

Financing access and green energy transition for socialized housing

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Power connections was one major concern of residents of resettlement sites in several studies conducted. The Philippine Institute for Development Studies (PIDS) conducted an extensive study in 2013¹. It noted that 90% occupancy is being required by utility companies before installing individual connections. Although power service is part of the housing subsidy support of the National Housing Authority (NHA), it only provides either power generators for temporary power utility or advance payment to utility companies to facilitate individual household connections.²

The PIDS study presented cases which showed different levels of access of electricity in 9 resettlement sites: 2 sites (1 in-city and 1 off-site) had available electricity and was accessible to residents; 1 in-city site had some of its portions without power connections at the time; 1 off-city site was using individual power supply; and 3 sites were using generators with electricity rationed at 4 hours, 5 hours and nighttime only. In addition to the latter, residents had been staying in respective sites for 3 years, 2 years, and 15 years respectively.³

A similar situation was featured by ABS-CBN News on 10 May 2015 entitled “NHA relocation, *walang kuryente*” (no electricity).⁴ In the news feature, a resident complained about the absence of regular power supply that was going on for two years in Phase 4, San Isidro, Rodriguez, Rizal.

In 2017, the National Anti-Poverty Commission (NAPC) conducted a study in 27 new resettlement sites with 51,352 housing units. Ninety-one percent (91%) were outside Metro Manila, and 9% in Caloocan City. Fifty-eight percent (58%) of the homeowners were unemployed, and 45% out of the 42% employed were temporary workers. A major finding in terms of power services was that on 6,086 housing units were connected to a service provider. Eighty-seven percent (87%) of the residents did not have individual connections. They were either sub-metered to a household connected to a provider, or to an older relocation site or a regular community connected to a provider or connected to a provider under the name of the developer.

The lack of access to electricity was due to the great distance between existing power lines and the new relocation sites. Neither the developer nor the electric cooperatives nor Meralco would be able to immediately construct connecting lines for these new relocation sites without capital investment which the NHA does not provide. Secondly, Meralco and electric cooperatives require that at least 50% of the housing units are occupied. There were instances that service providers strictly enforce the 90% occupancy requirement. Too little occupancy meant long term return on investment and profit for the service providers. With neither electricity nor water services, the residents, on the other hand, refuse to relocate. It has, thus, remained the chicken and egg story. Thirdly, most of the families could not afford advance fees /payments required by either Meralco or the electric cooperatives for individual power connections.

ALPAS experience

Above experience of ISFs in relocation sites motivated ALPAS to embark in piloting a solar project in partnership with Sun Asia Construction and Development Corp. ALPAS leaders intended to overcome the situation being experienced by the other relocation sites. They also wanted to contribute, however small it may be, to the climate change advocacy; achieve lower than prevailing electricity rates in the community; and finally, after 15 years, own the solar system.

¹Ballesteros, Marie M.; Egana, Jasmine V. (2013: Efficiency and Effectiveness Review of the National Housing Authority (NHA) Resettlement Program, PIDS Discussion Paper Series, No. 2013-18, Philippine Institute for Development Studies (PIDS), Makati City.

²Ibid. pp. 12-13

³Ibid. pp. 57-58

⁴<https://www.youtube.com/watch?v=cPTWu-IDYrs>

Contrary to its aims, ALPAS is experiencing higher rates of electricity which created more problems for the community. Does this mean the project is a failure? The project is neither a failure nor the idea that it will eventually achieve lower electricity rates vis-a-vis Meralco rates. But why is this not happening?

ALPAS had to resort to borrowing because it did not have enough capitalization for the construction of the micro-grid, and installation of power poles and lines, smart meters. Borrowing is equal to monthly amortizations including interest. That added up to electricity rates. Secondly, the solar panels were not immediately installed which should have been a source of free electricity. Again, due to lack of capitalization another batch of loan was necessary to purchase the solar panels. The loan approval took a while. When the solar panels had been purchased and ready for installation, discontent and dispute have taken place and a group of residents are fighting the completion of the project.

So, it is important that future similar projects do not experience what APLAS experienced, the need to have access to capital for the construction of the microgrid infrastructures. It is also important that the solar home systems be installed prior to relocation of the ISFs into their housing units. These are two important lessons shown by the ALPAS experience.

Energy poverty

Access to electricity is a serious problem for the poor, especially those living in remote rural areas and in small islands. World Bank data on access to electricity among rural population shows that in 2019, of 23 countries and territories in Asia, the Philippines ranked eighth from the bottom. (It was ahead of Cambodia, Timor-Leste and Myanmar in Southeast Asia, North Korea in East Asia, and Nepal, Pakistan and Bangladesh in South Asia.) There are still an estimated 4.7 million Filipinos who do not enjoy electricity at home (World Bank information for 2019).

Yet even for the poor who live in urban cities, affording electricity is as well a serious problem. Official statistics on 2018 family expenditures by income class show that families earning below PhP60,000 a year spent an average of PhP4,170 on water, electricity, gas and other fuels. In contrast, families earning over half a million pesos a year spent an average of P44,352 for the same expense group. This rich-poor gap for water, electricity, gas and other fuels is 10.64 – more than the rich-poor gap on food expenses that same year (6.56).

Poor families in 2018 earning below PhP60,000 a year spent nine percent of their total budget on water, electricity, gas and other fuels. These expenditures ate up 4.1 percent of their household income. Compare this with 2.5 percent in the US and one percent in Japan.

Solar energy

In recent years, the cost of solar has been declining. This should benefit poor households and communities. Accessibility to renewable energy (RE) technologies such as solar enhance affordability and efficiency of power services to peoples and communities. It also reduces electricity costs for residents. Moreover, it helps address climate change issues such as reduction of greenhouse gas emissions.

Social housing financing projects provide a unique opportunity for RE installations, particularly, solar home systems, not only through potential scale of implementation sites, but also in reducing the social and financial costs to informal settler families (ISFs) and displaced families. However, turning to energy efficiency and RE requires up-front investment which poor Filipinos cannot afford. The government can help defray this initial cost by establishing renewable energy financing programs that leverage and augment existing RE financing options that are not accessible to the less privileged.

Salient points of the bill

Senate Bill No. 2435 or The Solar Home System Financing for Social Housing Program Act aims to establish a solar home system financing program that shall be integrated into social housing financing programs payable in 25-30 years. The program is designed for the socialized housing sector who usually does not qualify in existing renewable energy loan packages. It aims to bring the benefits of solar to poor families and communities while generating long-term employment for the maintenance of rooftops installed with solar panels. The bill was filed on 12 October 2021 sponsored by Senator Risa Hontiveros. In the House of Representatives, allies will file the counterpart bill in a few days.