

# Meralco secures 300-MW deal for emergency power supply

MANILA Electric Co. (Meralco) has secured another 300-megawatt (MW) emergency power supply to partly cover its 670-MW deal with a unit of SMC Global Power Holdings Corp. that remains suspended.

"Out of the 670-MW supply that we lost from SPPC (South Premiere Power Corp.), we have secured another 300 MW that will last until Feb. 25. Hopefully, that will help augment the supply that we badly needed and manage somehow the costs," Joe R. Zalardriaga, Meralco's spokesperson and head of corporate communications, said in a media briefing last week.

The emergency power supply agreement (EPSA) was secured on Feb. 3 with Aboitiz Power Corp.'s GNPowr Dinginin Ltd. Co. (GNPD).

"Following the expiration of its contract with GNPD, Meralco executed another EPSA with the generation company for the supply of 300-MW baseload capacity," Meralco said in a separate statement.

However, Meralco said its new EPSA with GNPD is not a fixed-rate contract.

"The EPSA lessens Meralco's exposure to the Wholesale Electricity Spot Market (WESM) and in turn, shields its customers from volatile and potentially

higher generation costs," the power distributor said.

Mr. Zalardriaga said the remaining 370 MW will be sourced from the spot market.

Meralco said the contract forms part of its efforts to ensure sufficient supply and manage electricity rates as a result of the cessation of the supply covered by its power supply agreement with SPPC. The deal was subjected to a writ of preliminary injunction issued by the Court of Appeals.

In December, Meralco secured an EPSA for 300 MW with AboitizPower for a rate of P5.96 per kilowatt-hour (kWh) from Dec. 15, 2022 until Jan. 25, 2023. The power was sourced from AboitizPower's power plant under GNPD.

The 670-MW capacity is supposed to be covered by Meralco's PSA with SPPC, which was agreed upon in 2019 for a period of 10 years at P4.2455 per kWh. However, the deal was indefinitely suspended after the injunction issued by the appellate court in January.

Last year, SMC Global Power sought a temporary rate increase, jointly filed with Meralco, saying that SPPC and another unit San Miguel Energy Corp. incurred a combined loss of P15 billion. The rate increase was meant to recover part or P5 billion of the units' losses.



FBENJR123

**IN December, Meralco secured an EPSA for 300 MW with AboitizPower for a rate of P5.96 per kilowatt-hour (kWh) from Dec. 15, 2022 until Jan. 25, 2023.**

The company cited a "change in circumstance" when surging fuel costs breached the price range contemplated during the execution of the contracts with Meralco. However, the ERC denied the petition, saying this had no basis as the PSA is a fixed-rate contract.

Meanwhile, Meralco said that it is crucial to secure a new EPSA as the Malampaya gas field is under maintenance shutdown from Feb. 4 to 18.

Meanwhile, Meralco said the overall rate for a typical household decreased by P0.0106 per kWh to P10.8895 per kWh in February, from P10.9001 per kWh in January due to a lower generation charge.

Households that consume 200 kWh would see their monthly bills decline by P2.13, while those consuming 300 kWh will see their bills go down by P2.71 in February.

Residential customers consuming 400 kWh and 500 kWh will see their monthly bills decline by P3.04 and P2.39, respectively.

The power distributor said the generation charge went down by P0.2137 to P6.9154 per kWh from P7.1291 per kWh a month ago due to lower costs from WESM and independent power producers (IPPs).

Meralco said WESM charges declined by P3.7370 per kWh due to the improved Luzon power grid situation as power demand also decreased.

Meralco added that the secondary price cap, a preventive mitigating measure to avoid excessively high electricity prices, was not triggered in January for the first time since October 2021.

Meralco's 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. — **Ashley Erika O. Jose**

## OUTLIER

### Nickel Asia's stock price soars amid rising global nickel prices

By Lourdes O. Pilar  
Researcher

NICKEL Asia Corp. was one of the most active stocks last week after investors took positions as global demand for nickel elevated the metal's prices in the world market.

A total of P618.83 million worth of 84.53 million shares were traded from Feb. 6-10, data from the Philippine Stock Exchange showed. This made Nickel Asia the 18<sup>th</sup> most active stock last week.

The mining company's shares closed at P7.42 apiece on Friday, up 9.4% week on week from its P6.78 finish on Feb. 2. For the year, the stock has gained 27.1%.

Cristina S. Ulang, research head at First Metro Investment Corp., said in an e-mail that elevated global prices made Nickel Asia one of the most active stocks last week.

"Price per ton of nickel globally has almost tripled since the pandemic and add to that China's reopening which will further boost demand. That is against a predicted global supply deficit," she said.

Ms. Ulang said the manufacturing of electric vehicles will also keep nickel, which is used in clean technology, in demand globally.

In a Reuters report, Indonesia, with the largest reserves of nickel, has signed more than a dozen deals worth more than \$15 billion for battery and electric vehicle production in the country with manufacturers including Hyundai Motor, LG Group and Foxconn and next might be Tesla, Inc.

Indonesia produced 1.4 million tons of nickel in the third quarter of last year, according to the International Nickel Study Group. That's far ahead of the second-biggest producer, the Philippines, which mined 290,000 tons in the same period.

During the third quarter of 2022, Nickel Asia said it sold a total of 12.44 million wet metric tons (WMT) of nickel ore at an average price of \$29.46 per WMT. In the same quarter in 2021, the company exported more at 14.44 million WMT but priced lower at \$28.05 per WMT.

The drop in sales volume was caused by unfavorable weather that adversely affected the group's mining operations. However, the company's nickel ore sales were realized at P54.22 per dollar, up 10% from P49.17 a dollar in the previous year.

Nickel Asia reported an attributable net income of P3.07 billion in the third

quarter of 2022, lower by 10.9% from P3.45 billion in the same period in 2021. Still, its nine-month bottom line rose to P6.90 billion, up 11.8% from the P6.17-billion net profit attributable to equity holders of the parent.

As of Feb. 8, nickel spot prices closed at \$27,390 per MT, according to London Metal Exchange.

In a previous report, Nickel Asia said it was looking for opportunities in the electric vehicle industry as the government is pushing for the manufacture of electronic vehicle batteries.

Meanwhile, Diversified Securities, Inc. Equity Trader Aniceto K. Pangan pointed to the company's disclosure about a penalty incurred regarding its nickel ore shipment.

"This means that the demand for the commodity is so tight that they hardly could follow the government documents permit to serve their buyers," said Mr. Pangan.

Last week, Nickel Asia disclosed to the Philippine Stock Exchange that its subsidiary, Rio Tuba Nickel Mining Corp., paid a penalty of P100,000 to the Bureau of Customs for loading nickel ore to a bulk carrier without the authority to do so from the agency.

However, Ms. Ulang noted that the disclosure had no bearing on Nickel Asia's share prices.

"It is the company's strong fundamentals that's keeping investors inspired," she said.

"Stock might be range-bound this week and test P7.00 ahead of the Bangko Sentral ng Pilipinas interest rate hiking event. But overall, the momentum would be upward to P7.50," said Ms. Ulang.

She placed Nickel Asia's support and resistance at P6.30 and P7.50, respectively.

"Expected revenue should reach around P7 billion in the fourth quarter of last year. Full-year should be flat as compared to last year at P28 billion," Mr. Pangan said.

"As the current price is a new high, it should be on consolidation with support at P7.15 per share while resistance at P7.60 per share," he added.

The Philippines has 34 operating nickel mines and exports most of its nickel ore to China and some to Japan. But it has only two nickel processing plants, which are both partly owned by Nickel Asia. The country is one of the biggest suppliers of the prized metal ore to China, overtaking Indonesia's status.

Nickel Asia is partly owned by Japan's Sumitomo Metal Mining Co. Ltd.

## PBBM NOTES JAPAN'S REGION-WIDE MSME SUPPORT THROUGH US\$681K GRANT



Go Negosyo founder and MSME Development Council Vice Chair Joey Concepcion thanks President Ferdinand Marcos Jr. for witnessing the ceremonies in Tokyo last February 10 to thank the Government of Japan for its support of the ASEAN Mentorship for Entrepreneurs Network (AMEN) through a USD681,339 grant from the Japan-ASEAN Integration Fund (JAIF). In attendance were Dept. of Trade and Industry Sec. Alfredo Pascual, former President Gloria Macapagal Arroyo, Special Assistant to the President Anton Lagdameo Jr., House Speaker Martin Romualdez and Senator Mark Villar. Yutaka Arima of Japan's Ministry of Foreign Affairs and Matsui Miho of JAIF received the Certificate of Gratitude. AMEN is the ASEAN-wide implementation of Kapatid Mentorship for Micro Enterprises (KMME), which has produced more than 12,000 Filipino entrepreneur-graduates since 2016.

With President Ferdinand Marcos Jr. in attendance, Go Negosyo founder and Micro Small and Medium Enterprises Development Council Vice Chair Joey Concepcion and Department of Trade Secretary Alfredo Pascual thanked the Government of Japan at a formal ceremony in Tokyo last February 10 for its support of MSME development through entrepreneurial mentorship.

The Government of Japan, through the Japan ASEAN Integration Fund (JAIF), gave a grant amounting to US\$681,339 to fund the ASEAN Mentorship for Entrepreneurs Network (AMEN). In a ceremony held at the Palace Hotel in Tokyo, President Marcos witnessed the presentation of a Certificate of Gratitude to the Government of Japan, which was received by Yutaka Arima of Japan's Ministry of Foreign Affairs, accompanied by Matsui Miho, Deputy Director in charge of JAIF. AMEN is one of 35 agreements, loans and grants exchanged in Tokyo during President Marcos's official visit.



Ministry of Foreign Affairs of Japan Director-General of Southeast and Southwest Asian Affairs Yutaka Arima receives the Certificate of Gratitude from Go Negosyo Founder and MSME Vice Chair Joey Concepcion

"Through their support of AMEN, the Government of Japan has contributed greatly to creating prosperity for more in the ASEAN by uplifting the SMEs, which make up 96 percent of the total enterprises in the region," said Concepcion. He observed that even in Japan, SMEs comprise almost all of the enterprises in the country, and that across the ASEAN, efforts to accelerate economic

growth and job generation through small business enterprises are aligned. In the Philippines, President Marcos has instructed the strengthening of the MSME Development Council during the Go Negosyo and DTI MSME Summit last August 2022, and has noted the contribution of the MSME sector in generating



President Ferdinand Marcos Jr. greets Go Negosyo founder Joey Concepcion during ceremonies held in Tokyo. Photo from RTVM

employment in the country.

AMEN is a region-wide program originated in the Philippines as Kapatid Mentorship for Micro Enterprises (KMME) of the Department of Trade and Industry (DTI) and Go Negosyo. It was funded by the Japan through grants amounting to US\$347,396 and US\$333,943 issued in March 2019 and March 2022, respectively.

It is based wholly on KMME, which has benefited more than 12,000 MSMEs and mobilized over 800 mentors since 2016. AMEN was launched in 2017 as the legacy project of the ASEAN Business Advisory Council-Philippines during the Philippines chairmanship of the ASEAN. AMEN completed its pilot implementation in Indonesia, Malaysia and the Philippines, and its ten-part module has been translated to seven languages namely Khmer, Indonesian, Lao, Bahasa Malay, Burmese, Thai and Viet. In Phase 1 of the program, 48 mentors and 127 MSMEs across ASEAN learned and benefited from AMEN.

Through mentorship, AMEN is seen to significantly help ASEAN SMEs.

## BillEase, Rex Book Store to offer light, cardless installments

CONSUMER finance app BillEase has partnered with Rex Book Store, Inc. to offer light and cardless installment payment options for the customers of the educational products retailer.

Under the partnership, BillEase and Rex Book Store will offer a "Read Now, Pay Later" program with flexible payment methods for customers without a debit card or credit card. Rex Book Store is the retail arm of local educational publisher Rex Education.

In a statement, BillEase said students, parents and guardians, and practitioners shopping at Rex Book Store branches and Rex E-Store may pay upfront only one-third of the price of their selected books, assessments and digital learning products. They can then split the balance for up to 12 months.

"Meanwhile, law students can also get authentic law books and references and pay in light and easy installments. For instance, aspiring attorneys purchasing Ferdinand Tan's Criminal Procedure 2021 Edition, priced at P2,320, will only have to pay P773.00 upfront and split the rest into customizable installment plans," it added.

BillEase Co-Founder and Chief Executive Officer Georg Steiger said the partnership aims to help learners by making Rex Book Store products more accessible.

"BillEase is privileged to partner with Rex Book Store in equipping learners. Quality education usually requires a significant

amount of money; some may find that a hindrance. We want to bridge that gap and help learners in developing the minds of future leaders," Mr. Steiger said.

Marjorie Mallari, Rex Book Store chief revenue officer for retail, said the partnership with BillEase is part of the company's efforts to improve its customer experience.

"This becomes another opportunity for us to enhance our customers' experience and help them achieve financial ease. They would have better control of their budget, given the offer of light and easy installments even without a credit card. With this, we hope that more and more people explore and maximize this program because Rex Book Store cares," Ms. Mallari said.

Rex Book Store is a learning solutions provider that offers educational products such as textbooks, teachers' resource materials, modules, learning assessments, children's books, digital products, and other services. It has branches in Recto, Morayta, Cubao and Ortigas in Metro Manila; Bicol region; Cabanatuan City; and Pampanga province.

BillEase, launched in 2017, is an on-demand consumer credit app that provides personal loans, e-wallet top-ups, prepaid load, gaming credits, and a "buy now, pay later" program that allows customers to avail of installment plans even without a debit or credit card. — **Revin Mikhael D. Ochave**