

# Pilipinas Shell net income surges to P3.5 billion

PILIPINAS Shell Petroleum Corp. posted a net income of P3.53 billion in the first quarter, more than three times the earlier year's P1.02-billion profit, which the listed energy company said placed it on track with its five-year plan.

"Pilipinas Shell remains steadfast and committed to our strategy of powering progress for the country, as opportunities are opening with a recovering economy," Lorelie Quiambao-Osial, its president and chief executive officer, said in a statement on Thursday.

"Customer-centricity, innovation, agility, and our initiatives for sustainable energy are all designed to meet our expanding custom-

ers' current and future needs with the resurgence of safe mobility," Ms. Osial added.

In its financial report filed with the stock exchange, Pilipinas Shell reported gross revenues of P59.98 billion in the first three months of the year, higher by 48.4% from P40.43 billion a year ago.

Gross expenses were higher by 47% to P54.8 billion from P37.27 billion previously. Pilipinas Shell said it had maintained a reliable supply of fuels for its customers despite industry supply chain pressures in the first quarter.

During the period, it saw a significant increase in global oil prices caused by the Russia-Ukraine war and heightened

mobility restrictions due to the Omicron coronavirus variant.

Despite the pandemic, the company's lubricants business expanded by 12% in terms of volume while premium sales volume rose by 24%.

Aviation sales volume recovered in 2022 with a 74% growth, as domestic and international borders reopened for passenger and cargo flights. But sales volume was not yet at pre-pandemic levels.

"Pilipinas Shell intends to accelerate its strategies throughout this year by growing, continuing to invest in and responding to the growing energy needs of the Philippines," the company said.

Non-fuel retail gross margin during the quarter rose by 27% year on year to reach its highest quarterly performance level since 2016. The company now has 191 Shell Select stores, 223 Select Express sites, 78 deli2go stores, and 456 Lube bays nationwide. These outlets serve the "evolving mobility and purchasing behavior" of customers, the company said.

Pilipinas Shell said its loyalty program Shell Go+ has reached 1.3 million in membership.

In April, the company broke ground for its fourth import terminal in Brgy. Darong, Sta. Cruz, Davao. The facility is expected to strengthen the existing value

chain as well as support the growing energy needs in southern Mindanao. Its three other import terminals are in Batangas, Cagayan de Oro, and Subic.

"The terminal also enhances the company's responsiveness and reliability during typhoons and natural calamities," it said.

"This year, the energy company will advance its sustainability agenda by continuing to drive its businesses to help contribute to the reduction of its carbon footprint while promoting its lower carbon products and offerings," Pilipinas Shell said.

On Thursday, shares in the company rose 2.35% or 40 centavos to close at P17.40 apiece. — **Victor V. Saulon**



PHILIPPINE STAR/ MIGUEL DE GUZMAN

PEOPLE cross Roxas Boulevard in Manila, May 1.

**GDP,**  
from S1/1

Meanwhile, exports of goods and services went up by 10.3%, reversing the 8.4% fall last year. Similarly, imports rose by 15.6%, a turnaround from the 7.5% decline a year ago.

All major industries posted growth in the first quarter with agriculture, forestry and fishing with 0.2% (from -1.3% last year), industry with 10.4% (from -4.2%), and services with 8.6% (from -4%).

Net primary income from the rest of the world more than doubled (103.2%) in the first quarter, a reversal of the 75.9% year-on-year drop in 2021.

Gross national income, the sum of the nation's GDP and net income received from overseas, climbed by 10.7% during the period, a turnaround from the 10.5% contraction a year ago.

"The Q1 GDP is largely driven by the change in our policy to fully open the economy," Mr. Chua, who is also director-general of the National Economic and Development Authority (NEDA), said during the briefing.

Metro Manila and other parts of the country were put under the stricter Alert Level 3 in January to contain an Omicron-driven surge in COVID-19 infections. This was downgraded to the most lenient alert level in March that allowed businesses to operate at full capacity.

"There were speed bumps along the way, but our quick rebound from the Omicron surge showed that we have learned to live with the virus and shift from a pandemic to a more endemic mindset," Finance Secretary Carlos G. Dominguez III said, separately.

Despite the strong first-quarter print, Mr. Chua said there will be no changes to the 7-9% full-year target.

"Our strong economic performance moves us closer to achieving our growth target of 7-9% this year, but we will not rest on our laurels. We will continuously work hard to strengthen our domestic economy against heightened external risks such as the Russia-Ukraine conflict, China's slowdown, and monetary normalization in the United States," Mr. Chua said.

## CONSUMPTION

"The strength in consumption and investments was particularly palpable, given that there were renewed social restrictions in early 2022 to contain the sharp rise in COVID-19

cases," ANZ Research said in a research note.

ANZ Research said the growth was also boosted by the strong recovery in the labor market, improving remittances, and the reopening of the international borders.

Security Bank Corp. Chief Economist Robert Dan J. Roces said the further easing of lockdown restrictions allowed economic activities to resume. Barring any fresh spikes in new cases, he expects the most lenient alert level to continue over the next quarters.

"Inflation is a headwind to growth, with oil and food prices in elevated levels this second quarter; surging inflation and robust growth print gives the (BSP) some elbow room to hike rates as early as the May 19 meeting," Mr. Roces said in an e-mail.

Alex Holmes, an economist at Capital Economics, said the country should have gained further momentum in recent months but suspects that the strength of this recovery will begin to wane soon.

"However, while day-to-day disruption from COVID-19 is largely in the rear-view mirror, new headwinds are building. A jump in prices is eating into consumers' real purchasing power. High global oil prices due to the war in Ukraine are feeding through to pump prices," he said in a research note.

As the boost from reopening fades and headwinds to consumption bite, Mr. Holmes said the Philippines' recovery will likely slow.

Despite the high year-on-year growth figures, Mr. Holmes said the country's economic recovery "is, and will remain, very weak."

"That is a key reason to expect the central bank to normalize policy only very gradually," he said.

Bank of the Philippine Islands Lead Economist Emilio S. Neri, Jr. said the latest GDP print provides the Bangko Sentral ng Pilipinas (BSP) more space to hike interest rates.

"With inflation becoming a significant threat to the recovery, even a mild monetary policy tightening can help temper price increases," he said in a press release.

All eyes will be on the central bank as the Monetary Board meets on May 19 to review its policy settings.

## Republic of the Philippines ENERGY REGULATORY COMMISSION Pasig City

IN THE MATTER OF THE  
APPLICATION  
FOR  
APPROVAL OF REGULATED  
ENTITIES' EMERGENCY  
CAPITAL EXPENDITURE  
PROJECTS

ERC CASE NO. 2022-024 RC

NUEVA ECILJA II ELECTRIC  
COOPERATIVE, INC. – AREA 1  
(NEECO II – AREA 1),  
Applicant.

Promulgated:  
April 26, 2022

### NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 04 April 2022, Nueva Ecija II Electric Cooperative, Inc. – Area 1 (NEECO II – AREA 1) filed an Application dated 23 February 2022, seeking for approval of its Emergency Capital Expenditure (CAPEX) projects.

The pertinent allegations in the said Application are hereunder quoted, as follows:

xxx

- Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Calipahan, Talavera, Nueva Ecija, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. NELSON M. DELA CRUZ, of legal age, Filipino, and with office address also at NEECO II – AREA 1 main office;
- NEECO II – AREA 1 is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the following city and municipalities in the province of Nueva Ecija, namely: Science City of Muñoz, Talavera, Sto. Domingo, Quezon, Aliaga, Licab, Talugut, Lupao, Guimba, and Carranglan. A copy of NEECO II – Area 1's Certificate of Franchise is attached as Annex "A";
- On October 24, 2021, the 10MVA Power Transformer at Lupao Substation was damaged brought about by the heavy rain accompanied by a strong wind that caused the 13.2kV insulator to detach on the steel pin and struck on the 60kV pole that resulted to Line – Ground Fault and tripping of the 69kV PCB/SF6 with a recorded maximum fault current of 4252.8 Amperes and became unserviceable on the same day;
- As a Standard Operating Procedure, several testing were conducted and the results were unsatisfactory and unsafe to put the unit back to the distribution system;
- A comprehensive evaluation showed that the cause of tripping of Feeder 72 MVSG simultaneously with the 69kV OCB/SF6 was the effect of a strongly high transient fault current magnitude along the line that bypassed the time delay settings of the MVSG that caused damage to the winding of the power transformer;
- The herein applicant, in its desire to continuously provide electric services to the Municipalities of Lupao, Talugut and some part of Science City of Muñoz, all in the Province of Nueva Ecija, which have been supplied by the damaged 10MVA Power Transformer has to be temporarily shifted to the adjacent Muñoz Substation;
- To immediately restore the quality, reliable, safe power supply and permanently solve the capacity deficiency in areas supplied by the damaged 10 MVA power transformer located in the Municipality of Lupao, NEECO II – AREA 1 has accelerated the implementation of the planned uprating of power transformer from 10MVA to 20MVA due to the urgency of the project implementation resulted from the effect of the incident wherein the 10 MVA power transformer became unserviceable. A new 20MVA Power Transformer was acquired through emergency purchase due to the following reasons:
  - To restore the electric service and meet the future load requirements in the area;
  - To enhance the power quality, reliability, safe and efficient delivery of power service to the areas served by the Lupao Substation; and
  - To have a continuous electric distribution service and a substation that will provide reserve capacity margin for outage contingent (N-1) scenario in the event of substation failures and/or preventive maintenance at the adjacent substations in the NEECO II – AREA 1 coverage areas;
- The existing 10MVA Power Transformer of Lupao Substation actual demand indicates that the same is already at a critical level of 79.04% loading. Upon implementation of the new project, the substation loading percentage will be at an ideal level of 39.52% in 2021;
- The new 20MVA Power Transformer can accommodate the energy demand requirements of the adjacent substation, such as the 15MVA-Talavera, 10MVA-Guimba and 10MVA-Munoz Substations in instances of power transformer shutdown due to maintenance activities (N-1 contingency) and power interruptions. Hence, loss of revenue will be avoided;
- The total cost of this emergency capital expenditure project is Twenty Seven Million Two Hundred Sixty Two Thousand Eight Hundred Fifty Eight Pesos (P27,262,858.00), which will be funded initially by general fund through Reinvestment Fund for Sustainable CAPEX (RFSC);
- For purposes of and in connection with this application, NEECO II – AREA 1 hereby attached hereto the following documents, duly marked collectively as Annex "B", in compliance with the requirements pertinent thereto, to wit:
  - Project Description;
  - Justifications or Benefits to be delivered;
  - Project Schedule
  - Estimated Project Costs;
  - Technical and Economic Analysis; and
  - Project Financing Plan;
- That the above project is consistent with the Distribution Development Plan (DDP), the Philippine Grid Code (PGC), the Philippine Distribution Code (PDC), and other relevant government issuances; and in accordance with ERC Resolution No. 26, Series of 2009, "Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects";

13. That in compliance with the pre-filing requirements, NEECO II – AREA 1 is submitting the following:

- Certification from the Sangguniang Bayan of Talavera, Nueva Ecija 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, duly marked as Annex "C";
- Certification from the Sangguniang Panlalawigan of Nueva Ecija that it likewise has furnished the said pertinent documents, duly marked as Annex "D";
- Affidavit of Publication, marked as Annex "E", and Newspaper issue, marked as Annex "E-1", containing the published Application in its entirety in a newspaper of general circulation in the Province of Nueva Ecija;
- Certification from the Office of the Mayor of Talavera, Nueva Ecija, a copy of which is hereto attached and duly marked as Annex "F", attesting to the fact that applicant has furnished the said office of the mayor of the subject application, with all its attachments; and
- Certification from the Office of the Governor of Nueva Ecija attesting to the fact that applicant has furnished the said office of the governor of the instant application, with all its annexes and attachments, a copy of which is hereto attached and duly marked as Annex "G"; and

14. That the approval of this Emergency Capital Expenditure Project is needed to maintain efficient, reliable, and safety delivery of power to NEECO II – AREA 1's existing and future consumers, and will redound to the benefits of the consuming public within its franchise area.

### PRAYER

WHEREFORE, premises considered, applicant Nueva Ecija II Electric Cooperative, Inc. – Area 1 (NEECO II – AREA 1) respectfully prays to this Honorable Commission that, after due notice and hearing and consideration, this application be approved.

Other reliefs, just or equitable, are likewise prayed for.

The Commission has set the 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,<sup>1</sup> dated 24 September 2020, and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):<sup>2</sup>

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Date	Platform	Activity
25 May 2022 (Wednesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation
01 June 2022 (Wednesday) at two o'clock in the afternoon (2:00 P.M.)		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, any person who has 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 virtual hearings 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 hearings.

WITNESS, the Honorable Commissioners ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL and MARKO ROMEO L. FUENTES, Energy Regulatory Commission, this 12<sup>th</sup> day of April 2022 in Pasig City.

AGNES VST DEVANADERA  
Chairperson and CEO

ERC  
Office of the Chairperson  
AVSTD-2022-04-510-0124\*

LS/ABQ/ARG/MCCO

<sup>1</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.  
<sup>2</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.