

Project Title : **MONETIZATION OF PNOC BANKED GAS**
Project Location :
Nature of Project : Sale of the Remaining Volume of Banked Gas
Implementing Agency : PNOC

Project Description:

Banked gas is the accumulated unused gas of the Ilijan Power Plant, amounting to 108.6 Petajoules, as a result of the underutilization of the plant's Take-or-Pay quantity (TOPQ) within the period 2002 to 2007. Under TOP, a fixed quantity of gas is being paid for by the power plant every year, whether they use the gas or not. The banked gas was originally paid for by the Government of the Philippines (GOP), through the Net Government Share, in assistance to the National Power Corporation, then owner of the Ilijan Power Plant, to satisfy the plant's TOPQ provisions of their Gas Sale and Purchase Agreement (GSPA) with the Service Contract Number 38 (SC38) Consortium. In September 2009, PNOC purchased from the DOE all the rights, benefits and entitlements of the banked gas.

The Power Sector Assets and Liabilities Management Corporation (PSALM) withdrew 4.61 PJ in 2013 for the Ilijan power plant and another portion, equivalent to 2.71 PJ, was offtaken by Pilipinas Shell Petroleum Corporation (PSPC) from June 2018 to January 2021 for its Tabangao Refinery.

Two (2) new GSPAs were executed in December 2021 with a total contracted volume of 31.019 PJ. On June 2022, another GSPA was signed by PNOC with a total contracted volume of 70.260 PJ.

Project Status as of 3rd Quarter 2023:

On PNOC's existing GSPAs signed in December 2021, the company continued to fulfill its obligation to deliver the contracted banked gas to the gas buyers. A total of 8.620 PJ was offtaken by the gas buyers as of 25 September 2023 of Contract Year 2023.

On the GSPA signed by PNOC in June 2022, delivery of banked gas has not yet started. PNOC continues to heed the directive of the Energy Secretary and PNOC Board Chairperson to undertake a whole-of-government approach considering the government's interest in Malampaya and the PNOC banked gas.

Project Title : **ENERGY SUPPLY BASE MASTER DEVELOPMENT PLAN**

Project Location : Mainaga, Mabini, Batangas

Nature of Project : Energy Supply Base Port Development Project

Implementing Agency : PNOC

Project Description:

The Energy Supply Base (ESB) is a private commercial port located in the municipality of Mabini, Batangas that covers a total area of 19.2 hectares. It was created primarily to provide logistical support such as pier services, warehousing facilities, cargo handling, equipment rental, manpower services, and water bunkering services for the energy industry and has extended its services to other commercial clients pursuant to the grant of a Permit to operate as a private commercial port in 1996 by the Philippine Ports Authority (PPA). PNOC is committed to the upgrading, expansion and uninterrupted operation of the Energy Supply Base (ESB).

Project Status as of September 30 2023:

The PNOC Board of Directors, during its Regular Meeting on August 18, 2023, decided to exercise its right not to award the contracts for the ESB Project, pursuant to Sec. 41 (c) of R.A. 9184.

The exercise of this right is due to the PNOC Board of Directors' determination that the ESB Project, as conceptualized in 2019, is no longer consistent with the current administration's direction to accelerate the development of Offshore Wind resources to reduce the country's dependence on fossil fuels.

On January 20, 2023, the PNOC Board of Directors approved the expansion of the Energy Supply Base's existing port and facilities, in view of its intended development as an Energy Logistics Hub and Multi-Purpose Berth for general cargo vessels.

As such, on February 20, 2023, a Special Bids and Awards Committee (SBAC) was constituted, which conducted the public bidding for the three (3) contracts for the ESB Project, namely, 1. Consulting Services, 2. Construction of New Pier, and 3. Flattening of the Hilly Area, on March 21, 2023, April 20, 2023, and June 20, 2023, respectively.

On August 14, 2023, upon the SBAC's completion of the bid evaluations, it recommended to the PNOC Board of Directors the award of the contracts to the winning bidders.

Consequently, on August 15, 2023, the PNOC Board of Directors' Risk Management Committee evaluated the SBAC's recommendation, and for this purpose, organized a consultative meeting with various stakeholders in the energy sector, including Department of Energy Officials, PNOC representatives, the UP National Engineering Center Team, and Offshore Wind developers.

During the consultative meeting, it became apparent that the Energy Supply Base Port's design and the intended ESB Project are not responsive to the directives of Executive Order No. 21. It was also concluded that the current port can be repurposed to meet the government's call for Offshore Wind developments.

Accordingly, on August 18, 2023, the Risk Management Committee recommended to the PNOC Board of Directors not to award the contracts to the winning bidders.

The Risk Management Committee's recommendation was carefully considered by the PNOC Board of Directors, which then issued Resolution No. 2874, S'2023 on August 18, 2023, exercising the right not to award the contracts to the winning bidders.

The Resolution expressed the PNOC Board of Directors' determination that the award of the contracts will not redound to the benefit of the government, since the physical and economic conditions have changed so as to render the ESB Project no longer economically, financially, or technically feasible, and no longer necessary.

Moving forward, the PNOC Board of Directors intends to prioritize and to begin in earnest the development of the ESB Port in Mabini, Batangas as a dedicated Offshore Wind Port, as its strategic location and great potential can improve energy security for nearby service contract areas.