## POGOs' exit seen to bring 650,000 sq.m. of office space

THE exit of Philippine offshore gaming operators (POGOs) will contribute 650,000 square meters (sq.m.) of vacant office space but can be offset by transaction activity and demand take up, Colliers Philippines said.

"We need to move on from POGOs for the office sector. I think half of them have already left the country. The current contribution of POGOs to total office stock is just 5%," Colliers Associate Director Kevin Jara said in a briefing on Thursday.

"That's around 650,000 sq.m. of office space. So, about half of the original POGO space in stock has already left and vacated those spaces," Mr. Jara added.

According to Colliers' report, the overall office vacancy rate in Metro Manila as of September increased to 17.7% from 15.7% a year ago, translating into 2.4 million sq.m. vacant office stock excluding strata-titled buildings.

In nine months to September, the total office stock totaled 13.4 million sq.m.

"Currently, we have about 2.4 million sq.m. of office space and if we assume 400,000 sq.m. of non-POGO office demand, it will still take around five years [for the non-POGOs] to fully absorb those," Mr. Jara said.

"If POGOs fully leave, that will just add about 650,000 sq.m. to the 2.4 million sq.m. available office space, so around 3.1 million sq.m. office space," he added.

Mr. Jara said adding the office spaces that will be contributed by the exit of POGOs will take six to seven years to cover up the total office stock. However, Mr. Jara identified two reasons why the office market should not be afraid of the exit of POGOs.

"[First,] right now we are experiencing quarterly sustained transaction activity; number two we are going to admit positive demand take-up and we have done that even without POGO transactions," Mr. Jara said.

"So, I would say [the office sector] is not going to collapse even if there is a full ban for POGOs because the exposure is very low," he added. — **Justine Irish D. Tabile**

# Ayala Land invests P6 billion in EV charging stations

AYALA LAND, Inc. has opened its electric vehicle (EVs) charging stations across seven cities, investing around P6 billion in the project as part of its commitment to help reduce greenhouse gas emissions.

"This is a milestone for us in Ayala Land. We are launching over 20 electric vehicle fast charging stations across seven cities in Luzon. This is the largest roll-out yet of EV charging stations in the country," Ayala Land President and Chief Executive Officer Bernard Vincent O. Dy said during the launch on Thursday.

Ayala Land committed to net zero by 2050 or reducing greenhouse gas emissions possibly close to zero.

"More importantly, this initiative reinforces our commitment towards sustainable and responsible property development. This is in keeping with the company's thrust and long-term commitment towards carbon neutrality and alignment with the global directive to shift to more EVs," Mr. Dy said.

The charging stations will be available in Ayala Land estates including One Ayala, which will have a 60-kilowatt (KW) direct current (DC) hub, Nuvali Laguna with 22-KW DC, and Vertis North with 22-KW DC.

All of the hubs located in the company's estates will be operating from seven in the morning to nine in the evening from Monday to Saturday.

The hubs are also available in Ayala Land offices including Tower 2 in Ayala Triangle with a 22-KW alternating current (AC) hub, Solaris One with 22-KW AC, and Baguio Technohub with 22-KW AC.

Tower 2 hub will operate daily from 9:00 a.m. to 11:00 p.m, Solaris One will operate 24 hours on weekdays and from 8:00 a.m. to 3:00 p.m. on weekends, and Baguio Technohub will operate daily from 7:00 a.m. to 7:00 p.m.

Ayala Land's Seda Hotel in Bonifacio Global City will also have a charging hub with a 22-KW AC station open 24/7.

The charging hubs are also up and running in the parking lots of its malls - Greenbelt Makati, Glorietta Makati, Alabang Town Center and Trinoma - which will be open during mall hours.

According to Marc V. Magbitang, technical manager of Ayala Corp. wholly owned subsidiary Ayala Property Management Corp., the investment of the company to the first phase of the installation is around P6 billion.

Meanwhile, the company is set to finish the first phase of its EV charging hub installations through the completion of the ones in Vermosa Cavite, Circuit Makati and Laguna Technopark before the year ends.

"As of now it's free, since what we want is to promote the EV ecosystem our top management wants to give it for free," Mr. Magbitang said, talking about the charging rates of the hubs.

The charging equipment was manufactured by Integrated Micro-Electronics, Inc. (IMI), the electronics subsidiary of Ayala Corp. It was designed by IMI's foreign partner. — **Justine Irish D. Tabile**

# E-commerce seen to drive PHL digital economy surge to $35B

THE Philippines' digital economy is expected to reach a gross merchandise value (GMV) of $35 billion by 2025, growing at a 20% compound annual growth rate (CAGR) from $20 billion today, according to a report by Google, Temasek, and Bain & Co.

The main driver will be the e-commerce sector, which is seen to hit $22 billion by 2025 at a 17% CAGR, the e-Conomy Southeast Asia Report 2022 released on Thursday shows.

The country's overall digital economy is expected to hit a GMV of $100-150 billion by 2030, according to the report.

Other sectors contributing to the country's digital economy are online travel, which is expected to grow at a CAGR of 44% to $4 billion by 2025, transport and food, which is seen to grow at a CAGR of 29% to $4 billion, and online media, which is projected to grow at a CAGR of 18% to $5 billion.

The digital financial services sector's growth will be sustained with lending and remittance seen to hit $8 billion by 2025.

Payments will grow at a CAGR of 18% to $123 billion by 2025, while investments will improve at a CAGR of 50% to $1 billion, the report showed. Insurance will likewise grow at a CAGR of 51% to $0.4 billion.

Both deal value and activity increased in the first half of 2022, with 68 deals and a private funding value of $800 million, up from $500 million and 66 deals in the same period last year.

Digital financial services captured 56% of total investor funding in the first half of the year, raising $450 million. This is followed by e-commerce, transport, digital media, and travel.

The Philippines is likely to attract more investors over the longer term, with deal activities seen to increase by 73% between 2025 and 2030, according to the report.

The Philippines is one of the "hot spots" for investments in the years ahead, it noted.

"Indonesia, Vietnam, and the Philippines are clear hot spots for growth and investments in the years ahead, driven by heightened digital savviness and affluence."

In the region, Vietnam is expected to have the biggest increase in terms of deal activity between 2025 and 2030 versus today at 83%, followed by Indonesia and the Philippines at 73%, Singapore at 50%, Thailand at 47%, and Malaysia at 30%.

"Singapore will continue to serve as a mature investment market, with a strong pipeline of attractive regional startups," the report said.

"It's still early days for investments in the rest of ASEAN (Association of Southeast Asian Nations), where enablers for growth are not yet in place," it added.

This year, Singapore and Indonesia remain the leading investment destinations, with their shares in private funding value of $13 billion in the first half at 57% and 25%, respectively.

The report also said that digital financial services have overtaken e-commerce as the region's top investment sector.

The adoption and usage of digital financial services in the region have "flourished" across the board, it said.

In the Philippines, Indonesia, and Vietnam, the "right to win" of digital banks is highest at level 3, owing to the 75% unbanked or underbanked population. Thailand and Malaysia come next, with an unbanked or underbanked population of 46% and 28%, respectively.

"Payments retain the lion's share of deal activities," the report noted. This is followed by lending, investments, insurance, and remittance. — **Arjay L. Balinbin**

## RFM income climbs 1.6% to P256M

RFM Corp. registered an attributable net income of P256 million in the third quarter, up by 1.6% from P252 million last year, after booking higher revenues.

The company's topline reached P4.94 billion in the quarter, climbing 15.4% from the P4.28 billion recorded revenues a year ago.

"All segments contributed to the growth with the improvement in selling prices and some in combination with higher volume," the company said in its quarterly financial report on Thursday.

During the quarter, the company's gross profit amounted to P1.59 billion from P1.57 billion last year.

RFM's direct costs and expenses were higher by 23.9% at P3.36 billion in the three months that ended September, from P2.71 billion in the previous year.

The company's selling and marketing expenses climbed by 3.1% to P993 million, while its general expenses added 20.4% to P235 million.

In the nine months through September, the company's attributable net income totaled P944 million, a 0.4% jump from P940 million a year ago.

Its topline grew to P13.41 billion during the three quarters, a 16.5% climb from P11.51 billion in the previous year. It also pushed higher RFM's year-to-date net income.

"[The revenue] is equivalent to a 17% growth over its revenues posted in the same period last year," the company said.

Year-to-date direct costs and expenses were recorded higher at P8.92 billion, a 23.5% climb from P7.22 billion last year.

RFM is a manufacturer of wheat, flour and flour products, pasta, milk, juices, and margarine, among others.

On the stock market on Thursday, shares in RFM climbed by four centavos or 1.06% to P3.80 apiece. — **Justine Irish D. Tabile**

# Aboitiz's UBX leads move on govt's digitalization

ABOITIZ group's financial technology venture studio UBX announced on Thursday that it is leading a multi-sectoral initiative to drive digital transformation in government.

The goal is to help bring "essential and critical services" closer to Filipinos, UBX officials said during a forum in Pasig City, noting that the Philippines continues to face obstacles in achieving digital transformation, such as low digital adoption, lack of awareness, gaps in access, digital skills gap, and complex regulations.

"One of our core values and advocacies in UBX is to include everyone and even though we have come a long way towards a more inclusive Philippines, there is still much more to be done," UBX President John Januszczak said.

The initiative is called Digital Transformation ng Pilipinas (#DigiPinas). It aims to work closely with relevant stakeholders towards the digital transformation of the Philippines. — **Arjay L. Balinbin**

**FULL STORY**

Read the full story by scanning the QR code with your smartphone or by typing the link <https://bit.ly/3feadJV>

Republic of the Philippines
**DEPARTMENT OF ENERGY**
**(Kagawaran ng Enerhiya)**

**DEPARTMENT CIRCULAR NO. DC2022-09-0030**

**PRESCRIBING THE ADJUSTED ANNUAL PERCENTAGE INCREMENT TO BE IMPOSED ON ALL MANDATED PARTICIPANTS OF THE RENEWABLE PORTFOLIO STANDARDS FOR ON-GRID AREAS**

**WHEREAS**, Republic Act (RA) No. 7638, otherwise known as the *"Department of Energy (DOE) Act of 1992,"* declares as a policy of the State to, among others, ensure the continuous, adequate and economic supply of energy through the integrated and intensive exploration, production, management, and development of the country's indigenous energy resources;

**WHEREAS**, RA No. 9136 otherwise known as the *"Electric Power Industry Reform Act of 2001,"* or *"EPIRA,"* declares as a policy of the State to, among others, ensure the quality, reliability, security and affordability of the supply of electric power;

**WHEREAS**, Section 37, Chapter III of EPIRA mandates the DOE to encourage private sector investments in the electricity sector and promote the development of indigenous and renewable energy (RE) resources;

**WHEREAS,** RA No. 9513, otherwise known as the *"Renewable Energy Act of 2008"* or the *"RE Act,"* declares as a policy of the State to increase the utilization of RE by institutionalizing the development of national and local capabilities in the use of RE systems, and promoting their efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;

**WHEREAS,** Section 6 of the RE Act states that all stakeholders in the electric power industry shall contribute to the growth of the RE industry of the country. Towards this end, the National Renewable Energy Board (NREB) shall set the minimum percentage of generation from eligible RE resources and determine to which sector the Renewable Portfolio Standards (RPS) shall be imposed on a per grid basis;

**WHEREAS,** Section 4(c), Paragraph (2), of the Implementing Rules and Regulations (IRR) of the RE Act, states that the DOE shall, upon the recommendation of the NREB, formulate and promulgate the RPS Rules which shall include, among others, the annual minimum percentage increment required to be sourced from eligible RE resources and which shall, in no case, be less than one percent (1%) of its annual energy demand over the next ten (10) years;

**WHEREAS,** the DOE promulgated Department Circular (DC) No. DC2017-12-0015 also known as the *"RPS Rules for On-Grid Areas"* or the *"RPS On-Grid Rules,"* on 22 December 2017 and became effective on 31 December 2017, which placed upon the Mandated Participants (MPs) the obligation to source or produce a minimum RE percentage of their electricity requirements from eligible RE resources;

**WHEREAS,** Section 7 of the RPS On-Grid Rules has set an aspirational target of attaining 35% share of the RE in the generation mix by 2030, subject to regular review and assessment by the DOE;

**WHEREAS,** Section 7 of the RPS On-Grid Rules also defines the Minimum Annual Incremental RE percentage ($K_m$) as the incremental RPS percentage initially set by the NREB at one percent (1%) at year m for MPs in Luzon, Visayas and Mindanao, subject to annual review, such that the target RE share will be achieved (K is not constant), which is expressed in the following formula:

$$RPS_{(n)} = ES_{(n-1)} * \sum_{m=0}^{n} K_m$$

Where:

- m = Year 0 to n, excluding the Transition Period
- n = the Year of the RPS requirement starting at Year 1 and excluding Transition Period
- $RPS_{(n)}$ = RPS for the Year n for each MP starting at Year 1 (in MWh, rounded down to the nearest MWh)
- $K_0$ = the percentage of total energy sales from plants under the Feed-in Tariff System to the total energy sales of all MPs at Year 0
- $K_m$ = Minimum Annual Incremental RE Percentage for all MPs at year m
- $ES_{(n-1)}$ = Net Electricity Sales in previous Year for each MP (in MWh, rounded down to the nearest MWh). For avoidance of doubt, $ES_{(n-1)}$ at Year 1 shall be the Net Electricity Sales of Year 0

**WHEREAS,** Section 9(b) of the RPS On-Grid Rules provides that the $K_m$ shall be adjusted by the DOE, in coordination with the NREB, when the prevailing percentage is deemed insufficient to attain the target RE share;

**WHEREAS,** the NREB in its proposed 2021-2040 National Renewable Energy Program (NREP), recommended the increase of $K_m$ from the initial one percent (1%) to 2.52% starting 2023, to meet the aspirational target of at least 35% in the total power generation mix by 2030 and more than 50% by 2040;

**WHEREAS**, the RPS Composite Team (RPSCT), through its Resolution No. RPSCT2021-08-27-001, resolved to approve the conduct of public consultation on the proposed upward adjustment of the $K_m$ from 1% to 2.52% to be imposed on all MPs under the RPS On-Grid Rules for planning period 2023-2040, as recommended by the NREB.

**NOW, THEREFORE,** in consideration of the foregoing, the DOE hereby issues and promulgates the adoption of the adjusted $K_m$.

**Section 1. Title.** This Circular shall be known as *"Prescribing the Adjusted Annual Incremental RE Percentage ($K_m$) under the RPS On-Grid Rules"* and shall hereinafter be referred to as the *"Adjusted $K_m$."*

**Section 2. Adjustments in the Annual Increments.** The adoption of the Adjusted $K_m$ of 2.52% starting 2023 is necessary to meet the aspirational target of more than 50% RE share in the country's power generation mix by 2040 expressed in MWh, subject to Section 5 of this Circular:

| Year | $K_0$ | $K_m$ | Minimum RPS Requirement ($K_0$ + $K_m$) | Target RE Share |
|---|---|---|---|---|
| 2020 | 3.34% | 1.00% | 4.34% | 21.24% |
| 2021 | 3.34% | 2.00% | 5.34% | 20.12% |
| 2022 | 3.34% | 3.00% | 6.34% | 20.49% |
| 2023 | 3.34% | 5.52% | 8.86% | 21.87% |
| 2024 | 3.34% | 8.04% | 11.38% | 23.28% |
| 2025 | 3.34% | 10.56% | 13.90% | 24.73% |
| 2026 | 3.34% | 13.08% | 16.42% | 26.24% |
| 2027 | 3.34% | 15.60% | 18.94% | 27.78% |
| 2028 | 3.34% | 18.12% | 21.46% | 29.37% |
| 2029 | 3.34% | 20.64% | 23.98% | 30.98% |
| 2030 | 3.34% | 23.16% | 26.50% | 32.62% |
| x x x | x x x | x x x | x x x | x x x |
| 2040 | 3.34% | 48.36% | 51.70% | 51.48% |

Note: This table is based on current simulations, but may change or vary depending on the annual assessment of the RPSCT as to the RPS compliance levels, Net Electricity Sales of MPs, and meeting the aspirational target of more than 50% RE share in the power generation mix by 2040. The RE share for Year 2020 is based on DOE 2020 Power Statistics.

**Section 3. Coverage.** This Circular shall apply to all MPs under the RPS Rules for On-Grid Areas only.

**Section 4. Definition of Terms.** This Circular hereby adopts, by reference, the terms defined in the RE Act and its IRR, the RPS On-Grid Rules, RE Market Rules, as well as relevant DOE Department Circulars.

**Section 5. Annual Review.** As provided under Section 14 of the RPS On-Grid Rules, the DOE, in coordination with the NREB and in consultation with the stakeholders, shall review and set the $K_m$ for each succeeding year (m+1) no later than the 30th of September of each year in consideration of the existence of service contracts and change in criteria of eligible RE facilities, among others.

The Adjusted $K_m$ shall be included as an integral part of Distribution Utilities' (DUs) Distribution Development Plan (DDP), and shall form part of the NREP, the Power Development Plan, and the Philippine Energy Plan.

Towards this end, the RPSCT may, based on the actual state of RE development, particularly on the share of RE in the power generation mix and subject to technical and economic considerations, recommend the necessary adjustments (upward/downward) in the annual increment for RPS compliance.

**Section 6. Mandated Participants with Full Contracted Capacity and Energy.** Any MP, whose compliance with their RPS requirements shall result to over contracting of power supply contracts, may apply for a provisional exemption from the DOE through the RPSCT, in accordance with Section 25 of the RPS On-Grid Rules.

The RPSCT shall evaluate and recommend to the DOE Secretary any provisional exemption, upon validation and verification of the power supply agreements entered by the MPs and other relevant data and information such as the DDP, RPS Compliance Plan and status of power supply agreements filed before the Energy Regulatory Commission.

All power supply contracts to be entered into by the MPs, particularly the DUs, after the promulgation of the RPS On-Grid Rules, shall consider the RPS annual increments and timelines prescribed in this Circular. Any MP which fails to comply with this provision shall be deemed non-compliant and may be meted the corresponding administrative and criminal sanctions under Sections 23 and 24 of the RPS On-Grid Rules, in accordance with due process requirements.

**Section 7. Separability.** If any provision in this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

**Section 8. Repealing Clause.** The provisions of other circulars, orders, issuances, rules, and regulations, which are inconsistent with the provisions of this Circular are hereby repealed, amended, superseded, or modified accordingly.

**Section 9. Effectivity.** This Circular shall take effect fifteen (15) days after publication in two (2) newspapers of general circulation. Copies of this Circular shall be filed with the University of the Philippines Law Center – Office of the National Administrative Register.

**RAPHAEL P.M. LOTILLA**
*Secretary*

Issued on SEP 23 2022, at Energy Center, Rizal Drive
Bonifacio Global City, Taguig City.