

Five ecozones could be proclaimed by October

THE Philippine Economic Zone Authority (PEZA) said that five economic zone (ecozone) projects valued at a combined P5.13 billion could be proclaimed by next month at the earliest.

"We are hoping that within the next one or two months it should be out already because there are investors waiting to sign up with

us to (locate) in these ecozones," PEZA Director General Tereso O. Panga told reporters on the sidelines of a briefing, referring to the five ecozone projects.

The five projects are Megaworld's ArcoVia City, an IT center in Pasig; MetroCas Industrial Estates-Special Economic Zone in Tanza, Cavite; Suyo Economic

Zone in Ilocos Sur, and Parqal and 8912 Asean Avenue, both in Parañaque.

So far 10 ecozone projects have been proclaimed by President Ferdinand R. Marcos, Jr.

Proclamation No. 330 issued on Aug. 29 involved the expansion of Sarangani's Kamanga Agro-Industrial Economic Zone.

Three economic zones were proclaimed on July 25 — the Naga City Industrial Park, Lopue's Mandalangan IT Center in Bacolod City and the Marina Town Dumaguete.

The other proclaimed projects are the ECCO 4 Building in Baguio, Felcris Centrale IT Park in Davao, Philtal Central Luzon Industrial Park, Robinsons Cyber-

park Bacolod and the expansions of Lima Technology Center in Batangas and Hermosa Ecozone Industrial Park in Bataan.

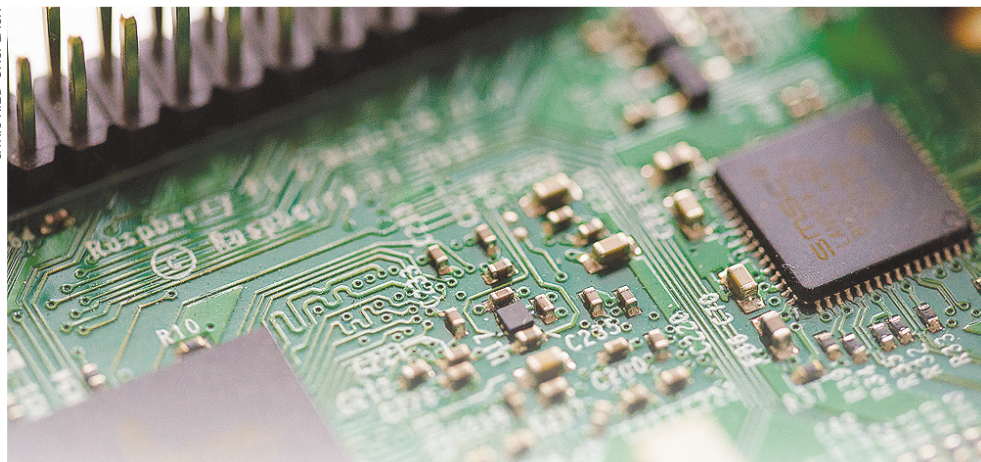
Mr. Panga said that the number of ecozones proclaimed this year could exceed the total number of proclamations last year.

"Last year, definitely, we had less than 20 proclamations. So, I

think we can exceed the performance level of last year," PEZA Director General Tereso O. Panga told reporters recently.

Mr. Panga also said that the PEZA board has approved the ecozone applications of 16 projects which are expected to bring in P40.65 billion worth of investment. — **Justine Irish D. Tabile**

CHRIS REED-UNSPASH



SEIPI expects to maintain S. Korea market share with FTA signing

THE recently signed free trade agreement (FTA) with South Korea will help the Philippine electronics industry maintain its market share in South Korea, the Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPF) said.

"If anything, (the FTA will help us) maintain our share of the market. Obviously if we didn't have that, it would go down," SEIPI President Danilo C. Lachica, told reporters on the sidelines of the 21st MAP International CEO Conference last week.

Mr. Lachica said that the FTA will help address the overall cost of doing business, which is a global concern.

"Korea is within our list of top five (markets). FTAs will always help but with the nature of the electronics industries being located in export zones, there are not so many taxes imposed on us," he said.

"But the overall cost of doing business is a global concern; that is why FTAs are always

helpful, otherwise, we are at a disadvantage," he added.

Mr. Lachica said the absence of an FTA will put the Philippines at a disadvantage with other countries that have trade deals with South Korea.

The electronics industry imports around 7% to 8% of its materials from South Korea, and exports to that country account for 5% to 6%, according to Mr. Lachica.

The FTA was signed on the sidelines of the 43rd ASEAN Summit in Jakarta on Sept. 7. It made the Philippines the fifth ASEAN member to sign an FTA with South Korea, after Singapore, Vietnam, Cambodia and Indonesia.

Under the FTA, tariffs will be eliminated on 1,531 lines of Philippine agricultural goods, of which 1,417 lines will be removed upon entry into force (EIF) of the bilateral FTA.

The FTA also eliminated tariffs on 9,909 lines of industrial goods, of which 9,747 lines are set for tariff elimination upon EIF. — **Justine Irish D. Tabile**

PAGCOR shift to regulator-only status seen by 2025

THE Philippine Amusement and Gaming Corp. (PAGCOR) said the divestment of its gaming operations, leaving it only with its regulatory functions, is expected to be complete by 2025.

In a statement on Sunday, PAGCOR Chairman and Chief Executive Officer Alejandro H. Tengco said leaving the gaming market will "level the playing field and ensure future growth and viability for all gaming industry players."

"We have started preparing for this transition in earnest, and we are starting where it matters most, within PAGCOR itself," he added.

Mr. Tengco said that the company is also working to mitigate the displacement of workers with the privatization of PAGCOR-operated casinos.

"We have been going around the country during the past few months, holding town hall meetings with our employees. We tell them there is no reason to worry because we have plans in place to mitigate, if not totally avoid, any personnel displacement."

PAGCOR is also working on "making necessary changes in its corporate structure, business processes and procedures to make it more responsive and competitive."

"Transition plans include moving into a single corporate office to enhance coordination, efficiency and performance as well as modernizing existing casinos to attract more players and make PAGCOR's assets more attractive to potential buyers," it added.

In March, Senator Mary Grace Poe-Llamanzares proposed to relieve PAGCOR of its role as a casino operator and focus on regulatory functions.

The Department of Finance has also been pushing to privatize PAGCOR's gaming operations. — **Luisa Maria Jacinta C. Jocsos**

OPINION

How digital transformation enables green energy

Environmental, social and governance (ESG) considerations and digital transformation are critical issues that boards and management have to address, making it a natural decision to leverage solutions that address both. In line with this, large-scale digital transformation is driving the adoption of renewable energy in order to reduce the severity of global climate change risks — but such a transformation also introduces potentially heightened risks of cybercrime.

According to The Global Risks Report 2023-18th Edition from the World Economic Forum, environmental risks are the chief concern of surveyed professionals. Of the top 10 long-term global risks ordered by severity over a 10-year period, six were classified as environmental (failure to mitigate climate change, failure of climate-chain adaptation, natural disasters and extreme weather events, biodiversity loss and ecosystem collapse, natural resource crisis, and large-scale environmental damage incidents), and one as technological (widespread cybercrime and cyber security). However, these risks are not always distinct from one another, and organizations must find ways to align environmental and technological risks.

TRANSITIONING TO GREEN ENERGY

Renewable energy is considered a crucial solution to address the climate crisis, although two factors have hindered the adoption of renewable energy sources — cost and reliability or dependence on weather conditions. Currently, renewable energy is more stable and economical due to technological developments like smart grids, energy storage capacities, and artificial intelligence (AI).

According to the National Grid Group, an energy company operating in the UK and US working towards a clean energy future, green energy is created and sourced without damaging the environment. Conversely, renewable energy comes from sources that replenish themselves, such as the wind and sun. While the bulk of green energy sources are renewable, not all renewable energy sources are classified as green. For example, an energy source will not be considered green if carbon emissions are involved in the generation process.

Hastening the transition to green energy through digital transformation in renewable energy depends on disruptive technologies and innovations integrating different kinds of renewable energy into the bulk grid. The transition to green energy requires a two-way flow of power and information, which can be managed by the smart grid.

While the network topology of the smart grid has benefits like efficacious and stable power, they come with corresponding cyber considerations:

- Various energy resources with no clear cybersecurity focus and ownership
- Considerable interconnections with web-based or internet-facing platforms
- Data security and privacy
- Consumer data collection, processing, and analysis
- Threat expansion with cyber attacks
- Large digital landscape or increased attack surface

CYBERSECURITY CHALLENGES

To minimize the impact of the six significant global environmental risks stipulated by the World Economic Forum, organizations should invest in renewable energy powered by large-scale digital transformation. At the same time, organizations should consider that this transformation could lead to many vulnerabilities and risks enabled by prolific cybercrime and cybersecurity. Thus, it is vital to identify and address these threats proactively.

It can be challenging to build cyber resilience because digital infrastructure and systems may be antiquated in the face of ever-evolving cyber threats. The Internet of Things (IoT), the bridge between the physical and digital world, also increases vulnerabilities exponentially. To realize the benefits of green energy, large-scale digital transformation should be enabled by a resilience strategy, governance framework, and robust cybersecurity technologies.

The EY Trust by Design methodology is an extensive approach to cybersecurity that can help organizations cre-

ate secure digital environments, safeguard sensitive data, and foster consumer and stakeholder trust. Moreover, the methodology inculcates a risk optimization mindset and integrates trust into services and products from their inception.

SUITS THE C-SUITE CARLO KRISTLE G. DIMARUCUT

Overcoming cybersecurity challenges:

- Governance and oversight are crucial for organizations to prevent cybersecurity incidents, manage risks, and support business objectives.
- Asset visibility is requisite for a clear understanding of all organizational assets, including a comprehensive inventory.
- Reliable technology is vital to creating secure systems that can safeguard data, applications, and infrastructure from cyber threats.
- Trusted components and periodic assessments are essential for identifying security vulnerabilities and prioritizing technological remediation efforts governed by business impact and risk appetite.
- Supply chain and third-party risk management help maintain organizational security and resilience in the face of constantly evolving cyber threats.
- AI-based monitoring and detection can distinguish between operational and cyber events, helping businesses determine the root cause of the incident with minimal human effort.
- Incident response plans allow organizations to promptly recognize and respond to security threats, thus minimizing the impact.

GREEN ENERGY IN THE PHILIPPINES

Developing and optimizing the country's renewable energy sources underscores the Philippine sustainable energy agenda. As part of Republic Act 9513, the National Renewable Energy Program (NREP) seeks to drive energy security and improve access to clean energy. In line with this, the NREP aims to expand the country's renewable energy-based capacity to 15,304 megawatts by 2030.

In 2018, the Green Energy Option program was introduced as a way for consumers to purchase electricity from renewable energy facilities. By 2021, the Energy Regulatory Commission promulgated rules to govern the program, setting technical and interconnection standards and fees for the facilities supplying renewable energy. According to Reuters, the Philippines currently ranks second in Southeast Asia in combined solar and wind power generation. By 2030, it will have added 17,809 MW of solar capacity and 7,856 MW of wind power to emerge as the top green power producer in the region.

THE WAY FORWARD

While technological developments have made renewable energy and green energy more accessible and economical, they also increase vulnerability to cyber risks and threats. With the acceleration of digitalization, companies should build cyber resilience in key areas for business continuity.

Digital transformation, enabled by disruptive technologies and innovations, has led to an increased adoption of renewable energy resources. Investing in green energy is a big step to reducing the gravity of global environmental risks. However, effective board governance will be imperative for organizations to mitigate the corresponding cybercrime and cybersecurity incidents and threats.

Organizations should focus on creating cyber resilience strategies and governance frameworks to foster a risk-aware culture. Creating a comprehensive methodology is critical to achieving business objectives related to reliability, cybersecurity, and environmental sustainability.

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Citicore Renewables secures US\$ 100 million financing structured by Pentagreen Capital, a JV between HSBC and Temasek, to accelerate rollout of solar projects. Pentagreen commits US\$ 30 million.



Pentagreen Capital CEO Marat Zapparov and CREC President and CEO Oliver Tan join hands for the landmark financing deal between CREC and Pentagreen

Citicore Renewable Energy Corporation (Citicore Renewables), a Philippines-based integrated renewable energy platform, signed a landmark financing deal for its solar development vehicle Citicore Solar Energy Corporation (CSEC) with Pentagreen Capital (Pentagreen), a sustainable infrastructure debt financing partnership established by shareholders HSBC and Temasek.

This landmark funding facility structured by Pentagreen is a US\$100 million Mezzanine Construction Green Loan Facility with an initial tranche commitment of US\$30 million for a portfolio of six solar power projects with capacity of 490 Megawatts (MW) across Luzon will enable Citicore Renewables to allocate capital efficiently to accelerate the development of its project pipeline in line with its planned roll out of 1 Gigawatt (GW) of renewable energy capacity per year in the next 5 years.

This initial tranche will provide funding for the construction of four greenfield projects and two more that have been recently completed. These projects are expected to add around 691 gigawatt hours (GWh) of renewable electricity supply into the Luzon grid annually and result in avoided Greenhouse Gas emissions of 430,000 tonnes of CO₂ annually, as estimated in accordance with the methodology established by the International Financial Institutions Technical Working Group on Greenhouse Gas Accounting.

"Pentagreen's partnership with Citicore Renewables is a vote of confidence in our ability to scale up, enabling us to achieve our planned 1GW project roll out this year, in line with our 5GW in 5 years roadmap. We appreciate Pentagreen's support for our solar projects as it unlocks the development of our renewable

energy capacity pipeline in an accelerated manner," said Oliver Tan, President and CEO of Citicore Renewable Energy Corporation.

The said projects will sell green electricity to a combination of long-term and spot market customers, supporting the Department of Energy's (DOE) goal of generating 35% of the country's energy needs from renewable sources by 2030 and 50% by 2040. Citicore Renewable was also recently awarded 916.58MWac of renewable energy capacity in line with the competitive selection process for the DOE's Green Energy Auction Program (GEAP).

Pentagreen's commitment is the first international institutional investment and is designed to enable mobilization of additional debt funding to support the construction of Citicore Renewables' ready-to-build projects. Pentagreen's commitment comes with a greenfield option to increase the committed amount to US\$100 million to fund additional greenfield solar projects and the expansion of the portfolio to over 1GW.

"We are delighted to partner with Citicore Renewables to support its ambition of becoming a leading green electricity provider in the Philippines and are honored to welcome them as the first addition to our own portfolio," said Marat Zapparov, CEO of Pentagreen Capital.

The Mezzanine Construction Green Loan Facility has been structured as a green loan under Citicore's Green Financing Framework, which was developed according to ICMA Green Bond Principles 2021, ASEAN Green Bond Standards and LMA Green Loan Principles, and which has received a Second Party Opinion ("SPO") from Sustainalytics.