

DoE won't intervene pending NGCP ancillary services appeal

THE Department of Energy (DoE) said it is awaiting the Energy Regulatory Commission's (ERC) ruling on an appeal filed by the National Grid Corp. of the Philippines (NGCP) to extend contracts to supply reserve power on a month-by-month basis.

The NGCP sought DoE authorization to extend contracts which allow it to tap standby power capacity, agreements which are known as ancillary services (AS) contracts.

AS contracts represent uncommitted capacity that the NGCP can draw from if baseload supply proves inadequate. The

NGCP is required by law to maintain a minimum level of AS power in reserve as a safety buffer in the event baseload plants fail.

Keeping reserve power on tap involves costs, which the NGCP has warned will lead to power rate increases if it is forced to maintain AS contracts at the legally prescribed level.

"There is a process for NGCP to submit the MR (motion for reconsideration) with the ERC (Energy Regulatory Commission). At this time, we need to wait for ERC and NGCP to settle the matter," the DoE said in a statement.

On Monday, the NGCP warned of possible power interruptions during the dry season following after the ERC rejected its request for month-to-month extensions of its AS agreements.

The grid operator then asked the DoE to authorize the extension of its current AS procurement agreements (ASPAs).

"All they need to do is file a motion for reconsideration with the ERC. There's no need to be alarmist, okay? The ERC will hear the petition. You must not over worry yourselves," Energy Secretary Raphael P.M. Lotilla told reporters on the sidelines

of a briefing in Taguig City on Tuesday.

The NGCP said that the ERC issued its ruling while the competitive selection process (CSP) for ASPA was ongoing.

"Since the CSP for AS is now nearing completion, the NGCP may file a motion for reconsideration before the ERC with updates... At the end of the day, the NGCP has the responsibility of maintaining grid reliability that requires ancillary services, and DoE expects the NGCP to live up to this responsibility," the department said. — **Ashley Erika O. Jose**

NCR dry-season water demand seen rising by up to 15%

DRY-SEASON water demand in Metro Manila and nearby provinces is expected to exceed normal levels by up to 15%, according to Manila Water Co., one of the capital region's two water suppliers.

In the east zone, Nestor Jeric T. Sevilla, Jr., Manila Water's corporate strategic affairs group head, said: "Normally, during summer, demand increases by about 10 to 15%."

In a Viber message to *BusinessWorld*, Mr. Sevilla said the current supply is 1,600 million liters per day (MLD) from the primary water source, Angat Dam, with demand roughly equivalent.

"We get about 1,600 million liters of water per day from Angat as our 40% allocation," he said, adding that the company draws additional water from its Cardona water treatment plant (100-110 MLD); deep wells (50 MLD to 100 MLD) and backwash recovery operations (30 MLD).

He said peak demand in the dry season is projected at up to 1,700 MLD.

Maynilad Water Services, Inc. had a more conservative estimate of 5-6% demand in excess of normal levels.

"The demand increases by 5 to 6% during summer, and we are seeing this effect now," Jennifer C. Rufo, a company spokesperson, told *BusinessWorld* via Viber message on Tuesday.

For the west zone, Ms. Rufo said the supply of water is currently 2,700 MLD.

"The water that should be available to us is 2,400 MLD from our La Mesa treatment plant (which draws from the Angat-Ipo system), and 300 MLD from our Putatan treatment plant (Laguna de Bay)," Ms. Rufo said.

Maynilad did not disclose its current water demand. The west zone concessionaire serves about 1.5 million connections within its service area.

Metropolitan Waterworks and Sewerage System (MWSS) Administrator Leonor C. Cleofas told reporters on Tuesday that water supply remains at "comfortable" levels.

"Even the NWRB (National Water Resources Board) said that we are still at a comfortable level," Ms. Cleofas said.

Ms. Cleofas said the MWSS is confident supply will be adequate for meeting the expected surge in demand.

She said that it is too early to whether Metro Manila and nearby provinces will experience a water crisis.

"What we are saying right now is that we are not relying on Angat dam alone; we have short to medium term sources. We have additional water supply (which) will help us through the summer months," she said.

The MWSS said in January that it is projecting a possible shortfall in 2024 if population growth continues and the Philippines does not develop new water sources.

Ms. Cleofas said that the MWSS is still positive about finishing the Kaliwa Dam by the end of 2026.

"So far, including the detailed engineering design, more or less Kaliwa Dam is 24% complete," she said.

Once completed, the Kaliwa Dam is expected to commence operations by the first quarter of 2027 with projected additional supply of 600 MLD.

Ms. Cleofas said the water regulator hopes to start constructing the dam within the year.

The MWSS estimates that as of March 28, water levels at Angat Dam are at 203.25 meters, above the 192 meters considered to be the dam's normal operating level. The ideal level is pegged at 212 meters, which incorporates a safety margin for the dry season.

Angat Dam accounts for about 90% of the capital's potable water.

Manila Water's service area includes Marikina, Pasig, Makati, Taguig, Pateros, Mandaluyong, San Juan, portions of Quezon City and Manila, and several towns in Rizal province.

Maynilad serves the cities of Manila, except portions of San Andres and Sta. Ana. It also operates in Quezon City, Makati, Caloocan, Pasay, Parañaque, Las Piñas, Muntinlupa, Valenzuela, Navotas, and Malabon.

It also supplies the cities of Cavite, Bacoor and Imus, and the towns of Kawit, Noveleta, and Rosario, all in Cavite province.

Metro Pacific Investments Corp., which has a majority stake in Maynilad, is one of three Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and 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**

Imported sugar due for release onto market this week

AT LEAST 24,500 metric tons (MT) of imported sugar will be released onto the domestic market this week, according to a Sugar Regulatory Administration (SRA) official.

Pablo Luis S. Azcona, board member and planter's representative to the SRA, told *BusinessWorld* via phone that about 16,000 MT of refined sugar was released last week, while the 24,500 MT tranche is in the process of reclassification.

He added that about 89,000 MT of refined sugar has landed in the country out of the 440,000 MT authorized to be imported by Sugar Order No. 6 (SO 6).

SO 6 required that 100,000 MT of refined sugar be landed

"as soon as possible" with another 100,000 MT arriving before April 1.

The remaining 240,000 MT is to be maintained as a buffer stock, as ordered by President Ferdinand R. Marcos, Jr., who also serves as the Secretary of Agriculture.

According to Mr. Azcona, the suggested retail price for refined sugar remains between P85 and P90.

"The SRA is working with the (Department of Agriculture) to establish the retail price. *Ang kulang na lang namin* (the only thing missing) is the stakeholder's consultation which was scheduled last week but then postponed," he said.

Over the weekend, the United Sugar Producers Federation appealed to the government to reject a proposal by beverage companies to directly import refined sugar.

Mr. Azcona said that the supply of refined sugar might not be a problem due to the arrival of the imports, with supply expected to have improved 57% year on year.

"If it's a supply problem, as of now we have (ongoing) arrival of 440,000 (MT of sugar), so the supply might not be a problem, (the beverage industry) might have other problems," he said.

Meanwhile, Mr. Azcona said that shipments of 4,000 MT of sugar seized by the Bureau

of Customs from the port of Batangas in 800,000 550-kilo bags were approved for sale in the government's Kadiwa stores, where produce sells for subsidized prices.

He said Kadiwa could serve as the outlet for all seized sugar in the future.

"I think since the approval specified a volume, we might need to request new approvals for the rest. But the trust of the administration and the DA is to try to sell the seized smuggled sugar onto the retail market," he said.

According to the DA's price monitoring report on Tuesday, refined sugar sells at retail for between P86 and P110 per kilo. — **Sheldeen Joy Talavera**



PHILIPPINE STAR/RUSSELL PALMA

Price index for farm products up 24.7% in Q4

PRICES of agricultural products rose 24.7% year on year in the fourth quarter led by the crops and fisheries sub-indices, the Philippine Statistics Authority (PSA) said.

The fourth quarter rate represented a major acceleration from the 7.8% reported a year earlier.

The third quarter growth rate was 15.2%. The 2022 growth rate came in at 14.7%.

The agriculture producer price index (PPI) "measures the changes in the average prices received by farmers for their produce relative to a base period," the PSA said. The base year used in the report was 2018.

Outside the National Capital Region, the Cordillera Administrative Region posted the highest growth rate for agriculture PPI at 64.3%.

The Davao Region had the lowest increment at 1.5%.

The crops sub-index rose 32.3% during the fourth quarter from 16.4% reported a quarter earlier.

Cereals and root crop prices rose 9% and 18.1%, respectively. Fruits posted price growth of 3.9% while commercial crop prices rose 60.4%.

The PSA said the growth rate for fisheries was 5.4%, accelerating from the 5.3% posted a quarter earlier led by price growth in aquaculture products and commercial fishes of 5.6% and 12.3%, respectively.

Marine municipal fisheries products posted a year-on-year price decline of 2.8%.

During the fourth quarter, year-on-year price growth in livestock and poultry products slowed to 8.7% from 17.5% a quarter earlier. — **Sheldeen Joy Talavera**

Peso bond market tops P11T in fourth quarter

THE peso bond market rose 0.2% from the previous quarter to P11.2 trillion in the three months to December 2022, the Asian Development Bank (ADB) said.

Key developments in the period were a contraction in the government bond market coupled with slower expansion in corporate bonds, according to the ADB's Asia Bond Monitor report.

"Emerging East Asia's local-currency bond market expanded at a slower pace in the fourth quarter of 2022 than in the previous quarter," it said.

The region's bond market totaled \$23.2 trillion at the end of December, posting a growth rate of 1.2%.

The Philippines' quarter-on-quarter growth rate lagged those of Vietnam (6.5%), Indonesia (3.5%), and Singapore (2.4%).

The nine markets tracked by the ADB posted positive but weaker growth in the fourth quarter.

On the other hand, "The markets of Vietnam and the Philippines had the fastest year-on-year growth rates in the fourth quarter," it added.

The year-on-year growth rate for peso bonds in the fourth quarter was 13.3%.

"At the end of December, the Philippines' local currency bond market consisted of

85.7% government bonds and 14.3% corporate bonds," the ADB said.

Government bonds outstanding declined 0.4% from a quarter earlier, due primarily to a large volume of maturities in Treasury bills and other government securities.

"Meanwhile, growth in corporate bonds outstanding moderated to 4.4% due to continued policy rate hikes by the Bangko Sentral ng Pilipinas (BSP) to address persistent inflation," the ADB said.

In the fourth quarter, 16 peso corporate bond issues were launched by eight companies.

The ADB said San Miguel Corp. was the top issuer during the period with P60.0 billion worth of multi-tranche fund-raising exercises. San Miguel Corp., Ayala Land, Inc., and SM Prime Holdings, Inc. were the top three issuers of corporate bonds, representing 10.2%, 9.3%, and 7.5%, respectively, of the corporate bond market.

At the end of December, the Philippines' top 30 corporate issuers had aggregate bonds outstanding of P1.453 trillion, accounting for 90.6% of the peso corporate bond market.

"The banking sector continued to hold the largest market share of 32.8%, followed by property firms at 28.7% and holding firms 22.4%," it added. — **Luisa Maria Jacinta C. Jocsion**

PCA agrees to investigate smuggling of palm oil

INDUSTRY associations said they signed an agreement with the Philippine Coconut Authority (PCA) to investigate the technical smuggling of palm oil, a rival product to coconut oil.

In a statement on Tuesday, the Federation of Philippine Industries (FPI) said the other parties to the agreement were the Coconut Oil Refiners Association (CORA) and Fight Illicit Trade.

Jesus L. Arranza, chairman of FPI and president of CORA, said the smuggling of palm oil has cost the government to lose over P45 billion in revenue over six years. It was citing data presented by Albay Rep. Jose Ma. Clemente S. Salceda.

The smuggling takes place via the misdeclaration of palm olein shipments for use as animal feed, allowing the

importers to avoid the value-added tax for palm olein declared for use in cooking oil. Such imports declared for use in animal feed were valued at P300 billion.

Mr. Arranza said he has reported his findings to President Ferdinand R. Marcos, Jr. who has ordered an investigation.

"With our mandate coming directly from the President, we are leaving no stone unturned in our probe and at the same time hopefully we can come up with mechanisms that will finally put an end to this technical smuggling of palm oil," Mr. Arranza said.

In the fourth quarter of 2022, domestic production of whole coconuts rose 1% year on year to 4.24 million metric tons, according to the Philippine Statistics Authority. — **Sheldeen Joy Talavera**

'Active transport' projects in Intramuros allocated P64.16M

THE Department of Transportation said it broke ground on a P64.16-million Intramuros bicycle lane and pedestrian walkway project.

The groundbreaking, which took place on Tuesday in Plaza, Roma, will kick off the construction of 9.6 kilometers of bicycle lanes. The projects are categorized as Class 1 — with separate lanes for pedestrians and cyclists; Class 2 — with separate lanes for pedestrians, cyclists, and vehicles; and Class 3 — which are shared.

Apart from the bike lanes, the project will also include ramps for persons with disabilities and four public transport stops.

Transport Secretary Jaime J. Bautista told reporters on the sidelines of the groundbreaking event that bike lanes will be protected by bollards.

Class 1 bike lanes will rise along General Luna St., parts of Sta. Clara St., Sto. Tomas St., Postigo St., and parts of Padre Burgos Ave. Class 2 lanes will be built along parts of Muralla St., and parts of Real St., Anda St., and Victoria St. Class 3 lanes will rise between A. Soriano Ave. and Bonifacio Drive, Victoria St. and Padre Burgos Ave., and Gen. Luna St. and Palacio St.

The public transport stops will be located at Aduana Gap, Round Table and Jones Bridge-Anda Gap.

Meanwhile, Mr. Bautista said the department is looking to expand bike lanes to Regions I (Ilocos), III (Central Luzon), IV (Cala-barzon), V (Bicol), VI (Western Visayas), VII (Central Visayas), and XI (Davao Region).

"This year we are looking at another 400 kilometers of bike lanes," Mr. Bautista said.

He added that investment in active transport is called for in the Philippine Development Plan.

"*Isa lang 'to sa mga projects namin.* (This is only one of our projects) We are active in other transport programs. But this active transport is in compliance with the Philippine Development Plan," he said.

Tourism Undersecretary Ferdinand C. Jumapao said active transport projects will help boost tourism.

"These bike lanes will really help. The number of tourists that go here annually is almost 2 million. And the tourists like biking because aside from it being safe, it is also a form of exercise," Mr. Jumapao said.

The Intramuros project is due to be completed by the fourth quarter. — **Justine Irish D. Tabile**