DoE plan must elevate energy security to top priority item, think tank says

By John Victor D. Ordoñez
Reporter

THE Department of Energy (DoE) should designate energy security as its main focus when it submits the Philippine Energy Plan (PEP) to Congress, according to a think tank.

"From power generation to transmission to distribution and supply, they all should harmonize into one goal — energy security," Bienvenido S. Oplas, Jr., president of the free market think tank Minimal Government Thinkers, said in a Viber message.

Senator Sherwin T. Gatchalian last week sought an explanation from the DoE on the delays to its energy roadmap, which had been due on Sept. 15.

The PEP will outline the Philippines' energy goals between 2023 and 2050.

Under the Electric Power Industry Reform Act, the DoE must submit to Congress an updated energy roadmap annually.

Mr. Oplas said the DoE must ensure enough power is available to consumers to dispel worries of blackouts, especially after recent power outages in Panay.

"The DoE must consider power price fluctuations, surges and dips," he said. "Which means the DoE should remain agnostic about where the energy comes from."

DoE Director Michael O. Sinocruz earlier told *BusinessWorld* that the department is finishing its National Strategic Transmission Plan and wrapping up the consultation process before it submits the energy roadmap by the end of January.

He said the plan will include a smart and green grid plan that would tackle efficient transmission of power to accommodate more renewable energy sources.

The government is aiming to increase the share of renewable energy (RE) in the power generation mix to 35% by 2030 and to 50% by 2040. RE currently accounts for 22% of the energy mix.

The DoE has said the PEP will also detail the government's plan to tap nuclear energy.

The Energy Regulatory Commission on Jan. 4 said the Panay power outage has been referred to an interim grid management committee for investigation.

President Ferdinand R. Marcos, Jr. on Saturday said the National Grid Corp. of the Philippines (NGCP) must take responsibility of the power outage in the Western Visayas on Jan. 2.

The NGCP on Jan. 2 reported that multiple power plants tripped, including units of Panay Energy Development Corp. and Palm Concepcion Power Corp.

Camarines Sur Rep. Luis Raymund F. Villafuerte, Jr. said on Sunday that legislators must reconsider the legislative franchise of the NGCP.

"The only way we can hope for things to change for the better is for the 19th Congress to recast the NGCP's franchise to, among others, possibly strip it of his task as traffic manager of the nationwide transmission system, or to revoke the concession altogether," he said in a statement.

NAIA upgrade winning bidder seen taking over by September

THE GOVERNMENT is on schedule with the timetable of the Ninoy Aquino International Airport (NAIA) upgrade project, the Transportation Secretary said, adding that he expects the winning bidder to take over operations and maintenance of the airport by September.

"We are looking at maybe three to six months; that is the target. I want the (actual take over) to be done not later than six months after the award," Transportation Secretary Jaime J. Bautista told reporters.

The opening of technical proposals for the project is scheduled for Jan. 15, Mr. Bautista said, adding that the opening of financial proposals of qualified bids is set for Feb. 7.

"The announcement of results of financial evaluation is on Feb. 14; the issue of notice of award will be on Feb. 15," Mr. Bautista said, adding that the signing of the concession agreement is set for March 15.

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Four groups have submitted bids for the P170.6-billion public-private partnership project to upgrade NAIA.

These groups are Manila International Airport Consortium, Asia Airport Consortium, GMR Airports Consortium, and SMC SAP and Co. Consortium.

Mr. Bautista said that the group with the proposal to remit the most revenue will win the contract for the rehabilitation and maintenance of NAIA.

"The most important, which will be the basis for the award, is the amount they will remit to the government," he said.

Mr. Bautista added that aside from the revenue share, the Department of Transportation will also assess the bidder's technical proposal.

According to the concession agreement, the winning bidder is required to pay about P30 billion upfront and P2 billion a year, plus a share of revenue.

The NAIA contract will initially cover 15 years, but can be extended by another 10 years. This will be under a rehabilitate-operate-expand-transfer arrangement, as provided for under the Build-Operate-and-Transfer law.

The project aims to increase the current annual passenger capacity of the NAIA to at least 62 million from the current 35 million. — **Ashley Erika O. Jose**

Goods prices tracked by DTI expected to post slower growth

THE Department of Trade and Industry (DTI) said the price increase of goods that it tracks is expected to rise 6% this year, easing from the 10% growth posted in 2023.

"There are 217 items in the suggested retail price (SRP) bulletin; out of the 217, only a small percentage or 29% or 63 items have price adjustments," Assistant Trade Secretary for Consumer Protection Group Amanda F. Nograles told reporters.

"I think it is good to highlight that for 154 items in the SRP bulletin or 71%, there will be no price movements," she added.

According to Ms. Nograles, the price increase for food products classified as basic necessities and prime commodities (BNPCs) will range from 25 centavos to P7.25.

"If we will compare the price adjustment for 2023 versus 2024, the average will be around 6% compared to 2022 versus 2023 which is more than 10%. So, that means that it is just a minimal increase," she said.

The products that will be affected by the adjustments are canned sardines, processed milk, coffee, bread, instant noodles, bottled water, processed canned meat and canned beef, and condiments.

Meanwhile, non-food items that will be affected by the price adjustments are toilet soap, candles and batteries.

"If you look at the categories that will be affected by the notice of price adjustments, not all brands and variants in each category filed notice," Ms. Nograles said.

"So, what is important to highlight is if there will be a price increase in one category, the consumers can still choose another brand or variant where prices did not move," she added.

Out of the 63 stock keeping units (SKUs), prices for 59 items rose, two items will implement a weight reduction and a corresponding price increase, and two items a weight increase and price reduction.

"Our plan is around this month, we will start releasing the letter of concurrence and notice of approvals," Ms. Nograles said. "But I think it is also important to note that even if those are released, the manufacturer will need some time to implement the price adjustments."

"So, there will be some lag from the time that the DTI releases the notice of approval or letter of concurrence to the time that the actual price increases in the market are effective," she added.

Trade Secretary Alfredo E. Pascual said that the department is optimistic that there will be fewer requests for price adjustments.

"Going forward, we are optimistic that the requests for price adjustment will be mitigated because the inflation rate has come down," Mr. Pascual said.

Mr. Pascual said that manufacturers cited the increasing cost of packaging materials and logistics as reasons for seeking price adjustments. — **Justine Irish D. Tabile**

UK business chamber seeks delay in storage fee hike for container cargo to middle of 2024

THE INCREASE in storage fees for foreign container cargo needs to be deferred to mid-2024 to mute its inflationary impact, the British Chamber of Commerce of the Philippines (BCCP) said.

"This is not the time, let's look at it again mid-year. As soon as you put up storage fees there will be a cost increase and it has to go somewhere," BCCP Executive Director Chris Nelson told *BusinessWorld* by phone on Sunday.

In a memorandum circular, the Philippine Ports Authority (PPA) said it will increase by 32% storage fees for foreign container cargo starting Jan. 6.

"The British Chamber along with other business groups are against this increase because obviously it has an inflationary impact the charges tend to be passed on. If you put up storage fees this will obviously force companies and businesses to pass on," Mr. Nelson said.

In a memorandum circular, the PPA said it will charge 32% more for import, export, and transshipment containers and a 150% surcharge for refrigerated containers.

Storage charges for export cargoes will be determined when containers remain at PPA ports beyond the free storage period, which is four calendar days for export cargoes from the day it was received at port and 15 calendar days for foreign transshipments, the PPA said.

"We would ask the PPA to again reconsider if this is the right time. We're all here trying to fight inflation," Mr. Nelson said.

Headline inflation slowed to 3.9% in December on easing prices of food and utilities.

December inflation settled within the central bank's target range of 2-4%.

Meanwhile, the Department of Transportation justified the storage fee increases as they are meant to "discourage" overstaying cargoes.

"The storage hike, although it is quite high, it is some sort of penalty. It is meant to discourage importers from storing goods at PPA facilities," Transportation Secretary Jaime J. Bautista told reporters on the sidelines of a recent forum. — **Ashley Erika O. Jose**

BoI,
from S1/1

The BoI approved investment commitments for 311 projects mainly in renewable energy, telecommunication infrastructure, and the export of copper, gold, and other metals.

"Upon full operations, the projects are expected to produce 49,030 jobs for Filipinos," the BoI said in a press release.

By sector, the renewable energy (RE) and power sector had the biggest investment commitments accounting for P987.12 billion or a 141% increase from P409.02 billion in 2022.

Investor interest in RE projects surged after the Philippine government allowed full foreign ownership in the sector starting November 2022.

Foreign nationals and foreign-owned entities are now allowed to explore, develop and use RE resources in the country such as solar, wind, biomass, ocean or tidal energy. Foreign ownership of RE projects was previously limited to 40%.

Other sectors that attracted investments include information and communication (P96.04 billion), mining (P79.19 billion), manufacturing (P22.05 billion), and infrastructure (P21.47 billion).

"An important aspect of the BoI approvals is that a bigger proportion of the approvals are actually foreign investments rather than local investments. Two-thirds are foreign investments, which is used to just comprise 20%," Mr. Pascual said.

"This is indicative of how the Philippines is becoming attractive for foreign investors," he added.

Foreign investment approvals accounted for P766.97 billion of the total approvals or 61%, while local investments made up P493.23 billion or 39%.

Germany was the top source of foreign investments last year accounting for P393.28 billion, which mainly went into wind energy projects.

The other top sources are the Netherlands (P333.61 billion), Singapore (P21.45 billion), United States (P3.55 billion), and the British Virgin Islands (P2.13 billion).

Mr. Rodolfo said he expects the RE sector to continue attracting foreign investments.

"Yes, it will be RE, but in addition to RE, we will now be seeing investments in RE equipment manufacturing. Second, mineral processing, which we expect to come out from the previous presidential visits," he said.

He said that a lot of foreign investments, mainly in RE, are expected to come from Europe. The BoI is also expecting more investments to come from South Korea, US, China and Japan. — **Justine Irish D. Tabile**

Top 1,000
from S1/1

On the other hand, revenues of real estate activities declined by 0.8%, while those of the public administration and defense, compulsory social security sector dropped by 10.9%.

The manufacturing sector, which had 290 companies included in the list, accounted for 34.6% of the total gross revenue of the *Top 1000* companies in 2022.

The services sector continued to be the main engine of Philippine economic growth, accounting for 51.9% of the aggregate gross revenue in 2022.

Multinational companies included in the *Top 1000* list made P5.51 trillion, 17.4% more than in the previous year. They accounted for 33.1% of the *Top 1000*'s gross revenues.

Exporting firms recorded a 15% increase in revenues to P2.95 trillion, although this was slower than the 19.7% growth in the previous year. The sector accounted for 17.7% of the list's total gross revenues.

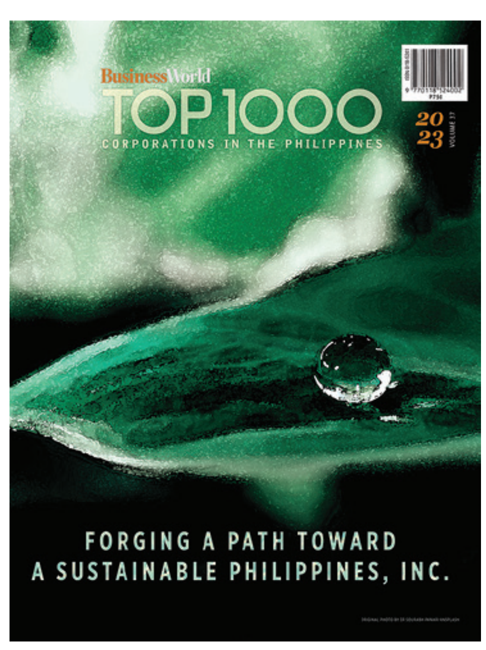
The latest *Top 1000* report included 139 corporations, of which 37 are first-time entrants.

Petron Corp. returned as the largest corporation in the Philippines in 2022, ending Manila Electric Co.'s (Meralco) two-year stint as the country's top-grossing company.

Petron, which last topped the list in 2019, posted P438.87 billion in gross revenue in 2022, which was an 82.1% increase from P240.94 billion the previous year.

The oil refiner and distributor also topped the list in terms of net sales with P430.73 billion, but its net income fell by 4.9% to P2.54 billion. Petron ranked 17th in net income.

Meralco ranked second in the list, as its gross revenue rose by 30.9% to P382.42 billion from P292.09 billion in 2021. It also placed second in net sales with P371.76 billion. The company posted a net profit of P21.69 billion in 2022, up by 1.8% from P21.3 billion in the previous year.



Shell Pilipinas Corp. remained in third spot as its gross revenue jumped by 63.3% to P292.88 billion from P179.39 billion in 2021. The petroleum refinery ranked third in terms of net sales (P291.48 billion) and 109th in net income (P4.08 billion).

Also included in the top 10 were BDO Unibank, Inc. (P209.29 billion in gross revenues); Mercury Drug Corp. (P177.59 billion); PMFTC, Inc. (P176.99 billion); Toyota Motor Philippines Corp. (P173.27 billion); Globe Telecom, Inc. (P158.87 billion); TI (Philippines), Inc. (P154.93 billion); and Philippine Airlines (P145.8 billion).

The *Top 1000* magazine also provides a separate table to show how companies compare with each other on a consolidated basis.

With this consolidated table, readers will be able to see how additional revenues coming from subsidiaries can boost a conglomerate's rank.

The top 200 conglomerates list was led by Top Frontier Investment Holdings, Inc. and subsidiaries with P1.58 trillion in gross revenue in 2022, higher by 61.8% from 2021. It is the largest shareholder of San Miguel Corp. (SMC). However, the conglomerate's net income fell by 45.8% to P23.86 billion in 2022 from P44.06 billion in 2021.

Listed diversified conglomerate SMC and its subsidiaries came in second, with P1.58 trillion in gross revenues, a 61.4% increase from P979 billion previously.

Petron and subsidiaries claimed the third spot with P865.58 billion in gross revenues, a 96.4% increase year on year.

The rest of the top 10 conglomerates included SM Investments Corp. (P557.68 billion); Meralco (P445.34 billion); San Miguel Food and Beverage, Inc. (P360.18); Aboitiz Equity Ventures, Inc. (P335.65 billion); Ayala Corp. (P332.62 billion); JG Summit Holdings, Inc. (P313.98 billion); and GT Capital Holdings, Inc. (P245.31 billion).

The *BusinessWorld Top 1000 Corporations in the Philippines* can be purchased directly by reaching out to *BusinessWorld*'s Circulation Department at (+632) 8527-7777 locals 2651 to 2654 or via e-mail at circ@bworldonline.com. The portable document format (PDF) version will also be available for purchase at *https://bworld-x.com/*.