

FROM POTENTIAL TO POWER

Insights from Public–Private Dialogues on Unlocking Offshore Wind in the Philippines

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KEY MESSAGES

- **The Philippines holds 178 gigawatts of technical offshore wind potential**, enough to supply nearly 25% of national demand under a high-growth scenario, positioning the country as a potential leader in Asia’s clean energy transition.
- **Momentum is building:** 92 service contracts and the country’s first offshore wind (OSW) -only auction signals strong government ambition and early private-sector confidence. However, these signals mark the starting line, not the finish.
- **Beneath this momentum lies a fragile foundation.** Regulatory gaps, fragmented local permitting, and misaligned port and grid timelines threaten to delay projects and deter long-term investment.
- **Global experience shows that bankable offshore wind markets are built on synchronized action**, legal certainty, infrastructure readiness, and guaranteed buyers for power generated.
- **The Philippines is entering a critical first phase to align ambition with execution.** By prioritizing enabling infrastructure and regulatory certainty now, the country can lay the groundwork for large-scale OSW deployment and unlock billions in investment.

Executive Summary

The Philippines stands at a pivotal moment in its energy transition. With abundant renewable resources and a government committed to raising the renewable energy share to 50% by 2040 and 65% by 2050, the country has a rare opportunity to leapfrog into a low-carbon future¹. Offshore wind (OSW) offers the scale and reliability to meet this ambition. A World Bank study estimates 178 GW in technical potential by 2050, with 40 GW under a high-growth scenario² — enough to supply nearly a quarter of national electricity demand. For an economy facing rising energy imports, grid constraints, and climate risks, OSW offers a strategic choice.

Early policy and market signals are encouraging. By April 2024, the Department of Energy (DOE) had awarded 92 Offshore Wind Energy Service Contracts (WESCs), representing over 65 GW of potential capacity³. In 2025, it launched the country's first OSW-only auction through the 5th Green Energy Auction (GEA). Environmental clearance reforms and grid planning studies are underway. However, international experience shows that these early steps must be matched by coherent, sequenced execution to translate ambition into operating capacity. This means ensuring that legal, infrastructure, and market enablers progress in sync, so that awarded contracts are able to deliver on power generation targets.

The main barrier is foundational readiness. Marine spatial planning is still incomplete, and the legal framework for long-term rights to use the seabed does not yet provide the certainty that investors need. Embedding OSW zones into marine spatial plans and formalizing seabed rights through a durable legal instrument would give developers clarity and financiers long-term security. Critical port infrastructure for turbine assembly is still years away from being fully offshore wind-ready, and transmission bottlenecks remain in high-potential zones such as Currimao. Upgrading identified ports and aligning grid expansion timelines with project milestones will ensure that infrastructure is ready when projects are. At the local level, fragmented permitting processes add further uncertainty and delays. Integrating local approvals into a one-stop permitting system with clear timelines can remove bottlenecks without compromising community engagement.

Launching offshore wind will initially be more expensive than current power because equipment, ships, and skilled workers must be imported, and essential port and grid infrastructure is still being developed⁴. Targeted investments, local workforce training, and synchronized infrastructure delivery can help lower costs faster while building domestic capacity.

¹ Philippine Energy Plan 2023-2050 (2023)

² World Bank, *Offshore Wind Roadmap for the Philippines* (2022)

³ Norton Rose Fulbright, *Global offshore wind: Philippines* (2024)

⁴ ADB, *OSW Regulatory Framework Report*

Costs can fall if these gaps are closed, local suppliers take root, and projects move forward without delay, making offshore wind both competitive and resilient against fossil fuel price swings. Innovative revenue streams such as Renewable Energy Certificates (RECs) and Carbon Credits can potentially help improve project revenue viability and mitigate impacts to price increases.

To help chart this course, Makati Business Club, in partnership with the Embassy of the Kingdom of Netherlands in the Philippines, convened two multi-sector roundtables. The first, held on June 18, 2025, engaged private sector stakeholders. The second, on July 9, brought together both public and private actors. Across both, the message was clear: **the private sector does not expect a risk-free environment — only a predictable one.**

Stakeholders called for urgent, coordinated action to secure legal certainty on seabed tenure, align port and grid infrastructure with project timelines, and create a transparent, bankable market. Achieving these will require embedding OSW into marine spatial plans, prioritizing infrastructure upgrades, deepening auction credibility, and harmonizing local permitting, enabling offshore wind as a foundation for energy security, climate resilience, and inclusive green growth.

The State of Offshore Wind Development in the Philippines

The Philippines is at a critical stage in its clean energy transition, where ambition is no longer the question—execution is. OSW has emerged as a central pillar of the country's renewable energy strategy, offering a pathway to strengthen energy security, reduce dependence on imported fossil fuels, and catalyze large-scale private investment. The Philippine Energy Plan 2023–2040 charts a path toward a 50% renewable energy share in the power mix by 2040, and up to 65% by 2050 under the Clean Energy Scenario⁵. Achieving these targets will require not just expanding OSW capacity, but a coordinated effort to align regulation, infrastructure, and local permitting in a way that inspires investor confidence.

The scale of the opportunity is substantial. The World Bank's Offshore Wind Roadmap estimates 178 GW of technical potential by 2050, with a high-growth scenario of 40 GW capable of supplying nearly a quarter of the country's electricity needs. Developers have already responded to this promise: as of April 2024, the Department of Energy (DOE) had awarded 92 Offshore Wind Energy Service Contracts (WESCs) with a combined potential capacity exceeding 65 GW.

⁵ Previous Philippine Energy Plan for 2020 to 2040 targeted 50% share of RE in power generation by 2040 under its "Clean Energy Scenario"

This early surge of activity reflects not only government ambition but also the initial willingness of global developers to test the market.

The government has begun laying the groundwork for this transition. The Department of Environment and Natural Resources (DENR) issued OSW-specific environmental guidelines⁶ to streamline the Environmental Compliance Certificate (ECC) process, and the National Renewable Energy Laboratory (NREL) has recommended integrating OSW into the Philippines' Competitive Renewable Energy Zones (CREZ) to guide transmission planning⁷. CREZ planning ensures power lines are built where offshore wind resources are strongest, delivering electricity to the people who need it while avoiding costly delays and stranded projects. In 2025, the DOE launched the country's first OSW-only auction, offering 3,300 MW for delivery between 2028 and 2030⁸ – a signal of revenue certainty to investors and financiers that the Philippines is serious about building an OSW market.

Roadblocks in Achieving Philippine OSW Potential

Demonstrated political will, early private sector engagement, and vast wind energy potential are encouraging indicators of growth, however, current fragmentation and misalignment within these efforts are creating a fragile foundation for OSW service delivery in the country. Developing a robust OSW industry requires a complex coordination and integration orchestration of policy, infrastructure, and finance.

The first source of fragility lies in regulatory and tenurial certainty⁹ for seabed land necessary for OSW projects. The government has taken a novel step by redefining seabed use rights through a Memorandum of Agreement between the Department of Environment and Natural Resources (DENR) and the Department of Energy (DOE), allowing seabed rights to flow directly into an Offshore Wind Energy Service Contract (WESC). This eliminates the need for a separate Foreshore Lease Agreement and was widely welcomed by developers as a breakthrough. However, the language in the agreement needs further clarity on crucial points such as how long rights are guaranteed, whether they can be used as collateral, and what happens if ownership changes, leaving room for different interpretations and impacting investor confidence.

⁶ Department of Environment and Natural Resources (DENR) issued Administrative Order (DAO) 2024-02

⁷ National Renewable Energy Laboratory, *Integrating Offshore Wind Into Competitive Renewable Energy Zones (CREZ) for the Philippines (2025)*

⁸ Philippine Department of Energy, *DOE Kicks Off Green Energy Auction for Fixed-Bottom Offshore Wind (2025)*

⁹ Tenurial certainty refers to clear, enforceable, and long-term legal rights over land or seabed areas, giving developers and financiers confidence that these rights cannot be arbitrarily changed, revoked, or challenged during a project's lifespan.

Large-scale project finance hinges on the ability to secure collateral over seabed rights in the event of default. Without a legally durable framework, formalized through a Joint Memorandum Circular and supported by a Department of Justice opinion, the risk of policy reversal under a future administration remains a barrier to unlocking billions in capital, especially since financing for these projects often stretches beyond 10 years.

Beyond legal certainty, the physical foundations of the industry, ports and transmission, currently lacks the capability to support the DOE's target of the first kilo-watt of OSW power generation in 2028. While the Philippine Ports Authority (PPA) has identified key sites in Ilocos Norte, Batangas, and Camarines Norte for OSW, these facilities are still years away from being fully capable of handling the massive components and specialized vessels required for OSW projects. Load-bearing upgrades, deep-water berths, and wide storage yards are prerequisites for moving towers and blades at scale. Experts consulted during MBC's dialogues warned that the government's 2026 target for port readiness is highly optimistic; a five-to-seven-year timeline is more realistic, which falls short of the government's target of 2028. While the industry and foreign embassies remain supportive through ongoing efforts to capacitate key stakeholders, the tight timeline poses a steep uphill climb, demanding heavy multi stakeholder coordination and seamless implementation.

The grid presents an equally formidable challenge. While Batangas and Mercedes can be integrated with substation upgrades and line reinforcement, Currimao, the heart of the Ilocos wind corridor, requires a new 500 kV, 300-kilometer transmission line to evacuate power. The National Grid Corporation of the Philippines (NGCP) estimates that, even under ideal conditions, right-of-way acquisition and regulatory approvals could delay this connection by several years. That said, NGCP has begun identifying potential pathways to meet the 2028 target by mapping the most feasible ports and project sites, and committing to work with stakeholders to prioritize critical grid expansions. While these steps are promising, translating them into implementation within a tight timeline will require sustained political and technical coordination.

Today's costs are high, but investing early in legal certainty, infrastructure, and market design is what will unlock tomorrow's competitiveness. Building a project today is estimated to cost ₱5,200–8,800 per megawatt-hour, roughly two to three times higher than solar or onshore wind, as most equipment, vessels, and skilled labor must still be imported and key ports and grids remain incomplete.¹⁰

¹⁰ NREL (2025). *Levelized Cost of Energy Analysis for Offshore Wind in the Philippines*.

Yet long-term projections are more encouraging: under scenarios where deployment scales up and enabling conditions are in place, offshore wind could fall to ₱2,700–4,400 per megawatt-hour by 2030–2040, approaching or even undercutting fossil fuels.¹¹ Beyond generation costs, national energy planning studies highlight that billions will be required to reinforce transmission and port infrastructure to unlock this transition.¹²

Technical and regulatory hurdles are compounded by local permitting risks. OSW projects often go through multiple municipalities and barangays, and under current law, a single local government’s refusal to issue an endorsement can stall an entire project. Developers have stressed the need for a harmonized national framework that protects nationally significant projects from local-level gridlock while still upholding community engagement and environmental standards. Integrating local approvals into the Energy Virtual One-Stop Shop (EVOSS) system and enforcing deemed-approval provisions would give investors confidence that timelines are predictable, not hostage to fragmented decision-making.

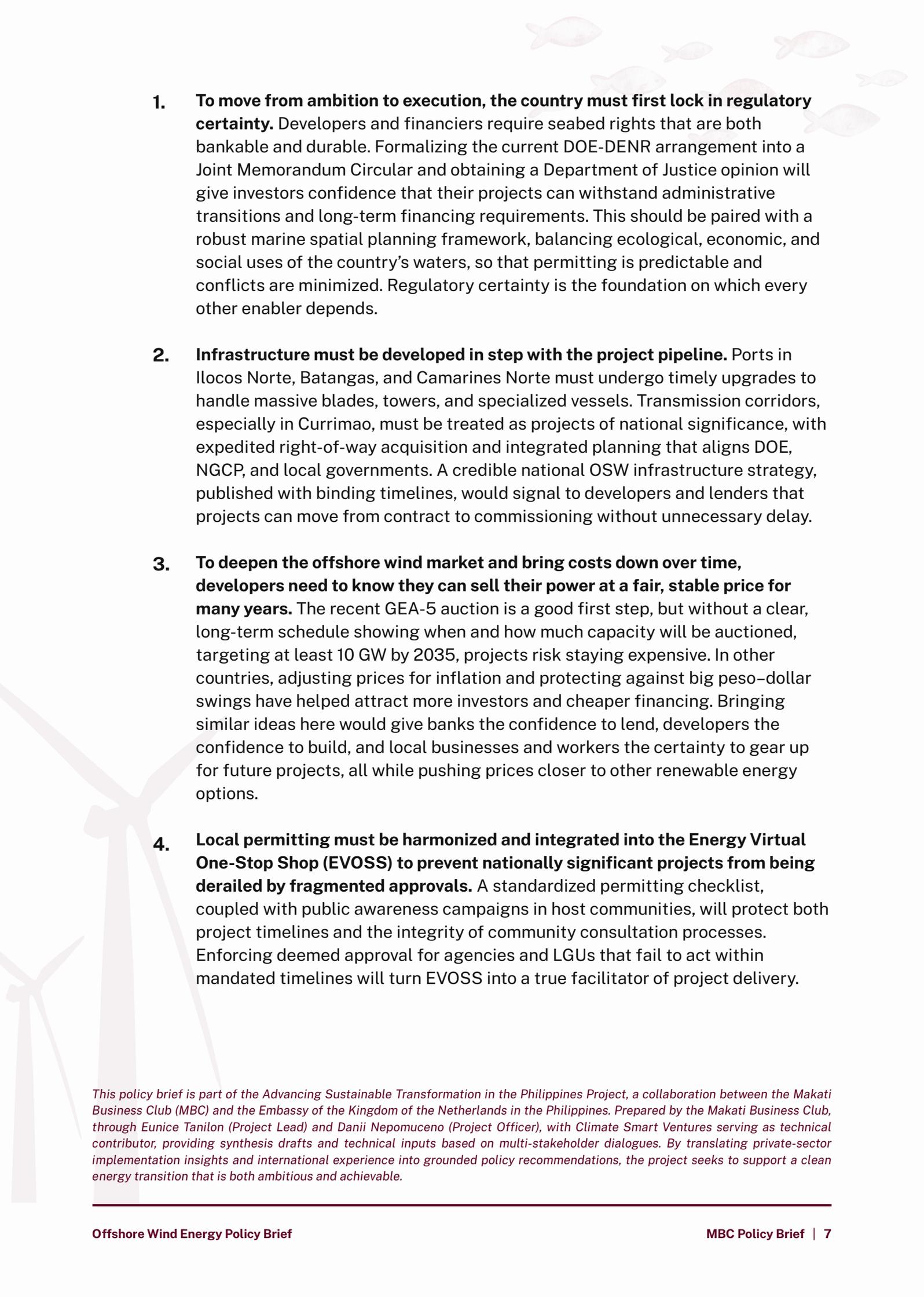
While each gap in seabed rights, marine spatial planning, port capacity, grid expansion, or local permitting poses its own challenge, together they create a single, larger risk of systemic misalignment. If these elements remain uncoordinated, offshore wind projects will remain stalled and the Philippines risks eroding investor confidence in its emerging market. Addressing them through a coordinated, time-bound plan that secures legal certainty, aligns infrastructure readiness, ensures market bankability, and streamlines permitting would unlock today’s pipeline into operating projects. This would position the country to meet its energy transition targets, compete in Asia’s offshore wind sector, attract sustained investment, and build a strong domestic supply chain.

Pathways forward

The Philippines has the natural resource base and market interest to become a credible player in the global OSW market. But with infrastructure and regulatory foundations still incomplete, the immediate priority should be to build the fundamentals that will allow OSW to scale reliably in the 2030s, rather than accelerate toward short-term capacity targets that may not be achievable or bankable.

¹¹ World Bank (2022). *Offshore Wind Roadmap for the Philippines*.

¹² World Bank (2023). *Transmission Development in Support of Offshore Wind Deployment*; DOE (2023). *Philippine Energy Plan 2023–2050*.

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- 1. To move from ambition to execution, the country must first lock in regulatory certainty.** Developers and financiers require seabed rights that are both bankable and durable. Formalizing the current DOE-DENR arrangement into a Joint Memorandum Circular and obtaining a Department of Justice opinion will give investors confidence that their projects can withstand administrative transitions and long-term financing requirements. This should be paired with a robust marine spatial planning framework, balancing ecological, economic, and social uses of the country's waters, so that permitting is predictable and conflicts are minimized. Regulatory certainty is the foundation on which every other enabler depends.
 - 2. Infrastructure must be developed in step with the project pipeline.** Ports in Ilocos Norte, Batangas, and Camarines Norte must undergo timely upgrades to handle massive blades, towers, and specialized vessels. Transmission corridors, especially in Currimao, must be treated as projects of national significance, with expedited right-of-way acquisition and integrated planning that aligns DOE, NGCP, and local governments. A credible national OSW infrastructure strategy, published with binding timelines, would signal to developers and lenders that projects can move from contract to commissioning without unnecessary delay.
 - 3. To deepen the offshore wind market and bring costs down over time, developers need to know they can sell their power at a fair, stable price for many years.** The recent GEA-5 auction is a good first step, but without a clear, long-term schedule showing when and how much capacity will be auctioned, targeting at least 10 GW by 2035, projects risk staying expensive. In other countries, adjusting prices for inflation and protecting against big peso-dollar swings have helped attract more investors and cheaper financing. Bringing similar ideas here would give banks the confidence to lend, developers the confidence to build, and local businesses and workers the certainty to gear up for future projects, all while pushing prices closer to other renewable energy options.
 - 4. Local permitting must be harmonized and integrated into the Energy Virtual One-Stop Shop (EVOSS) to prevent nationally significant projects from being derailed by fragmented approvals.** A standardized permitting checklist, coupled with public awareness campaigns in host communities, will protect both project timelines and the integrity of community consultation processes. Enforcing deemed approval for agencies and LGUs that fail to act within mandated timelines will turn EVOSS into a true facilitator of project delivery.

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