

Philippine Stock Exchange index (PSEi)

6,344.56

▼ 21.47 PTS.

▼ 0.33%

THURSDAY, JUNE 20, 2024
BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P584.50 +P9.00 +1.56%	ACEN ACEN Corp. P4.63 -P0.02 -0.43%	AEV Aboitiz Equity Ventures, Inc. P39.25 +P0.25 +0.64%	AGI Alliance Global Group, Inc. P8.89 -P0.16 -1.77%	ALI Ayala Land, Inc. P27.50 -P0.35 -1.26%	BDO BDO Unibank, Inc. P130.50 -P3.50 -2.61%	BLOOM Bloomerry Resorts Corp. P10.00 -P0.20 -1.96%	BPI Bank of the Philippine Islands P115.80 +P0.90 +0.78%	CNPF Century Pacific Food, Inc. P32.50 -P1.30 -3.85%	CNVRG Converge ICT Solutions, Inc. P10.96 +P0.46 +4.38%
DMC DMCI Holdings, Inc. P11.30 +P0.12 +1.07%	EMI Emperador, Inc. P18.72 —	GLO Globe Telecom, Inc. P1,993.00 +P14.00 +0.71%	GTCAP GT Capital Holdings, Inc. P568.00 +P4.00 +0.71%	ICT International Container Terminal Services, Inc. P334.60 -P6.40 -1.88%	JFC Jollibee Foods Corp. P217.20 -P5.80 -2.6%	JGS JG Summit Holdings, Inc. P27.00 -P1.75 -6.09%	LTG LT Group, Inc. P10.02 +P0.02 +0.2%	MBT Metropolitan Bank & Trust Co. P68.00 +P0.10 +0.15%	MER Manila Electric Co. P372.20 +P1.00 +0.27%
MONDE Monde Nissin Corp. P10.60 +P0.10 +0.95%	NIKL Nickel Asia Corp. P4.07 +P0.21 +5.44%	PGOLD Puregold Price Club, Inc. P24.75 -P0.10 -0.4%	SCC Semirara Mining and Power Corp. P32.40 +P0.15 +0.47%	SM SM Investments Corp. P848.00 +P8.00 +0.95%	SMC San Miguel Corp. P101.60 +P1.50 +1.5%	SMPH SM Prime Holdings, Inc. P26.65 —	TEL PLDT Inc. P1,415.00 +P5.00 +0.35%	URC Universal Robina Corp. P104.50 +P0.50 +0.48%	WLCON Wilcon Depot, Inc. P17.76 -P0.04 -0.22%

CAB slashes airline fuel surcharge for July flights

By Ashley Erika O. Jose
Reporter

THE Civil Aeronautics Board (CAB) has announced it will lower the airline fuel surcharge for July, reducing airfare costs for domestic and international flights.

In an advisory on Thursday, the Civil Aeronautics Board said that it will reduce the fuel surcharge, which is added to the base fare, to Level 5 for July 1-31, down from Level 6 in June. This marks the first reduction since March.

At Level 5, the domestic passenger surcharge ranges from P151 to P542, while for international flights, the surcharge varies between P498.03 and P3,703.11.

A fuel surcharge may be collected by airlines based on movements in jet fuel prices, using a benchmark known as MOPS (Mean of Platts Singapore).

At the current Level 6, the domestic passenger surcharge ranges from P185 to P665, while the international surcharge ranges from P610.37 to P4,538.40.

"Airlines wishing to impose or collect fuel surcharges for the same period must file their applications with this office on or before the effectivity period, with fuel surcharge rates not to exceed the above-stated level," the CAB said in the advisory.

For July, the CAB said the applicable conversion rate is P58.07 to a dollar.

"Over the past five months, fuel surcharge remained at a high of Level 6. The reduction to Level 5 next month means that guests can now anticipate lower fees," Steve F. Dailisan, head for communications and public affairs at AirAsia Philippines, said in a Viber message on Thursday.

AirAsia Philippines said it will continue to cushion the impact of the fuel volatility by offering its lowest fares every month with its seat sales.

GREEN FUEL USE

Further, local airlines said that despite the anticipated increase in the supply of sustainable aviation fuel (SAF), its utilization in the country will remain low.

According to a report issued by International Air Transport Association (IATA) this month, the production of SAF is expected to triple in 2024 to 1.9 billion liters.

Still, even with the projected increase in supply, the overall supply of SAF is expected to account for only 0.53% of aviation's fuel needs, IATA said.

"SAF will provide about 65% of the mitigation needed for airlines to achieve net zero carbon emissions by 2050. So the expected tripling of SAF production in 2024 from 2023 is encouraging. We still have a long way to go, but the direction of exponential increases is starting to come into focus," IATA Director-General William M. Walsh said in an IATA report dated June 2.

IATA said that increasing the production of renewable fuel, which is shared by many industries, will help accelerate the production of SAF.

It said that about 140 renewable fuel projects with the capability to produce SAF are already in the pipeline for production by the end of the decade.

If realized, the total renewable fuel production capacity could reach 51 million tons by 2030, which can be distributed across almost all regions, IATA said.

In the Philippines, the Department of Energy (DoE) announced it created a committee on SAF in March, comprised of representatives from the Department of Agriculture, Department of Science and Technology, Department of Finance, Department of Trade and Industry, and other relevant government agencies to help accelerate the utilization of green fuel in the Philippines.

A representative from the DoE's Renewable Energy Management Bureau told *BusinessWorld* in a Viber message that the committee is scheduled to have its first meeting next month.

"The committee's deliverable is the crafting of a SAF roadmap, which will serve as a guide to align activities of relevant stakeholders towards the country's short-, medium-, and long-term targets and objectives," it said.

The DoE said the National Biofuel Board is set to create recommendations to the Energy department for the issuance of



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guidelines and policies to fast-track the SAF developments in the country.

In March, President Ferdinand R. Marcos, Jr. said that the Philippines secured a commitment from Airbus, an aerospace company, to collaborate with the Transportation department on sourcing energy from landfills for biofuels and its eventual use in the aviation sector.

SAF can help reduce emissions from air transportation, being made from nonpetroleum feedstock like agricultural waste and used vegetable oil.

The International Air Transport Association has estimated that SAF will contribute around 65% of the reduction in carbon emissions needed by the aviation sector to reach net zero by 2050.

"We think the SAF industry is still in its infancy and needs to scale up to meet aviation demand for lower-carbon fuels. What we also are looking forward to is the availability of the SAF supply in the airports where we fly to. Availability is one driver for us to be

able to utilize SAF," budget carrier Cebu Pacific said in a Viber message.

Even with the tripling of the green fuel output production, the supply is very limited, Cebu Pacific said, adding that the projected SAF supply is still less than 1% of the aviation industry's total fuel requirement.

"We naturally anticipate that economics will work — increases in supply lead to a reduction in costs. However, aviation industry experts do not anticipate that SAF price will match jet fuel price anytime soon," it said.

Further, for flag carrier Philippine Airlines (PAL), it said it had already lined up potential SAF and Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) certified suppliers.

CORSA permits airlines to utilize SAF made from biomass or waste to lessen their carbon offsetting obligations.

"We look forward to the availability of these products to enable us to make firm orders and we need the SAF to be CORSA

Certified in order to qualify in reducing our carbon footprint," PAL President and Chief Operating Officer Stanley K. Ng said in a Viber message.

For now, PAL's sustainability plans remain, which is to operate SAF-powered flights to Singapore by 2026, Mr. Ng said.

Currently, PAL has no SAF-powered flights yet but the company is targeting to have at least 1% SAF blend for its Singapore flights by 2026.

This is in line with the Singapore government's requirement that flights departing from its airport must use at least 1% SAF by 2026.

"We believe incentives combined with mandates will accelerate the take up of SAF, there is interest now," Mr. Ng said.

Meanwhile, Malaysia-based airline group Capital A Berhad, operating as AirAsia said part of its net zero target is to use SAF across the whole group which includes its operations in the Philippines starting next year.

"All AirAsia Philippines aircraft are certified to use SAF blended up to 50% with jet fuel. However, it currently does not operate SAF powered flights due to high cost and supply availability limitations," AirAsia Philippines' Mr. Dailisan said in an e-mail.

The airline's target for SAF utilization is to achieve a blend of at least 2% or 40.62 tons by 2025, increasing to a maximum of 70% or 1.9 million tons by 2050.

Blueleaf Energy says \$1.5-B investment planned for Laguna solar projects

RENEWABLE ENERGY company Blueleaf Energy Philippines said around \$1.5 billion (P88.27 billion) will be allocated for the development of its 1,550-megawatt (MW) floating solar portfolio in Laguna by 2026.

"I think we're looking at an overall investment for these projects of around \$1.5 billion," Blueleaf Energy Philippines Investment Director and Country Head Christopher Rainier O. Chua told reporters on Thursday.

The energy company is working with solar energy company SunAsia Energy, Inc. to develop a 1,300-MW floating solar facility in Laguna Lake.

"[It is] the first large-scale floating solar. We're putting on our collective hats and efforts to try to optimize the cost. That's part of our objective. We want to demonstrate the best LCoE (levelized cost of electricity) for this technology," Mr. Chua said.

Last year, Laguna Lake Development Authority and the companies signed a renewable

energy contract area utilization agreement for the 10 blocks of hundred hectares each in Laguna Lake.

The floating solar project is scheduled for construction and operations by 2025 and 2026, respectively. It will span the towns of Cabuyao, Sta. Rosa, Calamba, Victoria, and Bay.

It has been awarded a "green lane" status by the Board of Investments in July 2023. The green lane aims to expedite, streamline, and automate government processes for this kind of investments.

Blueleaf is also building a 250-MW floating solar project in Caliraya and Lumot Lakes in Laguna with NKS Energy Utilities, Inc.

The project is targeted for construction by the fourth quarter and scheduled to come online by the first quarter of 2026.

The floating solar project with NKS is among the 63 projects pending applications for green lane.

"Like in any other power project, we're looking into project financing. So it's going to be like long-term loans from banks and equity portion of it is something that basically we, as the investor, will be covering," Mr. Chua said.

Unlike ground-mounted solar, floating solar technologies require less land preparation, and increase photovoltaic efficiency due to the cooling effect of water, the company said.

"With the adoption of floating solar, more land can be allocated for other productive uses. For NKS Solar One, we are utilizing current reservoir such as Caliraya and Lumot man-made lakes which are purposely created for power generation," Blueleaf Philippines Head of Projects Rafael B. Macabiog said.

Blueleaf is a portfolio company of Australia-based Macquarie Capital "operating on a stand-alone basis." It specializes on onshore renewable energy business that develops and operates utility-scale solar projects. — **Sheldeen Joy Talavera**

Suntrust board approves \$17-M loan for project

LISTED Suntrust Resort Holdings, Inc. is securing a \$17-million (P999.26 million) loan from its parent company LET Group Holdings Ltd. for the development of its hotel and casino project in Parañaque City.

The loan was approved by Suntrust's board of directors during a meeting on June 19 and will be used to fund project costs and construction of the Westside City integrated resort project, the listed company said in a regulatory filing on Thursday.

Under the loan agreement, the \$17-million loan will be payable within ten years from the execution date. LET Group is a Hong Kong-based integrated resort operator.

Suntrust Resorts previously said that it aims to start the operations of the hotel and casino establishment in the first quarter of 2025.

"As at March 31, the construction of structural work and major façade systems up to roof level have been completed," the company said.

"The major mechanical, electrical, and plumbing equipment have been deliv-

ered to construction site and are undergoing installation. Architectural builders and fit-out works, and external civil works are in progress," it added.

The hotel and casino project will feature 475 rooms and suites. Its amenities include a pool deck, spa, wellness center, ballroom, theaters, grand opera house, performing arts theater, and a mall.

It will also initially have 281 gaming tables, 1,126 slot machines, and 134 electronic games for both mass and VIP markets.

Meanwhile, Suntrust Resort said its board also appointed Lo Kai Bong or his duly authorized representative as the company's authorized signatory for the loan.

The company recorded a P256.1-million net loss in the first quarter, a turnaround from the P92.58-million net income last year. Foreign exchange gain — net during the period was nil compared with the P162.08 million last year.

Suntrust Resort stocks were last traded on June 19 at 99 centavos per share. — **Revin Mikhael D. Ochave**

ABS-CBN seeks growth for unit Sky Cable

ABS-CBN Corp. continues to explore opportunities to improve the profitability of its subsidiary Sky Cable Corp., the listed media company said on Thursday.

"Sky Cable, however, continues to be a challenge on our earnings with net losses excluding non-recurring items. This is mainly caused by the decline in pay TV customers and the lack of capital to expand our broadband facilities," ABS-CBN President and Chief Executive Officer Carlo L. Katigbak said in the company's online annual stockholders meeting.

Plans are in the works to increase the profitability of its

subsidiary, Sky Cable, Mr. Katigbak said.

In February, ABS-CBN and PLDT Inc. announced a decision to halt the sale of Sky Cable to the Pangilinan-led telecommunications company.

To recall, Converge ICT Solutions, Inc. Chief Executive Officer Dennis Anthony H. Uy previously said that the company is open to expand its television presence and even open to partnerships with Sky Cable if the opportunity arises.

"The Company continues to consider prospects of growing its customer base, improving customer experience, and ensur-

ing digital access to Filipinos by maximizing the utilization of our network," Converge said in its clarification to the stock exchange on Thursday.

BusinessWorld sought comments from Converge but has yet to receive a response by the deadline.

In a stock exchange filing, ABS-CBN said that it continues to work on plans to improve Sky Cable's viability by continuously exploring opportunities to better serve our subscribers, employees, and stakeholders.

The company said Sky Cable has a standing P4.5-billion loan

balance; P2.05 of which is due within one year.

For the first quarter, ABS-CBN trimmed its net loss to P841.54 million from a loss of P1.16 billion in the same period last year.

This brought about the company's lower expenses for the period, its financial statement showed.

For the January-to-March period, ABS-CBN's gross expense declined to P5.28 billion from P5.4 billion in the comparable period last year; while it recorded a gross revenue of P4.08 billion from P4.26 billion, previously. — **Ashley Erika O. Jose**