

More Risks or More Opportunities?

DOMESTIC AND INTERNATIONAL ENERGY TRANSITION IMPLICATIONS ON THE FIDUCIARY RESPONSIBILITIES OF CORPORATE DIRECTORS IN THE PHILIPPINES

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Transcript

Closing Remarks

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It's vital to emphasise several things. I'm not going to sum up, the discussions, but I will refer to some of the highlights. The question that was asked, for instance, was on IPCC and their reaction to it.

I want to echo this; as a climate advocate and as a person that is a part of the ICSC, I think it is essential to reflect what has been said in particular by Undersecretary Fuentabella because it's necessary. But also, in a way, it starts a conversation or sustains one. We are in a specific situation where countries' response needs to be differentiated because of our particular development circumstances and economic setting. In this sense, it's essential to consider the findings of the IPCC concerning the energy sector in terms of two approaches. It cannot be one.

First, as far as the impacts of climate change are concerned, it is only proper that an agency like DOE pay attention to the urgent and pressing need for resilience because the results are coming our way. And we need our power sector to be resilient based on what science is telling us will become the norm. Things may become worse before they become better.

On the other hand, does that mean that the energy transition should be of less priority? No. I think the speakers have said this, including Undersecretary Fuentabella. But the intervention must be different. It's a market intervention, in particular, if the DOE continues to pursue the mandate of competition to ensure that there is a level playing field that translates better development into an economy that can be powered using affordable, reliable energy that happens to be sustainable as well.

So those things we can approach from two lenses because it's pretty important to say that our circumstance means that if the impacts are projected to worsen. We should increase our resilience, protect our economy. At the same time, we pursue sustainability by ensuring that we exploit the demand for affordable and reliable power through market interventions that will make our ability more affordable and sustainable and dependable. So, what is that, in short? It means I think if it hasn't been clear yet, let me spell it out, that we have to promote better systems thinking than technology-driven or project-driven, short-term approaches.

Systems thinking is going to be critical mainly because, as the pandemic has shown us, not just in the Philippines but around the world, it is very, very clear that all the countries in the world are grappling in different degrees of difficulty, but all with a problem, in response to this pandemic because we are all unprepared to deal with external non-financial shocks. This also means we will continue to be spontaneous until we place resilience at the centre of fundamental macroeconomic considerations. The absence needs to be corrected. We need to do more than just measure progress based on productivity and GDP because resilience needs to be at the centre of our macroeconomic fundamentals, and we need to start measuring it as well.

What is also a sign that I hope everyone takes away from this is that there was much disagreement but even more agreement because the direction seems to be—we are all pointed in the right direction, except the steps are something we have to work on.

Echoing Undersecretary Fuentabella also reached his hand out again, saying that this is not going to be easy. Pag hindi po ito tulong-tulong, mahihirapan po tayong lahat. And so the plans that are in place read them. If you disagree, critique them, provide them to the government, let our private sector leaders know. Because if we cannot work on this together, even if the favoured leadership that you want for next year is in place, that new administration will fail if we cannot get behind a long-term vision that speaks to not just the entire country but to the majority of our people—the working families of this country.

So it was quite a pleasure to hear our colleagues in BDO and BPI talk about the future in ways that are responsive to our current realities. We may have disagreements, for instance, in terms of how to get there, or when or how fast, but I think we will work on this together as well based on what we've heard from Jo Ann and Ed.

In particular, we've also heard from the Central Bank in terms of their exhortation to the private sector, to our banks, to look even further and to ensure that they're already prepared to meet what is coming our way in terms of the threats, but also in terms of what I think Jamie and Ellie had talked about—the massive opportunities that are already available, except that we need to be even more targeted in our interventions and the questions that we raise.

For instance, yes, we always talk about supply when it comes to the recent outages. But are we discussing the right kind of supply given what Bert and Sara said earlier that we have an excess of what we don't need at the moment? And what we need is a flexible generation. Still, there are financing gaps that we have to work on together to plugin not only so we don't have outages but so that we can go and move together towards the longer term.

Colleagues, we've run overtime, and obviously, there will be a part two again. I hope we can continue to work together and that you all have taken note of the critical leadership role that the ICD has continued to play in governing and sending the message to the private sector that there's only benefit that we can all harvest if we work together across different sectors and if we put our disagreements on the table and work on them collectively as well.

Flexible generation is not just about power. I think we all need to be flexible in finding ways that this conversation can become a more collaborative way of planning and supporting the work that's already underway.

The energy transition is already underway. The question is not whether we will reach the right kind of landing zone. As we always say in ICSC, we think the landing zone is in sight. We believe we will get there. The challenge is not reaching the landing zone. The challenge is: Can we get there sooner? Can we get there far earlier?

And if we have disagreements, put them on the table. For instance, Undersecretary Fuentebella talked about 35% of renewable energy by 2030 and 50% by 2040. It sounds like the numbers are already well contained in the National Renewable Energy Plan. Can we set those numbers as the floor rather than the ceiling? I think the answer will be in the affirmative, but it will be accompanied by "but these are things we require." What are these? Doon na po Tayo sa Part 2 when we hold another discussion which I hope you can all be part of again.

On behalf of all the organisers, thank you to ClientEarth and Climate Reality in the Philippines. Maraming Salamat to the Institute of Corporate Directors. Thank you to Pete and Naz for ably moderating the sessions. We could not answer all the questions, but there will be a barrage after this session concludes. Indeed, we will keep you all updated.

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