

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 oftaken 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 30 June 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 5.754 PJ was oftaken by the gas buyers as of the end of the 2nd Quarter 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.

1

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 30 June 2023:

The ESB Port Development Project Detailed Feasibility Study, Detailed Engineering Design and Environmental Impact Study were approved by the PNOC Board on **February 26, 2021 through Resolution No. 2730 s'2021**. With the approval, Management proceeded to bid out Phase 1 and Phase 2 of the project.

On October 20, 2021, the Bids and Awards Committee presented for award to the responsive and compliant bidder, the construction of the piers together with other ancillary facilities. However, the Board decided not to award the contract using its prerogative under the Procurement Law. Nevertheless, despite the project not proceeding, Management continued to secure the necessary permits for the development.

The recent developments wherein the Department of Energy recognized the **Project's noble objective to support the energy security and self-sufficiency** agenda of the government by providing the needed port infrastructure support to offshore wind energy projects in Batangas, Mindoro, Antique and other neighboring provinces, necessitate that the project should proceed. The Port Development Project (PDP) is critical for the transportation, storage and assembly of various components of wind turbines, and operation and maintenance of offshore wind farms. The Department of Energy recently awarded six (6) Wind Energy Service Contracts in the said provinces with a potential capacity of 6.90 Gigawatt (GW).

Thus, on January 20, 2023, the PNOC Board approved **Management's request to proceed with the bidding and construction to implement the previously approved ESB Port Development scheme, i.e. Port Operation with Provision for Warehouse facilities for Energy Logistics Hub and Multi-Purpose Berth for general cargo vessels transporting energy related cargoes (Option 1: Scheme B)**, for the expansion/upgrade of the existing port and its facilities and the levelling of the 4.4 hectare hilly area.

As of 30 June 2023, the bidding process for the Construction of New Pier Project, Flattening of the Hilly Area, and Construction Management and Supervision, is ongoing.