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INDUSTRY PROFILE: Renewable Energy

SECTORAL CHAMPION

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INTRODUCTION

The renewable energy (RE) sector in the Philippines continues to thrive as one of the fastest growing sector achieving a critical role in both energy security and addressing climate change. As the country continue to maximize its potential in harnessing its abundant RE sources, the Philippines has emerged as a regional leader in RE development, capitalizing on its favorable natural conditions and supportive regulatory framework. This momentum is underscored by the country's ranking as the second most attractive emerging market for RE investments, according to BloombergNEF's 2024 Climatescope Report[1].

Strategically located as a key gateway between Asia and the Pacific, the Philippines offers direct access to a large and dynamic market with a population exceeding 110 million. Its position also makes it one of the most advantageous countries in ASEAN in terms of proximity to major global economies like the United States, China, and Russia, with relatively shorter routes for trade and energy supply chains. This enhances its role as a central hub for RE development in the region, positioning the country as an increasingly important player in global energy transition efforts.

INDUSTRY OVERVIEW

In 2024, the Philippines saw a significant surge in investments, with Php1.62 trillion approved by the Board of Investments (BOI). Notably, Php1.38 trillion, or 83% of the total, was allocated specifically to RE projects. This influx of investment supports 449 projects, contributing to the country's ambitious energy transition goals.

To meet its renewable energy goals, the Philippines aims for a 35% RE share in the power generation mix by 2030, 50% by 2040, and over 50% by 2050. The Department of Energy (DOE) has outlined two Clean Energy Scenarios (CES) to achieve these targets. CES 1 sets a target of 154 GW of installed capacity by 2050, with 19 GW from offshore wind (OSW) and 4.8 GW from nuclear power. CES 2, a more ambitious scenario, aims for 156 GW, with 50 GW from OSW. To achieve the CES 1 targets, the OECD[2] in 2022, estimated a required investment generation of USD 300 billion in renewable energy by 2040.

Table 1. Capacity Additions and Total Installed Capacity, By Fuel (MW): CES 1 vs CES 2

Source	2022 Total Capacity	CES 1 [with 19 GW OSW]			CES 2 [with 50 GW OSW]		
		Capacity Additions		2050 Total Capacity	Capacity Additions		2050 Total Capacity
		2023-2028	2029-2050		2023-2028	2029-2050	
Coal	**12,428**	**2,305**	**-**	**11,111**	**2,305**	**-**	**9,929**
Natural Gas	**3,732**	**2,413**	**13,576**	**19,721**	**2,413**	**16,444**	**22,589**
Oil-based	**3,834**	**20**	**-**	**3,854**	**20**	**-**	**3,854**
Renewable	**8,265**	**13,458**	**93,110**	**114,833**	**14,919**	**92,033**	**115,217**
Geothermal	1,952	425	580	2,957	425	580	2,957
Hydro	3,745	770	6,030	10,546	770	5,410	9,926
Onshore Wind	427	3,910	22,050	26,387	5,371	10,037	15,835
Offshore Wind	-	2,000	17,500	19,500	2,000	48,100	50,100
Solar	1,530	6,231	46,934	54,694	6,231	27,890	35,651
Biomass	611	122	16	749	122	16	749
Nuclear and Other Technology	-	-	**4,800**	**4,800**	-	**4,800**	**4,800**
Total	**28,259**	**18,195**	**111,486**	**154,319**	**19,656**	**113,277**	**156,389**
BESS	156	2,080	19,779	22,015	2,080	22,426	24,662
RE Share (%)	**29.25**	**73.96**	**83.52**	**74.41**	**75.90**	**81.25**	**73.67**

KEY INDUSTRY FIGURES

161,800 MW	6,400 MW
POTENTIAL CAPACITY (DOE-Awarded RE Projects as of 2024)	INSTALLED CAPACITY (DOE-Awarded RE Projects as of 2024)
8,474 MW	**17,331 MW**
CURRENT RE CAPACITY	PEAK ENERGY DEMAND

The Department of Energy (DOE) has awarded renewable energy (RE) projects with a total potential capacity of 161,800 MW, of which 6,400 MW has already been installed. Currently, renewable energy contributes 8,474 MW to the Philippines' energy mix, playing a key role in the country's ongoing transition toward cleaner, more sustainable energy sources. However, with the country's peak electricity demand reaching 17,331 MW, there remains a significant gap between the installed RE capacity and the full potential that could be harnessed[2].

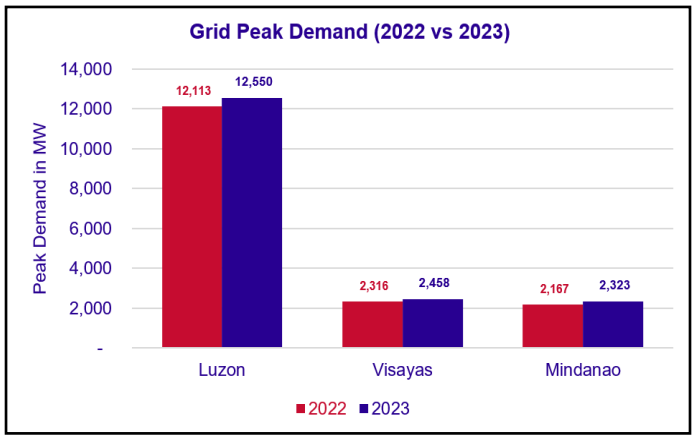

Figure 1. Philippine Grid Peak Demand in MW (2022 vs. 2023)

Rising electricity demand highlights the urgent need to expand renewable energy. In 2023, non-incidental peak demand grew by 4.43%, with the Luzon grid increasing by 3.61% (437 MW), and the Visayas and Mindanao grids rising by 6.12% (142 MW) and 7.19% (156 MW), respectively. These trends marks the pressure on the grid and the importance of scaling up renewable energy capacity.

Closing the gap between installed and potential renewable energy capacity will help meet growing demand, reduce reliance on fossil fuels, and enhance energy security. Targeted investments and infrastructure development are essential to the Philippines' sustainable energy future.

In January 2025[3], the DOE stated that nearly 7,000 energy projects have been committed to the local sector, with a focus on clean power. Out of these 7000 projects, 5,754 or about 82% of the projects will be in Luzon and 3,923 of these projects are on renewable energy facilities, with solar PVs dominating the sector at 3,060 projects.

Luzon will also see the development of 759 wind parks, 68 geothermal projects, 35 hydropower plants, and one biomass project.

In compliance with the government's push for cleaner energy, the ban on new coal facilities as implemented by the DOE advisory on the moratorium of endorsements for greenfield coal-fired power plants, with the main purpose of to reducing carbon emissions towards the country's clean energy scenarios is still in effect. However, the DOE clarified in July 2024[4] that this ban does not apply to existing coal plants that have committed to expansions.

MAJOR INDUSTRY PLAYERS

The top players in the Philippine RE sector as of 2025, have been instrumental in driving the growth of the industry and the country's compliance to its clean energy scenario targets. These companies have made substantial investments and expanded their operations in recent years. A comprehensive list of the top key industry players can be found in Annex D.

ECONOMIC CONTRIBUTION

357,000	PHP 279.5B
EMPLOYMENT	TOTAL INVESTMENTS

Between 2009 and 2022, the RE sector in the Philippines generated a cumulative total of 357,000 jobs, spanning across construction, installation, operations, and maintenance. According to the Department of Energy (DOE), total investments in the country's RE industry have reached Php 279.5 billion.

GOVERNMENT PROGRAMS

1. Feed-in-Tariff (FIT) System

The FIT program offers fixed payments for electricity from renewable sources like solar, wind, and biomass, ensuring stable revenue for developers. Managed by the ERC and DOE, it encourages renewable energy investment.

2. Net Metering Program

This program allows users with renewable energy systems (e.g., solar panels) to sell excess power back to the grid, reducing energy costs and promoting renewable adoption.

3. Renewable Energy Market (REM)

REM facilitates the trade of Renewable Energy Certificates (RECs), enabling producers to sell environmental benefits. It supports the Renewable Portfolio Standards (RPS) requiring a percentage of energy to come from renewables.

4. National Renewable Energy Program (NREP)

NREP is a framework by the DOE aiming to increase renewable energy's share in the national mix, focusing on solar, wind, hydropower, and biomass from 2011 to 2030.

5. Clean Energy Financing Programs

The DOE, DBP, and Land Bank offer loans, grants, and guarantees to reduce the financial burden on renewable energy projects.

See Annex C for additional government programs on RE.

INDUSTRY-ENABLING POLICIES

1. Renewable Energy Act of 2008 (RA No. 9513) aims to promote renewable energy development through incentives, a Feed-in Tariff (FiT) system, and Renewable Portfolio Standards (RPS).

2. CREATE MORE Act (RA No. 12066) enhances the business environment with tax incentives for RE companies and supports green investments to attract clean energy projects.

3. Energy Efficiency and Conservation Act (RA No. 11285 promotes energy optimization and offers incentives for renewable energy projects, supporting both energy efficiency and RE development.

4. Green Lanes (Executive Order No. 18, s. 2023) streamline and accelerate the approval process for renewable energy projects through improved inter-agency coordination.

5.Department Circular on 100% Foreign Ownership (DC2022-11-0034) clarifies guidelines allowing 100% foreign ownership in renewable energy projects to encourage international investment in the sector.

INCENTIVES

Renewable Energy Act of 2009 (RA No. 9513)

- 100% foreign ownership to inexhaustible RE resources (solar, wind, biomass, ocean/tidal)
- 100% foreign ownership for large-scale geothermal projects through FTAA (USD50M minimum investment)
- Income tax holiday (ITH) for 7 years
- Duty-free importation of RE machinery, equipment, and materials
- Net operating loss carry-over (NOLCO)
- Corporate tax rate of 10% after ITH
- Accelerated depreciation
- VAT-zero rate on RE-generated power/fuel sales
- Cash incentives for missionary electrifications
- Tax exemption of carbon credits
- Tax credit on domestic capital equipment and services

CREATE MORE Act (RA No. 12066)

1. A Registered Business Enterprise (RBE) has the option to have Income Tax Holiday (ITH) + Enhanced Deductions Regime (EDR) / Special Corporate Income Tax (SCIT) or go straight to EDR/SCIT *from start of commercial operation*.

TYPE OF RBE	ITH + EDR/SCIT or SCIT/EDR	
	IPA-Approved	FIRB-Approved
DOMESTIC MARKET ENTER-PRISES (DME)/ HIGH VALUE DME*	a. 4 to 7 ITH; then 10 EDR b. 14 to 17 EDR	a. 4 to 7 ITH; then 20 EDR b. 24 to 27 EDR
REGISTERED EXPORT ENTERPRISES (REE)	a. 4 to 7 ITH; then 10 EDR or SCIT b. 14 to 17 EDR or SCIT	a. 4 to 7 ITH; then 20 EDR or SCIT b. 24 to 27 EDR or SCIT
Extension of Original Incentive Period for Existing RBEs (with at least 10k direct employees)	5 EDR	10 EDR

*High-value DMEs - registered DMEs with investment capital of more than 15 billion pesos and are engaged in import-substituting sectors, or with export sales in the immediately preceding year of >100 million USD, or its equivalent in an acceptable foreign currency; FIRB may increase amount.

2. VAT and Duty Incentives (availment for the entire registration period as an RBE)

- Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories
- VAT exemption on importation, and VAT Zero-rating on local purchases to all export-oriented enterprises (both registered and non-registered) and high-value DMEs

3. Expansion Projects: 8 to 13 years EDR for DME; 8 to 13 years EDR/SCIT for REE

MEET THE TEAM

The Energy Division, one of the two Sectoral Divisions within the Resource-Based Industries Service, is responsible for the development and investment promotion of energy sectors, encompassing conventional energy sources, renewable energy, energy efficiency, and emerging energy technologies as well as non-energy related industries such as cement, forestry, pulp and paper, rubber, and mining and critical minerals, among others. The team is composed of the following members:

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SOURCES

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2. Department of Energy. (2024). *Summary of 2023 Power Statistics*. Department of Energy, Philippines. https://doe.gov.ph/sites/default/files/pdf/energy_statistics/01_Summary_of_2023_Power_Statistics.pdf

3. Esmael, L. K. (2025, January 13). *Renewables dominate pipeline of new power projects in 2025*. Philippine Daily Inquirer.

4. Department of Energy. (2024, July 19). *Clarification on the coverage of the coal moratorium policy*. Department of Energy, Philippines.

5. Renewable Energy Act of 2008 (RA No. 9513)

6. CREATE MORE Act (RA No. 12066)

ANNEX A

List of DOE- Awarded and BOI-Registered RE Projects

Table A1. DOE-awarded RE projects as of Dec. 31, 2024

RESOURCES	POTENTIAL CAPACITY (MW)	INSTALLED CAPACITY (MW)
Biomass	278.779	591.799
Geothermal	1,039.218	1,951.735
Hydro	18,824.727	1,391.639
Ocean	34.000	-
Solar	37,986.372	2,219.170
Wind	103,787.474	442.900
Total	157,950.57	6,597.24

Source: Department of Energy Philippines

Table A2. BOI-registered RE projects in 2024

TECHNOLOGY	NO. OF PROJECTS	CAPACITY (MW)
Geothermal	2	58
Hydro	6	428
Solar	134	8,279
Wind	12	928
Total	154	9,845

Source: Board of Investments - Planning and Management Division

ANNEX B
Competitive Renewable Energy Zones (CREZ)

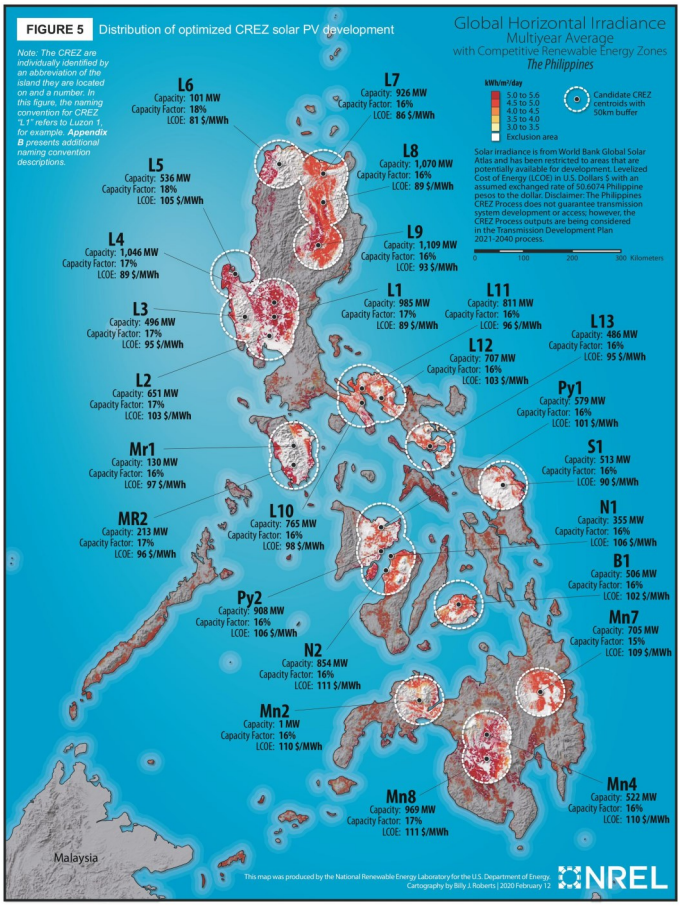

Figure B1. Distribution of optimized CREZ solar PV development

Figure B2. Distribution of optimized CREZ wind development

Source: National Renewable Energy Laboratory (2020)

ANNEX C
Government Programs on Renewable Energy

1. Green Energy Auction Program (GEAP)
   - ◊ Provides an additional market for RE through competitive electronic bidding of RE capacities
2. Green Energy Option Program (GEOP)
   - ◊ Enables end-users, with an average peak demand of 100 kW and above for the past 12 months, to source their electricity directly from their preferred RE power suppliers
3. Open and Competitive Selection (OCSP)
   - ◊ Investment promotion mechanism where potential areas for RE development (pre-determined areas) will be offered and bid out to the private investors
4. Preferential Dispatch in the Wholesale Electricity Spot Market (WESM)
   - ◊ Provides priority in the WESM dispatch schedule to all RE-generating units to ensure maximum output injection in the grid
5. Renewable Energy Trust Fund (RETF)
   - ◊ Established to promote the development and greater utilization of RE
6. Renewable Portfolio Standards (RPS)
   - ◊ Requires all load-serving industry players to source or produce a minimum portion of their electricity requirements from RE
   - ◊ RPS Minimum Annual Percentage Increment Requirement of 2.52%

Source: Renewable Energy Act of 2008

ANNEX D
Key Industry Players

Geothermal 

COMPANY NAME	NOTABLE PROJECT/S	LOCATION
Energy Development	Bac-Man Geothermal Production Field Mt. Apo Geothermal Project	Albay & Sorsogon Kidapawan, Cotabato
Philippine Geothermal	Mak-Ban Geothermal Power Project Tiwi Geothermal Power Project	Laguna & Batangas Tiwi, Albay
Green Core Geothermal, Inc.	Palinpinon Geothermal Power Plant	Valencia, Negros Oriental
AP Renewables	MakBan Geothermal Complexes	Laguna & Batangas
Maibabara Geothermal Inc.	Maibabara Geothermal Project	Laguna & Batangas

Hydropower 

COMPANY NAME	NOTABLE PROJECT/S	LOCATION
SN Aboitiz Power—Benguet,	Binga Hydroelectric Power Plant Ambuklao Hydroelectric Power Plant	Binga, Benguet Ambuklao, Benguet
SN Aboitiz Power—Magat, Inc.	Magat Hydroelectric Power Plant	Magat, Cagayan Valley
First Gen Hydro Power Corporation	Pantabangan Hydroelectric Power Plant	Pantabangan, Nueva Ecija
Fresh River Lakes Corp.	Casecnan Hydroelectric Power Plant	Pantabangan & Muñoz,
Luzon Hydro Corporation	Bakun AC Hydroelectric Power Plant	Alilem, Ilocos Sur

Biomass 

COMPANY NAME	NOTABLE PROJECT/S	LOCATION
Victorias Milling Company, Inc.	70 MW Biomass Cogeneration Power	Victorias, Negros
Crystal Sugar Company, Inc.	49.3 MW Biomass Cogeneration Plant	Maramag, Bukidnon
BISCOM, Inc.	48.5 MW Biomass Cogeneration Plant	Binalbagan, Negros
Universal Robina Corporation	46 MW Biomass Cogeneration Plant	Kabankalan, Negros
San Jose 1 Power Corporation	24 MW Biomass Power Plant	San Jose, Nueva Ecija

The listed projects are currently in commercial operation.

Source: Department of Energy Philippines

ANNEX D
Key Industry Players

Solar

COMPANY NAME	NOTABLE PROJECT/S	LOCATION
Santa Cruz Solar Energy, Inc.	San Marcelino Solar Power Project	San Marcelino, Zambales
Helios Solar Energy Corp.	Cadiz Solar Power Project	Cadiz, Negros Occidental
Cayanga-Bugallon Solar	PV Sinag Power, Inc.	Labrador, Mabini & Infanta, Pangasinan
Natures Renewable Energy Development (NAREDCO) Corporation	Cagayan North Solar Power Project (formerly Lal-lo Solar Power Project)	Lal-lo & Gattaran, Cagayan
Citicore Renewable Energy Corporation	Arayat Solar Power Project	Mexico, Arayat
PetroSolar Corporation	Tarlac Solar Power Project	Tarlac City
Gigasol3, Inc.	GIGASOL3 Solar Power Project	Palauig, Zambales
Jobin-Sqm Inc.	Sta. Rita Solar Power Project	Hermosa, Bataan
Solar Philippines Tarlac Corporation	Concepcion 1 Solar Power Project	Concepcion, Tarlac

Wind

COMPANY NAME	NOTABLE PROJECT/S	LOCATION
EDC Burgos Wind Power Corporation	Burgos Wind Power Project	Burgos, Ilocos Norte
North Luzon Renewable Energy Corporation	Caparispisan Wind Power Project	Pagudpud, Ilocos Norte
Pililla Wind Power Corp.	Pililla Wind Power Project	Pililla, Rizal
Guimaras Wind Corporation	San Lorenzo Wind Power Project	San Lorenzo, Guimaras
NorthWind Power Development Corporation	Bangui Bay Wind Power Plant	Bangui, Ilocos Norte
PetroWind Energy Inc.	Nabas Wind Power Project	Nabas, Aklan
Philippine Hybrid Energy Systems, Inc.	Puerto Galera Wind Power Project	Puerto Galera, Oriental Mindoro

Source: Department of Energy Philippines