



ACEN: Reserve power market to attract more AS, BESS investments

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Ayala-led AC Energy (ACEN) believes that the implementation of a reserve electricity market would invite more investors in ancillary services (AS) and battery energy storage systems (BESS) in the country.

At a webinar organized by government think-tank Philippine Institute for Development Studies on Tuesday, ACEN President and CEO Eric Francia said that having more capital for AS and BESS can also, in turn, complement the Department of Energy's goal to increase the country's renewables capacity.

Francia pointed out that renewables have to be complemented by BESS given that they don't generate power 24/7. With this, the absence of a reserve market, he said, makes it challenging to come up with investment decisions.

He added that having a reserve market will also allow electricity players to determine the grid's future requirements, which will enable them to plan their respective investments.

AC Energy has invested Php2.2 billion to develop a 40-megawatt (MW) BESS facility near its 120MW solar farm in Alaminos, Laguna, which it opened in June. It also has several power plants for AS, including a 300MW facility in Pililla, Rizal, and several projects for development, including a 1,200MW dual-fuel facility in Batangas City.

Back in June, the Independent Electricity Market Operator of the Philippines (IEMOP) said it was planning to establish a market for AS, which aims to encourage investors to build facilities for reserve power. Phase one of the project is scheduled to be implemented this year. IEMOP is the operator of the Wholesale Electricity Spot Market.

The reserve market will also incentivize power generation companies to build facilities to address the government's AS requirements, as stated in Republic Act 9136 or the Electric Power Industry Reform Act (EPIRA). Relative to this, the Department of Energy (DOE) released its AS policy in 2019 and harped on this again in the wake of the Luzon Red Alerts from May 31-June 2.

Francia said it's about time that power industry regulators enforce the AS market given signals pointing to tight supply.