated with the plant. This also includes their socioeconomic data including age, type of contracts, and a skills assessment including education, technical and vocational training etc. In addition, the labor force assessment also includes local suppliers and vendors who are directly associated with the asset and their workforce. This assessment helps in analyzing the nuances related to the existing labor force, their transferability and skills for the new green economy. As part of the project approval process, in addition to the just transition assessments, ADB conducts labor compliance audit and safeguards assessment.

42. For Appendix 12 (page 93), specifically: “ADB will work closely with GOP and WB to determine the appropriate approach to institutionalizing just transition in the Philippines”; Output 1a; Output 1b: A “National Just Transition Approach” has implications across sectors for people across the country. It should be subject to rigorous democratic processes, guided by input of elected officials and rightsholders from the LGU to the national level. It’s therefore not clear what is the rationale for making such a pivotal policy and

A correction has been made in the revised IP; there is no loan component in this project concept 2.2 as it is purely in the form of grant financed technical assistance, totaling $3 million.

The national just transition framework needs to be developed in recognition that just transition as a cross-sectoral (finance, energy, environment, labor, and several other ministries have pivotal roles to play), and transboundary (energy transition has impacts at

---

\(^2\) CIF Accelerating Coal Transition: Indonesia Country Investment Plan (May 2023).
Creating such a framework based on one output of a single multi-stakeholder consultation as indicated with the bar set at 20 participants cannot and will not provide opportunities for the national level let alone provincial or LGU level discussions, most especially at sites of coal power projects targeted under other components. There are no provisions elaborated to include sector-specific consultations or outreach, including with a range of labor unions and organizations, Indigenous Peoples’ alliances and women’s organizations. Furthermore, there is no recognition that in order to create safe spaces for environmental and human rights defenders, separate discussions should be organized. Similar spaces for affected workforces should be created.

The national just transition framework will interact with asset-level just transition assessments and processes for identified projects, for example, the Mindanao CFPP. The just transition process for a CFPP asset will consider direct impacts to workers and communities, but will also cover discussions of indirect and induced impacts beyond the asset. This process will involve multilevel analyses and thorough stakeholder engagement not only at the asset-level but also at community, district, municipal, provincial and national levels. ADB is currently piloting this just transition process for CFPP assets in Cirebon 1 in Indonesia, the first ETM transaction, and is expected to adapt it to CFPPs in the Philippines. The summary of the preliminary just transition assessment for Cirebon 1 can be found here. There has been no precedent on how to properly design a just transition process like this, but ADB and the World Bank are working with several organizations like the ILO and will get inputs from stakeholders through a stakeholder engagement process that is also being designed. ADB and World Bank welcome suggestions from and discussions with civil society and other stakeholder groups to develop these processes.

43. For Appendix 13 (page 96), specifically, “The climate change and energy transition DPLs will have policy pillars related to (i) coal phase down and adoption of low carbon pathways; (ii) just energy transition; (iii) RE scale up; (iv) energy efficiency and demand side management; (v) transition to electric mobility; (vi) electricity market reforms; and (vii) electricity network modernization and flexibility. This part of the draft used the word “phase down” rather than phase out. If the ETTAP will help to create policies regarding energy transition, it is important to consider direct impacts to workers and communities, but will also cover discussions of indirect and induced impacts beyond the asset. This process will involve multilevel analyses and thorough stakeholder engagement not only at the asset-level but also at community, district, municipal, provincial and national levels. ADB is currently piloting this just transition process for CFPP assets in Cirebon 1 in Indonesia, the first ETM transaction, and is expected to adapt it to CFPPs in the Philippines. The summary of the preliminary just transition assessment for Cirebon 1 can be found here. There has been no precedent on how to properly design a just transition process like this, but ADB and the World Bank are working with several organizations like the ILO and will get inputs from stakeholders through a stakeholder engagement process that is also being designed. ADB and World Bank welcome suggestions from and discussions with civil society and other stakeholder groups to develop these processes.

Please refer to the revised description of the Energy Transition Technical Assistance Program (ETTAP) in Appendix 13 which has since been modified. The ETTAP is intended to support the efforts of the GOP in pursuing a just energy transition in a nationally determined manner. This is consistent with the agreement reached at COP28 under the First Global Stock Take, which called on parties to contribute to “Accelerating efforts towards the phase-down of unabated coal power” among other global efforts.
that laws pivot to the phasing out of coal, which is more aligned with the climate targets.

We are further concerned by the conditionalities that may be attached to these DPLs, leading to reforms that prioritize the private sector and are not subject to democratic oversight. Although stakeholder consultations are mentioned, it’s not clear how these consultations will be done, and whether they will be inclusive of rightsholders in communities across the country.

The proposed Development Policy Financing will support the government’s policy reform measures (e.g., Energy Efficiency and Conservation Act) for accelerating energy transition which have already undergone due consultation process of the government.

44. For Appendix 14, specifically: Environmental Risks. Chimney stack emissions will be eliminated but coal ash from remaining storage stockpile at CFPP sites may continue to be concerns for local communities living in the vicinity of the facility, unless immediate removal and clean-up activities are undertaken. (page 111); There remains a risk of GHG and pollutant emissions from industries such as cement manufacturing plants that are still relying on coal for power supply and other uses. In addition, coal formerly supplied to these CFPPs may also be exported and burned elsewhere. The latter would result in no net reduction in emissions. (page 112); Social risks (page 114); Stakeholders lists (Table 2). Given these observations, there must also be clear guidelines regarding the cleanup of plants, and plans regarding mined coal to ensure that they are not just burned in other places.

Social risks identified include an acknowledgment of legacy issues. However, there is no corresponding recognition (or associated financing) to indicate how these will be addressed under the project components.

The list of stakeholders includes several instances where named entities are double-counted. Nevertheless, there remains a disproportionate number of private sector actors along with oil and gas companies (over 150 entities combined) from which input will be sought in comparison to the list of civil society organizations expected to be included, none of which include representation for women, LGBTQI++, Indigenous Peoples alliances or groups representing the concerns of people with disabilities. No table is provided in relation to labor sector stakeholders.

Please see response to question #14 on legacy issues.

Re: list of stakeholders, thank you for checking. The list of stakeholders in Appendix 14 has been updated in the version submitted to CIF contributors last October 2023 to resolve the double entries and to add more stakeholder representation as suggested. The MDB team has also added new stakeholders based on recommendations received, and these are reflected in the revised IP (as of February 2024). As mentioned in the response to question #16, the MDB team has been taking all feedback received into consideration and adjusting the design of the stakeholder engagement process as needed and welcome suggestions from stakeholders to expand the stakeholders list.

Organization D

45. We recognize the increasing urgency of sustainable development that addresses both

Thank you.
environmental and decent work considerations, which in recent years has resulted in some significant milestones.

We would like to acknowledge the Department of Energy, as well as the Asian Development Bank (ADB), International Finance Corporation (IFC) and the World Bank (WB), for leading the development of the plan that highlights prospective areas for possible investment and support to accelerate the retirement and repurposing of coal-fired power plants (CFPPs), mitigate the transition’s consequences on people and communities, and facilitate the financing of clean energy power-generating alternatives.

Accordingly, after thorough review, we find the draft IP in order and have no further inputs as all of the Department’s inputs and recommendations during the stakeholders meetings have been reflected.

**Organization E**

46. Please include GIZ in the chapter on “Abbreviations and Acronym”.

   The full name of GIZ was reflected in the version submitted to the CIF contributors in October 2023. This is also reflected in the acronyms list in the revised IP.

**Organization F**

47. [Our organization] fully supports the CIF ACT Program Investment Plan (IP) for the Republic of the Philippines. It is a commendable initiative that highlights the country’s commitment to addressing climate change and promoting sustainable development. It highlights the importance of transitioning from coal to cleaner energy sources and sets an example for others to follow in the global fight against climate change.

   Thank you for the support.

48. **Abbreviations and Acronyms (page 4):** [Our organization] observed double definition for NEA. Since we believe that it is referring to NEA as the “National Electrification Administration”, TransCo suggests deleting the second NEA defined as “National Electrification Agency”.

   This was addressed in the version submitted to the CIF contributors in October 2023.

49. **Project Summary (page 11):** [Our organization] suggests including the word “energy” after clean, or to read as: “7. Project concepts are designed to provide holistic support for coal to clean energy transition: Projects under Component 1 have been designed to expedite the retirement/repurposing of eligible CFPPs. xxx xxx”

   Thank you, this was reflected in the version submitted to the CIF contributors in October 2023.
50. **For Table 6 (page 46):** Transitioning from coal to renewable energy sources is a critical step toward addressing climate change and promoting a sustainable future in the Philippines. This plan may consider the risk to the power system’s stability due to the possible reduction of baseload power plants. The energy transition, characterized by the decommissioning of conventional power plants and the simultaneous expansion of renewable energy facilities, poses new challenges in the operation of the transmission grid. The fewer conventional power plants available present challenges in maintaining the balance of reactive power demand of the grid.

Thank you, this was reflected in the version submitted to the CIF contributors in October 2023.

---

51. **For Appendix 1 (page 56):** National Transmission Corporation (TransCo) was established under section 8, Chapter II of Electric Power Industry Reform Act (EPIRA). Hence, may we respectfully suggest to include TransCo in Figure 13 under Transmission Sector having defined TransCo as the entity responsible for holding legal ownership of the Philippines’ transmission assets.

TransCo is included in the figure and was already reflected in the version submitted to the CIF contributors in October 2023.

---

52. **For Appendix 1 (page 57), specifically on “National Transmission Corporation (TransCo)”** For consistency with the definition of NGCP under private sector entities as indicated on page 58 of this draft investment plan (IP), [our organization] suggests that the provision be revised as follows: “National Transmission Corporation (TransCo): TransCo, established under EPIRA, is a government-owned organization responsible for holding legal ownership of the Philippine’ transmission assets. However, the operation of the grid was privatized and handed over to the National Grid Corporation of the Philippines (NGCP) under a long-term 25-year concession agreement.”

Thank you, this was reflected in the version submitted to the CIF contributors in October 2023.

---

53. **For Appendix 2 (page 59):** The plan may consider projects that will replace the generation/capacity from the decommissioning/retirement of existing CFPP as well as its power system inertia. A power network without inertia is unstable, suffers from power quality issues, and is susceptible to blackouts. It is well known that heavy rotating equipment such as steam turbines driving generators and rotating generators supports system inertia.

Thank you for pointing out the importance of maintaining system inertia and the risks associated with its loss when the share of rotating generators is reduced due to increase in variable RE generation. The primary focus of this IP under the ACT program is on the retirement and repurposing of CFPPs and just transition activities, with due consideration made to the system stability and power quality.