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Philippines' transition snapshot

Key facts

The Philippines' electricity mix is dominated by fossil fuels, with coal and gas constituting more than three-quarters of the country's power.[1] Coal has grown significantly as a proportion of the country's electricity mix over the last two decades: from just over a quarter in 2005 to a peak of around 64% in 2024, before easing to 59% in 2025.[2] The bulk of non-fossil power generation is from hydro (10.3%) and geothermal (8.2%) – the Philippines is the world's third-largest producer of geothermal energy.[3] Wind and solar represent a tiny fraction of electricity generated in the country today, though the government is targeting 50% renewables by 2040, with an interim target of 35% by 2030.

The government has positioned gas as both a transition fuel and a pillar of energy security, enacting the Philippine Natural Gas Industry Development Act in 2025.[4] Gas is filling part of the gap left by the 2020 moratorium on new coal power proposals: as coal's share of generation fell in 2025, that of gas rose from around 14% to 17%.[5] Meanwhile, as the output of Malampaya, the country's only commercial-scale domestic fossil gas source, declined, the Philippines began to import LNG in 2023; a year later, imported LNG supplied around 46% of its gas.[6] With LNG imports projected to rise by 508% between 2025 and 2029, this growing import reliance risks undermining the very energy security that gas is meant to provide.[7]

The Philippines imports 98% of its crude oil from the Middle East, and 97% of its liquid petroleum products and 91% of liquid petroleum gas are imported from Asian refineries dependent on the Persian Gulf.[8] These fuels are used heavily in transport, household cooking and industry, leaving the country vulnerable to supply shocks and price increases. Amid soaring fuel prices in March 2026,[9] the President issued an executive order

[1] Ember, **Electricity Data Explorer** (webpage, accessed 12 October 2026)
[2] Ibid.
[3] National Geothermal Association of the Philippines, **Global Geothermal Energy Industry**
[4] United Nations Environment Programme, 8 January 2025, **Philippine Natural Gas Industry Development Act (Republic Act 12120)**
[5] Reuters, 22 July 2025, **Philippines set for first coal power decline in 17 years amid rising LNG use**
[6] IEA, July 2026, **Philippines**
[7] Energy Tracker Asia, 23 July 2025, **Philippines LNG Imports Costing Households Billions**
[8] Philippine Information Agency, March 2026, **How the Strait of Hormuz closure affects our oil prices**
[9] Al Jazeera, March 2026, **Manila's streets empty as fuel prices surge amid Strait of Hormuz crisis**

declaring a state of energy emergency in the country[10] and the government suspended electricity sales on the Wholesale Electricity Spot Market, introducing guidelines to prioritise renewable energy and conserve the critical fuel inventory.[11] Despite these actions, median household spending on electricity rose to approximately 12% of monthly income in June 2026.[12]

One of the countries hardest-hit by the impacts of the Hormuz disruption, the Philippines has been the world's biggest spender on solar panels since the strait closure began.[13] This spending spree has been triggered by households and businesses acting to hedge against high power prices, unreliable supply and exposure to imported fuel shocks. The economics have shifted in favour of rooftop solar for those who can afford the upfront cost, resulting in US$407 million in panel imports between March and May 2026, a 145% increase from a year earlier.[14]

This solar surge could displace coal and gas in the power mix, but challenges relating to fossil fuels' embeddedness persist: modelling shows that renewables could exceed the government's 2030 and 2040 energy targets while cutting coal use by a third and gas by nearly two-thirds – thus making it possible to retire inefficient plants before power costs rise.[15] However, coal is locked into power supply agreements that guarantee offtake, meaning coal plants are run at a certain minimum level to fulfil contracted supply obligations, regardless of renewable energy availability or fuel cost. Relying on baseload generation from coal can be costly, as older, less efficient plants may experience outages, making supply less reliable. Building a grid that relies on coal output to remain stable crowds out firmed renewables (such as geothermal, hydro, and solar plus storage) which are not affected by fuel cost spikes. While the government imposed its moratorium on new coal-fired power plants in 2020 and is bullish about growing clean energy deployment, more remains to be done to make space for renewables in the system and end the power sector's dependence on coal, including addressing market dispatch rules that favour fossil fuels, coal power supply agreements and grid congestion issues.

Opportunities for international collaboration

Key opportunities for strategic collaboration include converting growing clean energy momentum in the Philippines into sustained renewable investment and implementation. Renewables are increasingly aligned with domestic priorities around energy security, affordability and resilience; international collaboration can support the Philippines in translating recent policy and market momentum into structural change. There are clear opportunities for cooperation including through ASEAN, with Global North countries such as the UK (previous Energy Transition Council co-chairs with the Philippines)

[10] The President of the Philippines, March 2026, **Executive Order No. 110**
[11] Reuters, March 2026, **Philippines suspends spot power sales as Iran war sends prices soaring**
[12] Reuters, June 2026, **Philippines leads the world in rush to solar as power prices soar**
[13] Ibid.
[14] Ibid.
[15] TransitionZero, March 2026, **The Philippines could outpace its 2040 renewable energy targets**

and with international and regional finance organisations and initiatives. This could include mobilising concessional and private finance for utility-scale renewables and storage, while expanding access to distributed solar through credit guarantees, low-cost lending and other financing models that reduce upfront costs for households and businesses. Support for grid upgrades and system flexibility would help ensure that accelerating renewable deployment can be absorbed reliably and at scale.

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