Philippine Stock Exchange index (PSEi) 6,388.64 ▲26.82 PTS. ▲0.42%

MONDAY, JULY 11, 2022 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P644.00	+P1.00	+0.16%
ACEN	AC Energy Corp.	P8.30	+P0.12	+1.47%
AEV	Aboitiz Equity Ventures, Inc.	P50.50	-P0.70	-1.37%
AGI	Alliance Global Group, Inc.	P10.00	+P0.39	+4.06%
ALI	Ayala Land, Inc.	P25.45	-P0.45	-1.74%
AP	Aboitiz Power Corp.	P30.30	+P0.15	+0.50%
BDO	BDO Unibank, Inc.	P119.80	+P1.00	+0.84%
BPI	Bank of the Philippine Islands	P88.80	+P1.80	+2.07%
CNVRG	Converge ICT Solutions, Inc.	P21.40	-P0.40	-1.83%
EMI	Emperador, Inc.	P17.50	+P0.22	+1.27%
GLO	Globe Telecom, Inc.	P2,276.00	-P18.00	-0.78%
GTCAP	GT Capital Holdings, Inc.	P478.20	-P14.60	-2.96%
ICT	International Container Terminal Services, Inc.	P189.40	+P4.40	+2.38%
JFC	Jollibee Foods Corp.	P214.00	-P3.00	-1.38%
JGS	JG Summit Holdings, Inc.	P49.95	+P0.65	+1.32%
LTG	LT Group, Inc.	P8.40	+P0.04	+0.48%
MBT	Metropolitan Bank & Trust Co.	P49.40	-P0.30	-0.60%
MEG	Megaworld Corp.	P2.26	-P0.05	-2.16%
MER	Manila Electric Co.	P354.00	+P4.00	+1.14%
MONDE	Monde Nissin Corp.	P13.38	+P0.34	+2.61%
MPI	Metro Pacific Investments Corp.	P3.65	-P0.05	-1.35%
PGOLD	Puregold Price Club, Inc.	P31.95	-P0.50	-1.54%
RLC	Robinsons Land Corp.	P17.72	-P0.08	-0.45%
SECB	Security Bank Corp.	P90.50	+P0.60	+0.67%
SM	SM Investments Corp.	P838.00	-P1.00	-0.12%
SMC	San Miguel Corp.	P106.00	+P1.00	+0.95%
SMPH	SM Prime Holdings, Inc.	P37.45	+P0.55	+1.49%
TEL	PLDT, Inc.	P1,709.00	+P19.00	+1.12%
URC	Universal Robina Corp.	P118.80	-P0.70	-0.59%
WLCON	Wilcon Depot, Inc.	P23.95	+P0.40	+1.70%

Electricity rates to go down in July, says Meralco

CUSTOMERS of Manila Electric Co. (Meralco) will pay a lower rate of about 71 centavos per kilowatt-hour (kWh) in July after the energy regulator called for a refund of a previous over-collection, offsetting an increase in the power generation charge.

"It's basically good news for Meralco customers as we are announcing a 71-centavo rounded off rate reduction for the residential consumers this month of July 2022," said Meralco Spokesperson and Head of Corporate Communications Joe R. Zaldarriaga in a press briefing on Monday.

Meralco said the reduction came after the Energy Regulatory Commission (ERC) directed the utility to refund P21.8 billion following the validation of its applicable tariff for July 2015 to June 2022.

As a result, the overall rate in July will go down by P0.7067 per kWh to P9.7545 per kWh from P10.4612 per kWh in June.

Households consuming 200 kWh will see a P141 decrease in their monthly power bill. Those consuming 300 kWh, 400 kWh, and 500 kWh, will see their monthly bills decline by P212, P283, and P353, respectively.

"The immediate implementation of the ERC decision was able to more than offset the impact of higher generation charge this month to the benefit of our customers," Jose Ronald V. Valles, Meralco's head of regulatory management, said separately in a press release.

The refund will be 87 centavos per kWh for residential customers and will appear as a separate line item called "Distribution True-up 4" in the power bills starting this July.

On the other hand, there is an increase in the generation charge of 22 centavos per kWh in July to P6.7756 per kWh from the P6.5590 per kWh registered in June.

Mr. Zaldarriaga said that the increase is primarily caused by the increase in the prices at the wholesale electricity spot market (WESM) of P3.9649 per kWh.

Meralco also reported an increase in charges from power supply agreements (PSAs) by P0.3186 per kWh and a decrease in charges from independent power producers (IPPs) by P0.4669 per kWh.

"Mitigating factor however was the rates of the independent power producers, which went down by 47 centavos per kWh," Mr. Zaldarriaga.

PSAs, IPPs, and the spot market accounted for 50%, 43%, and 7%, respectively, of Meralco's energy requirement for the period.

"[In] the May versus June 2022 daily Luzon weighted average price, there were a series of yellow and red alerts for the June 2022 supply month which led to the pressure of WESM prices to go up," Mr. Zaldarriaga said.

The yellow alerts, a warning of thinning power reserves, were placed by National Grid Corporation of the Philippines (NGCP) due to the forced outage of several power plants from June 20 to 22. The red alert was placed on June 18 due to the tripping of NGCP's Hermosa-BCCP 230 kilovolt lines 1 and 2, which isolated several power plants.

Mr. Zaldarriaga said that 16 out of 41 times last month, the secondary price cap, a price-mitigating mechanism imposed when there are persistent high prices at the spot market. It was triggered 35.71% of the time, the highest incidence of secondary price cap imposition since the start of the year.

He also factored in peso depreciation and continued increase in international coal prices as reasons for higher generation costs.

"There was a steep depreciation of the peso from P52.37 in May to almost P55 in June," Mr. Zaldarriaga said. "The generating plants utilize majority of their expenses using dollar-denominated expenses."

Meralco placed the cost components in the July rate as: P0.2166 for power generation; P0.0012 for transmission; P0.8656 for distribution rate true-up; and P0.0565 for other charges such as taxes, subsidies, and feed-in tariff allowance.

Distribution, supply, and metering charges, where Meralco gets its income, remained unchanged since the reduction in July 2015.

Generation charges are paid to the power suppliers, transmission charges are paid to the system operator, and the other charges are all remitted to the government.

On Monday, shares in the company rose by 1.14% or P4 to close at P354 apiece at the stock exchange.

Meralco is the largest power distribution company and the largest private-sector utility in the Philippines. Its controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT, Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Justine Irish DP. Tabile**

Pueblo de Oro among Philippines' Top 10 Developers in 2022

Pueblo de Oro President and COO Prim Nolido (second from right) and Senior Vice President Leonardo Dayao, Jr. (second from left) receive the award during the BCI Asia Awards Philippines held at the SMX Convention Centre Manila.

PUEBLO DE ORO Development Corporation (PDO), the property development arm of the ICCP Group, was named among the Top 10 Developers in the Philippines in 2022 during the BCI Asia Awards Philippines held recently.

The event recognized the top 10 property developers and the top 10 architects in the Philippines, ranked by the total value of projects under construction in 2021. These rankings were also weighted by the extent of the firms' sustainability efforts, encouraging the creation of socially responsible architecture.

Pueblo de Oro has been developing quality and mixed-used townships and residential projects for more than 25 years. The developer offers the gold standard in community living, delivering homes with the perfect combination of quality, strength and affordability in booming locales across the country such as Cagayan de Oro in Northern Mindanao, Malvar and Sto. Tomas in Batangas, San Fernando in Pampanga, and Mactan in Cebu.

In 2021, Pueblo de Oro launched Townscapes Malvar, a 24-hectare development featuring an exclusive collection of three private and gated neighborhoods. Townscapes Malvar is part of a 212-hectare work-live-play township and is adjacent to a industrial park for light manufacturing developed by sister company, Science Park of the Philippines, Inc.

It also continues to to expand its offerings such as the 12-hectare La Aldea Fernandina II in Pampanga, the 3.7-hectare Park Place II in Cebu and Familia Verde Phase II townhouse community in Cagayan de Oro.

Pueblo de Oro has long been recognized for the priority it places on sustainability and protection of the environment. Its masterplanned communities observe green living design and work with and around the natural beauty of its locations, with an abundance of wide open spaces. Its flagship development in Cagayan de Oro, for example, is home to a 40-hectare living urban forest.

Using mindful engineering, Pueblo de Oro assures the sustainability of its subdivisions by allowing natural air and lighting, water treatment and waste management facilities, as well as flood and erosion mitigation measures to preserve the surrounding environments.

This BCI Asia Awards Philippines marks the beginning of the BCI Asia Awards circuit, happening in June and August, across seven countries in Asia: Hong Kong, Indonesia, Malaysia, Singapore, Thailand, Vietnam and the Philippines.

Raslag starts testing 18-MWp solar power plant in Pampanga

RASLAG Corp. announced the commissioning of an 18.011-megawatt peak (MWp) solar power plant in Pampanga that it expects to contribute P71.68 million in revenues this year.

The solar plant, named Raslag-3, is the company's third operating solar power plant.

The company received provisional approval from the grid operator to connect Raslag's user system to the grid for feedback power or load purposes and as a generator customer.

National Grid Corporation of the Philippines certified that the connection for testing and commissioning purposes will take place effective on July 7 until Sept. 7, 2022.

Raslag-3 is expected to generate 13.5 gigawatt-hours (GWh) for the rest of 2022 and 27 GWh in 2023.

The company said that assuming an average wholesale electricity spot market (WESM) price of P5.30 per kilowatt-hour (kWh), Raslag-3 can potentially contribute revenues of around P71.68 million for the second half of 2022, P142.94 million in 2023 and P142.51 million in 2024.

Raslag also noted that this projection could be higher as WESM price is on the upward trend from P7.86 per kWh in January to 9.88 per kWh in June.

Raslag was founded in 2013 and will now operate three feed-in tariff eligible solar power plants with a combined capacity of 41.2 MWp, including Raslag-3.

At the stock market on Monday, the company's shares slid by 3.38% or P0.07 to finish at P2 apiece. — **Justine Irish DP. Tabile**

Philex sets earlier date for stock rights offering

PHILEX Mining Corp. will move the start of its offer period for its P842-million stock rights offering to an earlier date, according to its disclosure on Monday.

The start of its offer period was moved to July 12 from its initial timetable of July 14 to 25.

This was in line with the requirement of the Securities and Exchange Commission (SEC) to have the start of the offer period 10 business days from the issuance of the permit to sell, which the company received earlier than expected on June 28.

In June, the company announced that it received its permit to offer securities for sale from the SEC for the offering. Philex will offer up to 842 million common shares with a par value of P1.00 per share.

Net proceeds from the offer will be used by the company for the capital expenditures and development cost of the Silangan copper-gold project in Surigao del Norte. This represents the company's investment in Silangan Mindanao Mining Co., Inc. through Silangan Mindanao Exploration Co., Inc.

In the first quarter, Philex reported that its net income attributable to parent firm equity holders increased 23.4% to P690.39 million.

At the stock exchange on Monday, Philex shares rose by 2.24% or seven centavos to close at P3.20 apiece.

Philex is one of three Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Metro Pacific Investments Corp. and PLDT, Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Luisa Maria Jacinta C. Jocson**

CTA affirms P91.6-M canceled tax assessment on food trader

THE Court of Tax Appeals (CTA) affirmed the cancellation of the tax assessment on Global Fresh Products, Inc. (GFPI) for the taxable year 2013 amounting to P91.62 million.

In a decision dated June 30 and made public on July 6, the CTA en banc agreed with its third division, which said that the revenue officer who conducted the audit of the company's books of accounts was not authorized through a letter of authority (LoA).

The court prohibited the commissioner of internal revenue (CIR) from collecting or acting on the subject deficiency taxes against GFPI.

"A revenue officer must be clothed with authority, through an LoA, to conduct the audit or investigation of a taxpayer," Associate Justice Maria Belen M. Ringpis-Liban said in the ruling.

The tribunal noted that the absence of a separate LoA for the newly assigned revenue officer makes the deficiency tax assessment issued "inescapably void."

"Consequently, the final assessment notice and the assessment notices are void and the assessment for deficiency taxes contained therein bear no valid fruit and must not be given any effect," ruled the tax court.

The country's revenue code mandates an LoA issued by a revenue regional director to authorize a collection of any deficiency tax.

In the company's letter of protest, it said that the final assessment notice and other assessment notices did not have any legal or factual grounds.

GFPI is a domestic corporation based in Taguig City that primarily engages in buying, selling, distributing, and marketing fresh and frozen food products such as vegetables and canned goods.

CIR, the petitioner, argued that the revenue officer was authorized to conduct the audit through a memorandum of assignment, adding there is no express requirement for the issuance of an LoA in cases of reassignment.

The petitioner added the tax assessment did not violate due process since the company was afforded due process as it was given the opportunity to present its side.

The company pointed out that a memorandum of assignment cannot serve as a substitute for an LoA required for conducting an audit, which the tax court agreed with.

The tribunal added the practice of reassigning new revenue officers without a separate or amended LoA to continue an audit or investigation of a taxpayer's books of accounting violates the right to due process.

"It is well-settled that the authority given to revenue officers to conduct an audit and examine the taxpayer's books is a continuing requirement and any gap in authorization will violate the taxpayer's right to due process," it said. — **John Victor D. Ordoñez**