

## India gets \$20B in investment proposals for chip production

INDIA has received proposals worth \$20.5 billion from five companies to manufacture semiconductor fabs and display fabs locally, according to a government statement.

Companies including Vedanta in joint venture with Foxconn, Singapore-based IGSS Ventures pte, and ISMC have proposed \$13.6-billion investments for manufacturing the chips, which are used in a wide array of products ranging from 5G devices to electric cars. The three companies have sought support of \$5.6 billion from the federal government under its incentive plan.

"Despite aggressive timelines for submission of applications in this greenfield segment of semiconductor and display manufacturing, the scheme has elicited good response," the Ministry of Electronics

and Information Technology said in the statement.

Further, two companies — Vedanta and Elest — have submitted proposals worth \$6.7 billion to manufacture display fabs and have sought incentives of \$2.7 billion from the government, according to the statement.

The South Asian nation's semiconductor market is estimated to reach \$63 billion by 2026 compared with \$15 billion in 2020. The incentive program is an effort by Prime Minister Narendra Modi to boost the share of manufacturing in the economy and reverse the pandemic induced slowdown. The incentives were announced amid a prediction that a global chip shortage is likely to extend until early 2023 and demand may remain above the long-term expectation in 2022. — **Bloomberg**

## Somalian gov't signs hydrocarbon exploration deal with US company

SOMALIA has signed a deal with Coastline Exploration Ltd. to search for hydrocarbon offshore that it expects to generate millions of dollars in revenue.

The seven production-sharing agreements with the Houston-based oil and exploration company are the "first milestone necessary" for the development of the nation's hydrocarbon industry, the ministry of petroleum said in a statement.

Exploration is expected to start soon, Petroleum Minister Abdirashid Mohamed Ahmed said, without providing a timeline.

The discovery of gas would be a big boost for the low-income nation that is struggling to rebuild after more than 20 years of civil war and is still battling an insurgency by al-Shabaab, an al-Qaeda affiliate.

Prices of oil and gas have surged this year fueled by supply chain bottlenecks and production woes among producers.

No oil and gas wells have been drilled in the Horn of Africa since 1991, according to the statement. — **Bloomberg**

# Crisis in China's property industry falls deeper with no end in sight

ALMOST exactly a year after China's property-market debt squeeze sparked the first in a wave of defaults by developers, the industry is fighting for survival.

Home sales continue to plunge and elevated borrowing costs mean offshore refinancing is off the table for many developers. Global agencies are pulling their ratings on property bonds, while a string of auditor resignations is adding to doubts over financial transparency only weeks before earnings season. An 81% stock plunge in Zhenro Properties Group Ltd. highlighted the risks of margin calls as companies struggle to repay debt.

Yu Liang, chairman of China Vanke Co. — one of the country's largest developers — urged staff to prepare for a battle that could make or break the firm, according to the *South China Morning Post*, which cited an internal document from last month. "We are on our last legs, which means there are no other options," he said.

A Bloomberg index of Chinese junk dollar debt fell every day this week through Thursday, driving yields above 20%. A gauge of Chinese property shares is down 3.4% this week, taking its losses over the past 12 months to 28%, even after rallying on Friday.

As the cash crunch for developers worsens, so does the housing slowdown that's become one

of the biggest drags on China's economy. Attempting to deflate a speculative market is a risky strategy that — if uncontrolled — could threaten Beijing's pledge to prioritize economic stability this year. Regulators have quietly tweaked some rules to engineer a soft landing for the property industry, such as encouraging mergers and acquisitions, but so far officials have refrained from any substantive easing of curbs.

"While the government has become more supportive, measures have remained marginal and have not solved the liquidity crisis," said Paul Lukaszewski, head of corporate debt for Asia Pacific at Abdn Plc in Singapore, which has portfolios with exposure to developers. "The market turmoil and ongoing uncertainty have pushed traditional investors to the sidelines."

China Fortune Land Development Co. failed to repay a \$530 million dollar bond due Feb. 28, 2021, becoming the nation's first real estate firm to default since Beijing drafted new financing limits for the sector in 2020. Since then, at least 11 developers defaulted, according to a Feb. 3 report by Standard Chartered Plc.

More may follow. Property firms have to find almost \$100 billion to repay debt this year, even as their income streams shrink. Sales at China's 100 big-

gest developers fell about 40% in January from a year earlier, compared with a 35% decline in December, according to preliminary data by China Real Estate Information Corp.

### COMING DUE

Developers are selling more onshore bonds to fund project construction, but not enough to cover maturing debt. Onshore issuance by Chinese developers fell 53% in January to 23 billion yuan (\$3.6 billion), while dollar note sales were down 90% from a year earlier to just \$1.6 billion, according to China International Capital Corp. (CICC) Net financing, which subtracts maturities from issuance, was a negative \$7.3 billion, CICC analysts led by Eric Yu Zhang wrote in a Friday note.

Investors also need to worry about off-balance sheet debt. Fallen angel Shimao Group Holdings Ltd. recently proposed delaying repayment of about 6 billion yuan of high-yield trust products due between this month and August, people with the matter said this week. Its bonds sank on concern the company will prioritize these liabilities over money owed to offshore creditors.

Auditor resignations are sowing further doubt about the financial health of property firms. Auditors for Hopson Develop-

ment Holdings Ltd. and China Aoyuan Group Ltd. resigned in late January, citing insufficient information and a disagreement over fees, respectively. Shimao's onshore unit changed its auditor for the first time in 27 years. Failure to publish results before the Hong Kong stock exchange's March 31 deadline may lead to long trading halts.

"Changing accounting firms just ahead of year-end results raises questions about the quality of a firm's governance," S&P Global Ratings analysts wrote in a Feb. 16 report.

Investor distrust of management is becoming entrenched. Rumors about Zhenro's ability to repay a perpetual bond sent the note from near par to drop below 23 cents in a matter of days, while its shares sank amid reports holder Ou Zongrong had been forced to liquidate. The stock didn't recover even as the company said such speculation was "untrue and fictitious."

Zhenro said late Friday it may be unable to repay debt due in March, including its perpetual bond. The company had earlier pledged to redeem the securities.

A Bloomberg Intelligence index of Chinese property stocks rose as much as 3% on Friday following the mortgage report, while high-yield dollar bonds halted their decline. — **Bloomberg**

Republic of the Philippines  
ENERGY REGULATORY COMMISSION  
Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF CAPITAL EXPENDITURE PROJECTS FOR THE YEARS 2020 TO 2022 AND AUTHORITY TO SECURE LOANS FROM NATIONAL ELECTRIFICATION ADMINISTRATION (NEA) AND OTHER FINANCIAL AND/OR BANKING INSTITUTIONS IN ACCORDANCE WITH THE PROVISIONS OF R.A. 9136 AND THE RULES FOR THE APPROVAL OF REGULATED ENTITIES' CAPITAL EXPENDITURE PROJECTS, WITH PRAYER FOR ISSUANCE OF PROVISIONAL AUTHORITY

ERC CASE NO. 2021-103 RC

FIRST LAGUNA ELECTRIC COOPERATIVE, INC. (FLECO), Applicant.

Promulgated: February 08, 2022

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 07 December 2021, the First Laguna Electric Cooperative, Inc. (FLECO) filed an Application dated 3 November 2021 seeking the Commission's approval of its Capital Expenditure program for the years 2020 to 2022 with application for authority to secure loans and a motion for the issuance of provisional authority.

The pertinent provisions of the said Application are hereunder quoted as follows:

- FLECO, is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with principal offices at Barangay Lewin, Lumban, Laguna 4014, where it may be served with summons and other legal processes, represented in this instance by its Board President, Allan S. Gualberto, of legal age, Filipino, and with office address also at FLECO main office.
- Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA), which will expire on 16 May 2028, to operate an electric light and power services in the municipalities of the province of Laguna, namely: Pagsanjan, Cavinti, Lumban, Kalseyan, Paete, Pakil, Pangil, Sanilao, Famy, Mahabac and Sta. Maria. Copy of FLECO's Certificate of Franchise is hereto attached and duly marked as Annex "A";

LEGAL BASES FOR THE APPLICATION

- FLECO hereby submits its proposed capital expenditure (CAPEX) projects for the years 2020 – 2022, in accordance with the specific provision of Republic Act No. 9136 and the implementing guidelines adopted by the Energy Regulatory Commission (ERC) under Resolution No. 26, Series of 2009, more specifically the Amended Rules for the Approval of Regulated Entities' Capital Expenditure Projects;

THE CAPEX PROJECTS

- FLECO, in support of this application for the approval of the CAPEX projects, has attached its feasibility study on the Capital Expenditure Projects for the years 2020-2022, duly marked as Annex "B", which contained the following required documents as provided in the ERC guidelines:
  - Company Profile;
  - Distribution Planning Process, Methodologies and Criteria;
  - Forecasting;
  - Performance Assessment of Existing Distribution System;
  - Summary of Identified Problems;
  - Goal Setting and Prioritization;
  - Summary of the Proposed Capital Projects;
  - Financing Plan;
  - Indicative Rate Impact of the Project; and
  - Details of the Proposed Capital Projects:
    - Project Code;
    - Project Type;
    - Priority Rank;
    - Project Category

v. Project Title;  
vi. Project Cost;  
vii. Project Duration;  
viii. Project Description;  
ix. Project Justification;  
x. Technical Analysis; and  
xi. Economic Analysis

FLECO is reserving its right to submit other documents, either in the course of the hearing or as may be required by this Honorable Commission;

5. The summary of the proposed capital expenditures projects (in pesos) are presented below:

SUMMARY OF THE PROPOSED CAPEX PROJECTS						
Network Projects						
No.	Project Description	Project Code	Project Type	Project Cost	2020	2021
1	Replacement of 69KV Oil Circuit Breaker with 69KV SF6 Circuit Breaker of Pakil Substation	SFT-01	Safety	4,490,000.00		4,490,000.00
2	Revamp of Three-Phase Primary Line (Backbone Line)	SFT-02	Safety	49,190,827.67	24,147,085.28	25,043,742.68
SUB-TOTAL:				53,680,827.67	24,147,085.28	25,043,742.68
Other Network Projects						
No.	Project Description	Project Code	Project Type	Project Cost	2020	2021
3	Distribution Transformer Requirement	OTW-01		8,955,650.00	4,038,500.00	2,369,000.00
4	Kilowatt-hour Meter Requirement	OTW-02		13,151,357.30	4,625,064.50	4,391,041.00
5	Service Drop Requirement	OTW-03	Capacity	3,714,637.50	1,342,800.00	1,189,500.00
6	Secondary Line Requirement	OTW-04		4,846,161.60	353,750.00	2,186,243.52
SUB-TOTAL:				20,647,806.40	10,360,114.50	10,135,784.52
GRAND TOTAL:				74,328,634.07	34,507,199.78	35,179,527.20
Non-Network Projects						
No.	Project Description	Project Code	Project Type	Project Cost	2020	2021
7	Installation of Supervisory Control and Data Acquisition (SCADA) System	NNW-01		15,528,048.08		5,389,729.00
8	Procurement of Personal Protective Equipment	NNW-02		4,852,629.90	299,417.40	2,240,500.00
9	Procurement of Tools and Equipment	NNW-03		6,404,715.05	208,113.80	3,060,050.00
10	Purchase of Generator Set	NNW-04		733,600.00		733,600.00
11	Acquisition of Two (2) Units Service Vehicles for Audit Department and Office of the General Manager	NNW-05	Service Efficiency	2,665,000.00		2,665,000.00
12	Construction of New Main Office Building	NNW-06		11,923,789.38		11,923,789.38
13	Construction of Function Hall and Boardroom	NNW-07		7,344,826.59		7,344,826.59
14	Construction of Perimeter Fence	NNW-08		6,328,898.85		6,328,898.85
15	Acquisition of 1 Unit 2.5-Tonner Boom Truck with Manlift	NNW-09		5,700,000.00		5,700,000.00
16	Procurement of Lots and Construction of Area Offices - Sta. Maria, Cavinti, Laguna	NNW-10		3,000,000.00		3,000,000.00
17	Acquisition of Four (4) Units Service Vehicles for Emergency Crews	NNW-11		6,478,000.00		6,478,000.00
SUB-TOTAL:				75,059,507.84	507,531.20	32,055,668.38
TOTAL CAPEX:				149,388,141.91	35,014,731.00	67,235,195.58
TOTAL COST PER YEAR:					10,867,645.70	70,828,538.18

- The actual cost of its proposed capital expenditure (CAPEX) projects for the years 2020 – 2022 is One Hundred Fifty-Nine Million Four Hundred Eight Thousand One Hundred Forty-Two Pesos and Twenty-One Centavos (P159,408,142.21);
  - The CAPEX projects for the years 2020-2022 will be financed through utilization of the Reinvestment Fund for Sustainable CAPEX (RFSC) and Loans from NEA and other financial/banking institutions;
  - Considering that the CAPEX projects for the years 2020-2022 will be partly financed through loans from NEA and other financial/banking institutions due to insufficiency of RFSC, FLECO hereby applies from the Honorable Commission to authorize the said loans;
  - These capital expenditure projects are necessary for the Operation and maintenance of the distribution system of FLECO in order to extend dependable and quality electric service to consumers;
  - These capital expenditure projects are in compliance with the Philippine Grid Code, Philippine Distribution Code, and specific provisions of Republic Act No. 9136, and the implementing guidelines on capital projects;
  - These CAPEX projects are consistent with the Distribution Development Plan of FLECO submitted to the Department of Energy;
  - Under Rule 14 of the ERC Rules of Practice and Procedure, the Honorable Commission is authorized to issue provisional authority or interim relief prior to a final decision, provided the facts and circumstances alleged warrant such remedy. Thus, applicant most respectfully request for immediate relief and/or approval of this application in order to avoid irreparable losses which will ultimately result in the deterioration of its services, to the damage and prejudice of the public, in general, and its members/consumers, in particular. To support the Motion for Provisional Authority, the Affidavit of Engr. Richard B. Mondrez is attached herewith as Annex "C" of this application.
  - In compliance with the pre-filing requirements, FLECO is submitting the following:
    - Certification from the Sangguniang Bayan of Lumban, Laguna that a copy of the application, with all its annexes and accompanying documents, attesting to the fact that applicant has furnished the said legislative body of the aforesaid application;
    - Certification from the Sangguniang Panlalawigan of Laguna that it likewise has furnished the said pertinent documents; and
    - Affidavit of Publication and Newspaper issue containing the published Application in its entirety in a newspaper of general circulation in the Province of Laguna;
    - Certification from the Office of the Municipal Mayor of Lumban, Laguna where the principal office of the applicant is situated; and
    - Certification from the Office of the Governor of Laguna.
  - The approval of these Capital Expenditure Projects are necessary to maintain efficient, reliable, and safety delivery of power to FLECO's existing and future consumers, and will redound to the benefits of the consuming public.
- PRAYER
- WHEREFORE, premises considered, applicant First Laguna Electric Cooperative, Inc (FLECO) respectfully prays of this Honorable Commission that pending hearing, the herein submitted capital expenditure projects be provisionally approved ex-parte, that the applicant be authorized to adopt and implement the same, and that the applicant's loans from the National Electrification Administration (NEA) and other financial/banking institutions be authorized.
- And after due notice and hearing and consideration, the application be approved permanently.
- Other reliefs just or equitable under the premises, are likewise prayed for.
- The Commission hereby sets the instant Application for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of

evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020 dated 24 September 2020 and Resolution No. 1, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
8 March 2022 (Tuesday) at nine o'clock in the morning (9:00 AM)	Microsoft Teams	Determination of compliance with the jurisdictional requirements and expository presentation
15 March 2022 (Tuesday) at nine o'clock in the morning (9:00 AM)	Microsoft Teams	Pre-trial Conference and presentation of evidence

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via electronic mail (e-mail) at [docket@erc.ph](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph). The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at [docket@erc.ph](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- The petitioner's name, mailing address, and e-mail address;
- The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at [docket@erc.ph](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- The name, mailing address, and e-mail address of such person;
- A concise statement of the Opposition or Comment; and
- The grounds relied upon.

Any of the persons mentioned in the preceding paragraphs may access the copy of the Application on the Commission's official website at [www.erc.gov.ph](http://www.erc.gov.ph).

Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru [legal.virtualhearings@erc.ph](mailto:legal.virtualhearings@erc.ph), with their respective e-mail addresses and indicating therein the case number of the instant Application. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

WITNESS, the Honorable Commissioners ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL and MARKO ROMEO L. FUENTES, Energy Regulatory Commission, this 31<sup>st</sup> day of January 2022 in Pasig City.

AGNES YST DEVANADERA  
Chairperson and CEO

ERC  
Office of the Chairperson  
15, MSA/CLB/MCCS  
1000, 2021 to 2022

Entitled: A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.  
A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.