

Decentralized Power Plants: A Fair Deal with the Industry and Consumers

Electrical utility companies or distributors are prime example of suppliers whose bargaining power is despicably high. We lose our daily functionality without electricity and this where the electricity suppliers anchor their power over the consumers in literal terms. In essence, the low bargaining power of consumers and businesses are traceable to parameters that are hard to control such as high capital expenditure to build electric lines and power plants, choosing the right blend of energy mix at the right time from existing available independent power producers, controlling the wastage in supply distribution, and abiding with government regulations on how to run the business.

A realistic solution to manage the level of control of electric utility companies is to encourage entities with sizeable economies of scale to generate their own electricity. By this, consumers and businesses will be insulated from the vagaries and risks of depending on big power companies.



Exergy Corporation, an affiliate of Phil-Nippon KyoEI Corporation (PNK) engaged in implementing renewable energy contracts, closed the biggest the power sales agreement with one of the forefront leaders in technology innovation in Du Pont-owned Company, Pioneer Hi-Bred Philippines. The agreement requires Exergy to provide Pioneer Hi-Bred a projected output of 186,500 kilowatt-hours of energy annually for the next twenty years, which Pioneer Hi-Bred shall accept on a take or pay basis. As in most of the dedicated power plant engagement of the PNK Group, the engagement will require engineering, constructing and commissioning solar power plant facility at an agreed specification and pre-determined targeted output, and owning, operating and maintaining the solar power plant facility. The electricity fees for each kilowatt-hour delivery and consumption

was negotiated at arms-length basis and has been set for the whole duration of the power sales agreement, thus freeing the Off-taker from the unpredictable fluctuations in electricity cost.

The dedicated solar power plant with Du Pont is an offshoot of the direction to promote decentralized solar power plants to selected users. A decentralized structure allows clients to enjoy glaring advantages in plant operations as follows:

1. Use of power with minimum green house gases or carbon emissions;
2. Efficient voltage or delivery of electricity since the facility is constructed near the usage;
3. Effective management of peak demand use of electricity from the grid, one main factor which increases supply and metering cost, by using solar power during peak load;
4. A business item that allows advertising to clients that products are manufactured from clean energy.

Nevertheless, the irradiation from the sun displayed the most concentration at 1 kilowatt hours per 10 square meter solar power space. This is more pronounced in the Philippines because of its location near the earth's equator. The right mix of engineering design is important to capture sunlight even when there are passing clouds blocking direct sun rays, similar to summer late afternoons.

Exergy's strategic alliance in power generation with DuPont, a leading solar panel manufacturer, can also open opportunities for the energy business model of decentralized power plant using non conventional source of energy, starting with solar power. The Exergy Solar plant can showcase the operational benefits of operating without relying on grid power that leaves behind a heavy dosage of carbon foot prints. With the connection in the grid as a default setting, the availability of solar power only when the sun is shining can easily be managed.

With the Philippines archipelago sitting right smack in the typhoon belt, decentralizing energy resource is a solution for consumers and businesses to be independent in producing their own electricity. A decentralized system can assure self-sufficiency and stability of power at time of dire need.

PHIL-NIPPON KYOEI GROUP OF COMPANIES

BUSINESS ADDRESS: 701 / 705 Royal Plaza Twin Tower, 648 Remedios St. Malate, Manila, Philippines

Tel. No.: 400-5778

Fax: 400-9130 / 302-1649/ 354-9688



For your feedback, kindly email them to:
inquiry@philnippon.com.ph