

Priority Sectors for Cooperation: Philippine Market Opportunities in Energy Efficiency

During our recent discussions with Philippine partners, several priority areas were identified where there is active interest in solutions and potential collaboration. This document summarizes those areas and highlights where international expertise may contribute.

Key Areas of Interest

Industrial Heat Technologies

The discussions indicate that while IoT and HVAC solutions are widely available in the Philippine market, there is a clear gap in advanced industrial heat-related technologies.

The main areas of need include:

- Boiler efficiency improvement
- Waste heat recovery systems
- Organic Rankine Cycle (ORC) technologies
- Industrial heat pumps
- Integrated heat management systems

These solutions are particularly relevant for heat-intensive industries such as cement, steel, food processing, and packaging. At present, there is limited availability of integrated, high-efficiency solutions tailored to these sectors.

Integrated ESCO Capabilities

There is a noticeable gap in the availability of broader-scope ESCO providers. While EPC contractors operate in the market, Philippine partners indicated the need for integrated ESCO models capable of delivering:

- Energy audits
- Engineering, Procurement & Construction (EPC)
- Operation & Maintenance (O&M)
- Performance guarantees
- Performance-based contracting

There is a strong preference for long-term partners who can oversee the full lifecycle of a project, rather than offering individual technical components.

Regulatory Environment

Recent policy changes have created a more favourable and transparent environment for foreign companies entering the Philippine energy efficiency market. Recent reforms have made the energy efficiency sector more accessible to foreign companies:

- 100% foreign ownership is now permitted in energy efficiency projects.
- ESCOs can register without foreign ownership restrictions, subject to local regulatory compliance.
- There is no longer a mandatory requirement for majority local ownership in this sector.

These regulatory adjustments reflect a clear intention to attract international expertise, technology providers, and long-term investment.

Market Drivers Supporting Energy Efficiency

There is growing demand for retrofitting, modernization, and compliance-driven upgrades across industrial sectors, creating practical opportunities for solution providers with proven and scalable technologies. Several structural factors are strengthening demand for energy efficiency solutions across the Philippine market:

- Removal of energy efficiency subsidies has increased cost awareness
- High electricity prices strengthen the financial case for efficiency projects
- A low energy consumption obligation threshold expands the number of regulated facilities

These conditions are encouraging companies to prioritize efficiency improvements and cost reduction measures.

Financing & Structured Investment Interest

In addition to technical solutions, there is interest in pairing project implementation with appropriate financing structures to support deployment. Discussions indicate interest in combining technology deployment with structured financing mechanisms, including:

- Equity participation models
- Performance-based investment structures
- Capital support for ESCO-led projects

Based on our discussions, there are clear opportunities for Slovenian companies in these priority areas. Those who are active in industrial heat technologies, integrated ESCO services, or structured financing models may find strong potential for business development in the Philippine market.