Philippine Stock Exchange index (PSEi) 6,501.00 ▲31.77 PTS. ▲0.49%

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PSEi MEMBER STOCKS

AC	Ayala Corp.	P714.50	+P4.50	+0.63%
ACEN	ACEN Corp.	P4.15	+P0.44	+11.86%
AEV	Aboitiz Equity Ventures, Inc.	P50.15	+P1.15	+2.35%
AGI	Alliance Global Group, Inc.	P9.75	+P0.14	+1.46%
ALI	Ayala Land, Inc.	P34.10	+P0.25	+0.74%
BDO	BDO Unibank, Inc.	P130.00	-P0.40	-0.31%
BLOOM	Bloomberry Resorts Corp.	P9.80	——	
BPI	Bank of the Philippine Islands	P104.10	-P0.50	-0.48%
CNPF	Century Pacific Food, Inc.	P31.00	——	
CNVRG	Converge ICT Solutions, Inc.	P8.26	+P0.26	+3.25%
DMC	DMCI Holdings, Inc.	P9.40	+P0.03	+0.32%
EMI	Emperador, Inc.	P20.75	+P0.05	+0.24%
GLO	Globe Telecom, Inc.	P1,713.00	+P3.00	+0.18%
GTCAP	GT Capital Holdings, Inc.	P580.00	-P5.00	-0.85%
ICT	International Container Terminal Services, Inc.	P240.00	+P2.00	+0.84%
JFC	Jollibee Foods Corp.	P250.00	+P8.00	+3.31%
JGS	JG Summit Holdings, Inc.	P40.70	-P0.30	-0.73%
LTG	LT Group, Inc.	P8.94	+P0.08	+0.9%
MBT	Metropolitan Bank & Trust Co.	P50.80	-P0.05	-0.1%
MER	Manila Electric Co.	P388.00	+P1.00	+0.26%
MONDE	Monde Nissin Corp.	P8.37	+P0.23	+2.83%
NIKL	Nickel Asia Corp.	P5.05	——	
PGOLD	Puregold Price Club, Inc.	P27.85	+P0.85	+3.15%
SCC	Semirara Mining and Power Corp.	P28.35	-P0.05	-0.18%
SM	SM Investments Corp.	P904.50	+P1.50	+0.17%
SMC	San Miguel Corp.	P111.00	——	
SMPH	SM Prime Holdings, Inc.	P33.10	+P0.10	+0.3%
TEL	PLDT Inc.	P1,270.00	-P21.00	-1.63%
URC	Universal Robina Corp.	P115.00	——	
WLCON	Wilcon Depot, Inc.	P21.50	+P0.20	+0.94%

Meralco's 'fair' rates rank below global average

MANILA ELECTRIC Co. (Meralco) said it has "fair and reasonable rates" as its business scale enables it to source the cheapest cost of electricity.

"Meralco, because *ang laki niya* (it is big), has the ability to source the cheapest cost of power," Jose Ronald V. Valles, Meralco's first vice-president and head of its regulatory management in a media briefing last week.

"A big distribution utility has better capability for the cheapest cost of electricity if the demand is big," he added.

Citing its commissioned study with Australia-based International Energy Consultants (IEC), Mr. Valles said Meralco has fair and reasonable rates because it is huge.

In the study, the IEC said Meralco's average tariff ranks 21st out of 46 energy markets in the world and 3% below the global average.

"If subsidized markets are excluded, then Meralco's tariff is 13% lower than the world average," the IEC said.

The study said that electricity tariffs in the Philippines' neighboring countries — particularly Thailand, Indonesia, Malaysia, Korea, Taiwan, and Vietnam — are more than 50% subsidized.

"Notwithstanding this increase, all of the components of the regulated tariff are judged fair and reasonable by IEC, based on comparisons with other markets and versus the underlying cost of electricity supply in Luzon," the consultancy firm said.

For December, Meralco imposed a decrease of P0.7961 per kilowatt-hour (kWh) in electricity rates to P11.2584 per kWh from P12.0545 per kWh in November.

The lower rate was due to the reduction in generation charge of P0.6606 per kWh to P6.5332 per kWh.

"*Kasi kapag mas malaki 'yung* demand *mo, mas malaki yung ni-re-*require *mo. Parang kapag pumunta ka sa* Divisoria, *bumili ka,* by bulk, *'di ba mas makakatipid ka kaysa sa bumili ka ng tingi-tingi. Parang ganun din 'yung* power (If you have a huge demand, you will require a bigger supply. Just like if you go to Divisoria, you buy in bulk, wouldn't you save more instead of buying in retail?)," Mr. Valles said.

Mr. Valles said authorities should focus on "other utilities that do not deliver basic services."

He said many local government units want Meralco to take over in their areas.

"So *bakit hindi 'yun ang focus ng mga kinauukulan? Pag-aralan nila kung papaano natin ma-i-*improve *'yun, hindi 'yung* distribution utility *na nag-pe-*perform, *nag-de-*deliver *ng* basic services (So why don't the authorities focus on nonperforming distribution utilities? They should study how we will be able to improve them, not the distribution utility that performs and delivers basic services), Mr. Valles said.

"The very basic reason why we maintain a high level of power reliability and quality is because Meralco has been infusing some of the capex (capital expenditure) every year. We put up new substations, we replace dilapidated facilities, we install cutting edge technologies — smart grid and all that," Meralco Executive Vice-President and Chief Operating Officer Ronnie L. Aperocho said.

As of September, the power distributor said it had spent P21.1 billion for capex, of which P14.2 billion was used for network capex consisting of new connections, asset renewals, and load growth projects, among others.

Currently, Meralco is conducting the rebidding process for the procurement of its 1,800-megawatt (MW) and 1,200-MW power supply requirements.

Meralco is the main power distributor for Metro Manila and nearby areas, covering 39 cities and 72 municipalities.

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 a majority stake in *BusinessWorld* through the Philippine Star Group, which it controls. — **Sheldeen Joy Talavera**

CTA partially grants Ayala Corp.'s tax refund claim

THE Court of Tax Appeals (CTA) partially granted Ayala Corp. its tax refund claim of P212.93 million for its total excess and unutilized creditable taxes for 2016 and 2017.

In a 33-page ruling dated Dec. 11, the CTA Special First Division determined that only P209.3 million can be refunded from the company's requested sum covering its two-year creditable withholding taxes (CWTs).

For the CWTs in 2016, the appellate court granted a P93.61-million refund from the company's requested sum of P95.99 million.

For 2017, a refund of P115.69 million was determined from the requested amount of P116.94 million.

The tax court ruled that income payments, exclusive of value-added tax (VAT), were accurately reported in the company's general ledgers (GLs) and income tax returns (ITRs). It noted that the computation of CWTs was incorrect, as it was based on income payments inclusive of VAT instead of exclusive of VAT.

The Ayala Corp. "has sufficiently proven its entitlement to the issuance of TCC (tax credit certificate) in the total amount of P209,295,557.96 representing its excess and unutilized CWTs for calendar year 2016 and 2017," read part of the ruling penned by CTA Presiding Judge Roman G. Del Rosario.

The corporation argued that it is entitled to a tax refund as its two-year unutilized CWTs were not carried over to 2018, citing that the tax court has previously granted similar claims in the past.

On the other hand, the commissioner of internal revenue (CIR) contended that Ayala Corp. did not provide sufficient time to verify the validity of its claim, citing that only six days were given from filing to take action on the claim.

Ayala Corp. filed a claim for the issuance of a TCC on March 28, 2019. Without waiting for the CIR's action on its claim, the corporation filed a petition for review before the CTA on April 3, 2019. — **Jomel R. Paguian**

BW FILE PHOTO

Globe anticipates growth of its fiber broadband business

GLOBE Telecom, Inc. is expecting its broadband business to expand further after recording a significant growth in the company's broadband revenues, the telecommunications company said.

"We're seeing an encouraging uptrend in our fiber broadband business, and our commitment to delivering exceptional service is stronger than ever," Raymond Policarpio, vice-president of Globe At Home Brand Management, said in a media release on Tuesday.

Globe said it had reported an 18% growth in its year-to-date fiber broadband revenues, which it attributed to the growing demand for internet connectivity in the country.

The company has also recorded a decline in fixed wireless revenues, which it said is an indication of a market shift toward fiber offerings.

"Our focus is not just on expanding our reach but also on acquiring quality subscribers who value longevity and reliability," Mr. Policarpio said.

The company noted that it is also targeting to widen its fiber connectivity in underserved areas through its fiber prepaid offerings.

"This unlimited prepaid fiber service offers cost-effective options for superior connectivity, ensuring that high-speed internet is within everyone's reach," Globe said.

In the third quarter, Globe recorded an attributable comprehensive net income of P4.97 billion down by 27% from P6.81 billion a year ago, amid higher non-operating charges for the period.

The telecommunications company recorded consolidated revenues of P44.27 billion in the quarter, a 3.2% increase from P42.88 billion a year ago, amid strong service revenues.

From January to September, Globe's attributable comprehensive net profit fell by 27.1% to P19.29 billion from P26.46 billion in the same period last year.

Its nine-month consolidated revenues stood at P133.79 billion, 2.8% higher than the previous year's P130.2 billion. — **Ashley Erika O. Jose**

SN Aboitiz keen on CBK hydro plants

RENEWABLE ENERGY company SN Aboitiz Power Group (SNAP) has expressed interest in the 796.64-megawatt (MW) Caliraya-Botocan-Kalayaan (CBK) hydroelectric power project in Laguna.

"CBK is interesting, right? Because energy storage is a very important part of the portfolio especially when we realize our aspirations for the renewable energy portfolio standard," SNAP President and Chief Executive Officer Joseph S. Yu told reporters in a recent interview.

The Power Sector Assets and Liabilities Management Corp. (PSALM) held an investors forum on Dec. 1 to generate interest in the privatization of the CBK hydroelectric power plants, as well as the rehabilitation and asset management plan for the Agus-Pulangi hydroelectric power plants with a private partner.

The public bidding and contract turnover to the winning bidder of the CBK project is set to be held in the second semester of 2024.

"It's a very interesting project, so yes it's very interesting for us kasi (because) it will require a fair bit of creativity and it will be a fun exercise," Mr. Yu said.

SNAP is a joint venture between Aboitiz Power Corp. and Norwegian company Scatec. It owns and operates the 112.5-MW Ambuklao and 140-MW Binga hydroelectric power plants in Benguet; the 388-MW Magat hydroelectric power plant on the border of Isabela and Ifugao; and the 8.5-MW Maris hydroelectric power plant in Isabela.

The CBK hydro facilities are currently under a 25-year build-rehabilitate-operate-transfer scheme run by independent power producer CBK Power Co. Ltd. — a 50:50 partnership between Electric Power Development Co., Ltd. (J-Power) and Sumitomo Corp. of Japan — which will expire in 2026.

These facilities are composed of the 39.37-MW Caliraya in Lumban; 22.91-MW Botocan in Majayjay; and 366-MW Kalayaan I and 368.36-MW Kalayaan II in Laguna.

In October, the Asian Development Bank was awarded a contract as the transaction advisor to help PSALM monetize the CBK hydroelectric power plant complex.

Its advisory services, through its Office of Markets Development and Public-Private Partnerships, will support the transfer of the facilities to the private sector "at an optimal value for the government."

This is also while ensuring that the government's objectives of energy security and grid stability are met. — **Sheldeen Joy Talavera**

Leechiu expects retail and residential sectors to do better next year

THE residential property sector is seen to improve next year with expansion expected outside Metro Manila, while the retail sector will continue to recover, a real estate adviser said.

David Leechiu, founder and chief executive officer of Leechiu Property Consultants, Inc. (LPC), said "the residential sector still has room for growth in 2024, but it will be a more decentralized growth" as locations outside Metro Manila have become more attractive.

The attractiveness comes from the desire for more space, higher affordability of the projects, improvement in connectivity in the areas outside Metro Manila, and the holistic lifestyle offered by township developments.

"The attributing factors would be infrastructure, the appetite of developers for developing outside core areas, the appetite of buyers and tenants to move their operations and livelihood outside Metro Manila," Mr. Leechiu said in an e-mail interview.

The residential condominium market has sold 40,555 units during the fourth quarter, LPC said in a statement last week.

"The ensuing market decline prompted developers to offer buyer-friendly payment terms to stimulate demand. However, these measures also increased backout risk. In 2023, developers reassessed their sales strategies to balance between increasing sales and mitigating buyer attrition," the company said.

With the expected growth, Mr. Leechiu said residential demand is likely to be driven by the information technology and business process management sector, remittances from overseas Filipino workers, and the overall Philippine economy.

In a statement last week, the World Bank projected that remittance flows to the Philippines would grow by around 5% to $42 billion next year as the demand for Filipino migrant workers remains strong.

"On the supply side, launches in Metro Manila will likely pick up again after developers reach a manageable inventory level from previously launched projects. For now, developers may be giving more attention to projects outside Metro Manila," Mr. Leechiu said.

Meanwhile, the retail property sector is expected to continue to recover as mall owners and operators incorporate "a more experiential space for mall-goers," which makes it a venue for therapy, entertaining, and socializing.

"Currently, we still see a lot of vacant retail space, and it looks like more developments are coming by next year that will add on to that. So, we foresee a significant level of competition in making space more attractive to mall patrons — to, in turn, encourage tenants to open shops," Mr. Leechiu said.

Amid the projected growth and recovery, he said that looming geopolitical uncertainties, possible rise in inflation, and increases in interest rates might pose potential risks.

Mr. Leechiu, meanwhile, is looking forward to the reform of the property valuation system as it will facilitate more efficiency and will establish a single valuation base for property-related taxes.

In July, Congress said it was aiming to pass 20 priority bills by the yearend, which include reforms to real property valuation. — **Sheldeen Joy Talavera**

FULL STORY

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