Meralco says rate setting is regulated, stringent

Electric utility denies overcharging allegations

POWER RATES for consumers served by Manila Electric Co. (Meralco) undergo a review and confirmation process, the listed electricity seller said on Sunday, as it denied overcharging allegations.

In a media release, the distribution utility (DU) said that "it has no power to unilaterally set its own rates" as these are approved by a regulator — the Energy Regulatory Commission (ERC) — after "a very stringent" and "transparent process" of public hearings.

"I would like to reiterate that as a highly regulated entity, Meralco strictly adheres to the rules governing its operations and franchise and the rates we implement always have prior approval from the regulator. A testament to the strict review, these rates are still subject to periodic confirmation process by the ERC," Meralco First Vice President and Regulatory Management Head Jose Ronald V. Valles said.

"The proper venue for discussing the refund claims is the ERC, which has the rate-setting power and the regulator has already decided on a refund totaling P48 billion, which Meralco implemented in a timely manner," he added.

Meralco made the statement in response to claims by Santa Rosa Rep. Dan S. Fernandez during Wednesday's hearing of the House committee on legislative franchises on the alleged monopolistic and monopsonic practices of Meralco, among others.

"*Higit na* P160 billion *ang sobra-sobrang nasingil ng* Meralco simula 2012... *kung kasama ang* interest P200 billion *pala dahil sa* overcharging *at napakataas na* weighted average cost of capital (WACC) *na hindi nila binago mula noon hanggang ngayon* — 14.97%," Mr. Fernandez said.

(Meralco has overcharged more than P160 billion starting 2012... including the interest, it's P200 billion due to overcharging and extremely high weighted average cost of capital (WACC) that they have not changed since then until now — 14.97%.)

Meralco said that the setting of WACC is under the function of the regulator and was determined based on a set of rules that underwent public consultations and thorough review by ERC.

The company said its last approved WACC is the lowest given by the regulator under the performance-based Regulation, whether for the National Grid Corp. of the Philippines or a private distribution utility.

"This WACC is an industry WACC that applies to all private DUs in the same category and is not company specific. In addition, Meralco does not have a determined WACC since July 2015 because there was no completed rate reset during that regulatory period up until now," it added.

Meralco is awaiting the decision of the ERC after it filed for withdrawal and refiling of its application for its fifth regulatory period.

Meanwhile, the DU said that it secures approval from the Department of Energy (DoE) for its power supply procurement plan and the terms of reference (TOR) before conducting a competitive selection process (CSP) to make sure that these are aligned with the requirements and standards set by the government.

"This is contrary to the baseless and malicious claims that Meralco's TOR is tailor-fitted to favor select generation companies," Mr. Valles said.

"Our past CSPs conducted are proof that no such tailor-fitting is happening, precisely because the TOR and other bidding documents are required to comply with existing policies of DoE and regulations of ERC, and the resulting Power Supply Agreement needs to be approved by regulator," he added.

Currently, Meralco is conducting the rebidding for the procurement of its 1,800-megawatt power supply requirement. Six companies expressed interest to participate, which the DU said proves that "there is competition" and it could get the least cost supply for its customers through the process.

"The CSP is a very transparent process, and the resulting PSAs from this bidding will still be subject to the review and approval of the ERC," Mr. Valles said.

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**

DMCI Mining set to operate two new mining sites early next year

DMCI Mining Corp. is set to begin operating two mining sites by next year, its top official said over the weekend.

Tulsi Das C. Reyes, DMCI Mining president, told reporters that one of its mine sites in Zambales is expected to begin operations during the first quarter of 2024.

"[By the first quarter], it is 100% operational that I am sure, backhoe on the ground," Mr. Reyes added.

DMCI Mining said earlier that it would spend about P250 million to develop a nickel mine in Zambales.

The site, to be operated by subsidiary Zambales Chromite Metals Corp., is estimated to produce about 20 million metric tons (MT) of ore.

Mr. Reyes added that the company might begin operations of the other mine site during the second quarter of next year. The new mine site has an estimated 70 million MT of ore.

"The area is much bigger," he said, without disclosing the location of the mine.

"In Zambales, we just need site development like roads and equipment purchases. [For] the [other mine site] we'd need new ports, site development and equipment. It's bigger than Zambales," he said.

For the third quarter, the company reported a net loss of P171 million mainly due to lower selling prices and higher costs.

Its revenues for the period fell by 34% to P158 million, from P240 million in the same period last year, due to lower selling prices that muted the impact of higher shipments.

Operating expenses rose by 53% to P197 million from P129 million due to costs incurred by Berong Nickel Corp. and Zambales Diversified Metals Corp.

In an earlier stock market disclosure, the company said it was seeking permits to secure at least 200 million MT of nickel resources. The move would allow the company to invest in a processing plant.

DMCI Mining is a subsidiary of the listed holding firm DMCI Holdings, Inc. — **Adrian H. Halili**

SEC warns vs investing in 2 more unauthorized firms

THE Securities and Exchange Commission (SEC) cautioned the public against investing in two entities, which it found to be soliciting investments without the necessary registration.

In two separate advisories posted on its website, the corporate regulator said that Trade City-Mall and Valero Energy Corp. Philippines are not authorized to solicit investments from the public.

According to the SEC, Trade City-Mall is enticing the public to invest in exchange for profit under a tasking and recharging scheme. The entity allegedly asks the public to perform various tasks and to grab orders from its e-commerce platform with the promise of commissions.

The entity also allegedly invites the public to apply for a part-time job by completing a daily task for a promise receiving a guaranteed monetary reward amounting to P1,000 to 3,000 or more with a P500 reward for completing three basic-level tasks daily.

"A tasking and recharging scheme has the characteristics of a Ponzi Scheme where money from new investors are used in paying fake profits to prior investors and is designed mainly to favor its top recruiters and prior risk takers and is detrimental to subsequent members in case of scarcity of new investors," the SEC said.

Meanwhile, the SEC said that Valero Energy Corp. Philippines appears to impersonate American Fortune 500 petroleum and energy firm Valero Energy Corp.

According to the corporate regulator, the entity claims to be engaged in the petroleum business that offers a co-partnership program to the public.

"After the interested investor has signed up in its website, he/she is then presented an investment contract in the guise of co-partnership under the name of Valero Energy Corp., a legitimate petroleum and energy company headquartered in San Antonio, Texas, US," the SEC said.

The entity allegedly offers three packages consisting of the "econofill" collective, "fuelshare" elite, and "petroplatinum" partners programs that promise weekly income ranging from P616 to P126,000 depending on the chosen package and investment.

"Based on verification conducted, the fake/bogus Valero Energy Corp. Philippines is not in any way related to or affiliated with Valero Energy Corp. of Texas, US or any of its subsidiaries or affiliates," the SEC said. — **Revin Mikhael D. Ochave**

Chinese trade show orders led by durian, banana, coffee, pineapple

DURIAN, banana, specialty coffee, and pineapple were the top-performing commodities from the Philippines at the China International Import Expo (CIIE), the Department of Trade and Industry (DTI) said.

The Philippine delegation consisted of 16 food and beverage businesses, head of delegation Ceferino S. Rodolfo, Trade Undersecretary and Board of Investments (BoI) Managing Head said in a Viber message.

Sales booked include purchase agreements signed prior to the opening of the trade show, which totaled $876.63 million, and were turned over and signed during the event.

"More than $226 million was recorded under booked sales, sales under negotiation, retail sales, and business matching activities after the six-day trade exhibition," the BoI said in a statement over the weekend.

Aside from the 16 food exhibitors, the Philippine delegation was also joined by four other Philippine businesses supported by the International Trade Centre from the food, consumer, and services sectors.

Separate from the overall export sales at the Chinese expo, business matching activities led by the Export Marketing Bureau of the Department of Trade and Industry also generated sales of $3.4 million.

The business matching activities were done in partnership with the Bank of China, the BoI said.

"The CIIE has become an important platform for the country to showcase its best-selling food products and attract potential investors in China, creating new business opportunities and boosting the economy," Mr. Rodolfo said at the event.

"The Philippine government is keen on exploring opportunities for partnerships with Chinese enterprises to increase its export capacities to China by enhancing the entire value chain," Philippine Trade and Investment Center — Shanghai-based Commercial Counselor Glenn Peñaranda said.

DURIAN EXPORTS

During the event, the BoI said the Philippine pavilion hosted tastings of the main durian export variety, known as Golden Puyat.

"Chinese consumers who have tasted the same have likened the homegrown durian to Malaysia's own variety, 'Musang King,' which is currently the most expensive durian in the Chinese market," it added.

The Philippines started durian exports to China in April.

After a few months of market access, the BoI said that China has become the major export destination for fresh durian, accounting for 3,481.29 metric tons out of 3,916.36 metric tons in durian exports in the 10 months to October.

"This year, the focus on durians at the CIIE is celebrated and supported, especially for hundreds of small farmers who will benefit from these exports," the BoI said.

"This signals a promising future for the Philippines' local agricultural communities as it is also expected to generate at least 10,000 direct and indirect jobs," it added. — **Justine Irish D. Tabile**

Zero-tariff bill for imported built-up EVs filed in House

A BILL seeking to impose zero tariffs on imports of completely-built electronic vehicles (EVs) has been filed in the House of Representatives, with the measure proposing to run until 2029.

The measure proposes to amend Republic Act No. 11697 or the Electric Vehicle Industry Development Act (EVIDA).

Under the current law, imports of completely-built EVs are eligible for incentives under the Tax Reform for Acceleration Inclusion (TRAIN) law.

House Bill No. 9573 also seeks to include specify both two-, three-, and four-wheeled vehicles under the definition of EVs.

"Limited interpretations of the EVIDA have effectively denied two-wheeled electric vehicles access to fiscal incentives granted to electric vehicles," Albay Representative Jose Ma. Clemente S. Salceda, who wrote the measure, said in its explanatory note.

He noted that 60% of EVs are two-wheeled, which meant that majority of EVs do not benefit from tax incentives.

Electric motorcycles are also considered more affordable and will have less of an impact on congestion, according to Mr. Salceda.

He said the measure would help the Philippines comply with the Paris Agreement, which seeks to to limit global warming to 1.5°C by cutting greenhouse gas emissions by 43% by 2030.

Mr. Salceda added that some 99.77% of cars are still powered by fossil fuels.

Legislators have filed a separate measure seeking to regulate the use of EVs to ensure road safety and traffic management.

The Department of Energy said in August that it expects EV registrations to rise 30% each year. — **Beatriz Marie D. Cruz**

Makati Business Club urges ARTA to organize private-sector advisory group

THE Makati Business Club (MBC) said that the Anti-red Tape Authority (ARTA) needs to create a private sector advisory council to help guide its ease of doing business initiatives, akin to the Private Sector Advisory Council (PSAC) organized by the national government.

"ARTA can set up a group from the private sector that can actually provide input to ARTA," said MBC Chairman Edgar O. Chua told reporters last week.

"It could be like what the government has done with the PSAC. They set up PSAC to provide advice to the government to know which sectors should be focused on, although that is more geared for investment and some policies also," he added.

He said the council will help ARTA improve the process of doing business, which he said needs more streamlining and standardization.

"On the top of the list is to simplify all the requirements both at the national and local level, because most of the problems are at the local level," Mr. Chua said.

He said that the requirements differ in each province, municipality and even barangay.

"So even if I was able to get a permit from the national level, if I go to the site where I will put up the project, I will be asked for many permits and that process should be simplified," he said.

Asked on the success of ease of doing business efforts, he said: "It's not successful yet because it is not going to happen overnight. It covers a lot of things. And the problem is each municipality, even each barangay, is a kingdom in itself."

"We have not standardized the requirements all over, that is why when you go to a barangay in a different province, they will have different requirements. So, we should standardize and simplify," he added.

Separately, ARTA on Sunday urged the public to participate in the Report Card Survey (RCS) 2.0 which is set to enter the first phase of implementation from the third week of November to March 2024.

"ARTA strongly encourages the public to let their voice be heard by answering this survey. Their feedback is very important to us, and we need everyone's cooperation as we strive to improve the ease of doing business in the country," said ARTA Secretary Ernesto V. Perez in a statement.

RCS 2.0 evaluates the service delivery of government offices nationwide through feedback from the transacting public regarding the agencies' adherence to the Ease of Doing Business and Efficient Government Service Delivery Act of 2018.

The first phase will ask selected clients of the 860 covered government agencies around 40 questions to gauge their satisfaction.

A survey questionnaire which can be accomplished on-site or by phone interview and inspection checklist will also be conducted and accomplished by ARTA's third-party survey contractor Philippine Dynamics, Inc. (PDI) with pre-identified agencies on unannounced dates and times.

Before the end of the year, PDI targets surveying 215 agencies, while the remaining agencies will be finished by March 2024. — **Justine Irish D. Tabile**