Napocor targets off-grid areas for RE expansion

THE National Power Corp. (Napocor) said it will focus its efforts in expanding renewable energy (RE) on off-grid areas, which are served by its Small Power Utilities Group (SPUG).

"We hope the first 25% will happen next year, then we'll work on the 75% after that," Fernando Martin Y. Roxas, Napocor president, told reporters on the sidelines of The Future Energy Solar Show Philippines 2023. He was referring to the targets for RE share in SPUG operations.

Currently, Mr. Roxas said renewable energy in SPUG operations consists of only 2%. He hopes to hit close to 100% in the four years after 2024.

SPUG serves remote areas typically by deploying diesel generators, making the group vulnerable to fuel price swings.

He said that Napocor is looking at many renewable energy technologies at the moment, with solar power currently in favor.

"We will start with solar, because that is easier, then we will work our way to other technologies," Mr. Roxas said.

He noted that solar power suffers from shortcomings like intermittency, the loss of power generation capacity when the sun is unavailable.

In January, Napocor announced a plan to cut back on SPUG operations due to the high price of diesel fuel, but deferred implementation to March after a series of consultations. — **Ashley Erika O. Jose**

NGCP confident of hurdling proposed audit of operations

THE National Grid Corp. of the Philippines (NGCP) said it is confident that a review of the power grid's privatization will find that the company introduced many improvements to the transmission system.

"NGCP is fully cognizant that its franchise is a privilege granted to it by government. We remain ready to answer any and all questions raised concerning how we do business," Cynthia P. Alabanza, spokesperson of NGCP.

She made the remarks after the Presidential Communications Office announced that Senator Rafael T. Tulfo had asked President Ferdinand R. Marcos, Jr. to reassess NGCP's performance, opening the door to a possible renationalization.

Ms. Alabanza said that the NGCP will follow the legal process and will continue to comply with all lawful directives while pursuing the company's mandate.

Mr. Tulfo, who is also the chairman of the Senate's energy panel, has said that he specifically wants to look into NGCP ownership and assess possible threats to national security.

A consortium led by Henry Sy, Jr. and Robert Coyiuto, Jr. won a 25-year concession to run the power transmission network in December 2007. State Grid Corp. of China owns a 40% stake in NGCP.

"We are confident that the improvements we have introduced and the P300 billion we have invested in strengthening the transmission system will be recognized," Ms. Alabanza said.

Since it took over the transmission system from the government in 2009, the grid operator has expanded the transmission network, the NGCP said.

The company described the government-run transmission system as "aging" when it took over.

"NGCP's P300 billion grid expansion, reinforcement, and upgrading initiatives from 2009 to present, as well as those in the pipeline, are meticulously planned by our engineers and updated year after year with careful consideration for the needs of every single area in the country," NGCP said.

Between 2009 and 2022, the company completed about 56 projects deemed vital to the energy sector.

"We continue to be hopeful that improvements in all three sectors of the power delivery system are in sync with each other, so that one sector is not made to be the sole or principal solution to challenges in the other sectors," NGCP added, referring to the industry's major segments of generation, transmission, and distribution.

"This is a system, and to make it robust, resilient and responsive to the needs of a fast-growing economy, the direction and coordination must be clear, equally implemented, and objectively pursued. Our stakeholders can be assured that we remain committed to improving and delivering reliable power transmission services," it said.

The Department of Energy (DoE) said it plans to audit the NGCP's performance following the tripping of transmission lines which raised red and yellow alerts over the Luzon power grid on May 8.

The NGCP has said it welcomes the audit if it is carried out within the regulatory framework, adding that the company has been subjected to numerous audits.

Energy Undersecretary Rowena Cristina L. Guevara said that the Energy department has met with the Power Sector Assets and Liabilities Management Corp. (PSALM), National Transmission Corp. (Transco), and Energy Regulatory Commission (ERC) in anticipation of an NGCP review.

"Basically, we have virtually met. The group will consist of DoE, PSALM, Transco and ERC. We have a starting paper but we still have to discuss because we don't [have] a special order from the Secretary forming us," Ms. Guevara told reporters on the sidelines of an energy conference.

She said the performance audit will review NGCP's Transmission Development Plan, among others. — **Ashley Erika O. Jose**

Sugar import order expected by end-May

A NEW sugar order is expected to be released by the end of May after President Ferdinand R. Marcos, Jr., approved additional imports of 150,000 metric tons of sugar, the Department of Agriculture (DA) said.

Senior Undersecretary Domingo F. Panganiban said at a briefing on Wednesday that the new import program will head off a projected shortage and stabilize sugar retail prices at between P80 and P90.

"Actually, everybody is talking about the large volume of sugar in the country today," he said, adding that the impending imports will be smaller than last year's.

"Our production was only 1.7 million metric tons (MT) compared to our requirement which is 2.2 million MT so (imports of) 440,000 MT were necessary last year. This year, we expect a shortfall of 150,000 (MT), maximum," he added.

Mr. Panganiban said that the import program was finalized by Mr. Marcos, who is also the Secretary of Agriculture, yesterday in a meeting with government and industry stakeholders.

Asked about the targeted arrival of the shipments, Mr. Panganiban said: "We need to have it before September."

He said applications to ship in the sugar will be "open," with importers to be selected based on the standards set by the Sugar Regulatory Administration (SRA).

In February, the SRA issued Sugar Order 6 authorizing the import of 440,000 MT of refined sugar. The shipment was privately awarded to three entities — All Asian Countertrade, Inc., (240,000 MT); Edison Lee Marketing Corp. (100,000 MT); and S&D Sucden Philippines, Inc. (100,000 MT) — with the DA citing the need to move quickly in bringing in sugar.

SRA Acting Administrator and Chief Executive Officer Pablo Luis S. Azcona has said that the imports will be "above board" and "open to all."

Mr. Azcona's estimate of the supply-demand balance was 3.102 MT in combined domestic production and imports, against demand of 3.151 MT.

On May 7, the SRA forecast the sugar inventory at a negative ending stock of 552,835 MT by the end of August.

Mr. Azcona added that the Philippines needs to maintain at least a 240,000 MT buffer stock before milling starts to prevent speculation that will send prices higher.

United Sugar Producers Federation President Manuel R. Lamata, who was also present at the meeting with the Palace, said that the new batch of imports will address the one-month gap as the industry transitions to the adjusted milling season.

"We were amenable to additional imports of 150k metric tons to supplement the month's supply for August because the President wants (milling) to start in September to increase yields by 10%," he said in a Viber message, referring to the additional sugar content expected if the crop is expected to develop further.

Mr. Azcona said that mills were forced to start in early August last year instead of the second week of September, producing immature cane and weak yields.

According to DA price monitors, the prevailing price of refined sugar in Metro Manila markets on Thursday was between P86 and P110. Washed sugar sold for P82-P90, and brown sugar P78-P95. — **Sheldeen Joy Talavera**

Industrialists see pickup in GDP growth after first-quarter slowdown

THE Federation of Philippine Industries (FPI) said it expects gross domestic product (GDP) growth to improve in the coming months after the indicator slowed in the first quarter.

"(GDP) will improve because we just came from a pandemic. Not all companies can get back on their feet right away," FPI Chairman Jesus L. Arranza said on the sidelines of The Economist Impact's Global Anti-Illicit Trade Summit in Taguig City on Thursday.

"Look, we are (coming) from down there. There is no way except to go up," he added.

According to Mr. Arranza, industries driving the growth will include construction and manufacturing, which he said is being hampered by competition from smuggling.

"Construction is a big contributor. Manufacturing is also big. However, the manufacturing (sector) is having a lot of problems with smuggling of so many kinds, especially substandard (products). The worst is substandard because it is not only robbing manufacturers, dislocating workers, and is also risking life and limb of users," Mr. Arranza said.

Gross domestic product grew 6.4% in the first quarter, against the 8% growth posted a year earlier, due to surging inflation, according to the Philippine Statistics Authority (PSA).

Despite the slower growth, first quarter GDP remained within the administration's 6-7% target for 2023.

According to preliminary data from the PSA, factory output as measured by the volume of production index slowed to 2.2% in March from the revised 5.2% growth in February and 346.2% growth in March 2022.

On May 16, Pulse Asia released a survey indicating 89% support for policies favoring manufacturing to boost growth.

The survey, commissioned by think tank Stratbase ADR Institute, indicated that half of respondents believe a manufacturing focus will boost investment, generate more jobs, and produce more goods for the domestic market and for export. — **Revin Mikhael D. Ochave**

CAB reduces air carrier fuel surcharge for June

THE Civil Aeronautics Board (CAB) said it lowered the passenger fuel surcharge for June to Level 4 from Level 5 in May.

The June decision marks the third consecutive month of lower fuel surcharges, which had been set at Level 6 in April and Level 7 in March.

Level 4 sets the passenger fuel surcharge at between P117 and P342 for domestic flights and P385.70-P2,867.82 for international flights originating from the Philippines.

The current Level 5 sets the passenger surcharge at between P151 and P542 for domestic flights and P498.03-P3,703 for international flights.

Cielo C. Villaluna, spokesperson for Philippine Airline, said: "We acknowledge and will comply with the lowered fuel surcharge matrix that takes effect for next month's ticket purchases."

"PAL appreciates our customers' loyalty and we are committed to continue supporting the nation as its flag carrier," she added.

Budget carrier AirAsia Philippines said it expects the lowered surcharge to sustain demand for travel as the summer travel season comes to a close.

"The CAB decision to lower applicable fuel surcharge rates for domestic and international flights is expected to be advantageous for guests who may use the additional savings towards other amenities or activities during their trips in the coming months," the airline said.

AirAsia also said the lowering of fuel surcharges over the past three months has positively affected travel.

Between March and May, the airline booked a 1.57 million seats, equivalent to 75% of pre-pandemic levels.

Steve F. Dailisan, communications and public affairs country head for AirAsia, welcomed the lower surcharge. — **Justine Irish D. Tabile**

PIDS warns against one-size-fits-all plan for local devolution

LOCAL government units (LGUs) will have varying starting points when the National Government (NG) devolves some of its functions to them, the Philippine Institute for Development Studies (PIDS) said in warning against an inflexible devolution plan.

A policy of "heterogeneity in capacity" can help LGUs better prepare and acquire needed capacity improvements prior to full devolution, (which) can ensure better implementation, PIDS said in a study.

"For the national agencies, this implies the adoption of an asymmetric decentralization and asymmetrical central policies to accommodate inherent differences across LGU needs and capacities," it added.

There is also a lack of a "standardized and comprehensive database" for public services and programs due to devolution.

"The collection of a comprehensive list of baseline indicators, especially at the LGU level, can facilitate a proper monitoring and evaluation of the devolution agenda. The institutionalization of quality data collection and monitoring within the LGUs can aid in the evaluation of decentralization impacts over the long run," it added.

The think tank said the government should also establish a baseline of current functions, services and capacities of government units.

"Hence, any further examination of the current state, capacities and needs of LGUs in relation to the Mandanas devolution transition must be supported by primary data collection of baseline indicators," it added, referring to the Supreme Court ruling that granted LGUs a larger share of NG income, which led the NG to shed functions in favor of local governments.

It said an evaluation is required of LGU administrative and fiscal capacity, the current quality of existing public services, and baseline outcome indicators at the provincial, city and municipal levels.

PIDS cited a need for capacity development, with an emphasis on additional manpower requirements, training and technical assistance, and orientations from the NG.

"All LGUs also express the need to develop a monitoring and evaluation tool for the devolved functions... stressing the need for collection of data for evaluation," it added.

The government is looking into delaying the devolution timeline, which was set to be completed by 2024 under Executive Order No. 138. — **Luisa Maria Jacinta C. Jocson**

Kapatid Angat Lahat Agri Program meets with Senate President Juan Miguel Zubiri

THUMBS-UP FOR SCALING UP PHILIPPINE AGRICULTURE

[MANILA, May 17, 2023] – In the meeting to discuss possible solutions for raising productivity and achieving economies of scale under the Kapatid Angat Lahat Agri Program (KALAP) were, (standing from left): Francisco Dizon of Dizon Farms, Ramon Garcia of DFNN, Winston Uy of Universal Leaf Phils., Nando Cojuangco of Central Azucarera de Tarlac, Go Negosyo Senior Adviser Dr. William Dar, James Amparo of Yovel East, Simon Bakker of Kennemer, Carl Benedick Chung of Bounty Fresh, and (seated, from left) Michael Tan of LT Group, Go Negosyo founder Joey Concepcion, Sen. Miguel Zubiri, Christian Moellller of Lionheart Farms, and Ruth Novales of Nestlè.

BIR calls cigarette, vape sales below floor price a red flag for tax evasion

THE Bureau of Internal Revenue (BIR) said it will consider sellers of tobacco and vaping products that breach the government-determined floor price to be probable tax evaders.

"Any seller offering below these floor prices is not paying their proper taxes. They are illegal traders. Their warehouses and stores will be raided. The BIR will file criminal cases against these illegal tobacco and vape traders," it said in a statement on Thursday.

The BIR this month set a new floor price for cigarettes, heated tobacco, vaporized nicotine and non-nicotine products.

The adjusted floor price is as follows: cigarettes at P114.6 per pack and P1,146 per ream; heated tobacco products P120.4 per pack; a pod of nicotine salt P200 per 2 milliliters (ml) and P354.97 per 4 ml; a bottle of classic nicotine P179.2 for 10 ml and P403.2 for 30 ml.

Selling below floor price commands penalties of as much as P500,000 and up to six years' imprisonment.

In December, the BIR filed a P1.2 billion tax evasion complaint against illegal vape traders. — **Luisa Maria Jacinta C. Jocson**