

## Regulator to act on NGCP's AS appeal this month

THE Energy Regulatory Commission (ERC) expects to rule on a request by the National Grid Corp. of the Philippines (NGCP) to seek monthly extensions on its ancillary services agreements.

"We are expecting the evaluation memo this week so we can resolve it within the month," ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta said in a Viber message to *BusinessWorld*.

The ERC said that it is reviewing the NGCP's motion for reconsideration and will rule upon the same "expeditiously."

The NGCP is required to enter into standby power contracts with power generators in case baseload power levels drop to where the grid operator will need to ration power.

The contracts to tap standby power, known as ancillary services (AS), entail costs which the

NGCP has warned will lead to higher power bills for consumers.

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.

On March 28, the ERC said it received a motion for reconsideration from the NGCP after the commission denied NGCP's request for an extension to its AS procurement exercise.

After the ERC rejection, the NGCP warned of possible power supply interruptions during dry season.

The Department of Energy (DoE) has said that it would not intervene as it is also awaiting the ERC ruling on NGCP's appeal.

The NGCP had sought permission from the DoE for month-to-month extensions of its ancillary services procurement agreement. — **Ashley Erika O. Jose**

## Relief for Maynilad users seen after Angat water quota raised

THE Metropolitan Waterworks and Sewerage System (MWSS) expects minimal service interruptions for customers of Maynilad Water Services, Inc. with the increase of the water allocation from Angat Dam.

"It will go to Maynilad to minimize interruptions and MWSS is thankful to the NWRB (National Water Resources Board)," Leonor C. Cleofas, MWSS administrator, said in a Viber message on Sunday.

Jennifer C. Rufo, head of Maynilad corporate communications, said in a Viber message that the west zone water concessionaire and MWSS will discuss the mechanics of the increased allocation.

"We are currently working with MWSS on the mechanics of the increased allocation as well as any corresponding obligations these may entail," Ms. Rufo said.

Some Maynilad customers have reported up to 12 hours of daily water interruptions.

On Saturday, the National Water Resources Board announced the approval of a 52 cubic meters per second (CMS) allocation to the MWSS for the April 16-30 period.

"The NWRB recognized the efforts of the MWSS to immediately implement its conservation action plan and water supply augmentation measures to address the current water service interruptions," the NWRB said in a statement.

Ms. Rufo said the higher allocation will increase the volumes reaching Maynilad, allowing it to increase its production.

She added that the higher allocation will also help improve the water levels of Ipo and La Mesa Dams.

The NWRB said that the supplementary allocation will address the water shortage in the west zone of Metro Manila.

"Based on the most recent PAGASA forecast, near normal rainfall will be received in the An-

gat area from May to September 2023," the NWRB said, referring to the government weather service. "This is expected to replenish the water in the Angat Dam which will alleviate the possible (impact) of the impending El Niño phenomenon in the latter part of the year."

Last week, the MWSS said it had asked the NWRB to increase the allocation from Angat Dam to 52 CMS.

Normally, the MWSS draws 48 CMS from Angat. The NWRB temporarily raised the allocation for MWSS to 50 CMS between April 1 and 15.

Separately, Jose Victor Emmanuel A. de Dios, president and chief executive officer of Manila Water Co., Inc., said that the company has established plans to draw additional water from new sources.

"As to addressing the potential El Niño coming in during the latter part of the year, we've obviously built new water sources,"

Mr. De Dios said during the company's annual shareholder meeting on Friday.

He said Manila Water's Cardona water treatment plant has a capacity of 100 million liters per day (MLD). The company is also in the process of completing the water supply system in Calawis, a district of Antipolo City, which can bring 80 MLD.

Manila Water is also expecting the completion of its East Bay 1 phase I project by October.

"That will augment our water supply for the latter part of the year and as we head into 2024 summer season, we're embarking on a couple of other projects within the east zone to address this," Mr. De Dios said.

"We're tracking as well our water supply situation and buffer. I think we're faring a little better there in terms of the areas that would potentially suffer due to the potential El Niño phenomenon," he added. — **Ashley Erika O. Jose**

## Competitiveness concerns raised if government fails to stabilize sugar prices

THE Philippine Chamber of Commerce and Industry (PCCI) raised the possibility of falling behind in regional competitiveness if sugar prices do not stabilize, producing knock-on effects on the price of other food products.

"We are calling on our government to assure our food manufacturing industry that there is enough and sufficient supply of sugar at reasonable cost to be competitive with our neighbors in ASEAN," PCCI President George T. Barcelon said in a statement over the weekend.

"The government is cognizant of shortages from sugar millers and thus allowed limited imports. The lower cost of sugar will help mitigate inflation when enough quantities are allocated for local food and beverage sectors. The employment and economic activities are crucial for our country and her citizens," he added.

Mr. Barcelon is seeking a meeting with Private Sector Advisory Council Strategic Convenor Sabin M. Aboitiz to discuss concerns regarding the high price of sugar and its impact on the domestic food manufacturing and processing industry.

According to Mr. Barcelon, the price of sugar ranges from P85 to P115 per kilogram, much higher than the prevailing world market price equivalent to P32 to P35 per kilogram.

He added that the industry is seeking a sugar allocation that would be used "exclusively" in food manufacturing to allow the industry to "compete with ASEAN counterparts selling various food items."

"The industry requests an allocation exclusively as input in food production so that our food manufacturers can compete with our ASEAN counterparts in selling various food items," Mr. Barcelon said.

Maria Angela N. Esquivel, Alaska Milk Corp. corporate affairs director, said separately at a media roundtable in Makati City last week that the company could raise prices if sugar prices remain high.

"With the continuous challenge (from) the rising cost of sugar, we are (trying to strengthen) our earnings model... via price increases where needed, continuous supply chain optimization, and changing the current business model to be fit for purpose," Ms. Esquivel said.

Ms. Esquivel said Alaska uses refined sugar in sweetened condensed milk and milk powders.

"Our need is smaller compared to beverage manufacturers. But the sugar available locally is expensive," she said.

In February, the Sugar Regulatory Administration issued Sugar Order No. 6, which authorized imports of 440,000 metric tons (MT) of refined sugar.

Under the order, 100,000 MT of refined sugar are required to arrive in the country "as soon as possible" with another 100,000 MT arriving before April 1, both for consumer use. The remaining 240,000 MT will serve as a buffer stock, which will also be released to consumers as needed.

On March 28, the SRA said that 89,000 MT out of the 440,000 MT has landed in the Philippines. — **Revin Mikhael D. Ochave**

## Philippines to assume rotating presidency of G24

FINANCE Secretary Benjamin E. Diokno will be appointed the next chairman of the Intergovernmental Group of Twenty-Four (G24), with his term to start in October.

During the spring meetings of the International Monetary Fund (IMF) and the World Bank (WB), Mr. Diokno told *BusinessWorld* that he will chair the governing body of the G24 for 12 months.

Mr. Diokno is currently the first vice-chair of the G24 Bureau, the executive arm of the G24. It consists of the chair, the first and second vice-chair, and two previous chairs.

The Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development, or G24, was established in 1971 to help coordinate the positions of develop-

ing countries on international monetary and development.

The governing body of the G24 meets twice a year to discuss key global issues, preceding the Spring and Fall meetings of the IMF-WB. The communique emerging from the meetings reflects the consensus views of member countries.

"The Minister of the Chair-country serves for a term of one year, extending from the conclusion of the Annual Meeting of Ministers to the subsequent year's Annual Meeting," according to the G24 website.

"The Chair country takes responsibility for preparing for meetings and running the press conference, together with the two Vice-Chairs. National officials from the office-

bearer countries are assisted in this task by staff from the G24 Secretariat and the offices of their Executive Directors in the IMF/World Bank," it said.

Mr. Diokno represented the Philippines at the G24 meeting this month in Washington DC. Member countries discussed how multilateral institutions such as the IMF and the WB can effectively support the policy efforts of emerging markets and developing economies.

The Philippines expects to obtain around \$19.1 billion worth of official development assistance this year. Around \$9.2 billion worth of loans will come from multilateral development partners and \$9.8 billion in loans from bilateral lenders. — **Keisha B. Ta-asan**

### OPINION

## Future-proofing with the Metaverse

THE Metaverse has been positioned as the next phase of the internet. It makes use of several innovations in technology, from extended reality (XR) to artificial intelligence (AI), to enable new digital experiences.

With the increasing focus on how to appropriately regulate data and the use of AI, digital governance is becoming even more crucial. Similarly, in the future of the Metaverse, effective board oversight will be just as essential and serve as a significant difference between firms that thrive and those that struggle.

As mentioned in my previous article, "The Metaverse beckons: Is it time to explore?" published in this column in June 2022, the Metaverse can be defined as a virtual world where people can take on digital identities. The key characteristics of the Metaverse include (1) Persistence: where your central digital identity is maintained even as you enter and leave the Metaverse; (2) Ownership: where everything you earn or purchase in the virtual world is certified and attributed to be truly yours; (3) Interoperability: where you can carry what you own and use it in other virtual places, and (4) Decentralization: where there is no central organization that dictates the rules of the space, and is instead defined by the users themselves.

By understanding the opportunities as well as risks the Metaverse presents, boards can provide effective oversight and value creation.

### OPPORTUNITIES FROM THE METAVERSE

A wide range of use cases, including entertainment, education, commerce, and even virtual prototyping, can be expected from the Metaverse.

More immersive extensions of entertainment are already taking place in virtual worlds on gaming platforms like Fortnite and Roblox, such as a celebrity concert held on Roblox that received almost 37 million visits, according to *Wired UK*.

The synergy between digital twins — defined as digital versions of their physical counterparts in the real world — and the Metaverse in the working world is exciting. Before making changes in the real world, a digital twin can be used to test new policies or corporate decisions online. Digital twins can assist with tasks that include product creation, urban planning, and even customer experience design when combined with the Metaverse immersion.

Boards may assist their organizations in seeing the value of leveraging these platforms for internal learning requirements, particularly for Gen Z and younger frontline employees, in addition to external customer interaction. New hires can have the opportunity to tour their workplace before starting for a much more immersive virtual onboarding.

### POTENTIAL RISKS

As the Metaverse becomes mainstream, it can give rise to new risks. Similar to the risks today arising from the widespread use of the internet, increasing participation and commercialization of the Metaverse is likely to exacerbate existing issues, ranging from online safety to data privacy.

It is imperative for boards to fully understand the risks magnified by the Metaverse and include the related technical and social risk subjects in the company risk management process, given broader ethical concerns regarding the use of

technologies to influence human behavior. Privacy issues are the first ones to consider, particularly in how information will be used due to the variety of biometric and emotional data that is likely going to be collected through Metaverse hardware.

Depending on the applications being used in the Metaverse, boards must concentrate on protecting the privacy of consumer and employee data.

Boards must also be aware of security concerns in three key areas: devices, fraud, and identity. Attacks may target Metaverse hardware, such VR headsets, and use them to rob unknowing users of their private information. The Metaverse will also likely give rise to more sophisticated or advanced phishing and counterfeiting attacks, including stealing non-fungible tokens (NFTs) and scamming for wallet credentials. Moreover, there are issues of digital identity to consider, where compromised user identities can lead to digital identity theft.

### THREE ACTIONS THAT BOARDS CAN TAKE

**1. Determine applicability and long-term value**  
Boards will have to adopt a critical and measured perspective toward the Metaverse and its applicability to the organization. They need to evaluate whether they are engaging the Metaverse only as a response to a trend or if it truly offers a specific benefit that enables long-term value without compromising the core principles of the business. This will help influence if the enterprise risk management program of their organization will be concentrated on monitoring the achievement of strategic goals from investments in the Metaverse.

As boards determine the Metaverse's applicability, they must consider if they have the necessary expertise to manage the risks that arise from it to

protect its value. They should look into enabling tools to help identify and quantify the resulting risk scenarios accordingly and facilitate management in developing responses to them. To complement this, boards should determine if the business has teams with enough age, identity, experience, and cognitive diversity to comprehend the technological, business, ethical, cultural, and legal aspects of the Metaverse use cases so that they can drive actions in improving the thoughtful adoption of it.

### 2. Prioritize oversight based on purpose and risk

The board is responsible for applying due diligence and supporting technology investments to boost the organization's strategy, purpose, and values. In line with this, they must understand the extent and purpose of why the Metaverse is being leveraged by the business. In the gaming industry for example, close oversight is necessary because investments in the Metaverse can be instrumental in delivering differentiated services or goods of a gaming company.

In other cases, the Metaverse may only be used solely for marketing purposes, but there would still be associated risks — particularly if it can jeopardize the company's reputation or legal standing. Another example would be the buying and selling of digital assets to facilitate Metaverse activity, in which boards need to understand the legal and accounting repercussions of these operations. Depending on the purpose and related risks, the level of oversight will need to be carefully considered. Regardless of this however, Boards have to consider if they will need additional investments in compliance, data privacy, and fraud prevention.

### 3. Recognize laws and moral standards

Boards can help management execute a Metaverse plan by making the business aware

of any legal and compliance challenges and enabling them to address these. Furthermore, they can explore how businesses can collaborate with policymakers to develop workable laws and regulations that foster innovation while upholding human rights and providing value to relevant stakeholders.

Boards should consider what "code of conduct" or ethics guidelines can be applied to foster the constructive cooperative engagement in the Metaverse world of the company and minimize its risks. In parallel, they must be conscious of any new governance models that may need to emerge from Metaverse activities and pivot on how these can be considered in their enterprise risk management program.

### SEIZING OPPORTUNITIES THROUGH THE METAVERSE

With the Metaverse bringing about exciting new ways to live and work through an immersive virtual world, boards must understand the strategic opportunities and risks associated with it to provide effective oversight. Only then can they effectively influence investment decisions, evaluate risks, and seize their future in the Metaverse.

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