

Megawide continues to bleed; losses widen to nearly P320 million

MEGAWIDE Construction Corp. saw its attributable net loss for the third quarter of the year widen to P319.6 million from a loss of P218.9 million in the same period a year earlier.

Revenues for the period slightly increased to P3.97 billion from P3.92 billion previously, the company's third-quarter financial report showed.

Third-quarter expenses reached P4.5 billion, up 5% from P4.3 billion in the previous year.

For the January-to-September period, the company's attributable net loss widened to P445.3 million from a loss of P80.8 million in 2021.

The company's consolidated net loss reached P970 million compared with the consolidated net loss of P510 million in 2021.

This was "due to a higher loss contribution from the airport business as well as land-port operations," Megawide said.

"Operating profit increased slightly by 5% or P43 million but the impact of additional expenses from other charges... resulted in the higher net loss in 2022," it added.

Revenues for the period reached P11.8 billion, 3% or P361.72 million higher than the same period last year.

"The increase was mainly related to the airport segment, which showed significant recovery during the period, posting a 206% increase or P754 million," Megawide said.

Meanwhile, construction revenues reached P10.32 billion and contributed 88% to the consolidated revenues.

"The segment experienced a slowdown of operations as certain contracts were under renegotiation due to the impact of rising raw material prices and interest rates," the company noted.

But the company said it maintains a healthy order book after it secured new contracts from Suntrust Home Developers' Suncity West Side City project, Landers Aseana, Hampton O&P, and the Department of

Transportation's Malolos Clark Railway Phase 1 Project, a joint venture project with Hyundai Engineering & Construction Co., Ltd. and Dong-ah Geological Engineering Co. Ltd. — **Arjay L. Balinbin**

FULL STORY



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<https://bit.ly/3g1xdvf>

Globe net income reaches P5.7B as revenues from services grow

GLOBE Telecom, Inc. announced over the weekend that its attributable total comprehensive income for the third quarter of the year reached P5.7 billion, up 16% from P4.9 billion in the same period a year ago, owing primarily to revenue growth in its corporate data and mobile services, as well as non-telco services.

Third-quarter revenues, both service and non-service, grew 3% to P42.9 billion from P41.7 billion previously, the company's third-quarter financial performance report showed.

Costs and expenses went up 6% to P37.3 billion from P35.3 billion in the same period a year earlier.

For the nine months ended Sept. 30, Globe saw its attributable total comprehensive income

increase 37% to P24.9 billion from P18.2 billion previously.

Total revenues for the period went up 3% to P130.2 billion from P126.4 billion in 2021.

The growth was "led by corporate data and mobile services, supplemented by the sustained growth from non-telco services," Globe said in a statement.

The company saw its total data revenues as a percentage of total service revenues increase to 81% from 79% in 2021.

"Mobile business achieved strong revenue growth this period at P80.6 billion compared to P78.4 billion reported in the first nine months the previous year," Globe noted.

"This represents Globe's second highest nine-month mobile revenue, bested only by pre-pandemic high in 2019," it added.

The revenue growth came primarily from prepaid, according to the company, citing the rapid rise in Filipinos' adoption of digital technology.

Globe saw its mobile customer base expand to 87.9 million for the nine-month period, or 5% higher than the level in the same period in 2021.

At the same time, the company saw its mobile data traffic increase to 3,365 petabytes as of end-September, surpassing the 2,730 petabytes reported in 2021.

"Corporate Data soared to another record level of P12.5 billion or 21% increase from a year ago and significantly higher from pre-pandemic level," Globe noted.

"This was mainly due to the strong traction from information and communication technology

(ICT) services which grew 96% year on year. Growth from ICT was largely from business application services, cloud services and data center," it added.

Globe saw revenues from its home broadband business decrease further in the third quarter. Nine-month revenues reached P20.5 billion, lower than the previous year's P22.4 billion.

"Total home broadband subscriber count now stands at 2.7 million or down by 27% year on year," Globe noted.

Meanwhile, non-telco revenues grew to P2.8 billion in the first nine months, up 101% from 2021.

"Substantial revenue contributions from ECPay, Yondu, and Asticom led to this period's outstanding performance," Globe said. — **Arjay L. Balinbin**

CA sides with SMC unit vs state bank in Meralco share dispute

THE Court of Appeals (CA) has affirmed a ruling that found Land Bank of the Philippines liable for damages to SMC Global Power Holdings Corp. over an agreement involving the purchase of shares in Manila Electric Co. (Meralco) in 2008.

In a 24-page decision made public on Nov. 5, the CA Eight Division said the Mandaluyong Regional Trial Court (RTC) Branch 212 has jurisdiction over the dispute.

"Succinctly, the unjustified refusal or neglect of appellants to perform their official duty of implementing the share purchase agreement which, in turn, deprived SMC Global of all the benefits to be derived from subject Meralco

shares, made the former liable to the latter for damages," CA Associate Justice Manuel M. Barrios said in the ruling.

The Mandaluyong RTC ordered the bank to pay P5 million in damages plus 6% interest because it delayed the implementation of the agreement to sell Meralco shares to the power arm of San Miguel Corp. (SMC).

In 2008, SMC Global Power and the bank entered into an agreement involving the sale of Meralco shares totaling P4.19 billion plus interest worth P553.85 million.

The state-owned lender nullified the share purchase agreement since the shares were involved in a just compensation case against the Department of Agrarian

Reform adjudication board. The bank argued that the purchase agreement would be "grossly disadvantageous to the government," which the court disagreed with saying the comment had no factual basis.

The appellate court noted that the SMC unit repeatedly sent demand letters between 2009 to 2014 asking for the implementation of the share purchase agreement.

"Although appellant may be apprehensive about proceeding with the share, nevertheless, such feeling cannot justify their continuous inaction on the pleas of SMC Global for a long period of time," it said. — **John Victor D. Ordoñez**

Sunrise, from S1/1

In 2016, the company was able to avail of a subsidy program from the Department of Energy for solar projects completed until March of the same year. The Calatagan Solar Farm enabled the funding of the rest of Solar Philippines' projects. Between 2016 and 2018, the company signed three power supply agreements with Manila Electric Co. (Meralco), including one with a starting rate of P2.9999 per kilowatt-hour, the lowest cost for any power plant in the Philippines.

Solar Philippines claimed it is currently the largest solar energy production company in Southeast Asia with over 400 megawatts (MW) of operating or under construction and 10 gigawatts (GW) under development. It currently has solar farms in Batangas, Nueva Ecija and Tarlac.

Part of its success, Mr. Leviste said, is that Solar Philippines is a pioneer in the industry. "The traditional challenges in the power industry are developing the project, getting off-take and getting funded, so we were very fortunate," he said. "We were the first mover in an industry at the time when there was no competition."

Part of the reason why Solar Philippines solely focuses on solar farms is because it tried everything in the solar business and found that solar farm development in the greater Manila area is unique and has the most opportunity for growth. "In the case of solar energy, it was a short window of entry and a large market appeared, so we were in the right place to capitalize on it," he said.

Solar Philippines started providing large-scale solar energy rather than going into retail because installing rooftop panels was difficult to do one customer at a time. With its solar farm model, the company can create much more generation to supply the country's energy needs, helping to reduce overall power costs and ensure energy sufficiency. Mr. Leviste noted that a large part of the company's operations involves land development — being able to buy the land and secure the right permits and right of way to be able to construct the solar farms that unlock the value of the land.

By creating utility-scale solar farms, Solar Philippines is generating additional electricity supply for the Luzon grid and increasing the productivity of many communities and customers. Its Calatagan Solar Farm has generated over 500 gigawatt-hours (GWh) of clean energy, and enough to power over six municipalities in Batangas, while sourcing the majority of its workforce from the locals in nearby areas. The Tarlac Solar Farm, which is in partnership with another company, completed its first phase, with a total capacity of 100 MW, in 2020.

Always looking to capitalize on a growing industry, Mr. Leviste said that Solar Philippines is building the world's first large-scale solar-battery baseload project after securing an original proponent status to supply Meralco with up to 200 MW on a 24-hour day basis from a 1,800 MW solar and 1,800-MWh battery project, which could replace the capacity of a 200-MW coal power plant. The power generated from the project will be 20-40% cheaper than from fossil fuel. Mr. Leviste aims to show solar with batteries can deliver a cost-competitive baseload power that can benefit Filipino consumers.

According to Mr. Leviste, Solar Philippines' biggest CSR contribution is being able to provide the country with low-cost solar energy, setting the benchmark for lowering energy costs.

The company's other developments include a 3,500-MW solar, 4,500-MWh battery project to supply Meralco 850 MW of mid-merit power for around 12 hours per day, and another 2300 MW of projects contracted under the Department of Energy's Green Energy Auction, including a 500-MW Solar Farm in Nueva Ecija. These would potentially bring the company's contracted capacity to 8 GW scheduled to commence operations mostly between 2025 and 2026, which it estimates would be two-thirds of the total contracted renewable energy capacity of the Philippines.

A subsidiary, Solar Philippines Nueva Ecija Corp., launched its initial public offering on the Philippine Stock Exchange. The proceeds will fund the company's developments in Nueva Ecija, which according to Mr. Leviste, will be largest in Southeast Asia.

"All of these projects are consistent to the original goal which is to accelerate the adoption of solar in the Philippines. The more value we can create, the faster we can get there," Mr. Leviste said.

The media sponsors of the *Entrepreneur Of The Year Philippines 2022* are BusinessWorld and the ABS-CBN News Channel. Gold Sponsors are SteelAsia Manufacturing Corp., Uratex, and Navegar. Silver Sponsors are Intellicare, OneWorld Alliance Logistics Corp., and Regan Industrial Sales, Inc. Banquet Co-presenter is PMFTC, Inc. Banquet Sponsors are Uratex, MerryMart Consumer Corp., Robert Blancafor Group, Inc., International Container Terminal Services, Inc. (ICTSI), Joy-Nostalg and Vista Land & Lifescapes, Inc.

The winners of the *Entrepreneur Of The Year Philippines 2022* will be announced on Nov. 21 in an awards banquet at the Grand Hyatt Manila. The *Entrepreneur Of The Year Philippines* will represent the country in the *World Entrepreneur Of The Year 2023 in Monte Carlo, Monaco in June 2023*. The *Entrepreneur Of The Year* program is produced globally by Ernst & Young (EY).

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF FORCE MAJEURE CAPITAL EXPENDITURE PROJECT (REPAIR AND/OR REPLACEMENT OF FACILITIES AND EQUIPMENT DAMAGED BY TYPHOON ODETTE), WITH APPLICATION FOR AUTHORITY TO SECURE A LOAN FROM THE NATIONAL ELECTRIFICATION ADMINISTRATION

ERC CASE NO. 2022-025 RC

NEGROS ORIENTAL I ELECTRIC COOPERATIVE, INC. (NORECO I),
Applicant.

Promulgated: October 13, 2022

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 28 September 2022, Negros Oriental I Electric Cooperative, Inc. (NORECO I) filed an Amended Application for the approval of its Force Majeure Capital Expenditure (CAPEX) Project for the repair and/or replacement of facilities and equipment damaged by typhoon Odette, with application for authority to secure a loan from the National Electrification Administration (NEA).

The pertinent allegations of the Amended Application are hereunder quoted:

- Applicant NORECO I is an electric cooperative duly organized and existing under the laws of the Republic of the Philippines with office address at Tinaogan, Bindoy, Negros Oriental.
- NORECO I was granted a franchise to operate an electric light and power distribution service in the municipalities of Mabiny, Manjuyod, Bindoy, Ayungon, Tayasan, Jimalalud, La Libertad, and Vallehermoso, and the cities of Guihulngan, Bais, and Canlaon, all in the province of Negros Oriental.

COMPLIANCE WITH REGULATORY REQUIREMENTS

- The instant filing is made pursuant to the Revised Rules of Practice and Procedure as well as the Amended Rules for Approval of Regulated Entities' Capital Expenditure Projects (Resolution No. 26, Series of 2009) issued by the Honorable Commission.
- In compliance with the foregoing, the following documents are attached and made an integral part of this Application.
- Annex "A" is the Board Resolution issued by NORECO I, this establishes that the filing of this Application was duly authorized by it and the Verification herein was executed by the proper person.
- Annexes "B" and "B-1" is the Notice that was properly filed within three (3) months from the occurrence of the force majeure event, in compliance with Article 3.3 of the said Resolution No. 26, as well as the letter of acknowledgment from the Commission.
- The Application was timely filed on 06 April 2022 and docketed as ERC Case No. 2022-025 RC. Unfortunately, the amendment of the Petition became necessary due to a supervening event beyond the control of Applicant. Hence the instant filing.
- In compliance with Rule 6 of the ERC Revised Rules of Practice and Procedure, NORECO I furnished copies of the Amended Application with all its annexes and accompanying documents. Copies of the proofs of service to the Office of the Municipal Mayor and the Sangguniang Bayan of Bindoy, Negros Oriental and the Office of the Provincial Governor and the Sangguniang Panlalawigan of Negros Oriental are attached as Annexes "C" and its sub markings.
- Annex "D" and its sub-markings are the proofs that the Amended Application was published in its entirety in a newspaper of general circulation within the franchise area, in compliance with the same Rule 6 of the ERC Revised Rules of Practice and Procedure

EXECUTIVE SUMMARY

- A "Project Application" was prepared, which is attached and made an integral part hereof as Annex "E".
- The salient provisions are summarized in the following paragraphs.

- Force Majeure Event. Typhoon Odette (international name "Rai") made landfall at around midnight of 17 December 2021 in La Libertad, Negros Oriental, within the franchise area of NORECO I, carrying with it maximum sustained winds of 175 km/h near the center, gustiness of up to 240km/hr and a central pressure of 935 hPa. This resulted not only in a widespread blackout throughout the region; water supply and communication services were also adversely affected. The province of Negros Oriental immediately declared a state of calamity.
- Project Description. The project consists of the repair and/or replacement of damaged network assets, wireless communication assets, building structures and other equipment including the following:
 - A total of 5,288 poles were brought down by Typhoon Odette, of which 2,700 poles were heavily damaged and needed replacement. Several units of transformers, kWh meters and conductors also needed replacement.
 - Seven (7) wireless and radio communication towers were built to interlink the substation and linemen. These towers were brought down by Typhoon Odette, also damaging the installed equipment.
 - The Cooperative Administration Building was hit by a huge tree. The premises were also flooded because the building was constructed on a river bank. This resulted not only to damaged building structures, but also the destruction of necessary equipment such as the computers and printers required for billing and collection.
- Justification and/or Benefits of the Project. The repair and restoration of the facilities of NORECO I is necessary to enable it to service its franchise area. The project includes both first priority activities for immediate power restoration and second priority activities to restore non-network facilities necessary to adequately service its consumers and ensure the safety and security of employees.
- Estimated Project Cost. The estimated total cost of implementation is P172,428,866.93.
- Project Financing Plan. The proposed force majeure capital expenditure project will be partially financed by a loan of P20,000,000.00 from the National Electrification Administration (NEA) for a term of ten (10) years with 3.25% interest per annum exclusive of Documentary Stamp Tax and a one (1) year grace period. The balance will be sourced from collections through the Reinvestment Fund for Sustainable CAPEX (RFSC).
- Project Schedule. Immediately after lifting of storm warnings, restoration activities commenced together with the assessment and inventory of damages sustained. In view of the upcoming National Elections, NORECO I targets the restoration of power to all household connections by 30 April 2022, prioritizing schools and barangay halls; a delay in the full restoration of power to residential dwellings is anticipated for external reasons such as the need to relocate houses in locations now considered hazardous.
- Rate Impact. The indicative rate of the CAPEX - Force Majeure Event due to Typhoon Odette was based on the computed annual cash flow cost. An average shortfall of 0.5072 was computed for the 2021 to 2024 period indicating the need for additional inflows into the RFSC.

Particulars	2021	2022	2023	2024	TOTAL
Actual Energy Sales, kWh	63,005,512	38,197,023	36,103,835	101,042,110	338,350,480
Current RFSC Rate	0.9309	0.9309	0.9309	0.9309	0.9309
RFSC balance beginning per AES, PHP	8,881,274	9,525,075	(138,117,794)	(150,150,000)	8,881,274
FUND INFLOWS					
RFSC Collections, PHP	1,815,318	13,115,322	33,050,109	34,072,074	82,052,824
Loan proceeds from financial institutions, PHP	-	30,000,000	-	-	30,000,000
Total Fund Inflows, PHP	1,815,318	43,115,322	33,050,109	34,072,074	112,052,824
Available cash for disbursement	10,696,592	52,941,397	(105,067,685)	(115,277,210)	124,733,547
FUND OUTFLOWS					
CAPEX - Force Majeure, PHP	-	172,428,867	-	-	172,428,867
Other CAPEX Requirement	729,145	13,115,322	33,050,109	34,072,074	81,966,650
Payment for amortization for new loan, if any (PHP)	-	-	3,648,517	3,648,517	7,297,035
Payment for amortization for previous loan (PHP)	440,222	3,921,588	8,391,716	8,051,373	20,794,957
Permit Fee, PHP	-	1,283,217	-	-	1,283,217
Total Fund Outflows, PHP	1,169,367	190,748,994	45,092,402	45,844,705	283,855,468
Fund balance ending, PHP, excess(shortfall)	9,525,075	(138,117,794)	(150,150,000)	(101,042,110)	(161,821,930)
Excess(shortfall) on RFSC, PHP/WMS	0.1142	(0.6216)	(1.5204)	(1.3550)	(0.3572)

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed to this Honorable Commission that a DECISION be rendered APPROVING the instant Application and GRANTING AUTHORITY TO SECURE LOANS to NORECO I to finance the repair and/or replacement of damaged network assets, wireless communication assets, building structures and other equipment arising from Typhoon Odette.

Other just and equitable reliefs are likewise prayed for.

The Commission hereby sets the Amended Application for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence on the following dates and online platforms for the conduct thereof, pursuant to Resolution 09, Series of 2020 dated 24 September 2020, and Resolution No. 01, Series of 2021 dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
01 December 2022 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams or Zoom Application	Determination of compliance with the jurisdictional requirements and expository presentation
07 December 2022 (Wednesday) at nine o'clock in the morning (9:00 A.M.)		Pre-trial Conference and presentation of evidence

NORECO I has been directed to host the virtual hearings at NORECO I's principal office located at Tinaogan, Bindoy, Negros Oriental, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. Moreover, NORECO I shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

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, copy furnish the Legal Service through 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, copy furnish the Legal Service through 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, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment within 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 Amended Application on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, through legal.virtualhearings@erc.ph, with their respective e-mail addresses and indicating therein the case number of the instant Amended 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 Chairperson and CEO MONALISA C. DIMALANTA, and the Honorable Commissioners ALEXIS M. LUMBATAN, CATHERINE P. MACEDA and MARKO ROMEO L. FUENTES, Energy Regulatory Commission, this 13th day of October 2022 in Pasig City.

FLORESINDA G. BALDO-DIGAL
Oversight Commissioner
For the Legal Service

Res. 014-22
15/10/2022

* 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.