# Next Philippine Energy Plan to propose share of nuclear power

THE Department of Energy (DoE) said the Philippine Energy Plan due out in September will include the expected share of nuclear power in the energy mix.

"The nuclear studies will be in the Philippine Energy Plan which is scheduled to be completed by September. By law we have to submit it to Congress every September. The review is ongoing, we have a draft and are seeking internal comment," Energy Assistant Secretary Mylene C. Capongcol told reporters at a forum.

She said the updated energy plan will also discuss the policy direction for renewable energy, downstream oil, natural gas, energy efficiency, electric vehicles, and the clean energy transition.

The current energy plan covers the 2020-2040 period and focuses on increasing the share of renewable energy. The DoE has said that it is also looking at extending the planning horizon to 2050.

Ms. Capongcol said that the DoE is studying the technologies available such as small modular reactors, the feasibility of rehabilitating the Bataan Nuclear Power Plant, and the 19 milestone requirements set by the International Atomic Energy Agency for introducing nuclear power.

To date, the Philippines has accomplished one of the milestones, which is the development of a national position on nuclear power.

The government will retain its target share for renewable energy at 35% by 2030 and 50% by 2040, Ms. Capongcol said. — **Ashley Erika O. Jose**

# Sugar regulator still gauging mill output before determining volume of next import shipment

THE Sugar Regulatory Administration (SRA) said on Tuesday that the volume of sugar to be imported will be determined later in the month following a survey of domestic mill output.

"We would like to assure our sugar stakeholders that we will carefully study supply conditions before we peg the final figure," said SRA Acting Administrator and Chief Executive Officer Pablo Luis S. Azcona in a statement.

President Ferdinand R. Marcos, Jr., who concurrently serves as Agriculture Secretary, has approved additional sugar imports of a maximum of 150,000 metric tons (MT), following an SRA recommendation.

Mr. Azcona said about 100,000 MT of this will serve as additional buffer stock to compensate for the gap in production created by the one-month delay in the milling season to September.

The delay had been implemented to allow the sugar crop more time to mature, potentially increasing yields.

Mr. Azcona has said a new sugar order will be released on or before the end of May.

Meanwhile, Mr. Azcona said refined sugar output fell because mills suffered a shortage of bagasse — a byproduct of the cane crushing process that is used as fuel for the mills. The bagasse shortage was in turn "caused by massive rains, particularly in Negros Island, which provides more than half of our country's sugar."

He added that the closure of Central Azucarera de Don Pedro in Batangas earlier this year also affected supply.

He said only 11 out of 24 sugar mills in the country are still milling, with many of them to close out their season by the end of May.

He said production to date of 1,760,840 MT and another 20,000 MT expected from the mills still operating will not be able to cover demand of 2.2 million MT.

"We will soon be conducting consultations on what we can do in preparation for the next milling season to improve productivity towards self-sufficiency, and again we may strongly consider delaying the opening of the milling season as part of the solution," he said.

National Federation of Sugarcane Planters President Enrique D. Rojas, who has called for more transparency in sugar data, had asked the SRA to consult more widely before arriving at an import decision.

"We are happy that SRA is apparently seriously studying the sugar supply and demand figures before coming up with the final volume for import," he said.

"Sugar producers will appreciate very much if SRA can be more consultative and transparent in the decision-making process (before) additional imports," he added. — **Sheldeen Joy Talavera**

# DoE, ERC seek enhanced powers in EPIRA amendments

THE Department of Energy (DoE) wants more supervisory and oversight authority for it and the Energy Regulatory Commission (ERC) in amendments it is proposing for the Electric Power Industry Reform Act (EPIRA).

Energy Undersecretary Sharon S. Garin made the remarks at a House energy committee hearing on Tuesday, drawing support from legislators.

"I believe it is high time to strengthen and expand the powers, authority and manpower of the ERC," said Marinduque Rep. Lord Allan Jay Q. Velasco, who chairs the committee.

Ms. Garin said the DoE in particular needs more oversight powers over transmission.

"If they cannot complete projects on time, then the government (must be able to) come in and maybe enter into a PPP (public–private partnership) agreement, or maybe the government can take in funding from ODA (official development assistance)," Ms. Garin said.

The DoE's proposals for amending EPIRA include an increase the ERC's power to fine regulated entities to P500 million from the current maximum of P50 million for violations of competition rules.

"P50 million is very small compared to the size of the industry," Ms. Garin said.

The EPIRA, the ERC can levy a fine of between P50,000 and P50 million for entities found, after due notice and hearing, to have engaged in "any anti-competitive act including but not limited to cross-ownership, cross-subsidization, price or market manipulation or other unfair trade practices, taking into consideration its effect on the electric industry and its participants."

ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta asked to review the regulator's role and structure in order to make the agency more responsive to the industry's needs.

Ms. Dimalanta said that ERC should be given authority to decide on the appropriate use of the fines and to reduce rates charged by violators.

"Right now, when we impose fines, they pay the ERC, then we remit it to the Treasury," Ms. Dimalanta said.

The ERC also said that a clear delineation on the roles of the Philippine Competition Commission (PCC) vis-à-vis the ERC should be established.

Separately, Energy Secretary Raphael P.M. Lotilla said the EPIRA amendment process is continuous.

"We can adjust certain parts that may require some tweaking, whether it is on the ERC powers, the Philippine Competition Commission's powers relative to the energy sector, or penalties that can be imposed by ERC. These are just some of the things that we need to clarify," Mr. Lotilla told reporters. — **Ashley Erika O. Jose**

# BIR warns against use of multiple taxpayer ID nos.

THE Bureau of Internal Revenue (BIR) warned that using more than one Taxpayer Identification Number (TIN) is a "serious" violation of tax law.

"The acquisition of multiple TINs by a taxpayer is a serious offense that can lead to legal repercussions and significant revenue losses for the government," the BIR said.

"Any individual who secures more than one TIN is violating the National Internal Revenue Code of 1997, as amended. Said act is punishable by law, and the offender may face criminal liability," it added.

Penalties include a fine of up to P1,000 or imprisonment of not more than six months or both.

The BIR said that the law stipulates only one TIN may be assigned to each taxpayer.

"The TIN is a unique identifier assigned by the BIR to every taxpayer. It is a crucial component of the tax system that enables the BIR to monitor and track taxpayers' compliance with their tax obligations," it said.

Taxpayers using more than one TIN may "face difficulties in their financial transactions, such as when opening a bank account or applying for a loan."

"Moreover, having more than one TIN can lead to confusion and errors in the filing of tax returns, which can result in penalties and additional taxes owed," it added.

The BIR also said it has implemented measures to "identify and prosecute individuals who violate the TIN provision." — **Luisa Maria Jacinta C. Jocson**

# SC's water rates ruling seen correcting early PPP 'excesses'

**By John Victor D. Ordoñez**
*Reporter*

A SUPREME COURT (SC) ruling prohibiting water concession holders from recovering their corporate income tax by passing on the cost to customers closes the door on practices introduced in the early days of public-private partnerships (PPPs), analysts said.

"The Supreme Court was correct to reverse one of the most glaring excesses of early public-private partnerships projects, in which the government negotiated away the public interest to secure actual, unjust gains for its private partners," Terry L. Ridon, convenor of public policy think tank Infrawatch PH, said in a Facebook Messenger chat.

In a Dec. 7, 2021 decision received by former Bayan Muna legislators on May 17, the High Court declared Maynilad Water Services, Inc. and Manila Water Co., Inc. to be public utilities providing basic services, barring them from recovering their income tax as operating expenses.

Under Republic Act No. 6234 or the law establishing the Metropolitan Waterworks and Sewerage System (MWSS), the water concessionaires and the MWSS are allowed a rate of net return not exceeding 12% of the rate base of its assets in operation.

Former Bayan Representatives Neri J. Colmenares and Carlos Isagani T. Zarate, who filed the petition in 2015, sought to void the arbitration clause in the 1997 concession agreements between the water companies and the MWSS.

The provision the plaintiffs challenged allowed Maynilad and Manila Water to recover their income taxes by classifying them as operating expenses.

Under the concession agreements, the water companies were required to pay MWSS "concession fees" in exchange for the exclusive right to operate waterworks and sewerage operations in the east and west service areas of Metro Manila.

Through the provision in the agreements, the water companies were allowed to bill water consumers above "standard rates," which would also be subject to the 12% rate limit.

Citing 2002 SC jurisprudence, the court said public utilities are prohibited from including these income taxes in rates chargeable to consumers.

"Though it did not grant a refund, ruling that Maynilad and Manila Water cannot pass on the 12% corporate income tax to the consumer will benefit the people since it should result in lower water rates," Ephraim B. Cortez, president of the National Union of Peoples' Lawyers, said in a Viber message.

"There is no question that, though they are private entities, they are subject to the stricter requirements of the Public Service Act."

Under the Public Service Act, companies classified as public utilities are regulated and supervised by administrative agencies, which in the case of the water concessionaires is the MWSS.

The MWSS is authorized by law to periodically fix water rates and sewerage services fees at levels deemed to be fair and equitable.

Jennifer C. Rufo, Maynilad's head of corporate communications, told *BusinessWorld* on Sunday that the revised concession agreement between the water distributors prohibited water companies from passing on their corporate income tax to consumers.

Maynilad and Manila Water announced in separate disclosures on May 11 that the amended agreements were signed on May 10, to retroactively take effect on July 1, 2022.

"The payment of corporate income taxes should never be subject to private sector cost recovery under any circumstance, as it subjects the public to additional burdens while expanding private partner gains for essentially the same service," Mr. Ridon said.

# Japanese investors pressing for more ecozone proclamations

JAPANESE investors are counting on the government to proclaim more economic zones, according to the Philippine Economic Zone Authority (PEZA).

PEZA said the pace of proclamations was an issue brought up by the Japanese Chamber of Commerce and Industry of the Philippines, Inc. (JCCIPI) during the group's annual general meeting on May 17.

The chamber also brought up the lack of competitiveness in the Philippine investing environment.

"JCCIPI members are asking if the Office of the President (OP) can speed up the process for ecozone proclamation to provide ready-for-occupancy sites for new and expanding investors," PEZA Director General Tereso O. Panga told reporters via Viber.

"The President has tasked PEZA, OP, and the Department of Trade and Industry (DTI) to harmonize and streamline the ecozone proclamation process to facilitate the creation of more ecozones, particularly in the countryside," he added.

Mr. Panga added that another issue raised by the JCCIPI is the need for more flexible rules regarding on-site work for ecozone locators.

"Their clamor is for PEZA registered business enterprises (RBEs) to be able to avail of flexi-work with incentives following the same treatment for Board of Investments (BoI) RBEs," Mr. Panga said.

"In PEZA, we are pushing for hybrid workplaces with a maximum 30% allowance for work from home (WFH) by our locators. Most of our locators would like to keep their PEZA registration and sites, while availing of flexible work," he added.

In September, the Fiscal Incentives Review Board allowed registered information technology and business process management (IT-BPM) firms to offer 100% WFH arrangements if they shift their registration to the BoI from PEZA.

Meanwhile, PEZA and the JCCIPI agreed to strengthen efforts to attract more investors and promote the Philippines as an investment destination.

"The remarkable contributions of our Japanese locator companies serve as a prime example of the strong partnership and economic progress achieved through the collaboration between Japan and the Philippines, which we continue to fortify," Mr. Panga said.

To date, 884 Japanese enterprises are registered with PEZA, having invested P745.637 billion and generating direct employment of 345,807 workers.

For 2023, PEZA has approved three Japanese investments involving capital of P20.951 billion. — **Revin Mikhael D. Ochave**

# Goat meat output dips in first quarter

GOAT MEAT production in the first three months dropped 3.6% from a year earlier, the Philippine Statistics Authority (PSA) said, while animal numbers during the period rose.

In its situation report, the PSA said volume in the three months to March was 14.94 thousand metric tons (MT) on a liveweight basis.

Western Visayas was the top producer at 1.85 thousand MT, followed by Ilocos Region (1.83 thousand MT), Davao Region (1.53 thousand MT), Northern Mindanao (1.51 thousand MT), and Central Visayas (1.48 thousand MT).

"These regions accounted for 54.9% of total goat production during the quarter," the PSA said.

As of March 31, the PSA estimated the overall goat inventory at 3.96 million head, up 1% from a year earlier.

Of the total, about 99.3% were raised on smallhold farms while the remainder were raised on semi-commercial and commercial farms.

Goats from smallhold farms totaled 3.93 million head, up 1% year on year.

Meanwhile, the size of the flock in semi-commercial farms fell 4.4% year on year to 14,358 head.

The Central Visayas flock was 607.37 thousand head, followed by Western Visayas and Central Luzon with 482.18 thousand and 437.30 thousand, respectively.

"These three regions accounted for 38.6% of total goat population as of March 31," the statistics agency said.

The average farmgate price of goat for slaughter during the period was P214.80 per kilogram, liveweight, up 17.4% from a year earlier.

"In the first quarter of 2023, the highest average farmgate price was observed in March at P231 per kilogram, liveweight, while the lowest average farmgate price was recorded in Feb. at P199.89 per kilogram, liveweight," the PSA said. — **Sheldeen Joy Talavera**

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# Customs, ESCAP in joint study on digitized trade

THE Bureau of Customs (BoC) said it and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) have entered into a partnership to study electronic data exchange in trade transactions.

"The collaboration falls under the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA), a UN treaty that aims to expedite the implementation of digital trade facilitation measures for trade and development," the BoC said in a statement.

"We believe that the implementation of paperless trade will not only help us achieve these objectives but also enhance transparency and reduce expenses," Customs Commissioner Bienvenido Y. Rubio added.

Mr. Rubio said that the BoC is committed to "facilitating trade and ensuring the efficient and effective movement of goods across borders."

The partnership will work on a feasibility study on the electronic exchange of trade-related data and documents in the Philippines.

"The study delves into a comprehensive analysis of the technological capabilities, legal frameworks, and operational requirements necessary for the implementation of electronic trade data exchange," it said.

"Furthermore, it aims to identify potential challenges and risks and develop effective strategies to mitigate them," it added. — **Luisa Maria Jacinta C. Jocson**