Meralco starts seeking bidders for 1,800-MW power supply


PHILSTAR/ RUSSELL PALMA

MANILA ELECTRIC COMPANY (Meralco) has started seeking bidders to supply 1,800 megawatts (MW) of electricity needed to meet the growing demand of its customers, the power distribution company announced on Thursday.

"Through its bids and awards committee for power supply agreements, Meralco calls on interested power generation companies to participate in the competitive selection process," the company said in an e-mailed statement.

The deadline to submit an expression of interest is Nov. 13, it noted.

There will be a meeting for bidders on Nov. 20, and the last day to submit bids is Dec. 26.

The competitive selection process aims to find new suppliers for the electricity that was supposed to be supplied by Excellent Energy Resources, Inc. and Masinloc Power Partners Co. Ltd.

Their contracts with Meralco were "terminated earlier this year," the company said.

The two companies, both under the San Miguel group, were supposed to start delivering Meralco's needed capacity by 2024 and 2025 after bagging the supply contracts in 2021.

The Energy Regulatory Commission last month approved the withdrawal of the power supply agreement (PSA) application jointly filed by Meralco and San Miguel.

In March, Meralco said that San Miguel had submitted notices for the termination of the PSAs, effective April 1.

Meralco's controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by 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. — **Sheldeen Joy Talavera**

SC affirms ruling vs PGMC's P208.4-M insurance claim

THE SUPREME COURT (SC) has upheld an appellate court's decision denying the P208.4-million insurance claim of mining company Platinum Group Metals Corp. (PGMC).

The ruling said that the damage caused by armed rebels to the company's 89 trucks in 2011 was not covered under its insurance policy.

In a 23-page decision dated July 10 and made public on Oct. 25, the SC ruled in favor of the insurance company Mercantile Insurance Co., Inc. (Mercantile), saying that the damage to the insured trucks owned by PGMC was caused by an excluded risk in the policy.

PGMC said that armed individuals, claiming to be from the Communist Party of the Philippines–New People's Army–Nationalist Democratic Front, attacked and damaged their trucks on Oct. 3, 2011, at their plant in Claver, Surigao del Norte.

The ruling said that the insurance agreement between the two parties covered external causes, including earthquakes, explosions, floods, and others.

The policy, however, did not insure against "loss or damage caused by or resulting from strikes, lockouts, labor disturbances, riots, civil commotions or the acts of any person or persons taking part in any such occurrence or disorder."

It also did not cover "invasion, insurrection, rebellion, revolution, civil war, usurped (not unsurped) power..."

The SC ruled that the attacks by the rebel group fell under the exceptions stated in the insurance agreement.

"[T]he foregoing acts and circumstances, taken in their totality, constitute insurrection or rebellion that falls under the excepted risks in the insurance policy," according to the ruling penned by Associate Justice Henri Paul B. Inting.

"Mercantile has discharged its burden by proving that the destruction of the insured trucks was caused by an excepted peril under the insurance policy," the ruling said.

This decision upheld the Court of Appeals (CA) ruling dated Dec. 4, 2019, which stated that PGMC had yet to prove its legitimate financial interest in the damaged trucks. The company provided only photocopies of the sale contracts, not the original documents required by the Rules of Court.

The CA reversed the initial ruling of the Regional Trial Court dated Nov. 6, 2017, which argued that the policy's terms were not clearly defined and should be interpreted in favor of the insured party. — **Jomel R. Paguian**

Budget carrier CEB to continue eco efforts despite no net-zero target in energy plan

CEBU PACIFIC (CEB) will retain its climate strategies despite the absence of a committed net-zero target in the next Philippine Energy Plan, the company's president said.

"The air sector is a global industry; it is not a very localized one. So, we do follow regulatory standards. Even if the DoE (Department of Energy) has not set that target, we are bound by international guidelines," Alexander G. Lao, president and chief commercial officer of Cebu Pacific, told reporters on the sidelines of a press briefing on Oct. 24.

The budget carrier has committed to help the aviation sector achieve net-zero greenhouse gas emissions by 2050, Mr. Lao said.

Last year, the aviation industry accounted for about 2-3% of global total energy-related carbon emissions, growing faster than rail, road, or shipping sectors, data from the International Energy Agency said.

"CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) is something that we are following, obviously, regulations will develop. Our regulators are quite pragmatic but it is something they should consider. Clearly, if we can get government support for SAF (sustainable aviation fuel) that would be great," he said.

Cebu Pacific is aiming to integrate SAF across its commercial network by 2030 while the company is also working to establish a long-term supply agreement with green fuel suppliers.

SAF is being put forward to help decarbonize the aviation industry as it emits lower carbon emissions compared with conventional fossil-based jet fuel.

The Department of Energy is expected to release its new Philippine Energy Plan this year, which will cover the period of up to 2050 from the current energy plan which only covers a roadmap of until 2040.

Earlier, the Energy department said it would not commit to a net-zero emissions target yet but would rather focus on the rapid deployment of emerging clean technologies.

Net zero refers to reducing greenhouse gas emissions to as close as zero as possible while offsetting any remaining greenhouse gases in the atmosphere. — **Ashley Erika O. Jose**


FREEPIK

Cybersecurity gaps, slow digital shift heighten risks in PHL — ManageEngine

THE PHILIPPINES is more vulnerable to cyberattacks due to its insufficient cybersecurity awareness and slow progress in digital transformation, technology company ManageEngine said.

"Digital transformation has made it difficult for information technology (IT) administrators to rely solely on endpoint detection and response solutions. To gain the upper hand amid the proliferation of advanced threats, IT administrators need a solution capable of reducing blind spots through network data analysis," Ramprakash Ramamoorthy, director of Artificial Intelligence (AI) Research at ManageEngine, told *BusinessWorld* via e-mail on Oct. 25.

ManageEngine is the enterprise IT management software division of Zoho Corp. Pte. Ltd., a multinational technology company.

The Philippines has been hit the most by cyberattacks among its Southeast Asian peers this year, according to a recent report released by Palo Alto Networks.

Twenty-nine percent of Filipino organizations have reported an increase in cybersecurity-related incidents of 50% or more, with 51% saying that they are at high risk from threats, according to its report.

For instance, several government agencies have been hit by cyberattacks in this year alone where data on millions or over 600 gigabytes worth of data were obtained from state-run insurance firm Philippine Health Insurance Corp.

Mr. Ramamoorthy said organizations in the Philippines are in need to be armed with advanced network detection response (NDR) solutions as cyberattacks are turning to be more sophisticated.

"NDR solutions can catch threats that have evaded firewalls or other signature monitoring tools. NDR solutions can also benefit from AI- and [machine learning]-driven behavioral analytics that match historical data with events over longer time periods, shortening the diagnostics process and enhancing the recognition of post-attack patterns," he said.

Installing an integrated monitoring system is also deemed critical in streamlining network security operations, he said, adding that this will allow organizations to utilize the advantages of AI-driven analytics.

"Fostering a culture of cybersecurity awareness through training is crucial. The Philippines also suffers from a shortage of cybersecurity talent, requiring about 180,000 professionals," he said, citing a report published by the National Association of Data Protection Officers of the Philippines. — **Ashley Erika O. Jose**

Inflation,
from S1/1

Meanwhile, Philippine National Bank economist Alvin Joseph A. Arogo said in an e-mail that higher jeepney fares and recent minimum wage adjustments may have also put upward pressure on inflation in October.

Starting October, traditional and modern jeepneys increased their fares by P1 to P13 and P15, respectively.

Wage adjustments in Cagayan Valley, Central Luzon, and Soccsksargen regions took effect on Oct. 16. Regional wage boards recently approved a P30-P35 increase in the daily minimum wages for Ilocos and Western Visayas regions, which will be implemented on Nov. 6.

China Banking Corp. Chief Economist Domini S. Velasquez said in a Viber message that higher cooking gas prices and an increase in electricity rates in Metro Manila and Batangas likely added to prices pressures in October.

Liquefied petroleum gas (LPG) prices rose by P3.75 a kilogram in October, its third straight month of increase. AutoLPG prices likewise went up by P2.09 a liter.

Manila Electric Co. hiked the rate for a typical household by P0.4201 per kilowatt-hour (kWh) to P11.8198 in October.

"Meanwhile, core inflation continued its downward trajectory to 5.2% from 5.9% (in September)," Ms. Velasquez said. Core inflation excludes volatile prices of food and fuel.

BACK TO TARGET?

Analysts said it is still possible for headline inflation to return to the 2-4% target band within the fourth quarter this year.

"We think CPI growth within 2%-4% is still achievable within Q4, barring another supply-side shock. However, risks are skewed to the upside and it's possible that CPI growth will not return to the target band this year," Makoto Tsuchiya, assistant economist from Oxford Economics, said in an e-mail.

BSP Governor Eli M. Remolona, Jr. earlier said headline inflation may not hit the 2-4% target this year but will instead ease to within target "very briefly" in the first few months of 2024.

He expects inflation will then pick up before easing again in July.

Pantheon Macroeconomics Chief Emerging Asia Economist Miguel Chanco in an e-mail said the BSP chief's inflation projection is "far too pessimistic."

"I still see a half-decent chance that inflation returns to the 4% mark by the end of this year, and it's worth noting that core inflation has continued to fall, despite the recent increase in the headline rate in recent months, underscoring the waning underlying price pressures amid the weakening in economic growth," he said.

Ms. Velasquez said inflation will likely reach the 2-4% target in the first quarter of next year, before rising again through July.

"We anticipate inflation to slow for the remainder of the year barring new shocks. Easing price pressures could hold off additional rate hikes from the BSP," she said.

Mr. Arogo said his baseline estimates show that inflation may remain above 4% until the third quarter of 2024 due to persistent supply issues and second-round effects.

Last week, the BSP hiked borrowing costs by 25 basis points (bps) in an off-cycle move, bringing the key rate to a fresh 16-year high of 6.5%. The BSP has raised policy rates by 450 bps since May 2022.

The BSP sees full-year inflation at 5.8% for 2023, before easing to 3.5% in 2024 and 3.4% in 2025. Officials have said the BSP would revise its inflation forecasts on Nov. 16.

The BSP's next policy-setting meeting is scheduled on Nov. 16.

Agricultural output,
from S1/1

The volume of lost production was estimated at 279,289 metric tons (MT) with 250,174 hectares of farmland affected by the heavy rains. Rice production losses were estimated at P3 billion.

Mr. Kempis said farmers were also affected by higher prices of raw materials and rising production costs, as well as elevated interest rates.

"There may be slight production increases in crops, livestock and poultry, given the relatively favorable weather conditions in other parts of the country. However, these may not be able to outweigh the challenges in the fisheries sector. Decline in fisheries seems expected," he said.

Production in the fisheries sector contracted by 14.2% in the second quarter of 2023, and by 4.2% in the third quarter of 2022.

Former Agriculture Secretary William D. Dar said in a Viber message that the crop and poultry sectors may have driven agricultural production expansion in the third quarter.

"Drivers for growth will be crops and poultry while livestock and fisheries will have negative growth," Mr. Dar added.

Elias Jose M. Inciong, president of the United Broiler Raisers Association said he expects the poultry sector to have grown between 4% and 7% in third quarter.

"It could be more, were it not for poor demand and disruptions from imports," Mr. Inciong said in a Viber message.

Meanwhile, Samahang Industriya ng Agrikultura Executive Director Jayson H. Cainglet said palay production likely had a marginal rise for the third quarter due to lower costs of rice seeds. He noted the price of rice seeds dropped between P1 and P2 per kilogram.

"There is a slight increase in rice (production), compared to last year because the cost of inputs decreased and (due to) larger government subsidies. But this will be offset again if the (continued) tariff reduction in rice is approved," he said in a Viber message.

Economic managers urged President Ferdinand R. Marcos, Jr. to extend the lower tariff rates on rice, corn, and pork, which is set to expire on Dec. 31. — **Adrian H. Halili**

Maybank,
from S1/1

On the other hand, Maybank said that ASEAN economies are in "good position" to overcome these shocks due to reduced external debt and strong labor markets.

"Inflation has also receded to more comfortable levels across ASEAN (except the Philippines). An enviable pipeline of manufacturing investments in recent years will help deepen ASEAN's manufacturing capabilities and increase the supply responsiveness to a global trade recovery," it added. — **Luisa Maria Jacinta C. Jocson**

Trade,
from S1/1

"Our growth projection for 2023 is flat. We have not come out with our 2024 projection, but I hope it will be better than 2023," he said in a Viber message.

SEIPI earlier revised its forecast to flat from 5% due to the weak performance in the first half.

As of end-August, exports of electronic products declined by 4.8% to $26.8 billion year on year. It made up more than half (56%) of total exports during the period.